Uluslararası Finans Pazarları ve Türkiye Ekonomisine İlişkin Son Gelişmeler

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ÖZET

Merkez Bankası Başkanı Durmuş Yılmaz tarafından kaleme alınan makalenin ilk bölümünde, uluslararası finans sisteminde ortaya çıkan krizin nedenleri ortaya konulmakta, ABD'de ikincil kredi piyasalarındaki sorunların giderek tüm ABD finans sistemini etkisi altına aldığı ve ABD'den kaynaklanan bu gelişmelerin küresel finans krizini tetiklediği vurgulanmaktadır. Makalede, finans sisteminin kilitlenmesi ile kredi piyasalarının darboğaza girdiği ve likidite sıkıntısının baş gösterdiği, bunun da reel sektörü etkilediği, kredi risk primlerinin süratle yükseldiği ve yükselen ülkelere yönelik sermaye hareketlerinin de daraldığı ifade olunmaktadır.

Yaşanmakta olan krizin, uluslararası finans kuruluşları, denetim kurumları, iş dünyası ve hükümetlerin son on yıllık süre zarfındaki yanlış yönetişim uygulamaları sonucu ortaya çıktığı, en temel zaafların ise yeterli şeffaflığın ve hesap verilebilirliğin sağlanamamasından kaynaklandığı vurgulanmaktadır. Gelişmiş ekonomilerde krizin engellenmesi için çeşitli ekonomik tedbirler alındığı, ancak bu tedbirlerin kredi pazarlarındaki likidite daralmasının aşılmasında ve bankaların yeniden kredi vermeye başlamasında henüz yeterince etkili olamadığı ifade edilmektedir.

Türkiye ekonomisinin kriz karşısındaki durumunun kapsamlı bir şekilde incelendiği makalede, geçmiş dönemde gerçekleştirilen reformlar sayesinde 2007 yılındaki küresel dalgalanmalardan Türkiye'nin nisbeten az etkilendiği, ancak 2008 yılında ABD ekonomisinin gerilemesi, likidite darlığının gelişen pazarlara yönelik sermaye akışını sınırlaması gibi nedenlerle Türk finans sektörünün de baskı altına girmeye başladığı ve faizlerin yükseldiği belirtilmektedir.

Makalenin son bölümünde, 2008 yılının son çeyreğinde giderek etkisini artıran küresel krize karşı alınan önlemler hakkında bilgi verilmekte, mali derinliğe sahip

gelişmiş devletlerin ekonomiyi yeniden harekete geçirecek teşvik paketleri, vergi indirimleri ve kamu yatırımlarının artırılması gibi bazı tedbirler aldıkları, ayrıca merkez bankalarının da likiditeyi artıracak para politikaları uygulamaya başladıkları ifade olunmaktadır.

Türkiye'de Merkez Bankası (MB) tarafından alınan önlemlere de ayrıntılı bir şekilde yer verilmekte, MB'nın öncelikle finans sisteminde likidite darlığının önüne geçmeyi hedeflediği, buna yönelik olarak faiz indirimi, döviz repo piyasasında aracılık faaliyetlerine başlanılması ve bankaların zorunlu karşılık oranlarının düşürülmesi gibi bazı önlemlerin alındığı belirtilmektedir.

Uluslararası finans sektörünün karşı karşıya bulunduğu güçlüklerin aşılmasına yönelik çabalar meyanında, uluslararası sistemde bir ön ikaz mekanizması oluşturulmasının önemine işaret edilmekte ve yeni küresel finans sisteminin etkin bir şekilde işleyecek bir risk yönetimine kavuşturulmasının gereği vurgulanmaktadır.

Recent Developments in the Global Financial Markets and the Turkish Economy

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Recent Developments in the International Financial Markets

Global financial system is in the midst of a severe crisis. Once characterized as a ripple in the ocean by some analysts, financial turbulence turned out to be a tsunami affecting the international markets. Each and everyday we witnessed new extremes in the markets. The problems, which started in the sub-prime mortgage markets in the United States, have spread to the whole financial system and reached a point that threatens the economic and financial stability worldwide.

Financial turmoil has intensified lately by the adverse developments in the developed economies, especially in the banking sector. News of bankruptcy, takeover and nationalization of global investment and commercial banks, worsening expectations of global growth, and deterioration of global credit conditions disrupted the risk perceptions. It is no surprise that risk aversion has spread to the rest of the world. As a result, volatilities, spreads and losses in most markets have reached new extremes. For example, TED spread, an indicator of credit risk in the economy, used to range around 50 basis points prior to the start of the turmoil. Lately, the spread has widened above 450 basis points. Sovereign credit risk premiums of emerging markets have more than tripled relative to the levels in January 2008. Meanwhile, widely tracked volatility index VIX reached its highest level of the last 19 years, surpassing previous highs seen during the Asian crisis, dot-com bust and after the September 11 attacks. Likewise volatility in the foreign exchange market rose sharply.

It is inevitable that the current financial turbulence has had effects on growth and employment performance. High losses posted by the financial institutions owing to the

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financial turbulence led the banks to tighten their conditions for lending. Coupled with reduced external demand, industrial production for both developed and developing economies has declined to the lowest levels since the second quarter of 2002. Parallel to the adverse developments in industrial production and export performance, economic growth rates declined substantially. As of the second quarter of 2008, advanced and emerging countries' economic growth rates decelerated from 1.6 and 7.6 percent to 0.8 and 6.3, respectively. The IMF forecasted that the global growth rate would be at 2.2 percent at the end of 2009, signaling a global recession for the world economy. According to the OECD, moreover; the 21 member country economies out of 31 countries would go into recession in 2009. Meanwhile, deterioration in global growth prospects has driven down the commodity demand. As a result of this development, the commodity prices bounced back from the record high levels in the second quarter of 2008. By all means, we are facing one of the worst acute crisis since the Great Depression.

The seeds of current problems may be traced back to the governance practices of governments, monetary authorities, financial institutions, supervisory institutions and corporate sector in the last decade. Lack of transparency and accountability is at the top of the list. In retrospect, there were some important gaps in the U.S. regulatory structure that caused poor underwriting and some fraudulent practices in the sub-prime mortgage sector. Parties in the originate-to-distribute chain did not have incentives to generate and provide information on the quality of assets. We can add poor investor due-diligence practices and poor performance of credit rating agencies to this list. Public disclosures required from financial institutions were not enough to shed light on the risks associated with their on and off-balance sheet exposures. Public authorities were way behind in assessing and regulating the complex financial instruments created by financial engineers. Of course, real interest rates were kept extremely low between 2001 and 2005 in developed countries, mainly in the USA. That led the investors who were in search of high yields to shift to high leveraged transactions and risky instruments. Moreover, decline in the home prices in the USA had an adverse effect on the consumption demand of households and brought about increase in delinquent credits and foreclosures.

We have witnessed some relief in the liquidity shortage after the establishment of Temporary Reciprocal Currency Arrangements of the Federal Reserve Bank (FED) and

Short Term Liquidity Facility established by the IMF, which is designed to help member countries that have faced temporary liquidity problems in the global capital markets as well as the domestic market. However, despite these measures, liquidity squeeze in the credit markets and reluctance in banks' tendency to lend credit have been unabated.

Current Crisis and the Turkish Economy

During the last decade, Turkey has gone through a series of domestic and external problems, which posed significant risks to macroeconomic stability. Today, with the support of prudential economic policymaking and structural reforms, the Turkish economy is in a better position to stand against global challenges.

The effects of subprime crisis on the Turkish financial markets remained relatively limited until the end of 2007. While the bond yields did not change significantly, Istanbul Stock Exchange 100 Index (ISE-100) kept its historically high levels and the New Turkish Lira (TRY) was somewhat stable. Money and bond market interest rates also displayed lower volatility than the markets of the developed countries. In sum, the initial effects of global turbulence on the Turkish financial markets were moderate due to improving macroeconomic fundamentals with fiscal and monetary stability, and positive expectations about ongoing structural transformation of the Turkish economy.

The Turkish financial markets came under pressure in early 2008 as the global financial conditions deteriorated sharply due to concerns on the health of US economy, transformation of liquidity risk into credit risk in the advanced markets and decline in investors' risk appetite towards emerging markets. Coupled with the increasing risk premium, inflation expectations which deteriorated due to supply-side shocks in food and energy prices in the first half of 2008, led to a rise in the general level of interest rates. Nevertheless, economic indicators show that the Turkish economy's resilience to fluctuations in global markets has increased substantially, compared to the previous episodes of turbulences. For instance Turkey's risk premium, which followed a volatile path after the start of the financial turbulence, has outperformed the risk premium of average of the emerging markets for the last couple of months and the difference between the EMBI+Turkey and EMBI+ declined sharply. Moreover, increase in Turkey's 5 year credit default swap (CDS) premium was limited when compared to the changes in other emerging markets' CDS premiums, even those with higher credit ratings.

Recent export data points out that financial fluctuations have started to induce a decelerating effect on the external demand for Turkey. Furthermore, due to the global economic slowdown we expect the export growth to decline in the upcoming period, both in volume and quantity. Parallel to the recent decline in oil and other commodity prices Turkey's import bill has shrunk substantially and hence we expect the net export to make positive contribution to economic growth.

Measures Taken by The Central Bank of Turkey (CBT)

In response to the problems in the global credit markets governments and central banks have taken several measures to avert or at least contain the adverse effects of the global financial turmoil on their economies and financial markets. In this context, governments, which have fiscal space, initiated economic stimulus packages including tax cuts and increased public spending. In an effort to eliminate the shortage in their own money markets, central banks carried out liquidity operations and loosened monetary policies. We appreciate the measures that authorities of developed countries have taken so far to prevent the systemic meltdown of the financial system, to restore the confidence in the system and to give the economies a shot in the arm. Although there are some critics about the sufficiency of these measures, I think that in the long run jitters in the financial markets will settle down and markets will eventually begin to function normally. Parallel to these measures in the developed economies, most of the developing countries' authorities have acted proactively and taken a number of steps including executing foreign exchange swaps, lowering tax rates on several accounts and cutting cash reserve requirements of the banking system.

During the recent period of heightened risk aversion and rising volatility, the CBT took immediate action to contain the likely damage on the markets and economy. First of all, the CBT resumed its activities as an intermediary in the foreign exchange deposit markets in Foreign Exchange and Banknotes Markets on October 9, 2008 in a view to contributing to the enhancement of the mobilization of foreign exchange liquidity in the Interbank Foreign Exchange Market.

In addition to the flow ensured through the Foreign Exchange Deposit Market, Foreign Exchange buying auctions were suspended starting from October 16, 2008 in order to further enhance the liquidity conditions of the Turkish banks. The aim was to keep the liquidity, which was permanently withdrawn from the foreign exchange market through foreign exchange buying auctions, in the system. Within this framework, starting from October 24, 2008 the CBT decided to inject foreign exchange liquidity into the market through foreign exchange selling auctions under the basic principles of the floating exchange rate regime, as unhealthy fluctuations were witnessed recently in the foreign exchange market due to a decrease in the depth of the market. In parallel with these measures, transaction limits of the Foreign Exchange and Banknotes Markets were doubled starting from October 24, 2008 for each institution reaching USD 10.8 billion in total, in order to ensure that the system would meet its possible foreign exchange liquidity needs smoothly in the upcoming months. On the other hand, favorable developments in global markets eased the concerns pertaining to the depth of the foreign exchange market; hence the foreign exchange selling auctions were suspended on October 30, 2008.

Along with the abovementioned measures, in order to ensure orderly liquidity flow in the financial system and efficient functioning of credit markets by stimulating an increased foreign exchange liquidity flow in the interbank foreign exchange market, the maturity of the FX deposit borrowed within the predetermined borrowing limits by the Banks from the Foreign Exchange and Banknotes Markets-Foreign Exchange Deposit Markets in terms of USD and Euro was extended from one week to one month and in the said market, the lending rate that was previously set as 10 percent was reduced to 7 percent for USD and 9 percent for Euro.

To alleviate the impact of the problems experienced in the global credit markets on the local economy, the FX required reserves ratio which at that time stood at 11 percent, was reduced by 2 percentage points to 9 percent on December 5, 2008. By this reduction in the FX required reserves ratio, an additional foreign currency liquidity that is equivalent to approximately USD 2.5 billion was provided to the banking system.

Ongoing problems in international credit markets and the global economy will continue to restrain both the domestic and external demand for an extended period, limiting the pass-through from exchange rates to domestic prices. Besides, the sharp decline in oil and other commodity prices will have a favorable impact on disinflation. Accordingly, on November 19, 2008 the Monetary Policy Committee (MPC) lowered the borrowing rates by 50 basis points. Furthermore, the margin between the lending and borrowing rates was reduced by a further 50 basis points in order to contain the potential volatility in short term interest rates. Recently, after materialization of the downward pressure on the inflation along with slowdown in the economy, the MPC decreased borrowing rate from 16.25 percent to 15 percent, while lowered lending rate from 18.75 percent to 17.50 percent on December 18, 2008. Therefore, the policy rate was lowered further by 125 basis points.

Provided that they do not conflict with the price stability objective, the CBT will continue to take necessary measures to contain the adverse effects of the problems in the international markets on the Turkish economy. If unhealthy fluctuations are witnessed in the foreign exchange market due to a decrease in the depth of the market the CBT will start foreign exchange selling auctions. Other measures include further increase of transaction limits of the Foreign Exchange and Banknotes Markets for each institution and a limited reduction in the FX required reserves ratio.

There are several measures that may be considered to support TRY liquidity of the system. In case of an increase in the liquidity shortage in the upcoming period, the CBT will consider changing the operational framework by bringing technical interest rate reduction forward. Depending on the development of the liquidity shortage, the CBT may extend the maturity of its funds to the banks through repo transactions and it may initiate direct purchases of the government securities from the secondary market. Finally, if liquidity shortage rises permanently and other measures taken turn out to be insufficient TRY required reserves ratio may be reduced by a limited amount.

In my opinion with the cooperation of local and international authorities, an early warning system should be constructed so that the fragilities in the international financial system will be identified and necessary and sufficient measures to fix them will be taken beforehand. In this context, I believe that effective and efficient risk management and re-regulation will be the cornerstones of the new global financial infrastructure.