



### Monthly CPI came in at 1.13% in June.

In June, CPI increased by 1.13% mom, above the expectations. The market's CPI expectation for this period was 0.65%. Domestic PPI (D-PPI) posted a monthly rise of 0.69% in this period.

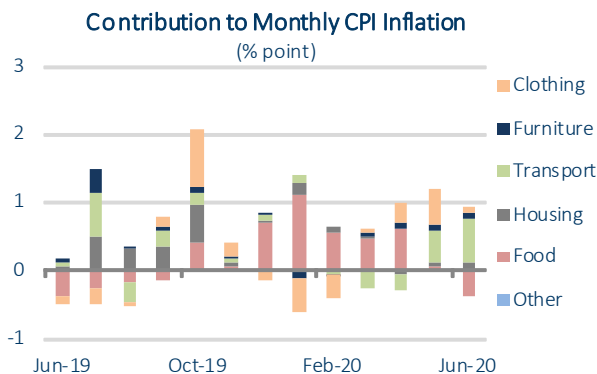
### Annual CPI inflation increased to 12.6%.

While the upward trend in annual consumer inflation continued in June, annual rise in CPI reached its highest level since August 2019, with 12.6%. The annual increase in D-PPI came in at 6.2%.

June (change %)	CPI		D-PPI	
	2019	2020	2019	2020
Monthly	0.03	1.13	0.09	0.69
Year-to-date	5.01	5.75	8.09	6.89
Annual	15.72	12.62	25.04	6.17
Annual Average	19.88	11.88	32.81	7.74

### Transportation prices were decisive in the CPI increase.

In June, 11 of the 12 main spending groups posted rises on a monthly basis. Food and non-alcoholic beverages, where prices fell by 1.6% compared to the previous month, was the only main group that had a decreasing effect (39 bps) on monthly CPI inflation. The monthly drop in fresh fruit and vegetable prices by 7.5% played a role in this development. The transportation group, in which prices surged by 4.5% mom, made the highest contribution to the monthly CPI inflation with 67 bps. The rise in the transportation group mainly stemmed from the upsurge in automotive and fuel prices. This group was followed by restaurant and hotels group with a contribution of 24 bps to the CPI. Under this group, the 3.1% monthly increase in prices of food and beverage service stood out.

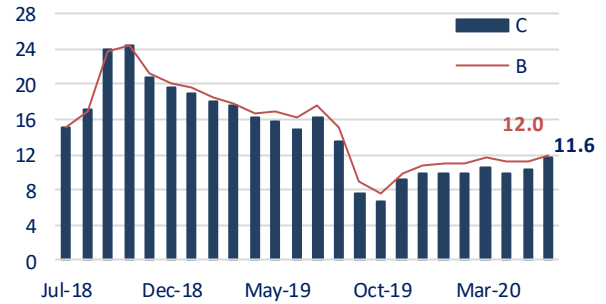


### Rise in core inflation indicators...

According to annual figures, B and C core inflation indicators, which are monitored closely by the CBRT, followed an upward trend in June. CPI excluding unprocessed food, energy, alcoholic beverages, tobacco and gold (B) recorded an annual increase of 12% while CPI

excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold (C) posted an annual rise of 11.6%.

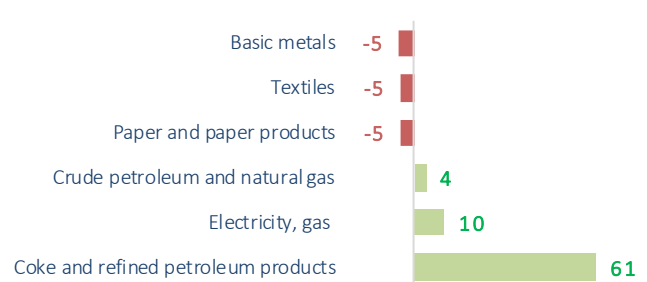
Special CPI Aggregates  
(annual % change)



### Surge in energy prices...

Analysis of the sub-sectors of D-PPI revealed that prices in coke and refined petroleum products and crude petroleum and natural gas rose by more than 20% on a monthly basis. In this period, coke and refined petroleum products made the biggest contribution to the D-PPI inflation by 61 bps, rising by almost 30% mom. On the other hand, paper products, textile products and basic metals dragged monthly D-PPI inflation down by 5 bps each due to the falling prices in these groups.

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



### Expectations...

Although the decline in prices of seasonal products had a limiting effect on CPI inflation in June, inflation displayed an upward trend due to the increase in service prices and the lagged impact of exchange rates. However, in the upcoming period, annual inflation might lose momentum with the support of the base effect. At its meeting in June, CBRT, which has halted easing cycle, referred to the upward trend in core inflation indicators, is expected to maintain its cautious stance until there is a significant improvement in the inflation outlook.

Inflation (%)

	CPI (2003=100)				D-PPI (2003=100)				
	Monthly	Year to	Annual	Annual	Monthly	Year to	Annual	Annual	
		Date				Average			Date
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	0.95	4.99	18.71	19.91	2.67	7.99	28.71	32.85
	June	0.03	5.01	15.72	19.88	0.09	8.09	25.04	32.81
	July	1.36	6.44	16.65	19.91	-0.99	7.02	21.66	32.34
	August	0.86	7.35	15.01	19.62	-0.59	6.39	13.45	30.51
	September	0.99	8.42	9.26	18.27	0.13	6.53	2.45	26.44
	October	2.00	10.59	8.55	16.81	0.17	6.71	1.70	22.58
	November	0.38	11.01	10.56	15.87	-0.08	6.63	4.26	19.68
	December	0.74	11.84	11.84	15.18	0.69	7.36	7.36	17.56
2020	January	1.35	1.35	12.15	14.52	1.84	1.84	8.84	15.71
	February	0.35	1.71	12.37	13.94	0.48	2.33	9.26	14.18
	March	0.57	2.29	11.86	13.33	0.87	3.22	8.50	12.61
	April	0.85	3.16	10.94	12.66	1.28	4.54	6.71	10.87
	May	1.36	4.57	11.39	12.10	1.54	6.15	5.53	9.14
	June	1.13	5.75	12.62	11.88	0.69	6.89	6.17	7.74

Source: Turkstat, Datastream

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