

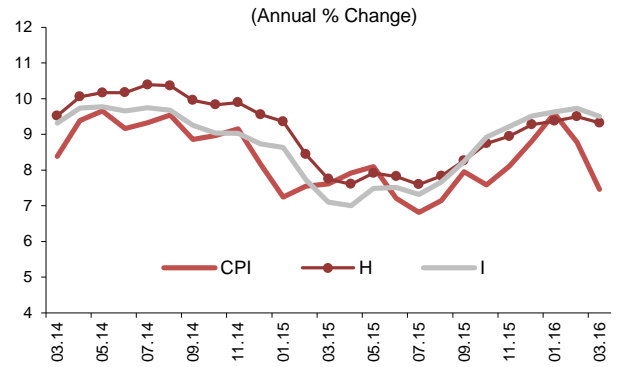
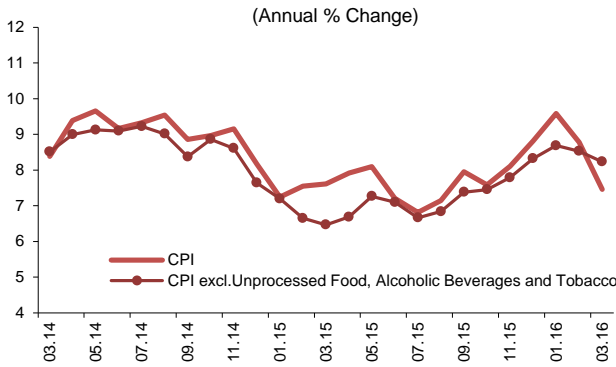
SUMMARY ...

In March, consumer prices edged down by 0.04 percent, and the annual consumer inflation fell by 1.32 points to 7.46 percent. As also stated in the Summary of the Monetary Policy Committee Meeting of March, the fall in inflation was mainly driven by unprocessed food prices. The lagged effects of the exchange rates on annual inflation further subsided. Accordingly, annual inflation in core indicators decreased slightly, while their underlying trends continued to improve.

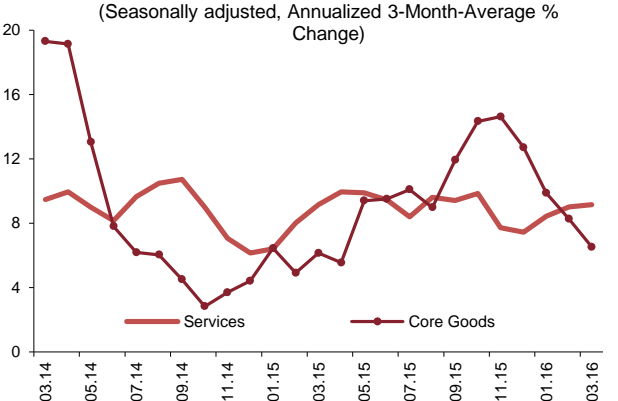
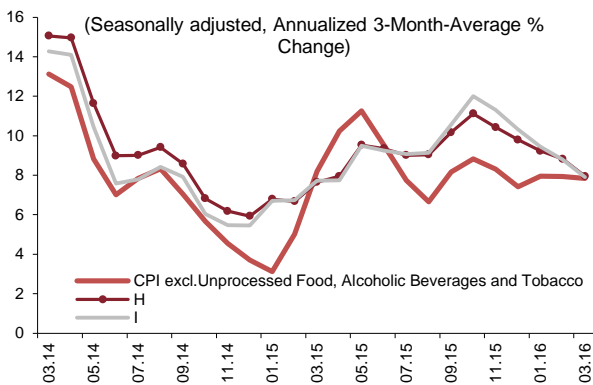
... EVALUATIONS ...

In March, consumer prices edged down by 0.04 percent, and the annual consumer inflation fell by 1.32 points to 7.46 percent. The annual rate of change in the H and I indices fell by 0.17 and 0.21 point, month-on-month to 9.32 and 9.51 percent, respectively.

Contributions of sub-groups to annual CPI inflation reveal a decline in the food group by 1.04 points in March, which is remarkable. The contribution of core goods, services and energy groups registered a decline by around 0.10 point month-on-month in this period.



The underlying trend of inflation based on seasonally-adjusted data in 3-month averages reveal that the improvement in the core inflation indicators continued. The underlying trend of services inflation maintained a high course, while that of core goods prices remained on a downtrend amid the stable outlook of Turkish lira and mitigated cumulative effects of the exchange rate.

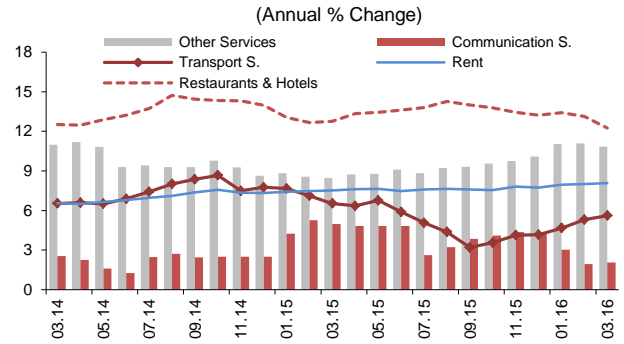
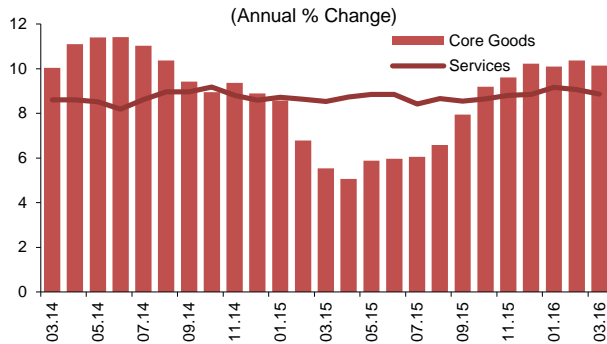


Prices of services increased by 0.38 percent on a monthly basis and the group's annual inflation fell by 0.20 point to 8.86 percent in March. Annual inflation decreased in other services and the restaurants-hotels group, but increased in other subgroups. Analysis of prices on a monthly basis reveals milder increases across subgroups compared to the first two months of the year. In fact, falling food prices, chiefly red meat, in the last two months put a cap on price increases in the restaurants-hotels group. In addition to transport services, price increases lost pace in

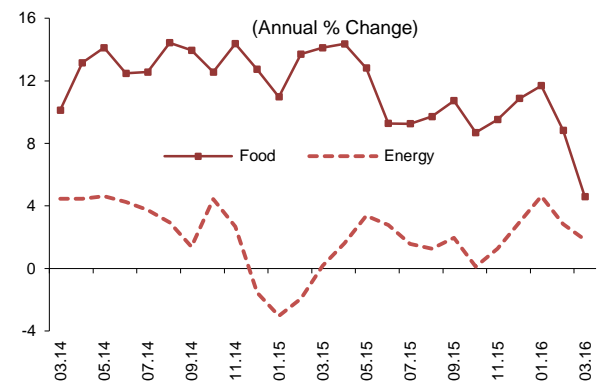
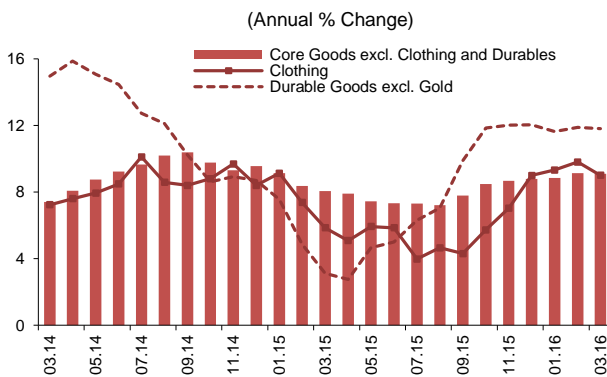
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health, maintenance-repair services and recreation and culture groups classified under the other services group. In short, annual services inflation maintained high figures, while the inflation outlook across the group recorded a mild course compared to the last two months.



Annual core goods inflation edged down by 0.24 point to 10.13 percent in March. Annual inflation receded across all subgroups in this period, with an apparent emphasis on the clothing group. Following the increase in recent months, annual inflation in clothing receded to 9.01 percent in March. Monthly price increases in the durable goods group proved remarkable in furniture and white goods, but remained moderate in other subgroups. Despite a slight decline, annual inflation in core goods excluding clothing and durables maintained a high level.



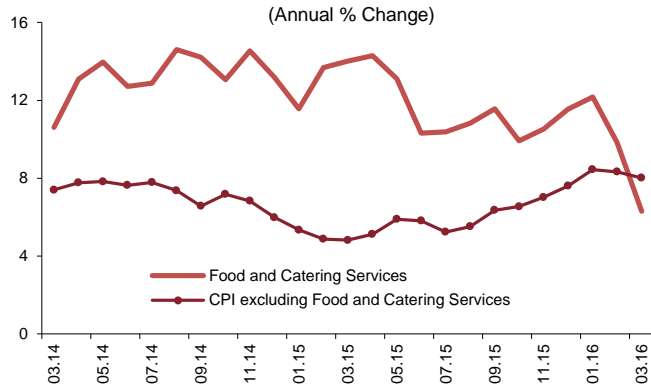
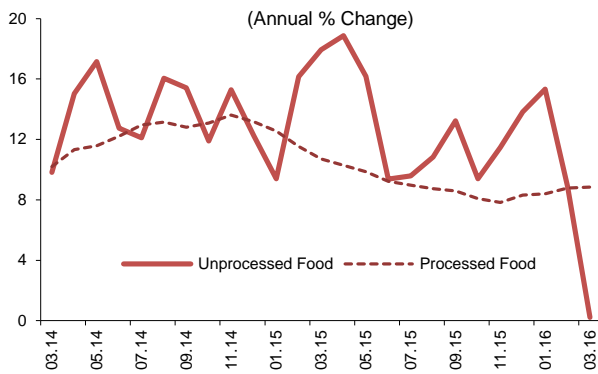
Energy prices rose by 0.60 percent in March due to the rise in fuel prices by 2.28 percent parallel to the international oil prices. Bottled gas prices remained on a downward track, albeit at a diminishing pace. Against this background, annual energy inflation receded by 1 point to 1.83 percent due to the base effect.

Annual inflation in food and non-alcoholic beverages registered a notable slowdown in the last two months owing to unprocessed food prices. Annual inflation in this group plummeted by 4.25 points to 4.58 percent in March. This stemmed from prices of fresh fruits and vegetables, but chiefly vegetables. Moreover, red meat prices recorded a decline in March as in February. In addition to the current positive developments, the high base effect led the annual unprocessed food inflation to plunge by 8.67 points to 0.22 percent. On the other hand, annual processed food inflation edged up to 8.86 percent. This was mainly attributed to prices of the bread and cereals group and non-alcoholic beverages.

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As a result of the apparent deceleration in food prices, annual inflation in food and catering services receded to 6.31 percent, while consumer inflation excluding food and catering services fell to 8.02 percent (with a decline by 0.31 point) in March.



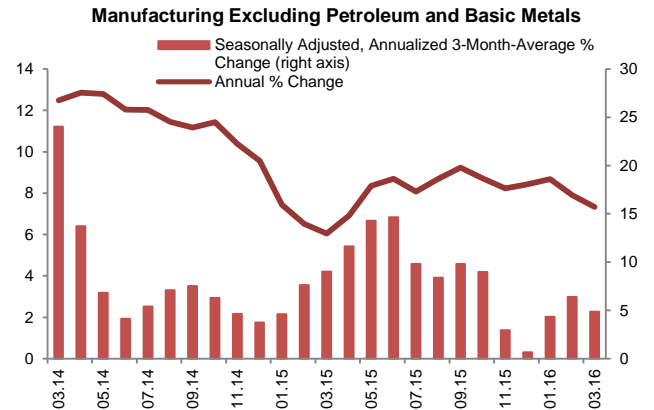
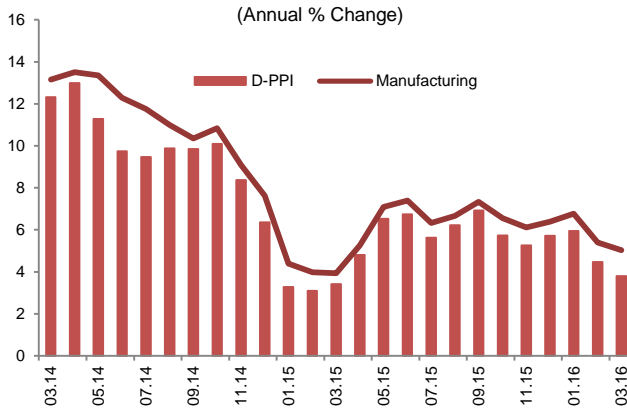
	Monthly Percent Change		Annual Percent Change	
	Mar.2016	Mar.2015	Mar.2016	Mar.2015
CPI	-0.04	1.19	7.46	7.61
1. Goods	-0.23	1.45	6.86	7.22
Energy	0.60	1.60	1.83	0.19
Food and nonalcoholic beverages	-1.53	2.47	4.58	14.12
Unprocessed food	-3.92	4.39	0.22	17.93
Fresh fruits and vegetables	-6.89	6.71	-4.16	29.43
Other unprocessed food	-1.75	2.91	2.88	11.47
Processed food	0.72	0.66	8.86	10.70
Bread and cereals	0.70	0.05	9.42	9.40
Other processed food	0.73	1.02	8.56	11.46
Goods excluding energy and food	0.42	0.57	10.83	5.14
Core goods	0.45	0.67	10.13	5.54
Durable goods	0.48	0.46	12.16	3.13
Durable goods (excluding gold)	0.35	0.42	11.82	3.12
Alcoholic beverages and tobacco	0.00	-0.01	12.79	3.92
Gold	2.55	1.08	17.77	2.90
2. Services	0.38	0.56	8.86	8.53
Rents	0.48	0.42	8.08	7.51
Restaurants and hotels	0.65	1.42	12.26	12.76
Transport	0.13	-0.15	5.60	6.54
Communication	0.00	-0.11	2.05	4.97
Other*	0.37	0.59	10.84	8.47
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.51	0.78	8.23	6.46
H	0.45	0.61	9.32	7.75
I	0.41	0.61	9.51	7.10

Source: TurkStat, CBRT.

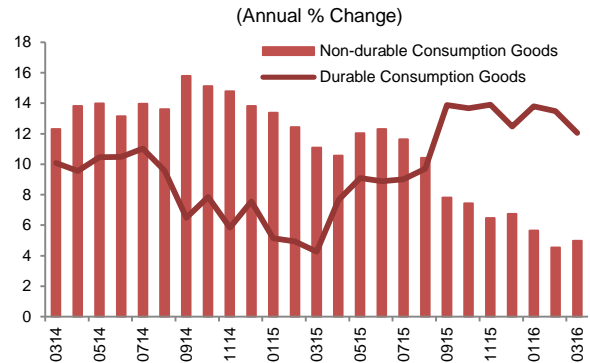
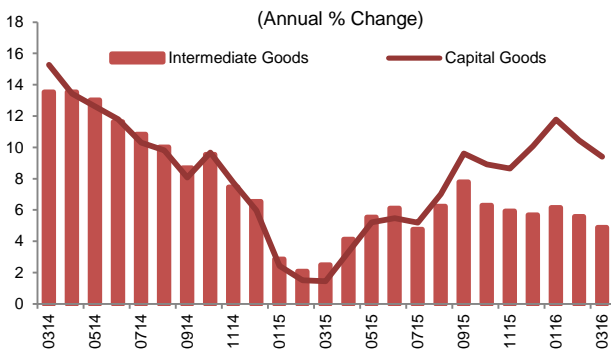
*Other: The services index excluding rents, restaurants/hotels, transport and communication services.

...D-PPI...

Domestic producer prices rose by 0.40 percent month-on-month, and the group's annual inflation fell by 0.67 point to 3.80 percent in March due to the base effect. The monthly increase was shaped by international commodity prices, while the recent stable outlook of the Turkish lira put a limit on this effect. In fact, the manufacturing industry excluding petroleum and basic metals displayed a limited monthly price increase by 0.19 percent.



According to the Main Industrial Groupings (MIGs), prices exhibited a rise in intermediate goods and non-durable consumption goods, but a flat course in durable consumption goods and capital goods in March. The uptick in intermediate goods (0.51 percent) was led by the prices of iron-steel products. In the non-durable consumption goods front, prices of meat and meat products stood out. Meanwhile, mild price changes were witnessed in capital goods and durable consumption goods excluding jewelry. All in all, producer-driven cost pressures on consumer prices remained subsided in March.



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...TABLES

March CPI and Subcategories (Percent Change)					
	Weight	2016		2015	
		Monthly	Annual	Monthly	Annual
CPI	100	-0.04	7.46	1.19	7.61
Food and nonalcoholic beverages	23.68	-1.53	4.58	2.47	14.12
Alcoholic beverages and tobacco	4.98	0.00	12.79	-0.01	3.92
Clothing and footwear	7.43	0.35	9.03	1.06	5.91
Housing	15.93	0.16	6.63	0.72	8.03
Household equipment	8.02	0.62	11.09	0.57	7.01
Health	2.66	1.21	9.43	0.99	8.43
Transport	14.31	0.79	6.19	0.91	-1.47
Communication	4.42	-0.10	1.19	-0.03	3.64
Recreation and culture	3.81	-0.28	9.60	1.22	6.61
Education	2.56	0.47	6.94	0.20	7.97
Restaurants and hotels	7.47	0.65	12.26	1.42	12.76
Miscellaneous goods and services	4.73	0.87	12.39	0.52	8.44

Source: TurkStat.

March D-PPI and Subcategories (Percent Change)					
	Weight	2016		2015	
		Monthly	Annual	Monthly	Annual
D-PPI	100.00	0.40	3.80	1.05	3.41
Mining	3.50	-0.26	-2.37	4.68	-3.38
Manufacturing	87.28	0.63	5.03	0.98	3.93
Manufacturing excl. petroleum products	84.65	0.40	6.14	0.81	5.43
Manufacturing excl. petroleum products and basic metals	75.61	0.19	7.34	0.73	6.04
Electricity, gas, steam and air-conditioning supply	8.13	-1.80	-6.49	0.51	-0.66
Water supply	1.08	0.06	8.90	0.53	22.79
D-PPI (MIGs Classification)					
Intermediate Goods		0.51	4.88	1.17	2.49
Durable Consumption Goods		-0.01	12.06	1.27	4.26
Non-Durable Consumption Goods		0.52	4.98	0.10	11.08
Capital Goods		-0.04	9.40	0.92	1.45
Energy		0.44	-9.38	2.44	-7.07

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.