

PRESS RELEASE

ON THE CUT IN THE CENTRAL BANK'S INTEREST RATES

I. GENERAL EVALUATION

The Monetary Policy Report, published on 8 November 2002, and the press release "October Inflation and Outlook", published on 11 November 2002 provide the public opinion with detailed information about the inflation developments and outlook.

A brief summary concerning the inflation developments and outlook is given below:

- (i) The monetary policy of the Central Bank (CBRT) started to focus on the inflation target for 2003 in August 2002.
- (ii) The current trend in inflation and the improvement in expectations are encouraging. It is clear that the removal of political uncertainty, the continuation of fiscal discipline and structural reforms will help improve expectations and other factors determining inflation.
- (iii) Despite its optimistic attitude for the next period, the CBRT will continue to monitor closely the developments in public finance and structural reforms, and the effects of these developments on the factors determining inflation and expectations.

II. INTEREST RATES OF THE CENTRAL BANK

In the light of the evaluations made by the report and the announcement mentioned above, we have decided to cut our short-term interest rates applicable to Interbank Money Market and Istanbul Stock Exchange Repo-Reverse Repo Market effective from 11 November 2002 as follows:

- a) **Overnight Interest Rates:** the CBRT borrowing rate is decreased to 44 percent from 46 percent, and the lending rate to 51 percent from 53 percent.
- b) **Other Maturities:** the CBRT borrowing rate for one-week is decreased to 44 percent from 46 percent.
- c) **Late Liquidity Window Interest Rates:** Within the framework of the Late Liquidity Window Facility, the overnight lending interest rate declared between 16:00-16:30 at the Interbank Money Market has been decreased to 61 percent from 63 percent. The borrowing rate of 5 percent remains the same.
- d) In addition, the interest rates of the borrowing facility granted to the primary dealer banks with overnight and one-week maturities in the framework of open market operations is decreased to 47 from 49.