

Press Release on Interest Rates

22 June 2023

No: 2023-22

Participating Committee Members

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The Monetary Policy Committee (the Committee) has decided to increase the policy rate (the one-week repo auction rate) from 8.5 percent to 15 percent.

The Committee decided to begin the monetary tightening process in order to establish the disinflation course as soon as possible, to anchor inflation expectations, and to control the deterioration in pricing behavior.

While inflation in the world has been declining, it remains well above the long-term averages. As a result, central banks across the globe continue to take measures to reduce inflation.

In our country, recent indicators point to an increase in the underlying trend of inflation. The strong course of domestic demand, cost pressures and the stickiness of services inflation have been the main drivers. In addition to these factors, the Committee anticipates that the deterioration in pricing behavior will put further pressure on inflation.

The Committee will determine the policy rate in a way that will create 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. Monetary tightening will be further strengthened as much as needed in a timely and gradual manner until a significant improvement in the inflation outlook is achieved. Indicators of inflation and the underlying inflation trend will be closely monitored and the CBRT will continue to decisively use all the tools at its disposal in line with its main objective of price stability.

The monetary tightening process will increase the effectiveness of monetary policy. In addition, in order to be able to sustain price stability in the long-term, the CBRT will continue to support strategic investments that will improve the current account balance.

To increase the functionality of market mechanisms and strengthen macro financial stability, the Committee will simplify and improve the existing micro- and macroprudential framework. Guided by impact analyses, the simplification process will be gradual.

The Committee will continue to take 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.