

Decision of the Monetary Policy Committee

September 13, 2018, No: 2018-38

Participating Committee Members

Murat Çetinkaya (Governor), Ömer Duman, Uğur Namık Küçük, Emrah Şener, Murat Uysal, Abdullah Yavaş.

The Monetary Policy Committee (the Committee) has decided to increase the policy rate (one week repo auction rate) from 17.75 percent to 24 percent.

Recently released data indicate a more significant rebalancing trend in the economic activity. External demand maintains its strength, while slowdown in domestic demand accelerates.

Recent developments regarding the inflation outlook point to significant risks to price stability. Price increases have shown a generalized pattern across subsectors, reflecting the movements in exchange rates. Deterioration in the pricing behavior continues to pose upside risks on the inflation outlook, despite weaker domestic demand conditions. Accordingly, the Committee has decided to implement a strong monetary tightening to support price stability.

The Central Bank will continue to use all available instruments in pursuit of the price stability objective. Tight stance in monetary policy will be maintained decisively until inflation outlook displays a significant improvement. Inflation expectations, pricing behavior, lagged impact of recent monetary policy decisions, contribution of fiscal policy to rebalancing process, and other factors affecting inflation will be closely monitored and, if needed, further monetary tightening will be delivered.

It should be emphasized that any new data or information may lead the Committee to revise its stance.

The summary of the Monetary Policy Committee Meeting will be released within five working days.