



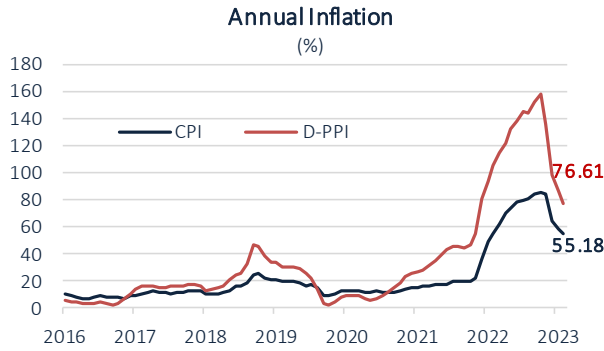
In February, monthly CPI came in at 3.15%.

In February, CPI increased by 3.15% on a monthly basis, slightly below the market expectations. Domestic PPI (D-PPI), which had risen by 4.15% mom in January, increased by 1.56% mom in February. Turkstat stated that due to the earthquakes in Türkiye, "field prices" could not be gathered in February 2023 within the provinces where Gaziantep, Malatya and Hatay Regional Directorates of TurkStat are located. On the other side, in the provinces affiliated to these three Regional Directorates, the use of "workplace barcode scanner data" and "price data compiled from the internet via web scraping techniques" have been continued to be used.

February (change %)	CPI		D-PPI	
	2022	2023	2022	2023
Monthly	4.81	3.15	7.22	1.56
Year-to-Date	16.45	10.00	18.43	5.78
Annual	54.44	55.18	105.01	76.61
Annual Average	25.98	71.83	56.83	120.72

Annual PPI inflation was at its lowest level since November 2021.

Consumer and producer prices continued their downward trend due to high base effect. In February, CPI inflation was at its lowest level of last one year with 55.18%. In this period, the annual D-PPI inflation fell to 76.61%, the lowest level since November 2021.



Food group came to the fore in monthly CPI inflation.

Prices increased in 10 out of 12 main spending groups in February. In this period, the food and non-alcoholic beverages group made the highest contribution to monthly inflation with 187 basis points due to the rapid increase in the prices of vegetables and animal products. In the same period, despite the double-digit decline in the sub-indices of maritime and airline passenger transport due to the reductions made after the earthquake disaster, the transportation group pushed up the monthly CPI inflation by 39 basis points because of the rise in automobile prices. The restaurants and hotels sub-group prices rose by 7.82% mom and was the third group that had the most impact on the CPI increase with 34 basis points. In February, clothing&shoes and alcoholic beverages&tobacco groups brought monthly CPI inflation down by 10 basis points and 2 basis points, respectively.

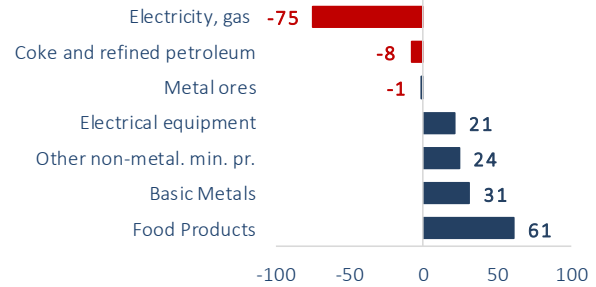
Core inflation indicators...

In February, monthly CPI inflation excluding seasonal products was 2.78%, below the headline inflation. In this period, B index (CPI excluding unprocessed food products, energy, alcoholic beverages, tobacco and gold) and C index (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold) rose by 2.62% mom and 2.13% mom, respectively. B and C indices increased by 55.16% yoy and by 50.58% yoy, respectively, displaying their most moderate increases since March.

Energy prices limited the rise in D-PPI.

In February, by increasing 3.6% on a monthly basis food products made the highest contribution to the monthly D-PPI inflation with 61 basis points. This group was followed by the base metals group, which pushed D-PPI inflation up by 31 basis points. In this period, in parallel with the rapid increase in the demand for concrete, cement and plaster goods; other non-metallic mineral products used in the construction sector also increased the D-PPI inflation by 24 basis points. On the other hand, energy prices continued to limit the D-PPI inflation in February. In this period, prices in electricity, prices in gas production and distribution group decreased by 6.78% mom and limited D-PPI inflation by 75 points.

Contribution of Sectors to Monthly D-PPI Inflation (points)



Expectations...

In February, while the rise in food prices continued to be effective in the deterioration in inflation indicators, the downward trend in energy prices limited the increase in inflation. However, the removal of pandemic measures in China keeps the risks related to global commodity prices alive. In the upcoming period, the effects of the earthquake disaster and the Ramadan, which will start on March 23, on inflation will be closely monitored. In addition, the fact that precipitation remains below the seasonal averages increases the upside risks on food 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
	September	3.08	52.40	83.45	59.91	4.78	82.45	151.50	114.02
	October	3.54	57.80	85.51	65.26	7.83	96.74	157.69	122.93
	November	2.88	62.35	84.39	70.36	0.74	98.20	136.02	128.94
	December	1.18	64.27	64.27	72.31	-0.24	97.72	97.72	128.47
2023	January	6.65	6.65	57.68	72.45	4.15	4.15	86.46	125.53
	February	3.15	10.00	55.18	71.83	1.56	5.78	76.61	120.72

Source: Turkstat, Datastream

Economic Research Division

Alper Grler
Division Head
alper.gurler@isbank.com.tr

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

H. Erhan Gl
Unit Manager
erhan.gul@isbank.com.tr

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

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

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