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PRESS RELEASE
ON FOREIGN EXCHANGE INTERVENTION
OF THE CENTRAL BANK

The Central Bank of Turkey has announced in several press releases that under the floating exchange rate regime the level of exchange rate is determined by supply and demand conditions in the currency markets, and that the Central Bank closely monitors the volatility of the exchange rate, and may directly intervene in the markets in the event of excessive volatility occurring in either directions.

In the same way, the Central Bank directly intervened in the foreign currency market on 13 June 2006 by selling foreign currency in order to curb the excessive volatility in line with the liquidity shortage in the foreign currency market, driven also by current global liquidity conditions.

However, as the excessive volatility of the exchange rate has recently been observed to continue, the Central Bank has decided today to intervene in the exchange rate once again by selling foreign currency.