

PRESS RELEASE

20 November 2014

DECISION OF THE MONETARY POLICY COMMITTEE

Participating Committee Members

Erdem Başçı (Governor), Ahmet Faruk Aysan, Murat Çetinkaya, Necati Şahin, Abdullah Yavaş, Mehmet Yörükoğlu.

The Monetary Policy Committee (the Committee) has decided to keep the short term interest rates constant at the following levels:

- a) Overnight Interest Rates: Marginal Funding Rate at 11.25 percent, the interest rate on borrowing facilities provided for primary dealers via repo transactions at 10.75 percent, and borrowing rate at 7.5 percent,
- b) One-week repo rate at 8.25 percent,
- c) Late Liquidity Window Interest Rates (between 4:00 p.m. – 5:00 p.m.): Borrowing rate at 0 percent, and lending rate at 12.75 percent.

Loan growth continues at reasonable levels in response to the tight monetary policy stance and macroprudential measures. Global demand remains weak, while the contribution of domestic demand to growth is increasing. However, the moderate course of consumer loans and the favorable terms of trade may contribute to the improvement in the current account balance.

Macroprudential measures taken at the beginning of the year and the tight monetary policy stance continue to have a favorable impact on the core inflation trend. However, elevated food prices delay the improvement in the inflation outlook. Meanwhile, current levels of commodity prices, in particular declining oil prices, are expected to contribute to disinflation foreseen for the next year. The Committee anticipates that, under the current monetary policy stance, inflation will decline in line with the forecast presented in the Inflation Report throughout 2015.

Inflation expectations, pricing behavior and other factors that affect inflation will be closely monitored and the tight monetary policy stance will be maintained, by keeping a flat yield curve, until there is a significant improvement in the inflation outlook.

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

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