

JUNE PRICE DEVELOPMENTS

JULY 6, 2015

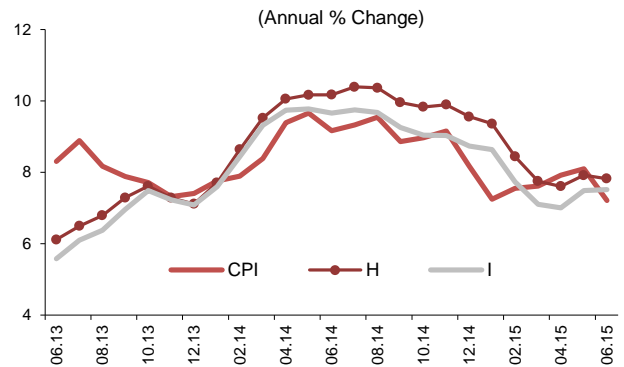
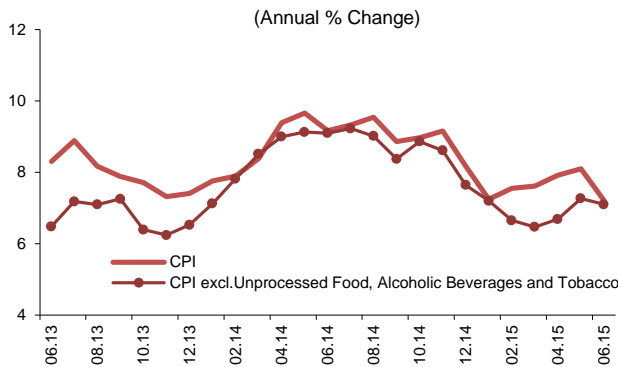
SUMMARY...

In June, consumer prices edged down by 0.51 percent, pulling the annual consumer inflation down to 7.20 percent. The sustained correction introduced to food prices led the decline in the annual food inflation to become more pronounced. Developments in oil prices lowered the annual energy inflation. Annual core goods inflation increased slightly amid exchange rate developments in this period, and services inflation remained high. Accordingly, both the underlying trend and the annual inflation of core inflation indicators followed a flat course.

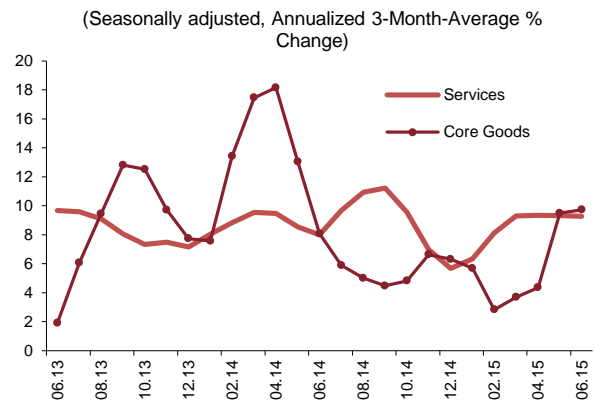
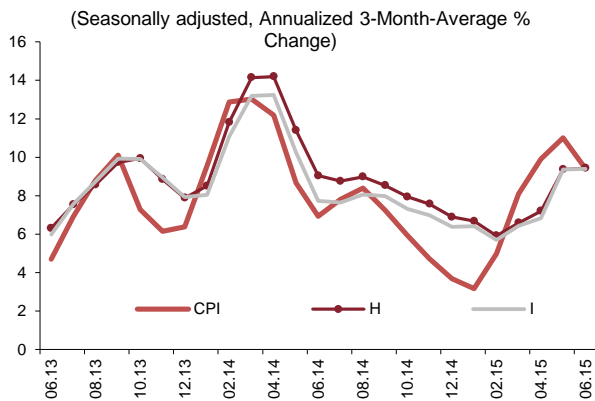
... EVALUATIONS ...

In June, consumer prices edged down by 0.51 percent, pulling the annual consumer inflation down by 0.89 points to 7.20 percent. The annual rate of increase in the SCA-H and SCA-I indices remained almost flat month-on-month and stood at 7.82 and 7.51 percent, respectively.

Across subgroups, the contribution of the food and energy groups to annual CPI inflation decreased by 0.84 point and 0.08 point, respectively, while the contribution of other groups did not register any change in June. Currently, the services group is the pioneering contributor to consumer inflation with 2.60 points.



The underlying trends of seasonally-adjusted inflation in 3-month averages indicate that core inflation indicators maintained the high levels of the previous month. The underlying trend of services inflation followed a flat course as it did in May, yet remained high, and that of core goods inflation exhibited a limited rise.

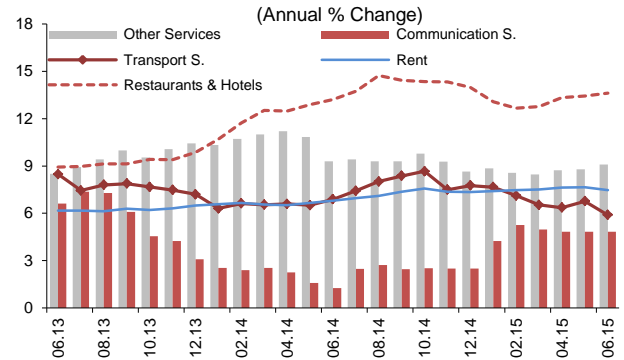
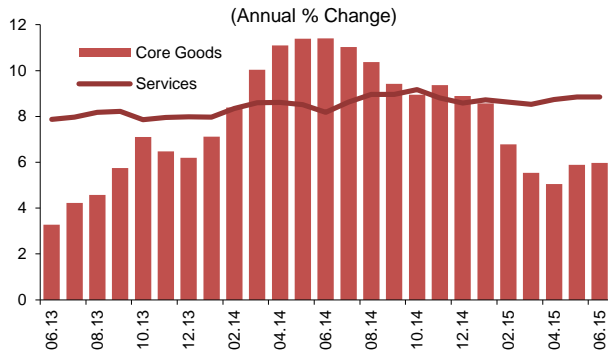


Prices of services increased by 0.88 percent on a monthly basis and the group's annual inflation remained unchanged at 8.85 percent. Annual inflation receded in rent and transport services, while it registered an increase in other services besides restaurants-hotels. The ongoing

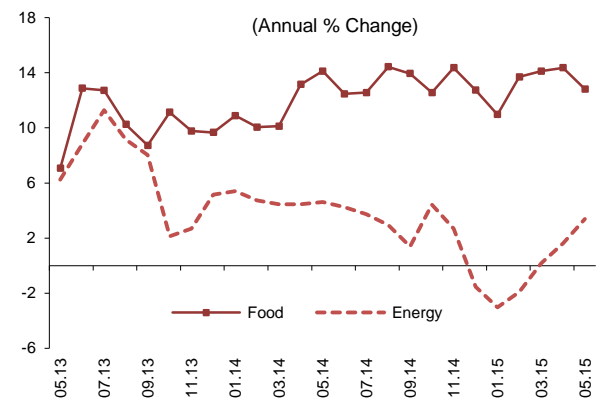
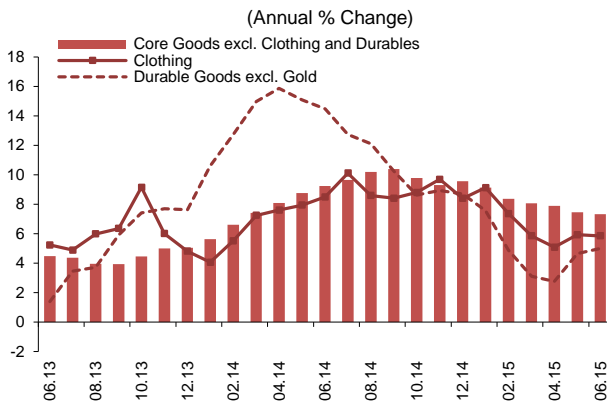
JUNE PRICE DEVELOPMENTS

JULY 6, 2015

uptrend in red meat prices despite the correction in food prices in the last two months led price hikes in the restaurants-hotels group to continue in June, and the group's annual inflation climbed to 13.62 percent. On the other services front, price increases were shaped by the monthly surge in package tour prices (by 19.17 percent).



Annual core goods inflation crept up by 0.09 points to 5.97 percent. Among sub-groups, annual inflation in durable consumption goods posted an increase due to the base effect, while it decreased in other main groups. Following the high price increases that spread across the durable goods group in the April-May period, a moderate outlook was recorded in June. Automobile prices crept up, while the prices of furniture and electrical appliances posted a decline in this period. Reverberations of the depreciation in the Turkish lira lost pace in durable goods, yet remained apparent in core goods excluding clothing and durable goods.



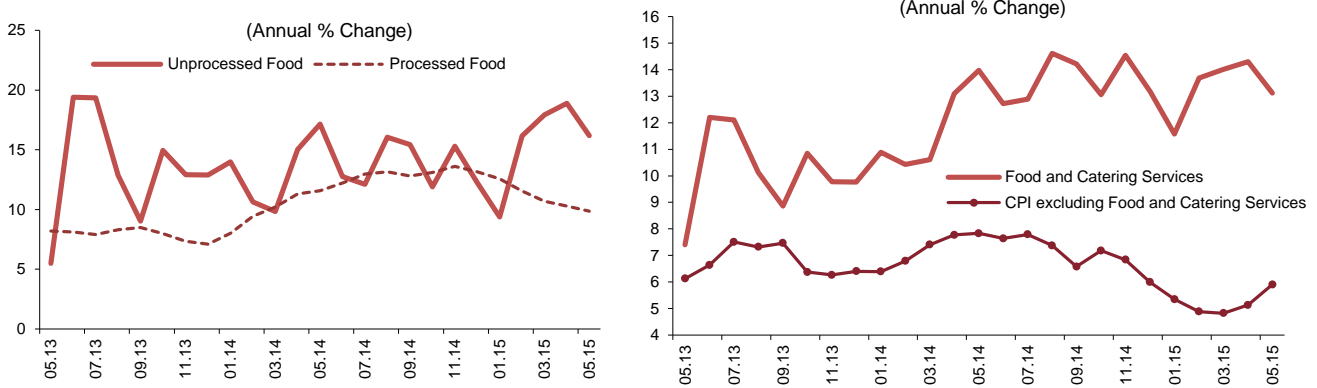
Energy prices fell by 0.17 percent in June, which was led by bottled gas and fuel prices that receded by 1.48 and 0.75 percent, respectively. However, municipal water prices registered a slight uptick. Amid this moderate course, annual energy inflation decreased to 2.78 percent.

Annual inflation in the food and non-alcoholic beverages group decreased by 3.54 points to 9.28 percent in June. This fall was driven by the unprocessed food prices, while the deceleration trend continued in annual processed food inflation. The decline registered in the seasonally-adjusted unprocessed food prices due to prices of fresh fruits and vegetables in May continued with a more apparent pace amid the rise in the product supply in June. On the other hand, the trend of price surges in red meat was maintained in this period. Moreover, price hikes in nuts such as hazelnuts, peanuts and almond kernels continued, unabated. Monthly price increases in the processed food group have lost momentum in recent months. Across subgroups, prices registered a relatively mild course in June in items excluding bread, processed red meat and oils (particularly olive oil). The course of wheat prices are significant to the outlook of the processed food prices in the upcoming period and developments in domestic wheat prices are closely monitored.

JUNE PRICE DEVELOPMENTS

JULY 6, 2015

The annual inflation in food and catering services receded to 10.32 percent, while consumer inflation excluding food and catering services edged down to 5.82 percent.



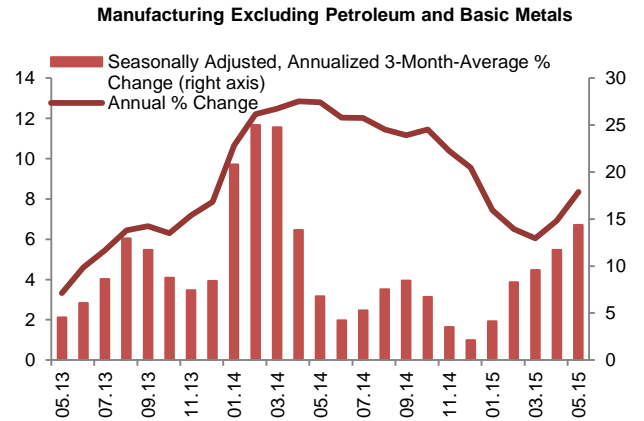
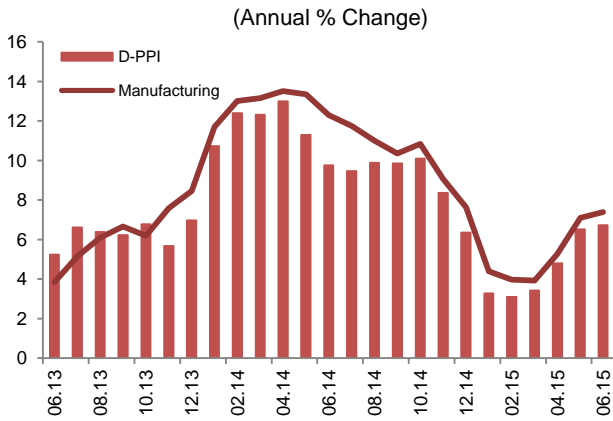
	Monthly Percent Change		Annual Percent Change	
	June.2015	June.2014	June.2015	June.2014
CPI	-0.51	0.31	7.20	9.16
1. Goods	-1.09	0.08	6.51	9.59
Energy	-0.17	0.40	2.78	4.25
Food and nonalcoholic beverages	-2.79	0.36	9.28	12.47
Unprocessed food	-6.19	-0.34	9.36	12.75
Fresh fruits and vegetables	-14.94	-2.50	2.72	3.33
Other unprocessed food	-1.17	0.97	12.93	19.31
Processed food	0.40	0.99	9.22	12.21
Bread and cereals	0.51	1.14	6.79	14.15
Other processed food	0.34	0.89	10.68	11.04
Goods excluding energy and food	-0.18	-0.27	5.91	9.88
Core goods	-0.25	-0.33	5.97	11.41
Durable goods	-0.14	-0.51	5.61	14.03
Durable goods (excluding gold)	-0.23	-0.55	5.00	14.47
Alcoholic beverages and tobacco	-0.01	-0.06	4.13	2.92
Gold	1.36	0.36	17.53	5.85
2. Services	0.88	0.88	8.85	8.18
Rents	0.58	0.76	7.47	6.80
Restaurants and hotels	1.09	0.92	13.62	13.22
Transport	0.57	1.40	5.89	6.89
Communication	-0.01	0.00	4.83	1.27
Other*	1.35	1.06	9.10	9.29
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.27	0.43	7.09	9.09
SCA-H	0.34	0.43	7.82	10.17
SCA-I	0.33	0.31	7.51	9.65

Source: TurkStat, CBRT.

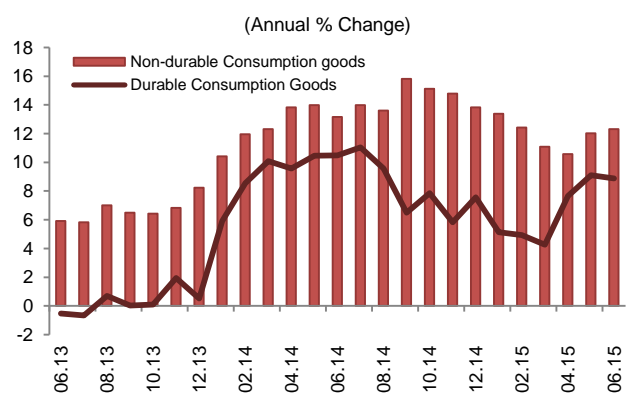
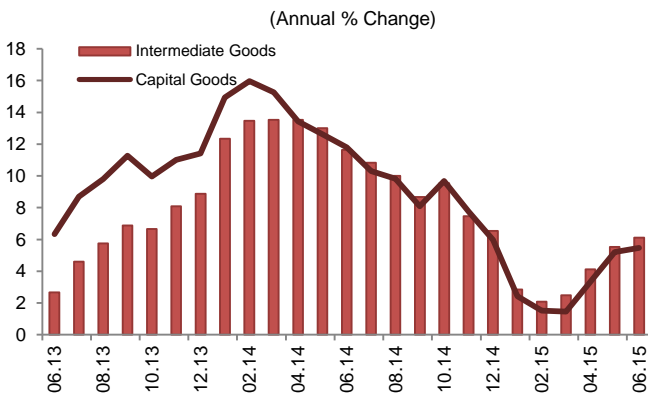
*Other: The services index excluding rents, restaurants/hotels, transport and communication services.

...D-PPI...

Domestic producer prices edged up by 0.25 percent month-on-month and the group's annual inflation climbed to 6.73 percent in June. The depreciation in the Turkish lira pushed prices in the manufacturing industry upwards, while the favorable course of international commodity prices curbed this effect. Annual inflation reached 7.39 percent in manufacturing industry prices, and hit 8.69 percent in those excluding petroleum and basic metals.



According to the Main Industrial Groupings (MIGs), price increases in intermediate and capital goods continued with a slower pace, while prices in durable and non-durable goods remained flat in June. Prices in the manufacture of intermediate goods rose by 0.68 percent, led by the prices in the manufacture of plastics. Prices in machine manufacturing for special purposes proved influential in the monthly price increase of 0.63 percent in the manufacture of capital goods. The flat course of prices of non-durable consumption goods was shaped by the mild course of the manufacturing prices of food and wearing apparel. In the manufacture of durable consumption goods, the price hike in consumer electronics of the previous month was replaced by a decline in this period. All in all, June was marked by alleviated cost pressures driven by producer prices on consumer prices compared to the preceding four months.



JUNE PRICE DEVELOPMENTS

JULY 6, 2015

...TABLES

June CPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
CPI	100	-0.51	7.20	0.31	9.16
Food and nonalcoholic beverages	24.25	-2.79	9.28	0.36	12.47
Alcoholic beverages and tobacco	4.82	-0.01	4.13	-0.06	2.92
Clothing and footwear	7.38	-1.32	5.92	-1.25	8.51
Housing	15.79	0.30	8.39	0.24	5.29
Household equipment	7.78	-0.09	7.23	0.46	9.19
Health	2.57	0.53	6.48	0.98	9.48
Transport	15.38	-0.01	1.23	0.50	12.01
Communication	4.38	0.04	3.13	0.08	0.36
Recreation and culture	3.54	2.64	11.13	0.40	5.93
Education	2.53	0.70	6.24	1.72	9.28
Restaurants and hotels	6.98	1.09	13.62	0.92	13.22
Miscellaneous goods and services	4.60	0.79	9.89	0.70	7.72

Source: TurkStat.

June D-PPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
D-PPI	100	0.25	6.73	0.06	9.75
Mining	3.40	1.79	1.89	-0.08	9.40
Manufacturing	86.21	0.41	7.39	0.13	12.29
Manufacturing excl. petroleum products	83.24	0.42	8.28	0.21	11.95
Manufacturing excl. petroleum products and basic metals	75.00	0.50	8.69	0.18	12.04
Electricity, gas, steam and air-conditioning supply	9.30	-1.84	0.93	-0.68	-5.15
Water supply	1.09	0.36	22.70	0.05	9.85
D-PPI (MIGs Classification)					
Intermediate Goods		0.68	6.12	0.12	11.63
Durable Consumption Goods		-0.03	8.89	0.17	10.48
Non-Durable Consumption Goods		0.08	12.31	-0.18	13.15
Capital Goods		0.63	5.47	0.40	11.80
Energy		-0.72	-2.16	-0.01	2.21

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.