



In July, CPI increased by 1.36% on a monthly basis.

In July, CPI rose by 1.36% mom. According to the Reuters' Survey, CPI was expected to increase by 1.6% mom. Domestic PPI (D-PPI) declined by 0.99% in this period.

July	CPI		D-PPI	
(change %)	2018	2019	2018	2019
Monthly	0.55	1.36	1.77	-0.99
Year-to-Date	9.77	6.44	17.56	7.02
Annual	15.85	16.65	25.00	21.66
Annual Average	12.00	19.91	17.41	32.34

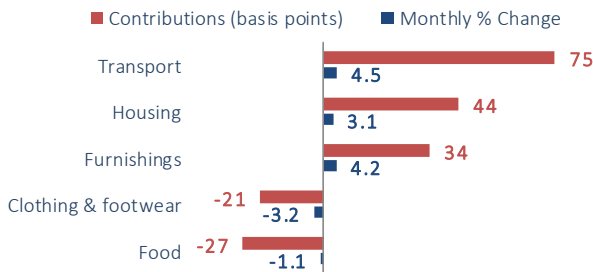
Annual CPI inflation was 16.65%.

Having fallen to the lowest level in one year with 15.72% in June, annual CPI inflation increased slightly to 16.65% in July. D-PPI inflation dropped to the lowest level since May 2018 with 21.66%.

Seasonal products limited the rise in inflation.

In July, prices in all main expenditure groups except clothing & footwear and food increased. The highest monthly price increases were in transport group with 4.5% and furnishings and household equipment group with 4.2% as tax cuts in related sectors expired during this period. Also, housing group contributed 44 bps to consumer inflation due to the rise in electricity prices. On the other hand, the decline in food and non-alcoholic beverages group prices limited the increase in inflation by 27 bps. The fall in fresh fruit and vegetable prices was behind this negative contribution. Clothing and footwear prices, which declined by 3.2% on a monthly basis, pushed inflation down by 21 bps.

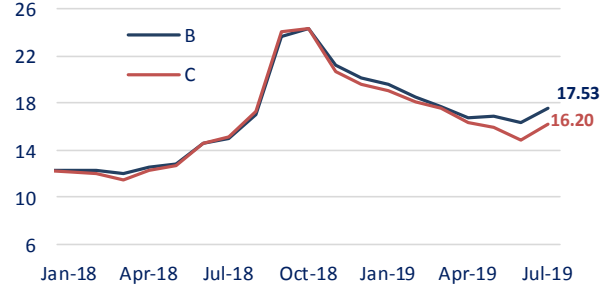
Contributions to Monthly CPI by Main Sub-Groups



Core inflation indicators...

B and C core inflation indicators, which are monitored closely by CBRT, deteriorated somewhat in July. While the annual rise in B index reached 17.53%, the annual increase in index C became 16.20%.

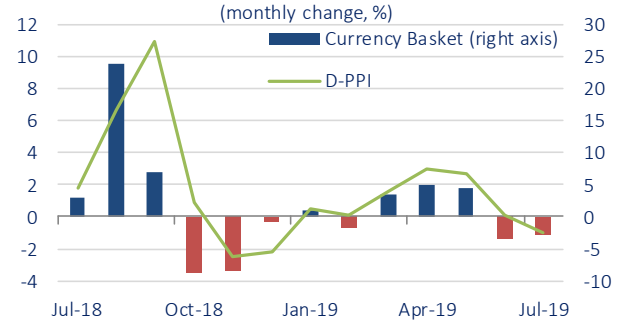
Special CPI Aggregates (annual % change)



Producer prices declined in July.

In July, exchange rate developments and the fall in oil prices led to a favorable D-PPI inflation outlook. In this period, basic metals and electricity, gas sectors drove the monthly decline in D-PPI. In addition, the 12.73% fall in crude petroleum and natural gas prices was noteworthy. Prices in all main industry groups posted a monthly decline except durable consumer goods.

Currency Basket and D-PPI (monthly change, %)



CBRT's year-end CPI inflation forecast is 13.9%.

Having published its third Inflation Report of the year, CBRT lowered 2019 year-end inflation forecast by 0.7 pp to 13.9%. The improvement in the underlying trend in inflation, the decline in food prices and downward revision in import prices were behind this cut in forecast. The inflation forecast for 2020, on the other hand, was left unchanged at 8.2%.

Expectations...

In August, the price increases in natural gas and cigarette may put an upward pressure on monthly CPI inflation. Also, the impact of exchange rate developments and producer inflation outlook on consumer inflation will continue to be monitored.

Inflation (%)

	CPI (2003=100)				D-PPI (2003=100)				
	Monthly	Year to		Annual Average	Monthly	Year to		Annual Average	
		Date	Annual			Date	Annual		
2017	January	2.46	2.46	9.22	7.76	3.98	3.98	13.69	4.96
	February	0.81	3.29	10.13	7.88	1.26	5.29	15.36	5.87
	March	1.02	4.34	11.29	8.21	1.04	6.38	16.09	6.89
	April	1.31	5.71	11.87	8.66	0.76	7.19	16.37	8.01
	May	0.45	6.18	11.72	9.09	0.52	7.74	15.26	9.02
	June	-0.27	5.89	10.90	9.36	0.07	7.82	14.87	9.98
	July	0.15	6.05	9.79	9.44	0.72	8.60	15.45	10.94
	August	0.52	6.60	10.68	9.66	0.85	9.52	16.34	12.05
	September	0.65	7.29	11.20	9.98	0.24	9.78	16.28	13.26
	October	2.08	9.52	11.90	10.37	1.71	11.66	17.28	14.47
	November	1.49	11.16	12.98	10.87	2.02	13.91	17.30	15.38
	December	0.69	11.92	11.92	11.14	1.37	15.47	15.47	15.82
2018	January	1.02	1.02	10.35	11.23	0.99	0.99	12.14	15.66
	February	0.73	1.76	10.26	11.23	2.68	3.69	13.71	15.50
	March	0.99	2.77	10.23	11.14	1.54	5.29	14.28	15.35
	April	1.87	4.69	10.85	11.06	2.60	8.03	16.37	15.36
	May	1.62	6.39	12.15	11.10	3.79	12.12	20.16	15.80
	June	2.61	9.17	15.39	11.49	3.03	15.52	23.71	16.57
	July	0.55	9.77	15.85	12.00	1.77	17.56	25.00	17.41
	August	2.30	12.29	17.90	12.61	6.60	25.32	32.13	18.78
	September	6.30	19.37	24.52	13.75	10.88	38.96	46.15	21.36
	October	2.67	22.56	25.24	14.90	0.91	40.22	45.01	23.73
	November	-1.44	20.79	21.62	15.63	-2.53	36.68	38.54	25.52
	December	-0.40	20.30	20.30	16.33	-2.22	33.64	33.64	27.01
2019	January	1.06	1.06	20.35	17.16	0.45	0.45	32.93	28.70
	February	0.16	1.23	19.67	17.93	0.09	0.55	29.59	29.97
	March	1.03	2.27	19.71	18.70	1.58	2.14	29.64	31.17
	April	1.69	4.00	19.50	19.39	2.98	5.18	30.12	32.24
	May	0.95	4.99	18.71	19.91	2.67	7.99	28.71	32.85
	June	0.03	5.01	15.72	19.88	0.09	8.09	25.04	32.81
	July	1.36	6.44	16.65	19.91	-0.99	7.02	21.66	32.34

Source: Turkstat, Datastream

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