

THE CBRT PRESS RELEASE

A) THE FOREIGN EXCHANGE BUYING AUCTION PROGRAM FOR AUGUST

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) started to hold foreign exchange buying auctions on 6 May 2003.

Through foreign exchange buying auctions, the CBRT bought USD 1.960 billion in total, USD 340 million of which in May, USD 630 million in June, and USD 990 million in July. Moreover, the USD 2.083 billion in total was bought by means of outright buying interventions made in May (USD 579 million), in June (USD 566 million) and in July (USD 938 million) upon excessive volatility in exchange rates. Hence, total amount of USD 4.043 billion was bought by means of foreign exchange buying auctions and foreign exchange outright buying interventions in May, June and July.

It is predicted that the excess supply in foreign exchange market occurred in May-July period should continue also in August due to the seasonal factors. Therefore, it has been decided to announce a monthly foreign exchange buying auction program for August as well, and the total amount of daily foreign exchange buying will be USD 50 million. Accordingly, foreign exchange buying auctions are to be held on 21 working days throughout the August, and the maximum amount to be bought will be USD 1.050 million.

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. Moreover, as were 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.

B) THE TL DEPOSIT BUYING AUCTION PROGRAM FOR AUGUST

The CBRT will continue to conduct Turkish Lira buying auctions in August 2003 with a standard four-week maturity that was initiated in April 2002 as a supplement to its existing instruments in the Interbank Money Market with the aim of enhancing the effectiveness of its efforts to sterilize the excess Turkish lira liquidity in the system.

Turkish lira buying auctions will be held every week on Wednesday and Friday as before, and the maximum amount to be bought in every auction will be TL 100 trillion.