

Methodology note

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Technical adjustment to our data on Turkey's official gold holdings

The Central Bank of the Republic of Turkey (CBRT) employs several policy mechanisms that involve gold aimed at supporting the banking system's liquidity management. These policies influence the gross gold holdings reported by CBRT and our estimation of Turkish net official holdings. We have made technical adjustments to our Turkish gold reserves data based on more comprehensive reports made available by the CBRT.

The adjustments include:

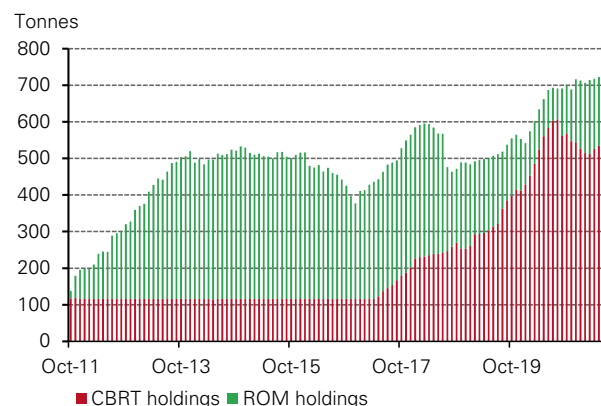
- a more granular breakdown of gross gold reserves
- greater accuracy in capturing the gold owned by the central bank
- excluding any gold which does not constitute 'official sector' holdings.

Turkish gold reserves and policy mechanisms

The CBRT utilises gold in more policy mechanisms than most other central banks. Back in October 2011, the CBRT introduced a new policy tool, the Reserve Option Mechanism (ROM), which enabled domestic commercial banks to deposit gold at the central bank as part of their reserve requirements.¹ The policy was intended to draw out some of the large stock of gold held by Turkish households and boost its contribution to the economy.² But a consequence was that gross gold reserves held at the

Chart 1: Gross gold reserves at the Central bank of Turkey

Reported gold reserves broken down between central bank and ROM holdings*



*Data as of May 2021.

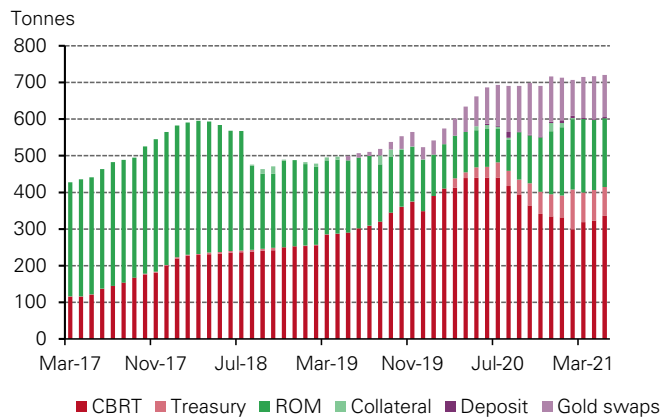
Source: Central Bank of Turkey, IMF IFS, World Gold Council

1 www.tcmb.gov.tr/wps/wcm/connect/f31209d4-efb1-4bd1-867d-c6cb1191a953/ANO2011-50.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-f31209d4-efb1-4bd1-867d-c6cb1191a953-m3fxD5k

2 www.gold.org/goldhub/research/gold-investor/gold-investor-february-2017

Chart 2: Gross gold reserves held at the CBRT

Detailed breakdown of reported gold reserves by various categories*



*Data as of May 2021.

Source: Central Bank of Turkey, ICE Benchmark Administration, World Gold Council

central bank fluctuated according to the amount of gold commercial banks deposited under this policy.

Since the introduction of ROM, gold reserves reported to the IMF have included gold accumulated under ROM, which is not directly owned by the CBRT itself. We adjusted our data for Turkey accordingly, to ensure it was more comparable with the data we present for other central banks.

Using monthly data published by the CBRT, we deducted gold reserves related to ROM from the gross figure reported to the IMF. The residual represented what was owned by the central bank (**Chart 1, p. 1**). This allowed us to report actual official gold reserves as accurately as possible.

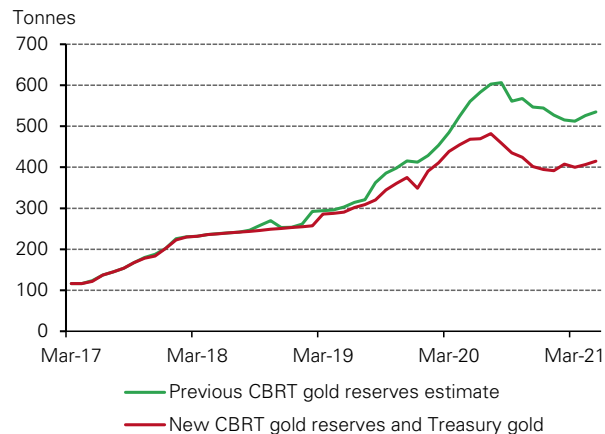
Since 2017 the CBRT has introduced further gold-related policies, allowing domestic banks and other entities to use gold within the financial system to manage liquidity and demand for the metal.

But, in contrast to the transparency of ROM gold, data on gold holdings related to these new policies was not publicly available. This changed with the publication of additional data by the CBRT.

Weekly data now available from the CBRT has allowed us to refine our statistics for Turkey and provide more detail on the breakdown of gold reserves at the central bank (**Chart 2**).

Chart 3: Change in level of gold reserves due to new methodology*

Difference in calculations since March 2017*



*Data as of May 2021.

Source: Central Bank of Turkey, ICE Benchmark Administration, World Gold Council

The new data allows us to provide greater insight into the broader category of 'official sector' gold.³ We can now separate official reserves of gold owned directly by the central bank from gold which is owned by, for example, the Treasury. Both categories of gold are held by the central bank and are therefore components of the amalgamated gross reserves figure reported by the CBRT.

We have adjusted our historical data series for CBRT gold reserves accordingly. The new data allows us to remove gold that does not constitute 'official sector' holdings, and to allocate official holdings more accurately between the CBRT and other official institutions (**Chart 3**).

While our series for total official gold holdings back to 2017 has been adjusted, a meaningful difference can only be seen since early 2019 when gold swaps started to be more widely used by commercial banks, thus impacting gross reserves reported by Turkey to the IMF. Consequently, our new calculation of CBRT reserves primarily differ from our previous series by the magnitude of swaps.

We are confident that this technical adjustment to our data for Turkey provides a more accurate measurement of official sector gold holdings. You can find the revised data within our central bank gold reserves dataset, which is updated monthly [here](#).

³ Based on the data currently available, we are classifying 'official sector' holdings for Turkey as those owned by either the central bank or by the Treasury.

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