

# NOVEMBER PRICE DEVELOPMENTS DECEMBER 4, 2013

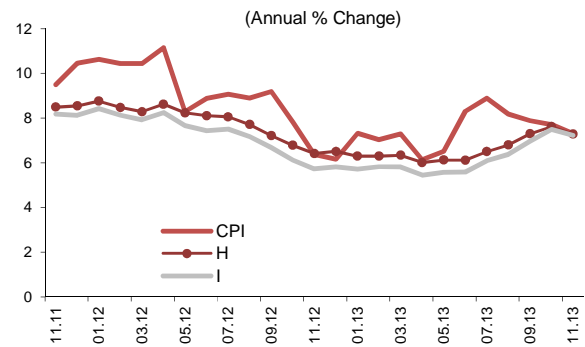
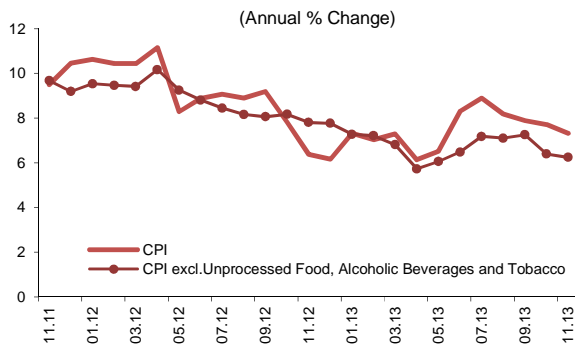
## SUMMARY...

In November, annual consumer price inflation receded by 0.4 percentage points to 7.32 percent. This fall was driven by favorable developments in unprocessed food prices. Moreover, the rise in clothing prices remained below seasonal averages on a monthly basis, which also contributed to the fall in inflation. The underlying trend of inflation decelerated both in core goods excluding clothing and in services. Against these developments, core inflation indicators followed a downward path.

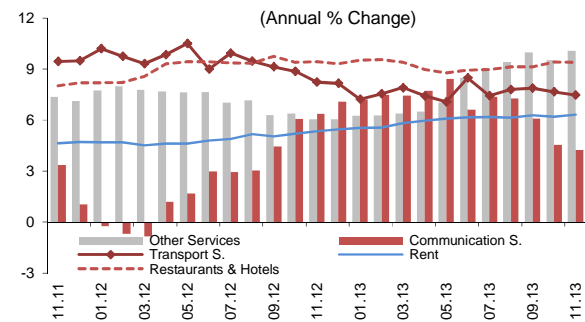
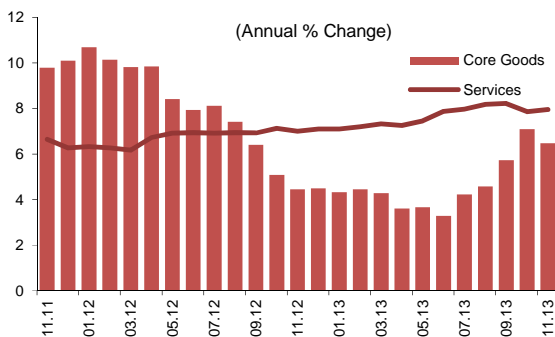
## ...EVALUATIONS...

In November, consumer prices remained unchanged, while the annual consumer price inflation receded to 7.32 percent. The annual rate of increase in the SCA-H and SCA-I indices edged down by 0.33 and 0.27 percentage points on a monthly basis to 7.28 percent 7.22 percent, respectively.

The analysis of the contribution of subgroups to the annual CPI inflation reveals that the fall in inflation stemmed from food and core goods groups, whose contribution recorded a month-on-month decline by 0.34 and 0.13 percentage points, respectively. On the other hand, the contribution from the energy and services groups registered a slight increase.

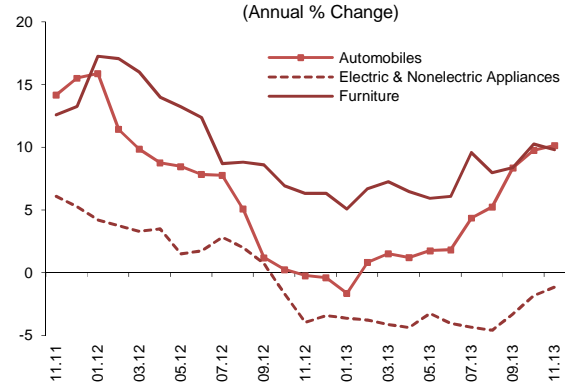
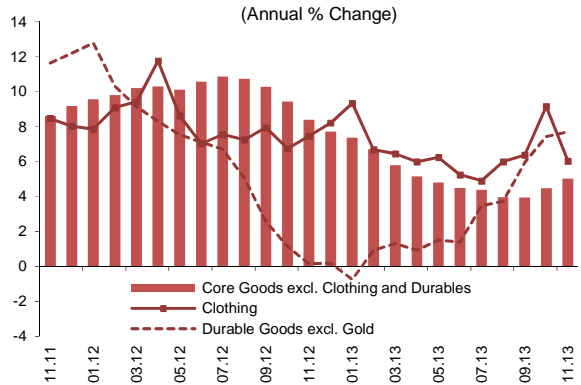


Prices of services crept up by 0.35 percent in November, and the group's annual inflation increased to 7.96 percent. Across subgroups, annual inflation receded in communication and transport services, but increased in rents and other services. Particularly, prices of health services saw a notable increase in November. Inflation in services maintained high figures, yet the seasonally-adjusted data point to a slowdown in the underlying trend.

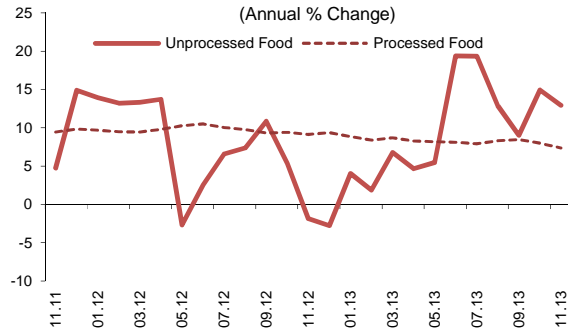
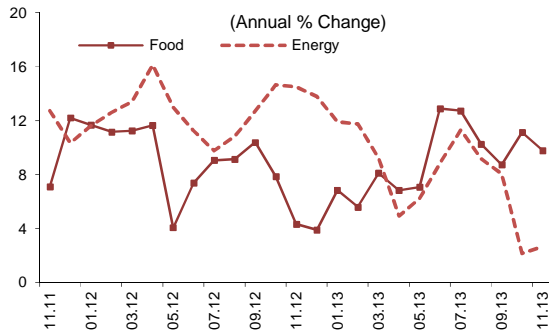


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On the core goods front, annual inflation went down by 0.63 percentage points to 6.47 percent in November. This was mainly attributed to the clothing prices. Consumer price increases in clothing, which went above seasonal averages as the start of the new season shifted to October due to the Eid, saw a correction in November. After having increased since July, prices of durable consumption goods edged down by 0.25 percentage points in November on account of automobiles and white goods. On the other hand, annual inflation in core goods excluding clothing continued to increase.



Energy prices crept up by 0.25 percent in November mainly owing to the rise in municipal water tariffs. Bottled gas, solid fuel and fuel prices also saw increases in this period. As a result, the annual energy inflation rose by 0.54 percentage points to 2.68 percent. Meanwhile, the rise in LPG prices in early December may cause a surge in the group's annual inflation.



Annual inflation in the food and non-alcoholic beverages group decreased by 1.36 percentage points to 9.77 percent. This was attributed to the unprocessed food prices due to the rise in prices of fresh fruits and vegetables. In the other unprocessed food group, the annual inflation climbed to 11.30 percent as a result of the price increases that spread across the group. As a result, annual inflation in the unprocessed food group fell by 2.02 percentage points to 12.93 percent in November. Processed food prices, on the other hand, rose by 0.49 percent, whereas the group's annual inflation went down to 7.35 percent. The decline in annual inflation spread across all subgroups, led by cheese and other dairy products.

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	Monthly Percent Change		Annual Percent Change	
	Nov.2013	Nov.2012	Nov.2013	Nov.2012
<b>CPI</b>	<b>0.01</b>	<b>0.38</b>	<b>7.32</b>	<b>6.37</b>
<b>1. Goods</b>	<b>-0.12</b>	<b>0.42</b>	<b>7.07</b>	<b>6.13</b>
Energy	0.25	-0.28	2.68	14.48
Food and nonalcoholic beverages	-1.34	-0.12	9.77	4.32
Unprocessed food	-3.48	-1.76	12.93	-1.87
Fresh fruits and vegetables	-10.56	-2.66	15.26	-5.61
Other unprocessed food	1.74	-1.15	11.30	0.65
Processed food	0.49	1.10	7.35	9.13
Bread and cereals	0.55	0.81	10.42	10.99
Other processed food	0.46	1.27	5.51	8.02
Goods excluding energy and food	0.61	1.20	6.98	3.79
Core goods	0.92	1.51	6.47	4.45
Durable goods	-0.31	-0.61	6.26	0.05
Durable goods (excluding gold)	-0.25	-0.51	7.69	0.14
Alcoholic beverages and tobacco	-0.64	0.01	13.55	0.97
Gold	-1.56	-2.51	-15.76	-1.13
<b>2. Services</b>	<b>0.35</b>	<b>0.27</b>	<b>7.96</b>	<b>7.00</b>
Rents	0.68	0.57	6.32	5.35
Restaurants and hotels	0.64	0.67	9.40	9.44
Transport	-0.23	-0.04	7.47	8.24
Communication	0.01	0.32	4.24	6.37
Other*	0.40	-0.09	10.07	6.05
<b>3. Core Measures</b>				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.53	0.67	6.24	7.80
SCA-H	0.61	0.92	7.28	6.41
SCA-I	0.63	0.88	7.22	5.73

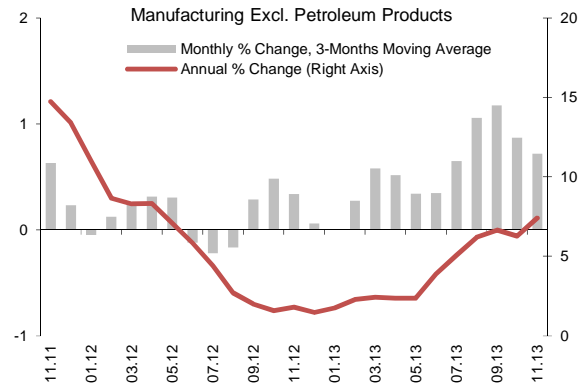
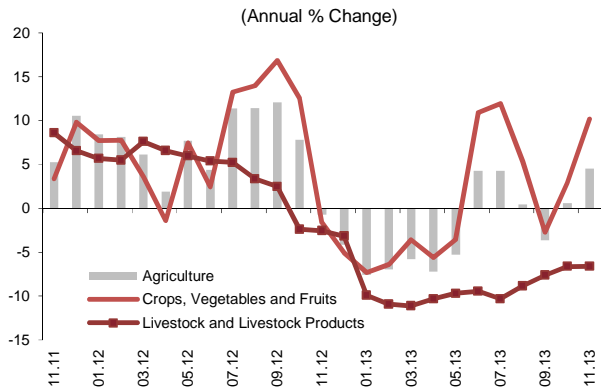
Source: TurkStat, CBRT.

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

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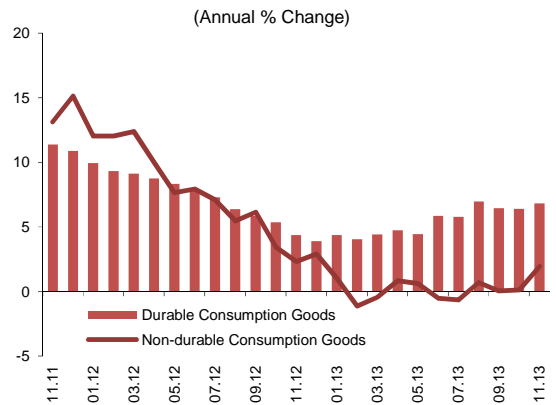
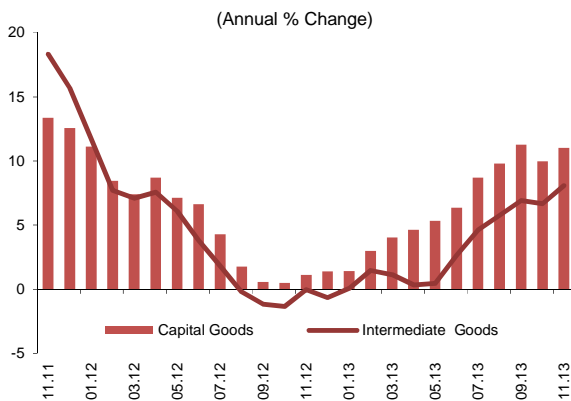
## ...PPI...

In November, producer prices edged up by 0.62 percent; the group's annual inflation receded to 5.67 percent. Agricultural prices increased by 0.87 percent in this period, which was led by hikes in producer prices of fruits and vegetables. Meanwhile, livestock prices remained flat on a monthly basis.



Manufacturing industry prices rose by 0.76 percent in November due to base metal prices. In this period, the annual rate of increase in manufacturing industry prices excluding oil and base metals increased to 7.33 percent.

The Main Industrial Groupings (MIGS) suggest that price increases spread across the manufacturing industry, the leading groups being the intermediate and capital goods in November. Prices of intermediate goods rose upon the steel and iron price developments, while those of capital goods increased due to the prices of special-purpose machinery.



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## ...TABLES

November CPI and Subcategories (Percent Change)					
	Weight	2013		2012	
		Monthly	Annual	Monthly	Annual
CPI	100	0.01	7.32	0.38	6.37
Food and nonalcoholic beverages	24.09	-1.34	9.77	-0.12	4.32
Alcoholic beverages and tobacco	5.07	-0.64	13.55	0.01	0.97
Clothing and footwear	6.83	3.27	6.04	6.28	7.44
Housing	16.68	0.44	4.16	0.56	11.69
Household equipment	7.28	0.52	5.97	0.21	5.97
Health	2.22	0.76	4.07	-0.05	1.56
Transport	17.99	-0.08	8.28	-0.97	6.01
Communication	4.64	-0.41	2.58	0.10	4.98
Recreation and culture	2.95	0.65	4.80	-0.32	2.97
Education	1.91	0.00	10.06	0.07	4.70
Restaurants and hotels	6.18	0.64	9.40	0.67	9.44
Miscellaneous goods and services	4.16	0.21	2.35	0.04	8.90

Source: TurkStat.

November PPI and Subcategories (Percent Change)					
	Weight	2013		2012	
		Monthly	Annual	Monthly	Annual
PPI	100	0.62	5.67	1.66	3.60
Agriculture	16.34	0.87	4.56	-2.96	-0.73
Crops, fruits and vegetables	10.76	2.34	10.18	-4.41	-1.63
Livestock and animal products	4.87	0.03	-6.60	0.00	-2.53
Industry	83.66	0.57	5.89	2.60	4.49
Mining	3.06	-0.32	11.53	0.57	5.97
Manufacturing	72.14	0.76	7.58	-0.55	1.64
Manufacturing excluding petroleum	69.53	0.78	7.41	-0.29	1.81
Manufacturing excluding petroleum and base metals	62.81	0.64	7.33	-0.25	2.51
Electricity, gas and water	8.46	-0.86	-10.24	30.12	27.34

Source: TurkStat, CBRT.

PPI by MIGS (Monthly Percent Change)														
	Nov.12	Dec.12	Jan.13	Feb.13	Mar.13	Apr.13	May.13	Jun.13	Jul.13	Aug.13	Sep.13	Oct.13	Nov.13	Annual
Intermediate goods	-0.30	-0.12	0.55	0.37	0.73	-0.34	0.08	1.38	1.33	1.10	1.74	-0.02	1.02	8.08
Capital goods	0.09	0.36	0.40	1.19	1.61	0.76	0.12	1.14	1.98	0.86	1.74	-0.67	1.04	11.01
Durable goods	-1.44	0.92	-0.97	-0.49	0.51	-0.29	-1.40	0.15	-0.22	1.39	2.03	-0.02	0.38	1.96
Nondurable goods	-0.03	-0.17	0.19	0.74	1.00	0.58	0.27	0.56	0.31	1.68	0.37	0.71	0.38	6.82
Energy	18.27	-0.48	0.33	-7.34	1.17	-2.08	0.46	1.65	2.14	-1.11	3.23	-0.71	-0.63	-3.70

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 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.