

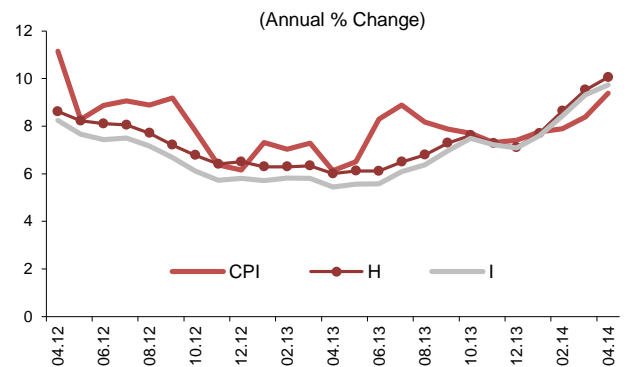
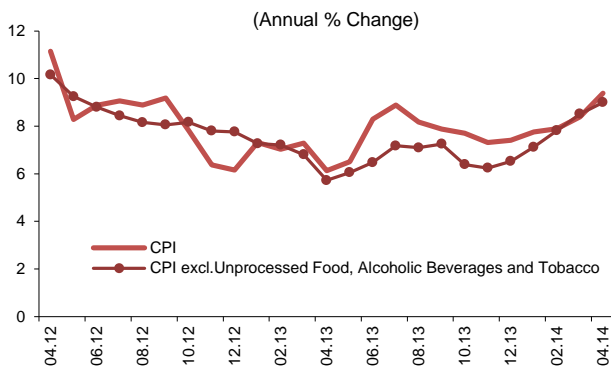
SUMMARY...

In April, consumer prices were up by 1.34 percent and annual inflation reached 9.38 percent. The course of food prices was influential in this rise in annual inflation. In this period, cumulative effects of the depreciation of the Turkish lira continued to shape core goods prices, and core inflation indicators remained on an upward track.

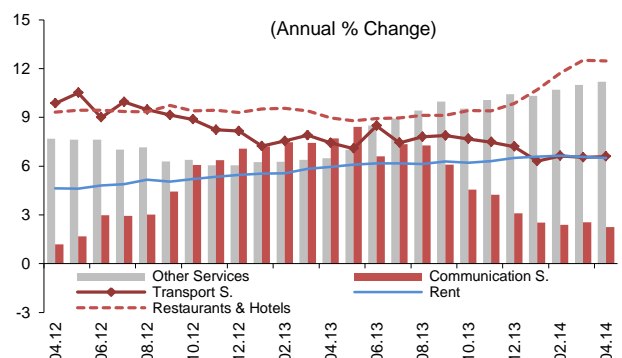
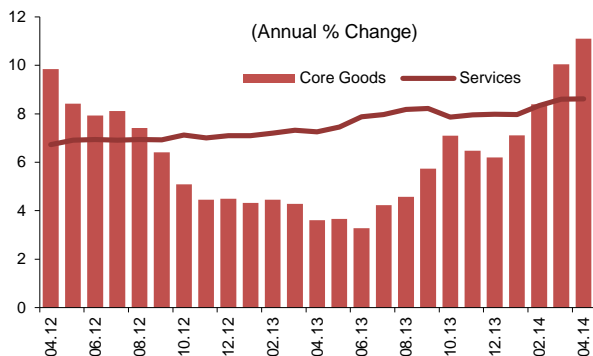
...EVALUATIONS...

In April, consumer prices were up by 1.34 percent and annual inflation reached 9.38 percent. The annual rate of increase in the SCA-H and SCA-I indices rose by 0.53 and 0.42 percentage points on a monthly basis to 10.05 percent 9.74 percent, respectively, remaining above the annual consumer inflation.

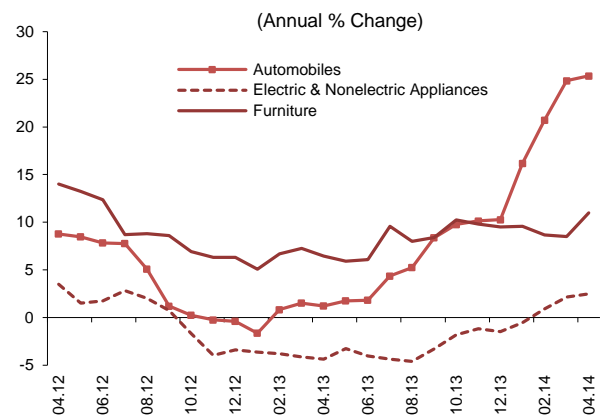
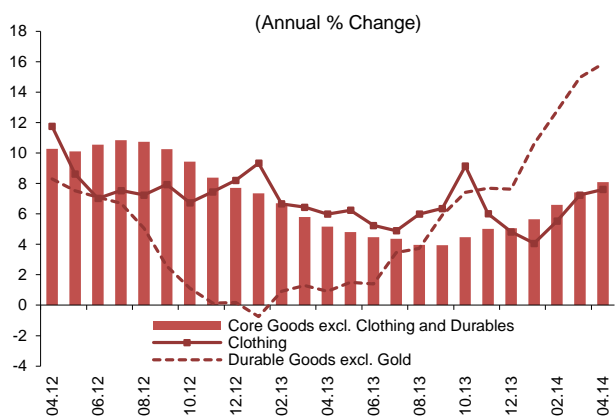
Across subgroups, the largest increase in the contribution to the annual CPI inflation occurred in the food group with 0.70 percentage points, while the core goods group added 0.28 percentage points more month-on-month. Contributions from the energy and services groups remained almost unchanged, while those from the food and core goods groups stood at 3.23 and 2.92 percentage points, respectively.



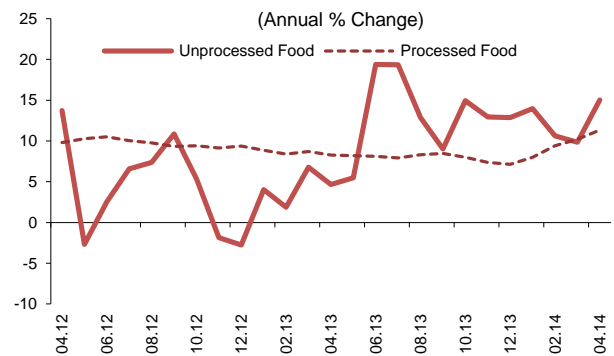
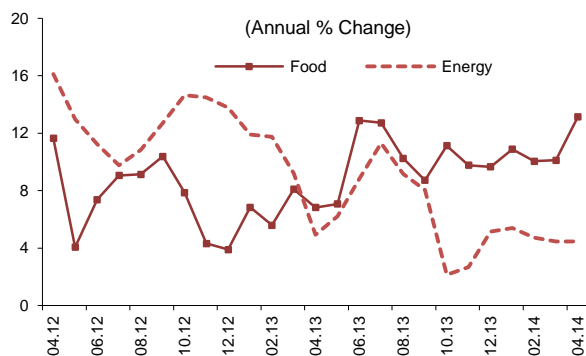
Prices of services rose by 0.55 percent and the group's annual inflation remained flat with 8.61 percent in April. In this period, annual inflation in the other services item remained on an upward track owing to health and education services. On the other hand, in line with the negative outlook in food prices, annual inflation in the restaurants and hotels group, which has been on the increase for a while, registered a slight decline in this period. Inflation in rent and transport items followed a relatively mild course. The seasonally-adjusted data indicated that the underlying trend of services inflation maintained its high course, a slight fall notwithstanding in April.



On the core goods front, annual inflation edged up by 1.06 percentage points to 11.10 percent in April. This was mainly attributed to the rising prices of durable consumption goods due to the lagged effects of the depreciation of the Turkish lira. The upward trend in the prices of automobiles and white goods lost pace, while furniture prices recorded a surge (3.41 percent). Thus, annual inflation in durable consumption goods climbed to 15.87 percent. In April, clothing prices rose above the seasonal averages by 13.36 percent, and the group's annual inflation reached 7.61 percent. Price developments in April indicated that the effects of the exchange rate created a spillover across the core goods group. Accordingly, the seasonally-adjusted data pointed to a persisting rise in the underlying trend of core goods inflation.



Energy prices were down by 0.98 percent in April. This was caused by the fall in fuel prices upon the exercise of the price ceiling by the EMRA besides the appreciation of the Turkish lira. As a result, remaining flat at 4.46 percent, annual energy inflation maintained its favorable course.



Annual inflation in the food and non-alcoholic beverages group soared by 3 percentage points to 13.15 percent mainly due to the unprocessed food prices. The negative outlook of the prices of fruits and vegetables pushed up the annual inflation in the unprocessed food group by 5.2 percentage points to 15 percent. Despite the deceleration compared to the last three months, the monthly rate of price increase in the processed food group maintained rising figures (1.03 percent). Being most remarkable in processed meat prices, price hikes spread across the sub-groups. Against this background, annual inflation in the processed food group increased by 1.11 percentage points to 11.32 percent.

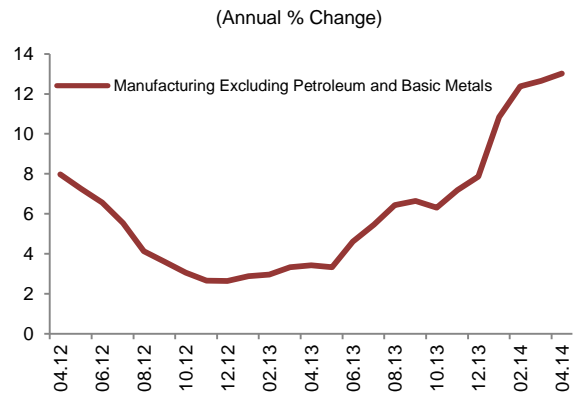
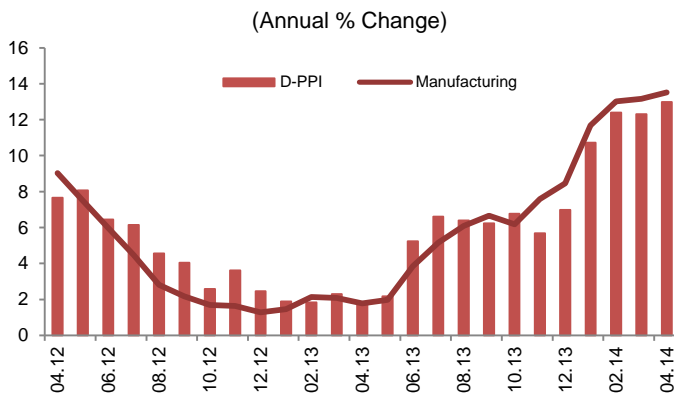
	Monthly Percent Change		Annual Percent Change	
	Apr.2014	Apr.2013	Apr.2014	Apr.2013
CPI	1.34	0.42	9.38	6.13
1. Goods	1.68	0.38	9.76	5.73
Energy	-0.98	-0.98	4.46	4.94
Food and nonalcoholic beverages	1.42	-1.30	13.15	6.83
Unprocessed food	1.83	-2.79	15.03	4.65
Fresh fruits and vegetables	4.66	-7.90	7.00	6.07
Other unprocessed food	0.08	1.50	21.27	3.79
Processed food	1.03	0.03	11.32	8.26
Bread and cereals	1.10	0.71	13.48	11.53
Other processed food	0.99	-0.39	10.01	6.31
Goods excluding energy and food	3.08	2.23	9.58	5.22
Core goods	3.96	2.96	11.10	3.61
Durable goods	0.56	-0.22	15.14	0.35
Durable goods (excluding gold)	0.92	0.14	15.87	0.92
Alcoholic beverages and tobacco	0.02	0.00	3.13	16.25
Gold	-6.37	-6.23	2.22	-8.24
2. Services	0.55	0.54	8.61	7.26
Rents	0.46	0.50	6.51	5.96
Restaurants and hotels	0.76	0.79	12.48	8.97
Transport	0.52	0.47	6.60	7.42
Communication	0.02	0.30	2.25	7.71
Other*	0.69	0.51	11.19	6.49
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	1.36	0.91	8.99	5.72
SCA-H	1.92	1.43	10.05	6.00
SCA-I	2.12	1.73	9.74	5.44

Source: TurkStat, CBRT.

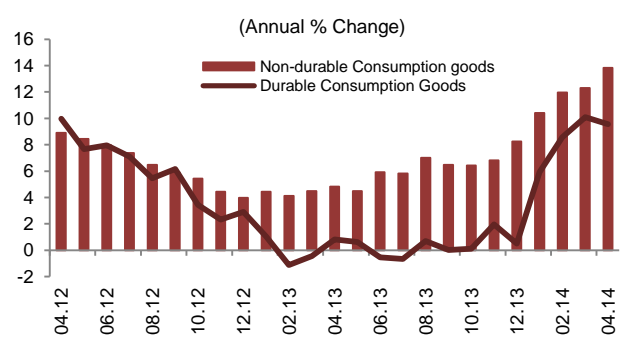
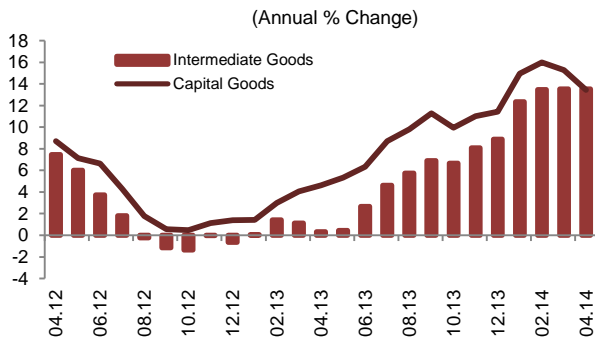
*Other: The services index excluding rents, restaurants/hotels, transport and communication services.

...D-PPI...

D-PPI remained flat and the group's annual inflation went up to 12.98 percent in April. Along with the appreciation in the Turkish lira, prices of petroleum products and basic metals registered a decline. Prices in the manufacturing industry excluding petroleum and basic metals maintained the upward trend and the group's annual inflation reached 13.02 percent. Reverberations of price hikes in the manufacturing industry, particularly in food were clearly seen in consumer prices.



According to the Main Industrial Groupings (MIGs), non-durable consumption goods saw rising prices, in contrast to other main groups that witnessed falling prices. Annual inflation in non-durable consumption goods that mostly include food and clothing products reached 13.82 percent. On the other hand, following an upsurge in the first quarter, durable consumption goods receded in April. In sum, the course of manufacturing industry prices indicate that cost pressures still exist on consumer prices.



...TABLES

April CPI and Subcategories (Percent Change)					
	Weight	2014		2013	
		Monthly	Annual	Monthly	Annual
CPI	100	1.34	9.38	0.42	6.13
Food and nonalcoholic beverages	24.45	1.42	13.15	-1.30	6.83
Alcoholic beverages and tobacco	5.29	0.02	3.13	0.00	16.25
Clothing and footwear	7.17	13.10	7.63	12.75	6.01
Housing	16.41	0.24	4.92	0.16	6.66
Household equipment	7.52	1.57	8.84	0.44	4.11
Health	2.44	0.93	7.66	0.33	1.83
Transport	15.54	-0.54	13.84	-0.63	3.09
Communication	4.70	0.13	0.86	0.16	6.85
Recreation and culture	3.36	0.09	7.31	0.71	1.26
Education	2.26	0.97	10.37	0.61	5.21
Restaurants and hotels	6.58	0.76	12.48	0.79	8.97
Miscellaneous goods and services	4.28	-0.10	6.11	-0.89	6.29

Source: TurkStat.

April D-PPI and Subcategories (Percent Change)					
	Weight	2014		2013	
		Monthly	Annual	Monthly	Annual
D-PPI	100	0.09	12.98	-0.51	1.70
Mining	3.97	-0.59	12.20	0.76	6.73
Manufacturing	85.93	0.18	13.51	-0.12	1.77
Electricity, gas, steam and air-conditioning supply	9.31	-0.63	1.90	-1.39	13.60
Water supply	0.79	0.83	9.17	0.67	11.52

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.