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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 markets, but still the volatility in the exchange rate has been closely observed, and that the Central Bank may directly intervene in the markets in the event of an excessive volatility in both directions. In this context, the Central Bank directly intervened in the foreign exchange market on 12th of May by buying foreign currency, due to the excessive volatility in exchange rates. As a matter of fact, volatility in exchange rates reduced last week after the intervention.

However, due to excessive volatility, the Central Bank directly intervened once again in the foreign exchange market today. This excessive downward volatility observed yesterday and today stemmed from foreign exchange sales due to heavy tax payments and delayed foreign exchange demand of economic agents related to their business activities rather than economic fundamentals such as balance of payments or reverse currency substitution.