

MNI CBRT Review: June 2025

Executive Summary:

- The CBRT kept the one-week repo rate unchanged at 46.00%, as was widely expected.
- There was a slight moderation in hawkish language in the policy statement, which sets the stage for a rate cut in July.
- Among sell-side, analysts expect the central bank to restart its cutting cycle next month, with the main policy rate expected to end the year in the mid-30s.
- [Click here to see the policy statement.](#)

Key Takeaways:

There were few surprises at the June MPC meeting. The CBRT kept its one-week repo rate unchanged at 46.00% while the meeting-by-meeting approach to future rate decisions was maintained. Slight adjustments to the policy statement indicate that rate cuts will resume from next month onward – which is the prevailing view shared among sell-side.

No change to the repo rate had been expected this month given increased funding through the key rate – i.e. at 46.00% – and less reliance on the overnight lending facility – where the associated rate is 49.00% – effectively meant that the central bank had already eased liquidity conditions by 300bps without actually adjusting the main policy rate. Indeed, the weighted average cost of funding has fallen from around 49% to closer to 46%, meaning policymakers were in no rush to restart its rate-cutting cycle.

In April, the CBRT's policy statement noted that "Monetary policy stance will be tightened in case a significant and persistent deterioration in inflation is foreseen," whereas this month's edition states that "All monetary policy tools will be used effectively in case a significant and persistent deterioration in inflation is foreseen" – a subtle change in language which is consistent with a July rate cut. Officials have previously stressed that monetary policy can be restrictive even if rate cuts are being delivered, and this rhetoric is likely to be repeated when easing eventually resumes given that headline inflation is currently running around 10ppts below the main policy rate.

The CBRT also stated that high frequency data points to a further improvement in underlying inflation in June while a slowdown in domestic demand is anticipated in 2Q. It adds that risks are posed by high inflation expectations, but overall the tone of the statement is less hawkish than previous iterations and corroborates sell-side consensus that an easing cycle will commence sooner rather than later.

Key Upcoming Dates:

- **June MPC meeting summary:** "Within five working days"
- **June inflation data:** Jul 03
- **Next MPC rate decision:** Jul 24

Analyst Views (Alphabetical):

Commerzbank: Subtle Changes to Communication Suggest Rate Cuts Coming Soon

- Commerzbank note that the CBRT made subtle changes to its language and communication, which suggest that the central bank will resume cutting interest rates sooner rather than later.
- Reference to the potential for monetary tightening was removed, and replaced with statements that the CB would utilise all tools in case the inflation outlook were to worsen – to Commerzbank, this translates to “risks may remain, but we will cut rates first, and if for some reason that were to prove premature, we will utilise all tools to counter the situation later”.
- They say investors should therefore brace for rate cuts to resume on the reasoning that inflation has been moderating steadily. Commerzbank, themselves, do not find recent developments convincing at all. They think that the lira will depreciate at an accelerated pace once CBRT makes complacent assessments about inflation and begins to cut rates.

Goldman Sachs: Expect 350bp Cut in July, See Year-End Policy Rate at 33.00%

- Goldman Sachs think that the statement is broadly consistent with their expectation for the Bank to re-enter its cutting cycle in July (-350bps). Although policy caution will likely increase given recent geopolitical uncertainty and higher energy prices, their expectation for rates to fall to 33.00% by year-end remains unchanged.

JP Morgan: Expect 250bp Rate Cut in July, See Year-End Policy Rate at 36.00%

- JP Morgan expect the CBRT to resume rate cutting cycle with a 250bp cut in July. They note that the CBRT's forward guidance was more dovish today, which they interpret as a signal of the resumption of the rate-cutting cycle at the forthcoming meeting. JPM continue to expect that the CBRT will cut by 250bps at each MPC meeting to 36.00% by end-25.