

APRIL PRICE DEVELOPMENTS



Central Bank of Turkey

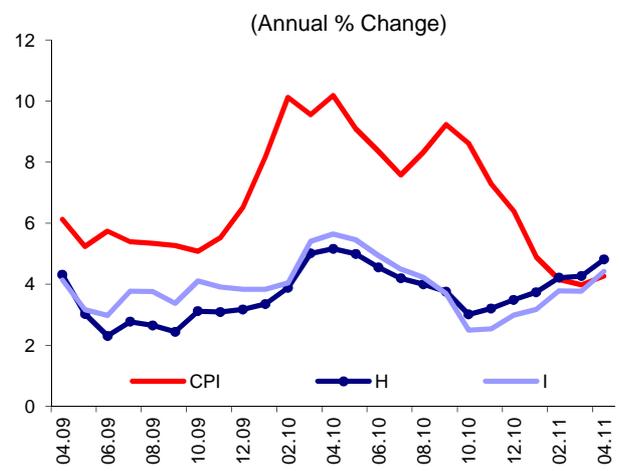
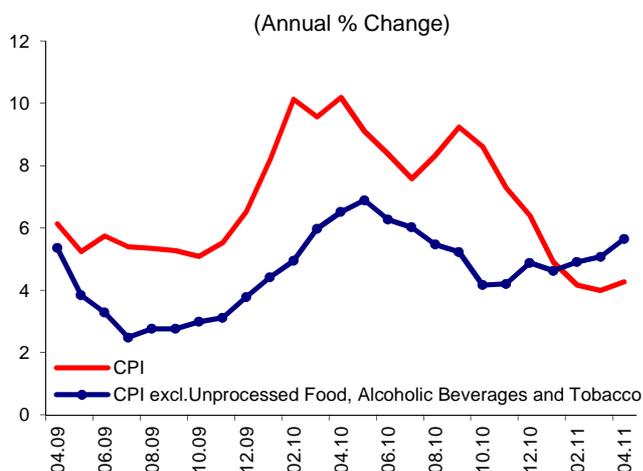
May 4, 2011

SUMMARY ...

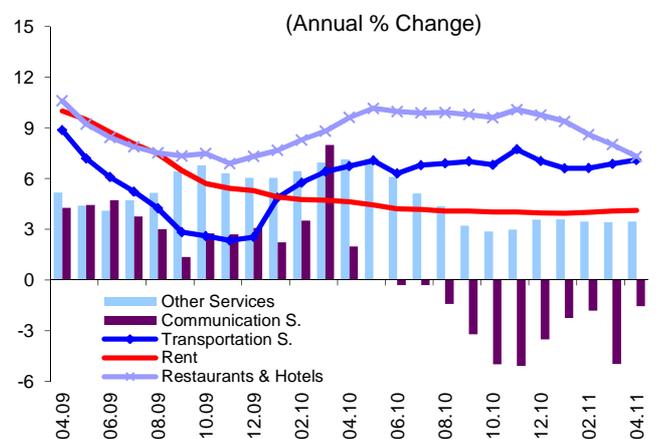
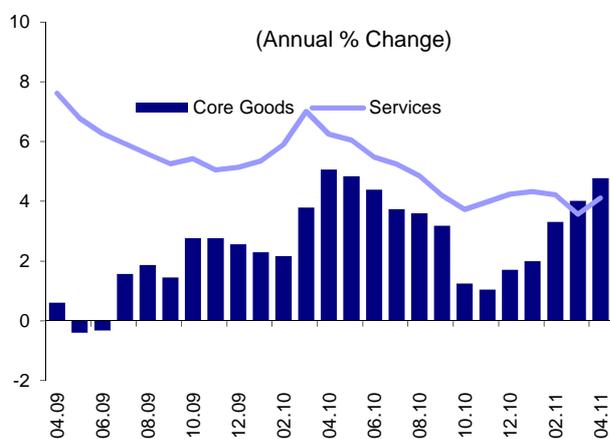
In April, consumer prices increased by 0.87 percent, and annual inflation rose to 4.26 percent. The annual rate of change in the services price index increased on base effects from communication services, while other items of services remained moderate. Meanwhile, prices of core goods continued to reflect the lagged effects of rising import prices. Overall, annual inflation is expected to increase a bit further in May due to base effects from unprocessed food prices.

... EVALUATIONS ...

In April, consumer prices were up 0.87 percent, while annual inflation rose by 0.27 percentage points to 4.26 percent. The rate of increase in the CPI excluding energy, unprocessed food, alcoholic beverages, tobacco and gold (SCA-H) rose to 4.81 percent year-on-year. With a further exclusion of processed food, the rate of increase in the index (SCA-I) surged to 4.42 percent year-on-year.



Prices of services increased by 0.06 percent in April, bringing annual services inflation up by 0.54 percentage points to 4.11 percent. As stated in the March bulletin, this increase was driven by base effects from communication prices. Specifically, the positive outlook for food prices helped catering prices slow further, while annual restaurants and hotels inflation declined by a cumulative 2.46 percentage points since December to 7.3 percent. Prices of transport services were slightly up amid rising fuel prices, whereas annual rental inflation remained low.



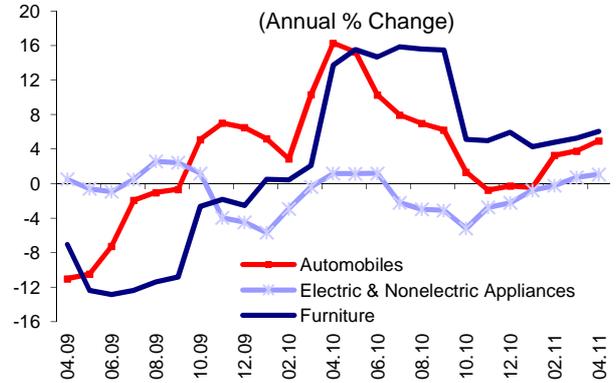
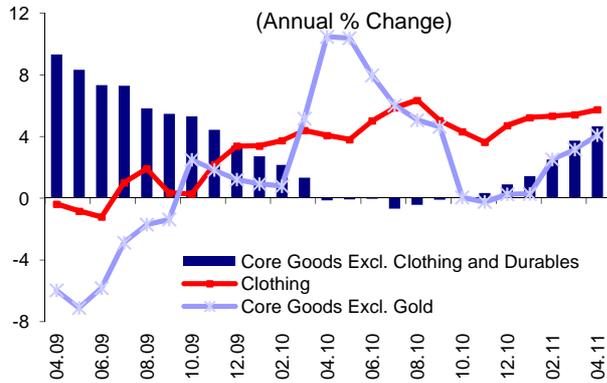
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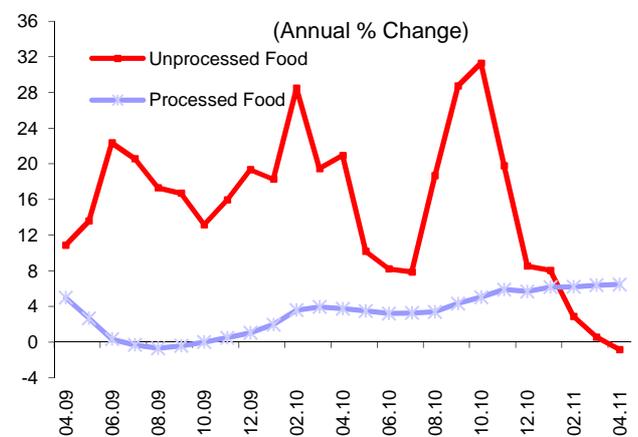
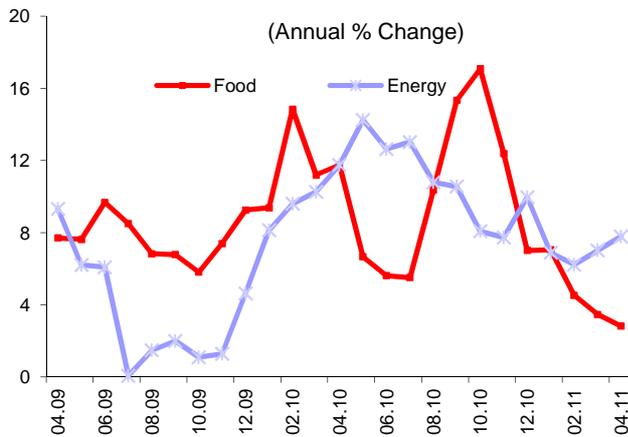
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Core goods inflation (excluding food, energy, alcoholic beverages, tobacco and gold) rose to 4.77 percent year-on-year. Annual inflation was higher across all subcategories of core goods. The uptrend in prices of white goods slowed down in April, while prices of furniture and automobiles recorded sharp increases.



Energy prices continued to rise amid high international oil prices. With the additional pressure of rising fuel, bottled gas and LPG prices, energy prices increased by 0.64 percent, pushing annual energy inflation up to 7.79 percent.



Annual food and nonalcoholic beverages inflation maintained its downward trend in April, falling by 0.64 percentage points to 2.83 percent, the lowest level in the index's history. Despite the increase in fresh fruit prices (up 9.51 percent), falling prices of milk, eggs and fresh vegetables brought unprocessed food prices down. Accordingly, unprocessed food prices registered their first year-on-year fall since September 2008.

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	Monthly Percent Change		Monthly Percent Change	
	April 2011	April 2010	April 2011	April 2010
CPI	0.87	0.60	4.26	10.19
1. Goods	1.16	0.96	4.34	11.60
Energy	0.64	-0.08	7.79	11.75
Food and nonalcoholic beverages	-0.48	0.14	2.83	11.76
Unprocessed food	-1.12	0.27	-0.83	20.93
Fresh fruits and vegetables	-4.27	-2.22	-2.41	13.05
Other unprocessed food	1.25	2.06	0.18	26.38
Processed food	0.11	0.02	6.48	3.76
Bread and cereals	0.33	-0.15	6.76	-0.82
Other processed food	-0.02	0.12	6.33	6.56
Goods excluding energy and food	2.84	2.18	4.16	11.51
Core goods	3.61	2.87	4.77	5.06
Durable goods	1.17	0.30	6.03	11.36
Durable goods (excluding gold)	1.28	0.38	4.08	10.46
Alcoholic beverages and tobacco	0.00	0.02	-1.51	43.03
Gold	-0.26	-0.78	31.63	19.80
2. Services	0.06	-0.46	4.11	6.24
Rents	0.28	0.25	4.12	4.62
Restaurants and hotels	0.50	1.16	7.30	9.61
Transport	0.42	0.20	7.10	6.73
Communication	-1.96	-5.36	-1.56	1.98
Other services *	0.52	0.48	3.45	7.15
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	1.25	0.70	5.65	6.51
SCA-H	1.43	0.90	4.81	5.17
SCA-I	1.77	1.14	4.42	5.65

Sources: TurkStat; and CBRT.

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

Among processed food items, prices of fats and oils continued to rise in April, albeit at a slower pace. On the other hand, the moderate increases in prices of bread and cereals due to lowered customs duties on wheat imports and the significant drop in dairy prices limited the rise of processed food prices. Thus, annual processed food inflation remained basically unchanged at 6.48 percent.

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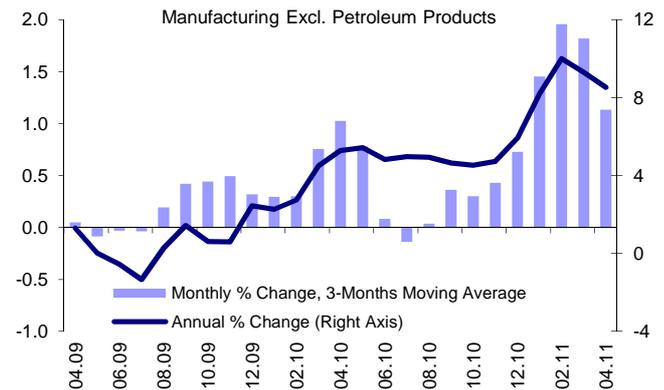
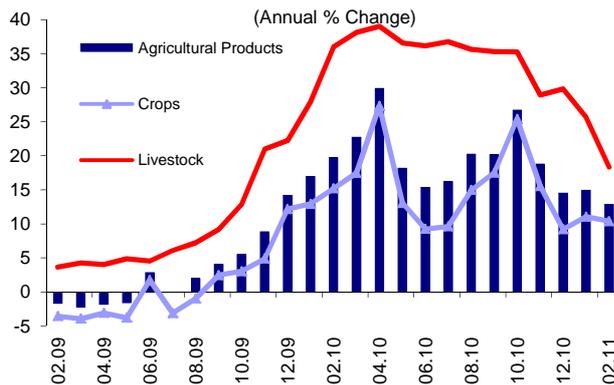


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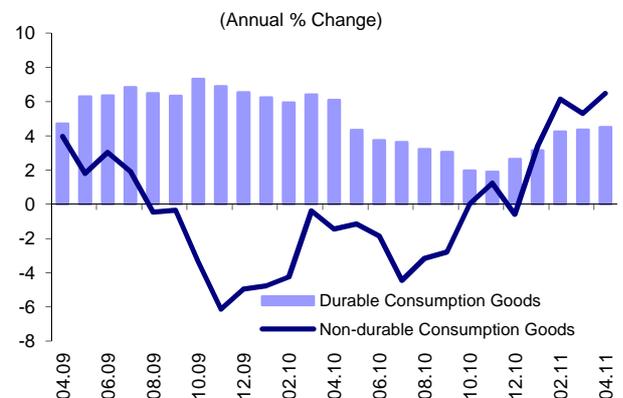
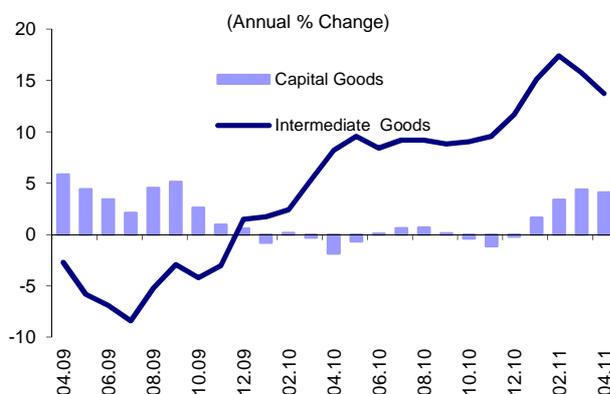
... PPI ...

In April, producer prices rose by 0.61 percent on rising agricultural prices, while annual PPI inflation declined to 8.21 percent. Agricultural prices increased by 3.43 percent in line with seasonal averages. Wheat and cotton prices dropped, whereas sunflower prices rose further by 4.53 percent. Livestock prices increased by 1.68 percent.



Although international commodity prices continued to rise in April, price increases across manufacturing industry slowed amid stronger Turkish lira. Accordingly, manufacturing industry prices rose by a modest 0.13 percent in April.

Among subcategories of Main Industrial Groupings (MIGs), durable and non-durable goods were the main drivers of this small increase in manufacturing industry prices. Prices of capital goods were down 0.99 percent amid falling base metal prices, whereas prices of intermediate goods hardly changed. Prices of durable goods were up 0.62 percent on rising furniture prices, while prices of non-durable goods increased by 0.59 percent on higher producer prices for food and textiles.



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... TABLES

April CPI and Subcategories (Percent Change)					
	Weight	2011		2010	
		MoM	Yoy	MoM	Yoy
CPI	100	0.87	4.26	0.60	10.19
Food and nonalcoholic beverages	26.78	-0.48	2.83	0.14	11.76
Alcoholic beverages and tobacco	5.90	0.00	-1.51	0.02	43.03
Clothing and footwear	7.22	10.91	5.74	10.58	4.09
Housing	16.46	0.39	4.86	0.12	6.14
Household equipment	6.93	1.76	7.28	0.66	3.23
Health	2.40	0.11	0.57	0.93	0.62
Transport	15.15	1.04	7.98	0.05	14.72
Communication	4.64	-1.84	-1.16	-4.83	2.00
Recreation and culture	2.70	0.08	-1.63	-0.48	5.48
Education	2.32	0.25	4.64	-0.09	6.00
Restaurants and hotels	5.89	0.50	7.30	1.16	9.61
Miscellaneous goods and services	3.61	0.27	8.21	-0.05	9.08

Source: TurkStat.

April PPI and Subcategories (Percent Change)					
	Weight	2011		2010	
		MoM	Yoy	MoM	Yoy
PPI	100	0.61	8.21	2.35	10.42
Agriculture	17.49	3.43	4.59	9.31	29.90
Crops, fruits and vegetables	12.23	4.34	0.20	12.94	27.33
Livestock and animal products	4.52	0.18	13.06	0.86	39.01
Industry	82.51	0.01	9.09	0.83	6.47
Mining	3.10	0.28	16.24	0.38	8.41
Manufacturing	70.68	0.13	9.65	0.92	7.79
Manufacturing excluding petroleum	67.56	0.14	8.53	0.85	5.29
Manufacturing excluding petroleum and base metals	61.66	0.49	8.18	0.10	3.26
Electricity, gas and water	8.73	-1.30	2.26	0.19	-10.15

Sources: TurkStat; and CBRT.

PPI by MIGs														
	Monthly Percent Change													
	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	YoY
Intermediate goods	1.80	0.00	-0.50	0.49	0.79	0.83	-0.22	1.14	2.80	3.39	2.67	1.61	0.02	13.71
Capital goods	-0.72	-0.59	0.10	0.12	-0.18	0.04	-0.45	-0.10	0.81	1.66	2.09	1.56	-0.99	4.08
Durable goods	-0.48	0.78	0.16	-1.64	0.49	0.13	1.23	1.20	-1.39	3.63	1.71	-0.52	0.62	6.47
Non-durable goods	0.45	-0.49	-0.51	0.29	-0.27	0.74	0.17	0.13	0.72	0.61	1.62	0.84	0.59	4.50
Energy	0.91	0.47	-0.93	0.68	2.45	-0.01	0.15	0.61	4.27	2.44	-1.04	2.25	-0.56	11.18

Sources: TurkStat; and 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 the 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.