



In 2021, annual CPI inflation was realized as 36.08%.

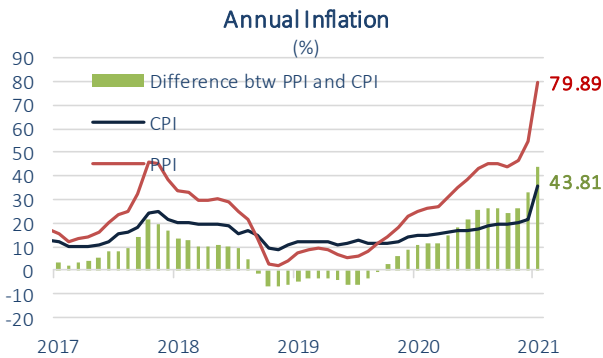
According to the data announced by TURKSTAT, consumer prices recorded the highest increase since April 1994 with 13.58% mom in the last month of 2021. In the same period, D-PPI also recorded the fastest rise in more than 27 years, increasing by 19.08% compared to the previous month.

December (change %)	CPI		D-PPI	
	2020	2021	2020	2021
Monthly	1.25	13.58	2.36	19.08
Annual	14.60	36.08	25.15	79.89
Annual Average	12.28	19.60	12.18	43.86

Thus, annual CPI inflation rapidly increased in December and rose to 36.08%, reaching the highest level of the last 19 years. The annual D-PPI inflation went up from 54.62% in November to 79.89% in December, recording the highest annual increase since February 2002.

Prices in all main spending groups increased.

In December, prices in all 12 main expenditure groups increased compared to the previous month, pointing out that the rise in consumer prices spread to the whole. With the effect of the increases in fuel prices, the transportation group became the main expenditure group with the fastest rise in prices with 28.49% mom in December and pushed monthly CPI inflation up by 441 basis points. In this period, the prices of food and non-alcoholic beverages group, which has the highest share in expenditure groups, went up by 15.99% mom, increasing CPI inflation by 429 basis points. The prices of household goods rose by 16.54% mom, and pushed up monthly CPI inflation by 144 basis points. Thus, the effect of the 3 main expenditure groups on monthly CPI inflation was 10.1 points in total.



In terms of the contribution of the main expenditure groups to annual CPI inflation, transportation group in which prices rose the fastest by 53.66%, increased the annual CPI inflation by 831 basis points in 2021. The food group prices went up by 43.8% yoy and had the highest impact on annual consumer inflation with 1,136 basis points, while the housing group prices rose by 28.57% in the same period and increased the annual CPI inflation by 439 basis points.

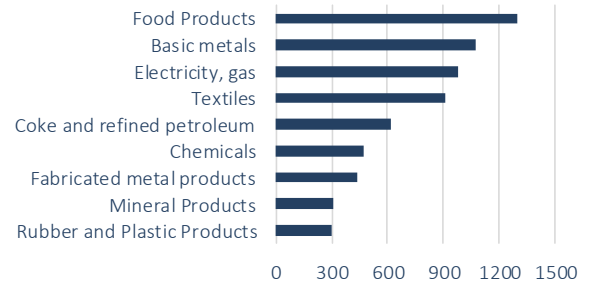
Core inflation indicators...

In December, the monthly rise in CPI excluding seasonal products was above headline inflation at 14.2%, while the annual increase reached 38.05%. Inflation indicators B index (CPI excluding unprocessed food products, energy, alcoholic beverages and tobacco and gold) and C index (CPI excluding energy, food and nonalcoholic beverages, alcoholic beverages and tobacco and gold), which are closely monitored by the CBRT, went up by 13.90% mom and 13.23% mom, respectively. Thus, annual increases in the B and C indices reached the peak levels of the 2003-based series with 34.89% and 31.88%, respectively.

Food and basic metals stood out in annual D-PPI inflation.

The rise in D-PPI inflation gained momentum in December due to the increase in global commodity prices and high volatility in foreign exchange rates. In the last month of 2021, price increases in the basic metals and electricity gas production and distribution sectors stood out with 24.73% and 24.41% mom, respectively. In this period, the sectors that pushed D-PPI inflation up the most were food products with 365 basis points and basic metals with 248 basis points.

Contributions to Annual D-PPI Inflation
(basis points)



On an annual basis, the highest price increases were in the coke and refined petroleum products, and crude oil and natural gas sectors with 161.88% and 138.51%, respectively. In this period, food group made the highest contribution to the annual D-PPI inflation of 79.89% by 1,297 bps, while the contribution of basic metals, which recorded an annual rise of 130.91%, was 1,702 bps.

Expectations...

CPI inflation exceeded expectations with 36.08% in 2021 due to the rapid increases in November and December. The upward trend in inflation is expected to continue at the beginning of 2022 due to the increase in wages with the New Year, as well as the hikes announced by the public in several products and services. In addition, increases in commodity and energy prices in global markets could strengthen inflationary pressures. Thus, we anticipate that the rise in inflation will continue in the first half of 2022, while the course in the following period will be shaped by the course of volatility in financial markets.

		Inflation (%)							
		CPI (2003=100)				D-PPI (2003=100)			
		Monthly	Year to Date	Annual	Annual Average	Monthly	Year to Date	Annual	Annual Average
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	0.85	3.16	10.94	12.66	1.28	4.54	6.71	10.87
	May	1.36	4.57	11.39	12.10	1.54	6.15	5.53	9.14
	June	1.13	5.75	12.62	11.88	0.69	6.89	6.17	7.74
	July	0.58	6.37	11.76	11.51	1.02	7.98	8.33	6.81
	August	0.86	7.29	11.77	11.27	2.35	10.52	11.53	6.71
	September	0.97	8.33	11.75	11.47	2.65	13.44	14.33	7.71
	October	2.13	10.64	11.89	11.74	3.55	17.48	18.20	9.11
	November	2.30	13.19	14.03	12.04	4.08	22.26	23.11	10.69
	December	1.25	14.60	14.60	12.28	2.36	25.15	25.15	12.18
2021	January	1.68	1.68	14.97	12.53	2.66	2.66	26.16	13.64
	February	0.91	2.60	15.61	12.81	1.22	3.92	27.09	15.14
	March	1.08	3.71	16.19	13.18	4.13	8.21	31.20	17.04
	April	1.68	5.45	17.14	13.70	4.34	12.91	35.17	19.44
	May	0.89	6.39	16.59	14.13	3.92	17.34	38.33	22.24
	June	1.94	8.45	17.53	14.55	4.01	22.04	42.89	25.38
	July	1.80	10.41	18.95	15.15	2.46	25.05	44.92	28.47
	August	1.12	11.65	19.25	15.78	2.77	28.51	45.52	31.34
	September	1.25	13.04	19.58	16.42	1.55	30.50	43.96	33.83
	October	2.39	15.75	19.89	17.09	5.24	37.34	46.31	36.20
	November	3.51	19.82	21.31	17.71	9.99	51.06	54.62	38.94
	December	13.58	36.08	36.08	19.60	19.08	79.89	79.89	43.86

Source: Turkstat, Datastream

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