

APRIL PRICE DEVELOPMENTS



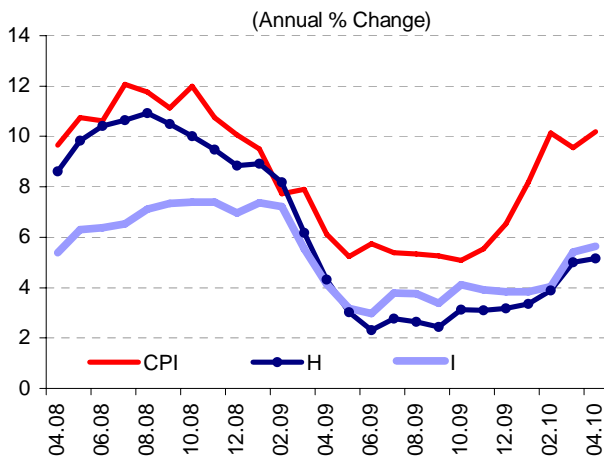
Central Bank of Turkey

May 4, 2010

SUMMARY...

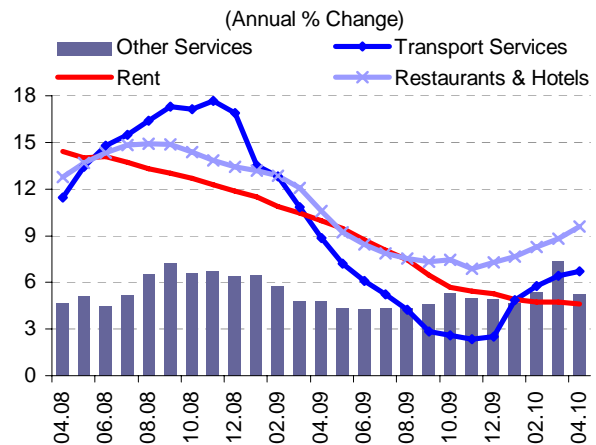
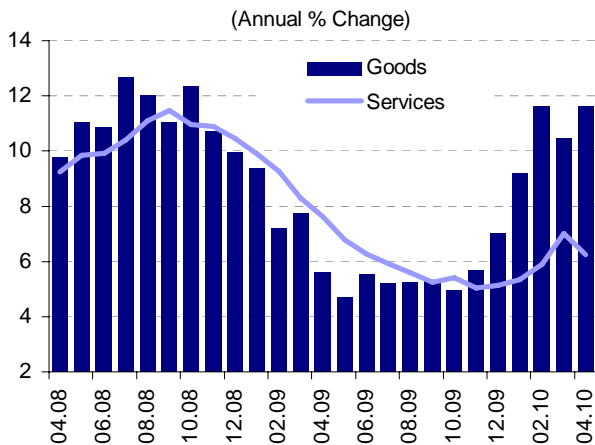
In April, consumer prices increased by 0.60 percent, bringing inflation up by 0.63 percentage points to 10.19 percent year-on-year. As stated in the Inflation Report, the pick-up in annual inflation was largely due to the low base effect from last year's tax incentives. Adjusted for tax changes, underlying inflation remains stable. On balance, inflation is likely to start falling once the temporary factors phase out.

...EVALUATIONS...



In April, consumer prices were up 0.60 percent, pushing inflation up by 0.63 percentage points to 10.19 percent year-on-year. The rate of increase in the CPI index excluding energy, unprocessed food, alcoholic beverages, tobacco and gold (SCA-H) rose to 5.17 percent year-on-year. With a further exclusion of processed food, the rate of increase in the index (SCA-I) amounted to 5.65 percent year-on-year. These increases were mainly driven by the low base effect from last year's tax cuts. Yet, excluding the base effect, annual inflation in core CPI indices was down.

Prices were up 0.96 percent in goods and down 0.46 percent in services. Accordingly, annual inflation accelerated to 11.60 percent in goods and moderated to 6.24 percent in services.



Prices of services went down on lower communication prices. Pursuant to the decision of the Information and Communication Technologies Authority (ICTA), postpaid rates are reduced, while prepaid plans are now quoted in Turkish lira terms, leading to a sizable decrease in mobile call rates, which brought services inflation down by about 0.9 percentage points. The annual rate of increase in rents continued to fall in April, exerting downward pressure on services inflation. On the other hand, soaring meat prices put further upward pressure on catering prices, while prices for healthcare services increased on higher prices for inpatient care in state hospitals.

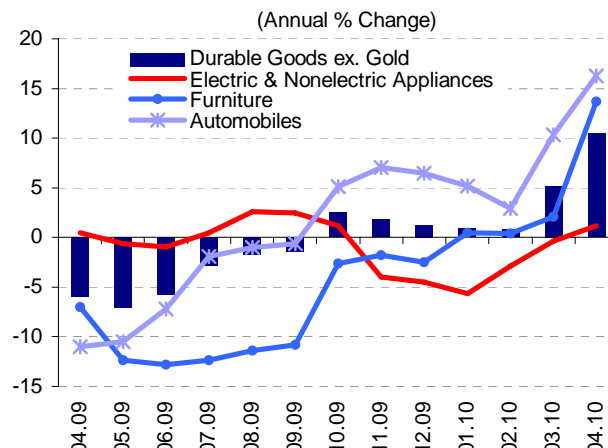
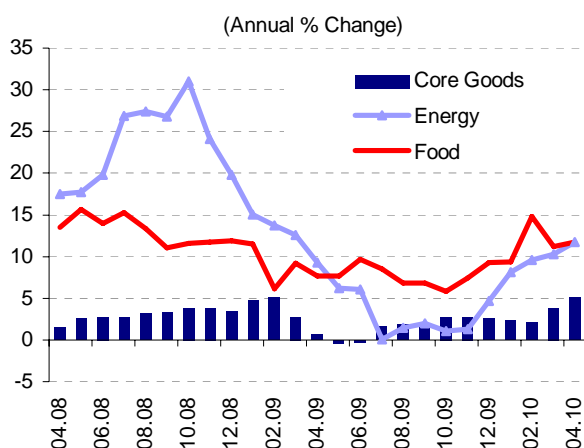
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Solid fuel prices were up in April, whereas fuel and bottled gas prices went down, leaving energy prices nearly unchanged. Yet, annual energy inflation rose by 1.49 percentage points to 11.75 percent on the back of the low base. Base effects are expected to have further upward pressure on annual energy inflation in May.



Annual inflation in core goods (excluding food, energy, alcoholic beverages, tobacco and gold) increased by 1.27 percentage points to 5.06 percent, largely due to the base effect from the tax cuts on certain durable goods in 2009. Moreover, furniture prices soared by 2.87 percent in April.

	Monthly Percentage Change		Annual Percentage Change	
	April 2010	April 2009	April 2010	April 2009
CPI	0.60	0.02	10.19	6.13
1. Goods	0.96	-0.06	11.60	5.63
Energy	-0.08	-1.42	11.75	9.31
Unprocessed Foods	0.27	-0.95	20.93	10.87
Processed Food	0.02	0.21	3.76	4.99
Goods excl. Energy and Food	2.18	0.94	11.51	2.06
Core Goods	2.87	1.63	5.06	0.61
Durable Goods	0.30	-5.06	11.36	-4.11
ex. Gold	0.38	-4.43	10.46	-5.96
Semi-Durable Goods	2.69	2.00	8.24	6.92
Non-Durable Goods	0.05	-0.12	14.14	7.62
2. Services	-0.46	0.26	6.24	7.61
Rents	0.25	0.34	4.62	9.98
Restaurants and Hotels	1.16	0.41	9.61	10.60
Transport	0.20	-0.10	6.73	8.86
Other	-1.72	0.27	5.22	4.82

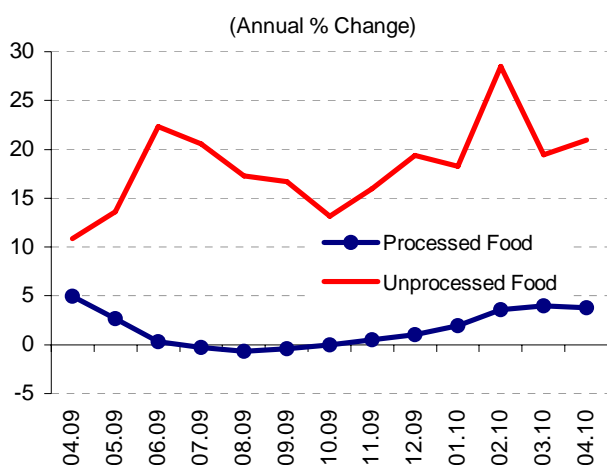
Source: TURKSTAT, CBRT

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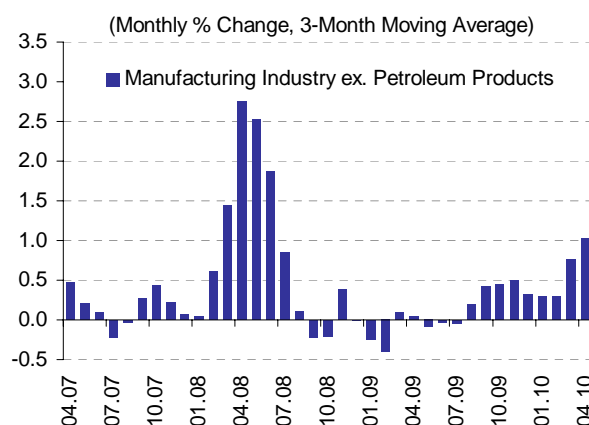
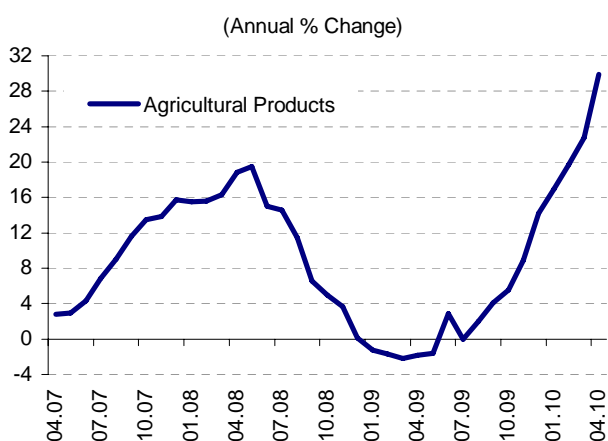


The annual rate of increase in unprocessed food prices increased by 1.46 percentage points to 20.93 percent due to higher vegetable and meat prices, as in previous months. Especially unprocessed meat prices surged by 5.77 percent month-on-month, driving the rate of increase in unprocessed food prices up to 50.79 percent year-on-year. Although processed meat prices rose by 2.63 percent, the decline in other processed food prices helped overall processed food prices remain stable. Accordingly, annual inflation in food and non-alcoholic beverages rose to 11.76 percent.

...PPI...

Producer prices increased by 2.35 percent in April, driving PPI inflation up to 10.42 percent year-on-year. Agricultural prices soared by 9.31 percent month-on-month, accounting for most of the rise in inflation. The increase in agricultural prices was mainly attributable to soaring producer prices for onions, hazelnuts and olives.

Manufacturing industry prices were up 0.92 percent in April. Prices for base metals continued to rise by a substantial 7.04 percent, whereas producer prices for petroleum products increased by 1.81 percent. Meanwhile, manufacturing industry prices excluding base metals and petroleum products remained unchanged.



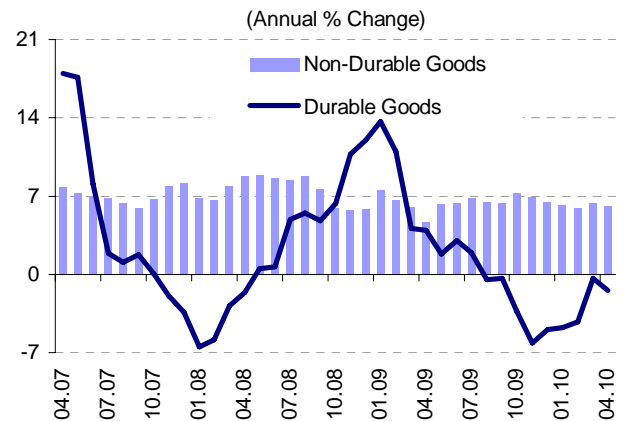
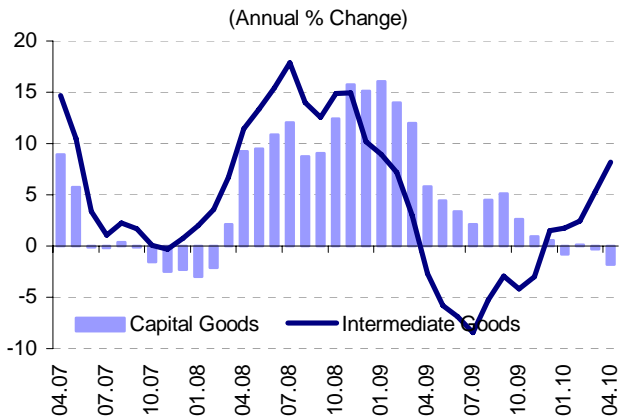
According to the MIGs classification, the upturn in producer prices was mainly owing to intermediate goods and most pronounced for prices of raw materials such as iron, steel and paper. In April, prices of capital and durable goods fell month-on-month, whereas producer prices for non-durable goods soared on rising producer prices of meat and meat products for the third consecutive month.

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Changes in PPI based on MIGS Classification

Monthly Percentage Change

	Apr.09	May.09	Jun.09	Jul.09	Aug.09	Sep.09	Oct.09	Nov.09	Dec.09	Jan.10	Feb.10	Mar.10	Apr.10	Annual
Intermediate goods	-0.89	-1.24	0.54	-0.23	0.81	1.16	-0.41	0.63	0.89	0.28	0.66	3.06	1.80	8.19
Capital goods	0.83	-1.75	-0.66	-0.42	-0.24	0.61	0.03	0.67	-0.15	-0.16	0.36	0.59	-0.72	-1.83
Durable goods	0.60	0.45	0.90	1.03	-0.85	-0.26	-1.63	-0.01	0.43	-0.36	-0.92	0.28	-0.48	-1.46
Non-durable goods	0.75	1.19	0.06	0.40	0.13	0.91	1.23	0.20	-0.02	0.12	0.54	0.73	0.45	6.09
Energy	0.34	-3.31	3.51	-1.36	1.54	-0.54	-0.12	4.31	0.25	0.54	4.88	1.99	0.91	13.01

Source: TURKSTAT, CBRT.

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... TABLES

April CPI and Sub-Items (Percentage Change)					
	Weight	2010		2009	
		Monthly	Annual	Monthly	Annual
CPI	100	0.60	10.19	0.02	6.13
Food and nonalcoholic beverages	27.60	0.14	11.76	-0.35	7.70
Alcoholic beverages and tobacco	5.31	0.02	43.03	0.02	7.11
Clothing and footwear	7.30	10.58	4.09	10.95	-0.31
Housing	16.83	0.12	6.14	-1.04	14.44
Household equipment	6.78	0.66	3.23	-2.31	1.70
Health	2.55	0.93	0.62	2.20	4.14
Transport	13.90	0.05	14.72	-1.70	-4.42
Communication	4.94	-4.83	2.00	0.28	3.36
Recreation and culture	2.83	-0.48	5.48	1.10	9.65
Education	2.48	-0.09	6.00	0.10	6.62
Restaurants and hotels	5.51	1.16	9.61	0.41	10.60
Miscellaneous goods and services	3.97	-0.05	9.08	-2.55	9.50

Source: TURKSTAT.

April PPI and Sub-Items (Percentage Change)					
	Weight	2010		2009	
		Monthly	Annual	Monthly	Annual
PPI	100	2.35	10.42	0.65	-0.35
Agriculture	17.07	9.31	29.90	3.27	-1.82
Industry	82.93	0.83	6.47	0.08	0.03
Mining	2.62	0.38	8.41	0.75	11.23
Manufacturing	72.95	0.92	7.79	0.48	-3.15
Electricity, gas and water	7.36	0.19	-10.15	-4.25	38.04

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