



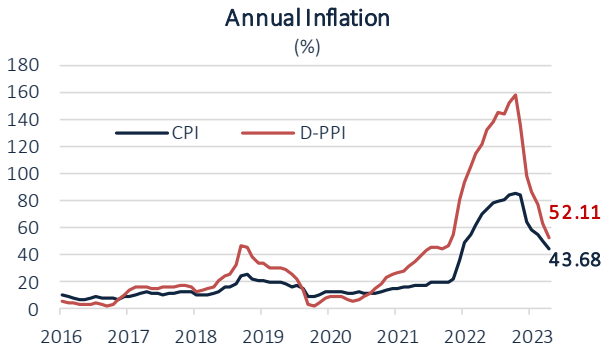
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In April, CPI rose by 2.39% mom, below the market expectations. In this period, domestic producer price index (D-PPI) increased by 0.81%.

April (change %)	CPI		D-PPI	
	2022	2023	2022	2023
Monthly	7.25	2.39	7.67	0.81
Year-to-Date	31.71	15.21	39.23	7.11
Annual	69.97	43.68	121.82	52.11
Annual Average	34.46	67.20	72.03	105.50

Annual inflation indicators continued to decline.

In April, annual CPI inflation continued to decline due to the high base effect and was realized as 43.68%, the lowest level since December 2021. In this period, producer prices also recorded the slowest annual increase since October 2021 with 52.11%. The gap between annual CPI and D-PPI inflation continued to narrow, falling to single digits as of April.



Food prices put pressure on consumer prices.

In April, prices rose in 11 out of 12 main expenditure groups. In this period, food and non-alcoholic beverages group increased the monthly inflation the most by 106 basis points due to the rapid rise in meat and fruit prices. In line with the rise in food prices, restaurants and hotels group also contributed 36 basis points to monthly inflation. Transportation group pushed the monthly CPI inflation up by 37 bps as well because of the increase in demand for intercity travel by road due to the holiday season. Housing prices fell by 1.47% mom in April, thanks to the 15% decrease in electricity prices, and limited the increase of monthly CPI inflation. In April, despite the 1.80% increase in goods prices, prices of services rose by 3.89% mom, indicating that the rigidity in prices continued.

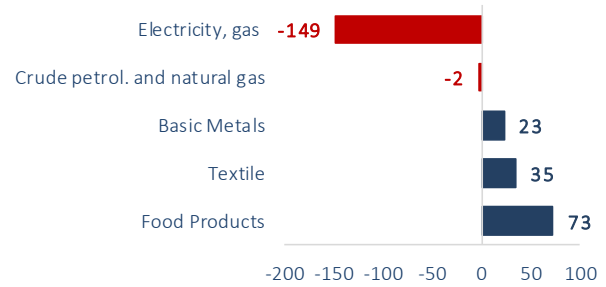
Core inflation indicators...

In April, monthly CPI inflation excluding seasonal products was realized as 2.25%, below the headline inflation. On the other hand, B index (CPI excluding unprocessed food, energy, alcoholic beverages, tobacco and gold) and C index (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold) were realized above the headline inflation as 2.74% and 3.21% mom, respectively. Annual increases in B and C indices were 48.02% and 45.48%, respectively.

Energy group continued to limit the PPI increase in April.

Food group prices rose by 4.1% mom in April and pushed up the monthly D-PPI inflation the most by 73 bps. This group was followed by textile manufacturing, which increased D-PPI inflation up by 35 bps. Despite the decline in global metal prices, prices in base metal (2.3%) and metal ores (4.7%) production increased, pushing monthly PPI inflation up by 27 bps in total. On the other hand, the downward course in energy prices continued to limit the increase in producer prices. In this period, prices in electricity, gas production and distribution group declined by 17% mom, pulling D-PPI inflation down by 149 bps.

Contribution of Sectors to Monthly D-PPI Inflation (points)



Expectations...

Although the relative improvement in inflation indicators continued in April due to the electricity tariff cuts, core inflation and services prices continued to rise. In the coming months, the downward impact of high base on inflation will diminish, while the course of global energy prices and exchange rates will continue to be influential on the inflation outlook.

		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
	February	3.15	10.00	55.18	71.83	1.56	5.78	76.61	120.72
	March	2.29	12.52	50.51	70.20	0.44	6.25	62.45	113.73
	April	2.39	15.21	43.68	67.20	0.81	7.11	52.11	105.50

Source: Turkstat, Datastream

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