

NOVEMBER PRICE DEVELOPMENTS DECEMBER 4, 2015

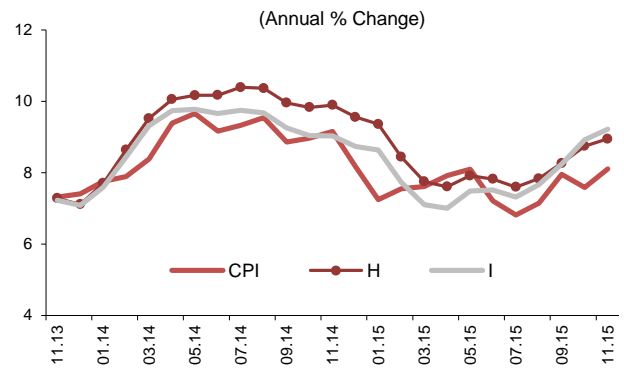
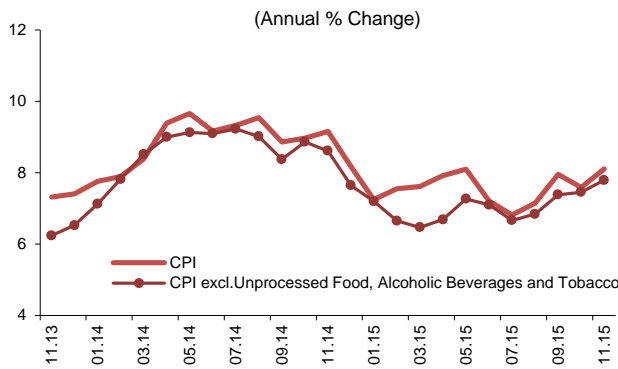
SUMMARY ...

In November, consumer prices increased by 0.67 percent, and the annual consumer inflation rose by 0.52 point to 8.10 percent. This is attributed to the acceleration in unprocessed food prices and the base effect in energy prices. Meanwhile, the effects of cumulative depreciation in the Turkish lira continued, albeit at a slower pace, and core goods inflation remained on the rise. Moreover, services inflation maintained its high course. The annual inflation in core inflation indicators registered an increase, while the underlying trend thereof followed a flat course due to the improvement in prices of services in spite of the rise in core goods prices.

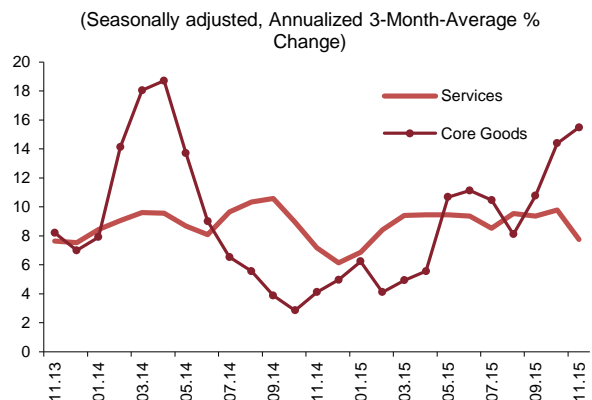
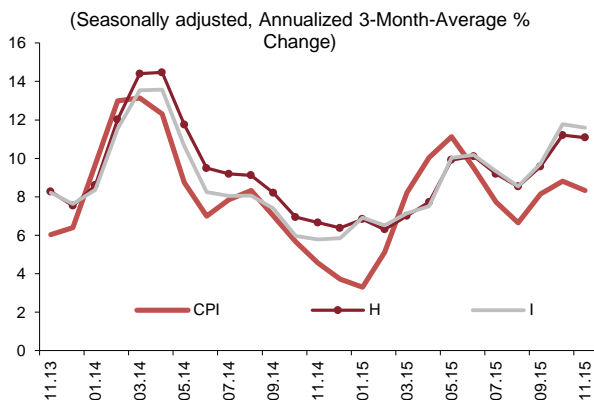
... EVALUATIONS ...

In November, consumer prices increased by 0.67 percent, and the annual consumer inflation rose by 0.52 point to 8.10 percent. The annual rate of increase in the SCA-H and SCA-I indices rose by 0.20 and 0.30 points month-on-month to 8.94 and 9.22 percent, respectively.

Contributions of sub-groups to annual CPI inflation reveal an increase in food, core goods and energy groups by 0.20, 0.16 and 0.15 points respectively, in November. Contributions of other sub-groups did not exhibit a noticeable change.



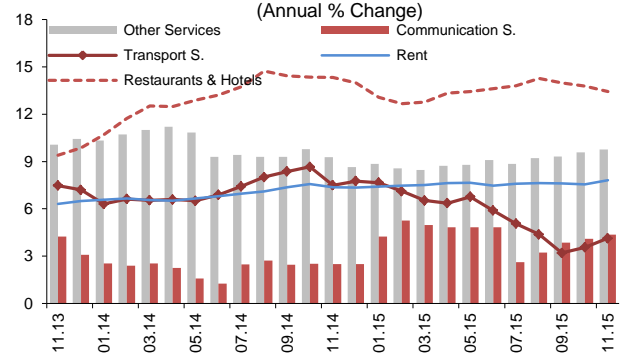
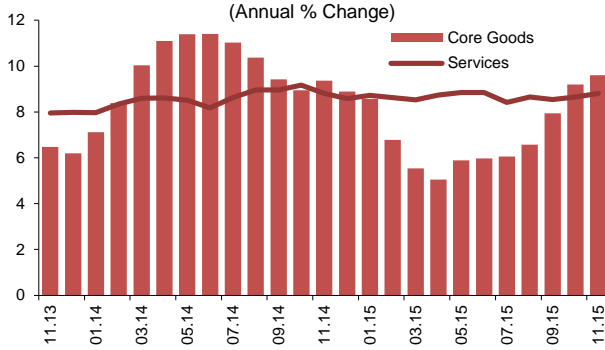
Seasonally-adjusted data in 3-month averages reveal that the underlying trend of core inflation indicators remained flat in November. The underlying trend of the services inflation weakened and hit the lowest level recorded since January. Meanwhile, the underlying trend in core goods prices continued to increase due to the cumulative depreciation in the Turkish lira in addition to the hikes in clothing prices.



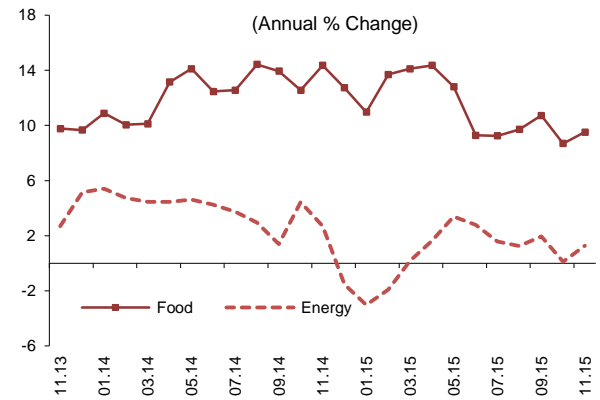
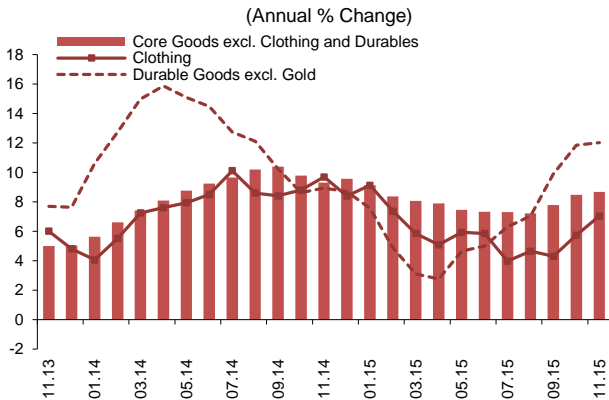
Prices of services increased by 0.17 percent on a monthly basis and the group's annual inflation edged up by 0.16 point to 8.80 percent in November. Annual inflation decreased in the restaurants-hotels group, and increased in other sub-groups in this period. The slowdown in the monthly inflation of the restaurants-hotels group stemmed from falling accommodation prices and lower increase in catering services prices. Due mainly to the decline in airfares, prices of transport services fell by 0.76 percent on a monthly basis, yet the annual

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inflation in this group increased in November due to the base effect. The upward trend in rents inflation continued.



Annual core goods inflation increased by 0.41 points to 9.61 percent in November. Annual inflation increased in all sub-groups in this period. Following September and October that apparently witnessed cumulative effects of the depreciation in the Turkish lira, prices of durable consumption goods posted a lower increase in November. This slowdown proved more evident in automobiles and home appliances which reflect the exchange rate effects faster. Although monthly durable goods inflation slowed in November compared to the preceding two months, furniture and home utensils were afflicted by the exchange rate. Monthly price increases in core goods excluding clothing and durable goods also exhibited a similar pattern and the group's annual inflation hit 8.67 percent. Clothing prices, which recorded the highest October rise in the index history, remained on the rise in November as well. All in all, November witnessed the ongoing effects of depreciation in the Turkish lira on core goods prices, despite alleviating in certain items.

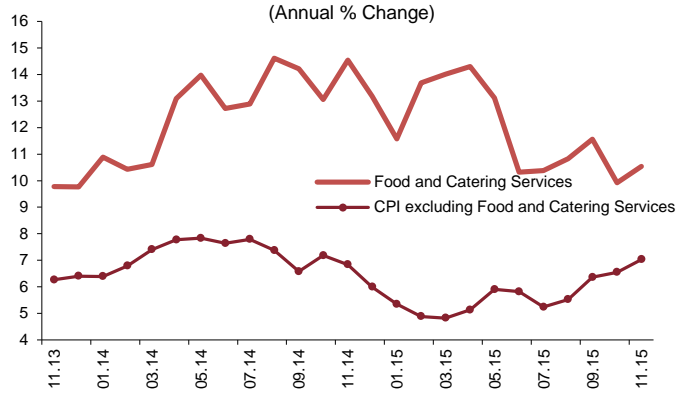
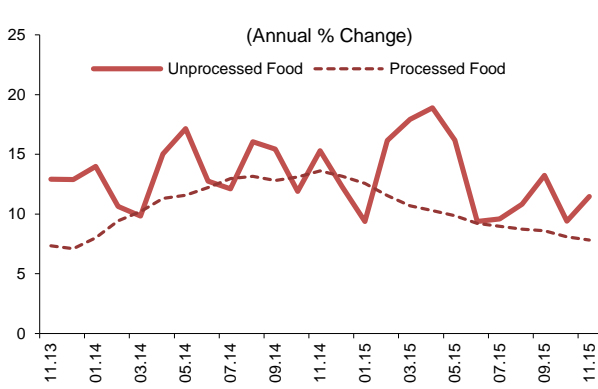


Energy prices fell by 0.31 percent in November, which was led by fuel prices that decreased by 1.96 percent amid the decline in international oil prices and the appreciation in the Turkish lira. Meanwhile, annual energy inflation edged up by around 1.1 points to 1.26 percent.

Annual inflation in food and non-alcoholic beverages increased by 0.83 point to 9.51 percent in November. Unprocessed food prices, which fell in tandem with vegetable prices in October, recorded an increase with the reversal of the course of vegetable prices in November, and proved the main determinant in the food inflation outlook. After a long interval, red meat registered a decline, albeit limited. Moreover, annual inflation in the processed food group remained on a downtrend on account of the bread and cereals group despite the ongoing increase in vegetable oils' inflation. As a result, annual inflation in the processed food group receded to 7.82 percent, while that in the unprocessed food group rose by around 2 points to 11.48 percent.

The annual inflation in food and catering services increased to 10.53 percent, while consumer inflation excluding food and catering services crept up to 7.03 percent in November.

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	Monthly Percent Change		Annual Percent Change	
	Nov.2015	Nov.2014	Nov.2015	Nov.2014
CPI	0.67	0.18	8.10	9.15
1. Goods	0.88	0.25	7.80	9.29
Energy	-0.31	-1.44	1.26	2.68
Food and nonalcoholic beverages	1.00	0.24	9.51	14.37
Unprocessed food	1.35	-0.54	11.48	15.29
Fresh fruits and vegetables	5.57	-1.08	11.17	14.34
Other unprocessed food	-0.90	-0.21	11.76	15.94
Processed food	0.70	0.95	7.82	13.61
Bread and cereals	0.72	1.21	5.22	15.37
Other processed food	0.69	0.79	9.33	12.54
Goods excluding energy and food	1.25	0.98	9.19	8.48
Core goods	1.68	1.30	9.61	9.36
Durable goods	-0.23	-0.19	12.29	8.59
Durable goods (excluding gold)	0.19	0.03	12.02	8.93
Alcoholic beverages and tobacco	0.00	0.00	5.67	4.81
Gold	-7.48	-4.68	17.90	1.94
2. Services	0.17	0.02	8.80	8.81
Rents	0.72	0.48	7.81	7.36
Restaurants and hotels	0.33	0.63	13.44	14.32
Transport	-0.76	-1.30	4.13	7.50
Communication	0.25	0.00	4.36	2.49
Other*	0.11	-0.07	9.77	9.28
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.61	0.30	7.79	8.61
SCA-H	0.86	0.67	8.94	9.89
SCA-I	0.89	0.62	9.22	9.03

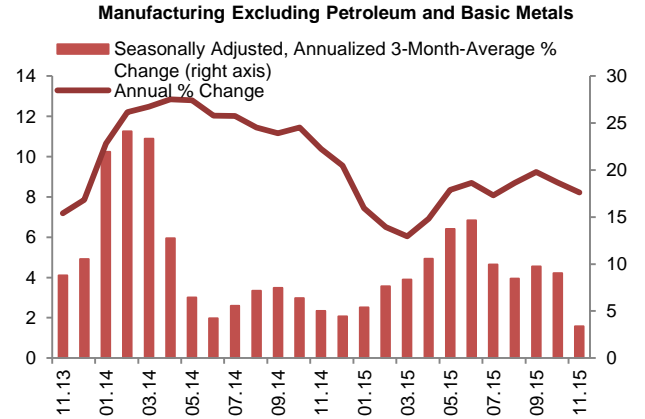
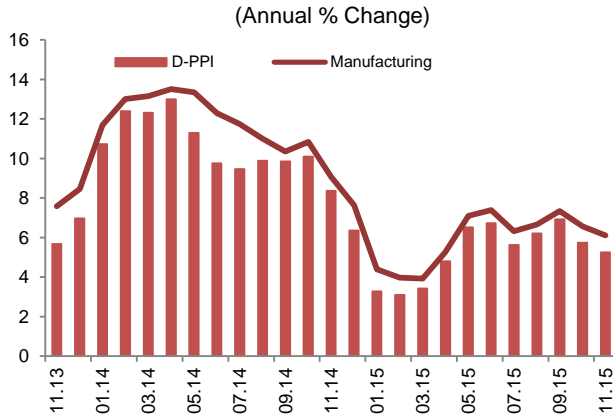
Source: TurkStat, CBRT.

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

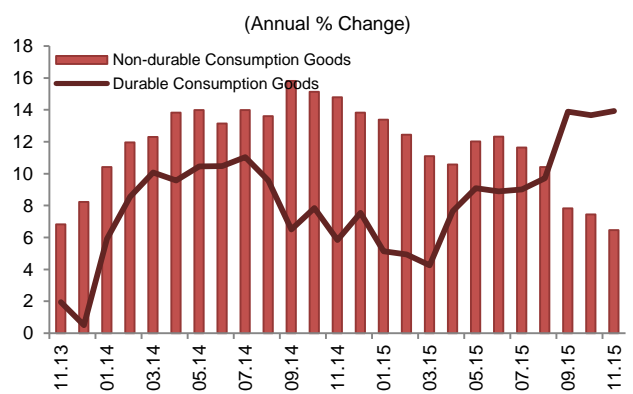
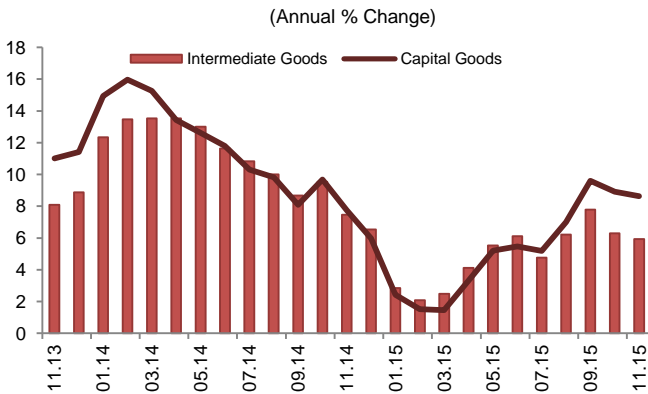
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...D-PPI...

Domestic producer prices edged down by 1.42 percent month-on-month, and the group's annual inflation fell by 0.49 point to 5.25 percent in November. Prices registered an improvement in the manufacturing industry amid the favorable course of international commodity prices and the appreciation in the Turkish lira. Annual inflation receded to 6.11 percent in manufacturing industry prices, and to 8.23 percent in those excluding petroleum and basic metals.



According to the Main Industrial Groupings (MIGs), prices decreased in all sub-groups in November. A monthly price decline of 1.29 percent in the manufacture of durable consumption goods was driven by jewelry prices. Prices of intermediate goods posted a month-on-month decline by 1.23 percent, which stemmed mainly from prices of the items related to the manufacture of iron and steel. The fall in manufacturing prices of capital goods was mainly led by machinery production and metal construction prices. On the non-durable consumption goods front, the monthly price fall stemmed from meat and meat products. All in all, in November, cost pressures on consumer inflation weakened due to the developments in the exchange rate and commodity prices.



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...TABLES

November CPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
CPI	100	0.67	8.10	0.18	9.15
Food and nonalcoholic beverages	24.25	1.00	9.51	0.24	14.37
Alcoholic beverages and tobacco	4.82	0.00	5.67	0.00	4.81
Clothing and footwear	7.38	5.37	7.06	4.11	9.71
Housing	15.79	0.54	6.39	0.21	7.64
Household equipment	7.78	0.66	10.50	0.86	8.13
Health	2.57	0.26	7.15	0.23	9.33
Transport	15.38	-0.78	5.11	-1.79	5.06
Communication	4.38	0.35	3.67	-0.13	1.59
Recreation and culture	3.54	-0.54	11.74	-1.32	5.89
Education	2.53	0.17	6.35	0.25	8.31
Restaurants and hotels	6.98	0.33	13.44	0.63	14.32
Miscellaneous goods and services	4.60	-0.28	11.37	-0.10	8.82

Source: TurkStat.

November D-PPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
D-PPI	100	-1.42	5.25	-0.97	8.36
Mining	3.40	-0.37	-0.32	-1.65	3.29
Manufacturing	86.21	-1.26	6.11	-0.84	9.08
Manufacturing excl. petroleum products	83.24	-1.07	7.20	-0.58	9.80
Manufacturing excl. petroleum products and basic metals	75.00	-0.82	8.23	-0.38	10.39
Electricity, gas, steam and air-conditioning supply	9.30	-3.69	-2.23	-2.19	0.43
Water supply	1.09	1.11	18.91	1.78	12.03
D-PPI (MIGs Classification)					
Intermediate Goods		-1.23	5.93	-0.89	7.47
Durable Consumption Goods		-1.29	13.91	-1.50	5.83
Non-Durable Consumption Goods		-0.84	6.46	0.07	14.79
Capital Goods		-0.98	8.64	-0.73	7.75
Energy		-3.48	-5.44	-3.25	-1.18

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.