

PRESS RELEASE
ON
REALIZATIONS OF MONETARY PROGRAM FOR APRIL

I. REALIZATIONS ON MONETARY PROGRAM IN APRIL 2004

In the Letter of Intent dated April 2, 2004, targets were specified for Base Money and Net International Reserves as performance criterion and indicative targets were specified for Net Domestic Assets. While Base Money slightly exceeded the targeted level, Net Domestic Assets remained below the upper limit and Net International Reserves remained above the lower limit as of the end of April.

1. The upper limit for Base Money specified as performance criterion in the Letter of Intent is calculated by using the averages of the last five working days of the month. While the average of the Base Money in the last five working days of April became TL 17.508 trillion, the target set as TL 17.500 trillion was exceed by TL 8 trillion.

2. As is closely followed by the public and elaborated in our press release dated April 2, 2004, the Central Bank's monetary policy is set according to the consistency of the future course of inflation with the targeted inflation figures, and developments in monetary aggregates are only evaluated in the light of their signals about the future inflation. Within this framework, short-term interest rates are the main monetary policy instrument of the Central Bank that is under its control, instead of monetary aggregates. In April 2004, the Base Money slightly exceeded the targeted level and this can be evaluated as a consequence of the reduction in inflation and interest rates, increase in confidence, and the reverse currency substitution, rather than the sharp recovery in consumption that could jeopardize the targeted inflation rate. Certainly, due attention is paid to the informative value of the movements in monetary aggregates in the long run, and developments in monetary aggregates are closely monitored, as a natural part of the currently implemented monetary policy.

3. The lower limit for Net International Reserves for end-April was specified as (minus) US dollar – 2.000 million. The realizations pertaining to Net International Reserves and its sub-items as of April 30, 2004 are as follows:

(Million USD)

Net International Reserves of the Central Bank (1)	16.287
Treasury's debt to IMF (2)	14.496
Treasury's debt in terms of foreign exchange (maturity shorter than 1 year) (3)	-
Program Definition: Net International Reserves (4=1-2-3)	1.791

Thus, the Net International Reserves item, which is defined in the program, became US dollar 1.791 million, and exceeded the lower limit of (minus) US dollar –2.000 million specified as the performance criterion.

4. The upper limit of the indicative target for Net Domestic Assets item by end-April has been specified as TL 31.600 trillion and the averages of the last five working days have been taken into account in calculation.

Realizations pertaining to Net Domestic Assets and its sub-items are shown in the table below:

(Trillion TL)

Net Domestic Assets of the Central Bank (1)	5.208
Treasury's debt to the IMF (2)	20.867
Treasury's debt in terms of foreign exchange (maturity shorter than 1 year) (3)	-
Program Definition: Net International (4=1+2+3)	26.076

Thus, the average of Net Domestic Assets in the period in question became TL 26.076 trillion and remained below the indicative upper limit of TL 31.600 trillion.

II- MONETARY PROGRAM TARGETS FOR MAY-AUGUST 2004:

The monetary program targets specified for May-August 2004 in the Letter of Intent dated April 2, 2004 are as follows:

1. The upper limit of the indicative target for the end-August Base Money is TL 19.200 trillion. The averages of the values of the last 5 working days of August will be taken into account in calculation.

2. The lower limit of the indicative target for the end-August Net International Reserves is (minus) US dollar –2.000 million.

3. The upper limit of the indicative target for the end-August Net Domestic Assets is TL 33.300 trillion. The averages of the values of the last 5 working days of August will be taken into account in calculation.