



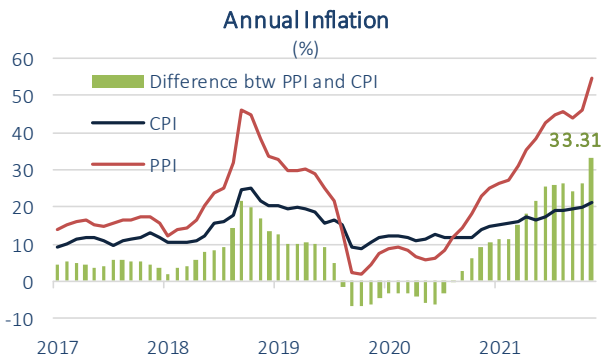
## In November, the rise in inflation indicators gained momentum.

According to the data announced by TURKSTAT, consumer prices recorded its highest increase since September 2018 rising by 3.51% mom in November. In the same period, D-PPI also recorded the fastest increase in more than 3 years, increasing by 9.99% mom.

November (change %)	CPI		D-PPI	
	2020	2021	2020	2021
Monthly	2.30	3.51	4.08	9.99
Year-to-Date	13.19	19.82	22.26	51.06
Annual	14.03	21.31	23.11	54.62
Annual Average	12.04	17.71	10.69	38.94

### Annual CPI rose to 21.31% in November.

The annual CPI inflation, which continued its upward trend, rose to 21.31% in November and reached the highest level of the last 3 years. The annual D-PPI inflation increased from 46.31% in October to 54.62% in November, recording the highest level since April 2002.



### Prices in all main spending groups increased.

In November, prices in all 12 main expenditure groups increased compared to the previous month, pointing out that the rise in consumer prices spread to the whole. Due to the increase in fuel prices in November, transportation group prices rose fastest by 6.31% mom and pushed the monthly CPI inflation up by 95 basis points. In this period, the food group, which has the highest share in expenditure groups, made the highest contribution to monthly CPI inflation with 105 bps. Housing group, where prices went up by 3.12% mom, also increased monthly CPI inflation by 49 basis points. Thus, the total effect of the 3 main expenditure groups on monthly CPI inflation was 2.5 points.

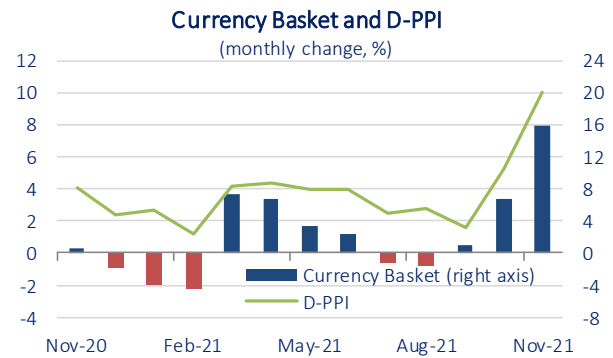
In terms of the contribution of the main expenditure groups to annual CPI inflation, the restaurant and hotels group, where prices rose the fastest by 28.9% yoy, added to CPI inflation by 173 basis points. The food group prices surged by 27.11% yoy and had the highest impact on annual consumer inflation with 690 basis points. The housing group, where prices rose by 23.78% yoy, increased the annual CPI inflation by 366 basis points.

## Core inflation indicators...

In November, while the monthly increase in CPI excluding seasonal products was 3.90%, above the headline inflation, the annual rise reached its highest level since October 2018 with 22.57%. Inflation indicators B index (CPI excluding unprocessed food, energy, alcoholic beverages, tobacco and gold), and C index (CPI excluding energy, food and nonalcoholic beverages, alcoholic beverages, tobacco and gold), which are closely monitored by the CBRT, went up by 3.22% mom and 2.81% mom, respectively. In this period, while the annual increase of the B index reached its highest level of the last 35 months with 19.75%, the annual rise of C index was realized as 17.62%. Increases in core inflation indicators point to a rise in the underlying trend of inflation.

### The annual price increases in textiles and food products stood out in D-PPI.

Monthly price increases in D-PPI accelerated significantly in November due to the exchange rate developments and the rise in global commodity prices. In this period, the 20.67% monthly rise in crude petroleum and natural gas prices and the 16.72% monthly rise in coal and lignite sectors were noteworthy. In this period, the largest contributions to the monthly D-PPI inflation came from food products with 144 bps and textile products with 141 bps.



Coke and refined petroleum product prices recorded a rapid annual increase by 145.9% in November. Crude petroleum and natural gas prices also rose rapidly by 116.5%. In this period, the prices in food group, which surged by 54.62% yoy, made the highest contribution to the annual D-PPI inflation by 797 bps. The contribution of basic metals, which recorded an annual rise of 97%, was 790 bps.

### Expectations...

The strong upward impact of exchange rate developments on particularly producer prices causes deterioration in inflation expectations. Also, the elevated levels of global commodity prices and that the recent tendency towards abandoning the rhetoric that inflation will transitory indicate that inflationary pressures would continue in the coming period.

		Inflation (%)							
		CPI (2003=100)				D-PPI (2003=100)			
		Monthly	Year to		Annual	Annual	Monthly	Year to	
Date	Annual		Average	Date				Annual	Average
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
	April	1.68	5.45	17.14	13.70	4.34	12.91	35.17	19.44
	May	0.89	6.39	16.59	14.13	3.92	17.34	38.33	22.24
	June	1.94	8.45	17.53	14.55	4.01	22.04	42.89	25.38
	July	1.80	10.41	18.95	15.15	2.46	25.05	44.92	28.47
	August	1.12	11.65	19.25	15.78	2.77	28.51	45.52	31.34
	September	1.25	13.04	19.58	16.42	1.55	30.50	43.96	33.83
	October	2.39	15.75	19.89	17.09	5.24	37.34	46.31	36.20
	November	3.51	19.82	21.31	17.71	9.99	51.06	54.62	38.94

Source: Turkstat, Datastream

---

## Economic Research Division

izlem Erdem  
Chief Economist  
izlem.erdem@isbank.com.tr

ilker Şahin  
Economist  
ilker.sahin@isbank.com.tr

Alper Gürler  
Unit Manager  
alper.gurler@isbank.com.tr

Ahmet Berat Ocak  
Asst. Economist  
berat.ocak@isbank.com.tr

Dilek Sarsın Kaya  
Asst. Manager  
dilek.kaya@isbank.com.tr

---

Our reports are available on our website <https://research.isbank.com.tr>

### **LEGAL NOTICE**

This report has been prepared by Türkiye İş Bankası A.Ş. economists and analysts by using the information from publicly available sources believed to be reliable, solely for information purposes; and they are not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. The views, opinions and analyses expressed do not represent the official standing of Türkiye İş Bankası A.Ş. and are personal views and opinions of the analysts and economists who prepare the report. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice, Türkiye İş Bankası A.Ş. accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

This report is copyright-protected. Reproducing, publishing and/or distributing this report in whole or in part is therefore prohibited. All rights reserved.