



Contents

1.	OVERVIEW	1
	1.1. Monetary Policy and Financial Conditions	2
	1.2. Macroeconomic Developments and Main Assumptions	4
	1.3. Inflation and the Monetary Policy Outlook	8
	1.4. Risks and the Monetary Policy	9
2.	INTERNATIONAL ECONOMIC DEVELOPMENTS	13
	2.1. Global Growth	13
	2.2. Commodity Prices and Global Inflation	16
	2.3. Global Monetary Policy	18
	2.4. Global Risk Indicators and Portfolio Flows	20
3.	INFLATION DEVELOPMENTS	25
	3.1. Core Inflation Outlook	26
	3.2. Food, Energy and Alcohol-Tobacco Prices	30
	3.3. Domestic Producer Prices	32
	3.4. Agricultural Producer Prices	33
	3.5. Expectations	34
4.	SUPPLY AND DEMAND DEVELOPMENTS	39
	4.1. Supply Developments	39
	4.2. Demand Developments	40
	4.3. Labor Market	45
5 .	FINANCIAL MARKETS AND FINANCIAL INTERMEDIATION	61
	5.1. Relative Performances of Financial Markets	62
	5.2. Credit Conditions	65
	5.3. Monetary Policy	70
6.	PUBLIC FINANCE	79
	6.1. Budget Developments	79
	6.2. Developments in the Public Debt Stock	82
7.	MEDIUM-TERM PROJECTIONS	87
	7.1. Current State, Short-Term Outlook and Assumptions	87
	7.2. Medium-Term Forecasts	89
	7.3. Risks and Monetary Policy	92
ВО		, _
	Box 2.1. Recent Global Uncertainties and its Implications	22
	Box 3.1. Pass-Through from Import Prices and Exchange Rate to CPI and Subcategories	36
	Box 4.1. An Economic Uncertainty Indicator for Turkey	48
	Box 4.2. Alternative Indicators for Output Gap	52
	Box 4.3. The Weakening Real External Trade-GDP Relationship and Loan Growth	57
	Box 5.1. Open Market Operations, Portfolio Size of Securities and Outright Purchasing Transactions	76
	Box 6.1. The Sensitivity of Fiscal Multiplier to Business Cycles	84
	Poy 7.1. An Evaluation of and 2014 Inflation Foregasts	0.5