



Contents

1.	OVERVIEW	1
	1.1. Monetary Policy Implementation and Monetary Conditions	2
	1.2. Macroeconomic Developments and Main Assumptions	5
	1.3. Inflation and Monetary Policy Outlook	9
	1.4. Risks and Monetary Policy	10
2.	INTERNATIONAL ECONOMIC DEVELOPMENTS	13
	2.1. Global Growth	14
	2.2. Commodity Prices	18
	2.3. Global Inflation	20
	2.4. Financial Conditions and Risk Indicators	22
	2.5. Capital Flows	25
	2.6. Global Monetary Policy Developments	26
3.	INFLATION DEVELOPMENTS	31
	3.1. Inflation	31
	3.2. Expectations	41
4.	SUPPLY AND DEMAND DEVELOPMENTS	55
	4.1. Gross Domestic Product Developments and Domestic Demand	56
	4.2. External Demand	59
	4.3. Labor Market	63
5 .	FINANCIAL MARKETS AND FINANCIAL INTERMEDIATION	79
	5.1. Financial Markets	79
	5.2. Financial Intermediation and Loans	91
6.	PUBLIC FINANCE	107
	6.1. Budget Developments	107
	6.2. Developments in the Debt Stock	111
7.	MEDIUM-TERM FORECASTS	113
	7.1. Current State of the Economy, Short-Term Outlook and Assumptions	113
	7.2. Medium-Term Outlook	117
	7.3. Risks and Monetary Policy	120
ВО	XES	
	Box 2.1. US Housing Market Dynamics	29
	Box 3.1. Seasonal Products in CPI and Unpredicted Volatility	43
	Box 3.2. High Course of Inflation in Turkey by Prominent Subcategories	49
	Box 4.1. The Underlying Trend of Economic Activity in the Second Quarter	68
	Box 4.2. Regional and Sectoral Export Diversification: The Case of Turkey	71
	Box 4.3. Analysis of Unemployment in the Aftermath of 2001 and 2008 Crises by Labor Force, Employment and Growth Dynamics	
	Box 5.1. The Relation Between Cross Currency Swap Rates and Bond Returns	75
	Box 5.2. Net Financial FX Position in Turkey	98
	DON J.Z. NET FINANCIAL FA FOSITION IN TUIKEY	103