



### CPI increased by 3.37% mom in May.

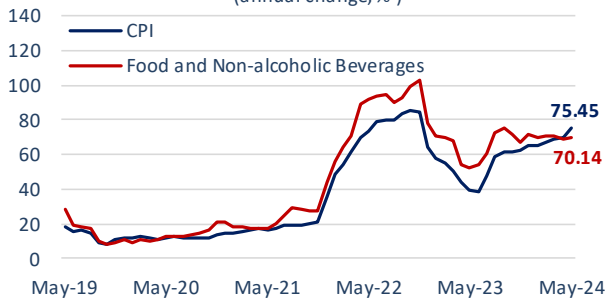
In May, CPI increased by 3.37% mom, exceeding market expectations. According to the Reuters poll, market expectations were that consumer prices would increase by 3.00% mom in this period. Thus, annual CPI inflation reached 75.45%, the highest level since November 2022. In this period, domestic producer price index (D-PPI) recorded the slowest monthly rise in the last 5 months with 1.96%, while annual D-PPI inflation rose to 57.68%.

May (change %)	CPI		D-PPI	
	2023	2024	2023	2024
Monthly	0.04	3.37	0.65	1.96
Year-to-Date	15.26	22.72	7.81	17.87
Annual	39.59	75.45	40.76	57.68
Annual Average	63.72	62.51	95.80	47.24

### Prices in clothing and footwear group rose by 9.60% mom.

In May, prices in all 12 main expenditure groups increased on a monthly basis as it was in April. In this period, clothing and footwear group recorded the highest monthly price increase by 9.60% mom. The highest contribution to the monthly CPI inflation was from housing group, where prices rose by 7.08% mom. Education (5.63%) and hotels, cafes and restaurants (5.52%) also recorded price increases above the headline CPI. On the other hand, as in April, price increases in food and non-alcoholic beverages remained below the headline CPI inflation in May. However, due to its weight in the consumption basket, this expenditure group made the highest contribution to monthly inflation by 0.43 points after housing and clothing&footwear groups.

Food Prices and CPI  
(annual change, %)



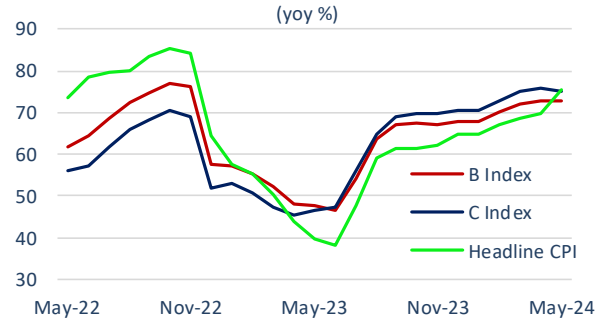
### In May, seasonal products slightly increased CPI inflation.

In May, CPI excluding seasonal products, the A index, rose slightly below the headline CPI by 3.29% mom. In this period, B index (CPI excluding unprocessed food, energy, alcoholic beverages and tobacco products and gold) increased by 3.77% mom, the fastest in 3 months; and

C index (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco products and gold) rose by 3.76%, the fastest in 4 months. On an annual basis, headline CPI inflation was realized above the B and C indices for the first time in 15 months.

In May, goods prices recorded the fastest monthly increase in the last 3 months with 3.08%,; and services inflation was realized as 4.03%, the lowest level of this year. Besides the price increases in clothing and footwear group, the 4.91% rise in energy prices was noteworthy in May. In this period, unprocessed food prices fell by 0.45%. Among the service prices, inflation remained high in rents and restaurants and hotels, while it decreased by 0.11% in transportation services.

Core Indicators and Headline CPI



### Domestic PPI fell to its lowest level of the year in May.

In May, domestic PPI increased by 1.96% mom and fell to its lowest level in 2024 so far. Electricity, gas production and distribution sub-group was the item with the fastest price increase of 7.32% in May, and made the highest contribution to monthly PPI inflation with 0.57. In this period, coke and refined petroleum products showed the fastest monthly price decline by 5.16%.

### Expectations...

In May, annual inflation reached the highest level since November 2022 as expected, due to the low base effect created by the discount on the natural gas tariffs last year in May. In the following period, we expect disinflationary trend in annual CPI inflation to start in line with market expectations. We believe that the ongoing real appreciation in TL and the CBRT's tightening steps, whose effects started to be felt in April, will contribute to this trend.

		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
	March	3.16	15.06	68.50	57.50	3.29	11.59	51.47	45.28
	April	3.18	18.72	69.80	59.64	3.60	15.61	55.66	45.83
	May	3.37	22.72	75.45	62.51	1.96	17.87	57.68	47.24

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