



### In June, the monthly CPI increase was 4.95%.

The monthly rise in CPI, which slowed down in May, gained momentum in June and became 4.95%. The market expectation was that the CPI would increase by 5.4% mom. The monthly increase in domestic PPI, on the other hand, was 6.77% in June, marking the slowest rise in the last 8 months.

June (change %)	CPI		D-PPI	
	2021	2022	2021	2022
Monthly	1.94	4.95	4.01	6.77
Year-to-Date	8.45	42.35	22.04	61.68
Annual	17.53	78.62	42.89	138.31
Annual Average	14.55	44.54	25.38	88.77

### Annual CPI inflation became 78.6% in June.

While the CPI increase reached 42.35% in the first half of 2022, annual CPI inflation continued to increase in June and became 78.62%. In the first 6 months of the year, the rise in the general producer price level reached 61.68%, and annual D-PPI inflation climbed to 138.31% in June. Thus, the gap between CPI and D-PPI rose to 59.7 points, indicating that the cost pressure on CPI continues.

### Rapid price rises came to the fore in transportation and housing groups.

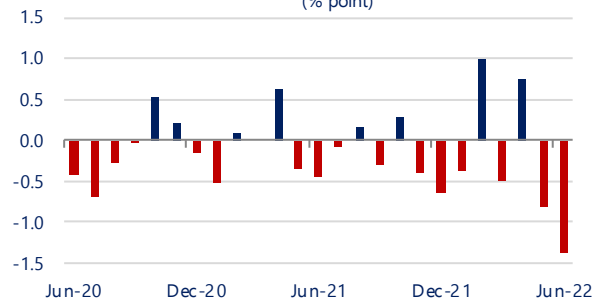
Prices increased on a monthly basis in all main expenditure groups of the CPI. In this period, the transportation group prices surged the fastest with 10.59% and contributed 1.88 points to the monthly rise in CPI. Housing group, ranking second among expenditure groups with 8.34% monthly price increase, also pushed CPI inflation up by 1.17 points in this period. The slowest price increase among the expenditure groups was recorded in the clothing and footwear group.

The effects of the main expenditure groups on annual consumer inflation were similar to the previous months. The transportation group, which saw the fastest price rise by 123.37% on an annual basis, pushed up the annual CPI inflation by 18.68 points. Prices in the food and non-alcoholic beverages group, which had the biggest impact on the annual CPI inflation by 23.41 points, rose by 93.93% on an annual basis.

Contributions to Annual CPI Inflation  
(June 2022, % points)



Contribution of Seasonal Factors to Monthly CPI Inflation  
(% point)



### Seasonal products limited the CPI increase.

In June, 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) increased by 64.42% yoy and 57.26% yoy, respectively. Even if the core indicators remained below the headline inflation rate, they maintained to have upward trend. Seasonal factors continued to limit the rise in CPI inflation in June. The annual CPI increase, excluding seasonal products, was 82.37% in this period.

### In D-PPI, price increase continued in all sub-sectors.

In June, energy sector posted the fastest price increase on both a monthly and annual basis. Energy group prices went up by 12% on a monthly basis, while the monthly price rise in durable consumer goods was 4%.

Analyzing sub-sectors reveal that cost increases continue in all sub-sectors of D-PPI. In June, electricity, gas production and distribution group, where prices rose by 9.5% on a monthly basis, was the sector that contributed the most to the monthly D-PPI increase with 1.21 points. In this period, the food group prices increased by 5.5% and pushed the producer inflation up by 1.14 points on a monthly basis.

While the fastest annual rise in D-PPI was recorded in the electricity, gas, steam and air conditioning subgroup with 369.20%, the annual increases in all energy related groups were over 250%. Food and electricity, gas production and distribution sectors played an important role in the increase in producer prices, with a total contribution of 52.53 points to the annual D-PPI increase of 138.31%.

### Expectations...

In addition to the deterioration in inflation expectations, volatility in financial markets leads inflationary pressures to continue in Turkey. Minimum wage increase and inflation adjustments to be made in wages are expected to increase inflationary pressures. On the other hand, while annual inflation is expected to maintain its high course in the upcoming period, seasonal factors may limit inflation on monthly basis during the summer months.

Inflation (%)

	CPI (2003=100)				D-PPI (2003=100)				
	Monthly	Year to		Annual Average	Monthly	Year to		Annual Average	
		Date	Annual			Date	Annual		
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
	June	4.95	42.35	78.62	44.54	6.77	61.68	138.31	88.77

Source: Turkstat, Datastream

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