

THE CBRT PRESS RELEASE

A) FOREIGN EXCHANGE BUYING AUCTION PROGRAM FOR OCTOBER

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) has been conducting foreign exchange buying auctions since 6 May 2003.

Through foreign exchange buying auctions, the CBRT bought USD 4,327 billion in total in the period between 6 May and 30 September 2003. Moreover, USD 4,229 billion in total was bought by means of six outright buying interventions aiming at preventing excessive volatility in exchange rates. Hence, total amount of USD 8,556 billion was bought through foreign exchange buying auctions and foreign exchange outright buying interventions in the May – September period.

As it is predicted that the excess foreign exchange supply observed in the May-September period should continue also in October, it has been decided to announce a foreign exchange buying auction program for October. Accordingly, the total amount of daily foreign exchange buying auction will be USD 50 million. Therefore, the maximum daily auction can amount to USD 75 million, together with the optional selling of USD 25 million. Foreign exchange buying auctions are to be held on 20 working days throughout October, except for 28 and 29 October during the Turkish Republic Day, and 13 October, which is public holiday in USA. It is planned that the maximum amount to be bought should be USD 1.500 billion.

As were 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 external shock or unpredictable developments. In addition, the CBRT may make changes in the amounts of daily auctions by announcing it in advance, due to unexpected significant and enduring changes in the excess foreign exchange supply.

As usual, the CBRT will continue to closely monitor the volatility in exchange rates and will directly intervene in the market in case of an excessive volatility in both directions.

B) THE TL DEPOSIT BUYING AUCTION PROGRAM FOR OCTOBER

The CBRT will continue to conduct Turkish lira buying auctions in October 2003 with a standard four-week maturity that was initiated in April 2002 as a supplement to its existing instruments in the Interbank Money Market with the aim of enhancing the effectiveness of its efforts to sterilize the excess Turkish lira liquidity in the system.

As in September 2003, Turkish lira buying auctions will be held every week on Wednesday and Friday in October 2003 too. The maximum amount to be bought in every auction will be TL 100 trillion.

Moreover, the maturity date for the auction to be made on the 1st October 2003 will be 30 October 2003, due to the Turkish Republic Day.