

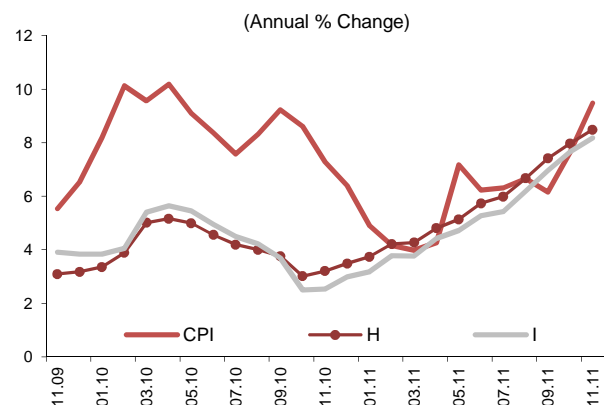
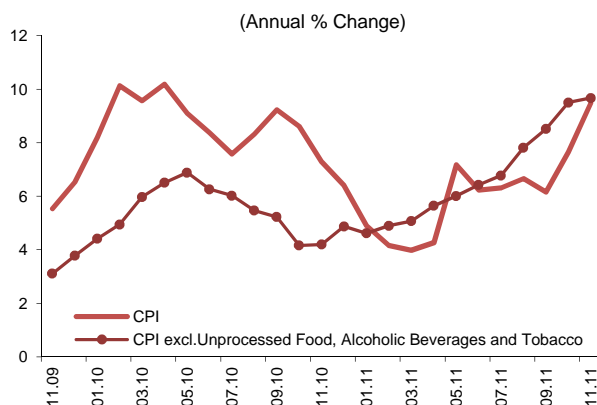
NOVEMBER PRICE DEVELOPMENTS NOVEMBER 6, 2011

SUMMARY...

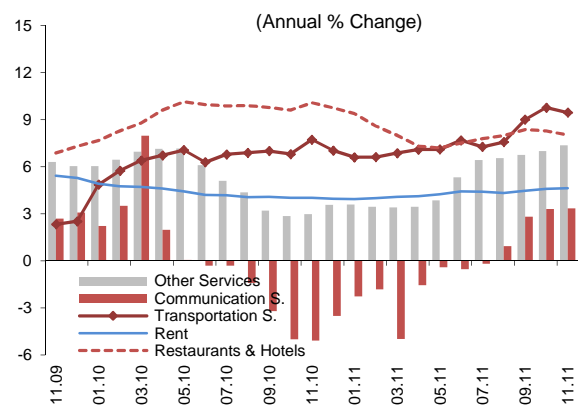
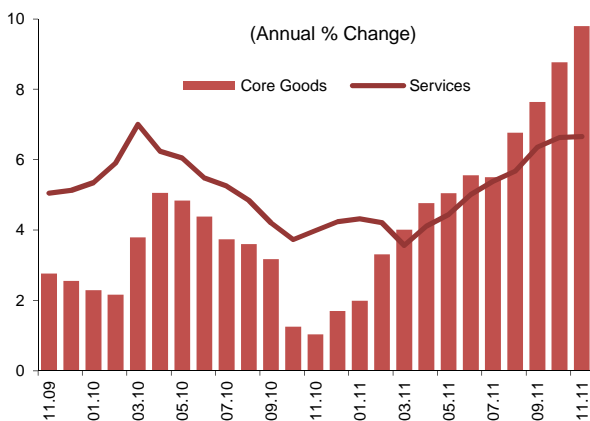
In November, consumer prices and annual inflation went up by 1.73 percent and 9.48 percent, respectively. This surge was mainly driven by the developments in unprocessed food prices as also stated in the Summary of the Monetary Policy Committee Meeting. While core goods inflation continued to increase amid the lagged effects of the exchange rate movements, prices of services maintained their moderate course. Due to the base effect of the unprocessed food prices, annual inflation is expected to continue to increase in December, albeit limited.

...EVALUATIONS...

In November, consumer prices and annual inflation went up by 1.73 percent and 9.48 percent, respectively. The rate of increase in the CPI excluding energy, unprocessed food, alcoholic beverages, tobacco and gold (SCA-H) rose to 8.48 percent year-on-year. With a further exclusion of processed food, the rate of increase in the index (SCA-I) amounted to 8.18 percent year-on-year.

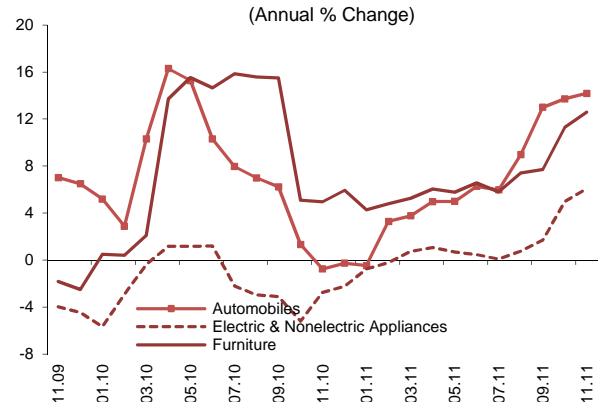
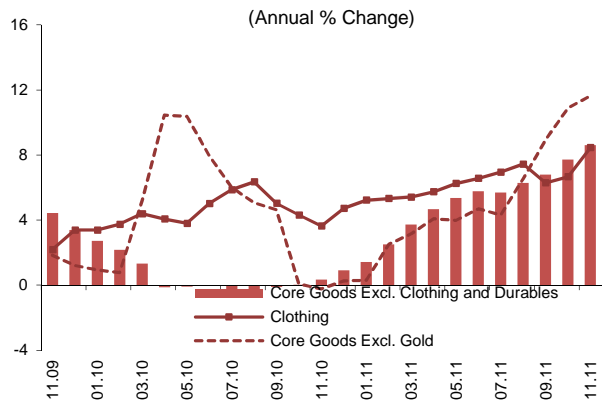


Prices of services rose by 0.37 percent in November, leaving annual services inflation in a flat course compared to October. While the annual services inflation receded in transport and catering services, inflation excluding these services edged up. This rise stemmed from package tours, mail services and financial services. Seasonally-adjusted data suggest that the underlying trend of the services group maintains its moderate course.



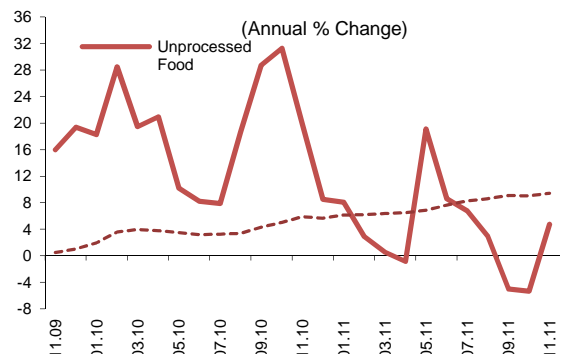
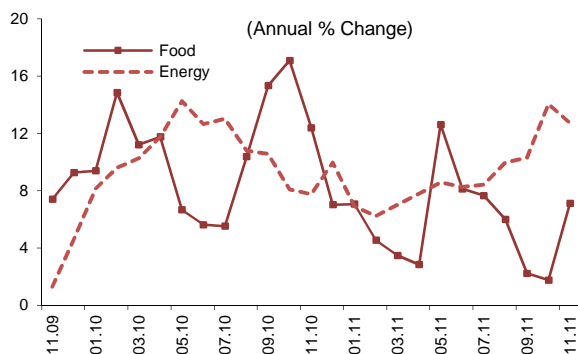
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Annual rate of increase in core goods inflation rose by around 1 percentage point and became 9.8 percent in November. This rise was particularly attributed to the soaring clothing prices amid the protection measures in the imports of textiles and ready-wear. In the durable goods front (excluding gold), annual inflation continued to rise despite the slight decline in monthly increase amid decreasing automobile prices (0.36 percent). Meanwhile, driven by the cumulative increase in producer prices, the prices of furniture and electrical and non-electrical appliances went up by 1.25 and 1.71 percent, respectively. The contribution of tobacco products to inflation in November became 0.2 percentage points as envisaged amid the arrangements made in the SCT rates. Thus, the adjustments introduced to administered prices in October totally added around 1.6 percentage points to inflation.



Energy prices were up 0.15 percent in November, while annual energy inflation went down by 1.31 percentage points to 12.74 percent. This decline was driven by fuel oil and bottled gas prices, which declined by 1.82 and 0.55 percent, respectively as a result of the developments in exchange rates. Meanwhile, the rise in solid fuel and municipal water tariffs prices went up by 2.94 and 1.54 percentage points, respectively.

Prices of food and nonalcoholic beverages rose by 3.27 percent, and the group's annual inflation went up to 7.11 percent by increasing 5.35 percentage points due to the low base of the unprocessed food group. Amid the high-rated price increases in fresh fruits and vegetables that exceeded past years' averages in November as was the case in October, unprocessed food prices surged by 5.47 percent. It should be noted that unprocessed food prices will soar in the last month of the year owing to the base effect.



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Processed food prices were up 1.36 percent in November. The upward trend in the prices of cheese and other dairy products in the last two months was maintained in November and prices of fats and oils continued to soar. Against this background, price hikes in processed food prices continued across sub-categories, while the group's annual inflation mounted to 9.44 percent with an increase by 0.39 percentage points.

| | Monthly Percent Change | | Annual Percent Change | |
|--|------------------------|---------------|-----------------------|---------------|
| | November 2011 | November 2010 | November 2011 | November 2010 |
| CPI | 1.73 | 0.03 | 9.48 | 7.29 |
| 1. Goods | 2.20 | -0.08 | 10.52 | 8.47 |
| Energy | -0.15 | 1.02 | 12.74 | 7.73 |
| Food and nonalcoholic beverages | 3.27 | -1.89 | 7.11 | 12.39 |
| Unprocessed food | 5.47 | -4.68 | 4.74 | 19.77 |
| Fresh fruits and vegetables | 16.19 | -8.00 | 1.52 | 33.74 |
| Other unprocessed food | -1.08 | -2.13 | 6.94 | 11.58 |
| Processed food | 1.36 | 1.00 | 9.44 | 5.90 |
| Bread and cereals | 0.64 | 0.79 | 7.88 | 3.34 |
| Other processed food | 1.76 | 1.12 | 10.30 | 7.39 |
| Goods excluding energy and food | 2.41 | 1.09 | 12.54 | 5.37 |
| Core goods | 2.13 | 1.18 | 9.80 | 1.04 |
| Durable goods | 0.56 | -0.03 | 14.76 | 1.15 |
| Durable goods (excluding gold) | 0.47 | -0.19 | 11.63 | -0.23 |
| Alcoholic beverages and tobacco | 3.69 | 0.61 | 18.56 | 24.54 |
| Gold | 1.50 | 1.89 | 58.43 | 18.26 |
| 2. Services | 0.37 | 0.35 | 6.65 | 3.98 |
| Rents | 0.42 | 0.38 | 4.64 | 4.02 |
| Restaurants and hotels | 0.62 | 0.87 | 8.01 | 10.08 |
| Transport | 0.54 | 0.82 | 9.46 | 7.73 |
| Communication | 0.04 | 0.00 | 3.36 | -5.09 |
| Other* | 0.24 | -0.11 | 7.37 | 2.98 |
| 3. Core Measures | | | | |
| CPI excluding unprocessed food. alcoholic beverages and tobacco | 1.01 | 0.86 | 9.67 | 4.20 |
| SCA-H | 1.27 | 0.80 | 8.48 | 3.21 |
| SCA-I | 1.24 | 0.76 | 8.18 | 2.54 |

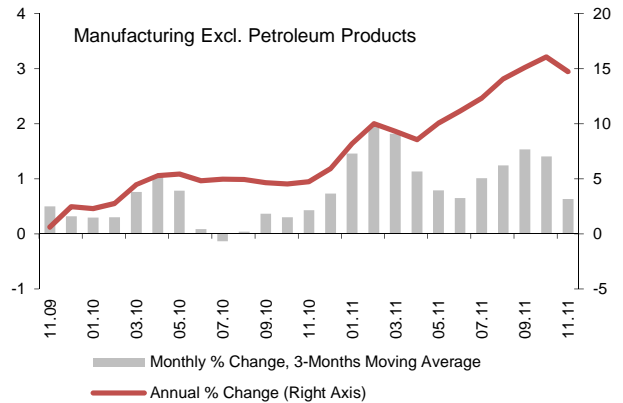
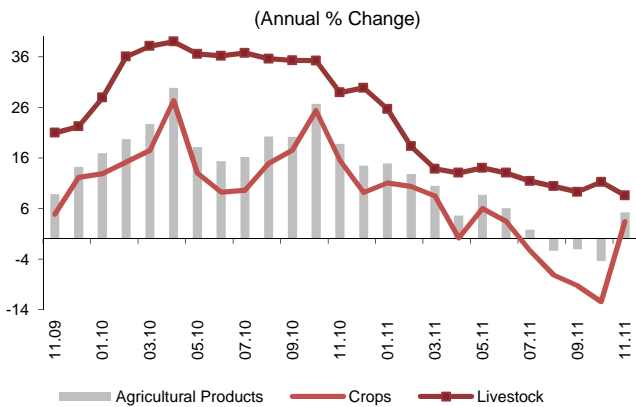
Source: TurkStat. CBRT.

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

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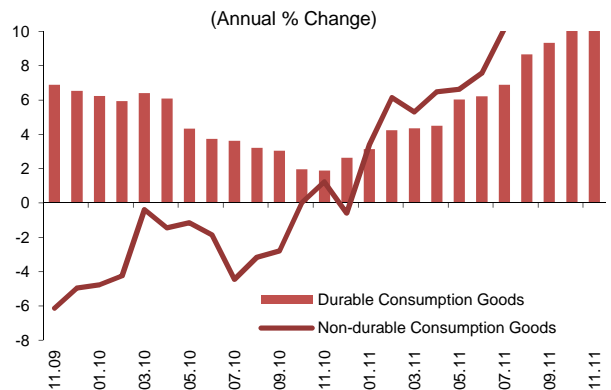
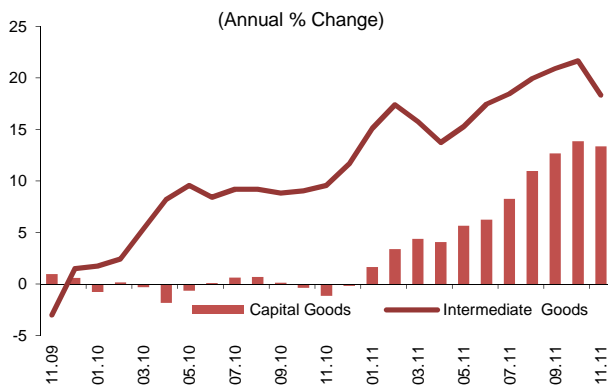
...PPI...

In November, producer prices were up 0.65 percent and annual PPI inflation mounted to 13.67 percent. Agricultural prices increased by 5.40 percent due to the prices of vegetable products, which reflected on consumer prices as well. Among the inputs for the manufacturing industry, prices of wheat, cotton and sunflower went down by 0.61; 6.22 and 1.58 percent, respectively. Meanwhile, producer prices of milk continued to increase.



In the manufacturing industry, prices increased by 0.50 percent, while annual inflation declined to 16.41 percent. The increase in the group's prices was primarily driven by the decline in base metal prices (5.99 percent), while the manufacturing prices excluding oil and base metal posted a relatively limited increase by 0.10 percent.

Main Industrial Groupings (MIGs) suggest that inflation in the manufacturing industry decreased except for the energy group. Prices of intermediate goods declined by 1.63 percent due to the plunge in iron and steel prices. Meanwhile, the decline in the prices of capital goods was mainly triggered by the prices of machinery/equipment item. Producer prices of durable goods were down by 0.36 percent owing to furniture prices. In the non-durable goods front, prices went up by 0.91 percent due to the price developments in food and clothing production.



NOVEMBER PRICE DEVELOPMENTS NOVEMBER 6, 2011

...TABLES

| November CPI and Subcategories (Percent Change) | | | | | |
|---|--------|---------|--------|---------|--------|
| | Weight | 2011 | | 2010 | |
| | | Monthly | Annual | Monthly | Annual |
| CPI | 100 | 1.73 | 9.48 | 0.03 | 7.29 |
| Food and nonalcoholic beverages | 26.78 | 3.27 | 7.11 | -1.89 | 12.39 |
| Alcoholic beverages and tobacco | 5.90 | 3.69 | 18.56 | 0.61 | 24.54 |
| Clothing and footwear | 7.22 | 5.59 | 8.41 | 3.87 | 3.65 |
| Housing | 16.46 | 0.61 | 8.88 | 0.58 | 5.20 |
| Household equipment | 6.93 | 1.15 | 11.09 | 0.61 | 2.55 |
| Health | 2.40 | 0.23 | 0.46 | 0.01 | 0.09 |
| Transport | 15.15 | -0.55 | 13.22 | 0.45 | 5.38 |
| Communication | 4.64 | 0.90 | 4.83 | 0.32 | -4.85 |
| Recreation and culture | 2.70 | 0.01 | 5.92 | -0.81 | -2.94 |
| Education | 2.32 | 0.07 | 6.62 | -0.14 | 4.20 |
| Restaurants and hotels | 5.89 | 0.62 | 8.01 | 0.87 | 10.08 |
| Miscellaneous goods and services | 3.61 | 1.69 | 19.14 | 0.76 | 3.93 |

Source: TurkStat.

| November PPI and Subcategories (Percent Change) | | | | | |
|---|--------|---------|--------|---------|--------|
| | Weight | 2011 | | 2010 | |
| | | Monthly | Annual | Monthly | Annual |
| PPI | 100 | 0.65 | 13.67 | -0.31 | 8.17 |
| Agriculture | 17.49 | 5.40 | 5.25 | -4.25 | 18.78 |
| Crops, fruits and vegetables | 12.23 | 9.35 | 3.40 | -7.36 | 15.54 |
| Livestock and animal products | 4.52 | 0.15 | 8.61 | 2.58 | 28.95 |
| Industry | 82.51 | -0.25 | 15.54 | 0.63 | 5.98 |
| Mining | 3.10 | 0.18 | 21.77 | 0.33 | 7.65 |
| Manufacturing | 70.68 | -0.50 | 16.41 | 0.80 | 4.87 |
| Manufacturing excluding petroleum | 67.56 | -0.50 | 14.73 | 0.65 | 4.73 |
| Manufacturing excluding petroleum and base metals | 61.66 | 0.10 | 13.24 | 0.61 | 3.28 |
| Electricity, gas and water | 8.73 | 1.86 | 6.28 | -0.77 | 16.63 |

Source: TurkStat, CBRT.

| PPI by MGS (Monthly Percent Change) | | | | | | | | | | | | | | |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Nov.10 | Dec.10 | Jan.11 | Feb.11 | Mar.11 | Apr.11 | May.11 | Jun.11 | Jul.11 | Aug.11 | Sep.11 | Oct.11 | Nov.11 | Annual |
| Intermediate goods | 1.14 | 2.80 | 3.39 | 2.67 | 1.61 | 0.02 | 1.37 | 1.38 | 1.35 | 2.06 | 1.62 | 0.40 | -1.63 | 18.31 |
| Capital goods | -0.10 | 0.81 | 1.66 | 2.09 | 1.56 | -0.99 | 0.91 | 0.66 | 2.02 | 2.31 | 1.59 | 0.59 | -0.55 | 13.35 |
| Durable goods | 1.20 | -1.39 | 3.63 | 1.71 | -0.52 | 0.62 | 0.92 | 1.04 | 0.71 | 1.58 | 2.04 | 2.53 | -0.36 | 13.15 |
| Nondurable goods | 0.13 | 0.72 | 0.61 | 1.62 | 0.84 | 0.59 | 0.96 | -0.33 | 0.91 | 1.39 | 1.36 | 1.25 | 0.91 | 11.38 |
| Energy | 0.61 | 4.27 | 2.44 | -1.04 | 2.25 | -0.56 | -2.12 | 0.67 | 1.11 | 4.43 | 2.33 | 2.61 | 1.20 | 18.82 |

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.