



In February, CPI increased by 4.53% on a monthly basis.

In February, CPI increased by 4.53% mom, above the market expectations. According to the Reuters survey, market expectation for monthly CPI inflation was 3.70% in this period. Thus, annual CPI inflation reached 67.07%, the highest level since November 2022. In February, domestic producer price index (D-PPI) also increased by 3.74% mom, and annual PPI inflation was realized as 47.29%, the highest level of the last 5 months.

February (change %)	CPI		D-PPI	
	2023	2024	2023	2024
Monthly	3.15	4.53	1.56	3.74
Year-to-Date	10.00	11.54	5.78	8.03
Annual	55.18	67.07	76.61	47.29
Annual Average	71.83	55.91	120.72	45.71

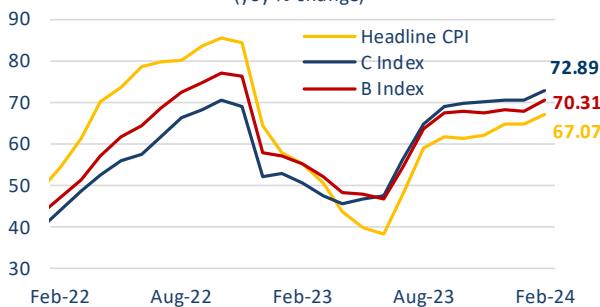
Prices in the education group rose by 12.76%.

Prices increased in all 12 main expenditure groups in February. In this period, the fastest monthly price increase was recorded in the education group with 12.76%. The monthly price increase in the hotels, cafes and restaurants group also remained above the headline inflation. On the other hand, having increased by 8.25% mom, food and non-alcoholic beverages group had the highest contribution to the monthly inflation by 2.03 points.

Seasonal products fueled monthly CPI inflation in February.

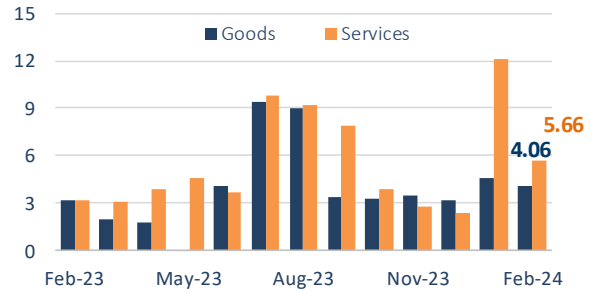
In February, CPI excluding seasonal products increased by 4.37% mom and 68.33% yoy. In this period, annual inflation in the B index (CPI excluding unprocessed food, energy, alcoholic beverages, tobacco products and gold) was 70.31%, the highest since November 2022; and annual inflation in the C index (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco products and gold) was 72.89%, the highest since January 2005.

Headline and Core CPI Indicators
(yoy % change)



In February, it was observed that the divergence between goods and services inflation narrowed compared to the previous month. Despite a deceleration, services inflation remained relatively high due to the increase in communication prices. Services inflation was realized as 5.66% in this period, while goods prices rose by 4.06% mom. In goods basket, fresh fruits and vegetables sub-item recorded an increase of 13.74% compared to the previous month. In the services group, the monthly increase in rent prices remained high with 7.06%.

Goods and Services Prices
(monthly % change)



Food prices pushed up domestic PPI.

In February, the highest contribution to monthly PPI inflation came from the price increases in food products by 1.11 points. In this period, the fastest price increase was realized in coke and refined petroleum products with 10.32%. On the other hand; electricity, gas, steam and air conditioning was the only sector that prices decreased on a monthly basis in February.

Expectations...

In the upcoming period, we anticipate that the downtrend in monthly inflation may continue due to the fading effects of wage hikes and the lagged effects of monetary tightening. The course of exchange rates and fluctuations in energy prices will continue to be the main determinants of the inflation outlook.

		Inflation (%)							
		CPI (2003=100)				D-PPI (2003=100)			
		Monthly	Year to Date	Annual	Annual Average	Monthly	Year to Date	Annual	Annual Average
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	9.03	43.06	58.94	56.28	5.89	31.59	49.41	71.97
	September	4.75	49.86	61.53	55.30	3.40	36.06	47.44	65.55
	October	3.43	55.00	61.36	54.26	1.94	38.70	39.39	58.46
	November	3.28	60.09	61.98	53.40	2.81	42.59	42.25	53.15
	December	2.93	64.77	64.77	53.86	1.14	44.22	44.22	49.93
2024	January	6.70	6.70	64.86	54.72	4.14	4.14	44.20	47.35
	February	4.53	11.54	67.07	55.91	3.74	8.03	47.29	45.71

Economic Research Division

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

Berkay Arık
Asst. Economist
berkay.arik@isbank.com.tr

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

Utkan İnam
Asst. Economist
utkan.inam@isbank.com.tr

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

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

LEGAL NOTICE

This report has been prepared by Trkiye İř Bankası A.ř. economists and analysts by using the information from publicly available sources believed to be reliable, solely for information purposes; and they are not intended to be construed as an offer or solicitation for the purchase or sale of any financial instrument or the provision of an offer to provide investment services. The views, opinions and analyses expressed do not represent the official standing of Trkiye İř Bankası A.ř. and are personal views and opinions of the analysts and economists who prepare the report. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this report. All information contained in this report is subject to change without notice, Trkiye İř Bankası A.ř, accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

This report is copyright-protected. Reproducing, publishing and/or distributing this report in whole or in part is therefore prohibited. All rights reserved.