

NOVEMBER PRICE DEVELOPMENTS DECEMBER 4, 2012

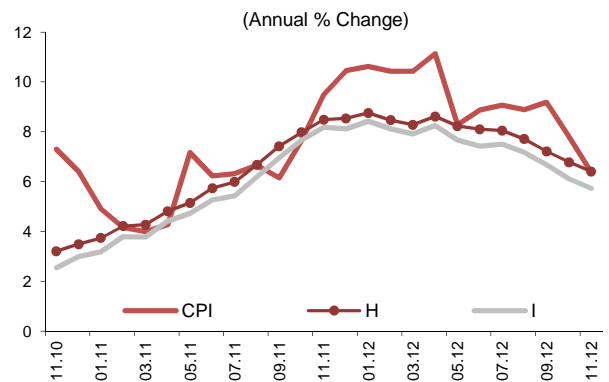
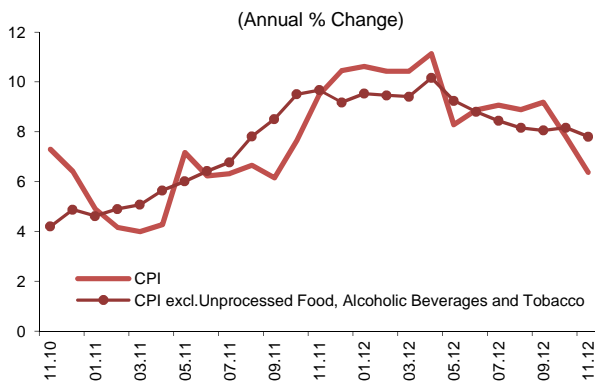
SUMMARY...

In November, consumer prices were up by 0.38 percent and annual inflation fell to 6.37 percent. This decline is mainly attributed to unprocessed food prices. Core inflation indicators maintained the downward trend owing to cost and demand-side developments. Meanwhile, the course of prices of services remained mild.

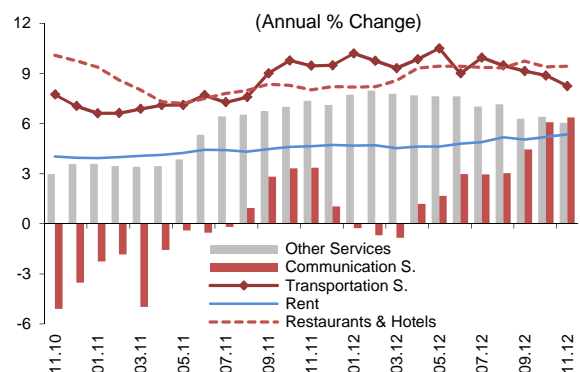
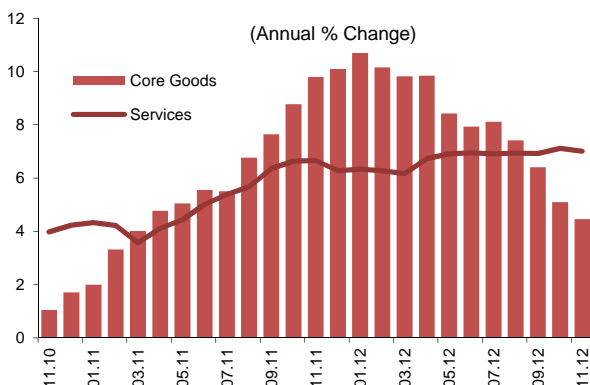
...EVALUATIONS...

In November, consumer prices were up by 0.38 percent and annual inflation fell to 6.37 percent. The rate of increase in the CPI excluding energy, unprocessed food, alcoholic beverages, tobacco and gold (SCA-H) went down to 6.41 percent year-on-year. With a further exclusion of processed food, the rate of increase in the index (SCA-I) decreased to 5.73 percent year-on-year.

Contribution to annual CPI inflation displayed a month-on-month decline across all subgroups. Contribution of the food group, which went down to 1.14 percentage points, exhibited the most noteworthy fall (with 0.92 percentage points). Contribution of core goods went down (by 0.14 percentage points) to 1.20 percentage points; while that of the services group edged down to 1.88 percentage points. Under these circumstances, the largest contributor to inflation among subgroups became the energy group with 2.11 percentage points.

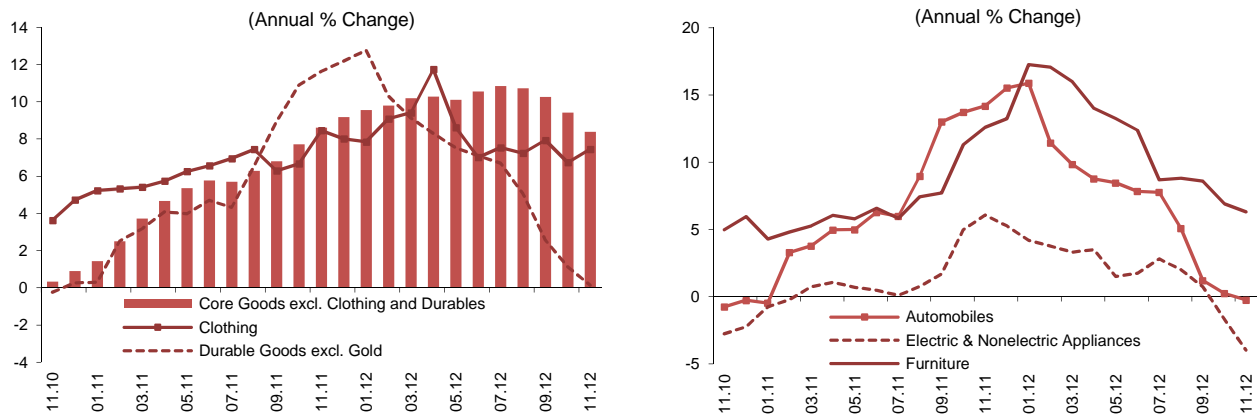


Prices of services went up by 0.27 percent, and the group's annual inflation edged down to 7 percent in November. The increase in prices of communication services continued in November albeit at a low rate reaching to 3.3 percent in the last three months. Annual inflation rates in communication services and rent went up, in contrast to the falling figures in transport and other services. As a result, the underlying trend of seasonally-adjusted prices of services remained mild, while the diffusion index for the prices of services followed a flat course.

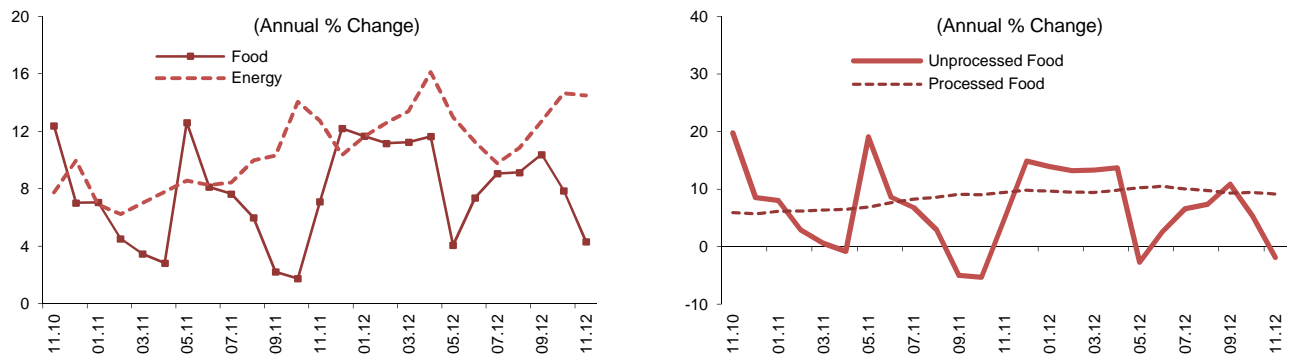


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As for the core goods group, annual inflation maintained its downward trend in November with a decline by 0.64 percentage points to 4.45 percent. All the main sectors composing this group excluding clothing saw receding annual inflation rates. Price increases in the new season in the clothing group stood above those of previous years. Prices of durable goods displayed a month-on-month decline by 0.51 percent; while a mild course prevailed across subgroups. Thus, in November, prices of durable goods went back to the levels in 2011. The rate of monthly increase in core goods prices excluding clothing and durable goods slowed down in November. Consequently, seasonally-adjusted core goods prices displayed a low-rated increase in the last three-month-period.



Energy prices went down by 0.28 percent on account of the decline in domestic fuel oil prices mainly upon the fall in international oil prices. However, bottled gas and solid fuel prices besides municipal water tariffs recorded increases in November. As a result, annual energy group inflation fell by 0.16 percentage points to 14.48 percent in this period.



Annual inflation in food and non-alcoholic beverages group decreased by 3.55 percentage points to 4.32 percent. This was driven by the unprocessed food prices which decreased by 1.76 percent upon the fall in fruit and vegetable prices. In contrast to this outlook in fruit and vegetable prices, the surge in fresh milk prices by 17.5 percent within the last four months is striking. Seasonally adjusted unprocessed food prices plunged in October and November, following the upward course in the third quarter. Annual inflation in unprocessed food products, which went down to -1.87 percent in November, followed a quite favorable course compared to the previous years.

Monthly rate of price increase in the processed food group remained its high course and the group's prices went up by 1.10 percent in November. Repercussions of the rise in domestic wheat prices are apparent through the ongoing price increases in the bread and cereals group. Furthermore, prices of processed food products excluding bread and cereals considerably

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accelerated in the last two months. All subgroups recorded price increases, particularly cheese and other dairy products, fats and oils and processed meat products. Nevertheless, annual processed food inflation went down to 9.13 percent in November due the base effect.

	Monthly Percent Change		Annual Percent Change	
	Nov. 2012	Nov. 2011	Nov. 2012	Nov. 2011
CPI	0.38	1.73	6.37	9.48
1. Goods	0.42	2.20	6.13	10.52
Energy	-0.28	-0.15	14.48	12.74
Food and nonalcoholic beverages	-0.12	3.27	4.32	7.11
Unprocessed food	-1.76	5.47	-1.87	4.74
Fresh fruits and vegetables	-2.66	16.19	-5.61	1.52
Other unprocessed food	-1.15	-1.08	0.65	6.94
Processed food	1.10	1.36	9.13	9.44
Bread and cereals	0.81	0.64	10.99	7.88
Other processed food	1.27	1.76	8.02	10.30
Goods excluding energy and food	1.20	2.41	3.79	12.54
Core goods	1.51	2.13	4.45	9.80
Durable goods	-0.61	0.56	0.05	14.76
Durable goods (excluding gold)	-0.51	0.47	0.14	11.63
Alcoholic beverages and tobacco	0.01	3.69	0.97	18.56
Gold	-2.51	1.50	-1.13	58.43
2. Services	0.27	0.37	7.00	6.65
Rents	0.57	0.42	5.35	4.64
Restaurants and hotels	0.67	0.62	9.44	8.01
Transport	-0.04	0.54	8.24	9.46
Communication	0.32	0.04	6.37	3.36
Other*	-0.09	0.24	6.05	7.37
3. Core Measures				
CPI excluding unprocessed food, alcoholic beverages and tobacco	0.67	1.01	7.80	9.67
SCA-H	0.92	1.27	6.41	8.48
SCA-I	0.88	1.24	5.73	8.18

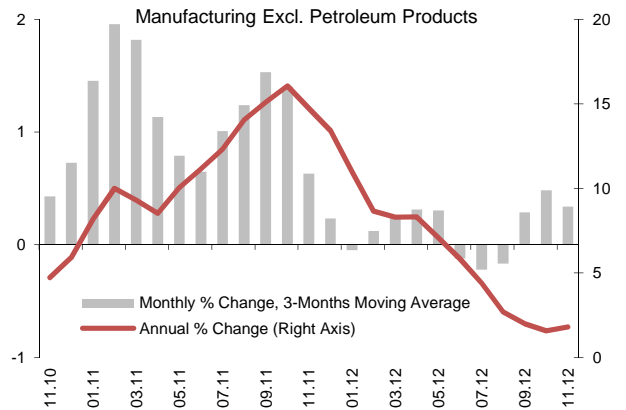
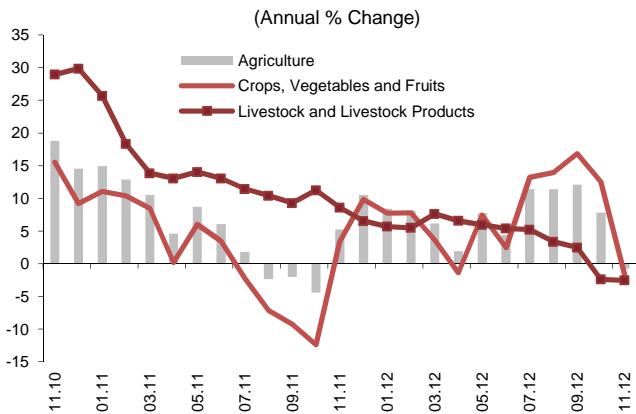
Source: TurkStat, CBRT.

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

...PPI...

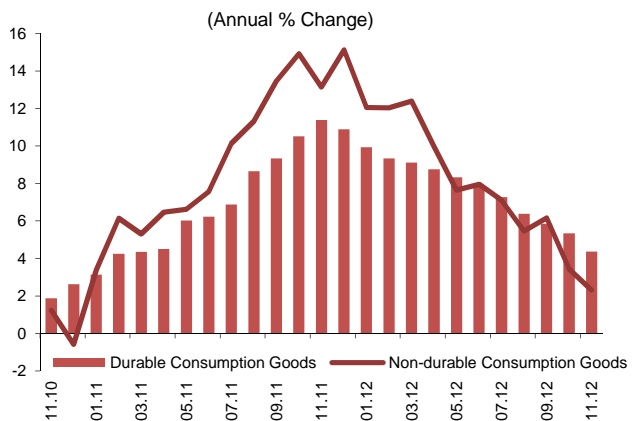
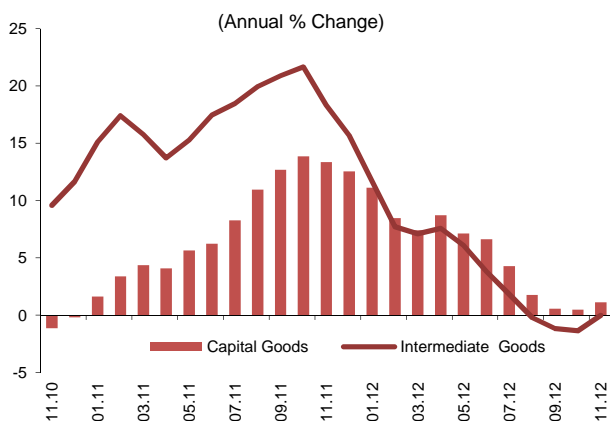
Producer prices were up by 1.66 percent owing to the increase in energy prices, and annual inflation increased by 1 percentage point to 3.60 percent in November. The recession in seasonally adjusted agricultural prices continued in this period, which was led by price developments in fruits and vegetables. Among crops, falling prices were seen in corn and sunflower, while cotton prices, which increased by 11 percent in September-October period, did not exhibit a notable change in November. On the other hand, wheat prices continued to increase albeit at a slower rate and posted a cumulative increase of 14 percent in the last six months. Livestock prices recorded a decline, while milk prices surged (by 5.3 percent) in November.

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Industrial prices went up by 2.60 percent in November amid soaring electricity and natural gas prices (34.72 and 26.38 percent, respectively). Meanwhile, manufacturing industry prices fell by 0.55 percent due to the mild course of the Turkish lira and the decline in commodity prices. In November, prices of petroleum products plummeted, and base metal prices remained on a downward track. Additionally, monthly inflation rates of manufacturing prices excluding these products posted a decline in November.

Main Industrial Groupings (MIGS) suggest that manufacturing prices recorded a decline due to the prices of intermediate goods and durable goods. In this period, prices of intermediate goods receded upon the price developments in items such as plastic products, textile fabrics and precious metals; while the prices of durable goods declined due to the fall in gold and furniture prices. Prices of capital goods and non-durable consumption goods remained practically unchanged in November. As a result, having recorded a historically-low increase by 1.26 percent since the beginning of the year, manufacturing goods prices pointed that cost effects on consumer prices remained on a mild track in this period.



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...TABLES

November CPI and Subcategories (Percent Change)					
	Weight	2012		2011	
		Monthly	Annual	Monthly	Annual
CPI	100	0.38	6.37	1.73	9.48
Food and nonalcoholic beverages	26.22	-0.12	4.32	3.27	7.11
Alcoholic beverages and tobacco	5.21	0.01	0.97	3.69	18.56
Clothing and footwear	6.87	6.28	7.44	5.59	8.41
Housing	16.44	0.56	11.69	0.61	8.88
Household equipment	7.45	0.21	5.97	1.15	11.09
Health	2.29	-0.05	1.56	0.23	0.46
Transport	16.73	-0.97	6.01	-0.55	13.22
Communication	4.60	0.10	4.98	0.90	4.83
Recreation and culture	2.98	-0.32	2.97	0.01	5.92
Education	2.18	0.07	4.70	0.07	6.62
Restaurants and hotels	5.63	0.67	9.44	0.62	8.01
Miscellaneous goods and services	3.40	0.04	8.90	1.69	19.14

Source: TurkStat.

November PPI and Subcategories (Percent Change)					
	Weight	2012		2011	
		Monthly	Annual	Monthly	Annual
PPI	100	1.66	3.60	0.65	13.67
Agriculture	17.21	-2.96	-0.73	5.40	5.25
Crops, fruits and vegetables	11.76	-4.41	-1.63	9.35	3.40
Livestock and animal products	4.73	0.00	-2.53	0.15	8.61
Industry	82.79	2.60	4.49	-0.25	15.54
Mining	3.09	0.57	5.97	0.18	21.77
Manufacturing	70.83	-0.55	1.64	-0.50	16.41
Manufacturing excluding petroleum	68.22	-0.29	1.81	-0.50	14.73
Manufacturing excluding petroleum and base metals	62.07	-0.25	2.51	0.10	13.24
Electricity, gas and water	8.87	30.12	27.34	1.86	6.28

Source: TurkStat, CBRT.

PPI by MIGS (Monthly Percent Change)														
	Nov.11	Dec.11	Jan.12	Feb.12	Mar.12	Apr.12	May.11	Jun.12	Jul.12	Aug.12	Sept.12	Oct.12	Nov.12	Annual
Intermediate goods	-1.63	0.50	-0.16	-1.01	1.04	0.45	-0.02	-0.80	-0.58	0.02	0.64	0.21	-0.30	-0.02
Capital goods	-0.55	0.09	0.38	-0.36	0.57	0.21	-0.55	0.17	-0.22	-0.15	0.39	0.51	0.09	1.13
Durable goods	-0.36	0.35	0.85	1.70	-0.19	-1.55	-1.21	1.32	-0.08	0.02	2.71	-0.09	-1.44	2.31
Nondurable goods	0.91	0.28	-0.27	1.06	0.64	0.26	0.56	-0.78	0.40	0.54	0.87	0.76	-0.03	4.36
Energy	1.20	1.66	1.85	-3.17	0.44	0.59	-0.82	-0.52	-1.98	2.06	1.50	-0.93	18.27	18.91

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.