

NOVEMBER PRICE DEVELOPMENTS



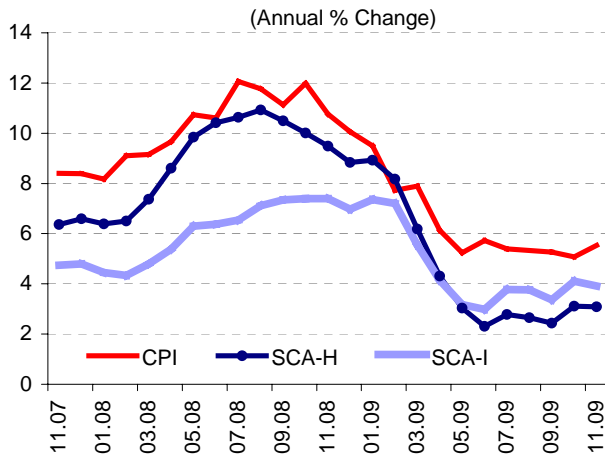
Central Bank of Turkey

December 4, 2009

SUMMARY...

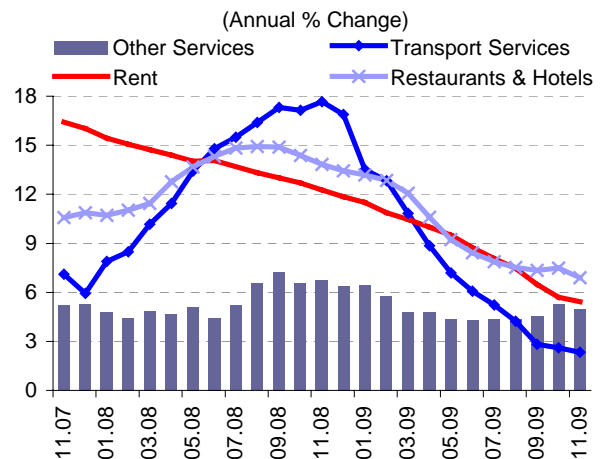
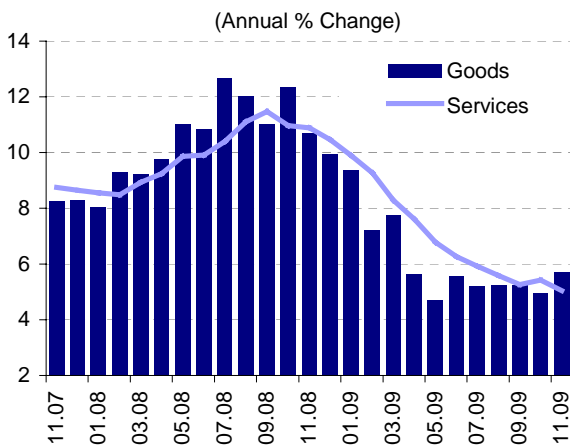
In November, consumer prices increased by 1.27 percent, driving inflation up by 0.45 percentage points to 5.53 percent year-on-year. As stated in previous bulletins, the rise in annual inflation was largely attributable to the base effect, whereas core inflation measures hovered around low levels. The acceleration in prices of services during October proved temporary, and core inflation measures coincided with medium-term targets. The base effect is expected to push annual inflation further up in December, while core inflation measures are likely to remain subdued.

...EVALUATIONS...



In November, consumer prices were up 1.27 percent, bringing inflation up by 0.45 percentage points to 5.53 percent year-on-year. The rate of increase in the CPI index excluding energy, unprocessed food, alcoholic beverages, tobacco products and gold (SCA-H) fell by 0.03 percentage points to 3.09 percent year-on-year. With a further exclusion of processed food, the rate of increase in the index (SCA-I) dropped by 0.20 percentage points to 3.91 percent year-on-year.

Prices were up 1.67 and 0.11 percent, respectively, in goods and services. Accordingly, annual inflation climbed to 5.70 percent in goods and declined to 5.05 percent in services.



The downtrend in annual services inflation that moderated amid soaring prices for catering and transport services prevailed again in November. Annual inflation in the overall services index and in subcategories of rents, transport services and restaurants and hotels sank to the lowest reading in the history of the CPI.

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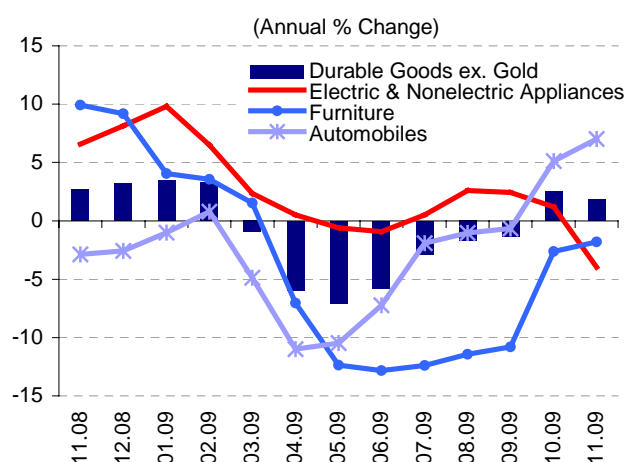
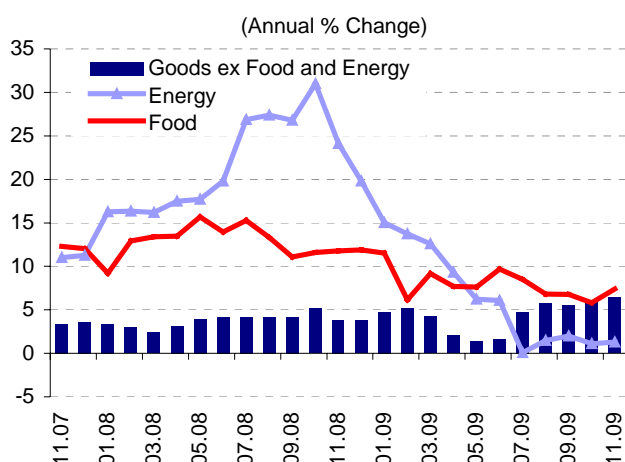


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Energy prices were up 1.34 percent in November. The rise in international oil prices caused fuel and bottled gas prices to pick up by 2.75 and 4.17 percent, respectively. Thus, energy inflation increased slightly to 1.28 percent year-on-year.

In goods excluding energy and food, inflation surged to 6.40 percent year-on-year, mainly on account of the increase in annual clothing and footwear inflation that was driven by the low base effect from a year ago. Meanwhile, gold prices were up 7.61 percent in line with international prices.



In the durable goods (excluding gold) category, prices remained virtually unchanged in November. Among subcategories, automobile prices went up by 1.34 percent, while prices of white goods fell by 5.33 percent. The annual rate of increase in prices of durable goods (excluding gold) therefore declined to 1.84 percent in November, after having soared to 2.5 percent in October amid tax hikes.

	Monthly Percentage Change		Annual Percentage Change	
	November 2009	November 2008	November 2009	November 2008
CPI	1.27	0.83	5.53	10.76
1. Goods	1.67	0.96	5.70	10.71
Energy	1.34	1.16	1.28	24.09
Unprocessed Foods	4.48	1.97	15.96	6.10
Processed Food	0.18	-0.30	0.49	16.87
Goods excl. Energy and Food	1.34	1.10	6.40	3.83
Durable Goods	0.78	0.58	4.62	4.33
ex. Gold	0.10	0.75	1.84	2.69
Semi-Durable Goods	2.00	1.61	2.42	14.43
Non-Durable Goods	1.67	0.58	8.52	9.78
2. Services	0.11	0.46	5.05	10.88
Rents	0.37	0.63	5.43	12.26
Restaurants and Hotels	0.44	0.99	6.89	13.83
Transport	-0.03	0.22	2.34	17.66
Other	-0.11	0.20	4.98	6.76

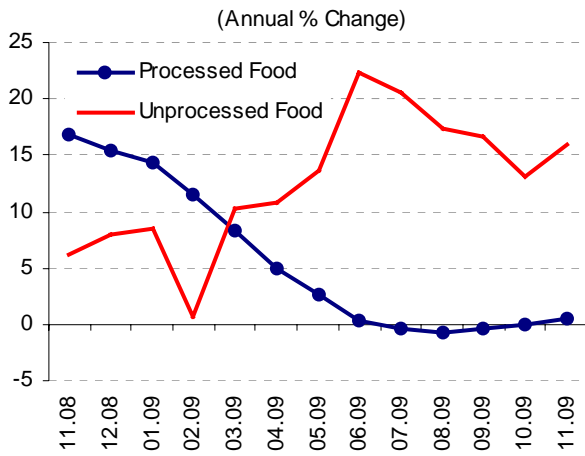
Source: TURKSTAT, CBRT

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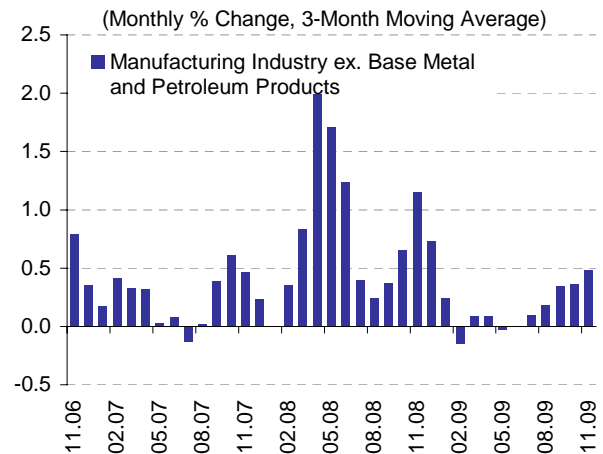
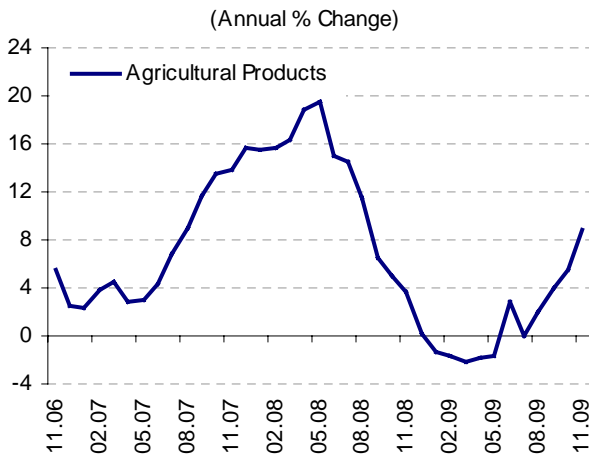
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In the unprocessed food category, prices surged by 4.48 percent in November, driving unprocessed food inflation up by 2.78 percentage points to 15.96 percent year-on-year. The upward change in this category was mainly driven by the 12.28 percent jump in prices of fresh fruits and vegetables. Meat prices, on the other hand, continued to rise in November, albeit more slowly. Meanwhile, price developments remained favorable in the processed food category. Accordingly, inflation in food and non-alcoholic beverages rose by 1.58 percentage points to 7.40 percent year-on-year.

...PPI...

In November, producer prices increased by 1.29 percent month-on-month and 1.51 percent year-on-year. In the agricultural products, inflation rose further to 8.87 percent year-on-year. In the manufacturing industry, prices rose by 1.07 percent in November, up year-on-year for the first time since March. Excluding petroleum products and base metals, inflation in the manufacturing industry declined to 1.46 percent year-on-year.



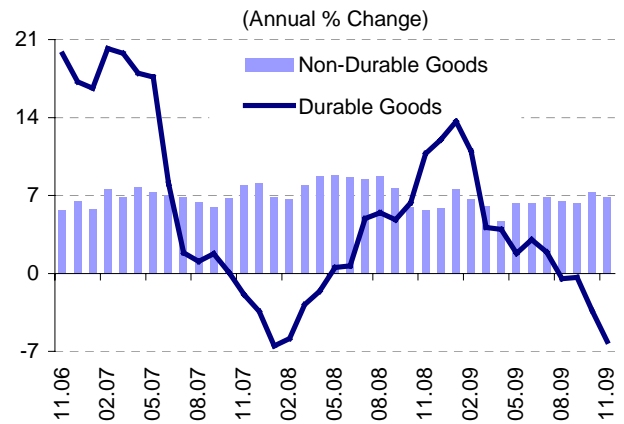
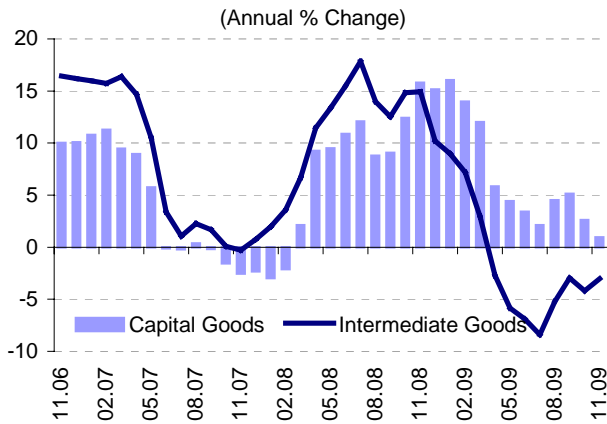
On the intermediate goods side, prices advanced on rising prices of base metals, particularly copper, and textiles production, but still hovered below the year-ago level. On the capital goods side, prices dropped amid falling prices of machinery production, while annual inflation went further down. Similarly, prices of durable goods fell by 6.12 percent year-on-year. The non-durable goods inflation declined to 6.89 percent year-on-year as prices of clothing production increased more modestly in November than a year earlier. In sum, recent producer prices indicate no significant cost pressure on consumer prices.

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Changes in PPI based on MIGS Classification

Monthly Percentage Change

	Nov.08	Dec.08	Jan.09	Feb.09	Mar.09	Apr.09	May.09	Jun.09	Jul.09	Aug.09	Sep.09	Oct.09	Nov.09	Annual
Intermediate goods	-0.57	-3.60	0.04	-0.02	0.21	-0.89	-1.24	0.54	-0.23	0.81	1.16	-0.41	0.63	-3.03
Capital goods	2.33	0.20	1.23	-0.57	1.04	0.83	-1.75	-0.66	-0.42	-0.24	0.61	0.03	0.67	0.95
Durable goods	2.94	-0.80	-0.56	-1.47	-3.60	0.60	0.45	0.90	1.03	-0.85	-0.26	-1.63	-0.01	-6.12
Non-durable goods	0.61	0.31	0.40	0.81	0.29	0.75	1.19	0.06	0.40	0.13	0.91	1.23	0.20	6.89
Energy	-1.06	-12.18	-0.01	6.32	1.23	0.34	-3.31	3.51	-1.36	1.54	-0.54	-0.12	4.31	-1.49

Source: TURKSTAT, CBRT.

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... TABLES

November CPI and Sub-Items (Percentage Change)					
	Weight	2009		2008	
		Monthly	Annual	Monthly	Annual
CPI	100	1.27	5.53	0.83	10.76
Food and nonalcoholic beverages	28.03	2.21	7.40	0.71	11.77
Alcoholic beverages and tobacco	4.58	-0.01	20.96	-0.03	0.32
Clothing and footwear	7.22	4.55	2.19	2.63	1.19
Housing	18.63	0.69	1.27	2.08	24.73
Household equipment	7.53	-0.73	-1.75	1.37	9.94
Health	2.50	0.02	2.57	0.06	1.65
Transport	12.64	1.25	5.46	-1.36	4.92
Communication	4.60	0.03	2.91	0.17	6.75
Recreation and culture	2.54	-0.30	9.99	1.81	5.89
Education	2.47	0.08	5.39	0.21	7.36
Restaurants and hotels	5.47	0.44	6.89	0.99	13.83
Miscellaneous goods and services	3.79	1.80	14.87	0.02	9.36

Source: TURKSTAT

November PPI and Sub-Items (Percentage Change)					
	Weight	2009		2008	
		Monthly	Annual	Monthly	Annual
PPI	100	1.29	1.51	-0.03	12.25
Agriculture	17.76	2.14	8.87	-1.00	3.66
Industry	82.24	1.10	-0.07	0.19	14.36
Mining	2.20	1.23	4.79	0.19	23.85
Manufacturing	73.75	1.07	0.90	-0.56	10.65
Energy	6.29	1.40	-13.44	7.82	63.16

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 of monthly inflation developments by the public during the period between the announcement of official price statistics and the Monetary Policy Committee meeting.