



CPI increased by 3% in April.

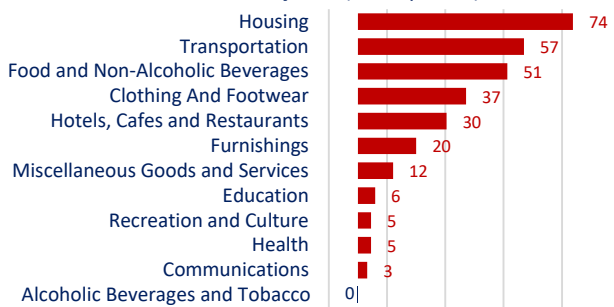
In April, CPI inflation was 3.0% on a monthly basis, which was slightly below market expectations of 3.1%, despite an acceleration. Thus, annual CPI inflation fell to 37.86%, continuing its downward trend for the eleventh month. Monthly domestic PPI inflation was 2.76%, the highest level in the last three months. Annual domestic PPI inflation was 22.50% during this period, the lowest level since October 2020.

February (change %)	CPI		D-PPI	
	2024	2025	2024	2025
Monthly	3.18	3.00	3.60	2.76
Year-to-Date	18.72	13.36	15.61	10.19
Annual	69.80	37.86	55.66	22.50
Annual Average	59.64	48.73	45.83	32.65

The housing group pushed consumer prices higher in April.

Excluding alcoholic beverages and tobacco, prices in all major expenditure groups rose on a monthly basis in April. Thanks to the incoming summer, clothing and footwear were the main expenditure group with the fastest monthly increase in April, up 6.50%. Prices in the housing group increased by 4.66% during this time period, owing primarily to an increase in electricity prices, and it became the main expenditure group that contributed the most (0.74 points) to CPI inflation. Although the food and non-alcoholic beverages group reported a monthly increase of 2.01%, which was lower than headline inflation, it contributed 0.51 percentage points to monthly inflation due to its high weight in the CPI basket.

Contributions of Main Expenditure Groups to Monthly CPI (basis points)



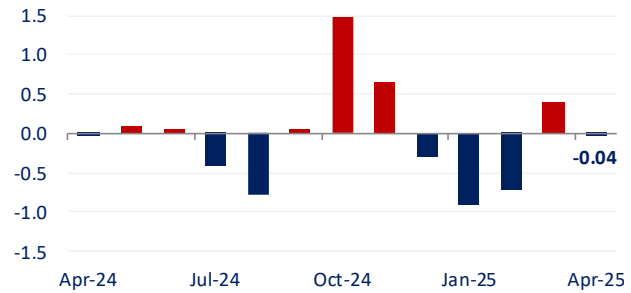
Across all basic headings, fresh fruits, whose prices increased by 19.84% mom due to agricultural frost, were the item that drove monthly inflation up the most, by 39 basis points. The increase in electricity prices alone contributed 37 basis points to CPI inflation during this period. On the other hand fresh vegetables, excluding potatoes, fell by 17.32% due to seasonal effects, offsetting the increase in fresh fruits in April and keeping food inflation from worsening. In April, the basic heading with the fastest monthly price increase was air passenger transportation with 42.10%.

Core inflation figures were higher than headline inflation.

The A index which excludes seasonal products, increased by 3.04% mom in April, indicating that the seasonal effects on CPI were relatively balanced in this period. In April, 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 3.10% and 3.34%, respectively, slightly exceeding headline inflation.

In April, goods inflation rose by 2.99%, the fastest increase of the last 6 months, while services inflation came in at 3.00%. Electricity prices were the primary factor driving goods inflation, and services inflation was driven by the rise in transportation prices. The slowing of the increase in real rent prices in April (3.20%), which is one of the main drivers of the rigidity in services inflation, stood out as a positive development in core indicators.

Seasonal Effects on Headline CPI Inflation (% points, mom)



Food remained the most important driver of producer inflation.

Food, with prices rising by 3.18% mom, was the sub-sector that drove PPI inflation up the most in April, accounting for 0.66 points. Other manufactured goods had the fastest cost increase during this time period, rising by 6.95%. Coke and refined petroleum products, on the other hand, were the only sub-sector with annual price declines, falling by 1.96% mom in April.

Expectations...

Monthly CPI inflation accelerated in April as a result of the recent severe agricultural frost, the TRY's depreciation in March, and increases in administered prices. Additionally, the decline in core indicators during this period indicated that the improvement in the underlying inflation trend had stopped. However, we anticipate that the underlying trend of monthly inflation will continue to improve in the months ahead, given that the effects of these developments are temporary. Nevertheless, the most significant risk that has the potential to put upward pressure on inflation through the pricing behavior channel is the deterioration in inflation expectations among households and the real sector. In this regard, the effects of the CBRT's additional tightening steps and macroprudential measures on inflation expectations and pricing behavior will have a significant impact on inflation's path.

		Inflation (%)							
		CPI (2003=100)				D-PPI (2003=100)			
		Monthly	Year to		Annual Average	Monthly	Year to		Annual Average
Date	Annual		Date	Annual					
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
	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

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