

PRESS RELEASE

November 24, 2016

DECISION OF THE MONETARY POLICY COMMITTEE

Participating Committee Members

Murat Çetinkaya (Governor), Ahmet Faruk Aysan, Erkan Kilimci, Emrah Şener, Murat Uysal, Abdullah Yavaş.

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

- a) Overnight Interest Rates: Marginal Funding Rate has been increased from 8.25 percent to 8.5 percent, and borrowing rate has been kept at 7.25 percent,
- b) One-week repo rate has been increased from 7.5 percent to 8 percent,
- c) Late Liquidity Window Interest Rates (between 4:00 p.m. – 5:00 p.m.): Borrowing rate has been kept at 0 percent, and lending rate has been increased from 9.75 percent to 10 percent.

Recently released data indicate a deceleration in the economic activity for the third quarter. Meanwhile, demand from the European Union economies continues to contribute positively to exports. With the supportive measures and incentives provided recently, economic activity is expected to recover starting from the final quarter. The Committee assesses that the implementation of the structural reforms would contribute to the potential growth significantly.

The slowdown in aggregate demand contributes to the fall in inflation. Yet, exchange rate movements due to recently heightened global uncertainty and volatility pose upside risks on the inflation outlook. The Committee decided to implement monetary tightening to contain adverse impact of these developments on expectations and the pricing behavior.

Future monetary policy decisions will be conditional on the inflation outlook. Inflation expectations, pricing behavior and other factors affecting inflation will be closely monitored and the cautious monetary policy stance will be maintained.

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.
