

**THE CBRT PRESS RELEASE
ON THE FOREIGN EXCHANGE BUYING AUCTIONS**

Considering that strong reserve position would boost the market's confidence in the current program and observing the excess foreign exchange supply, the Central Bank of Turkey (CBRT) has been conducting foreign exchange buying auctions since 6 May 2003.

It was announced by our press release of 30 September 2003 that the excess foreign exchange supply was expected to continue also in October, and the maximum amount of daily foreign exchange auction could amount to USD 75 million, by the utilization of the buying auction of USD 50 million, and the optional selling of USD 25 million. It was also announced that the CBRT might, with a prior notice, make changes in the amounts of daily auctions due to unexpected developments in the excess foreign exchange supply.

The CBRT has bought USD 271 million in total since the beginning of October by conducting 4 foreign exchange buying auctions and optional selling after the auctions. Accordingly, the daily average amount bought has reached USD 68 million, and the daily average bids have amounted to USD 156 million in October. Both figures are higher than those of September. The CBRT purchased USD 3,463 billion in total by means of auctions and outright buying throughout September, and it is expected that the total amount of foreign exchange supply in September would continue also in October along with the recent favorable prospects on the Turkish economy. Considering these developments, the CBRT has increased its daily buying auctions to USD 80 million effective from 7 October 2003 for the rest of October 2003. Therefore, the maximum amount of daily foreign exchange buying auction can amount to USD 120 million, by the utilization of the buying auction of USD 80 million and the optional selling of USD 40 million. Also in the next period, the CBRT might, with a prior notice, make changes in the amounts of daily auctions and/or optional selling due to unexpected developments in the excess foreign exchange supply.

As was announced by previous press releases, the CBRT may, with a prior notice, suspend the auctions before the end of the period in the cases where the depth of foreign exchange market is lost and excessive volatility is observed in exchange rates due to an external shock or unpredictable developments.

As usual, the CBRT will continue to closely monitor the volatility in exchange rates and will directly intervene in the market in case of an excessive volatility in both directions.