



TÜRKİYE CUMHURİYET
MERKEZ BANKASI

MONETARY POLICY AND INFLATION OUTLOOK IN TÜRKİYE

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Governor

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DOHA



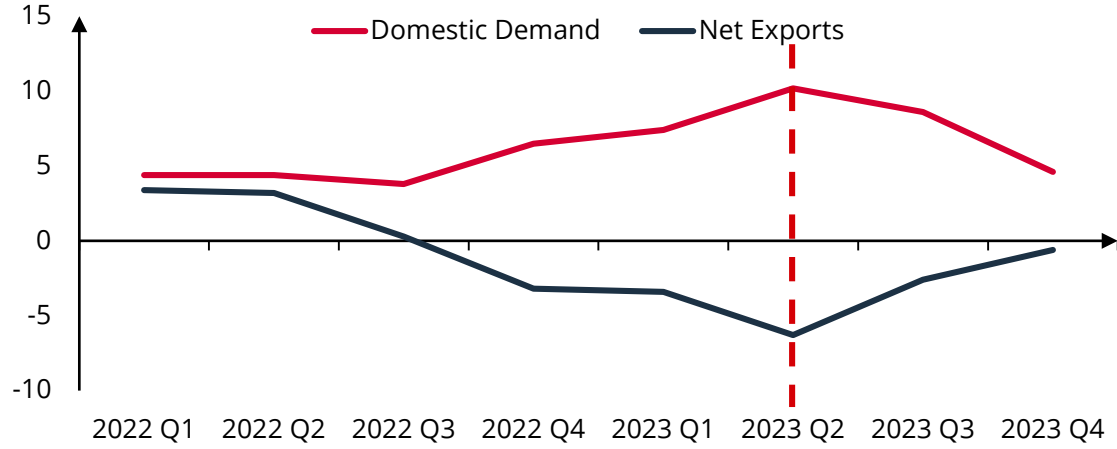
Outline

- Overview
- Monetary Policy
- Financial Conditions
- Disinflation Path

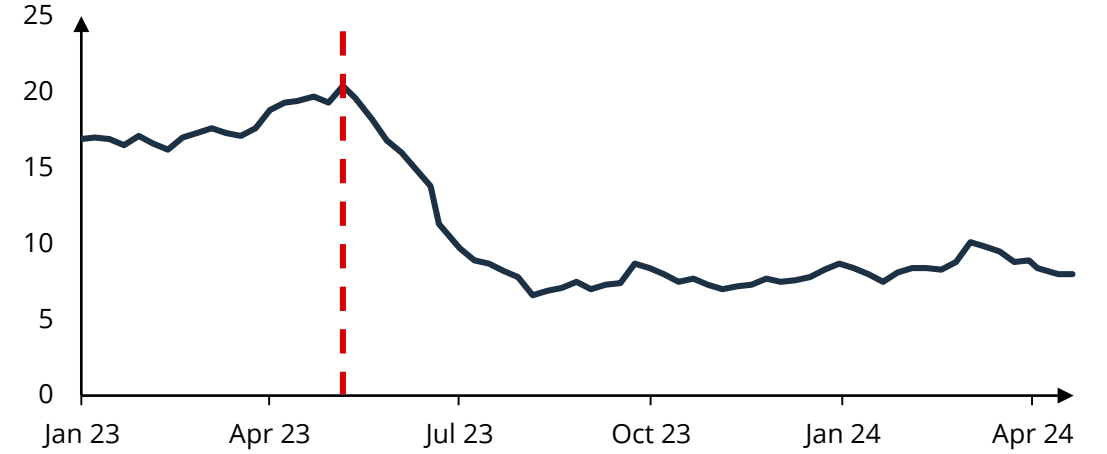
OVERVIEW

Macroeconomic indicators at a glance:

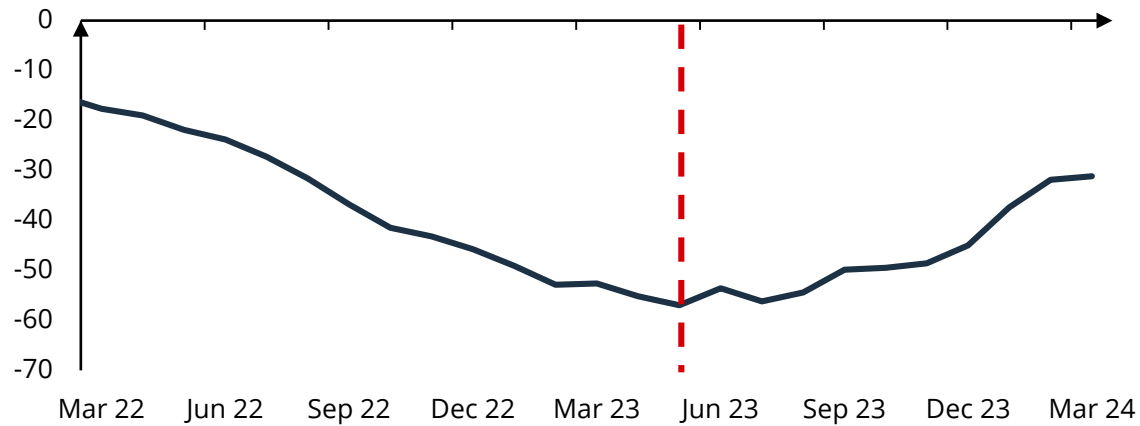
Contributions to Annual GDP Growth (Points)



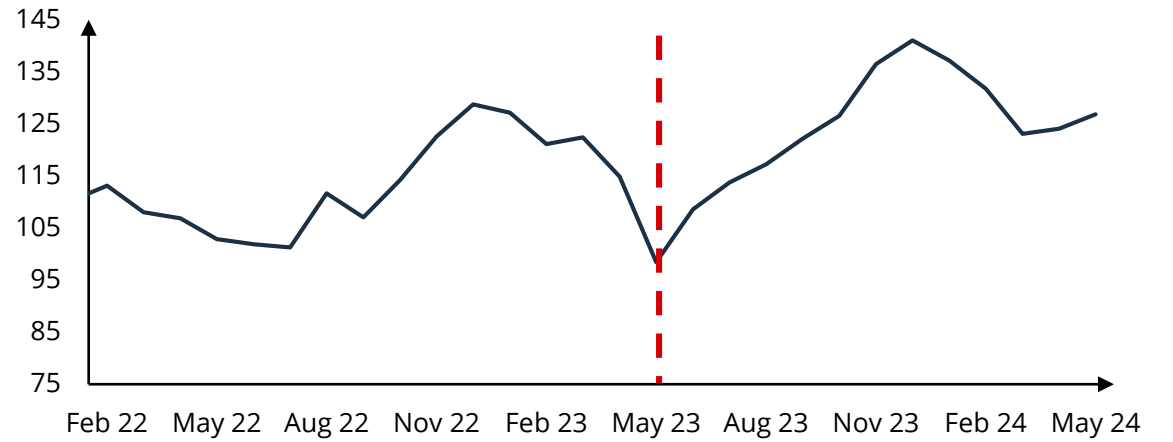
TL Loan Growth (13-week, %)



Current Account Balance (12-month-accumulated, Billion Dollars)

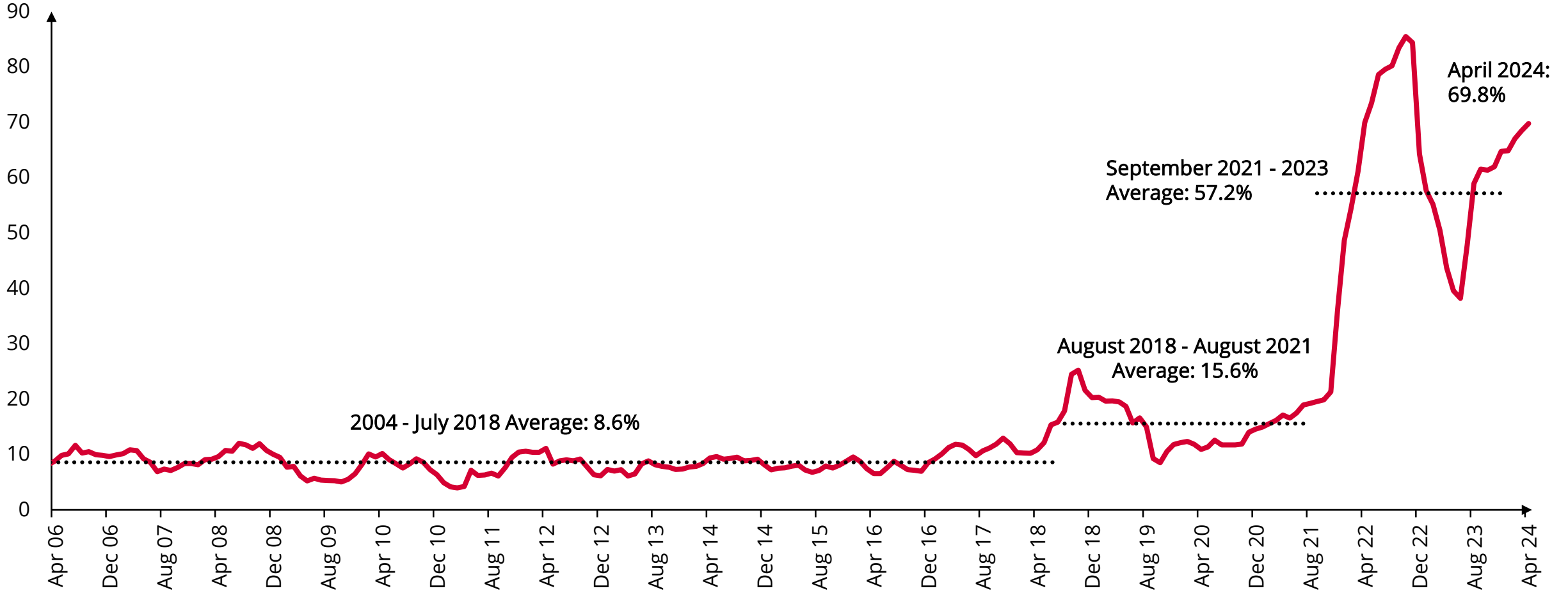


Reserves (Billion Dollars)



However, inflation remains high.

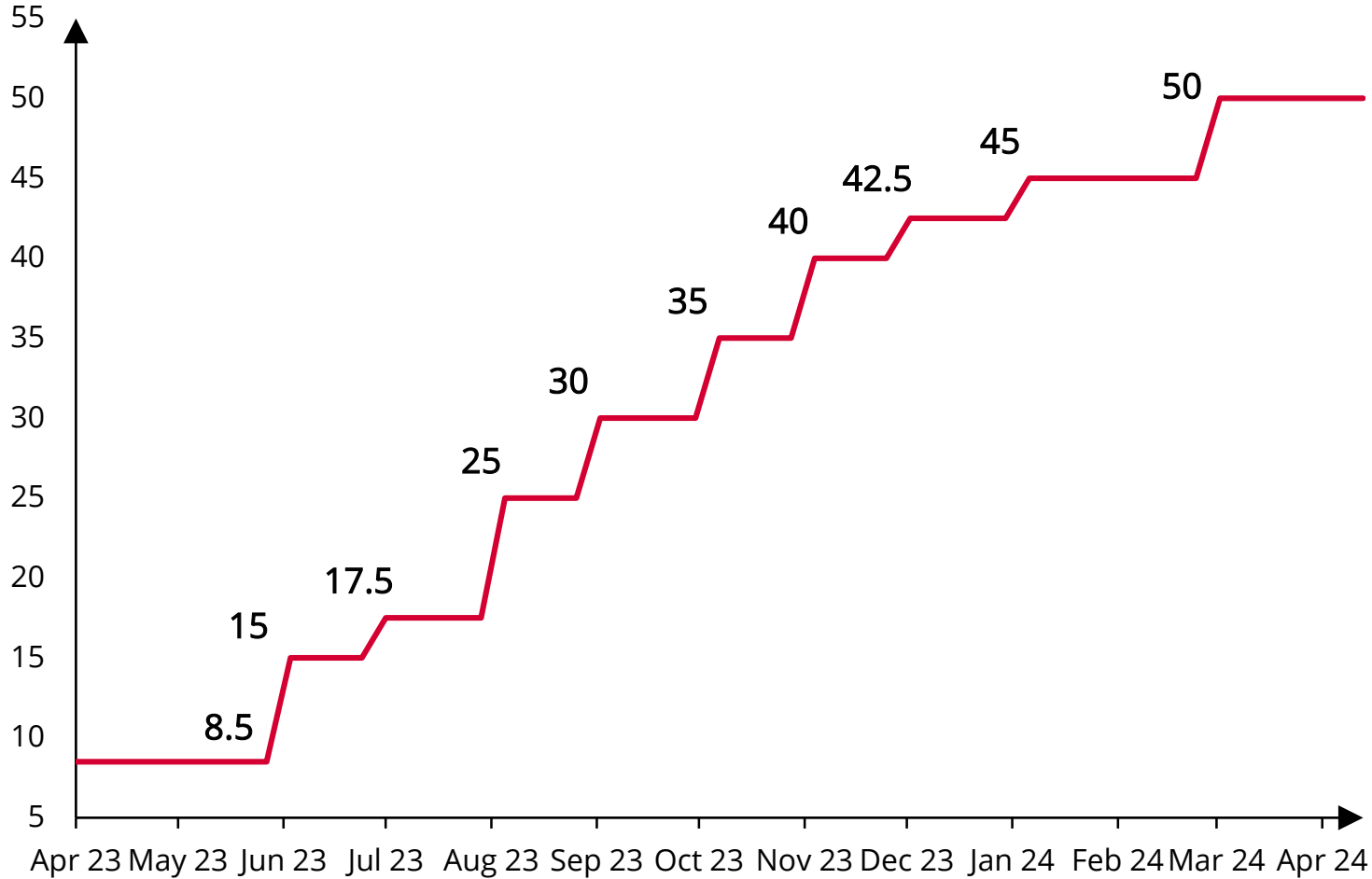
Consumer Inflation (Annual % Change)



MONETARY POLICY

Monetary stance was further tightened in March.

Policy Rate (%)



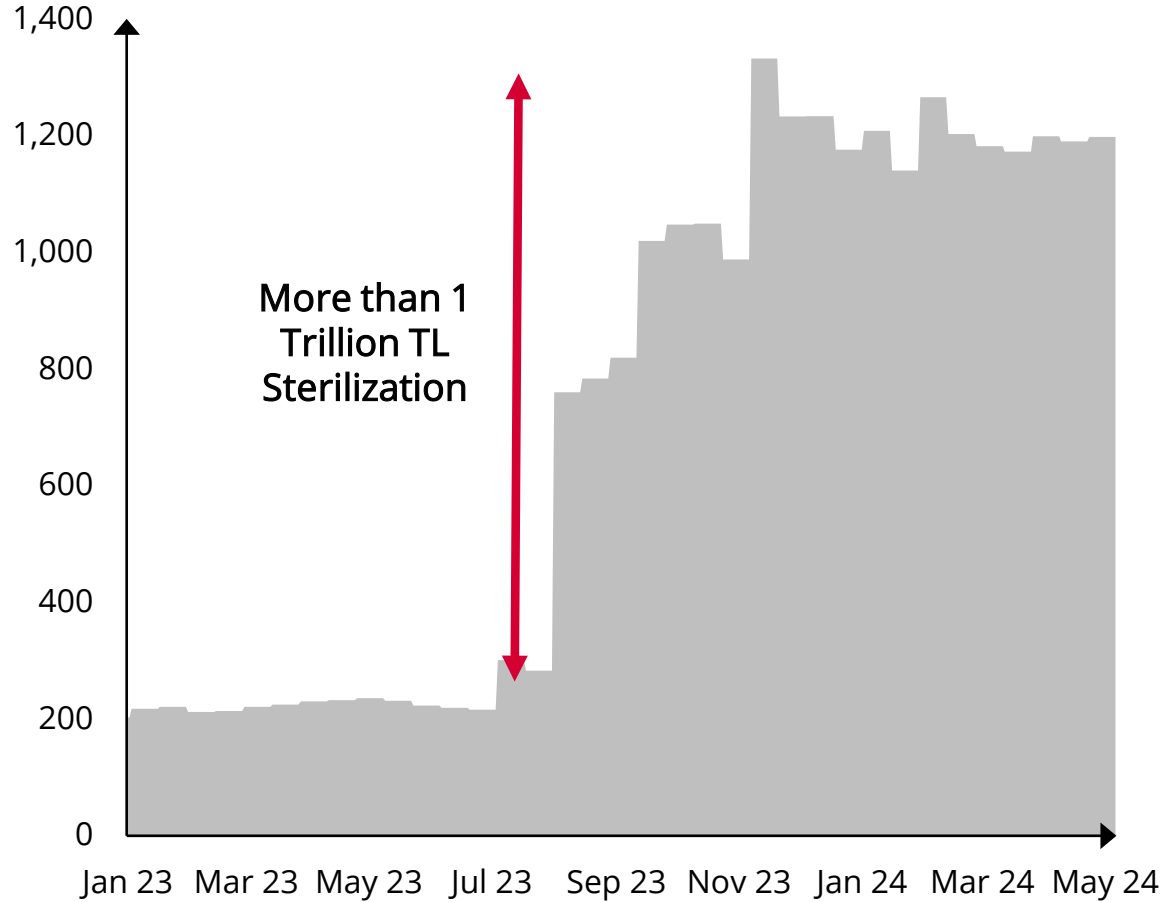
Quantitative Tightening

Macroprudential Framework

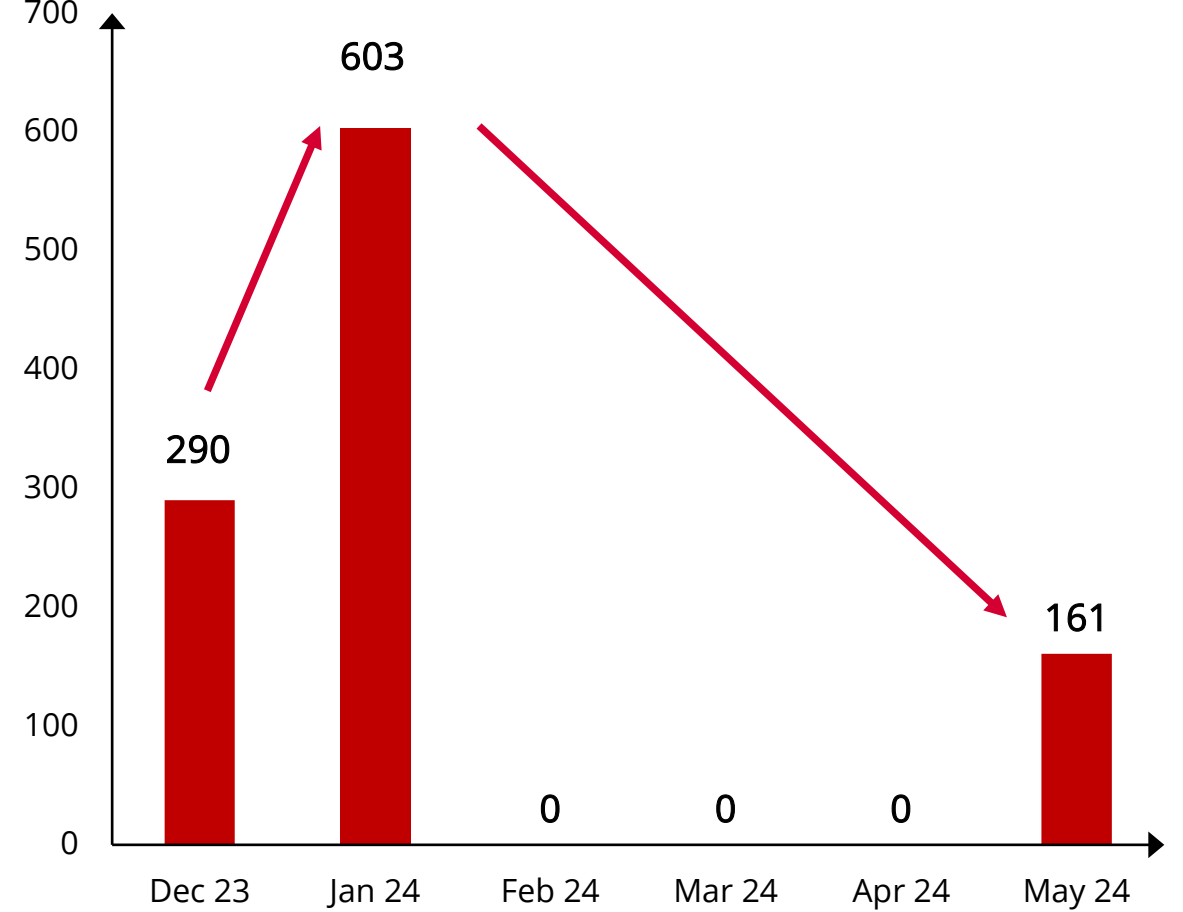
Abolished all SMR Regulations

We are actively managing Turkish lira liquidity.

Required Reserves
(Billion TL, Weekly)



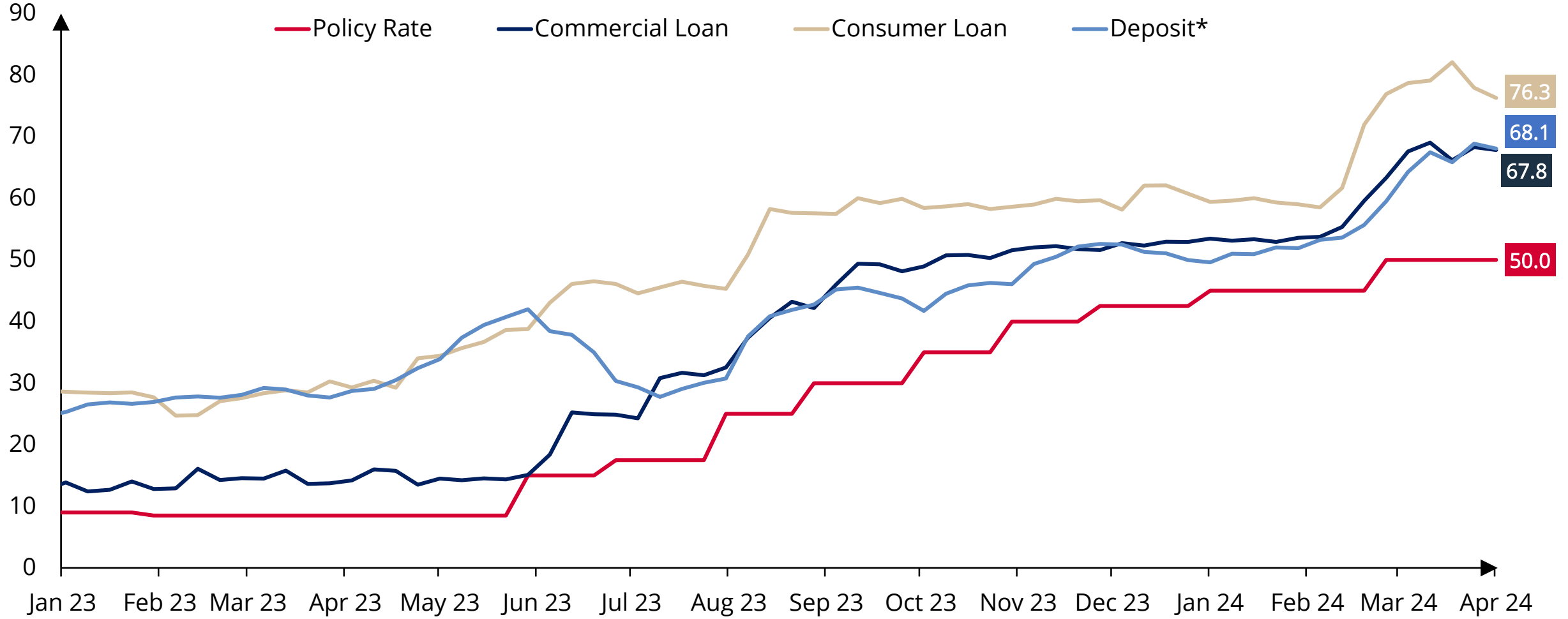
Turkish Lira Deposit Purchase Auctions
(Billion TL, Outstanding)



FINANCIAL CONDITIONS

Financial conditions tightened due to rate hikes and macroprudential policies.

Interest Rates (%) *

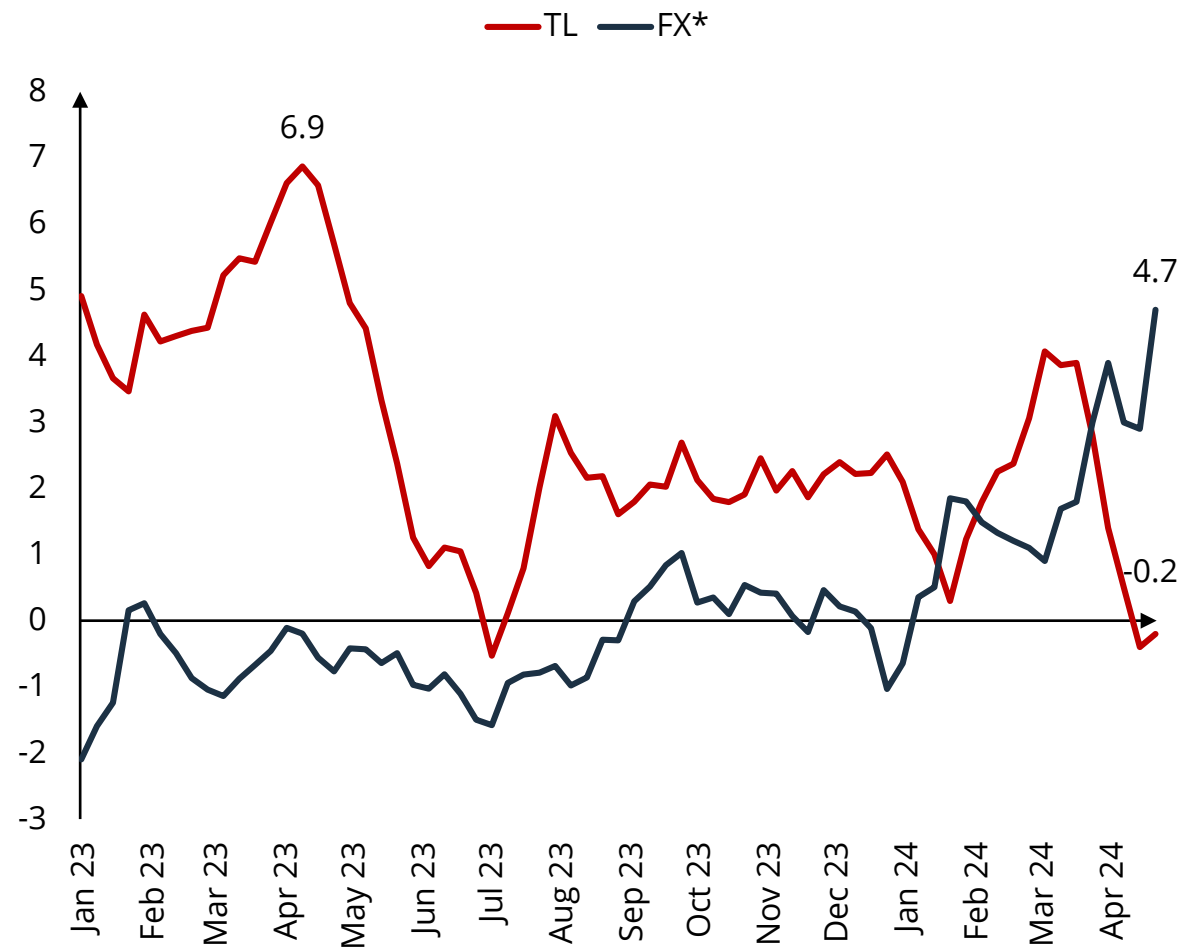


TL loan growth moderated while FX loan growth increased.

Retail Loan Growth
(4-week, %)

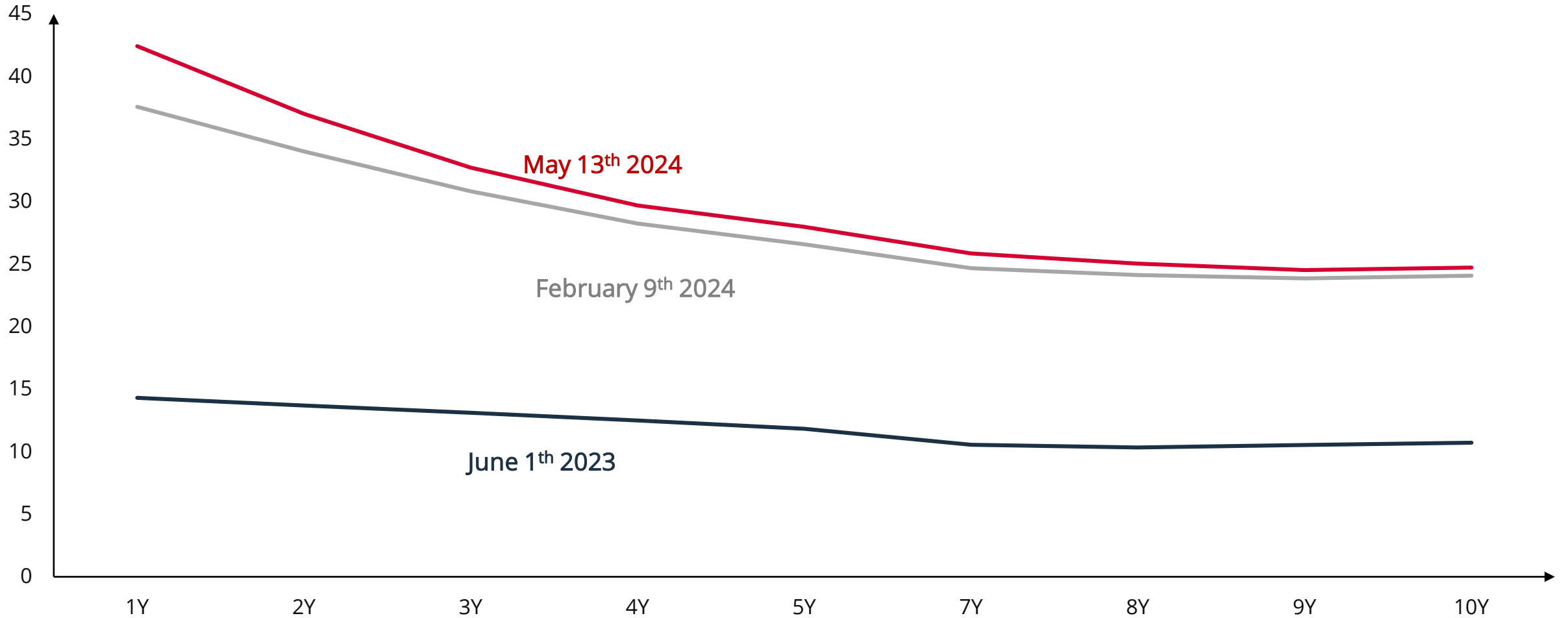


Commercial Loan Growth
(4-week, %)



The yield curve is shifting in tandem with monetary tightening.

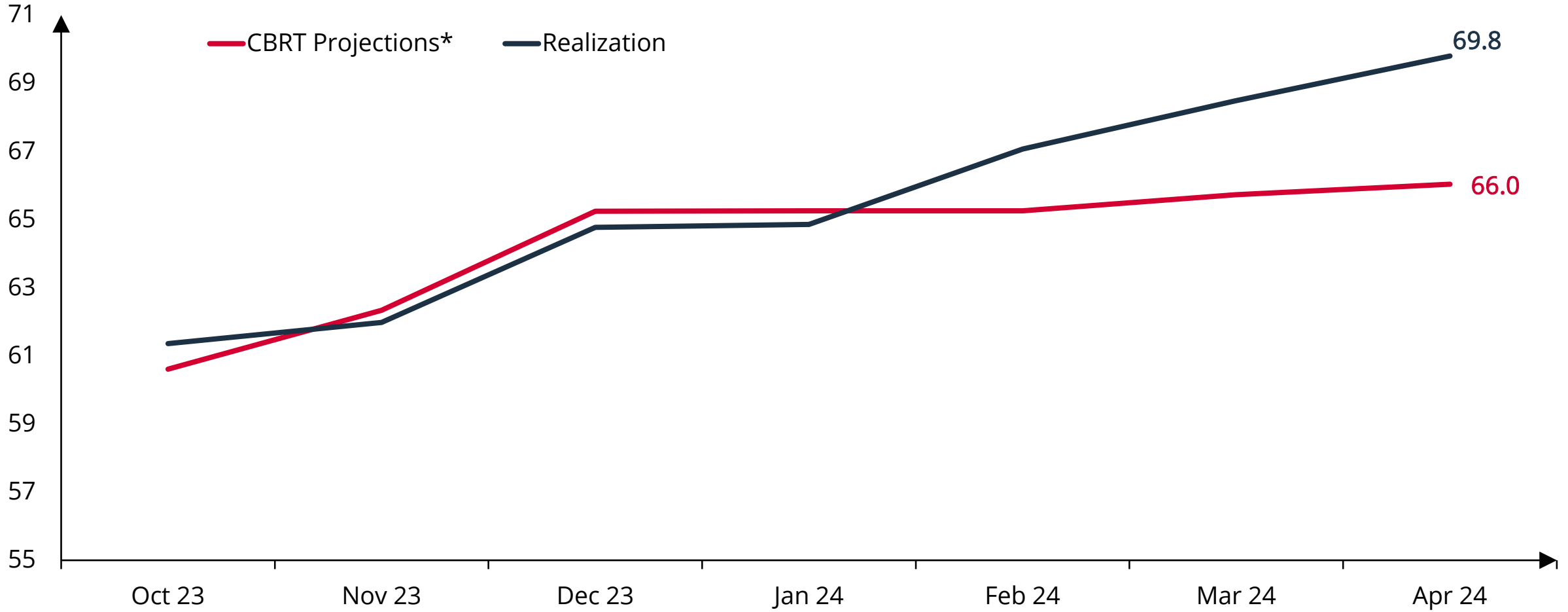
Yield Curve (%)



DISINFLATION PATH

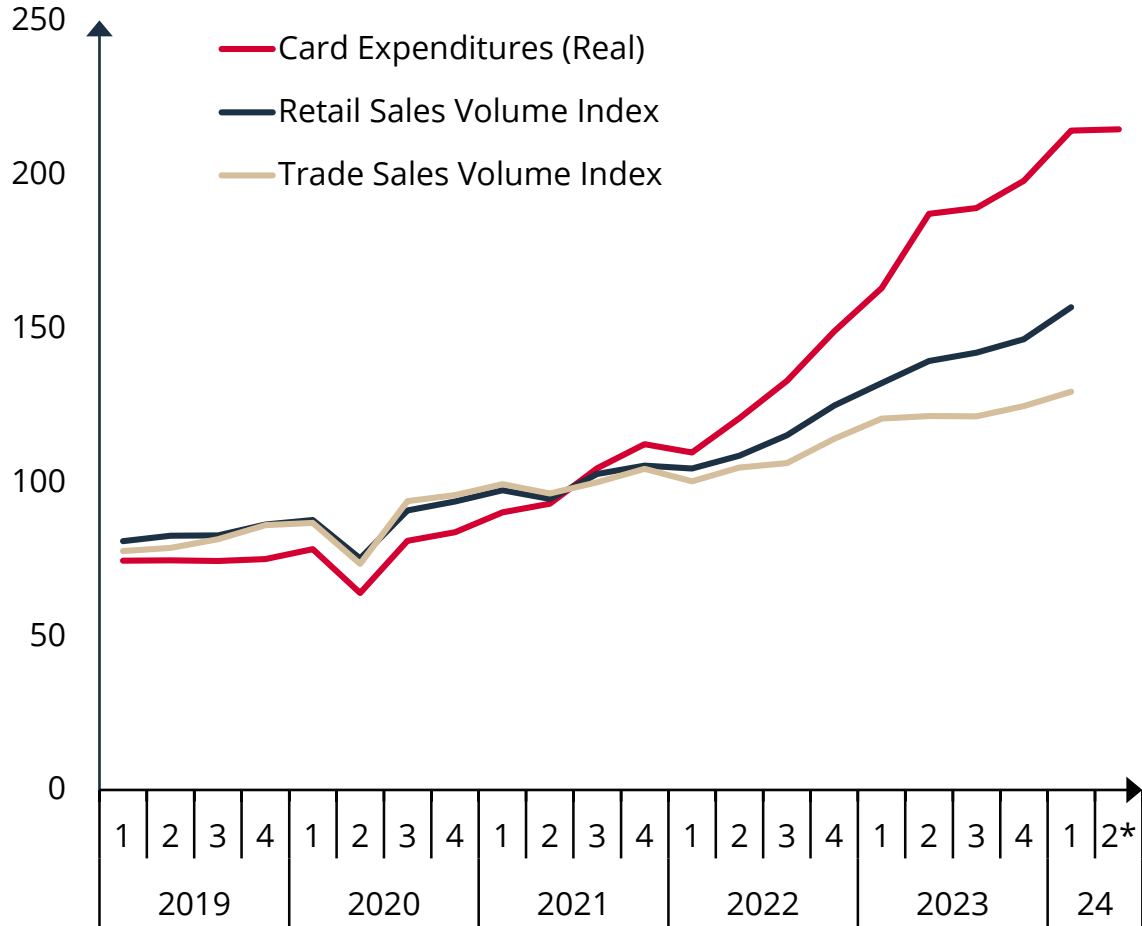
Consumer inflation shifted above the '23 CBRT forecast in February.

Actual and CBRT Forecasts for CPI (Annual % Change)

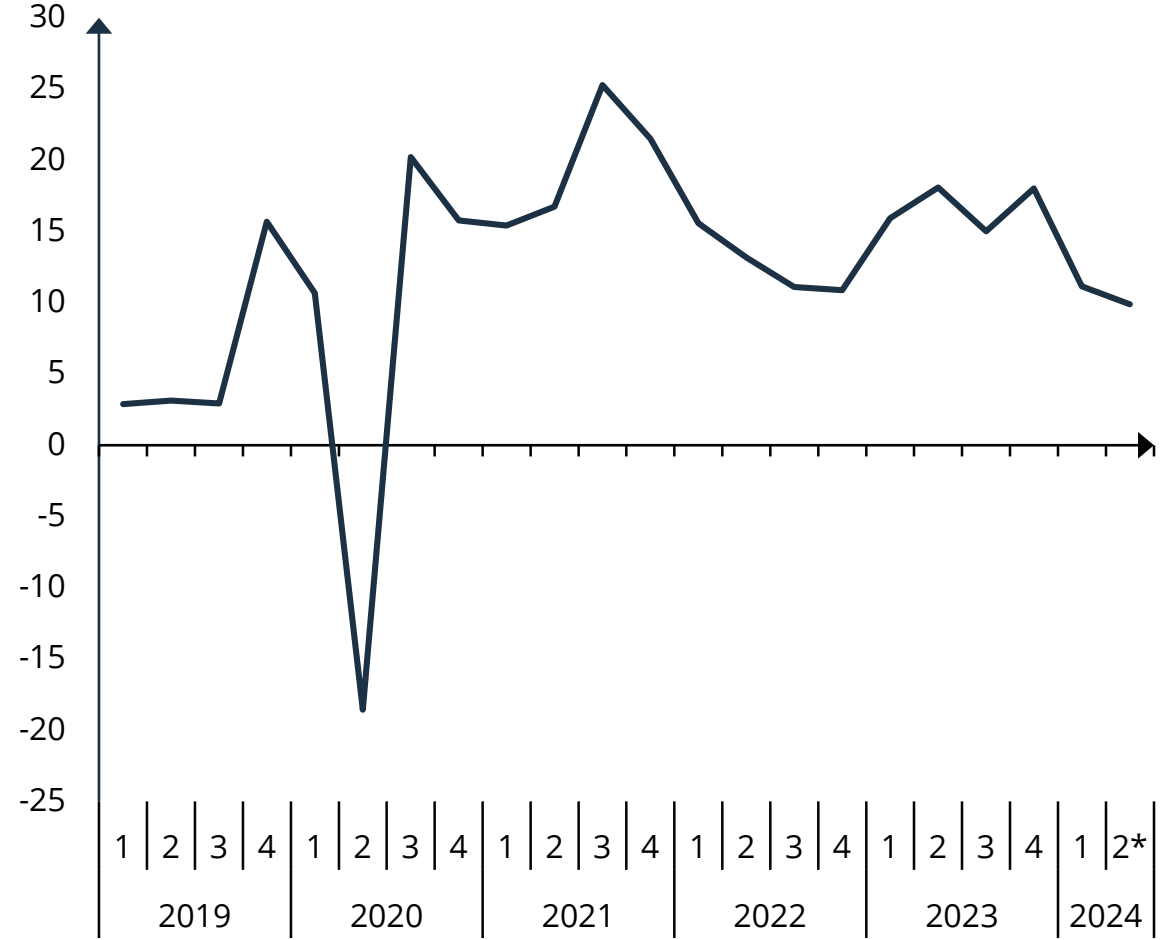


Domestic demand was strong in the 1st quarter, but moderation is expected.

Consumption Indicators
(Seasonally Adjusted, 2021=100)



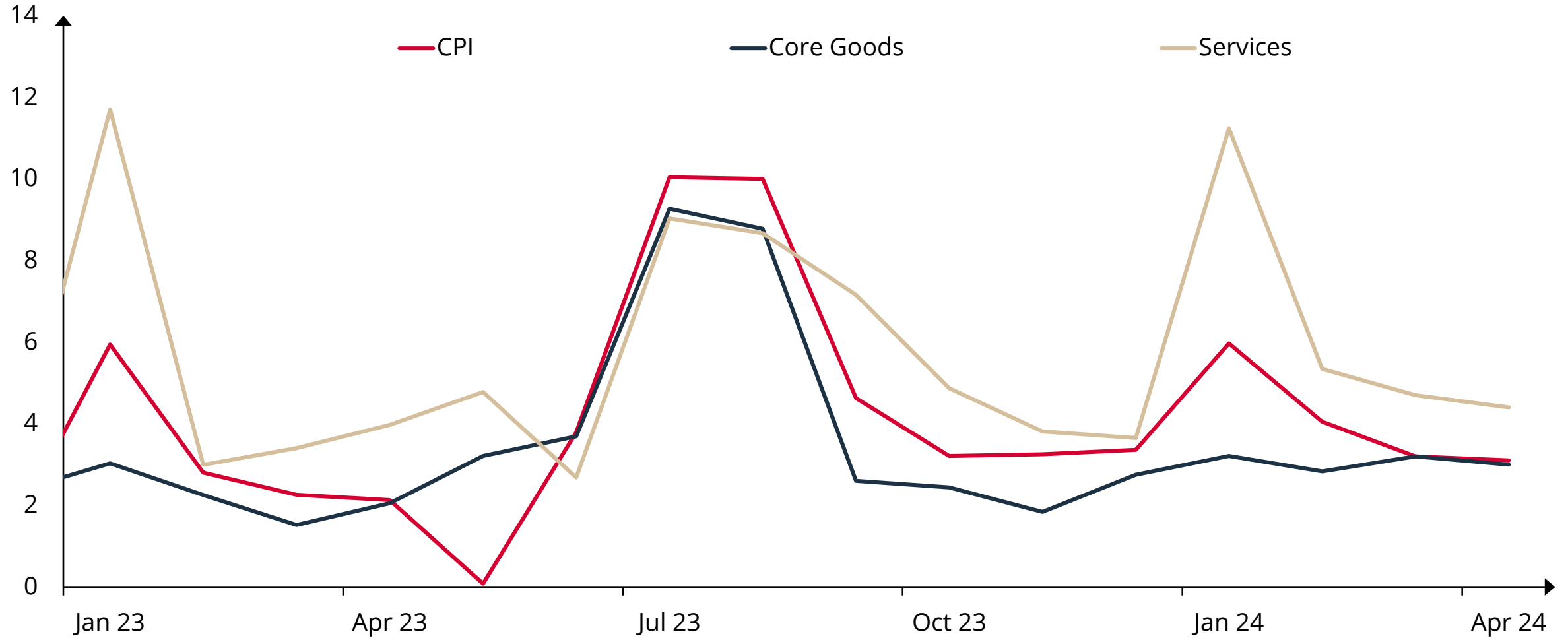
Economic Tendency Survey Domestic Order Expectations
(Seasonally Adjusted, Up-Down)



Source: CBRT
*As of April.

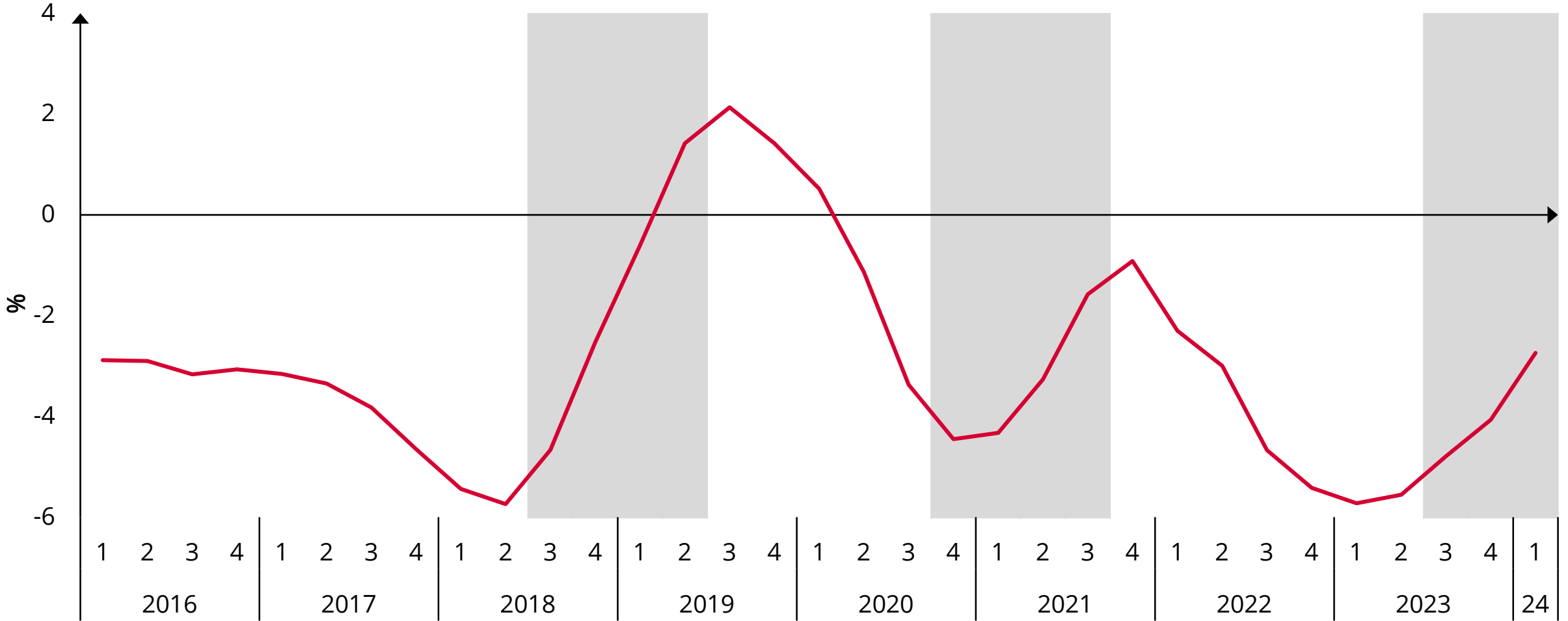
Service inflation is above core goods inflation.

Price Index (Seasonally Adjusted, Monthly % Change)



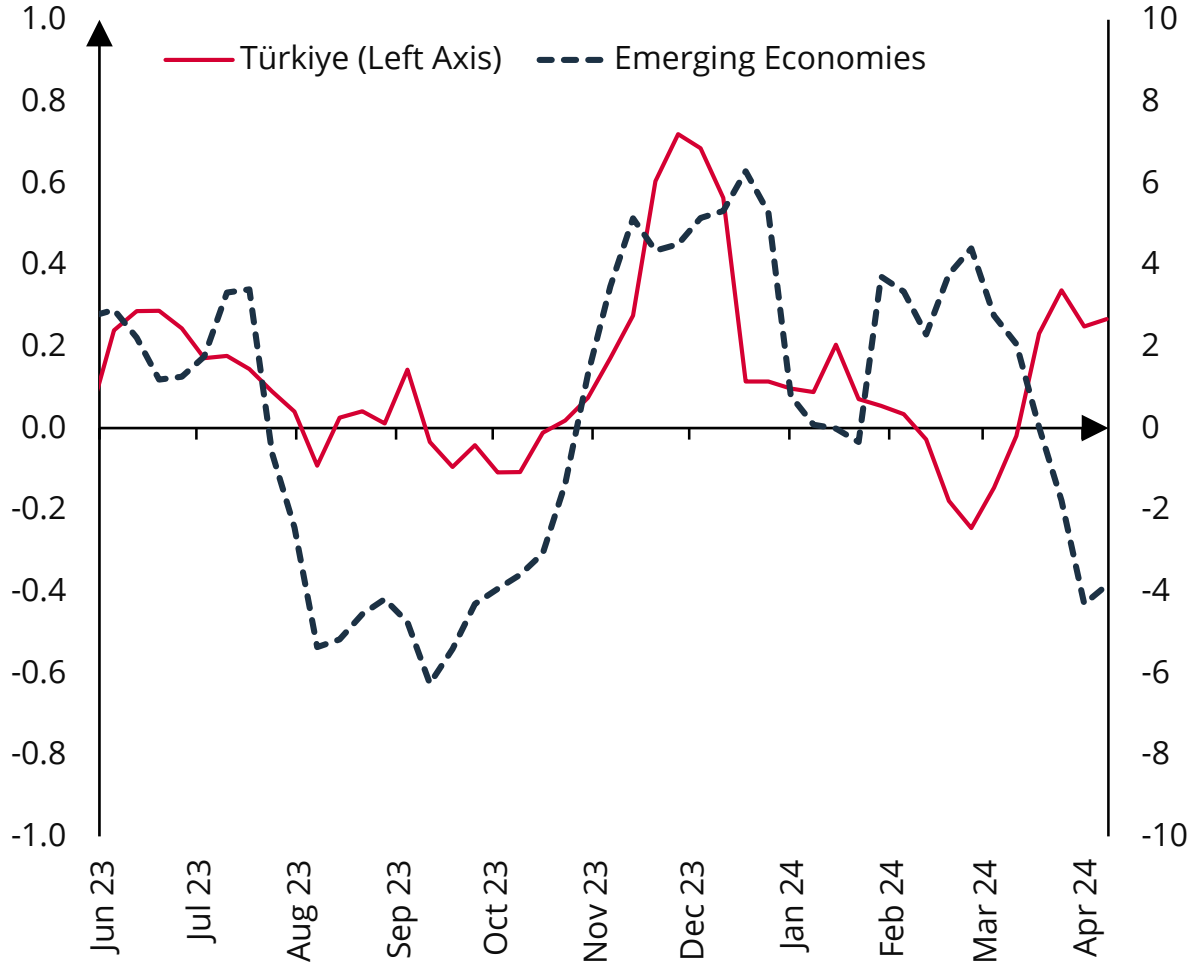
The current account balance is improving.

Current Account Balance/GDP *

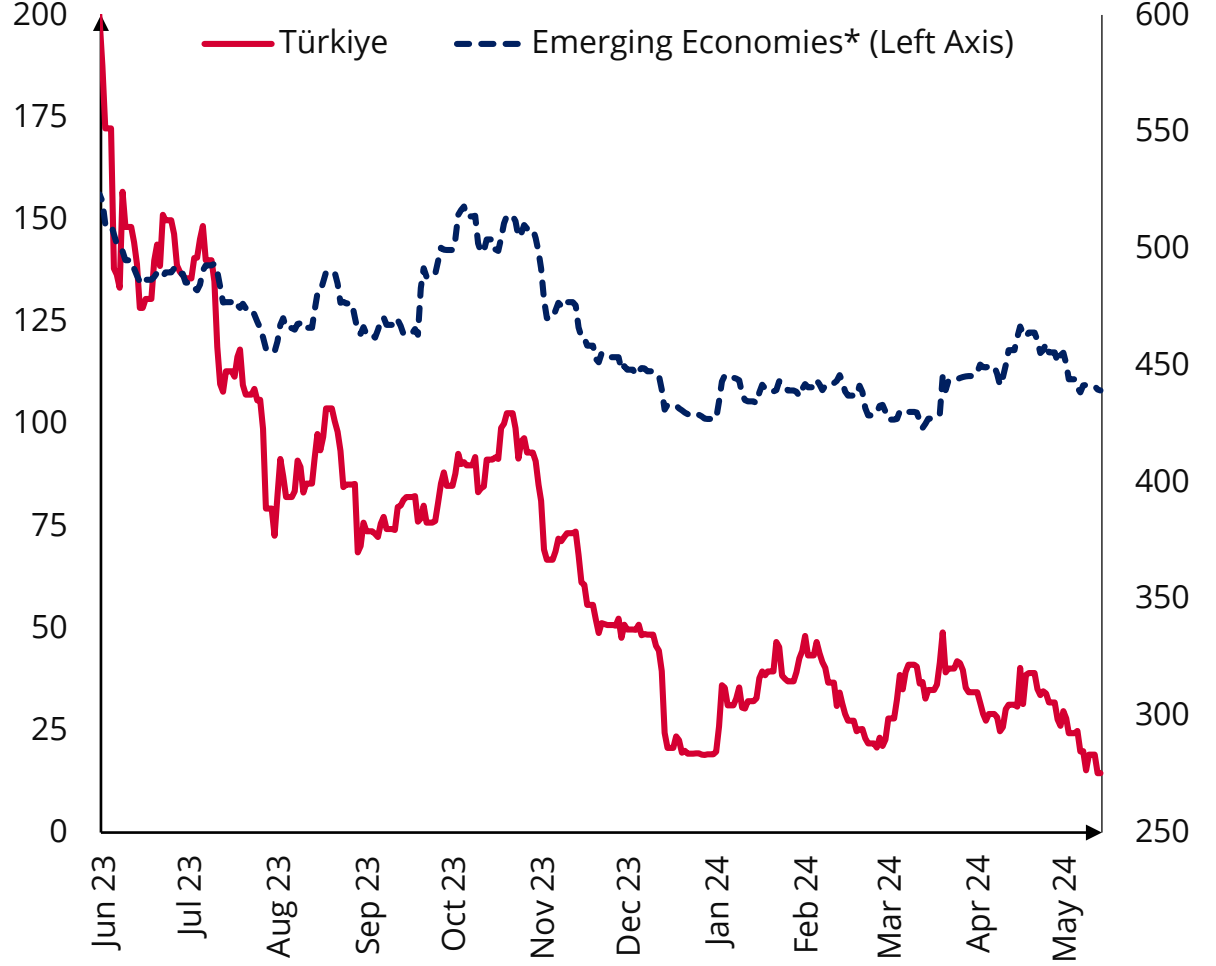


External financing conditions are improving.

Capital Flows to Türkiye and EMEs
(4-Week Average, Billion USD)

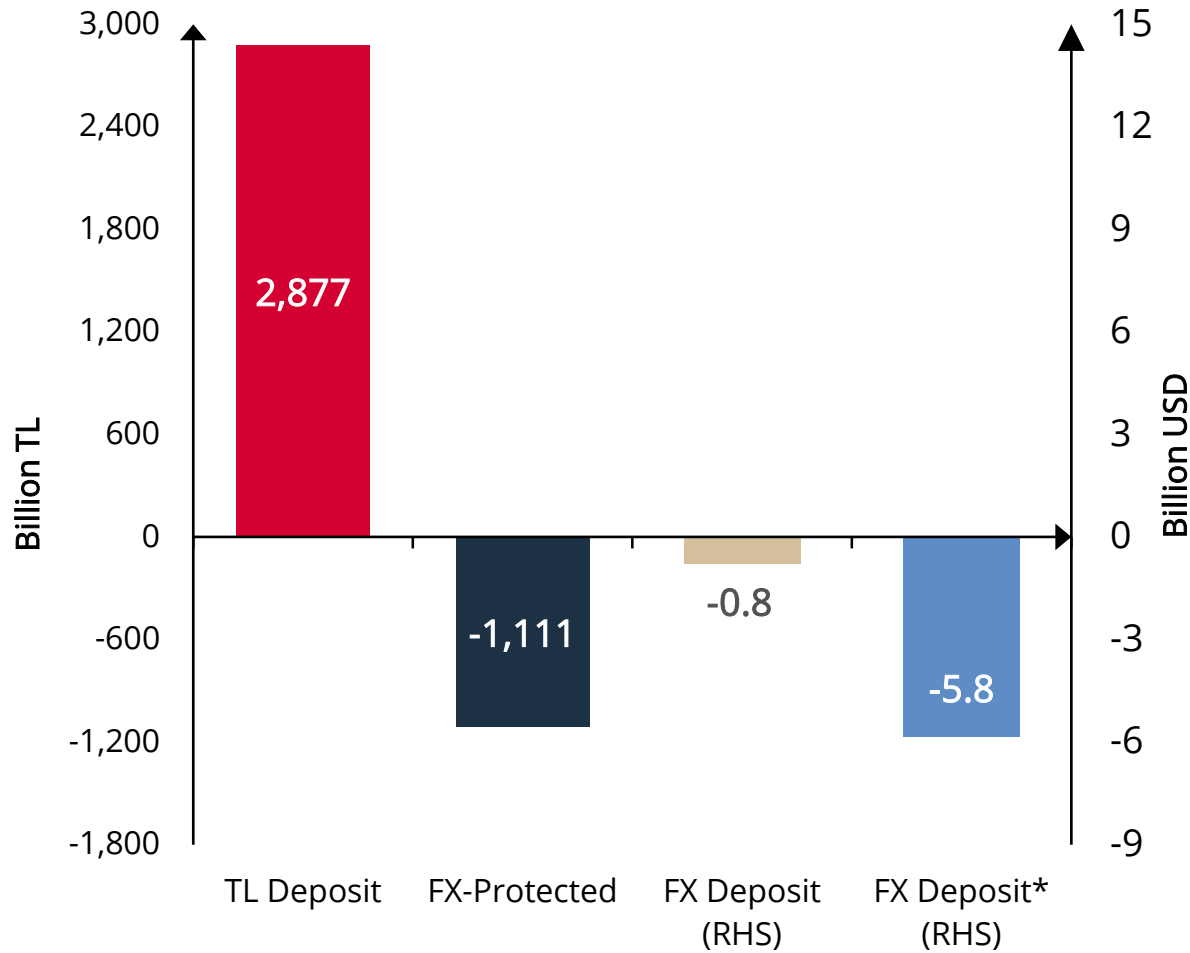


5-Year CDS Premiums
(bps)

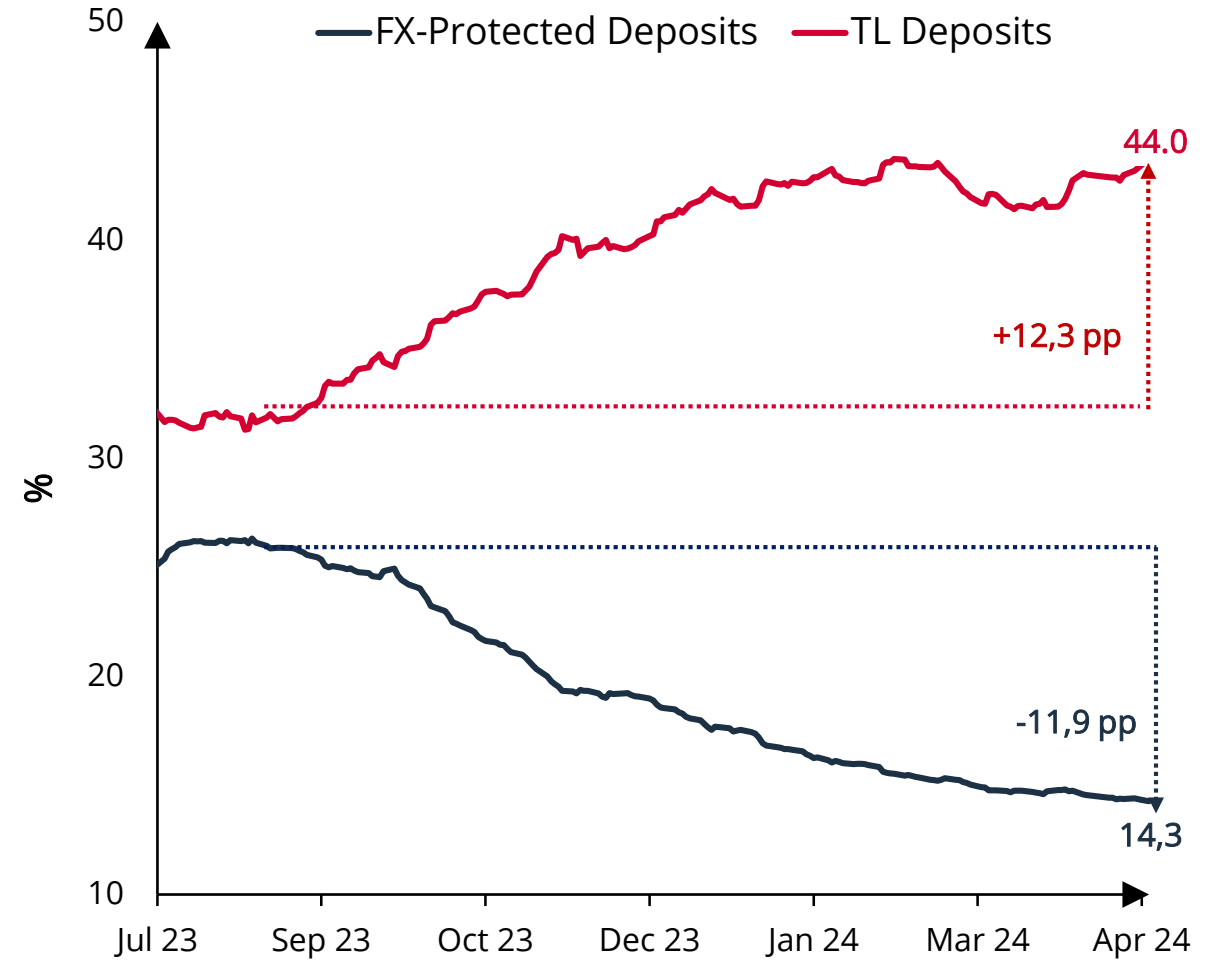


The share of Turkish lira deposits are rising again.

Change in Deposits (25 August - 26 April)

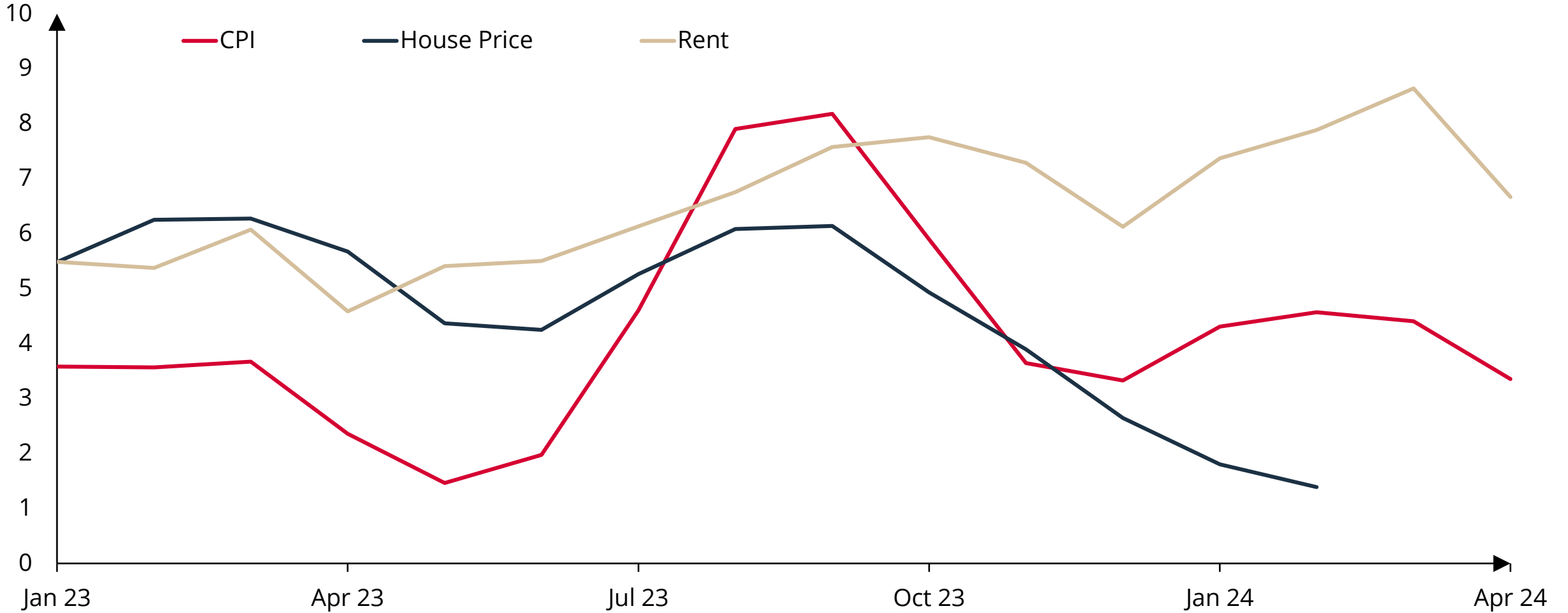


Deposit Share



Residential inflation is declining.

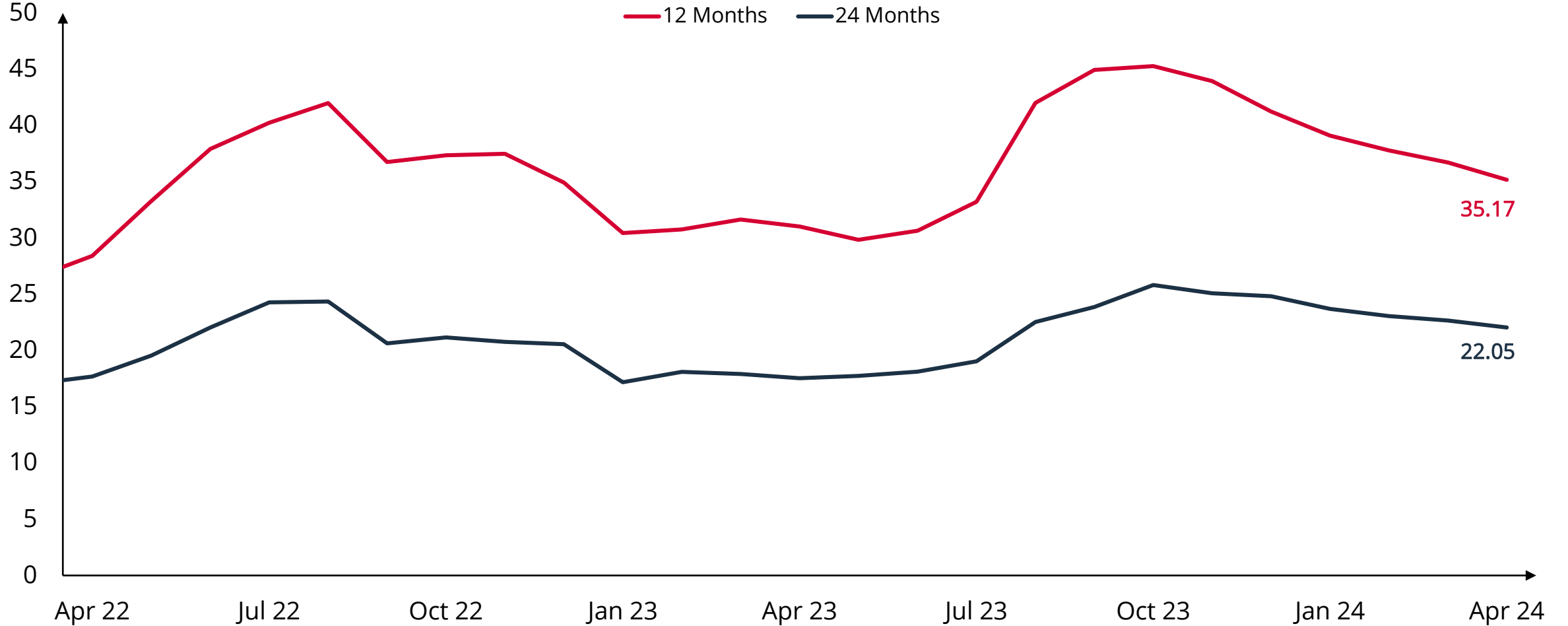
CPI, House Price Index and Rent Index
(Seasonally Adjusted, 3 Month Average % Change)*



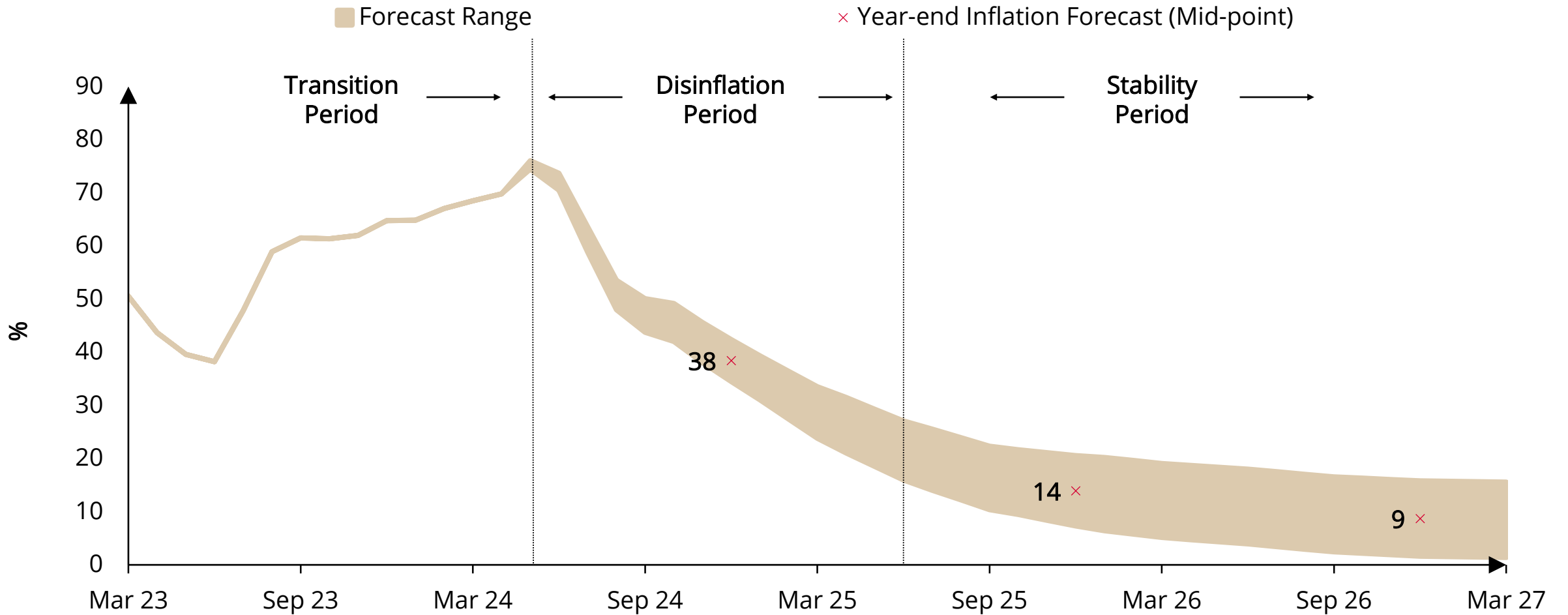
There is a growing consensus that inflation will fall in the second half of the year.

Inflation Expectations

(Survey of Market Participants, Trimmed Mean, %)



We are on the verge of a significant decline in headline inflation.





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