



## Inflation - April 2013

### Economic Research Division

TÜRKİYE BANKASI

#### CPI increased below the expectations in April.

In April, compared to the previous month, CPI increased by 0.42% while PPI decreased by 0.51%. According to the Reuters' survey, markets' monthly CPI and PPI inflation expectations were 0.65% and 0.20%, respectively. According to the CBRT's survey of expectations, CPI was also expected to rise by 0.65% in April.

CPI - April (%)	CPI - April		PPI - April	
	2012	2013	2012	2013
Monthly	1.52	0.42	0.08	-0.51
Year to Date	3.09	3.06	0.73	-0.01
Annual	11.14	6.13	7.65	1.70
Annual Average	8.59	7.66	10.72	3.74

#### Annual CPI inflation declined to the lowest level of the last two years.

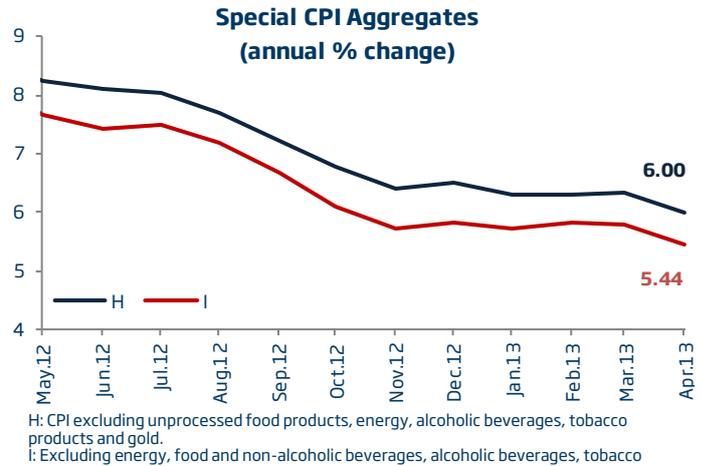
Annual CPI inflation was realized as 6.13% in April, the lowest figure registered since April 2011. In the same period, annual PPI inflation declined to 1.70% due to the decrease in monthly PPI. This figure pointed out the lowest increase in annual PPI since November 2009.

#### Seasonal factors continued to be influential on the course of CPI.

In April, 1.30% monthly decline in prices of food and beverages group, which has the highest share in CPI, decreased the CPI by 23 basis points. During the same period, the transportation prices which decreased by 0.63% in April due to downward trend in oil prices in global markets, had a downward impact of 8 basis points on CPI. On the other hand, clothing and footwear prices which increased in March due to the seasonal factors, exhibited similar course and increased by 12.75% in April. The price increase in this group contributed monthly CPI inflation by 65 basis points.

#### Decline in the core inflation indicators...

Analysis of the core inflation indicators in April revealed that monthly CPI inflation decreases to 0.13% when seasonal products are excluded. On the other hand, monthly CPI



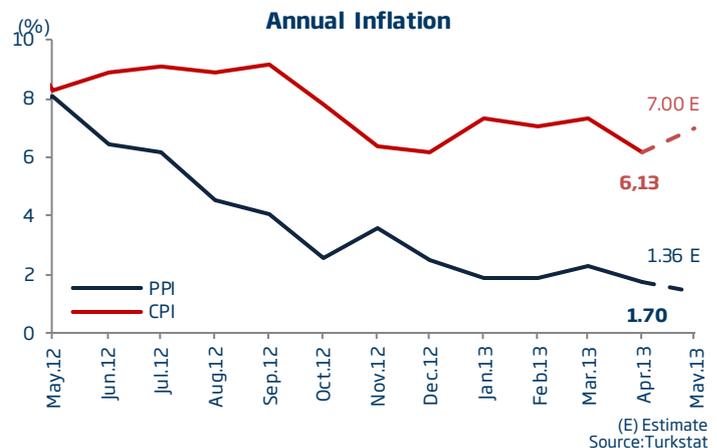
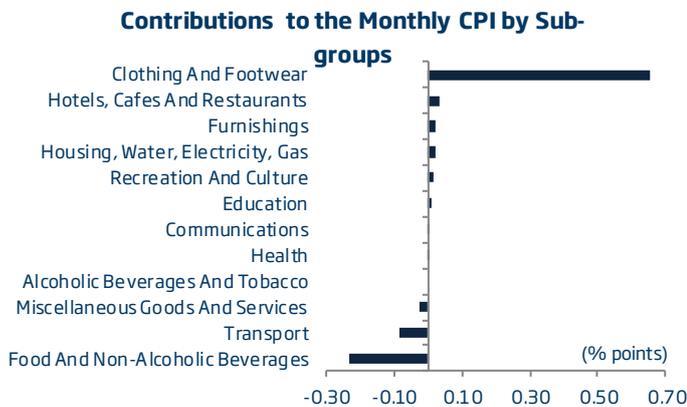
inflation increases to 0.66% when energy prices are excluded. These figures pointed out that the prices of seasonal products had an upward impact on domestic inflation in April while downward trend in energy prices limited the rise in the inflation. In addition, unprocessed food products also limited the increase in CPI inflation. CBRT's favorite core inflation aggregates denominated by H and I, which exhibited a flat course in the last 5 months, decreased in April and were realized as 6% and 5.44%, respectively.

#### Decrease in PPI...

In April, decrease in the agricultural sector prices was influential on the decline in PPI. In addition, prices in refined petroleum, electricity and gas sectors also contributed to the fall in PPI. These groups had a cumulative downward impact of 54 basis points on monthly PPI inflation.

#### Expectations...

We anticipate that seasonal increases in clothing and footwear prices will continue to be effective on inflation in May. On the other hand, the course of transportation, food and beverages prices will limit this upward impact. In this context, we expect CPI and PPI to increase by 0.60% and 0.20%, respectively in May.



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## Inflation (%)

	Consumer Price Index (2003=100)				Producer Price Index (2003=100)				
	Monthly	Year to		Annual Average	Monthly	Year to		Annual Average	
		Date	Annual			Date	Annual		
2011	January	0.41	0.41	4.90	8.28	2.36	2.36	10.80	8.89
	February	0.73	1.14	4.16	7.76	1.72	4.13	10.87	9.23
	March	0.42	1.57	3.99	7.29	1.22	5.40	10.08	9.36
	April	0.87	2.45	4.26	6.79	0.61	6.04	8.21	9.17
	May	2.42	4.93	7.17	6.64	0.15	6.20	9.63	9.21
	June	-1.43	3.43	6.24	6.47	0.01	6.21	10.19	9.42
	July	-0.41	3.00	6.31	6.37	-0.03	6.18	10.34	9.59
	August	0.73	3.75	6.65	6.24	1.76	8.05	11.00	9.76
	September	0.75	4.53	6.15	6.00	1.55	9.72	12.15	10.03
	October	3.27	7.95	7.66	5.93	1.60	11.48	12.58	10.26
	November	1.73	9.82	9.48	6.13	0.65	12.20	13.67	10.72
	December	0.58	10.45	10.45	6.47	1.00	13.33	13.33	11.09
2012	January	0.56	0.56	10.61	6.95	0.38	0.38	11.13	11.11
	February	0.56	1.13	10.43	7.48	-0.09	0.29	9.15	10.96
	March	0.41	1.55	10.43	8.02	0.36	0.65	8.22	10.79
	April	1.52	3.09	11.14	8.59	0.08	0.73	7.65	10.72
	May	-0.21	2.87	8.28	8.68	0.53	1.27	8.06	10.57
	June	-0.90	1.95	8.87	8.89	-1.49	-0.24	6.44	10.24
	July	-0.23	1.71	9.07	9.11	-0.31	-0.56	6.13	9.88
	August	0.56	2.28	8.88	9.29	0.26	-0.30	4.56	9.33
	September	1.03	3.34	9.19	9.53	1.03	0.72	4.03	8.65
	October	1.96	5.36	7.80	9.53	0.17	0.90	2.57	7.80
	November	0.38	5.76	6.37	9.26	1.66	2.58	3.60	6.98
	December	0.38	6.16	6.16	8.89	-0.12	2.45	2.45	6.09
2013	January	1.65	1.65	7.31	8.62	-0.18	-0.18	1.88	5.33
	February	0.30	1.95	7.03	8.33	-0.13	-0.31	1.84	4.72
	March	0.66	2.63	7.29	8.08	0.81	0.50	2.30	4.23
	April	0.42	3.06	6.13	7.66	-0.51	-0.01	1.70	3.74
	May <sup>(E)</sup>	<b>0.60</b>	<b>3.68</b>	<b>7.00</b>	<b>7.56</b>	<b>0.20</b>	<b>0.19</b>	<b>1.36</b>	<b>3.20</b>

(E) Estimate

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