



CPI rose by 2.06% in July.

Monthly CPI inflation reached the highest level in the last three months with 2.06% in July. However, it was still below market expectations of 2.40%. Annual CPI inflation continued to decline due to the high base effect, falling to 33.52%.

Monthly domestic PPI inflation, which fell from 2.46% to 1.73% in July, dropped below CPI inflation again after two months. In this period, the annual D-PPI inflation came in at 24.19%.

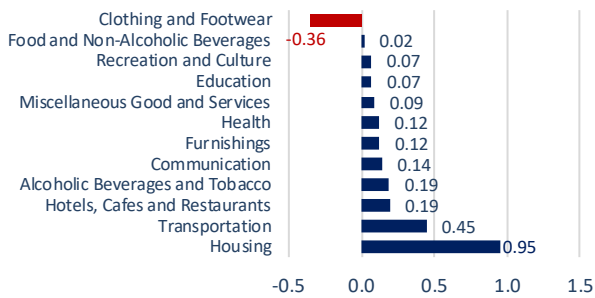
July	CPI		D-PPI	
(change %)	2024	2025	2024	2025
Monthly	3.23	2.06	1.94	1.73
Year-to-Date	28.76	19.08	21.81	17.70
Annual	61.78	33.52	41.37	24.19
Annual Average	65.93	41.13	47.55	27.07

Prices in the clothing and footwear group fell by 5.82%.

In July, prices rose in all main expenditure groups except for the clothing and footwear group. During this period, due to seasonal factors prices in the clothing and footwear group fell by 5.82% mom and limited headline inflation by 0.36 percentage points. On the other hand, prices in seven main expenditure groups rose faster than headline CPI in July. Prices in the housing group rose the fastest by 5.78% and contributed the most to the headline index, with 0.95 points. The transportation group, where prices increased by 2.89%, followed with a contribution of 0.45 points to the CPI increase. The food and non-alcoholic beverages group, which has the highest weight in the CPI basket, increased the CPI only by 0.02 points due to the limited 0.07% increase in prices.

Contributions to the Monthly CPI Inflation

(% points, main expenditure groups)



Analysis on a headline basis showed that natural gas fees, which rose by 26.41% due to the increases made in July contributed most to the CPI inflation with 0.5 points. This item was followed by real rent (0.3 percentage points), fuel and oil for personal transportation vehicles (0.2 percentage points), and the tobacco products group (0.2 percentage points). On the other hand, fresh fruits, whose prices fell by 8.75% due to seasonal effects, and women's clothing groups, whose prices dropped by 8.23%, were the items that limited the CPI increase most, each contributing 0.2 percentage points.

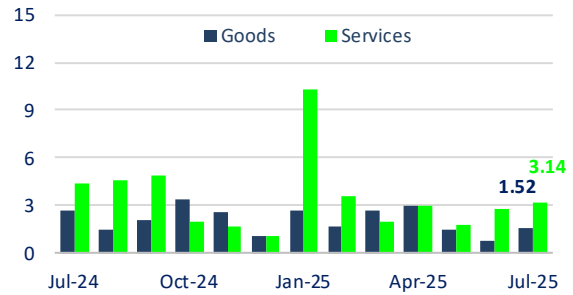
B and C indices rose below headline CPI.

In July, the A index, which excludes seasonal products, rose by 2.96%, above headline inflation and confirmed that seasonal products had pulled down inflation during this period. The increases in the 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) indices recorded increases of 1.82% and 1.74%, respectively, below headline CPI.

In July, goods inflation stood at 1.52%, as price movements in the energy group (7.35%) and clothing& footwear goods (-6.02%) offset each other. During this period, service inflation was recorded at 3.14%, the highest level in the last five months. In July, price increases were widespread to all sub-indices of the services group.

Goods and Services Prices

(monthly % change)



The limited increase in food prices was effective in the slowdown of the D-PPI.

In July, electricity, gas production, and distribution (0.18 points) with a 2.21% increase in producer prices, and coke and refined petroleum products (0.17 points) with a 6.44% rise, continued to be the groups that contributed most to the headline D-PPI. The food group, which has the highest weight in producer prices with 20%, contributed only 0.04 points to the headline index due to the moderate 0.22% increase in prices. During this period, price decreases in tobacco (6.61%), paper (0.29%), and pharmaceutical products (0.02%) did not have a significant impact on D-PPI due to the low weights of these groups in the basket.

Expectations...

In July, although consumer inflation gained momentum compared to June due to the increase in administered prices as well as the natural gas price adjustment, it remained below market expectations. The fact that core inflation indicators remained below headline inflation provided positive signals regarding the course of inflation as well. We expect that the high base effect will continue to support disinflation in the coming months, albeit at a slower pace, and that annual CPI inflation will remain around the upper band of the CBRT's forecast range at the end of the year.

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

Economic Research Division

Alper Gürl r
Division Head
alper.gurler@isbank.com.tr

Dilek Sarsın Kaya
Asst. Manager
dilek.kaya@isbank.com.tr

H. Erhan G l
Unit Manager
erhan.gul@isbank.com.tr

B  ra Ceylan
Asst. Economist
busra.ceylan@isbank.com.tr

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