



BUGÜN	YARIN
<p>➤ ISO, 'Türkiye'nin 500 Büyük Sanayi Kuruluşu-2017' araştırmasının sonuçlarını İSO Odakule, Meclis Salonu'nda açıklayacak.</p>	<p>➤ ABD merkezli teknoloji şirketi i-Life Digital, yeni nesil ürün portföyü ile Türkiye'deki kullanıcılarla buluşuyor. Tanıtım toplantısı Wyndam Grand Levent'te.</p>
<p>➤ Bosch Yıllık Değerlendirme Basın Toplantısı Çırağan Sarayı'nda gerçekleştirilecek.</p>	<p>➤ Enerji Bakanlığı, Nisan 2018 Elektrik Enerjisi Üretim-İletim İstatistikleri'ni açıklayacak.</p>
<p>➤ TÜİK, Mayıs 2018 Ekonomik Güven Endeksi'ni paylaşacak.</p>	<p>➤ TÜİK, Nisan 2018 Dış Ticaret İstatistikleri'ni duyuracak.</p>
<p>➤ BDDK, Nisan 2018 Bankacılık Sektörü Topluştırılmış ve Grup Bazında KOBİ Kredileri İstatistikleri'ni duyuracak.</p>	<p>➤ TÜİK, Nisan 2018 Motorlu Kara Taşıtları İstatistikleri'ni paylaşacak.</p>
<p>➤ Merkez Bankası, Analitik Bilanço'yu yayınlayacak.</p>	<p>➤ Maliye Bakanlığı, 4. Çeyrek 2017 Genel Yönetim Bütçe Denge Tablosu'nu yayınlayacak.</p>



Monetary policy alla Turca



**UĞUR
GÜRSES**

ugurses@hurriyet.com.tr

In markets in the Middle East, the seller does not put a price tag on his goods but sets the price by looking at the outfit, attitude, appetite and purchasing power of the potential buyer. During the latest episode of the currency crisis, this has been the reaction of the people and the institutions that were supposed to take some steps in the face of the turmoil.

Everybody knows that the rate hike was carried out only after "permissions from highest ranking figures" were acquired following intense efforts. The bureaucrats and ministers who were involved in the process verify this narrative. Up until the rate hike was delivered, the mentality had not been "what should I do?" but rather "what should I tell the markets?"

On May 23 the rates were increased by 3 points but authorities did not move to the simplification process regarding the monetary policy. Why? Because simplification means that the interest rate that was hiked to 16.50 percent would become "policy rate" and the overnight rate, which was standing at 9.25 percent, should have been hiked to somewhere between 18-19 percent. Policymakers started by thinking "let's raise the rates by 3 points and see what happens" and they postponed the simplification process to the Monetary Policy Committee meeting scheduled for June 7. No lesson was learnt from the latest turmoil.

On the night of May 27 Deputy Prime Minister Mehmet Şimşek and Central Bank governor Murat Çe-

tinkaya held a meeting to "repair the damages" with bankers, representatives from the private sector such as the Istanbul Chamber of Industry (ISO) and the Turkish Industry and Business Association (TÜSİAD) at an event hosted by the Banks Association of Turkey. They explained that the monetary policy would be simplified as soon as possible and this would happen within a narrow and symmetrical band. That was the Turkish Lira firmed on May 28. This was the only meaningful story from the meeting on May 27. But the messages delivered at that meeting failed to produce the intended impact. Because, after all those ineffective measures taken, the markets were on the line of defense saying "ok, let's see what you are doing."

In a statement released on May 28, the Central Bank said it had decided to complete the simplification process. Taking effect on June 1, the one-week repo rate will be the policy rate, at a level equal to the current funding rate of 16.5 percent. Overnight borrowing and lending rates will be determined at 150 basis points below/above the one-week repo rate. The lower band of the interest rate corridor that currently stands at 7.25 percent will move to 15 percent and the upper band of the corridor at 9.25 percent will move to 18 percent, with late liquidity window rate moving to 19.50 percent. This will allow a Central Bank that "not plays it by the book" to further tighten the rates by 1.5 points that will come on top of the 16.50 percent rate. This will be done by reducing the amount of money the bank pumps into the market.

Given this picture, Şimşek and Çetinkaya are now travelling to London to "heal the wounds." They will try to convince investors. This will be a tough test.

They will face this question there: Will the additional inflation that is due to the recent exchange rate shock be responded with additional monetary policy measures without seeking "permission?" They, who

are supposed to answer this question, do not know the answer.

This is the main problem. People who attended the meeting in Istanbul said Çetinkaya shrugged off the criticism that "the Central Bank was late to respond" by saying that "all those things are said all the time. The Central Bank does not respond to each move in the markets, we have a certain reaction function to respond."

However, things that happened between May 21 and the day when the rate decision was announced were very interesting. The warning note penned by the Treasury and the Central Bank was delivered to Prime Minister Binali Yıldırım, and President Recep Tayyip Erdoğan was tried to be convinced for a rate hike. Maybe the story of this whole process will be made public one day. When everybody knows what happened, it is a bad defense strategy to say "we were not late to respond" and "we do not respond to every single turmoil," when it was in fact the worst turmoil under the floating exchange rate regime.

The Central Bank verbally intervened when the exchange rates increased by 7 percent on May 16 compared to the start of the month and then it just sat and watched the lira slide by another 10 percent. Can we not call this "responding late?" Moreover, exchange bureaus stopped trading, thus pricing the currency became difficult while picking up goods from the customs nearly came to a halt.

Despite all the measures, the exchange rate has not returned to the levels it was at before May 16.

Does what the bankers were told at the Istanbul meeting not mean "we were late to obtain the permission, the permission was granted late?"

In any case, if the officials show up before the investors in London with those arguments, they will not be enough to restore confidence. But it is still good that they realized this and announced the simplification process well before the June 7 meeting instead of opting for "verbal intervention."



500 büyük sanayi kuruluşu açıklanacak

İstanbul Sanayi Odası (İSO), bu sene 50.yılıni dolduracak olan "Türkiye'nin 500 Büyük Sanayi Kuruluşu-2017" araştırmasının sonuçlarını bugün açıklayacak. Sanayinin devler liginin belirleyen ve 1968 yılından

bu yana aralıksız gerçekleştirilen "Türkiye'nin 500 Büyük Sanayi Kuruluşu" araştırmasının 2017 yılı sonuçları, İSO Yönetim Kurulu Başkanı **Erdal Bahçivan**'ın katılımı ile düzenlenecek basın toplantısında açıklanacak.

