



TÜRKİYE CUMHURİYET
MERKEZ BANKASI

IN-DEPTH ANALYSIS OF TURKISH INFLATION DYNAMICS

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Deputy Governor

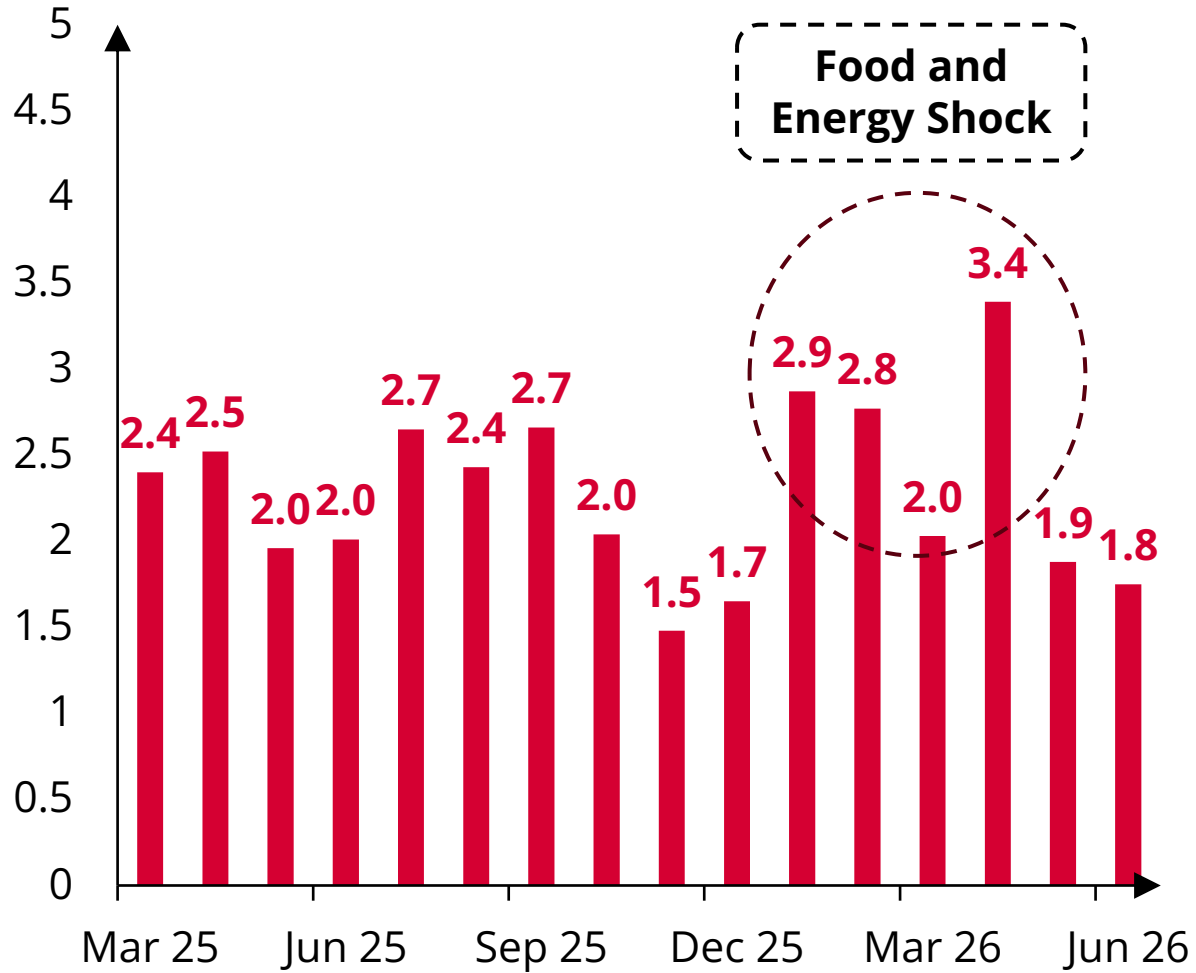
JULY 10, 2026

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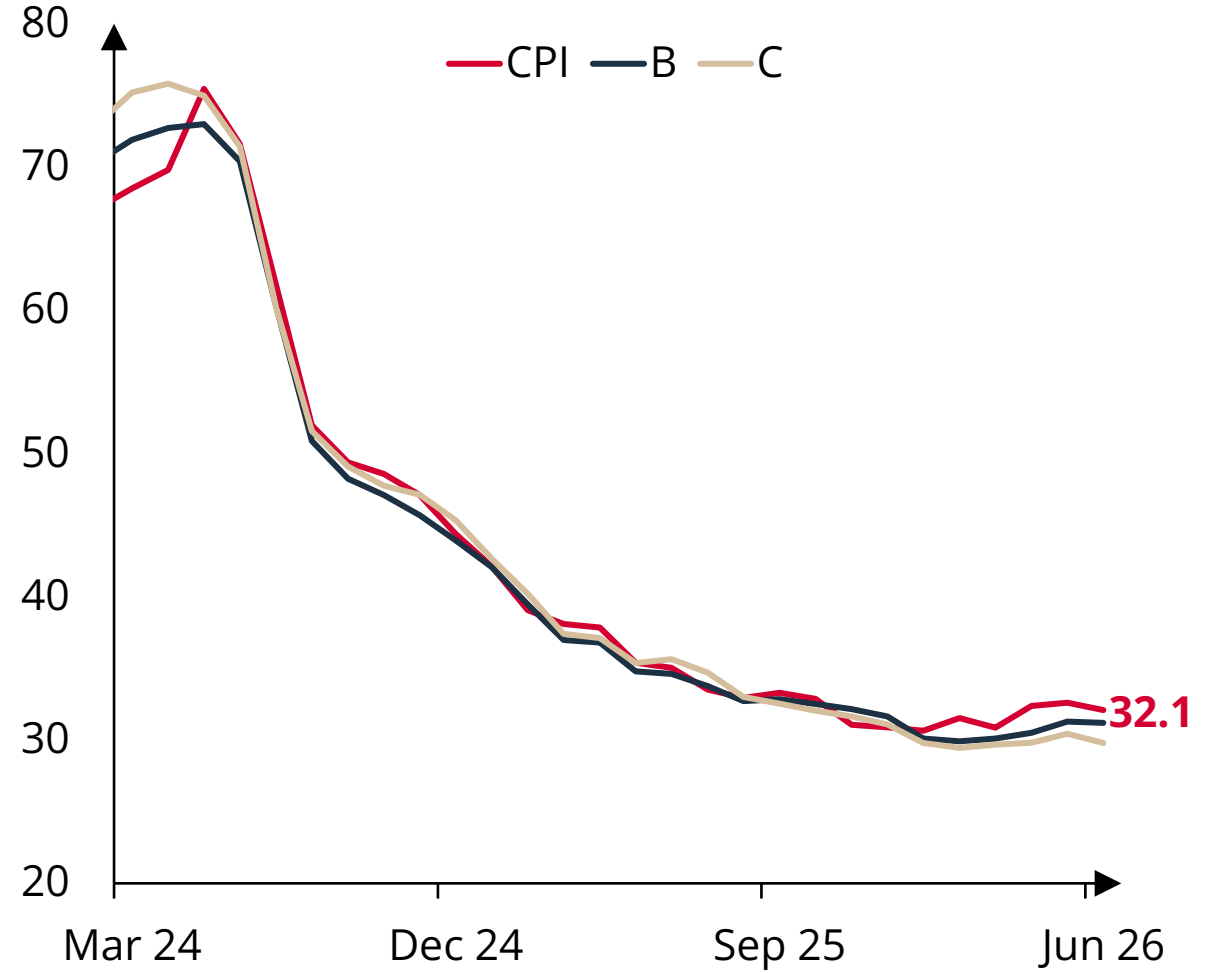


Supply-side pressures slowed the pace of disinflation.

CPI (SA Monthly % Change)

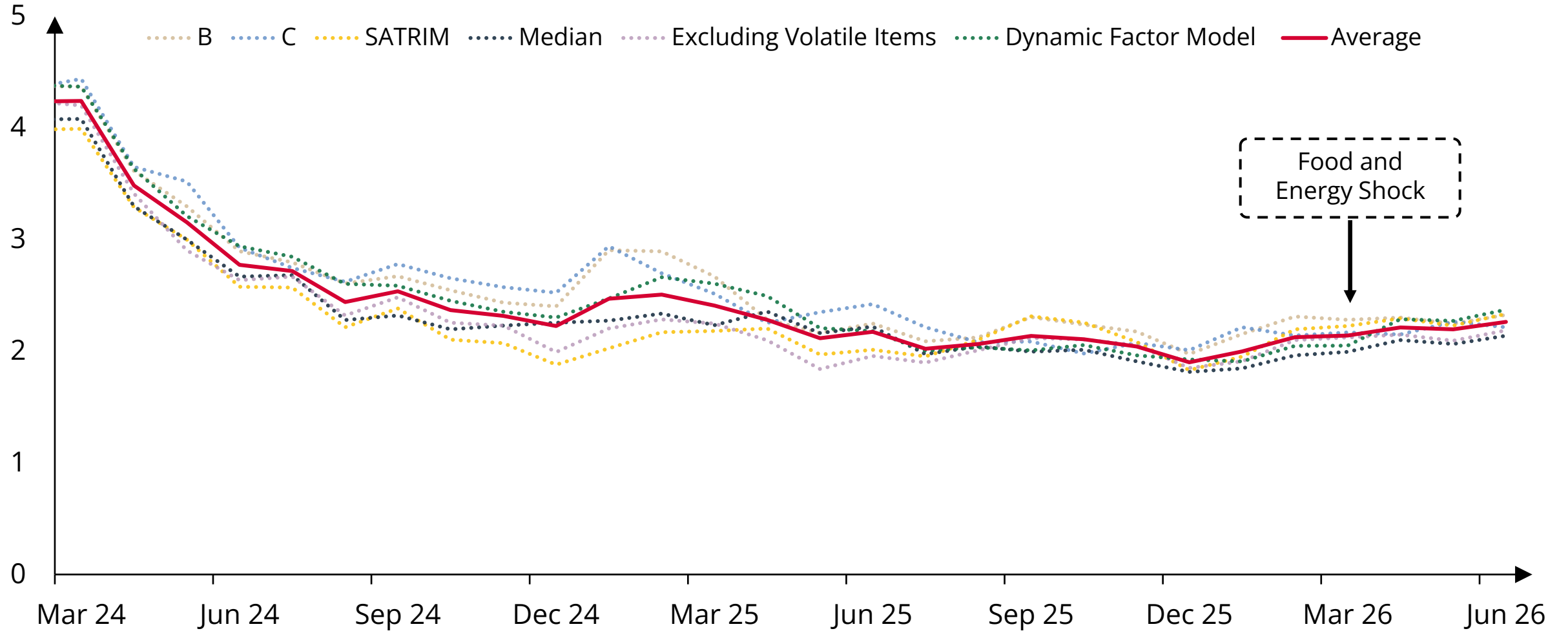


CPI (Annual % Change)



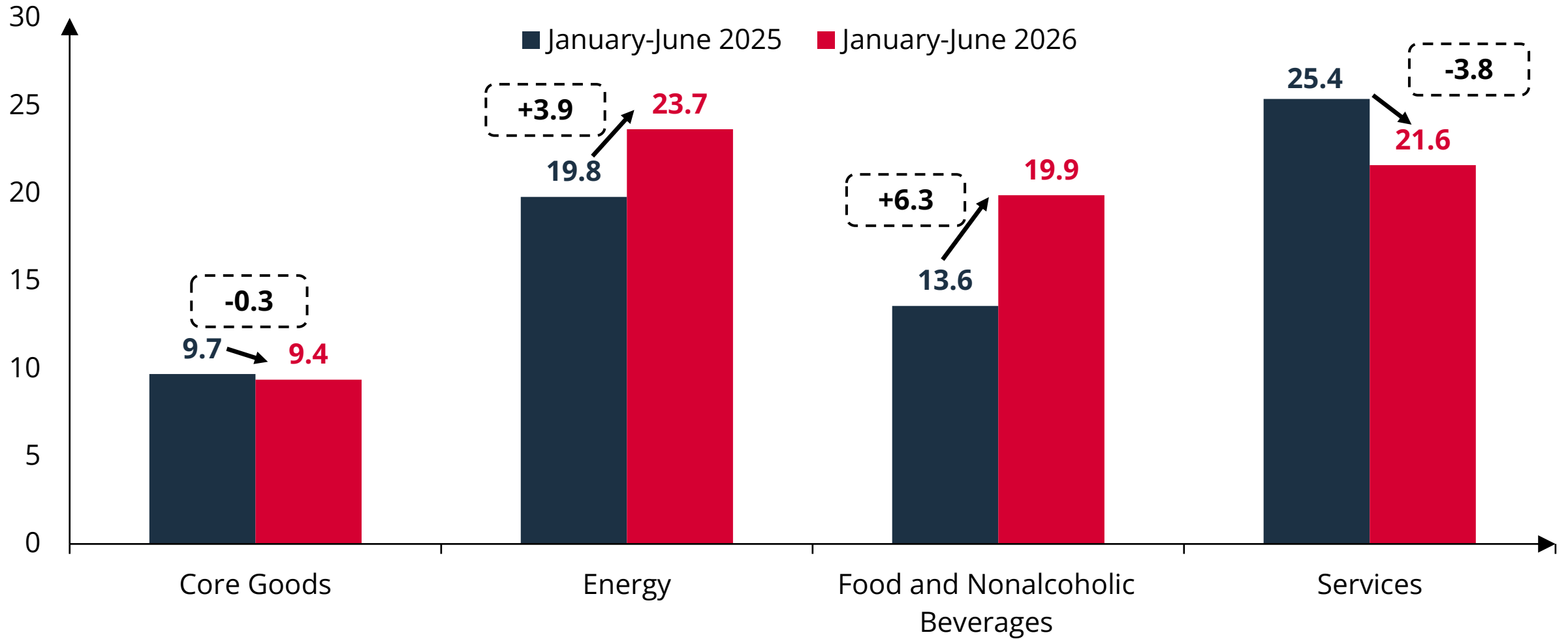
Recent increase in underlying inflation warrants caution.

Underlying Inflation Indicators (Seasonally Adjusted, Monthly % Change, 3 Month Average)



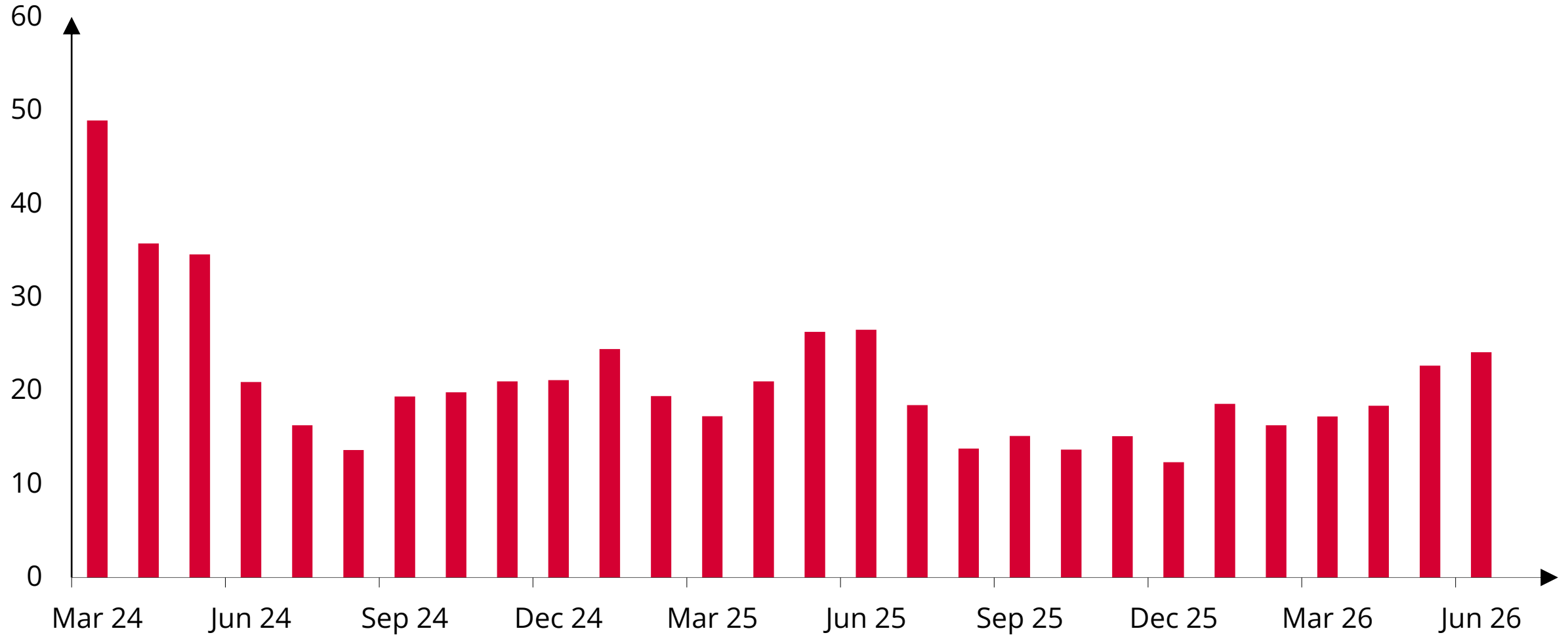
Inflation rose in food and energy, but declined in services.

Cumulative Inflation of CPI Subgroups over the first 6 Months (%)



Core goods inflation remains moderate but has recorded an uptick recently.

Core Goods Inflation (% , SA, 3 Month MA, Annualized)



Recent uptick in the core goods inflation is partly driven by geopolitical tensions.

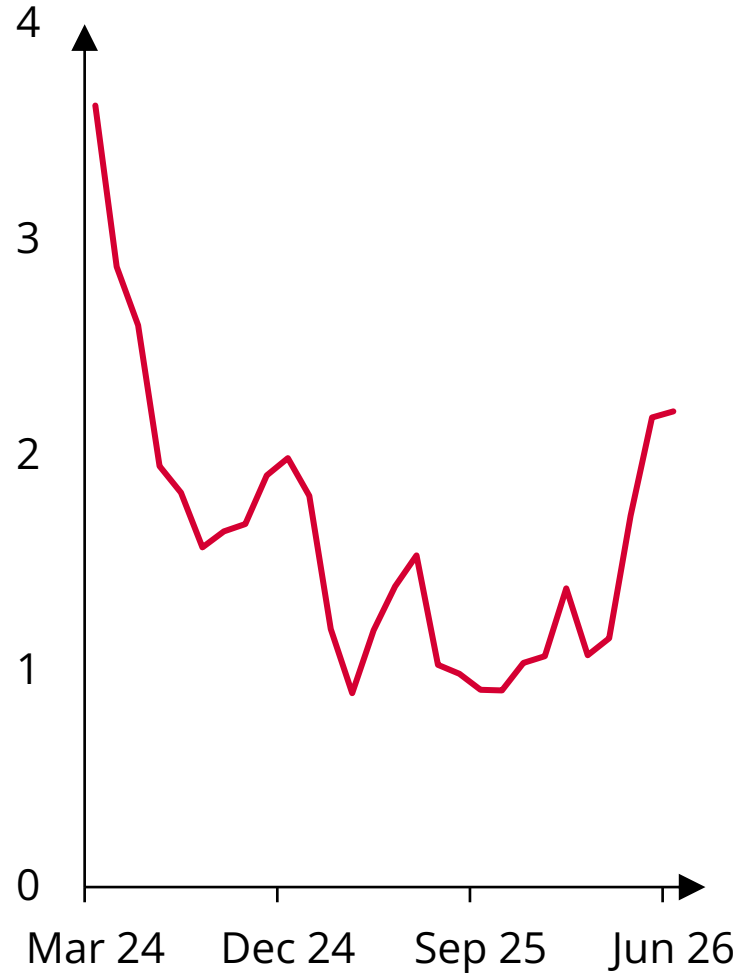
Durable Goods

(Excl. Gold, %, 3 Month MA)



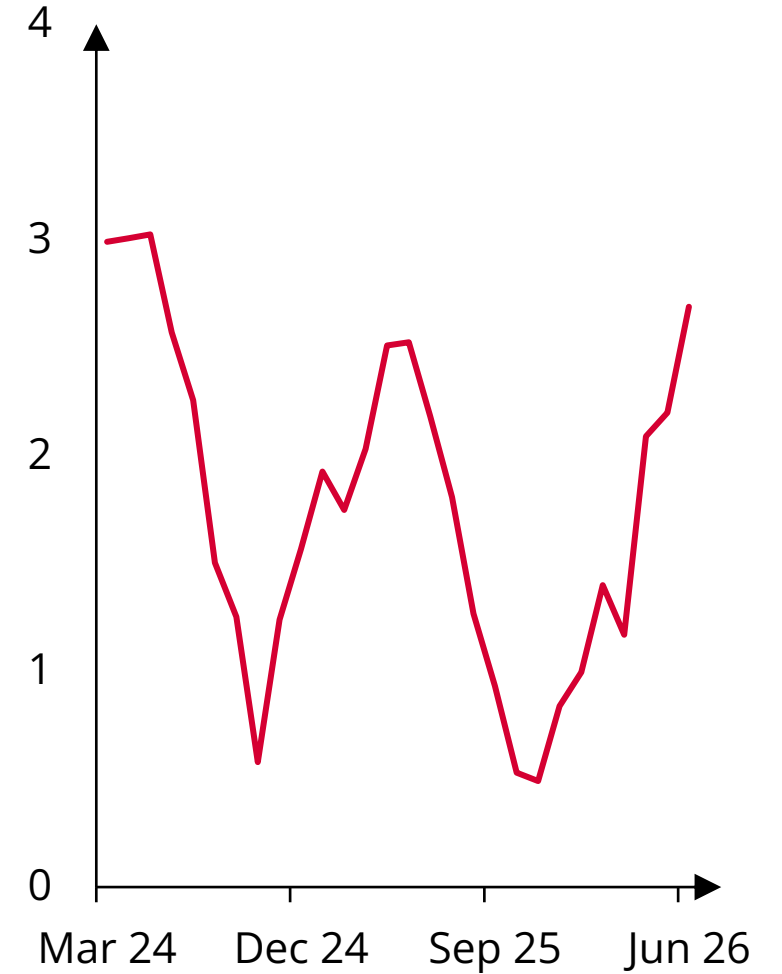
Core Goods Excl. Durable Goods

(%, SA, 3 Month MA)



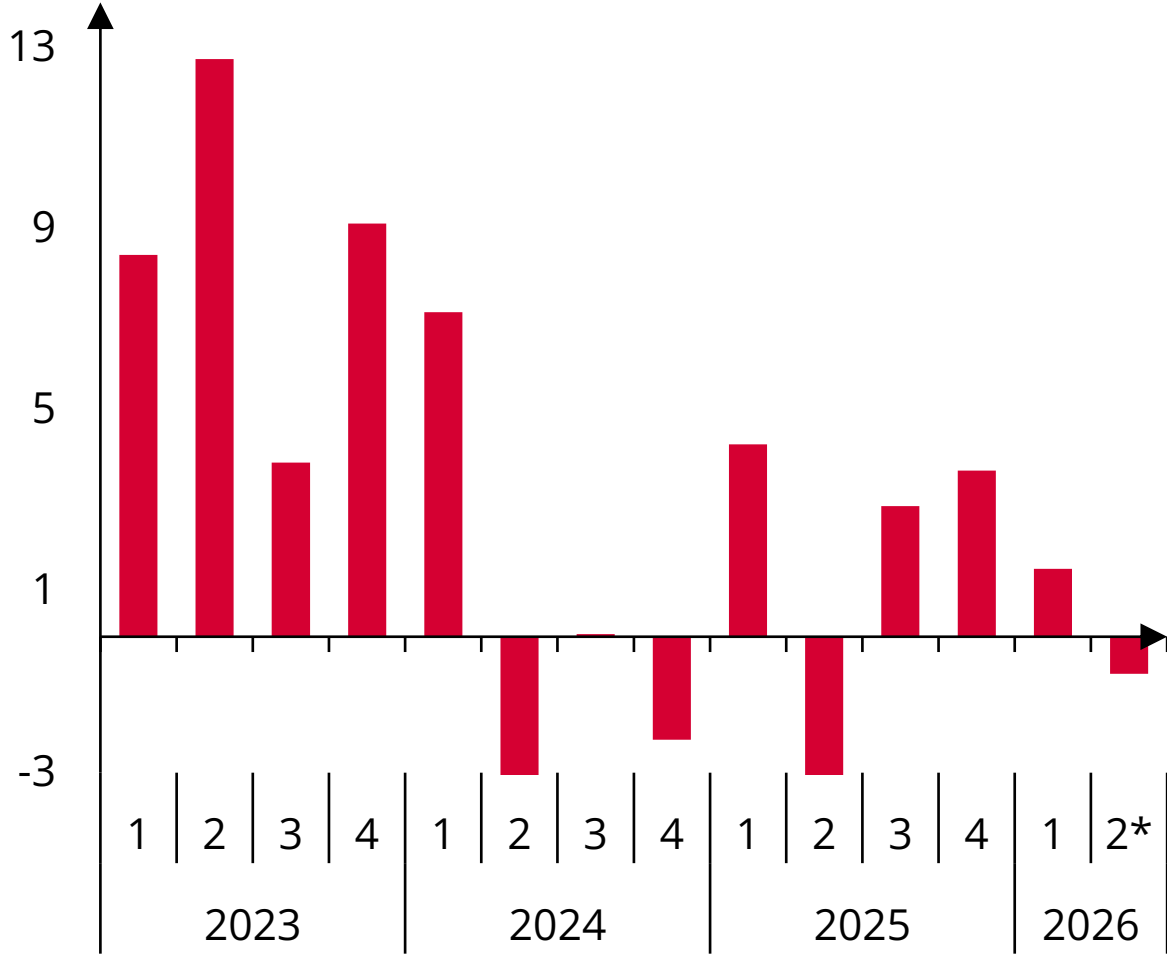
Personal Care and Household

Cleaning Products (%, SA, 3 Month MA)

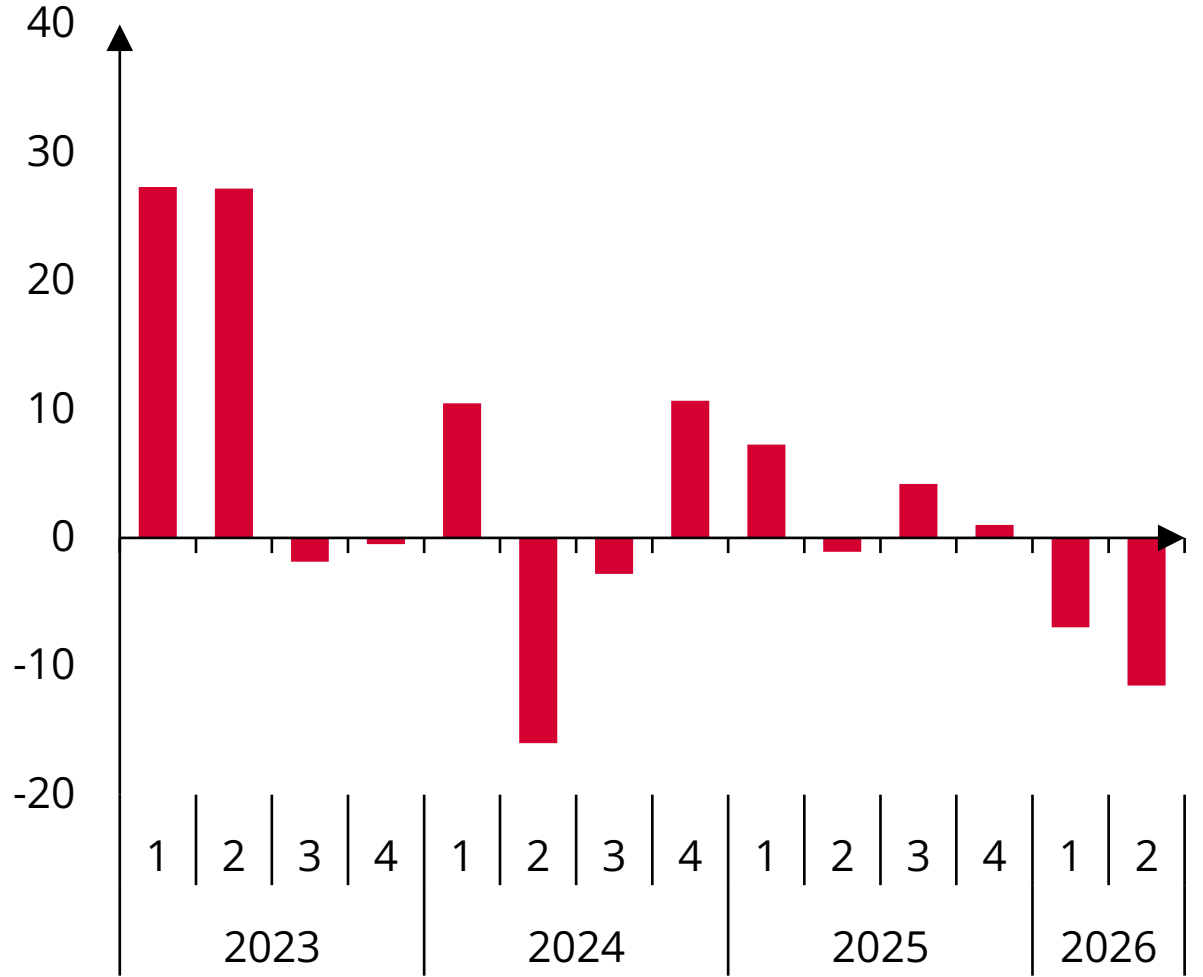


Slowdown in consumption demand limited the increase in core goods inflation.

Durable Goods Card Spending (Real, QoQ % Change)



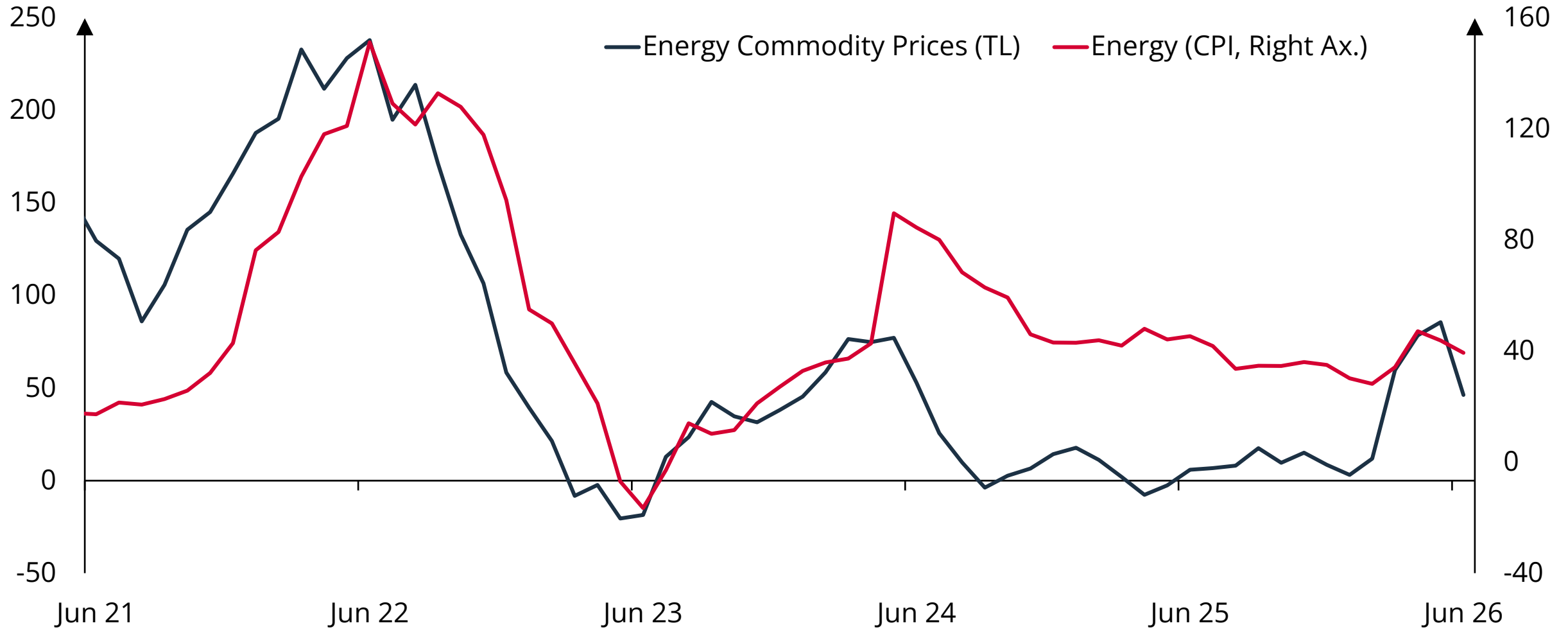
Automobile Sales (Quarterly % Change)



*Total card spending data are as of June 28, 2026.

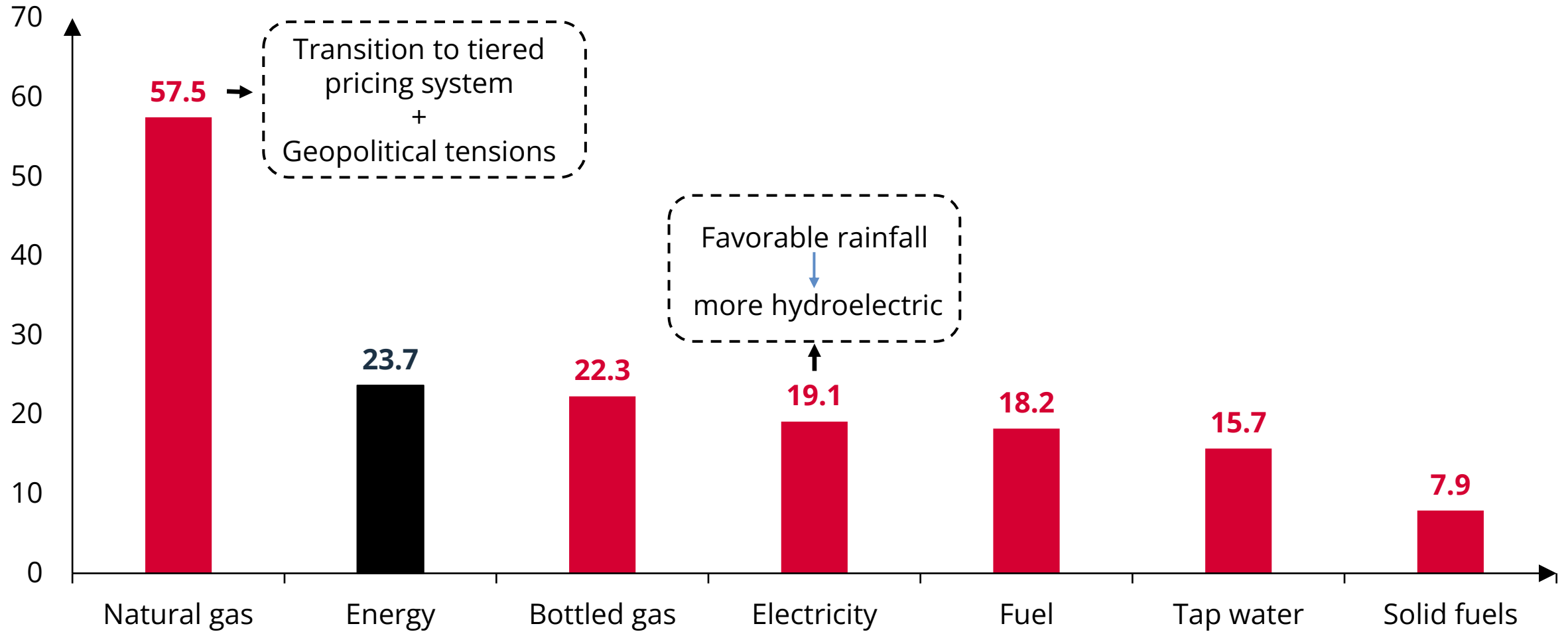
Energy inflation has eased over the past two months, reflecting lower oil prices.

Energy Prices (Annual % Change)



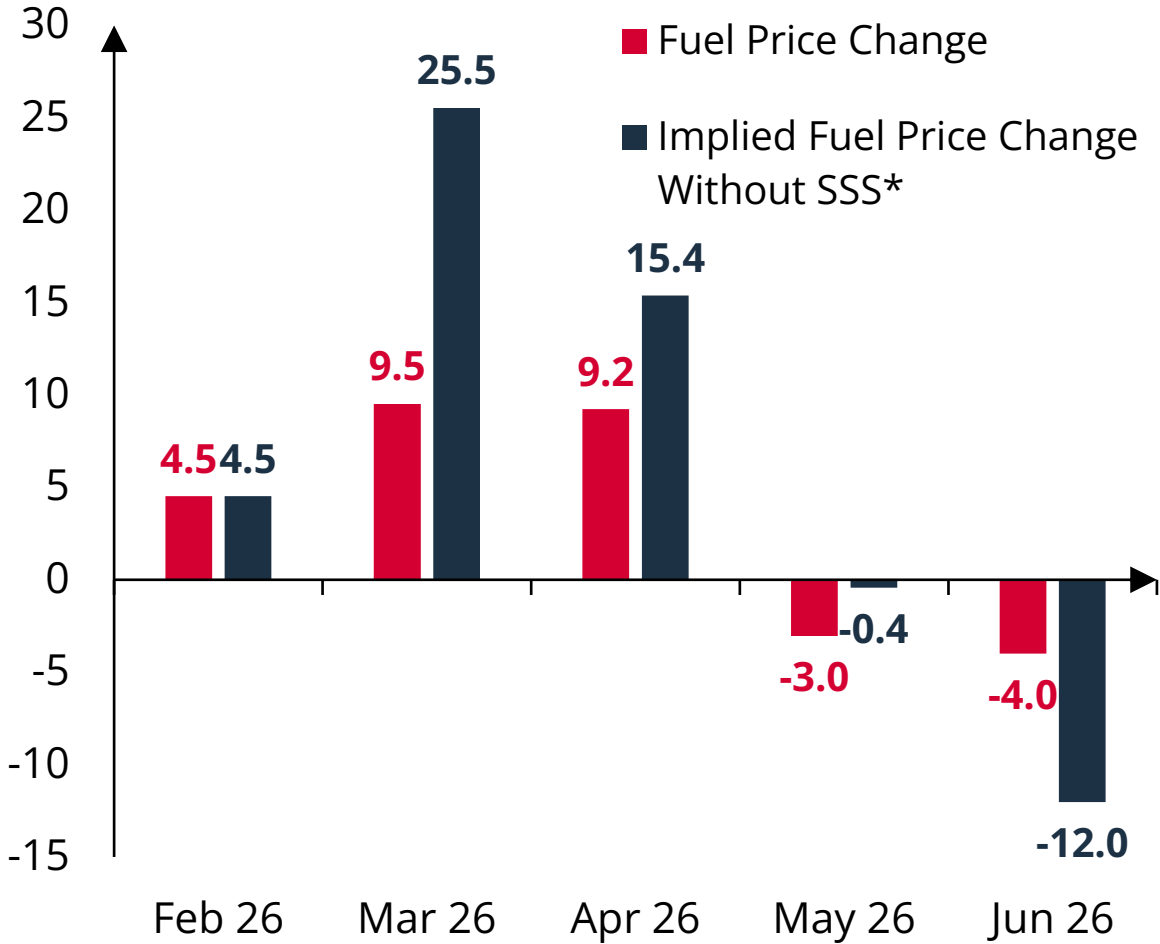
Energy prices in Türkiye is affected by global trends as well as idiosyncratic factors.

CPI Energy Prices (Cumulative % Change for the first 6 Months)

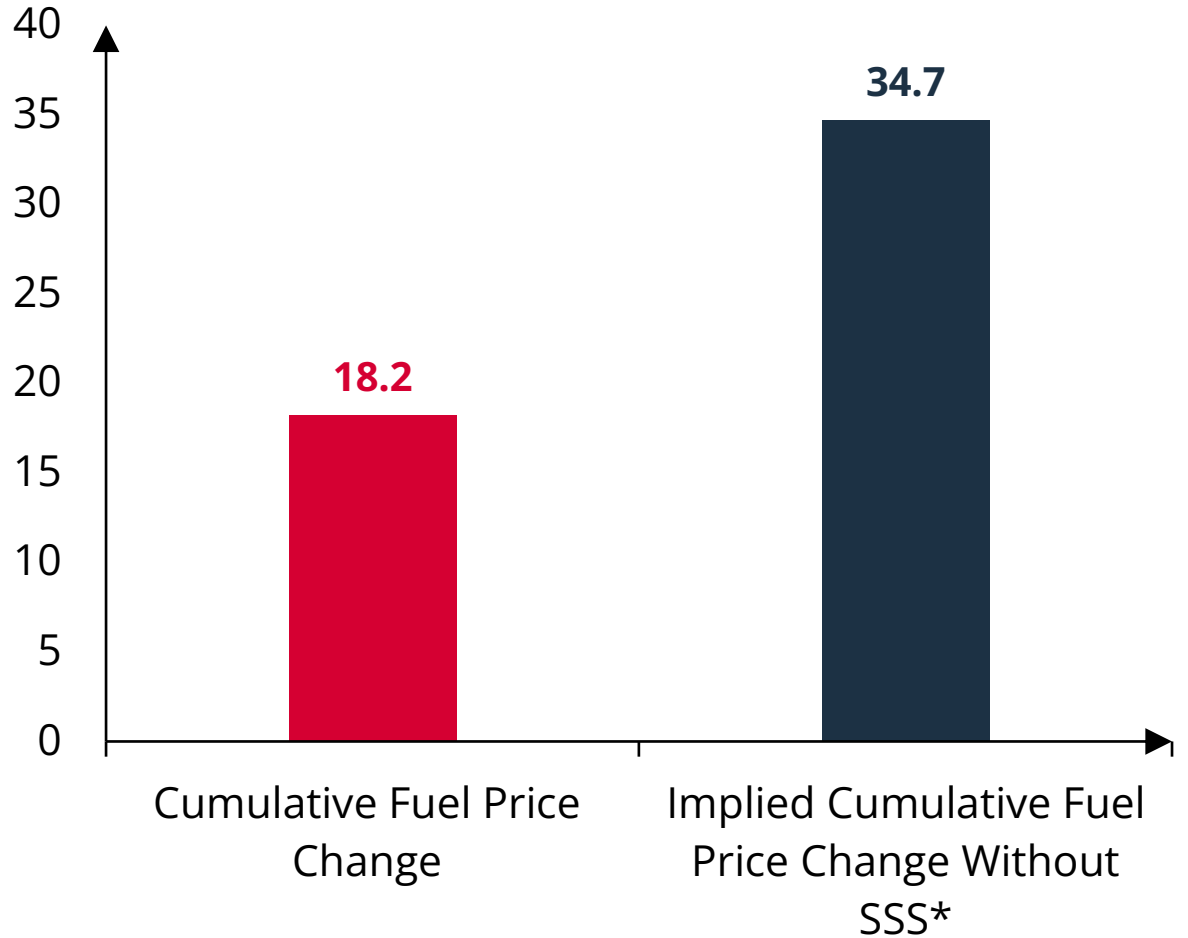


The Sliding Scale System (SSS) has restrained fuel price increases.

Fuel Prices (Monthly % Change)

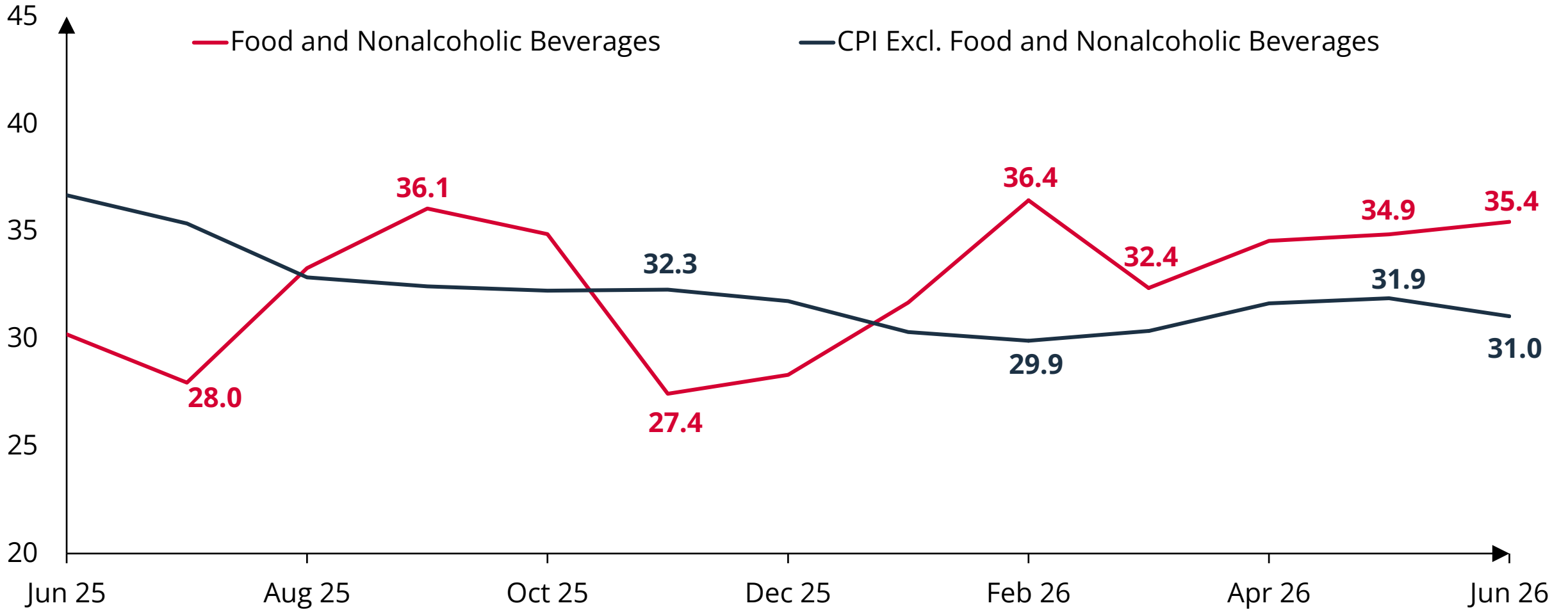


Cumulative Fuel Price Change (February-June 2026, %)



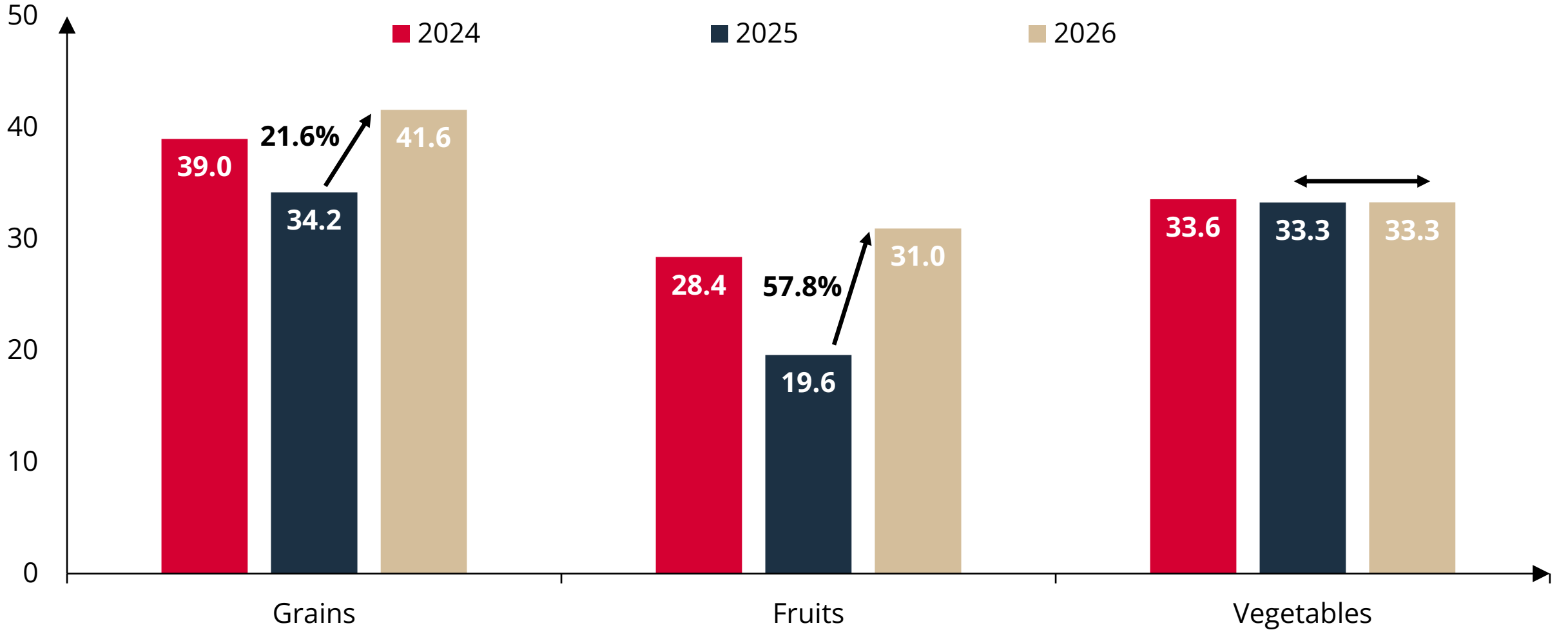
Food inflation follows a volatile and elevated course pushing headline up.

Food and Non-Food Consumer Inflation (Annual % Change)



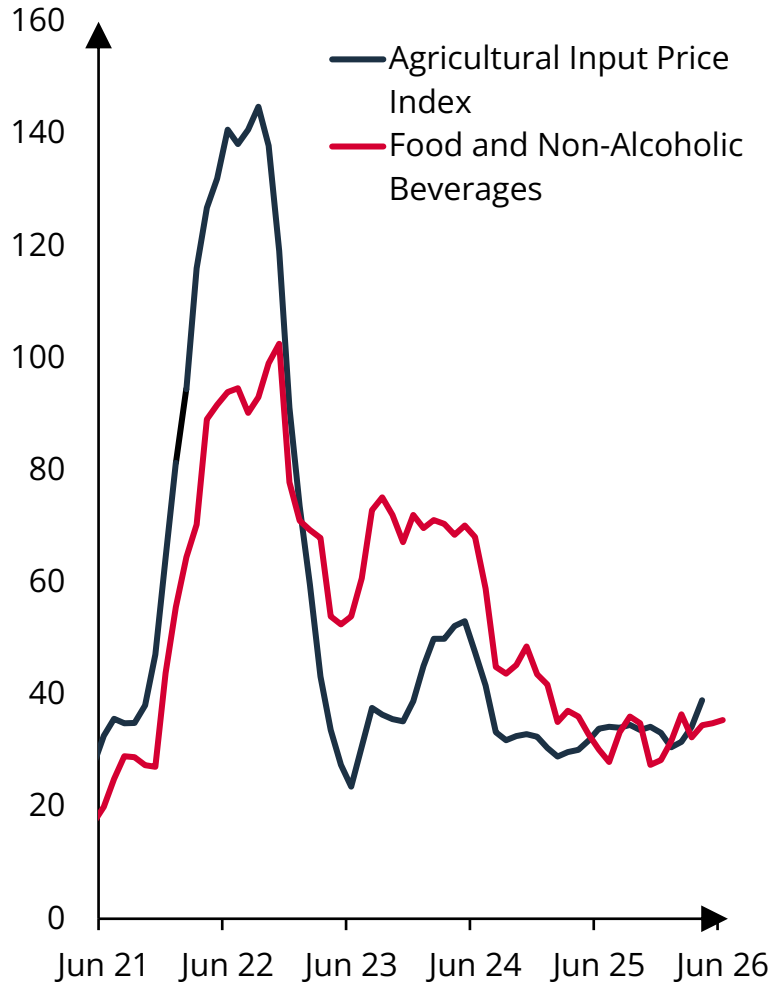
Strong crop production is expected to support disinflation in food.

Grain, Fruit and Vegetable Production* (Million Tons)

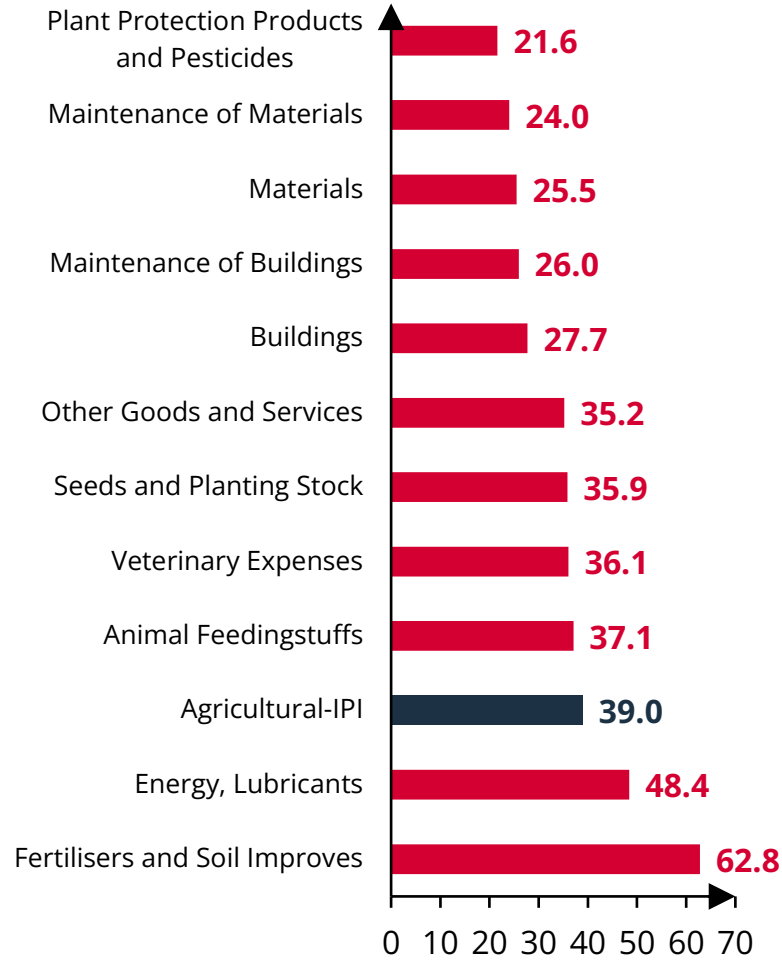


Agricultural input costs could exert upward pressure on food prices.

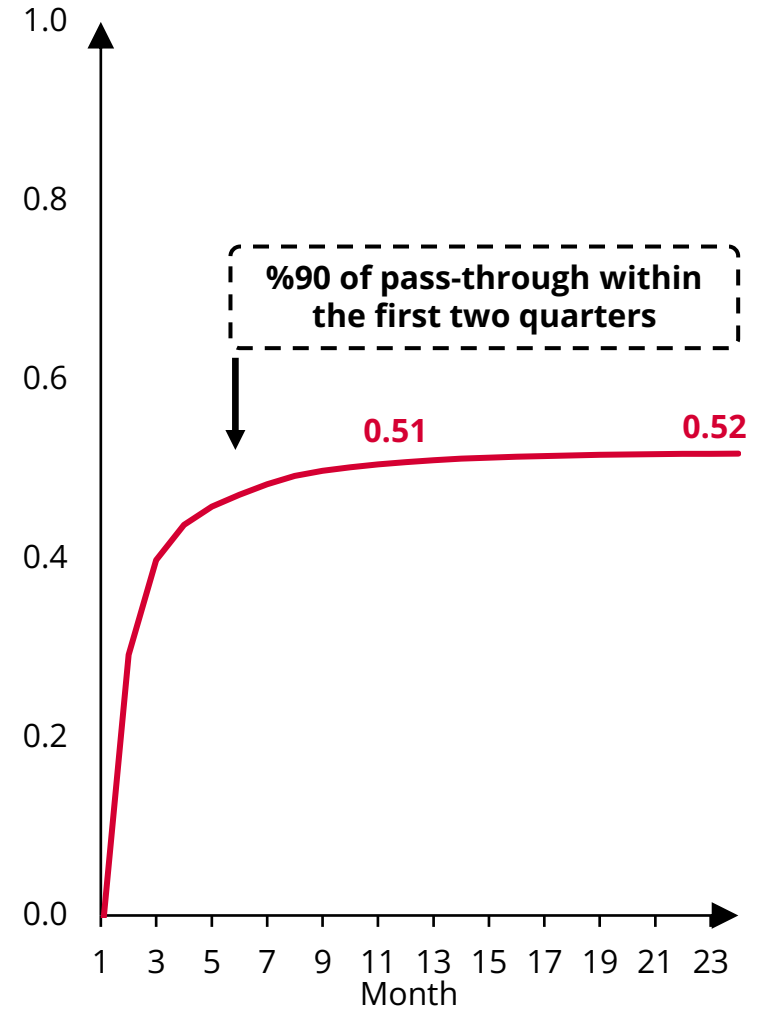
Agricultural Input Price Index and Food Prices (Annual % Change)



Agricultural Input Price Index by Subgroups (April 2026, Annual % Change)



Cumulative Pass-Through from the Agricultural-IPI to CPI Food Prices*



Source: CBRT, TURKSTAT.

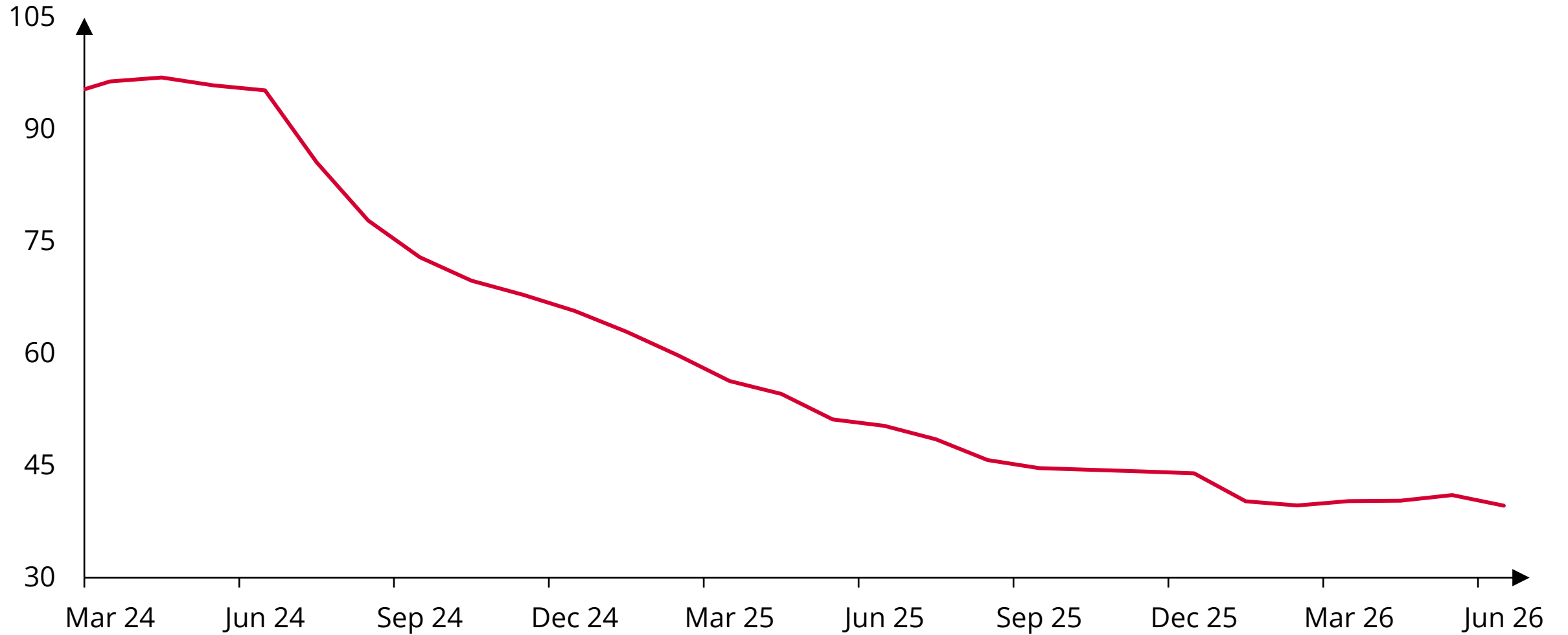
*These are the results of the cumulative impulse-response function of the VAR model estimated for the period 2018m1–2026m3.

Endogenous variables: $\text{dlog}(\text{agricultural commodity prices, \$})$, $\text{dlog}(\text{exchange rate basket})$, $\text{dlog}(\text{sea.adj. agricultural input price index})$, $\text{dlog}(\text{sea.adj. agricultural PPI})$, $\text{dlog}(\text{sea.adj. food index})$

Exogenous variables: $\text{dlog}(\text{net minimum wage})$, dummy variables (for December 2021, March 2023, and June 2025)

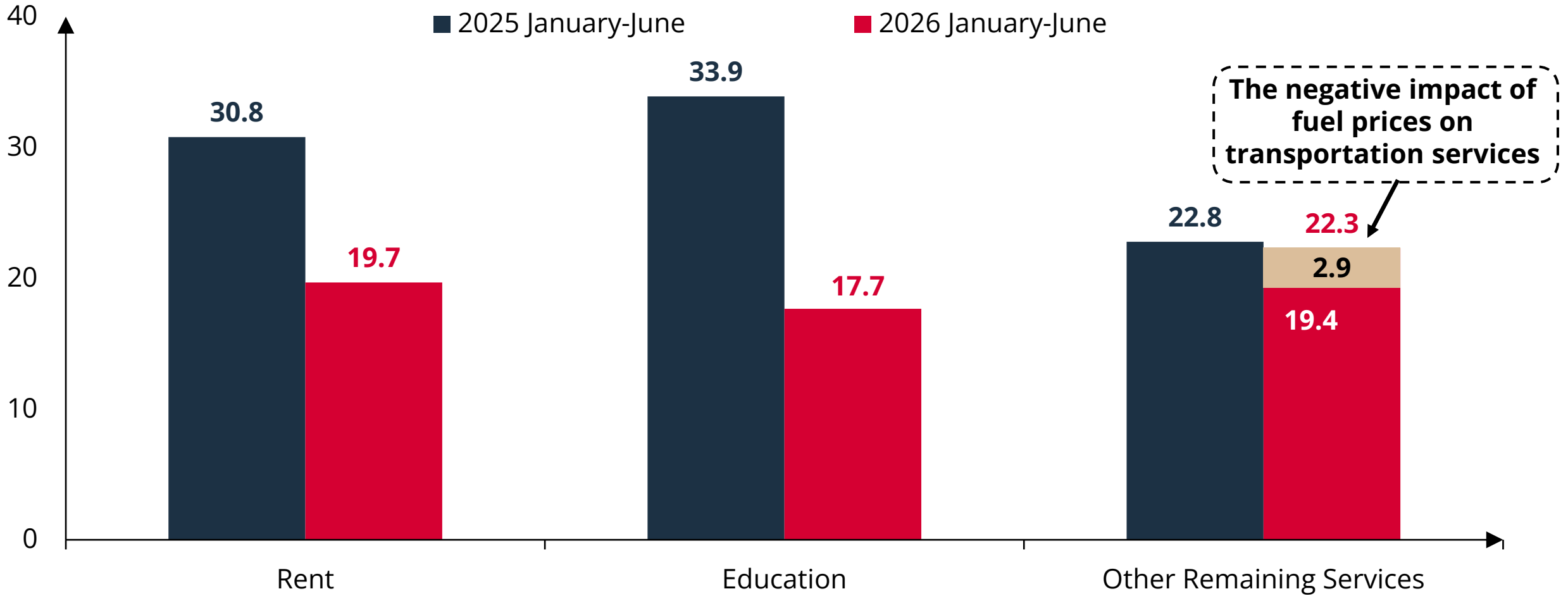
The moderation in services inflation continues.

Services (Annual % Change)



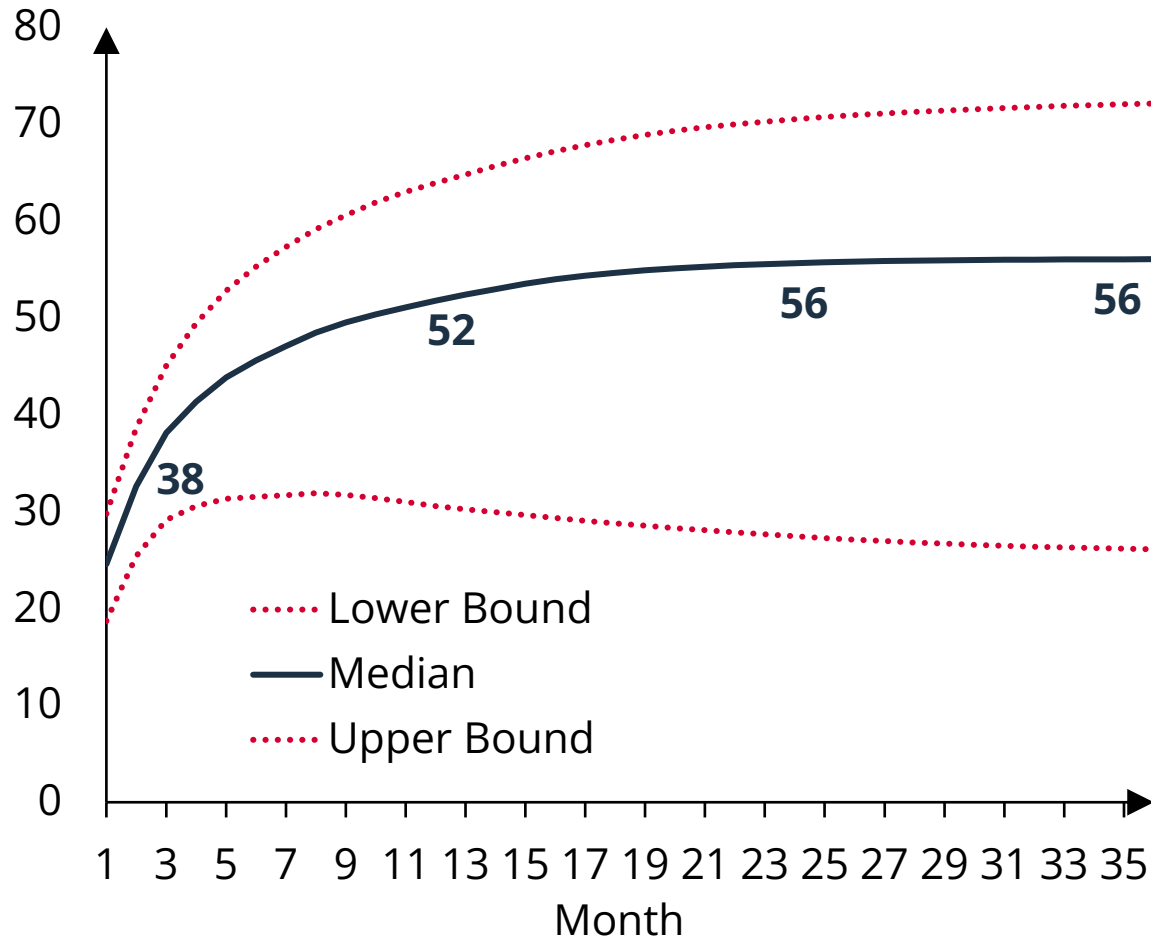
Declining rigidity in rent and education prices has supported disinflation.

Services Subcategories (Cumulative % Change for the first 6 Months)

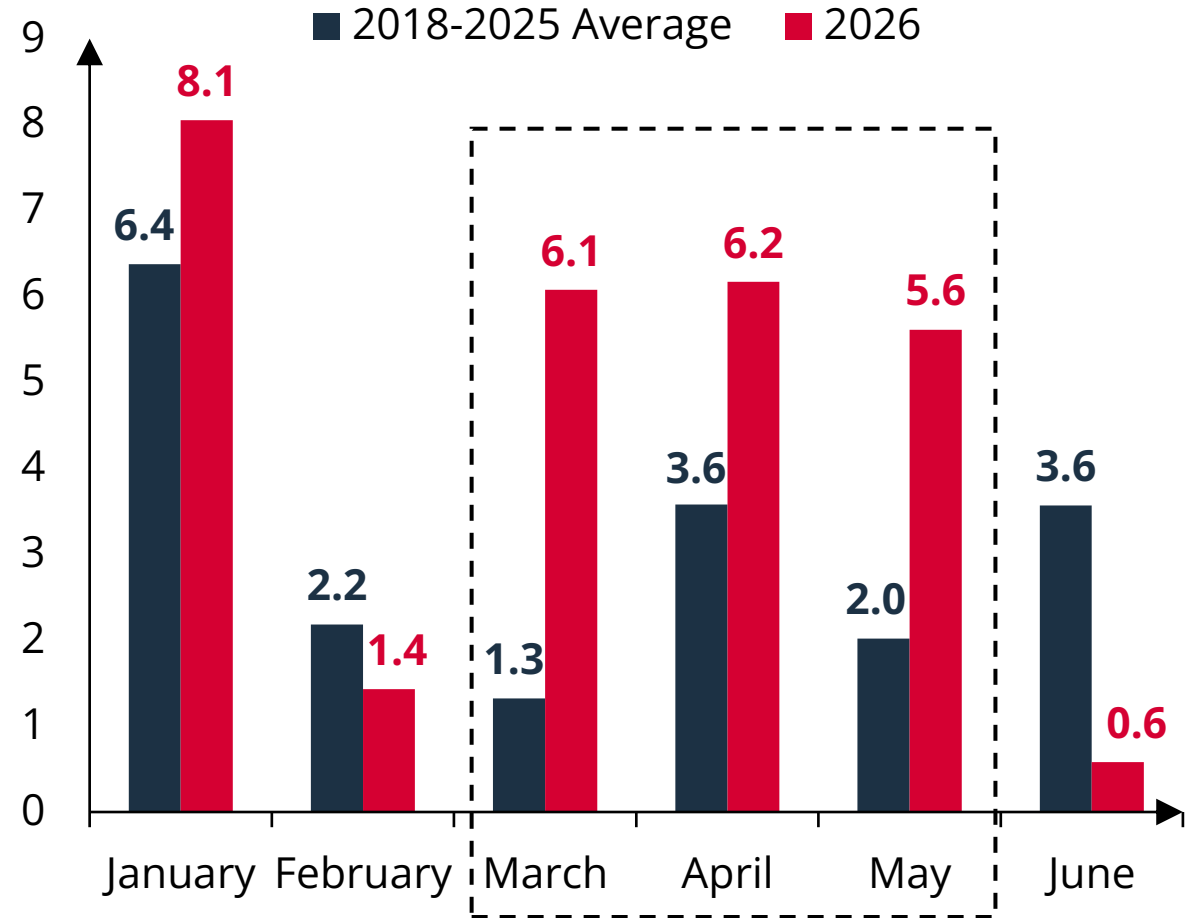


Higher fuel prices exerted upward pressure on transportation services inflation.

Cumulative Pass-through from Fuel Prices to Transportation Services Inflation* (%)



Transportation Services (Monthly % Change)



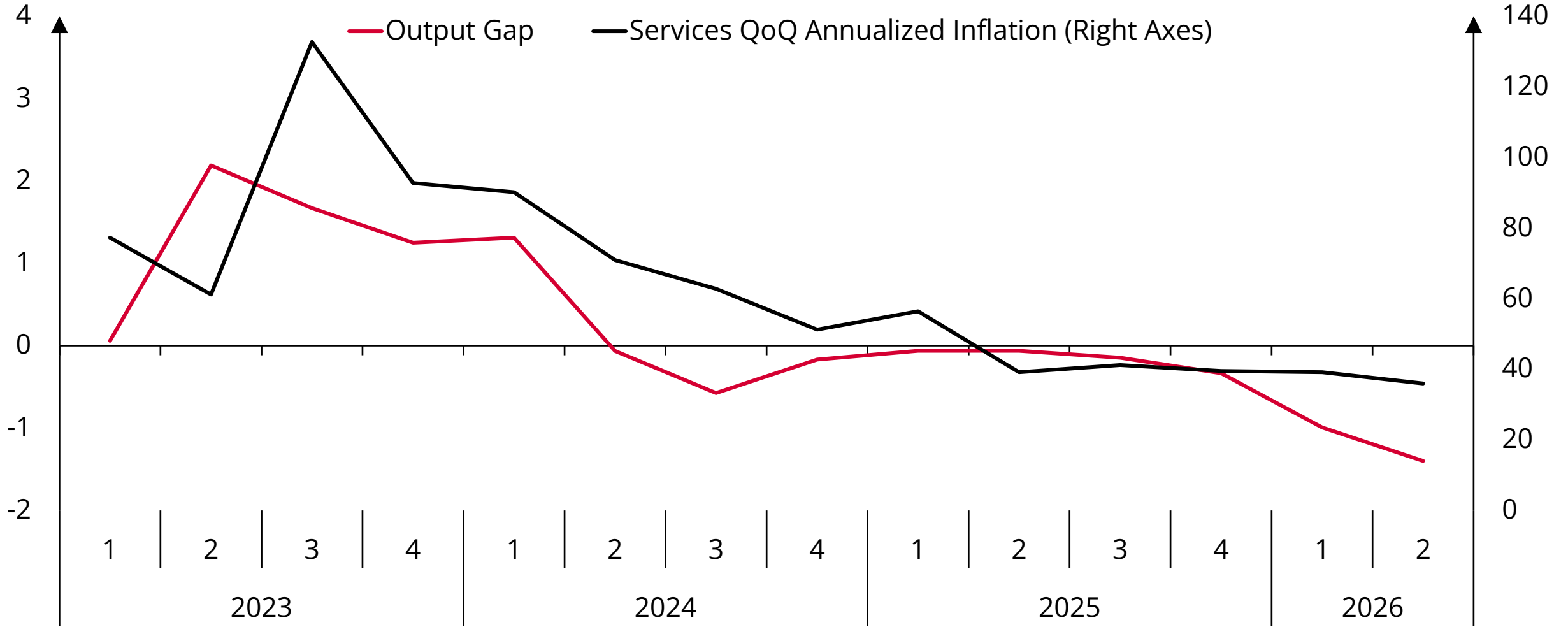
Source: CBRT, TURKSTAT.

*Based on the cumulative impulse response functions of the estimated BVAR (12 lags) model with a Normal-Wishart prior for the January 2018-February 2026 sample.

Endogenous variables: Fuel prices, FAO food prices(\$), import unit value index(\$), Exchange rate basket, output gap, transportation services prices.

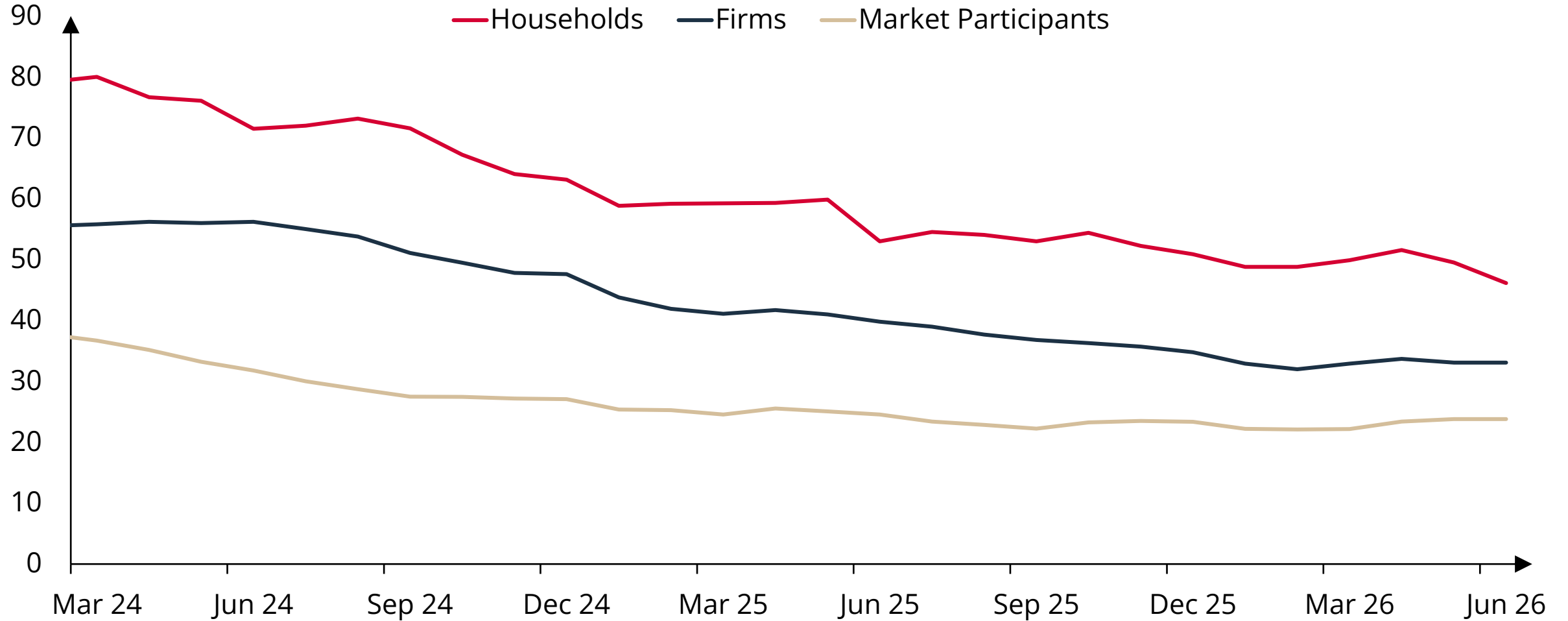
Weakening demand conditions are supporting disinflation in services.

Output Gap and Services Inflation (SA, QoQ, Annualized)



Inflation expectations remain elevated.

12-Month Ahead Annual Inflation Expectations (%)



Conclusion

- Supply side shocks on food and energy contributed to upward pressure on inflation.
- Meanwhile, tight monetary policy induced favorable demand conditions continues to moderate inflation.
- We are committed to maintain disinflation through demand, exchange rate and expectation channels.
- The policy rate will be determined taking into account realized and expected inflation, and its underlying trend.
- Tight monetary policy stance will be maintained until price stability is achieved, in line with our interim targets.
- Monetary policy decisions are made prudently on a meeting-by-meeting basis.
- In case of a significant and persistent deterioration in the inflation outlook, monetary policy stance will be tightened.



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