

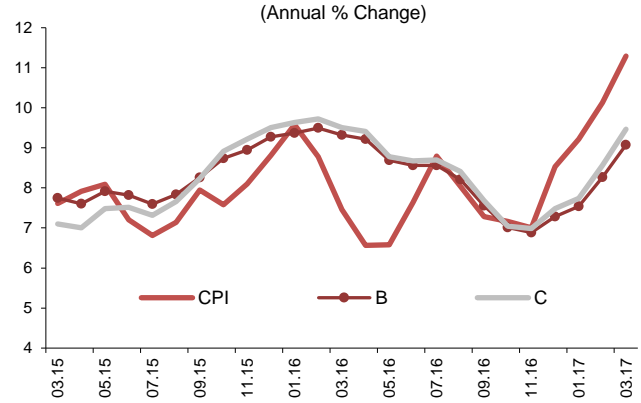
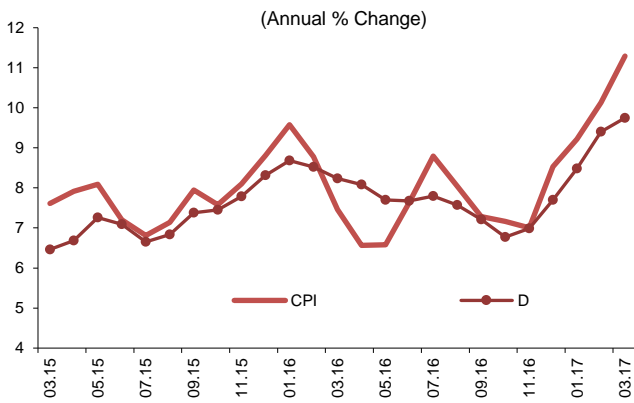
SUMMARY...

In March, consumer prices rose by 1.02 percent, and annual consumer inflation increased by 1.16 points to 11.29 percent. As stated in the Summary of the Monetary Policy Committee Meeting of March, accompanied by the low base from the previous year, annual food inflation was the main driver of the rise in consumer inflation. On the other hand, energy prices fell, parallel to the prospects for oil prices. Services inflation maintained its uptrend, and core goods inflation registered an overall increase amid the lagged effects of the cumulative depreciation in the Turkish lira. Accordingly, core inflation indicators continued to increase.

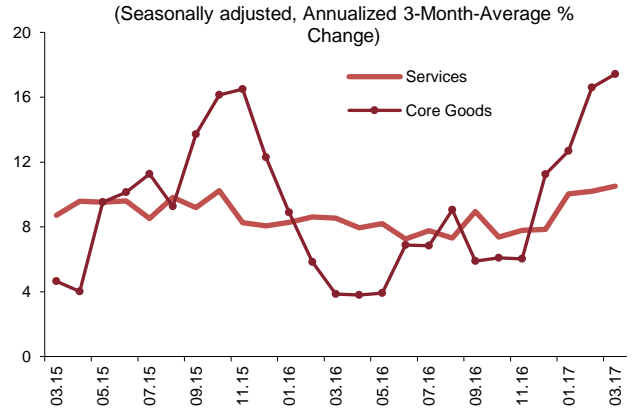
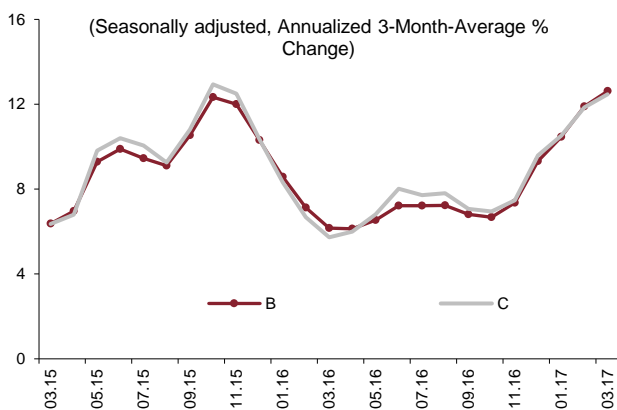
... EVALUATIONS ...

In March, consumer prices rose by 1.02 percent, and annual consumer inflation increased by 1.16 points to 11.29 percent. The annual rate of change in the B and C indices increased by 0.8 and 0.9 points month-on-month to 9.07 and 9.46 percent, respectively.

The contributions of sub-groups to annual CPI inflation reveal a month-on-month increase of 0.85, 0.45 and 0.10 points from the food, core goods and services groups, respectively, whereas that of the energy group decreased by 0.22 points. Meanwhile, the contribution from the alcohol and tobacco groups remained unchanged.



The seasonally-adjusted core inflation indicators based on 3-month-averages reveals a sustained increase in the underlying trend. The underlying trends of both services and core goods inflation moved upwards in this period.

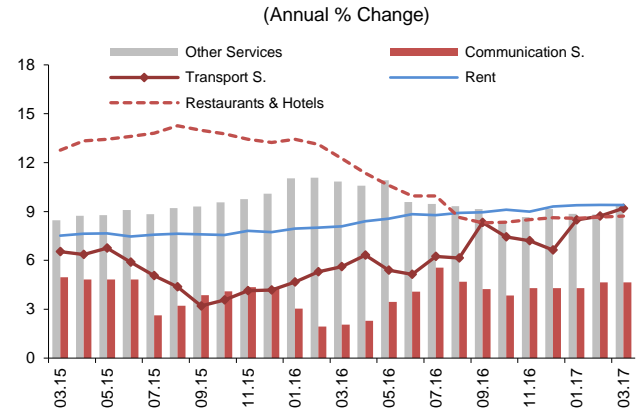
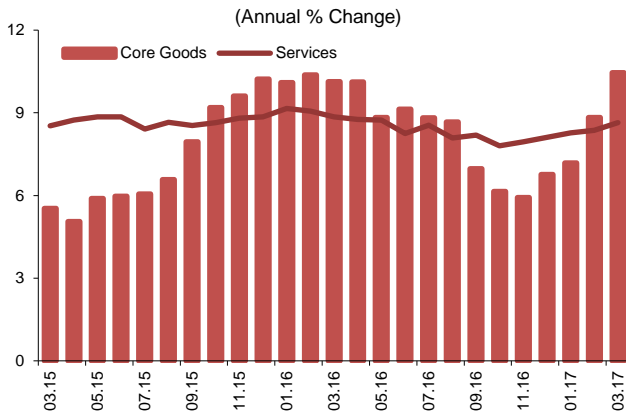


Prices of services rose by 0.63 percent in March, while the group's annual inflation inched up by 0.27 points to 8.64 percent. In this period, annual inflation increased in transport and other services, but remained flat in remaining groups. On the transport services front, prices increased

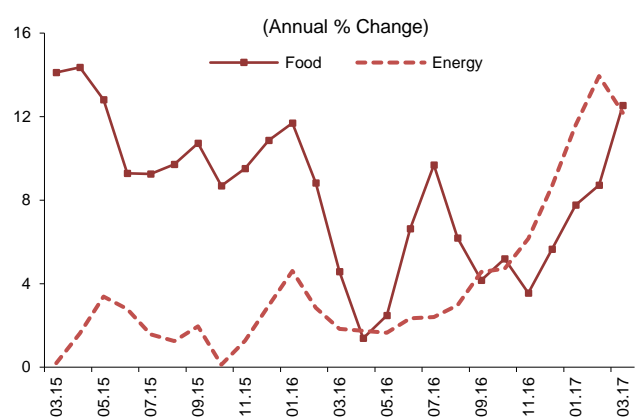
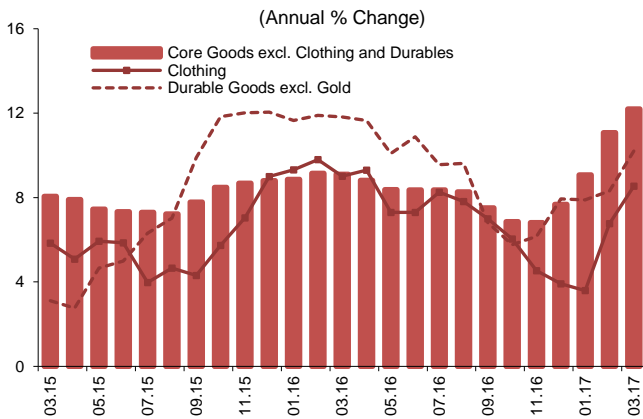
MARCH PRICE DEVELOPMENTS

APRIL 4, 2017

due to cab and minibus fares. Prices of other services increased, mainly owing to package tour prices, which rose by 6.82 percent month-on-month. Additionally, amid the exchange rate effects and the high course of headline inflation, inflation increased in this group, especially in maintenance-repair, health and education services. Meanwhile, annual rent inflation sustained its high level with 9.40 percent.



Annual core goods inflation climbed by 1.63 points to 10.46 percent in March. Lagged effects of the depreciated Turkish lira remained apparent across sub-groups. Price increases in the clothing and footwear group stood well above past averages in March. Pioneered by soaring prices of automobiles, durable goods posted a price hike (3.97 percent month-on-month). Moreover, the February tax reductions notwithstanding, furniture and white goods saw rising prices. Core goods excluding clothing and durable goods recorded soaring prices as well, due to the exchange rate pass-through, and annual inflation in this group hit the highest level of the index history with 12.19 percent. This was led by rising prices in medication, maintenance-repair, personal care and domestic cleaning items.



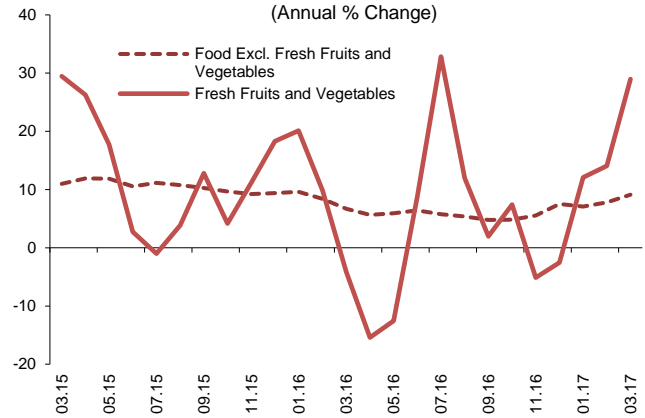
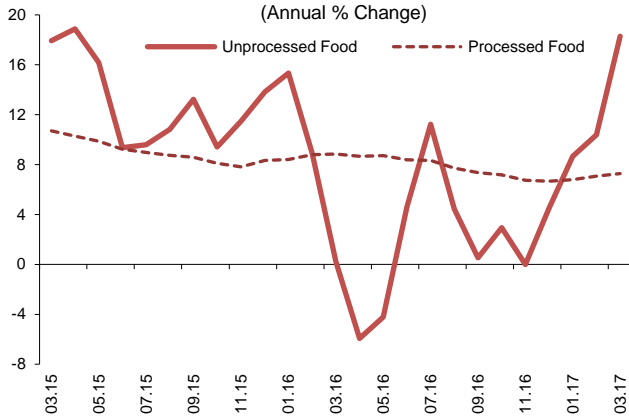
Energy prices decreased by 0.95 percent in March. Due to the decline in international oil prices, fuel and bottled gas witnessed falling prices by 2.61 and 1.27 percent, respectively. On the other hand, water and natural gas prices increased. Thus, annual energy inflation, which has increased since June, declined to 12.19 percent in this period.

Prices in the food and non-alcoholic beverages group rose by 1.93 points and the group's annual inflation increased by 3.81 points to 12.53 percent in March. This was mainly driven by the rise in unprocessed food prices on account of fresh fruits as well as the low base. In the other unprocessed food group, red and white meat prices in addition to rice and legumes witnessed noteworthy price hikes. In the processed food group, month-on-month price increases remained

MARCH PRICE DEVELOPMENTS

APRIL 4, 2017

high with 0.93 percent, and the group's annual inflation stood at 7.28 percent. In March, annual food inflation excluding fresh fruits and vegetables posted an uptick by 1.35 percent.



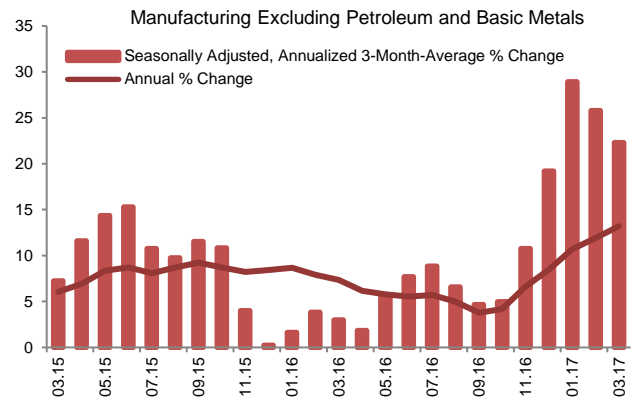
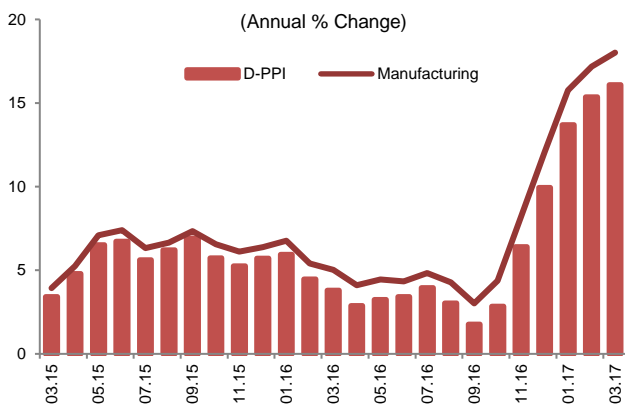
	Monthly Percent Change		Annual Percent Change	
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
CPI	1.02	-0.04	11.29	7.46
1. Goods	1.18	-0.23	12.47	6.86
Energy	-0.95	0.60	12.19	1.84
Food and nonalcoholic beverages	1.93	-1.53	12.53	4.58
Unprocessed food	2.95	-3.92	18.28	0.22
Fresh fruits and vegetables	5.24	-6.90	28.95	-4.17
Other unprocessed food	1.39	-1.75	12.61	2.88
Processed food	0.93	0.72	7.28	8.85
Bread and cereals	0.86	0.70	6.82	9.42
Other processed food	0.97	0.74	7.55	8.56
Goods excluding energy and food	1.53	0.42	12.81	10.83
Core goods	1.95	0.45	10.46	10.13
Durable goods (excluding gold)	2.10	0.36	10.21	11.82
Clothing and footwear ^(*)	2.01	0.34	8.54	9.01
Other core goods	1.69	0.67	12.19	9.10
Alcoholic beverages and tobacco	0.00	0.00	21.71	12.79
Gold	-0.13	2.55	25.36	17.77
2. Services	0.63	0.38	8.64	8.86
Rents	0.48	0.48	9.40	8.08
Restaurants and hotels	0.70	0.65	8.71	12.26
Transport	0.57	0.13	9.20	5.61
Communication	0.00	0.00	4.66	2.05
Other	0.89	0.37	9.38	10.84
3. Core Measures				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	1.20	0.45	9.07	9.32
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	1.25	0.41	9.46	9.51
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	0.82	0.51	9.75	8.23

Source: TurkStat.

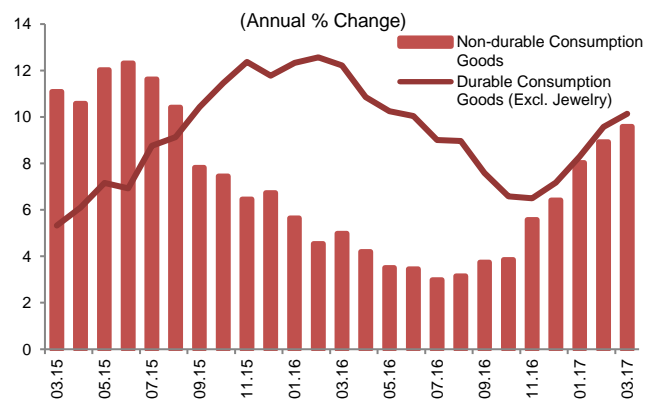
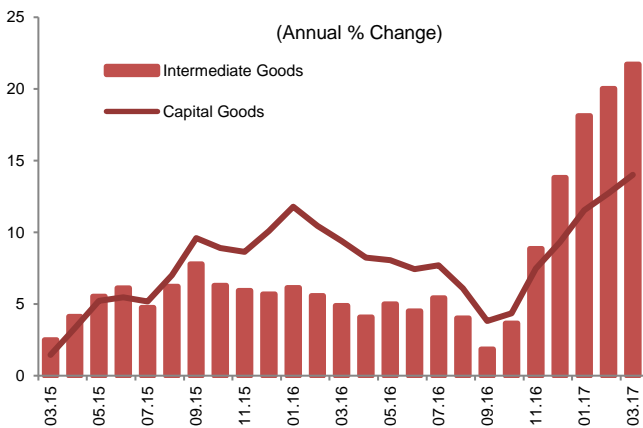
(*) Does not cover clothing services.

... D-PPI ...

Domestic producer prices rose by 1.04 percent in March, and annual PPI inflation increased by 0.73 points to 16.09 percent, which was led by the lagged effects of the exchange rate and international commodity prices. Annual inflation reached 18.01 percent in the manufacturing industry and 13.21 percent in the manufacturing industry, excluding petroleum and base metals. The seasonally-adjusted underlying trend of manufacturing industry prices excluding petroleum and base metals maintained its high level.



According to the Main Industrial Groupings (MIGs), prices registered notable gains across all subcategories in March. The upswing in prices of intermediate goods was driven by iron-steel, textile, petrochemical and paper-cardboard products. Prices of durable goods rose on account of furniture prices, while those of non-durable goods increased due to clothing-textiles, processed meat and medication. Motor vehicles, in addition to parts and accessories thereof, drove the prices of capital goods upwards in this period. Hence, producer-driven cost pressures on consumer prices remained robust in March.



...TABLES

March CPI and Subcategories (Percent Change)					
	Weight	2017		2016	
		Monthly	Annual	Monthly	Annual
CPI	100	1.02	11.29	-0.04	7.46
Food and nonalcoholic beverages	21.77	1.93	12.53	-1.53	4.58
Alcoholic beverages and tobacco	5.87	0.00	21.71	0.00	12.79
Clothing and footwear	7.33	1.99	8.52	0.35	9.03
Housing	14.85	0.43	7.71	0.16	6.63
Household equipment	7.72	1.00	5.33	0.62	11.09
Health	2.63	1.88	13.28	1.21	9.43
Transport	16.31	0.56	17.69	0.79	6.19
Communication	4.12	0.01	4.47	-0.10	1.19
Recreation and culture	3.62	1.55	9.30	-0.28	9.60
Education	2.69	0.94	9.84	0.47	6.94
Restaurants and hotels	8.05	0.70	8.71	0.65	12.26
Miscellaneous goods and services	5.04	0.59	12.51	0.87	12.39

Source: TurkStat.

March D-PPI and Subcategories (Percent Change)					
	Weight	2017		2016	
		Monthly	Annual	Monthly	Annual
D-PPI	100.00	1.04	16.09	0.40	3.80
Mining	3.36	0.37	19.94	-0.26	-2.37
Manufacturing	88.79	1.35	18.01	0.63	5.03
Manufacturing excl. petroleum products	86.18	1.53	16.42	0.40	6.14
Manufacturing excl. petroleum products and basic metals	77.80	1.35	13.21	0.19	7.34
Electricity, gas, steam and air-conditioning supply	6.81	-2.69	-6.56	-1.80	-6.49
Water supply	1.03	0.66	10.46	0.06	8.90
D-PPI (MIGs Classification)					
Intermediate Goods		1.93	21.73	0.51	4.88
Durable Consumption Goods		0.76	13.59	-0.01	12.06
Durable Consumption Goods (Excl. Jewelry)		0.82	10.13	0.31	12.22
Non-Durable Consumption Goods		1.14	9.59	0.52	4.98
Capital Goods		1.10	14.01	-0.04	9.40
Energy		-2.59	14.26	0.44	-9.38

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.