

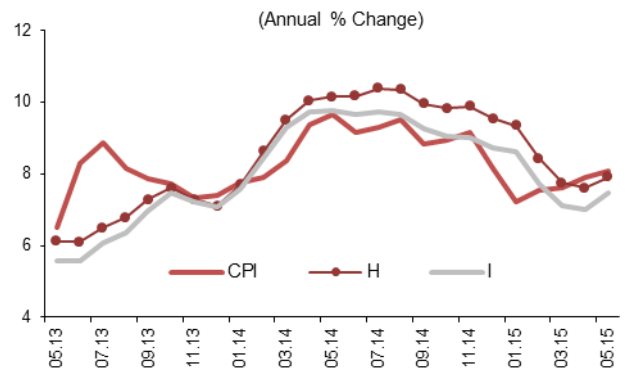
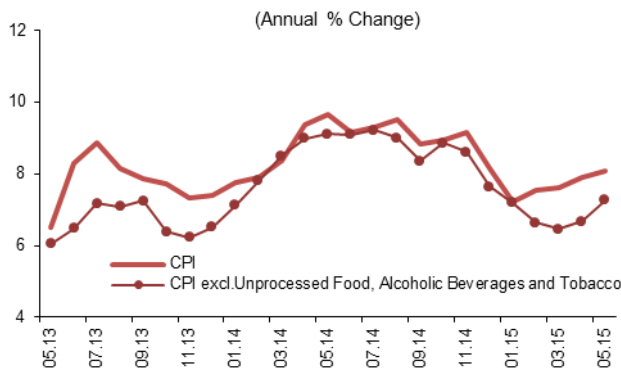
SUMMARY...

In May, consumer prices rose by 0.56 percent, pushing the annual consumer inflation upwards to 8.09 percent. Food prices, which have followed a high course for a while, saw a correction in this period leading to a decline in the annual food inflation. The upward trend in energy prices continued due to oil price developments. Annual core goods inflation trended upwards amid exchange rate developments in this period, and services inflation remained high. Accordingly, the underlying trend of core inflation indicators increased due to core goods prices.

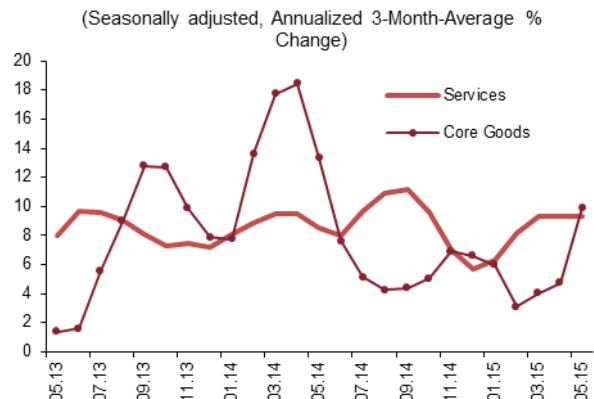
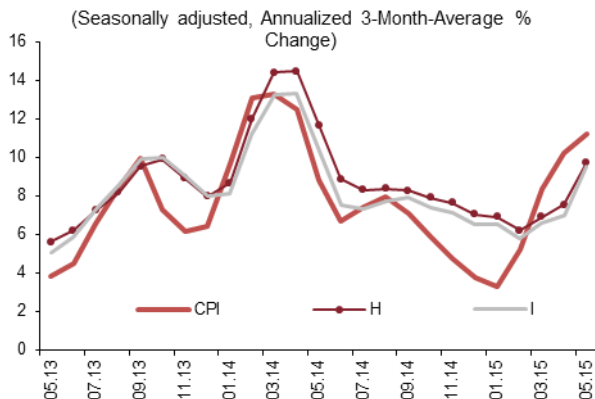
... EVALUATIONS ...

In May, consumer prices rose by 0.56 percent, pushing the annual consumer inflation upwards by 0.18 points to 8.09 percent. The annual rate of increase in the SCA-H and SCA-I indices registered a month-on-month increase of 0.31 and 0.48 points to 7.91 and 7.48 percent, respectively.

Across subgroups, the contribution of the energy group and core goods to annual CPI inflation increased by 0.24 point and 0.30 point, respectively in May. The food group added 0.41 point less to the annual CPI inflation compared to April, yet remained the pioneering contributor to consumer inflation with 3.10 points.



The underlying trends of seasonally-adjusted inflation in 3-month averages indicate that core inflation indicators registered an uptick in this period. The underlying trend of services inflation followed a flat course as it did in April, yet remained high, and that of core goods inflation exhibited a pronounced increase due to the price developments in durable goods and clothing.

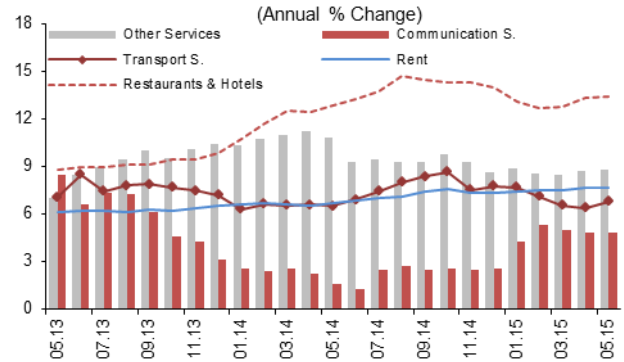
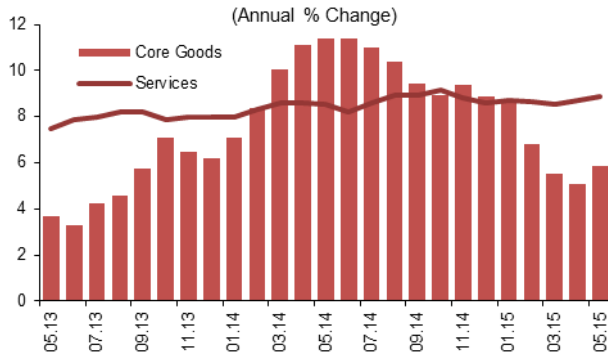


Prices of services increased by 0.77 percent on a monthly basis and the group's annual inflation edged up by 0.11 points to 8.85 percent in May. Annual inflation in rent, communication and other services followed a relatively flat course, while it registered an increase in restaurants-

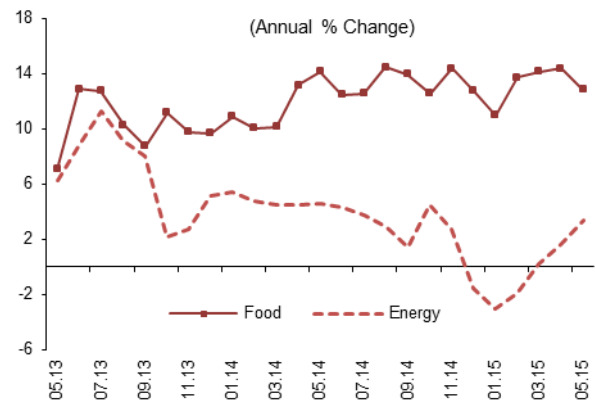
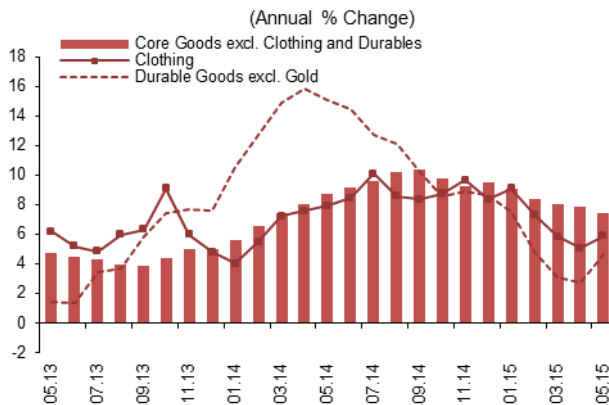
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hotels and transport services. Owing to the cumulative increases in food prices, the restaurants-hotels group saw rising prices in this period as well. Price increases were particularly concentrated in catering services, which is related to meat prices. On the transport services front, inter-city bus transportation and air passenger transportation saw price hikes of 3.10 and 5.16 percent, respectively.



Annual core goods inflation increased by 0.83 points to 5.88 percent. Among sub-groups, annual inflation in durable consumption goods rose approximately by 2 points to 4.66 percent in this period. Monthly price increase in this group followed a high course across sub-items given the exchange rate effect. Similar to that in April, home appliances posted a surge on a monthly basis (2.05 percent). The impact of the depreciation in the Turkish lira against the Euro particularly in the last two months has proved apparent in automobile prices. Furniture prices have recently registered sharp increases as well. Price increases in the clothing group proved higher than seasonal averages in May and the annual clothing inflation has registered a first-time increase since the start of the year. However, annual inflation in core goods excluding clothing and durables continued to taper off.



Energy prices rose by 1.18 percent in May, which was led by fuel prices that increased in line with international oil prices. Moreover, municipal water prices remained on the rise and the annual inflation in this sub-group maintained its high course with 17 percent. Against this background, also affected by the base effect, annual energy inflation rose by 1.8 points to 3.38 percent.

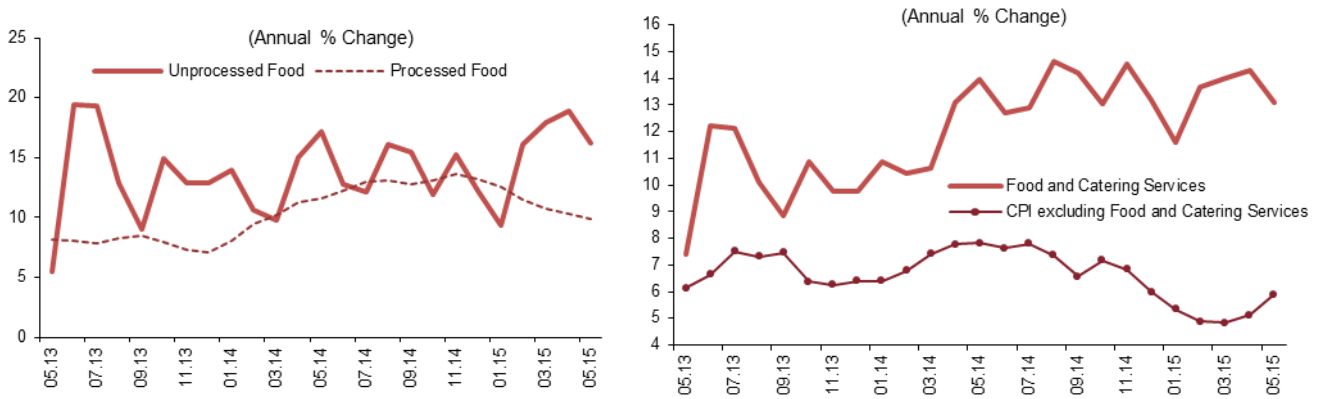
Annual inflation in the food and non-alcoholic beverages group decreased by 1.55 points to 12.81 percent in May. This fall was driven by the annual unprocessed food inflation, while the deceleration trend in annual processed food inflation continued. Having surged since the onset of the year, seasonally-adjusted unprocessed food prices registered a correction due to prices of fresh fruits and vegetables in May. Potato prices also displayed a notable fall in May. On the other hand, meat prices maintained the strong upward trend. Meanwhile, in the processed food group, bread and cereals prices remained weak due to the mild course of wheat prices in recent

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months. On the other hand, the processed food group excluding bread and cereals recorded relatively moderate monthly price increases.

The annual inflation in food and catering services receded to 13.12 percent, while consumer inflation excluding food and catering services rose to 5.90 percent.



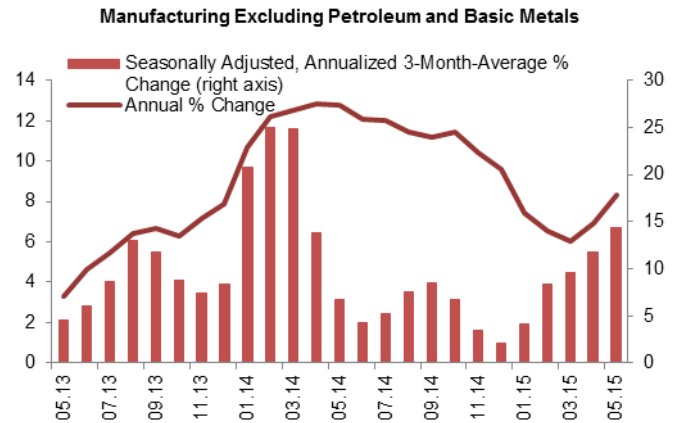
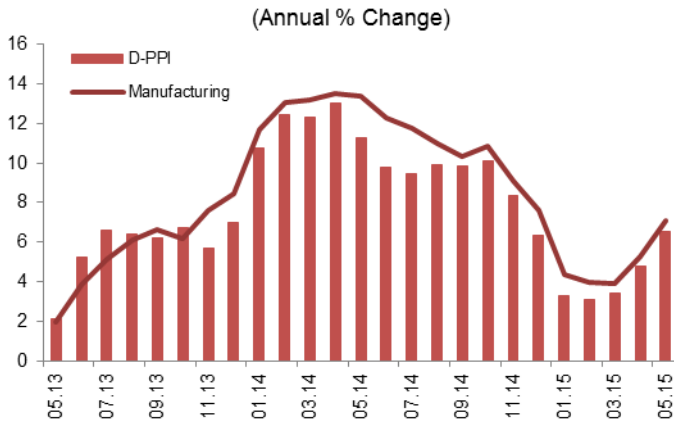
	Monthly Percent Change		Annual Percent Change	
	May.2015	May.2014	May.2015	May.2014
CPI	0.56	0.40	8.09	9.66
1. Goods	0.47	0.28	7.78	10.17
Energy	1.18	-0.54	3.38	4.62
Food and nonalcoholic beverages	-2.68	-1.35	12.81	14.11
Unprocessed food	-5.77	-3.59	16.19	17.14
Fresh fruits and vegetables	-13.49	-7.23	17.75	15.29
Other unprocessed food	-0.69	-1.24	15.38	18.35
Processed food	0.40	0.78	9.86	11.57
Bread and cereals	0.17	1.26	7.46	13.74
Other processed food	0.53	0.49	11.29	10.26
Goods excluding energy and food	2.71	1.94	5.81	9.85
Core goods	3.27	2.46	5.88	11.39
Durable goods	1.01	-0.82	5.23	14.52
Durable goods (excluding gold)	1.08	-0.76	4.66	15.08
Alcoholic beverages and tobacco	0.01	-0.15	4.08	2.97
Gold	-0.23	-2.09	16.37	4.13
2. Services	0.77	0.67	8.85	8.52
Rents	0.62	0.59	7.65	6.66
Restaurants and hotels	1.20	1.11	13.44	12.88
Transport	1.12	0.74	6.76	6.52
Communication	0.00	0.00	4.84	1.59
Other*	0.70	0.65	8.78	10.83
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	1.58	1.03	7.26	9.12
SCA-H	1.69	1.40	7.91	10.16
SCA-I	1.96	1.50	7.48	9.77

Source: TurkStat, CBRT.

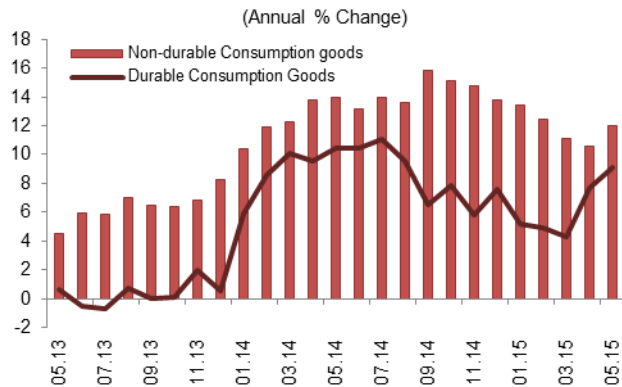
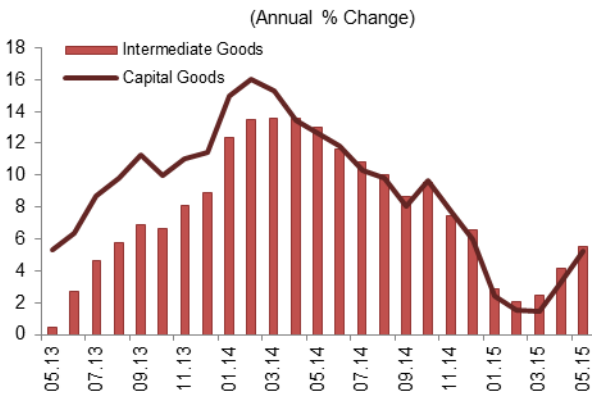
*Other: The services index excluding rents, restaurants/hotels, transport and communication services.

...D-PPI...

Domestic producer prices rose by 1.11 percent month-on-month and the group's annual inflation climbed to 6.52 percent in May. The depreciation in the Turkish lira besides international commodity prices proved influential in the price increases that spread across the manufacturing industry. Annual inflation reached 7.09 percent in manufacturing industry prices, and hit 8.35 percent in those excluding petroleum and basic metals.



According to the Main Industrial Groupings (MIGs), prices rose in all main groups in May. Prices of non-durable consumption goods rose by 1.72 percent month-on-month, which was led by the negative outlook in food, clothing and textile manufacturing groups. Regarding the manufacture of durable consumption goods, price hikes in home utensils and consumer electronics stood out. Meanwhile, the course of prices in intermediate goods was shaped by base metal, chemical products and the manufacture of plastics. All in all, May was marked by alleviated cost pressures driven by producer prices on consumer prices.



...TABLES

May CPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
CPI	100	0.56	8.09	0.40	9.66
Food and nonalcoholic beverages	24.25	-2.68	12.81	-1.35	14.11
Alcoholic beverages and tobacco	4.82	0.01	4.08	-0.15	2.97
Clothing and footwear	7.38	10.06	5.99	9.19	7.97
Housing	15.79	0.46	8.32	0.36	5.34
Household equipment	7.78	0.82	7.83	-0.16	8.91
Health	2.57	0.24	6.96	0.98	8.57
Transport	15.38	1.76	1.75	-0.50	13.11
Communication	4.38	-0.16	3.17	-0.11	0.34
Recreation and culture	3.54	1.08	8.70	0.21	7.04
Education	2.53	0.46	7.31	0.99	9.57
Restaurants and hotels	6.98	1.20	13.44	1.11	12.88
Miscellaneous goods and services	4.60	0.39	9.79	0.49	7.03

Source: TurkStat.

May D-PPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
D-PPI	100	1.11	6.52	-0.52	11.28
Mining	3.40	0.86	0.02	-1.11	11.10
Manufacturing	86.21	1.53	7.09	-0.20	13.35
Manufacturing excl. petroleum products	83.24	1.28	8.06	-0.14	12.77
Manufacturing excl. petroleum products and basic metals	75.00	1.31	8.35	-0.03	12.79
Electricity, gas, steam and air-conditioning supply	9.30	-2.73	2.13	-3.60	-3.66
Water supply	1.09	1.06	22.32	1.40	10.31
D-PPI (MIGs Classification)					
Intermediate Goods		1.00	5.54	-0.36	13.01
Durable Consumption Goods		0.75	9.10	-0.59	10.46
Non-Durable Consumption Goods		1.72	12.03	0.40	13.99
Capital Goods		1.22	5.22	-0.59	12.62
Energy		0.42	-1.46	-2.63	3.91

Source: TurkStat.

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.