



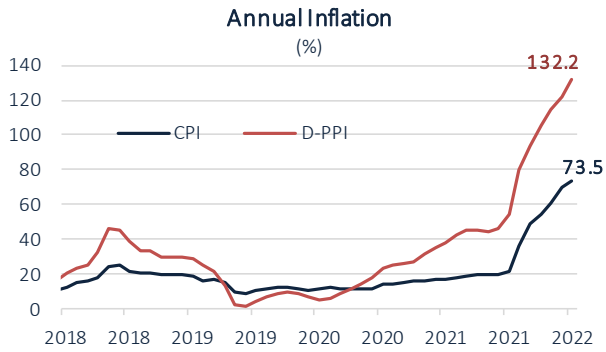
### In May, monthly CPI increase was 2.98%.

In May, CPI increased by 2.98% mom, the slowest pace in the last 7 months. Market expectation was 4.8%. Besides, monthly increase in domestic PPI, remained high and became 8.76%.

May (change %)	CPI		D-PPI	
	2021	2022	2021	2022
Monthly	0.89	2.98	3.92	8.76
Year-to-Date	6.39	35.64	17.34	51.43
Annual	16.59	73.50	38.33	132.16
Annual Average	14.13	39.33	22.24	80.38

### Annual CPI inflation rose to 73.5%.

Annual CPI inflation reached 73.5% in May, the highest level since October 1998. In this period, annual D-PPI inflation continued to rise and became 132.16%, the highest in the last 28 years.



### Food and transportation groups came to the fore in the increase in CPI.

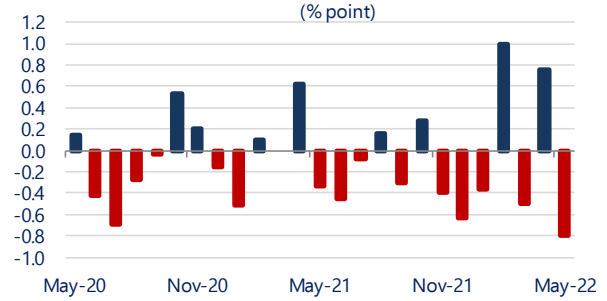
As has been the case since February, prices increased in all 12 main expenditure groups in May as well. The transportation group, in which prices increased by 3.43% compared to the previous month, made the highest contribution to the monthly CPI inflation by 61 basis points. The food group, which recorded a limited increase by 1.63% on a monthly basis, thanks to decline in vegetable prices, also led CPI inflation to increase by 45 basis points. Prices in the service sectors, where demand remained robust in May, rose rapidly on a monthly basis.

Annual inflation figures of main expenditure groups reveals that food group, in which the prices increased by 91.6% yoy, contributed the most to CPI inflation with 23.1 points. The transportation group contributed to the annual CPI inflation by 16.2 points due to the impact of geopolitical tensions on fuel prices.

### Fresh fruit and vegetable prices decreased by 11.1% on a monthly basis.

In May, annual increases in core inflation indicators B (CPI excluding unprocessed food products, energy, alcoholic beverages and tobacco and gold) and C (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold) were realized below the headline inflation by 61.6% and 56%, respectively. In this period, it was noteworthy that the prices of fresh fruits and vegetables decreased by 11.1% on a monthly basis. Thus, unprocessed food prices decreased by 1.8% compared to the previous month.

### Contribution of Seasonal Factors to Monthly CPI Inflation



### Food group and energy prices continue to make a high contribution to the annual D-PPI increase.

Prices kept rising in all sub-sectors of D-PPI. Analyzing the main industrial groups, prices in the energy group increased by 27.7% on a monthly basis and by 300.2% yoy in May. In this context, electricity and gas production and distribution prices increased by 38.5% on a monthly basis, making the highest contribution to monthly D-PPI inflation with 3.82 points. In this period, food group prices rose by 8% on a monthly basis, contributing 1.66 points to inflation. In addition, inflation in the textile sector increased by 4.9% compared to the previous month due to rise in cotton prices.

The food group, in which prices increased by 128% yoy, made the highest contribution to the annual D-PPI with 26.1 points. Electricity, gas production and distribution group posted the highest annual increase in prices with 360%, made the second highest contribution to D-PPI with 24.4 points. In the intermediate goods group, which constitutes the majority of the manufacturing industry, prices rose by 122.2% on an annual basis and by 106.8% in non-durable consumer goods.

### Expectations...

Recent depreciation of the Turkish lira, the increases in natural gas, electricity and fuel prices and the SCT regulations indicate that the increase in inflation will continue in the coming period. The widening gap between producer and consumer prices also indicates that there may be additional pressure on the CPI. Moreover, the ongoing war between Russia and Ukraine is putting pressure on wheat supply on a global scale, and concerns for prices.

		Inflation (%)							
		CPI (2003=100)				D-PPI (2003=100)			
		Monthly	Year to Date	Annual	Annual Average	Monthly	Year to Date	Annual	Annual Average
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
2022	January	11.10	11.10	48.69	22.58	10.45	10.45	93.53	49.93
	February	4.81	16.45	54.44	25.98	7.22	18.43	105.01	56.83
	March	5.46	22.81	61.14	29.88	9.19	29.31	114.97	64.30
	April	7.25	31.71	69.97	34.46	7.67	39.23	121.82	72.03
	May	2.98	35.64	73.50	39.33	8.76	51.43	132.16	80.38

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