



In April, CPI inflation came in below the expectations.

In April, monthly CPI came in at 1.69%, below market expectations. According to the Reuters' survey, the monthly CPI inflation was expected to be 2.4%. Monthly D-PPI increase was 2.98% in this period.

Annual CPI inflation was 19.5%.

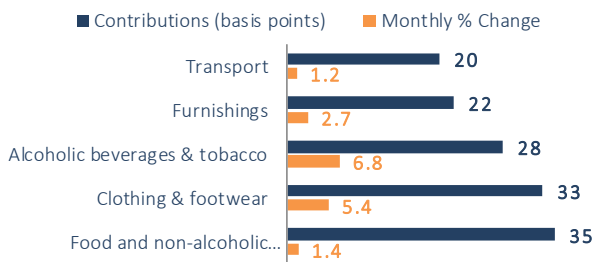
Annual CPI inflation posted a slight decline and was realized as 19.5% in April. Rise in annual D-PPI inflation continued in April and reached 30.12%.

April (change %)	CPI		D-PPI	
	2018	2019	2018	2019
Monthly	1.87	1.69	2.60	2.98
Year-to-Date	4.69	4.00	8.03	5.18
Annual	10.85	19.50	16.37	30.12
Annual Average	11.06	19.39	15.36	32.24

Prices in alcoholic beverages and tobacco sub-group rose rapidly.

In April, prices in all major sub-groups excluding communication, increased on a monthly basis. In this period, food and non-alcoholic beverages and clothing-footwear made the highest contribution to the monthly inflation by 68 basis points. Alcoholic beverages and tobacco prices rising by 6.77% on a monthly basis due to the increase in cigarette prices were also influential in the monthly CPI.

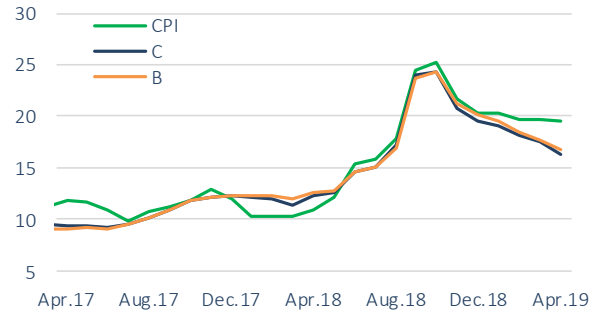
Contributions to Monthly CPI by Main Sub-Groups



Core inflation indicators...

In April, the declining trend since November 2018 in CBRT's favorite core inflation indicators, B and C, continued. The annual increases in B and C indices declined to 16.78% and 16.30%, respectively.

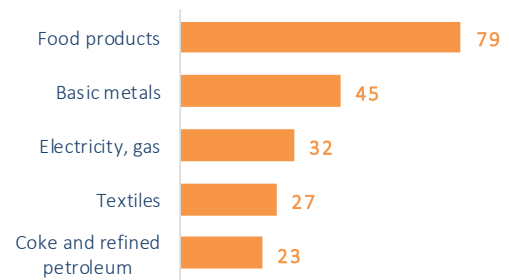
CPI and Special CPI Aggregates* (annual % change)



D-PPI accelerated in April.

In April, food products and basic metals made the highest contributions to the monthly D-PPI inflation by 79 bps and 45 bps, respectively. During this period, 17.12% rise in crude petroleum and natural gas prices was noteworthy. Analysis of main industrial groups revealed that prices in all main groups except capital goods increased by more than 2% on a monthly basis.

Contributions to the Monthly D-PPI Inflation (basis points)



CBRT's year-end inflation forecast stood at 14.6%.

In 2019's second Inflation Report published on 30th April, CBRT kept its year-end inflation forecasts for 2019 and 2020 unchanged at 14.6% and 8.2%, respectively. Considering the market's year-end expectation (16.2%) for 2019 in CBRT's Survey of Expectations in April, CBRT seems to be more optimistic than the market. On the other hand, April inflation figures indicated that inflation was in line with the CBRT's targeted path.

Expectations...

In addition to the potential price increases in food products due to Ramadan, the tax regulations implemented in early May on cigarette and mobile phone sales and seasonal price developments in clothing and footwear group would put an upward pressure on inflation in May. The impacts of the course of Turkish Lira and the acceleration in producer prices on consumer inflation would also be monitored.

(*):B: excluding unprocessed food, energy, alcoholic beverages, tobacco and gold

C: excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold

Source: Turkstat, Datastream CBRT

Inflation (%)

	Inflation (%)								
	CPI (2003=100)				D-PPI (2003=100)				
	Monthly	Year to Date	Annual	Annual Average	Monthly	Year to Date	Annual	Annual Average	
2017	January	2.46	2.46	9.22	7.76	3.98	3.98	13.69	4.96
	February	0.81	3.29	10.13	7.88	1.26	5.29	15.36	5.87
	March	1.02	4.34	11.29	8.21	1.04	6.38	16.09	6.89
	April	1.31	5.71	11.87	8.66	0.76	7.19	16.37	8.01
	May	0.45	6.18	11.72	9.09	0.52	7.74	15.26	9.02
	June	-0.27	5.89	10.90	9.36	0.07	7.82	14.87	9.98
	July	0.15	6.05	9.79	9.44	0.72	8.60	15.45	10.94
	August	0.52	6.60	10.68	9.66	0.85	9.52	16.34	12.05
	September	0.65	7.29	11.20	9.98	0.24	9.78	16.28	13.26
	October	2.08	9.52	11.90	10.37	1.71	11.66	17.28	14.47
	November	1.49	11.16	12.98	10.87	2.02	13.91	17.30	15.38
	December	0.69	11.92	11.92	11.14	1.37	15.47	15.47	15.82
2018	January	1.02	1.02	10.35	11.23	0.99	0.99	12.14	15.66
	February	0.73	1.76	10.26	11.23	2.68	3.69	13.71	15.50
	March	0.99	2.77	10.23	11.14	1.54	5.29	14.28	15.35
	April	1.87	4.69	10.85	11.06	2.60	8.03	16.37	15.36
	May	1.62	6.39	12.15	11.10	3.79	12.12	20.16	15.80
	June	2.61	9.17	15.39	11.49	3.03	15.52	23.71	16.57
	July	0.55	9.77	15.85	12.00	1.77	17.56	25.00	17.41
	August	2.30	12.29	17.90	12.61	6.60	25.32	32.13	18.78
	September	6.30	19.37	24.52	13.75	10.88	38.96	46.15	21.36
	October	2.67	22.56	25.24	14.90	0.91	40.22	45.01	23.73
	November	-1.44	20.79	21.62	15.63	-2.53	36.68	38.54	25.52
	December	-0.40	20.30	20.30	16.33	-2.22	33.64	33.64	27.01
2019	January	1.06	1.06	20.35	17.16	0.45	0.45	32.93	28.70
	February	0.16	1.23	19.67	17.93	0.09	0.55	29.59	29.97
	March	1.03	2.27	19.71	18.70	1.58	2.14	29.64	31.17
	April	1.69	4.00	19.50	19.39	2.98	5.18	30.12	32.24
	May ^(E)	2.25	6.34	20.24	20.04	1.50	6.75	27.24	32.70

(E) Estimate

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