TÜRKİYE CUMHURİYET
MERKEZ BANKASI



INFLATION AND MONETARY POLICY

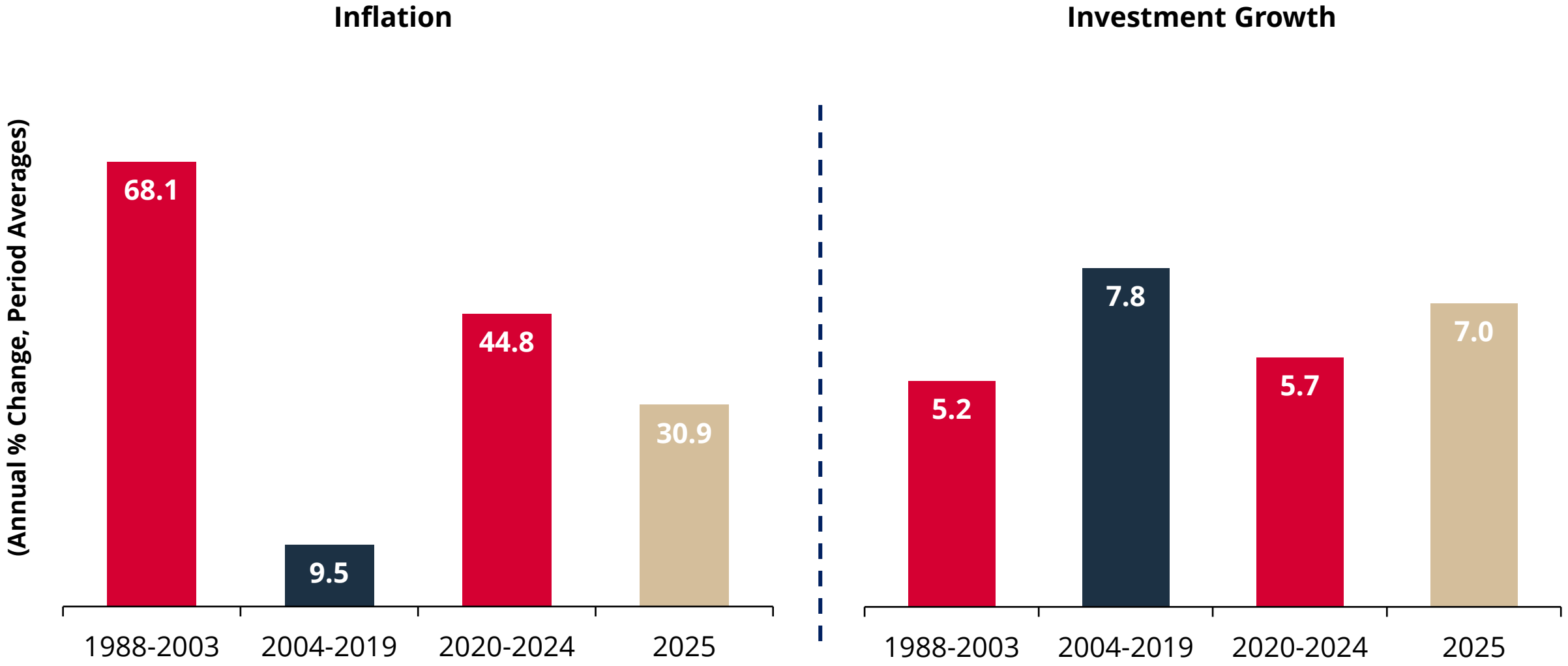
Fatih Karahan

Governor

OCTOBER 7, 2026

İSTANBUL

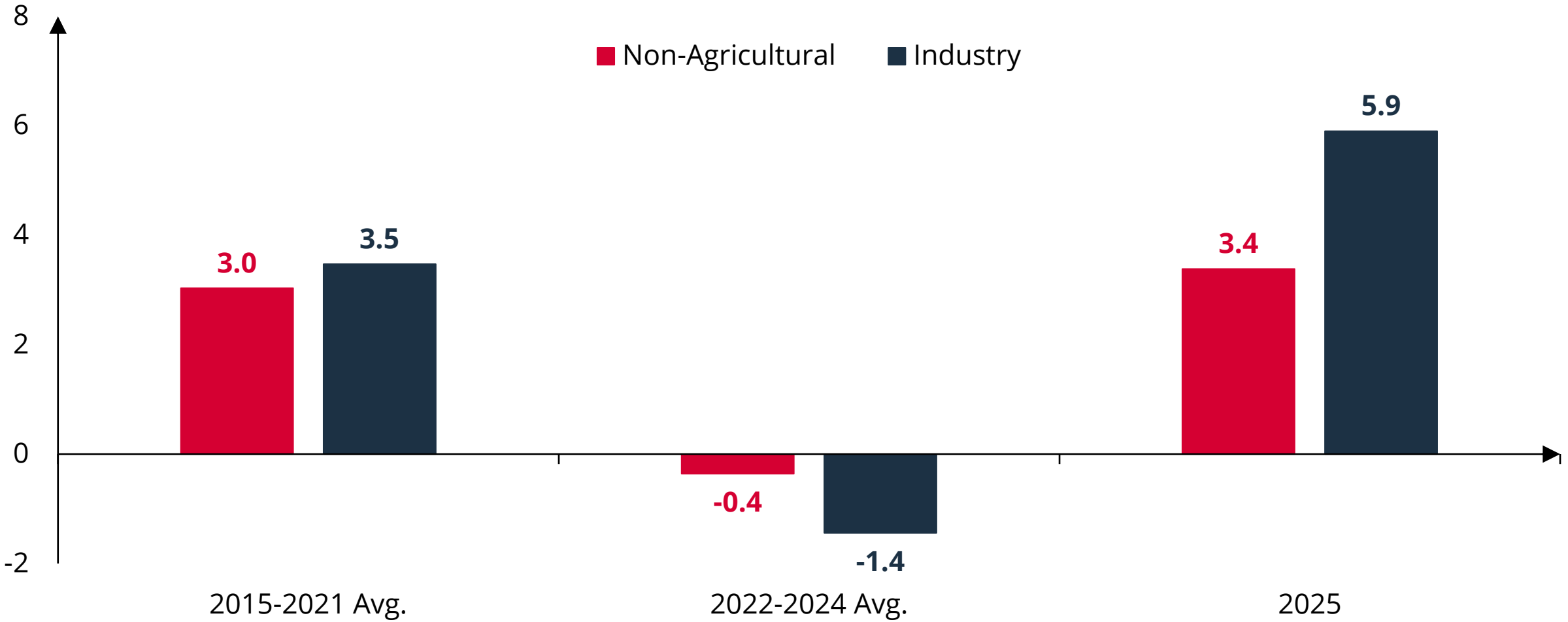
Price stability improves the investment and production environment.



Sources: CBRT, TURKSTAT.

Disinflation supports productivity.

Output per Worker* (Annual % Change)

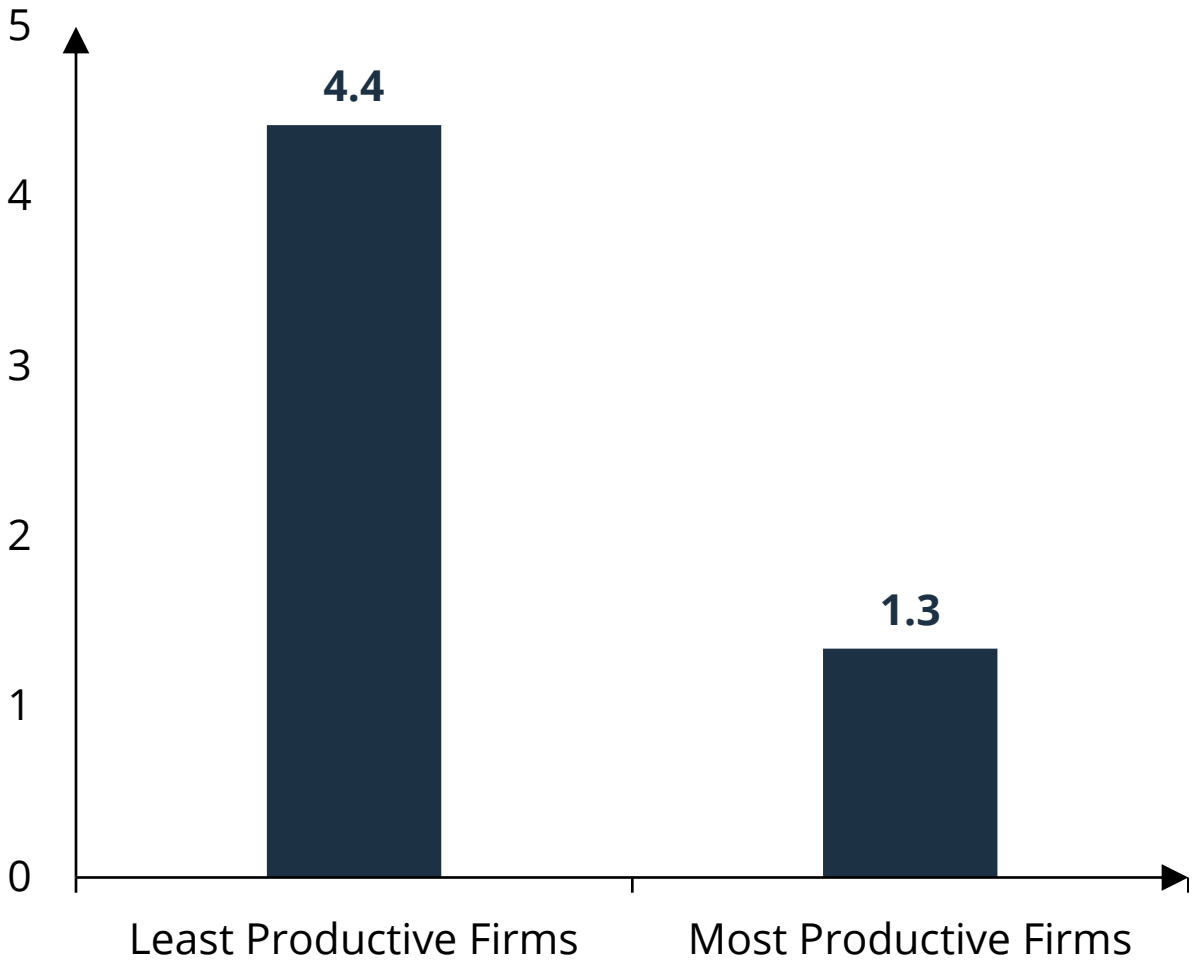


Sources: CBRT, TURKSTAT.

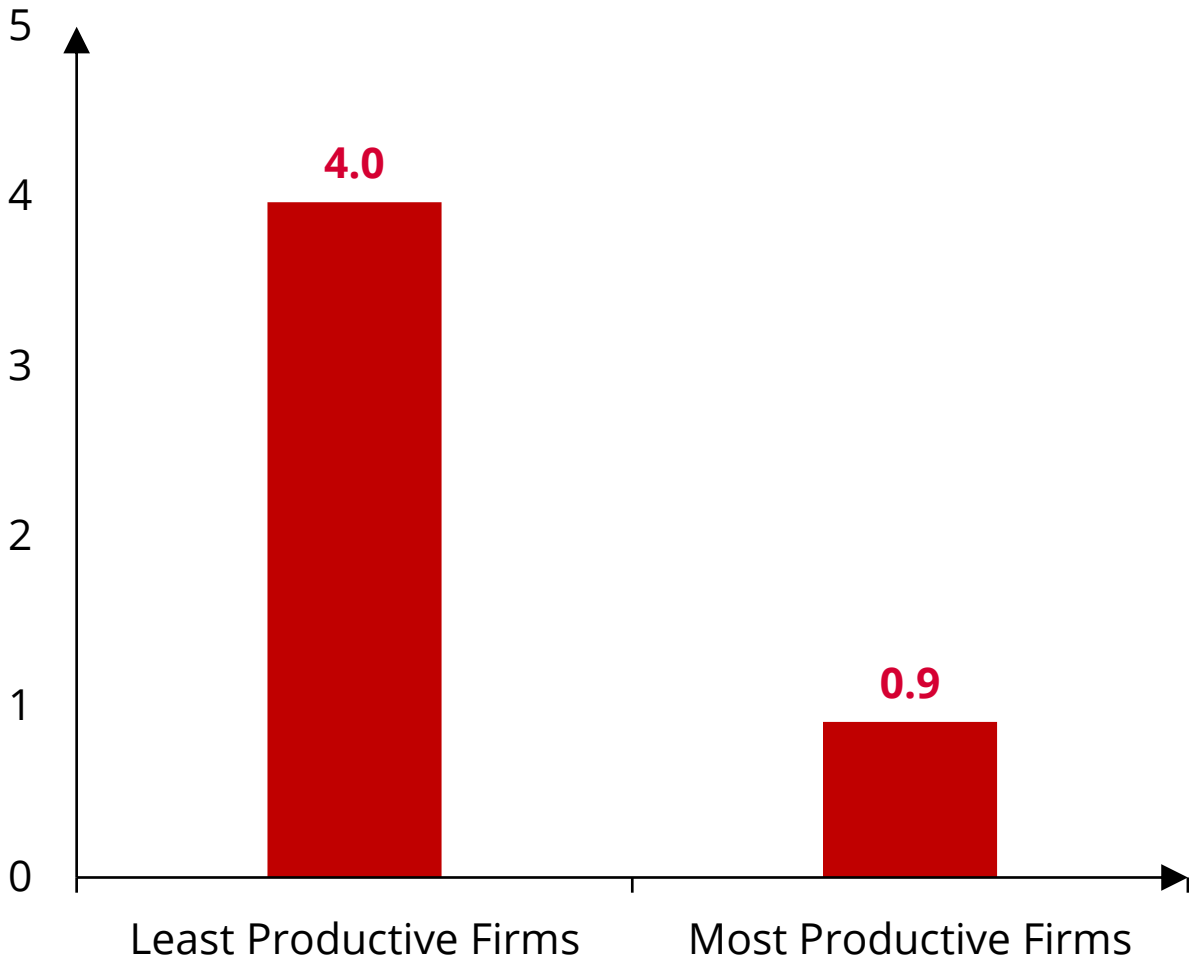
*Value Added/Employment.

Firms with higher productivity are relatively more resilient.

NPL Ratio by Productivity Group (%)



Ratio of Closed-Liquidated Companies by Productivity Group (%)

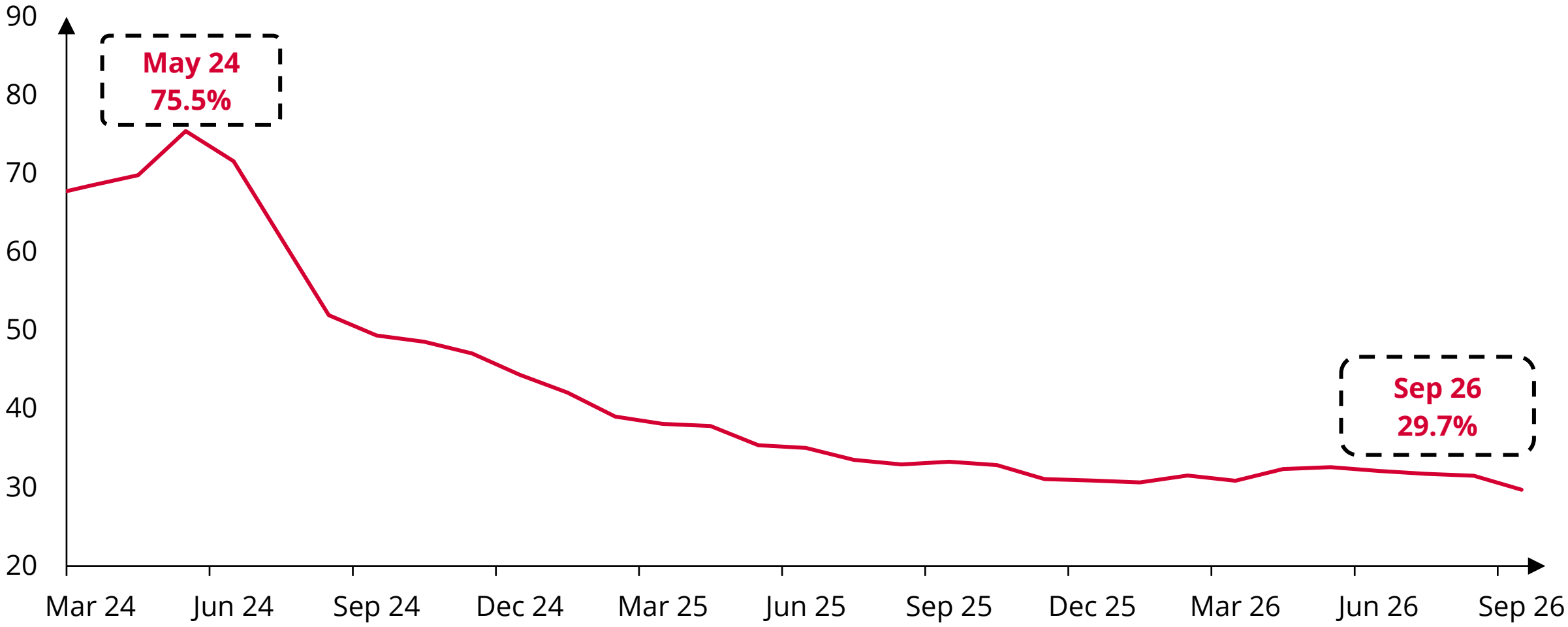


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Sources: TURKSTAT, Union of Chambers and Commodity Exchanges of Türkiye (TOBB), Central Registration System (MERSIS).
Note: Firms have been categorized into five productivity groups in the NACE-4 sector for the years 2018 and 2024, through a ranking based on the value-added at factor cost per worker indicator under the TURKSTAT's Annual Industry and Service Statistics micro data (1: Least Productive, 5: Most Productive). The sample includes firms with a minimum of one worker and a turnover of USD 1,000 and above during the related years.

Annual inflation fell to 29.7% in September.

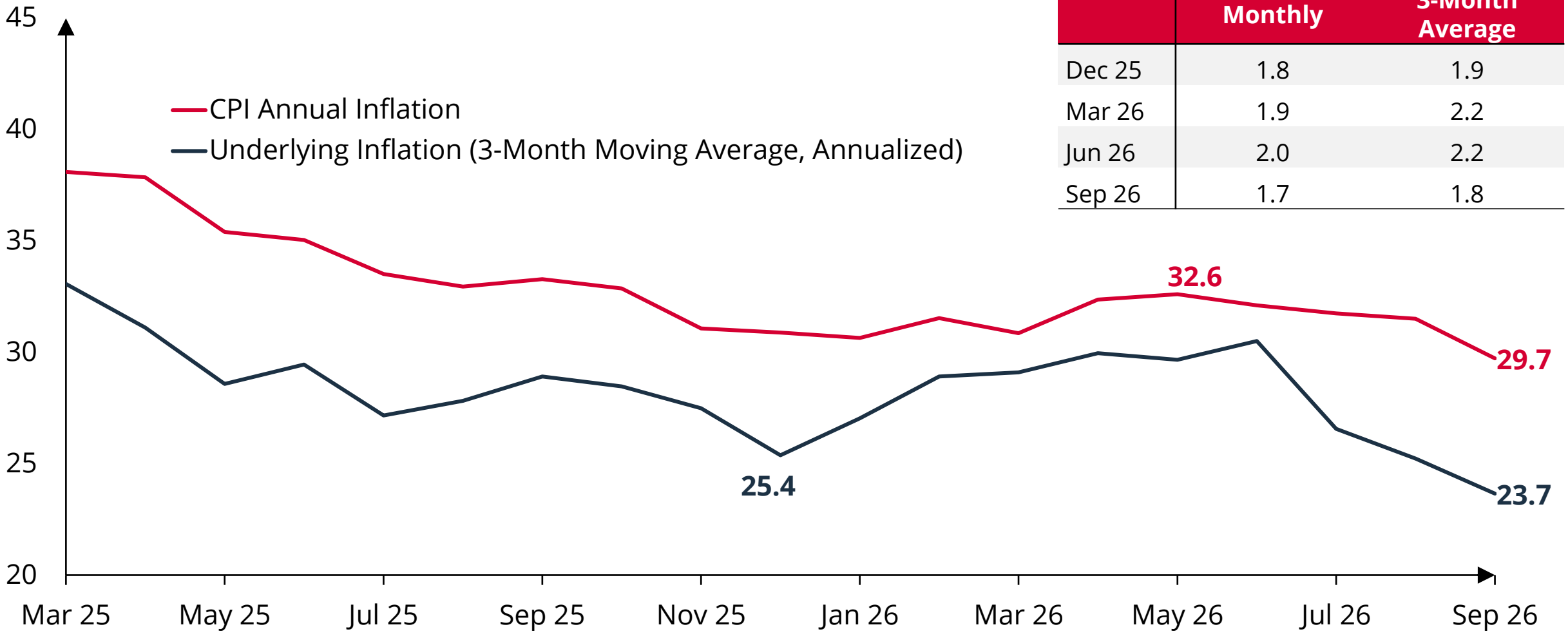
CPI (Annual % Change)



Source: TURKSTAT.

Underlying inflation is decelerating.

CPI Inflation and Underlying Inflation* (% Change)



Underlying Inflation		
	Monthly	3-Month Average
Dec 25	1.8	1.9
Mar 26	1.9	2.2
Jun 26	2.0	2.2
Sep 26	1.7	1.8

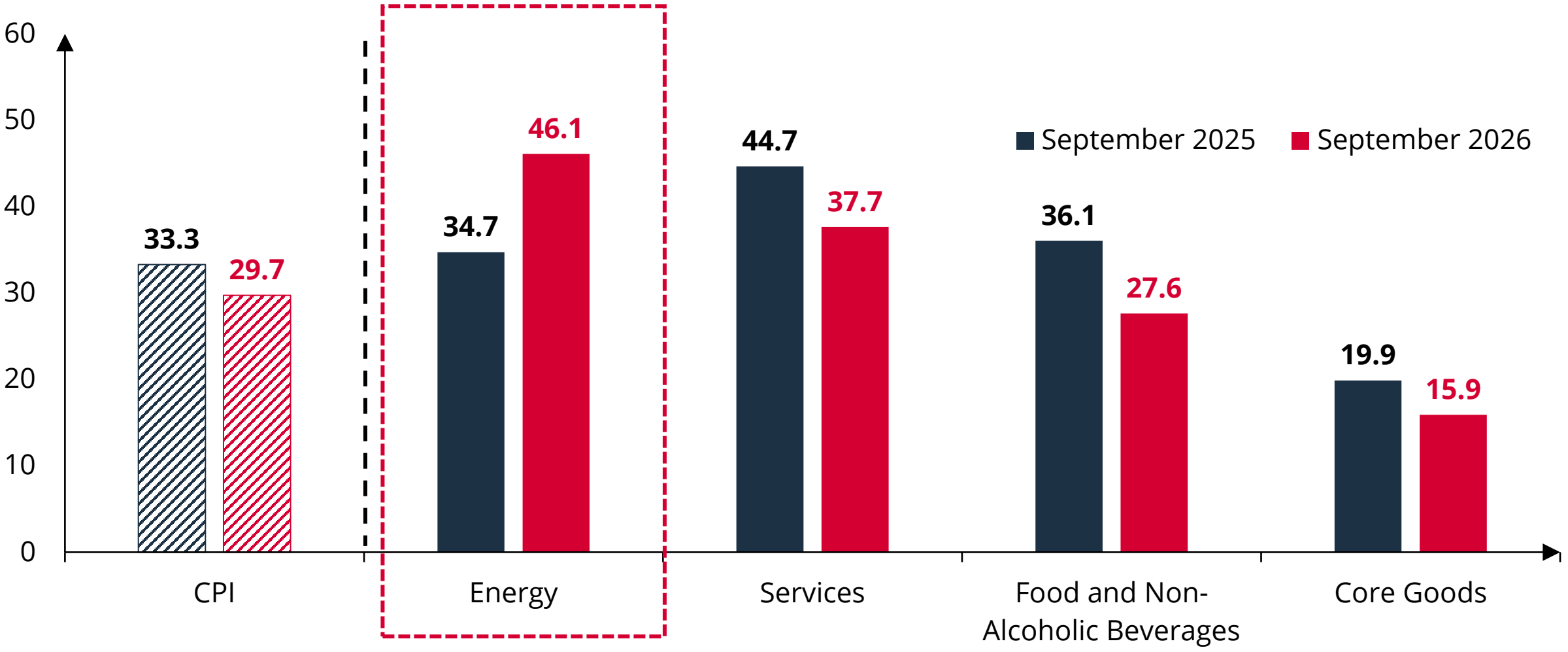
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Sources: CBRT, TURKSTAT.

*Average of six different indicators adjusted for seasonal effects.

Energy prices stand out as a major factor in the trajectory of inflation in 2026.

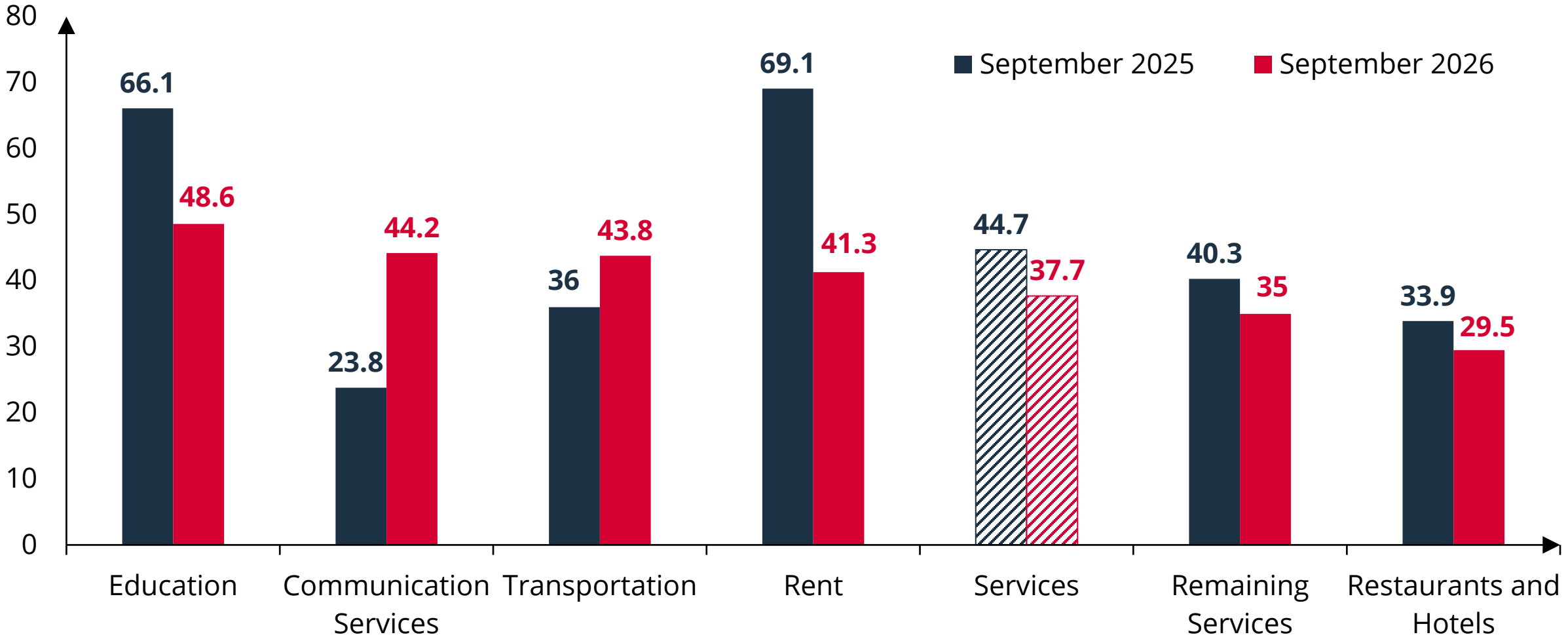
Annual Inflation (% Change)



Source: TURKSTAT.

There is divergence in subitems of the services group.

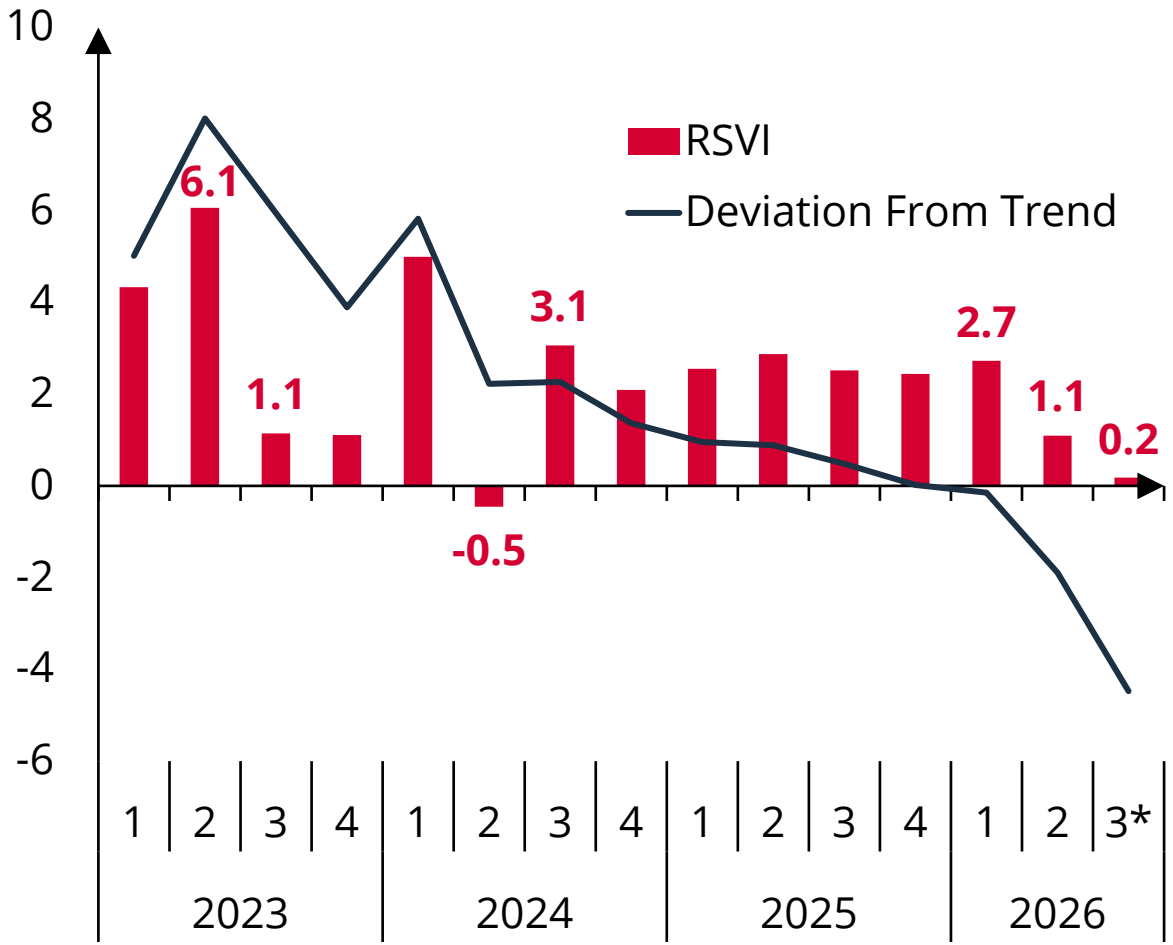
Services Prices (Annual % Change)



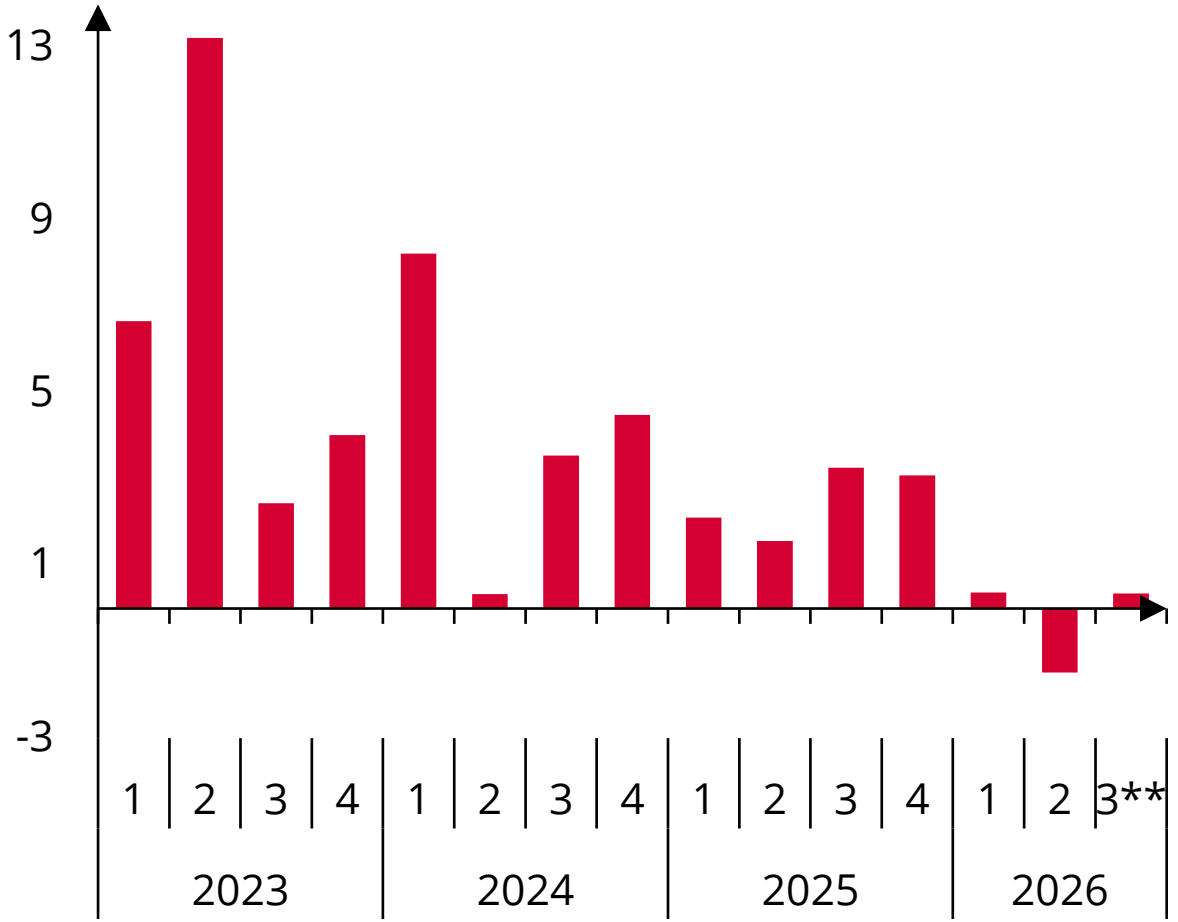
Source: TURKSTAT.

Indicators confirm the weakness in domestic demand.

Retail Sales Volume Index (RSVI)
(Excl. Gold, Quarterly % Change, Deviation from HP Trend, %)



Total Card Spending**
(Real, Quarterly % Change)

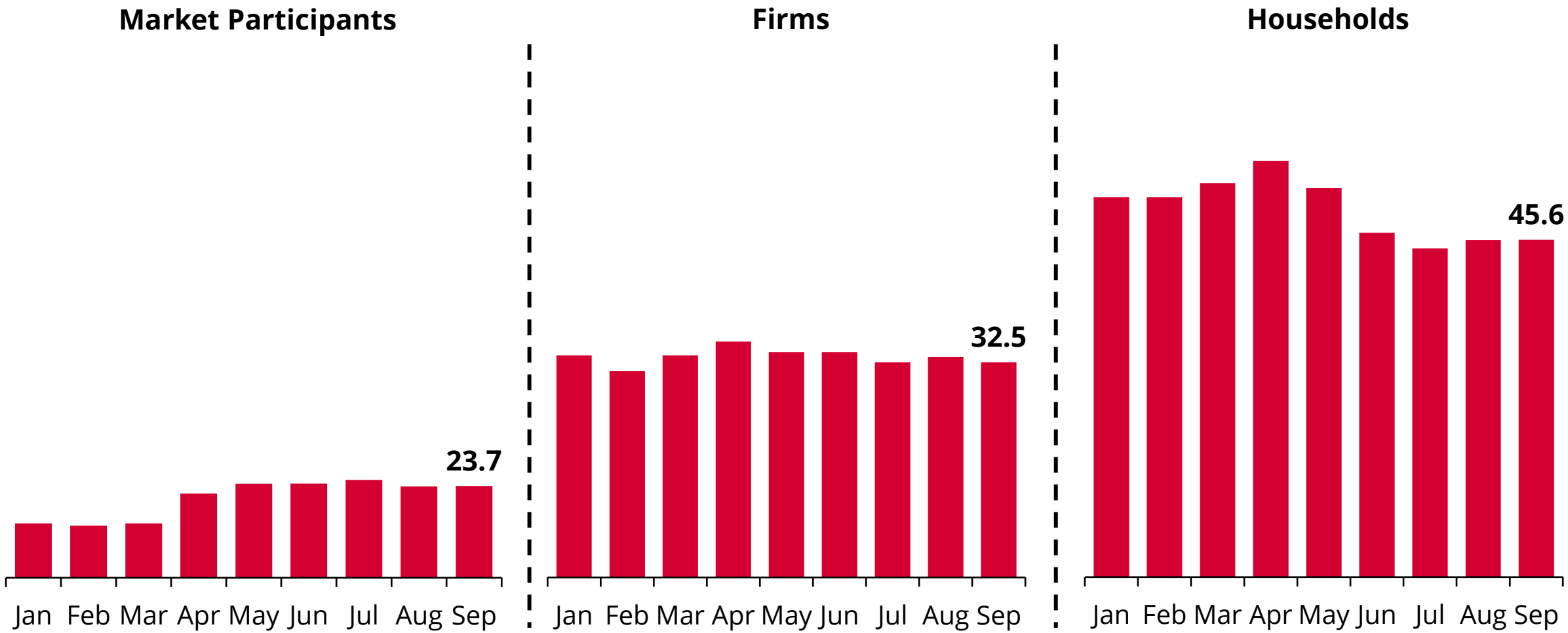


*Retail sales are as of July. Seasonally and calendar adjusted.

**Excluding public and individual pension payments. Seasonally and calendar adjusted. As of September 27, 2026.

Inflation expectations warrant continued caution.

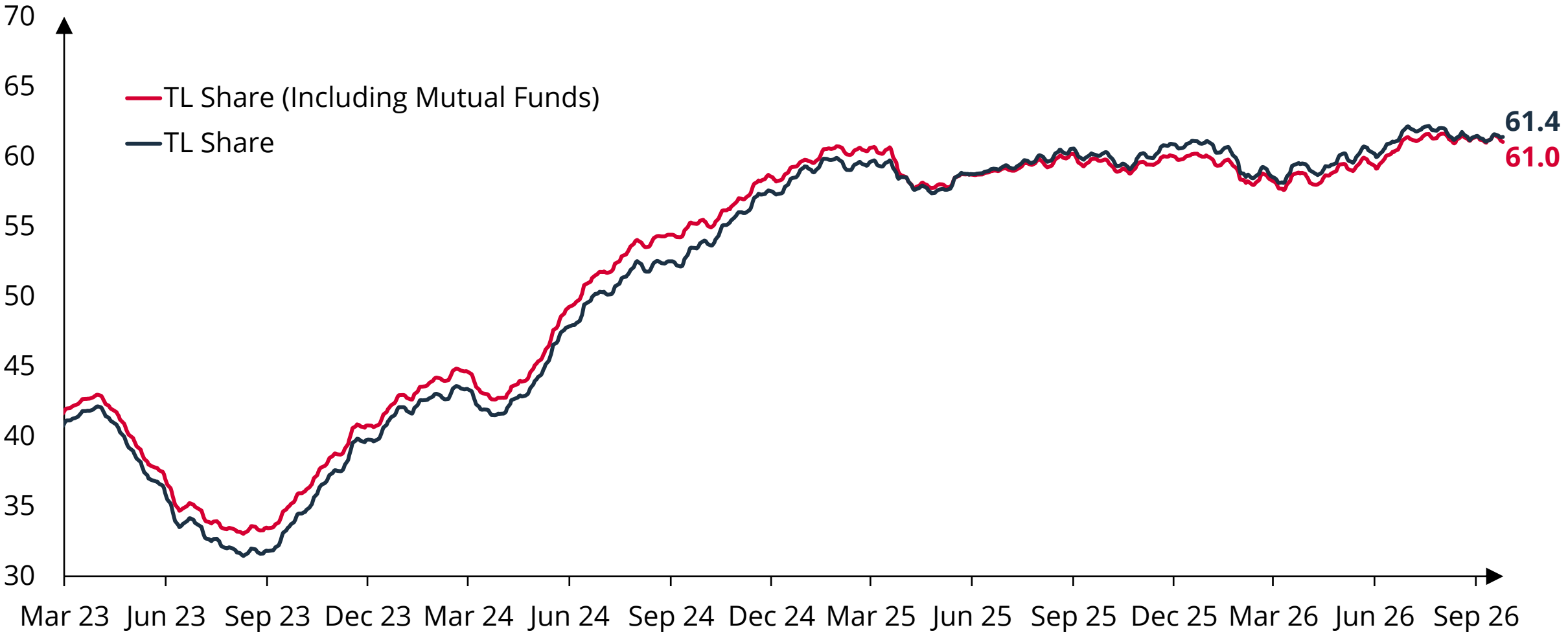
12-Month-Ahead Annual CPI Inflation Expectations (2026, %)



Source: CBRT.

Residents' preference for TL remains strong.

TL Share in Deposits and Mutual Funds (Including Official Deposits, 5-Day MA, %)



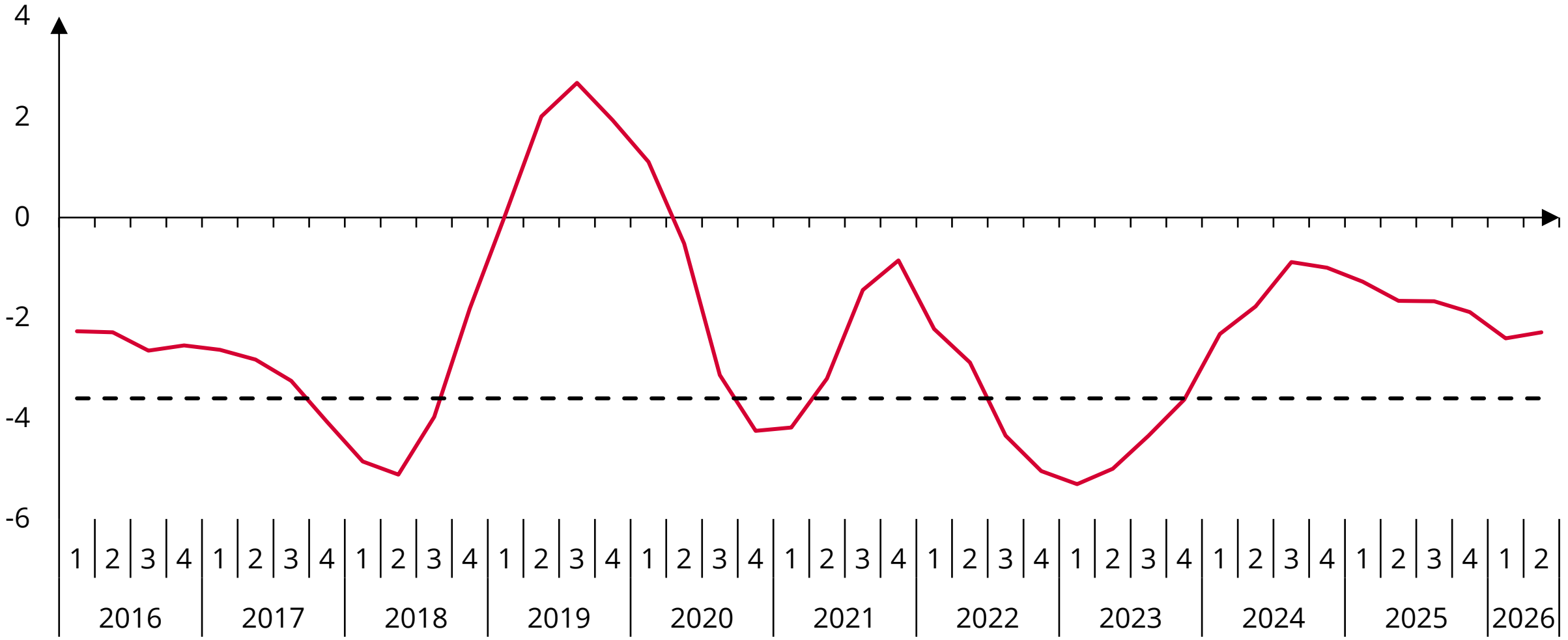
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Sources: BRSA, TEFAS, CBRT. As of September 25, 2026.

* TL Deposit Share (Including Mutual Funds): All mutual funds are broken down into TL and FX based on the portfolio's asset allocation and included in the ratio. Deposits in mutual funds are deducted from banking sector's deposits. All reverse repo transactions are assumed to be in TL.

The current account deficit has narrowed despite an unfavorable external backdrop.

Current Account Balance/GDP* (%)

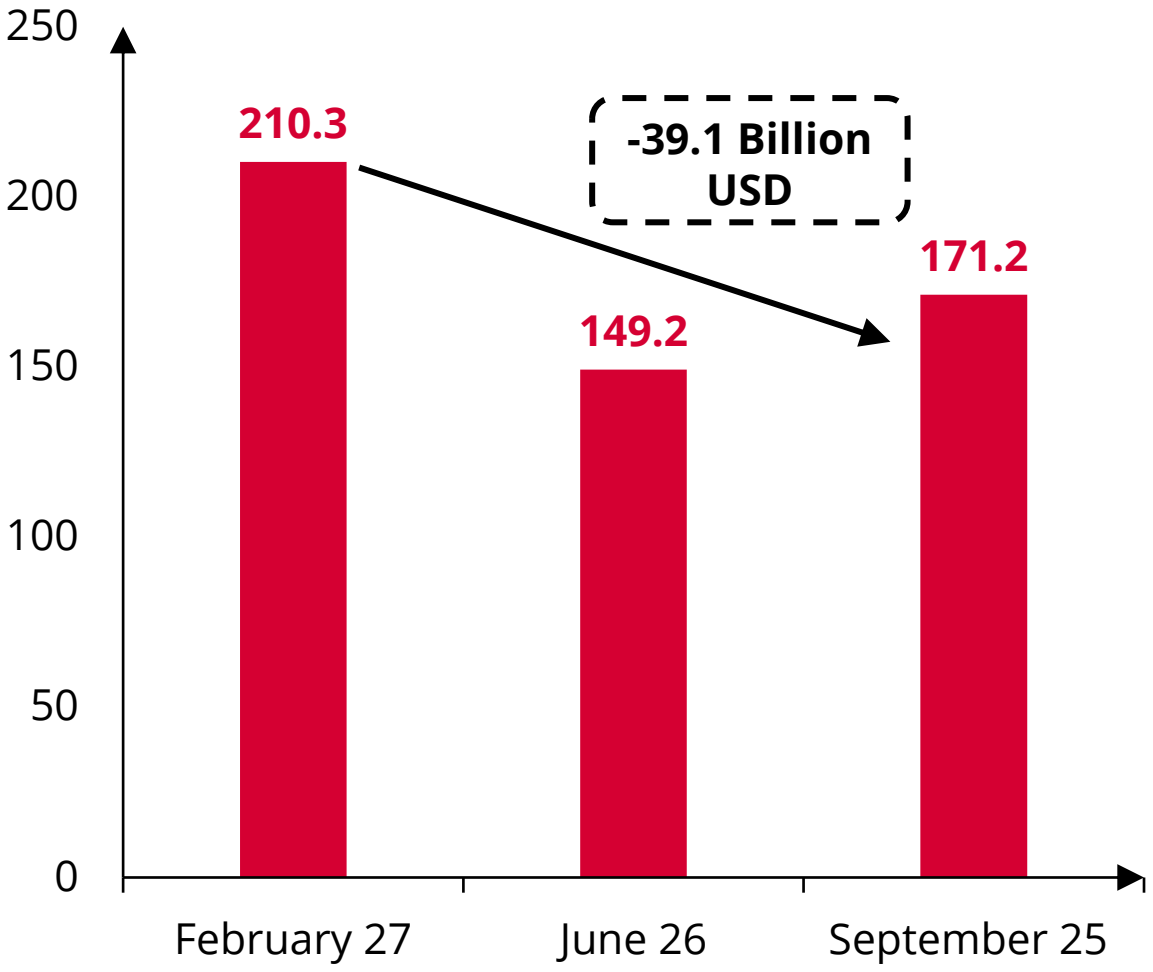


Sources: CBRT, TURKSTAT.

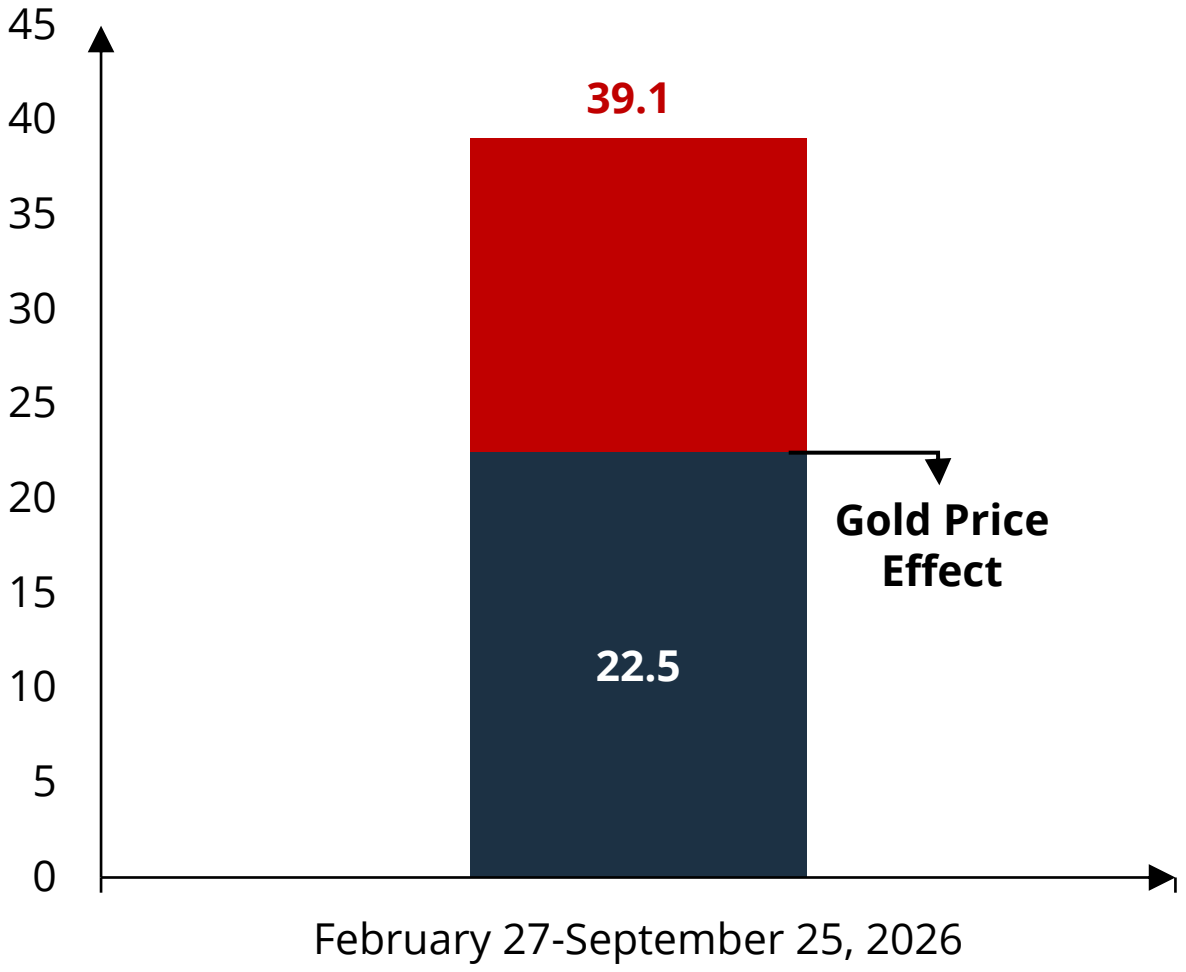
*The dashed line represents the 2005-2025 average.

The post-war decline in reserves has been partially recovered.

Gross International Reserves (Billion USD)



Change in Gross Reserves and Gold Price Effect (Billion USD)



Source: CBRT. As of September 25, 2026.



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