



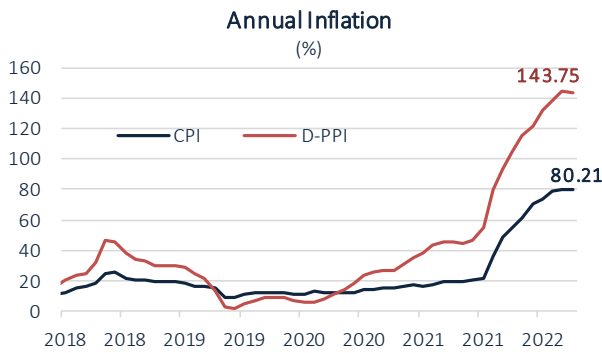
### In August, CPI increased by 1.46% on a monthly basis.

In August, CPI rose by 1.46% compared to the previous month, recording the slowest rise in the last 11 months. The market expectation was that the CPI would increase by 2% mom. Monthly domestic PPI inflation came in at 2.41%, the lowest level since September 2021.

August (change %)	CPI		D-PPI	
	2021	2022	2021	2022
Monthly	1.12	1.46	2.77	2.41
Year-to-Date	11.65	47.85	28.51	74.13
Annual	19.25	80.21	45.52	143.75
Annual Average	15.78	54.69	31.34	105.39

### Annual CPI inflation reached 80.21%.

In August, annual CPI inflation reached 80.21%, the highest level since September 1998. Annual D-PPI inflation, which rose to 144.61% in July, lost some momentum in August and became 143.75%.



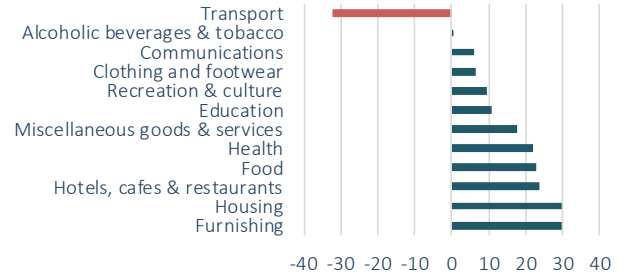
### Housing and furnishing groups came to the fore in monthly CPI inflation.

In August, prices increased in all main expenditure groups, except for the transportation group. The housing group and the furnishing goods group, where prices increased by 2.05% mom, and by 3.35% mom, respectively, contributed 60 basis points to the monthly CPI inflation. The food group prices recorded a limited rise of 0.85% mom due to the decline in fresh fruit and vegetable prices, and pushed-up the CPI inflation by 23 basis points. In this period, university tuition fees (24.2%) and pharmaceutical prices (16.7%) were the basic headings that recorded the fastest monthly increases. The transportation group prices declined by 1.78% mom due to the decrease in fuel and oil prices (-7.8%) and limited monthly CPI inflation by 32 basis points.

Annual inflation figures of main expenditure groups reveals that the food group, where the prices went up by 90.25%, contributed the most to CPI inflation with 23 points. With the effect of geopolitical developments, the average fuel prices tripled on an annual basis, and the transportation

group, where costs increased rapidly pushed the annual CPI inflation up by 17.3 points.

### Contributions of main expenditure groups to monthly CPI (basis points)



### Core inflation indicators...

In August, annual 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, tobacco and gold) were realized as 72.5% and 66.1%, respectively, and continued their upward trend.

### The decrease in the energy group prices limited monthly D-PPI inflation.

Energy prices, decreased by 1.7% mom in August. According to the sub-sectors, prices in the electricity and gas production and distribution sector declined by 1.1% mom in August, pulling the monthly D-PPI inflation down by 16 basis points. In parallel with the decline in global commodity prices, the prices in basic metal sector declined by 2.54% mom limiting the monthly D-PPI inflation the most with 18 basis points.

The food group prices rose by 141.5% yoy and made the highest contribution to the annual D-PPI with 28.6 points. The electricity and gas production and distribution group, with the highest price increase by 348% on an annual basis, pushed D-PPI up by 27.7 points. Prices rose by 127.8% yoy in the intermediate goods group, and by 124.1% yoy in non-durable consumer goods.

### Expectations...

The decline in oil prices due to the negative expectations for global demand in August, affected domestic inflation to be below expectations. On the other hand, the increases in electricity and natural gas price tariffs at the beginning of September will put upward pressure on inflation indicators in the upcoming period. In addition, the possible pressure on domestic energy prices due to the energy crisis on a global basis, and the effects of exchange rate pass-through will determine the course of inflation.

		Inflation (%)							
		CPI (2003=100)				D-PPI (2003=100)			
		Monthly	Year to Date	Annual	Annual Average	Monthly	Year to Date	Annual	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
	March	5.46	22.81	61.14	29.88	9.19	29.31	114.97	64.30
	April	7.25	31.71	69.97	34.46	7.67	39.23	121.82	72.03
	May	2.98	35.64	73.50	39.33	8.76	51.43	132.16	80.38
	June	4.95	42.35	78.62	44.54	6.77	61.68	138.31	88.77
	July	2.37	45.72	79.60	49.65	5.17	70.04	144.61	97.30
	August	1.46	47.85	80.21	54.69	2.41	74.13	143.75	105.39

Source: Turkstat, Datastream

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