

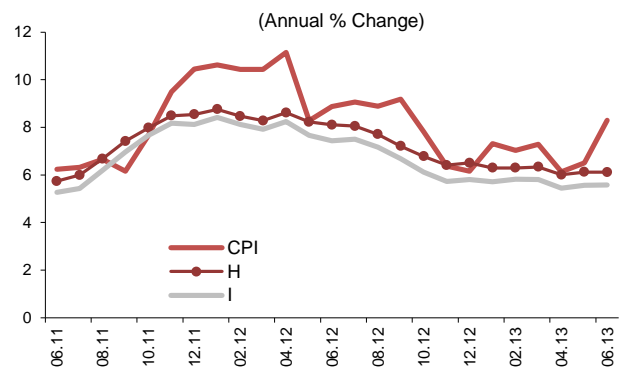
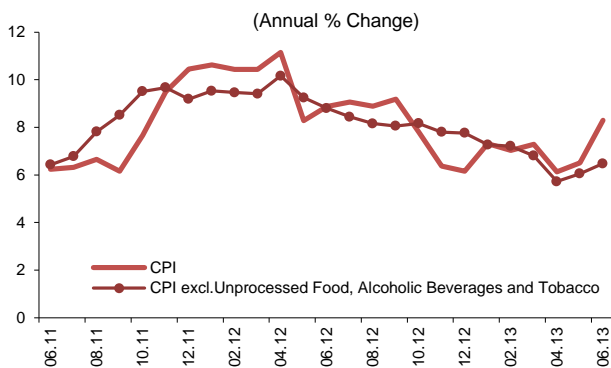
SUMMARY...

In June, consumer prices went up by 0.76 percent, and annual inflation rose to 8.30 percent. This increase was mostly attributed to the rise in unprocessed food prices as also stated in the Summary of the Monetary Policy Committee Meeting. This rise was partially led by the base effect in energy prices as well. Meanwhile, core inflation indicators remained on a mild track. Inflation is projected to trend downwards in forthcoming months due to the correction in unprocessed food prices and the base effect that will turn positive in energy prices.

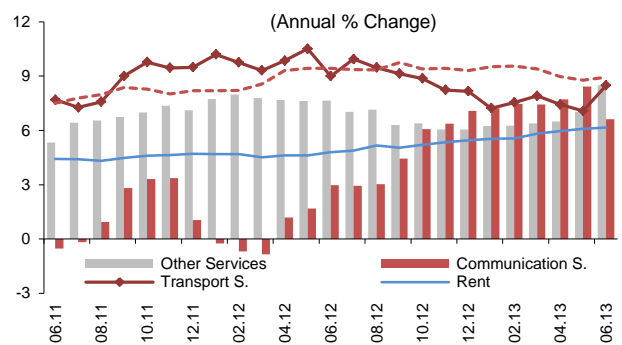
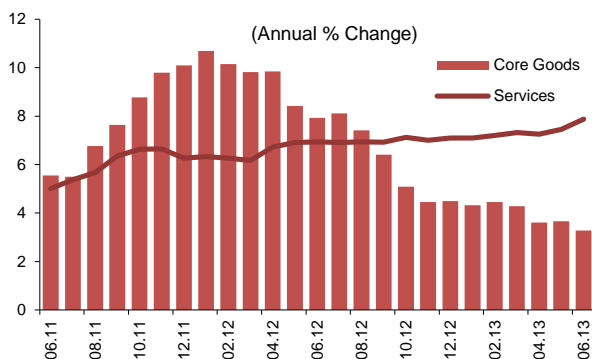
...EVALUATIONS...

In June, consumer prices went up by 0.76 percent, and annual inflation rose to 8.30 percent. The annual rate of increase in the SCA-H and SCA-I indices remained flat on a monthly basis with 6.11 percent 5.57 percent, respectively.

Among subgroups, the most notable month-on-month increase regarding the contribution to the annual CPI inflation was offered by the food group with a 1.37 percentage points. The contribution of the energy and services groups to the annual inflation crept up by 0.37 and 0.16 percentage points, respectively; whereas that of core goods edged down by 0.10 percentage points in June.



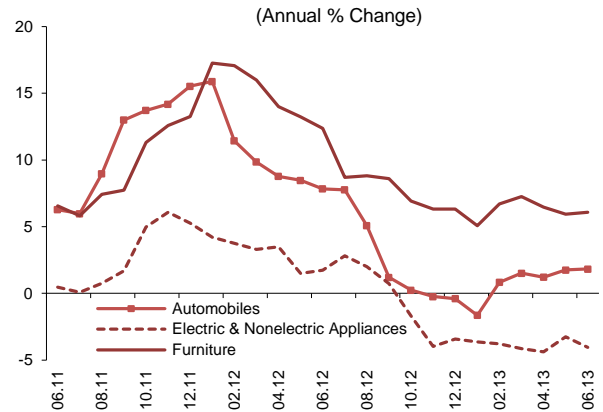
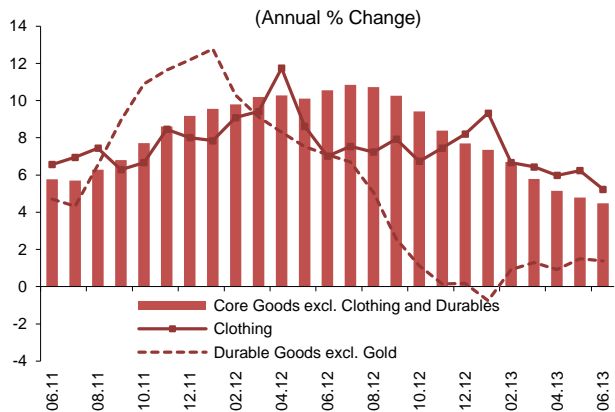
Prices of services went up by 1.19 percent in June, and the group's annual inflation climbed to 7.88 percent on a monthly basis. Around 0.5 percentage points of the rise in the annual inflation was driven by the hikes in driving course fees; while the prices of transport services were also influential. Although the seasonally adjusted data point to an upward trend in services inflation in June, the underlying trend does not exhibit a noticeable month-on-month change when the driving course fees are excluded.



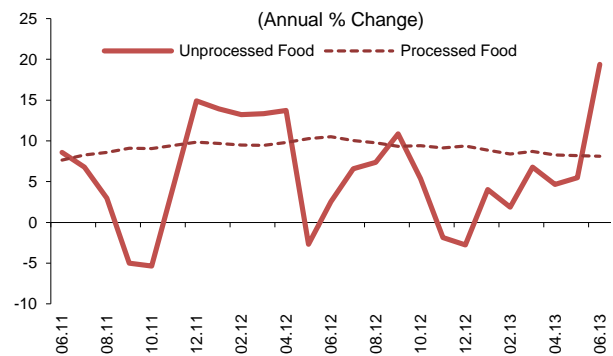
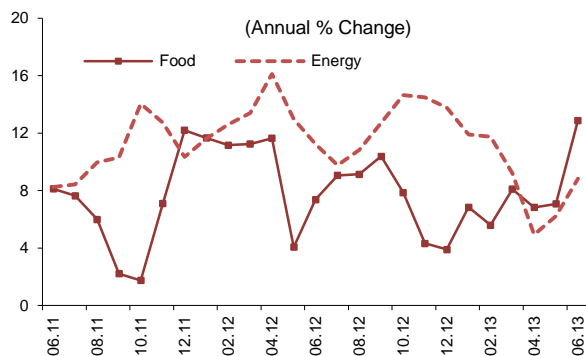
JUNE PRICE DEVELOPMENTS

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As for the core goods group, annual inflation receded to 3.28 percent in June. Annual inflation recorded a decline in all subgroups, particularly in the clothing group. The analysis of monthly price developments reveals that the recent depreciation in the Turkish lira has not created a noticeable impact on the prices of core goods yet. Accordingly, the seasonally adjusted trend of increase in core goods remained on a downward track in June.



Energy prices increased by 0.75 percent in June. Alongside the depreciation in the Turkish lira, this rise was attributed to the domestic fuel prices and bottled gas, which rose by 2.21 percent and 0.78 percent, respectively. Consequently, the group's annual inflation went up by 2.6 percentage points to 8.83 percent, owing also to the base effect in this period.



Annual inflation in food and non-alcoholic beverages group surged by 5.81 percentage points to 12.88 percent. Driven particularly by the prices of fresh fruits, annual inflation in unprocessed food prices soared by 3.55 percent in June, while the annual inflation in fresh fruits and vegetables reached to 37.91 percent, being also triggered by the base effect. As for the other unprocessed food products, annual inflation went up by 1.06 percentage points due to rice and egg prices. As a result, annual inflation in the unprocessed food group climbed to 19.39 percent in this period.

Processed food prices crept up by 0.41 percent on a monthly basis, and the group's annual inflation edged down to 8.11 percent in June. Bread and cereals prices remained on an upward track, and the group's annual inflation hit 11.75 percent. As for the processed food group excluding bread and cereals, the mild course was sustained, and annual inflation in this subgroup went down to 5.92 percent in June.

	Monthly Percent Change		Annual Percent Change	
	Jun.2013	Jun.2012	Jun.2013	Jun.2012
CPI	0.76	-0.90	8.30	8.87
1. Goods	0.61	-1.51	8.45	9.53
Energy	0.75	-1.65	8.83	11.23
Food and nonalcoholic beverages	1.82	-3.42	12.88	7.38
Unprocessed food	3.55	-8.52	19.39	2.55
Fresh fruits and vegetables	8.79	-19.28	37.91	-3.51
Other unprocessed food	0.15	-0.83	8.70	6.25
Processed food	0.41	0.49	8.11	10.51
Bread and cereals	0.78	0.84	11.75	9.68
Other processed food	0.18	0.27	5.92	10.87
Goods excluding energy and food	-0.31	0.04	4.81	10.36
Core goods	-0.34	0.03	3.28	7.93
Durable goods	-0.08	0.15	0.57	8.22
Durable goods (excluding gold)	-0.02	0.09	1.39	7.10
Alcoholic beverages and tobacco	-0.01	0.00	16.09	18.69
Gold	-1.27	1.31	-11.90	18.63
2. Services	1.19	0.79	7.88	6.94
Rents	0.62	0.54	6.17	4.80
Restaurants and hotels	0.62	0.49	8.93	9.44
Transport	1.04	-0.26	8.47	8.99
Communication	0.32	2.03	6.61	2.97
Other*	2.49	1.09	8.50	7.64
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.46	0.06	6.48	8.80
SCA-H	0.43	0.43	6.11	8.10
SCA-I	0.41	0.40	5.57	7.43

Source: TurkStat, CBRT.

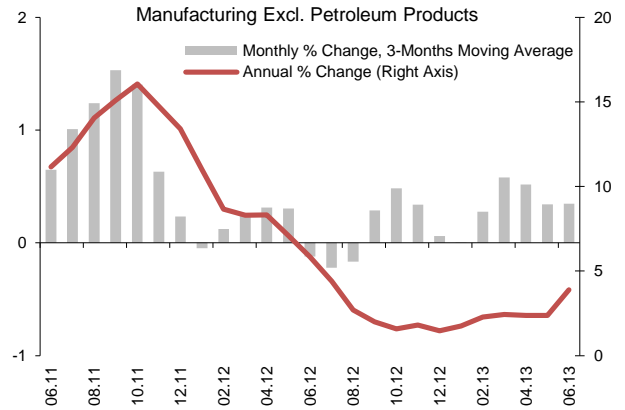
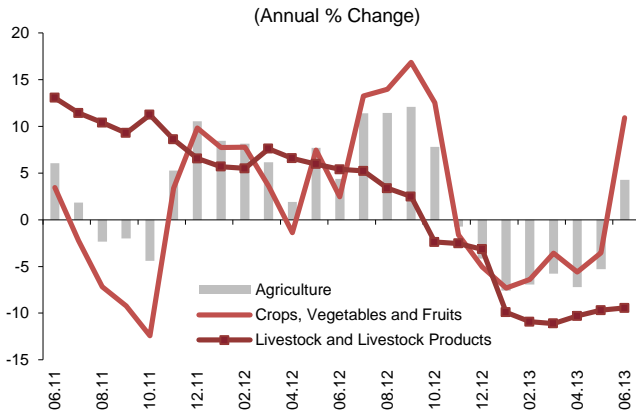
*Other: The services index excluding rents, restaurants/hotels, transport and communication services.

...PPI...

In June, producer prices went up by 1.46 percent, and annual inflation became 5.23 percent. All subgroups displayed increases in this period, while agricultural prices exhibited the most remarkable rise with 3.38 percent. Prices of crops, vegetables and fruits surged by 4.98 percent; whereas livestock prices edged down by 0.67 percentage points. In the meantime, wheat prices displayed a limited fall in June. Consequently, the annual inflation in the agriculture group increased approximately by 10 percentage points to 4.28 percent.

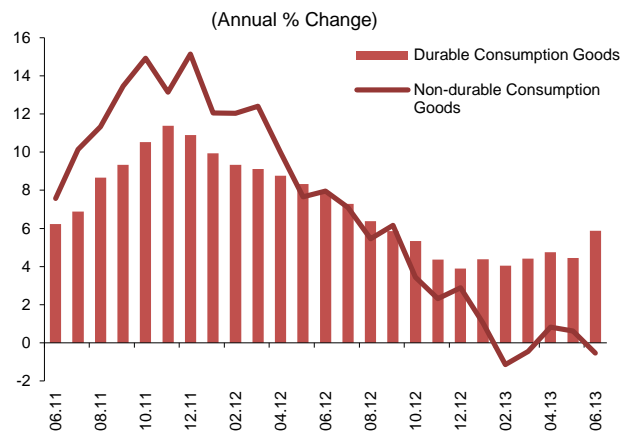
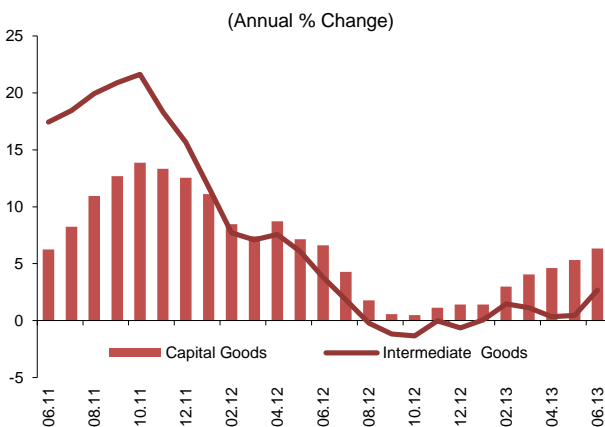
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Manufacturing industry prices went up by 1.08 percent in June. The recent depreciation in the Turkish lira was influential across all subgroups of the manufacturing industry. Meanwhile, the annual rate of increase in the manufacturing industry excluding oil and base metal prices went up to 4.58 percent in this period compared to May.

Main Industrial Groupings (MIGS) suggest that all subgroups saw elevated prices in June, while the most notable price hikes were seen in the energy group and intermediate goods. Prices of iron, steel and iron alloys pushed up the prices of intermediate goods; while metal construction materials were held responsible for the price hikes in capital goods. In the meantime, prices of non-durable consumption goods went up owing to the rise in prices of processed fruits and vegetables. As a result, annual inflation in the manufacturing industry posted a month-on-month increase by 1.88 percent to 3.85 percent.



...TABLES

June CPI and Subcategories (Percent Change)					
	Weight	2013		2012	
		Monthly	Annual	Monthly	Annual
CPI	100	0.76	8.30	-0.90	8.87
Food and nonalcoholic beverages	24.09	1.82	12.88	-3.42	7.38
Alcoholic beverages and tobacco	5.07	-0.01	16.09	0.00	18.69
Clothing and footwear	6.83	-1.74	5.26	-0.82	7.00
Housing	16.68	0.28	6.73	0.14	12.43
Household equipment	7.28	0.21	4.09	0.49	9.83
Health	2.22	0.14	1.88	0.13	1.37
Transport	17.99	1.49	7.72	-1.39	5.98
Communication	4.64	0.07	5.53	1.92	3.28
Recreation and culture	2.95	1.45	1.93	0.90	6.87
Education	1.91	1.99	6.19	1.67	6.75
Restaurants and hotels	6.18	0.62	8.93	0.49	9.44
Miscellaneous goods and services	4.16	0.05	4.78	0.88	14.92

Source: TurkStat.

June PPI and Subcategories (Percent Change)					
	Weight	2013		2012	
		Monthly	Annual	Monthly	Annual
PPI	100	1.46	5.23	-1.49	6.44
Agriculture	16.34	3.38	4.28	-6.12	4.39
Crops, fruits and vegetables	10.76	4.98	10.92	-8.71	2.45
Livestock and animal products	4.87	-0.67	-9.44	-0.93	5.40
Industry	83.66	1.07	5.41	-0.49	6.87
Mining	3.06	1.47	8.49	-0.55	11.43
Manufacturing	72.14	1.08	3.85	-0.75	5.97
Manufacturing excluding petroleum	69.53	0.95	3.88	-0.51	5.85
Manufacturing excluding petroleum and base metals	62.81	0.86	4.58	-0.33	6.47
Electricity, gas and water	8.46	0.84	13.77	1.72	13.87

Source: TurkStat, CBRT.

PPI by MIGS (Monthly Percent Change)														
	Jun.12	Jul.12	Aug.12	Sept.12	Oct.12	Nov.12	Dec.12	Jan.13	Feb.13	Mar.13	Apr.13	May.13	Jun.13	Annual
Intermediate goods	-0.80	-0.58	0.02	0.64	0.21	-0.30	-0.12	0.55	0.37	0.73	-0.34	0.08	1.38	2.66
Capital goods	0.17	-0.22	-0.15	0.39	0.51	0.09	0.36	0.40	1.19	1.61	0.76	0.12	1.14	6.35
Durable goods	1.32	-0.08	0.02	2.71	-0.09	-1.44	0.92	-0.97	-0.49	0.51	-0.29	-1.40	0.15	-0.53
Nondurable goods	-0.78	0.40	0.54	0.87	0.76	-0.03	-0.17	0.19	0.74	1.00	0.58	0.27	0.56	5.87
Energy	-0.52	-1.98	2.06	1.50	-0.93	18.27	-0.48	0.33	-7.34	1.17	-2.08	0.46	1.65	11.36

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.