



INFLATION March 2012

(%)	PPI		CPI	
	2011	2012	2011	2012
March	1.22	0.36	0.42	0.41
January-March	5.40	0.65	1.57	1.55
Annual	10.08	8.22	3.99	10.43
Annual Average	9.36	10.79	7.29	8.02

Economic
Research
Division

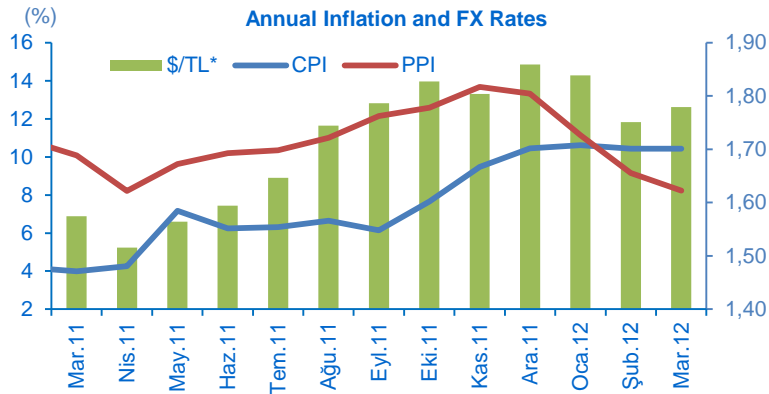
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CPI increased below the expectations.

In March, compared to the previous month, **CPI and PPI increased by 0.41% and 0.36%, respectively.** According to the Reuters' Survey, markets monthly inflation expectations were 0.59% in CPI and 0.74% in PPI. According to the CBRT's survey of expectations on the other hand, CPI was expected to rise by 0.59%.

Annual increase in CPI is 10.43%.

In March, despite the rise in oil prices, the price decreases in agriculture, food and communication sectors limited the rise in annual inflation. In March, the annual increase in CPI remained unchanged at 10.43%, compared to the previous month. On the other hand, the annual increase in PPI declined to 8.22%, the lowest level of the last 11 months.

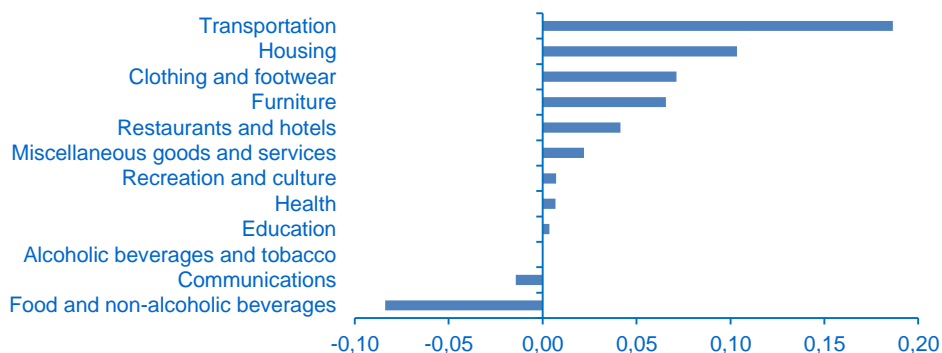


*right axis, monthly average figures

The high level of oil prices was influential on March CPI figures.

The oil prices, which have risen to the highest level since July 2008 due to the supply concerns in global markets, were influential on the monthly CPI figures. During this period, the monthly price increase of 1.15% in the transportation sub-group made the highest contribution to inflation by 19 basis points. In March, the price developments in housing sub-group led to a rise in inflation. The prices in clothing and footwear sub-group followed an upward trend due to the seasonal factors. On the other hand, the prices of food and non-alcoholic beverages sub-group, which registered rapid increases during recent months due to the adverse weather conditions, decreased in March and limited the rise in inflation.

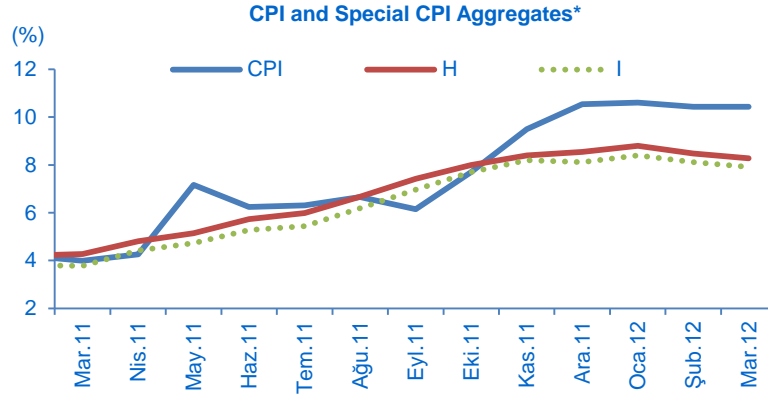
Contributions to the monthly CPI by sub-groups (% points)



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Favorable outlook in core aggregates continued.

Analyzing core inflation indicators in March revealed that, price developments in energy sub-group made the highest contribution to CPI. On the other hand, the decline in unprocessed food prices was noteworthy in this period. The annual increases in CBRT's favorite core inflation aggregates denominated by H and I were realized as 8.28% and 7.91%, respectively in March, the lowest level of the last 5 months.



(*) 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 increased by 0.36%.

In March, PPI increased by 0.36%. The price developments in basic metal industry, and the manufacture of coke and refined petroleum, which had higher sensitivity to commodity prices, contributed to monthly inflation by 20 and 15 basis points, respectively. The price movements in agriculture sub-group on the other hand, limited the rise in PPI.

We expect CPI and PPI to rise by 1.40% and 1.10%, respectively in April.

In April, we anticipate that the prices in clothing and footwear sub-group would rise due to the seasonal factors. In addition to this, we think the adjustments in electricity and natural gas prices would directly contribute inflation by 50 basis points, while second round effects might accelerate the inflation further. In this context, we expect CPI and PPI to rise by 1.40% and 1.10%, respectively.

CBRT's "exceptional day" implementation...

Due to the uncertainties in global markets, Turkish Lira displayed a weak outlook against US Dollar for the majority of March. In the last week of the month, on the other hand, CBRT tightened the monetary policy via "exceptional day" implementations temporarily and this led to a slight appreciation in Turkish Lira. On the last day of March, on the other hand, CBRT terminated its exceptional day implementation parallel to the calming in global markets. CBRT, which put more emphasis on medium term developments at its meeting minutes, stated that economic activity displayed a domestic demand-driven deceleration in the first quarter of the year, while leading indicators suggested a modest recovery in consumption demand in the second quarter and exports continued to grow at a steady pace.



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INFLATION (%)									
		PRODUCER PRICE INDEX (2003=100)				CONSUMER PRICE INDEX (2003=100)			
		Monthly	Year to date	Annual	Annual Average	Monthly	Year to date	Annual	Annual Average
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	1.00	13.33	13.33	11.09	0.58	10.45	10.45	6.47
2012	January	0.38	0.38	11.13	11.11	0.56	0.56	10.61	6.95
	February	-0.09	0.29	9.15	10.96	0.56	1.13	10.43	7.48
	March	0.36	0.65	8.22	10.79	0.41	1.55	10.43	8.02
	April (E)	1.10	1.76	8.75	10.82	1.40	2.96	11.00	8.58

(E) Estimate

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