

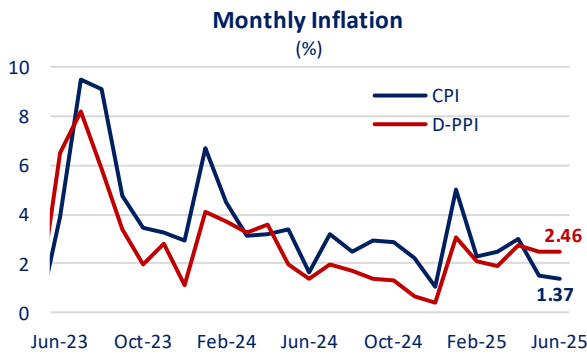


CPI rose by 1.37% in June.

In June, CPI rose by 1.37% mom, below the market expectations of 1.45% and recorded the lowest increase of this year. Annual CPI inflation continued to decline and came down to 35.05%. CPI inflation in the first half of the year was realized as 16.67%.

June	CPI		D-PPI	
(change %)	2024	2025	2024	2025
Monthly	1.64	1.37	1.38	2.46
Year-to-Date	24.73	16.67	19.49	15.71
Annual	71.60	35.05	50.09	24.45
Annual Average	65.07	43.23	47.97	28.34

Domestic PPI increased by 2.46% in June, close to its May level, and rose above CPI for the second consecutive month. In this period, D-PPI inflation was realized as 24.45% yoy and 15.71% in the first half of the year.



Prices in food and non-alcoholic beverages group decreased in June.

In June, prices decreased in 2 of the 12 main expenditure groups that make up the CPI. Prices in food and non-alcoholic beverages group, which has the highest weight in the CPI basket, fell (by 0.27%) for the second consecutive month, limiting the CPI increase by 0.07 pp. In June, prices in 8 main expenditure groups went up faster than the headline CPI, with education being the group with the highest price increase by 4.48%. In this period, price increases in housing (2.62%) and transportation (2.38%) groups made the highest contribution to the CPI inflation by 0.43 and 0.36 points, respectively.

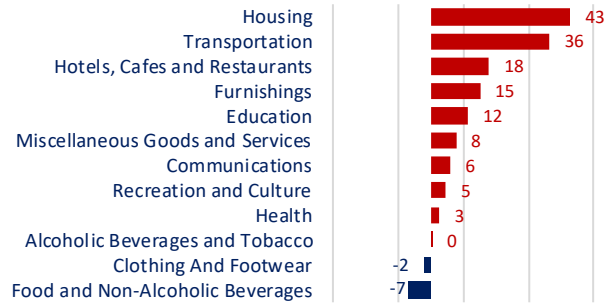
Analyzed on a headline basis, real rent, which rose by 3.97% in June, was the main driver of CPI inflation with 0.27 points contribution. Real rent was followed by fuel and oil for personal transportation vehicles (0.14 pp), meals in restaurants, patisseries, cafes, etc. (0.10 pp), tap water (0.10 pp), intercity passenger transportation by road (0.10 pp). On the other hand, fresh vegetables excluding potatoes, where prices decreased by 4.23% due to seasonal effects, was the item that limited the CPI increase the most with 0.13 points.

Core indicators rose faster than the headline CPI in June.

In June, A index, which excludes seasonal products, rose by 1.66%, above the headline inflation. In this period, increases in B (CPI excluding unprocessed food, energy, alcoholic beverages, tobacco products and gold) and C (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco products and gold) indices exceeded the headline inflation by 1.76% and 1.93%, respectively, indicating that risks to the underlying trend of inflation persisted.

In June, goods inflation came in at 0.71%, the lowest level since May 2023 when goods prices declined. The accelerating rise in energy prices (2.27%) and the rise in prices of products excluding energy and food (0.96%) were offset by the fall in food and non-alcoholic beverages prices (0.27%). On the other hand, services inflation rose to 2.73% in June, while the deterioration in the outlook was across all sub-indices.

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



Energy and food prices were the main drivers of D-PPI increase.

In June, electricity, gas production and distribution (0.77 pp) prices rose by 9.94%, and coke and refined petroleum products (0.20 pp) prices increased by 8.08%, increasing the headline D-PPI the most. Food products (0.16 points) prices increased slightly by 0.76% and this group ranked third among the items that increased D-PPI due to its high weight in the basket. In this period, crude oil and natural gas group was the only group where producer prices decreased (by 3.22%). This group was able to limit the D-PPI by only 0.02 points due to its low weight in the basket.

Expectations...

The decline in inflation was mainly driven by the food and non-alcoholic beverages group, whose prices fell in June as in May. On the other hand, the fact that core indicators were recorded above the headline inflation and price increases in the services group, where inertia is high, regained momentum pointed to the ongoing risks to the underlying trend of inflation. The rise in natural gas prices and the expected SCT revisions in July may push inflation slightly upwards, but we expect annual inflation to continue to decline in the summer months with the support of seasonal factors.

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

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