

APRIL PRICE DEVELOPMENTS



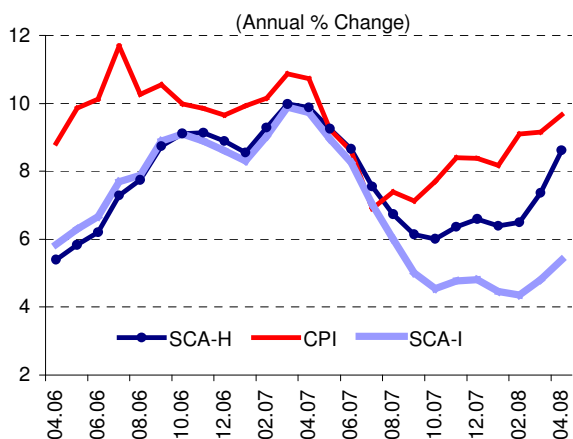
Central Bank of Turkey

5 May 2008

SUMMARY...

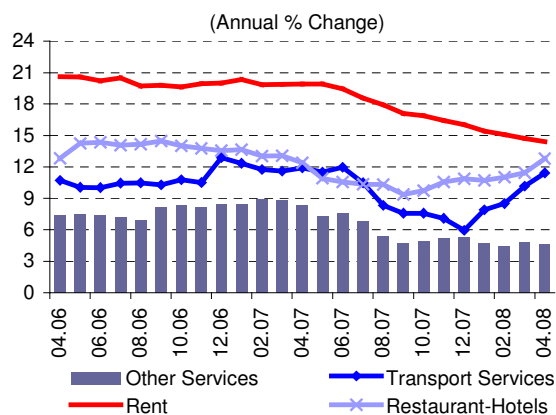
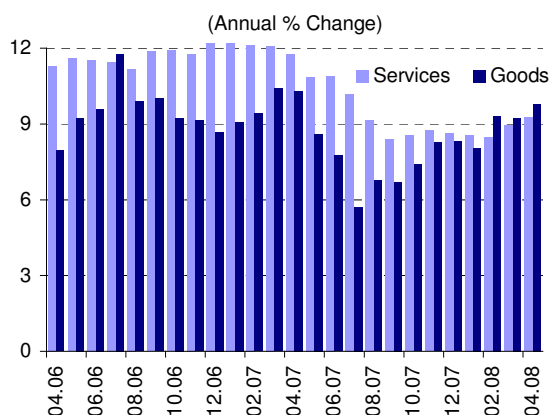
In April, consumer prices rose by 1.68 percent, pushing annual inflation up to 9.66 percent on the back of still-rising food and oil prices and the lagged effects of exchange rate shifts. The partial correction in unprocessed food prices continued, whereas processed food prices moved viciously upward. Moreover, the sizeable increase in oil prices and the weakening of the Turkish lira drove energy prices sharply higher. The growth of food and energy prices accounts for 6.3 percentage points of annual inflation as of April. Rent inflation keeps decelerating, while prices for catering and transportation services continue to rise due to escalating food and energy prices. Lagged effects of exchange rate shifts and second-round effects of supply shocks have put upward pressure on leading indicators of inflation. On balance, inflation is expected to remain elevated in the short run, but might be back on a steady downward track by the final quarter of the year.

...EVALUATIONS...



In April, consumer prices rose by 1.68 percent, bringing annual inflation up to 9.66 percent, up 0.5 points from the previous month. The annual growth rate of the CPI index excluding energy, unprocessed food, alcoholic beverages, tobacco products and gold (SCA-H) amounted as high as 8.61 percent. With a further exclusion of processed food prices, the index (SCA-I) increased from a year-on-year rate of 4.80 percent in March to 5.38 percent in April.

Prices of goods and services were up 1.95 and 0.88 percent, respectively. Inflation climbed to an annual rate of 9.25 and 9.78 percent, respectively, in services and goods.



The dramatic rise in food and energy prices continued to put upward pressure on annual services inflation. Accordingly, catering prices rose by 1.86 percent and prices for transport services were up 1.72 percent, recording an annual rate of increase of 13.03 and 11.44 percent, respectively. In contrast, rent inflation continued to trend down to a year-on-year rate of 14.40 percent, thus registering a cumulative decline of 5.5 percentage points for the past one year. Besides, the annual inflation rate also edged down in services other than rents, restaurants-hotels and transport.

APRIL PRICE DEVELOPMENTS

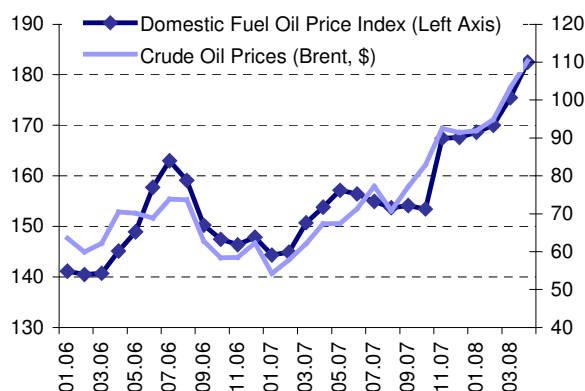
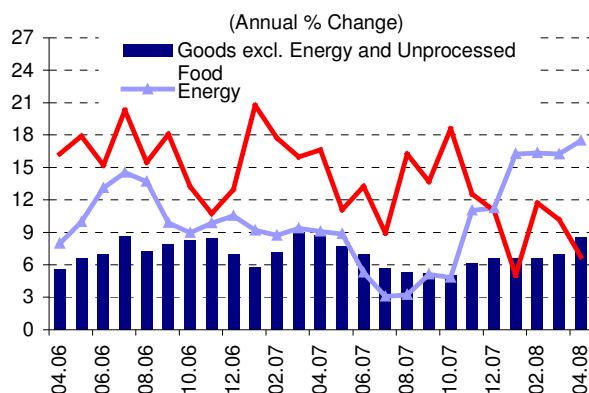


Central Bank of Turkey

5 May 2008

Energy prices increased by 1.54 percent, driven by the 4 percent rise in fuel prices amid skyrocketing world oil prices and weakening Turkish lira. Therefore, the annual rate of growth in energy prices amounted to 17.49 percent. Moreover, changes in oil prices and exchange rates put inflationary pressure on prices of energy-related housing utilities such as natural gas and electricity.

The year-on-year rate of increase in prices of goods excluding energy and unprocessed food jumped to 8.55 percent due to the rising annual rate of growth of processed food prices, in particular, and of gold and clothing-footwear prices. The rate of increase in gold prices has recently slowed and totaled 27.45 percent for the first four months of the year.



Prices for durables (excluding gold) were up 0.66 percent from March. As for sub-categories, prices of automobiles and furniture increased by 1.63 and 0.85 percent, respectively, whereas prices of electric and non-electric appliances were down 0.57 percent. Prices for semi and non-durables, on the other hand, increased at a strong 4.01 percent due to higher prices of clothing and energy.

	Monthly Percentage Change		Annual Percentage Change	
	April 2008	April 2007	April 2008	April 2007
CPI	1.68	1.21	9.66	10.72
1. Goods	1.95	1.42	9.78	10.30
Energy	1.54	0.44	17.49	9.08
Unprocessed Food	-1.55	1.62	6.73	16.63
Goods excl. Energy and Unprocessed Food	3.18	1.66	8.55	8.74
Durable Goods	0.75	-0.59	0.11	6.90
Durable Goods excl. Gold	0.66	-0.75	-2.41	5.84
Semi-Durable Goods	4.01	3.31	10.99	8.51
Non-Durable Goods	0.90	0.73	11.55	12.36
2. Services	0.88	0.59	9.25	11.76
Rent	0.77	1.06	14.40	19.89
Restaurants and Hotels	1.74	0.54	12.77	12.40
Transport Services	1.72	0.54	11.44	11.91
Other Services	0.23	0.43	4.65	8.33

Source: TURKSTAT, CBRT.

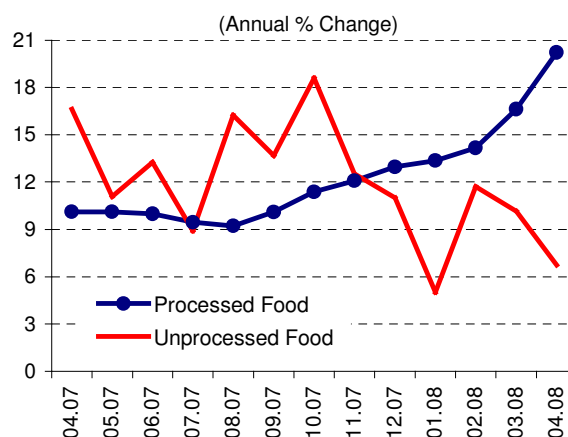
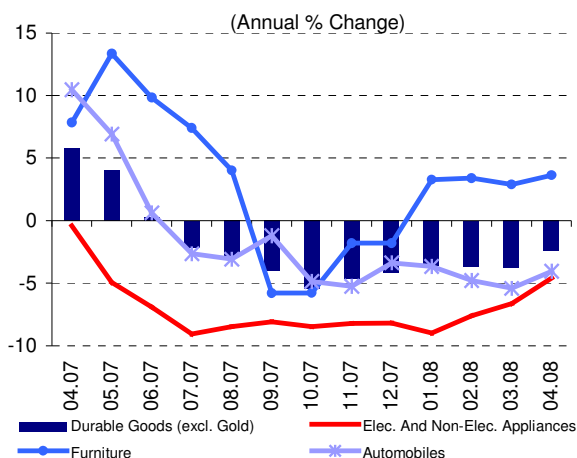
APRIL PRICE DEVELOPMENTS



Central Bank of Turkey

5 May 2008

Unprocessed food prices decreased by 1.55 percent in April, reducing the category's annual inflation rate to 6.73 percent. Fresh vegetable prices saw a remarkable decline; but their likely impact on inflation was diluted by the sizable increase in pulse and rice prices. Likewise, fruit prices have also been strong for the first four months of the year.



Processed food prices soared further by 3.37 percent in April, recording an all-time rise since base year 2003 and pushing their annual rate of increase up to 20.22 percent. The monthly price growth can be attributed largely to the 5.35 percent rise in bread and cereals prices (boosted by the dramatic increase in domestic wheat prices). Prices for other processed food items have also remained on an upward trend. The rate of increase of prices for solid and liquid fats has particularly accelerated, resulting in an annual inflation rate of 42.16 percent.

Lagged effects of exchange rate shifts and second-round effects of supply shocks have put upward pressure on core indicators of inflation.

...PPI...

PPI increased by 4.50 percent in April to 14.56 percent per annum on the back of exchange rate changes and surging oil prices. Rising prices of agricultural and industrial products contributed 0.56 and 3.94 percentage points, respectively, to the index's performance.

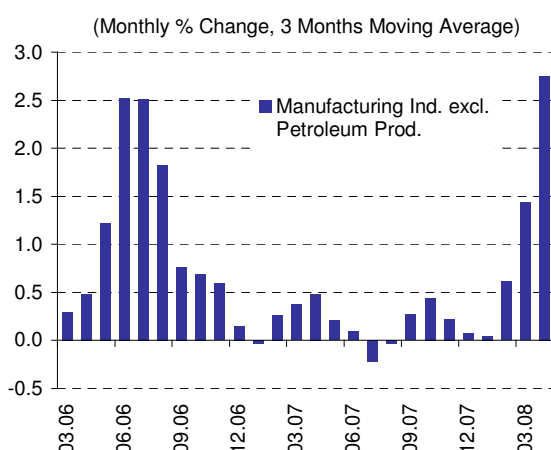
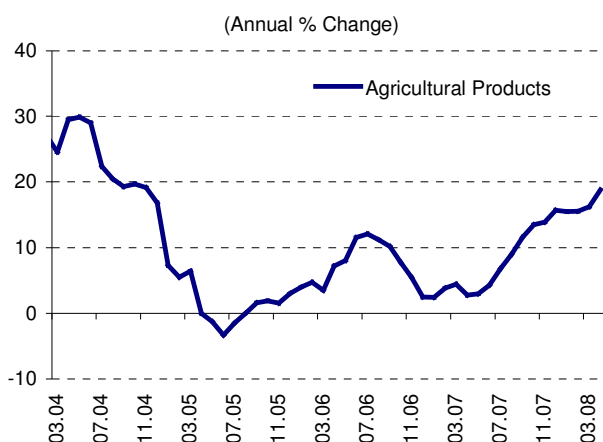
Prices of petroleum products rose by 11.63 percent, while manufacturing industry prices excluding petroleum products were up 3.94 percent due to the weakening of the Turkish lira. Base metal prices continued to soar in April, up 11.62 percent from March. On balance, the sizable gains in manufacturing industry prices excluding petroleum products shed light on cost pressures.

APRIL PRICE DEVELOPMENTS

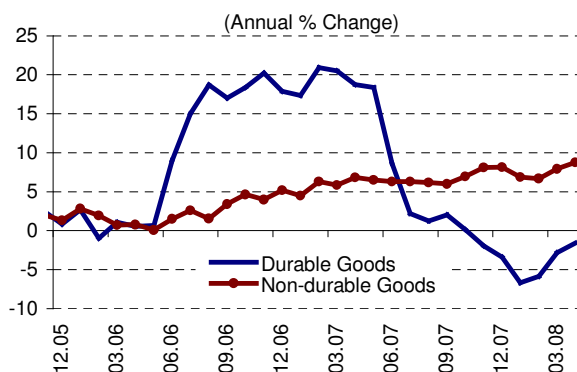
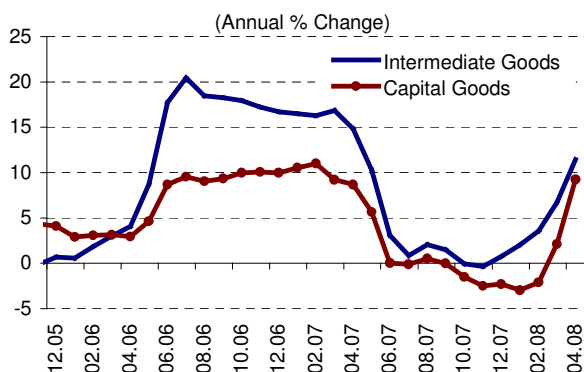


Central Bank of Turkey

5 May 2008



According to a PPI analysis based on MIGS classification, prices for all items continued to move higher in April both in monthly and annual terms. Prices of intermediate goods increased due to higher prices for base metals, while prices of capital goods rose on the back of soaring prices for construction materials plus electrical machinery and motor vehicles. Moreover, prices of non-durables increased on rising food prices. Although prices of white and brown goods were up, the annual rate of change in prices of durables still remained negative.



PPI Developments According to MIGS Classification

Monthly Percentage Change

	May-07	Jun-07	Jul-07	Agu-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	Jan-Apr*
Intermediate Goods Prices	0.27	-0.13	-0.63	0.72	0.06	-1.13	-0.64	0.53	1.18	1.66	4.30	4.90	12.54
Capital Goods Prices	-0.64	-0.93	-0.27	0.43	-0.22	-0.59	-0.64	0.75	0.44	1.23	2.84	6.71	11.58
Durable Goods Prices	0.44	-0.46	-2.02	1.01	0.23	-0.02	-1.17	-1.90	-2.00	0.90	2.74	0.75	2.36
Non-Durable Goods Prices	-0.38	0.20	0.13	0.13	2.13	1.88	0.84	0.14	-1.15	1.63	0.86	2.08	3.44
Energy Prices	-0.54	-1.36	1.84	2.68	-0.32	-2.94	6.68	-0.86	0.60	7.74	7.85	8.56	26.89

Source: TURKSTAT, CBRT.

* 4 Months Cumulative Increase

...TABLES

April CPI and Sub-Items (Percentage Change)					
	Weight	2008		2007	
		Monthly	Annual	Monthly	Annual
CPI	100	1.68	9.66	1.21	10.72
Food and Non-Alcoholic Beverages	28.63	1.01	13.48	0.94	13.31
Alcoholic Beverages and Tobacco	5.00	0.03	6.86	0.03	10.17
Clothing and Footwear	8.07	11.69	4.02	11.31	6.22
Housing	16.60	0.72	15.22	0.27	12.97
Household Equipments	7.42	0.52	5.11	-0.40	10.87
Health	2.54	0.06	-0.43	0.28	7.61
Transport	12.59	2.38	8.10	0.89	9.63
Communication	4.30	0.04	-0.74	-0.56	1.13
Recreation and Culture	2.81	-0.13	-0.74	0.70	8.73
Education	2.24	0.12	6.16	0.35	7.79
Restaurants and Hotels	5.64	1.74	12.77	0.54	12.40
Miscellaneous Goods and Services	4.16	0.79	9.84	0.34	8.63

Source: TURKSTAT.

April PPI and Sub-Items (Percentage Change)					
	Weight	2008		2007	
		Monthly	Annual	Monthly	Annual
PPI	100	4.50	14.56	0.80	9.68
Agriculture	19.84	2.87	18.83	0.66	2.77
Industry	80.16	4.90	13.59	0.83	11.39
Mining	1.62	4.69	21.50	1.18	11.85
Manufacturing	73.33	4.92	13.29	1.00	10.73
Energy	5.21	4.66	15.26	-1.33	20.14

Source: TURKSTAT.

Price Developments are published within two working days 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 monthly inflation developments by the public during the period between the announcement of official price statistics and the Monetary Policy Committee meeting.