

PRESS RELEASE**I- DEVELOPMENTS IN THE MONETARY PROGRAM DURING THE MAY-JUNE 2002 PERIOD**

The targets specified in the Letter of Intent (LOI) dated 18 January 2002 for the main monetary aggregates on the Central Bank balance sheet have been achieved. The details of the said targets and actual figures realized are given below:

1. As is known, in the 2002 Monetary Program, the monetary base was taken as the nominal anchor and the ceilings were set for it as the performance criteria during the first half of the year and as the indicative targets for the rest of the year. The ceiling set for the end-June 2002 was 9.250 trillion Turkish liras. However, Pamukbank, due to its being taken over by Saving Deposit Insurance Fund, has been exempted from the obligation of 161 trillion Turkish liras as required reserves as per the article 14.6.b of Banks Act. For this reason, the targeted ceiling of monetary base has been revised to 9.089 trillion Turkish liras. The average monetary base figure for the said period has been realized as 9.009 trillion Turkish liras, below the target ceiling of 9.089 trillion Turkish liras.

2. In the LOI, a floor was set for the Net International Reserves (NIR) as the indicative target, which is calculated by subtracting the IMF credit tranche received by the Treasury and the short-term foreign exchange debt of the Treasury with maturity less than 1 year from the Net International Reserves. As of 28 June 2002, the realized NIR and its component items are as follows :

(Million in US dollars)

CBRT Net International Reserves	(1)	6.281
Treasury's debt to the IMF	(2)	10.737
Treasury's foreign exchange debt with maturity less than 1 year	(3)	1.299
Net International Reserves under the IMF program (4=1-2-3)		-5.755

Thus, taking these figures into consideration, the NIR materialized as (minus) –5.755 million USD, well above the indicative target floor of (minus) –7.800 million USD.

3. Similarly, in the LOI, a floor was set for Net Domestic Assets (NDA) as an indicative target, which is calculated by adding the Turkish lira equivalents of the IMF credits received by the Treasury and the short-term foreign exchange debt of the Treasury with maturity less than 1 year to the CBRT NDA. The said target for the end-June 2002 was 28.900 trillion Turkish liras and its calculation is based on the averaging of the figures realized in the last five business days of June. Due to the take-over by Saving Deposit Insurance Fund of Pamukbank which is exempt from maintaining required reserves in the amount of 161 trillion Turkish liras, the targeted ceiling of the NDA was changed as 28.739 trillion Turkish liras. As of 28 June 2002, the realized NDA and its component items are as follows :

		(Trillion TL)
CBRT Net Domestic Assets	(1)	9.135
Treasury's debt to the IMF	(2)	15.456
Treasury's foreign exchange debt with maturity less than 1 year	(3)	1.783
Net Domestic Assets under the IMF program	(4=1-2-3)	26.374

Thus, the average NDA realized is 26.374 trillion Turkish liras, which is below the indicative target-ceiling figure of 28.739 trillion Turkish liras.

II- TARGETS OF MONETARY PROGRAM FOR THE JULY-SEPTEMBER 2002 PERIOD.

1. The target for the monetary base, which is an indicative target for the end-September, is 10.600 trillion Turkish liras. The calculation will be based on the averaging of the figures realized in the last five business days of September.

2. The floor set as an indicative target for the NIR is (minus) –8.500 million USD for the end-September.

3. The ceiling set for the NDA for the end-September, which is an indicative target, is 31.300 trillion Turkish liras. The calculation will be based on the averaging of the figures realized in the last five business days of September.