Araştırma Makalesi / Research Article

A Case Study Analysis on the Effect of CBRT Interest Rate Decisions on Stock Returns of BIST Holding and Investment Companies

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Abstract

The aim of this study is to measure the effect of the first interest rate increase decision of the Central Bank of the Republic of Turkey (CBRT) monetary policy committee dated June 22, 2023 on the share earnings of Istanbul Stock Exchange, Holding and Investment Companies regarding the monetary tightening process of increasing the policy rate, which is the one-week repo auction interest rate from 8.5 percent to 15 percent. In the study, the impact of the central bank monetary policy decision on share earnings on 49 companies within the scope of Istanbul Stock Exchange, Holding and Investment Companies was examined with the event study method and dependent sample t-test. In the study, abnormal and cumulative abnormal returns were calculated and within the scope of the determined event windows, share earnings before and after the event were examined, and it was determined that 49 holding and investment companies were positively affected by the monetary policy decision of the Central Bank of The Republic of Turkey dated June 22, 2023.23.

Keywords: Monetary Policy, Share Earnings, Event Study.

Jel Classification: E43, E52, G14

TCMB Faiz Oranı Kararlarının BIST Holding ve Yatırım Şirketleri Hisse Senedi Getirilerine Etkisi Üzerine Bir Olay Çalışması Analizi

Öz

Bu çalışmanın amacı TCMB Para Politikası Kurulu'nun 22 Haziran 2023 tarihli, politika faizi olan bir hafta vadeli repo ihale faiz oranının yüzde 8,5'ten yüzde 15'e yükseltilmesine dair parasal sıkılaştırma sürecine dair atılmış olan ilk faiz arttırımı kararının BIST Holding ve Yatırım Şirketleri hisse senedi getirilerine etkisini ölçmektir. Çalışmada BIST Holding ve Yatırım Şirketleri kapsamında 49 şirket üzerinde merkez bankası para politikası kararının hisse senetleri getirileri üzerine etkisi olay çalışması yöntemi ve bağımlı örneklem t-testi ile incelenmiştir. Çalışmada anormal ve kümülatif anormal getiriler hesaplanmış ve belirlenen olay pencereleri kapsamında olay öncesi ve sonrası hisse senedi getirileri incelenmiş ve 49 holding ve yatırım şirketinin TCMB'nin 22 Haziran 2023 tarihli para politikası kararından pozitif etkilendiği tespit edilmiştir.

Anahtar Kelimeler: Para Politikası, Hisse Senedi Getirileri, Olay Çalışması

Jel Sınıflandırması: E43, E52, G14

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1. Introduction

Today, inflation targeting is one of the most trending topics, and the steps to be taken within this framework are of great importance for both policymakers and participants in financial markets. The first of these steps is the monetary policy decisions determined by the central bank. The central bank formulates policies in order to control market interest rates and to maintain and increase the effectiveness of the money market's fund transfer process (Tunay, 2005, p. 535). Through these policies, the central bank addresses various macroeconomic objectives, utilizing monetary tools to provide solutions to broader economic challenges. Furthermore, the central bank possesses the authority to influence interest rates, exchange rates, the prices of financial assets, and, indirectly, the balance between supply and demand in the economy. In other words, it has the capacity to affect the overall price level through its monetary policy (Büker, Aşıkoğlu, & Sevil, 2009, pp. 421-423). The monetary policy determined by the central bank is a liquidity management strategy designed according to the economic conjuncture. This policy can be categorized into two types: expansionary and contractionary. Expansionary monetary policy involves increasing the money supply to combat economic stagnation and stimulate economic activity, whereas contractionary monetary policy entails reducing the money supply in an effort to control inflation (Sümer, 2020, p. 29). The central bank's initial step within the framework of either expansionary or contractionary monetary policy is to adjust interest rates. Interest rates set by the central bank influence a variety of other interest rates, such as corporate borrowing rates and term deposit rates (Ünal, 2024, p. 8). In practice, the central bank alters short-term interest rates—specifically the "overnight interest" rates in the interbank market—thereby influencing asset prices, exchange rates, and long-term interest rates, all of which shape the investment, savings, and consumption decisions of economic agents (Sümer, 2020, p. 59). At this point, central banks ensure that demand increases by lowering interest rates when inflation falls below a certain level. In periods of rising inflation, they try to direct demand by updating policy rates upwards (Eren and Demireli, 2023, p. 348). It is feasible to say that one of the first and fastest effects of changes in monetary policy instruments occurs in financial markets. The effect that occurs in financial markets also has the potential to affect final economic targets such as inflation or production through aggregate demand (Gökalp, 2016, p. 1379-1380). Another key impact of monetary policy is on stock prices. Research examining sector-specific responses to monetary policy reveals that industries more sensitive to interest rates tend to experience stronger effects from monetary policy decisions that align with market expectations (Şahin, 2011, p. 42). The influence of monetary policy on stock prices has garnered considerable attention, not only from policymakers and scholars but also from investors, as it is an integral component of the monetary transmission mechanism.

When evaluated specifically for Turkey, in the aftermath of the Covid-19 pandemic, Turkey, like many other nations, implemented interest rate adjustments to combat inflation. While many different countries increased interest rates to control inflation during the recovery period of economies after Covid-19, Turkey started to reduce interest rates on 24.09.2021 despite the high inflation rate and made the first interest rate increase on 22.06.2023. In the following period, at the point reached today, weekly lending interest rates have been increased to 50%. Therefore, the first date of the interest rate increase is important for financial markets. Given this context, the present study uniquely examines the impact of unexpected economic events in Turkey—an economy characterized by vulnerability—on financial intermediary institutions, which play a critical role in the financial system. Unlike other studies in the literature, the impact of the first interest rate increase decision taken regarding the monetary tightening process, in other words, the increase of by the CBRT monetary policy committee dated June 22, 2023, on Istanbul Stock Exchange holding and investment companies was examined and it was anticipated that it would contribute to the literature in this direction. The other sections to be included in this study were formed as follows: In the second section, international and national studies examining the impact of this decisions share earnings and financial markets were included in the literature survey. In the third section, the method used, the event study method, and the data used were introduced. In the fourth section, the findings obtained with the event study method were given. In the fifth and last section, after the results obtained were summarized, the study was concluded with discussions and suggestions.

2. Literature Survey

When studies conducted both domestically and internationally are examined, it has been the topic of many studies whether the decisions of the CBRT monetary policy committee affect financial markets. In this context, first international and then national studies are summarized below.

Within the scope of international studies, Rigobon and Sack (2004) analyzed the effects of FED interest rate decisions on financial assets using the event study method. They determined that the increase in short-term interest rates caused a decrease in stock prices. In longer terms, they determined that it caused an upward shift in the dwindling yield curve. Ioannidis and Kontonikas (2006) analyzed the impact of policy on share earnings in 13 OECD countries between 1972-2002. They found that changes in monetary policy significantly affected share earnings and therefore revealed the idea that monetary policy transmission was through the stock market. Osuagwu (2009) examined the analyzed of policy variables on share market performance in Nigeria using the least squares method; he found that stock market performance in is determined by money supply, exchange rates and consumer price index and affects stock price movements through these variables. Ricci (2015) assessed the impact of the European Central Bank's (ECB) monetary policy announcements on the stock prices of European banks from 2007 to 2013, utilizing the event study method. He found that banks were more responsive to interest rate decisions than to unconventional monetary policy measures, and that the effects of similar interventions varied depending on the phase of the financial crisis. Additionally, banks with weaker balance sheets and higher risk exposure were found to be more sensitive to monetary policy actions. Bissoon et al. (2016) analyzed the effects of central bank monetary policy decisions on stock markets from 2004 to 2014. They discovered that there was a negative relation between interest rates and share earnings and a direct link between money supply and share earnings. Papadamou, Sidiropoulos and Spyromitros (2017) analyzed the impact of central bank interest ratios on share earnings between 1998-2008 using panel data analysis and found a negative relationship. Suhaibu, Harvey and Amidu (2017) purposed to determine the relationship between central bank monetary policy decisions and stock market dynamics between 12 African countries between 1979-2013 using a simultaneous regression model. They found that stock markets were positively affected by monetary policy decisions simultaneously through the interest rate channel and that there were bidirectional and significant intercourse between CBRT monetary policy and share market performance. Val et al. (2018) analyzed the intercourse between the monetary policy announcements of the Brazilian Central Bank and the stock market utilizing the event study method in their research. When sector-level analysis was performed with expected returns, they found that the financial sector was most affected by monetary policy decisions; only industrial goods were significantly affected by excess returns. They found that stocks responded heterogeneously to monetary policy decisions. Machado Vicente, Moura Marins, and Gaglianone (2021) aimed to measure the influence of the interest ratio decree of the monetary policy committee in Brazil on the exchange rate, and revealed that monetary policy decisions had a significant and negative effect on foreign exchange returns. Gu, Zhu, and Wang (2022) examined the effect of central bank monetary policy decrees on share earnings in China and found that the impact of central bank interest ratio changes on share earnings changed over time. They also concluded that although monetary policy rate hike decisions negatively affect stock price returns, this effect may be positive over time. Perdichizzi, Cotugno, and Torluccio (2022) analyzed the impact of the European Central Bank's (ECB) monetary policy announcements on national banking indices of 10 Eurozone countries and a Eurozone-wide banking index using the event study method in their study and found that unexpected interest rate hike announcements by the monetary policy committee benefited French, German, Greek, and Italian banks when interest rates were low, while the effect diminished in other periods. Schrank (2024) examined the impact of central bank monetary policy decrees on financial markets before, during, and after the COVID-19 outbreak in Thailand and found that increases in interest rates and money supply led to increases in stock and government bond returns. In addition, it was concluded that changes in central bank interest rates and money supply have a greater impact on share earnings and bond returns in times of crisis and that the central bank may use monetary policy differently in times of crisis compared to normal times. O'Donnell, Shannon, and Sheehan (2024) examined the impact of central bank monetary policy announcements on banking stocks in China, the US, and Europe using the event analysis method during the COVID-19. While the US Federal Reserve's interest rate cuts and the continuation of the low interest ratio environment caused negative abnormal returns on banking stocks in the US, they revealed that banking stocks in China responded strongly and positively to the Chinese central bank's foreign exchange and foreign exchange-related announcements.

When national studies are examined; Aktaş et al. (2008) examined the influence of central bank interest ratio decisions on variables such as Istanbul stock exchange-100, Istanbul stock exchange-Financial, long-term interest rates, risk premium and exchange rate. They found that policy rate changes affect bond-bill interest rates, have little effect on exchange rate and could not obtain a significant result on whether they affect stock prices. Duran, Özlü and Ünalmış (2010) analyzed the impact of CBRT monetary policy decisions on share prices with the variable volatility based determination method in their research. They revealed that the policy rate increase decisions primarily decrease the prices of stocks in the financial sector index. Duran et al. (2010) estimated the impact of CBRT monetary policy decisions on market interest rates and stock prices with the generalized expectations method (GEM) based on variable volatility. They found that the policy rate increases increase long-term interest rates to a gradually decreasing extent according to the maturity; They found that it decreased stock prices. Şahin (2011) investigated whether monetary policy decisions affected stock prices and he found that when market uncertainty was very high, the influence of monetary policy decrees on share prices increased and the effect was different from the average effect in the banking and financial sectors. Soylu, Korkmaz and Çevik (2014) analyzed the impact of the CBRT interest rate advertisements on spot and futures markets between using GARCH and EGARCH methods. In their study, they uncovered that interest rate decrease decisions decreased the return of the Dollar/TL (forward) and Euro/TL (forward) exchange rates; interest rate increase decisions significantly increased the average return of the Dollar/TL (forward) exchange rate and Euro/TL (forward) exchange rate; and the average return on the Istanbul Stock Exchange 30 index was significant and negative compared to other days after interest rate reduction decisions. Tetik and Ceylan (2015) examined the influence of the interest ratio corridor strategy launched by the CBRT in 2011 on exchange rates and share prices. In their research and they revealed that changes in the policy rate made for the purpose of the interest rate corridor strategy had a long-term impact on exchange rates and share prices. Bulut and Karasoy (2016) examined the transmission of policy decrees to financial markets during periods when uncertainty about monetary policy decreased or increased using the event analysis method in the June 2010-January 2015 period. In their study, they uncovered that while a surprise policy rate increase caused the Turkish lira to lose value against the US dollar in a high uncertainty environment, it caused the Turkish lira to gain value against the US dollar in a low uncertainty environment. Türgüt and Öztürk Çetenak (2020) investigated the influence of the monetary policy decree taken by the CBRT on September 13, 2018 on the share earnings of banks included in the BIST Bank Index using event analysis. They found that the monetary policy decision positively affected bank share earnings in three different event windows. Poyraz, Türkün Kaya and Kahraman (2020) examined the impact of the CBRT policy reduction or increase decisions on the BIST 100 Index return from 2010 to 2020 using the event analysis method. They found a significant and inverse relationship between the interest rate reduction decisions and the Istanbul Stock Exchange 100 index return; and a non-significant inverse relationship between the interest rate increase decisions and the Istanbul Stock Exchange 100 index return. Yıldırım (2022) examined the impact of the interest ratios by the FED and the CBRT between on the sector index returns traded on the S&P500 and BIST using the Chow break test. The interest rates announced by the FED did not cause important breaks in the S&P500; It has been discovered that the interest ratios by the CBRT caused statistically significant breaks in the sector index returns traded on BIST. Kazak (2023) analyzed whether the CBRT policy rate decisions from 2015 to 2022 had an effect on the USD/TL exchange rate and BIST 100 using the EGARCH and ARCH-LM models. It has been discovered that the policy rate reduction and increase decisions affected the BIST 100 index, while the decisions to keep it constant did not; the policy rate reduction, increase and constant decision did not have a important effect on the USD/TL exchange rate. Eren and Demireli (2023) analyzed the effect of the changes in the policy rate decisions taken by the CBRT between on the stocks of deposit banks traded on BIST using the event study method. They revealed that all banks' stocks reacted in parallel with the Istanbul Stock Exchange 100 (BIST 100) index to the CBRT interest rate cut announcements. Ünal (2024) in his study which investigated the effect of the low interest rate policy implemented between 24.09.2021 and 21.07.2023 on the stock market found that interest rate cut decisions affected the share earnings and financial performances of companies; the change in the financial debt/sales ratio of companies with large market values also differed positively and the service sector was more positively affected by interest rate cuts compared to the industrial sector.

3. Method and Data Set

The aim of this study is to explain the impact of the first interest rate increase decision of the CBRT monetary policy committee dated June 22, 2023 on the share earnings of Istanbul Stock Exchange, Holding and Investment Companies regarding the monetary tightening process of increasing the policy rate, which is the one-week repo auction interest ratio from 8.5 percent to 15 percent. In the study, the effect of the CBRT monetary policy decision on share earnings on 49 companies within the BIST Holding and Investment was investigated with the event study method and dependent sample t-test.

The analysis covers the period from February 1, 2023 to August 1, 2023, and the data were achieved from the website (tr.investing.com). The reason for preferring the event analysis method in the study is that, as Duran et al. (2010, p. 2) stated in their studies, the internality problem should not be ignored in measuring the effect of the central bank's monetary policy on asset prices. Because when any two interacting variables move in the same direction, sufficient information cannot be obtained about causality. In the literature, the event analysis method is generally used to solve this problem. In this method, the security prices immediately after the central bank monetary policy announcements are compared with the security prices immediately before. Possible changes are attributed to monetary policy surprises. In other words, the event study method is the most ideal method to measure whether a specific event in the capital market or in the life of the company affects the stock market performance (Eren and Demireli, 2023, p. 352). There may be differences in determining the window width during the design phase of the event study. While the width of the window is usually selected as one day, it can also be within the day or longer than one day, considering the data frequency and the response time of the dependent variable. In choosing the appropriate window width around the event, it is necessary to provide a balance between abstracting the influence of the monetary policy decree on the asset price from other factors and observing it fully. If the time interval is selected long, it makes it difficult to control the effects of other variables except the monetary policy decision that affect the stock, while selecting it too short causes the markets to fail to price after the monetary policy decision and the influence of the monetary policy decree not to be fully observed (Ehrmann and Fratzscher, 2004). For all these reasons, in this study, it was thought that the event study method would be useful in measuring the influence of the monetary policy committee decision taken by the CBRT on June 22, 2023, which is the first step of monetary tightening, on the stock returns of holdings and investment companies traded on Istanbul Stock Exchange.

The model showing the relationship between stock and market portfolio returns in the event study method is in the form of (Armitage, 1995; Kırkağaç and Karpuz, 2023).

$$R_{it} = a_i + \beta_i R_{mt} + \varepsilon_{it} \tag{1}$$

In this equation, R_it represents the return of stock i at time t, R_mt represents the return of market portfolio, ε_it represents the error term, and a_and β_i represents the regression variables. Abnormal returns of stocks (AR values) are calculated as follows.

$$AR_{it} = R_{it} - R_{mt} \tag{2}$$

Here, R_it represents the return of investment instrument i at time t, and R_mt represents the return of the market at time t. After calculating AR values, they are calculated as average abnormal returns.

$$AAR_{it} = \sum_{i=1}^{N} \left(\frac{1}{N}\right) AR_{it} \tag{3}$$

Then, the AARs provided by the investment instruments in the sample are collected respectively and obtained as Cumulative Abnormal Returns (CAR).

$$CAR_{it} = \sum_{i=1}^{N} AAR_{it} \tag{4}$$

The hypotheses proposed to investigate the effect of the CBRT's decision to raise the policy rate from 8.5% to 15% on June 22, 2023, using cumulative abnormal returns (CAR) through the event study method, are as follows:

H0: CBRT's decision to increase the policy rate from 8.5 percent to 15 percent on June 22, 2023 has no effect on the stock returns of 49 companies included in the BIST Holding and Investment index.

H0: $CAR_t = 0$

H1: CBRT's decision to increase the policy rate from 8.5 percent to 15 percent on June 22, 2023 has an effect on the stock returns of 49 companies included in the BIST Holding and Investment İndex.

H1: $CAR_t \neq 0$

The above hypotheses were tested for all companies included in the study and the confidence interval was selected as 5% to accept that the "H1" hypothesis is statistically significant. First, 2 different event windows were opened in the study. The first of these is the "-3" and "+3" intervals, which represent the 3 days before and after the event, and the second is the "-10" and "+10" intervals. The estimation windows for each determined event window were determined as "-4→-94", "-11→-94", respectively. For each holding and investment company included in the study, "AR" Abnormal Returns, "AAR" Average Abnormal Returns with the calculated "AR" values and "CAR" Cumulative Abnormal Returns were calculated. In the continuation of the working, a dependent sample t-test was applied to test whether this difference is statistically important and whether there is a difference between the average CAR values of the companies in the BIST Holding and Investment İndex obtained through an event study before and after June 22, 2023. The dependent sample t-test is a test used to test whether there is a important difference between metric measurements made under two different conditions or times on a single sample consisting of the same individuals. It is most frequently used in experimental designs in the form of before and after, and in these designs, a comparison is made between the data collected from the same subjects before and after the experiment to see if there is a significant difference (İslamoğlu and Alnıaçık, 2014, p. 304-305).

4. Findings

This section of the study includes findings on the impact of the CBRT decision to increase the policy rate from 8.5 percent to 15 percent on June 22, 2023, which is the first stage of the monetary tightening step, on the stock returns of 49 companies included in the Istanbul Stock Exchange Holding and Investment index, and based on this result, estimates are made on the situation where investors will obtain abnormal returns in this process.

The following findings were obtained as a result of the analysis.

Table 1. *Dependent Sample T-Test Results (Periods -3 and +3)*

	N	Average	Standard Deviation	p Value
Before the Event	3	0,0032	0,00437	0,317
After the Event	3	0,0006	0,00761	
Difference		-0,0026		

When the dependent sample t-test results in Table 1 are examined, the "p value" indicating whether there is a statistically significant difference between the CAR_t values in the range of "-3" and "+3" before and after the event was 0.317. In this case, it is seen that the "p value" is greater than 0.05 (p>0.05). Therefore, it was determined that there was no statistically significant difference at the 5% level between the CAR_t values before and after the event. When the averages in the table are examined, the average of the group before the event was 0.0032, while it was 0.0006 after the event. As a result, the "HO" hypothesis, which predicts that the policy interest rate decision given by the CBRT does not have a significant effect on the stock returns of holding and investment companies, is accepted. In other words, the decision of the CBRT to increase the policy rate from 8.5 percent to 15 percent on June 22, 2023 did not have a significant effect on the stock returns of companies in the Istanbul Stock Exchange Holding and Investment index in the -3 and +3 window. Similarly, Aktaş et al. (2008) found in their studies that stock prices in the Istanbul Stock Exchange -100 and Istanbul Stock Exchange Finans indices did not respond statistically significantly to monetary policy surprises. The window length was extended within the scope of the event and the findings in the -10 and +10 range are given in Table 2.

Table 2. *Dependent Sample T-Test Results (Period -10 and +10)*

	N	Average	Standard Deviation	p Value
Before the Event	10	0,0222	0,01642	0,000
After the Event	10	0,0544	0,01789	
Difference		0,0322		

When the dependent sample t-test results in Table 2 are examined, the "p value" indicating whether there is a statistically significant difference between the CAR_t values in the range of "10" and "+10" before and after the event was 0.000. In this case, it is seen that the "p value" is less than 0.05 ($p<0.05$). Therefore, a statistically important difference of 5% was determined between the CAR_t values before and after the event. When the averages in the table are examined, the average of the group before the event was 0.0222, while it increased to 0.0544 after the event. As a result, the "H1" hypothesis, which predicts that the policy rate increase decision given by the CBRT within the scope of monetary tightening has a important effect on the stock returns of holding and investment companies, is accepted. Similar to this finding, Bredin et al. (2009) found in their study conducted in the UK and Germany that monetary policy surprises have an impact on stock prices; Chulia, Martens and Dijk (2010) found in their research that monetary policy surprises have a greater impact on stock prices of companies in the technology and finance sectors; Şahin (2011) found that monetary policy surprises mostly affect stocks of companies in the banking and finance sectors. When looking at the literature, Duran, Özlü and Ünalmış (2010) stated in their study that the differences in reactions to CBRT monetary policy decisions on a sectoral basis are due to differences in firms' sensitivity to interest rates. They stated that especially the financing structures and assets of non-financial firms are less sensitive to interest rates; and that it is expected that financial firms react more strongly to interest rate changes and have higher interest rate sensitivity than other firms because they mainly hold government debt securities (GDS) in their portfolios. Similarly, Gökalp (2016) in his research attributed the changes in the response to CBRT monetary policy decisions on a sectoral basis to the differences in the depth of the stock markets of the sectors. He stated that the markets with high sectoral trading volume, referred to as depth, reacted more to the changes; while the sectors with less high trading volume would react less.

5. Conclusion and Discussion

The objective of this research is to assess the impact of the initial interest rate hike decision by the Monetary Policy Committee of the Central Bank of the Republic of Turkey (CBRT) on June 22, 2023, on the stock returns of companies listed on the Istanbul Stock Exchange (ISE) within the Holding and Investment sector. This policy decision, which constitutes the first phase of monetary tightening, involved an increase in the one-week repo auction rate from 8.5% to 15%. The study examined the effect of the central bank's monetary policy decision on stock returns for 49 companies within the ISE Holding and Investment Index, employing the event study methodology and dependent sample t-test.

The findings from the analyses indicate that, within the scope of the -3 to +3 event window, the central bank's policy rate decision did not significantly influence the stock returns of holding and investment companies. However, within the extended -10 to +10 event window, which corresponds to a longer observation period, the first interest rate increase in the monetary tightening cycle was found to have a significant and positive effect on the stock returns of these companies.

Holding and investment companies play a crucial role in the financial system, second only to the banking sector. As noted by Duran, Özlü, and Ünalmış (2010), and similarly affirmed by Gökalp (2016), the sensitivity of holding and investment companies to interest rate changes is substantial. The results of this study, which reveal a significant and positive impact of the interest rate hike on the stock returns of such companies, are consistent with this heightened sensitivity. Likewise, international studies align with these findings. For example, Vithessonthi and Techarongrojwong (2013) identified a positive relationship between interest rate decisions and stock prices in Thailand. In contrast, Rigobon and Sack (2004) observed a negative relationship between policy rates and stock

markets in the United States, while Ehrmann, Fratzscher, and Rigobon (2005) found a similar negative effect in both the United States and the Eurozone.

This study distinguishes itself from other studies in the literature by focusing on the impact of the CBRT's first interest rate increase decision within the context of the monetary tightening process, dated June 22, 2023, which raised the one-week repo auction rate (the policy rate) from 8.5% to 15%. This focus on the Turkish context and its specific impact on holding and investment companies highlights the originality of this research.

The findings underscore the need for policymakers to consider the broader effects of central bank policy rate decisions on microeconomic variables and financial markets when formulating policy. These effects should be taken into account in the design and implementation of future policies.

Future research could explore the broader implications of the CBRT's monetary policy decisions, not only on stock market indices but also on other macroeconomic variables such as Gross Domestic Product (GDP), domestic savings, foreign exchange markets, precious metals markets, or derivative markets. Moreover, if the focus is on examining the impact of CBRT policy decisions on stock market indices, event study analysis could be extended to include other sub-indices within the Istanbul Stock Exchange, beyond the Holding and Investment Index. Additionally, the effect of other events that may influence the performance of holding and investment company indices could be investigated using the event study methodology.

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