

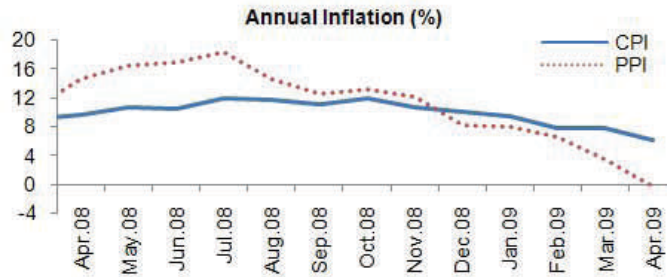
INFLATION APRIL 2009

(%)	PPI		CPI	
	2008	2009	2008	2009
April	4.50	0.65	1.68	0.02
January-April	11.04	2.35	4.82	1.07
Annual	14.56	-0.35	9.66	6.13
Annual Average	6.39	10.65	8.33	9.98

In April, CPI and PPI increased by 0.02% and 0.65%, respectively.

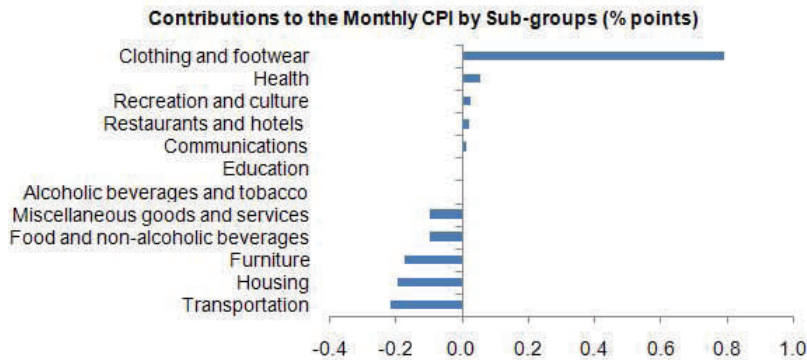
In April, compared to the previous month, **CPI and PPI increased by 0.02% and 0.65%, respectively.** According to the Reuters' Survey, markets' monthly inflation expectations were 0.72% in CPI and 0.55% in PPI. On the other hand, according to the CBRT's Survey of Expectations, CPI inflation was expected as 0.61%.

In April, annual CPI increase was realized as 6.13%, the lowest figure since July 1970. PPI decreased by 0.35%, for the first time since February 1976.



Monthly CPI inflation was realized well below the expectations.

In April, monthly CPI inflation was realized well below the expectations. The rise in CPI was mainly attributable to the 10.95% increase in clothing and footwear sub-group due to seasonal factors. On the other hand, transportation, housing and furniture prices had a decreasing impact on CPI. In April, price decreases especially in transportation and furniture sub-groups stemmed mainly from the cuts in Value Added Tax (VAT) and Special Consumption Tax (SCT). In this period, weakening domestic demand also limited the possible seasonal upward movements in prices.



Annual rise in special CPI aggregates lost momentum.

Analysis of the special CPI aggregates on a monthly basis revealed that all sub-groups except seasonal products put a downward pressure on inflation. Excluding seasonal products, the monthly CPI decreased by 0.47%. On an annual basis, the rise in CBRT's favorite core inflation aggregates, denoted by H and I, was realized as 4.31% and 4.14%, respectively.

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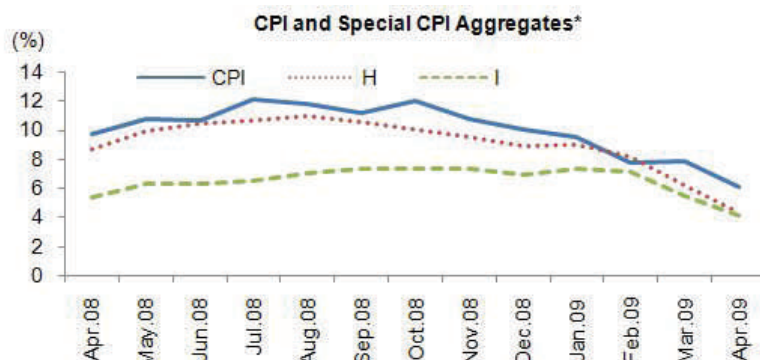
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INFLATION APRIL 2009

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(*) 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 and tobacco products and gold.

PPI rose above expectations...

In April, monthly PPI increased by 0.65%, above the expectations. On monthly basis, agricultural and industrial sector prices rose by 3.27% and 0.08%, respectively. Prices in manufacturing industry, having a share of nearly 74% in industrial sector, increased by 0.48%. Manufacturing of coke and refined petroleum, motor vehicles and publishing and printing products contributed to this increase. On the other hand, decline in textile, rubber and plastic products prices limited the increase in PPI.

We expect CPI and PPI to rise by 0.15% and 0.40% in May, respectively.

In May, inflationary pressures are expected to continue to ease in line with the VAT and SCT cuts and the slowdown in the economy. On the other hand, rise in the clothing prices due to seasonal factors are predicted to restrict the slowing trend of inflation. **In this context, we estimate CPI and PPI to increase by 0.15% and 0.40% in May, respectively.**

CBRT cut the short term interest rates by 75 basis points.

The Monetary Policy Committee of CBRT decided to cut short-term interest rates by 75 basis points, above the expectations, at its meeting on April 16th. Thus, CBRT decreased short-term borrowing and lending rates from 10.50% and 13% to 9.75% and 12.25%, respectively. The Committee underlined that recent data releases indicated that domestic economic activity continued to slow down in the first quarter of the year, problems in international credit markets persisted and there were no clear signs of improvement in the global economic outlook. In this context, the downwards pressures on domestic and global demand as well as on the inflation are expected to continue. On the other hand, the Committee stated that disinflation is expected to gain pace in the near term, partly driven by the past declines in oil and other commodity prices and envisaged that the next rate cut may be measured, and that it might be necessary for the monetary policy to maintain an easing bias for a considerable period.

According to the Inflation Report published on April 30th, 2009, Central Bank stated that the disinflation trend has gained momentum in the first quarter of 2009. Turkish economy is expected to contract in 2009 and to recover gradually through the mid-2010. Assuming some measured easing in the short term and constant policy rates thereafter, with 70% probability, CBRT estimates that the inflation would be between 4.8% and 7.2% (mid-point of 6.0%) at the end of 2009, and between 3.5% and 7.1% (mid-point of 5.3%) at the end of 2010. Furthermore, it is expected that inflation would be realized as 4.9% by the end of 2011.

In April, the convergence of the annual CPI to the year-end inflation target of 6% supported the expectations that the Central Bank would continue to reduce the short term interest rates further.



INFLATION APRIL 2009

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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
2008	January	0.42	0.42	6.44	6.08	0.80	0.80	8.17	8.61
	February	2.56	3.00	8.15	5.94	1.29	2.11	9.10	8.53
	March	3.17	6.26	10.50	5.95	0.96	3.09	9.15	8.40
	April	4.50	11.04	14.56	6.39	1.68	4.82	9.66	8.33
	May	2.12	13.39	16.53	7.20	1.49	6.38	10.74	8.47
	June	0.32	13.76	17.03	8.39	-0.36	6.00	10.61	8.64
	July	1.25	15.18	18.41	9.76	0.58	6.61	12.06	9.07
	August	-2.34	12.49	14.67	10.68	-0.24	6.35	11.77	9.43
	September	-0.90	11.48	12.49	11.29	0.45	6.83	11.13	9.76
	October	0.57	12.11	13.29	12.03	2.60	9.60	11.99	10.12
	November	-0.03	12.08	12.25	12.56	0.83	10.52	10.76	10.31
	December	-3.54	8.11	8.11	12.72	-0.41	10.06	10.06	10.44
2009	January	0.23	0.23	7.90	12.81	0.29	0.29	9.50	10.54
	February	1.17	1.40	6.43	12.63	-0.34	-0.06	7.73	10.41
	March	0.29	1.70	3.46	11.99	1.10	1.05	7.89	10.29
	April	0.65	2.35	-0.35	10.65	0.02	1.07	6.13	9.98
	May (E)	0.40	2.76	-2.03	9.00	0.15	1.22	4.72	9.45

(E): Estimate

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