

DECEMBER PRICE DEVELOPMENTS

January 6, 2025



Summary

Consumer prices increased by 1.03% in December, while annual inflation decreased by 2.71 points and ended 2024 at 44.38%. Annual inflation was down across all main groups, most visibly in food. The recent months' price hikes in fresh fruits and vegetables were replaced by a slight decline in December. Led also by this development, monthly food inflation lost pace significantly. The price increase in the energy group remained moderate in December. The slowdown in monthly services inflation became more pronounced, and transport services came to the fore in this group with the fall in their prices. The monthly increase in rents weakened, driven by the seasonal decline in the contract renewal rate as well as the deceleration in the rate of increases in contracts. Core goods inflation remained low in December. The fact that prices of durable goods rose at a somewhat stronger pace prevented a more favorable outlook in monthly core goods inflation. In the durable goods subgroup, automobile prices followed a flat course, whereas the white goods item stood out with its marked price increase in December as well. The mild course in producer prices continued in this period. Against this background, seasonally adjusted monthly increases in the B and C indices weakened and the underlying consumer inflation continued to slow.

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 increased by 1.03% in December, while annual inflation decreased by 2.71 points to 44.38% (Chart 1). In seasonally adjusted terms, the monthly rise in consumer prices lost pace over the previous month (Chart 2). The annual rate of change in the B index dropped by 1.74 points to 43.94%, while that of the C index fell by 1.79 points to 45.34% (Table 1).

Contributions of the food, services, core goods, energy, and alcohol-tobacco-gold groups to annual consumer inflation decreased month-on-month by 1.10, 0.77, 0.44, 0.34, and 0.06 points, respectively.

In seasonally adjusted terms, monthly increases registered a decline in the B and C indices compared to the previous month (Chart 3). Among the components of the B index, price increases receded in core goods and services but rose somewhat in processed food (Chart 4). The indicators monitored by the CBRT suggest a decline in underlying inflation in December (Charts 5 and 6).

Annual services inflation fell by 2.16 points in December and completed the year at 65.73%. Annual inflation was down in all subgroups with rents in the lead (Chart 7). The deceleration recorded in the preceding two months in the monthly price increase in services continued into this period more markedly with 1.05%. Monthly rent inflation fell to 2.89% due to declining contract renewal rates amid seasonal effects as well as the slowing rate of increases in contracts, marking the lowest monthly rate of increase since February 2023. Monthly inflation in services excluding rents remained quite low at 0.52%. In the restaurants-hotels subgroup, the monthly inflation in catering services went up slightly, while accommodation prices dropped month-on-month, leading the monthly inflation in this group to remain low at 1.35%. In December, prices of transport services declined (-3.02%), while the monthly price increase in the communication subgroup rose (1.44%) due to higher landline call charges and internet fees. In this period, price increases in other services remained mild at 0.71%.

In December, annual core goods inflation decreased by 1.47 points to 27.43% (Chart 8). Core goods inflation remained low on a monthly basis. Prices of durable goods increased by 1.62%, and annual durable goods inflation declined by 1.38 points to 22.46%. Across items, prices of electric and non-electric appliances rose significantly led by white goods, and furniture prices saw a relatively limited increase, while automobile prices remained flat in this period. Due to seasonal effects, the retreat in clothing and footwear prices continued into December, and annual inflation in this group went up by 0.95 points to 31.67%. Price increases in other core goods slowed to 1.56% compared to the previous month.

In December, energy prices rose by 0.65%, and annual energy inflation fell by 2.97 points to 43.11% (Chart 9). Fuel prices posted a mild increase (0.61%) amid developments in international oil prices. Solid fuel and bottled gas prices rose month-on-month by 3.04% and 0.27%, respectively.

Prices of food and non-alcoholic beverages group increased by 1.29% in December, and annual inflation of the group fell by 4.99 points to 43.58% (Chart 9). Annual unprocessed and processed food inflation decreased by 9.50 points to 50.29%, and 1.43 points to 37.67%, respectively (Chart 10). In December, the mild increase in unprocessed food prices (0.86%) was mainly driven by the fact that the strong price increases in fresh fruits and vegetables over the past two months gave way to a decline; however, egg prices continued to rise. The increase in processed food prices grew stronger with 1.71%, led by certain cereals as well as items affected by international commodity price hikes such as oils-fats, confectionary-chocolate, cocoa, and coffee.

Domestic producer prices rose by 0.40% in December, and annual inflation fell by 0.95 points, completing the year at 28.52% (Chart 11 and Table 2). Across main industrial groupings, prices in durable and non-durable consumption goods groups increased by 1.41% and 1.48%, respectively, while energy prices decreased (-3.37%) and intermediate goods prices edged up by 0.64% (Chart 12).

Charts and Tables

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

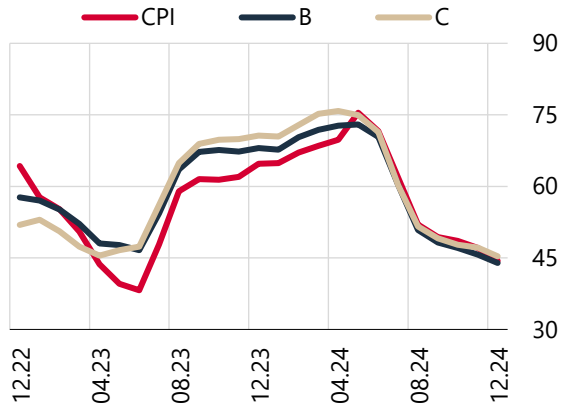


Chart 2. CPI and CPI Excluding Food
(Seasonally Adjusted, Monthly % Change)

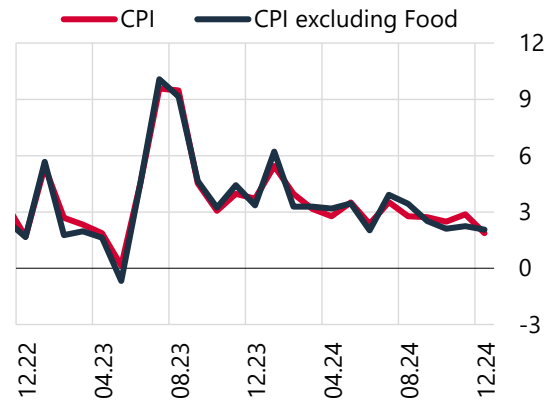


Chart 3. B and C Indices
(Seasonally Adjusted, Monthly % Change)

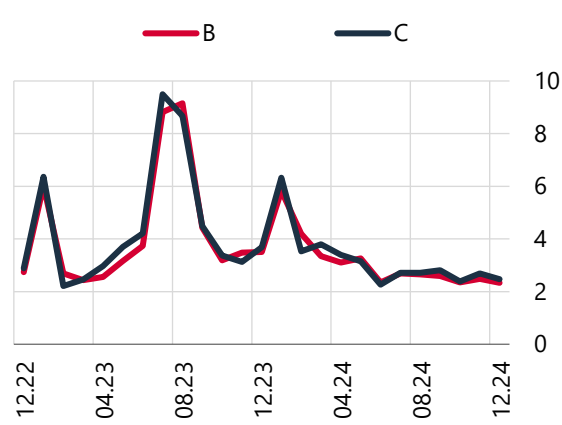
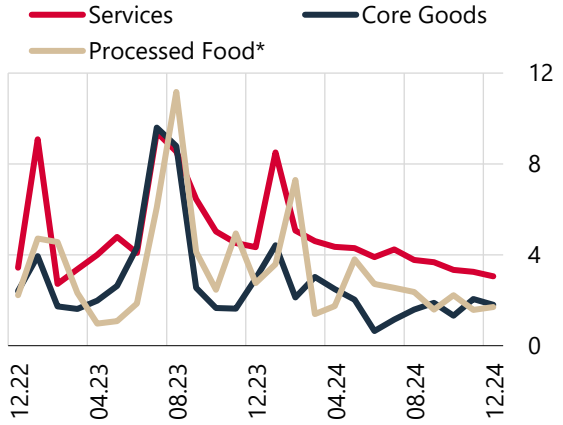


Chart 4. Main Components of B Index
(Seasonally Adjusted, Monthly % Change)



* 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)

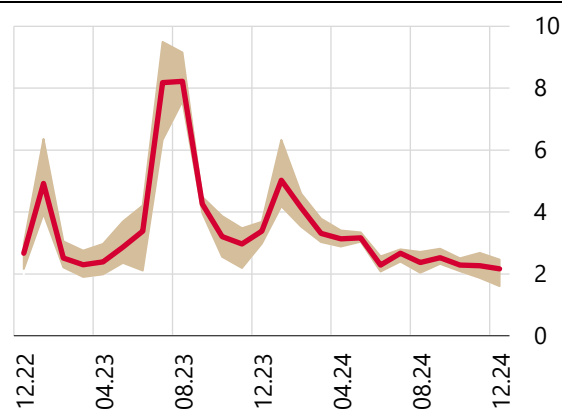
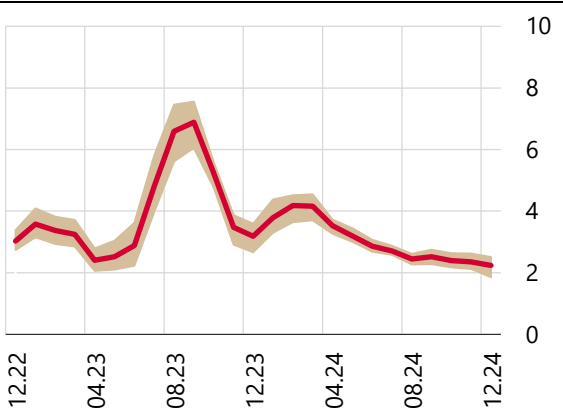


Chart 6. Underlying Inflation Indicators**
(Seasonally Adjusted, Monthly % Change, 3 Month Average)



** 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)

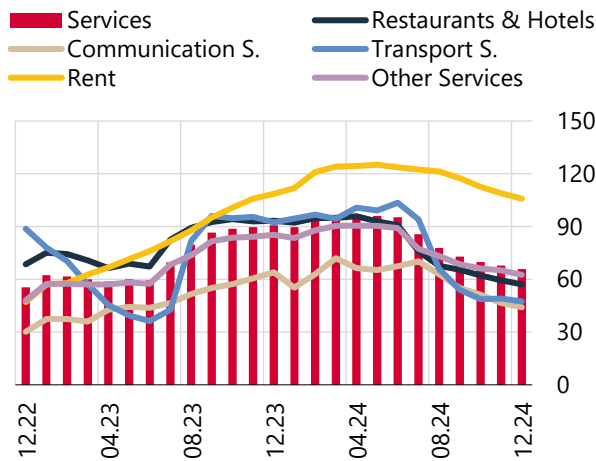


Chart 8. Core Goods
(Annual % Change)

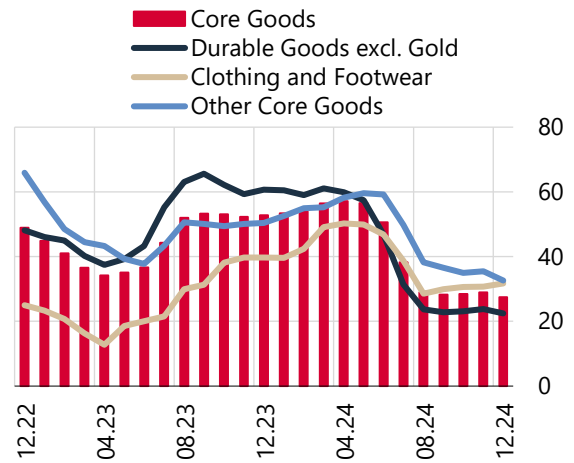


Chart 9. Food and Non-alcoholic Beverages and Energy (Annual % Change)

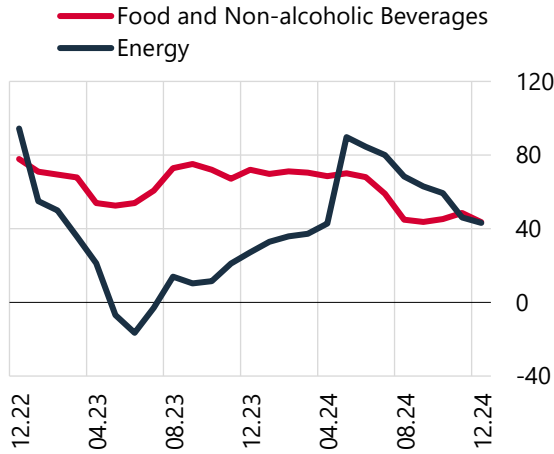


Chart 10. Processed and Unprocessed Food (Annual % Change)

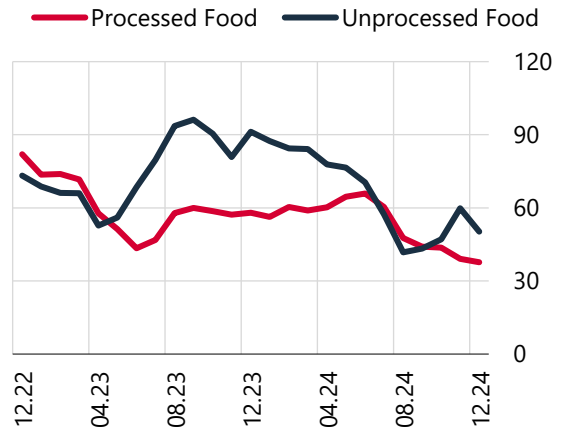


Chart 11. D-PPI and Manufacturing (Annual % Change)

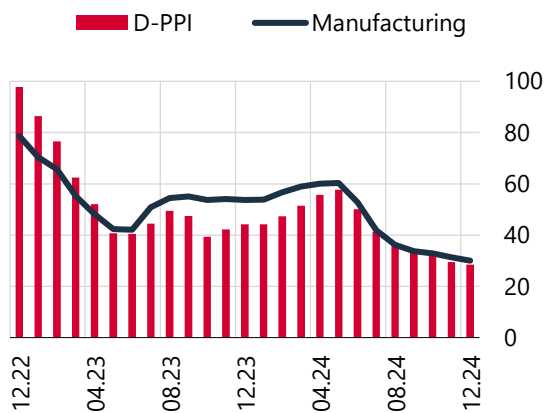


Chart 12. D-PPI Main Industrial Groupings (Monthly % Change)

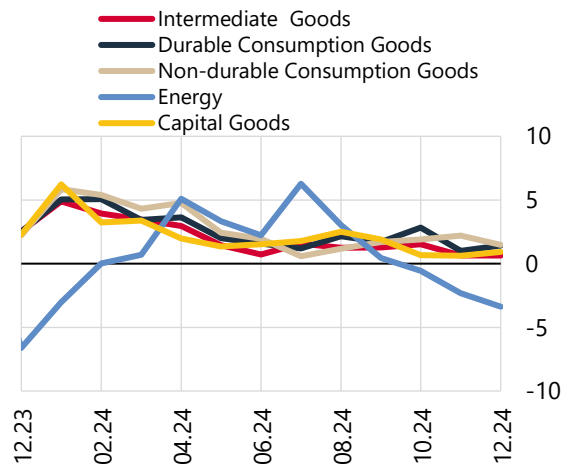


Table 1. CPI and Subcategories (% Change)

	Monthly		Annual	
	December 2024	December 2023	December 2024	December 2023
CPI	1.03	2.93	44.38	64.77
1. Goods	1.02	3.18	36.14	55.46
Energy	0.65	2.74	43.11	27.19
Food and non-alcoholic beverages	1.29	4.81	43.58	72.01
Unprocessed food	0.86	7.24	50.29	91.23
Fresh fruits and vegetables	-1.65	11.39	68.78	81.29
Other unprocessed food	2.85	4.98	38.78	97.47
Processed food	1.71	2.76	37.67	58.05
Bread and cereals	1.47	2.84	41.87	58.42
Other processed food	1.82	2.73	35.72	57.88
Goods excluding energy and food	0.94	2.00	28.77	55.00
Core goods	1.07	2.24	27.43	52.81
Durable goods (excluding gold)	1.62	2.77	22.46	60.70
Clothing and footwear (*)	-0.73	-1.45	31.67	39.74
Other core goods	1.56	3.75	32.62	50.42
Alcoholic beverages and tobacco	-0.02	0.01	39.28	71.26
Gold	0.64	3.98	36.01	70.59
2. Services	1.05	2.36	65.73	90.66
Rents	2.89	4.48	105.82	108.58
Restaurants and hotels	1.35	2.81	57.13	93.24
Transport	-3.02	-2.03	47.51	92.44
Communication	1.44	3.04	44.19	63.92
Other	0.71	2.23	62.55	85.20
3. Core Measures				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	1.17	2.39	43.94	68.02
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	1.06	2.31	45.34	70.64
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	1.10	2.45	43.79	61.20
F – CPI excluding administered prices	1.14	2.77	44.06	70.12

Source: TURKSTAT.

* Does not cover clothing services.

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

	Weight (%)	December 2024		December 2023	
		Monthly	Annual	Monthly	Annual
D-PPI	100	0.40	28.52	1.14	44.22
Mining	3.66	0.63	36.17	2.00	65.59
Manufacturing	86.45	1.00	30.02	2.00	53.68
Manufacturing excl. petroleum products	82.76	1.01	31.10	2.38	54.35
Manufacturing excl. petroleum products and base metals	73.88	1.11	32.41	2.28	55.87
Electricity, gas, steam and air-conditioning sup.	9.28	-5.84	11.21	-11.40	-29.69
Water supply	0.61	1.57	34.48	7.34	66.97
D-PPI (MIGs Classification)					
Intermediate Goods		0.64	27.01	2.54	47.72
Durable Consumption Goods		1.41	35.69	2.50	60.07
Durable Consumption Goods (Excl. Jewelry)		1.87	33.84	2.13	60.68
Non-Durable Consumption Goods		1.48	39.26	2.23	64.37
Capital Goods		0.92	29.21	2.27	65.07
Energy		-3.37	11.92	-6.63	-1.69

Source: TURKSTAT.