

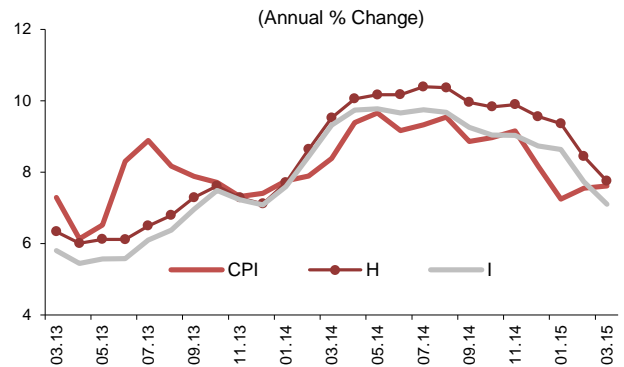
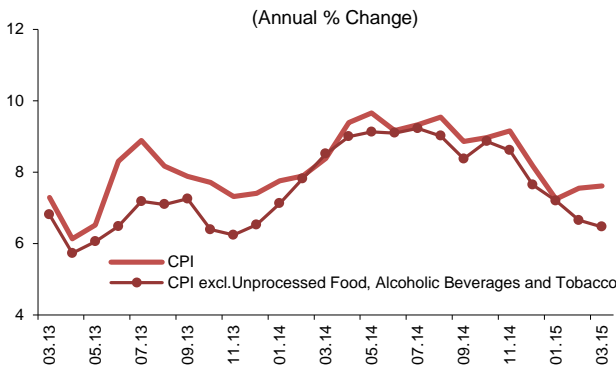
**SUMMARY...**

In March, consumer prices rose by 1.19 percent, pushing the annual consumer inflation slightly upwards to 7.61 percent. Inflation remained high in food prices and related services, while annual consumer inflation excluding food and catering services continued to decline. Energy prices recorded an increase in this period. Amid the deceleration in core goods inflation, the annual rate of increase of core inflation indicators receded. However, the underlying trend of core inflation indicators increased slightly.

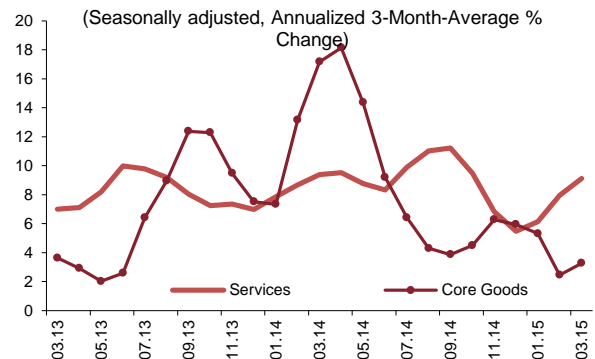
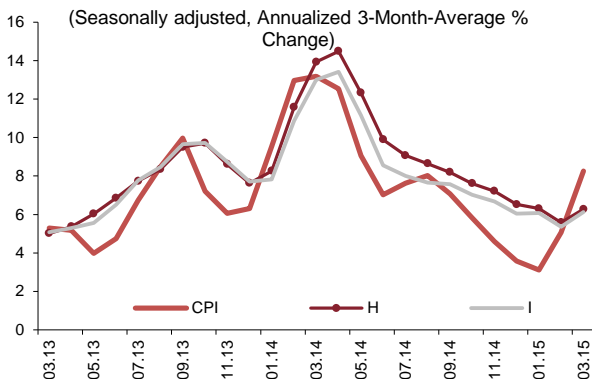
**... EVALUATIONS ...**

In March, consumer prices rose by 1.19 percent, pushing the annual consumer inflation slightly upwards by 0.06 points to 7.61 percent. The annual rate of increase in the SCA-H and SCA-I indices registered a month-on-month decline of around 0.7 and 0.6 point to 7.75 and 7.10 percent, respectively.

Across subgroups, the contribution of food and energy groups to the annual CPI inflation increased by 0.11 and 0.30 points, respectively. The contribution of core goods decreased by 0.29 points, while that of services, alcoholic beverages and tobacco groups did not record a noticeable change. The food group proved to be the pioneering contributor to consumer inflation with 3.47 points in March.



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 remained on the increase, and that of core goods inflation edged up as well.

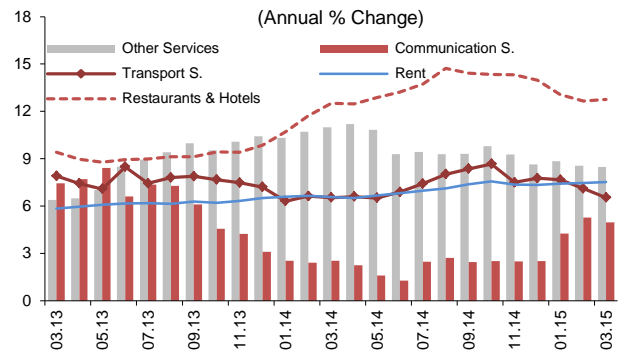
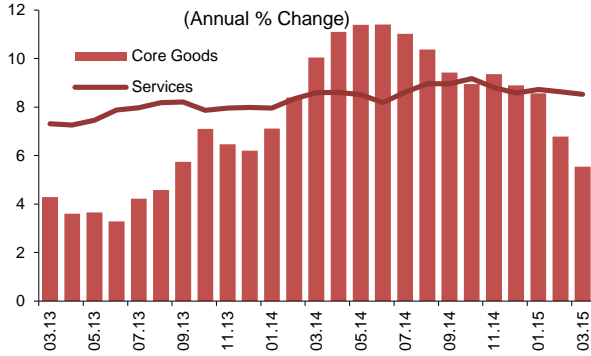


Prices of services increased by 0.56 percent on a monthly basis and the group's annual inflation edged down by 0.1 points to 8.53 percent in March. Annual inflation slowed in groups other than rent and restaurants-hotels. Amid the sustained upward trend in annual rent inflation, rents and the headline consumer inflation converged. Across rates of monthly increases, the restaurants-hotels group stand out parallel to the unfavorable course of food prices. The group's monthly

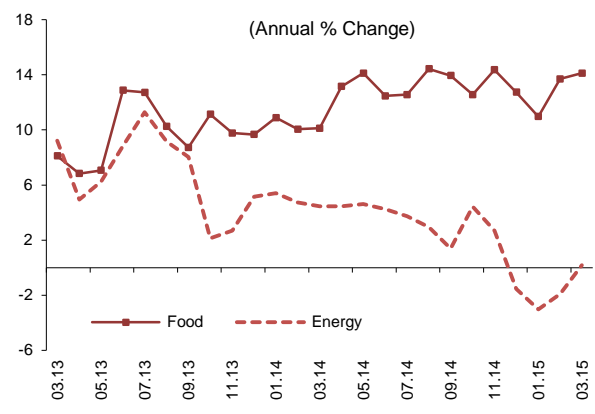
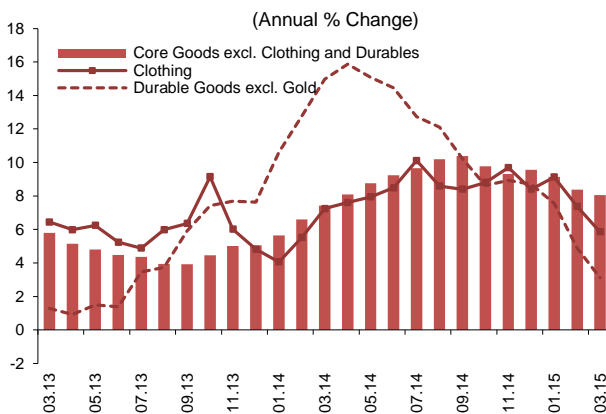
## MARCH PRICE DEVELOPMENTS

APRIL 6, 2015

inflation reached 1.42 percent maintaining the upward trend since the start of the year. However, prices of transport services, which increased partially in February, recorded a decline again in March.



Annual core goods inflation fell by 1.25 points to 5.54 percent. Following the adverse outlook in the first two months of the year, prices of durable consumption goods recorded a lower increase in March. Upon the depreciation in the Turkish lira, the rise in automobile prices remained limited, and furniture prices increased by 0.87 percent. On the other hand, following the surge in home appliances in January, a correction was observed and prices receded in March. Accordingly, annual inflation in durable consumption goods fell by 1.76 points to 3.12 percent due to the base effect. Annual inflation in clothing prices plummeted in March as it did in February. Prices in core goods excluding clothing and durables proved higher on a monthly basis compared to recent figures, yet annual inflation thereof continued to taper off. Attenuated economic activity limited the reflection of the depreciation in the Turkish lira on the prices of core goods in March.



Following an uptick in February, monthly energy prices inflation rose by 1.60 percent in March. This was led by the fuel and bottled gas prices that surged by 3.29 and 6.38 percent, respectively upon the depreciation in the Turkish lira and the developments surrounding international oil prices. All in all, annual energy inflation reached 0.19 percent.

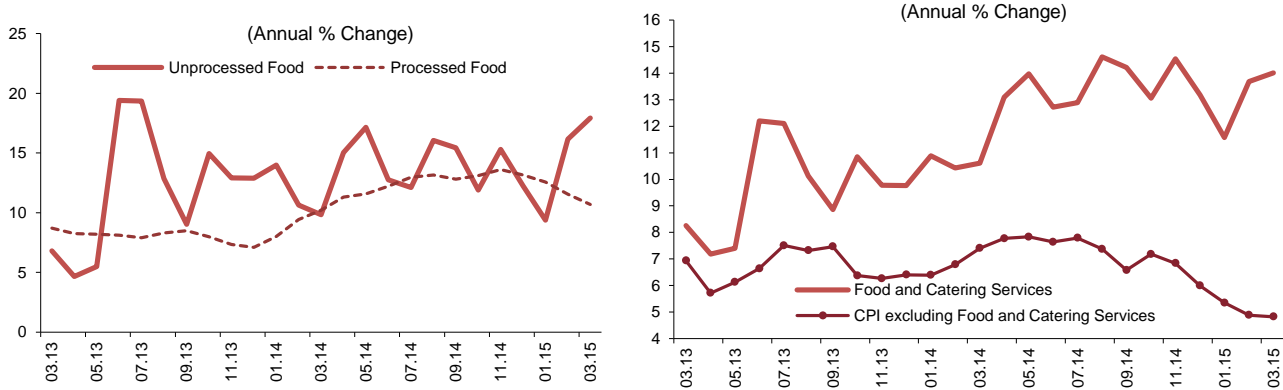
Annual inflation in the food and non-alcoholic beverages group crept up by 0.42 points to 14.12 percent in March. This rise was driven by the annual unprocessed food inflation that climbed to 17.93 percent. Seasonally-adjusted data indicated that the surge recorded in the unprocessed food group in January and February grew stronger in March. The uptrend in prices of fresh fruits and vegetables besides meat continued in this period. Moreover, potato prices rose by 21.25 percent on a monthly basis, strengthening the upward trend in this item. On the other hand, the annual processed food inflation lost pace in March, which was led by the flat course of bread and cereals prices. Meanwhile, the monthly trend of price increases of the group excluding

# MARCH PRICE DEVELOPMENTS

APRIL 6, 2015

bread and cereals (being more evident in processed meat and olive oil prices) spilled over into the whole group and continued.

Negative repercussions of this adverse outlook in food prices are brisk on catering services. Accordingly, the annual inflation in food and catering services, which make up 30 percent of the consumption basket, reached 14 percent. Meanwhile, consumer inflation excluding food and catering services receded to 4.82 percent, emphasizing the divergence between these two groups to a larger extent.



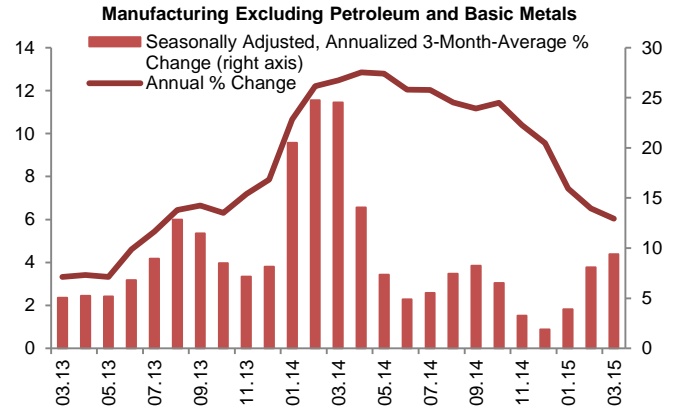
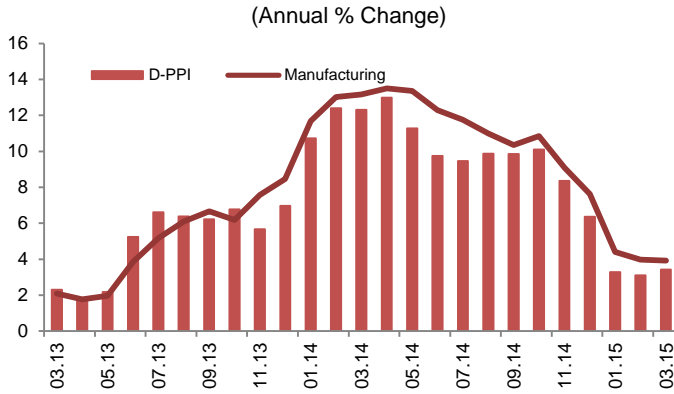
	Monthly Percent Change		Annual Percent Change	
	Mar.2015	Mar.2014	Mar.2015	Mar.2014
<b>CPI</b>	<b>1.19</b>	<b>1.13</b>	<b>7.61</b>	<b>8.39</b>
<b>1. Goods</b>	<b>1.45</b>	<b>1.32</b>	<b>7.22</b>	<b>8.36</b>
Energy	1.60	-0.54	0.19	4.46
Food and nonalcoholic beverages	2.47	2.10	14.12	10.12
Unprocessed food	4.39	2.82	17.93	9.82
Fresh fruits and vegetables	6.71	6.71	29.43	-5.84
Other unprocessed food	2.91	0.56	11.47	22.99
Processed food	0.66	1.42	10.70	10.21
Bread and cereals	0.05	2.06	9.40	13.04
Other processed food	1.02	1.04	11.46	8.50
Goods excluding energy and food	0.57	1.55	5.14	8.68
Core goods	0.67	1.86	5.54	10.04
Durable goods	0.46	2.18	3.13	14.24
Durable goods (excluding gold)	0.42	2.13	3.12	14.97
Alcoholic beverages and tobacco	-0.01	-0.02	3.92	3.10
Gold	1.08	3.03	2.90	2.38
<b>2. Services</b>	<b>0.56</b>	<b>0.65</b>	<b>8.53</b>	<b>8.60</b>
Rents	0.42	0.37	7.51	6.56
Restaurants and hotels	1.42	1.33	12.76	12.51
Transport	-0.15	0.39	6.54	6.54
Communication	-0.11	0.16	4.97	2.54
Other*	0.59	0.67	8.47	10.99
<b>3. Core Measures</b>				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.78	0.95	6.46	8.51
SCA-H	0.61	1.25	7.75	9.52
SCA-I	0.61	1.20	7.10	9.32

Source: TurkStat, CBRT.

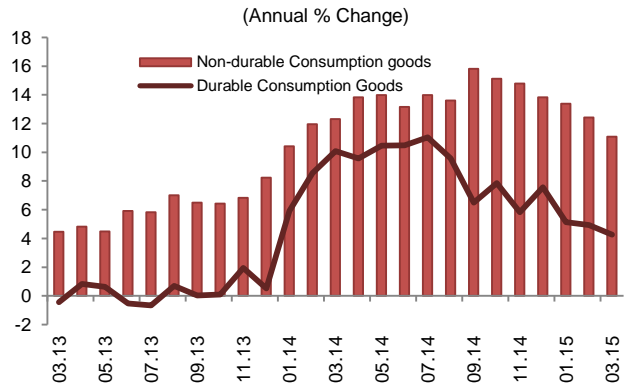
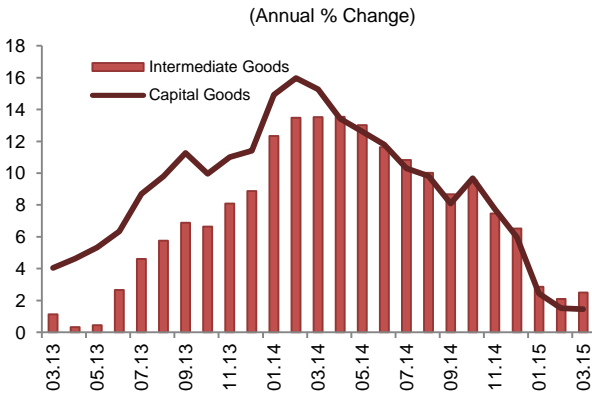
\*Other: The services index excluding rents, restaurants/hotels, transport and communication services.

**...D-PPI...**

Domestic producer prices rose by 1.05 percent and the group's annual inflation climbed to 3.41 percent in March. Annual inflation dropped to 3.93 percent in the manufacturing industry and 6.04 percent in the manufacturing industry excluding petroleum and basic metals. However, the monthly increase of manufacturing industry prices proved robust amid the depreciation in the Turkish lira. In fact, the underlying trend of prices of the manufacturing industry excluding petroleum and basic metals continued to increase.



According to the Main Industrial Groupings (MIGs), prices rose in all main groups in March, particularly in durable consumption goods. Prices of durable consumption goods increased due to jewelry prices, while prices of non-durable goods posted mild increases. Owing to the depreciation in the Turkish lira, prices of intermediate and capital goods saw an overall increase. Prices across all main groups posted an uptick for three consecutive months, yet annual inflation rates remained on the decline due to the base effect.



# MARCH PRICE DEVELOPMENTS

APRIL 6, 2015

## ...TABLES

March CPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
CPI	100	1.19	7.61	1.13	8.39
Food and nonalcoholic beverages	24.25	2.47	14.12	2.10	10.12
Alcoholic beverages and tobacco	4.82	-0.01	3.92	-0.02	3.10
Clothing and footwear	7.38	1.06	5.91	2.49	7.30
Housing	15.79	0.72	8.03	0.23	4.84
Household equipment	7.78	0.57	7.01	0.90	7.64
Health	2.57	0.99	8.43	0.85	7.02
Transport	15.38	0.91	-1.47	0.88	13.74
Communication	4.38	-0.03	3.64	0.27	0.88
Recreation and culture	3.54	1.22	6.61	0.68	7.97
Education	2.53	0.20	7.97	0.19	9.98
Restaurants and hotels	6.98	1.42	12.76	1.33	12.51
Miscellaneous goods and services	4.60	0.52	8.44	1.20	5.27

Source: TurkStat.

March D-PPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
D-PPI	100	1.05	3.41	0.74	12.31
Mining	3.40	4.68	-3.38	-0.10	13.73
Manufacturing	86.21	0.98	3.93	1.03	13.16
Manufacturing excl. petroleum products	83.24	0.81	5.43	1.11	12.65
Manufacturing excl. petroleum products and basic metals	75.00	0.73	6.04	1.18	12.48
Electricity, gas, steam and air-conditioning supply	9.30	0.51	-0.66	-1.69	1.12
Water supply	1.09	0.53	22.79	0.56	9.00
D-PPI (MIGs Classification)					
Intermediate Goods		1.17	2.49	0.77	13.52
Durable Consumption Goods		1.27	4.26	1.92	10.08
Non-Durable Consumption Goods		0.10	11.08	1.31	12.31
Capital Goods		0.92	1.45	0.98	15.26
Energy		2.44	-7.07	-1.12	6.20

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.