



In November, CPI came in below expectations.

CPI increased by 0.38% mom in November, beating expectations. According to the Reuters survey, expectation was a rise of 0.7%. In November, domestic PPI (D-PPI) recorded a limited monthly decline, falling by 0.08%.

November (change %)	CPI		D-PPI	
	2018	2019	2018	2019
Monthly	-1.44	0.38	-2.53	-0.08
Year-to-Date	20.79	11.01	36.68	6.63
Annual	21.62	10.56	38.54	4.26
Annual Average	15.63	15.87	25.52	19.68

Annual inflation increased to double digits.

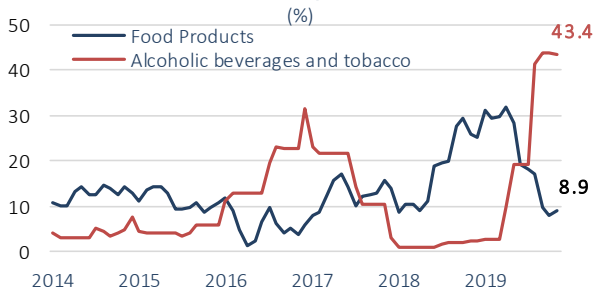
Annual CPI inflation, which declined to 8.55% in October, went up to 10.56% in November. Annual rise in D-PPI rose to 4.26% during same period.

Clothing and footwear prices were the main driver of consumer inflation.

Clothing and footwear, in which prices increased by 2.7% on a monthly basis due to the seasonal effects, made the highest contribution to November inflation by 18 bps. On the other hand, price movements in hotels, cafes & restaurants and miscellaneous goods & services had a limited downward effect on the monthly CPI inflation.

Looking at the annual contributions, we see that food prices continued to make the largest contribution with 205 bps. In addition, alcoholic beverages and tobacco, in which prices surged up rapidly by 43.4% on an annual basis, had a considerable upward impact on annual inflation, by contributing 182 bps.

Annual Price Movements in Food and Alcoholic Beverages & Tobacco

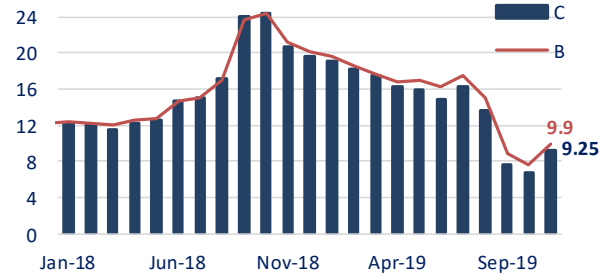


Core inflation indicators...

CBRT's favorite core inflation indicators, B (CPI excluding unprocessed food, energy, alcoholic beverages, tobacco and gold) and C (CPI excluding energy, food and nonalcoholic beverages, alcoholic beverages, tobacco and

gold) deteriorated somewhat in November. Monthly increases in B and C indices were realized as 0.59% and 0.51%, respectively.

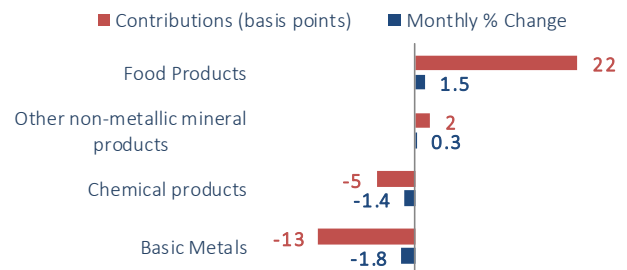
Special CPI Aggregates (annual % change)



Basic metals pushed down D-PPI.

In November, the fall in D-PPI was mainly driven by the basic metals. The said group dragged monthly D-PPI inflation down by 13 bps. During this period, the 4.85% rise in crude petroleum and natural gas prices was noteworthy. On the other hand, food products, in which prices rose by 1.5% on a monthly basis, made the highest contribution to monthly D-PPI inflation by 22 basis points.

Contributions to Monthly D-PPI by Main Sub-Groups



Expectations...

We expect the CPI to increase by 0.5% mom in December. We think that annual CPI inflation, which reached double digits in November, will continue to increase in December due to the low base effect and will come in around 11.5% at the end of the year.

Inflation (%)

	CPI (2003=100)				D-PPI (2003=100)				
	Monthly	Year to	Annual	Annual	Monthly	Year to	Annual	Annual	
		Date				Average			Date
2017	January	2.46	2.46	9.22	7.76	3.98	3.98	13.69	4.96
	February	0.81	3.29	10.13	7.88	1.26	5.29	15.36	5.87
	March	1.02	4.34	11.29	8.21	1.04	6.38	16.09	6.89
	April	1.31	5.71	11.87	8.66	0.76	7.19	16.37	8.01
	May	0.45	6.18	11.72	9.09	0.52	7.74	15.26	9.02
	June	-0.27	5.89	10.90	9.36	0.07	7.82	14.87	9.98
	July	0.15	6.05	9.79	9.44	0.72	8.60	15.45	10.94
	August	0.52	6.60	10.68	9.66	0.85	9.52	16.34	12.05
	September	0.65	7.29	11.20	9.98	0.24	9.78	16.28	13.26
	October	2.08	9.52	11.90	10.37	1.71	11.66	17.28	14.47
	November	1.49	11.16	12.98	10.87	2.02	13.91	17.30	15.38
	December	0.69	11.92	11.92	11.14	1.37	15.47	15.47	15.82
2018	January	1.02	1.02	10.35	11.23	0.99	0.99	12.14	15.66
	February	0.73	1.76	10.26	11.23	2.68	3.69	13.71	15.50
	March	0.99	2.77	10.23	11.14	1.54	5.29	14.28	15.35
	April	1.87	4.69	10.85	11.06	2.60	8.03	16.37	15.36
	May	1.62	6.39	12.15	11.10	3.79	12.12	20.16	15.80
	June	2.61	9.17	15.39	11.49	3.03	15.52	23.71	16.57
	July	0.55	9.77	15.85	12.00	1.77	17.56	25.00	17.41
	August	2.30	12.29	17.90	12.61	6.60	25.32	32.13	18.78
	September	6.30	19.37	24.52	13.75	10.88	38.96	46.15	21.36
	October	2.67	22.56	25.24	14.90	0.91	40.22	45.01	23.73
	November	-1.44	20.79	21.62	15.63	-2.53	36.68	38.54	25.52
	December	-0.40	20.30	20.30	16.33	-2.22	33.64	33.64	27.01
2019	January	1.06	1.06	20.35	17.16	0.45	0.45	32.93	28.70
	February	0.16	1.23	19.67	17.93	0.09	0.55	29.59	29.97
	March	1.03	2.27	19.71	18.70	1.58	2.14	29.64	31.17
	April	1.69	4.00	19.50	19.39	2.98	5.18	30.12	32.24
	May	0.95	4.99	18.71	19.91	2.67	7.99	28.71	32.85
	June	0.03	5.01	15.72	19.88	0.09	8.09	25.04	32.81
	July	1.36	6.44	16.65	19.91	-0.99	7.02	21.66	32.34
	August	0.86	7.35	15.01	19.62	-0.59	6.39	13.45	30.51
	September	0.99	8.42	9.26	18.27	0.13	6.53	2.45	26.44
	October	2.00	10.59	8.55	16.81	0.17	6.71	1.70	22.58
	November	0.38	11.01	10.56	15.87	-0.08	6.63	4.26	19.68

Source: Turkstat, Datastream

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