



CPI increased by 2.04% on a monthly basis in August.

Monthly CPI inflation in August came in at 2.04%, exceeding market expectations of 1.79%. Annual CPI inflation continued its downward trend due to the high base effect, falling to 32.95%. In August, the monthly increase in the D-PPI gained momentum at 2.48%, thus annual producer price inflation rose to 25.16%.

August	CPI		D-PPI	
(change %)	2024	2025	2024	2025
Monthly	2.47	2.04	1.68	2.48
Year-to-Date	31.94	21.50	23.86	20.62
Annual	51.97	32.95	35.75	25.16
Annual Average	64.91	39.62	46.23	26.28

Prices in the food and non-alcoholic beverages group increased by 3.02% mom.

In August, prices climbed in all but one of the 12 major CPI spending groupings, rising faster than headline CPI in four of them. During this time, prices in the food and beverage group, which has the highest weight in the CPI basket, increased by 3.02% compared to the previous month, raising monthly CPI inflation by 0.72 points. The alcoholic beverages and tobacco group experienced its largest monthly increase since March, rising 6.04%, pushing monthly inflation up by 0.21 points. The housing group contributed 0.46 points, with a monthly rise of 2.66%. Transportation prices increased at a relatively moderate rate of 1.55%, contributing 0.24 points to monthly inflation. Clothing and footwear prices declined by 0.71% mom, limiting monthly CPI inflation to 0.04 points.

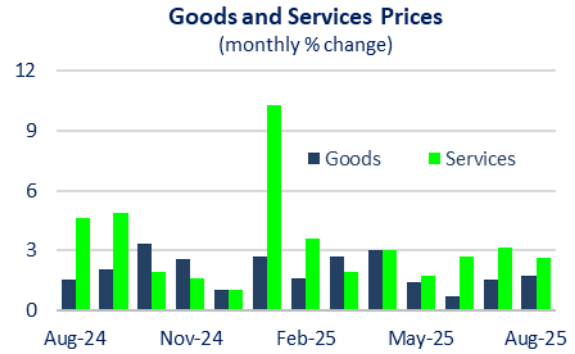
According to basic headings data, the real rentals paid by tenants item, which increased by 4.61% mom in August, was the most major driver to the CPI increase, contributing 0.31 points. Rent was ranked first, followed by cigarettes (0.21 points), bread (0.18 points), and restaurants and food services (0.11 points).

The A and B indices rose above the headline CPI.

The A index, which excludes seasonal products, increased by 2.19% in August, surpassing headline inflation, indicating that seasonal products were not a driving force in inflation exceeding expectations. During this time, the monthly increases in the B (CPI excluding unprocessed food products, energy, alcoholic

beverages, tobacco, and gold) and C (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco products, and gold) indices were 2.07% and 1.69%, respectively.

In August, energy prices rose by a limited 0.64% mom, while processed food prices recorded its fastest increase since February, rising by 3.83%. During this period, goods inflation was recorded at 1.72% and services inflation at 2.65%. The increase in service inflation was driven by price increases in rent and transportation services.

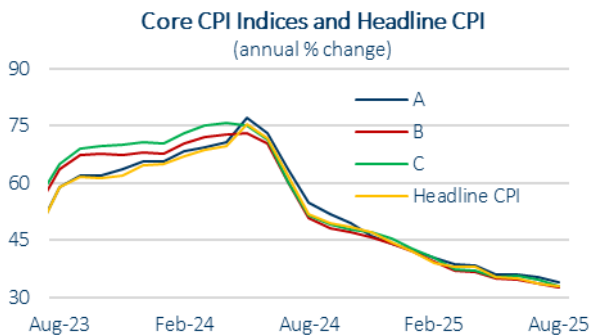


Electricity and gas prices were key drivers of the acceleration in the D-PPI.

In August, the upward trend in producer prices spread across all sectors. During this period, electricity and gas (0.84 points), where producer prices rose by 10.09% mom, and food products (0.70 points), where prices jumped by 3.52%, stood out as the items contributing most to headline D-PPI inflation. During this period, while prices of the furniture remained relatively stable, the 1.83% decline in the prices of coke and refined petroleum products limited the D-PPI by 0.05 points.

Expectations...

Consumer inflation in August exceeded market estimates due to price rises in alcoholic beverages, tobacco, food, and non-alcoholic beverages. Price increases were widespread during this period, and core inflation remained relatively high, indicating inflation rigidity. In this context, we believe that the high base effect will continue to support the downward trend in annual inflation in the next months, but that the likelihood of annual CPI inflation remaining above the 25-29% forecast range updated by the CBRT in its most recent Inflation Report has increased.



		Inflation (%)							
		CPI (2003=100)				D-PPI (2003=100)			
		Year to		Annual	Year to		Annual		
		Monthly	Date	Annual	Average	Monthly	Date	Annual	Average
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
	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
	September	2.97	35.86	49.38	63.47	1.37	25.55	33.09	44.81
	October	2.88	39.77	48.58	62.02	1.29	27.17	32.24	43.93
	November	2.24	42.91	47.09	60.45	0.66	28.01	29.47	42.60
	December	1.03	44.38	44.38	58.51	0.40	28.52	28.52	41.10
2025	January	5.03	5.03	42.12	56.35	3.06	3.06	27.20	39.50
	February	2.27	7.42	39.05	53.83	2.12	5.24	25.21	37.55
	March	2.46	10.06	38.10	51.26	1.88	7.23	23.50	35.23
	April	3.00	13.36	37.86	48.73	2.76	10.19	22.50	32.65
	May	1.53	15.09	35.41	45.80	2.48	12.92	23.13	30.17
	June	1.37	16.67	35.05	43.23	2.46	15.71	24.45	28.34
	July	2.06	19.08	33.52	41.13	1.73	17.70	24.19	27.07
	August	2.04	21.50	32.95	39.62	2.48	20.62	25.16	26.28

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