



In August, CPI rose by 9.09% mom.

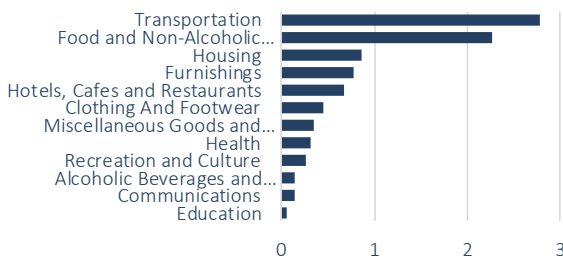
In August, monthly CPI inflation came in at 9.09%, well above the market expectations. Markets were expecting the monthly rise in CPI would be 7% in this period. Thus, annual CPI inflation rose to 58.94%, while the increase in the first eight months of the year was 43.1%. In August, D-PPI rose by 5.89%. In this period, annual increase in D-PPI was 49.41%, while the rise since December was 31.59%.

August (change %)	CPI		D-PPI	
	2022	2023	2022	2023
Monthly	1,46	9,09	2,41	5,89
Year-to-Date	47,85	43,06	74,13	31,59
Annual	80,21	58,94	143,75	49,41
Annual Average	54,69	56,28	105,39	71,97

Transportation and food groups continued to be the main drivers of CPI inflation.

In August, prices increased in all 12 main expenditure groups. In this period, transportation group, where prices went up by 16.6% mom due to the rise in fuel prices, made the highest contribution to monthly inflation by 2.78 points. In August, food prices rose by 8.48% mom, pushing monthly inflation up by 2.27 points as well. Prices of services remained rigid in August, while tax hikes and the depreciation in TRY pushed prices of goods up significantly.

Contributions to the Monthly CPI Inflation
(basis points)

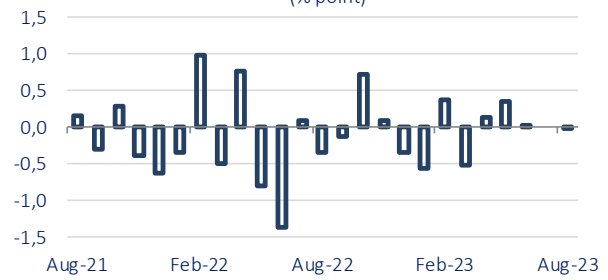


Core inflation indicators...

In August, monthly CPI inflation excluding seasonal products was realized as 9.12%, in line with the headline inflation, indicating that seasonal factors were not influential on inflation. In this period, prices in transportation services recorded the fastest monthly increase of all times with 27.62%. In the same period, B index (CPI excluding unprocessed food, energy, alcoholic beverages, tobacco and

gold) rose by 9.32% mom, slightly above the headline inflation, while C index (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold) rose by 8.89%. Thus, annual increases in B and C indices remained above the headline inflation at 63.52% and 64.85%, respectively. This situation indicates that the upward trend in CPI inflation may continue in the upcoming period.

Contribution of Seasonal Factors to Monthly CPI Inflation
(% point)



Energy and food prices were the main drivers of D-PPI inflation.

In August, increases in energy and food prices were the main drivers of D-PPI inflation. In this period, coke, refined and petroleum products surged rapidly by 18.9% mom and pushed D-PPI inflation up by 103 bps, while electricity, gas production and distribution group contributed to the rise in D-PPI by 63 bps. Food prices also rose by 5.26% mom, pushing D-PPI up by 93 bps. The rise in all sub-items of D-PPI in August reinforced the concerns about the course of inflation.

Expectations...

In August, the main drivers of the deterioration in inflation indicators were rapid increases in energy, transportation, and food prices. We anticipate that the high rate of inflation will continue in the coming period due to seasonal factors and the increase in tobacco product prices as of September. However, the effects of CBRT's interest rate hikes and tightening decisions on demand as well as the course of foreign exchange rates, global energy and food prices will continue to be influential on inflation figures.

		Inflation (%)							
		CPI (2003=100)				D-PPI (2003=100)			
		Monthly	Year to Date	Annual	Annual Average	Monthly	Year to Date	Annual	Annual Average
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
	March	2,29	12,52	50,51	70,20	0,44	6,25	62,45	113,73
	April	2,39	15,21	43,68	67,20	0,81	7,11	52,11	105,50
	May	0,04	15,26	39,59	63,72	0,65	7,81	40,76	95,80
	June	3,92	19,77	38,21	59,95	6,50	14,82	40,42	86,59
	July	9,49	31,14	47,83	57,45	8,23	24,27	44,50	78,51
	August	9,09	43,06	58,94	56,28	5,89	31,59	49,41	71,97

Source: Turkstat, Datastream

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