

**PRESS RELEASE**

**I- REALIZATIONS ON THE MONETARY PROGRAM FOR THE OCTOBER-DECEMBER 2003 PERIOD**

In the Letter of Intent dated 5 April 2003, indicative targets were specified for Base Money, Net International Reserves and Net Domestic Assets for the end of December 2003. However, Base Money and Net International Reserves have become performance criteria with the Letter of Intent dated 25 July 2003. In the Letter of Intent dated 31 October 2003, indicative targets and performance criteria specified for the end of December 2003 were revised. By the end of December, the said targets have been reached. The details of targets and figures realized are given below:

1. Considering that the demand for TL has increased resulting from the decline in inflation and the established atmosphere of confidence, the ceiling specified as performance criterion for the Base Money under the monetary program was revised from TL 14.300 trillion to TL 14.900 trillion as end of December in accordance with the Letter of Intent dated 31 October 2003, calculated on the average of the last five working days of the month. The average Base Money of the last five working days of December stood at TL 14.657 trillion, remaining below the upper limit of TL 14.900 trillion.

2. Considering that the Central Bank reserves have been reinforced above program expectations via foreign exchange purchases done in 2003, and that the strong reserve position is expected to keep up its momentum, the floor specified as performance criterion for Net International Reserves under the current monetary program was revised from USD (minus) - 6.000 million to USD (minus) - 2.000 million as end of December in accordance with the Letter of Intend dated 31 October 2003.

The realizations of the Net International Reserves and sub-items recorded on December 31, 2003 are shown in the following table:

(Million US dollars)

Central Bank Net International Reserves	(1)	13.646
Treasury's debt to the IMF	(2)	14,182
Treasury's FX denominated debt with maturity less than one year		0
(3)		
Net International Reserves under the IMF program	(4=1-2-3)	-536

Thus, Net International Reserves specified in the program has been realized as USD -536 million, standing above the lower limit of USD (minus) -2.000 million, which is performance criterion.

3. In the light of revisions Base Money and Net International Reserves, the indicative ceiling specified for Net Domestic Assets under the current monetary program was revised from TL 34.200 trillion to TL 28.400 trillion as end of December in accordance with the Letter of Intent dated 31 October 2003. Net Domestic Assets are calculated by the average values of the last five working days of December. The realizations of Net Domestic Assets and sub-items for the said period are shown in the following table:

(Trillion TL)

Central Bank Net Domestic Assets	(1)	5.581
Treasury's debt to the IMF	(2)	20.416
Treasury's FX denominated debt with maturity less than one year		0
(3)		
Net Domestic Assets under the IMF program	(4=1+2+3)	25.997

Thus, in the said period, the average Net Domestic Assets stood at TL 25.997 trillion, remaining below the indicative ceiling value of TL 28.400 trillion.

## **II- TARGETS OF THE MONETARY PROGRAM FOR THE JANUARY-MARCH 2004 PERIOD**

The monetary program targets specified for the January-March 2004 period in the Letter of Intent, 31 October 2003 are as follows:

1. The performance criteria ceiling value for Base Money for end-March is TL 16.100 trillion. The calculation will be based on the average of the last five working days of March.
2. The performance criteria floor value for Net International Reserves as end of March is (minus) USD -2.000 million.
3. The indicative ceiling value specified for the Net Domestic Assets as end of March is TL 29.600 trillion. The calculation will be based on the average of the last five working days of March.