

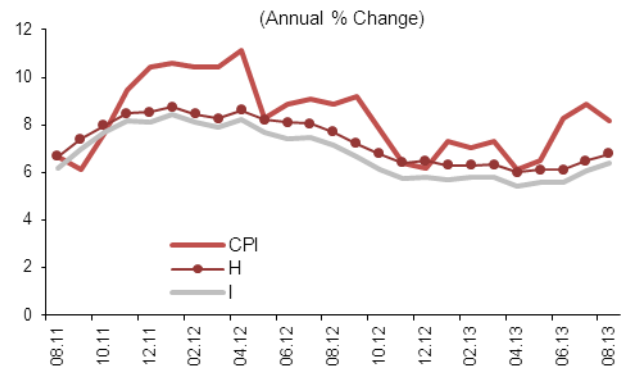
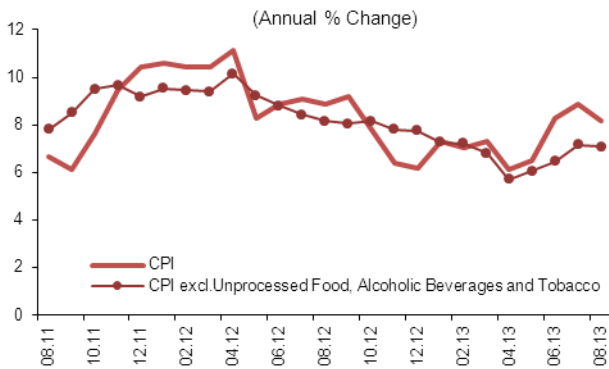
SUMMARY...

In August, consumer prices edged down by 0.10 percent and annual inflation receded to 8.17 percent. The said decline in annual inflation is attributed to the unprocessed food and energy prices as also underlined in the Summary of the Monetary Policy Committee Meeting. Meanwhile, core inflation indicators displayed a slight increase driven by the depreciation in the Turkish lira. Inflation is projected to decline further in the upcoming months.

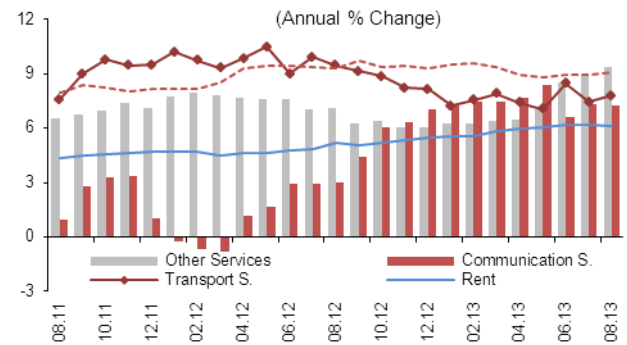
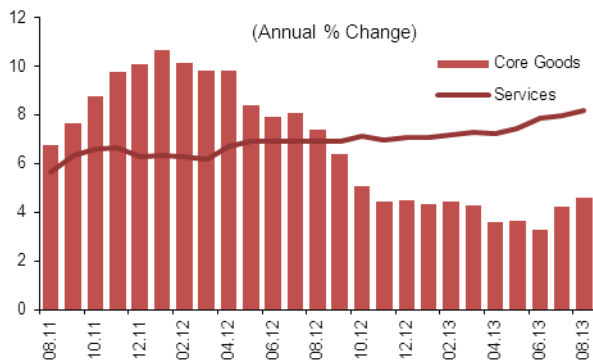
...EVALUATIONS...

In August, consumer prices edged down by 0.10 percent and annual inflation receded to 8.17 percent. The annual rate of increase in the SCA-H and SCA-I indices edged up by 0.30 and 0.28 percentage points on a monthly basis and became 6.79 percent 6.37 percent, respectively.

Among subgroups, the contribution of the food and energy groups to the annual CPI inflation recorded a month-on-month decline by 0.58 and 0.29 percentage points, respectively. Meanwhile, the contribution of the core goods and services groups to annual inflation did not record a notable change in August.

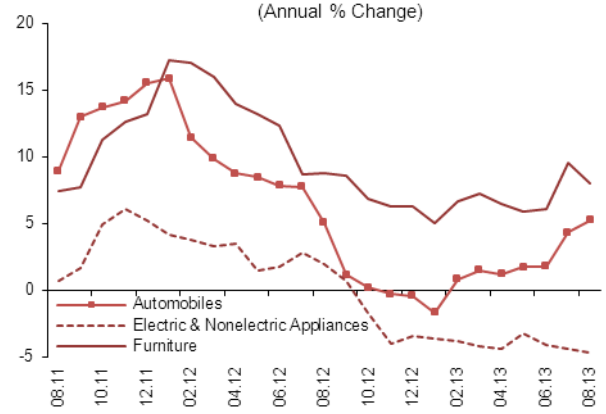
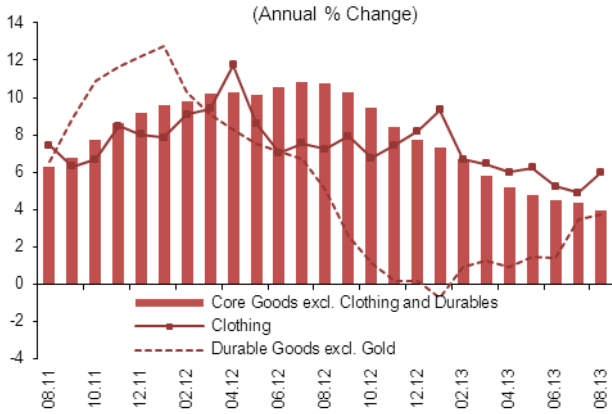


Prices of services went up by 0.61 percent in August, increasing trend of the group's annual inflation continued and climbed to 8.18 percent on a monthly basis. Annual inflation in rents and communication services followed a flat course, yet increased in other subgroups. The seasonally adjusted data point that the underlying trend in services inflation maintained its high level in August.

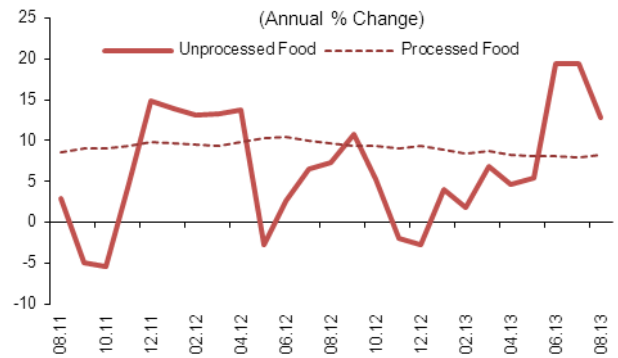
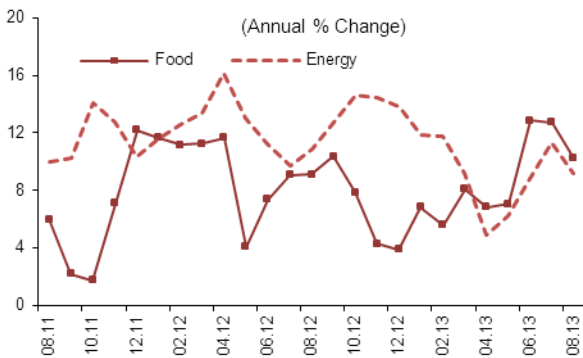


As for the core goods group, annual inflation went up by 0.35 percentage point to 4.58 percent in August. Upon the depreciation in the Turkish lira, following the rise in July, prices of durable consumption goods rose by 0.42 percent and the group's annual inflation climbed to 3.73 percent. Hikes in automobile prices were striking in this group. Upon the recent mild course,

clothing group prices fell more than seasonal averages. Against this background, the trend of increase in core goods prices rose in August.



Energy prices crept up by 0.33 percent in July. Amid soaring international oil prices and depreciating Turkish lira, domestic fuel prices rose by 0.63 percent in this period. Consequently, the group's annual inflation went down by 2.14 percentage points to 9.16 percent, particularly owing to the base effect in bottled gas and fuel prices.



Annual inflation in food and non-alcoholic beverages group receded by 2.47 percentage points to 10.25 percent. This decline is attributed to the unprocessed food group mainly driven by prices of fresh fruits and vegetables. In August, annual inflation in other unprocessed food prices recorded a limited decline. As a result, following the surge in June, annual inflation in the unprocessed food group went down by 6.48 percentage points to 12.87 percent. Processed food prices, on the other hand, crept up by 0.87 percent, and the group's annual inflation rose to 8.32 percent. While annual rate of price increases in bread and cereals lost pace, other processed food prices, which remained on a mild track during 2013, went up due to the prices of meat, cheese and other dairy products.

	Monthly Percent Change		Annual Percent Change	
	Aug.2013	Aug.2012	Aug.2013	Aug.2012
CPI	-0.10	0.56	8.17	8.88
1. Goods	-0.38	0.61	8.15	9.54
Energy	0.33	2.29	9.16	10.85
Food and nonalcoholic beverages	-0.77	1.46	10.25	9.14
Unprocessed food	-2.72	2.87	12.87	7.36
Fresh fruits and vegetables	-9.23	4.30	19.43	12.21
Other unprocessed food	1.83	2.04	8.78	4.34
Processed food	0.87	0.48	8.32	9.75
Bread and cereals	0.27	0.76	11.09	9.87
Other processed food	1.24	0.30	6.64	9.55
Goods excluding energy and food	-0.40	-0.80	5.99	9.17
Core goods	-0.65	-0.98	4.58	7.41
Durable goods	0.72	0.19	2.99	4.46
Durable goods (excluding gold)	0.42	0.17	3.73	5.07
Alcoholic beverages and tobacco	0.02	0.00	16.01	18.67
Gold	6.51	0.58	-8.04	-4.97
2. Services	0.61	0.42	8.18	6.94
Rents	0.56	0.60	6.14	5.18
Restaurants and hotels	0.76	0.62	9.13	9.34
Transport	0.50	0.17	7.80	9.47
Communication	0.00	0.08	7.28	3.03
Other*	0.89	0.45	9.42	7.15
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.24	0.31	7.09	8.16
SCA-H	0.14	-0.14	6.79	7.71
SCA-I	-0.02	-0.28	6.37	7.17

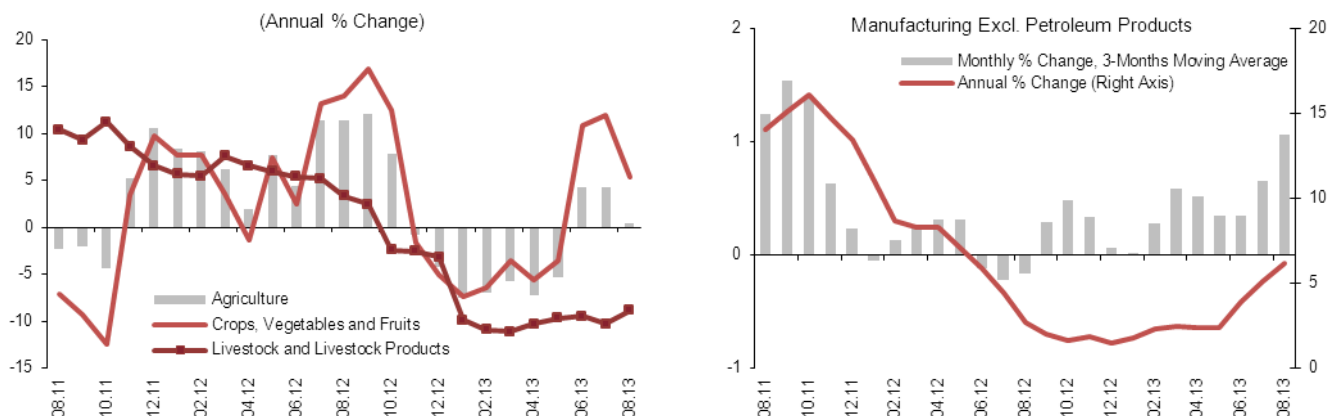
Source: TurkStat, CBRT.

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

AUGUST PRICE DEVELOPMENTS SEPTEMBER 4, 2013

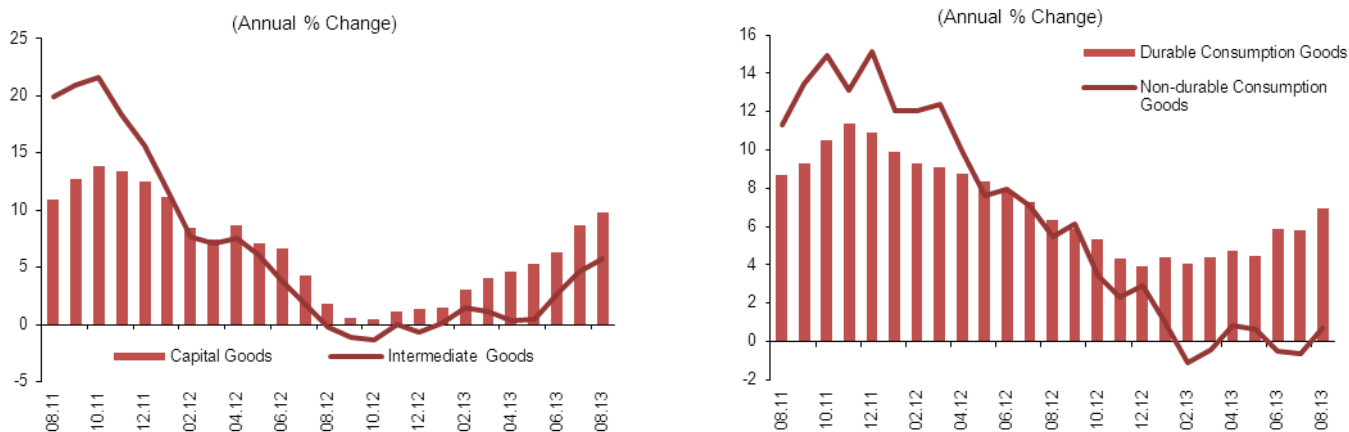
...PPI...

In August, producer prices crept up by 0.04 percent, and the group's annual inflation receded to 6.38 percent. While manufacturing industry prices soared by 1.27 percent, tumbling agricultural prices by 4.35 percent limited the rise in producer prices. In this group, prices of crops, vegetables and fruits recorded a decline (6.76 percent) in line with the consumer prices; whereas livestock prices exhibited a limited increase (0.88 percent).



The recent depreciation in the Turkish lira remained influential on all the subgroups of the manufacturing industry. The most remarkable increases in August appeared in manufacturing prices of clothing and petroleum products, which soared by 2.93 and 2.36 percent, respectively. Meanwhile, the annual rate of increase in the manufacturing industry excluding oil and base metal prices went up to 6.53 percent in comparison with previous month.

Main Industrial Groupings (MIGS) suggest that all groups excluding energy saw elevated prices in August, while the most notable price hikes were seen in durable and non-durable consumption goods. Similar to the previous month, prices of iron, steel and iron alloys pushed up the prices of intermediate goods; while metal construction materials and motor vehicles were held responsible for the price hikes in capital goods. In the meantime, the most noteworthy price increases in durable consumption goods appeared in jewelry and furniture groups. As for the non-durable goods, prices went up owing to the rise in prices of meat and meat products, dairy products and processed fruits and vegetables. As a result, annual inflation in the manufacturing industry posted a month-on-month increase by 0.93 percentage points to 6.09 percent.



...TABLES

August CPI and Subcategories (Percent Change)					
	Weight	2013		2012	
		Monthly	Annual	Monthly	Annual
CPI	100	-0.10	8.17	0.56	8.88
Food and nonalcoholic beverages	24.09	-0.77	10.25	1.46	9.14
Alcoholic beverages and tobacco	5.07	0.02	16.01	0.00	18.67
Clothing and footwear	6.83	-3.62	6.01	-4.60	7.24
Housing	16.68	0.34	7.50	0.68	11.84
Household equipment	7.28	-0.01	3.97	0.71	8.88
Health	2.22	0.38	2.96	-0.25	1.80
Transport	17.99	0.70	8.80	1.59	5.23
Communication	4.64	-0.07	5.97	-0.14	3.64
Recreation and culture	2.95	0.44	2.67	0.61	5.00
Education	1.91	1.19	6.16	0.95	7.82
Restaurants and hotels	6.18	0.76	9.13	0.62	9.34
Miscellaneous goods and services	4.16	1.24	4.74	0.49	9.34

Source: TurkStat.

August PPI and Subcategories (Percent Change)					
	Weight	2013		2012	
		Monthly	Annual	Monthly	Annual
PPI	100	0.04	6.38	0.26	4.56
Agriculture	16.34	-4.35	0.48	-0.75	11.43
Crops, fruits and vegetables	10.76	-6.76	5.33	-0.89	13.96
Livestock and animal products	4.87	0.88	-8.83	-0.76	3.38
Industry	83.66	0.94	7.59	0.46	3.29
Mining	3.06	2.03	10.84	1.78	8.34
Manufacturing	72.14	1.27	6.09	0.38	2.82
Manufacturing excluding petroleum	69.53	1.23	6.20	0.15	2.70
Manufacturing excluding petroleum and base metals	62.81	1.18	6.53	0.23	3.95
Electricity, gas and water	8.46	-2.82	14.46	0.64	6.10

Source: TurkStat, CBRT.

PPI by MIGS (Monthly Percent Change)														
	Aug.12	Sept.12	Oct.12	Nov.12	Dec.12	Jan.13	Feb.13	Mar.13	Apr.13	May.13	Jun.13	Jul.13	Aug.13	Annual
Intermediate goods	0.02	0.64	0.21	-0.30	-0.12	0.55	0.37	0.73	-0.34	0.08	1.38	1.33	1.10	5.76
Capital goods	-0.15	0.39	0.51	0.09	0.36	0.40	1.19	1.61	0.76	0.12	1.14	1.98	0.86	9.80
Durable goods	0.02	2.71	-0.09	-1.44	0.92	-0.97	-0.49	0.51	-0.29	-1.40	0.15	-0.22	1.39	0.70
Nondurable goods	0.54	0.87	0.76	-0.03	-0.17	0.19	0.74	1.00	0.58	0.27	0.56	0.31	1.68	6.98
Energy	2.06	1.50	-0.93	18.27	-0.48	0.33	-7.34	1.17	-2.08	0.46	1.65	2.14	-1.11	12.44

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.