

# APRIL PRICE DEVELOPMENTS

6 May 2024



## Summary

Consumer prices rose by 3.18% in April, and annual inflation increased by 1.30 points to 69.80%. Annual inflation receded in food, but went up in other groups. The monthly price increase remained high in the services group, and in addition to the subgroups that have recently come to the forefront, monthly inflation in transport services also demonstrated a significant increase, mainly due to the religious holiday effect. The seasonally adjusted monthly price increase in core goods decelerated. This is attributed to the durable goods group due to the mild increase in automobile prices. The unprocessed food subgroup continued to be the main driver of the monthly price hike in food, while processed food inflation remained subdued. Energy prices did not show a month-on-month change as fuel prices that rose in line with the developments in Turkish lira-denominated oil prices were offset by the decrease in natural gas prices arising from the mechanical effect. The monthly producer price hike remained strong, while annual producer inflation continued to rise. According to the main industrial groupings, price increases were widespread across the board, more notably in groups excluding capital goods. Against this background, the seasonally adjusted monthly rates of increase in the B and C indicators continued to weaken yet remained above the Inflation Report forecasts, while annual inflation in these indicators increased slightly.

Price Developments are published within one working day following the announcement of price statistics by the Turkish Statistical Institute (TURKSTAT). Price Developments, which include the CBRT's initial remarks on the inflation figures of the previous month, aim to contribute to a sounder interpretation of the monthly inflation developments by the public during the period between the announcement of the official price statistics and the Monetary Policy Committee meeting.

## Evaluations

Consumer prices rose by 3.18% in April, and annual inflation increased by 1.30 points to 69.80%. The annual rates of change in the B and C indices rose by 0.83 and 0.60 points to 72.72% and 75.81%, respectively (Chart 1 and Table 1). In this period, the mechanical effect of natural gas on monthly consumer inflation was -0.14 points (Chart 2).

Compared to the previous month, the contributions of the alcohol-tobacco-gold, core goods, energy and services groups to annual consumer inflation increased by 0.47, 0.39, 0.38 and 0.36 points, respectively, while the contribution of the food group decreased by 0.30 points.

In seasonally adjusted terms, monthly increases in the B and C indices weakened somewhat over the previous month (Chart 3). Among the components of the B index, price increases remained moderate in processed food, and decelerated in core goods and services (Chart 4).

Services prices were up by 4.16% in April, and annual services inflation rose by 0.51 points to 96.99%. Monthly price increases spread across subgroups, while transport services stood out with a more significant price increase. Annual inflation receded in the communication subgroup but remained relatively flat in other services, while it went up in other subgroups, particularly in transport (Chart 5). The notable monthly increase in prices of transport services was driven by intercity passenger transport by road (34.24%) and passenger transport by air (17.69%) due to the religious holiday. Monthly inflation in the restaurants-hotels subgroup, which was affected by food prices - meat in particular, was stronger at 4.69% compared to the previous month. Rents continued their deceleration trend with a monthly increase of 4.61%, while annual rent inflation edged up by 0.52 points to 124.47%. In this period, the monthly rise in prices of communication services remained elevated at 4.45%. Monthly price increases in the other services subgroup lost pace over the previous month. Insurance and recreation-culture items stood out in this subgroup.

Annual core goods inflation was up by 0.68 points to 57.14% (Chart 6). In April, annual inflation declined in durable goods but rose in other subgroups. Prices of durable goods (excluding gold) went up by 2.28%, whereas the subgroup's annual inflation decreased by 1.21 points to 59.90%. The mild increase in automobile prices (1.20%) limited the monthly inflation in this subgroup, while price hikes remained strong in furniture (6.37%) and white goods (2.67%). Prices of other core goods rose by 3.01%, pushing annual inflation up by 2.94 points to 58.19%. The subgroup's monthly inflation was driven by household cleaning supplies, personal care products and the maintenance and repair of dwellings. In April, due to end of seasonal discounts, clothing and footwear prices increased by 4.60% month-on-month and the annual inflation of the subgroup rose by 1.15 points to 50.27%.

Energy prices remained unchanged in April, and annual energy inflation increased by 5.51 points to 42.83% amid the low base effect (Chart 7). Fuel prices went up by 2.82% led by the developments in Turkish lira-denominated oil prices. Bottled gas price increases lost momentum at 1.72% month-on-month, while natural gas prices dropped by 5.75% in line with lower consumption due to the change of season.

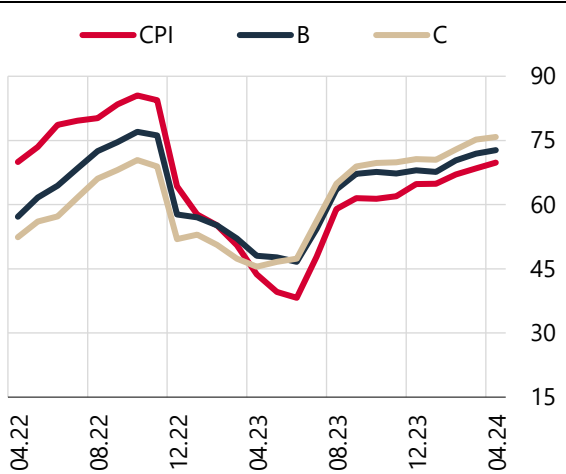
In April, prices of food and non-alcoholic beverages increased by 2.78%, and annual inflation fell by 1.91 points to 68.50% (Chart 7). Annual inflation dropped by 6.29 points to 77.85% in unprocessed food, while it went up by 1.22 points to 60.19% in processed food (Chart 8). In seasonally adjusted terms, fresh fruit and vegetable prices remained almost flat this month due to the fall in vegetable prices. In the other unprocessed food group, price hikes in red and white meat remained strong in April, driving the high monthly inflation in this group (5.83%). Thus, monthly inflation in the unprocessed food group stood at 3.85%. Monthly inflation in the processed food group remained on a mild track at 1.75%, while confectionery products-chocolates and canned vegetables posted higher increases.

Prices of tobacco products increased by 10.53% in April due to producer-driven developments, pushing annual inflation in this group up by 17.19 points to 80.47%.

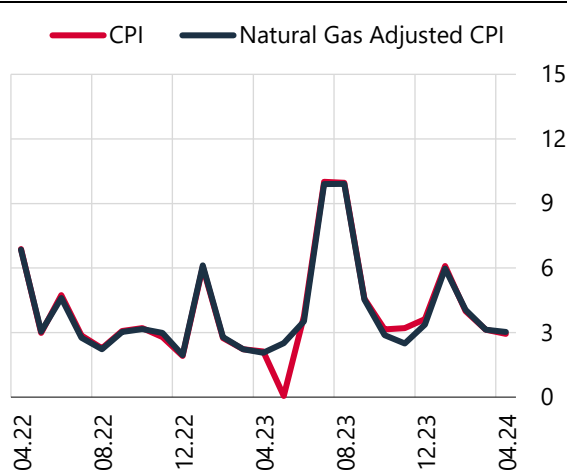
In April, domestic producer prices rose by 3.60%, and annual inflation increased by 4.19 points to 55.66% (Chart 9 and Table 2). Across the main industrial groupings, prices in the energy, non-durable consumption goods and durable consumption goods subgroups increased by 5.08%, 4.77% and 3.63% on a monthly basis (Chart 10). A sectoral breakdown of month-on-month price developments reveals that price increases spread across the whole while there were notable price increases in tobacco products, metal ores, electricity-gas, crude oil and natural gas, other non-metallic mineral products, clothing and food products.

## Charts and Tables

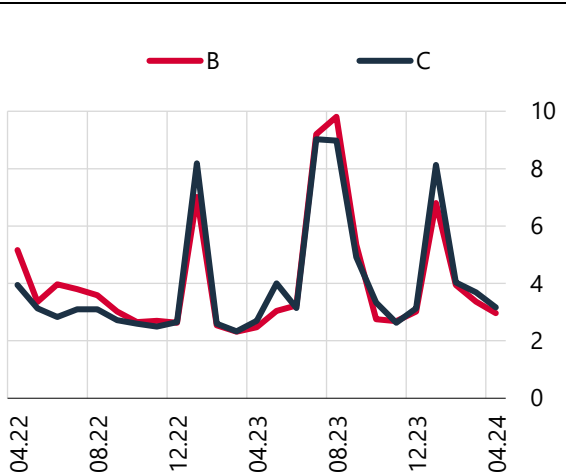
**Chart 1. CPI, B and C**  
(Annual % Change)



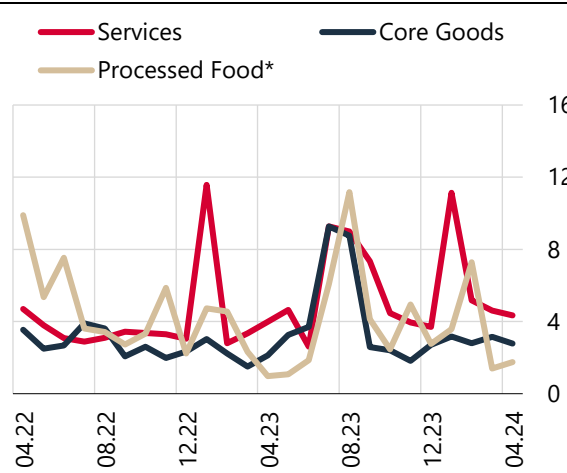
**Chart 2. CPI and Natural Gas Adjusted CPI**  
(Seasonally Adjusted, Monthly % Change)



**Chart 3. B and C Indices**  
(Seasonally Adjusted, Monthly % Change)

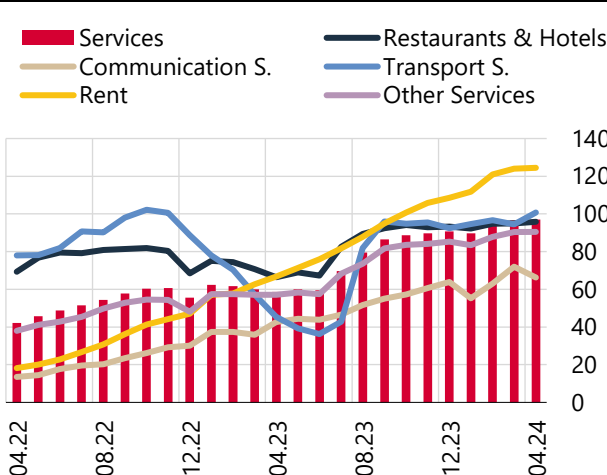


**Chart 4. Main Components of B Index**  
(Seasonally Adjusted, Monthly % Change)

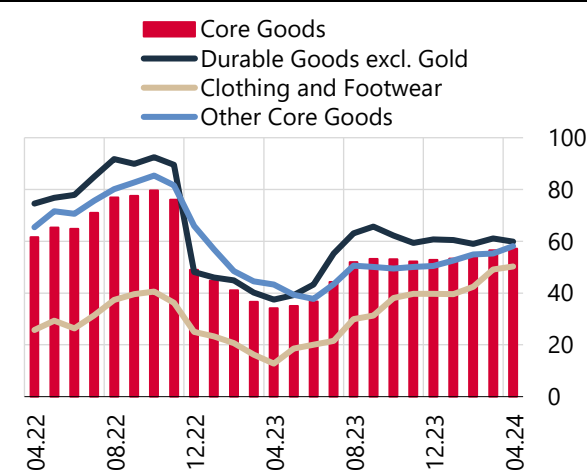


\* In the processed food subgroup, no statistically significant seasonality detected. Therefore, processed food subgroup data presented without seasonal adjustments.

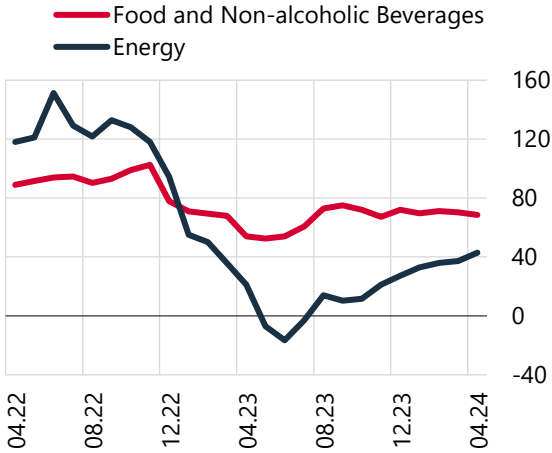
**Chart 5. Services (Annual % Change)**



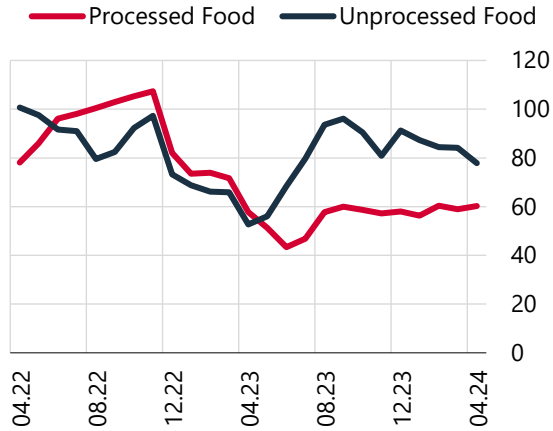
**Chart 6. Core Goods (Annual % Change)**



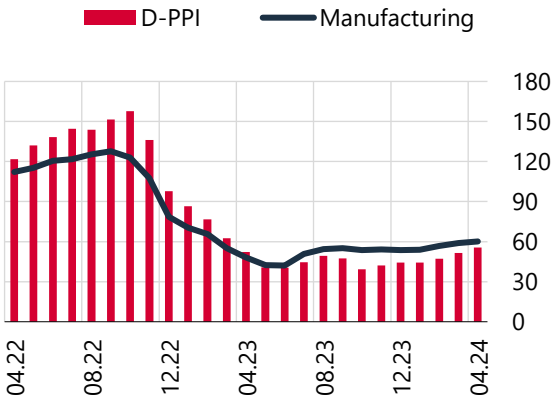
**Chart 7. Food and Non-alcoholic Beverages and Energy** (Annual % Change)



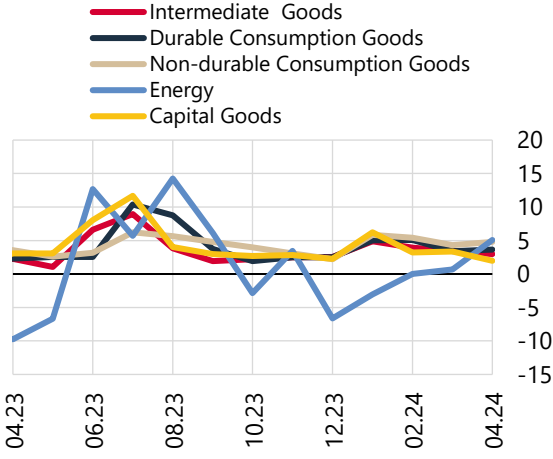
**Chart 8. Processed and Unprocessed Food** (Annual % Change)



**Chart 9. D-PPI and Manufacturing** (Annual % Change)



**Chart 10. D-PPI Main Industry Groups** (Monthly % Change)



## Tables

**Table 1. CPI and Subcategories (% Change)**

	Monthly		Annual	
	April 2024	April 2023	April 2024	April 2023
<b>CPI</b>	<b>3.18</b>	<b>2.39</b>	<b>69.80</b>	<b>43.68</b>
<b>1. Goods</b>	<b>2.76</b>	<b>1.80</b>	<b>59.67</b>	<b>38.57</b>
Energy	0.00	-3.86	42.83	21.19
Food and non-alcoholic beverages	2.78	3.95	68.50	53.92
Unprocessed food	3.85	7.52	77.85	52.70
Fresh fruits and vegetables	0.66	3.32	77.96	16.02
Other unprocessed food	5.83	9.97	78.05	79.17
Processed food	1.75	0.97	60.19	57.75
Bread and cereals	2.02	0.86	60.61	49.87
Other processed food	1.63	1.03	59.97	62.11
Goods excluding energy and food	3.64	2.31	59.64	34.51
Core goods	2.96	2.52	57.14	34.16
Durable goods (excluding gold)	2.28	3.05	59.90	37.47
Clothing and footwear (*)	4.60	3.80	50.27	12.77
Other core goods	3.01	1.09	58.19	43.33
Alcoholic beverages and tobacco	9.56	0.01	78.53	38.21
Gold	2.91	7.12	77.51	34.91
<b>2. Services</b>	<b>4.16</b>	<b>3.89</b>	<b>96.99</b>	<b>58.62</b>
Rents	4.61	4.37	124.47	66.76
Restaurants and hotels	4.69	4.24	95.82	66.41
Transport	6.44	3.08	100.75	45.44
Communication	4.45	8.02	66.32	42.68
Other	2.73	2.70	90.47	57.12
<b>3. Core Measures</b>				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	3.24	2.74	72.72	48.02
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	3.56	3.21	75.81	45.48
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	2.82	1.74	68.35	43.12
F - CPI excluding administered prices	3.39	2.47	74.67	43.53

Source: TURKSTAT.

\* Does not cover clothing services.

**Table 2. D-PPI and Subcategories (% Change)**

	Weight (%)	April 2024		April 2023	
		Monthly	Annual	Monthly	Annual
<b>D-PPI</b>	<b>100</b>	<b>3.60</b>	<b>55.66</b>	<b>0.81</b>	<b>52.11</b>
Mining	3.66	4.51	74.68	2.42	63.87
Manufacturing	86.45	3.26	60.03	2.54	48.24
Manufacturing excl. petroleum products	82.76	3.33	59.47	2.68	50.89
Manufacturing excl. petroleum products and base metals	73.88	3.57	60.71	2.72	55.09
Electricity, gas, steam and air-conditioning sup.	9.28	7.30	4.79	-16.98	50.27
Water supply	0.61	1.93	66.71	1.63	72.84
<b>D-PPI (MIGs Classification)</b>					
Intermediate Goods		2.95	54.88	2.26	41.11
Durable Consumption Goods		3.63	65.83	2.32	50.57
Durable Consumption Goods (Excl. Jewelry)		3.22	64.98	1.68	52.19
Non-Durable Consumption Goods		4.77	66.35	3.57	72.13
Capital Goods		1.98	66.33	3.07	51.46
Energy		5.08	29.84	-9.72	49.93

Source: TURKSTAT.