



TÜRKİYE CUMHURİYET
MERKEZ BANKASI

MONETARY POLICY AND INFLATION OUTLOOK IN TÜRKİYE

Fatih Karahan, Ph.D.
Governor

NOVEMBER 28, 2025

ISTANBUL

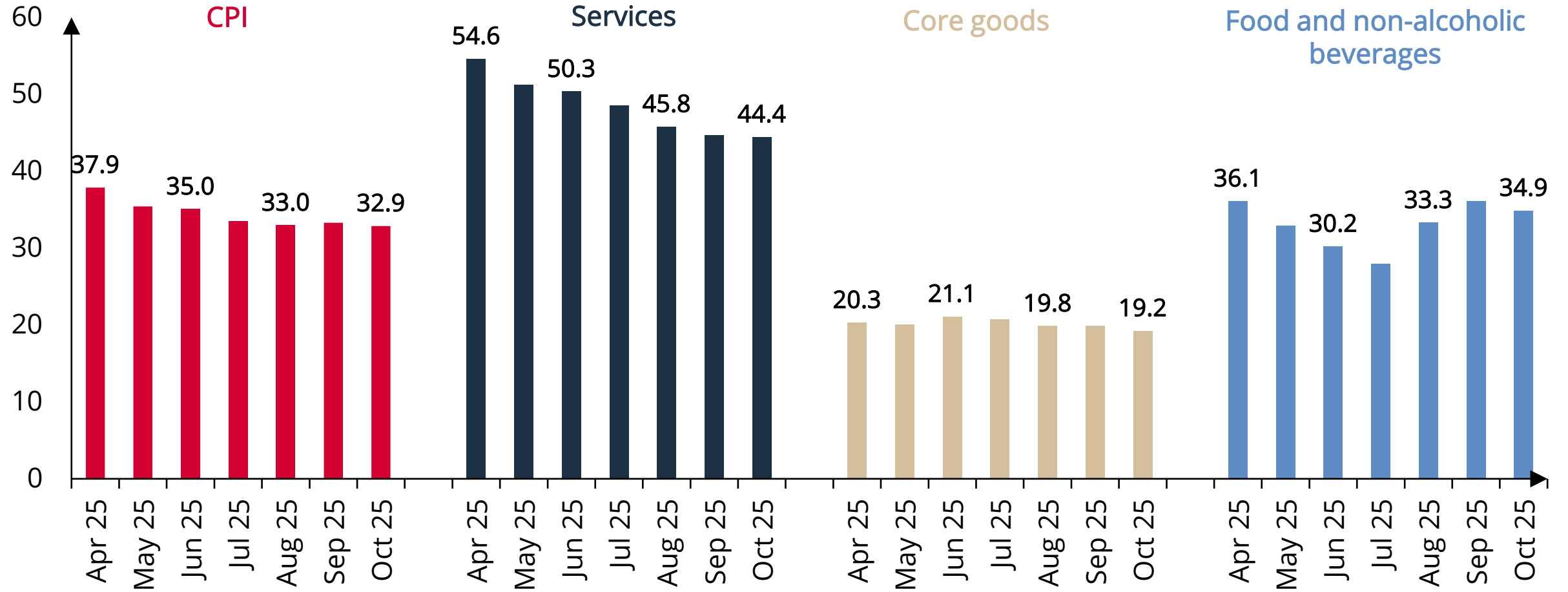


1

Inflation Outlook

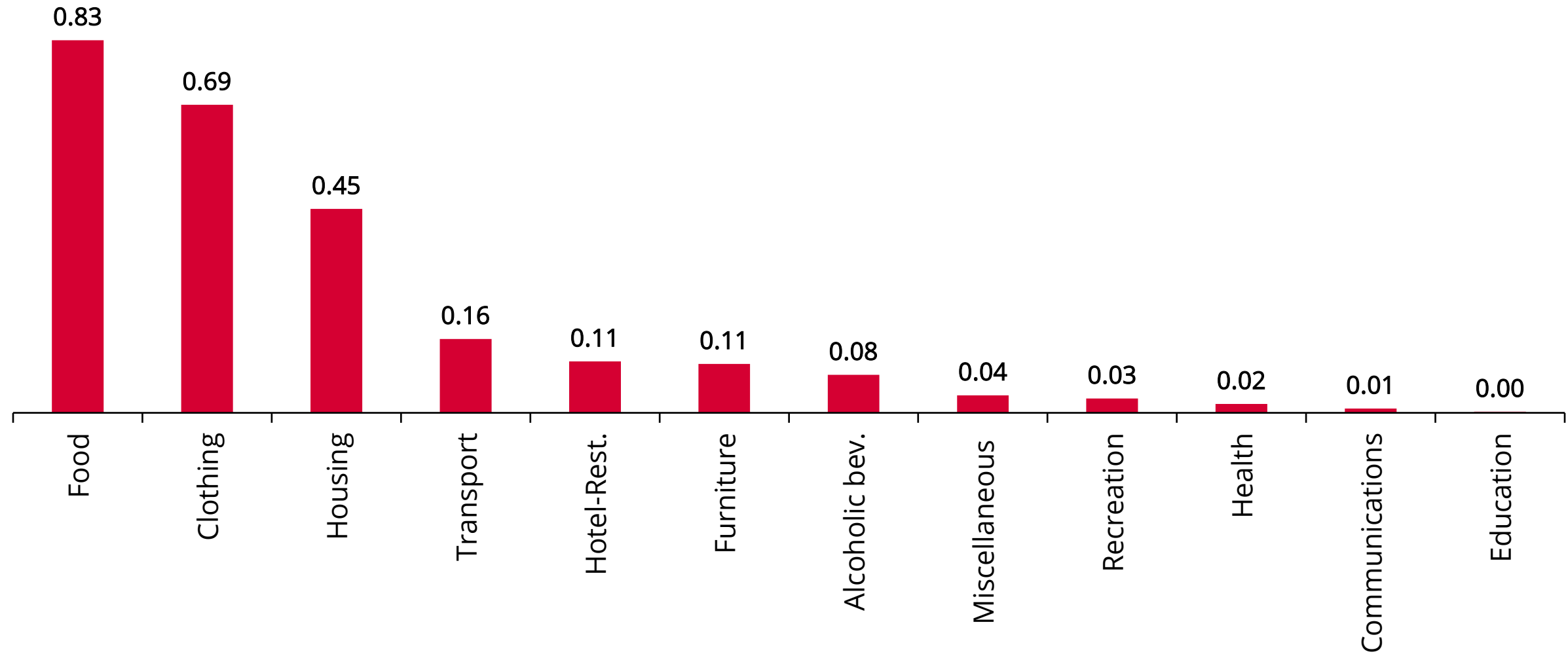
Disinflation continues, but at a slower pace.

CPI (Annual % Change)



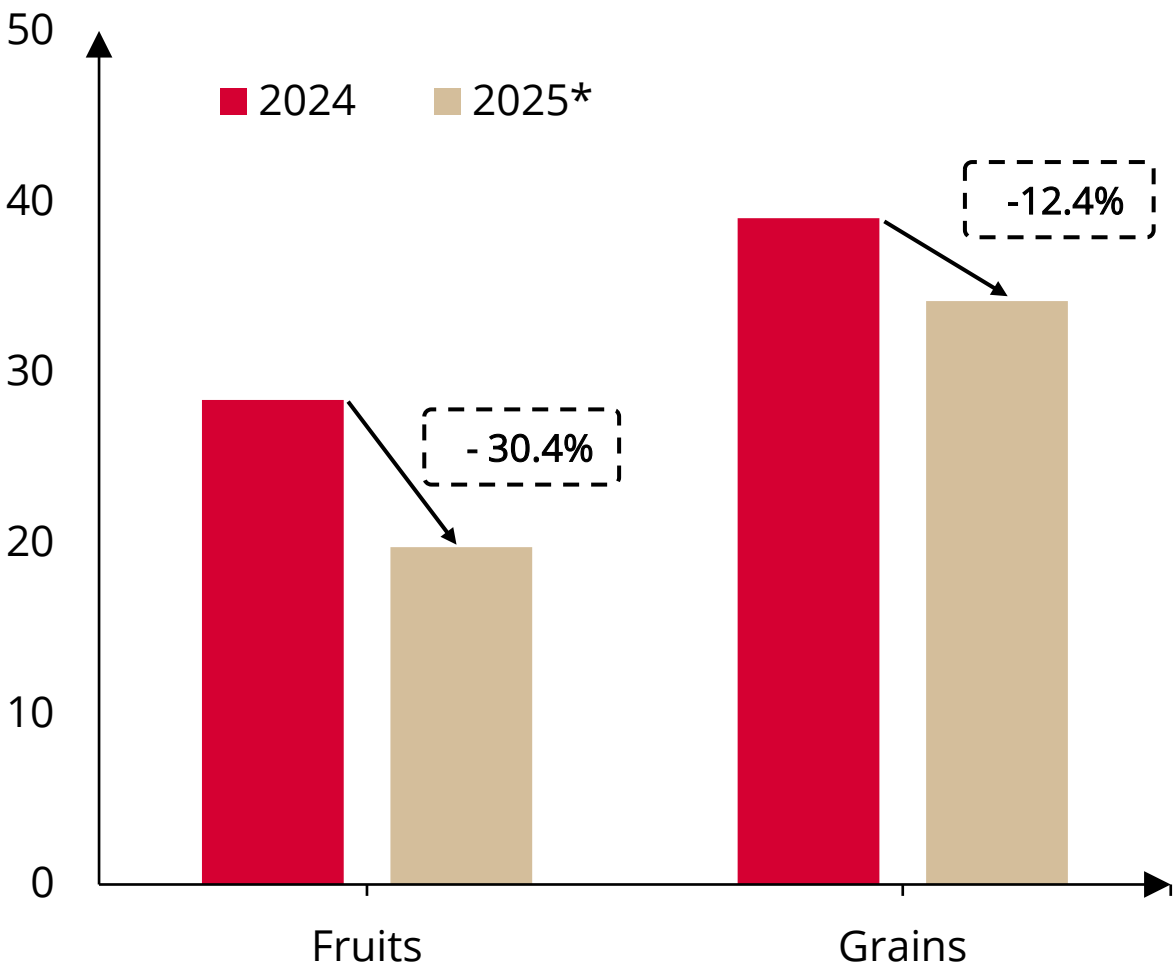
Temporary factors are expected to diminish.

October CPI Contribution (MoM, %)

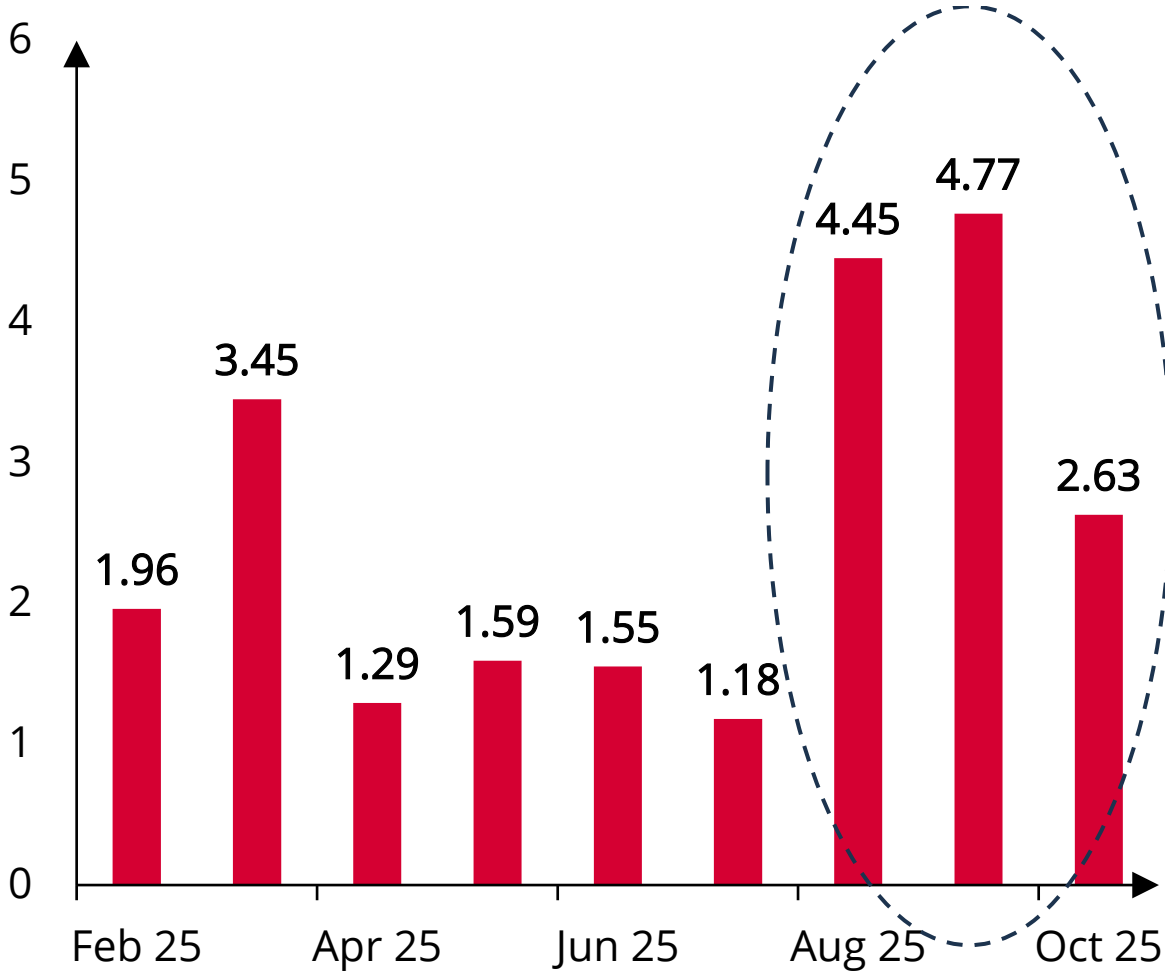


Adverse weather conditions have increased food prices.

Fruit and Grain Production (Millions of Tonnes)

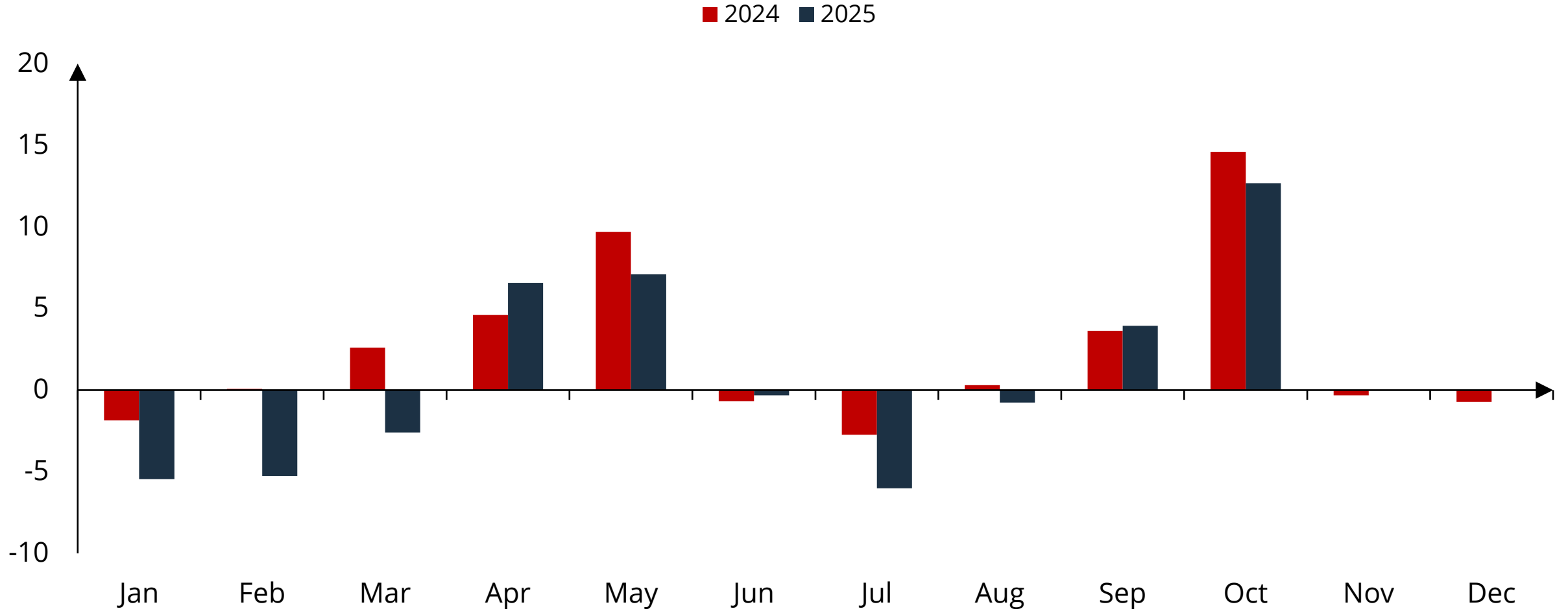


Food Prices (Seasonally Adjusted, Monthly % Change)



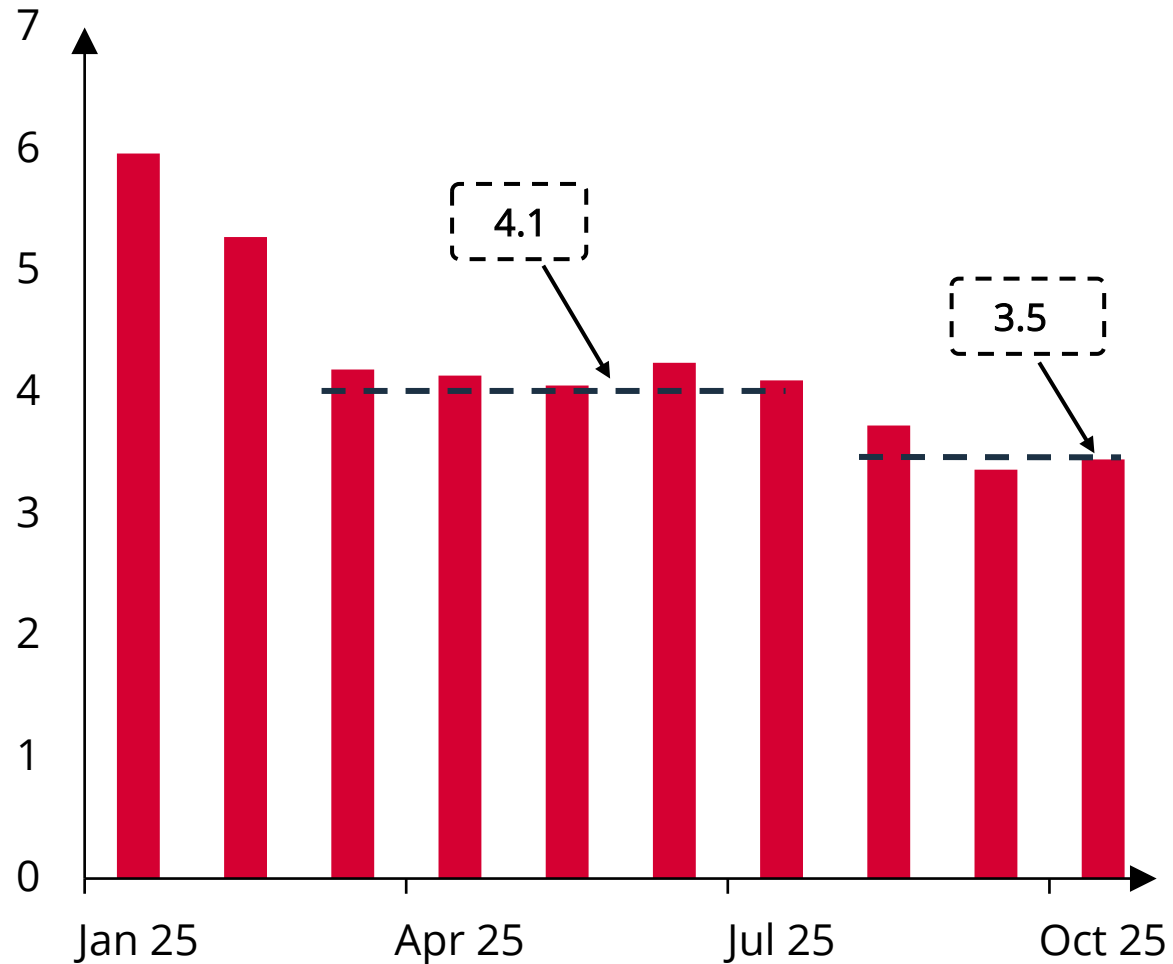
Clothing inflation exhibits strong seasonality.

Clothing and footwear inflation (MoM, %)

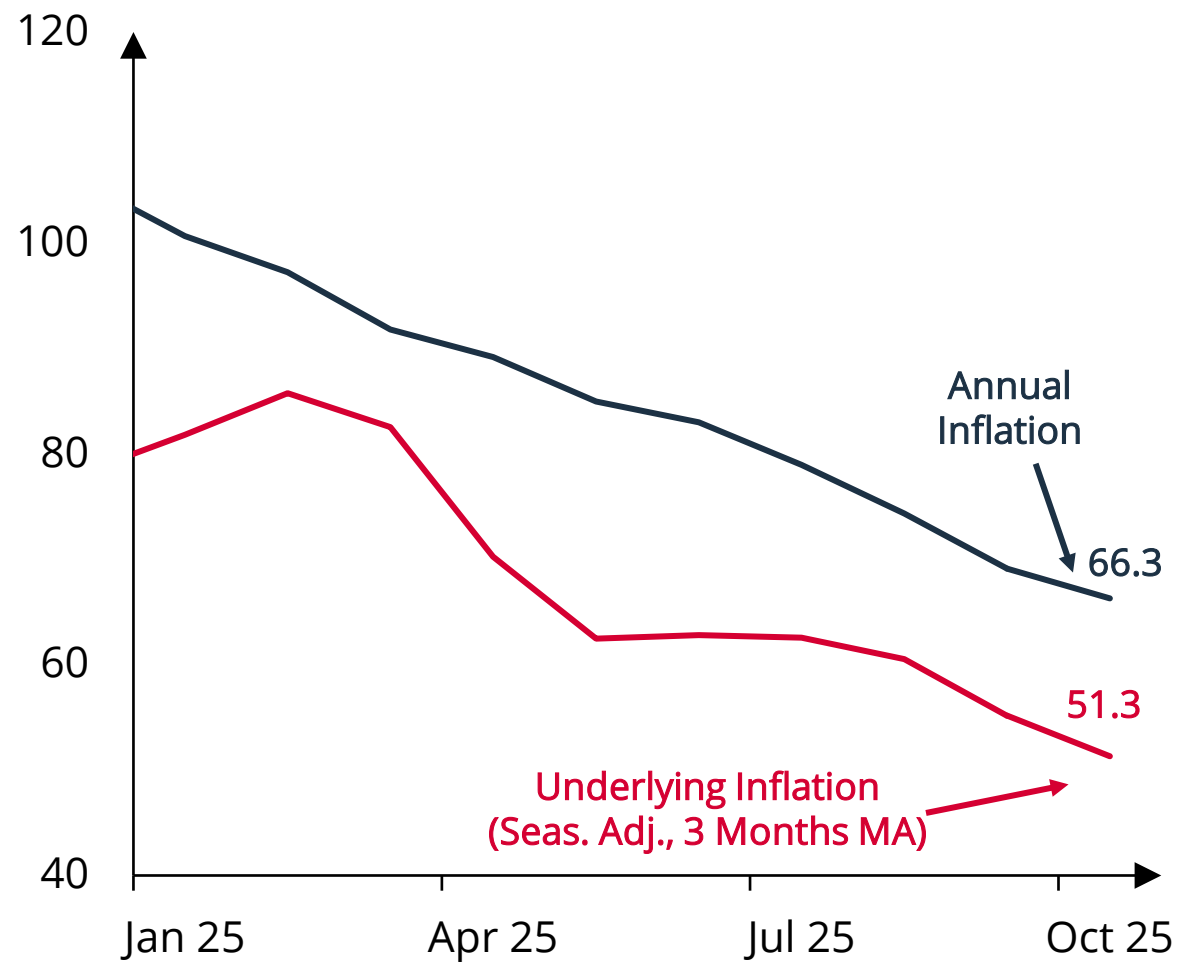


Rent inflation has continued to decelerate.

Rent (Seasonally Adjusted, Monthly % Change)

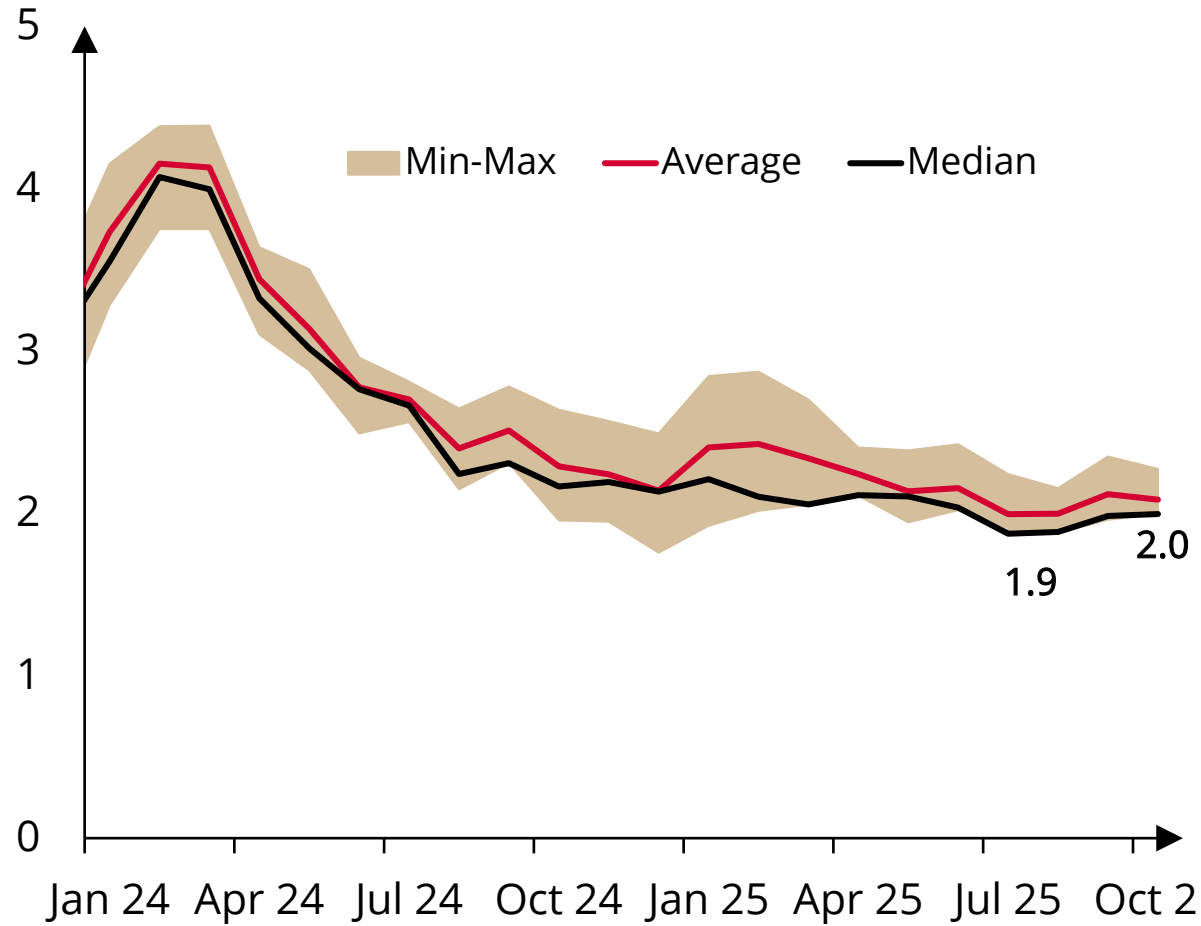


Rent (Annual % Change and Annualized Underlying Inflation)

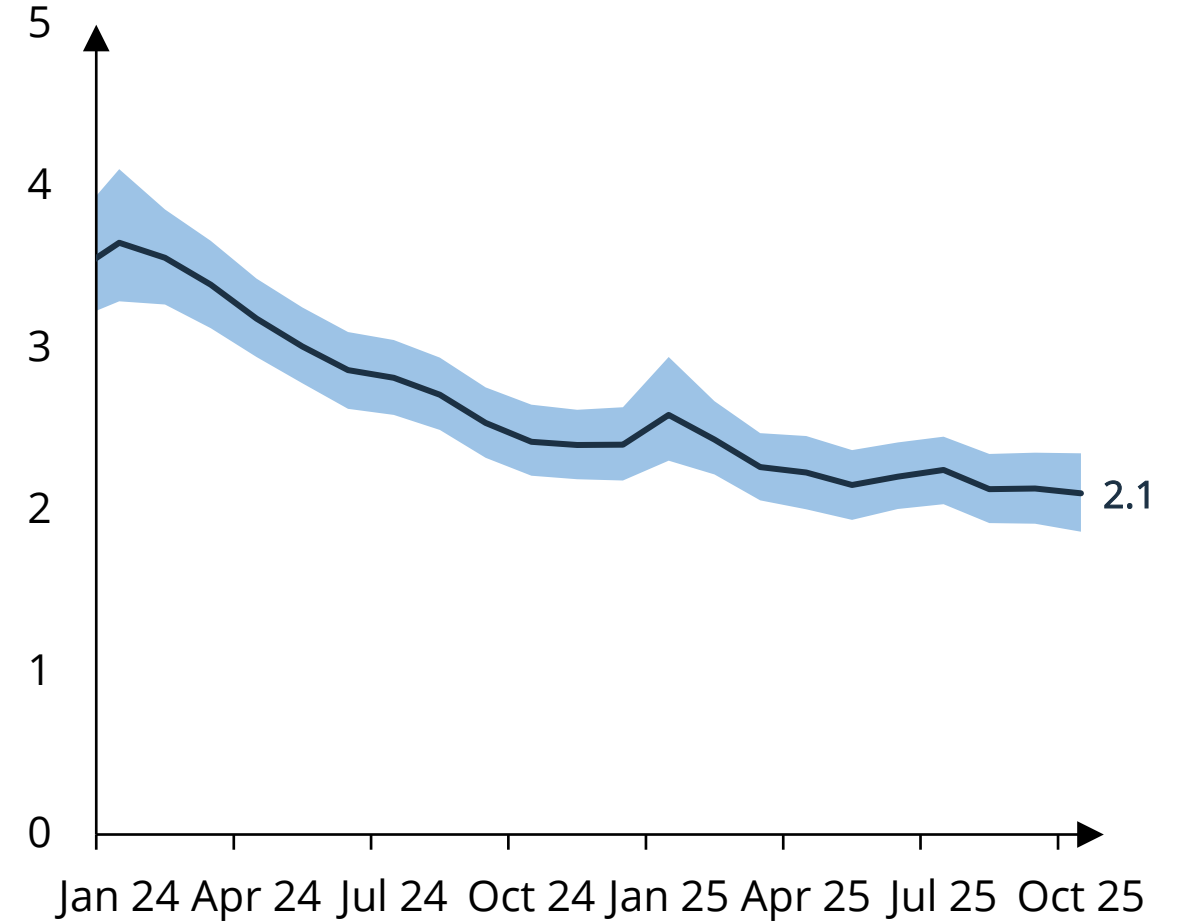


Underlying inflation indicators point to a slowdown in the disinflation process.

Core Inflation Indicators (SA 3-month avg., %)



Multivariate Trend Inflation Indicator* (%)

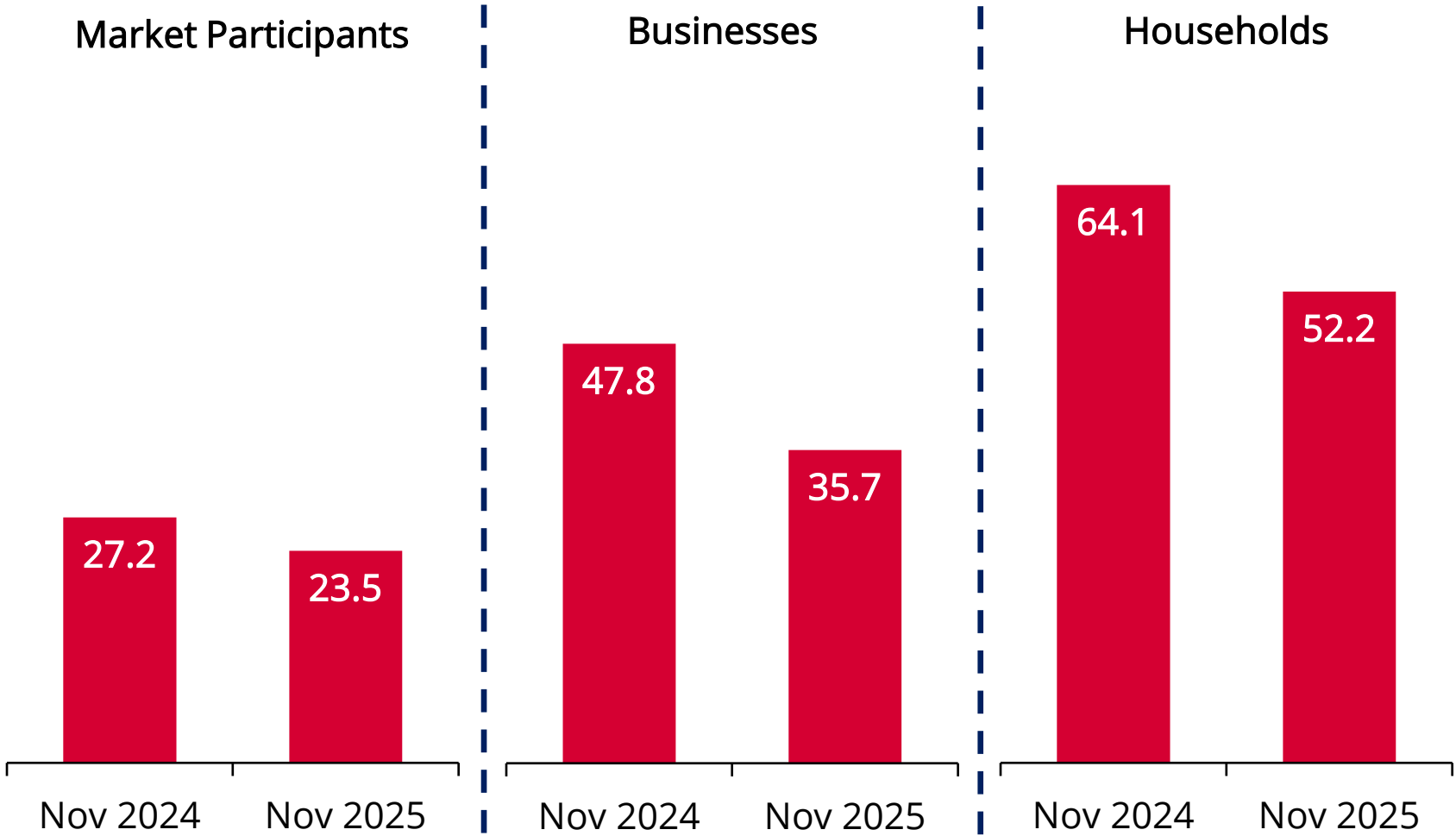


2

Inflation Expectations

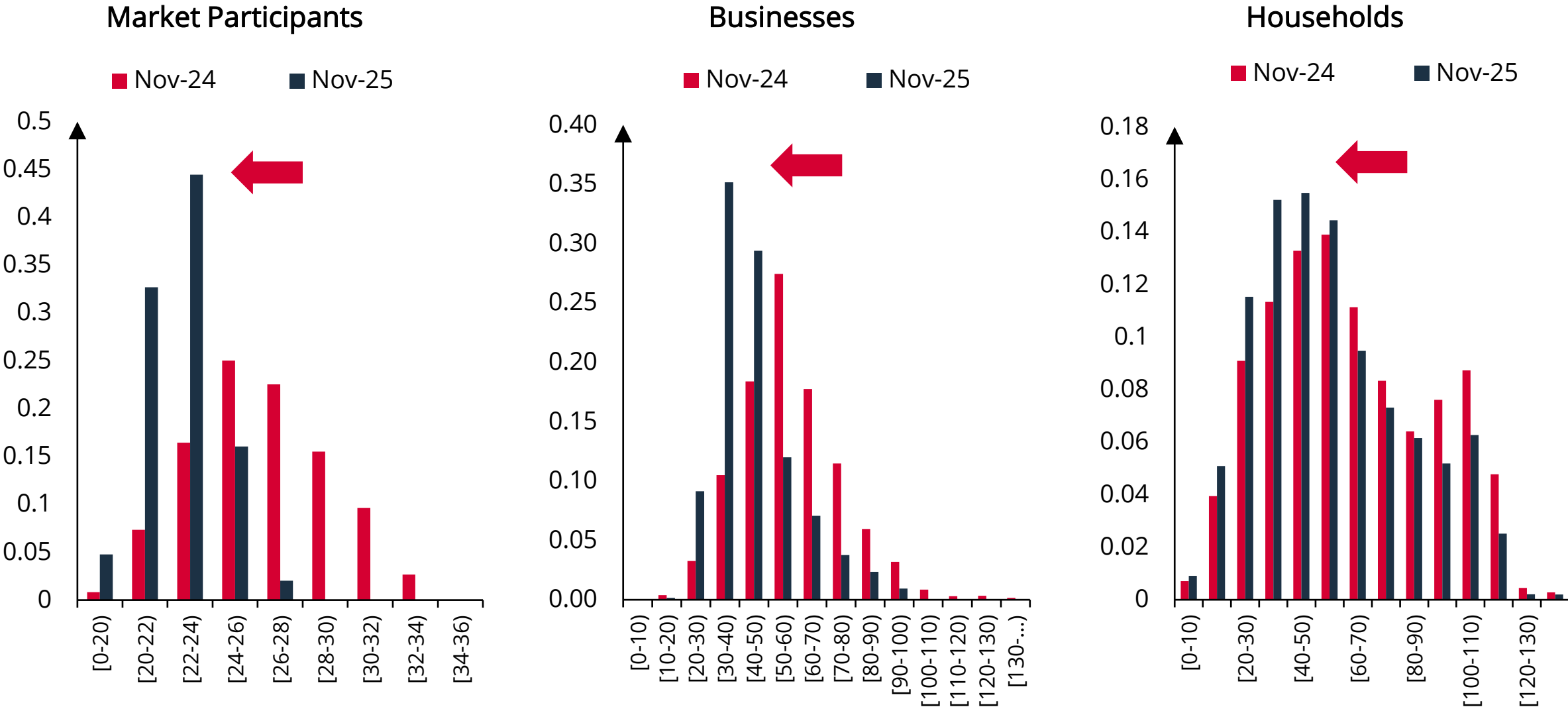
Inflation expectations have improved, but are still elevated.

Expectations of 12-month ahead annual CPI inflation (%)



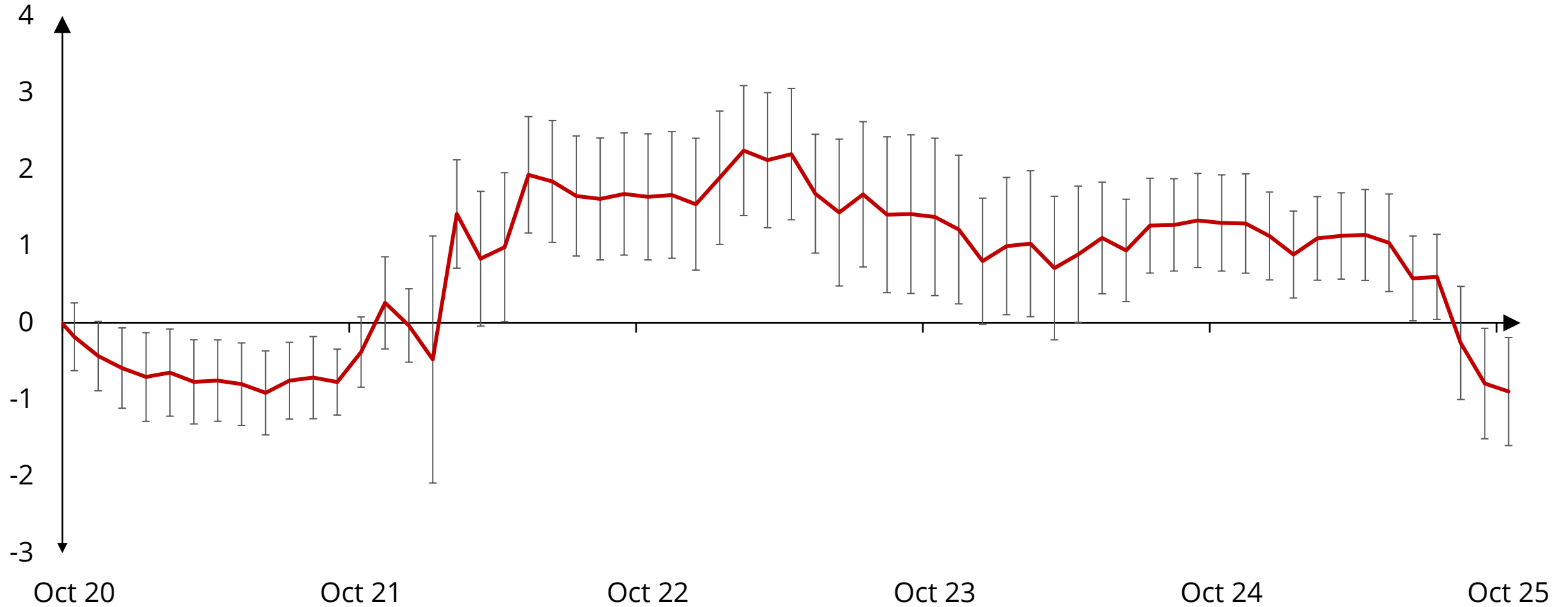
Market participants inflation expectations (%)	
November 2025	32.0
December 2025	32.2
January 2026	30.1
November 2026	23.5
December 2026	23.2

Dispersion among survey participants has declined.



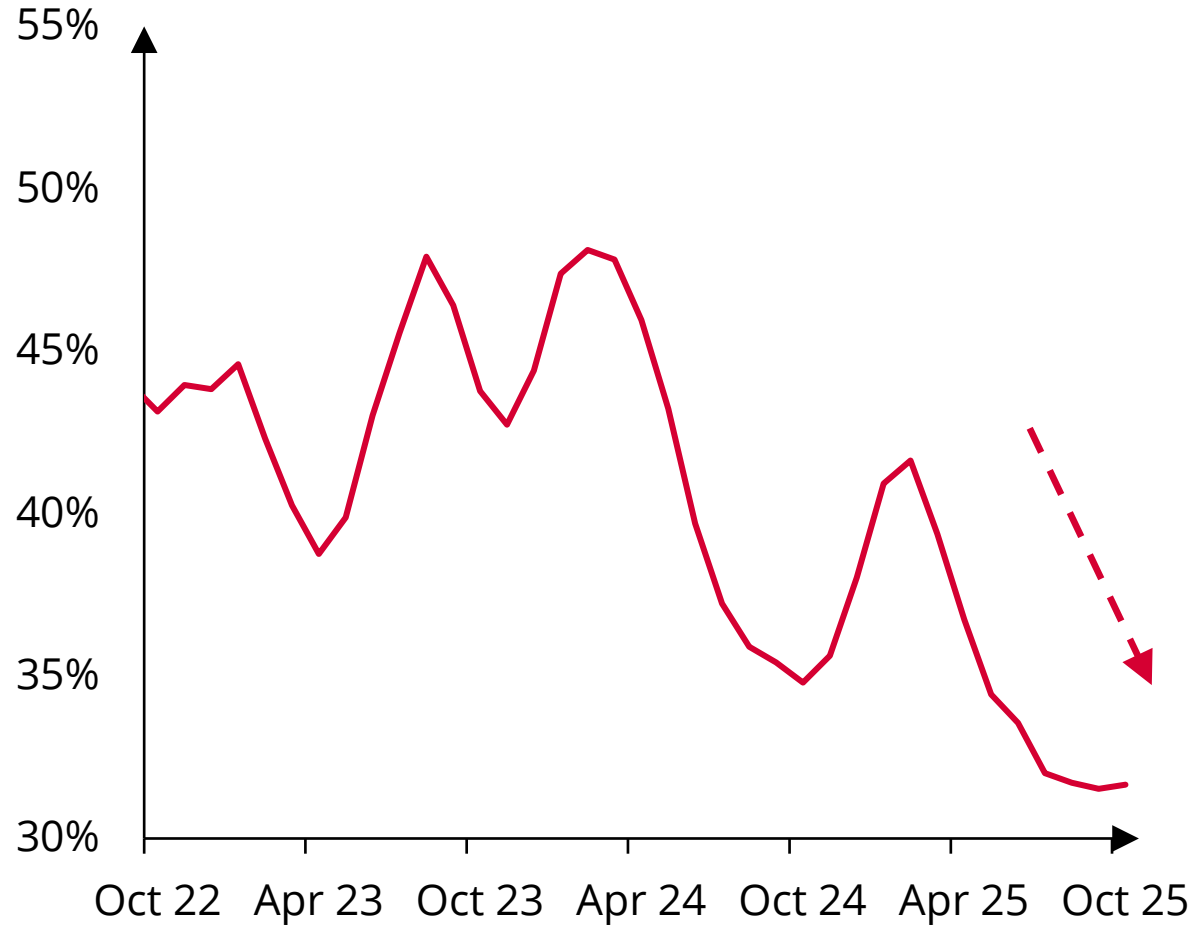
Pessimistic bias among market participants has declined.

Pessimistic bias coefficient* (24-month rolling window)

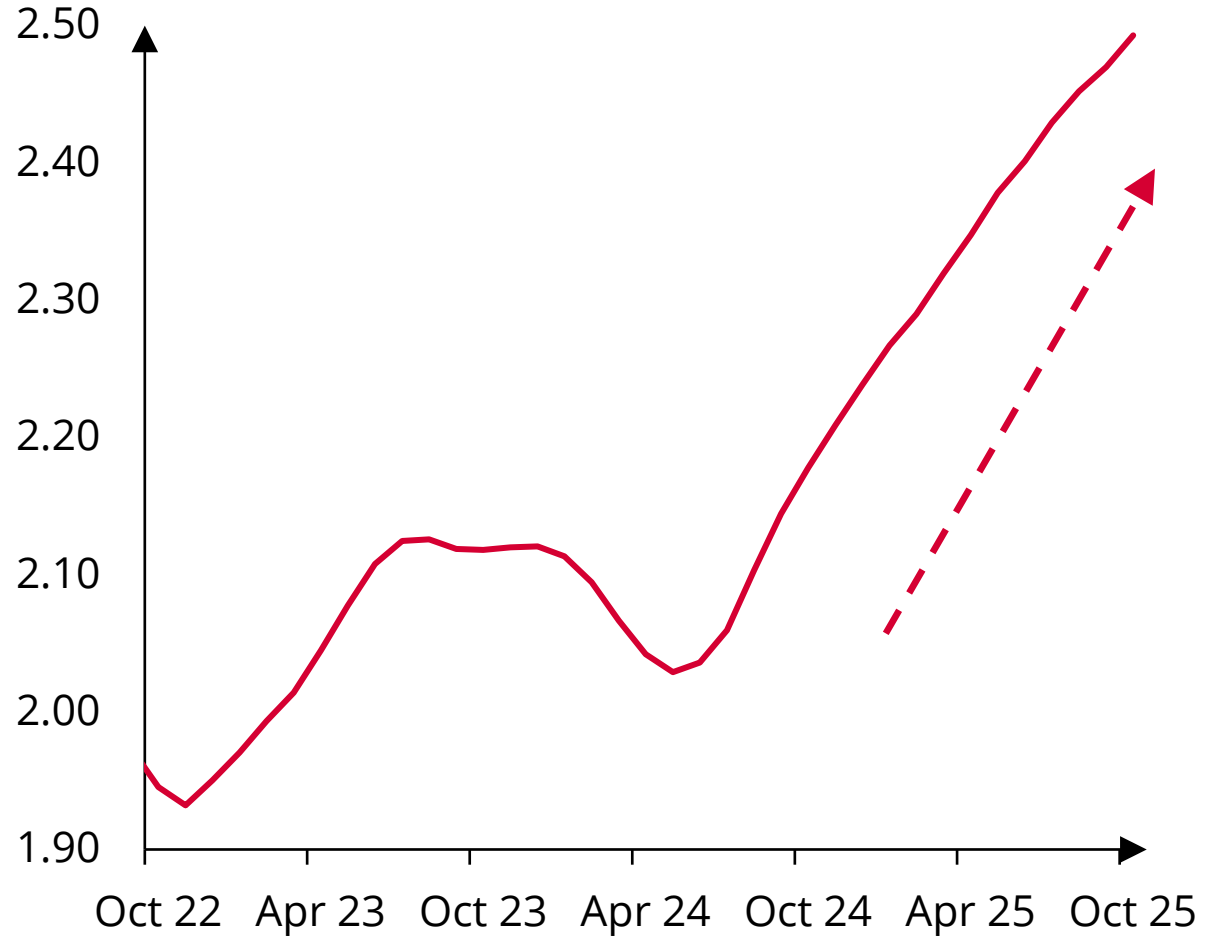


Firms' pricing behavior improves.

% of firms planning to raise their prices
(3-month moving average)



Duration of price spell
(Month)

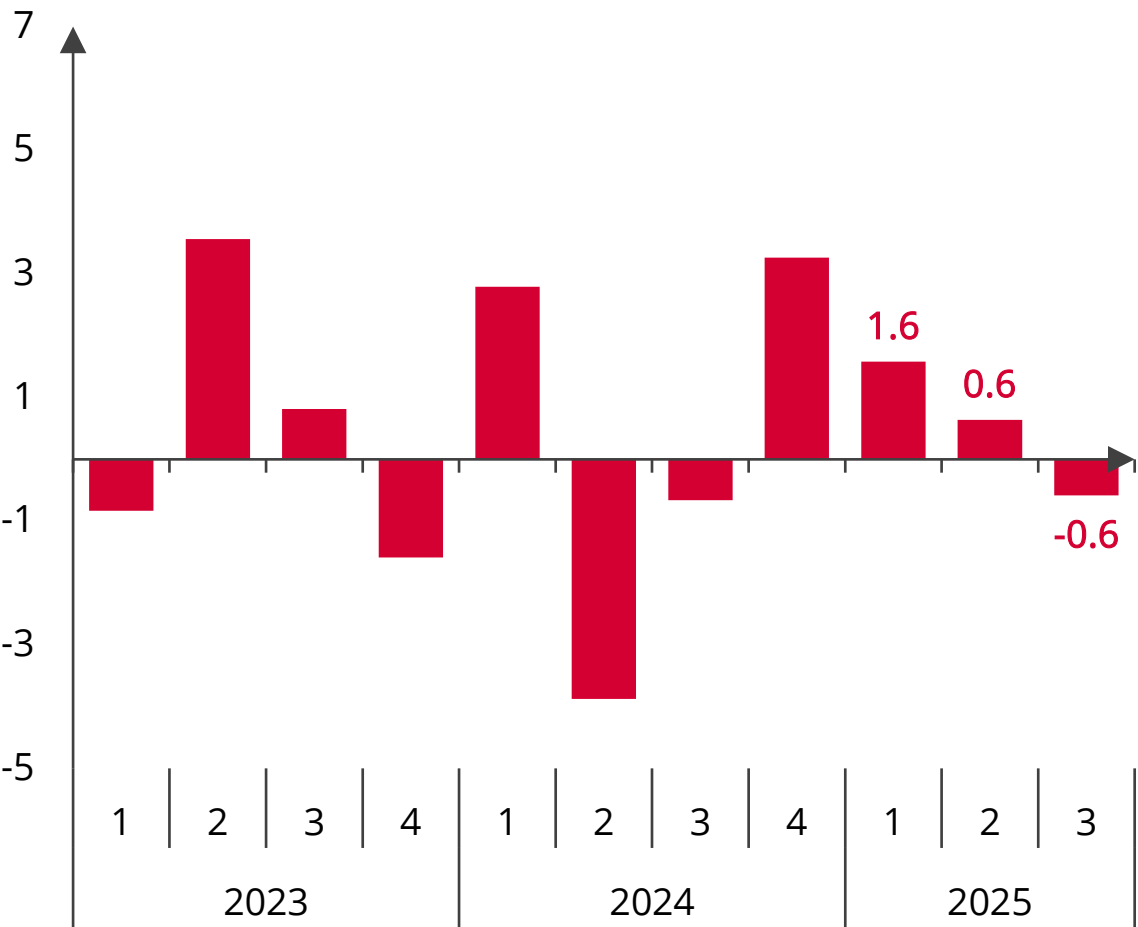


3

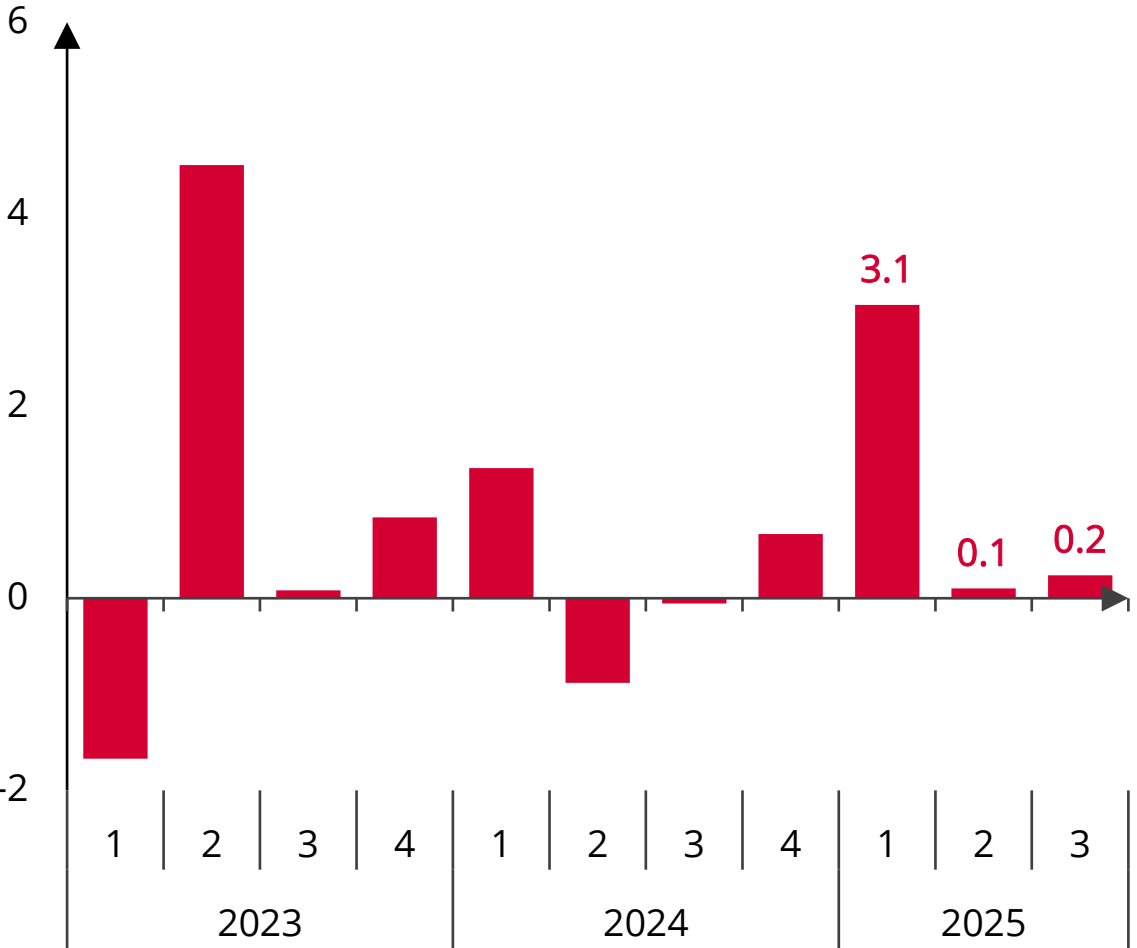
Economic Activity

Industrial production declined slightly, while services production was flat in Q3.

Industrial Production Index (SCA, QoQ change %)

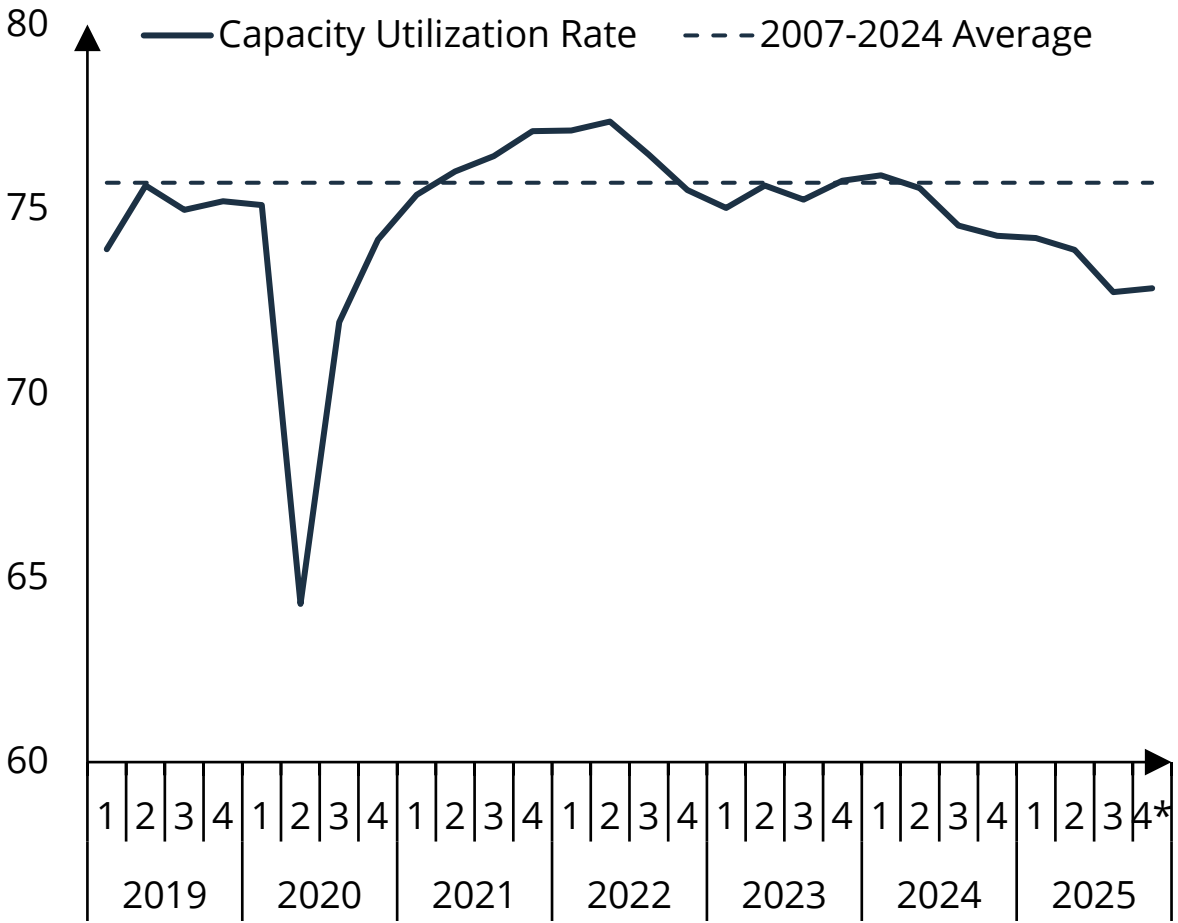


Services Production Index (SCA, QoQ change %)

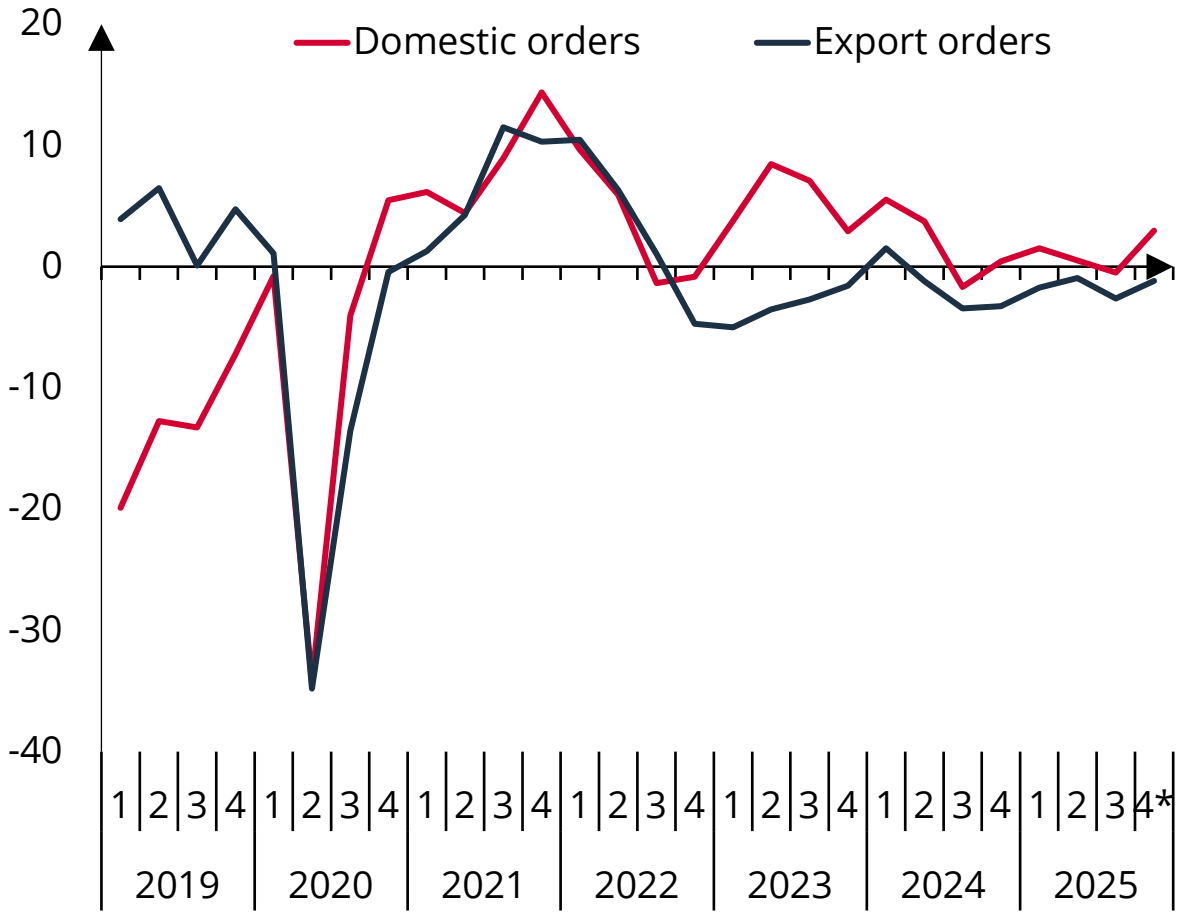


Survey data confirm the slowdown in activity.

Capacity Utilization Rate** (SA, %)

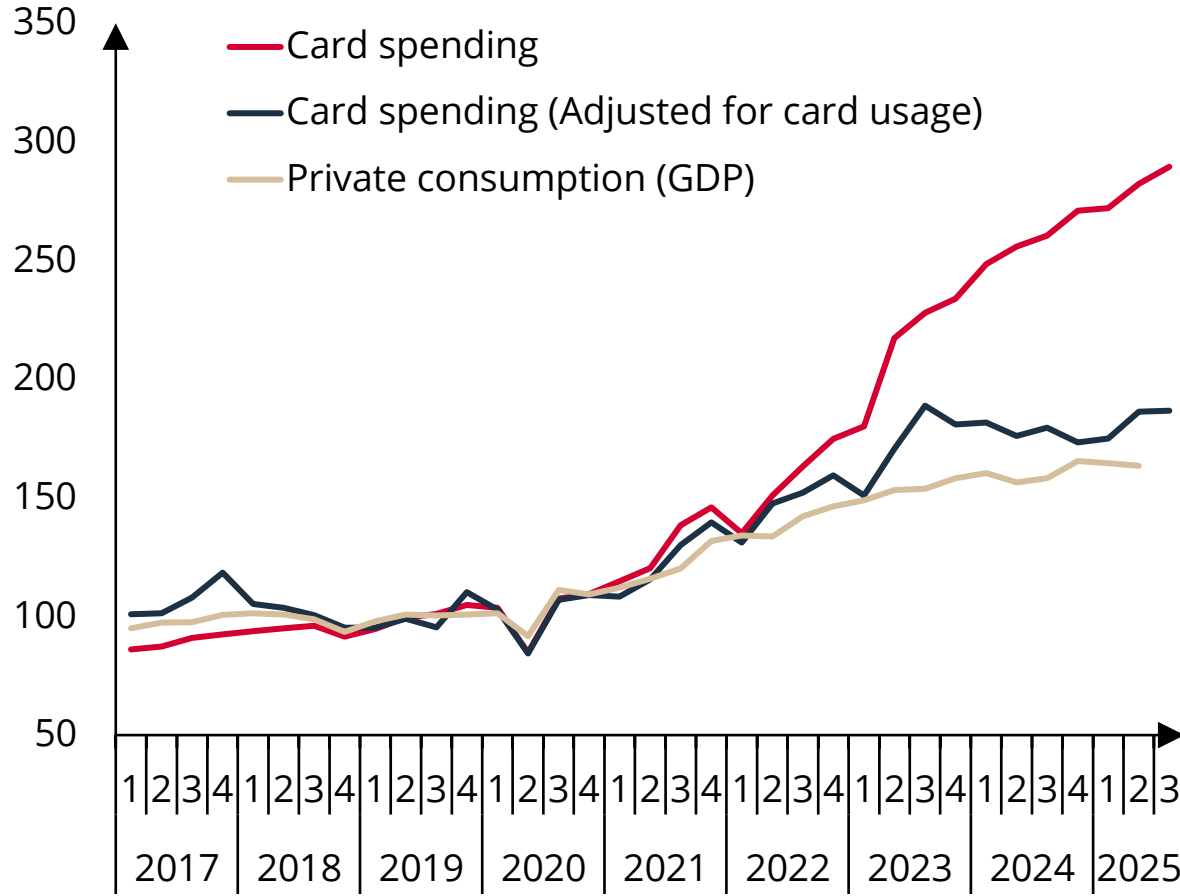


Registered Domestic and Export Orders (SA., Above normal-Below normal, Compared to the 2007-2024 Average)

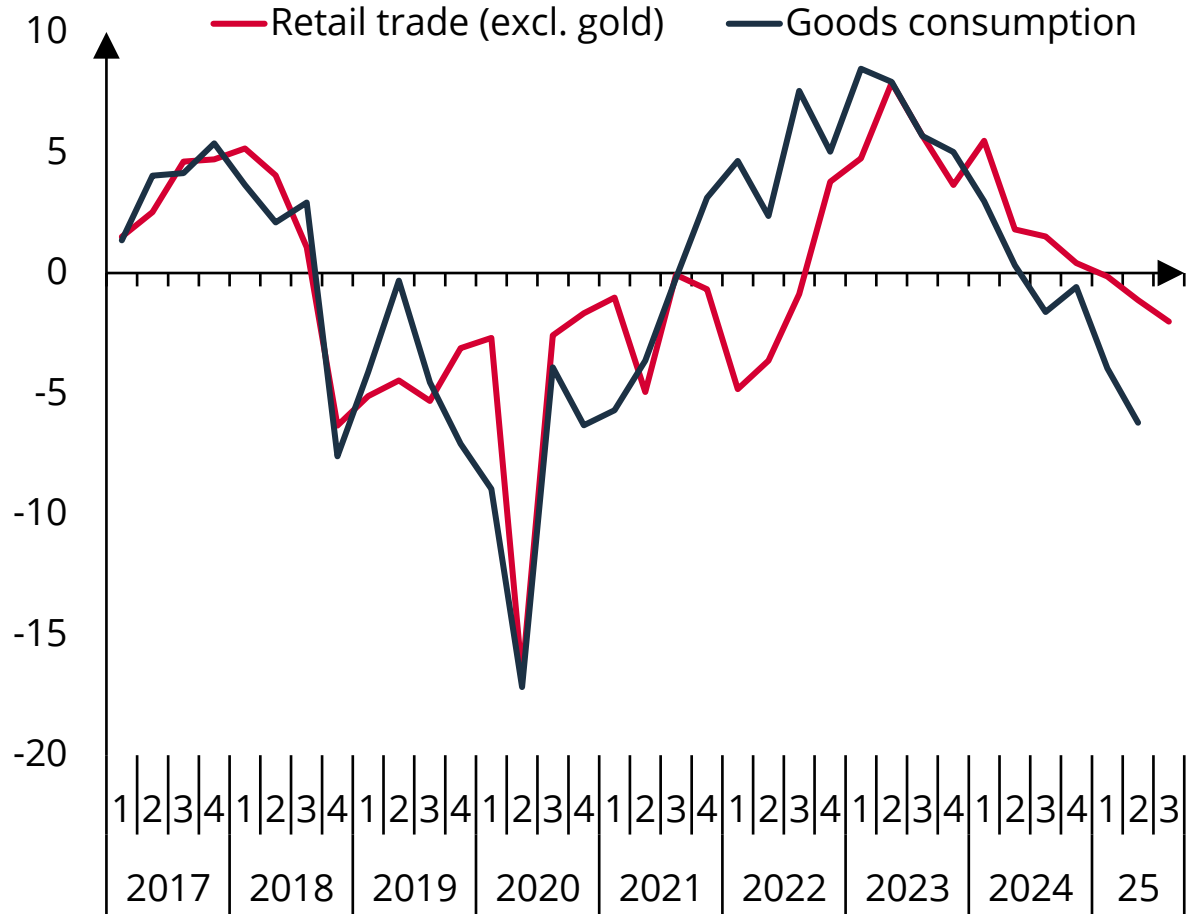


Retail sales and card spending track the ongoing consumption slowdown.

Card spending and private consumption
(Real, seasonally adjusted, 2019=100)

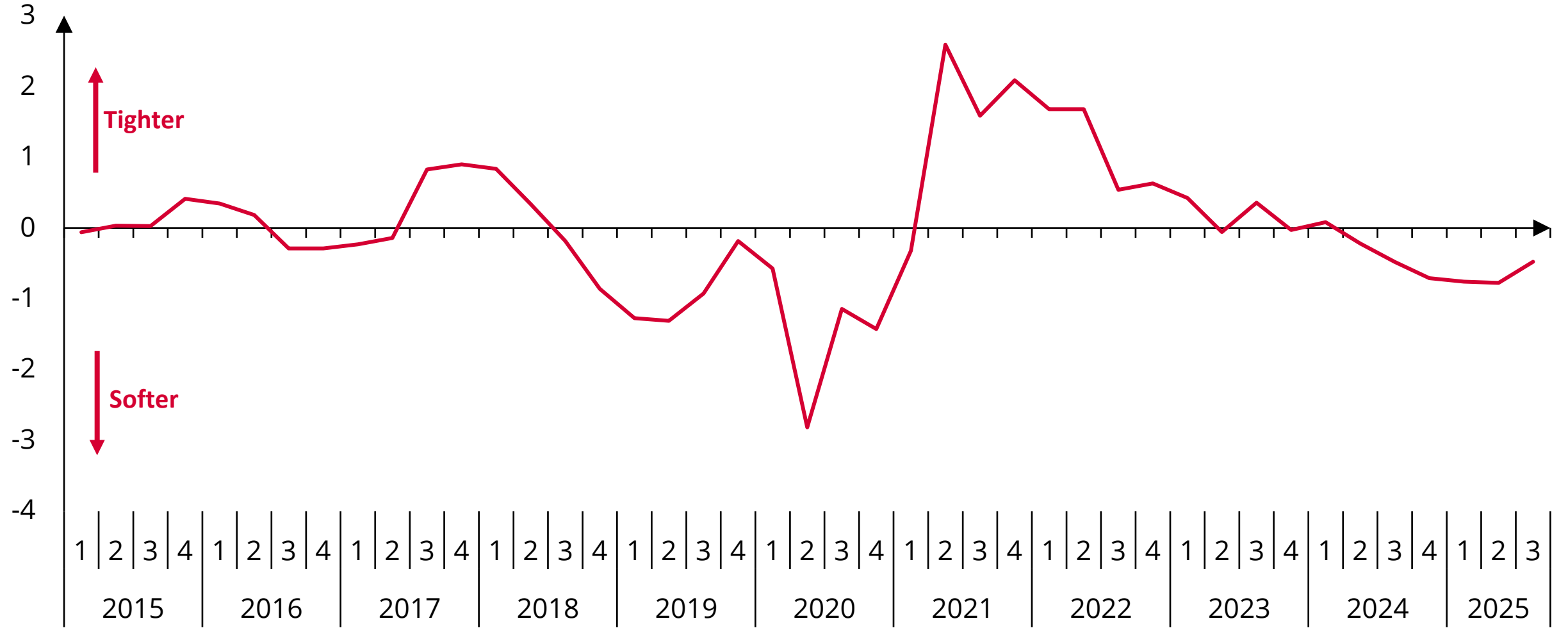


Retail sales and goods consumption
(Deviation from trend, %)



Composite labor market conditions index confirms subdued labor market tightness.

Composite Labor Market Conditions Index*



Conclusions

- Items with backward indexation are dragging the headline inflation, but the underlying downward trend remains intact.
- Market participants are reacting symmetrically to downside and upside inflation surprises.
- Firms' pricing behavior is showing signs of improvement.
- Overall demand indicators suggest that rebalancing is continuing.
- The tight monetary policy stance, which will be maintained until price stability is achieved, will strengthen the disinflation process through demand, exchange rate, and expectation channels.
- The Committee will determine the policy rate by taking into account realized and expected inflation and its underlying trend in a way to ensure the tightness required by the projected disinflation path in line with the interim targets.
- The step size will be reviewed prudently on a meeting-by-meeting basis with a focus on the inflation outlook.
- Monetary policy stance will be tightened in case of a significant deviation in inflation outlook from the interim targets.



**TÜRKİYE CUMHURİYET
MERKEZ BANKASI**

www.tcmb.gov.tr