

THE CBRT PRESS RELEASE

A) FOREIGN EXCHANGE BUYING AUCTION PROGRAM FOR MARCH 2004

Considering that strong reserve position would boost the market's confidence in the current program and observing the excess foreign exchange supply, the Central Bank of Turkey (CBRT) continued with its daily foreign exchange buying auctions in February 2004, which had started on 23 January 2004. The CBRT bought USD 805 million in total during the 16 auctions held between 05 and 27 February 2004. Moreover, the CBRT bought USD 1.283 million by intervening directly in the markets on 16 February 2004 due to excessive volatility observed in exchange rates. Therefore, the CBRT bought USD 2.374 million in total through foreign exchange buying auctions and outright purchase during the months of January and February 2004.

In this framework, the CBRT has decided to announce a daily foreign exchange buying auction program for March 2004 as well. In consideration of the total amount of foreign exchange bought in February, and with the expectation that excess supply would continue in March as well, the CBRT has planned to conduct daily foreign exchange buying auction and optional selling in the amount of USD 40 million for each. Therefore, the maximum daily auction can amount to USD 80 million. Accordingly, foreign exchange buying auctions are to be held on 23 working days in March, and it is planned that the maximum amount to be bought would be USD 1.840 million. In the event of any unforeseen developments in the excess foreign exchange supply in March 2004, changes may occur in the amounts of daily auction and/or optional selling with a prior notice.

As was announced by previous press releases, the CBRT may, with a prior notice, suspend the auctions before the end of the period in the cases where the depth of foreign exchange market is lost, and excessive volatility is observed in exchange rates due to an exogenous shock or unpredictable developments. As usual, the CBRT will continue to closely monitor the volatility in exchange rates and will directly intervene in the markets in the event of an excessive volatility that might occur in either directions.

B) TURKISH LIRA DEPOSIT BUYING AUCTIONS PROGRAM FOR MARCH 2004

The Central Bank will continue to hold Turkish lira deposit buying auctions with a standard two and four-week maturity in March 2004 as well, as a supplement to its existing instruments with the aim of enhancing the effectiveness of its efforts to sterilize the excess Turkish lira liquidity in the system.

As in February 2004, the Turkish lira deposit buying auctions with a standard two-week maturity will be held on Mondays, and those with a standard four-week maturity will be held on Wednesdays and Fridays in March 2004. There will be no upper limit at each auction.

Moreover, the maturity date of the auction to be held on 26 March 2004 will be 26 April 2004 owing to the National Sovereignty and Children Day on 23 April.