

DECISION OF THE MONETARY POLICY COMMITTEE

Meeting Date: March 19, 2008

Committee Members

Durmuş Yılmaz (Governor), Erdem Başçı, Burhan Göklemmez, M. İbrahim Turhan, Abdullah Yavaş, Mehmet Yörükoğlu.

The Monetary Policy Committee (The Committee) has decided to keep policy rates unchanged as follows:

- a) Overnight Interest Rates: Borrowing rate at 15.25 percent, and lending rate at 19.25 percent,
- b) Late Liquidity Window Interest Rates: Borrowing rate between 4:00 p.m. – 5:00 p.m. at 11.25 percent, lending rate at 22.25 percent,
- c) The interest rate on overnight and one-week maturity borrowing facilities provided for primary dealers via repo transactions at 18.25 percent.

The Committee assesses that rising global uncertainty and the adverse developments in food and energy prices may lead to some delay in reaching the inflation target. On the other hand, deepening problems in international credit markets have increased the downside risks on economic growth, indicating that aggregate demand conditions will continue to support disinflation.

Monetary policy remains restrictive even after the recent rate cuts. Yet, ongoing uncertainties in the global economy and the risks to the price setting behavior have increased the need for the monetary policy to be more cautious. The Committee will continue to closely monitor the second round effects of the elevated food and energy prices. Future rate cuts will depend on developments regarding global market conditions, external demand, fiscal policy implementation, and other factors affecting the medium term inflation outlook.

It should be emphasized that any new data or information related to the inflation outlook may lead the Committee to revise its stance.

The summary of the Monetary Policy Committee Meeting will be released within eight working days.