



NOVEMBER PRICE DEVELOPMENTS

6 December 2022

Summary

Consumer prices rose by 2.88% in November, and annual inflation decreased by 1.12 points to 84.39%. In this period, the fall in annual consumer inflation was driven by energy and core goods groups while food price developments stood out in monthly inflation. Annual inflation declined across all subgroups of core goods. While annual energy inflation dropped due to the base effect, the monthly increase in this group was also relatively mild. Although the leading drivers of the rise in annual food inflation were the fresh fruits and vegetables item and prices of milk and dairy products, price increases continued to spread across the group. In the services group, annual inflation went up in rents and communication in this period whereas it declined in other subgroups. On the other hand, the seasonally-adjusted monthly rate of increase in rents slowed. Led by declines in refined petroleum product and base metal industry prices as well as in electricity and natural gas production prices, the monthly rate of increase in producer prices decelerated significantly and accordingly, annual producer inflation decreased. Against this background, the slowdown in seasonally-adjusted monthly change in B and C indices continued while their annual inflation went down.

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 2.88% in November, and annual inflation decreased by 1.12 points to 84.39% (Chart 1 and Table 1). In this period, the annual rates of change in B and C indices declined by 0.83 and 1.54 points to 76.18% and 68.91%, respectively (Chart 2).

Among subgroups, the food group added 0.87 points month-on-month to annual consumer inflation whereas the contribution of core goods, energy and services decreased by 0.98, 0.93 and 0.09 points, respectively. Meanwhile, the contribution of the alcohol-tobacco-gold group did not change significantly.

According to seasonally-adjusted data, the recent deceleration in monthly increases in B and C indices continued in both indices, most visibly in the C index (Chart 3). Across the subgroups that make up the B index, price increases weakened in services and core goods but strengthened in processed food (Chart 4).

Prices of services rose by 2.18% in November, and the group's annual inflation increased by 0.48 points to 60.72%. In this period, annual inflation increased in rents and communication services, but decreased in other subgroups (Chart 5). Seasonally-adjusted data indicate that the monthly increase in the rent subgroup decelerated compared to the previous month. In the communications subgroup, prices increased by 2.96% due mainly to telephone calls and internet fees, and annual inflation in this group climbed to 29.17%. Prices in other services rose by 1.41% month-on-month, with maintenance-repair, recreational and sporting services, household services and insurance services in the lead. Prices in the transport subgroup remained relatively flat, and the group's annual inflation fell by 1.54 points. Driven by catering services, prices in the restaurants-hotels subgroup rose by 3.18%, and annual inflation dropped to 80.30% due to the base effect.

Annual inflation in core goods fell by 3.54 points to 76.11% in November. In this period, annual inflation declined in all subgroups (Chart 6). Prices of durable goods (excluding gold) picked up by 2.46% in November, which was driven predominantly by white goods, furniture and automobiles prices. Durable goods registered a decline in annual inflation by 2.97 points to 89.50% due to the base effect. Likewise, the other core goods group saw an increase in prices by 2.17%, but a decline in annual inflation by 3.74 points to 81.64% in this period. Price increases in this subgroup are still being led by personal care products and household-related cleaning materials. Contrary to seasonal trends, prices in the clothing and footwear group fell by 1.54%, pulling annual inflation down by 4.41 points to 36.22%.

Up by 1.28% in November, energy prices increased at a slower pace compared to recent months, and annual inflation in this group decreased by 10.06 points to 118.00% due to the base effect (Chart 7). The monthly increase is attributable to the rise (1.19%) in fuel prices. Following the developments in international propane and butane prices, bottled gas prices rose (2.73%) in this period. In November, municipal water prices went up by 3.33%.

Annual inflation in food and non-alcoholic beverages rose by 3.50 points to 102.55% in November (Chart 7). Annual inflation increased by 5.00 points to 97.24% in unprocessed food, and by 2.03 points to 107.35% in processed food (Chart 8). In unprocessed food, seasonally-adjusted data pointed to an accelerated rise in fresh fruits and vegetable prices in this period. In the other unprocessed food group, price hikes were notable primarily in milk, as well as rice, potatoes and pulses. The 5.86% increase in processed food prices was mainly driven by cheese and other dairy products, which were affected by raw milk prices, as well as bread and cereals, fats and oils, non-alcoholic beverages and canned vegetables.

In alcoholic beverages and tobacco products, prices were up by 3.19% due to tobacco products-related carry-over effects from the previous month. Thus, annual inflation in this group rose by 5.61 points to 83.49%.

In November, domestic producer prices inched up by 0.74%, pulling annual inflation down by 21.67 points to 136.02% (Chart 9 and Table 2). This is mainly attributed to the moderate course of exchange rates and commodity prices. Across main industrial groupings, annual inflation declined in all subgroups, but more visibly in energy (Chart 10). An analysis of monthly price developments by sectors indicates that while prices of electricity, natural gas production, refined petroleum products and base metals decreased, other mining and quarrying, leather, paper and construction-related non-metallic mineral products stood out with price increases.

Charts and Tables

Chart 1. CPI (Annual % Change)

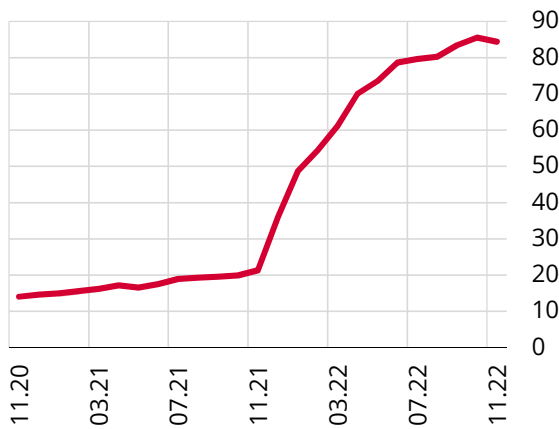


Chart 2. B and C (Annual % Change)

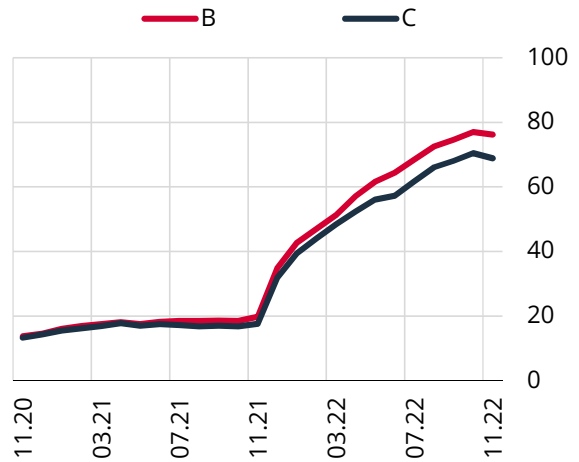


Chart 3. B and C Indices (Seasonally Adjusted, Monthly % Change)

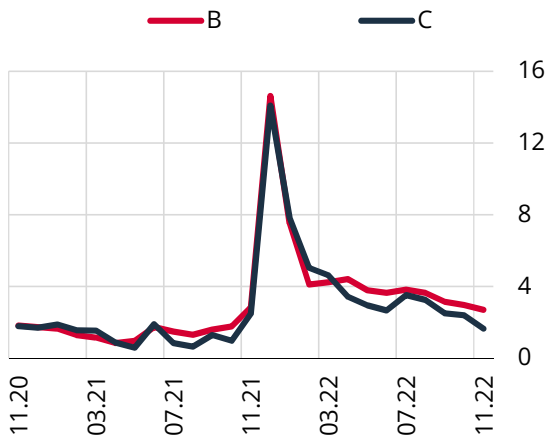
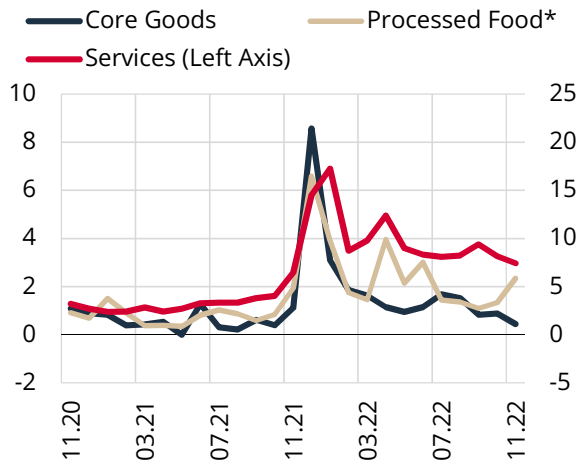


Chart 4. Main Components of B Index (Seasonally Adjusted, Monthly % Change)



* No seasonality detected for processed food.

Chart 5. Services (Annual % Change)

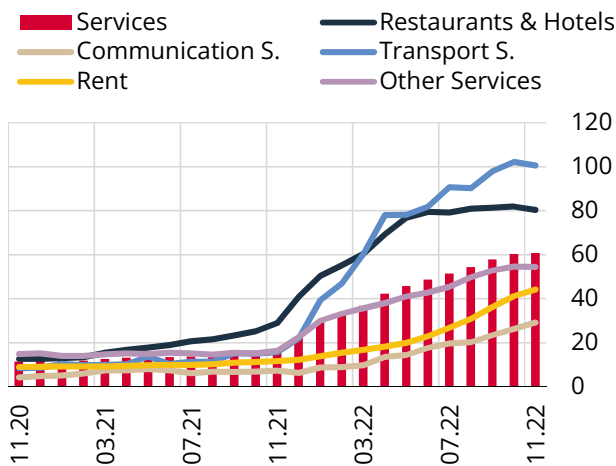


Chart 6. Core Goods (Annual % Change)

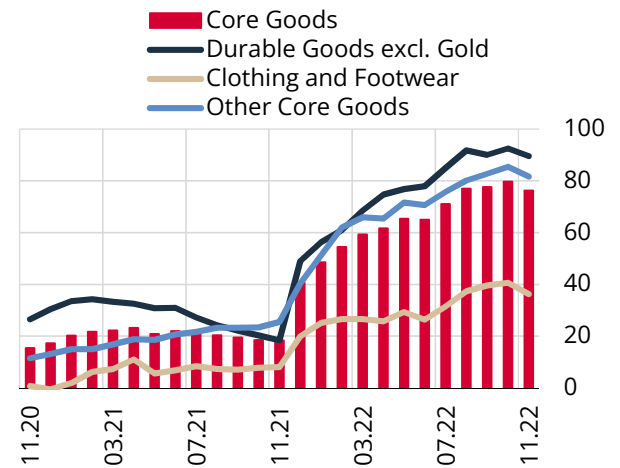


Chart 7. Food and Non-alcoholic Beverages and Energy (Annual % Change)

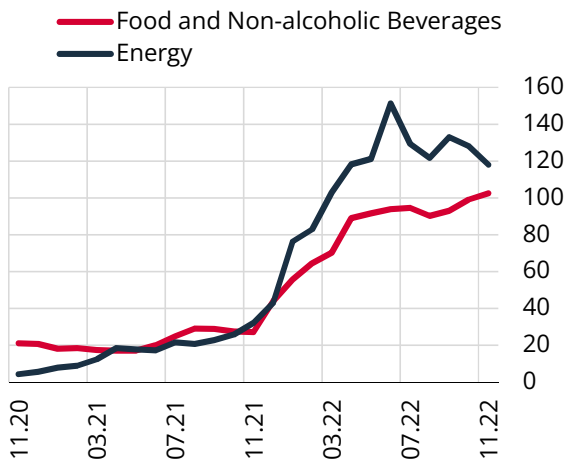


Chart 8. Processed and Unprocessed Food (Annual % Change)

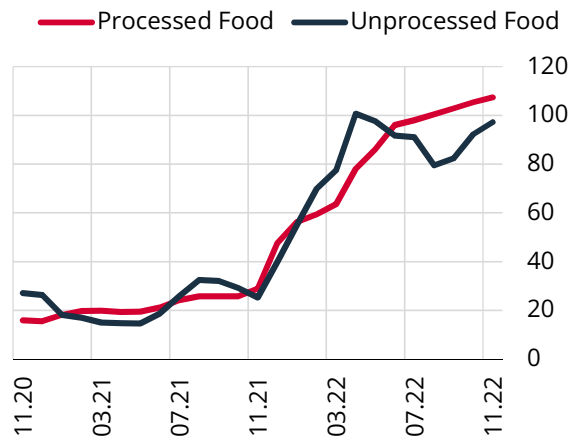


Chart 9. D-PPI and Manufacturing (Annual % Change)

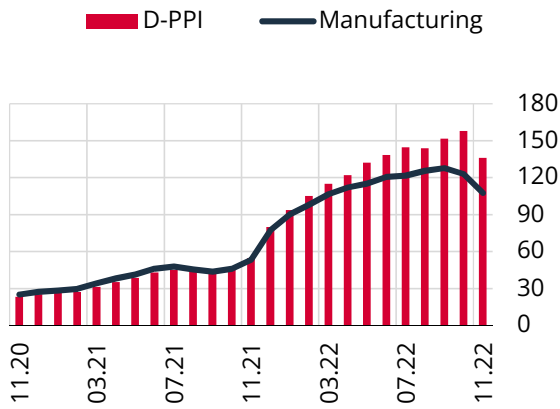
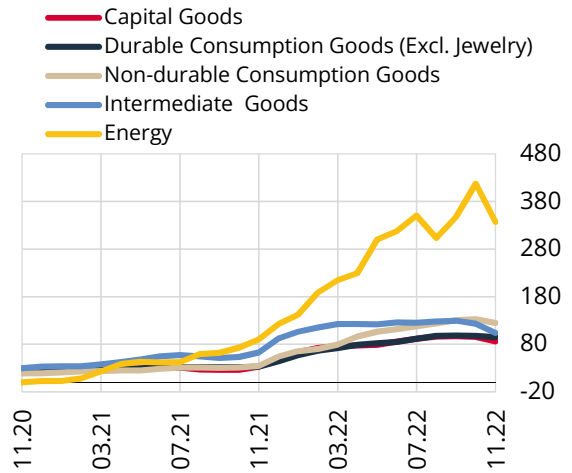


Chart 10. D-PPI Main Industry Groups (Annual % Change)



Tables

Table 1. CPI and Subcategories (% Change)

	Monthly		Annual	
	November 2022	November 2021	November 2022	November 2021
CPI	2.88	3.51	84.39	21.31
1. Goods	3.11	4.10	93.01	22.98
Energy	1.28	5.95	118.00	32.14
Food and non-alcoholic beverages	5.75	3.92	102.55	27.11
Unprocessed food	5.61	2.93	97.24	25.22
Fresh fruits and vegetables	9.94	-1.91	99.22	14.42
Other unprocessed food	3.42	5.47	95.66	31.25
Processed food	5.86	4.83	107.35	28.86
Bread and cereals	3.08	7.20	97.78	29.94
Other processed food	7.35	3.54	112.58	28.27
Goods excluding energy and food	1.88	3.53	76.75	16.93
Core goods	1.62	3.67	76.11	18.36
Durable goods (excluding gold)	2.46	4.06	89.50	18.40
Clothing and footwear (*)	-1.54	1.65	36.22	8.04
Other core goods	2.17	4.27	81.64	25.45
Alcoholic beverages and tobacco	3.19	0.03	83.49	7.91
Gold	3.45	17.27	66.40	28.57
2. Services	2.18	1.88	60.72	16.88
Rents	3.33	1.18	44.24	11.68
Restaurants and hotels	3.18	4.10	80.30	28.90
Transport	-0.16	0.61	100.66	15.73
Communication	2.96	0.57	29.17	7.26
Other	1.41	1.54	54.42	16.30
3. Core Measures				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	2.73	3.22	76.18	19.75
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	1.88	2.81	68.91	17.62
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	2.47	3.80	82.59	21.56
F - CPI excluding administered prices	3.13	4.05	82.69	22.48

Source: TURKSTAT.

* Does not cover clothing services.

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

	Weight (%)	November 2022		November 2021	
		Monthly	Annual	Monthly	Annual
D-PPI	100	0.74	136.02	9.99	54.62
Mining	3.56	4.99	146.43	11.64	44.53
Manufacturing	87.43	2.01	107.64	9.55	53.24
Manufacturing excl. petroleum products	84.97	2.16	106.74	9.36	49.43
Manufacturing excl. petroleum products and base metals	76.27	2.40	110.97	9.16	44.16
Electricity, gas, steam and air-conditioning sup.	8.29	-5.17	442.97	14.33	72.42
Water supply	0.72	3.39	114.41	1.00	33.08
D-PPI (MIGs Classification)					
Intermediate Goods		1.88	103.78	11.55	63.12
Durable Consumption Goods		2.62	93.87	5.15	32.17
Durable Consumption Goods (Excl. Jewelry)		2.63	95.08	4.00	32.98
Non-Durable Consumption Goods		2.68	124.66	6.43	34.33
Capital Goods		2.83	86.41	7.91	33.30
Energy		-4.24	337.34	13.33	90.34

Source: TURKSTAT.