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THE CBRT PRESS RELEASE
ON
TURKISH LIRA DEPOSIT BUYING AUCTIONS

As is known, the CBRT started holding Turkish lira deposit buying auctions with a standard four-week maturity on Wednesdays effective from April 2002, in limited amounts as a supplement to its existing instruments with the aim of boosting its efforts to sterilize the excess Turkish lira liquidity, which was injected into market by foreign exchange buying auctions. It was also announced that the arrangements thereof would be made public with a prior notice on a monthly basis.

In addition to Wednesday auctions, the CBRT started to conduct Turkish lira deposit buying auctions on Fridays starting from June 2002, by considering the level of Turkish lira liquidity in the market.

As of November 2003, the CBRT started to conduct Turkish lira deposit buying auctions with a standard two-week maturity on Mondays each week in addition to the auctions with a standard four-week maturity held on Wednesdays & Fridays and the amount restrictions have been abolished. With these adjustments, it was aimed to determine the amount to be purchased in Turkish lira deposit buying auctions more flexibly by considering the liquidity level in the market, and to further increase the effectiveness of the CBRT to sterilize the excess Turkish lira liquidity.

Considering that the foreign exchange buying auctions were suspended in April 2004 and the level of Turkish lira liquidity in the market has relatively decreased, the CBRT decided to suspend Turkish lira deposit buying auctions with a standard two-week maturity on Mondays in the month of June. Moreover, it was decided that the auctions with a standard four-week maturity conducted on Wednesdays & Fridays to be held only on Wednesdays in June 2004.

In this context, the CBRT has decided to suspend Turkish lira deposit buying auctions starting from October 2004, considering that the aggregate bid amounts at the auctions have recently decreased arising from the relatively low level of Turkish lira liquidity. If the CBRT decides to resume Turkish lira deposit buying auctions according to the developments in the Turkish lira liquidity level, the monthly auction program will be announced with a prior notice, as always.