

Turk Economy Czar Sees Curbing Infation Top Priority



- Berat Albayrak uses first interview to highlight policy goals
- Erdogan's son-in-law says Turkish central bank is independent

Treasury and Finance Minister Berat Albayrak pledged to rein in inflation and highlighted central bank independence in his first interview since his appointment, suggesting his policies will focus on Turkey's key vulnerabilities.

Turkey's independent central bank will do what economic realities and financial market conditions dictate, state-run Anadolu news agency cited Albayrak as saying on Thursday. The appointment of Albayrak, President Recep Tayyip Erdogan's son-in-law, on Monday sparked concerns that his policies would mirror the Turkish leader's growth-at-all-costs approach.

“Our policies will take shape based on the framework of stable and sustainable growth, with priority given to budget discipline, single-digit inflation and structural reforms,” Albayrak was quoted as saying. The fact that the bank’s independence is subject to speculation is “unacceptable,” he added. The lira gained.

Read more on Albayrak: Running Turkey’s Economy Is Now a Family Business for Erdogan

Albayrak’s comments were intended to signal what his policy priorities will be. The lira weakened nearly 7 percent following the announcement of Turkey’s new government on Monday, with investors worried about what the new economic administration would bode for the central bank’s autonomy.

Albayrak said the central bank will be more “active” than ever, and the government will assist it by coordinating fiscal and monetary policies. He vowed to eventually bring inflation to the official 5 percent target.

The lira, which had weakened to a record low of 4.9743 per dollar during Asia trading hours, strengthened after the remarks and was trading 1.3 percent higher at 4.8137 per dollar at 2:18 p.m. in Istanbul.

The minister needs to deliver on his words in order to dispel concerns over the future of monetary-policy making, said BlueBay Asset Management strategist Timothy Ash.

“Finally he speaks, talking the talk,” Ash said by email. But Albayrak “needs to walk the walk by tightening policy in a convincing way.”

Rabobank emerging-market currency strategist Piotr Matys described the remarks as “relatively reassuring.” The bank was maintaining for now its “very cautiously optimistic view” that the new administration may “rebalance the overheated economy and focus on implementing structural reforms over the next two

years," he said in an emailed note.