



In June, CPI increased by 1.64% mom.

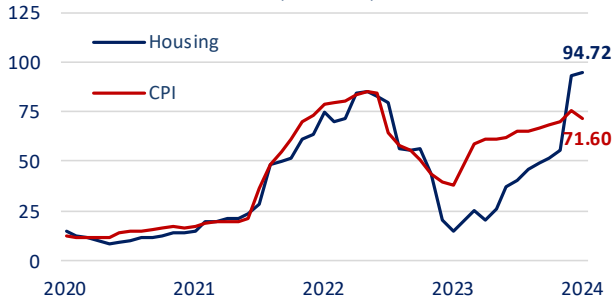
In June, CPI increased by 1.64% mom, the lowest level since May 2023 and below market expectations. According to the Reuters survey, consumer prices were expected to rise by 2.2% mom. Thus, thanks to the high base effect annual CPI inflation declined for the first time since October 2023 and became 71.60%. In this period, domestic producer price index (D-PPI) recorded the slowest monthly rise of the last 6 months with 1.38%, while annual D-PPI inflation decreased to 50.09%.

June (change %)	CPI		D-PPI	
	2023	2024	2023	2024
Monthly	3.92	1.64	6.50	1.38
Year-to-Date	19.77	24.73	14.82	19.49
Annual	38.21	71.60	40.42	50.09
Annual Average	59.95	65.07	86.59	47.97

Housing group stood out in monthly CPI inflation.

Prices increased in 10 out of 12 main expenditure groups in June. In this period, housing group displayed the highest price increase with 3.79% and pushed up the monthly CPI the most (0.55 points). Following May, prices in the education (3.47%) and restaurants and hotels (3.09%) groups rose above the CPI in June. Food and non-alcoholic beverages group, where prices increased by 1.78% mom, pushed the monthly inflation up by 0.44 points due to its weight in the consumption basket. In the same period, clothing and footwear (-0.58%) and transportation (-0.13%) groups recorded price declines and limited the monthly inflation slightly.

Housing and CPI
(annual, %)



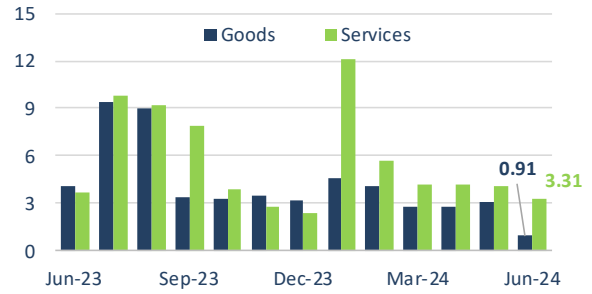
Goods and services prices rose by 0.91% and 3.31%, respectively.

In June, CPI excluding seasonal products increased by 1.59% mom, slightly below the headline CPI. In this period, B (CPI excluding unprocessed food, energy, alcoholic beverages,

tobacco and gold) and C (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold) indices rose by 1.90% mom and 1.73% mom, respectively. B and C indices posted the lowest monthly increases in nearly three years, and annual rise in B and C indices dropped to 70.40% and 71.41%, respectively.

Good prices rose by 0.91% mom in June, and services inflation remained relatively high at 3.31% although falling to its lowest level of the calendar year. In this period, the divergence in unprocessed food prices was noteworthy. Prices of fresh fruits and vegetables rose sharply by 6.07% in June, while other unprocessed food prices fell for the first time since September 2020, by 2.19%.

Goods and Services Prices
(monthly % change)



Food products were the item that increased domestic PPI the most.

Analyzing the monthly developments in producer prices, coal and lignite group recorded the highest increase by 11.97% in June. In this period, as well as food products, electricity and gas production & distribution increased the monthly PPI the most by 0.33 and 0.22 points, respectively. In June, prices of coke and refined petroleum products and base metals decreased on a monthly basis.

Expectations...

In June, annual CPI inflation declined due to the high base effect as expected, and monthly CPI inflation increased below the market expectations, giving positive signals regarding the underlying trend of inflation. Nevertheless, the ongoing rigidity in services prices create uncertainty over the sustainability of this positive 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
	June	1.64	24.73	71.60	65.07	1.38	19.49	50.09	47.97

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.
