

FEBRUARY PRICE DEVELOPMENTS

MARCH 5, 2013

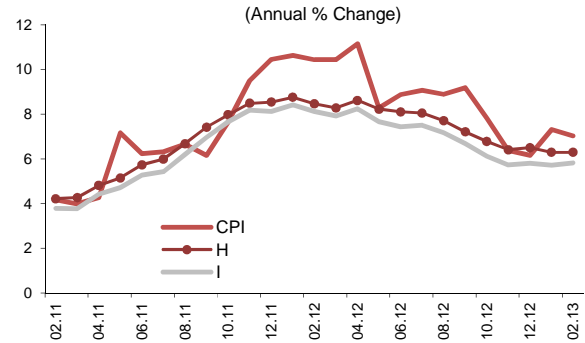
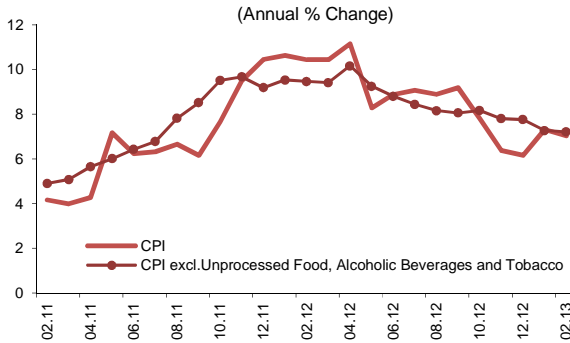
SUMMARY...

In February, consumer prices were up by 0.30 percent, while annual inflation fell to 7.03 percent, which was driven by the food prices. Meanwhile, core inflation indicators and prices of services remained on a mild track.

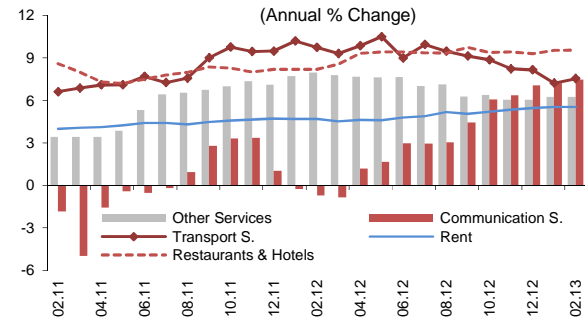
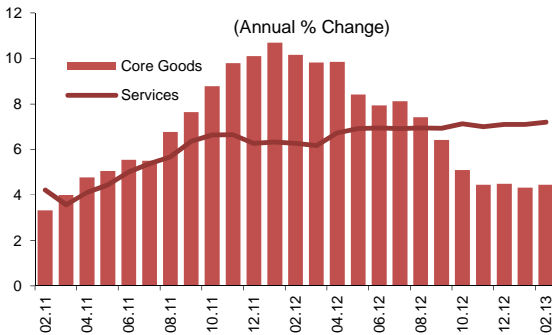
...EVALUATIONS...

In February, consumer prices were up by 0.30 percent, while annual inflation fell to 7.03 percent. The annual rate of increase in the SCA-H index did not record a month-on-month change and stood at 6.29 percent; whereas that in the SCA-I index went up by 0.1 percentage point to 5.82 percent.

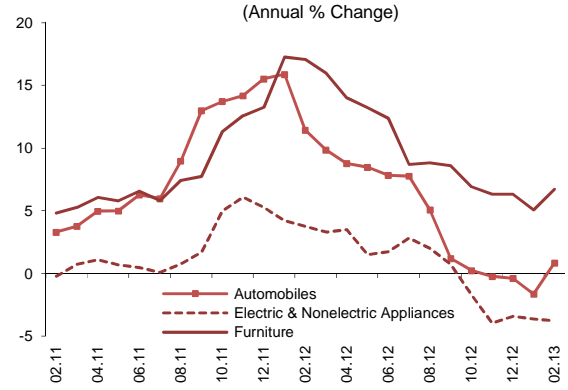
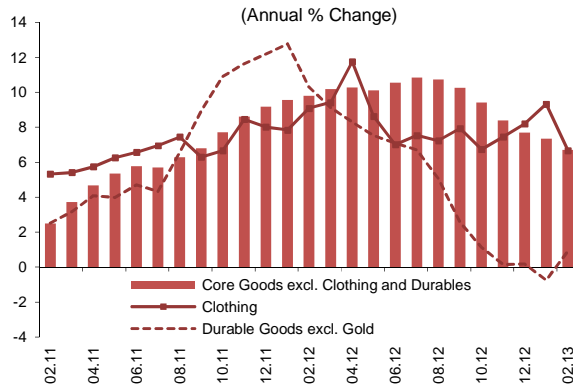
Contribution to the annual CPI inflation displayed a month-on-month decline by 0.32 percentage points in food group; whereas that of energy, services and core goods group did not post a noticeable change. The contribution of tobacco group, on the other hand, registered a slight increase.



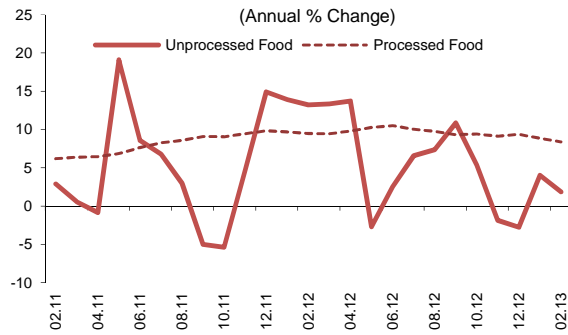
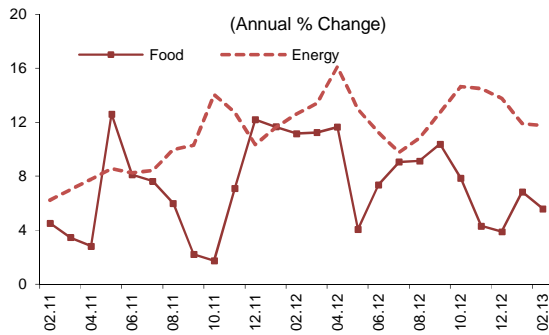
Prices of services went up by 0.41 percent in February, and the group's annual inflation crept up to 7.21 percent. Across subgroups, annual inflation increased in communication and transport; and remained unchanged in rents, restaurants-hotels and other services. The diffusion index and the trend of increase in the seasonally adjusted prices of services edged up in February; yet the mild course of the group's prices continued.



As for the core goods group, annual inflation crept up by 0.14 percentage points to 4.46 percent in February. Annual inflation in the clothing group has been on an upward track for a while; however, prices in this group recorded a decline above seasonal averages in February, the last month of winter discount. On the other hand, prices of durable goods soared by 1.72 in this period upon surging automobile and furniture prices by 2.26 and 1.92 percent, respectively. In this period of mild course in other durable goods, the group's annual inflation went up to 0.92 percent. The slowdown in the annual rate of increase in core goods prices excluding clothing and durable goods continued in February.



In February, energy prices went up by 0.64 percent mostly on account of the domestic fuel prices, which rose by 1.85 percent amid the developments in international oil prices. Bottled gas prices maintained the downtrend of the last two months in this period as well. Consequently, the group's annual inflation edged down by 0.15 percentage points to 11.75 percent.



Annual inflation in food and non-alcoholic beverages group went down to 5.60 percent mainly due to unprocessed food prices. Moreover, the slowdown in processed food prices continued. Driven particularly by vegetable prices, annual inflation in unprocessed food group fell by 2.2 percentage points to 1.87 percent. In contrast to this, unprocessed food group excluding fruits and vegetables saw surging prices particularly in rice, pulses and white meat.

Processed food prices rose by 0.35 percentage points in February, rendering the trend of deceleration in the monthly rate of increase more evident in this period. In line with the upward course of domestic wheat prices, bread and cereals group saw persisting price increases. Meanwhile, the favorable course of other processed food group was maintained and prices remained practically unchanged on a monthly basis. Consequently, annual processed food inflation went down by around 0.5 percentage points to 8.39 percent in February.

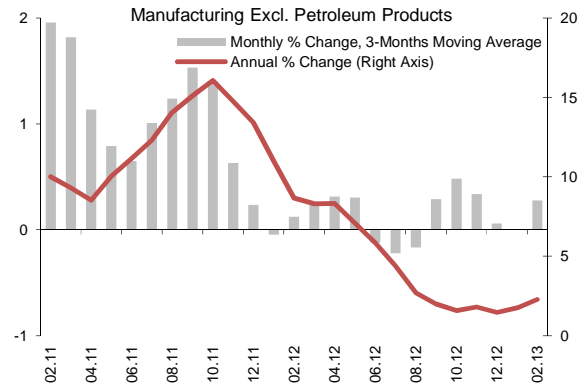
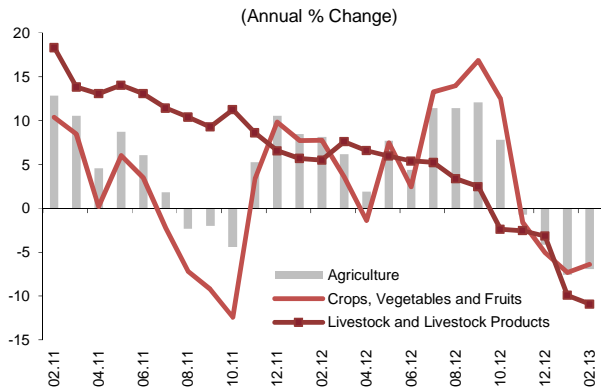
	Monthly Percent Change		Annual Percent Change	
	Feb. 2013	Feb.2012	Feb. 2013	Feb.2012
CPI	0.30	0.56	7.03	10.43
1. Goods	0.26	0.66	6.96	11.94
Energy	0.64	0.78	11.75	12.60
Food and nonalcoholic beverages	0.89	2.08	5.60	11.17
Unprocessed food	1.52	3.67	1.87	13.21
Fresh fruits and vegetables	1.11	6.67	2.79	18.68
Other unprocessed food	1.86	1.31	1.47	9.03
Processed food	0.35	0.77	8.39	9.49
Bread and cereals	1.01	1.54	10.74	8.21
Other processed food	-0.06	0.31	6.99	10.13
Goods excluding energy and food	-0.37	-0.58	6.08	12.38
Core goods	-0.58	-0.71	4.46	10.15
Durable goods	1.50	0.02	0.58	12.43
Durable goods (excluding gold)	1.72	0.04	0.92	10.29
Alcoholic beverages and tobacco	0.83	0.00	16.31	18.51
Gold	-2.02	-0.36	-4.62	39.80
2. Services	0.41	0.32	7.21	6.27
Rents	0.36	0.35	5.55	4.69
Restaurants and hotels	0.49	0.46	9.56	8.20
Transport	0.53	0.24	7.54	9.75
Communication	0.24	0.00	7.48	-0.69
Other*	0.41	0.40	6.26	7.97
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.10	0.15	7.21	9.46
SCA-H	0.00	0.00	6.29	8.47
SCA-I	-0.08	-0.18	5.82	8.12

Source: TurkStat, CBRT.

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

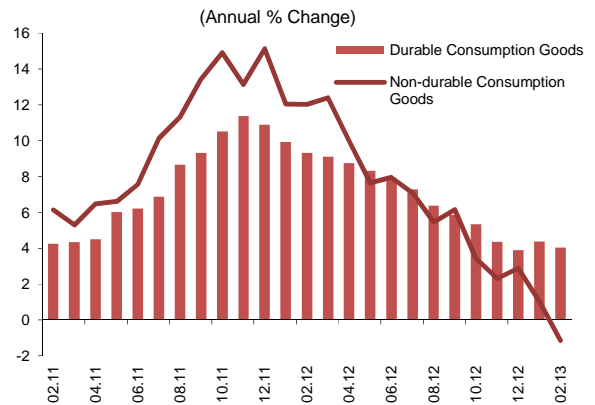
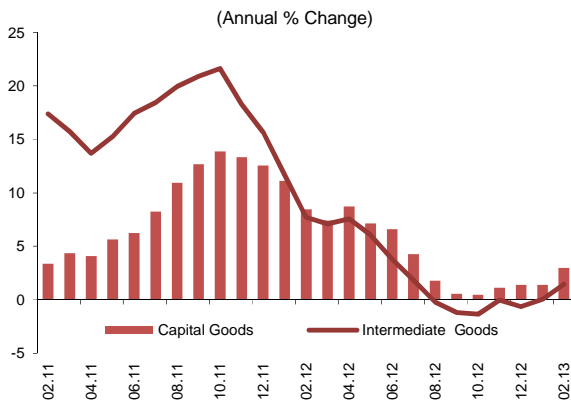
...PPI...

In February, producer prices fell by 0.13 percent owing to the developments in energy prices, and annual inflation edged down to 1.84 percent. On the other hand, manufacturing industry prices and seasonally adjusted agricultural prices saw increases in this period. While the prices of crops, vegetables and fruits surged by 3.71 percent, livestock prices remained on a downward track. In the meantime, wheat prices maintained the upward trend, yet the rate of increase in this item recorded a notable decline in February.



Manufacturing industry prices increased by 0.67 percent in February. This was attributed to the rising commodity prices upon the international oil prices. Similarly, monthly inflation in manufacturing of refined petroleum products soared in line with the said development in international oil prices. On the other hand, base metal prices followed a mild course due to the international metal prices. Meanwhile, the manufacturing industry excluding oil and base metal prices registered an increase both in monthly and annual bases.

Main Industrial Groupings (MIGS) suggest that the prices of durable goods group continued to recede amid falling prices in jewelry. Meanwhile, prices of intermediate goods, capital goods and non-durable consumption goods saw increases. The rise in the prices of intermediate goods was driven by the increase in the prices of plastic products. As for the price increase of 1.19 percent in capital goods, price hikes in motor vehicles and engine parts were held responsible. Meanwhile, prices of non-durable consumption goods went up owing to the rise in producer prices of meat and meat products. As a result, although annual inflation in manufacturing industry increased by 0.7 percentage points to 2.13 percent, producer prices did not impose a noticeable pressure on consumer prices.



... TABLES

February CPI and Subcategories (Percent Change)					
	Weight	2013		2012	
		Monthly	Annual	Monthly	Annual
CPI	100	0.30	7.03	0.56	10.43
Food and nonalcoholic beverages	24.09	0.89	5.60	2.08	11.17
Alcoholic beverages and tobacco	5.07	0.83	16.31	0.00	18.51
Clothing and footwear	6.83	-6.36	6.66	-4.07	9.07
Housing	16.68	0.25	10.31	0.60	9.79
Household equipment	7.28	1.01	5.34	1.04	11.79
Health	2.22	0.43	1.86	0.66	0.70
Transport	17.99	1.63	5.27	0.33	11.30
Communication	4.64	0.18	6.28	-0.19	0.61
Recreation and culture	2.95	-0.63	1.09	-0.34	7.52
Education	1.91	0.34	5.21	0.11	6.35
Restaurants and hotels	6.18	0.49	9.56	0.46	8.20
Miscellaneous goods and services	4.16	-0.18	7.98	0.37	17.10

Source: TurkStat.

February PPI and Subcategories (Percent Change)					
	Weight	2013		2012	
		Monthly	Annual	Monthly	Annual
PPI	100	-0.13	1.84	-0.09	9.15
Agriculture	16.34	2.56	-6.93	1.85	8.13
Crops, fruits and vegetables	10.76	3.71	-6.40	2.68	7.77
Livestock and animal products	4.87	-1.31	-10.92	-0.19	5.51
Industry	83.66	-0.64	3.72	-0.50	9.37
Mining	3.06	0.49	7.60	-0.17	13.43
Manufacturing	72.14	0.67	2.13	0.00	9.54
Manufacturing excluding petroleum	69.53	0.53	2.28	0.02	8.66
Manufacturing excluding petroleum and base metals	62.81	0.57	2.95	0.44	8.91
Electricity, gas and water	8.46	-12.32	11.77	-4.59	6.56

Source: TurkStat, CBRT.

PPI by MIGS (Monthly Percent Change)														
	Feb.12	Mar.12	Apr.12	May.11	Jun.12	Jul.12	Aug.12	Sept.12	Oct.12	Nov.12	Dec.12	Jan.13	Feb.13	Annual
Intermediate goods	-1.01	1.04	0.45	-0.02	-0.80	-0.58	0.02	0.64	0.21	-0.30	-0.12	0.55	0.37	1.46
Capital goods	-0.36	0.57	0.21	-0.55	0.17	-0.22	-0.15	0.39	0.51	0.09	0.36	0.40	1.19	3.00
Durable goods	1.70	-0.19	-1.55	-1.21	1.32	-0.08	0.02	2.71	-0.09	-1.44	0.92	-0.97	-0.49	-1.13
Nondurable goods	1.06	0.64	0.26	0.56	-0.78	0.40	0.54	0.87	0.76	-0.03	-0.17	0.19	0.74	4.05
Energy	-3.17	0.44	0.59	-0.82	-0.52	-1.98	2.06	1.50	-0.93	18.27	-0.48	0.33	-7.34	9.74

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 of the monthly inflation developments by the public during the period between the announcement of the official price statistics and the Monetary Policy Committee meeting.