



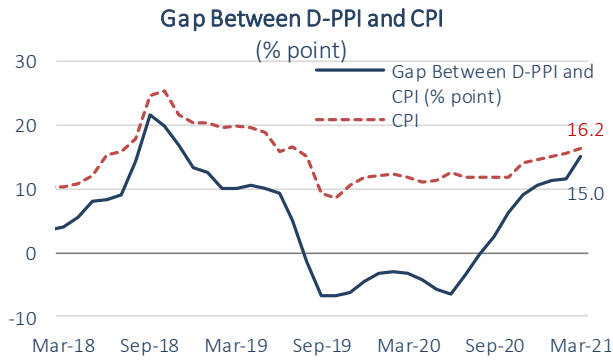
Monthly CPI came in at 1.08% in March.

In March, CPI rose by 1.08% mom, slightly above market expectations. According to the Reuters' survey, the monthly CPI inflation was expected to be 1.04%. Domestic PPI (D-PPI) recorded a rapid monthly increase by 4.13% in this period.

March (change %)	CPI		D-PPI	
	2020	2021	2020	2021
Monthly	0.57	1.08	0.87	4.13
Year-to-Date	2.29	3.71	3.22	8.21
Annual	11.86	16.19	8.50	31.20
Annual Average	13.33	13.18	12.61	17.04

Annual CPI inflation became 16.19%.

Upward trend in annual CPI inflation since September 2020 continued also in March. Annual CPI inflation was realized as 16.19% and reached the highest level of the last 20 months. The annual D-PPI inflation increased by 31.2% in March and reached its highest level since January 2019.

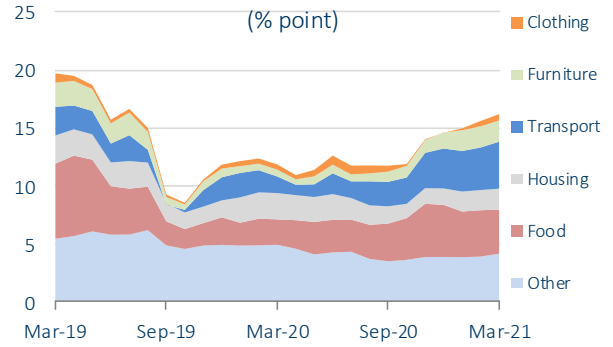


Food group made the highest contribution to monthly CPI.

In March, the prices in transportation group remained unchanged while the prices in all other main expenditure groups increased on a monthly basis. In this period, the highest price increase (3.7%) was in health group due to the rise in pharmaceutical and healthcare products prices. The mentioned group increased the monthly CPI inflation by 13 bps. Food prices, which rose by 1.13% mom, made the highest contribution to the monthly CPI increase by 30 bps. Price increases in hotels and restaurants group contributed the monthly CPI inflation by 15 bps.

On an annual basis, the highest price increase was seen in the transportation group with 24.85% due to the rapid rises in oil and vehicle prices. The said group increased the annual CPI by 372 basis points. Food group prices went up by 17.44% yoy and made the highest contribution to the annual CPI increase by 438 bps. Thus, price increases in the food and transportation group constituted half of the annual CPI inflation of 16.19%. Prices rose in all main expenditure groups on an annual basis, while the lowest annual price increase was in the alcoholic beverages and tobacco with 2.87%.

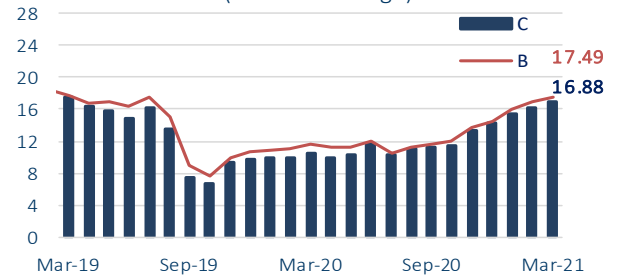
Contribution to Annual CPI Inflation (% point)



The increase in core inflation indicators continues.

The rise in core inflation indicators B and C, which are closely monitored by the CBRT, were realized as 1.26% and 1.33%, respectively. The annual increases in index B (CPI excluding unprocessed food products, energy, alcoholic beverages and tobacco and gold) and index C (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages and tobacco, and gold), came in above the headline inflation and were realized as 17.49% and 16.88%, respectively.

Special CPI Aggregates (annual % change)



Rapid rise in D-PPI...

In March, prices in coke and refined petroleum products recorded the highest increase with 14.03% mom and contributed the monthly D-PPI inflation by 53 bps. In this period, the basic metals sub-sector, where prices rose by 9.05% due to exchange rate developments as well as the rise in global metal prices, made the highest contribution (74 basis points) to the monthly D-PPI increase.

The upward trend in the annual D-PPI inflation gained momentum in March. Thus, due to the increases in commodity prices, the price increases in basic metal, coke and refined petroleum products and food sub-sectors played a significant role in the annual D-PPI increase with a total of 13.98%.

Expectations...

In addition to the rise in global commodity prices, the fluctuation in exchange rates since the last weeks of March results in an increase of inflation expectations. These developments will be closely monitored in the coming period in terms of their impact on pricing behavior and the course of monetary policy. Moreover, in the current environment, where demand conditions are still active, the high levels in D-PPI and core inflation indicators indicate that upward pressure on CPI inflation will continue for a while in the coming period.

		Inflation (%)							
		CPI (2003=100)				D-PPI (2003=100)			
		Monthly	Year to		Annual	Average	Monthly	Year to	
Date	Annual		Date	Annual					
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
	July	0.58	6.37	11.76	11.51	1.02	7.98	8.33	6.81
	August	0.86	7.29	11.77	11.27	2.35	10.52	11.53	6.71
	September	0.97	8.33	11.75	11.47	2.65	13.44	14.33	7.71
	October	2.13	10.64	11.89	11.74	3.55	17.48	18.20	9.11
	November	2.30	13.19	14.03	12.04	4.08	22.26	23.11	10.69
	December	1.25	14.60	14.60	12.28	2.36	25.15	25.15	12.18
2021	January	1.68	1.68	14.97	12.53	2.66	2.66	26.16	13.64
	February	0.91	2.60	15.61	12.81	1.22	3.92	27.09	15.14
	March	1.08	3.71	16.19	13.18	4.13	8.21	31.20	17.04

Source: Turkstat, Datastream

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