



### In February, annual CPI inflation rose to 54.4%.

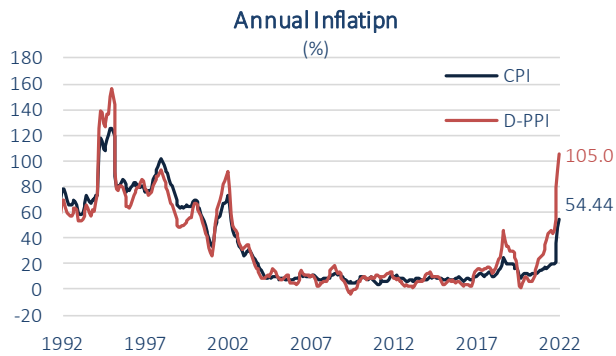
According to the data announced by TURKSTAT, the increase in inflation continued in February. In this period, monthly CPI inflation was realized as 4.81%, the highest February level in the last 25 years. In the same period, D-PPI also maintained its high course with an increase of 7.22% mom.

February (change %)	CPI		D-PPI	
	2021	2022	2021	2022
Monthly	0.91	4.81	1.22	7.22
Annual	15.61	54.44	27.09	105.01
Annual Average	12.81	25.98	15.14	56.83

Thus, annual CPI inflation continued to rise in February, reaching the highest level of the 2003-based series with 54.44%. The increase in annual D-PPI rose from 93.53% in January to 105.01% in February, reaching a 3-digit level for the first time since March 1995.

### Prices in all major spending groups elevated.

In February, prices in all 12 main expenditure groups in CPI increased compared to the previous month. Food and non-alcoholic beverages group was the main expenditure group with the fastest increase in prices (8.41% mom) in February. The mentioned increase pushed monthly CPI inflation up by 213 basis points. The transportation group increased CPI inflation by 77 basis points, recording a monthly rise of 4.56%, as fuel prices increased due to the tension between Russia and Ukraine. The household goods group, where prices rose by 7% mom, also increased monthly CPI inflation by 63 basis points. Thus, the effect of the three main expenditure groups on monthly CPI inflation was 3.52 points in total.



The prices in transportation group increased the fastest with 75.75% yoy and pushed up the annual CPI inflation by 11.47 points in February. The food group, where prices went up by 64.47% yoy, was the group with the highest impact on annual consumer inflation with 16.57 points. In the same period, the housing group, where prices rose by 49.72%, increased the annual CPI inflation by 7.60 points.

### Core inflation indicators...

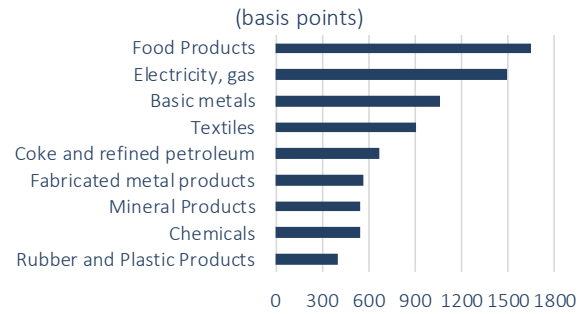
While the monthly increase in CPI excluding seasonal products was 3.81%, below the headline inflation in February, the annual rise reached its highest level (55.05%) since the data was released in 2004. Monthly increases in core inflation indicators

B (CPI excluding unprocessed food products, energy, alcoholic beverages and tobacco and gold) and C (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages and tobacco and gold) increased by 3.87% and 3.75%, respectively. Thus, the annual increases in the B and C indices rose to 47.01% and 44.05%, respectively, reaching new record levels of the 2003-based series.

### Energy and food groups came to the fore in annual D-PPI inflation.

The price increases in all 29 sub-sectors in February indicated that the rise in D-PPI inflation spread to the whole sectors. Uncertainties created by the Russia-Ukraine tension increased oil prices in global markets and reinforced inflationary pressures. Electricity and gas production and distribution, where prices went up by 24.66% mom, increased the monthly D-PPI inflation the most with 2.05 points. In this period, the prices in food products group increased by 4.27% mom, contributing 85 basis points to inflation. In addition, monthly double digit surge in the prices of coke and refined petroleum products, non-metallic mineral products and basic pharmaceutical products group drew attention.

### Contributions to Annual D-PPI Inflation



On an annual basis, price increases in crude oil and natural gas as well as electricity, gas production and distribution groups were at high levels, with 213.67% and 202.51%, respectively, in February. In this period, the food group made the highest contribution to the annual D-PPI inflation with 16.53 points. The electricity, gas production and distribution group and the base metal group, where prices increased by 2.5 times compared to the previous year, contributed to the annual D-PPI inflation by 14.97 and 11.39 points, respectively.

### Expectations...

The tension between Russia and Ukraine throughout February turned into a hot conflict at the end of the month and the harsh sanctions announced by other countries against Russia caused the increase in the global commodity prices, especially natural gas and oil. Although there are positive developments in Turkey, such as reducing the electricity tariff for residential and agricultural irrigation and VAT rates for basic food products, the increase in the natural gas tariff used for electricity generation in parallel with the global price increases and the recent upward trend in foreign exchange rates indicate that the risks on inflation become prominent.

		Inflation (%)							
		CPI (2003=100)				D-PPI (2003=100)			
		Monthly	Year to		Annual	Annual	Monthly	Year to	
Date	Annual		Average	Date				Annual	Average
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
	December	13.58	36.08	36.08	19.60	19.08	79.89	79.89	43.86
2022	January	11.10	11.10	48.69	22.58	10.45	10.45	93.53	49.93
	February	4.81	16.45	54.44	25.98	7.22	18.43	105.01	56.83

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