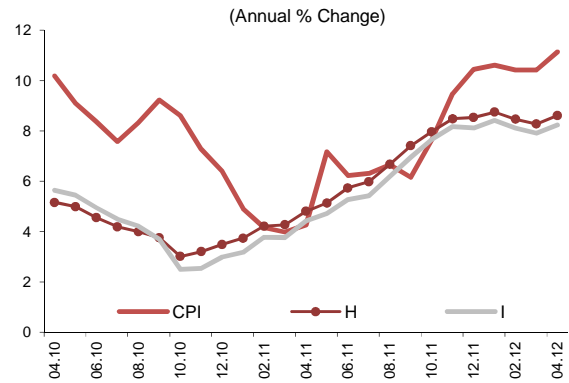
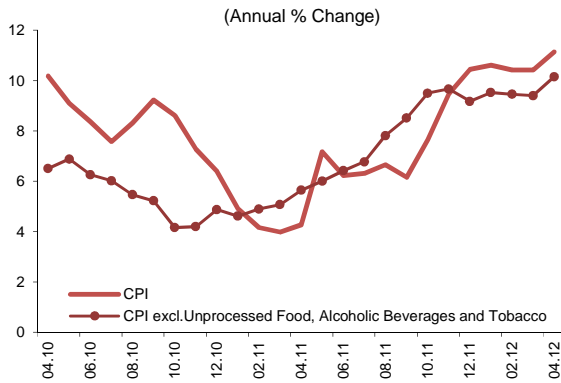


SUMMARY...

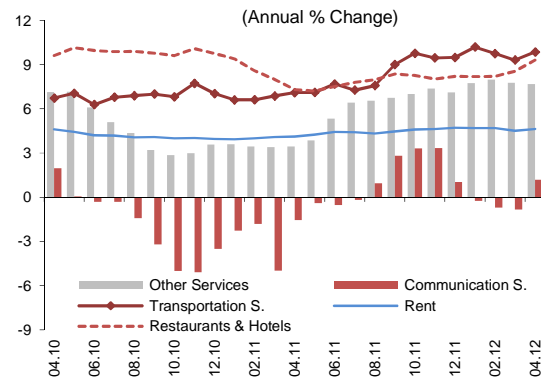
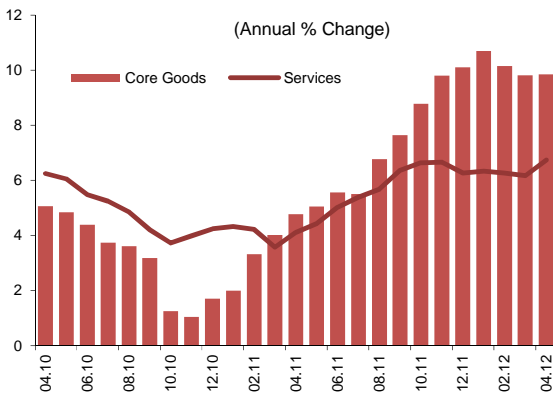
In April, consumer prices were up 1.52 percent and annual inflation increased to 11.14 percent, which is attributed to the arrangements in electricity and natural gas tariffs. Additionally, core inflation indicators rose amid the high-rated increases in clothing prices. As stated in the Inflation Report, inflation is expected to fluctuate in the forthcoming months and trend downwards again. Meanwhile, the size of the decline in inflation in May is critical for the short-term outlook.

...EVALUATIONS...

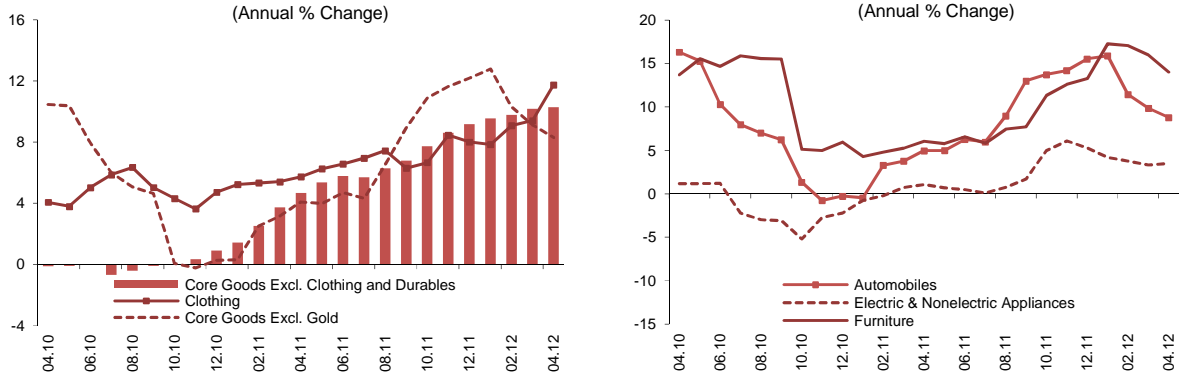
In April, consumer prices were up 1.52 percent and annual inflation increased to 11.14 percent. The rate of increase in the CPI excluding energy, unprocessed food, alcoholic beverages, tobacco and gold (SCA-H) went up to 8.62 percent year-on-year. With a further exclusion of processed food, the rate of increase in the index (SCA-I) increased to 8.24 percent year-on-year.



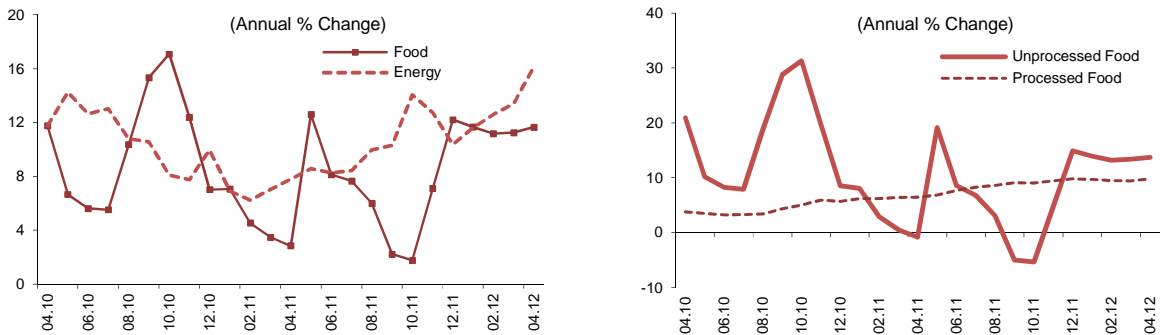
Prices of services rose by 0.59 percent in April, and annual services inflation went up to 6.73 percent. Prices of transport services besides restaurants-hotels group, which rose especially owing to the lagged effects of soaring fuel prices, pushed the group's prices upwards. These two subcategories recorded an annual inflation by 9.85 and 9.31 percent, respectively. Against this background, annual inflation in the services group excluding catering and transport climbed to 5.23 percent mainly due to the base effect in communication services. Annual inflation in rents continued with a moderate course. As a result, seasonally-adjusted prices and the diffusion index indicate a slight increase in the underlying trend of the services group.



Standing at 9.84 percent in April, annual core goods inflation remained flat compared to March. Due to the waning cumulative effects of the exchange rate, the annual durable consumption goods inflation continued to decline. Meanwhile, despite the decline in prices of raw materials, prices of clothing and footwear increased well above the seasonal averages in April upon the ongoing effects of the arrangements in import duties. Due to this outlook in clothing prices, seasonally adjusted core goods prices went up in this period, while the seasonally adjusted trend of core goods excluding clothing posted a decline.



Energy prices were up 3.06 percent in April, pushing the group's annual inflation to 16.12 percent. This increase was driven by the increase in electricity and natural gas tariffs, directly adding 0.51 percentage point to the consumer inflation, as envisaged. Meanwhile, prices in energy group excluding electricity and natural gas edged down in April parallel to the decline in international energy prices. Consequently, energy group contributed 2.37 percentage points to the consumer inflation in April.



Prices of food and nonalcoholic beverages went down by 0.12 percent and the group's annual inflation edged up to 11.65 percent. Seasonally adjusted unprocessed food prices increased slightly in this period, still maintaining the mild outlook of the last three months. Despite the rise in fruit prices, fresh fruits and vegetables prices declined in line with the fall in vegetable prices. As for the other unprocessed food group, prices went down amid the decline in egg and milk prices. Having decreased for the last four months, red meat prices went up to a limited extent. Notwithstanding these developments, due to the low base effect, annual rate of increase in unprocessed food prices slightly increased to 13.71 percent.

Processed food prices were up 0.44 percent in April. Monthly inflation in bread and cereals edged up, while fats and oils and processed meat products posted diminishing price increases. Almost all subcategories of processed food saw hikes in annual inflation. Accordingly, annual inflation in processed food went up by 0.36 percentage point to 9.80 percent.

APRIL PRICE DEVELOPMENTS

MAY 4, 2012

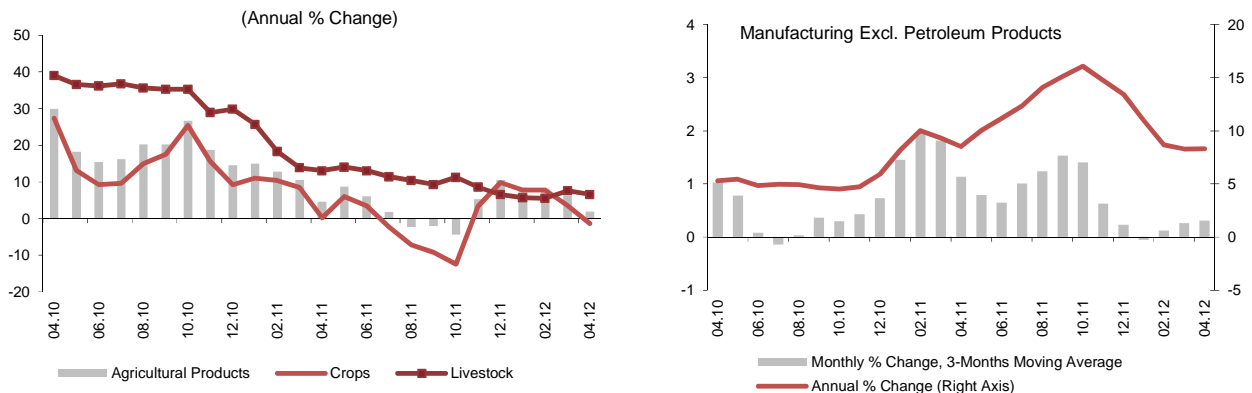
	Monthly Percent Change		Annual Percent Change	
	April 2012	April 2011	April 2012	April 2011
CPI	1.52	0.87	11.14	4.26
1. Goods	1.85	1.16	12.75	4.34
Energy	3.06	0.64	16.12	7.79
Food and nonalcoholic beverages	-0.12	-0.48	11.65	2.83
Unprocessed food	-0.80	-1.12	13.71	-0.83
Fresh fruits and vegetables	-1.09	-4.27	22.20	-2.41
Other unprocessed food	-0.57	1.25	7.74	0.18
Processed food	0.44	0.11	9.80	6.48
Bread and cereals	0.54	0.33	8.38	6.76
Other processed food	0.38	-0.02	10.53	6.33
Goods excluding energy and food	2.94	2.84	12.10	4.16
Core goods	3.64	3.61	9.84	4.77
Durable goods	0.39	1.17	10.10	6.03
Durable goods (excluding gold)	0.51	1.28	8.29	4.08
Alcoholic beverages and tobacco	0.05	0.00	18.53	-1.51
Gold	-1.88	-0.26	30.92	31.63
2. Services	0.59	0.06	6.73	4.11
Rents	0.38	0.28	4.63	4.12
Restaurants and hotels	1.19	0.50	9.31	7.30
Transport	0.91	0.42	9.85	7.10
Communication	0.05	-1.96	1.18	-1.56
Other*	0.42	0.52	7.68	3.45
3. Core Measures				
CPI excluding unprocessed food. alcoholic beverages and tobacco	1.94	1.25	10.16	5.65
SCA-H	1.74	1.43	8.62	4.81
SCA-I	2.08	1.77	8.24	4.42

Source: TurkStat, CBRT.

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

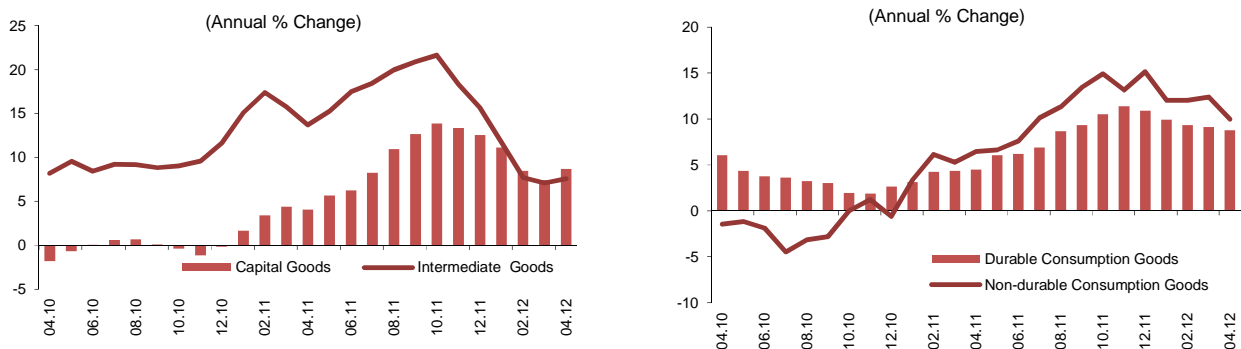
...PPI...

In April, producer prices were up by 0.08 percent and annual PPI inflation went down by 0.57 percentage points to 7.65 percent. Agricultural prices remained below seasonal averages, resulting in a fall of 4.24 percentage points in the group's annual inflation to 1.92 percent. Prices of vegetable products continued to decrease, albeit at a slower pace, which reflected on consumer prices to a relatively limited extent. As for the other farm products which are inputs for the manufacturing industry, sunflower and corn prices continued to increase, while cotton prices plunged by 9.72 percent, and wheat prices edged up. The decline in prices of livestock and animal products group gained pace in April.



In the manufacturing industry, prices went up by 0.18 percent, while annual inflation stood at 9.02 percent, without a notable change on quarterly basis. Manufacturing prices of oil products and base metals, which surged in March, edged up in April amid the decline in international oil prices. Excluding oil and base metal prices, manufacturing prices posted an annual decline by 0.37 percentage points to 7.81 percent.

Main Industrial Groupings (MIGS) suggest that prices of durable goods decreased contrary to other groups. Prices of durable goods went down parallel to the prices of jewellery manufacturing; whereas non-durable goods posted increases due to the rising clothing prices, which also reflected on consumer prices. Meanwhile, having trended downwards since October 2011, annual inflation went up in capital and intermediate goods groups in April.



...TABLES

April CPI and Subcategories (Percent Change)					
	Weight	2012		2011	
		Monthly	Annual	Monthly	Annual
CPI	100	1.52	11.14	0.87	4.26
Food and nonalcoholic beverages	26.22	-0.12	11.65	-0.48	2.83
Alcoholic beverages and tobacco	5.21	0.05	18.53	0.00	-1.51
Clothing and footwear	6.87	13.20	11.66	10.91	5.74
Housing	16.44	3.15	13.11	0.39	4.86
Household equipment	7.45	0.81	10.71	1.76	7.28
Health	2.29	0.52	1.28	0.11	0.57
Transport	16.73	0.27	9.99	1.04	7.98
Communication	4.60	-0.04	1.78	-1.84	-1.16
Recreation and culture	2.98	0.62	7.87	0.08	-1.63
Education	2.18	0.52	6.51	0.25	4.64
Restaurants and hotels	5.63	1.19	9.31	0.50	7.30
Miscellaneous goods and services	3.40	0.30	16.56	0.27	8.21

Source: TurkStat.

April PPI and Subcategories (Percent Change)					
	Weight	2012		2011	
		Monthly	Annual	Monthly	Annual
PPI	100	0.08	7.65	0.61	8.21
Agriculture	17.21	-0.70	1.92	3.43	4.59
Crops, fruits and vegetables	11.76	-0.67	-1.38	4.34	0.20
Livestock and animal products	4.73	-0.79	6.57	0.18	13.06
Industry	82.79	0.24	8.92	0.01	9.09
Mining	3.09	2.56	12.66	0.28	16.24
Manufacturing	70.83	0.18	9.02	0.13	9.65
Manufacturing excluding petroleum	68.22	0.15	8.32	0.14	8.53
Manufacturing excluding petroleum and base metals	62.07	0.14	7.81	0.49	8.18
Electricity, gas and water	8.87	-0.05	7.10	-1.30	2.26

Source: TurkStat, CBRT.

PPI by MIGS (Monthly Percent Change)														
	Apr.11	May.11	Jun.11	Jul.11	Aug.11	Sep.11	Oct.11	Nov.11	Dec.11	Jan.12	Feb.12	Mar.12	Apr.12	Annual
Intermediate goods	0.02	1.37	1.38	1.35	2.06	1.62	0.40	-1.63	0.50	-0.16	-1.01	1.04	0.45	7.56
Capital goods	-0.99	0.91	0.66	2.02	2.31	1.59	0.59	-0.55	0.09	0.38	-0.36	0.57	0.21	8.71
Durable goods	0.62	0.92	1.04	0.71	1.58	2.04	2.53	-0.36	0.35	0.85	1.70	-0.19	-1.55	9.97
Nondurable goods	0.59	0.96	-0.33	0.91	1.39	1.36	1.25	0.91	0.28	-0.27	1.06	0.64	0.26	8.75
Energy	-0.56	-2.12	0.67	1.11	4.43	2.33	2.61	1.20	1.66	1.85	-3.17	0.44	0.59	11.98

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.