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PRESS RELEASE
ON THE FOREIGN EXCHANGE INTERVENTION
OF THE CENTRAL BANK

The Central Bank has announced through several press releases that, under the floating exchange rate regime the level of exchange rate is determined by supply and demand conditions in the currency markets, the volatility in the exchange rate is closely observed by the Central Bank, and the Central Bank may directly intervene in the markets in the event of an excessive volatility that might occur in either directions. In this framework, the Central Bank directly intervened in the markets by buying foreign currency on 27 January 2005 due to excessive volatility in exchange rates.

The recently observed foreign exchange sales arising from the increasingly optimistic expectations about the Turkish economy have led to the excessive volatility in exchange rates. Therefore, the Central Bank has decided to intervene in the markets by buying foreign currency in order to prevent this volatility.