



CPI increased below expectations in March.

Although CPI rose 2.46% in March, below the market expectations of 3.0%, it gained some momentum compared to February. In contrast, annual CPI inflation fell to 38.10% in this period, the lowest level since December 2021. While monthly domestic PPI inflation fell to 1.88%, annual D-PPI inflation reached 23.50%, its lowest level since November 2020.

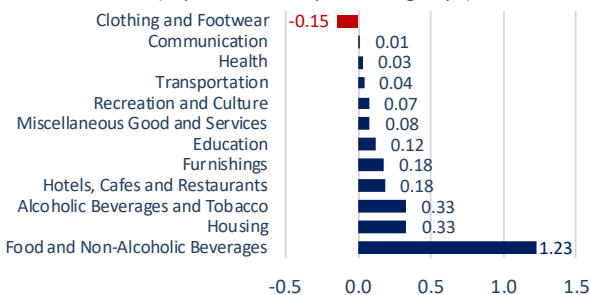
March (change %)	CPI		D-PPI	
	2024	2025	2024	2025
Monthly	3.16	2.46	3.29	1.88
Year-to-Date	15.06	10.06	11.59	7.23
Annual	68.50	38.10	51.47	23.50
Annual Average	57.50	51.26	45.28	35.23

Price increases in food and non-alcoholic beverages were the main driver of monthly CPI inflation.

In March, prices increased in 11 of the 12 main expenditure groups of the CPI. The fastest monthly price increase was realized in alcoholic beverages and tobacco (9.96%), while the contribution of the item to the monthly CPI inflation was 0.33 points. In this period, the food and non-alcoholic beverages group, where prices increased by 4.94% due to Ramadan and unfavorable weather conditions, was the main expenditure group that pushed the monthly CPI inflation up with the contribution of 1.23 points. On the other hand, the education group (4.68%), where price increases were relatively high on a monthly basis, and the housing group, which was effective on the course of inflation due to its high weight in the CPI basket despite the loss of momentum in price increases (2.10%), contributed 0.45 points to monthly CPI inflation in March in total. In March, clothing and footwear prices were the only item to record a monthly decline (2.48%).

On a product basis, in March, the fastest price increase was recorded in potatoes (42.10%). Prices of fresh vegetables excluding potatoes (19.90%), fresh fruits (11.21%), eggs (8.55%), and beef (7.03%) also recorded relatively rapid increases. Thus, these five core items pushed monthly inflation up by 1.09 points in March. Tobacco products, which were affected by upward price revisions, also contributed 0.35 points to monthly inflation.

Contributions to the Monthly CPI Inflation
(% points, main expenditure groups)

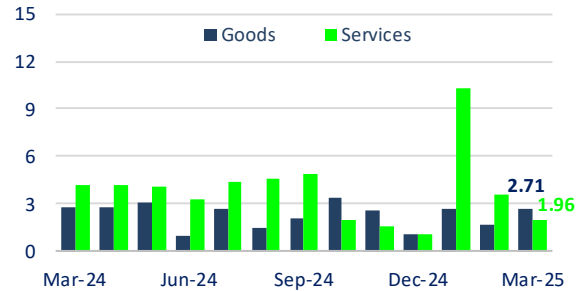


Core indicators and services inflation decelerated markedly in March.

In March, the A index, excluding seasonal products, increased at the slowest rate in the last three months, at 2.07%, which was also lower than the headline CPI, indicating that seasonal products drove inflation higher in March. Monthly inflation in the B index (CPI excluding unprocessed food, energy, alcoholic beverages, tobacco and gold) and the C index (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco, and gold) also slowed down significantly, with 1.30% and 1.46%, respectively. In March, CPI excluding administered prices recorded a monthly increase (2.39%) relatively close to the headline inflation.

Prices of services posted the lowest monthly increase of this year, at 1.96% in March, while rent inflation remained high (3.39%) despite the decline in this period. Monthly goods inflation accelerated to 2.71% in March, led by the rise in unprocessed food, alcoholic beverages, tobacco, and gold prices.

Goods and Services Prices
(monthly % change)



Tobacco products and food stood out in producer inflation.

According to sub-sectors, tobacco products posted the highest monthly increase in producer prices by 14.51% mom in March. In this period, the item that pushed monthly inflation up the most was food products by 0.47 points. Among the sub-sectors where prices decreased on a monthly basis, coke and refined petroleum products (3.07%) and coal and lignite products (2.12%) stood out. D-PPI analysis by main industrial groupings revealed that prices in the energy group decreased by 1.17% in March.

Expectations

In March, annual CPI inflation presented a positive outlook for the disinflation process by realizing close to the lower band of the inflation path envisaged by the CBRT. Despite the rapid increases in food prices due to seasonal effects, the slowdown in services inflation and core indices confirmed the improvement in the underlying trend of inflation. Regarding next month's inflation, we see the volatility in the Turkish lira observed in March, as well as possible seasonal price increases in clothing and footwear, among the upside risks. On the other hand, we anticipate that the favorable course in the underlying trend of inflation will continue if administered prices are not revised upwards and the Turkish lira's recent flat course continues.

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	9.03	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

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