

The Central Bank of Turkey decreased the policy interest rate

22 April 2020

On 22 April 2020, the Central Bank of Turkey (**Central Bank**) announced a further cut of 100 basis point in its policy interest rate, *i.e.* one-week repo auction interest rate, which has been continuously decreased since the second half of 2019. Accordingly, the policy interest rate was decreased to 8.75% from 9.75%.

In its announcement, the Central Bank has made reference to the continuous measures taken by both the developed and emerging countries against the COVID-19 outbreak and noted that the impact of the outbreak on the worldwide capital flow, financial conditions and commodity prices have been closely monitored by the Central Bank.

The Central Bank also noted the importance of disinflation for implementing lower interest rates and that the core inflation indicators of Turkey seem quite moderate as a result of the inflation expectations, domestic demand conditions and producer prices. Also, despite the depreciation of Turkish Lira, the sharp decrease in the international commodity prices, including the crude oil and metals, has had a positive impact on the inflation outlook of Turkey, which led the Central Bank to lower its policy interest rate.

Finally, it is stated that the Central Bank will continue to maintain the cautionary stance in its monetary policy, and take any necessary steps, to ensure the targeted disinflation and financial stability in the upcoming period.

Contacts

Contacts



Hakkı Gedik

Turkey – Istanbul

Tel +90 212 371 29 53

Mobile +90 549 480 15 35

hakki.gedik@gedikeraksoy.com



Umut Gürgey

Turkey – Istanbul

Tel +90 212 371 29 66

Mobile +90 549 480 15 37

umut.gurgey@gedikeraksoy.com

