

Summary of the Monetary Policy Committee Meeting

April 30, 2026, No. 2026-19

Meeting Date: April 22, 2026

Global Economy

1. Amid geopolitical developments and the resulting uncertainties, energy prices remain elevated and exhibit notable volatility. The duration and extent of uncertainties regarding energy supply, supply chains, and transport costs will continue to be decisive for the future trajectory of energy prices.
2. Due to geopolitical developments, growth forecasts for 2026 have been revised downward in many economies, particularly those in the Middle East and Africa. On the other hand, growth rates are expected to recover in 2027, supported by favourable base effects. Accordingly, the weak and fragile outlook is expected to continue globally, and the global growth index, which is weighted by the export shares of Türkiye's foreign trade partners, has been revised somewhat downward for 2026 and upward for 2027 compared to the previous MPC period and is projected to increase annually by 1.9% and 2.4%, respectively.
3. Rising commodity prices have heightened risks to global inflation. While central banks remain vigilant about these risks, they also take into account the unfavorable effects of these developments on growth and employment. The priced-in policy rate paths of major central banks have shifted significantly upward compared to the previous MPC period. The persistence of the supply shock caused by geopolitical developments and the degree to which it will disrupt inflation expectations are key considerations for the course of global monetary policy. Recently, as increased uncertainty and fluctuations in risk appetite have led to portfolio outflows from emerging stock markets, downside risks to portfolio flows remain elevated.

Monetary and Financial Conditions

4. The average four-week growth rate of retail loans reached 3.2% in the March 13–April 17 period. This rise was driven by general-purpose and vehicle loans. The average four-week growth rates of Turkish lira (TRY) commercial loans and foreign currency (FX) commercial loans adjusted for exchange rates increased to 2.9% and 2.5%, respectively.
5. TRY deposit rates increased by 260 basis points compared to the week ending March 13 and stood at 47.2% as of the week ending April 17. In the same period, TRY commercial loan rates (excluding overdraft accounts and credit cards) went up by 121 basis points to 49.3%. General-purpose loan rates (excluding overdraft accounts) rose by 441 basis points to 63.1%, housing loan rates increased by 267 basis points to 36.8%, and vehicle loan rates, following a volatile trend, went up by 397 basis points to 39.6%.
6. On March 27, the Central Bank of the Republic of Türkiye (CBRT) introduced changes to the TRY loan growth-based reserve requirement regulation to strengthen macro financial stability. Accordingly, exemptions granted to loans extended to the earthquake zone were revoked, and the scope of tradesmen loans, classified as exempt loans, has been narrowed.

7. The gross international reserves of the CBRT have decreased by USD 15.2 billion since March 13 and stood at USD 174.5 billion as of April 17. Türkiye's five-year credit default swap (CDS) premium has fallen by around 20 basis points since March 11 to 233 basis points as of April 21. Compared to March 11, the 1-month implied exchange rate volatility of the Turkish lira decreased to 9.3% as of April 21, the 12-month implied exchange rate volatility of the Turkish lira increased to 21.0%. Since the previous MPC meeting week through April 17, net portfolio outflows totaled USD 3.7 billion, comprising USD 4.2 billion of outflows from government domestic debt securities (GDDS) market and USD 0.5 billion of inflows to the stock market.

Demand and Production

8. In February, the retail sales volume index recorded a monthly decrease of 0.2% and a quarterly increase of 4.5%. Despite a limited rise in retail sales excluding gold on a monthly basis, the rise on a quarterly basis remained lower than the headline figure. In the same period, the trade sales volume index decreased by 0.6% on a monthly basis and increased by 1.2% on a quarterly basis. In February, the services production index increased by 1.2% on a monthly basis and by 1.1% on a quarterly basis. The quarterly outlook is weaker in sub-items such as transportation and accommodation that can be closely associated with household demand. In the first quarter, card spending registered a limited rise. White goods sales declined on a quarterly basis despite a rise in February, and automobile sales decreased in the first quarter. Survey data for manufacturing firms point to a moderate rise in registered domestic market orders and a decline in expected domestic market orders for the future. Data for April imply a moderate course in registered domestic market orders and a limited improvement in expected domestic market orders for the future. To sum up, indicators point to a slowdown in economic activity.
9. In February, the industrial production index increased by 2.6% month-on-month when adjusted for seasonal and calendar effects, and by 2.2% year-on-year when adjusted for calendar effects. On a quarterly basis, industrial production remained flat as of February. Production in construction-related sectors, which played an important role in the contraction in industrial production in January, increased in February, yet the rise could partly compensate for the decline in January. Thus, as of February, production in construction-related sectors decreased on a quarterly basis. Excluding the typically volatile sectors, such as other transportation and similar sectors, industrial production posted a limited decline on a quarterly basis. Accordingly, the underlying trend of industrial production remains weak. Survey indicators for the manufacturing industry implied a deterioration in production expectations for the future in March due to the war. Data from the business tendency survey for April also point that the weak course in production expectations continued. On the other hand, the capacity utilization rate remained flat in March and April. As of February, the index of production in construction went up by 0.4% in quarterly terms in the first quarter, and by 6.9% compared to the same period of the previous year. Thus, quarterly and annual growth rates of the index of production in construction declined in the first quarter.
10. In February, seasonally adjusted employment stood at 32.2 million people, decreasing by 1.3% compared to the previous quarter average. In this period, the labor force participation rate decreased by 0.8 percentage points quarter-on-quarter. With the declines in employment and the participation rate largely offsetting each other, the unemployment rate remained flat at 8.3% on a quarterly basis. Survey indicators suggest that the outlook lagging behind historical averages for manufacturing firms' future employment expectations persisted.
11. The current account balance ran a monthly deficit of USD 7.5 billion in February. The 12-month cumulative current account deficit increased by USD 2.3 billion month-on-month and stood at USD 35.4 billion. Travel revenues stood at USD 2.7 billion on a monthly basis and USD 60.1

billion in 12-month cumulative terms. The services balance surplus remained robust at USD 62.6 billion.

12. In March, seasonally adjusted exports and imports rose despite the adverse effects of the war. However, the 12-month cumulative foreign trade deficit increased compared to the previous month. In this period, gold imports saw a slight decline. As of March, gold imports stood at USD 23.6 billion in 12-month cumulative terms. According to the current data, the 12-month cumulative current account deficit is projected to expand in March. The negative impact of recent geopolitical developments on the current account deficit is expected to continue in April as well, and the extent of this impact is estimated to vary depending on the duration and scale of these developments. Seasonally adjusted imports of consumption goods declined in the first quarter of the year compared to the previous quarter. When provisional foreign trade data for March are considered along with the high-frequency leading data for April, the three-month average trends point to a limited increase in exports and in imports.
13. Regarding the financing of the current account deficit, the banking sector's 12-month cumulative long-term debt rollover ratio stood at 159.7% in February. In the non-bank corporate sector, this ratio was 214.9%. Accordingly, external financing opportunities remain at high levels.

Inflation Developments and Expectations

14. Consumer prices rose by 1.94% in March and annual inflation decreased by 0.66 percentage points to 30.87%. In March, consumer inflation was led by geopolitically-driven energy prices and their repercussions on transport services. Accordingly, annual inflation increased slightly in the energy and services groups, but declined in other main groups. Despite the fall in annual consumer inflation, the annual rate of change in the B index (CPI excluding unprocessed food, energy, alcoholic beverages, tobacco, and gold) and the C index (CPI excluding food and non-alcoholic beverages, energy, alcoholic beverages, tobacco, and gold) both rose by approximately 0.20 percentage points to 30.11% and 29.68%, respectively.
15. A breakdown of contributions to annual inflation reveals a decline in the food and non-alcoholic beverages, the alcohol-tobacco-gold and the core goods groups by 0.83 percentage points, 0.22 percentage points and 0.21 percentage points, respectively, but an increase in energy by 0.35 percentage points and services by 0.25 percentage points. In seasonally adjusted terms, the monthly increase in consumer prices was weaker compared to the previous month. While food inflation decelerated in this period, consumer inflation excluding food accelerated due to energy prices.
16. In March, the energy group was the driver of the rise in consumer inflation. Energy prices soared by 4.75% due to fuel prices that surged in tandem with crude oil prices in this period, while the sliding-scale system significantly limited the impacts of international energy prices on inflation. Moreover, the increased share of hydroelectric in electricity generation backed by the rainfall and the decline in electricity prices amid the end-source supply tariff (ESST) practice became another factor to contain a more adverse outlook. The high course of food inflation in the first two months of the year lost momentum in March. Unprocessed food prices rose largely due to vegetable and meat prices, while price increases decelerated notably in the processed food group. Services inflation receded month-on-month, but remained high in seasonally adjusted terms, fueled in part by price hikes in transport services that strengthened amid geopolitical developments, as well as communication services. On the other hand, inflation in the core goods group maintained its low course amid the seasonal decline in clothing and footwear prices in addition to the outlook for prices of durable goods.

17. The underlying trend of inflation declined in March. Of the underlying inflation indicators, the seasonally adjusted monthly B inflation decreased while the C inflation rate increased. This divergence was driven by the slowdown in processed food inflation. Among the components of the B index, price increases were slightly higher, yet further moderate in core goods while they were flat in services, but notably weaker in processed food. The underlying trend of inflation did not register a significant change in terms of quarterly averages.
18. As of March, the seasonally adjusted average inflation over the last three months remained relatively flat both in core goods and the services sector compared to the previous month.
19. The prevalent price-setting behavior in the services sector leads to significant inertia and causes the impact of shocks on inflation to extend over a long period of time, and services inflation remains higher than goods inflation. As of March, annual goods inflation was around 26%, while services inflation hovered around 40%. Among subgroups, transport services stood out with a monthly increase of 5.06% in March, driven by fuel prices. Monthly inflation in communication services remained relatively high at 3.03%. In the other services group, the highest increase belonged to package tours with 4.51%, followed by financial services with a rise of 4.35%. Meanwhile, education services recorded a lower monthly price increase compared to the same period of the previous year. In this period, monthly rent inflation stood at 2.42%, while annual rent inflation receded to 52.45%. Prices in the restaurants-hotels group posted a limited month-month increase of 1.18%.
20. In March, domestic producer prices rose by 2.30%, while annual producer inflation increased by 0.52 percentage points to 28.08%. As in consumer prices, energy price developments were the primary driver of producer prices as well. Energy prices registered a significant monthly increase of 4.65%, while the decrease in electricity producer prices owing to the course of precipitation prevented a more adverse outlook in energy prices. Prices of durable consumption and capital goods were on a mild track in March. While the sliding-scale mechanism limits the rise in consumer prices, producer prices collected excluding taxes are affected more by global developments. In this respect, consumer inflation and producer inflation may diverge in the period ahead.
21. Brent crude oil prices generally trended upward in both March and April, and exhibited significant volatility due to geopolitical developments. Similar to oil prices, TTF natural gas prices increased notably in mid-March amid concerns of supply constraints, before displaying a downward trend in April. In addition, prices of energy-linked commodities followed a volatile course. Global disruptions in the flow of energy and raw materials, particularly when combined with sharp increases in oil and natural gas prices, carry the risk of driving up production costs and creating inflationary pressures on a global scale.
22. The Global Supply Chain Pressure Index was above its historical average in March. Risks related to the Strait of Hormuz coupled with the search for alternative routes led to longer lead times, and security risks caused higher insurance premiums and freight rates in March. In April, the container index for China remained elevated, while the global container index and dry cargo shipping indices also increased significantly. The basket exchange rate remained mild as of the first three weeks of April. Seasonally adjusted manufacturing industry PMI data pointed to a rise in both input and goods prices. While the data indicate partially longer lead times, they do not yet imply a severe supply problem that would disrupt production.
23. Inflation expectations rose in April. According to the results of the Survey of Market Participants, the year-end inflation expectation for 2026 increased by 2.2 percentage points to 27.5%, and that for 2027 went up by 1.4 percentage points to 20.1%. The 12-month-ahead inflation expectation was revised up by 1.2 percentage points to 23.4%, while the 24-month-ahead inflation expectation was measured at 18.0% with an increase of 0.7 percentage points.

Meanwhile, the five-year-ahead inflation expectation edged up by 0.3 percentage points to 11.9%. As for the expectations of the real sector, the 12-month-ahead inflation expectation of firms went up by 0.9 percentage points to 32.9% in March. In the same period, the 12-month-ahead annual inflation expectation of households rose by 1.1 percentage points to 49.9%. Inflation expectations and pricing behavior continue to pose risks to the disinflation process. Potential second-round effects of recent developments on the inflation outlook will be of importance.

24. Leading indicators suggest that in April, consumer prices will be driven by energy and food prices, whereas the underlying trend will increase slightly. Domestic energy prices posted a substantial rise on account of price increases in natural gas and electricity for households. Similar to electricity, a tiered pricing system has been adopted in the natural gas tariff for households, introducing higher fees for higher consumption. The surge in residential natural gas prices in April has been partly driven by this implementation. The increase in fuel prices continues due to geopolitically-driven oil prices. Leading indicators suggest a slight increase in food prices in April. Unprocessed food prices rose mainly due to vegetables and meat, while on the processed food side, the significant increase in bread prices was noteworthy. In the services group, fuel price hikes have been weighing on transport prices (primarily air transport). In core goods, clothing and footwear has shown seasonal price increases on the launch of the new season, while monthly inflation in durable consumption goods has been moderate due to promotional sales in automobiles, despite hikes in furniture and white goods. Given the size of price volatility and supply constraints in commodities, the uncertainty over the inflation outlook has substantially increased. The effects of these developments and domestic energy prices on the inflation outlook through the cost channel and economic activity are being closely monitored.

Monetary Policy

25. The Monetary Policy Committee (the Committee) has decided to keep the policy rate (the one-week repo auction rate) at 37%. The Committee has also maintained the Central Bank overnight lending rate and the overnight borrowing rate at 40% and 35.5%, respectively.
26. The tight monetary policy stance, which will be maintained until price stability is achieved, will strengthen the disinflation process through demand, exchange rate, and expectation channels. The Committee will determine the policy rate by taking into account realized and expected inflation and its underlying trend in a way to ensure the tightness required by the projected disinflation path in line with the interim targets. Monetary policy decisions are made prudently on a meeting-by-meeting basis with a focus on the inflation outlook. In case of a significant and persistent deterioration in the inflation outlook, which can also be driven by the recent developments, monetary policy stance will be tightened. The Committee reiterated that it remains highly attentive to upside risks on inflation.
27. In case of unanticipated developments in credit and deposit markets, monetary transmission mechanism will be supported via additional macroprudential measures. Liquidity conditions will continue to be closely monitored and liquidity management tools will continue to be used effectively.
28. The Committee will make its policy decisions so as to create the monetary and financial conditions necessary to reach the 5% inflation target in the medium term. The Committee will make its decisions in a predictable, data-driven and transparent framework.