

Inflation - August 2013

Economic Research Division



CPI came in line with expectations in August.

In August, compared to the previous month, CPI decreased by 0.10% while PPI increased by 0.04%. According to the Reuters' survey, monthly CPI was expected to fall by 0.10%. According to the CBRT's survey, on the other hand, markets' monthly CPI expectation was 0.32% in August.

In August, annual CPI inflation declined thanks to the base effect.

The annual CPI inflation, after following an upward trend in the previous two months, decreased to 8.17% in August thanks to the base effect. In the same period, the annual PPI inflation, on the other hand, was realized as 6.38%.

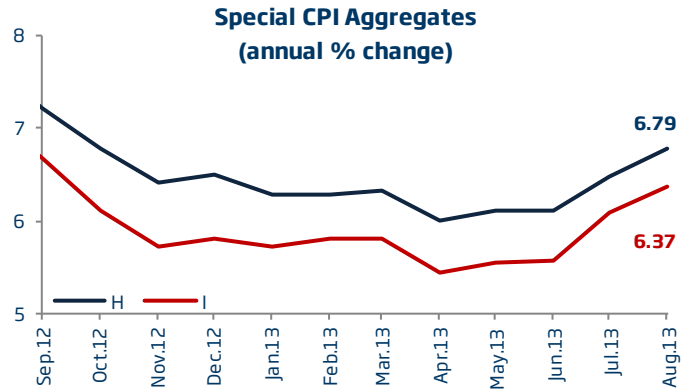
(%)	CPI - August		PPI - August	
	2012	2013	2012	2013
Monthly	0.56	-0.10	0.26	0.04
Year to Date	2.28	4.21	-0.30	3.52
Annual	8.88	8.17	4.56	6.38
Annual Average	9.29	7.42	9.33	3.39

Seasonal factors were influential on the decline in CPI.

In August, seasonal factors played an important role on the course of CPI. In this period, the monthly 3.62% decrease in clothing and footwear group made 22 basis points decreasing impact on CPI. In addition to that, the price developments in unprocessed food products supported the fall in the CPI further. On the other hand, the prices in transportation group, which are relatively more sensitive to the developments in foreign exchange rates, increased by 0.70% compared to the previous month. Besides, the price increases in housing group also limited the fall in inflation.

Increase in core inflation...

Analysis of the core inflation aggregates in August revealed



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.

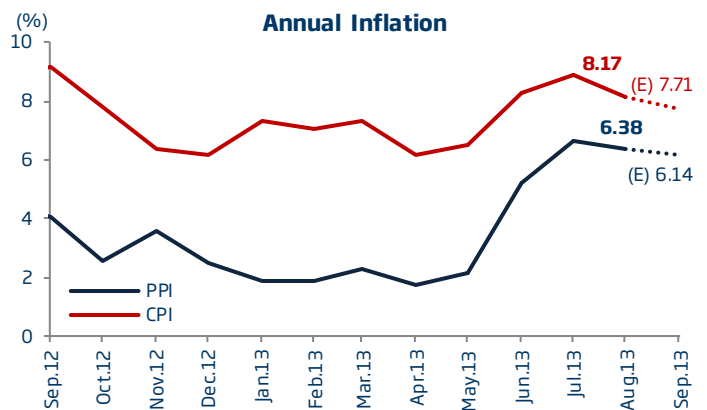
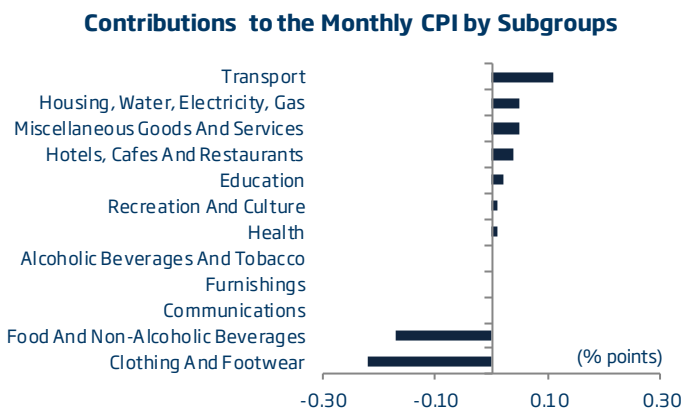
that seasonal products made the highest decreasing impact on inflation. On the other hand, the upward trend in the CBRT's favorite core inflation aggregates denominated by H and I was noteworthy. The annual increase in mentioned aggregates were realized as 6.79% and 6.37%, respectively.

In August, PPI increased slightly.

After following an increasing trend in recent months, the rise in PPI lost momentum in August. Analyzing the subgroups in PPI pointed out that the cost pressures remained subdued across the sectors.

Expectations...

We anticipate that the disappearing of the seasonal factors which helped the inflation to remain subdued through the summer months and the developments in foreign exchange rates would be influential on the September inflation figures. In this context, we expect CPI and PPI to increase by 0.60% and 0.80%, 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 ^(E)	0.60	4.84	7.71	7.31	0.80	4.35	6.14	3.57

(E) Estimate

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