CPI rose by 3.23% mom in September.

Monthly CPI inflation in September was realized as 3.23%, significantly above the market expectations of 2.60%. Thus, annual CPI inflation increased to 33.29%, halting the disinflationary trend in annual figures that had been ongoing since June 2024. During this period, the monthly increase in the PPI also gained momentum at 2.52%, while producer price inflation rose to 26.59% yoy.

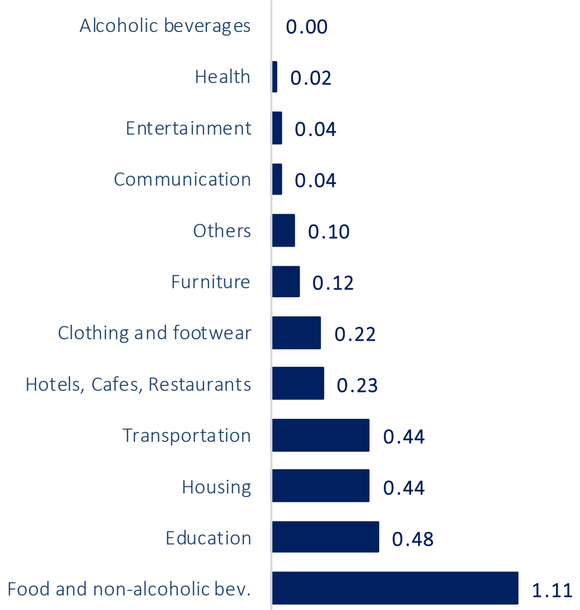
September	CPI		D-PPI	
(change %)	2024	2025	2024	2025
Monthly	2.97	3.23	1.37	2.52
Year-to-Date	35.86	25.43	25.55	23.66
Annual	49.39	33.29	33.09	26.59
Annual Average	63.47	38.36	44.81	25.83

Price increases were widespread across all sub-indices of the CPI.

In September, prices rose in all 12 main expenditure groups that constitute the CPI, except for alcoholic beverages and tobacco, while prices in three expenditure groups (food, clothing, and education) rose faster than the headline CPI. During this period, prices in the food and non-alcoholic beverages group, which has the highest weight in the CPI basket, rose by 4.62% compared to the previous month, increasing the monthly CPI inflation by 1.11 points. The rapid seasonal increase in prices in the education group, at 17.9% mom, raised the monthly CPI inflation by 0.48 points. During this period, price increases in the housing and transportation groups also contributed 0.44 points each to monthly CPI inflation. In the clothing and footwear group, which is also influenced by seasonal factors, prices rose by 3.92% mom, contributing 0.22 points to the CPI.

Core inflation figures were consistent with headline inflation.

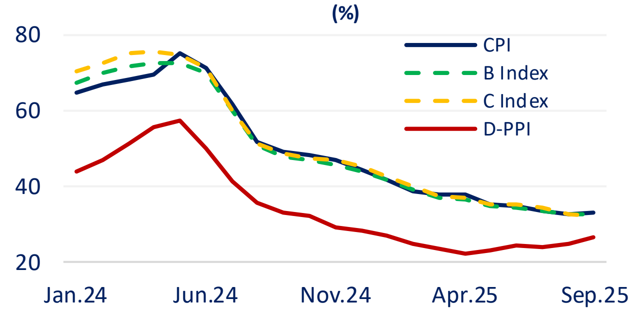
Contribution of Sub-Indices to CPI
(points)



Although items that played a significant role in September had considerable price increases due to seasonal effects, the monthly increase in the A index (CPI excluding seasonal products) was 3.13%, demonstrating that the deterioration in inflation outlook was widespread in September. Monthly increases in other core inflation indicators, 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), were also high, at 3.34% and 3.22%, respectively.

In September, prices in the energy group rose by a modest 1.24% mom, while the price increase for unprocessed food products was 5.53% during this period. While goods inflation stood at 2.79% in September, it was notable that services inflation remained high at 4.10%. The high service inflation was driven by inertia in actual rentals paid by tenants, as well as price increases in other services, including transportation and education. During this period, the increase in communication services was relatively low at 0.8%.

Annual Inflation Indicators
(%)



The upward trend in annual D-PPI inflation continued.

In September, the monthly rise in domestic producer prices, which stood at 2.52%, was seen across all sub-items except electricity, gas, and steam. The sectors contributing most to the monthly increase in producer prices were food (1.36 points), other manufactured goods (0.13 points), and basic metals (0.11 points). The annual inflation rate in the D-PPI, which declined to 22.50% in April, rose in the following period to reach 26.59% in September, partly due to the end of the favorable base effect, indicating that cost pressures may continue to be influential on the CPI side for a while.

Expectations…

In September, inflation indices deteriorated significantly due to rises in food, housing, and transportation group prices along with seasonal factors. The persistence of high core inflation readings raised concerns about the disinflationary process. In this scenario, due to persistent inertia, we anticipate annual CPI inflation exceeding the projection range provided by the CBRT in its most recent Inflation Report.

Source: Turkstat, Datastream

Inflation (%)

		CPI (2003=100)				D-PPI (2003=100)			
		Monthly	Year to Date	Annual	Annual Average	Monthly	Year to Date	Annual	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
	September	3.23	25.43	33.29	38.36	2.52	23.66	26.59	25.83

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