TÜRKİYE CUMHURİYET MERKEZ BANKASI

Monetary Policy Committee Decision

June 19, 2025 **No: 2025-37**

Participating Committee Members

Yaşar Fatih Karahan (Governor), Osman Cevdet Akçay, Elif Haykır Hobikoğlu, Hatice Karahan, Fatma Özkul.

The Monetary Policy Committee (the Committee) has decided to keep the policy rate (the one-week repo auction rate) at 46 percent. The Committee has also maintained the Central Bank overnight lending rate and the overnight borrowing rate at 49 percent and 44.5 percent, respectively.

The underlying trend of inflation declined in May. Leading indicators suggest that this decline continues in June. Data for the second quarter point to a slowdown in domestic demand. Potential effects of the geopolitical developments and the rising protectionism in global trade on the disinflation process are closely monitored. Inflation expectations and pricing behavior continue to pose risks to the disinflation process.

The decisiveness regarding tight monetary stance is strengthening the disinflation process through moderation in domestic demand, real appreciation in Turkish lira, and improvement in inflation expectations. Going forward, increased coordination of fiscal policy will also contribute significantly to this process. The tight monetary stance will be maintained until price stability is achieved via a sustained decline in inflation. Accordingly, the policy rate will be determined in a way to ensure the tightness required by the projected disinflation path taking into account realized and expected inflation, and the underlying trend. The Committee will adjust the policy rate prudently on a meeting-by-meeting basis with a focus on the inflation outlook. All monetary policy tools will be used effectively in case a significant and persistent deterioration in inflation is foreseen.

In case of unanticipated developments in credit and deposit markets, monetary transmission mechanism will be supported via additional macroprudential measures. Liquidity conditions will continue to be closely monitored and liquidity management tools will continue to be used effectively.

Taking into account the lagged effects of monetary tightening, the Committee will make its policy decisions so as to create the monetary and financial conditions necessary to ensure a decline in the underlying trend of inflation and to reach the 5 percent inflation target in the medium term. Accordingly, all monetary policy tools will be used decisively. The Committee will make its decisions in a predictable, data-driven and transparent framework.

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