

The annual inflation reached 5.73% in June...

The core inflation indicates that the downward trend in inflation continues..

CPI increased by 0.11% in June...

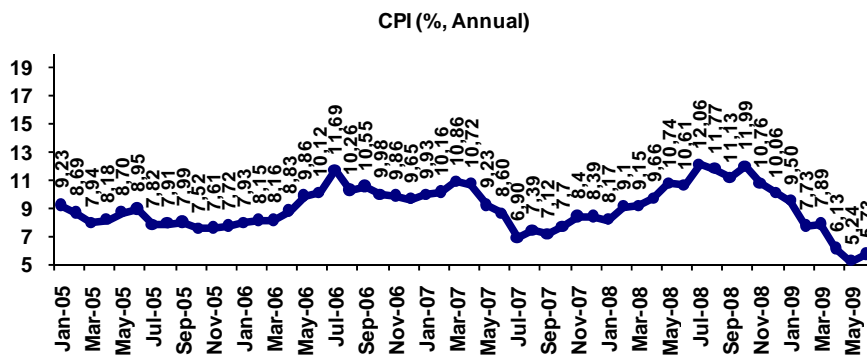
Monthly CPI rose by 0.11% MoM in June and its annual figure reached 5.73% for the month.

Seasonally downward price adjustments in food and clothing sectors reduced the overall CPI in June while transportation price hikes lifted it up. The transportation prices posted the highest monthly rise of 2.82% for the month due to not only the fuel price surges but also the auto price hikes at retail levels. The government extended the period of temporary tax rate reduction in the auto sector for next 3 months while some items in this regulation faced hikes rather than declines. Thus, those changes among with the lagged pass-through effects of local currency weakness on auto prices have increased their retail prices in June with around 4% MoM rise.

The core indices, which excluded one-off price effects such as tax rate declines indicated that the downward trend in the medium-term inflation outlook continues. The narrowest core index(I)- excluding food, energy, tobacco and gold prices declined to 2.98% in June from 3.17% in July.

June	Montly(%)	Annual(%)
CPI	0,11	5,73
Food and non-alcoholic beverages	-1,56	9,68
Alcoholic beverages and tobacco	0,01	7,16
Clothing and footw ear	-0,79	-1,15
Housing, w ater, electricity, gas and fuels	0,70	11,13
Furnishings, household equipment	-0,06	-1,67
Health	0,00	4,14
Transport	2,82	-4,04
Communications	1,17	4,10
Recreation and culture	0,97	7,93
Education	0,93	4,88
Hotels, cafes and restaurants	0,38	8,43
Miscellaneous goods and services	0,98	11,65
CPI (Excluding seasonal products)	0,56	4,46
Excluding unprocessed food product	0,63	3,48
Excluding energy	-0,15	5,70
PPI	0,94	-1,86
Agriculture	1,40	1,80
Industry	0,80	-2,90
Manufacturing industry	1,50	-5,00

Source:TurkStat

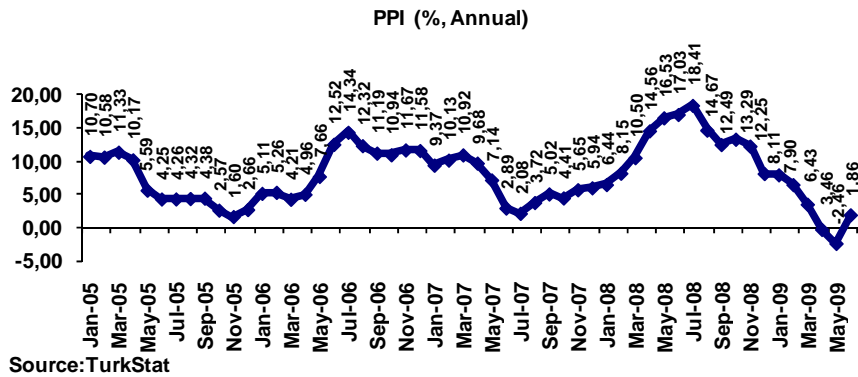


Source:TurkStat

Non-trade CPI maintains its downward trend in June...

Not only tradable but also non-tradable inflation maintain their downward trends in June. The service sector prices posted 6.7% YoY rise in June while tradable goods rose by 5.5% YoY in June. Rents have been the most rigid sector in the service sector prices.

They had ranged 15%-20% territory during 2003-2007 and seem to preserve its downward trend which started in 2008 in June 2009 with reaching its all time lowest record of 8.7% YoY rise.



PPI was up by 0.94% MoM in June down..

While monthly PPI rose by 0.94% MoM in June, its annual reading posted a 1.86% YoY decline for the month. The drastic adjustments in the commodity prices on the back of the global economic slump continue to shape the PPI. The metal prices contracted by 35% YoY in June while the refined petroleum products prices declined by 28% YoY. The easing in the food prices is also supportive of overall PPI.

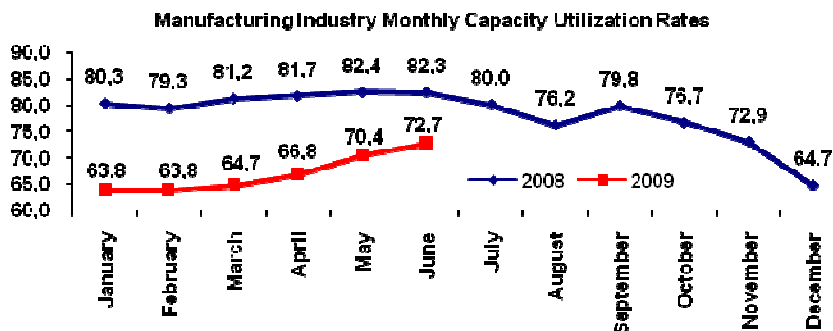
Recent commodity price adjustments have sharply reduced the overall PPI. But we expect annual PPI to climb to 4%-5% territory once the low based-year effects faded out.

CUR realized at 72,7% in June...

The CUR contraction rate compared with last year has decelerated in June...

Monthly Capacity Utilization Ratio (CUR) contracted by 9.6 percentage point to 72.7% in June with lower decelerating rate. Moreover, the refined petroleum products and autos have posted the highest contraction among the sectors. The former declined by 21.5 percentage points YoY while the latter saw 19.6 percentage points YoY decline in June.

In the first half of the year, monthly KKO averaged at 67.0%, corresponding 14.3 percentage points YoY for the period. Public sector KKO in 1H09 compared with 1H08 shrank more than private KKO. While public KKO for the corresponding phrase declined by 17.1 percentage points to 72.8%, private KKO eased by 13.2 percentage points YoY to 66.9%.



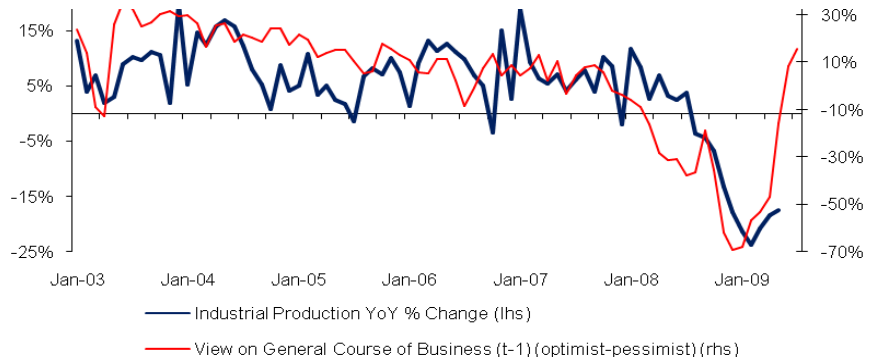
Monthly industrial production contracted by 17.4% YoY in June ...

Monthly industrial production decreased at decelerating rate in May...

The deceleration in monthly industrial production contraction pace continued in May with a 17.4% YoY decline, lowest of the past 6 months.

The autos, white goods and metals sectors led the way with lower contraction rates in June compared with the same month of last year.

Moreover, the early growth-related indicators have slightly started to point some relative recovery in the economic activity. The Central Bank of Turkey (CBT) business survey results spelled out real sector optimistic expectations for next 3 months. The expectations for general course of business hit drastically the bottom in November 2008 while they have been at the positive territory since April 2009. Moreover, the overall sentiments improved in June 2008.



Source: Turkstat