



Monthly CPI inflation was 4.75% in September.

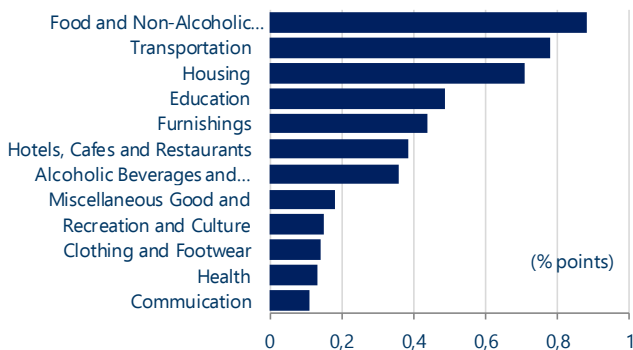
According to data released by Turkstat, consumer prices rose by 4.75% mom in September, close to the market expectations of 4.88%. Thus, annual CPI inflation rose to 61.53% while the increase in the first nine months of the year was realized as 49.9%. D-PPI also recorded the lowest rise for the last four months with 3.4% in September. In this period, D-PPI increased by 47.4% yoy and 36.1% ytd.

September (change %)	CPI		D-PPI	
	2022	2023	2022	2023
Monthly	3.08	4.75	4.78	3.40
Year-to-Date	52.40	49.86	82.45	36.06
Annual	83.45	61.53	151.50	47.44
Annual Average	59.91	55.30	114.02	65.55

Prices in the education group rose by 30.27% mom.

In September, prices increased in all main expenditure groups on a monthly basis. In this period, the highest price increases were realized in the education group with 30.27% due to the opening of schools. The contribution of this item to monthly CPI inflation was 0.49 points. In September, prices of alcoholic beverages and tobacco products rose by 10.03% mom due to the price hikes in tobacco products. In this period, the monthly increase in housing prices continued to hover above the headline inflation by 5.76% mom. On the other hand, food and non-alcoholic beverages group, which posted a moderate price increase of 3.32% in September, was the group that pushed CPI inflation up the most due to its weight in the index. Transportation group also pushed the monthly CPI inflation up by 0.78 points due to the high increases in passenger transportation fares.

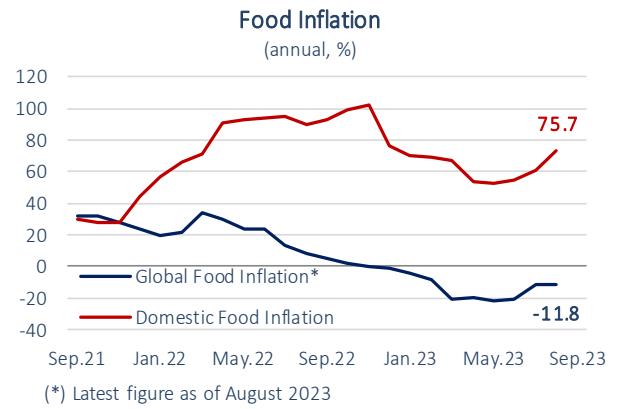
Contributions to the Monthly CPI Inflation



Core inflation indicators...

In September, CPI excluding seasonal products rose by 5.13% mom, above the headline inflation. In this period, 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) increased by 5.06% and 5.28%, respectively. Annual increases in these indices were realized as 67.22% and 68.93%, above the headline inflation, indicating that inflationary pressures will continue in the upcoming period. Moreover, the rise in services prices (7.88%) more than twice as fast as the increase in goods prices (3.42%) in September showed that the rigidity in services inflation continued.



Food products were the main driver of the increase in domestic PPI inflation.

Food products group, where prices increased by 4.92% in September, was the main driver of the monthly PPI inflation by 0.87 points. In this period, coke and refined petroleum products (6.01%) and electricity, gas production and distribution (5.47%) also increased monthly PPI inflation by 0.37 and 0.35 points, respectively. On an annual basis, it was noteworthy that prices in electricity, gas and steam sector decreased by 17.08%.

Expectations...

In September, when monthly inflation slowed down significantly compared to July and August, rapid increases in education and alcoholic beverages and tobacco prices stood out. We think that the recent rise in global oil prices due to supply concerns and the increases in natural gas and electricity prices for industrial use in the beginning of October will continue to put pressure on inflation along with seasonal factors. The recent strengthening of the US dollar on a global scale also stands out as an important factor that may trigger cost-side inflation. In the upcoming period, the effects of tightening monetary policy decisions on demand will continue to be the main factor that may limit inflationary pressures.

		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
	May	0.04	15.26	39.59	63.72	0.65	7.81	40.76	95.80
	June	3.92	19.77	38.21	59.95	6.50	14.82	40.42	86.59
	July	9.49	31.14	47.83	57.45	8.23	24.27	44.50	78.51
	August	9.03	43.06	58.94	56.28	5.89	31.59	49.41	71.97
	September	4.75	49.86	61.53	55.30	3.40	36.06	47.44	65.55

Source: Turkstat, Datastream

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