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PRESS RELEASE
ON THE FOREIGN EXCHANGE INTERVENTION
OF THE CENTRAL BANK

The Central Bank has announced through several press releases that, under the floating exchange rate regime, the level of exchange rate is determined by supply and demand conditions in the currency markets, the volatility in the exchange rate is closely observed by the Central Bank, and the Central Bank may directly intervene in the markets in the event of an excessive volatility that might occur in both directions. In this regard, the Central Bank intervened directly in the foreign exchange markets on 12th and 21st May 2003 as a result of the excessive volatility in exchange rates.

However, besides lack of demand for foreign exchange observed lately, the relatively low level of Turkish lira liquidity in market and the expectation that this situation could persist depending on this week's Treasury auction results have increased the foreign exchange selling by giving rise to excessive volatility in exchange rates. Therefore, the Central Bank directly intervened in the foreign exchange market today by buying foreign currency in order to prevent excessive volatility.