

APRIL PRICE DEVELOPMENTS

4 May 2023



Summary

Consumer prices rose by 2.39% in April, while annual inflation decreased by 6.83 points to 43.68%. In this period, annual inflation went down across all main groups. Similar to the previous month, the course of monthly inflation was shaped by food and services prices, while energy prices declined significantly. Led by red and white meat as well as processed meat products, food price increases hovered above their historical April averages. In services, monthly price increases spread across all subgroups, while the group pulled down annual consumer inflation by 0.57 points. Prices in the energy group dropped significantly due to the favorable course of external price movements. In April, producer prices increased to a limited extent on the back of the ongoing fall in energy prices, and the annual rate of increase in domestic producer prices fell by 10.34 points to 52.11%. Against this background, in seasonally adjusted terms, monthly increase rate decelerated in the B index, but edged up in the C index. Annual inflation in these indicators fell to 48.02% and 45.48%, respectively.

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 2.39% in April, while annual inflation decreased by 6.83 points to 43.68%. (Chart 1 and Table 1). The annual rate of change was down by 4.09 points to 48.02% in the B index, and by 1.88 points to 45.48% in the C index (Chart 2).

Contribution of main groups to annual consumer inflation declined across all main groups in this period. Compared to the previous month, contributions of food and non-alcoholic beverages, energy, core goods, services, and alcohol-tobacco-gold fell by 2.91, 2.15, 0.92, 0.57, and 0.28 points, respectively.

Seasonally adjusted monthly increases decelerated in the B index, but increased somewhat in the C index compared to the previous month (Chart 3). Among the groups that make up the B index, month-on-month price increases in services strengthened, remained mild in core goods, and weakened in processed food (Chart 4).

In April, prices of services increased by 3.89%, and the group's annual inflation went down by 1.31 points to 58.62% (Chart 5). In this period, annual inflation declined in the transport and restaurants-hotels subgroups, with a more pronounced fall in the transport group, remained flat in other services, and recorded an increase in rents and communication. In the communication group, prices increased at a high rate with 8.02% month-on-month, driven by increased tariffs in mobile phone calls and internet fees. Monthly price increases in the restaurants-hotels group remained high amid the recent outlook in food prices led mainly by red meat prices. Prices increased by 3.08% in transport services due to the rise in intercity passenger transport by road, and annual inflation of this subgroup receded to 45.44%. While monthly price increases in other services spilled over into the whole, hikes in package tour prices were notable as they were in the previous month. In the rent subgroup, prices rose by 4.37%, while annual inflation reached 66.76%.

Annual inflation in core goods dropped by 2.42 points to 34.16%. In April, annual inflation posted a decline across all subgroups (Chart 6). Durable goods prices (excluding gold) were up by 3.05% month-on-month, while annual inflation in this subgroup decreased by 2.74 points to 37.47%. In April, price increases strengthened in automobiles (4.32%) and white goods (3.52%), but slowed in furniture (1.70%). The monthly increase in prices of other core goods weakened month-on-month with 1.09%, and annual inflation in this subgroup fell by 1.15 points to 43.33%. Due to the carry-over effect of the mid-March adjustment in legal profitability scales, medicine stood out in this subgroup with a price increase of 5.36%. With the arrival of the new season, the clothing and footwear group posted a moderate monthly price increase due also to the change in the methodology (the month of entry into the index shifted from April to May for summer products).

Energy prices registered a noticeable fall by 3.86% in April, bringing annual energy inflation down by 14.47 points to 21.19% (Chart 7). This was led by household electricity tariffs that were cut by 15%, while bottled gas (-4.66%) and fuel (-1.24%) were the other items that contributed to the monthly decline in prices.

In April, prices in the food and non-alcoholic beverages group increased by 3.95%, and annual inflation in this group fell by 13.97 points to 53.92% (Chart 7). Annual inflation fell by 13.24 points to 52.70% in unprocessed food and by 13.93 points to 57.75% in processed food (Chart 8). Seasonally adjusted data pointed to an uptick in prices of fresh fruits and vegetables on the back of the vegetables group. In the unprocessed food group excluding fresh fruits and vegetables, notable price increases continued in red and white meat. Although monthly inflation in processed food remained moderate (0.97%), prices of processed meat products increased further amid rising meat prices. Bread and cereals prices, on the other hand, rose at the lowest rate recorded in the last two years.

Domestic producer prices displayed a limited rise with 0.81%, while annual inflation decreased by 10.34 points to 52.11% in April, (Chart 9 and Table 2). Annual inflation dropped across all subgroups in main industrial groups (Chart 10), and on a monthly basis, energy prices continued to decline (-9.72%) significantly due to industrial natural gas and electricity prices. An analysis of monthly price developments by sectors points to a decline in the prices of electricity-gas production, tobacco products, refined petroleum products and coal. Meanwhile, relatively higher price increases were recorded in metal ore, mining, food, motor vehicles and textile sectors.

Charts and Tables

Chart 1. CPI (Annual % Change)

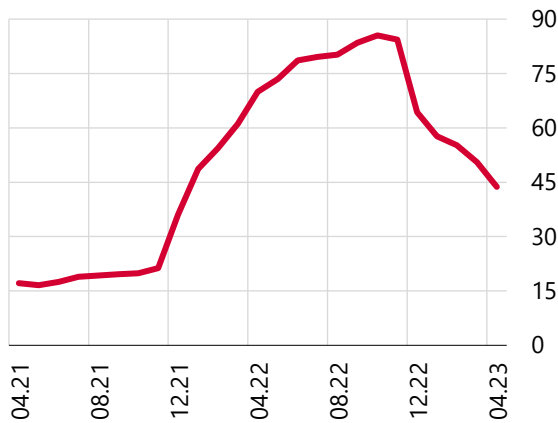


Chart 2. B and C (Annual % Change)

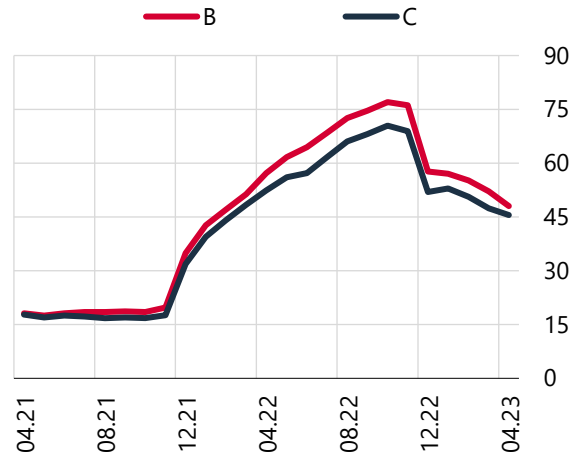


Chart 3. B and C Indices (Seasonally Adjusted, Monthly % Change)

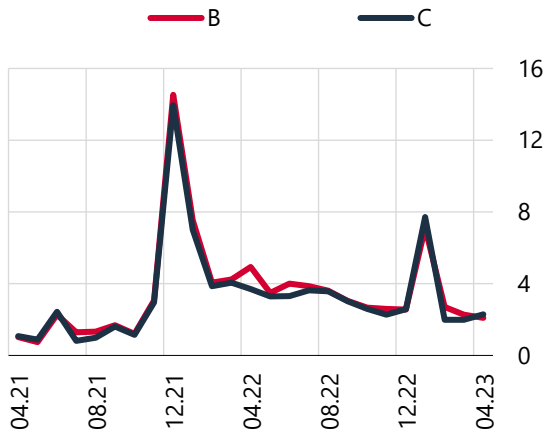
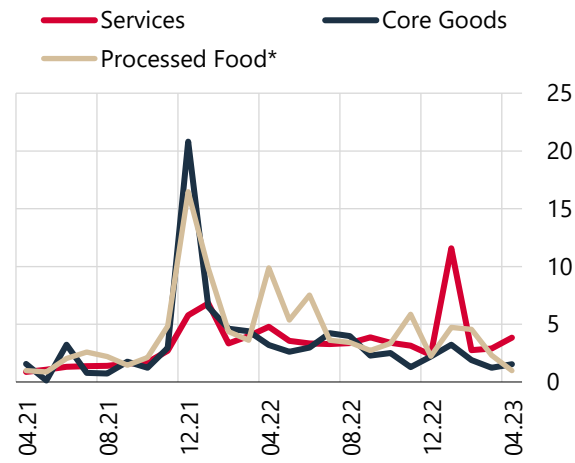


Chart 4. Main Components of B Index (Seasonally Adjusted, Monthly % Change)



* No seasonality detected for processed food.

Chart 5. Services (Annual % Change)

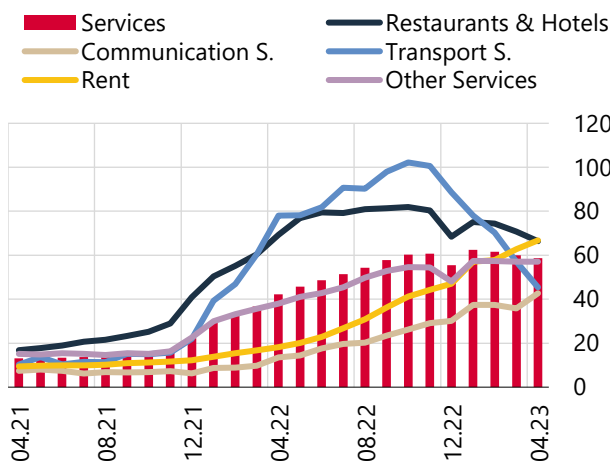


Chart 6. Core Goods (Annual % Change)

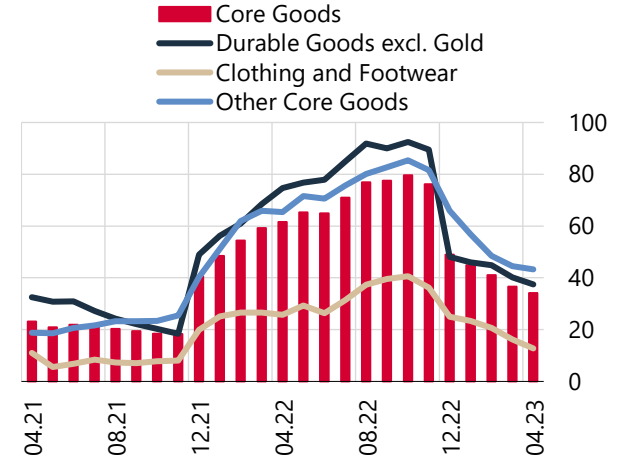


Chart 7. Food and Non-alcoholic Beverages and Energy (Annual % Change)

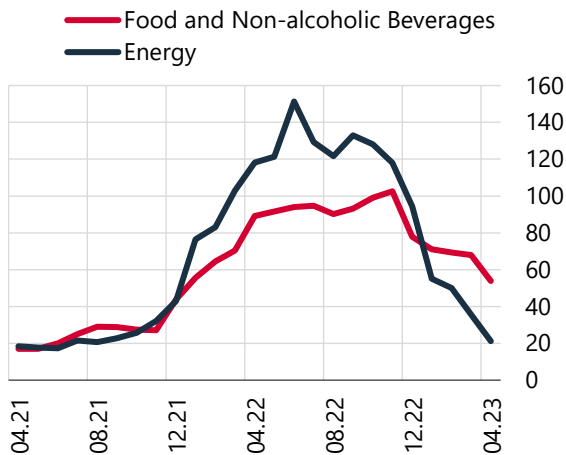


Chart 8. Processed and Unprocessed Food (Annual % Change)

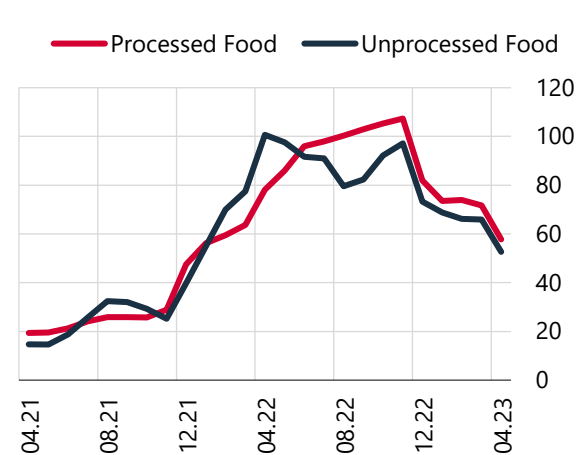


Chart 9. D-PPI and Manufacturing (Annual % Change)

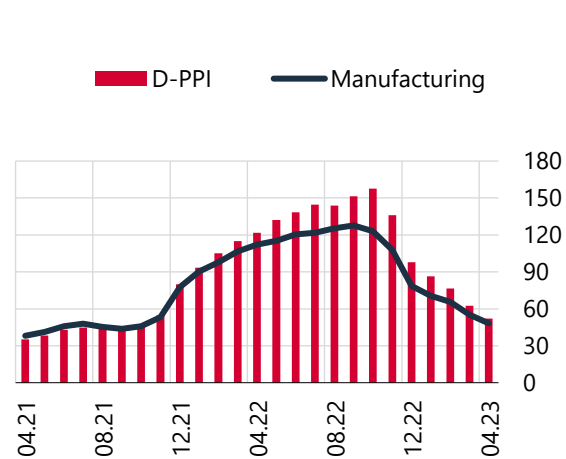
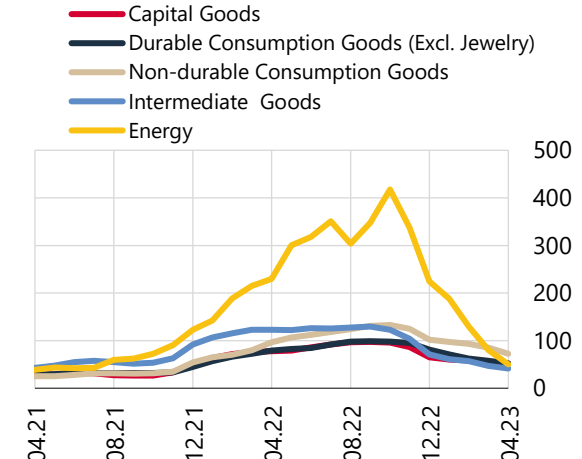


Chart 10. D-PPI Main Industry Groups (Annual % Change)



Tables

Table 1. CPI and Subcategories (% Change)

	Monthly		Annual	
	April 2023	April 2022	April 2023	April 2022
CPI	2.39	7.25	43.68	69.97
1. Goods	1.80	8.06	38.57	80.44
Energy	-3.86	7.62	21.19	118.20
Food and non-alcoholic beverages	3.95	13.38	53.92	89.10
Unprocessed food	7.52	16.84	52.70	100.67
Fresh fruits and vegetables	3.32	20.85	16.02	104.77
Other unprocessed food	9.97	14.30	79.17	96.23
Processed food	0.97	9.89	57.75	78.09
Bread and cereals	0.86	6.30	49.87	85.81
Other processed food	1.03	11.98	62.11	73.98
Goods excluding energy and food	2.31	4.24	34.51	61.69
Core goods	2.52	4.37	34.16	61.58
Durable goods (excluding gold)	3.05	5.11	37.47	74.62
Clothing and footwear (*)	3.80	7.02	12.77	25.75
Other core goods	1.09	1.90	43.33	65.44
Alcoholic beverages and tobacco	0.01	4.02	38.21	56.38
Gold	7.12	1.42	34.91	95.74
2. Services	3.89	4.74	58.62	42.18
Rents	4.37	1.87	66.76	18.18
Restaurants and hotels	4.24	6.95	66.41	69.26
Transport	3.08	11.35	45.44	78.00
Communication	8.02	2.86	42.68	13.52
Other	2.70	2.68	57.12	37.98
3. Core Measures				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	2.74	5.58	48.02	57.20
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	3.21	4.54	45.48	52.37
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	1.74	5.91	43.12	66.33
F - CPI excluding administered prices	3.25	7.02	43.53	72.19

Source: TURKSTAT.

* Does not cover clothing services.

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

	Weight (%)	April 2023		April 2022	
		Monthly	Annual	Monthly	Annual
D-PPI	100	0.81	52.11	7.67	121.82
Mining	3.69	2.42	63.87	12.77	125.88
Manufacturing	83.81	2.54	48.24	7.35	112.08
Manufacturing excl. petroleum products	78.48	2.68	50.89	7.51	107.22
Manufacturing excl. petroleum products and base metals	68.94	2.72	55.09	7.60	102.79
Electricity, gas, steam and air-conditioning sup.	11.96	-16.98	50.27	7.99	247.50
Water supply	0.55	1.63	72.84	14.95	63.17
D-PPI (MIGs Classification)					
Intermediate Goods		2.26	41.11	6.50	122.65
Durable Consumption Goods		2.32	50.57	5.23	81.33
Durable Consumption Goods (Excl. Jewelry)		1.68	52.19	5.47	79.24
Non-Durable Consumption Goods		3.57	72.13	11.45	96.37
Capital Goods		3.07	51.46	3.35	77.40
Energy		-9.72	49.93	8.38	229.68

Source: TURKSTAT.