

NOVEMBER PRICE DEVELOPMENTS DECEMBER 4, 2014

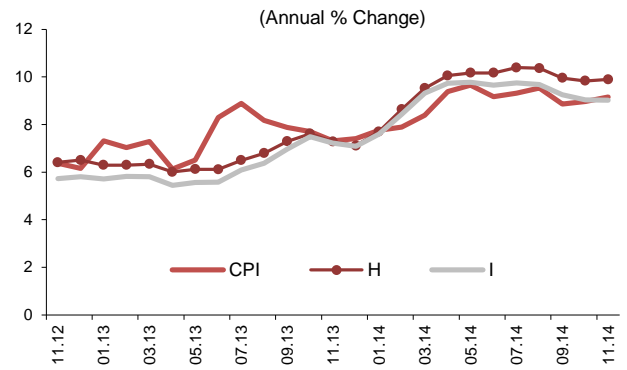
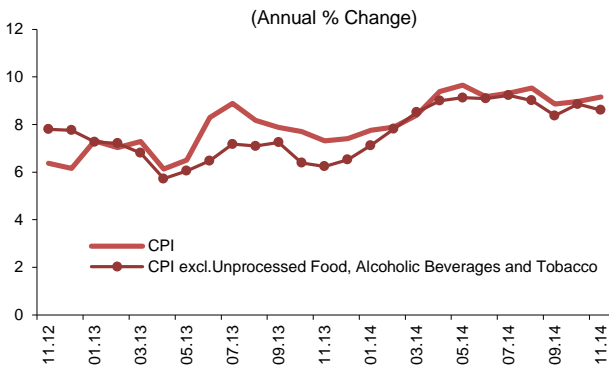
SUMMARY...

In November, consumer prices rose by 0.18 percent and annual inflation reached 9.15 percent. Food inflation remained elevated, while energy inflation receded amid the fall in international oil prices. The underlying trend of inflation in services saw a slight decline through the prices of items closely related to fuel prices. Accordingly, the underlying trend of core inflation indicators continued to improve in this period.

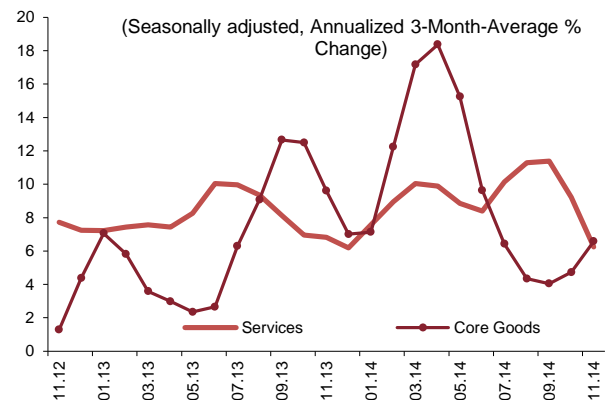
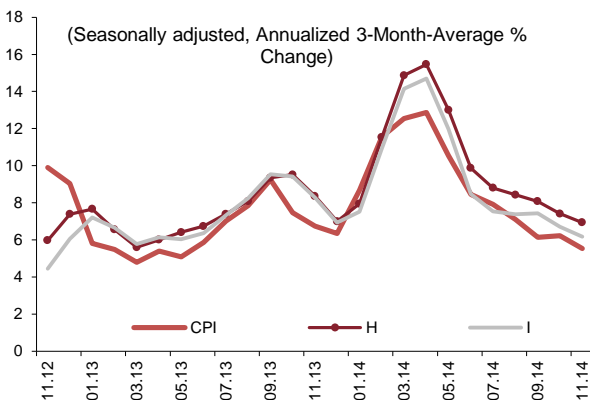
...EVALUATIONS...

In November, consumer prices rose by 0.18 percent and annual inflation reached 9.15 percent. The annual rate of increase in the SCA-H index edged up to 9.89 percent, while that of the SCA-I index remained flat with 9.03 percent.

Across subgroups, the contribution of the food and core goods groups to the annual CPI inflation increased by 0.40 and 0.11 points. However, energy and services groups added 0.25 and 0.09 points less to the annual CPI inflation in November.



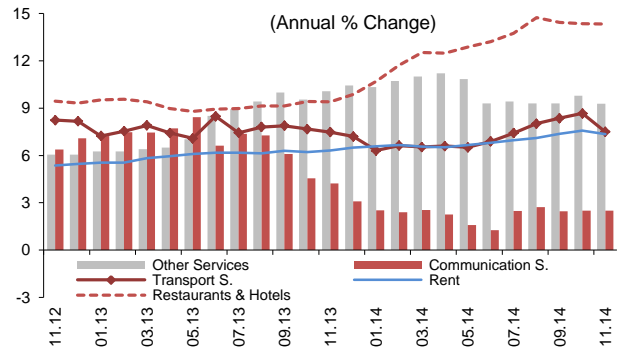
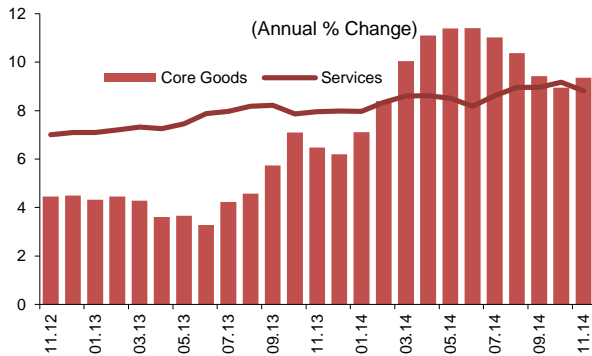
The underlying trends of inflation in quarterly averages indicate that the improvement in core inflation indicators continued. Seasonally-adjusted data suggest an increase in the underlying trend of core goods inflation in contrast to rapid decline in the services group. This decline was attributed to the fall in prices of services groups closely related to fuel prices.



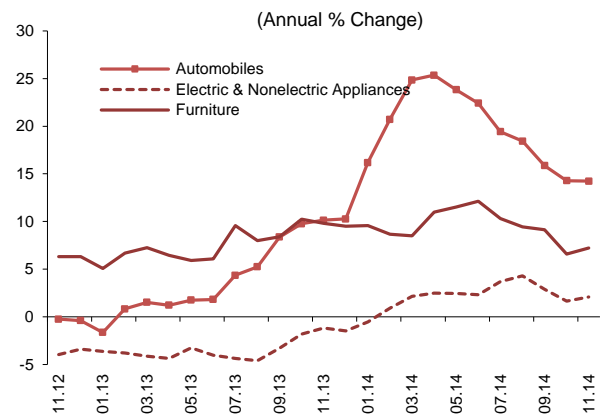
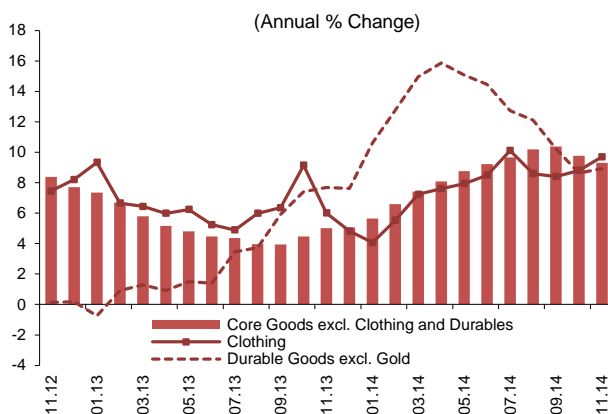
Prices of services followed a flat course on a monthly basis and the group's annual inflation receded by 0.36 points to 8.81 percent in November. In contrast to the negative outlook of the recent months, prices of services remained mild in this period. The decline, particularly in oil prices, had positive effects on the fuel-related prices of services. In fact, transport services and package tour prices registered a month-on-month decline by 1.30 and 9.25 percent, respectively. In addition, seasonally-adjusted rent inflation saw the lowest monthly increase

NOVEMBER PRICE DEVELOPMENTS DECEMBER 4, 2014

within the last one-year-period. Meanwhile, the annual inflation remained on a high track with 14.32 percent in the restaurants-hotels group.

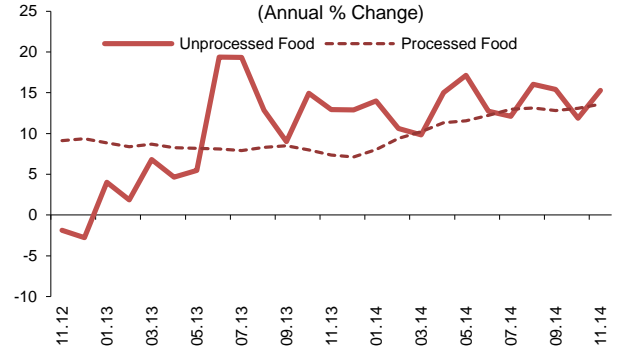
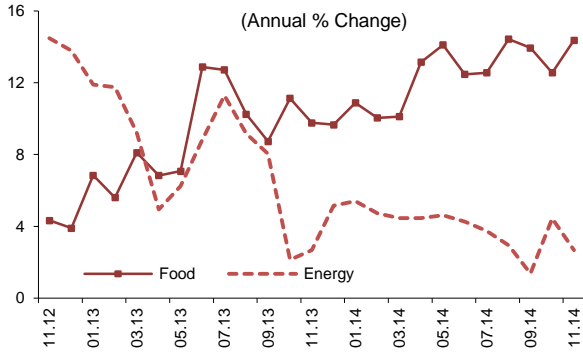


Annual core goods inflation edged up by approximately 0.4 percentage point to 9.36 percent in November. The annual inflation in clothing and durables saw an increase in this period. Among durable consumption goods, automobile prices fell in November, while the prices of furniture and home appliances rose by 0.84 and 1.75 percent, respectively. Accordingly, the ongoing fall in annual durables inflation, which appeared in May, halted in November. Meanwhile, the seasonal surge in clothing prices pulled the annual inflation in this group upwards. On the other hand, the annual inflation in core goods excluding clothing and durables remained on a downward track.

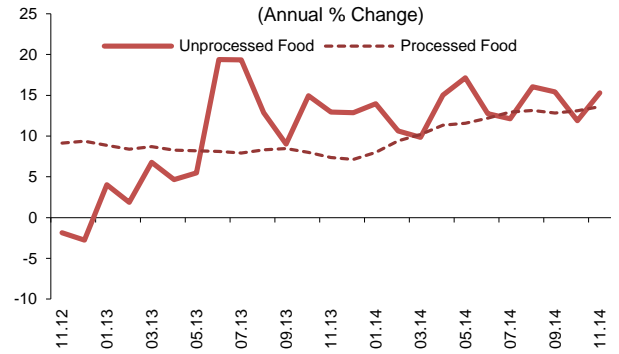
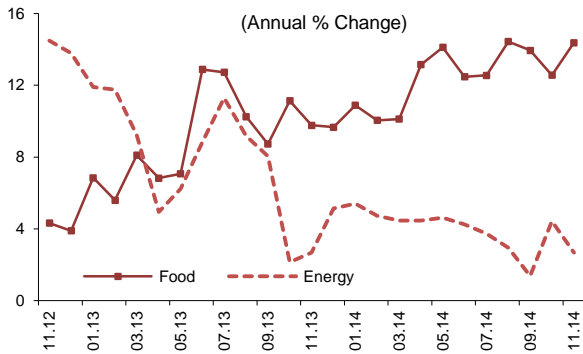


Energy prices fell by 1.44 percent in November. This was led by falling fuel and bottled gas prices by 4.45 and 4.37 percent, respectively, in line with the course of international oil prices. Meanwhile, following the rise in October, municipal water tariffs were raised again in November. Thus, the group's annual inflation climbed to 11.08 percent and diverged from the overall energy inflation outlook. Against this background, annual energy inflation fell by 1.75 points to 2.68 percent.

NOVEMBER PRICE DEVELOPMENTS DECEMBER 4, 2014



Annual inflation in the food and non-alcoholic beverages group increased by 1.81 points to 14.37 percent. Annual inflation in the fresh fruits and vegetables group surged mainly due to the base effect, and the seasonally-adjusted data suggested a partial correction in the unprocessed food group in the last three-month-period. Meanwhile, the uptrend in processed food prices continued and the group's annual inflation hit 13.61 percent in line with the increases across sub-groups; i.e., meat products, coffee-tea and canned vegetables. Currently, annual inflation hovers around elevated levels in processed meat at 21.80 percent, the coffee-tea group at 17.71 percent and the bread-cereals group at 15.37 percent.



NOVEMBER PRICE DEVELOPMENTS DECEMBER 4, 2014

	Monthly Percent Change		Annual Percent Change	
	Nov.2014	Nov.2013	Nov.2014	Nov.2013
CPI	0.18	0.01	9.15	7.32
1. Goods	0.25	-0.12	9.29	7.07
Energy	-1.44	0.25	2.68	2.68
Food and nonalcoholic beverages	0.24	-1.34	14.37	9.77
Unprocessed food	-0.54	-3.48	15.29	12.93
Fresh fruits and vegetables	-1.08	-10.56	14.34	15.26
Other unprocessed food	-0.21	1.74	15.94	11.30
Processed food	0.95	0.49	13.61	7.35
Bread and cereals	1.21	0.55	15.37	10.42
Other processed food	0.79	0.46	12.54	5.51
Goods excluding energy and food	0.98	0.61	8.48	6.98
Core goods	1.30	0.92	9.36	6.47
Durable goods	-0.19	-0.31	8.59	6.26
Durable goods (excluding gold)	0.03	-0.25	8.93	7.69
Alcoholic beverages and tobacco	0.00	-0.64	4.81	13.55
Gold	-4.68	-1.56	1.94	-15.76
2. Services	0.02	0.35	8.81	7.96
Rents	0.48	0.68	7.36	6.32
Restaurants and hotels	0.63	0.64	14.32	9.40
Transport	-1.30	-0.23	7.50	7.47
Communication	0.00	0.01	2.49	4.24
Other*	-0.07	0.40	9.28	10.07
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.30	0.53	8.61	6.24
SCA-H	0.67	0.61	9.89	7.28
SCA-I	0.62	0.63	9.03	7.22

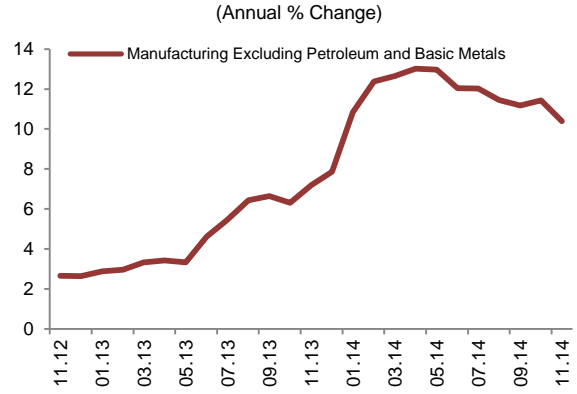
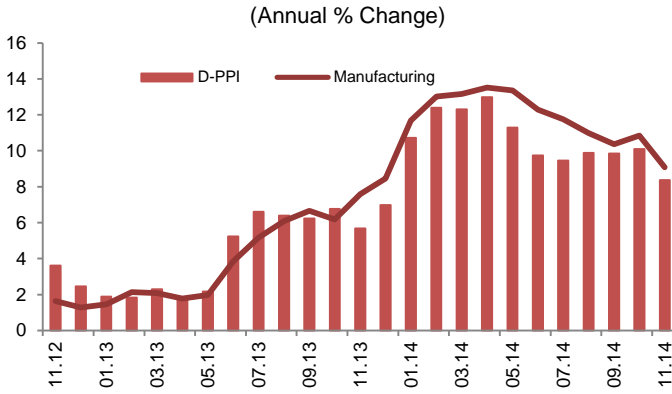
Source: TurkStat, CBRT.

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

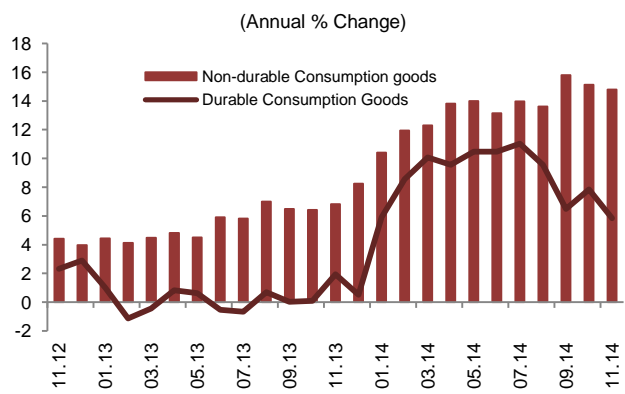
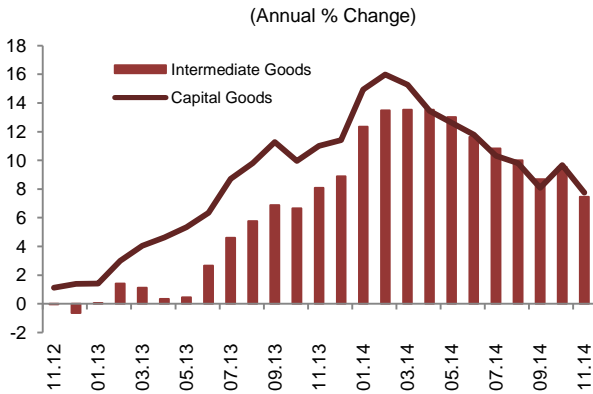
NOVEMBER PRICE DEVELOPMENTS DECEMBER 4, 2014

...D-PPI...

Domestic producer prices fell by 0.97 percent and the group's annual inflation decreased by 1.73 points to 8.36 percent in November. Marked by a downtrend in the international oil prices, this period witnessed decreases in the annual inflation in the manufacturing industry to 9.08 percent and to 10.39 percent in the manufacturing industry excluding petroleum and basic metals.



According to the Main Industrial Groupings (MIGs), prices of non-durable consumption goods remained flat, whereas prices of durable, intermediate and capital goods fell by -1.50, -0.89 and -0.73 percent, respectively. Accordingly, all main groups saw a decline in the annual inflation. Not only did the rise in prices of the manufacturing of food products pause, but also oil prices declined in November, alleviating the pressures driven by the manufacturing industry prices on consumer prices compared to past months.



NOVEMBER PRICE DEVELOPMENTS DECEMBER 4, 2014

...TABLES

November CPI and Subcategories (Percent Change)					
	Weight	2014		2013	
		Monthly	Annual	Monthly	Annual
CPI	100	0.18	9.15	0.01	7.32
Food and nonalcoholic beverages	24.45	0.24	14.37	-1.34	9.77
Alcoholic beverages and tobacco	5.29	0.00	4.81	-0.64	13.55
Clothing and footwear	7.17	4.11	9.71	3.27	6.04
Housing	16.41	0.21	7.64	0.44	4.16
Household equipment	7.52	0.86	8.13	0.52	5.97
Health	2.44	0.23	9.33	0.76	4.07
Transport	15.54	-1.79	5.06	-0.08	8.28
Communication	4.70	-0.13	1.59	-0.41	2.58
Recreation and culture	3.36	-1.32	5.89	0.65	4.80
Education	2.26	0.25	8.31	0.00	10.06
Restaurants and hotels	6.58	0.63	14.32	0.64	9.40
Miscellaneous goods and services	4.28	-0.10	8.82	0.21	2.35

Source: TurkStat.

November D-PPI and Subcategories (Percent Change)					
	Weight	2014		2013	
		Monthly	Annual	Monthly	Annual
D-PPI	100	-0.97	8.36	0.62	5.67
Mining	3.97	-1.65	3.29	-0.32	11.53
Manufacturing	85.93	-0.84	9.08	0.76	7.58
Electricity, gas, steam and air-conditioning supply	9.31	-2.19	0.43	-1.16	-12.60
Water supply	0.79	1.78	12.03	1.32	10.88

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.