

MAY PRICE DEVELOPMENTS

June 4, 2025



Summary

Consumer prices increased by 1.53% in May, while annual inflation decreased by 2.45 points to 35.41%. Annual inflation declined across all main groups, though at a limited rate in core goods. In monthly terms, the two standout groups were the food group with a decline in prices and the services group with a slowdown in price increases. The fall in food prices in May was mainly driven by the unprocessed food subgroup, while the rise in processed food prices weakened. Despite the persisting unfavorable course of fruit prices, unprocessed food prices registered a decline led by vegetables and some other unprocessed food items. The rise in municipal water prices as well as the carry-over effect of the adjustment made in residential electricity tariffs in April played a decisive role in monthly energy inflation. Exchange rate developments continued to have a discernible, albeit waning, effect on prices of core goods, durable consumption goods in particular. Prices in the clothing and footwear subgroup rose due to the ongoing transition to new season, but this rise was lower than that in the same period of the previous year. The monthly increase in services prices decelerated, with this deceleration prevailing across all subgroups, except for rents. Monthly producer prices posted a relatively strong rise led by the energy group, and annual producer inflation went up by 0.63 points to 23.13%. Against this background, all indicators of underlying inflation decreased in May compared to the previous month. Analyzed with three-month moving averages, underlying inflation remained on a gradual downtrend.

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 1.53% in May, while annual inflation decreased by 2.45 points to 35.41% (Chart 1). The annual rate of change in the B and C indices dropped by 2.00 and 1.75 points to 34.81% and 35.37%, respectively (Table 1).

The contribution of the core goods group to annual consumer inflation remained flat over the previous month, while the contributions of the food and non-alcoholic beverages, services, energy and alcohol-tobacco-gold groups decreased by 0.95, 0.95, 0.36, and 0.19 points, respectively.

In seasonally adjusted terms, the monthly increase in consumer prices decelerated month-on-month (Chart 2). Monthly increases in the B and C indices slowed compared to the previous month (Chart 3). Across the components of the B index, price increases weakened (Chart 4). Indicators monitored by the CBRT point to a significant decline in the underlying inflation in May on a monthly basis (Chart 5) and to a gradual slowdown on a three-month average basis (Chart 6).

The increase in services prices decelerated month-on-month in May at 1.74%, and the group's annual inflation decreased by 3.41 points to 51.19%. Annual inflation was up in transport but down in other subgroups (Chart 7). Monthly price increases were more pronounced in the rent subgroup, while they remained moderate in other subgroups. In May, the price increase in rents receded slightly to 3.10% compared to the previous month, and annual rent inflation declined by 4.25 points to 84.94%. Being highly sensitive to demand conditions, exchange rate developments and food prices led by red meat, restaurant-hotel prices edged up by 1.83% in May after the acceleration seen in April. The price increase in the other services subgroup decelerated to 1.39%, and education services saw a considerably weak price increase at 1.19% compared to the same period last year. Meanwhile, maintenance and repair of personal transportation vehicles stood out with its contribution to the subgroup's inflation. Prices of transport services inched up by 0.99%, while the moderate course of monthly communication inflation prevailing over the last two months remained in place in this period with a price decline of -0.14%.

In May, core goods prices rose by 3.26% due to the developments in the Turkish lira, and the group's annual inflation edged down by 0.26 points to 20.02%. Annual inflation went down in the clothing and footwear as well as the other core goods subgroups, but went up in the durable goods (Chart 8). Compared to the previous month, price increases lost some strength with 2.73% month-on-month in durable consumption goods, yet remained relatively high. This was driven mostly by the price hikes in items with high exchange rate pass-through such as automobiles (4.87%) and white goods (2.46%). In this period, furniture prices remained moderate, while prices in the consumer electronics subgroup registered a decline. Price hike in the clothing and footwear subgroup (7.09%) was led by the ongoing transition to new season, but it remained more limited compared to the previous year. In the other core goods subgroup, monthly inflation was weaker at 1.49% than the previous month.

Energy prices picked up by 2.15% in May, and annual energy inflation dropped by 3.90 points to 44.21% (Chart 9). Municipal water prices recorded an upsurge of 7.14%, while electricity prices rose by 2.40% due to the carry-over effect of the adjustment in April. Fuel prices remained almost unchanged during this period owing to the decline in oil prices amid global developments.

In May, prices in the food and non-alcoholic beverages group were down by 0.71%, and annual inflation in this group decreased by 3.22 points to 32.87% (Chart 9). Annual inflation in unprocessed and processed food subgroups dropped by 3.53 and 3.14 points to 33.53% and 32.21%, respectively (Chart 10). In May, unprocessed food prices decreased by 3.01%. This was led by price decreases in vegetables (-18.58%), eggs (-18.81%), and white meat (-4.39%), while the ongoing price increase in fresh fruits (8.26%) continued in May. Despite the monthly inflation in the processed food subgroup weakening month-on-month, at 1.39%, the price increase in processed meat products (7.79%) was significant among items.

Domestic producer prices rose by 2.48% in May, and annual inflation was up by 0.63 points to 23.13% (Chart 11 and Table 2). In this period, across main industrial groupings, price increase in the energy group stood out with 7.98%, while prices in the capital goods, intermediate goods, nondurable consumption goods, and durable consumption goods groups increased by 2.38%, 1.92%, 1.70%, and 0.05%, respectively (Chart 12). An analysis of monthly price developments by sectors reveals that electricity, gas, steam, and air conditioning, water and water treatment and supply services, metal ores, beverages, paper and paper products, motor vehicles, and wood and cork products stood out in terms of their price hikes.

Charts and Tables

Chart 1. CPI, B and C

(Annual % Change)

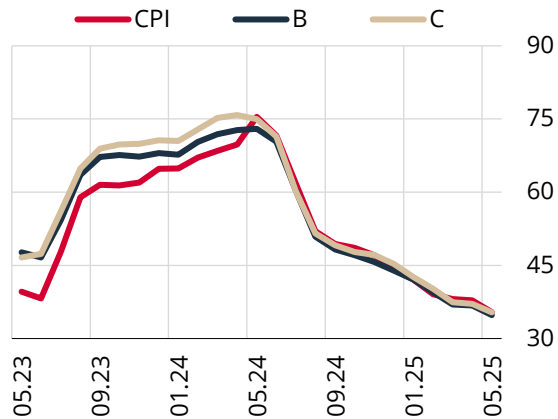


Chart 2. CPI and CPI Excluding Food

(Seasonally Adjusted, Monthly % Change)

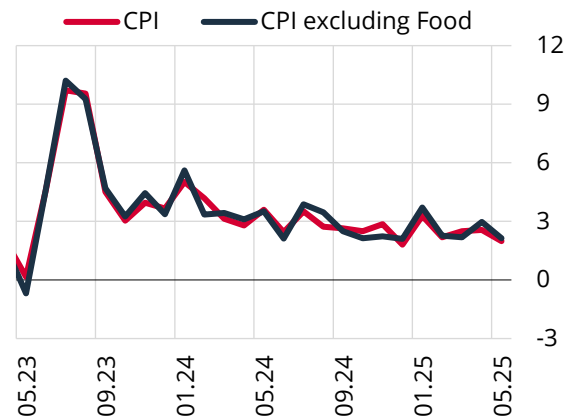


Chart 3. B and C Indices

(Seasonally Adjusted, Monthly % Change)

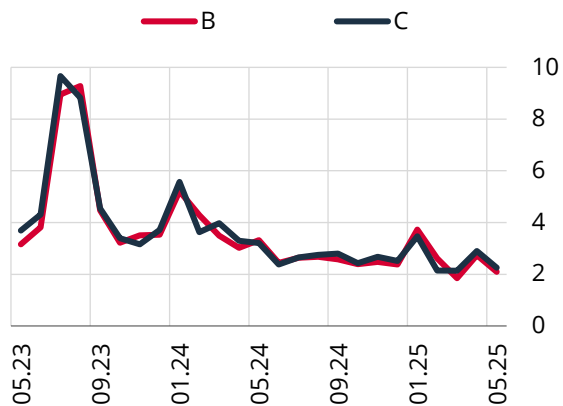
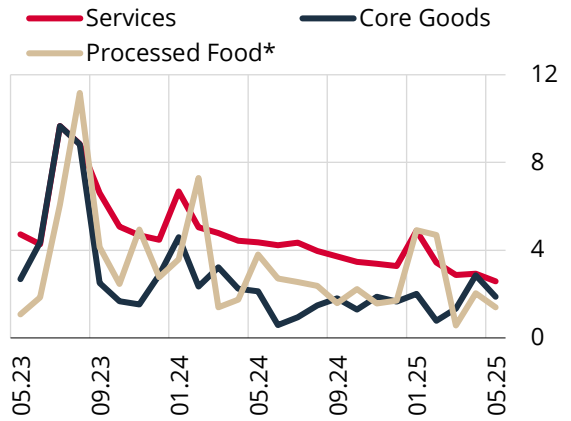


Chart 4. Main Components of B Index

(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)

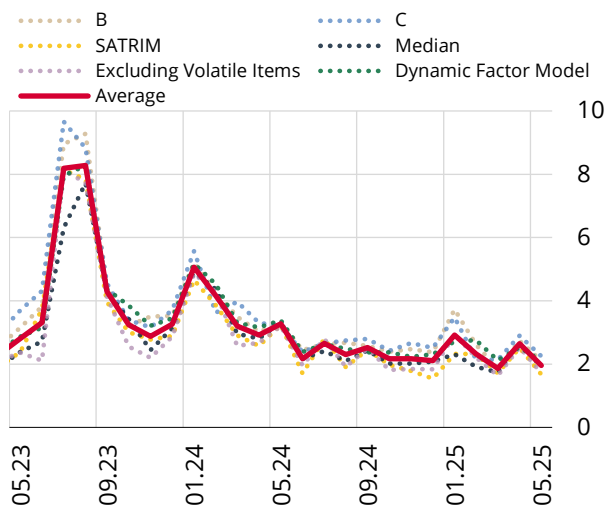


Chart 6. Underlying Inflation Indicators

(Seasonally Adjusted, Monthly % Change, 3 Month Average)

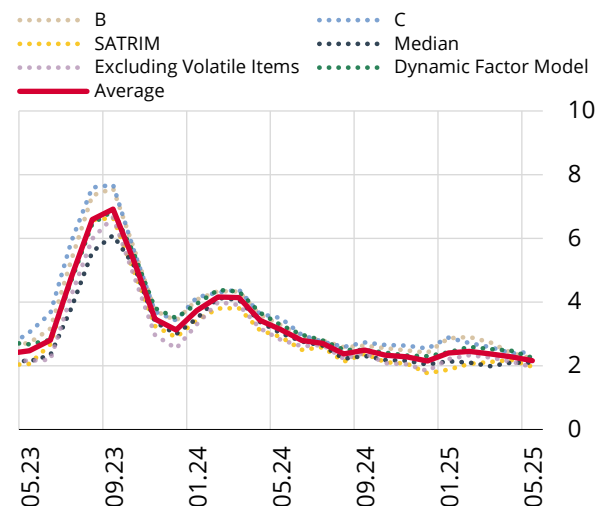
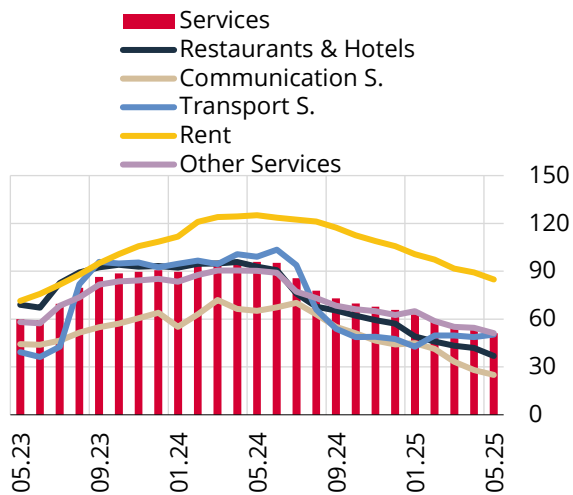
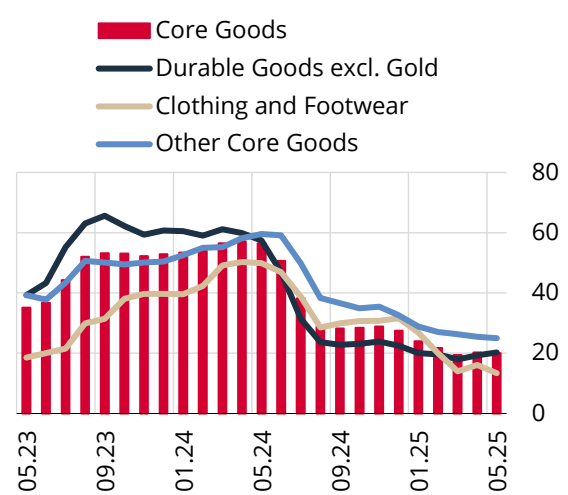


Chart 7. Services

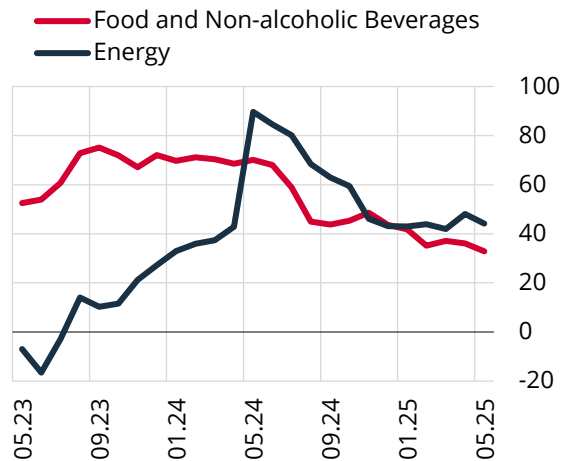
(Annual % Change)

**Chart 8. Core Goods**

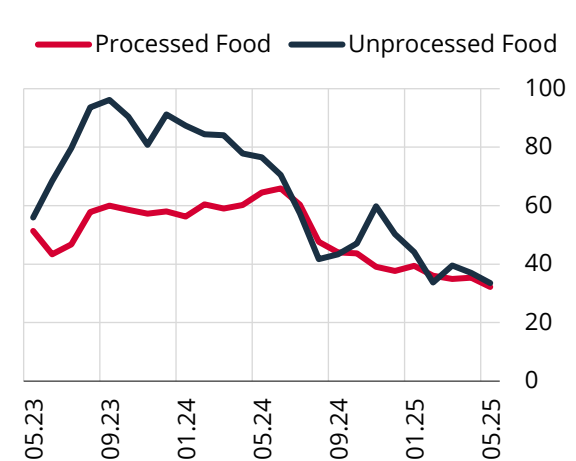
(Annual % Change)

**Chart 9. Food and Non-alcoholic Beverages and Energy**

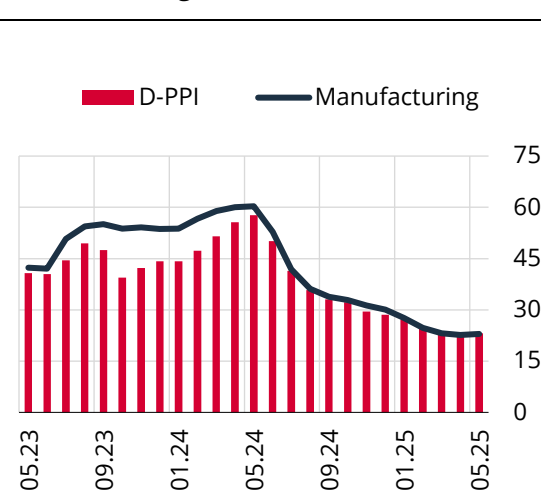
(Annual % Change)

**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)

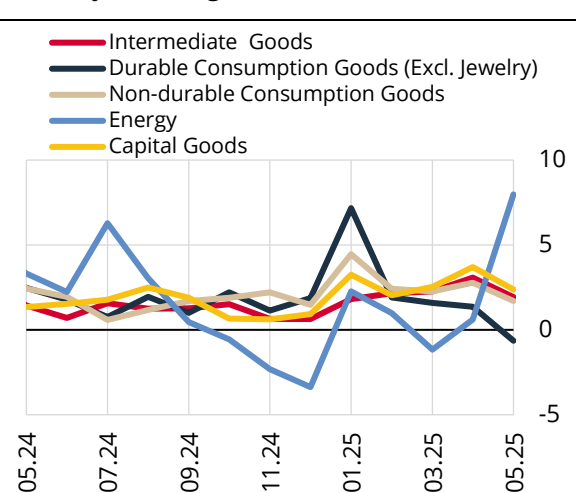


Table 1. CPI and Subcategories (% Change)

	Monthly		Annual	
	May 2025	May 2024	May 2025	May 2024
CPI	1.53	3.37	35.41	75.45
1. Goods	1.43	3.08	28.70	67.58
Energy	2.15	4.91	44.21	89.68
Food and non-alcoholic beverages	-0.71	1.69	32.87	70.14
Unprocessed food	-3.01	-0.45	33.53	76.53
Fresh fruits and vegetables	-4.67	-3.17	56.53	81.32
Other unprocessed food	-1.79	1.15	20.51	74.58
Processed food	1.39	3.80	32.21	64.50
Bread and cereals	1.17	4.06	40.87	65.86
Other processed food	1.51	3.68	28.14	63.84
Goods excluding energy and food	2.90	3.56	21.08	59.72
Core goods	3.26	3.48	20.02	56.51
Durable goods (excluding gold)	2.73	1.89	20.26	57.43
Clothing and footwear (*)	7.09	9.69	13.38	49.90
Other core goods	1.49	1.90	24.99	59.56
Alcoholic beverages and tobacco	0.06	4.74	27.87	86.48
Gold	2.65	-0.95	37.75	69.30
2. Services	1.74	4.03	51.19	95.93
Rents	3.10	5.46	84.94	125.14
Restaurants and hotels	1.83	5.52	36.91	92.94
Transport	0.99	-0.11	50.29	99.10
Communication	-0.14	2.27	25.01	65.17
Other	1.39	3.60	51.18	90.28
3. Core Measures				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	2.25	3.77	34.81	72.99
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	2.43	3.76	35.37	74.98
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	2.24	3.88	35.99	74.89
F – CPI excluding administered prices	1.49	2.89	32.90	74.81

Source: TURKSTAT.

* Does not cover clothing services.

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

	Weight (%)	May 2025		May 2024	
		Monthly	Annual	Monthly	Annual
D-PPI	100	2.48	23.13	1.96	57.68
Mining	3.43	1.18	28.11	2.34	75.84
Manufacturing	88.09	1.72	22.99	1.44	60.31
Manufacturing excl. petroleum products	85.41	1.77	23.83	1.73	59.29
Manufacturing excl. petroleum products and base metals	77.29	1.72	25.04	2.08	60.76
Electricity, gas, steam and air-conditioning sup.	7.80	12.36	19.83	7.32	21.38
Water supply	0.68	5.86	57.57	6.24	75.86
D-PPI (MIGs Classification)					
Intermediate Goods		1.92	20.50	1.44	55.48
Durable Consumption Goods		0.05	29.22	2.00	64.91
Durable Consumption Goods (Excl. Jewelry)		-0.64	24.24	2.48	65.40
Non-Durable Consumption Goods		1.70	27.48	2.43	66.12
Capital Goods		2.38	26.48	1.34	63.51
Energy		7.98	17.05	3.32	43.74

Source: TURKSTAT.