



In October, monthly CPI inflation was 3.54%.

In October, CPI increased by 3.54% on a monthly basis, close to the market expectations of 3.6%. In this period, domestic PPI (D-PPI) rose by 7.83% compared to the previous month.

October (change %)	CPI		D-PPI	
	2021	2022	2021	2022
Monthly	2.39	3.54	5.24	7.83
Year-to-Date	15.75	57.80	37.34	96.74
Annual	19.89	85.51	46.31	157.69
Annual Average	17.09	65.26	36.20	122.93

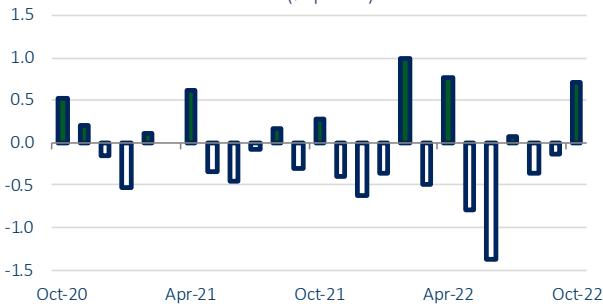
Annual D-PPI inflation is at historically high level...

Annual CPI inflation continued its upward trend in October and reached 85.51%. Supported by the rise in energy costs, annual D-PPI inflation reached its highest level since 1981 with 157.69%.

Widespread rise in consumer prices...

In October, prices in all 12 main expenditure groups increased compared to the previous month. The clothing and footwear group as well as food group prices went up by 8.34% and by 5.09%, respectively, and played important role in monthly CPI increase in this period. These two groups, being affected by seasonal factors, made up 1.75 points of the monthly CPI inflation. Among the main expenditure groups, housing, household equipment and transportation were other groups that stood out in the rise of CPI.

Contribution of Seasonal Factors to Monthly Inflation
(% points)



Core inflation indicators...

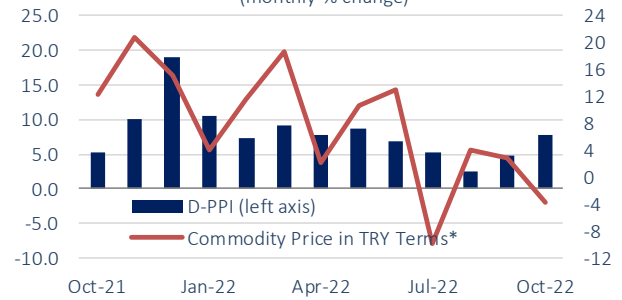
Monthly CPI inflation, excluding seasonal products, was 2.84% in October and remained below the headline inflation. The monthly increases in core inflation indicators B (CPI excluding unprocessed food products, energy, alcoholic beverages, tobacco and gold) and C (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold) were also below the headline inflation in

October, with 3.24% and 3.22%, respectively. Annual increases in B and C indices came in at 77.01% and 70.45%, respectively.

The rise in natural gas costs was the determining factor in D-PPI inflation.

The pressure on producer prices in energy-intensive sectors increased at the beginning of October, due to the regulation regarding indexation of natural gas sales prices to daily reference price. Prices in the electricity and gas production and distribution sector surged by 32.55% on a monthly basis, pushing monthly PPI inflation up by 5.14 points. The food group, where prices rose by 4.57%, also contributed 92 basis points to producer inflation on a monthly basis. In line with moderate course in global commodity prices in recent months, upward trend in durable goods lost momentum.

Commodity Prices and D-PPI
(monthly % change)



The fastest annual rise in D-PPI was recorded in the electricity, gas, steam and air conditioning subgroup with 554.56%. In this period, electricity, gas production and distribution and food sectors had a total of 72.89 points impact on annual D-PPI inflation. While prices in the textile sector went up by 124.43% yoy, pointing out that cost pressures continued, the said increase pushed the annual D-PPI inflation up by 11.67 points.

Expectations...

In its Inflation Report published on October 27, the CBRT raised its year-end inflation forecast from 60.4% to 65.2%. Continuing expansion in the gap between consumer and producer prices pointed out that cost pressure on consumer prices remained limited in October as well. Although global recession concerns are putting downward pressure on commodity prices, the continued tightening of monetary policies of developed countries' central banks keep the exchange rate risk alive on inflation. However, we anticipate that the year-end inflation may converge to CBRT's forecast due to the high base effect and the slowdown in demand.

		Inflation (%)							
		CPI (2003=100)				D-PPI (2003=100)			
		Monthly	Year to		Annual	Annual	Monthly	Year to	
Date	Annual		Average	Date				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
	June	4.95	42.35	78.62	44.54	6.77	61.68	138.31	88.77
	July	2.37	45.72	79.60	49.65	5.17	70.04	144.61	97.30
	August	1.46	47.85	80.21	54.69	2.41	74.13	143.75	105.39
	September	3.08	52.40	83.45	59.91	4.78	82.45	151.50	114.02
	October	3.54	57.80	85.51	65.26	7.83	96.74	157.69	122.93

Source: Turkstat, Datastream

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