Monthly CPI inflation was 1.84% in August.

Monthly CPI inflation came in at 1.84% in August, slightly below market expectations. Annual CPI inflation declined from 31.75% to 31.51%. CPI increase was recorded at 22.07% ytd.

The monthly increase in the Domestic Producer Price Index (D-PPI) rose from 1.52% in July to 2.57% in August. Accordingly, after declining in the last two months, annual D-PPI inflation increased to 27.95% in August.

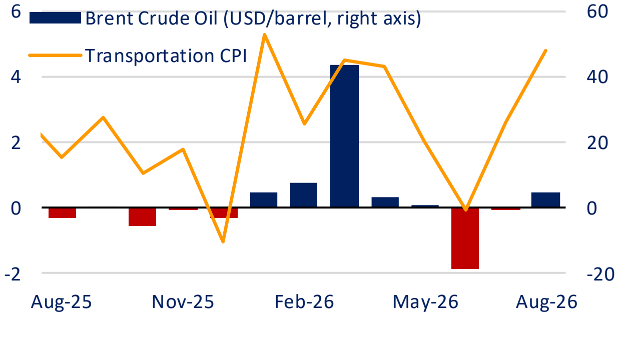
August	CPI		D-PPI	
(change %)	2025	2026	2025	2026
Monthly	2.04	1.84	2.48	2.57
Year-to-Date	21.50	22.07	20.62	20.88
Annual	32.95	31.51	25.16	27.95
Annual Average	39.62	31.79	26.28	27.76

Alcoholic beverages and tobacco, transportation and education groups stood out in August.

In August, prices increased among all 13 main expenditure groups, except clothing and footwear. Transportation group prices rose by 4.82% mom, making the largest contribution (0.82 pp) to monthly inflation. Having increased by 2.26% on a monthly basis, housing group prices contributed by 0.27 percentage points to monthly inflation. Driven by cigarette price hikes introduced in early August, prices in the alcoholic beverages and tobacco group rose by 6.89% (0.18 pp contribution). Education prices increased by 8.62% mom due to seasonal fee adjustments ahead of the new academic year, contributing 0.17 percentage points to monthly inflation. Meanwhile, prices in the food and non-alcoholic beverages group, which has the highest weight in the CPI basket, recorded a moderate monthly increase of 0.22%.

CPI by COICOP 2018 subclasses data shows that actual rents, which rose by 3.04% mom, made the largest contribution to the CPI at 0.21 percentage points. This was followed by tertiary education fees and diesel prices, each contributing 0.20 percentage points, and international passenger transportation by air, which added 0.16 percentage points.

Transportation Sector and Oil Prices
(monthly % change)

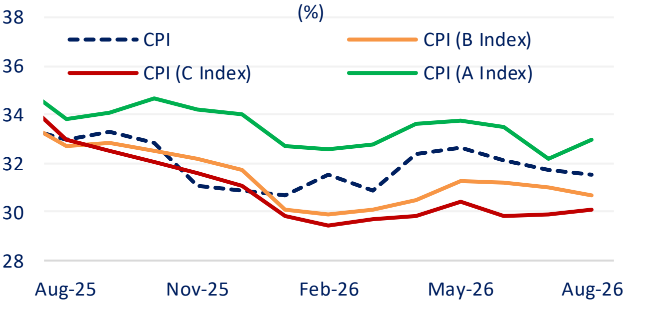


Services inflation remained above 3% in August.

Energy prices recorded their fastest monthly increase since April, rising by 5.46% in August. Meanwhile, unprocessed food prices declined by 2.03%, in line with the 8.18% fall in fresh fruit and vegetable prices. Accordingly, goods inflation rose by 0.2 percentage points to 1.02% in August. Services inflation declined from 3.18% to 3.08%, as the acceleration in rent, communications and transport prices was offset by the loss of momentum in restaurants and hotels and other services.

In August, the A index, which excludes seasonal products, rose by 2.80%, exceeding headline inflation and confirming the downward impact of seasonal products on inflation. During this period, the monthly increases in the B and the C indices were 1.84% and 1.81%, respectively.

Annual Inflation Indicators
(%)



The downward trend in D-PPI ended in August.

Coke and refined petroleum products, whose prices rose by 16.41%, contributed 0.56 pps to monthly D-PPI inflation, which stood at 2.57% in August. Electricity and gas production and distribution, where prices increased by 6.03%, added 0.53 pps. Food products also contributed 0.32 pps due to their high weight in the index, despite recording a relatively limited price increase of 1.65%. Meanwhile, crude petroleum and natural gas, one of the two groups in which producer prices declined, limited the monthly increase in the D-PPI by 0.10 pps, with prices falling by 8.14%.

Expectations…

Price adjustments in alcoholic beverages and tobacco and education, together with the rapid increase in energy prices, were the main drivers of consumer inflation in August. On the other hand, the moderate increase in food and non-alcoholic beverage prices, which have a high weight in the CPI basket, helped inflation remain below expectations, supported by the decline in fresh fruit and vegetable prices. In September, we expect monthly inflation to rise compared to August, mainly due to increases in services inflation and food prices, while the disinflation trend is expected to continue on an annual basis. Meanwhile, geopolitical developments and the course of global commodity prices remain risk factors for the domestic inflation outlook.

Inflation (%)

		CPI (2025=100)				D-PPI (2003=100)			
		Monthly	Year to Date	Annual	Annual Average	Monthly	Year to Date	Annual	Annual Average
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
	October	2.55	28.63	32.87	37.15	1.63	25.67	27.00	25.49
	November	0.87	29.74	31.07	35.91	0.84	26.72	27.23	25.37
	December	0.89	30.89	30.89	34.88	0.75	27.67	27.67	25.36
2026	January	4.84	4.84	30.65	33.98	2.67	2.67	27.17	25.39
	February	2.96	7.95	31.53	33.39	2.43	5.16	27.56	25.60
	March	1.94	10.04	30.87	32.82	2.30	7.58	28.08	25.98
	April	4.18	14.64	32.37	32.43	3.17	10.99	28.59	26.48
	May	1.71	16.61	32.61	32.24	2.75	14.04	28.93	26.96
	June	0.99	17.76	32.11	32.03	1.80	16.09	28.09	27.26
	July	1.78	19.86	31.75	31.90	1.52	17.86	27.83	27.54
	August	1.84	22.07	31.51	31.79	2.57	20.88	27.95	27.76

Economic Research Division

Alper Gürler
Division Head
alper.gurler@isbank.com.tr

Büşra Ceylan
Asst. Economist
busra.ceylan@isbank.com.tr

H. Erhan Gül
Unit Manager
erhan.gul@isbank.com.tr

Onuray Günaydın
Asst. Economist
onuray.gunaydin@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**