

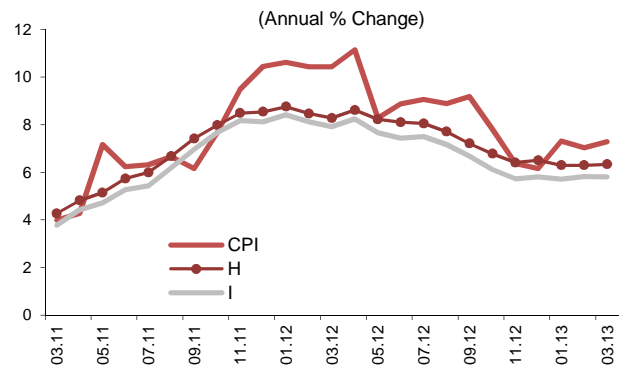
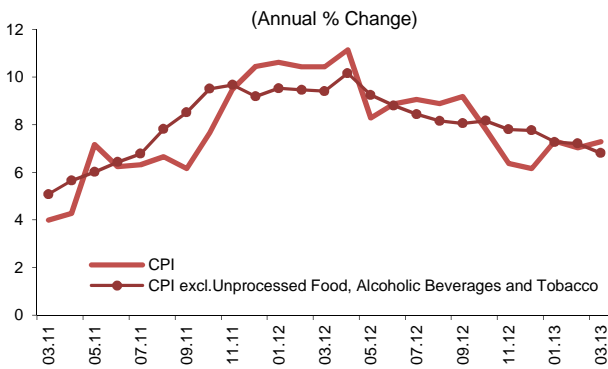
**SUMMARY...**

In March, consumer prices went up by 0.66 percent, and annual inflation rose to 7.29 percent. As also stated in the Summary of the Monetary Policy Committee Meeting, this rise was driven by unprocessed food prices. Meanwhile, core inflation indicators remained on a mild track.

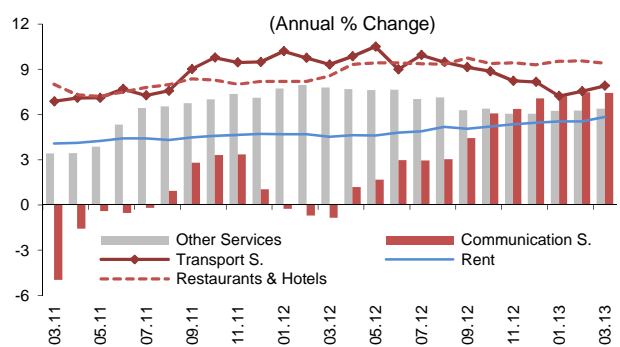
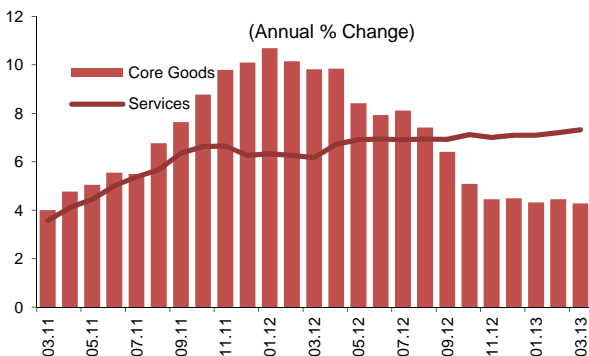
**...EVALUATIONS...**

In March, consumer prices went up by 0.66 percent, and annual inflation rose to 7.29 percent. The annual rate of increase in the SCA-H and SCA-I indices did not record a month-on-month change and stood at 6.33 percent 5.80 percent, respectively.

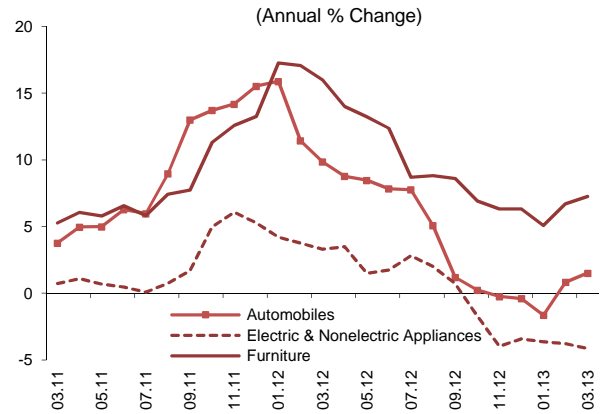
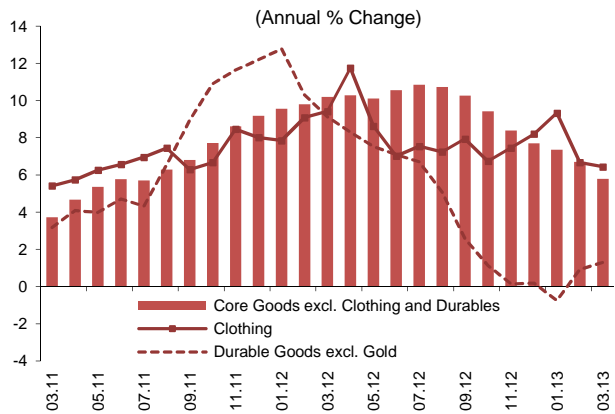
Regarding the subgroups, contribution to the annual CPI inflation displayed an increase by 0.62 percentage points in the food group; whereas the energy group contributed 0.35 percentage points less compared to previous month. Meanwhile, the contribution of services and core goods groups did not exhibit a noticeable change.



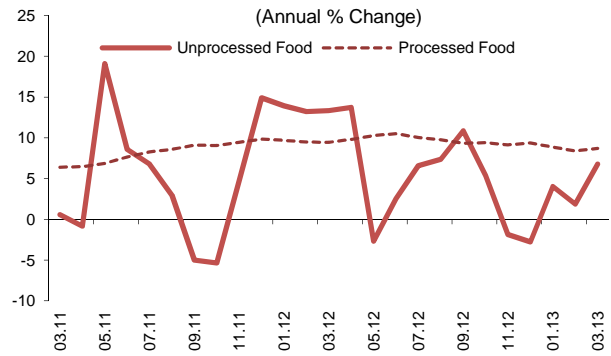
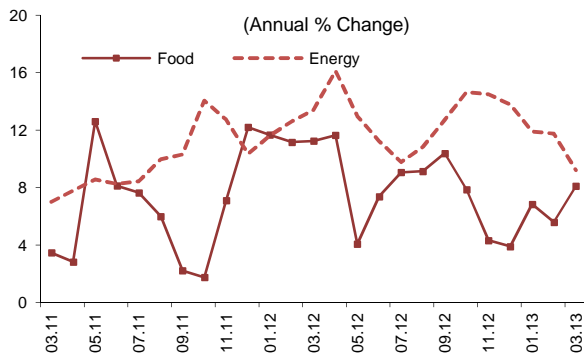
Prices of services crept up by 0.42 percent in March, and the group's annual inflation reached 7.32 percent. Across subgroups, the rise in annual inflation was attributed to the developments in rents and transport services. The diffusion index and the trend of increase in the seasonally adjusted prices of services registered a slight increase in March.



As for the core goods group, annual inflation edged down by 0.17 percentage points to 4.29 percent in March. Annual inflation in durable goods increased to 1.29 percent on account of the automobile and furniture prices. On the other hand, annual inflation in the clothing group decreased further in March as it did in February, and the annual inflation in core goods excluding clothing and durable goods continued to decelerate. Accordingly, seasonally adjusted trend of increase in core goods remained on a downward track in March.



In March, energy prices went down by 0.28 percent mostly on account of the domestic fuel prices, which decreased by 0.92 percent amid the developments in international oil prices. Bottled gas prices maintained the downtrend of the last three months in March as well. Consequently, the group's annual inflation fell by 2.53 percentage points to 9.22 percent, owing to the base effect from the same month of the previous year as well.



Annual inflation in food and non-alcoholic beverages group went up to 8.10 percent mainly due to unprocessed food prices. Driven particularly by the prices of fresh fruits and vegetables besides the base effect, annual inflation in this group increased by around 5 percentage points to 6.79 percent in March. As for the unprocessed food group excluding fruits and vegetables, surging prices were witnessed particularly in white meat and rice. As a result, annual inflation in the unprocessed food group soared by around 10 percentage points in the first quarter of the year, accounting for nearly 1 percentage point of the 1.1 percentage points rise in CPI inflation in the said period.

Processed food prices rose by 0.70 percentage points in March, and the group's annual inflation went up to 8.71 percent. In line with the upward course of domestic wheat prices, bread and cereals group saw price increases also in March and the annual inflation hit the highest level of the last four years with 11.34 percent. On the other processed food group front, the enforcement of the Turkish Food Codex Notification on Meat and Meat Products led to increases in the prices of delicatessen products. Group's annual inflation is expected to maintain the downtrend of the first quarter in the forthcoming period.

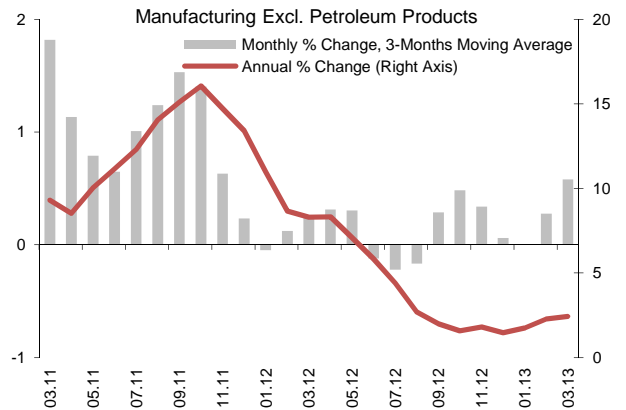
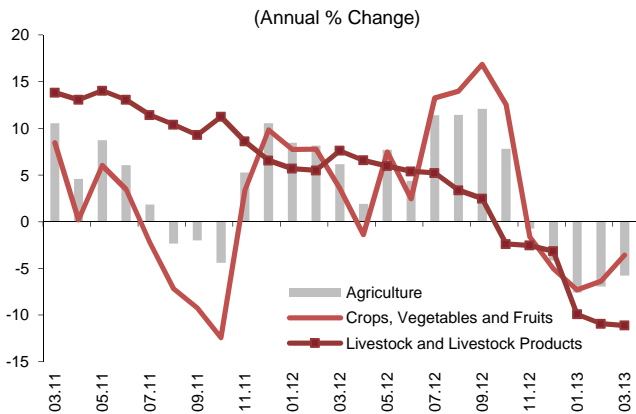
	Monthly Percent Change		Annual Percent Change	
	Mar. 2013	Mar.2012	Mar. 2013	Mar.2012
<b>CPI</b>	<b>0.66</b>	<b>0.41</b>	<b>7.29</b>	<b>10.43</b>
<b>1. Goods</b>	<b>0.76</b>	<b>0.45</b>	<b>7.28</b>	<b>11.98</b>
Energy	-0.28	2.02	9.22	13.39
Food and nonalcoholic beverages	2.04	-0.33	8.10	11.25
Unprocessed food	3.57	-1.20	6.79	13.35
Fresh fruits and vegetables	6.09	-4.28	13.92	18.26
Other unprocessed food	1.55	1.35	1.68	9.70
Processed food	0.70	0.40	8.71	9.44
Bread and cereals	0.98	0.43	11.34	8.15
Other processed food	0.53	0.38	7.14	10.09
Goods excluding energy and food	0.26	0.38	5.95	11.99
Core goods	0.34	0.50	4.29	9.82
Durable goods	0.12	-0.26	0.96	10.96
Durable goods (excluding gold)	0.16	-0.21	1.29	9.13
Alcoholic beverages and tobacco	0.00	0.00	16.31	18.47
Gold	-0.57	-1.23	-3.99	33.08
<b>2. Services</b>	<b>0.42</b>	<b>0.31</b>	<b>7.32</b>	<b>6.17</b>
Rents	0.46	0.19	5.83	4.52
Restaurants and hotels	0.62	0.76	9.40	8.56
Transport	0.47	0.14	7.90	9.31
Communication	0.02	0.06	7.44	-0.84
Other*	0.41	0.28	6.39	7.79
<b>3. Core Measures</b>				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.30	0.68	6.80	9.41
SCA-H	0.43	0.40	6.33	8.28
SCA-I	0.38	0.40	5.80	7.91

Source: TurkStat, CBRT.

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

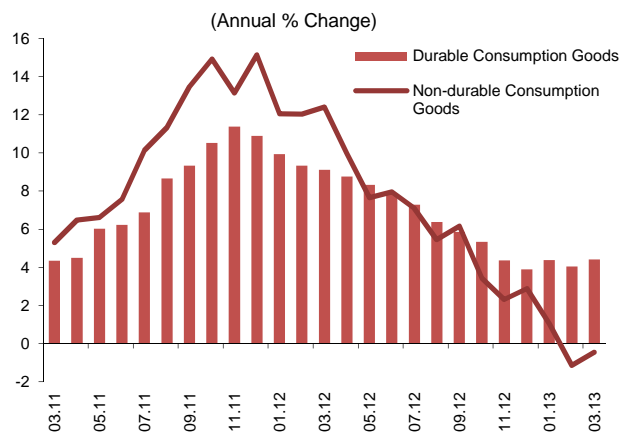
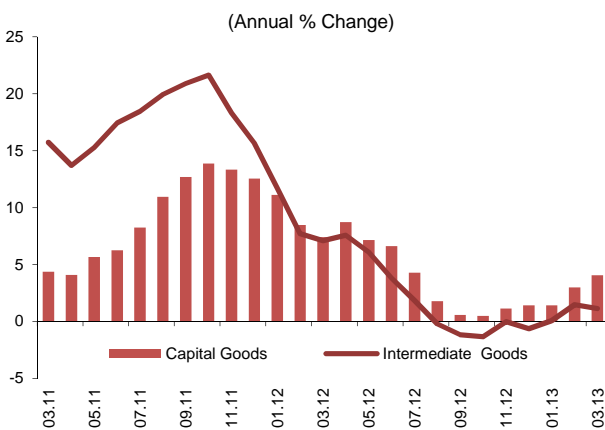
## ...PPI...

In March, producer prices rose by 0.81 percent, and annual inflation became 2.30 percent. Manufacturing industry prices gained pace, while agricultural prices remained almost unchanged in this period. Prices of crops, vegetables and fruits edged up by 0.31 percent, while livestock prices remained on a downward track, albeit at a slower pace. In the meantime, wheat prices maintained the upward trend in March.



Manufacturing industry prices increased by 0.90 percent in March. Price increases spread all over the manufacturing industry particularly into motor vehicles (3.71 percent), textiles (1.99 percent) and base metal (1.09 percent). Manufacturing prices of refined petroleum products remained flat in line with the limited depreciation in the Turkish lira in spite of the fall in international oil prices in March. Meanwhile, the annual rate of increase in the manufacturing industry excluding oil and base metal prices climbed to 3.34 percent in this period.

Main Industrial Groupings (MIGS) suggest that all subgroups saw elevated prices. Prices of intermediate goods were pushed up by the producer price increases in iron, steel and textile products. Regarding capital goods, price hikes in motor vehicles and engine parts were held responsible for an increase of 1.61 percent. Meanwhile, prices of non-durable consumption goods went up owing to the rise in producer prices of meat and meat products besides printing equipment. As a result, annual inflation in the manufacturing industry remained almost unchanged on a monthly basis, and producer prices did not impose a noticeable pressure on consumer prices.



## ...TABLES

March CPI and Subcategories (Percent Change)					
	Weight	2013		2012	
		Monthly	Annual	Monthly	Annual
CPI	100	0.66	7.29	0.41	10.43
Food and nonalcoholic beverages	24.09	2.04	8.10	-0.33	11.25
Alcoholic beverages and tobacco	5.07	0.00	16.31	0.00	18.47
Clothing and footwear	6.83	0.86	6.44	1.07	9.39
Housing	16.68	0.23	9.84	0.65	10.09
Household equipment	7.28	0.09	4.49	0.91	11.76
Health	2.22	0.48	2.03	0.31	0.86
Transport	17.99	-0.05	4.03	1.15	10.84
Communication	4.64	0.02	6.64	-0.32	-0.05
Recreation and culture	2.95	0.33	1.17	0.25	7.30
Education	1.91	0.09	5.12	0.17	6.22
Restaurants and hotels	6.18	0.62	9.40	0.76	8.56
Miscellaneous goods and services	4.16	0.29	7.57	0.67	16.53

Source: TurkStat.

March PPI and Subcategories (Percent Change)					
	Weight	2013		2012	
		Monthly	Annual	Monthly	Annual
PPI	100	0.81	2.30	0.36	8.22
Agriculture	16.34	0.07	-5.77	-1.16	6.16
Crops, fruits and vegetables	10.76	0.31	-3.58	-2.62	3.60
Livestock and animal products	4.87	-0.51	-11.11	-0.31	7.62
Industry	83.66	0.96	4.00	0.69	8.66
Mining	3.06	0.61	8.63	-0.35	10.16
Manufacturing	72.14	0.90	2.08	0.95	8.97
Manufacturing excluding petroleum	69.53	0.94	2.44	0.77	8.30
Manufacturing excluding petroleum and base metals	62.81	0.92	3.34	0.54	8.18
Electricity, gas and water	8.46	1.78	15.03	-1.10	5.77

Source: TurkStat, CBRT.

PPI by MIGS (Monthly Percent Change)														
	Mar.12	Apr.12	May.11	Jun.12	Jul.12	Aug.12	Sept.12	Oct.12	Nov.12	Dec.12	Jan.13	Feb.13	Mar.13	Annual
Intermediate goods	1.04	0.45	-0.02	-0.80	-0.58	0.02	0.64	0.21	-0.30	-0.12	0.55	0.37	0.73	1.14
Capital goods	0.57	0.21	-0.55	0.17	-0.22	-0.15	0.39	0.51	0.09	0.36	0.40	1.19	1.61	4.05
Durable goods	-0.19	-1.55	-1.21	1.32	-0.08	0.02	2.71	-0.09	-1.44	0.92	-0.97	-0.49	0.51	-0.44
Nondurable goods	0.64	0.26	0.56	-0.78	0.40	0.54	0.87	0.76	-0.03	-0.17	0.19	0.74	1.00	4.42
Energy	0.44	0.59	-0.82	-0.52	-1.98	2.06	1.50	-0.93	18.27	-0.48	0.33	-7.34	1.17	10.53

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.