



Monthly CPI inflation came in at 3.28%.

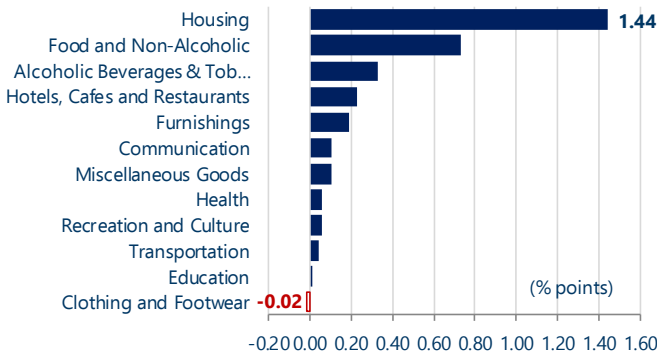
In November, monthly CPI inflation came in at 3.28%, the lowest level of the last 6 months and below market expectations. According to the Reuters survey, market expectation was 3.90% for monthly CPI. Thus, annual CPI inflation rose to 61.98%. In November, D-PPI inflation was realized as 2.81% on a monthly and 42.25% on an annual basis.

November (change %)	CPI		D-PPI	
	2022	2023	2022	2023
Monthly	2.88	3.28	0.74	2.81
Year-to-Date	62.35	60.09	98.20	42.59
Annual	84.39	61.98	136.02	42.25
Annual Average	70.36	53.40	128.94	53.15

Prices in the housing group rose by 11.17% mom.

In November, prices increased in all 12 main expenditure groups except clothing and footwear, where prices decreased by 0.31% mom. In this period, housing group prices soared by 11.17% mom due to higher natural gas consumption, and increased monthly inflation the most by 1.44 points. Food and non-alcoholic beverages group made the second highest contribution to monthly inflation by 0.73 points because of its weight in the index. Alcoholic beverages and tobacco prices, which increased by 9.16% mom due to the hike in tobacco product prices in early November, rose by 71.35% on an annual basis. On the other hand, due to the relatively flat course of fuel prices transportation prices rose by 0.21% mom, well below the headline inflation.

Contributions to the Monthly CPI Inflation

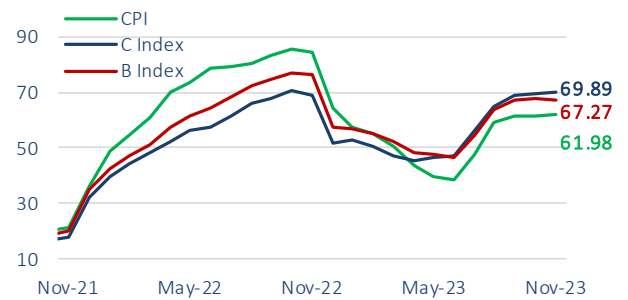


Seasonal products had a downward impact on inflation in November.

In November, CPI excluding seasonal products increased by 3.81% mom and 63.66% yoy, respectively. Thus, core inflation regained momentum after 3 months and was realized above the headline inflation. On the other hand, B index (CPI excluding unprocessed food, energy, alcoholic

beverages, tobacco products and gold) and C index (CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco products and gold) recorded monthly increases of 2.53% and 1.96%, respectively, below the headline inflation. The annual increases in these indices were realized as 67.27% and 69.89%, respectively. In November, services inflation recorded its slowest monthly increase in a year with 2.76%, while the rapid increases in rents continued to stand out in this group.

CPI and Core Inflation Indicators (yoy % change)



Domestic PPI...

Prices in electricity, gas production and distribution group increased by 11% mom in November, and increased the monthly PPI inflation the most with 0.68 points. In this period, food products continued to make high contribution to monthly PPI inflation by 0.55 points. In November, coke and refined petroleum products were the only item that pulled PPI inflation down by 0.21 points on a monthly basis.

Expectations...

As the weather got colder in November, households' natural gas consumption exceeded the free usage amount of 25 cubic meters, causing energy prices to increase rapidly. On the other hand, the decline in commodity prices, particularly oil prices, in line with the weak outlook in global economic activity; the relatively flat course of TRY and leading indicators signaling that domestic demand has lost some momentum, suggest that annual inflation in December 2023 may be realized in line with CBRT's year-end expectations.

		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
	October	3.43	55.00	61.36	54.26	1.94	38.70	39.39	58.46
	November	3.28	60.09	61.98	53.40	2.81	42.59	42.25	53.15

Source: Turkstat, Datastream

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