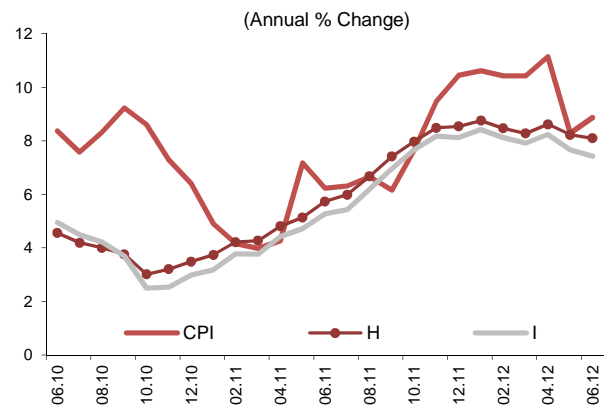
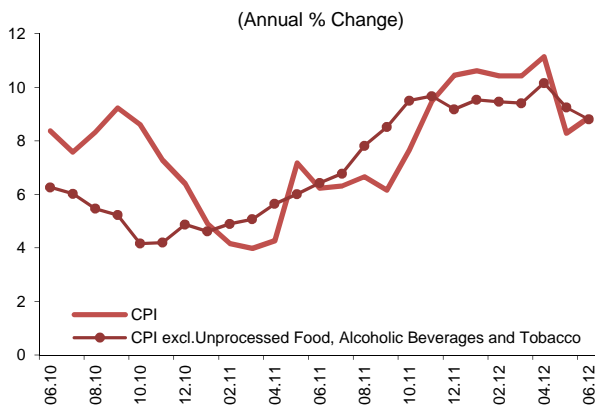


SUMMARY...

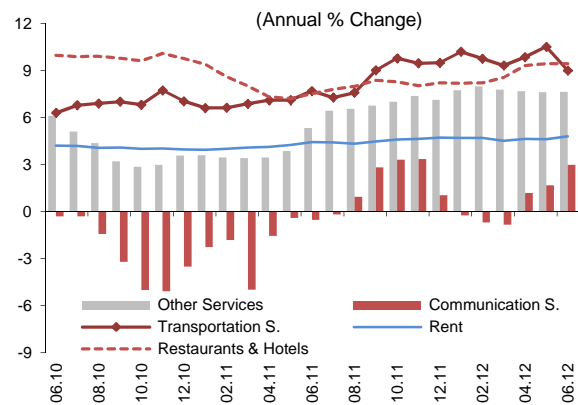
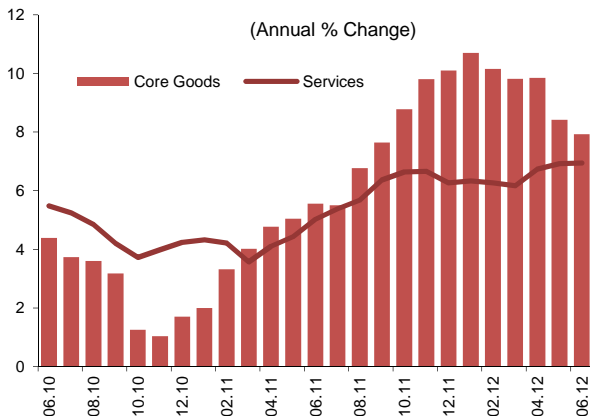
In June, consumer prices were down by 0.90 percent and annual inflation went up to 8.87 percent. As also underlined in the Summary of the Monetary Policy Committee Meeting, the favorable course of energy and unprocessed food prices contained the base-effect-driven rise in inflation. Moreover, alleviated cost-side pressures led core inflation indicators to maintain the downward trend.

...EVALUATIONS...

In June, consumer prices were down by 0.90 percent and annual inflation went up to 8.87 percent. The rate of increase in the CPI excluding energy, unprocessed food, alcoholic beverages, tobacco and gold (SCA-H) went down to 8.10 percent year-on-year. With a further exclusion of processed food, the rate of increase in the index (SCA-I) decreased to 7.43 percent year-on-year.



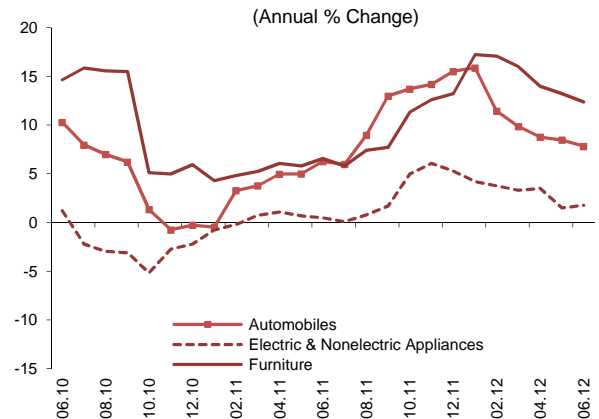
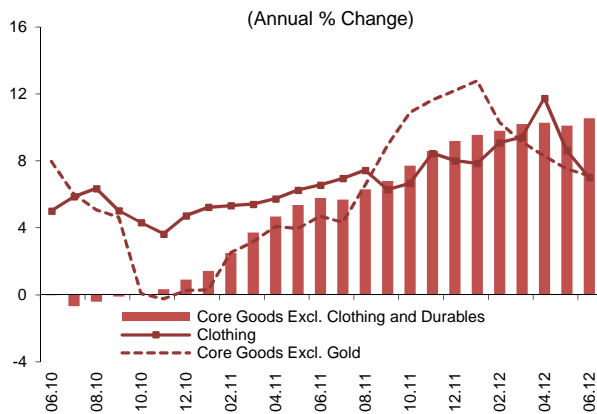
Prices of services rose by 0.79 percent in June, and annual services inflation became 6.94 percent, following a parallel course to May figures. Catering services lost pace in this period, and prices of transport services fell amid temporary price reductions. In communication group, fixed line fees surged, while prices in education group posted a higher increase compared to previous year. Moreover, monthly rent inflation recorded a significant rise compared to recent past. Although the diffusion index for services edged up in this period, seasonally-adjusted prices and the diffusion index point to a flat course in the underlying trend of the services group in June.



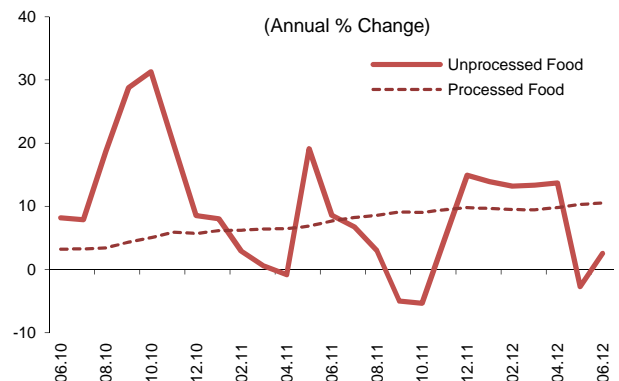
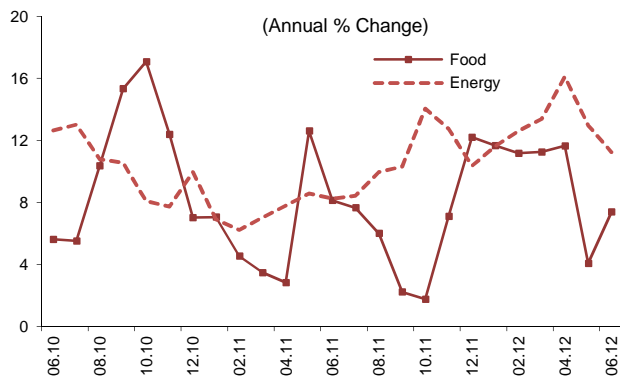
JUNE PRICE DEVELOPMENTS

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Sticking to its downward trend, annual inflation in core goods group fell by 0.5 percentage points to 7.93 percent in June. Prices of durable consumption goods exhibited a flat outlook across all subcategories, and the trend of decline in the group's annual inflation was maintained. Similarly, annual clothing inflation continued to fall. Meanwhile, seasonally adjusted data pointed that the downward trend in core goods was maintained despite the rise in the annual inflation in goods excluding durable goods and clothing.



Energy prices were down by 1.65 percent in June, which was attributed to the domestic fuel prices that fell by 4.85 percent upon the decline in international oil prices. Thus, the fall in fuel prices for the last three months added up to 10.27 percent. The ongoing decline in bottled gas prices accelerated in this period, while municipal water tariffs displayed an increase. Consequently, annual energy group inflation went down to 11.23 percent.



Prices of food and nonalcoholic beverages went down by 3.42 percent and the group's annual inflation rose by 3.32 percentage points to 7.38 percent. Despite the plunge in fresh fruits and vegetables by 19.28 percent, the low base pushed annual inflation upwards. In this period, a decline was witnessed in white meat and milk prices. Consequently, the downward trend in seasonally adjusted prices of unprocessed food continued in June.

Processed food prices were up by 0.49 percent in June. Prices of meat and dairy products continued to fall in June, while prices of fats and oils saw diminishing increases. Similarly, bread prices continued to rise. Accordingly, annual inflation in processed food went up by 0.22 percentage points to 10.51 percent in this period.

	Monthly Percent Change		Annual Percent Change	
	June 2012	June 2011	June 2012	June 2011
CPI	-0.90	-1.43	8.87	6.24
1. Goods	-1.51	-2.20	9.53	6.67
Energy	-1.65	-0.10	11.23	8.25
Food and nonalcoholic beverages	-3.42	-6.40	7.38	8.13
Unprocessed food	-8.52	-13.20	2.55	8.60
Fresh fruits and vegetables	-19.28	-25.25	-3.51	11.60
Other unprocessed food	-0.83	-2.92	6.25	6.85
Processed food	0.49	0.28	10.51	7.65
Bread and cereals	0.84	0.30	9.68	8.12
Other processed food	0.27	0.27	10.87	7.40
Goods excluding energy and food	0.04	0.48	10.36	4.73
Core goods	0.03	0.48	7.93	5.56
Durable goods	0.15	0.73	8.22	6.18
Durable goods (excluding gold)	0.09	0.49	7.10	4.70
Alcoholic beverages and tobacco	0.00	0.00	18.69	-1.50
Gold	1.31	3.73	18.63	25.49
2. Services	0.79	0.76	6.94	5.02
Rents	0.54	0.36	4.80	4.43
Restaurants and hotels	0.49	0.48	9.44	7.50
Transport	-0.26	1.12	8.99	7.69
Communication	2.03	0.74	2.97	-0.53
Other*	1.09	1.08	7.64	5.33
3. Core Measures				
CPI excluding unprocessed food. alcoholic beverages and tobacco	0.06	0.47	8.80	6.43
SCA-H	0.43	0.55	8.10	5.73
SCA-I	0.40	0.63	7.43	5.27

Source: TurkStat, CBRT.

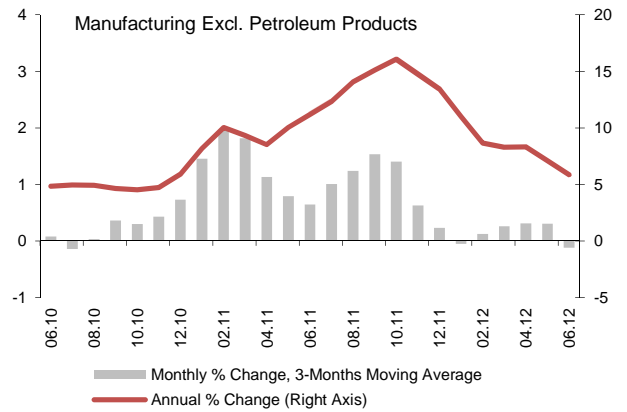
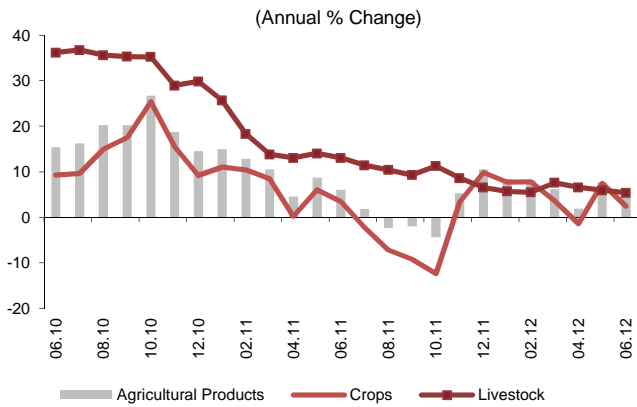
*Other: The services index excluding rents, restaurants/hotels, transport and communication services.

...PPI...

In June, producer prices were up by 1.49 percent and annual PPI inflation went up by 1.62 percentage points to 6.44 percent. The fall in prices of fresh fruits and vegetables overshot seasonal averages. Accordingly, the group's annual inflation went down to 4.39 percent. As for the farm products which are inputs for the manufacturing industry, the rise in sunflower prices continued and wheat prices also displayed increases in June. Meanwhile, the downtrend in prices of livestock and animal products group continued in this period.

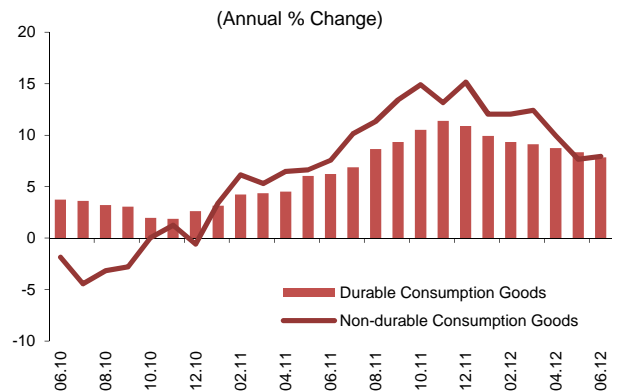
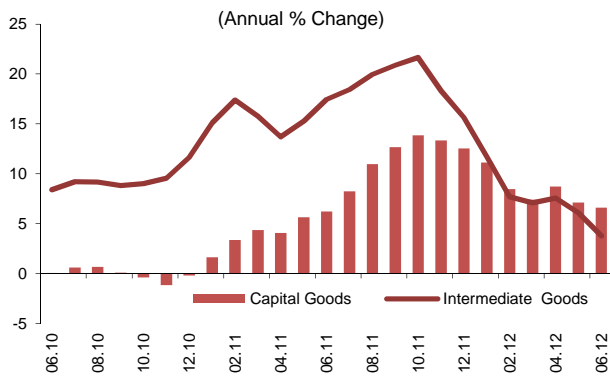
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The fall in manufacturing prices in June, which was driven by the ongoing slackening in commodity prices, affected producer prices mostly through oil and base metal prices. Meanwhile, annual inflation in the manufacturing industry excluding oil and base metal went down by 0.60 percentage points to 6.47 percent.

Main Industrial Groupings (MIGS) suggest that the fall in manufacturing prices was influential through intermediate goods and nondurable consumption goods. The decline of 0.80 percent in the prices of intermediate goods was mainly led by base metal prices; while approximately the same rate of decline in non-durable goods was attributed to the fall in subcategories like food and textile manufacturing. Durable goods inflation went up by 1.32 percent in June amid the increase in jewelry prices, while capital goods edged up by 0.17 percent. As a result, developments in producer prices imply that cost effects on consumer prices weakened in this period.



...TABLES

June CPI and Subcategories (Percent Change)					
	Weight	2012		2011	
		Monthly	Annual	Monthly	Annual
CPI	100	-0.90	8.87	-1.43	6.24
Food and nonalcoholic beverages	26.22	-3.42	7.38	-6.40	8.13
Alcoholic beverages and tobacco	5.21	0.00	18.69	0.00	-1.50
Clothing and footwear	6.87	-0.82	7.00	0.64	6.53
Housing	16.44	0.14	12.43	0.24	4.79
Household equipment	7.45	0.49	9.83	0.55	7.59
Health	2.29	0.13	1.37	0.04	0.73
Transport	16.73	-1.39	5.98	0.32	9.50
Communication	4.60	1.92	3.28	0.71	-0.28
Recreation and culture	2.98	0.90	6.87	1.19	1.08
Education	2.18	1.67	6.75	1.41	5.58
Restaurants and hotels	5.63	0.49	9.44	0.48	7.50
Miscellaneous goods and services	3.40	0.88	14.92	1.07	9.11

Source: TurkStat.

June PPI and Subcategories (Percent Change)					
	Weight	2012		2011	
		Monthly	Annual	Monthly	Annual
PPI	100	-1.49	6.44	0.01	10.19
Agriculture	17.21	-6.12	4.39	-3.13	6.07
Crops, fruits and vegetables	11.76	-8.71	2.45	-4.26	3.46
Livestock and animal products	4.73	-0.93	5.40	-0.40	13.06
Industry	82.79	-0.49	6.87	0.68	11.09
Mining	3.09	-0.55	11.43	-0.05	16.14
Manufacturing	70.83	-0.75	5.97	0.68	12.58
Manufacturing excluding petroleum	68.22	-0.51	5.85	0.67	11.17
Manufacturing excluding petroleum and base metals	62.07	-0.33	6.47	0.23	9.25
Electricity, gas and water	8.87	1.72	13.87	1.04	-2.72

Source: TurkStat, CBRT.

PPI by MIGS (Monthly Percent Change)														
	Jun.11	Jul.11	Aug.11	Sep.11	Oct.11	Nov.11	Dec.11	Jan.12	Feb.12	Mar.12	Apr.12	May.11	Jun.12	Annual
Intermediate goods	1.38	1.35	2.06	1.62	0.40	-1.63	0.50	-0.16	-1.01	1.04	0.45	-0.02	-0.80	3.80
Capital goods	0.66	2.02	2.31	1.59	0.59	-0.55	0.09	0.38	-0.36	0.57	0.21	-0.55	0.17	6.62
Durable goods	1.04	0.71	1.58	2.04	2.53	-0.36	0.35	0.85	1.70	-0.19	-1.55	-1.21	1.32	7.95
Nondurable goods	-0.33	0.91	1.39	1.36	1.25	0.91	0.28	-0.27	1.06	0.64	0.26	0.56	-0.78	7.83
Energy	0.67	1.11	4.43	2.33	2.61	1.20	1.66	1.85	-3.17	0.44	0.59	-0.82	-0.52	12.12

Source: TurkStat, CBRT.

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 of the monthly inflation developments by the public during the period between the announcement of the official price statistics and the Monetary Policy Committee meeting.