



Contents

1.	OVERVIEW	1
	1.1. Monetary Policy and Financial Markets	2
	1.2. Macroeconomic Developments and Main Assumptions	3
	1.3. Inflation and the Monetary Policy Outlook	7
	1.4. Risks and the Monetary Policy	8
2.	INTERNATIONAL ECONOMIC DEVELOPMENTS	11
	2.1. Global Growth	11
	2.2. Commodity Prices and Global Inflation	14
	2.3. Global Monetary Policy	16
	2.4. Global Risk Indicators and Portfolio Flows	17
3.	INFLATION DEVELOPMENTS	23
	3.1. Core Inflation Outlook	24
	3.2. Prices of Food, Energy, Alcoholic Beverages and Tobacco Products	28
	3.3. Domestic Producer Prices	30
	3.4. Agricultural Producer Prices	32
	3.5. Expectations	32
4.	SUPPLY AND DEMAND DEVELOPMENTS	37
	4.1. Supply Developments	37
	4.2. Demand Developments	40
	4.3. Labor Market	43
	4.4. General Outlook	46
5.	FINANCIAL CONDITIONS AND MONETARY POLICY	53
	5.1. Relative Performance of Financial Markets	54
	5.2. Credit Conditions	55
	5.3. Monetary Policy	59
6.	PUBLIC FINANCE	65
	6.1. Budget Developments	65
	6.2. Developments in the Public Debt Stock	68
7.	MEDIUM-TERM PROJECTIONS	73
	7.1. Current State, Short-Term Outlook and Assumptions	73
	7.2. Medium-Term Forecasts	75
	7.3. Risks and the Monetary Policy	78
BO	XES	
	Box 2.1. The Expanded Coverage of the Export-Weighted Global Growth Index	19
	Box 3.1. Recent Developments in Food Prices	34
	Box 4.1. GDP Forecasts with New National Income Series	47
	Box 4.2. The Resilience of Turkish Exports to Foreign Demand Shocks: The Case of Fresh Fruits and Vegetables	51
	Box 5.1. The Transmission of Monetary Policy to Swap Market Rates	63
	Box 6.1. Effects of Foreign Investors' Share on the Long-Term Borrowing Rate	70
	Box 7.1. Macroeconomic Effects of the Changes in Credit Supply	21