



## Inflation - June 2013

### Economic Research Division

TÜRKİYE İŞ BANKASI

#### CPI increased well above the expectations in June.

In June, compared to the previous month, CPI and PPI increased by 0.76% and 1.46%, respectively. According to the Reuters' survey, markets' monthly CPI and PPI inflation expectations were 0.15% and 0.34%, respectively. According to the CBRT's survey of expectations, on the other hand, CPI was expected to fall by 0.02% in June.

CPI - June	CPI - June		PPI - June	
	2012	2013	2012	2013
(%)				
Monthly	-0.90	0.76	-1.49	1.46
Year to Date	1.95	4.00	-0.24	2.46
Annual	8.87	8.30	6.44	5.23
Annual Average	8.89	7.47	10.24	3.18

#### The annual CPI rose to nine-month high.

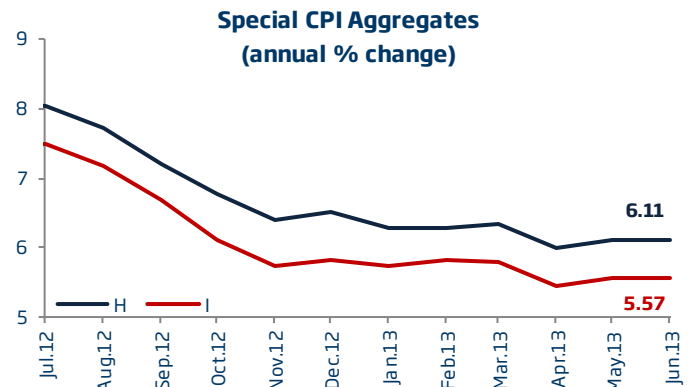
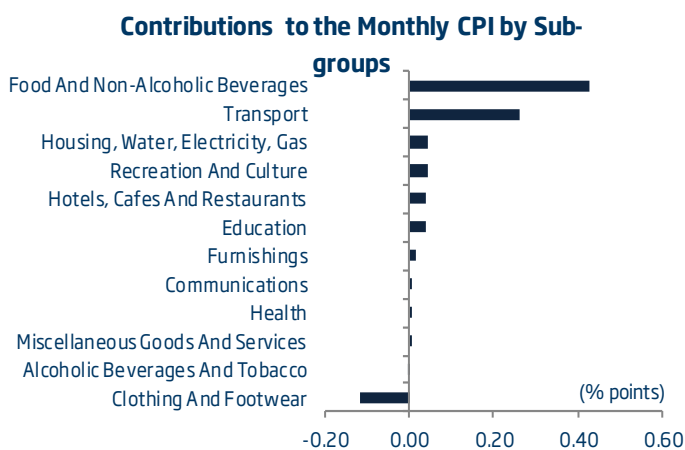
In June, the increase in annual CPI was realized as 8.30%, the highest level in the last 9 months. In this month the upward movement in PPI became more evident and annual PPI increased by 5.23%.

#### The rapid increase in food prices...

Food prices, which follow a downward trend during the summer months in general, recorded a monthly increase of 1.82% in June 2013 and made the highest contribution to inflation by 43 basis points. The prices in transportation group, which are relatively more sensitive to the developments in foreign exchange rates, increased inflation further. The seasonal price falls in clothing and footwear, on the other hand, limited the rise in inflation.

#### Core inflation indicators followed a flat trend...

Analysis of the core inflation indicators in June revealed that the rise in inflation was widespread. In fact, in June only the products having administrated prices and alcoholic beverages and tobacco products had a decreasing impact on the inflation. CBRT's favorite core inflation



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

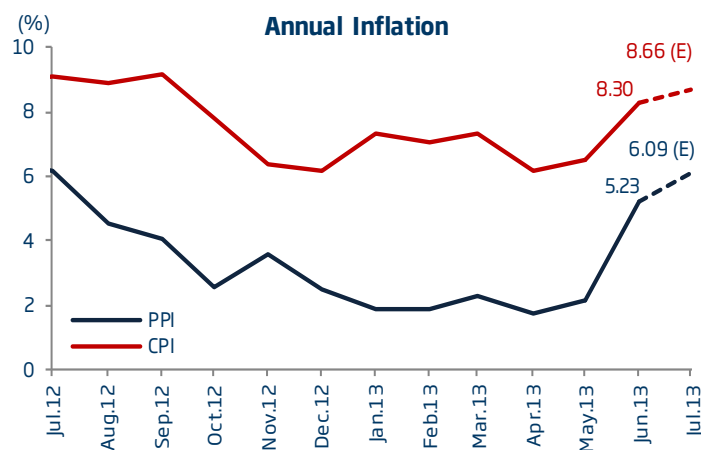
aggregates denominated by H and I displayed a flat course in June and increased annually by 6.11% and 5.57%, respectively.

#### In June, PPI was also realized above the expectations...

In June, agricultural prices were influential on the course of inflation. In this sector, 3.42% increase in prices contributed to the PPI inflation by 54 basis points. Besides, the price developments in the basic metal and coke and refined petroleum production sectors also contributed to the increase in PPI due to the upward trend in the foreign exchange rates.

#### Expectations...

We anticipate that the depreciation in Turkish Lira would continue to be effective in the course of the July inflation figures. Additionally, we foresee that the food prices would increase due to the Ramadan, while clothing and footwear prices would decrease thanks to the seasonal factors. In this context, we expect CPI and PPI to increase by 0.10% and 0.50%, respectively in July.



(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 <sup>(E)</sup>	<b>0.10</b>	<b>4.10</b>	<b>8.66</b>	<b>7.45</b>	<b>0.50</b>	<b>2.97</b>	<b>6.09</b>	<b>3.19</b>

(E) Estimate

Source: Turkstat

## Türkiye İş Bankası A.Ş. - Economic Research Division

**İzlem Erdem - Manager**

izlem.erdem@isbank.com.tr

**Alper Gürler - Unit Manager**

alper.gurler@isbank.com.tr

**Kıvılcım Eraydın - Economist**

kivilcim.eraydin@isbank.com.tr

**Erhan Gül - Economist**

erhan.gul@isbank.com.tr

**Bora Çevik - Economist**

bora.cevik@isbank.com.tr

**Eren Demir - Asst.Economist**

eren.demir@isbank.com.tr

**M. Kemal Gündoğdu - Asst.Economist**

kemal.gundogdu@isbank.com.tr

**Gamze Can - Asst.Economist**

gamze.can@isbank.com.tr

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