



## Inflation - September 2013

Economic Research Division

TÜRKİYE BANKASI

### CPI came above the expectations in September.

In September, compared to the previous month, CPI and PPI increased by 0.77% and 0.88%, respectively. According to the Reuters' survey, monthly CPI was expected to rise by 0.65%. According to the CBRT's survey, on the other hand, markets' monthly CPI expectation was 0.69% in September.

### Annual CPI inflation continued to decline thanks to the base effect.

Despite the higher than expected monthly figures, the annual increase in CPI inflation declined to 7.88%, due to the base effect. Annual PPI inflation, on the other hand, maintained its downward trend and was realized as 6.23%.

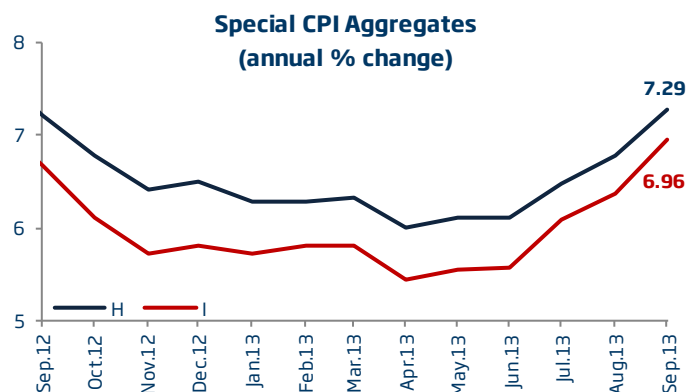
CPI - September (%)	CPI - September		CPI - September	
	2012	2013	2012	2013
Monthly	1.03	0.77	1.03	0.88
Year to Date	3.34	5.01	0.72	4.43
Annual	9.19	7.88	4.03	6.23
Annual Average	9.53	7.32	8.65	3.58

### Transportation group...

The prices in the transportation group, which have the highest sensitivity to the developments in foreign exchange rates, led to a higher than expected inflation figure in September. In this period, the 1.99% increase in transportation prices contributed to the monthly inflation by 37 basis points. The price developments in food group, after contributing the moderate inflation figures through the summer, also pushed the CPI inflation further in September. Besides, education group recorded the highest price increase in line with the start of new school year. The sharp seasonal price fall in the clothing and footwear group, on the other hand, limited the rise in inflation.

### Increase in core inflation...

The core inflation aggregates, representing the main trend



H: CPI excluding unprocessed food products, energy, alcoholic beverages, tobacco products and gold.  
I: Excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco products and gold.

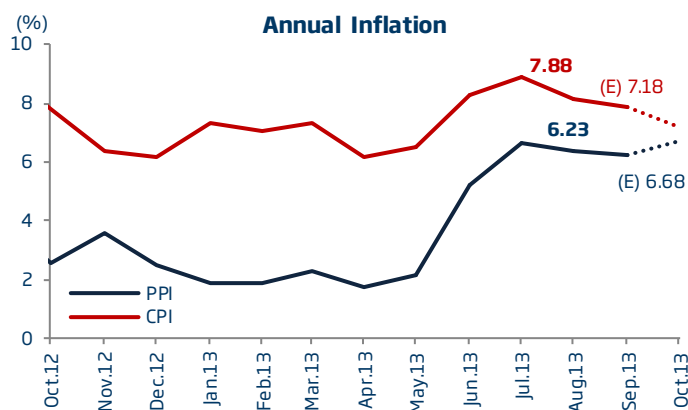
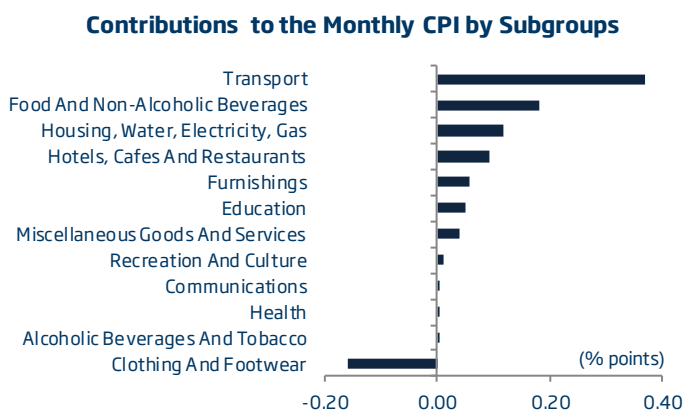
of inflation, continued to deteriorate also in September. The annual increase in CBRT's favorite indices denominated by H and I were realized as 7.29% and 6.96%, respectively, reaching the highest level of the last 13 months. In addition to that, the rise in the medium term inflation expectations according to the CBRT's survey was also noteworthy.

### Rapid increase in PPI inflation...

Parallel to the depreciation in Turkish Lira, PPI inflation maintained its upward trend in September and increased by 0.88%. In this period, the price increases in intermediary goods intensive industries such as coke and refined petroleum production and basic metal industry became more evident.

### Expectations...

In October, we anticipate that inflation figures would be shaped by the developments in food prices while the seasonal price increases in clothing and footwear group would be crucial as well. In this context, we expect CPI and PPI to increase by 1.3% and 0.6%, respectively while the annual inflation would continue to fall thanks to the base effect.



(E) Estimate  
Source: Turkstat

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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	0.15	3.21	6.51	7.51	1.00	0.99	2.17	3.27
	June	0.76	4.00	8.30	7.47	1.46	2.46	5.23	3.18
	July	0.31	4.32	8.88	7.47	0.99	3.48	6.61	3.23
	August	-0.10	4.21	8.17	7.42	0.04	3.52	6.38	3.39
	September	0.77	5.01	7.88	7.32	0.88	4.43	6.23	3.58
	October <sup>(E)</sup>	<b>1.30</b>	<b>6.37</b>	<b>7.18</b>	<b>7.27</b>	<b>0.60</b>	<b>5.06</b>	<b>6.68</b>	<b>3.92</b>

(E) Estimate

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