



In January, monthly CPI increased by 6.65%

In January, CPI showed the fastest monthly increase in the last 9 months with 6.65% and exceeded market expectations. Domestic PPI, which declined for the first time in the last three years in December, recorded an increase of 4.15% in this period.

January (change %)	CPI		D-PPI	
	2022	2023	2022	2023
Monthly	11.10	6.65	10.45	4.15
Annual	48.69	57.68	93.53	86.46
Annual Average	22.58	72.45	49.93	125.53

Recovery in annual inflation indicators due to base effect continued.

In January, despite the rapid increase on a monthly basis, annual CPI inflation decreased to its lowest level of last 11 months due to the high base effect and was realized as 57.68%. In this period, thanks to the continuing downward trend of global energy prices the annual domestic PPI inflation was realized as 86.46%, the lowest level since December 2021.

In January, prices in 11 main spending groups increased.

In January, prices increased in 11 out of the 12 main spending groups. In this period, having the highest share in expenditure groups the food and non-alcoholic beverages group increased monthly inflation by 168 basis points due to the rapid rise in meat (16.2%) and vegetable (7.6%) prices. Clothing and footwear group was the only group that limited monthly CPI inflation by 10 basis points. When the prices of goods and services are compared, it is noteworthy that the prices of services surged by 12.70%, despite the rise of 4.47% in the prices of goods in January.

By updating the weights of the main expenditure groups in the inflation basket in January, Turkstat decreased the share of the

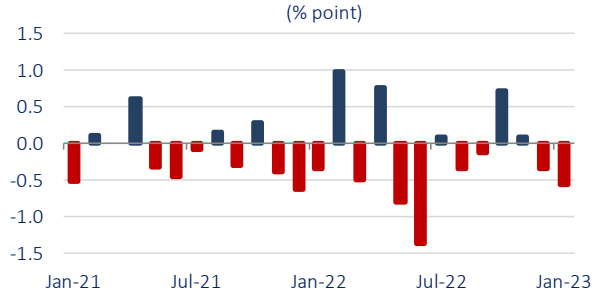
Weights of expenditure groups (%)			Δ (% point)
	2022	2023	
Food and non-alcoholic beverages	25.32	25.43	0.11
Transport	16.80	15.08	-1.72
Housing, water, electricity, gas	14.12	16.62	2.50
Furnishings and household equipment	8.86	8.67	-0.19
Hotels, cafes and restaurants	7.11	7.82	0.71
Clothing and footwear	6.42	6.41	-0.01
Alcoholic beverages and tobacco	4.31	3.57	-0.74
Miscellaneous goods and services	4.96	4.64	-0.32
Communications	3.78	3.30	-0.48
Health	3.24	3.53	0.29
Recreation and culture	3.06	3.25	0.19
Education	2.03	1.67	-0.36
Total	100	100	-

transportation group in the basket by 1.72 points, while increasing the share of the housing group by 2.5 points.

Core inflation indicators...

Seasonal products limited the increase in monthly inflation in January. Monthly CPI inflation, excluding seasonal products, was 7.23% in this period. The Index B (CPI excluding unprocessed food products, energy, alcoholic beverages, tobacco and gold) rose by 7.07% on a monthly basis. In this period, the Index C (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold) increased by 7.67%, the fastest rise in the last 13 months. The increases in B and C indices were realized as 57.05% and 52.97%, respectively.

Contribution of Seasonal Factors to Monthly CPI Inflation



Food prices were behind the rise of D-PPI.

While the rise in food prices continued to be determinant in the rise of producer prices in January, energy prices continued to limit the increase in domestic producer prices. In this period; prices in electricity, gas production and distribution, and crude oil and natural gas sectors decreased by 3.1% and 9.0%, respectively, on a monthly basis, pushing the monthly D-PPI inflation down by 42 basis points. The rapid monthly increases in food (7.9%) and beverages (20.4%) prices in January contributed a total of 143 basis points to D-PPI inflation. In addition, the prices of non-metallic mineral products increased by 8.3% mom, pushing the D-PPI inflation up by 44 basis points. Analyzing by industry groups, prices of non-durable goods went up by 8.19% mom, followed by durable goods with a price increase of 7.34%.

Expectations...

In the first Inflation Report of the year published on January 26, the CBRT kept its inflation forecast for the end of 2023 unchanged at 22.3%. The seasonal products limited the increase in monthly inflation in January, while the rapid rises in services prices confirmed the existence of inertia in inflation. In an environment where the increase in energy prices was realized at a relatively low level and the value of the TRY remained flat, the higher-than-expected inflation points to the strong course of demand conditions, with the contribution of recent wage increases.

		Inflation (%)							
		CPI (2003=100)				D-PPI (2003=100)			
		Monthly	Year to Date	Annual	Annual Average	Monthly	Year to Date	Annual	Annual Average
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
	November	2.88	62.35	84.39	70.36	0.74	98.20	136.02	128.94
	December	1.18	64.27	64.27	72.31	-0.24	97.72	97.72	128.47
2023	January	6.65	6.65	57.68	72.45	4.15	4.15	86.46	125.53

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