



CPI increased by 2.47% mom in August.

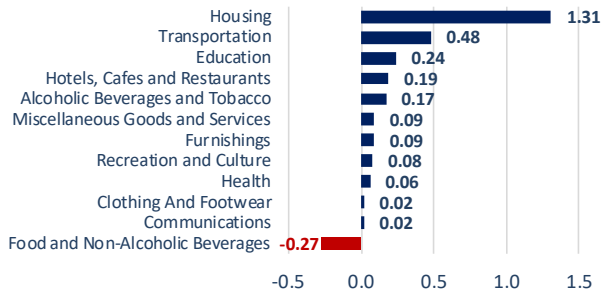
In August, CPI increased by 2.47% mom, in line with market expectations. The CBRT Market Participants and Reuters surveys predicted a 2.6% mom increase in consumer prices. As a result, annual CPI inflation, which reached its peak in May (75.45%), continued to decline for the third consecutive month with the support of the base effect, falling to 51.97%, the lowest level since July 2023. In the same period, domestic producer price index (D-PPI) increased by 1.68% mom, while annual D-PPI inflation fell to 35.75%, the lowest level since April 2021.

August (change %)	CPI		D-PPI	
	2023	2024	2023	2024
Monthly	9.09	2.47	5.89	1.68
Year-to-Date	43.06	31.94	31.59	23.86
Annual	58.94	51.97	49.41	35.75
Annual Average	56.28	64.91	71.97	46.23

Housing prices remained the driving factor in CPI inflation.

In August, all expenditure groups except food and non-alcoholic beverages posted a monthly price increase. Housing group, where prices have been rising rapidly since June, was the expenditure group that pushed the monthly CPI inflation up the most (by 1.31 points), with a monthly increase of 8.51% in August due to the rise in natural gas prices. In this period, prices in the education group increased by 11.34% mom, well above the headline CPI, while the transportation group, where a hike in bridge and highway prices was recorded, pushed the monthly inflation up by 0.48 points. In August, alcoholic beverages and tobacco prices rose by 4.46%, while price increases in clothing and footwear (0.35%), communication (0.62%), and furnishing and household equipment (1.10%) were relatively moderate. Prices in the food and non-alcoholic beverages group, which has the highest weight in the index, decreased by 1.10%, somewhat limiting monthly inflation.

Contributions to the Monthly CPI Inflation (% points)

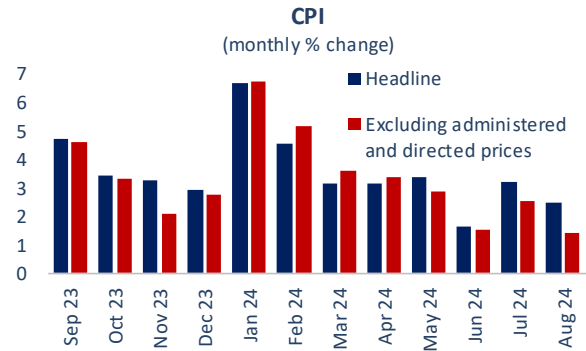


Regarding annual figures, the 120.81% increase in the education group stood out, while price increases in the housing, food, and non-alcoholic beverages groups pushed annual CPI inflation up by 24 points in total. During the same time period, price increases in the clothing and footwear (29.38%) and transportation (28.96%) groups were relatively limited.

In August, the decline in fresh fruit and vegetable prices limited CPI inflation.

Fresh fruit and vegetable prices fell by 10% in August, which limited the monthly CPI increase. In this context, CPI excluding seasonal products recorded a higher monthly increase than the headline CPI by 3.25%, albeit losing some momentum in August. 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 increased faster than July with 2.88% and 2.99% mom, respectively. It was noteworthy that the increase in CPI excluding administered and directed prices decreased to 1.44% in August.

The divergence between goods and services inflation deepened in August. In this period, monthly price increases were realized as 1.51% in goods and 4.60% in services. While energy prices, which rose by 6.84% mom, were the main driver of goods inflation in August, prices of transportation services rose by 9.20% mom in the services group. On the services side, rents rose by 7.38% mom, the fastest increase since January, while communication services recorded the lowest increase of the last 32 months with 0.61%.



Natural gas prices were the main driver of D-PPI inflation.

In August, tobacco products had the highest monthly increase in D-PPI, at 12.8%. The electricity, gas, steam, and air conditioning group increased by 6.1% compared to the previous month, which pushed the monthly D-PPI inflation up the most with 0.53 points. In this period, other items with an upward impact on monthly D-PPI inflation were machinery and equipment (0.13 points), food products (0.13 points), and other non-metallic mineral products (0.11 points). In August, producer prices of basic pharmaceutical products and pharmaceutical preparations (-0.07%), textiles (-0.64%), and coke and refined petroleum products (-4.47%) decreased on a monthly basis.

Expectations...

Despite the rapid decline in unprocessed food prices in August, the fall in monthly inflation remained limited due to the rise in administered and directed prices. On the other hand, annual CPI inflation continued to decline due to the high base effect. In the remaining months of the year, we think that the support of the base effect will diminish, and the projected improvement in the underlying trend of monthly inflation will be decisive for the disinflation process. We consider that the recent decrease in global energy prices is likely to contribute positively to the disinflation process by alleviating cost pressures.

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
	July	3.23	28.76	61.78	65.93	1.94	21.81	41.37	47.55
	August	2.47	31.94	51.97	64.91	1.68	23.86	35.75	46.23

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