

...SUMMARY ...

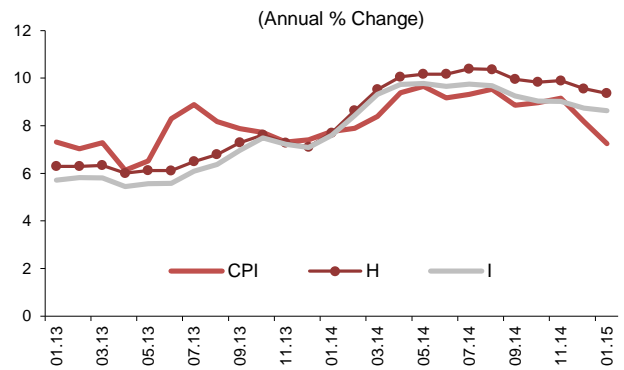
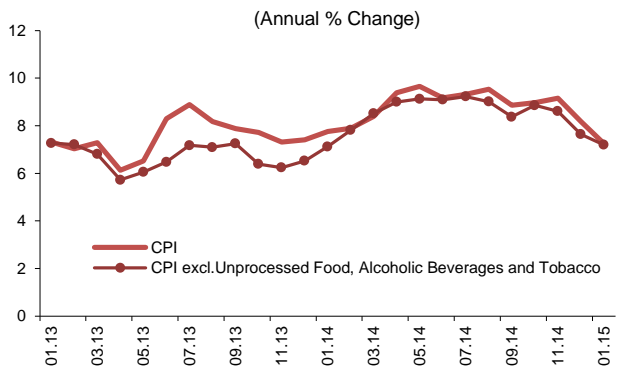
In January, consumer prices rose by 1.10 percent, pulling the annual consumer inflation down by 0.93 point to 7.24 percent. Except for services, all sub-items, particularly energy and food groups, contributed to disinflation in this period. The underlying trend of inflation increased in the services group, which recorded a notable improvement in the last quarter of 2014, but declined in the core goods group. Accordingly, improvement in core inflation indicators continued in this period.

... EVALUATIONS ...

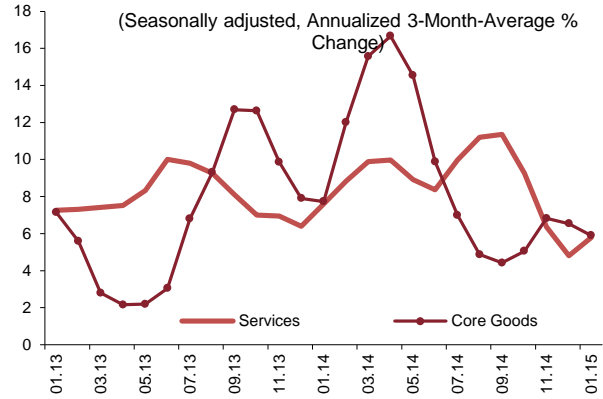
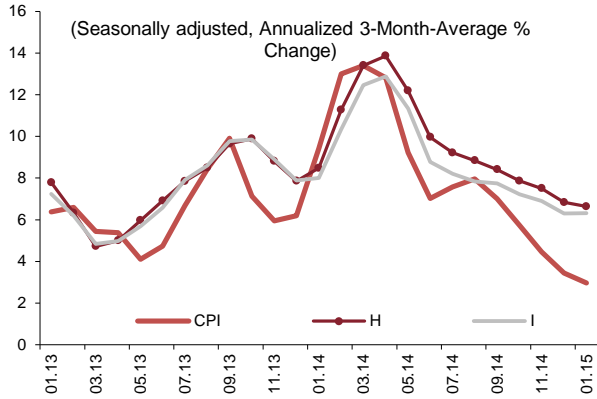
In January, consumer prices rose by 1.10 percent and the annual inflation fell to 7.24 percent. The annual rate of increase in the SCA-H and SCA-I indices registered a month-on-month decline to 9.36 and 8.63 percent, respectively.

Across subgroups, the contribution of the food and core goods groups to the annual CPI inflation decreased by 0.39 and 0.21 points in January. Similarly, the contribution of core goods edged down by 0.15 points. However, the contribution of services groups did not record a noticeable change. Additionally, the alcoholic beverages and tobacco group posted a decline by 0.18 points in January.

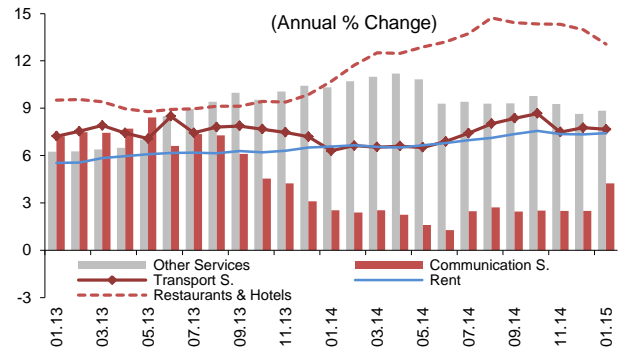
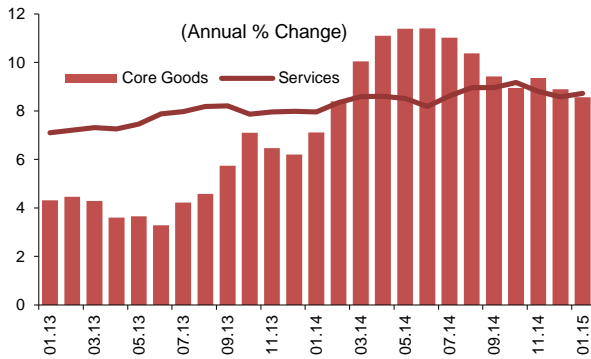
Under the scope of the chain index, products included in the index alongside their relative shares are updated at the start of every year. Accordingly, the shares of alcoholic beverages and tobacco groups within the index declined, while those of core goods exhibited an increase in 2015. The shares of services, food and non-alcoholic beverages in the index remained almost unchanged.



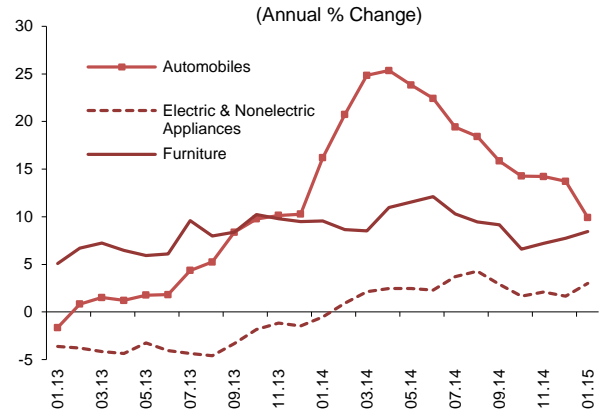
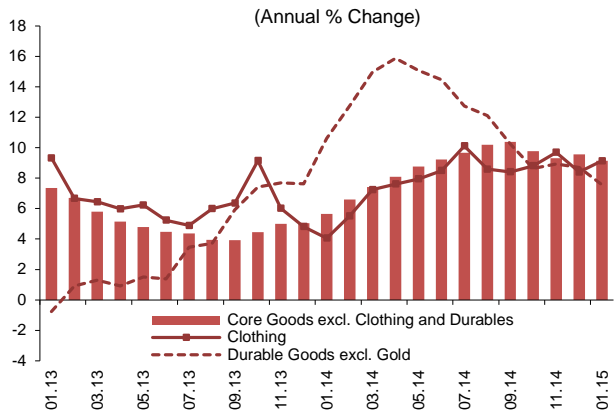
The underlying trends of inflation in 3-month averages indicate that the improvement in core inflation indicators continued. The seasonally-adjusted data suggest an uptick following recurrently falling figures in the services group in this period, while the improvement in the underlying trend of core goods inflation was sustained.



Prices of services increased by 1.06 percent on a monthly basis and the group's annual inflation crept up by 0.14 points to 8.73 percent in January. This was mainly driven by price increases in other services groups. Communication prices rose by 1.28 percent due to the developments in internet tariffs in January. Price increases in other services were led by items of services, which were influenced by the revaluation rate, special broadcasting, vehicle maintenance and healthcare services. Meanwhile, the annual inflation followed a flat course in transport services and rent but fell by 0.92 points to 13.06 percent in the restaurants-hotels group.

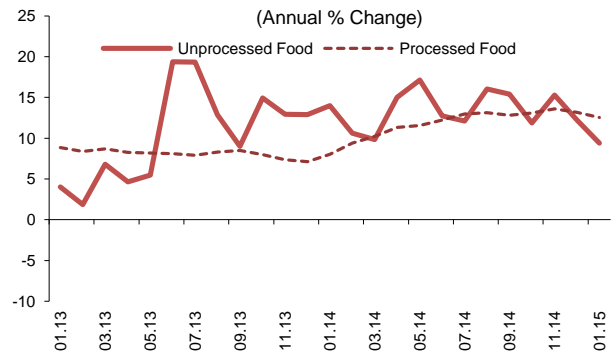
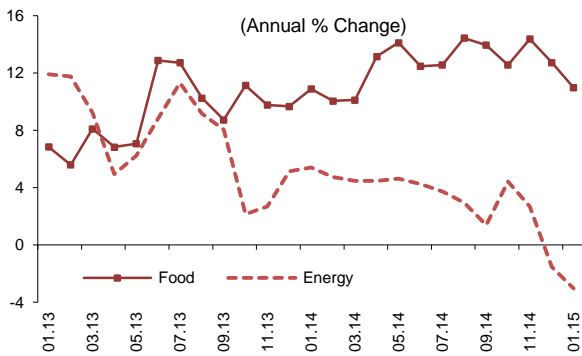


Annual core goods inflation edged down by approximately 0.3 point to 8.57 percent in January. This fall remained limited particularly due to the clothing prices and the prices of durable consumption goods, which capture the exchange rate pressures across sub-items. Price hikes were seen in furniture, electrical/non-electrical home appliances and automobiles. Accordingly, prices of durable consumption goods remained on a downward track, which appeared in May 2014, yet displayed a negative outlook on a monthly basis. Similarly, core goods excluding clothing and durables saw a decline in annual inflation in contrast to a stronger pace in monthly inflation.



Energy prices fell by 0.78 percent in January, maintaining the downtrend of the last two months. This was led by falling fuel and bottled gas prices by 5.73 and 4.95 percent, respectively, in line with the course of international oil prices. Meanwhile, recording one of the highest increases within the index history, municipal water tariffs surged by 6.98 percent in January. All in all, annual energy inflation decreased to -3.04 percent.

Annual inflation in the food and non-alcoholic beverages group fell by 1.76 points to 10.97 percent. The annual unprocessed food inflation declined to 9.39 percent. However, the seasonally-adjusted data indicated an increase in January, following a decline for four consecutive months in the unprocessed food group. This rise stemmed from price increases in fresh fruits-vegetables led by unfavorable weather conditions. The monthly trend of increase spilled over into all sub-items of the processed food group, but the group's annual inflation recorded a decline to 12.56 percent due to the base effect.



JANUARY PRICE DEVELOPMENTS

FEBRUARY 4, 2015

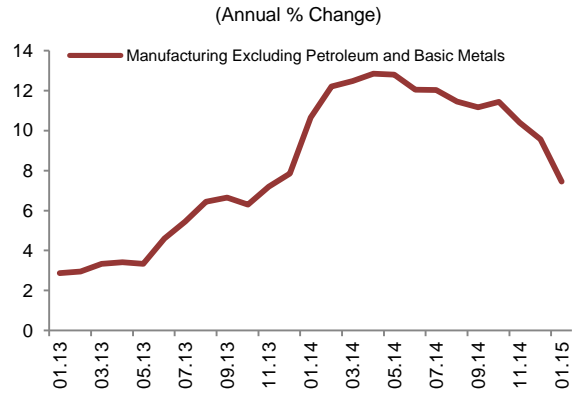
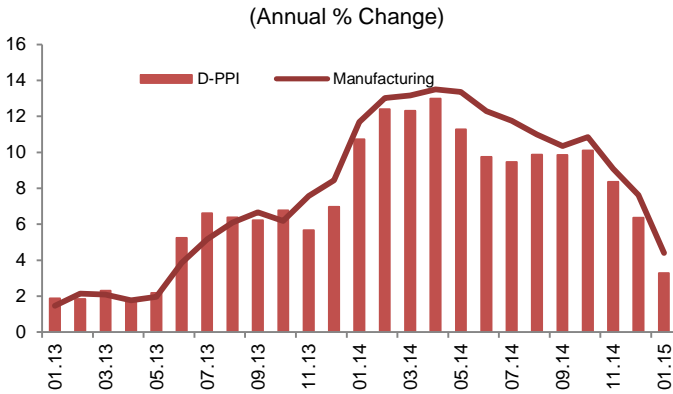
	Monthly Percent Change		Annual Percent Change	
	Jan.2015	Jan.2014	Jan.2015	Jan.2014
CPI	1.10	1.98	7.24	7.75
1. Goods	1.12	2.42	6.62	7.71
Energy	-0.78	0.75	-3.04	5.41
Food and nonalcoholic beverages	3.52	5.16	10.97	10.89
Unprocessed food	6.57	9.35	9.39	13.98
Fresh fruits and vegetables	14.83	11.80	13.87	0.75
Other unprocessed food	2.02	7.87	6.95	24.75
Processed food	0.89	1.42	12.56	8.01
Bread and cereals	0.56	1.97	13.25	10.88
Other processed food	1.08	1.10	12.13	6.29
Goods excluding energy and food	0.12	1.05	7.67	6.31
Core goods	-0.72	-0.42	8.57	7.12
Durable goods	2.50	3.68	7.45	9.56
Durable goods (excluding gold)	2.34	3.43	7.56	10.60
Alcoholic beverages and tobacco	4.19	7.45	4.40	3.94
Gold	5.44	8.89	5.01	-6.77
2. Services	1.06	0.93	8.73	7.96
Rents	0.56	0.49	7.41	6.58
Restaurants and hotels	0.90	1.73	13.06	10.70
Transport	-0.07	0.02	7.66	6.31
Communication	1.28	-0.41	4.24	2.53
Other*	1.83	1.64	8.84	10.32
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.20	0.61	7.20	7.12
SCA-H	0.33	0.51	9.36	7.70
SCA-I	0.22	0.31	8.63	7.59

Source: TurkStat, CBRT.

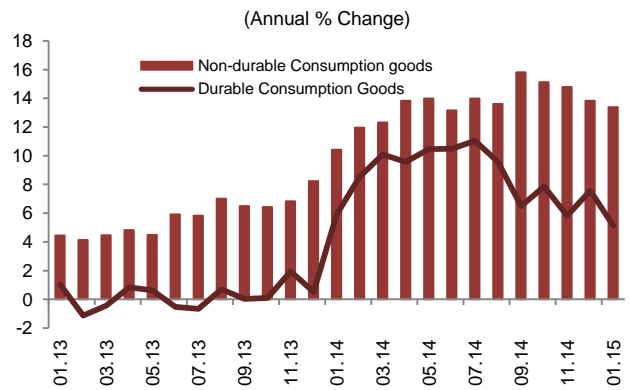
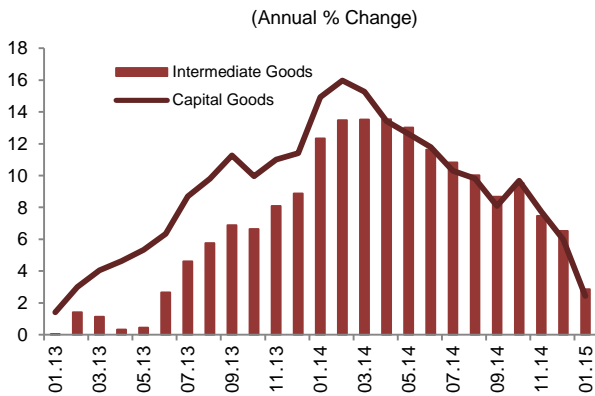
*Other: The services index excluding rents, restaurants/hotels, transport and communication services.

...D-PPI...

Domestic producer prices edged up by 0.33 percent and the group’s annual inflation decreased by 3.08 points to 3.28 percent in January. Marked by the stronger influence of the downtrend in the international oil prices on producer prices, this period witnessed decreases in annual inflation in the manufacturing industry to 4.40 percent and to 7.44 percent in the manufacturing industry excluding petroleum and basic metals.



According to the Main Industrial Groupings (MIGs), prices of durable and non-durable consumption goods surged (2.01 and 1.81 percent, respectively), while prices of intermediate and capital goods remained moderate. Durable consumption goods saw an overall increase in prices, while the outlook in non-durable consumption goods were mainly driven by food manufacturing prices. Prices across all main groups posted a month-on-month increase in January compared to the last two months, yet annual inflation rates decreased due to the base effect. The decline in oil prices in this period was limited by exchange rate developments.



...TABLES

January CPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
CPI	100	1.10	7.24	1.98	7.75
Food and nonalcoholic beverages	24.25	3.52	10.97	5.16	10.89
Alcoholic beverages and tobacco	4.82	4.19	4.40	7.45	3.94
Clothing and footwear	7.38	-6.98	9.14	-7.59	4.15
Housing	15.79	1.13	7.50	0.49	4.62
Household equipment	7.78	2.01	8.54	1.55	6.44
Health	2.57	1.49	8.23	1.86	6.27
Transport	15.38	-0.56	-0.99	2.50	11.95
Communication	4.38	0.94	3.18	-0.60	0.62
Recreation and culture	3.54	1.64	6.08	1.26	6.25
Education	2.53	0.02	8.27	0.06	10.00
Restaurants and hotels	6.99	0.90	13.06	1.73	10.70
Miscellaneous goods and services	4.60	2.52	9.77	2.43	2.96

Source: TurkStat.

January D-PPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
D-PPI	100	0.33	3.28	3.32	10.72
Mining	3.40	-1.27	-3.80	3.68	13.64
Manufacturing	86.21	0.19	4.40	3.29	11.69
Manufacturing excl. petroleum products	83.24	0.81	6.58	3.07	11.02
Manufacturing excl. petroleum products and basic metals	75.00	0.88	7.44	2.87	10.66
Electricity, gas, steam and air-conditioning supply	9.30	0.95	-6.03	3.60	-6.96
Water supply	1.09	11.31	22.83	1.39	8.33
D-PPI (MIGs Classification)					
Intermediate Goods		0.17	2.85	3.75	12.34
Durable Consumption Goods		2.01	5.14	4.35	5.91
Non-Durable Consumption Goods		1.81	13.39	2.20	10.41
Capital Goods		0.11	2.43	3.57	14.94
Energy		-2.41	-13.01	3.61	1.46

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.