

# MNI CBRT Review: April 2026

## Executive Summary:

- **The CBRT kept the one-week repo rate unchanged at 37%.**
- **The Bank reiterated that it remains highly attentive to upside risks to inflation.**
- **Any initial easing is likely to come via a reopening of the one-week repo window, ahead of formal policy rate cuts, which some analysts see materialising by the summer.**
- [Click here to see the policy statement.](#)

## Key Takeaways:

**The CBRT kept the one-week repo rate unchanged at 37%, in line with expectations. With one-week repo auctions still suspended, the effective funding rate remains higher at 40% as liquidity continues to be channelled through the overnight window. This leaves the Bank with scope to ease financial conditions by up to 300bps – without a formal rate cut – simply by resuming repo auctions, though any such move will depend heavily on the trajectory of the Middle East conflict and prospects for sustained de-escalation.**

The interest rate corridor was also left unchanged, maintaining the 300bp spread between the one-week repo rate (37%) and the overnight lending rate (40%). Given the prior suspension of repo auctions, financial conditions had already tightened by 300bps ahead of the meeting. As such, a resumption of regular auctions would mechanically ease conditions without requiring a formal policy rate adjustment. That said, if tensions involving Iran persist, a formalisation of earlier backdoor tightening cannot be ruled out either.

Forward guidance was left broadly unchanged, though the Bank added a more hawkish line, noting it “remains highly attentive to upside risks on inflation.” At the same time, it struck a somewhat more balanced tone on price dynamics, stating that the “underlying trend of inflation declined in March,” while cautioning that leading indicators point to a slight uptick in April. The CBRT also flagged growth concerns, acknowledging a slowdown in activity and highlighting the risk of second-round effects on inflation.

Even if the CBRT had raised the one-week repo rate to 40% at this meeting – alongside a resumption of one-week repo auctions – it would have had no impact on financial conditions given that the effective funding rate is already anchored at 40%. Even so, it would have restored room for additional tightening via a higher corridor ceiling and reinforced the Bank’s commitment to anchoring inflation expectations. Supporting the decision to hold, the ceasefire provided temporary relief in April, allowing the CBRT to begin rebuilding reserves. FX purchases are estimated at over \$20bn since the ceasefire, following roughly \$50bn spent defending the lira at the onset of the war.

Looking ahead, the trajectory of the Iran conflict will be key for policy timing. A credible de-escalation would likely see the CBRT first guide the effective funding rate lower – from 40% toward 37% – via a gradual reopening of the repo channel, before resuming rate cuts later in the summer. With the next meeting not until June, an earlier resolution in the Middle East could allow the Bank to restart auctions ahead of that meeting, opening the door to a formal easing step as soon as its next meeting (though some analysts see the September meeting as a more likely start point for a resumption of rate cuts).

Note that the CBRT will release its next Inflation Report on May 14. Currently, the central bank has set an interim inflation target of 16%, forecasting headline inflation to end the year within a 15-21% range. Even prior to the war in Iran, this projection was widely viewed as optimistic, and most analysts now expect inflation to end the year closer to the high-20s.

## Key Upcoming Dates:

- **April MPC meeting summary:** “within five working days”
- **April inflation data:** May 04
- **Inflation Report:** May 14
- **May inflation data:** June 05
- **Next MPC meeting:** June 11

## Analyst Views:

### Commerzbank: Expect more noticeable rate of TRY depreciation

- Commerzbank note that they disagree with the approach from the central bank. They say the need for a rate hike was not because of the war. It was because underlying disinflation had already stalled before the external shock arrived. Core inflation momentum remained far too high, and the improvement in the current account had begun to reverse as policy had been eased prematurely. In that context, the war simply exposes an already weakening framework rather than creating a fundamentally new problem.
- They add that market scepticism towards the inflation targeting regime had already been building, and this is visible via both rising inflation expectations and the fading of capital inflows. The central bank’s response has come at the cost of a rapid depletion of reserves. Whether or not the war had occurred, this trajectory was going to be unsustainable.
- By choosing to frame the external shock as the only source of risk worth talking about, policymakers effectively conveyed that their hands are tied, Commerzbank say. This situation is likely to be followed by renewed pressure on the lira and more noticeable rate of depreciation. They expect USD/TRY to reach 55.0 by year-end, compared with market expectations of around 52.0.

### Goldman Sachs: Threshold for raising the repo rate now appears higher

- Goldman Sachs think that the decision not to switch to repo funding at 40% implies the Committee is more comfortable operating under the ON window for longer (and thus with a less orthodox policy framework) than they previously assumed. Its primary motivation was likely the subdued domestic dollarisation pressures and moderate impact on inflation so far from higher commodity prices.
- Given that interest rates have limited influence on real activity and mainly affect locals’ portfolio choices, the absence of significant domestic dollarisation has likely reduced the urgency to raise the repo rate even as a signal. Goldman think that the reversal of foreign outflows over the past weeks was likely less influential as the Bank has hiked the repo rate in the past, even as it recouped its reserve losses, if domestic dollarisation risk appeared high.
- While the CBRT maintained its tightening bias, the threshold for raising the repo rate now appears higher and will depend on sharp dollarisation and/or a marked rise in inflation. Goldman continue to think that tighter financial conditions are necessary to prevent further current account deterioration and to sustain disinflation. As loan growth has proven relatively insensitive to interest rate increases and has not responded to the removal of loan growth cap exemptions, they expect that further restricting these caps would be the most effective tool to tighten conditions.

### JP Morgan: Expect rate cuts to resume in September

- JP Morgan note that the CBRT is expected to keep rates on hold until September, as the inflation outlook continues to deteriorate. They anticipate CPI to increase by 3.2% m/m and 31.2% y/y in April, primarily due to higher energy prices.

- JPM expect the CBRT to resume one-week repo auctions once the Middle East conflict is resolved. This would represent a 300bp cut to 37% in effective funding rates ahead of the June MPC meeting. They expect rate cuts to resume by 100bp at the September meeting (previously July), followed by 2×100bp cuts to 34% at end-26. They see upside risks to this forecast should the Middle East conflict persist, and consider the ongoing situation as warranting a cautious approach to rate cuts for the remainder of 2026.