

Inflation - November 2015

Economic Research Division



Monthly inflation came in above expectations in November.

In November, CPI increased by 0.67% mom, slightly above the expectations. On the other hand, Domestic PPI (D-PPI) declined by 1.42% mom in this period, the steepest fall recorded since June 2012. Monthly CPI inflation was expected to pick up by 0.46% according to the Reuters poll, while CBRT Survey of Expectations suggested that CPI would post a monthly rise of 0.43% in November.

November	CPI		D-PPI	
Change (%)	2014	2015	2014	2015
Monthly	0.18	0.67	-0.97	-1.42
Year-to-Date	8.65	8.58	7.18	6.06
Annual	9.15	8.10	8.36	5.25
Annual Average	8.80	7.61	10.32	5.33

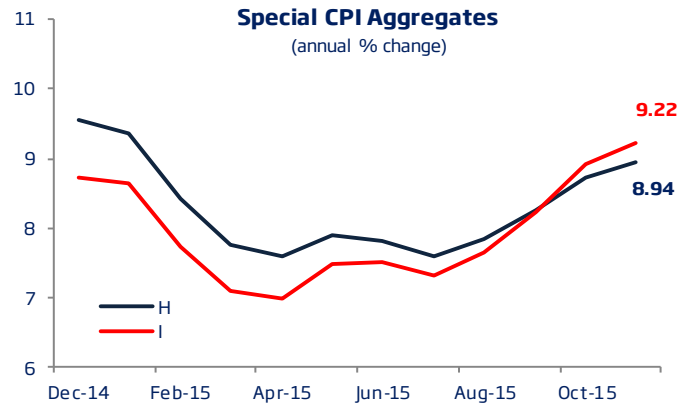
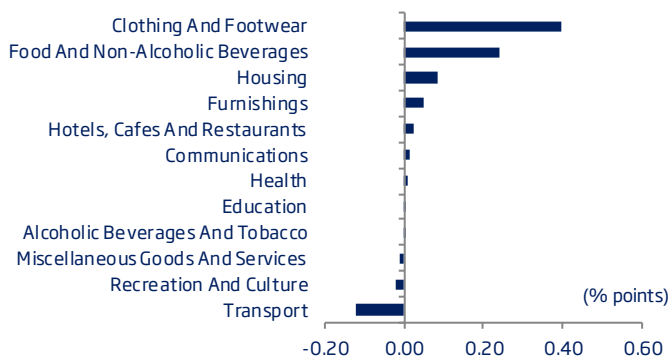
Annual inflation climbed to its highest level of 2015...

Annual CPI, which decreased in October due to the base effect, reached its highest level in November so far in 2015 at 8.10%. Having declined since October, annual D-PPI inflation was realized as 5.25%.

Clothing and food prices were behind the surge in CPI.

Seasonal factors played a prominent role in CPI figure in November. The clothing and footwear prices rose by 5.37% mom and made the highest contribution to the CPI increase by 39 basis points. In addition, food and non-alcoholic beverage group pushed up inflation as unprocessed food prices such as vegetables pursuing a seasonally high course in winter. Monthly CPI increase came down to 0.08% when seasonal products were excluded. Relatively more favorable course of TRY throughout November due to the diminishing political uncertainties led prices in transportation group, which has a high sensitivity to the exchange rate developments, to plunge.

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 products and gold.

Core inflation indicators...

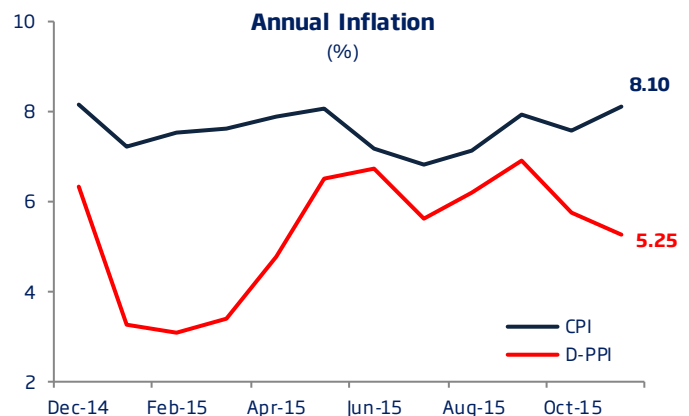
The upward trend in core inflation indicators also continued in November. The divergence between the two main core inflation indices monitored closely by CBRT, denominated by H and I, became more evident because of the surge in unprocessed food prices. The indices rose by 8.94% and 9.22% yoy, respectively.

Sharp decline in D-PPI...

In November, D-PPI recorded a monthly drop mostly thanks to the contribution of lower energy and commodity prices as well as the decline in prices of food production. Analyses by main industrial groups revealed that prices in all groups fell on monthly basis.

Expectations

In the last month of 2015, the anticipated decline in clothing and footwear prices seems have a downward impact on CPI while low levels of energy and commodity prices are expected to continue to pull down inflation indicators. In addition, food prices, which tend to rise seasonally in December, might fall on the back of excess supply to domestic market related to the disruption of exports to Russia.



Source: Datastream, Turkstat

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Inflation (%)

	Consumer Price Index (2003=100)				Domestic Producer Price Index (2003=100)				
	Monthly	Year to		Annual Average	Monthly	Year to		Annual Average	
		Date	Annual			Date	Annual		
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	0.46	7.40	7.40	7.49	1.11	6.97	6.97	4.48
2014	January	1.98	1.98	7.75	7.53	3.32	3.32	10.72	5.22
	February	0.43	2.41	7.89	7.60	1.38	4.75	12.40	6.11
	March	1.13	3.57	8.39	7.70	0.74	5.52	12.31	6.95
	April	1.34	4.96	9.38	7.97	0.09	5.61	12.98	7.89
	May	0.40	5.38	9.66	8.23	-0.52	5.06	11.28	8.66
	June	0.31	5.70	9.16	8.31	0.06	5.12	9.75	9.03
	July	0.45	6.18	9.32	8.35	0.73	5.89	9.46	9.26
	August	0.09	6.28	9.54	8.46	0.42	6.33	9.88	9.55
	September	0.14	6.43	8.86	8.54	0.85	7.24	9.84	9.84
	October	1.90	8.45	8.96	8.65	0.92	8.22	10.10	10.11
	November	0.18	8.65	9.15	8.80	-0.97	7.18	8.36	10.32
	December	-0.44	8.17	8.17	8.85	-0.76	6.36	6.36	10.25
2015	January	1.10	1.10	7.24	8.80	0.33	0.33	3.28	9.59
	February	0.71	1.82	7.55	8.77	1.20	1.53	3.10	8.79
	March	1.19	3.03	7.61	8.70	1.05	2.60	3.41	8.03
	April	1.63	4.71	7.91	8.57	1.43	4.06	4.80	7.36
	May	0.56	5.30	8.09	8.45	1.11	5.22	6.52	6.98
	June	-0.51	4.76	7.20	8.28	0.25	5.49	6.73	6.74
	July	0.09	4.85	6.81	8.07	-0.32	5.15	5.62	6.43
	August	0.40	5.27	7.14	7.88	0.98	6.19	6.21	6.14
	September	0.89	6.21	7.95	7.80	1.53	7.81	6.92	5.92
	October	1.55	7.86	7.58	7.69	-0.20	7.59	5.74	5.58
	November	0.67	8.58	8.10	7.61	-1.42	6.06	5.25	5.33
	December ^(E)	-0.50	8.04	8.04	7.61	-1.00	5.00	5.00	5.22

(E) Estimate

Source: Turkstat, ERD

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