

NOVEMBER PRICE DEVELOPMENTS

December 4, 2024



Summary

Consumer prices rose by 2.24% in November, and annual inflation decreased by 1.49 points to 47.09%. Annual inflation went up in core goods and more significantly in food, but fell across other main groups. The food group pushed the monthly consumer inflation up in November with a strong increase driven by unprocessed food for the second consecutive month, whereas monthly inflation excluding food was relatively more favorable at 1.34%. Fresh fruits and vegetables, vegetables in the lead, stood as the main item driving the rise in the food group. The price increase in the core goods group remained low. As an exception, price increases in white goods and electric household appliances were strong despite the sale period specific to this month. Excluding these items, prices of durable goods posted a limited rise. The clothing and footwear subgroup, prices of which declined due to seasonal effects, had a favorable impact on monthly core goods inflation. The monthly price increase in services was mild in November. This is attributable to the fact that the relative price adjustment in items subject to time-dependent price setting was completed to a large extent, as well as to the positive outlook in the services items with relatively high sensitivity to demand. Although it remained a major factor for the services group, the rent increase continued to slow on the back of the seasonal fall in the contract renewal rate as well as the weakening rate of increases in contracts. The rise in producer prices weakened significantly in November, and annual producer inflation continued its downward course. Against this background, underlying consumer inflation remained almost flat.

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 2.24% in November, and annual inflation decreased by 1.49 points to 47.09% (Chart 1). The seasonally adjusted monthly rise in non-food consumer prices was milder than headline inflation (Chart 2). The annual rate of change in the B index dropped by 1.42 points to 45.68%, while that of the C index fell by 0.62 points to 47.13% (Table 1).

In this period, contributions of the energy, services, and alcohol-tobacco-gold groups to annual consumer inflation decreased by 1.07, 0.72, and 0.41 points, respectively, whereas the contribution of core goods remained unchanged and that of the food group increased by 0.71 points.

In seasonally adjusted terms, monthly increases rose by a narrow margin in the B and C indices compared to the previous month (Chart 3). Among the components of the B index, price increases lost pace in processed food, but remained flat in services and raised in core goods (Chart 4). The distributional and model-based underlying inflation indicators, on the other hand, did not post a noticeable change over the previous month. The indicators monitored by the CBRT suggest an almost flat course in November in underlying inflation (Charts 5 and 6). Furthermore, distributional and model-based underlying inflation indicators recorded lower values than permanent exclusion-based indicators such as B and C.

Services prices rose by 1.61% in November, and annual services inflation fell by 1.89 points to 67.89%. Annual inflation was down in all subgroups excluding transport (Chart 7). The deceleration seen in October in the monthly price increase in services continued into this period, marking the lowest monthly rate of increase in the last three years. Although the rent group recorded a relatively high monthly increase of 4.18%, it slowed down compared to the previous month due to declining contract renewal rates as well as the slowing rate of increases in contracts. Monthly inflation in services excluding rents remained low at 0.90%. In the restaurants-hotels group, the monthly price increase in catering services decelerated, and accommodation prices dropped further, leading the monthly inflation in this group to weaken significantly to 0.79%. Prices of transport services remained relatively flat (0.33%) in November, while the monthly price increase in the communication subgroup (1.88%), which grew relatively stronger compared to the previous month, was driven by higher landline call charges and internet fees. The mild increase in prices of other services (0.97%) points to a continued slowdown in this group.

In November, annual core goods inflation rose by 0.45 points to 28.90% (Chart 8). Meanwhile, core goods inflation remained low on a monthly basis. Prices of durable goods increased by 1.27%, and annual durable goods inflation rose by 0.74 points to 23.84%. Across subgroups, prices of white goods and consumer electronics posted notable increases, while prices of automobiles and furniture followed a rather mild course. Prices of clothing and footwear receded due to seasonal effects, and annual inflation remained relatively flat in this group. Prices of other core goods rose, led by household cleaning supplies and personal care items, as well as the dampening effect of medicine prices driven by the revision of the reference euro exchange rate.

In November, energy prices rose by 0.81%, and annual energy inflation fell by 13.29 points to 46.08% (Chart 9). Fuel prices remained relatively flat with a month-on-month increase of 0.24% amid developments in international oil prices. Solid fuel and bottled gas prices, on the other hand, increased.

In November, the impact of food prices on consumer inflation came to the fore. Meanwhile, monthly consumer inflation excluding food followed a mild course with 1.34%. In this period, prices of food and non-alcoholic beverages group increased by 5.10%, and annual inflation of the group rose by 3.29 points to 48.57% (Chart 9). Annual unprocessed food inflation rose by 12.74 points to 59.79%, while annual processed food inflation fell by 4.62 points to 39.10% (Chart 10). Unprocessed food prices (9.00%) posted a high monthly increase led by vegetables (29.55%) and eggs (14.10%). The rise in processed food prices slowed down month-on-month, with an increase of 1.58% led by cereals (excluding bread) and confectionary-chocolate.

Domestic producer prices rose by 0.66% in November, and annual inflation fell by 2.77 points to 29.47% (Chart 11 and Table 2). Across main industrial groupings, prices in the non-durable consumption goods group increased by 2.21%, while capital and intermediate goods (0.62% and 0.64%) and energy (-2.32%) stood out as the groups restraining headline inflation rate (Chart 12).

Charts and Tables

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

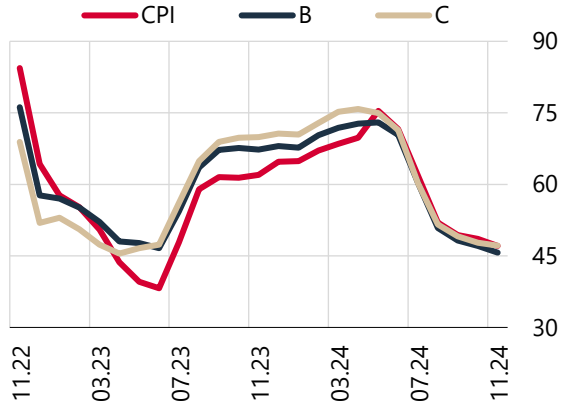


Chart 2. CPI and CPI Excluding Food
(Seasonally Adjusted, Monthly % Change)

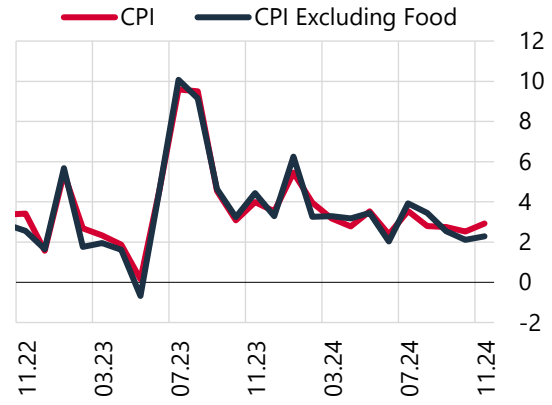


Chart 3. B and C Indices
(Seasonally Adjusted, Monthly % Change)

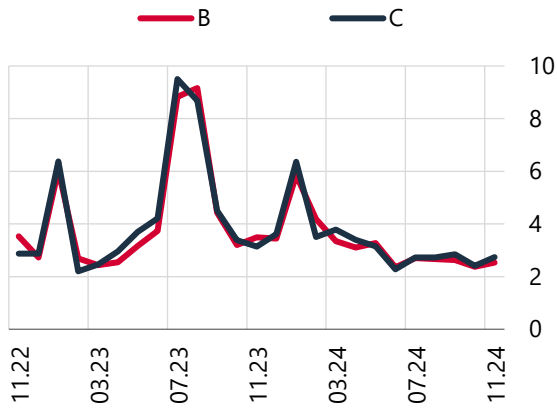
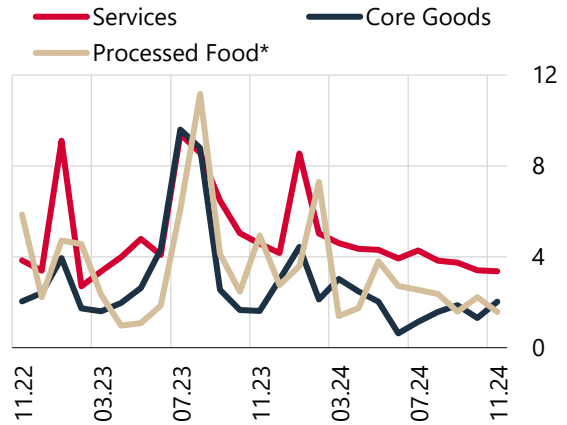


Chart 4. Main Components of B Index
(Seasonally Adjusted, Monthly % Change)



* 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)

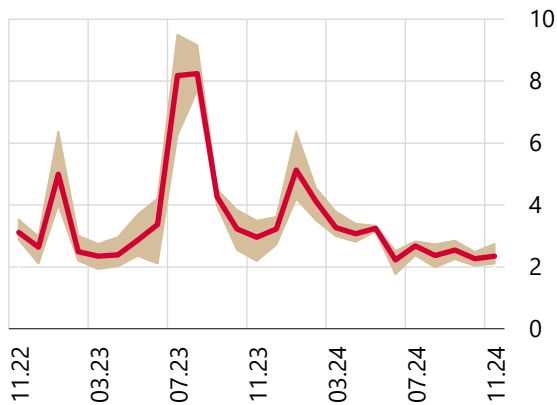
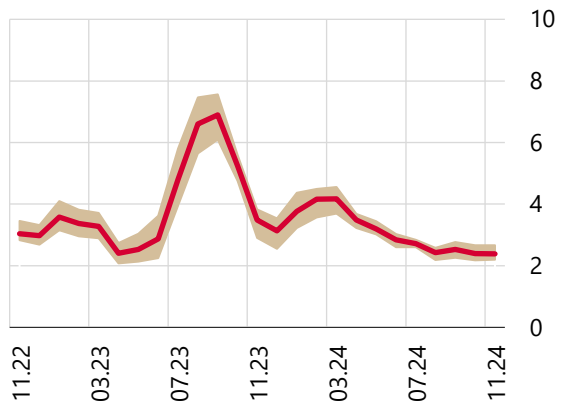


Chart 6. Underlying Inflation Indicators**
(Seasonally Adjusted, Monthly % Change, 3 Month Average)



** Seasonally adjusted average of 6 different indicators: B, C, SATRIM, Median, dynamic factor model and exclusion of volatile items method. Shaded area shows the maximum and minimum range.

Chart 7. Services
(Annual % Change)

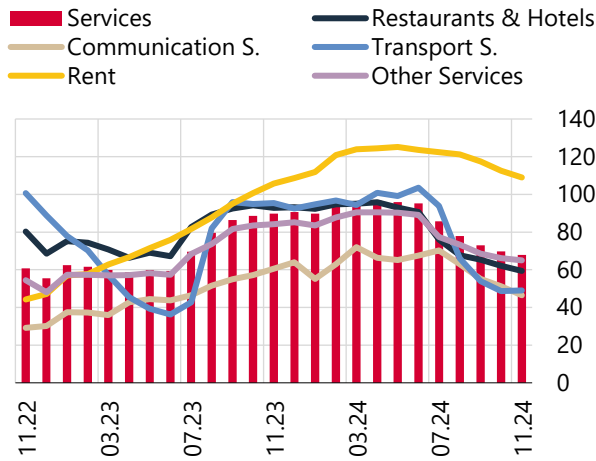


Chart 8. Core Goods
(Annual % Change)

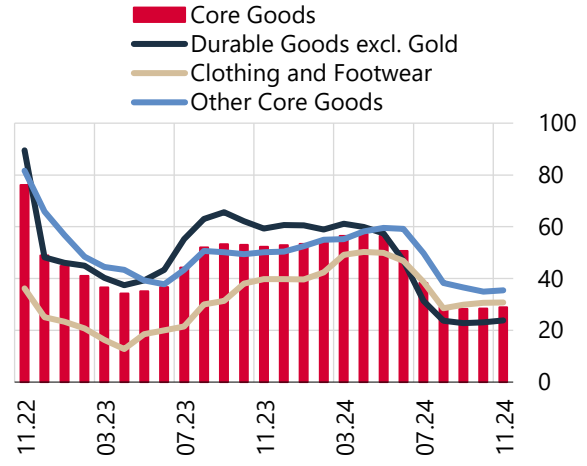


Chart 9. Food and Non-alcoholic Beverages and Energy (Annual % Change)

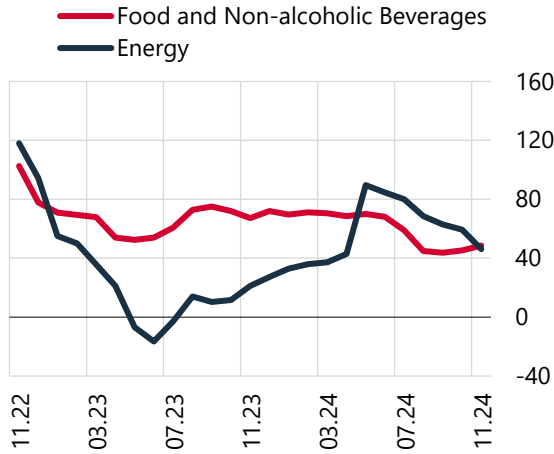


Chart 10. Processed and Unprocessed Food (Annual % Change)

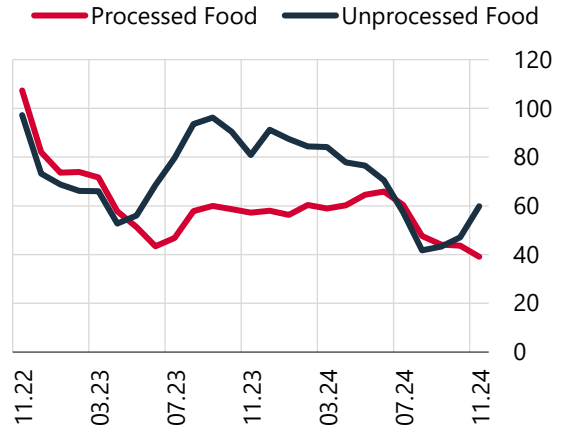


Chart 11. D-PPI and Manufacturing (Annual % Change)

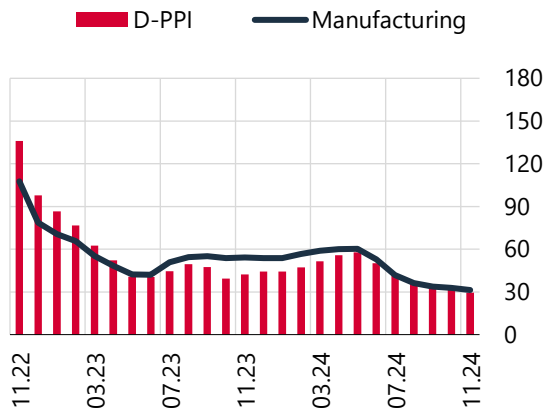


Chart 12. D-PPI Main Industrial Groupings (Monthly % Change)

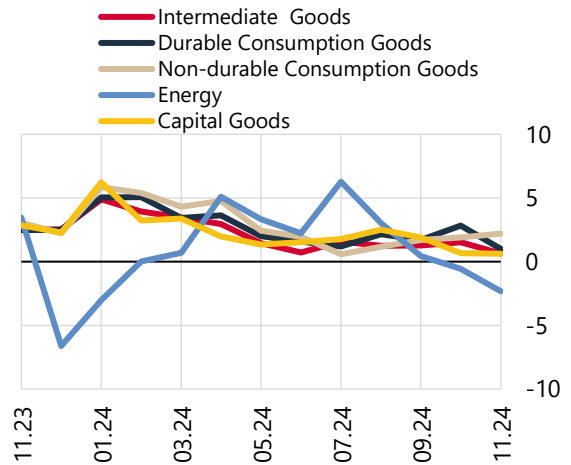


Table 1. CPI and Subcategories (% Change)

	Monthly		Annual	
	November 2024	November 2023	November 2024	November 2023
CPI	2.24	3.28	47.09	61.98
1. Goods	2.54	3.52	39.05	52.13
Energy	0.81	9.98	46.08	21.18
Food and non-alcoholic beverages	5.10	2.78	48.57	67.16
Unprocessed food	9.00	0.31	59.79	80.85
Fresh fruits and vegetables	18.08	-2.66	91.16	57.37
Other unprocessed food	2.75	2.01	41.65	95.54
Processed food	1.58	4.95	39.10	57.23
Bread and cereals	1.89	2.87	43.78	57.99
Other processed food	1.42	6.00	36.93	56.85
Goods excluding energy and food	1.25	2.04	30.13	54.53
Core goods	1.44	1.09	28.90	52.24
Durable goods (excluding gold)	1.27	0.66	23.84	59.31
Clothing and footwear (*)	-0.32	-0.38	30.72	39.72
Other core goods	3.08	2.66	35.48	50.14
Alcoholic beverages and tobacco	-0.04	9.16	39.32	71.35
Gold	-0.45	4.47	40.52	71.17
2. Services	1.61	2.76	67.89	89.71
Rents	4.18	5.97	109.00	105.81
Restaurants and hotels	0.79	2.51	59.38	92.86
Transport	0.33	0.14	49.02	95.40
Communication	1.88	5.20	46.46	60.62
Other	0.97	1.73	64.99	84.15
3. Core Measures				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	1.54	2.53	45.68	67.27
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	1.53	1.96	47.13	69.89
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	1.43	3.46	45.71	59.24
F – CPI excluding administered prices	2.50	2.11	46.37	67.04

Source: TURKSTAT.

* Does not cover clothing services.

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

	Weight (%)	November 2024		November 2023	
		Monthly	Annual	Monthly	Annual
D-PPI	100	0.66	29.47	2.81	42.25
Mining	3.66	1.15	38.01	2.68	65.49
Manufacturing	86.45	1.07	31.31	2.26	54.11
Manufacturing excl. petroleum products	82.76	1.12	32.88	2.67	54.97
Manufacturing excl. petroleum products and base metals	73.88	1.21	33.94	2.74	56.90
Electricity, gas, steam and air-conditioning sup.	9.28	-3.58	4.65	10.99	-30.00
Water supply	0.61	1.14	42.11	1.91	70.23
D-PPI (MIGs Classification)					
Intermediate Goods		0.64	29.40	2.50	46.45
Durable Consumption Goods		1.00	37.15	2.49	61.16
Durable Consumption Goods (Excl. Jewelry)		1.13	34.19	2.20	62.29
Non-Durable Consumption Goods		2.21	40.30	3.07	68.11
Capital Goods		0.62	30.94	2.85	65.21
Energy		-2.32	8.15	3.46	-5.91

Source: TURKSTAT.