



CPI increased by 3.08% mom in September.

According to the data announced by TURKSTAT, consumer prices rose by 3.08% mom in September, below the market expectations of 3.80%. In this period, domestic PPI (D-PPI) increased by 4.78% mom.

September (change %)	CPI		D-PPI	
	2021	2022	2021	2022
Monthly	1.25	3.08	1.55	4.78
Year-to-Date	13.04	52.40	30.50	82.45
Annual	19.58	83.45	43.96	151.50
Annual Average	16.42	59.91	33.83	114.02

Annual CPI inflation rose to 83.45%.

Annual CPI inflation continued to rise in September and reached its highest level since July 1998 with 83.45%. In this period, annual D-PPI also maintained its upward trend, recording the fastest increase in the last 28 years with 151.5%. The gap between D-PPI and CPI inflation rose to 68.1 points and indicated that the cost pressure on consumer prices continued to widen.

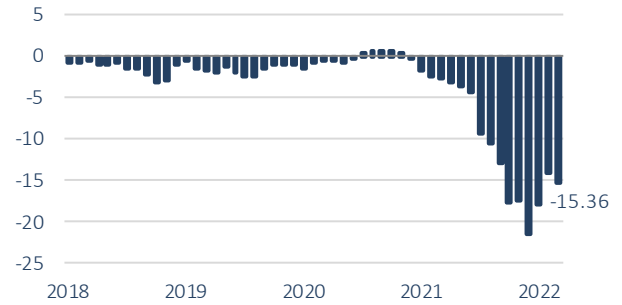
Housing group came to the fore in CPI increase.

In September, prices in all main spending groups increased on a monthly basis. In this period, the highest increase was recorded in the housing group, where prices increased by 9.99% mom due to the rise in the natural gas and electricity tariffs at the beginning of September. Thus, the housing group made the highest contribution to monthly CPI inflation with 1.45 points. The food and non-alcoholic beverages group, where prices increased by 1.97% mom, was the second group that pushed up monthly inflation the most by 52 basis points. Prices in the education group went up by 6.99% mom in line with the rise in university tuition fees, while the said group contributed 12 basis points to monthly CPI inflation. According to the annual figures, the highest increase was recorded in the transportation group with 117.66%. Food and non-alcoholic beverages group followed the transportation, with prices increasing by 93.05%. In September, these two groups increased annual CPI inflation by 40.79 points in total.

Core inflation indicators...

In September, 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) rose by 74.63% yoy and 68.09% yoy, respectively. The annual increase in the said indices continued, while the monthly rise in the indices was at its slowest level since October 2021.

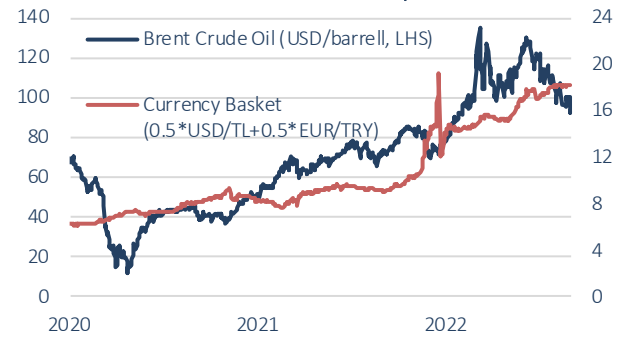
Gap Between Core (C) and Headline Inflation (annual, % point)



Global recession concerns limited the increase in D-PPI.

The pressure exerted on commodity prices by the increasing recession concerns regarding the global economy had a favorable impact on the D-PPI increase in September. In this period, prices in the sectors of crude oil and natural gas, metal ores as well as coke and refined petroleum products decreased compared to August. On the other hand, producer prices in all other sub-sectors recorded increases on a monthly basis. Due to domestic price adjustments the prices in electricity, gas, steam and air conditioning group surged by 16.8% on a monthly basis and this sector contributed the most to the monthly D-PPI increase with 237 bps. In this period, prices of food group increased by 3.5% mom and pushed up producer inflation by 71 bps on a monthly basis.

Oil Prices and Currency Basket



As of September, annual price increases in 18 of 29 sectors exceeded 100%, while the fastest annual rise in D-PPI was recorded in the electricity, gas, steam and air conditioning group, with 416.6% yoy. In this period, the food, electricity, gas, steam and air conditioning sectors had a total impact of 62.52 points on the annual increase in D-PPI.

Expectations...

The widening of the gap between annual producer and consumer inflation in September indicates that the cost pressure on CPI will continue in the upcoming period. In addition, the rise of USD on global scale, with the expectation that the Fed will continue its monetary tightening steps, stands out as a factor that puts upward pressure on inflation.

Inflation (%)

	CPI (2003=100)				D-PPI (2003=100)				
	Monthly	Year to		Annual Average	Monthly	Year to		Annual Average	
		Date	Annual			Date	Annual		
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
	September	3.08	52.40	83.45	59.91	4.78	82.45	151.50	114.02

Source: Turkstat, Datastream

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