

SEPTEMBER PRICE DEVELOPMENTS OCTOBER 6, 2015

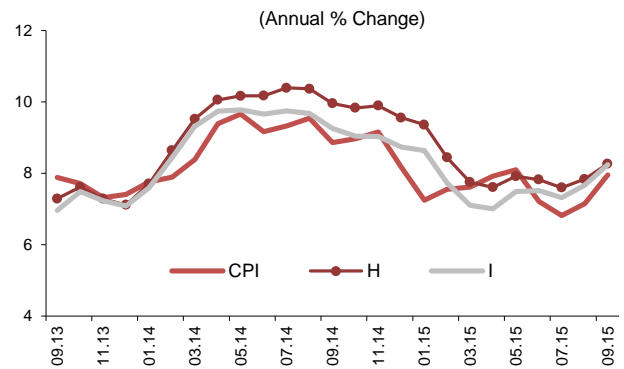
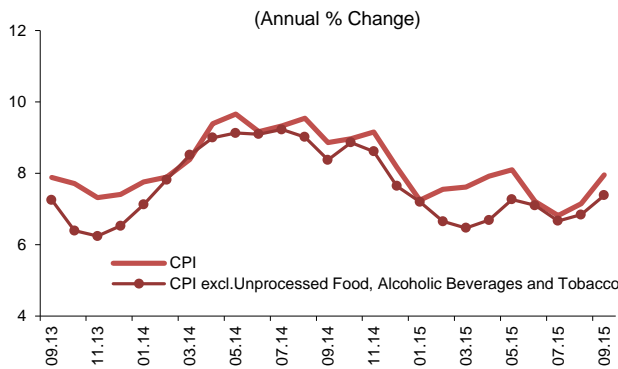
SUMMARY ...

In September, consumer prices rose by 0.89 percent, pushing the annual consumer inflation up to 7.95 percent. Unprocessed food prices recorded an increase driven by prices of fresh fruits and vegetables in this period. Consumer prices stood under the influence of the cumulative depreciation in the Turkish lira. Accordingly, energy and core goods inflation posted an increase, chiefly in durable consumption goods. Services inflation remained high in this period. As a result, the annual inflation and the underlying trend of core inflation indicators registered an increase due to core goods prices.

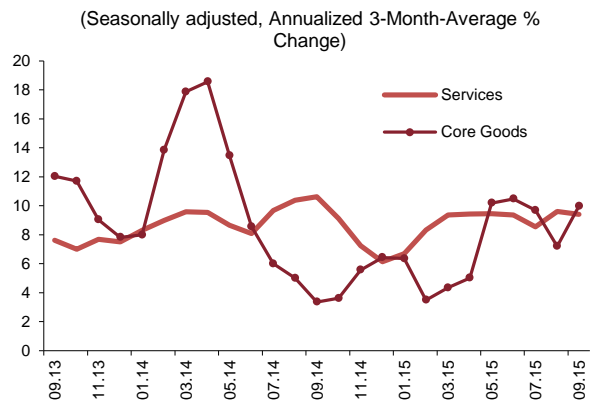
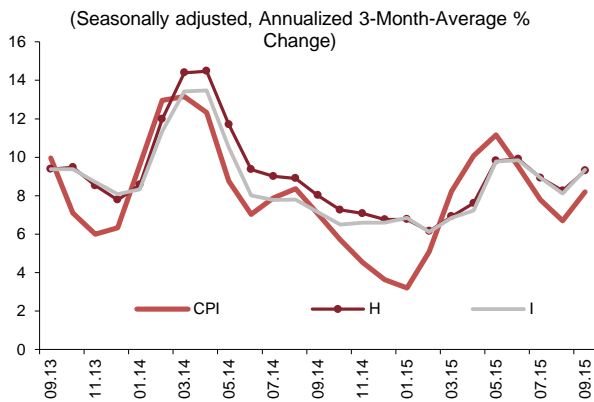
... EVALUATIONS ...

In September, consumer prices rose by 0.89 percent, pushing the annual consumer inflation up by 0.81 point to 7.95 percent. The annual rate of increase in the SCA-H and SCA-I indices rose by 0.43 and 0.57 points month-on-month to 8.26 and 8.23 percent, respectively.

Contributions of subgroups to annual CPI inflation recorded increases except for the services group that stood flat in September. The highest increases in the contributions to annual consumer inflation were recorded in the core goods and food groups with 0.35 and 0.24 point, respectively.

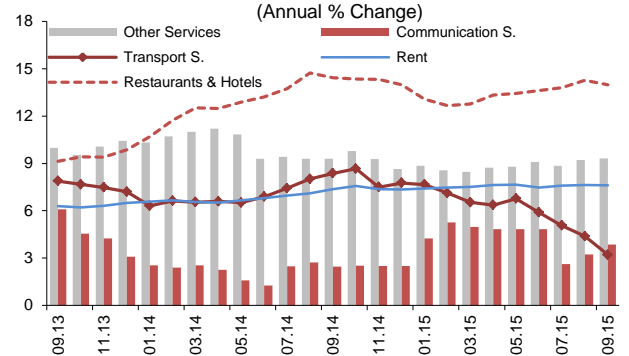
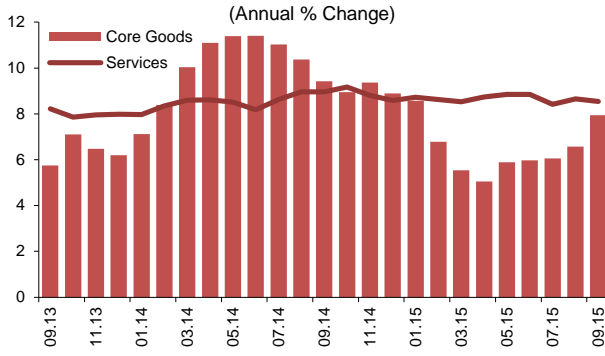


Seasonally-adjusted data in 3-month averages reveal that the underlying trend of core inflation indicators moved upwards. This outlook was shaped by core goods, the underlying trend of which deteriorated upon the cumulative depreciation in the Turkish lira. Meanwhile, having remained almost flat, the underlying trend of the services group maintained its high level.

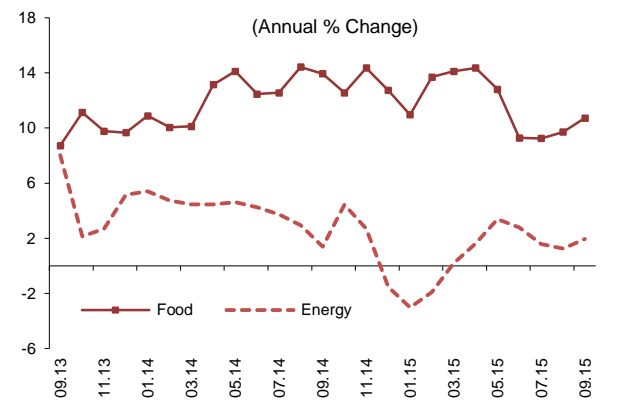
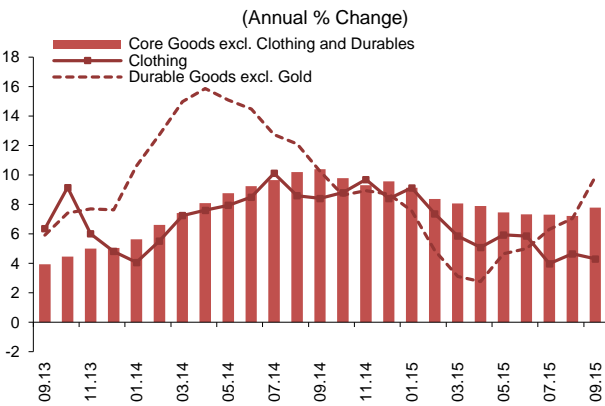


Prices of services increased by 0.79 percent on a monthly basis and the group's annual inflation edged down by 0.11 point to 8.54 percent in September. Annual inflation increased in communication and other services, remained flat in rent, and receded in transport and the restaurants-hotels group. On account of the low levels witnessed by oil prices, annual inflation in

transport services continued to lose momentum. Price hikes in the restaurants-hotels group continued, albeit with a slower pace compared to August.



Annual core goods inflation increased by 1.37 points to 7.94 percent in September. Annual inflation decreased in the clothing group, but increased in other groups. Due to the cumulative effects of the depreciation in the Turkish lira, prices of durable consumption goods posted a month-on-month increase by 2.68 percent. Among durable consumption goods, automobile and home appliances witnessed price hikes by 3.94 and 4.28 percent, respectively. Monthly price increases in core goods excluding clothing and durable goods accelerated and the group's annual inflation hit 7.78 percent. Seasonal sales in clothing prices saw higher amounts compared to the past, bringing the group's annual inflation down to 4.31 percent. All in all, September was marked by evident effects of depreciation in the Turkish lira on core goods prices.

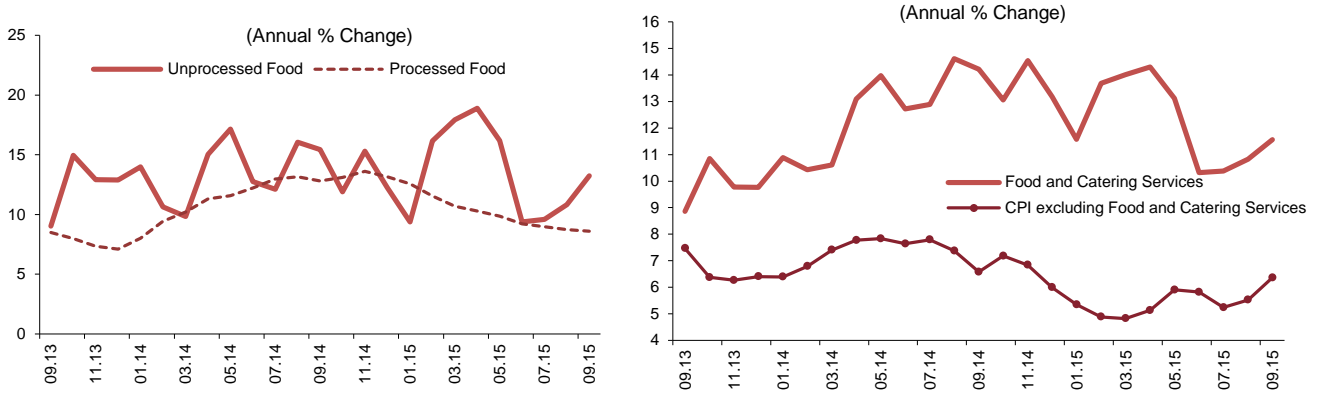


Energy prices rose by 0.53 percent in September, which was led by fuel prices that increased by 0.92 percent upon the depreciation in the Turkish lira. Having receded since June, annual energy inflation rose by 0.7 point to 1.95 percent in this period.

Annual inflation in food and non-alcoholic beverages increased by 1.02 points to 10.73 percent in September on account of the unprocessed food prices. Annual inflation continued to lose pace in the processed food group. Annual unprocessed food inflation surged by 2.40 points to 13.23 percent in this period, driven particularly by the prices of fresh fruits and vegetables, most notably in fruit. Having assumed an uptrend for a long time, red meat prices remained almost flat in September owing also to the measures taken. On the processed food front, prices saw diminishing increases compared to the last two months.

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The annual inflation in food and catering services edged up to 11.56 percent, and consumer inflation excluding food and catering services climbed by 0.84 point to 6.36 percent in September.



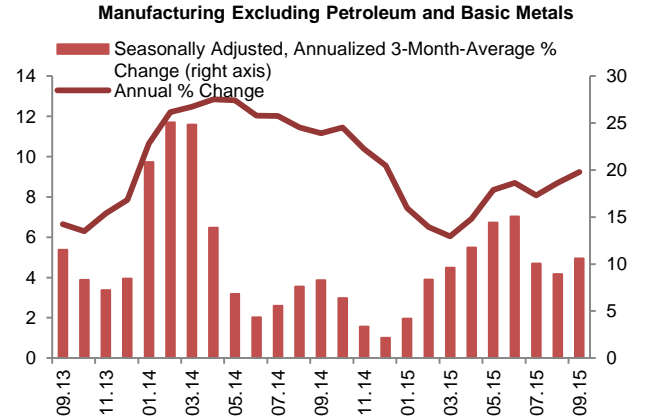
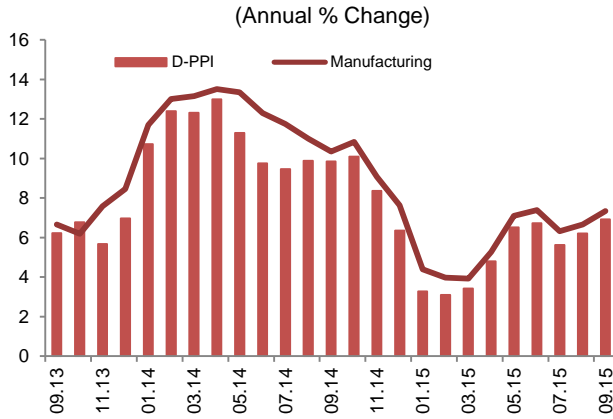
	Monthly Percent Change		Annual Percent Change	
	Sep.2015	Sep.2014	Sep.2015	Sep.2014
CPI	0.89	0.14	7.95	8.86
1. Goods	0.94	-0.18	7.70	8.77
Energy	0.53	-0.16	1.95	1.38
Food and nonalcoholic beverages	1.24	0.31	10.73	13.95
Unprocessed food	1.94	-0.22	13.23	15.42
Fresh fruits and vegetables	7.42	-1.13	12.79	9.45
Other unprocessed food	-0.66	0.29	13.25	19.03
Processed food	0.63	0.77	8.59	12.81
Bread and cereals	0.32	0.48	6.04	14.52
Other processed food	0.80	0.95	10.04	11.77
Goods excluding energy and food	0.87	-0.58	7.83	8.24
Core goods	0.84	-0.44	7.94	9.42
Durable goods	2.86	-0.09	10.53	9.72
Durable goods (excluding gold)	2.68	0.01	9.89	10.24
Alcoholic beverages and tobacco	0.35	-1.12	5.67	3.38
Gold	6.17	-2.11	22.66	0.33
2. Services	0.79	0.90	8.54	8.96
Rents	0.84	0.87	7.60	7.37
Restaurants and hotels	0.97	1.21	13.99	14.43
Transport	0.62	1.76	3.20	8.37
Communication	0.62	0.00	3.86	2.45
Other*	0.78	0.68	9.31	9.30
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.78	0.27	7.38	8.37
SCA-H	0.77	0.38	8.26	9.95
SCA-I	0.81	0.28	8.23	9.25

Source: TurkStat, CBRT.

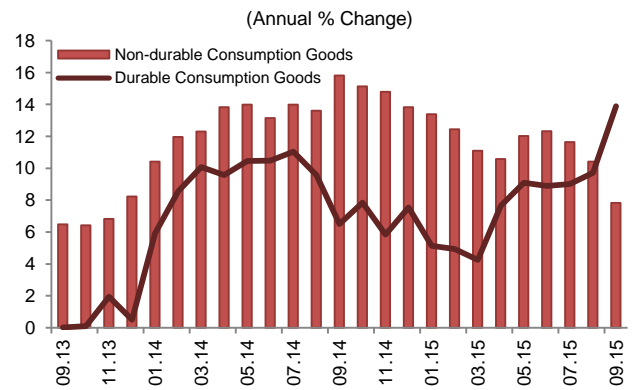
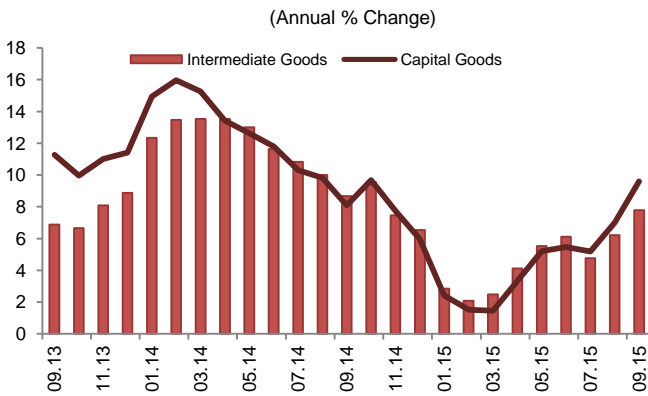
*Other: The services index excluding rents, restaurants/hotels, transport and communication services.

...D-PPI...

Domestic producer prices rose by 1.53 percent month-on-month; the group's annual inflation increased to 6.92 percent in September. Prices registered an increase in the manufacturing industry amid the depreciation in the Turkish lira. Annual inflation rose to 7.34 percent in manufacturing industry prices, and to 9.24 percent in those excluding petroleum and basic metals.



According to the Main Industrial Groupings (MIGs), prices in September posted a rise across all sub-groups except non-durable consumption goods. A monthly price increase of 2.95 percent in the manufacture of durable consumption goods stemmed from prices in the manufacture of jewellery and home appliances. Prices of intermediate goods posted a month-on-month increase by 1.98 percent, and the effects of the depreciation in the Turkish lira became evident across the group. The increase by 2.57 percent in prices of the manufacture of capital goods is mainly attributed to the manufacturing prices of motor vehicles and “other special-purpose machinery”. All in all, cost pressures on consumer prices proved noticeable in September.



...TABLES

September CPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
CPI	100	0.89	7.95	0.14	8.86
Food and nonalcoholic beverages	24.25	1.24	10.73	0.31	13.95
Alcoholic beverages and tobacco	4.82	0.35	5.67	-1.12	3.38
Clothing and footwear	7.38	-2.76	4.38	-2.44	8.44
Housing	15.79	0.58	8.28	0.49	5.18
Household equipment	7.78	1.16	9.42	0.41	9.25
Health	2.57	1.08	7.42	0.42	9.37
Transport	15.38	1.93	2.42	0.11	7.44
Communication	4.38	0.72	2.82	-0.05	1.40
Recreation and culture	3.54	1.16	10.38	0.07	8.64
Education	2.53	0.88	5.90	1.78	7.79
Restaurants and hotels	6.98	0.97	13.99	1.21	14.43
Miscellaneous goods and services	4.60	1.93	11.23	0.72	7.89

Source: TurkStat.

September D-PPI and Subcategories (Percent Change)					
	Weight	2015		2014	
		Monthly	Annual	Monthly	Annual
D-PPI	100	1.53	6.92	0.85	9.84
Mining	3.40	-1.26	-2.47	-0.22	5.54
Manufacturing	86.21	1.54	7.34	0.90	10.36
Manufacturing excl. petroleum products	83.24	1.51	8.65	0.97	10.76
Manufacturing excl. petroleum products and basic metals	75.00	1.44	9.24	0.94	11.17
Electricity, gas, steam and air-conditioning supply	9.30	2.51	5.29	0.94	-4.91
Water supply	1.09	0.42	21.87	0.16	9.48
D-PPI (MIGs Classification)					
Intermediate Goods		1.98	7.79	0.50	8.68
Durable Consumption Goods		2.95	13.89	-0.83	6.49
Non-Durable Consumption Goods		-0.09	7.82	2.32	15.80
Capital Goods		2.57	9.61	0.14	8.08
Energy		1.64	-2.57	0.23	-2.05

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.