

Turkey rules out seeking IMF aid; economy strong



Bloomberg/Istanbul

Turkey's top economic body ruled out seeking support from the International Monetary Fund, in an effort to end market speculation that Ankara is in touch with the Washington-based lender to negotiate a rescue package.

Those spreading the rumours are carrying out a propaganda war to "harm the Turkish government, the Turkish economy and Turkish people," the Treasury and Finance Ministry said in an e-mailed statement on Friday. "This sick state of mind has reached a dangerous level."

Market chatter about a possible agreement with the IMF intensified after the lira lost more than a quarter of its value in August last year. The currency crash pushed consumer inflation to over four times the official target of 5%.

Turkish officials have repeatedly said the economy's fundamentals are strong notwithstanding the turmoil in financial markets. The Treasury cited its level of indebtedness, rollover ratios and its fiscal discipline as

reasons why “it’s out of the question for Turkey’s path to cross with that of the IMF.”

After last year’s market rout, President Recep Tayyip Erdogan said Turkey would never take another loan from the IMF as the lender’s conditions make it impossible to pursue an independent foreign policy.

The Treasury’s latest intervention is unlikely to silence Turkey watchers who are convinced that the nation will eventually need an IMF anchor to stabilise its economy.

“If Turkey actually went on an IMF programme, it would reduce risk premiums, rally the lira and bring forward” interest rate cuts, said Timothy Ash, a strategist at BlueBay Asset Management in London.