

INFLATION NOVEMBER 2007

(%)	PPI		CPI	
	2006	2007	2006	2007
November	-0.29	0.89	1.29	1.95
January-November	11.72	5.78	9.40	8.15
Annual	11.67	5.65	9.86	8.40
Annual Average	8.60	6.75	9.44	8.86

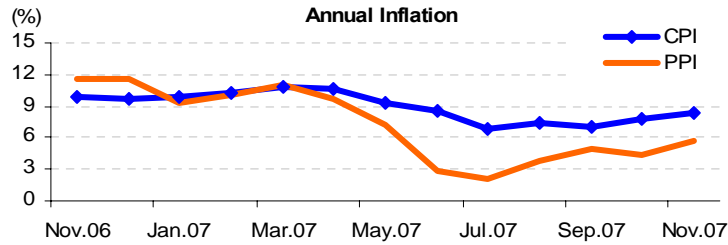
In November, CPI and PPI increased by 1.95% and 0.89% respectively.

In November, compared to the previous month, **CPI and PPI increased by 1.95% and 0.89%, respectively.** According to the Reuters' Survey, markets' monthly inflation expectations were 1.46% in CPI and 0.80% in PPI. On the other hand, according to the CBRT's Survey of Expectations, CPI inflation was expected as 1.20%.

Economic Research Department

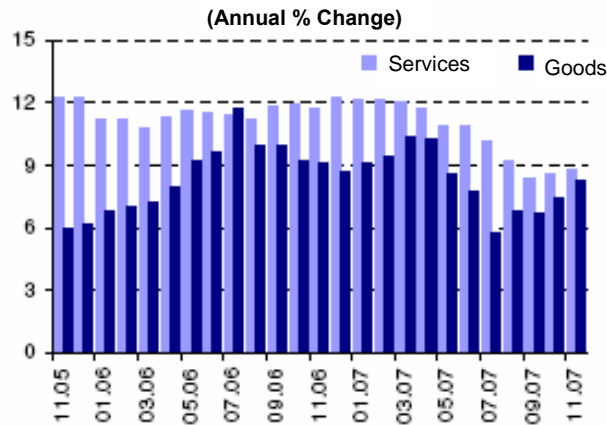
Alper Gürler
Alper.Gurler@isbank.com.tr

Esra Özgür
Esra.Ozgur@isbank.com.tr



CPI inflation was realized above the expectations.

In November, the increase in CPI was realized above the expectations. The Special Consumption Tax rise in fuel-oil and tobacco products, as well as the increase in water utilities prices led to a rise in inflation. In this context, housing, clothing and footwear, alcoholic beverages and tobacco, and transport sub-groups made the highest contributions to the CPI. On the other hand, the services group prices continued to increase in November.



Source: CBRT

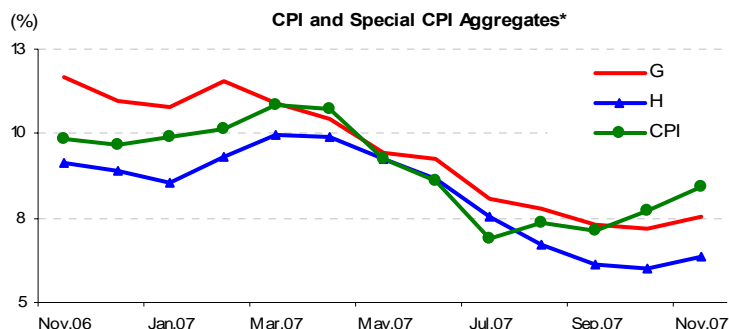
Core inflation is rising.

Analysis of the special CPI aggregates on a monthly basis revealed that the rise in administered prices had a significant impact on the CPI in November. On an annual basis, the downward trend in CBRT's favorite core inflation indicator "core-H index" since April disappeared and the annual increase in this index was realized as 6.36% in November.



INFLATION NOVEMBER 2007

Economic
Research
Department

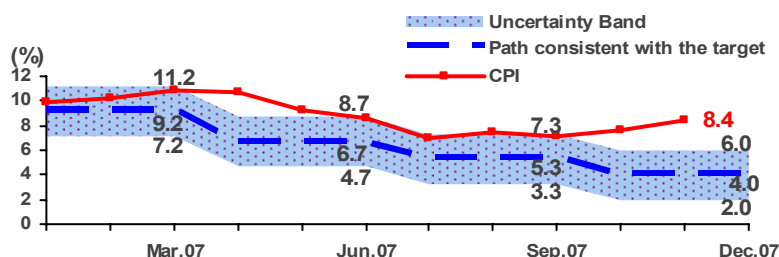


(*) Annual change
 G: CPI excluding energy, alcoholic beverages and tobacco products, other goods with administered prices and indirect taxes, unprocessed food products.
 H: CPI excluding unprocessed food products, energy, alcoholic beverages, tobacco products and gold.

PPI was realized above the expectations.

In November, monthly PPI inflation was realized as 0.89%, higher than the expectations. The rise in PPI was attributable to the increase in the coke and refined petroleum (11.74%) and water (8.09%) prices. Despite the appreciation of TRY, the high level of oil and commodity prices would continue to put pressure on PPI in the coming period.

November CPI figure revealed that the year-end inflation would exceed the upper limit of the uncertainty band (6%).



We estimate 0.30% CPI and 0.05% PPI inflation in December.

In December, the appreciation of TRY is expected to limit the rise in CPI and PPI inflation. Besides, the declining tendency of oil prices from the record high level of \$/barrel 96 in November would have a favourable effect on inflation in December. In this context, taking also into account the seasonal factors, **we estimate 0.30% CPI and 0.05% PPI inflation in December.**

CBRT lowered the interest rates to 16.25%.

The Monetary Policy Committee of CBRT decided to reduce short-term interest rates from 16.75% to 16.25% at its meeting on November 14th. After the meeting, it was stated that while private investment and consumption demand exhibited signs of recovery, the aggregate demand conditions continued to support the disinflation process thanks to the moderation of the external demand. On the other hand, the adjustments in administered prices may delay the disinflation process in the short term.

In the medium term, despite the risks related with energy and food prices, inflation is expected to further decelerate owing to the lagged effects of strong monetary tightening. The effects of rising food and energy prices will be closely monitored. According to the statement, the timing and extent of potential further easing will depend on incoming information regarding global liquidity conditions, external demand, public expenditures and other determinants of the medium term inflation outlook.



INFLATION NOVEMBER 2007

Economic
Research
Department

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
2006	January	1.96	1.96	5.11	5.45	0.75	0.75	7.93	8.07
	February	0.26	2.22	5.26	5.04	0.22	0.97	8.15	8.03
	March	0.25	2.48	4.21	4.49	0.27	1.25	8.16	8.05
	April	1.94	4.46	4.96	4.09	1.34	2.60	8.83	8.11
	May	2.77	7.36	7.66	4.27	1.88	4.53	9.86	8.21
	June	4.02	11.68	12.52	4.97	0.34	4.88	10.12	8.32
	July	0.86	12.64	14.34	5.82	0.85	5.76	11.69	8.64
	August	-0.75	11.80	12.32	6.49	-0.44	5.30	10.26	8.84
	September	-0.23	11.54	11.19	7.06	1.29	6.65	10.55	9.05
	October	0.45	12.04	10.94	7.76	1.27	8.01	9.98	9.25
	November	-0.29	11.72	11.67	8.60	1.29	9.40	9.86	9.44
	December	-0.12	11.58	11.58	9.34	0.23	9.65	9.65	9.60
2007	January	-0.05	-0.05	9.37	9.68	1.00	1.00	9.93	9.76
	February	0.95	0.89	10.13	10.08	0.43	1.44	10.16	9.92
	March	0.97	1.88	10.92	10.63	0.92	2.36	10.86	10.15
	April	0.80	2.69	9.68	11.01	1.21	3.60	10.72	10.30
	May	0.39	3.09	7.14	10.95	0.50	4.12	9.23	10.24
	June	-0.11	2.98	2.89	10.09	-0.24	3.87	8.60	10.11
	July	0.06	3.05	2.08	9.03	-0.73	3.11	6.90	9.70
	August	0.85	3.93	3.72	8.29	0.02	3.13	7.39	9.46
	September	1.02	4.98	5.02	7.77	1.03	4.19	7.12	9.17
	October	-0.13	4.84	4.41	7.23	1.81	6.08	7.70	8.98
	November	0.89	5.78	5.65	6.75	1.95	8.15	8.40	8.86
	December (E)	0.05	5.83	5.83	6.30	0.30	8.47	8.47	8.76

(E): Estimate

This report has been prepared by Türkiye İş Bankası A.Ş. by using the information from publicly available sources believed to be reliable, solely for information purposes. It is not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice. Türkiye İş Bankası A.Ş. accepts no liability whatsoever for any direct or consequential loss arising from any use of its publication or its contents.

Copyright and database rights protection exists in this publication and it may not be reproduced, distributed or published wholly or partially by any person for any reason without the prior express consent of Türkiye İş Bankası A.Ş. All rights reserved.