



APRIL PRICE DEVELOPMENTS

6 May 2022

Summary

Consumer prices increased by 7.25% in April, and annual inflation surged by 8.83 points to 69.97%. International commodity prices and supply problems continued to exert pressure on consumer prices. The rise in annual consumer inflation spread across subgroups in this period, which was mostly driven by the food group in particular as well as by energy and services groups. The increase in annual food inflation continued to spread across subcategories while the prices of fresh fruits and vegetables, which had been almost flat in the previous month, posted a large increase. Energy inflation rose significantly, led by the developments in items with administered prices such as natural gas and municipal water. In this period, annual services inflation was up in all subgroups, with transport and restaurants-hotels remaining in the lead due to the outlook for energy and food prices. In the core goods group, annual inflation went up in durable goods, yet it decreased in other subgroups. The VAT cut on certain products was reflected in prices, which affected the prices in the other core goods group positively. The rise in producer prices persisted due to the ongoing elevated course of international commodity prices, increases in domestic energy prices, and supply chain disruptions. Against this background, the annual inflation of B and C indices continued to increase.

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 increased by 7.25% in April, and annual inflation surged by 8.83 points to 69.97% (Chart 1 and Table 1). In this period, the annual rates of change in B and C indices rose by 5.86 and 3.98 points to 57.20% and 52.37%, respectively (Chart 2).

Among subgroups, food, energy, services, core goods, along with alcohol-tobacco and gold added 4.65, 1.62, 1.48, 0.91 and 0.17 points month-on-month to annual consumer inflation.

In seasonally adjusted terms, while the monthly increase in the B index was higher compared to the previous month, it was somewhat lower in the C index (Chart 3). Among the groups that make up the B index, monthly price increases went up in services and processed food, while losing some pace in core goods (Chart 4).

Prices of services increased by 4.74% in April, and the group's annual inflation rose by 5.46 points to 42.18%. While annual inflation was up in all subgroups, the increases were more pronounced in transport services and restaurants-hotels groups (Chart 5). The cumulative increases in fuel prices continued to have an adverse effect on the outlook for transport services; with the 11.35% surge in prices, the group's annual inflation reached 78.00%. In this group, both intercity and urban passenger transport saw high increases. Another sector affected negatively by input costs was restaurants-hotels. Led by catering services, this group recorded a price increase of 6.95%, driving the group's annual inflation to 69.26%. In seasonally adjusted terms, monthly rent inflation remained flat in April.

In April, annual core goods inflation increased by 2.39 points to 61.58%. In this period, annual inflation increased in durable goods and decreased in other subgroups (Chart 6). Prices of durable goods (excluding gold) increased by 5.11% led by furniture prices that rose by 12.18%, while automobile (4.12%) and white goods prices (4.22%) also increased. On the back of these developments, annual inflation in durable goods reached 74.62%. In the other core goods group, there were significant price increases in housing maintenance and repair, recreation and culture, and household-related products, while the VAT reduction from 18% to 8% in basic hygiene products limited the group inflation. The monthly price increase in the clothing and footwear group (7.02%) was slightly lower than the same month last year, and annual inflation in this group fell by 0.79 points to 25.75% in April.

In April, energy prices increased by 7.62%, and the group's annual inflation increased by 15.26 points to 118.20% (Chart 7). The rise was mainly driven by administered natural gas and municipal water prices that rose by 27.92% and 14.22%, respectively. In this period, the rise in the prices of fuel, solid fuel and bottled gas continued.

Prices of food and non-alcoholic beverages rose by 13.38% in April, and the group's annual inflation increased by 18.77 points to 89.10% (Chart 7). Soaring international agricultural commodity prices, adverse weather conditions and hikes in input costs exerted pressure on the sector. Against this background, price increases became broad-based across subgroups, and annual inflation hit 100.67% in unprocessed food, and 78.09% in processed food (Chart 8). Seasonally-adjusted data pointed to a substantial increase in prices of fresh fruits and vegetables within the unprocessed food subgroup. In the other unprocessed food group, price hikes were notable in red and white meat prices due to the negative impact of feed prices as well as milk prices, which were affected by arrangements in reference prices accompanied by potato and rice. The upsurge in prices in the unprocessed food items had an adverse effect on related processed food items. In this group, prices of bread and cereals surged by 6.30%, and the subgroup's annual inflation reached 85.81%. Among other processed food items, cheese and other dairy products, sugar and related products, fats and oils, non-alcoholic beverages and meat products registered notable price increases.

Prices of alcoholic beverages and tobacco products increased by 4.02% in April, and annual inflation in this group reached 56.38%. This was mainly due to the lingering effects of the raises in cigarette prices implemented by producer firms in March.

Domestic producer prices rose by 7.67% in April, and annual D-PPI inflation increased by 6.85 points to 121.82% (Chart 9 and Table 2). Higher commodity prices, disruptions in supply chains and the uptick in domestic energy costs weighed further on producer prices. According to main industrial groupings, annual inflation remained almost flat in intermediate goods, but increased in all other subcategories (Chart 10). While price increases became broad-based across subitems; price hikes in coal and lignite, crude oil-natural gas, water and water treatment, electricity, construction-related non-metallic mineral products, food products, printing-recording services, furniture and wood products stood out.

Charts and Tables

Chart 1. CPI (Annual % Change)

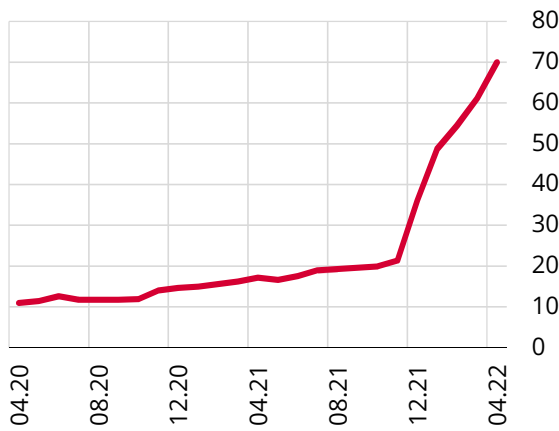


Chart 2. B and C (Annual % Change)

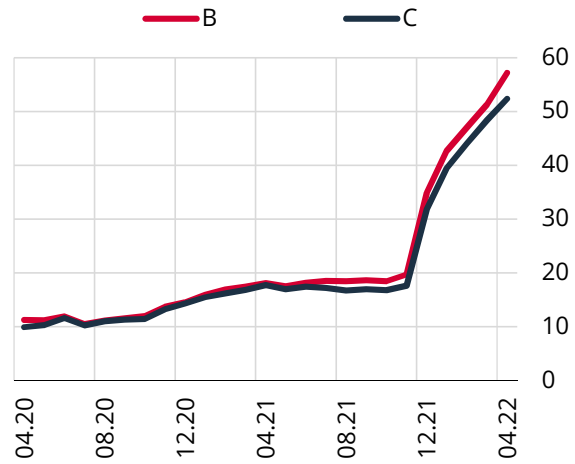


Chart 3. B and C Indices (Seasonally Adjusted, Monthly % Change)

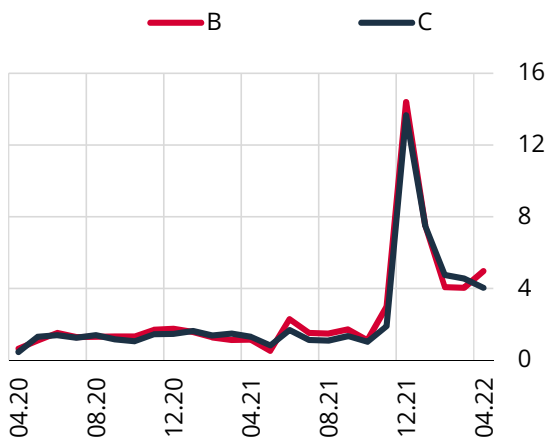
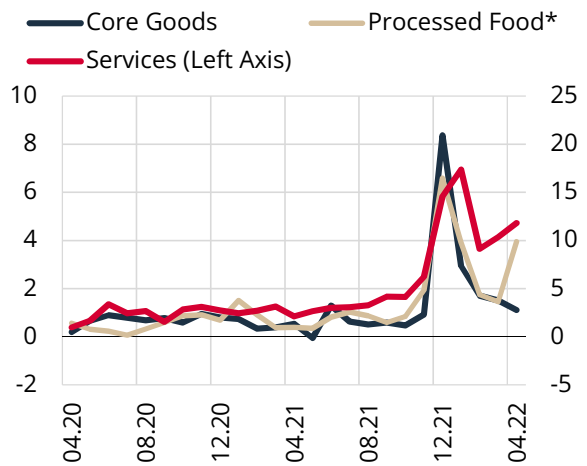


Chart 4. Main Components of B Index (Seasonally Adjusted, Monthly % Change)



* No seasonality detected for processed food.

Chart 5. Services (Annual % Change)

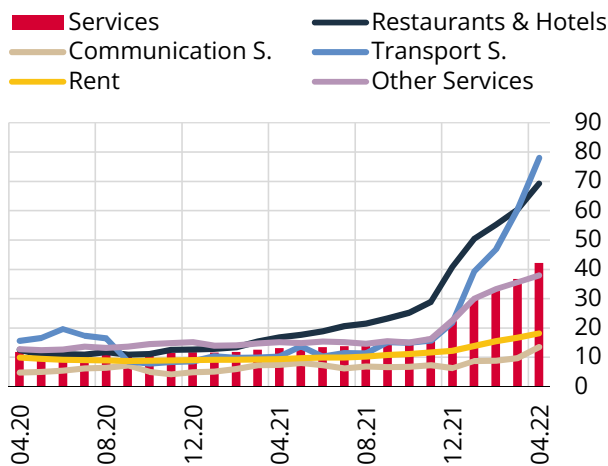


Chart 6. Core Goods (Annual % Change)

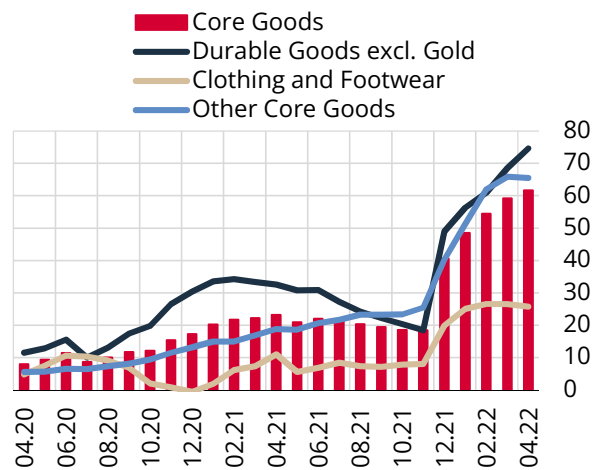


Chart 7. Food and Non-alcoholic Beverages and Energy (Annual % Change)

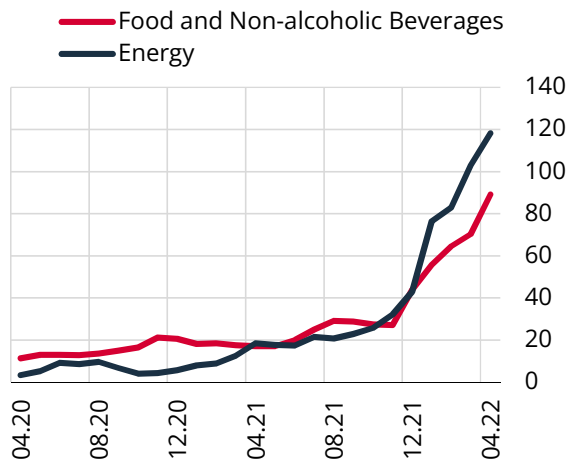


Chart 8. Processed and Unprocessed Food (Annual % Change)

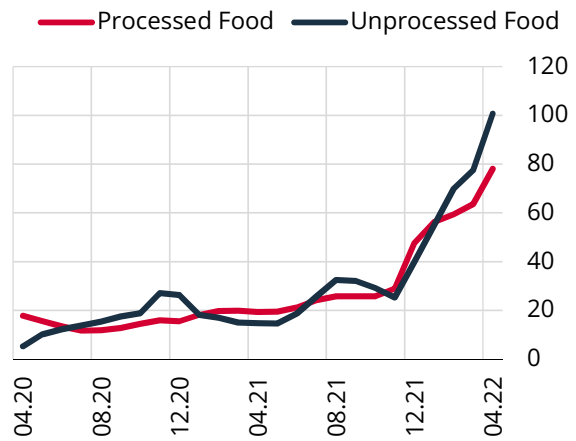


Chart 9. D-PPI and Manufacturing (Annual % Change)

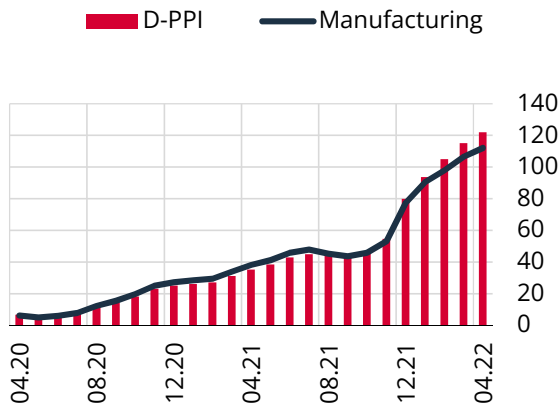
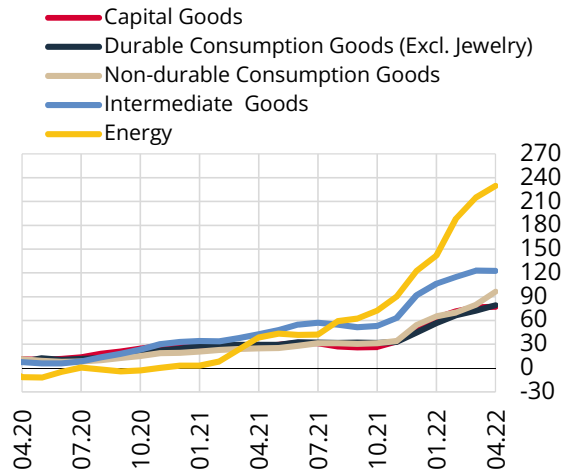


Chart 10. Main Industry Groups (Annual % Change)



Tables

Table 1. CPI and Subcategories (% Change)

	Monthly		Annual	
	April 2022	April 2021	April 2022	April 2021
CPI	7.25	1.68	69.97	17.14
1. Goods	8.06	2.03	80.44	18.86
Energy	7.62	0.10	118.20	18.44
Food and non-alcoholic beverages	13.38	2.13	89.10	16.98
Unprocessed food	16.84	3.37	100.67	14.67
Fresh fruits and vegetables	20.85	7.10	104.77	13.60
Other unprocessed food	14.30	1.27	96.23	15.30
Processed food	9.89	0.97	78.09	19.36
Bread and cereals	6.30	0.70	85.81	19.02
Other processed food	11.98	1.12	73.98	19.49
Goods excluding energy and food	4.24	2.64	61.69	20.20
Core goods	4.37	2.83	61.58	23.13
Durable goods (excluding gold)	5.11	1.45	74.62	32.50
Clothing and footwear (*)	7.02	7.69	25.75	10.96
Other core goods	1.90	2.16	65.44	18.81
Alcoholic beverages and tobacco	4.02	0.73	56.38	3.60
Gold	1.42	6.85	95.74	26.33
2. Services	4.74	0.72	42.18	13.12
Rents	1.87	0.59	18.18	9.43
Restaurants and hotels	6.95	1.35	69.26	16.81
Transport	11.35	0.31	78.00	10.25
Communication	2.86	-0.53	13.52	7.47
Other	2.68	0.94	37.98	15.19
3. Core Measures				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	5.58	1.65	57.20	18.11
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	4.54	1.82	52.37	17.77
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	5.91	1.47	66.33	18.41
F - CPI excluding administered prices	7.02	1.90	72.19	18.82

Source: TURKSTAT.

* Does not cover clothing services.

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

	Weight	April 2022		April 2021	
		Monthly	Annual	Monthly	Annual
D-PPI	100	7.67	121.82	4.34	35.17
Mining	3.56	12.77	125.88	5.02	27.07
Manufacturing	87.43	7.35	112.08	4.55	38.11
Manufacturing excl. petroleum products	84.97	7.51	107.22	4.51	35.17
Manufacturing excl. petroleum products and base metals	76.27	7.60	102.79	3.80	30.84
Electricity, gas, steam and air-conditioning sup.	8.29	7.99	247.50	2.22	4.50
Water supply	0.72	14.95	63.17	0.27	28.32
D-PPI (MIGs Classification)					
Intermediate Goods		6.50	122.65	6.63	42.59
Durable Consumption Goods		5.23	81.33	2.05	29.24
Durable Consumption Goods (Excl. Jewelry)		5.47	79.24	1.53	29.36
Non-Durable Consumption Goods		11.45	96.37	1.99	24.97
Capital Goods		3.35	77.40	2.85	27.24
Energy		8.38	229.68	3.51	38.64

Source: TURKSTAT.