INFLATION NOVEMBER 2009

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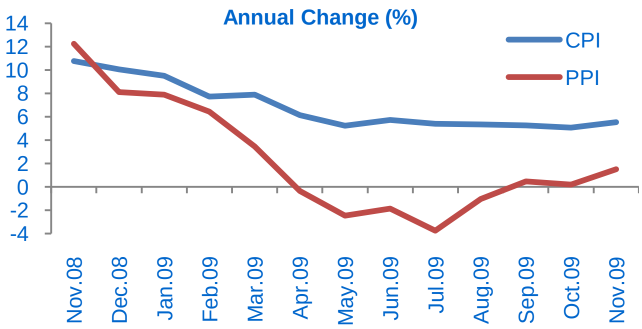
	PPI		CPI	
	2008	2009	2008	2009
November	-0.03	1.29	0.83	1.27
January-November	12.08	5.24	10.52	5.96
Annual	12.25	1.51	10.76	5.53
Annual Average	12.56	1.37	10.31	6.53

In November, CPI and PPI increased by 1.27% and 1.29%, respectively.

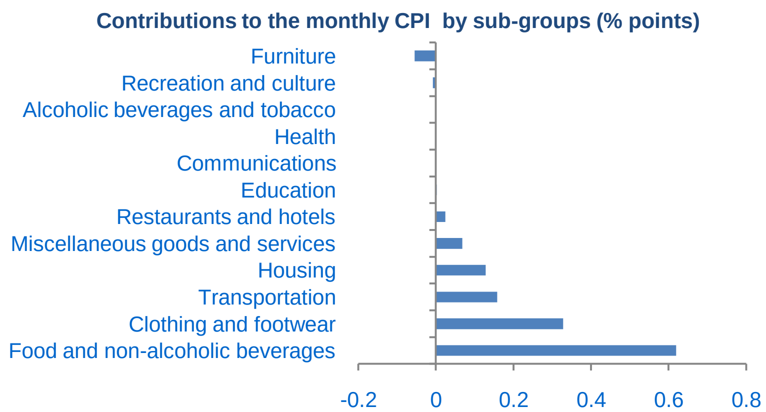
In November, compared to the previous month **CPI and PPI increased by 1.27% and 1.29%, respectively**. According to the Reuters' Survey, markets' monthly inflation expectations were 0.97% in CPI and 0.67% in PPI. According to the CBRT's Survey of Expectations, CPI inflation was expected as 0.80%.

In November, the annual CPI increase was realized as 5.53%. Thus, the downward trend of the annual CPI inflation which has been recorded since July, came to an end in November. On an annual basis, the PPI also increased and reached 1.51%.



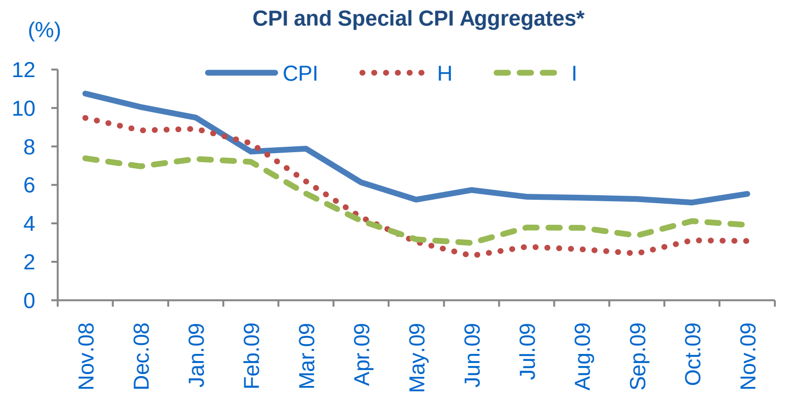
CPI increase was realized above expectations.

The higher than expected CPI in November stemmed mainly from the price increases in food and non-alcoholic beverages (2.21%) and clothing and footwear (4.55%) sub-sectors. Moreover, increase in fuel prices contributed to the rise of transportation prices while natural gas and coal prices were influential in the increase of the housing prices. 7.61% rise in gold prices also put an upward pressure on CPI. On the other hand, furniture, recreation and culture, alcoholic beverages and tobacco subgroups limited the rise in CPI.



Limited decline in core inflation aggregates…

Analysis of the special CPI aggregates on a monthly basis revealed that all products excluding alcoholic beverages and tobacco products together with indirect taxes and the products having administrated prices put an upward pressure on CPI. On annual basis, although the core inflation aggregates displayed a slight decrease compared to the previous month, they generally followed a flat course. Indeed, CBRT's favorite core inflation aggregates, denoted by H and I, were realized as 3.09% and 3.91%, respectively.



(*) 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, tobacco products and gold.

PPI was realized above expectations.

PPI increased by 1.29% and was realized above the expectations in November. Rise in agricultural sector prices contributed to the PPI inflation by 0.38 points while the contribution from the increase in industrial sector prices was realized as 0.91 points. Especially the rise in coke and refined petroleum prices were influential in industrial sector.

We estimate CPI and PPI to rise by 0.20% and 0.15% in December, respectively.

In December, annual inflation is expected to continue to rise. The increasing tendency in commodity prices also supports this expectation. On the other hand, uncertainties regarding the economic recovery are limiting inflationary pressures. **In this context, we estimate CPI and PPI to increase by 0.20% and 0.15% in December, respectively.**

CBRT decreased the short-term interest rates to 6.50%.

The Monetary Policy Committee of CBRT cut the O/N borrowing interest rates by 25 basis points in line with the expectations to 6.50% and the lending rate to 9% at its meeting on November 19th. In the statement released after the meeting, it was emphasized that the ongoing recovery in economic activity would be gradual and protracted. Moreover, the inflation is expected to hover around low levels. Thus, the Committee reiterated that it would be necessary for the monetary policy to maintain the easing bias for a long period of time.

As the inflation figures were realized in line with the expectations in the Inflation Report published at the end of October, we expect that the CBRT would maintain its current monetary policy stance in the coming period.

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INFLATION (%)									
		PRODUCERS 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	-0.05	2.30	-2.46	8.96	0.64	1.71	5.24	9.49
	June	0.94	3.27	-1.86	7.34	0.11	1.83	5.73	9.08
	July	-0.71	2.54	-3.75	5.47	0.25	2.08	5.39	8.52
	August	0.42	2.97	-1.04	4.19	-0.30	1.78	5.33	7.99
	September	0.62	3.60	0.47	3.22	0.39	2.18	5.27	7.52
	October	0.28	3.90	0.19	2.20	2.41	4.64	5.08	6.95
	November	1.29	5.24	1.51	1.37	1.27	5.96	5.53	6.53
	December (E)	***0.15***	***5.40***	***5.40***	***1.19***	***0.20***	***6.18***	***6.18***	***6.22***

(E) Estimate