



### Monthly CPI inflation came in at 0.85% in April.

CPI increased by 0.85% mom in April, a bit above the expectations. Market expectation was around 0.6%. Domestic PPI (D-PPI) posted an increase of 1.28% in this period.

April (change %)	CPI		D-PPI	
	2019	2020	2019	2020
Monthly	1.69	0.85	2.98	1.28
Year-to-Date	4.00	3.16	5.18	4.54
Annual	19.50	10.94	30.12	6.71
Annual Average	19.39	12.66	32.24	10.87

### Annual CPI inflation declined to 10.94%.

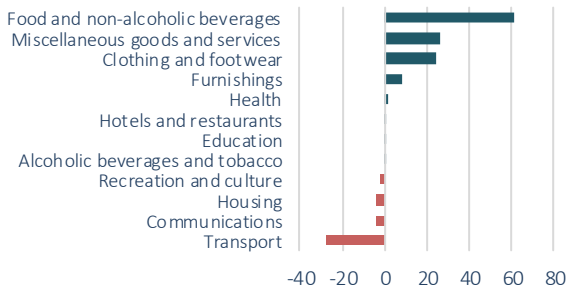
In April, annual consumer inflation fell to the lowest level since November 2019 with 10.94%. In this period, thanks to the high base effect, annual D-PPI inflation also declined to its lowest level in five months and became 6.71%.

### Food prices boosted CPI inflation.

Prices in 8 out of 12 main expenditure groups increased on a monthly basis in April. Due also partly to Ramadan impact, food and non-alcoholic beverages group made the largest contribution to the monthly rise in CPI with 61 bps. Miscellaneous goods and services followed food group adding 26 bps to monthly CPI inflation. Clothing and footwear group, in which prices increased rapidly by 4.1% mom, made a contribution of 25 bps.

Sharp fall in oil prices due to coronavirus pandemic, put downward pressure on transportation prices in Turkey. Contracting by 1.83% mom in April, transportation group prices made the largest negative contribution to the monthly consumer inflation by 27 bps. Prices in communications group fell by 1.23% mom in this period, pushing the monthly inflation down by 5 bps.

### Contributions to the Monthly CPI Inflation (basis points)

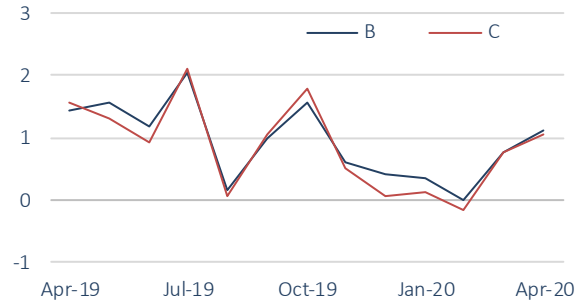


### B and C core indices surged by more than 1% mom.

CPI excluding seasonal products rose at a slower pace compared to headline inflation with 0.64% mom. However, CBRT's favorite core inflation indicators, B index (CPI

excluding unprocessed food, energy, alcoholic beverages, tobacco and gold), and C index (CPI excluding energy, food and nonalcoholic beverages, alcoholic beverages, tobacco and gold) rose faster than the headline inflation by 1.11% mom and 1.04% mom, respectively. Annual increases in B and C indices became 11.27% and 9.93%, respectively.

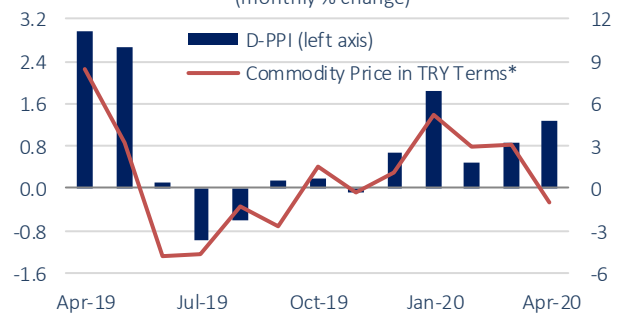
### Special CPI Aggregates (monthly % change)



### Fall in energy prices limited the rise in D-PPI inflation.

Despite the increase in foreign exchange rates, the slump in global oil prices has become the main factor limiting the rise in D-PPI inflation. The coke and refined petroleum products and crude petroleum and natural gas sub-sectors, in which prices recorded respective falls of 28.5% mom and 27.7% mom, limited the monthly increase in the D-PPI by a total of 171 bps. The said two sub-sectors dragged down the annual D-PPI inflation by a total of 213 bps. On the other hand, in April, basic metals, textiles and food sub-sectors were the main drivers that pushed the monthly producer price inflation up.

### Commodity Prices and D-PPI (monthly % change)



### Expectations...

Although the recent rapid depreciation of Turkish lira put some upward pressure on inflation, the fall in global commodity prices led by oil prices as well as weak demand conditions largely offsets this impact. Against this backdrop, in its Inflation Report released on April 30, CBRT revised down its year-end CPI inflation forecast from 8.2% to 7.4%. We maintain our estimation that the downward trend in annual CPI inflation will become more pronounced particularly in the second half 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
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
	August	0.86	7.35	15.01	19.62	-0.59	6.39	13.45	30.51
	September	0.99	8.42	9.26	18.27	0.13	6.53	2.45	26.44
	October	2.00	10.59	8.55	16.81	0.17	6.71	1.70	22.58
	November	0.38	11.01	10.56	15.87	-0.08	6.63	4.26	19.68
	December	0.74	11.84	11.84	15.18	0.69	7.36	7.36	17.56
2020	January	1.35	1.35	12.15	14.52	1.84	1.84	8.84	15.71
	February	0.35	1.71	12.37	13.94	0.48	2.33	9.26	14.18
	March	0.57	2.29	11.86	13.33	0.87	3.22	8.50	12.61
	April	<b>0.85</b>	<b>3.16</b>	<b>10.94</b>	<b>12.66</b>	<b>1.28</b>	<b>4.54</b>	<b>6.71</b>	<b>10.87</b>

Source: Turkstat, Datastream

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