

INFLATION November 2011

(%)	PPI		CPI	
	2010	2011	2010	2011
November	-0.31	0.65	0.03	1.73
January-November	7.47	12.20	6.72	9.82
Annual	8.17	13.67	7.29	9.48
Annual Average	8.27	10.72	8.59	6.13

Economic
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Division

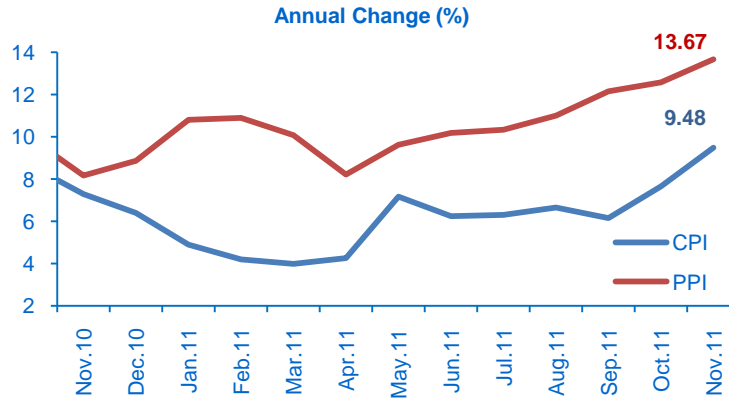
Bora Çevik
bora.cevik@isbank.com.tr

CPI was realized above the expectations.

In November, compared to the previous month, **CPI and PPI increased by 1.73% and 0.65%, respectively**. According to the Reuters' Survey, markets monthly inflation expectations were 1.20% in CPI and 0.80% in PPI. According to the CBRT's survey of expectations on the other hand, CPI was expected to rise by 0.92%.

Annual CPI increase was realized as 9.48%.

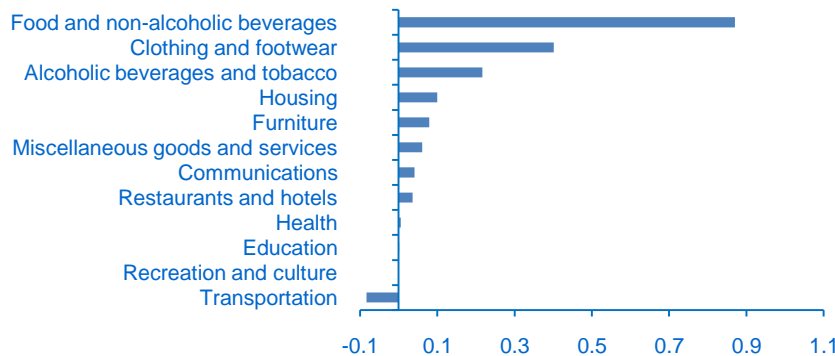
The annual CPI, which has followed a rising trend in the last quarter of the year, was realized as 9.48% in November, the highest level since April 2010. The annual PPI also rose to 13.67% in November.



Developments in unprocessed food prices were influential on the rapid rise in CPI.

In November, the rise in unprocessed food prices was influential on the higher than expected CPI figures. In this period, the 3.27% rise in food and non-alcoholic beverages subgroup contributed to the monthly inflation by 87 basis points. Clothing and footwear subgroup had also an increasing effect on inflation. Besides, the price adjustments made in tobacco products in October, continued to put pressure on inflation basket. In November, price developments in mentioned subgroup added to monthly inflation by 22 basis points. On the other hand, the price falls in transportation sub-group limited the rise in CPI.

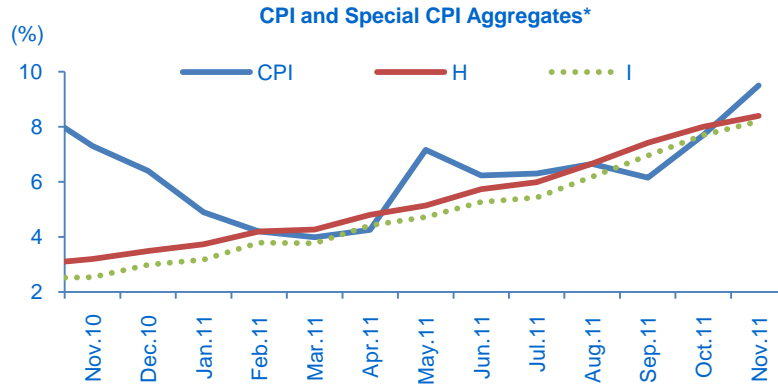
Contributions to the monthly CPI by sub-groups (% points)



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Increase in core inflation aggregates continued.

The analysis on core inflation indicators revealed that in November, all products except energy and products having administered prices put an upward pressure on inflation. In this period, CBRT's favorite inflation aggregates denoted by H and I, rose by 1.27% and 1.24% respectively, compared to the previous month. Thus, annual inflation in core aggregates rose to the highest level since December 2008, when the effects of the global crisis began to appear on inflation figures.



(*) Annual change

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.

Monthly PPI was realized below the expectations.

In November, PPI increased by 0.65%, below the expectations. In this period, the price movements in agriculture subgroup made 82 basis points contribution to PPI. Price developments in the basic metal industry, on the other hand, limited the rise in monthly PPI.

We expect CPI and PPI to rise by 0.40% and 0.10% in December, respectively.

We anticipate that, the developments in food prices would be influential on the course of inflation in December. In addition to that, the developments in global markets might also have an effect on inflation via FX rates. In this context, we expect CPI to rise by 0.40% and PPI by 0.10% in December.

No change is expected in CBRT's policy mix.

Recently, CBRT has been following a very active policy in line with the increasing uncertainties in global markets. The measures taken by CBRT are effective in decreasing the fragilities of Turkish economy. With its tightening liquidity and financial sector policies, CBRT aims to minimize the risks regarding current account deficit and inflation. At the same time, by keeping the policy rate low, CBRT plans to avoid a hard landing in the economy. In the coming period, although inflation is expected to rise mainly due to the price developments in unprocessed food, CBRT is likely to keep its policy mix unchanged. On the other hand, in case of a rapid depreciation in TL, parallel to the unfavorable developments in global markets, together with deterioration in inflation outlook mainly stemming from the second round effects, CBRT might implement another set of tightening policies in the coming period.



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		PRODUCER PRICE INDEX (2003=100)				CONSUMER PRICE INDEX (2003=100)			
		Monthly	Year to date	Annual	Annual Average	Monthly	Year to date	Annual	Annual Average
2010	January	0.58	0.58	6.30	1.14	1.85	1.85	8.19	6.16
	February	1.66	2.25	6.82	1.20	1.45	3.32	10.13	6.38
	March	1.94	4.24	8.58	1.63	0.58	3.93	9.56	6.53
	April	2.35	6.69	10.42	2.52	0.60	4.55	10.19	6.87
	May	-1.15	5.47	9.21	3.50	-0.36	4.17	9.10	7.20
	June	-0.50	4.93	7.64	4.30	-0.56	3.59	8.37	7.41
	July	-0.16	4.77	8.24	5.33	-0.48	3.09	7.58	7.59
	August	1.15	5.98	9.03	6.18	0.40	3.50	8.33	7.83
	September	0.51	6.52	8.91	6.89	1.23	4.77	9.24	8.16
	October	1.21	7.80	9.92	7.71	1.83	6.69	8.62	8.45
	November	-0.31	7.47	8.17	8.27	0.03	6.72	7.29	8.59
	December	1.31	8.87	8.87	8.52	-0.30	6.40	6.40	8.57
2011	January	2.36	2.36	10.80	8.89	0.41	0.41	4.90	8.28
	February	1.72	4.13	10.87	9.23	0.73	1.14	4.16	7.76
	March	1.22	5.40	10.08	9.36	0.42	1.57	3.99	7.29
	April	0.61	6.04	8.21	9.17	0.87	2.45	4.26	6.79
	May	0.15	6.20	9.63	9.21	2.42	4.93	7.17	6.64
	June	0.01	6.21	10.19	9.42	-1.43	3.43	6.24	6.47
	July	-0.03	6.18	10.34	9.59	-0.41	3.00	6.31	6.37
	August	1.76	8.05	11.00	9.76	0.73	3.75	6.65	6.24
	September	1.55	9.72	12.15	10.03	0.75	4.53	6.15	6.00
	October	1.60	11.48	12.58	10.26	3.27	7.95	7.66	5.93
	November	0.65	12.20	13.67	10.72	1.73	9.82	9.48	6.13
	December(E)	0.10	12.32	12.32	11.00	0.40	10.26	10.26	6.46

(E) Estimate

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