

Inflation - November 2013

Economic Research Division

TÜRKİYE BANKASI

CPI came in below the expectations in November.

In November, compared to the previous month, CPI and PPI increased by 0.01% and 0.62%, respectively. According to the Reuters' survey, monthly CPI was expected to rise by 0.5%. According to the CBRT's survey, markets' monthly CPI expectation was 0.59% in November.

Annual CPI inflation continued to decline.

The annual increase in CPI decreased to 7.32% due to the lower than expected monthly figure and the base effect. Annual PPI inflation was realized as 5.67% in November.

CPI - November	CPI - November		PPI - November	
	2012	2013	2012	2013
(%)				
Monthly	0.38	0.01	1.66	0.62
Year to Date	5.76	6.91	2.58	5.80
Annual	6.37	7.32	3.60	5.67
Annual Average	9.26	7.39	6.98	4.10

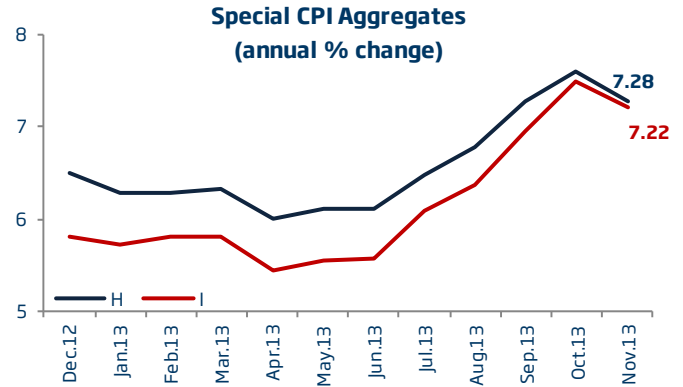
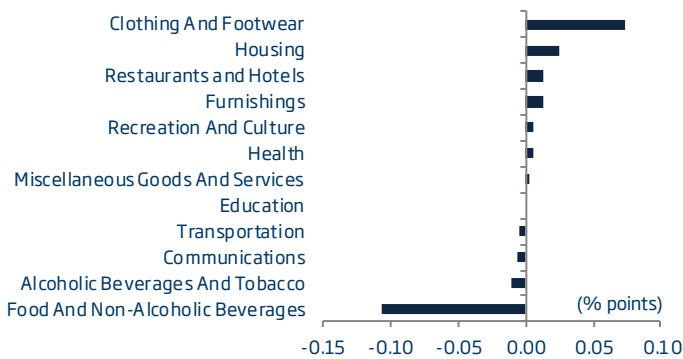
The decrease in food prices limited the inflation.

In November, the decrease in the food and non-alcoholic beverages prices was influential in the lower than expected inflation figures. In fact, the 1.34% monthly decrease in the mentioned group limited the inflation by 11 basis points. On the other hand, the seasonal price increases in the clothing and footwear group contributed to the monthly inflation by 7 basis points. In November, housing, restaurants and hotels, furnishings, recreation and culture and health prices had an upward impact on the CPI inflation.

The decline in the core inflation aggregates...

Analysis of the core inflation aggregates in November revealed that the price developments in the seasonal products and unprocessed food products were influential on the course of CPI inflation. Thus, monthly CPI inflation increased by 0.35% when seasonal products are excluded and by 0.46% in line with the expectations when unprocessed food prices are excluded. The annual increases in CBRT's favorite indices denominated by

Contributions to the Monthly CPI by Subgroups



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

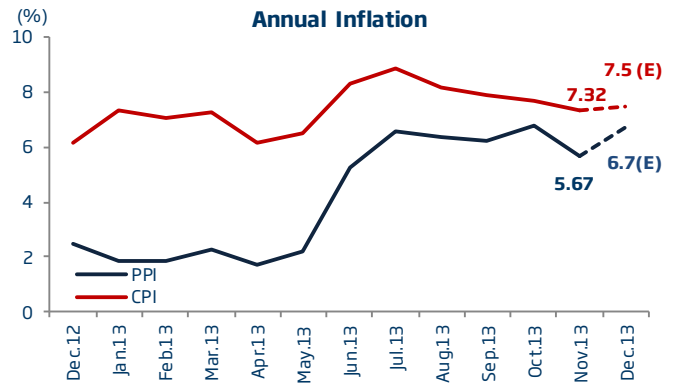
H and I which followed an upward trend since June, were realized as 7.28% and 7.22%, respectively, in November.

In November PPI rose by 0.62%.

In November, rise in the prices of the sub-groups of the manufacturing industry, especially in machinery and equipment and basic metal industry, had an upward impact on the PPI. On the other hand, prices in the mining and stone quarrying and electricity, gas and water industries decreased on monthly basis in November.

Expectations...

In December, we anticipate that the course of FX rates would be influential on the inflation outlook while the developments in clothing together with the food and non-alcoholic beverages groups would be effective as well. In this context, we expect CPI and PPI to increase by 0.55% and 0.85%, respectively on monthly basis in the last month of 2013. Thus, we forecast that the annual CPI inflation would be 7.5% and annual PPI inflation would be 6.7% at the end of the year.



(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	1.80	6.90	7.71	7.32	0.69	5.15	6.77	3.93
	November	0.01	6.91	7.32	7.39	0.62	5.80	5.67	4.10
	December ^(E)	0.55	7.50	7.50	7.50	0.85	6.70	6.70	4.46

(E) Estimate

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