

# MARCH PRICE DEVELOPMENTS

April 4, 2025



## Summary

Consumer prices rose by 2.46% in March, and annual inflation declined by 0.95 points to 38.10%. Annual inflation increased in the food and alcohol-tobacco groups, but decreased across other main groups. In March, the food group stood out with its strengthened monthly price increase stemming from the unprocessed food subgroup. While fresh fruits and vegetables played a decisive role in this development, the rise in meat prices, driven also by the Ramadan effect, was notable. In the energy group, prices remained flat as the decline in fuel prices following the fall in global crude oil prices was largely counterbalanced by the increases in municipal water tariffs. In the core goods group, prices decreased in clothing and footwear due to ongoing seasonal discounts, while price increases remained mild in durable goods but strengthened somewhat in other core goods. Monthly inflation slowed down across services sector subgroups, while prices dropped in transport services. The rise in producer prices weakened slightly due to the energy group, and the downward course in annual producer inflation continued. Against this background, seasonally adjusted data indicate a flat course in the monthly increase of the C index as well as in the median inflation, and a fall in other underlying inflation indicators. When all indicators are considered together, the underlying inflation lost pace in March.

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 2.46% in March, and annual inflation declined by 0.95 points to 38.10% (Chart 1). The annual rate of change in the B and C indices dropped by 2.48 and 2.79 points to 36.99% and 37.42%, respectively (Table 1).

Contributions of the food and alcohol-tobacco-gold groups to annual consumer inflation increased month-on-month by 0.54 and 0.37 points, while those of the services, core goods, and energy groups decreased by 0.87, 0.70, and 0.29 points, respectively.

In seasonally adjusted terms, the monthly rise in consumer prices accelerated compared to the previous month due to unprocessed food (Chart 2). The monthly increases weakened in the B index and remained flat in the C index over the previous month (Chart 3). Across the components of the B index, price increases accelerated in core goods but lost pace in services and most significantly in processed food (Chart 4). Indicators monitored by the CBRT suggest a fall in the underlying inflation in March (Charts 5 and 6).

At 1.96%, the rise in services prices continued to weaken in March, and the group's annual inflation decreased by 3.44 points to 56.34%. Annual services inflation was down across all subgroups (Chart 7). While rent inflation decelerated month-on-month in March due in part to the fall in the contract renewal rate, it nevertheless stood out in the services group with its level of 3.39%. In the other services subgroup, inflation lost pace somewhat in March in education services that had posted substantial monthly increases since the beginning of the year due to private school fees. Monthly inflation in the restaurants-hotels group weakened compared to the previous month on the back of both catering and accommodation services. Monthly communication inflation stood at 0.55%, with a significant deceleration over the previous month. In March, prices of transport services posted a 0.29% decline due to intercity transport by road and passenger transport by air.

Annual core goods inflation dropped by 2.32 points to 19.39% (Chart 8). Annual inflation went down across all subgroups, most visibly in clothing and footwear. In this period, prices of durable goods (excluding gold) posted a mild increase of 1.63%, while the subgroup's annual inflation decreased to 17.95%. In March, price increases in white goods and furniture strengthened somewhat over the previous month, recorded at 2.84% and 2.61%, respectively, whereas the increase in automobile prices remained more moderate at 1.41%. Prices in the clothing and footwear subgroup declined by 2.59% in March on the back of the seasonal discounts throughout the month. In the other core goods subgroup, prices strengthened month-on-month with an increase of 2.09%.

Energy prices remained flat in March, and annual energy inflation dropped by 1.94 points to 41.98% (Chart 9). While fuel prices decreased by 1.96% with the contribution of USD-denominated international energy prices, electricity prices declined by 0.69% on a monthly basis in line with the end-source supply tariff. On the other hand, municipal water prices rose month-on-month by 2.23% in this period.

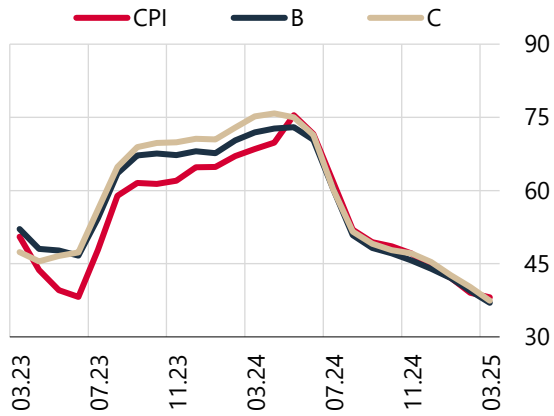
In March, prices in the food and non-alcoholic beverages group were up by 4.94%, and annual inflation in this group increased by 2.01 points to 37.12% (Chart 9). Annual inflation rose by 5.82 points to 39.57% in unprocessed food but declined by 1.11 points to 34.96% in processed food (Chart 10). In this period, monthly food inflation was mainly driven by the marked increase (10.17%) in unprocessed food prices. Following the adverse weather conditions, prices of fresh fruits and vegetables posted a significant monthly increase of 16.03%. While red meat prices rose (6.21%) mainly due to the Ramadan effect, the rise in egg prices (8.55%) was driven by both the Ramadan and the foreign trade-related effects. On the other hand, processed food prices edged up by 0.57%, registering a limited increase after the last two months.

Prices in the alcoholic beverages and tobacco group surged by 9.96% in March due to tobacco products. This surge stemmed from the lagged effects of the specific tax revision in January as well as from producer firms.

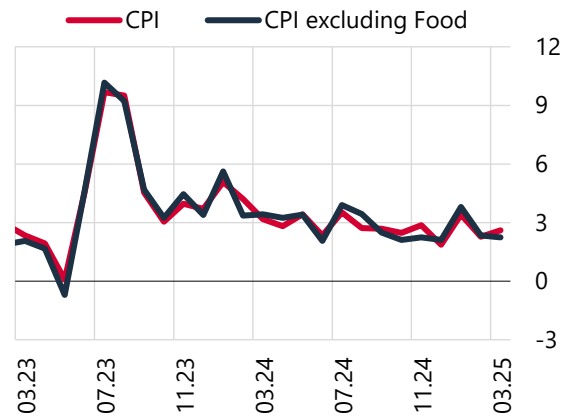
Domestic producer prices rose by 1.88% in March, and annual inflation fell by 1.71 points to 23.50% (Chart 11 and Table 2). In this period, across main industrial groupings, prices in the capital goods, intermediate goods, non-durable consumption goods and durable consumption goods groups increased by 2.53%, 2.28%, 2.26% and 2.19%, respectively, whereas energy prices decreased by 1.17% (Chart 12). An analysis of monthly price developments by sectors reveals that tobacco products, metal ores, wood and cork products, and other manufactured products stood out in terms of their price hikes.

## Charts and Tables

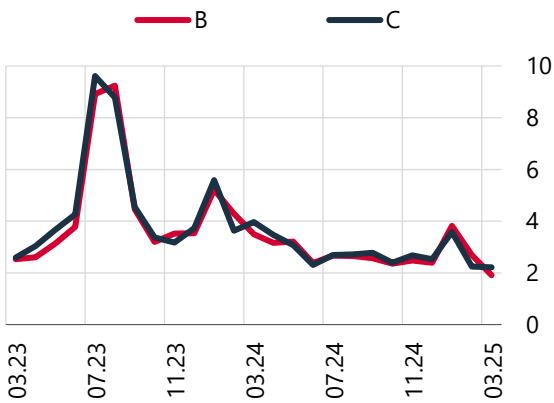
**Chart 1. CPI, B and C**  
(Annual % Change)



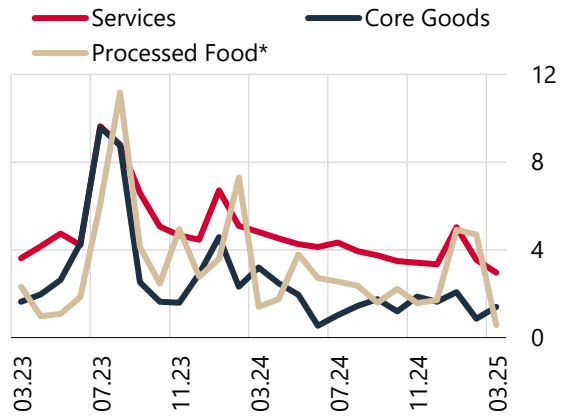
**Chart 2. CPI and CPI Excluding Food**  
(Seasonally Adjusted, Monthly % Change)



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

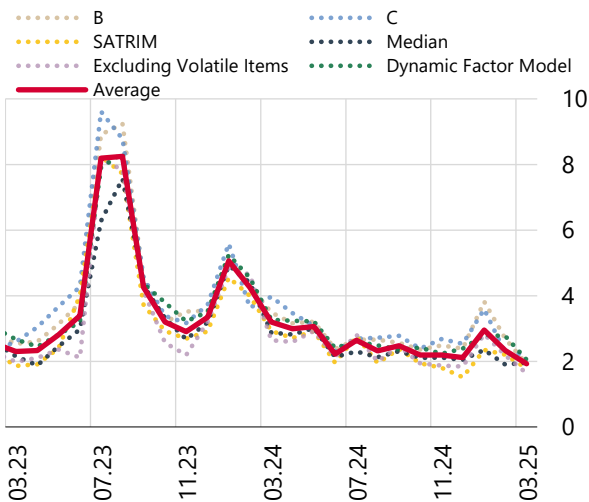


**Chart 4. Main Components of B Index**  
(Seasonally Adjusted, Monthly % Change)

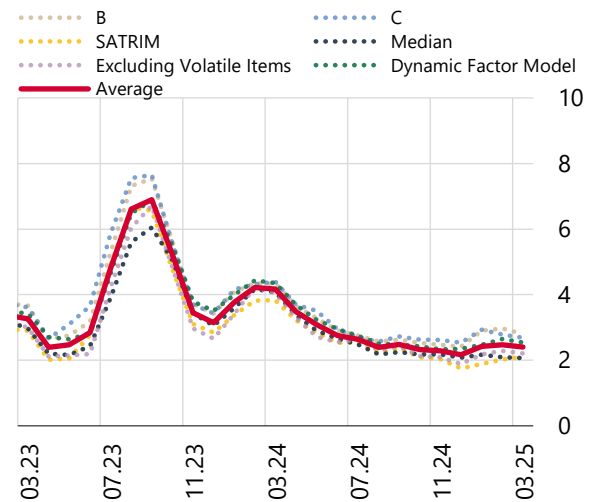


\* In the processed food subgroup, no statistically significant seasonality detected. Therefore, processed food subgroup data presented without seasonal adjustments.

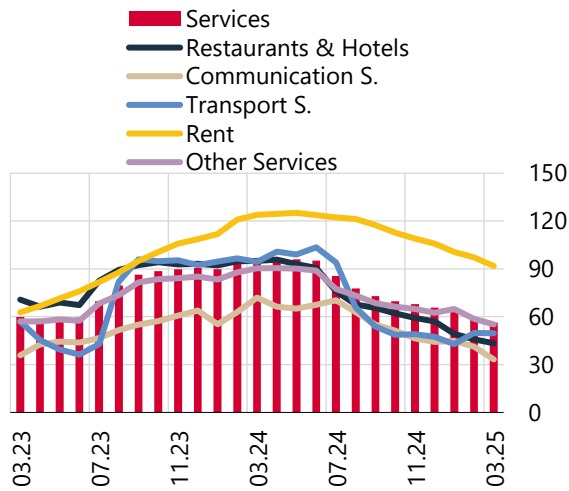
**Chart 5. Underlying Inflation Indicators**  
(Seasonally Adjusted, Monthly % Change)



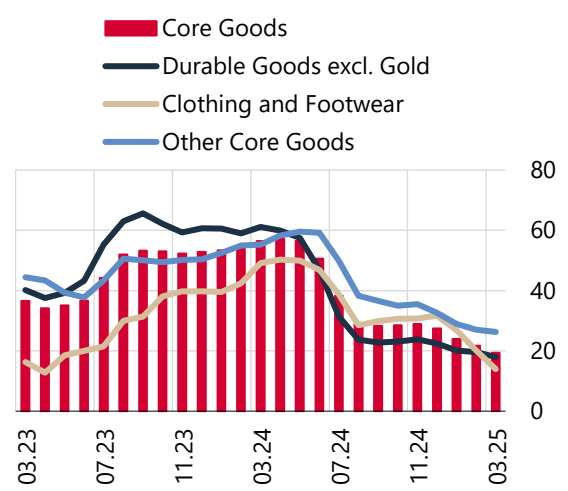
**Chart 6. Underlying Inflation Indicators**  
(Seasonally Adjusted, Monthly % Change, 3 Month Average)



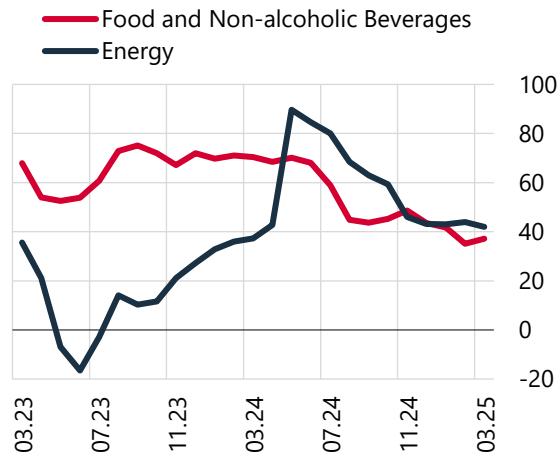
**Chart 7. Services**  
(Annual % Change)



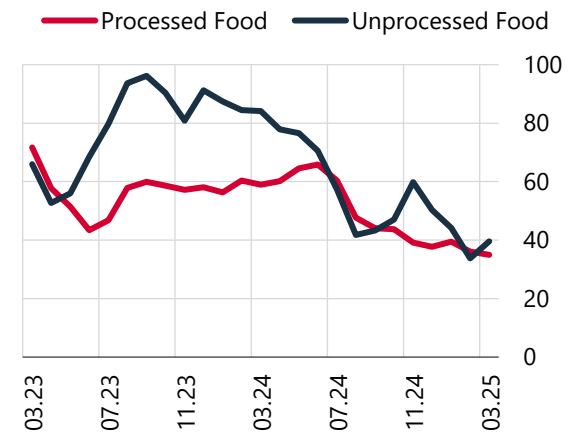
**Chart 8. Core Goods**  
(Annual % Change)



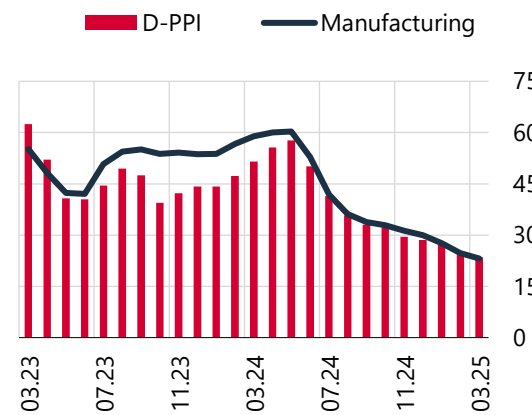
**Chart 9. Food and Non-alcoholic Beverages and Energy** (Annual % Change)



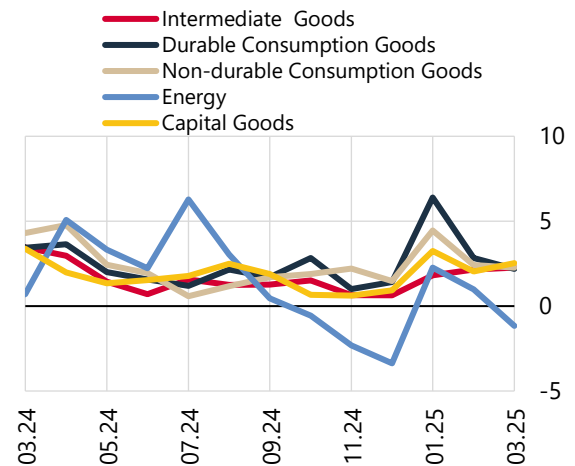
**Chart 10. Processed and Unprocessed Food** (Annual % Change)



**Chart 11. D-PPI and Manufacturing** (Annual % Change)



**Chart 12. D-PPI Main Industrial Groupings** (Monthly % Change)



**Table 1. CPI and Subcategories (% Change)**

	Monthly		Annual	
	March 2025	March 2024	March 2025	March 2024
<b>CPI</b>	<b>2.46</b>	<b>3.16</b>	<b>38.10</b>	<b>68.50</b>
<b>1. Goods</b>	<b>2.71</b>	<b>2.73</b>	<b>30.50</b>	<b>58.17</b>
Energy	0.03	1.39	41.98	37.32
Food and non-alcoholic beverages	4.94	3.40	37.12	70.41
Unprocessed food	10.17	5.57	39.57	84.14
Fresh fruits and vegetables	16.03	0.57	62.46	82.67
Other unprocessed food	5.98	8.92	25.47	85.02
Processed food	0.57	1.39	34.96	58.97
Bread and cereals	0.18	0.95	44.05	58.80
Other processed food	0.77	1.60	30.73	59.02
Goods excluding energy and food	1.84	2.65	22.19	57.59
Core goods	0.89	2.85	19.39	56.46
Durable goods (excluding gold)	1.63	3.04	17.95	61.11
Clothing and footwear (*)	-2.59	2.61	13.99	49.12
Other core goods	2.09	2.72	26.27	55.25
Alcoholic beverages and tobacco	9.96	-0.02	46.74	62.98
Gold	1.33	10.37	27.79	84.78
<b>2. Services</b>	<b>1.96</b>	<b>4.20</b>	<b>56.34</b>	<b>96.48</b>
Rents	3.39	6.33	91.77	123.95
Restaurants and hotels	2.15	3.95	43.38	94.97
Transport	-0.29	-0.17	49.64	94.41
Communication	0.55	6.63	33.22	71.99
Other	1.83	4.11	55.20	90.41
<b>3. Core Measures</b>				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	1.30	3.14	36.99	71.89
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	1.46	3.52	37.42	75.21
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	1.15	2.95	37.57	66.58
F – CPI excluding administered prices	2.39	3.61	35.30	74.44

Source: TURKSTAT.

\* Does not cover clothing services.

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

	Weight (%)	March 2025		March 2024	
		Monthly	Annual	Monthly	Annual
<b>D-PPI</b>	<b>100</b>	<b>1.88</b>	<b>23.50</b>	<b>3.29</b>	<b>51.47</b>
Mining	3.43	1.52	30.89	3.35	71.19
Manufacturing	88.09	2.12	23.14	3.46	58.92
Manufacturing excl. petroleum products	85.41	2.29	24.16	3.67	58.47
Manufacturing excl. petroleum products and base metals	77.29	2.32	26.21	3.63	59.40
Electricity, gas, steam and air-conditioning sup.	7.80	-0.87	21.15	1.43	-18.92
Water supply	0.68	2.92	58.02	2.64	66.23
<b>D-PPI (MIGs Classification)</b>					
Intermediate Goods		2.28	19.78	3.45	53.84
Durable Consumption Goods		2.19	32.91	3.43	63.73
Durable Consumption Goods (Excl. Jewelry)		1.60	30.49	2.50	62.53
Non-Durable Consumption Goods		2.26	30.89	4.31	64.44
Capital Goods		2.53	23.14	3.37	68.11
Energy		-1.17	16.98	0.70	11.55

Source: TURKSTAT.