



SEPTEMBER PRICE DEVELOPMENTS

4 October 2022

Summary

Consumer prices rose by 3.08% in September, and annual inflation increased by 3.24 points to 83.45%. In this period, annual consumer inflation decreased somewhat in the alcohol-tobacco-gold group whereas it went up in other subgroups. The most significant contribution to the rise in inflation came from energy and services groups. Despite fuel and bottled gas prices that decreased in line with the outlook of international crude oil prices, energy inflation rose substantially due to developments in items with administered prices such as electricity, natural gas, and municipal water as well as in solid fuel prices. In this period, annual inflation increased across all subgroups in the services group, most visibly in transport services and rents. Annual food inflation went up across subgroups. In the core goods group, annual inflation decreased in durable goods while it rose in other subgroups. As the domestic energy prices were affected by natural gas prices that remained elevated due to geopolitical developments, the rise in producer prices accelerated driven by electricity production and gas manufacturing. Against this background, the seasonally adjusted monthly change in B and C indices decelerated somewhat while their annual inflation 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 rose by 3.08% in September, and annual inflation increased by 3.24 points to 83.45% (Chart 1). In this period, the annual rates of change in B and C indices were up by 2.10 and 2.01 points to 74.63% and 68.09%, respectively (Chart 2).

Among subcategories, energy, services, food, and core goods added 1.55, 1.08, 0.51 and 0.21 points month-on-month to annual consumer inflation whereas the contribution of alcohol-tobacco-gold decreased by 0.11 points.

According to seasonally-adjusted data, the monthly increase posted some slowdown in the B and C indices (Chart 3). Across the subgroups that make up the B index, monthly price increases weakened in core goods and processed food, but strengthened in services (Chart 4).

In September, services prices were up by 3.90%, and the group's annual inflation increased by 3.46 points to 57.76%. In this period, annual inflation increased across all subgroups, most visibly in transport and rents (Chart 5). In the transport subgroup, prices went up by 6.95%, pushing annual inflation up by 7.69 points to 97.98%. This was mainly led by urban passenger transport by bus due to school bus fares as well as passenger transport by air and railway, while fares of intercity passenger transport by road declined. The monthly increase in rents climbed to 5.45%, and seasonally-adjusted data suggested an acceleration compared to previous months. Prices in the other services subgroup went up by 3.64% on a monthly basis, with the most significant items being education services due to the rise in university tuition fees and insurance services due to compulsory vehicle insurance. In the restaurants-hotels subgroup, prices increased at a more moderate pace (2.43%) compared to previous months, and annual inflation in this subgroup edged up by 0.39 points to 81.34%.

In September, annual inflation in core goods rose by 0.58 points to 77.49%. In this period, annual inflation decreased in durable goods, but increased in remaining subgroups (Chart 6). Driven by the rising prices of electric and non-electric appliances (2.46%), prices of durable goods (excluding gold) picked up by 0.98%, whereas a decline (-0.34%) in furniture prices curbed a worse outlook in September. Thus, annual inflation in this subgroup fell by 1.83 points to 89.96%. Due to the start of the new season, annual inflation in the clothing and footwear group increased by 2.24 points to 39.62%. Meanwhile, price hikes spread across the other core goods group, with personal care products and household-related cleaning materials in the lead; and the group's monthly inflation became 3.01%.

Energy prices surged by 7.39% in September, and annual inflation in this group rose by 11.25 points to 132.98% (Chart 7). As a result of the arrangement made in the residential electricity and natural gas tariffs, prices soared by 20.00 % and 20.98%, respectively; and these items became the main drivers of the price increase in the energy group. Municipal water (6.96%) and solid fuel (6.98%) also stood out with increasing prices. On the other hand, in line with international crude oil prices, declining prices were recorded in fuel oil (-1.34%) and bottled gas (-1.03%) in this period.

Prices of food and non-alcoholic beverages increased by 1.97% in September, and annual inflation rose by 2.80 points to 93.05% in this group (Chart 7). Annual inflation increased by 2.88 and 2.52 points to 82.39% and 102.90% in unprocessed and processed food, respectively (Chart 8). In unprocessed food, seasonally-adjusted data pointed to an upsurge in prices of fresh fruits and vegetables on the back of fresh fruit prices in this period. In unprocessed food excluding fresh fruits and vegetables, price hikes were notable for rice, eggs and nuts, while potato and red meat prices decreased. The 2.73% increase in processed food prices was driven by mainly bread and cereals, canned vegetables and sugar-related products.

Domestic producer prices rose by 4.78% in September and annual PPI inflation soared by 7.75 points to 151.50% (Chart 9 and Table 2). According to the main industrial groupings, annual inflation increased across all subgroups, more notably in energy and non-durable consumption goods (Chart 10). An analysis of monthly price increases by sectors reveals that the largest increases were recorded in electricity and gas, due to international natural gas prices, as well as prices of water treatment and distribution, clothing, coal-lignite, beverages and construction-related products.

Charts and Tables

Chart 1. CPI (Annual % Change)

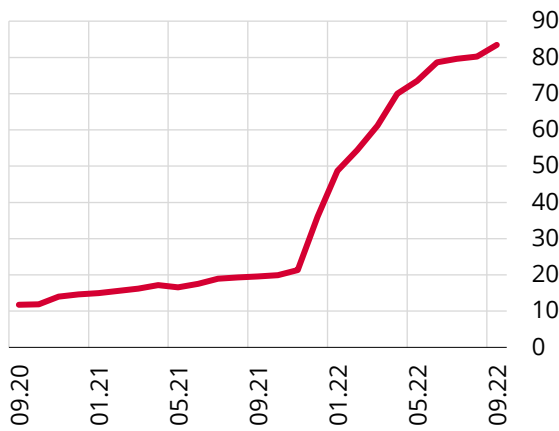


Chart 2. B and C (Annual % Change)

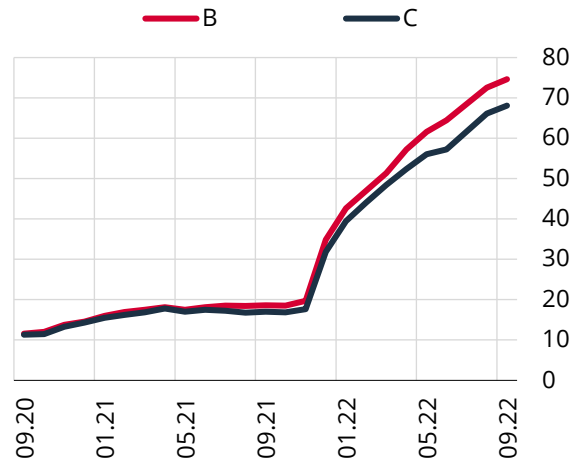


Chart 3. B and C Indices (Seasonally Adjusted, Monthly % Change)

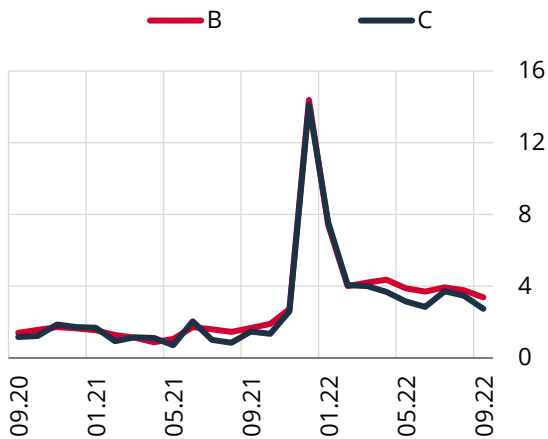
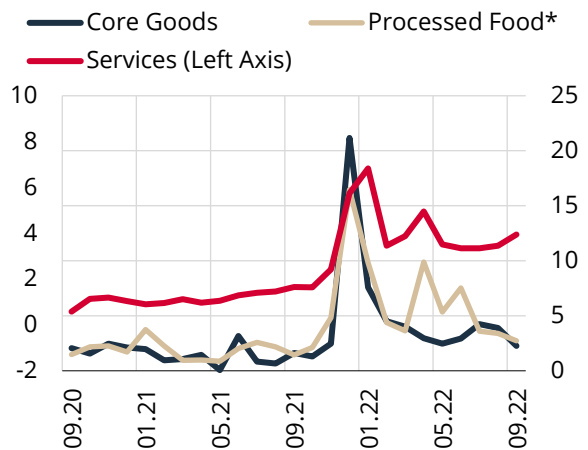


Chart 4. Main Components of B Index (Seasonally Adjusted, Monthly % Change)



* No seasonality detected for processed food.

Chart 5. Services (Annual % Change)

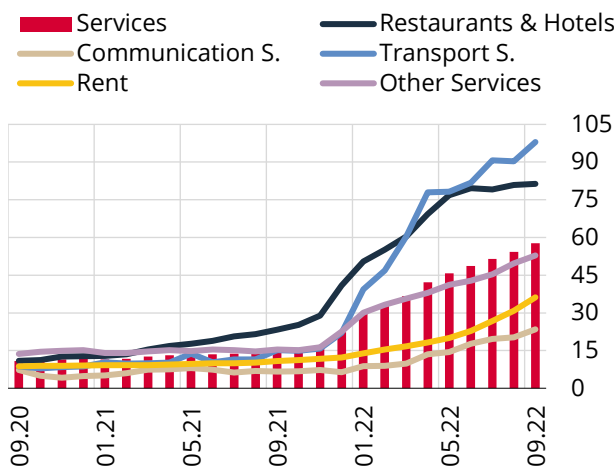


Chart 6. Core Goods (Annual % Change)

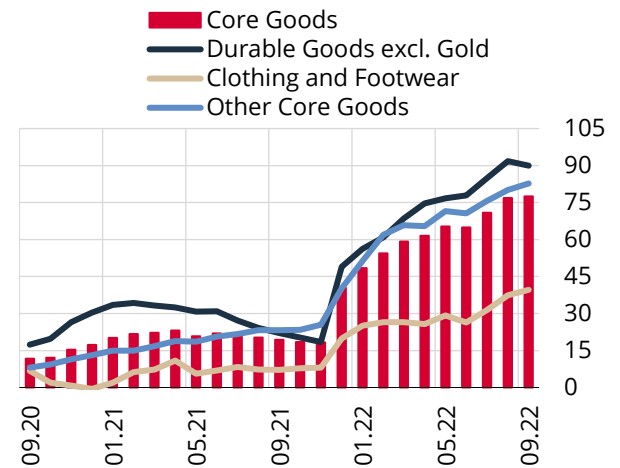


Chart 7. Food and Non-alcoholic Beverages and Energy (Annual % Change)

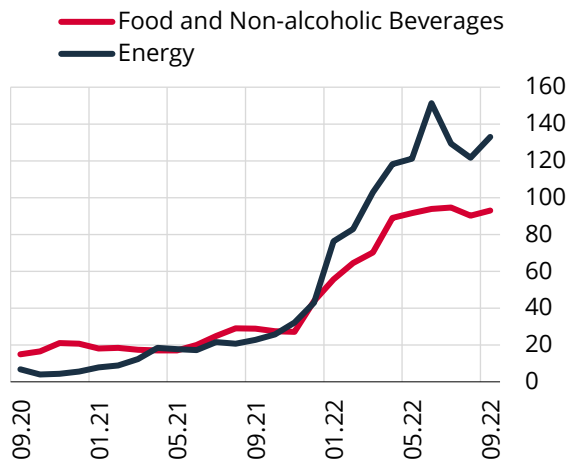


Chart 8. Processed and Unprocessed Food (Annual % Change)

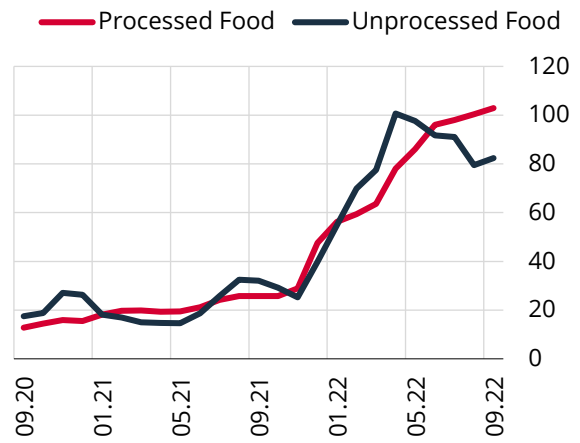


Chart 9. D-PPI and Manufacturing (Annual % Change)

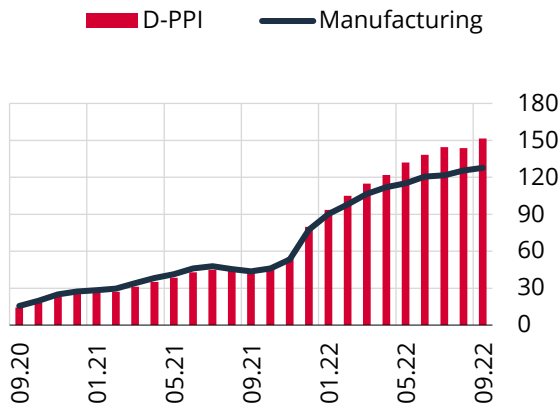
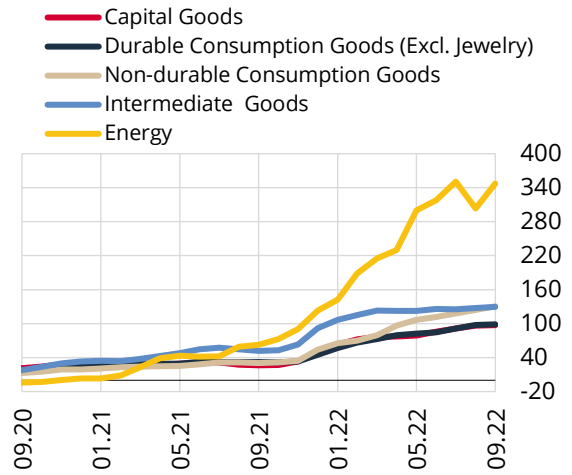


Chart 10. D-PPI Main Industry Groups (Annual % Change)



Tables

Table 1. CPI and Subcategories (% Change)

	Monthly		Annual	
	September 2022	September 2021	September 2022	September 2021
CPI	3.08	1.25	83.45	19.58
1. Goods	2.81	1.12	93.07	21.55
Energy	7.39	2.20	132.98	22.77
Food and non-alcoholic beverages	1.97	0.50	93.05	28.79
Unprocessed food	1.07	-0.53	82.39	32.06
Fresh fruits and vegetables	1.97	-3.08	58.72	33.41
Other unprocessed food	0.66	0.86	94.91	31.38
Processed food	2.73	1.46	102.90	25.79
Bread and cereals	2.45	2.54	106.50	24.61
Other processed food	2.88	0.89	100.91	26.39
Goods excluding energy and food	1.40	1.22	78.67	16.04
Core goods	1.75	1.42	77.49	19.38
Durable goods (excluding gold)	0.98	1.96	89.96	22.12
Clothing and footwear (*)	1.41	-0.22	39.62	7.11
Other core goods	3.01	1.53	82.74	23.26
Alcoholic beverages and tobacco	0.04	0.05	82.48	1.80
Gold	-2.46	0.81	99.75	8.29
2. Services	3.90	1.62	57.76	15.06
Rents	5.45	1.29	36.18	10.85
Restaurants and hotels	2.43	2.22	81.34	23.27
Transport	6.95	2.80	97.98	15.21
Communication	3.04	0.40	23.44	6.68
Other	3.64	1.53	52.85	15.47
3. Core Measures				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	2.74	1.50	74.63	18.63
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	2.74	1.51	68.09	16.98
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	3.53	1.60	83.65	19.05
F - CPI excluding administered prices	2.26	1.26	81.89	20.79

Source: TURKSTAT.

* Does not cover clothing services.

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

	Weight (%)	September 2022		September 2021	
		Monthly	Annual	Monthly	Annual
D-PPI	100	4.78	151.50	1.55	43.96
Mining	3.56	4.09	164.59	-0.36	28.39
Manufacturing	87.43	2.65	127.69	1.63	43.68
Manufacturing excl. petroleum products	84.97	2.85	124.29	1.53	41.41
Manufacturing excl. petroleum products and base metals	76.27	3.04	127.08	1.57	35.84
Electricity, gas, steam and air-conditioning sup.	8.29	16.76	416.58	1.34	50.10
Water supply	0.72	12.87	107.84	3.18	30.15
D-PPI (MIGs Classification)					
Intermediate Goods		2.35	129.59	1.56	51.62
Durable Consumption Goods		3.16	100.36	2.73	29.25
Durable Consumption Goods (Excl. Jewelry)		3.43	98.71	2.98	32.18
Non-Durable Consumption Goods		3.86	130.54	0.97	30.48
Capital Goods		2.37	97.29	1.98	26.33
Energy		12.95	347.35	1.87	62.38

Source: TURKSTAT.