

There was a 29% decrease in the sales of sewing machines in 2004. There were increases in the sales of the other selected durable consumer goods. The highest rate of increase in the sales of durable consumer goods in 2004 was in the sales of videos at 885.4%. It was followed by increases in sales of music sets at 157%, of washing machines at 106.6%, of trucks at 62.6%, of automobiles at 57.2%, of pick-up trucks at 53%, of vacuum cleaners at 43.9%, of tractors at 34.3%, of television sets at 34.2%, of midibuses-minibuses at 31.7%, of refrigerators at 26.5%, of ovens at 22% and of buses at 5.9% (Table 26).

Table 26. Sales of Selected Durable Consumer Goods

	Quantity			Change (%)	
	2002	2003	2004	2003	2004
Oven	853,455	1,504,468	1,835,519	76.3	22.0
Refrigerator	3,034,486	3,663,234	4,635,810	20.7	26.5
Washing Machine	1,630,604	2,158,806	4,461,081	32.4	106.6
Sewing Machine	30,151	31,716	22,518	5.2	-29.0
Television	12,228,062	15,061,244	20,215,900	23.2	34.2
Video	28,870	9,642	95,009	-66.6	885.4
Music Set	61,198	70,406	180,961	15.0	157.0
Vacuum Cleaner	822,777	780,684	1,123,329	-5.1	43.9
Automobile	260,591	384,785	604,791	47.7	57.2
Bus	2,765	4,822	5,106	74.4	5.9
Midibus - Minibus	13,429	44,390	58,483	230.6	31.7
Truck	12,069	20,426	33,218	69.2	62.6
Pick-up Truck	57,862	70,977	108,567	22.7	53.0
Tractor	11,821	28,696	38,527	142.8	34.3

Source: SIS

b.3. Energy

The added value of the energy sector increased 7.6% in the first quarter, 9.1% in the second quarter, 3.4% in the third quarter and 4.5% in the fourth quarter of 2004. There was a 6.1% increase in the added value of the energy sector in 2004.

The energy sector production increased 6.5% in the first quarter, 8.4% in the second quarter, 7% in the third quarter and 5.6% in the fourth quarter of 2004. The rate of increase in production of the energy sector, which was 8.5% in 2003, regressed to 6.8% in 2004. There was a 10% increase in the public sector energy

production and a 4.3% increase in the private sector energy production (Table 27).

Table 27. Energy Production Indices and Rates of Change (1997=100)

Years	Production Index			Rates of Change (%)		
	State	Private	Total	State	Private	Total
2001	120.7	114.9	119.0	-	-	-
2002	111.2	159.1	125.4	-7.9	38.5	5.4
2003	86.9	252.1	136.0	-21.9	58.5	8.5
2004	95.6	262.9	145.3	10.0	4.3	6.8

Source: SIS

Of the electricity production in 2004, 38.8% was obtained from the natural gas fueled power plants, 32% was from the hydraulic power plants, 14.5% was from the lignite fueled power plants, 7.6% was from the hard coal fueled power plants, 6.9% was from the fuel power plants, 0.1% was from the biogas-waste fuel power plants and 0.1% was from the geothermal-wind energy power plants. The total energy production increased 8.1% and rose from 140,580 GWH to 152,000 GWH (Table 28).

The gross electricity energy consumption increased 7.3% in 2004 compared to the previous year and rose from 141,151 GWH to 151,400 GWH. Of this, 21.5% was consumed in housing, 7.7% in businesses, 3.4% in official offices, 3.8% in street lighting, 39.1% in industry and 5.7% in other sectors. Of the total consumption, 18.8% is composed of losses.

The shares of electrical energy consumption used by housing and the industrial sector within the total electrical energy consumption increased and the shares of the electrical energy consumption used by businesses, official offices and general lighting decreased (Table 29).

Table 28. The Distribution of Electrical Energy Production According to Energy Sources

Years	(GWH)										
	Thermal						Biogas-Waste and Other				
	Hard Coal		Lignite		Fuel Oil		Natural Gas		Total		Grand Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount %
1998	2,981	2.7	32,707	29.5	7,923	7.1	24,837	22.4	68,703	61.9	111,022 100.0
1999	3,123	2.7	33,908	29.1	8,080	6.9	36,345	31.2	81,661	70.1	116,440 100.0
2000	3,819	3.1	34,367	27.5	9,311	7.5	46,217	37.0	93,934	75.2	124,922 100.0
2001	4,046	3.3	34,372	28.0	10,366	8.4	49,549	40.4	98,563	80.3	122,725 100.0
2002	4,093	3.2	28,056	21.7	10,744	8.3	52,496	40.6	95,563	73.9	129,400 100.0
2003	8,663	6.2	23,590	16.8	9,196	6.5	63,536	45.2	105,101	74.8	140,580 100.0
2004 ^(*)	11,500	7.6	22,000	14.5	10,560	6.9	59,000	38.8	103,140	67.9	152,000 100.0

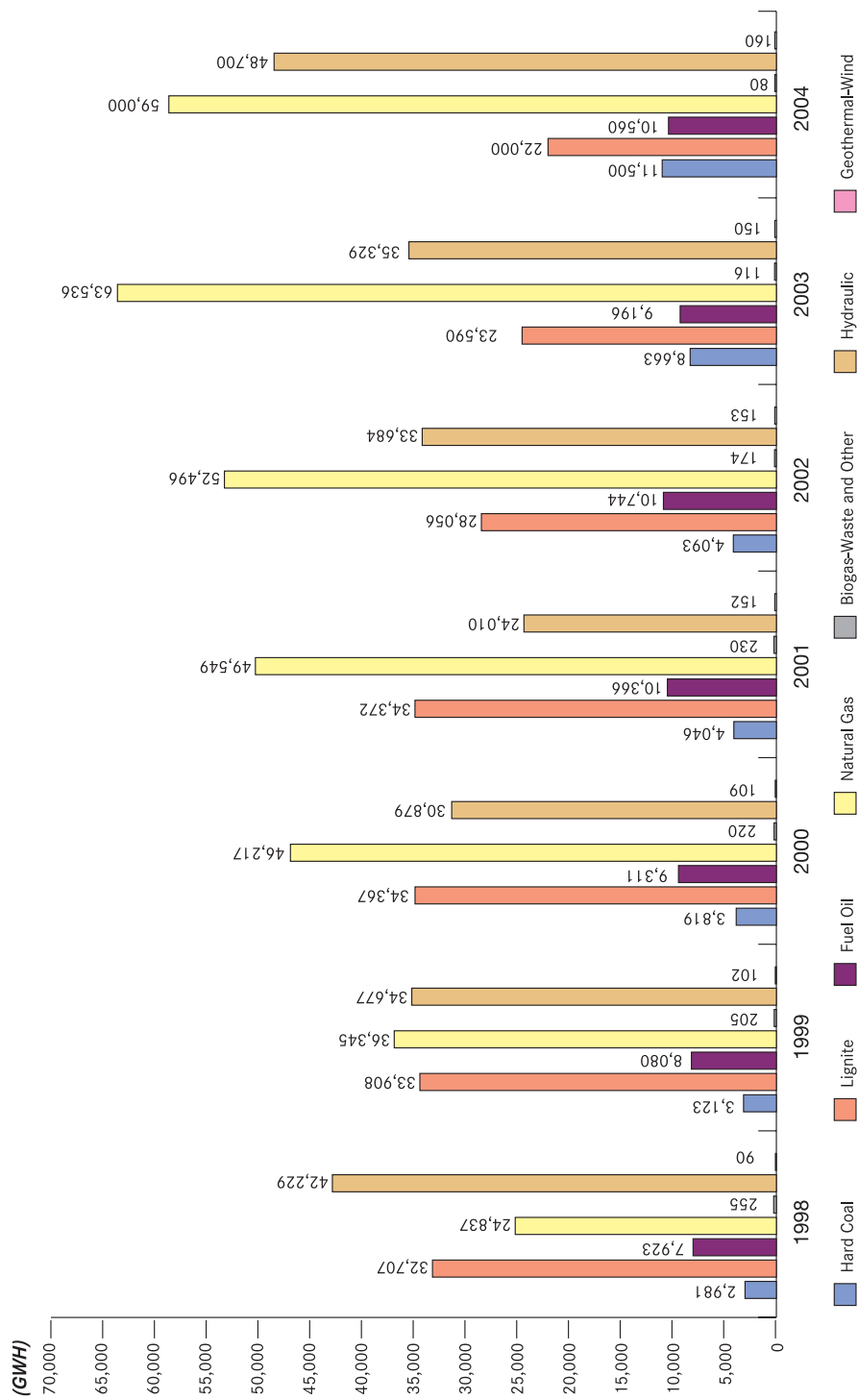
Source: SPO
(*) Provisional

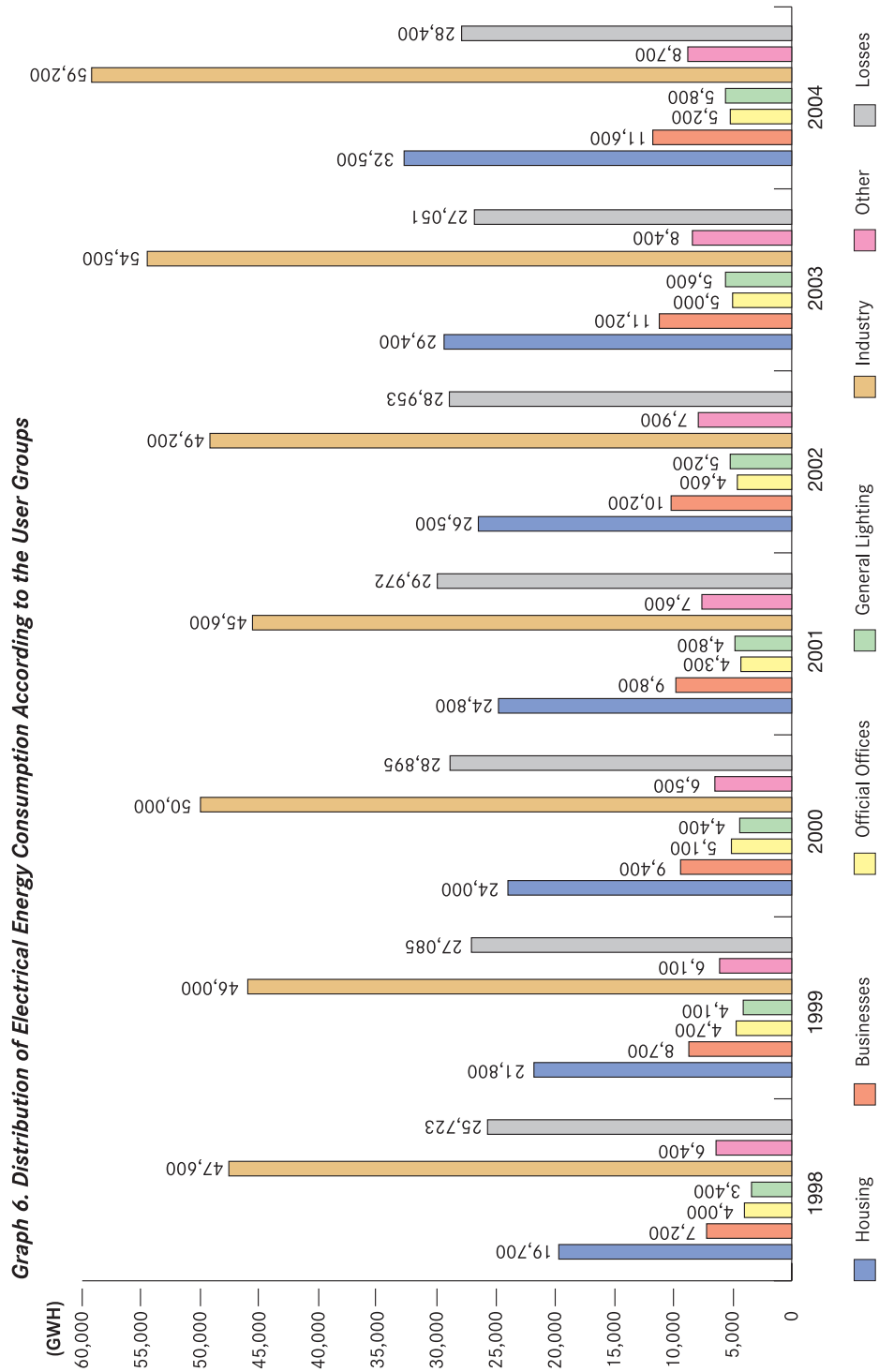
Table 29. Distribution of Electrical Energy Consumption According to the User Groups

Years	(GWH)													
	Housing				Businesses				Official Offices				Losses	
	Amount		Share (%)		Amount		Share (%)		Amount		Share (%)		Amount	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
1998	19,700	17.3	7,200	6.3	4,000	3.5	3,400	3.0	47,600	41.7	6,400	5.6	25,723	22.6
1999	21,800	18.4	8,700	7.3	4,700	4.0	4,100	3.5	46,000	38.8	6,100	5.1	27,085	22.9
2000	24,000	18.7	9,400	7.3	5,100	4.0	4,400	3.4	50,000	39.0	6,500	5.1	28,895	22.5
2001	24,800	19.5	9,800	7.7	4,300	3.4	4,800	3.8	45,600	35.9	7,600	6.0	29,972	23.6
2002	26,500	20.0	10,200	7.7	4,600	3.5	5,200	3.9	49,200	37.1	7,900	6.0	28,953	21.8
2003	29,400	20.8	11,200	7.9	5,000	3.5	5,600	4.0	54,500	38.6	8,400	6.0	27,051	19.2
2004 ^(*)	32,500	21.5	11,600	7.7	5,200	3.4	5,800	3.8	59,200	39.1	8,700	5.7	28,400	18.8

Source: SPO
(*) Provisional

Graph 5. Distribution of Electrical Energy Production According to Energy Sources





c. Services

Trade

The volume of transactions of the commodity exchanges increased 28.8% in 2004 compared to the previous year and rose from 32,280.2 trillion TL to 41,573.5 trillion TL. There was a 15.9% increase in real terms in the volume of transactions of the commodity exchanges (Table 30).

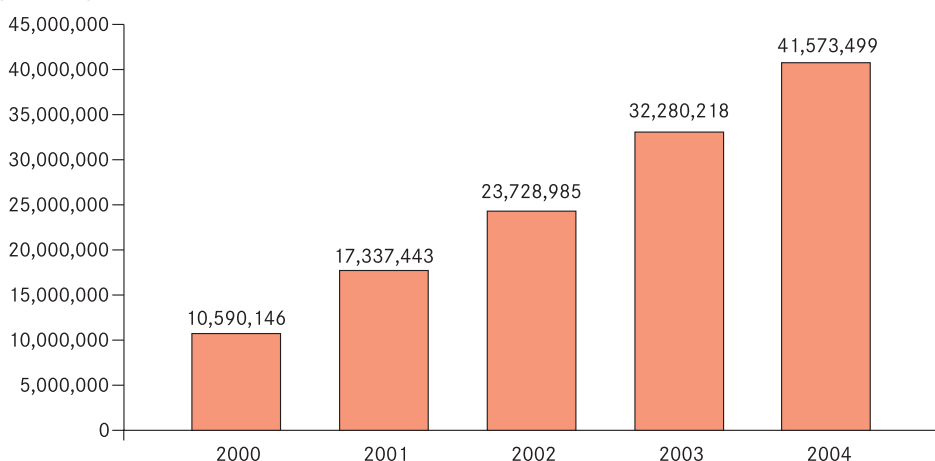
Table 30. Volume of Transactions of the Commodity Exchanges

Years	Volume of Transactions		Wholesale Goods Price Index		Real Change in the Vol. of Transactions (%)
	(Billion TL)	Change (%)	1994=100	Change (%)	
2000	10,590,146	-	2,369.9	-	-
2001	17,337,443	63.7	3,830.3	61.6	1.3
2002	23,728,985	36.9	5,749.6	50.1	-8.8
2003	32,280,218	36.0	7,219.4	25.6	8.3
2004	41,573,499	28.8	8,020.1	11.1	15.9

Source: UCCET

Graph 7. Volume of Transactions of the Commodity Exchanges

(Billion TL)



As of the selected commodity exchanges in 2004, the commodity exchange with the highest volume of transactions was the İstanbul Commodity Exchange with 6,427.2 trillion TL. It was followed by the Commodity Exchanges of İzmir with 2,668.1 trillion TL, Adana with 1,712.6 trillion TL and Adapazarı with 1,439.5 trillion TL. The volume of transactions compared to the previous year increased the most at the Commodity Exchanges of Malatya at 436.4%, of Giresun at 134.1%, of Adapazarı at 124.6% and of Kayseri at 70.6% (Table 31).

A total of 40,919 companies with a total capital of 4,821 trillion TL were established in 2004. Of these, 98 were collective companies, 2 were limited partnership

Table 31. Volume of Transactions of the Commodity Exchanges by Selected Provinces

	Volume of Transactions					(Billion TL) Change (%)			
	2000	2001	2002	2003	2004	2001	2002	2003	2004
ADANA	461,189	710,224	1,145,161	1,489,800	1,712,592	54.0	61.2	30.1	15.0
ADAPAZARI	221,635	395,033	424,308	640,821	1,439,470	78.2	7.4	51.0	124.6
AFYON	160,121	195,151	270,146	405,728	502,241	21.9	38.4	50.2	23.8
ANKARA	478,734	505,979	721,507	1,071,465	1,100,340	5.7	42.6	48.5	2.7
ANTAKYA	248,404	448,928	574,981	717,533	677,708	80.7	28.1	24.8	-5.6
ANTALYA	84,661	193,972	271,877	312,448	371,207	129.1	40.2	14.9	18.8
AYDIN	131,983	285,043	351,293	536,198	537,523	116.0	23.2	52.6	0.2
BALIKESİR	182,734	298,104	406,271	404,864	488,119	63.1	36.3	-0.3	20.6
BURSA	173,536	267,939	362,172	410,533	475,717	54.4	35.2	13.4	15.9
DENİZLİ	97,446	173,358	193,539	313,803	321,133	77.9	11.6	62.1	2.3
DİYARBAKIR	121,615	279,499	433,978	613,633	622,816	129.8	55.3	41.4	1.5
EDİRNE	154,493	212,812	344,837	406,347	562,973	37.7	62.0	17.8	38.5
ESKİŞEHİR	144,571	188,146	218,375	336,644	362,880	30.1	16.1	54.2	7.8
GAZİANTEP	232,514	381,066	630,270	813,995	1,118,685	63.9	65.4	29.2	37.4
GİRESUN	237,247	519,067	589,959	567,886	1,329,162	118.8	13.7	-3.7	134.1
İSTANBUL	1,522,261	2,528,015	4,025,134	5,689,262	6,427,194	66.1	59.2	41.3	13.0
İZMİR	1,051,287	1,591,683	2,085,848	2,590,082	2,668,059	51.4	31.0	24.2	3.0
K.MARAŞ	95,445	156,168	224,846	304,019	381,453	63.6	44.0	35.2	25.5
KAYSERİ	70,620	111,245	145,179	192,657	328,735	57.5	30.5	32.7	70.6
KONYA	457,724	549,368	787,444	1,119,682	1,430,593	20.0	43.3	42.2	27.8
MALATYA	60,750	262,259	197,149	179,960	965,289	331.7	-24.8	-8.7	436.4
MANİSA	89,810	191,853	243,189	295,231	287,024	113.6	26.8	21.4	-2.8
MERSİN	275,434	556,608	608,585	872,452	941,072	102.1	9.3	43.4	7.9
ORDU	221,354	398,136	492,579	583,607	770,155	79.9	23.7	18.5	32.0
RİZE	110,464	181,344	232,954	307,653	428,620	64.2	28.5	32.1	39.3
SAMSUN	52,874	98,105	162,314	258,542	307,930	85.5	65.4	59.3	19.1
TEKİRDAĞ	101,813	227,140	282,253	313,775	441,850	123.1	24.3	11.2	40.8
TRABZON	143,325	254,502	319,484	347,741	566,374	77.6	25.5	8.8	62.9
OTHERS	3,206,102	5,176,696	6,983,353	10,183,857	14,006,585	61.5	34.9	45.8	37.5
TOTAL	10,590,146	17,337,443	23,728,985	32,280,218	41,573,499	63.7	36.9	36.0	28.8

Source: UCCET

companies, 36,647 were limited companies, 2,767 were corporations and 1,405 were cooperatives. There was a 26.8% increase in the number of companies established and a 67.8% increase in the amount of capital compared to 2003 (Table 32).

A total of 7,660 companies were closed down in 2004. Of these, 195 were collective companies, 21 were limited partnership companies, 6,132 were limited companies, 953 were corporations and 359 were cooperatives. There was a 40.9% increase in the number of companies closed down in 2004 compared to the previous year (Table 33).

The number of real persons who registered businesses in 2004 increased 25% compared to 2003 and rose from 33,337 to 41,665. The number of real persons who

discontinued businesses in 2004 increased 17.1% and rose from 15,259 to 17,868 (Table 34).

Table 32. Newly Established Companies

Years	Collective Company		Ltd. Partner. Co.		Limited Company		Corporation		Cooperatives		Total	
	Capital		Capital		Capital		Capital		Capital		Capital	
	No.	Million TL	No.	Million TL	No.	Million TL	No.	Million TL	No.	Million TL	No.	Million TL
1998	54	504,588	8	31,501	51,346	331,346,131	3,853	410,486,686	2,116	1,234,946	57,377	743,603,852
1999	115	1,052,536	5	36,501	22,898	266,578,345	2,783	621,917,747	1,282	3,740,463	27,083	893,325,592
2000	79	1,617,702	5	10,536	28,382	530,232,668	3,534	2,019,477,633	1,161	294,641	33,161	2,551,633,180
2001	101	64,192,540	3	356,500	26,651	960,202,351	2,053	1,401,833,545	857	3,563,550	29,665	2,430,148,486
2002	117	7,359,281	3	120,070	27,929	874,570,414	1,973	1,235,217,023	820	1,233,123	30,842	2,118,499,911
2003	171	12,232,001	3	185,500	29,095	1,175,453,955	2,282	1,683,777,244	708	1,303,746	32,259	2,872,952,446
2004	98	5,811,453	2	175,000	36,647	2,451,303,768	2,767	2,362,499,853	1,405	1,183,327	40,919	4,820,973,401

Source: SIS

Table 33. Companies Closed Down

Years	Collective Company		Ltd. Partner. Co.		Limited Company		Corporation		Cooperatives		Total	
	Capital		Capital		Capital		Capital		Capital		Capital	
	No.	Million TL	No.	Million TL	No.	Million TL	No.	Million TL	No.	Million TL	No.	Million TL
1998	193	18,589	12	81	1,003	299,265	367	582,563	9	1	1,584	900,499
1999	127	5,753	6	9	987	76,517	275	2,638,735	13	18	1,408	2,721,032
2000	147	10,094	11	11	1,332	904,218	362	434,269	35	434	1,887	1,349,026
2001	194	144,000	23	1,272	1,849	1,007,150	350	9,664,436	48	7,969	2,464	10,824,827
2002	168	127,211	17	17	2,742	3,077,282	568	3,108,870	172	171	3,667	6,313,551
2003	198	101,388	14	14	4,110	2,628,791	850	11,228,927	264	11,269	5,436	13,970,389
2004	195	39,197	21	3,119	6,132	4,253,932	953	14,641,352	359	458	7,660	18,938,058

Source: SIS

Table 34. The Real Persons Who Registered and Discontinued Businesses

Years	Registrations		Discontinuations		Rate of Discontinuations / Registrations
	No.	Change (%)	No.	Change (%)	
1998	20,928	-	12,704	-	0.6
1999	24,475	16.9	12,384	-2.5	0.5
2000	22,626	-7.6	13,943	12.6	0.6
2001	19,413	-14.2	15,870	13.8	0.8
2002	25,634	32.0	16,752	5.6	0.7
2003	33,337	30.0	15,259	-8.9	0.5
2004	41,665	25.0	17,868	17.1	0.4

Source: UCCET

A total of 965,000 checks in 2004 turned out to be bad and 590,000 negotiable instruments were protested. The amount of negotiable instruments protested increased 82% in current prices and became 1,652.3 trillion TL (Table 35).

Table 35. Negotiable Instruments Protested and Bad Checks

Years	Negotiable Instruments Protested		Bad Checks ^(*)
	Number (thousand)	Current Prices Billion TL	Number (thousand)
1998	1,314	393,943	1,089
1999	1,188	677,709	1,299
2000	860	629,803	838
2001	805	1,114,794	1,199
2002	499	816,175	748
2003	480	907,941	850
2004	590	1,652,306	965

Source: Republic of Turkey, Central Bank

(*) The statements made to the Central Bank by banks, private finance institutions and courts were taken as the basis.

Tourism

The number of foreigners coming to Turkey in 2004 increased 25.7% compared to the previous year and rose to 17,548,000 persons. The number of citizens going abroad increased 23.7% and rose to 7,289,000 persons (Table 36).

Table 36. The Number of Foreigners Coming and Citizens Leaving

Years	(Thousand persons)	
	Foreigners Coming	Citizens Leaving
1998	9,431	4,670
1999	7,487	4,759
2000	10,428	5,279
2001	11,620	4,857
2002	13,248	5,130
2003	13,956	5,892
2004	17,548	7,289

Source: SPO, SIS

Of the total 17,548,000 foreigners who came to Turkey, 16,835,000 were tourists and 713,000 came for the day. Of the total 7,289,000 citizens who went abroad, 7,184,000 went as tourists and 105,000 went with the objective of pilgrimages (Table 37).

Table 37. Distribution of the Number of Foreigners Coming and the Number of Citizens Leaving According to Purposes

Years	(Thousand persons)			(Thousand persons)		
	Foreigners Coming			Citizens Leaving		
	Tourist	For the day	Total	Tourist	Pilgrimage	Total
1998	8,681	750	9,431	4,580	90	4,670
1999	6,887	600	7,487	4,669	90	4,759
2000	9,628	800	10,428	5,188	91	5,279
2001	10,785	835	11,620	4,767	90	4,857
2002	12,782	466	13,248	5,030	100	5,130
2003	13,270	686	13,956	5,790	102	5,892
2004	16,835	713	17,548	7,184	105	7,289

Source: SPO, SIS

The tourism revenues increased 20.3% in 2004 compared to the previous year and rose from US\$13,203 million to US\$15,888 million. The tourism expenses increased 19.5% and rose from US\$2,113 million to US\$2,524 million. The net tourism revenues increased 20.4% and rose from US\$11,090 million to US\$13,364 million (Table 38).

Table 38. Balance of Tourism Revenues and Expenses and Average Expenditures

Years	Income (*) (Million US\$)	Average Expenditure Per Foreigner (US\$)	Expenses (Million US\$)	Average Expenditure Per Citizen (US\$)	Net Revenues (Million US\$)
1998	7,177	761	1,754	376	5,423
1999	5,203	695	1,471	309	3,732
2000	7,636	732	1,713	324	5,923
2001	8,090	696	1,738	358	6,352
2002	8,479	640	1,880	366	6,599
2003	13,203	946	2,113	359	11,090
2004	15,888	905	2,524	346	13,364

Source: SPO, SIS

(*) The expenditures of Turkish citizens settled abroad, which were previously calculated as workers' remittances, but which are presently considered as tourism revenues at their entrance into Turkey, are included in the 2003-2004 figures.

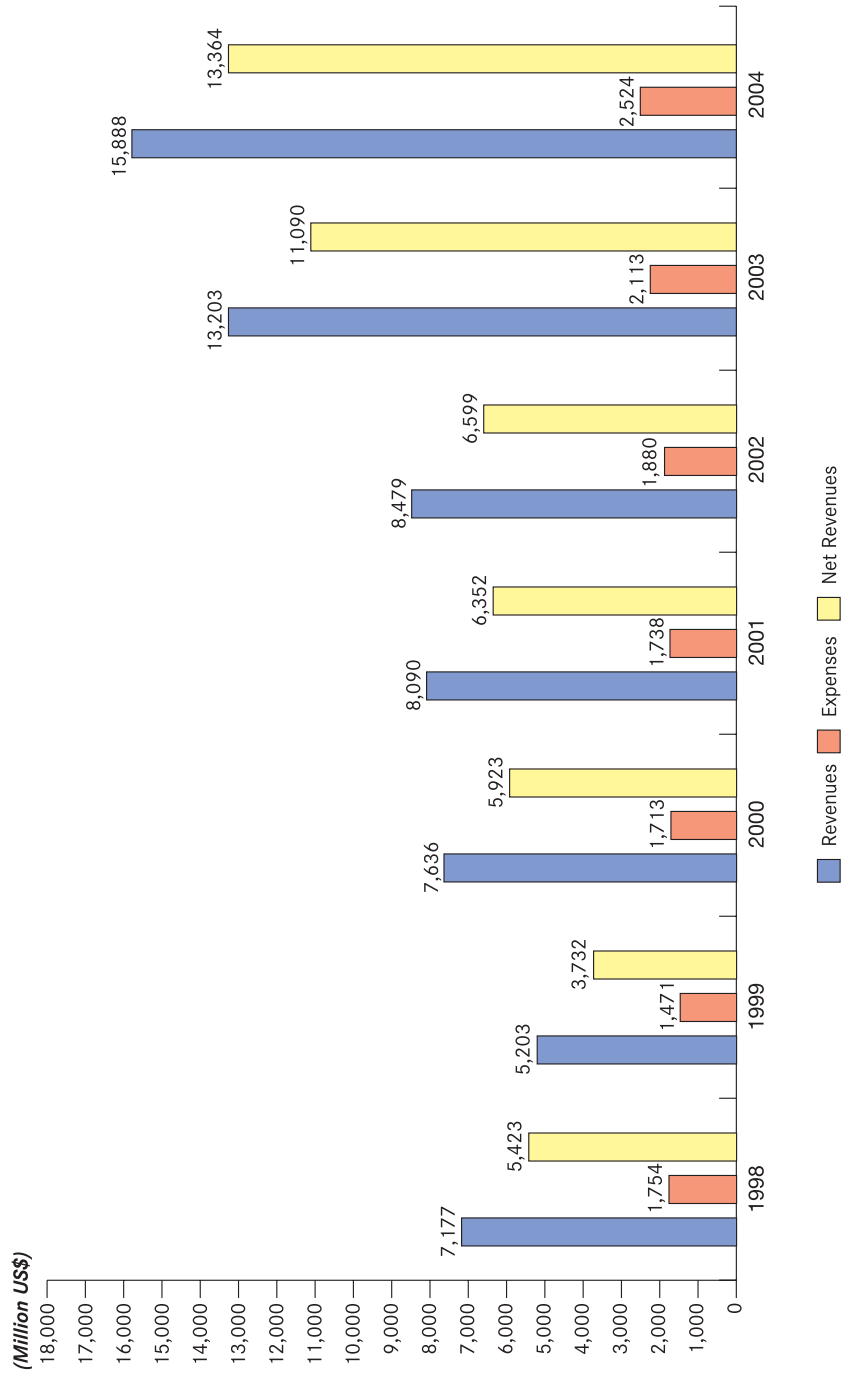
The loans allocated to the tourism sector by the Turkish Development Bank, which were 168,000 billion TL in 2003, decreased 50,000 billion TL in 2004. The payments made increased from 21,000 billion TL to 75,000 billion TL (Table 39).

Table 39. Loans Allocated by the Turkish Development Bank to the Tourism Sector and Used

Years	Total Amount Allocated	(Million TL) Payments Made
1998	5,682,594	1,536,157
1999	7,804,520	6,055,068
2000	22,179,000	18,482,000
2001	9,117,887	5,131,000
2002	22,076,000	4,861,000
2003	168,000,000	21,000,000
2004	50,000,000	75,000,000

Source: Turkish Development Bank

Graph 8. Tourism Revenues and Expenses



Transportation

In 2004, highways preserved their importance in domestic passenger and cargo transports, airways in the international transport of passengers and seaways in the international transport of cargo. There was an increase of 6.2% in domestic passenger transports and a 48.5% increase in the international transport of passengers in 2004 compared to 2003. There was a 6.4% increase in domestic cargo transports and a 12.2% increase in international cargo transports (Table 40).

Table 40. Transportation Statistics

SUB-SECTOR	PASSENGER TRANSPORT		(Million Passenger-Km)		
	2003	2004 ^(*)	Change (%)	Share (%)	
			2004	2003	2004
DOMESTIC					
Highways ⁽¹⁾	164,311	174,200	6.0	94.2	94.0
Railroads	5,900	5,500	-6.8	3.4	3.0
Seaways ⁽²⁾	700	725	3.6	0.4	0.4
Airways ⁽³⁾	3,535	4,861	37.5	2.0	2.6
TOTAL	174,446	185,286	6.2	100.0	100.0
ABROAD					
Airways ⁽³⁾	12,370	18,373	48.5	100.0	100.0
TOTAL	12,370	18,373	48.5	100.0	100.0

SUB-SECTOR	CARGO TRANSPORT		(Million Ton-Km)		
	2003	2004 ^(*)	Change (%)	Share (%)	
			2004	2003	2004
DOMESTIC					
Highways ⁽¹⁾	152,163	161,140	5.9	90.4	90.0
Railroads	8,700	9,700	11.5	5.2	5.4
Seaways	5,100	5,355	5.0	3.0	3.0
Airways ⁽³⁾					
Including Passengers ^(3a)	269	274	-	-	-
Cargo-Mail-Excess Baggage ^(3b)	14	14	0.0	0.0	0.0
Pipelines					
Crude Oil (Transit)	2,406	2,905	20.7	1.4	1.6
TOTAL	168,383	179,114	6.4	100.0	100.0
ABROAD					
Railroads	570	610	7.0	0.1	0.1
Seaways ⁽²⁾	604,431	681,798	12.8	98.4	98.9
Airways ⁽³⁾					
Including Passengers ^(3a)	1,399	1,426	-	-	-
Cargo-Mail-Excess Baggage ^(3b)	373	373	0.0	0.1	0.1
Pipelines					
Crude Oil (Transit)	8,974	6,776	-24.5	1.5	1.0
TOTAL	614,348	689,557	12.2	100.0	100.0

Source: SPO

(*) Provisional

(1) It is the total of Freeways, State Highways and Provincial Highways.

(2) It includes all of the transports made by seaways.

(3) These are transports made only by the public sector.

(3a) It is the amount transported including the passengers weight and baggage (up to 20 kg per person).

(3b) It is the amount carried as cargo-mail and excess baggage.

Of the domestic passenger transports, 94% were made by highways, 3% by railroads, 0.4% by seaways and 2.6% by airways. Airways preserved their importance in the international transport of passengers in 2004 and data could not be obtained on passenger transports by seaways.

Of the domestic cargo transports, the share of highways was 90%, of railroads 5.4%, of seaways 3% and of pipelines 1.6%. Of the international cargo transports, 0.1% was made by railroads, 98.9% by seaways, 0.1% by airways and 1% by pipelines.

3. Investments

The public sector fixed capital investments increased 13.7% and rose from 17,616 trillion TL to 20,028 trillion TL. The private sector fixed capital investments increased 54% and rose from 39,808 trillion TL to 61,312 trillion TL. The total fixed capital investments increased 41.6% and rose from 57,424 trillion TL to 81,340 trillion TL (Table 41).

Table 41. Fixed Capital Investments

	(Current Prices, Trillion TL)							
				Change (%)		Share (%)		
	2002	2003	2004 (*)	2003	2004	2002	2003	2004
Consolidated Budget	9,873	8,985	9,104	-9.0	1.3	57.0	51.0	45.5
SEE	3,185	2,489	3,557	-21.9	42.9	18.4	14.1	17.8
İller Bank	328	456	382	39.0	-16.2	1.9	2.6	1.9
Local Administrations	3,646	5,424	6,398	48.8	18.0	21.1	30.8	31.9
Revolving Fund Organizations	141	164	425	16.3	159.1	0.8	0.9	2.1
Social Security Organizations	130	92	141	-29.2	53.3	0.8	0.5	0.7
Funds	4	6	21	50.0	250.0	0.0	0.0	0.1
Unemployment Insurance Fund	1	0	0	-	-	0.0	-	-
Total Public Sector	17,308	17,616	20,028	1.8	13.7	100.0	100.0	100.0
Total Fixed Capital Investments	47,483	57,424	81,340	20.9	41.6	100.0	100.0	100.0
Public Sector	17,308	17,616	20,028	1.8	13.7	36.5	30.7	24.6
Private Sector	30,175	39,808	61,312	31.9	54.0	63.5	69.3	75.4

Source: SPO

(*) Provisional

There was a 2.3% increase in the public sector fixed capital investments, a 38.6% increase in the private sector fixed capital investments and a 27.5% increase in the total fixed capital investments, which are calculated in real terms according to the Wholesale Goods Price Index.

The share of the public sector fixed capital investments within the total fixed capital investments was 24.6% and the share of the private fixed capital investments was 75.4%.

Of the public sector fixed capital investments, 45.5% were realized by the general and supplementary budget organizations, 17.8% by the SEEs, 1.9% by the İller Bank, 31.9% by the local administrations, 2.1% by the revolving fund organizations, 0.7% by the social security organizations and 0.1% by the funds.

In 2004, the share of the agricultural, manufacturing and transportation-communications sectors within the private sector fixed capital investments increased and the share of the mining, energy, tourism, housing, education and health sectors decreased (Table 42).

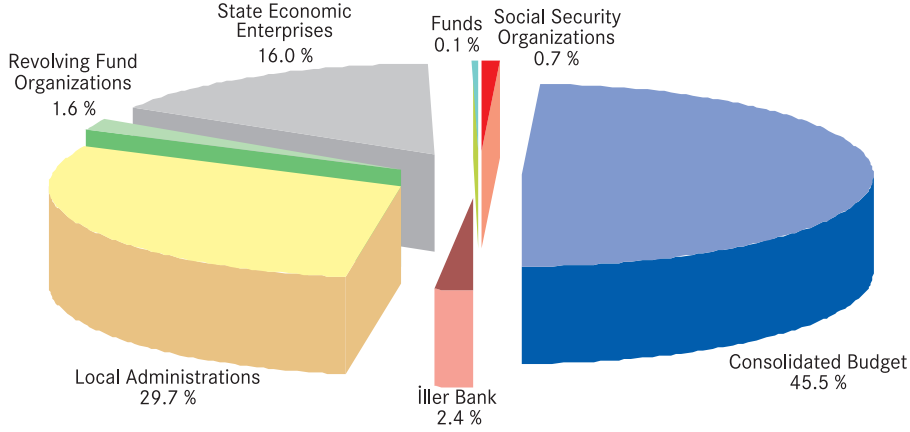
Table 42. Fixed Capital Investments by Sectors

(Current Prices, Percentage Distribution)							
Sectors	1998	1999	2000	2001	2002	2003	2004 ^(*)
Private Sector							
Agriculture	4.8	2.9	3.3	2.1	1.9	2.7	3.4
Mining	1.4	1.6	1.1	1.6	1.8	2.2	1.9
Manufacturing	23.4	23.8	26.5	24.8	29.7	39.5	42.3
Energy	3.3	2.8	2.4	6.1	3.1	3.1	1.7
Transportation-Communications	20.7	20.0	27.9	23.6	26.0	17.0	21.0
Tourism	3.7	5.5	4.9	6.3	6.8	8.6	7.2
Housing	34.0	33.5	23.7	23.3	17.0	14.4	11.8
Education	0.9	1.7	1.9	1.9	1.5	1.6	1.4
Health	3.6	3.3	3.7	4.0	4.0	4.0	3.8
Other Services	4.2	4.9	4.7	6.4	8.0	6.9	5.5
Public Sector							
Agriculture	8.1	8.4	8.7	10.0	9.2	7.7	8.0
Mining	1.5	1.5	1.2	1.5	0.7	1.0	1.7
Manufacturing	2.7	2.6	2.9	4.0	3.2	2.5	3.3
Energy	16.8	15.4	15.2	13.7	20.8	18.8	16.0
Transportation-Communications	34.1	36.9	35.2	27.1	27.5	26.1	31.3
Tourism	0.5	0.5	0.5	0.6	0.8	0.7	0.6
Housing	1.1	1.3	0.8	0.9	0.8	1.0	1.1
Education	10.8	11.8	11.9	13.7	12.1	14.0	11.5
Health	4.5	3.8	4.5	5.9	5.1	5.6	5.7
Other Services	20.0	17.9	19.2	22.5	19.8	22.6	21.0
TOTAL							
Agriculture	5.7	4.6	4.9	4.8	4.6	4.2	4.5
Mining	1.4	1.6	1.1	1.6	1.4	1.8	1.9
Manufacturing	18.0	17.5	19.4	17.8	20.1	28.2	32.7
Energy	6.8	6.6	6.3	8.7	9.6	7.9	5.2
Transportation-Communications	24.1	25.1	30.1	24.8	26.6	19.8	23.6
Tourism	2.9	4.0	3.6	4.4	4.6	6.2	5.5
Housing	25.5	23.9	16.8	15.7	11.1	10.3	9.2
Education	3.4	4.7	4.9	5.9	5.4	5.4	3.9
Health	3.9	3.4	4.0	4.6	4.4	4.5	4.3
Other Services	8.3	8.8	9.1	11.9	12.3	11.7	9.3

Source: SPO

(*) Provisional

The most dominant sector within the private sector capital investments was the manufacturing sector with a share of 42.3%. It was followed by the transportation-communications sector with a share of 21% and the housing sector with a share of 11.8%. The sectors in which the private sector made the least investments were the education sector at 1.4%, the energy sector at 1.7%, the mining sector at 1.9% and the agricultural sector at 3.4%.

Graph 9. 2004 Public Sector Fixed Capital Investments

The shares of the agricultural, mining, manufacturing, transportation-communications, housing and health sectors within the public sector fixed capital investments increased and the shares of the energy, tourism and education sectors decreased.

The transportation-communications sector with a 31.3% share, the energy sector with a 16% share and the education sector with an 11.5% share were the most dominant sectors within the public sector fixed capital investments and the tourism sector with a 0.6% share, the housing sector with a 1.1% share and the mining sector with a 1.7% share were the sectors in which the public sector made the least investments.

The shares of the agricultural, mining, manufacturing and transportation-communications sectors increased within the total fixed capital investments and the shares of the energy, tourism, housing, education and health sectors decreased.

The total area of buildings for which a construction license was given in 2004 increased 47.4% compared to 2003 and rose from 45,516,000 m² to 67,093,000 mm². The construction area of office (business) buildings for which a construction license was given dropped 5.1% and decreased from 1,556,000 m² to 1,476,000 m². The construction area of housing purpose buildings with one apartment increased 29.6% and rose from 3,091,000 m² to 4,005,000 m². The construction area of housing purpose buildings with two or more apartments increased 53.1% and rose from 29,421,000 m² to 45,040,000 m². The construction area of buildings, such as hotels, etc. increased 12.9% and rose from 1,526,000 m² to 1,723,000 m². The construction area of wholesale and retail trade buildings increased 38.4% and rose from 3,029,000 m² to 4,193,000 m². The construction area of industrial buildings and depots increased 44.9% and rose from 4,863,000 m² to 7,049,000 m². The highest share of the total construction area of the buildings for which a construction license was given was 67.1% for the housing purpose buildings with two or more

apartments. It was followed by industrial buildings and depots at 10.5%, wholesale and retail trade buildings at 6.2% and the housing purpose buildings with one apartment at 6% (Tables 43, 44).

Table 43. Building Construction According to Construction Licences

Purposes of Usage	(Area, m ²)		
	2002	2003	2004
Housing Purpose Buildings with one Apartment	3,100,288	3,090,711	4,005,185
Housing Purpose Buildings with two or more Apartments	22,361,276	29,420,976	45,040,467
Hotels and Similar Buildings	733,637	1,526,099	1,723,442
Office (Business) Buildings	1,367,163	1,556,230	1,476,384
Wholesale and Retail Trade Buildings	2,208,641	3,028,571	4,193,015
Industrial Buildings and Storage Depots	3,796,078	4,863,005	7,048,598
Others	2,619,938	2,030,438	3,605,602
TOTAL	36,187,021	45,516,030	67,092,693

Source: SIS

Table 44. Building Construction According to Construction Licenses (Annual Change and Share)

Purposes of Usage	Change (%)		Share (%)		
	2003	2004	2002	2003	2004
Housing Purpose Buildings with one Apartment	-0.3	29.6	8.6	6.8	6.0
Housing Purpose Buildings with two or more Apartments	31.6	53.1	61.8	64.6	67.1
Hotels and Similar Buildings	108.0	12.9	2.0	3.4	2.6
Office (Business) Buildings	13.8	-5.1	3.8	3.4	2.2
Wholesale and Retail Trade Buildings	37.1	38.4	6.1	6.7	6.2
Industrial Buildings and Storage Depots	28.1	44.9	10.5	10.7	10.5
Others	-22.5	77.6	7.2	4.5	5.4
TOTAL	25.8	47.4	100.0	100.0	100.0

Source: SIS

The total construction area of the buildings for which a building utilization license was given decreased 2.4% and regressed from 30,937,000 m² to 30,200,000 m². The construction areas of office (business) buildings increased 10.6% and rose from 656,000 m² to 725,000 m². The construction area of industrial buildings and depots increased 27.5% and rose from 2,561,000 m² to 3,264,000 m². The construction area of the housing purpose buildings with one apartment decreased 18.6% and fell from 2,927,000 m² to 2,383,000 m². The construction area of the housing purpose buildings with two or more apartments decreased 1.3% and dropped from 20,542,000 m² to 20,284,000 m². The construction area of buildings, such as hotels, etc. decreased 5.8% and fell from 714,000 m² to 673,000 m². The construction area of wholesale and retail trade buildings decreased 18.7% and dropped from 2,201,000 m² to 1,789,000 m². The highest share within the total construction area of the buildings for which a construction license was given was 67.2% for the housing purpose buildings with two or more apartments. It was followed by industrial buildings and depots at 10.8%, housing purpose buildings with one apartment at 7.9% and wholesale and retail trade buildings at 5.9% (Tables 45, 46).

Table 45. Building Construction According to Building Utilization Licenses

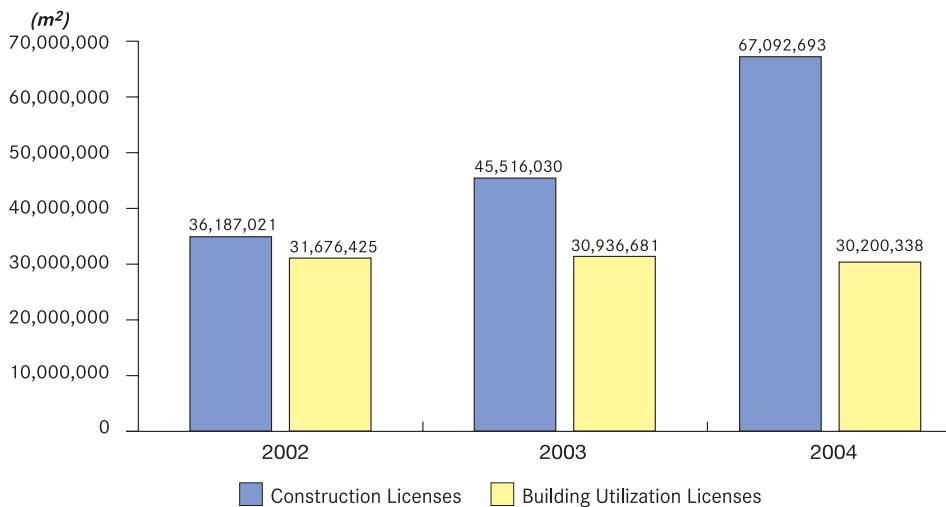
Purposes of Usage	(Area, m ²)		
	2002	2003	2004
Housing Purpose Buildings with one Apartment	2,748,234	2,926,536	2,382,667
Housing Purpose Buildings with two or more Apartments	19,686,333	20,542,074	20,283,811
Hotels and Similar Buildings	550,063	714,324	672,850
Office (Business) Buildings	956,669	656,092	725,346
Wholesale and Retail Trade Buildings	2,503,278	2,201,468	1,789,483
Industrial Buildings and Storage Depots	3,919,079	2,560,808	3,263,866
Others	1,312,769	1,335,379	1,082,315
TOTAL	31,676,425	30,936,681	30,200,338

Source: SIS

Table 46. Building Construction According to Building Utilization Licenses (Change and Share)

Purposes of Usage	Change (%)		Share (%)		
	2003	2004	2002	2003	2004
Housing Purpose Buildings with one Apartment	6.5	-18.6	8.7	9.5	7.9
Housing Purpose Buildings with two or more Apartments	4.3	-1.3	62.1	66.4	67.2
Hotels and Similar Buildings	29.9	-5.8	1.7	2.3	2.2
Office (Business) Buildings	-31.4	10.6	3.0	2.1	2.4
Wholesale and Retail Trade Buildings	-12.1	-18.7	7.9	7.1	5.9
Industrial Buildings and Storage Depots	-34.7	27.5	12.4	8.3	10.8
Others	1.7	-19.0	4.1	4.3	3.6
TOTAL	-2.3	-2.4	100.0	100.0	100.0

Source: SIS

Graph 10. Building Construction According to Construction Licences and Building Utilization Licenses

The investment amount connected to an incentive certificate in 2004 decreased 17.8% compared to 2003 and dropped from 26,164.4 trillion TL to 21,496.7 trillion TL. There was a decrease of 26% in real terms in the investments connected to an incentive certificate (Table 47).

Table 47. Sectoral Distribution of Investment Incentive Certificates

Sectors	No. of Certificates		Total Investment (Billion TL)					Employment (Pers.)	
	2003	2004	2003	Share (%)	2004	Share (%)	Change (%)	2003	2004
Agriculture	84	82	330,246	1.3	371,800	1.7	12.6	4,081	6,419
Mining	123	168	356,058	1.4	601,293	2.8	68.9	14,540	7,851
Manuf. Ind.	2,559	2,558	13,195,460	50.4	13,347,870	62.1	1.2	109,253	100,554
Energy	38	41	495,042	1.9	1,035,418	4.8	109.2	427	1,115
Services	1,072	1,229	11,787,585	45.1	6,140,366	28.6	-47.9	53,550	51,701
TOTAL	3,876	4,078	26,164,391	100.0	21,496,747	100.0	-17.8	181,851	167,640

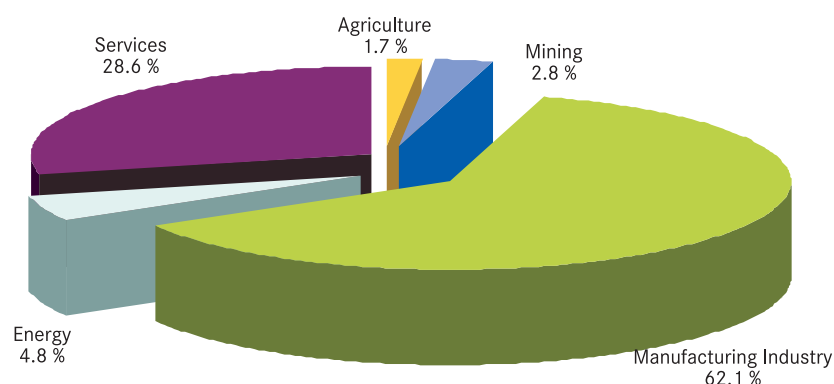
Source: Undersecretariat of the Treasury

The incentives given to the energy sector increased 109.2% and rose from 495 trillion TL to 1,035.4 trillion TL. The incentives given to the mining sector increased 68.9% and rose from 356.1 trillion TL to 601.3 trillion TL. The incentives given to the agricultural sector increased 12.6% and rose from 330.2 trillion TL to 371.8 trillion TL. The incentives given to the manufacturing industry sector increased 1.2% and rose from 13,195.5 trillion TL to 13,347.9 trillion TL. The incentives given to the services sector decreased 47.9% and dropped from 11,787.6 trillion TL to 6,140.4 trillion TL.

The manufacturing industry sector was in first place with a 62.1% share within the investments connected to an incentive certificate in 2004. The share of the services sector was 28.6%, the share of the energy sector was 4.8%, the share of the mining sector was 2.8% and the share of the agricultural sector was 1.7%. The shares of the agricultural, mining, manufacturing industry and energy sectors increased compared to 2003 and the share of the services sector decreased.

In 2004, a total of 4,078 incentive certificates were given and it was aimed to create employment for 167,640 persons.

Graph 11. Sectoral Distribution of Investment Incentive Certificates for 2004



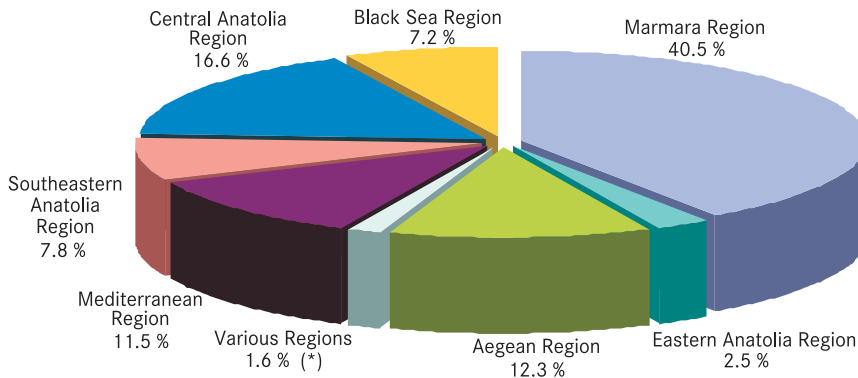
Of the investments connected to an incentive certificate, a 54.9% portion was for completely new investments. It was followed by expansion investments at 30.4%, renovation investments at 4.9% and completion investments at 4.4%. The total of the 2,008 incentive certificates given for completely new investments was 11,801.5 trillion TL. The total of the 1,227 incentive certificates given for expansion investments was 6,532 trillion TL. The total of the 252 incentive certificates given for renovation investments was 1,043.9 trillion TL. The total of the 129 incentive certificates given for completion investments was 945.8 trillion TL. There was a decrease in the totals of the incentive certificates given for completely new investments, completion, modernization, integration, financial leasing and product diversification investments compared to 2003 and there was an increase in the total of the incentive certificates given for other investments. No incentive certificates were given within the scope of environmental protection (Table 48).

Table 48. Distribution of Investment Incentive Certificates According to Types

Types of Investment	No. of Certificates		Total Investment (Billion TL)					Employment (Pers.)	
	2003	2004	2003	Share (%)	2004	Share (%)	Change (%)	2003	2004
Completely New Invest.	1,766	2,008	16,213,021	62.0	11,801,546	54.9	-27.2	95,016	104,615
Expansion	1,137	1,227	5,796,408	22.2	6,532,032	30.4	12.7	53,110	47,894
Completion	86	129	1,232,668	4.7	945,791	4.4	-23.3	7,144	6,547
Renovation	398	252	1,006,707	3.8	1,043,899	4.9	3.7	8,623	3,974
Quality Improvement	12	27	8,288	0.0	36,973	0.2	346.1	114	280
Removing Bottlenecks	23	32	36,401	0.1	88,548	0.4	143.3	308	452
Modernization	98	74	975,830	3.7	491,329	2.3	-49.7	14,860	2,209
Integration	34	18	335,880	1.3	123,468	0.6	-63.2	2,383	712
Moving	2	2	1,910	0.0	23,762	0.1	1,144.1	25	215
Financial Leasing	305	293	373,392	1.4	343,737	1.6	-7.9	-	-
Environmental Protection	1	-	10,887	0.0	-	-	-	-	-
Product Diversification	14	16	172,999	0.7	65,662	0.3	-62.0	268	742
TOTAL	3,876	4,078	26,164,391	100.0	21,496,747	100.0	-17.8	181,851	167,640

Source: Undersecretariat of the Treasury

Graph 12. Regional Distribution of Investment Incentive Certificates in 2004



(*) Investment covering more than one province.

The first three places within the investment incentive certificates for a total of 21,496.7 trillion TL given in 2004 were received by the Marmara Region at 8,704.2 trillion TL (40.5%), the Central Anatolian Region at 3,572.2 trillion TL (16.6%) and the Aegean Region at 2,653.7 trillion TL (12.3%). The Eastern Anatolian Region was the region where the investments connected to an incentive certificate were the least at 540.9 trillion TL (2.5%) (Table 49).

Table 49. Regional Distribution of Investment Incentive Certificates

Regions	No. of Certificates		Total Investment (Billion TL)					Employment (Persons)	
	2003	2004	2003	Share (%)	2004	Share (%)	Change (%)	2003	2004
Marmara	1,768	1,519	12,582,360	48.1	8,704,205	40.5	-30.8	64,748	54,095
Central Anatolia	414	726	3,461,269	13.2	3,572,227	16.6	3.2	19,615	27,032
Aegean	590	640	2,624,245	10.0	2,653,691	12.3	1.1	26,767	27,685
Mediterranean	477	431	3,581,238	13.7	2,461,513	11.5	-31.3	31,578	22,933
Black Sea	201	317	642,784	2.5	1,557,495	7.2	142.3	9,082	16,290
Eastern Anatolia	107	161	408,502	1.6	540,895	2.5	32.4	4,992	7,671
Southeastern Anatolia	285	264	1,899,736	7.3	1,666,875	7.8	-12.3	14,756	11,320
Various Regions (*)	34	20	964,257	3.7	339,846	1.6	-64.8	10,313	614
TOTAL	3,876	4,078	26,164,391	100.0	21,496,747	100.0	-17.8	181,851	167,640

Source: Undersecretariat of the Treasury

(*) Investment covering more than one province.

B. MONETARY AND FINANCIAL DEVELOPMENTS

1. Price Trends and Inflation

The stability program implemented at the beginning of 2002 aimed to decrease the TEFE and TÜFE inflation to the level of 12% in a three-year period and subsequently to reduce it to single-digit levels. A greater success than expected was obtained in the fight against inflation in 2002 and 2003 with the influence of the monetary policy, the fiscal policy and the structural reforms implemented. The rates of inflation were realized below the levels targeted. It was envisaged that the TEFE and TÜFE inflation would be 12% in 2004 within the framework of the stability program.

Continuing to implement the monetary and fiscal policies with determination, the legislation materialized, the increasing environment of trust related to price stability being realized, having no pressure that would coerce prices in domestic demand, the increases occurring in productivity and investments raising the level of production of the economy, the decrease in the exchange rate changes connected to the fluctuating foreign currency exchange rate of the Turkish Lira, the Turkish Lira gaining stability, positive developments in cost factors, such as energy prices and unit wages, determining the pricing policy according to the targeted inflation and the price increases of some sectors and consumer groups regressing to a significant extent, provided positive contributions to the lowering of inflation during the year.

The drop in inflation, which started in 2002, also continued in 2003 and subsequently in 2004 as well. The price increases on an annual basis in the TEFE, which were at 9.1% in February, were reduced to the single-digit level for the first time since 1970 and in the TÜFE, which were at 8.9% in May, were reduced to the single-digit level for the first time since 1983.

The rate of increase of the Wholesale Goods Price Index decreased 0.1 points compared to the previous year and dropped to 13.8%, but still it was realized 1.8 points above the 12% target envisaged at the beginning of the year. According to the twelve-month averages, the TEFE rate of increase, which was 25.6% in 2003, decreased 14.5 points in 2004 and dropped to 11.1% (Tables, 50, 51).

The twelve-month price increase in the public sector, which was 11.4% in 2003, rose to 19.5% in 2004. The price increase in the private sector, which was 14.9%, was reduced to 11.7%. According to the twelve-month averages, the price increase rates fell from 24.7% to 11.2% in the public sector and fell from 25.9% to 11% in the private sector.

According to the twelve-month averages, the highest price increase rate as of sectors was in the agricultural sector at 13.6%. It was followed by the manufacturing industry sector at 11% and the mining sector at 10%. There was a 1% drop in the energy sector prices. The private sector manufacturing industry price increase rate, which is defined as core inflation, became 9.7%.

The twelve-month consumer prices rate of increase, which was 18.4% in 2003, dropped 9.1 points in 2004 and regressed to 9.3% and remained 2.7 points below the 12% target envisaged. According to the twelve-month averages, the TÜFE rate of increase, which was 25.3% in 2003, dropped 14.7 points in 2004 and regressed to 10.6% (Table 52).

In general in 2004, the annual price increase rate in the goods group remained under the TÜFE inflation. However, in the services group the annual price increase rate increased above the TÜFE inflation and the annual target due to rigidity in the prices.

According to the twelve-month averages as of main spending groups, price increases in the food, alcohol and tobacco, clothing and shoes, household goods, health, transportation, culture and entertainment sub-sectors remained below the TÜFE general index rate of increase. The price increases in housing, education, restaurant, bakery and hotel expenses were realized above the TÜFE general index rate of increase. The highest rate of price increase was in the restaurant, bakery and hotel expenses at 19.6%. It was followed by increases in education at 18.6% and in housing at 15.3%. The lowest rates of price increases were 2.1% for household goods, 3.9% for clothing and shoes and for culture and entertainment expenses.

Table 50. Wholesale Goods Price Index (1994=100)

Years	Months	GENERAL				AGRICULTURE			MINING			MANUFACTURING INDUSTRY				(Annual Average)							
		Total	Change (%)		Change (%)	Total	Change (%)		Total	Change (%)		Total	Change (%)		Total	Change (%)	ENERGY						
			Public	Private			Public	Private		Public	Private		Public	Private									
1998		1,022.4	-	944.8	-	1,045.8	-	1,352.6	-	919.8	-	887.0	-	1,007.5	-	928.2	-	954.2	-	919.9	-	930.8	-
1999		1,564.9	53.1	1,617.5	71.2	1,549.1	48.1	1,918.3	41.8	1,494.0	62.4	1,510.5	70.3	1,449.8	43.9	1,458.9	57.2	1,649.3	72.8	1,398.2	52.0	1,533.0	64.7
2000		2,369.9	51.4	2,740.8	69.4	2,258.0	45.8	2,647.1	38.0	2,594.6	73.7	2,767.3	83.2	2,131.9	47.0	2,277.7	56.1	2,838.1	72.1	2,099.2	50.1	2,330.4	52.0
2001		3,830.3	61.6	4,681.4	70.8	3,573.7	58.3	3,766.1	42.3	4,381.8	68.9	4,672.3	68.8	3,603.4	69.0	3,796.5	66.7	4,746.0	67.2	3,494.0	66.4	4,420.6	89.7
2002		5,749.6	50.1	6,976.0	49.0	5,379.8	50.5	5,890.5	56.4	6,427.6	46.7	6,547.1	40.1	6,107.7	49.5	5,630.8	48.3	7,108.0	49.8	5,160.3	47.7	6,618.6	49.7
2003		7,219.4	25.6	8,698.1	24.7	6,773.4	25.9	7,889.3	33.9	8,105.8	26.1	7,746.5	18.3	9,068.6	48.5	6,971.6	23.8	9,126.7	28.4	6,825.1	21.8	7,348.7	11.0
2004		8,020.1	11.1	9,674.8	11.2	7,521.1	11.0	8,958.5	13.6	8,915.5	10.0	8,454.6	9.1	10,150.2	11.9	7,739.7	11.0	10,387.4	13.8	6,896.2	9.7	7,276.5	-1.0
2003 Jan.		6,840.7	5.6	8,438.3	7.3	6,358.9	4.9	7,166.9	7.7	7,807.2	9.0	7,693.8	9.5	8,111.0	7.8	6,681.7	5.1	8,808.3	8.5	6,004.3	3.6	7,240.5	0.9
Feb.		7,055.7	3.1	8,756.4	3.8	6,542.8	2.9	7,564.7	5.6	8,378.5	7.3	8,228.1	6.9	8,781.4	8.3	6,837.0	2.3	9,169.5	4.1	6,094.0	1.5	7,289.3	0.7
Mar.		7,281.8	3.2	8,923.4	1.9	6,786.7	3.7	8,157.6	7.8	8,763.0	4.6	8,665.4	5.3	9,024.7	2.8	6,953.7	1.7	9,338.4	1.8	6,194.1	1.6	7,332.4	0.6
Apr.		7,410.0	1.8	8,814.0	-1.2	6,986.6	2.9	8,745.8	7.2	8,292.3	-5.4	8,090.0	-6.6	8,834.2	-2.1	6,968.2	0.2	9,257.6	-0.9	6,238.9	0.7	7,305.5	-0.4
May		7,364.0	-0.6	8,572.8	-2.7	6,999.5	0.2	8,739.4	-0.1	7,918.2	-4.5	7,529.2	-6.9	8,960.2	1.4	6,916.3	-0.7	8,981.9	-3.0	6,258.3	0.3	7,343.3	0.5
Jun.		7,222.2	-1.9	8,573.6	0.0	6,814.7	-2.6	8,073.7	-7.6	7,730.0	-2.4	7,257.3	-3.6	8,996.4	0.4	6,929.0	0.2	9,001.0	0.2	6,268.9	0.2	7,386.2	0.6
Jul.		7,183.5	-0.5	8,644.1	0.8	6,743.0	-1.1	7,755.1	-3.9	7,783.7	0.7	7,311.4	0.7	9,049.0	0.6	6,972.6	0.6	9,092.1	1.0	6,297.4	0.5	7,379.2	-0.1
Aug.		7,169.4	-0.2	8,770.4	1.5	6,686.5	-0.8	7,441.5	-4.0	8,011.7	2.9	7,566.0	3.5	9,205.8	1.7	7,043.1	1.0	9,237.5	1.6	6,344.1	0.7	7,371.9	-0.1
Sep.		7,173.3	0.1	8,721.1	-0.6	6,706.5	0.3	7,470.1	0.4	8,100.9	1.1	7,615.5	0.7	9,401.2	2.1	7,037.1	-0.1	9,167.6	-0.8	6,358.4	0.2	7,364.8	-0.1
Oct.		7,213.4	0.6	8,672.1	-0.6	6,773.5	1.0	7,611.4	1.9	7,907.7	-2.4	7,369.1	-3.2	9,350.7	-0.5	7,055.6	0.3	9,125.4	-0.5	6,396.2	0.6	7,372.7	0.1
Nov.		7,336.2	1.7	8,728.1	0.6	6,916.4	2.1	7,962.4	4.6	8,274.5	4.6	7,802.7	5.9	9,538.5	2.0	7,104.7	0.7	9,151.2	0.3	6,452.8	0.9	7,390.1	0.2
Dec.		7,382.1	0.6	8,762.6	0.4	6,965.7	0.7	7,983.5	0.3	8,302.4	0.3	7,829.3	0.3	9,570.0	0.3	7,160.6	0.8	9,190.4	0.4	6,514.0	0.9	7,408.9	0.3
2004 Jan.		7,576.5	2.6	8,792.2	0.3	7,209.9	3.5	8,727.5	9.3	8,262.5	-0.5	7,658.2	-2.2	9,881.5	3.3	7,205.4	0.6	9,258.3	0.7	6,551.4	0.6	7,367.5	-0.6
Feb.		7,700.6	1.6	8,850.8	0.7	7,353.7	2.0	9,202.0	5.4	8,217.6	-0.5	7,585.5	-0.9	9,910.9	0.3	7,237.1	0.4	9,361.4	1.1	6,560.4	0.1	7,300.3	-0.9
Mar.		7,862.2	2.1	9,114.7	3.0	7,484.4	1.8	9,528.9	3.6	8,068.6	-1.8	7,299.9	-3.8	10,127.8	2.2	7,367.6	1.8	9,748.3	4.1	6,609.2	0.7	7,295.6	-0.1
Apr.		8,070.5	2.6	9,156.6	0.5	7,742.9	3.5	10,187.8	6.9	8,404.7	4.2	7,735.6	6.0	10,197.2	0.7	7,449.9	1.1	9,788.1	0.4	6,705.1	1.5	7,177.0	-1.6
May		8,067.8	0.0	9,370.4	2.3	7,674.9	-0.9	9,659.5	-5.2	8,551.6	1.7	7,926.1	2.5	10,227.3	0.3	7,603.6	2.1	10,045.8	2.6	6,825.6	1.8	7,220.5	0.6
Jun.		7,982.7	-1.1	9,556.5	2.0	7,508.0	-2.2	8,877.3	-8.1	9,295.9	8.7	8,863.0	11.8	10,455.3	2.2	7,702.1	1.3	10,197.4	1.5	6,907.2	1.2	7,226.1	0.1
Jul.		7,861.6	-1.5	9,726.3	1.8	7,299.2	-2.8	8,116.6	-8.6	8,831.0	-5.0	8,370.8	-5.6	10,063.9	-3.7	7,785.3	1.1	10,476.5	2.7	6,928.0	0.2	7,232.0	0.1
Aug.		7,923.5	0.8	9,947.0	2.3	7,313.3	0.2	7,915.0	-2.5	9,192.5	4.1	8,897.4	6.3	9,983.0	-0.8	7,922.4	1.8	10,716.8	2.3	7,032.2	1.5	7,240.6	0.1
Sep.		8,069.7	1.8	10,067.6	1.2	7,467.1	2.1	8,350.0	5.5	9,506.4	3.4	9,312.0	4.7	10,027.0	0.4	7,979.5	0.6	10,830.0	1.1	7,071.5	0.6	7,265.4	0.3
Oct.		8,330.1	3.2	10,459.9	3.9	7,687.8	3.0	8,858.9	6.1	9,574.3	0.7	9,326.0	0.2	10,239.5	2.1	8,183.2	2.6	11,352.6	4.8	7,173.6	1.4	7,286.0	0.3
Nov.		8,392.7	0.8	10,586.5	1.2	7,731.1	0.6	8,968.4	1.2	10,018.2	4.6	9,688.6	5.8	10,418.9	1.8	8,218.5	0.4	11,453.6	0.9	7,187.9	0.2	7,339.0	0.7
Dec.		8,403.8	0.1	10,469.3	-1.1	7,780.9	0.6	9,110.3	1.6	9,062.5	-9.5	8,611.7	-12.7	10,270.1	-1.4	8,221.3	0.0	11,420.1	-0.3	7,202.3	0.2	7,367.6	0.4

Source: SIS

Table 51. Wholesale Goods Price Index (1994=100)

	2001	Change (%)	2002	Change (%)	2003	Change (%)	2004	Change (%)
Annual Average								
General Index	3,830.3	61.6	5,749.6	50.1	7,219.4	25.6	8,020.1	11.1
Agricultural Sector	3,766.1	42.3	5,890.5	56.4	7,889.3	33.9	8,958.5	13.6
Mining Sector	4,381.8	68.9	6,427.6	46.7	8,105.8	26.1	8,915.5	10.0
Manuf. Ind. Sector	3,796.5	66.7	5,630.8	48.3	6,971.6	23.8	7,739.7	11.0
Energy Sector	4,420.6	89.7	6,618.6	49.7	7,348.7	11.0	7,276.5	-1.0
End of Year								
General Index	4,951.7	88.6	6,478.8	30.8	7,382.1	13.9	8,403.8	13.8
Agricultural Sector	4,920.7	65.5	6,652.5	35.2	7,983.5	20.0	9,110.3	14.1
Mining Sector	5,177.1	72.3	7,163.0	38.4	8,302.4	15.9	9,062.5	9.2
Manuf. Ind. Sector	4,905.1	96.1	6,359.7	29.7	7,160.6	12.6	8,221.3	14.8
Energy Sector	5,773.8	115.8	7,177.4	24.3	7,408.9	3.2	7,367.6	-0.6

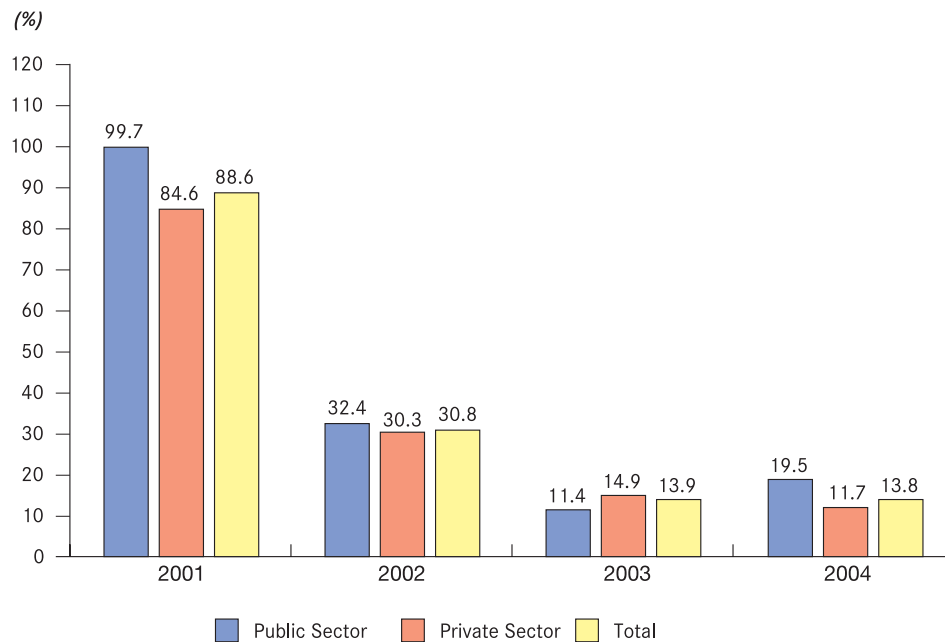
Source: SIS

Table 52. Consumer Prices Index (1994=100)

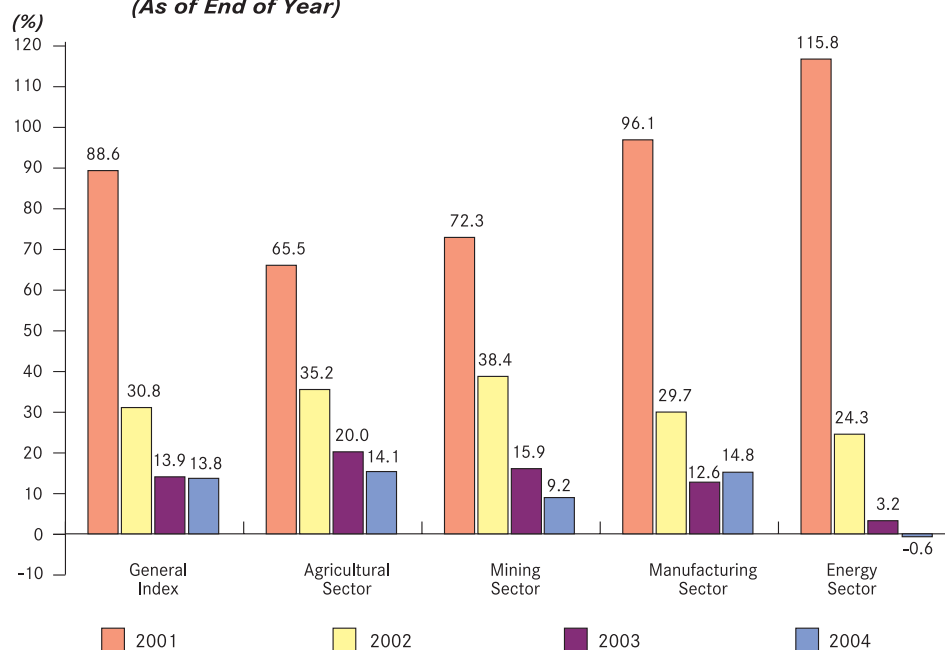
	2001	Change (%)	2002	Change (%)	2003	Change (%)	2004	Change (%)
Annual Average								
General Index	4,586.3	54.4	6,648.6	45.0	8,330.4	25.3	9,212.1	10.6
Food, Bev. and Tobacco	3,886.8	50.3	5,827.9	49.9	7,501.8	28.7	8,175.2	9.0
Clothing and Shoes	3,776.1	51.7	5,758.0	52.5	7,315.4	27.0	7,599.8	3.9
Housing	5,751.2	56.8	7,974.8	38.7	9,865.8	23.7	11,378.6	15.3
Household Goods	3,644.4	60.5	5,243.7	43.9	6,122.0	16.7	6,247.7	2.1
Health	5,436.6	48.4	7,544.7	38.8	9,651.6	27.9	10,608.3	9.9
Transportation	5,300.3	58.2	8,049.9	51.9	9,939.2	23.5	10,906.9	9.7
Culture and Entertain.	4,119.4	58.1	5,572.6	35.3	6,352.6	14.0	6,601.3	3.9
Education	5,318.6	39.0	8,141.4	53.1	11,158.8	37.1	13,231.0	18.6
Rest., Bakery and Hotel	4,666.0	42.5	6,451.6	38.3	8,658.8	34.2	10,355.7	19.6
Various Goods and Serv.	4,441.0	68.7	6,416.5	44.5	7,960.1	24.1	8,733.7	9.7
End of Year								
General Index	5,756.2	68.5	7,468.6	29.7	8,839.5	18.4	9,663.3	9.3
Food, Bev. and Tobacco	5,240.2	80.2	6,536.6	24.7	7,925.4	21.2	8,443.5	6.5
Clothing and Shoes	4,925.4	65.2	6,902.3	40.1	7,905.7	14.5	8,006.4	1.3
Housing	6,944.8	59.6	8,952.7	28.9	10,621.3	18.6	12,150.2	14.4
Household Goods	4,494.3	72.7	5,659.4	25.9	6,347.0	12.1	6,361.1	0.2
Health	6,449.5	58.4	8,225.7	27.5	10,016.4	21.8	10,865.8	8.5
Transportation	6,494.4	77.5	8,884.8	36.8	10,149.7	14.2	11,663.5	14.9
Culture and Entertain.	4,875.4	61.7	6,070.4	24.5	6,679.7	10.0	6,619.8	-0.9
Education	6,704.6	52.4	10,312.6	53.8	12,585.6	22.0	14,217.9	13.0
Rest., Bakery and Hotel	5,465.5	46.2	7,231.2	32.3	9,558.7	32.2	10,951.1	14.6
Various Goods and Serv.	5,402.9	81.2	7,053.3	30.5	8,290.8	17.5	8,886.3	7.2

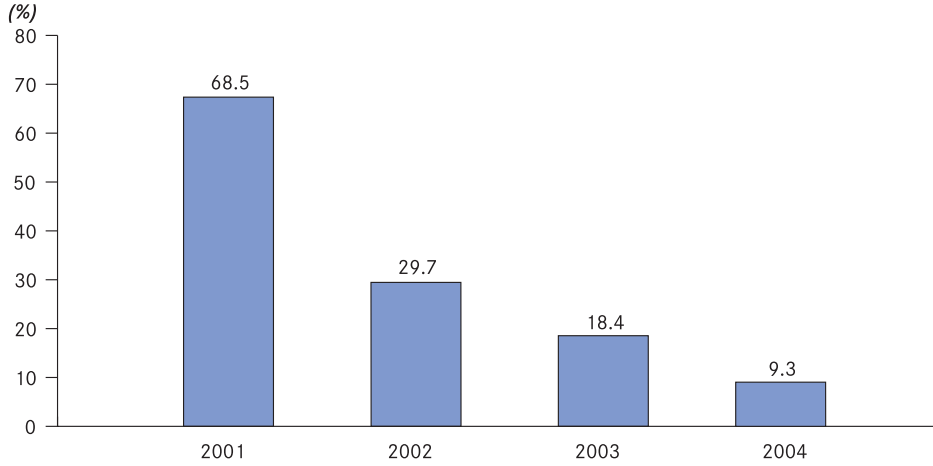
Source: SIS

Graph 13. Rates of Change in the Wholesale Goods Price Index (As of End of Year)



Graph 14. Rates of Changes of the Wholesale Goods Prices According to Sectors (As of End of Year)



Graph 15. Rates of Change in the Consumer Prices Index (As of End of Year)

2. Money, Banks and Capital Market

Money, Banks

The monetary policy strategy, which would be implemented during the year, was announced at the beginning of 2004. It was announced that in 2004 as well, the covered inflation targeting strategy, which focuses on inflation in the next period, under the fluctuating exchange rate regime, which has been continued since the beginning of 2002, would be continued. Within this framework, the monetary magnitudes would also be taken into account, but it was expressed that priority would be given to the inflation to be realized being close to the targeted level. The short-term interest rates continued to be the basic monetary policy instrument and the monetary base was once again given an additional anchor function.

In the Letter of Intent given to the IMF on 31 October 2003 related to the sixth review of the standby agreement, performance criteria for 2004 were specified for the monetary base and the net international reserves and targets having the attribute of indicators were specified for the net domestic assets. In case there was strong evidence about there being a change in the demand related to the monetary base, then it was emphasized that the targets of the program would be changed accordingly.

Within this framework, the Central Bank, on the one hand, implemented a monetary strategy aimed at meeting the annual inflation target at the level of 12% by using the short-term interest rates as a basic policy instrument and on the other hand, it closely followed the monetary performance criteria and the targets having the attribute of indicators, which were determined within the framework of the economic program being carried out with the IMF and took the necessary measures.