

# Monetary Policy Committee Meeting Decision

April 17, 2025

No: 2025-24

## Participating Committee Members

Yaşar Fatih Karahan (Governor), Osman Cevdet Akçay, Elif Haykır Hobikoğlu, Hatice Karahan, Fatma Özkul.

The Monetary Policy Committee (the Committee) has decided to raise the policy rate (the one-week repo auction rate) from 42.5 percent to 46 percent. The Committee has also increased the Central Bank overnight lending rate from 46 percent to 49 percent and the overnight borrowing rate from 41 percent to 44.5 percent.

The underlying trend of inflation declined in March. Monthly core goods inflation is expected to rise slightly in April due to recent developments in financial markets, while services inflation is likely to remain relatively flat. Leading indicators point to a level of domestic demand above projections despite some loss of momentum in the first quarter, suggesting a lower disinflationary impact. Potential effects of the rising protectionism in global trade on the disinflation process through global economic activity, commodity prices and capital flows are closely monitored. Inflation expectations and pricing behavior continue to pose risks to the disinflation process.

The decisiveness regarding tight monetary stance is strengthening the disinflation process through moderation in domestic demand, real appreciation in Turkish lira, and improvement in inflation expectations. Going forward, increased coordination of fiscal policy will also contribute significantly to this process. The tight monetary stance will be maintained until price stability is achieved via a sustained decline in inflation. Accordingly, the policy rate will be determined in a way to ensure the tightness required by the projected disinflation path taking into account realized and expected inflation, and the underlying trend. The Committee will adjust the policy rate prudently on a meeting-by-meeting basis with a focus on the inflation outlook. Monetary policy stance will be tightened in case a significant and persistent deterioration in inflation is foreseen.

In response to the recent developments in financial markets, additional measures to support the monetary transmission mechanism were swiftly put in place. Liquidity conditions will continue to be closely monitored and liquidity management tools will continue to be used effectively.

Taking into account the lagged effects of monetary tightening, the Committee will make its policy decisions so as to create the 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. Accordingly, all monetary policy tools will be used decisively. The Committee will make 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.