

OCTOBER PRICE DEVELOPMENTS NOVEMBER 4, 2015

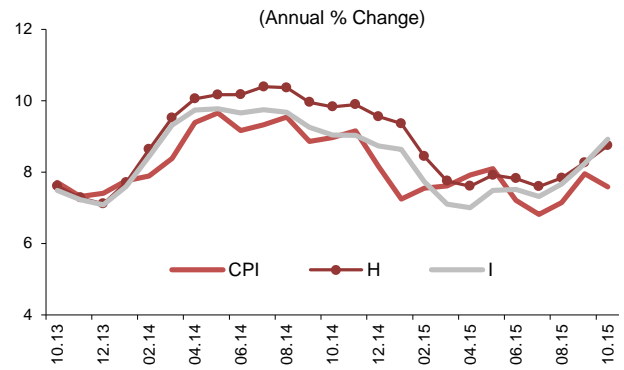
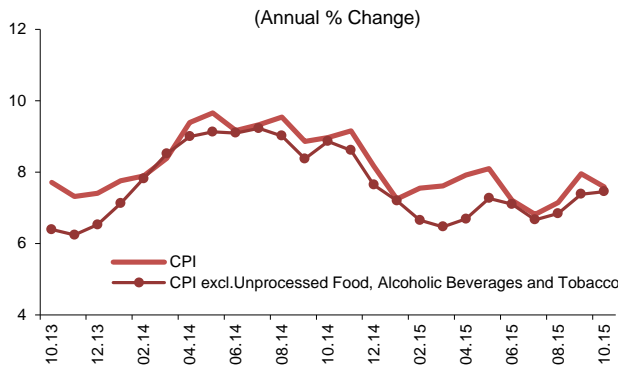
SUMMARY ...

In October, consumer prices rose by 1.55 percent, and the annual consumer inflation fell to 7.58 percent. This is attributed to the deceleration in annual food inflation and the base effect in energy prices. Meanwhile, core goods inflation remained on the rise amid the cumulative depreciation in the Turkish lira, and services inflation maintained its high course. Accordingly, the annual inflation and the underlying trend of core inflation indicators registered an increase due to core goods prices.

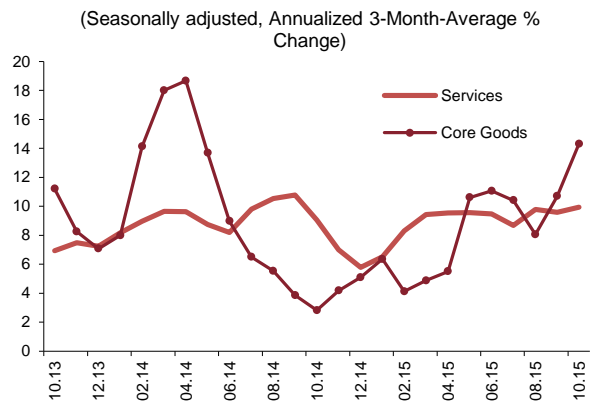
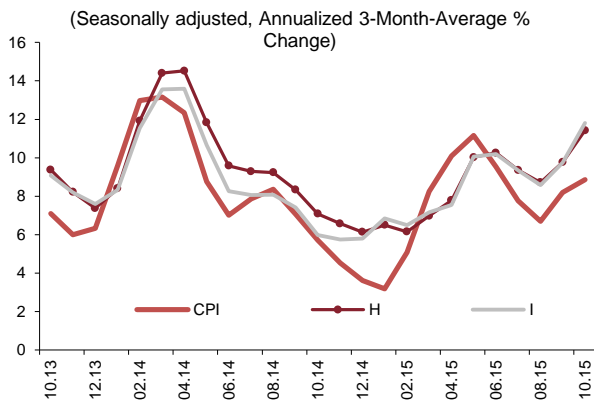
... EVALUATIONS ...

In October, consumer prices rose by 1.55 percent, and the annual consumer inflation fell by 0.37 point to 7.58 percent. The annual rate of increase in the SCA-H and SCA-I indices rose by 0.48 and 0.68 points month-on-month to 8.74 and 8.92 percent, respectively.

Contributions of sub-groups to annual CPI inflation reveal an increase in core goods by 0.40 point in contrast to a decline in energy and food groups by 0.25 and 0.51 point, respectively, in October. Contributions of other sub-groups did not exhibit a noticeable change.

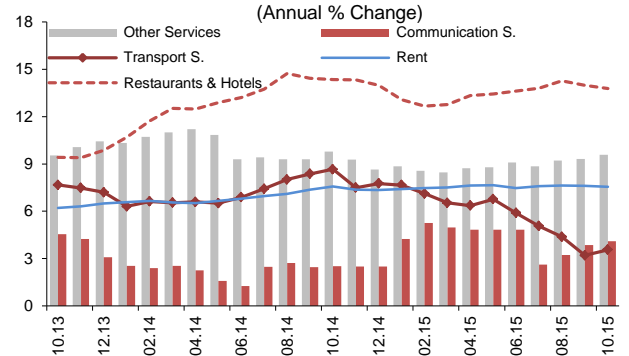
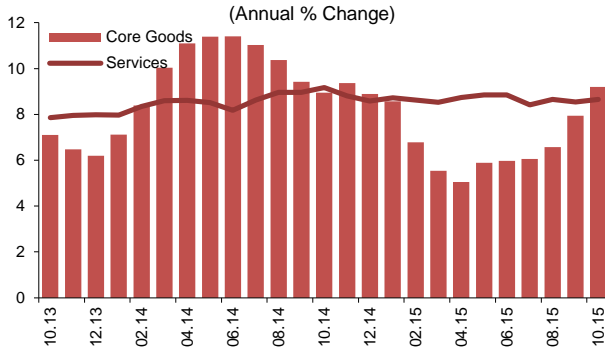


Seasonally-adjusted data in 3-month averages reveal that the underlying trend of core inflation indicators deteriorated in October. This outlook was shaped by core goods, which surged upon the lagged effects of exchange rate developments in addition to the hikes in clothing prices. Meanwhile, having remained flat, the underlying trend of the services group maintained its high level in October.

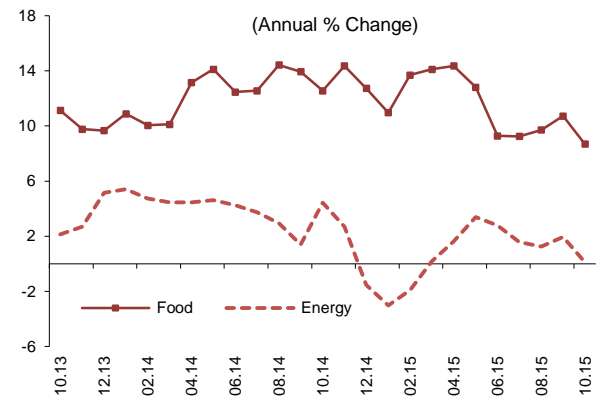
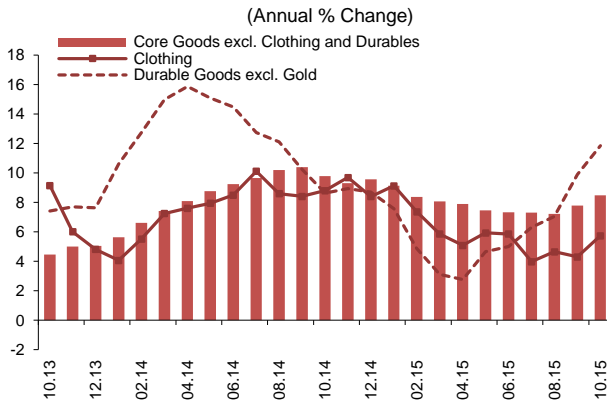


Prices of services increased by 0.71 percent on a monthly basis and the group's annual inflation edged up by 0.11 point to 8.65 percent in October. Annual inflation decreased in the restaurants-hotels group, remained flat in rents and increased in other sub-groups. The slowdown in the monthly inflation of the restaurants-hotels group stemmed from accommodation services, while high price increases in catering services continued. Due to the rise in school bus fares, prices of transport services increased by 1.3 percent in October. In the other services group, the depreciated Turkish lira accelerated price increases in maintenance services.

OCTOBER PRICE DEVELOPMENTS NOVEMBER 4, 2015



Annual core goods inflation increased by 1.25 points to 9.19 percent in October. Annual inflation increased in all sub-groups in this period. Due to the cumulative effects of the depreciation in the Turkish lira, prices of durable consumption goods posted a month-on-month increase by 1.75 percent. Among durable consumption goods, home appliances, automobiles and furniture witnessed price hikes. Monthly price increases in core goods excluding clothing and durable goods, which are affected by the exchange rate with a lag, also posted an increase; the group’s annual inflation hit 8.49 percent. Clothing prices saw the highest October rise of the index history as the group’s annual inflation hit 5.73 percent. This was the arrangement in customs duties as well. All in all, similar to September, October was also marked by evident effects of depreciation in the Turkish lira on core goods prices.

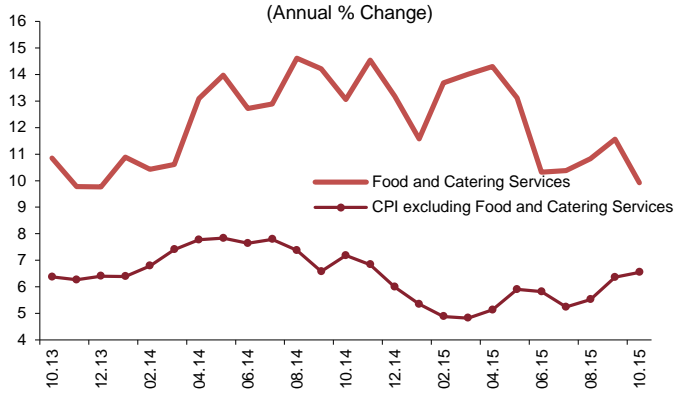
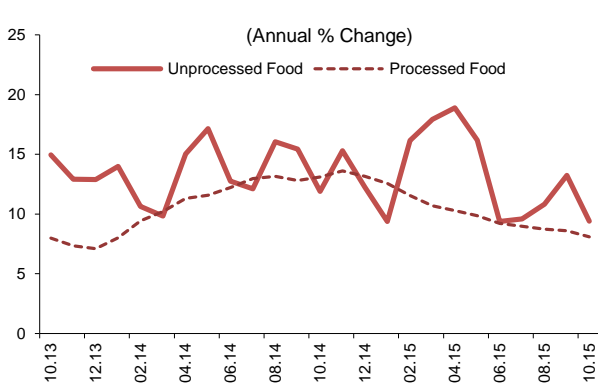


Energy prices rose by 0.77 percent in October, which was led by municipal water tariffs besides bottled gas and LPG prices that surged by 3.87 and 5.88 percent, respectively. Due to the base effect stemming from the electricity and natural gas price adjustments in the same month of the previous year, annual energy inflation fell by 1.8 points to 0.12 percent.

Annual inflation in food and non-alcoholic beverages decreased by 2 points to 8.69 percent in October owing to the seasonally-adjusted unprocessed food prices that fell parallel with vegetable prices. Thus, annual unprocessed food inflation declined by 3.83 points to 9.40 percent in this period. Meanwhile, the rise by 1.03 percent in red meat prices in October, which remained almost flat in September, is remarkable. On the processed food front, the deceleration in annual inflation throughout the last one year continued. Annual inflation in all sub-groups excluding fats and oils declined on an annual basis in this period.

The annual inflation in food and catering services plummeted to 9.93 percent, while consumer inflation excluding food and catering services crept up by 0.19 point to 6.54 percent in October.

OCTOBER PRICE DEVELOPMENTS NOVEMBER 4, 2015



	Monthly Percent Change		Annual Percent Change	
	Oct.2015	Oct.2014	Oct.2015	Oct.2014
CPI	1.55	1.90	7.58	8.96
1. Goods	1.92	2.46	7.13	8.89
Energy	0.77	2.62	0.12	4.43
Food and nonalcoholic beverages	0.76	2.65	8.69	12.56
Unprocessed food	0.95	4.48	9.40	11.89
Fresh fruits and vegetables	3.50	12.06	4.17	3.39
Other unprocessed food	-0.36	0.27	12.54	18.20
Processed food	0.59	1.06	8.09	13.09
Bread and cereals	0.83	1.13	5.73	14.62
Other processed food	0.46	1.01	9.44	12.17
Goods excluding energy and food	3.25	2.23	8.90	8.09
Core goods	3.91	2.72	9.19	8.95
Durable goods	1.66	0.03	12.33	8.46
Durable goods (excluding gold)	1.75	-0.03	11.84	8.63
Alcoholic beverages and tobacco	-0.01	0.00	5.67	4.14
Gold	0.18	1.16	21.47	5.27
2. Services	0.71	0.61	8.65	9.17
Rents	0.71	0.76	7.55	7.56
Restaurants and hotels	0.67	0.86	13.77	14.34
Transport	1.30	0.95	3.56	8.67
Communication	0.37	0.14	4.10	2.51
Other*	0.62	0.39	9.57	9.78
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	1.73	1.66	7.45	8.86
SCA-H	1.93	1.48	8.74	9.83
SCA-I	2.22	1.57	8.92	9.04

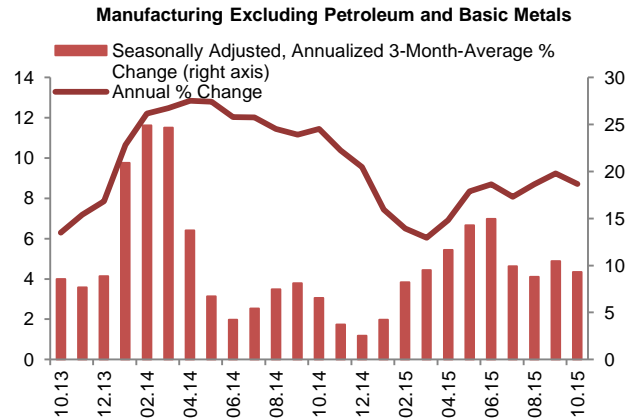
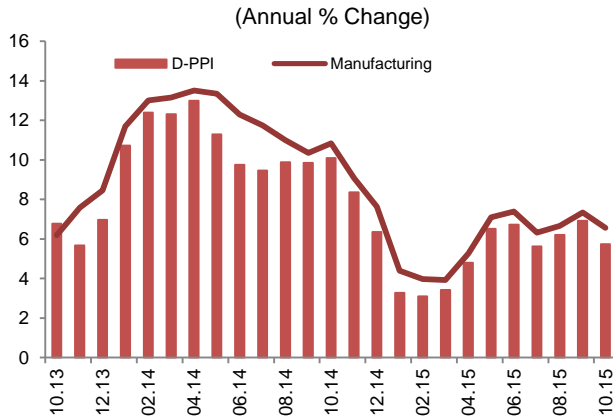
Source: TurkStat, CBRT.

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

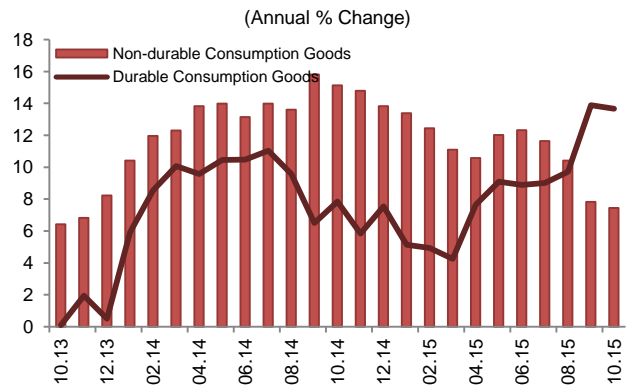
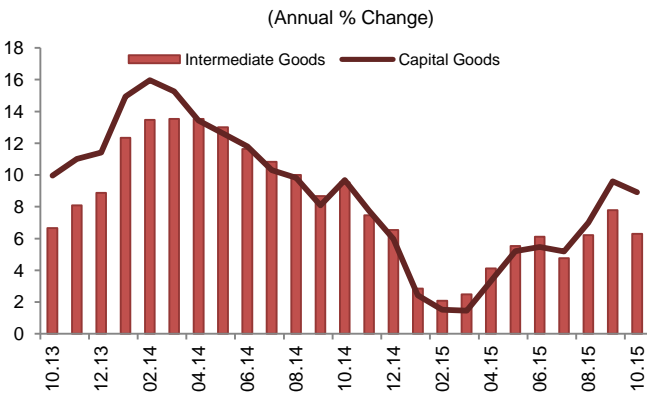
OCTOBER PRICE DEVELOPMENTS NOVEMBER 4, 2015

...D-PPI...

Domestic producer prices edged down by 0.20 percent month-on-month, and the group's annual inflation fell by 1.18 points to 5.74 percent in October. Prices registered a partial improvement in the manufacturing industry amid the exchange rate developments. Annual inflation receded to 6.56 percent in manufacturing industry prices, and to 8.71 percent in those excluding petroleum and basic metals.



According to the Main Industrial Groupings (MIGs), prices in October followed a moderate course in all sub-groups except durable consumption goods. A monthly price increase of 1.07 percent in the manufacture of durable consumption goods was driven by furniture, which also affected consumer prices. Prices of intermediate goods posted a month-on-month decline by 0.61 percent, which stemmed mainly from prices of the items related to the manufacture of iron and steel. All in all, in October, cost pressures on consumer inflation weakened in groups other than durable consumption goods.



OCTOBER PRICE DEVELOPMENTS NOVEMBER 4, 2015

...TABLES

October CPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
CPI	100	1.55	7.58	1.90	8.96
Food and nonalcoholic beverages	24.25	0.76	8.69	2.65	12.56
Alcoholic beverages and tobacco	4.82	-0.01	5.67	0.00	4.14
Clothing and footwear	7.38	11.43	5.78	9.95	8.83
Housing	15.79	0.81	6.04	2.94	7.89
Household equipment	7.78	1.39	10.72	0.20	7.77
Health	2.57	0.41	7.11	0.70	9.91
Transport	15.38	1.40	4.04	-0.18	6.88
Communication	4.38	0.25	3.18	-0.10	1.30
Recreation and culture	3.54	0.47	10.86	0.03	8.00
Education	2.53	1.03	6.43	0.52	8.05
Restaurants and hotels	6.98	0.67	13.77	0.86	14.34
Miscellaneous goods and services	4.60	1.05	11.57	0.74	9.14

Source: TurkStat.

October D-PPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
D-PPI	100	-0.20	5.74	0.92	10.10
Mining	3.40	1.23	-1.60	0.32	4.68
Manufacturing	86.21	-0.37	6.56	0.35	10.84
Manufacturing excl. petroleum products	83.24	-0.27	7.73	0.58	11.23
Manufacturing excl. petroleum products and basic metals	75.00	0.05	8.71	0.54	11.44
Electricity, gas, steam and air-conditioning supply	9.30	0.83	-0.71	6.92	1.49
Water supply	1.09	0.70	19.69	2.54	11.53
D-PPI (MIGs Classification)					
Intermediate Goods		-0.61	6.30	0.78	9.54
Durable Consumption Goods		1.07	13.67	1.26	7.85
Non-Durable Consumption Goods		-0.23	7.45	0.11	15.12
Capital Goods		0.15	8.91	0.79	9.68
Energy		0.08	-5.22	2.88	1.50

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.