

OCTOBER PRICE DEVELOPMENTS NOVEMBER 5, 2013

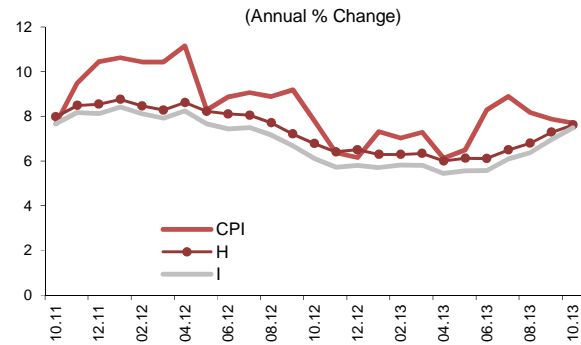
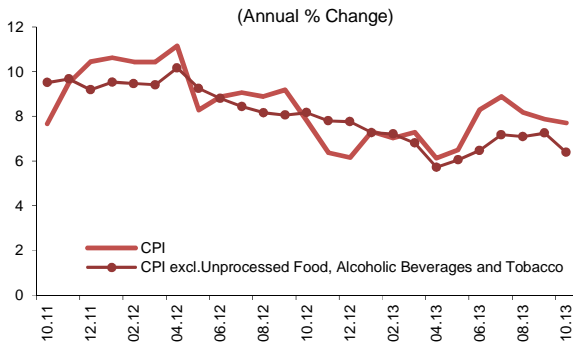
SUMMARY...

In October, annual consumer price inflation receded to 7.71 percent. Hikes in unprocessed food prices capped the fall in inflation. The annual rate of increase in core goods prices continued with an upward trajectory amid the depreciation of the Turkish lira. Meanwhile, prices of services remained on a relatively mild track.

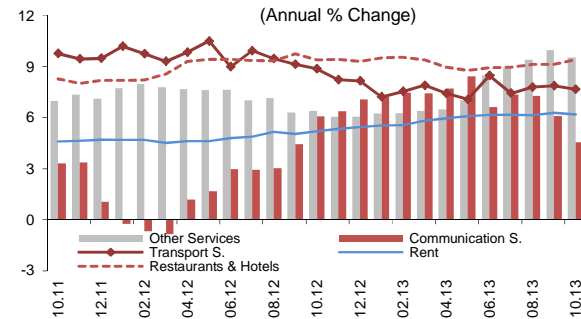
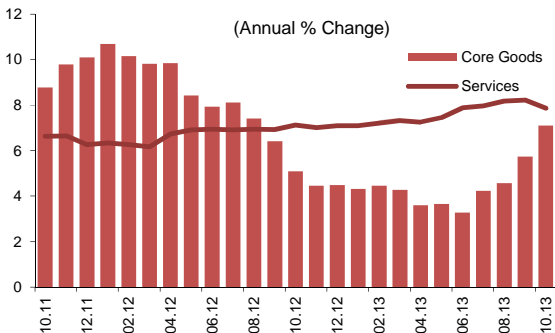
...EVALUATIONS...

In October, consumer prices rose by 1.80 percent, while the annual consumer price inflation receded to 7.71 percent. The annual rate of increase in the SCA-H and SCA-I indices edged up by 0.32 and 0.53 percentage points on a monthly basis to 7.61 percent 6.49 percent, respectively.

Among subgroups, the contribution from the energy and services groups to the annual CPI inflation recorded a month-on-month decline by 0.89 and 0.12 percentage points, respectively. In contrast, the contribution from the food and core goods groups to annual inflation rose by 0.54 and 0.41 percentage points, respectively.



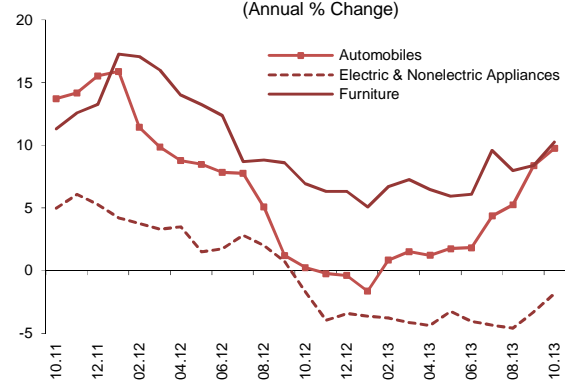
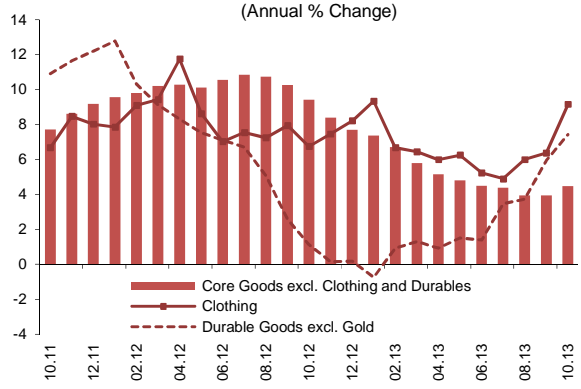
Prices of services crept up by 0.41 percent in October, and the group's annual inflation fell to 7.86 percent. This fall was mainly driven by the base effect from communication services. Across subgroups, annual inflation increased in restaurants-hotels, but edged down in rents and transport services. Inflation in services maintained high figures, yet the seasonally-adjusted data point to a month-on-month deceleration.



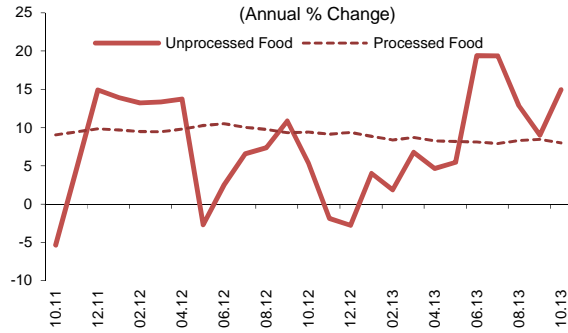
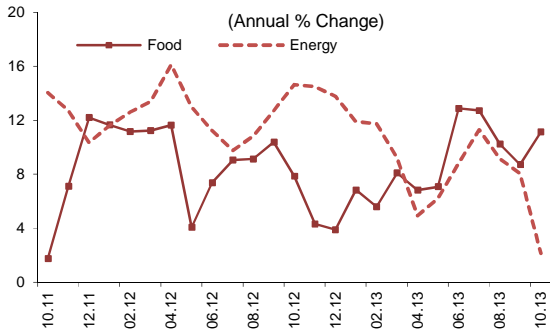
As for the core goods group, annual inflation went up by 1.36 percentage points to 7.10 percent in October. This rise was mainly attributed to the clothing prices and durable consumption goods being affected by the depreciation of the Turkish lira. Clothing manufacturing prices saw a remarkable trend of increase in recent months, and consumer prices in clothing went above seasonal averages in October. Price increases in durable consumption goods have continued since July, and spread across the group, the leading items being automobiles and furniture in October. Accordingly, the group's prices went up by 1.46 percent, and annual

OCTOBER PRICE DEVELOPMENTS NOVEMBER 5, 2013

inflation reached 7.41 percent. Annual inflation in core goods, excluding clothing and durable goods, which has been on the decline for a long time, saw an uptick in October.



Energy prices dropped by 0.38 percent in October mainly owing to the falling domestic fuel prices by 1.57 percent in tandem with international oil prices. Meanwhile, the removal of the influence of public price adjustments in the same period of 2012 brought the group's annual inflation down by 5.90 percentage points to 2.14 percent.



Annual inflation in the food and non-alcoholic beverages group increased by 2.40 percentage points to 11.13 percent. This was attributed to the unprocessed food prices, the underlying reason being the rise in prices of fresh fruits and vegetables. In the other unprocessed food group, the annual inflation climbed to 8.14 percent due to the prices of rice, red meat and eggs. As a result, annual inflation in the unprocessed food group reached 14.95 percent with an increase of 5.93 percentage points. Processed food prices, on the other hand, rose by 0.80 percent, and the group's annual inflation went down to 8 percent. While the annual inflation increased in the bread and cereals group, other processed food products saw falling figures.

OCTOBER PRICE DEVELOPMENTS NOVEMBER 5, 2013

	Monthly Percent Change		Annual Percent Change	
	Oct.2013	Oct.2012	Oct.2013	Oct.2012
CPI	1.80	1.96	7.71	7.80
1. Goods	2.34	2.43	7.65	8.02
Energy	-0.38	5.37	2.14	14.64
Food and nonalcoholic beverages	3.91	1.66	11.13	7.87
Unprocessed food	7.78	2.22	14.95	5.35
Fresh fruits and vegetables	18.63	6.77	25.43	12.67
Other unprocessed food	0.97	-0.60	8.14	0.72
Processed food	0.80	1.26	8.00	9.42
Bread and cereals	1.04	0.79	10.71	10.80
Other processed food	0.65	1.55	6.36	8.55
Goods excluding energy and food	2.37	1.62	7.60	5.04
Core goods	3.17	1.86	7.10	5.09
Durable goods	1.19	0.10	5.94	1.23
Durable goods (excluding gold)	1.46	0.04	7.41	1.12
Alcoholic beverages and tobacco	-0.73	0.48	14.30	4.68
Gold	-3.58	1.06	-16.57	2.93
2. Services	0.41	0.74	7.86	7.12
Rents	0.58	0.67	6.20	5.20
Restaurants and hotels	0.94	0.67	9.42	9.39
Transport	0.67	0.86	7.67	8.86
Communication	0.08	1.56	4.55	6.08
Other*	-0.06	0.35	9.53	6.40
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	1.20	2.02	6.39	8.17
SCA-H	1.59	1.29	7.61	6.78
SCA-I	1.78	1.27	7.49	6.11

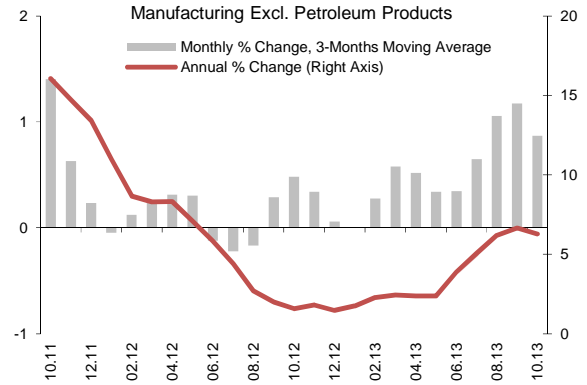
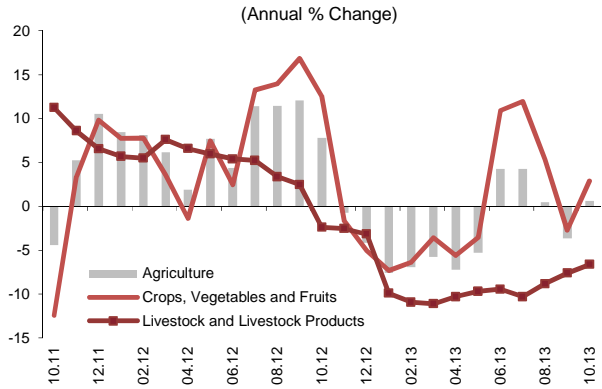
Source: TurkStat, CBRT.

*Other: The services index excluding rents, restaurants/hotels, transport and communication services.

OCTOBER PRICE DEVELOPMENTS NOVEMBER 5, 2013

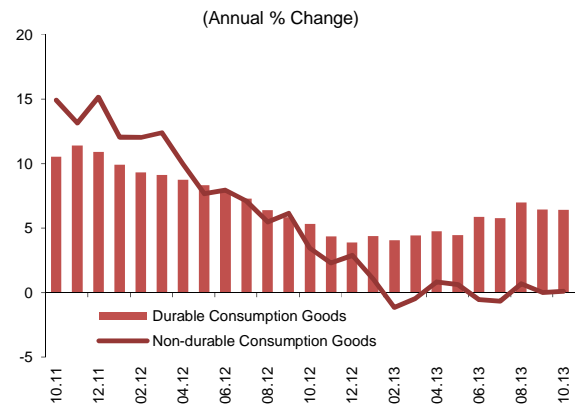
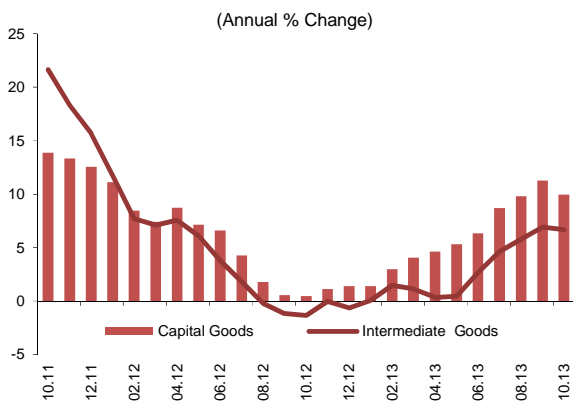
...PPI...

In October, producer prices edged up by 0.69 percent; the group's annual inflation reached 6.77 percent. Agricultural prices increased by 4.43 percent in this period. This was led by price hikes in fruits and vegetables that influenced unprocessed food prices besides price increases in livestock and animal products. Meanwhile, cotton prices soared by 23.3 percent in October, resulting in a cumulative increase of almost 30 percent in the last two months.



Manufacturing industry prices, which have gained momentum upon the depreciation of the Turkish lira since June, did not display a notable change in October. In this period, annual inflation in manufacturing industry prices excluding oil and base metals fell to 6.18 and 6.37 percent, respectively. On the other hand, the upsurge trend of the last four months in clothing manufacturing prices continued in October, and the cumulative increase in the group's prices amounted to 11.6 percent.

Main Industrial Groupings (MIGS) suggest that prices of intermediate goods and durable consumption goods did not register any change in October, while prices of capital goods saw a decline upon the fall in the prices of special-purpose machinery. On the other hand, the prices of non-durable consumption goods posted an increase mainly due to the price hikes in processed fruits-vegetables group.



OCTOBER PRICE DEVELOPMENTS NOVEMBER 5, 2013

... TABLES

October CPI and Subcategories (Percent Change)					
	Weight	2013		2012	
		Monthly	Annual	Monthly	Annual
CPI	100	1.80	7.71	1.96	7.80
Food and nonalcoholic beverages	24.09	3.91	11.13	1.66	7.87
Alcoholic beverages and tobacco	5.07	-0.73	14.30	0.48	4.68
Clothing and footwear	6.83	9.56	9.12	6.81	6.75
Housing	16.68	0.36	4.29	3.31	11.75
Household equipment	7.28	1.58	5.64	0.50	6.97
Health	2.22	0.20	3.24	0.04	1.83
Transport	17.99	0.34	7.32	2.06	6.46
Communication	4.64	0.00	3.11	1.30	5.82
Recreation and culture	2.95	0.62	3.79	-0.20	3.31
Education	1.91	0.28	10.14	0.28	4.70
Restaurants and hotels	6.18	0.94	9.42	0.67	9.39
Miscellaneous goods and services	4.16	-0.41	2.18	0.78	10.70

Source: TurkStat.

October PPI and Subcategories (Percent Change)					
	Weight	2013		2012	
		Monthly	Annual	Monthly	Annual
PPI	100	0.69	6.77	0.17	2.57
Agriculture	16.34	4.43	0.59	0.02	7.81
Crops, fruits and vegetables	10.76	5.52	2.92	-0.26	12.52
Livestock and animal products	4.87	1.91	-6.62	0.83	-2.39
Industry	83.66	0.00	8.03	0.21	1.59
Mining	3.06	1.15	12.53	-0.12	5.56
Manufacturing	72.14	-0.08	6.18	0.37	1.68
Manufacturing excluding petroleum	69.53	0.08	6.27	0.44	1.59
Manufacturing excluding petroleum and base metals	62.81	0.21	6.37	0.60	2.87
Electricity, gas and water	8.46	0.24	17.81	-1.01	-0.32

Source: TurkStat, CBRT.

PPI by MIGS (Monthly Percent Change)														
	Oct.12	Nov.12	Dec.12	Jan.13	Feb.13	Mar.13	Apr.13	May.13	Jun.13	Jul.13	Aug.13	Sep.13	Oct.13	Annual
Intermediate goods	0.21	-0.30	-0.12	0.55	0.37	0.73	-0.34	0.08	1.38	1.33	1.10	1.74	-0.02	6.67
Capital goods	0.51	0.09	0.36	0.40	1.19	1.61	0.76	0.12	1.14	1.98	0.86	1.74	-0.67	9.97
Durable goods	-0.09	-1.44	0.92	-0.97	-0.49	0.51	-0.29	-1.40	0.15	-0.22	1.39	2.03	-0.02	0.10
Nondurable goods	0.76	-0.03	-0.17	0.19	0.74	1.00	0.58	0.27	0.56	0.31	1.68	0.37	0.71	6.39
Energy	-0.93	18.27	-0.48	0.33	-7.34	1.17	-2.08	0.46	1.65	2.14	-1.11	3.23	-0.71	14.61

Source: TurkStat, CBRT.

Price Developments are published within one working day, following the announcement of price statistics by the Turkish Statistical Institute (TurkStat). Price Developments, which include CBRT's initial remarks on the inflation figures of the previous month, aim to contribute to a sounder interpretation by the public of the monthly inflation developments during the period between the announcement of the official price statistics and the Monetary Policy Committee meeting.