



TÜRKİYE CUMHURİYET
MERKEZ BANKASI

BRIEFING ON 2026-I INFLATION REPORT

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Governor

FEBRUARY 12, 2026

ISTANBUL



Outline

- **Global Economy**
- **Macroeconomic Outlook**
- **Monetary Policy**
- **Medium-Term Projections**
- **Overview**

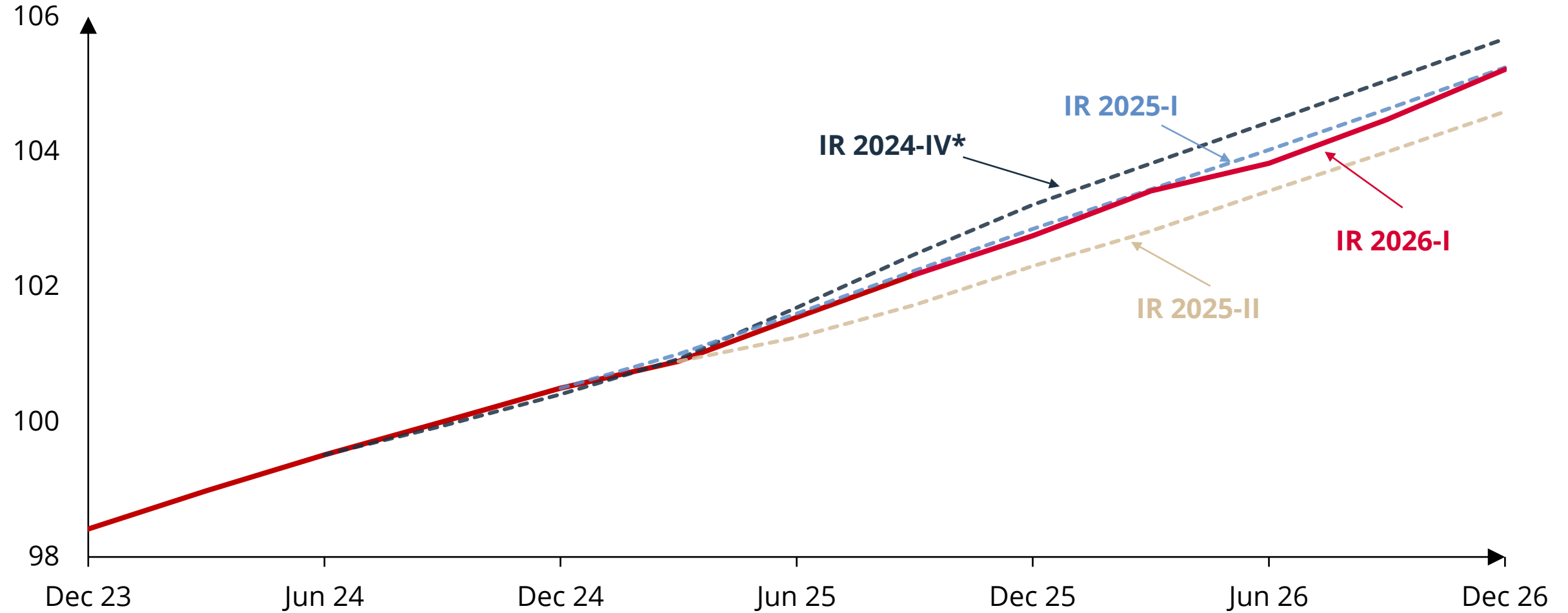
Boxes

- CBRT's OMO Portfolio and Outright Purchases
- Findings from Interviews with Firms
- Rent Inflation Dynamics and Forecasting
- The Effect of Real Exchange Rate Movements Against China on Exports
- Assessment of the Deviation from the 2025 Interim Target

GLOBAL ECONOMY

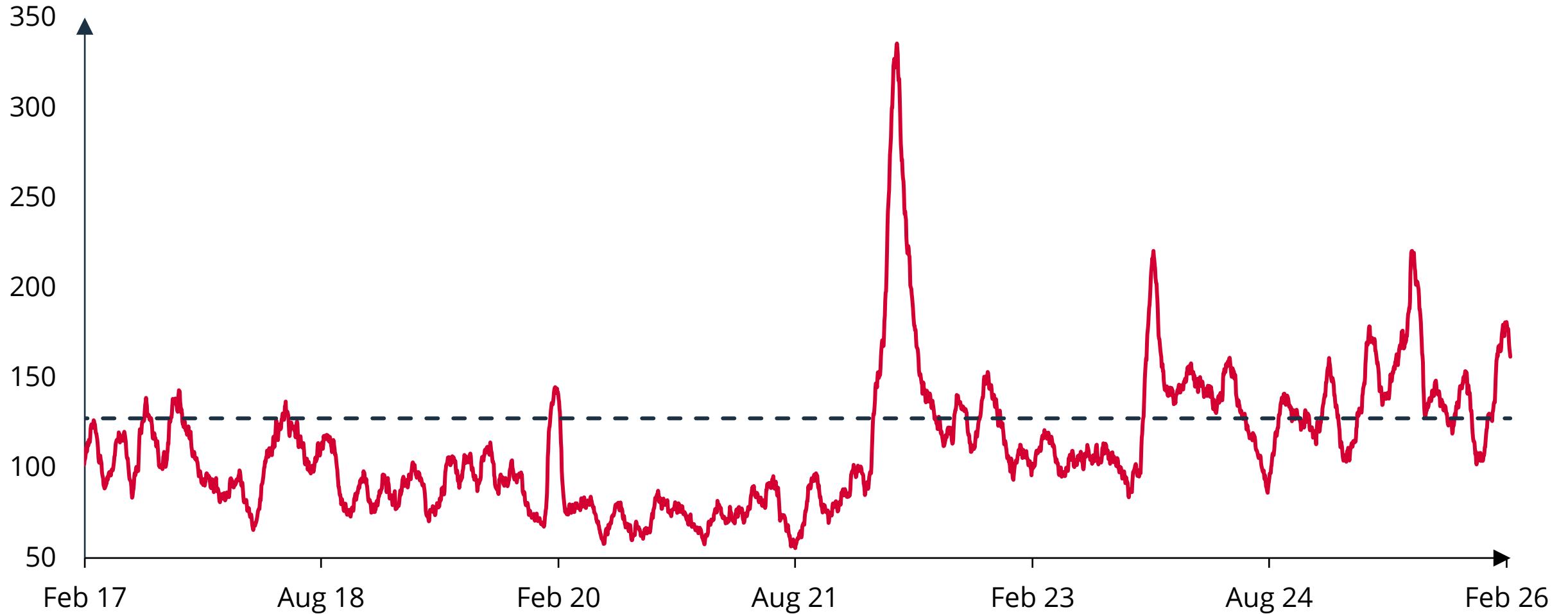
The global growth trajectory has converged to projections prior to April 2025.

The Export-Weighted Global Growth Index



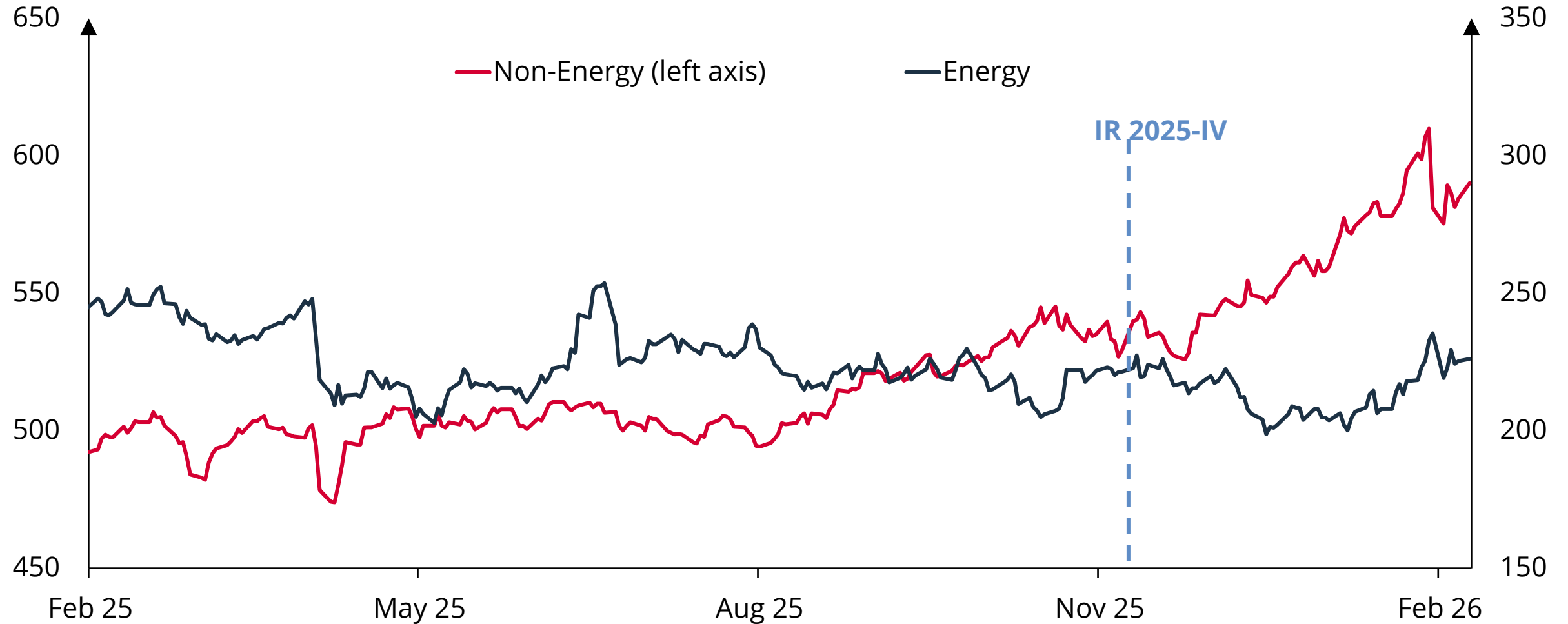
Global uncertainty has remained high driven by geopolitical risks.

Geopolitical Risk Index*



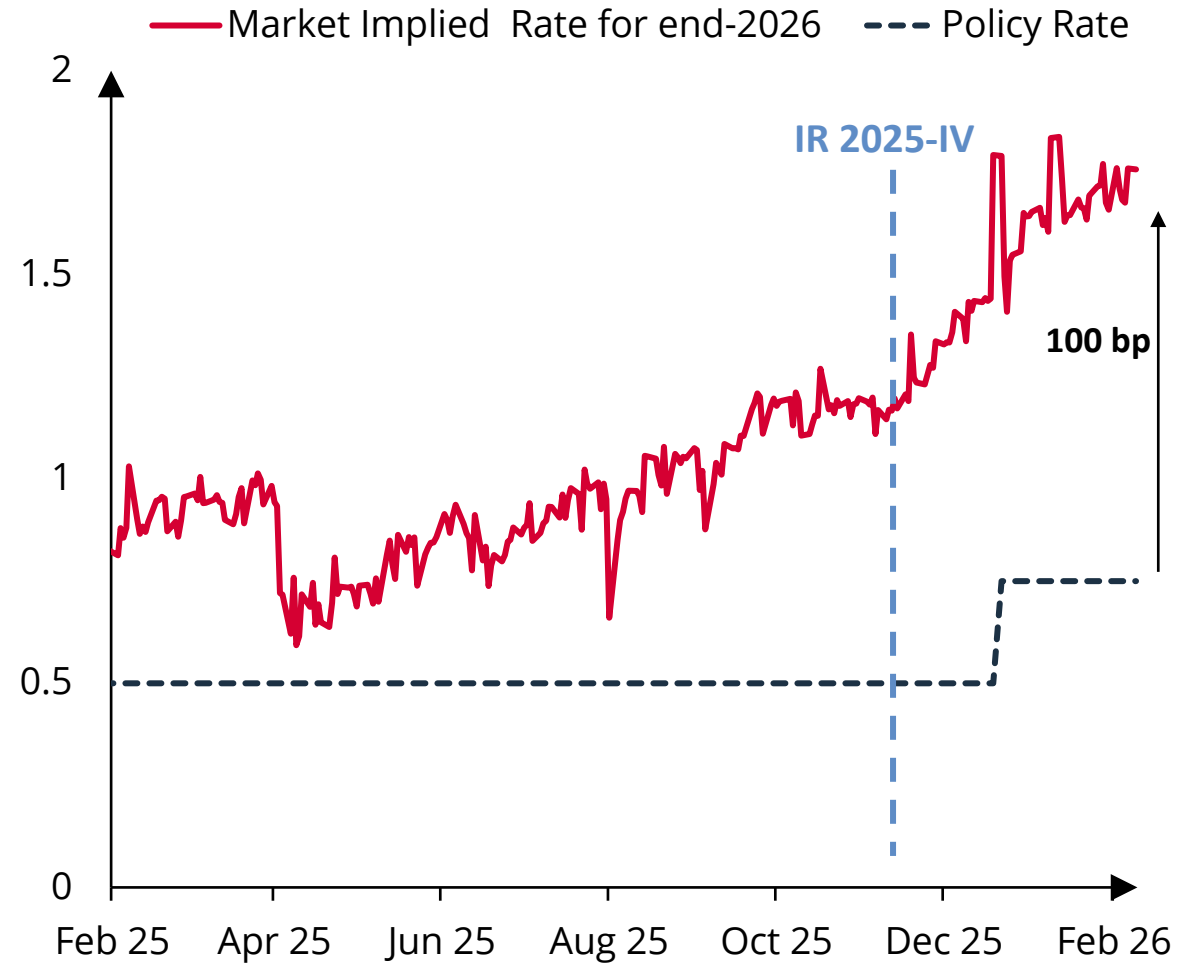
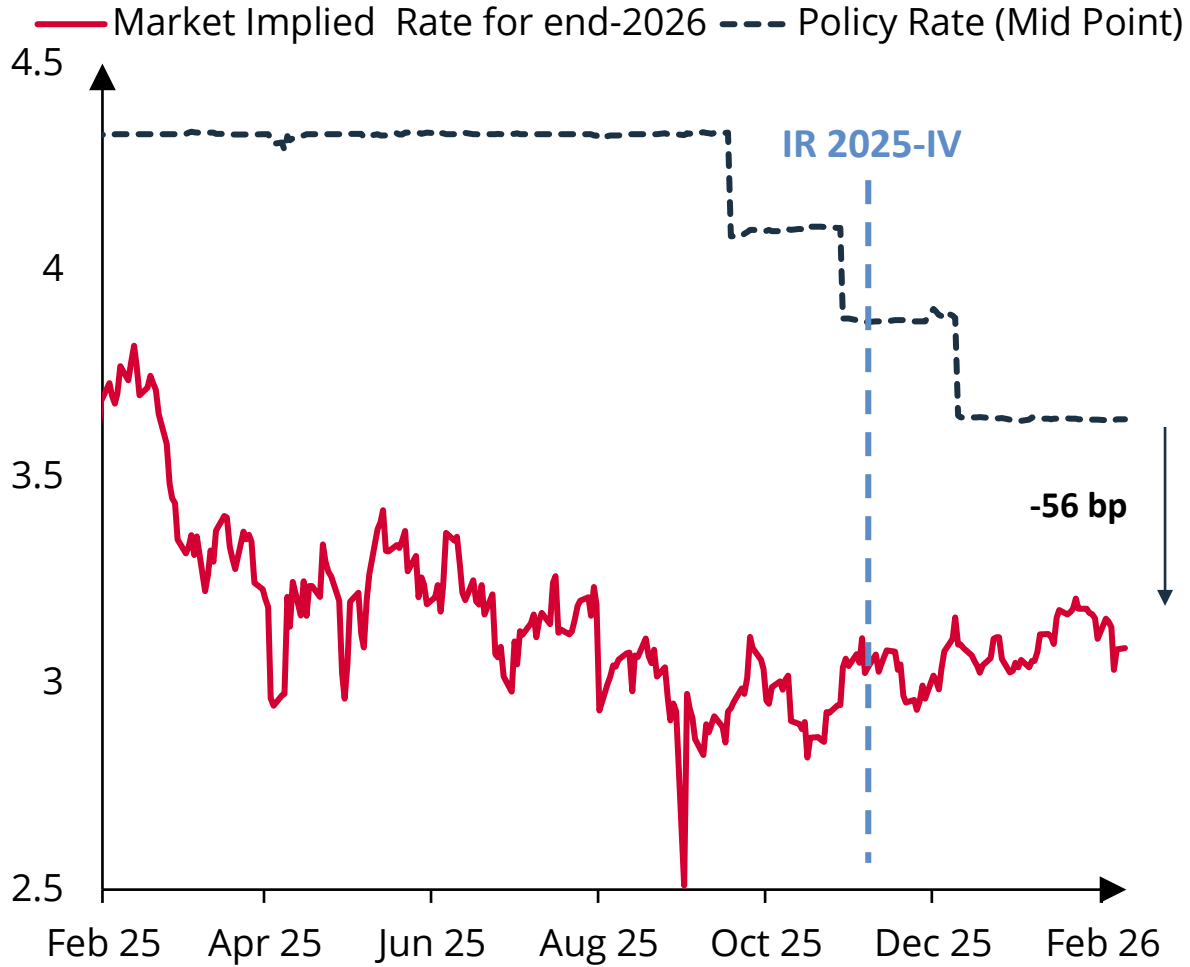
Non-energy commodity prices sustained their increase amid volatility.

Commodity Price Indices (Daily)



Expectations regarding monetary policies of AEs have an impact on financial markets.

Fed Policy Rate and Market Pricing for the end of 2026 (%) BoJ Policy Rate and Market Pricing for the end of 2026 (%)

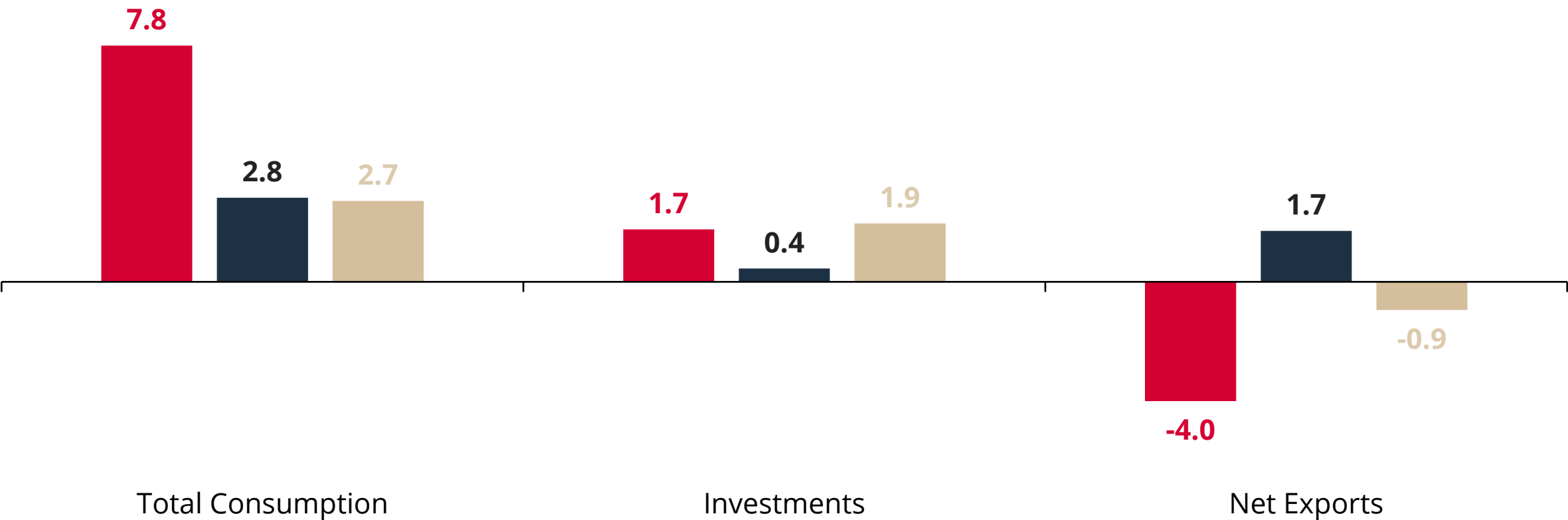


ECONOMIC ACTIVITY

Demand composition has supported the disinflation process.

Contributions to Annual GDP Growth by Expenditures (% Points)

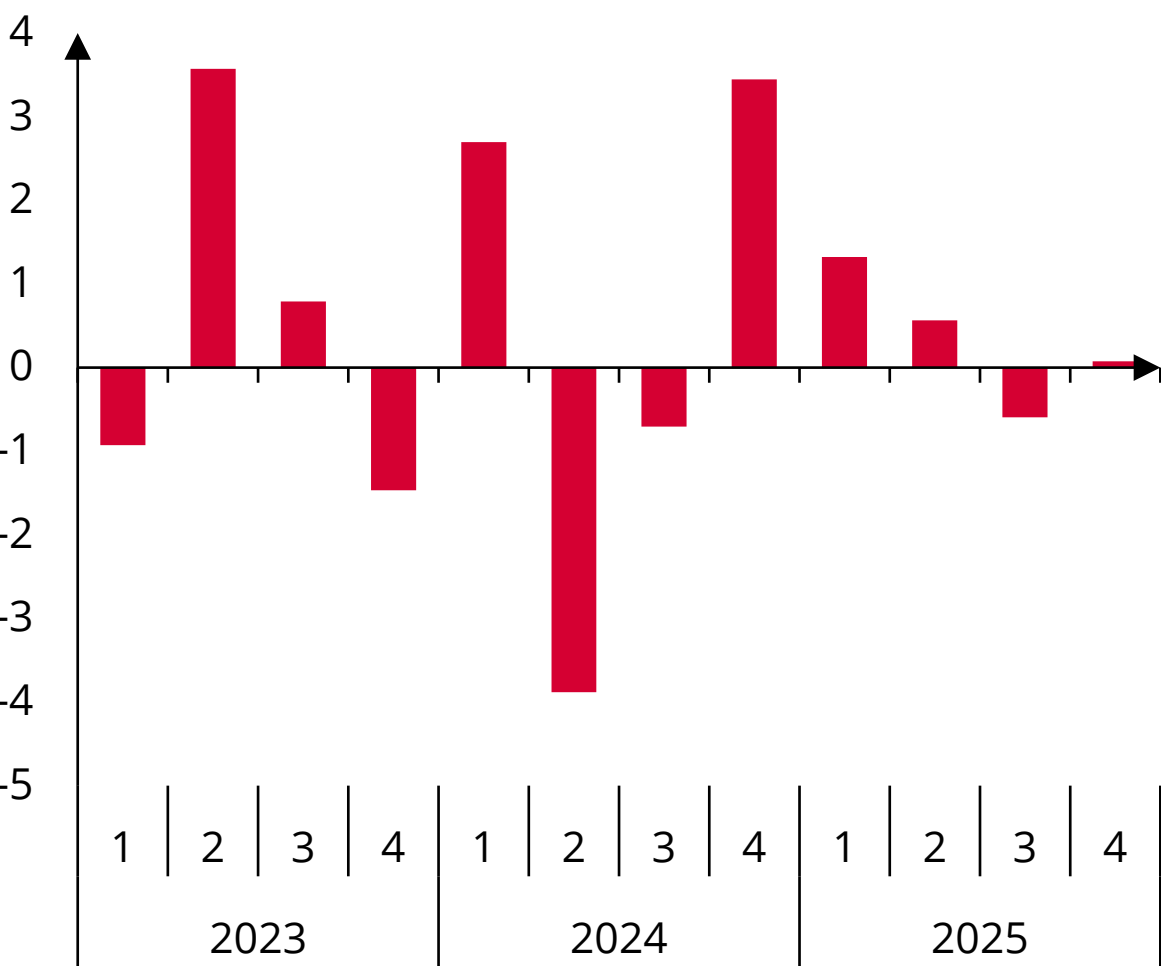
■ 2023 Q1-Q3 ■ 2024 Q1-Q3 ■ 2025 Q1-Q3



Industrial and services production indices remain flat.

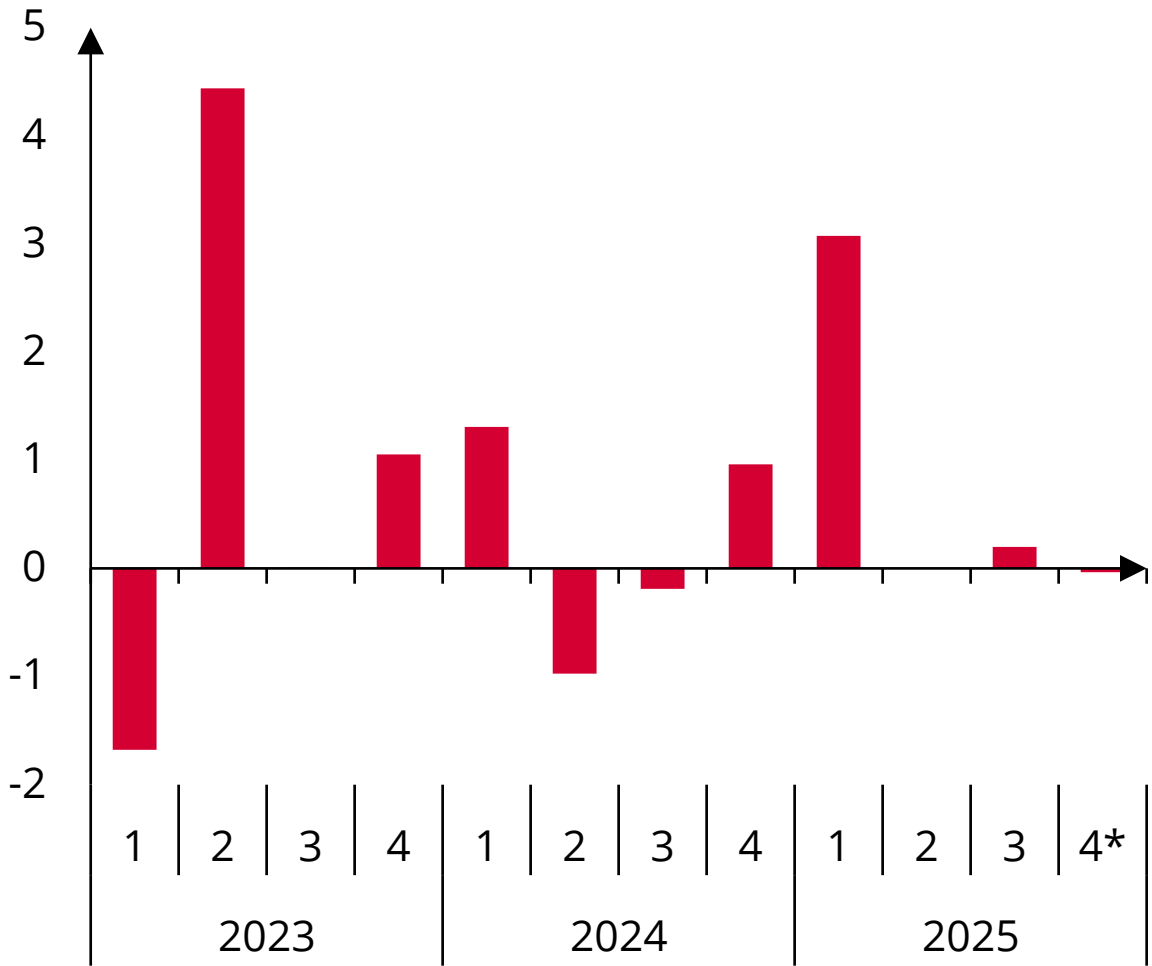
Industrial Production Index

(Seasonally and Calendar Adjusted, Quarterly % Change)



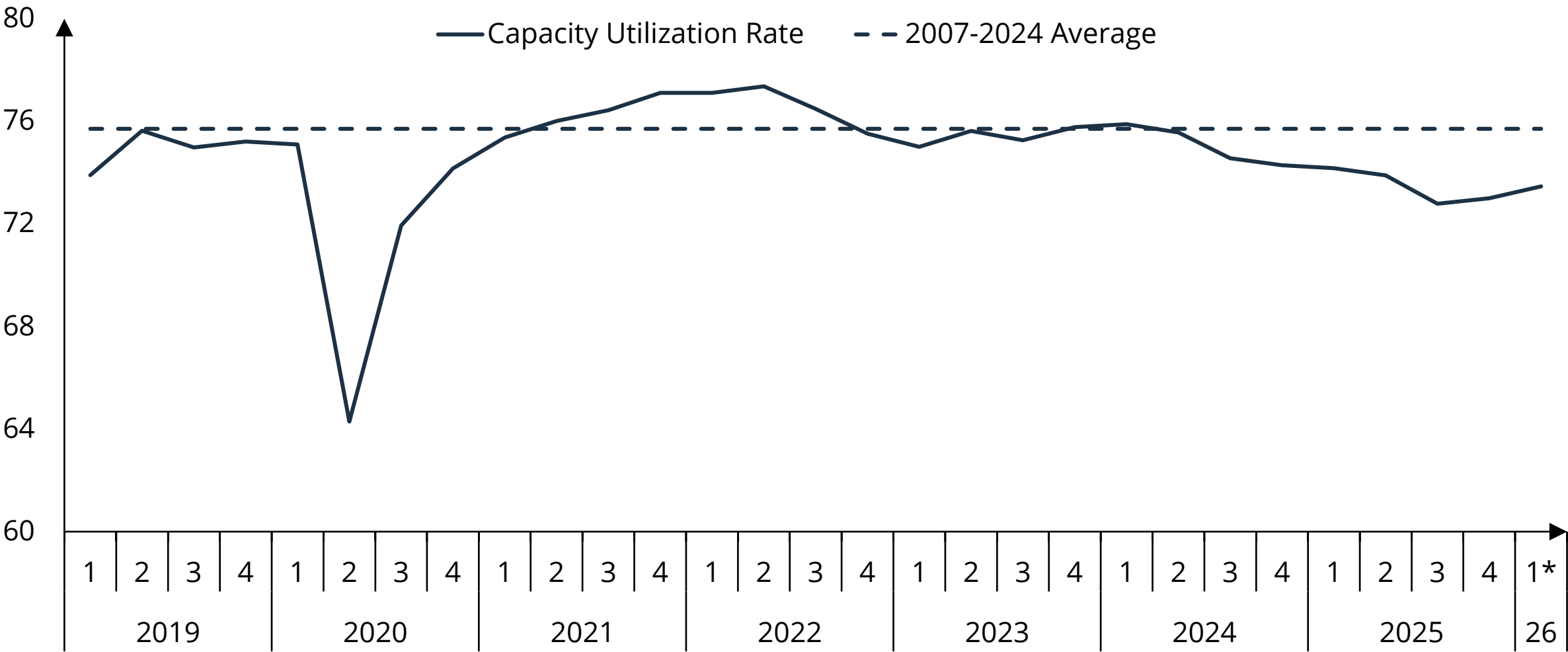
Services Production Index

(Seasonally and Calendar Adjusted, Quarterly % Change)



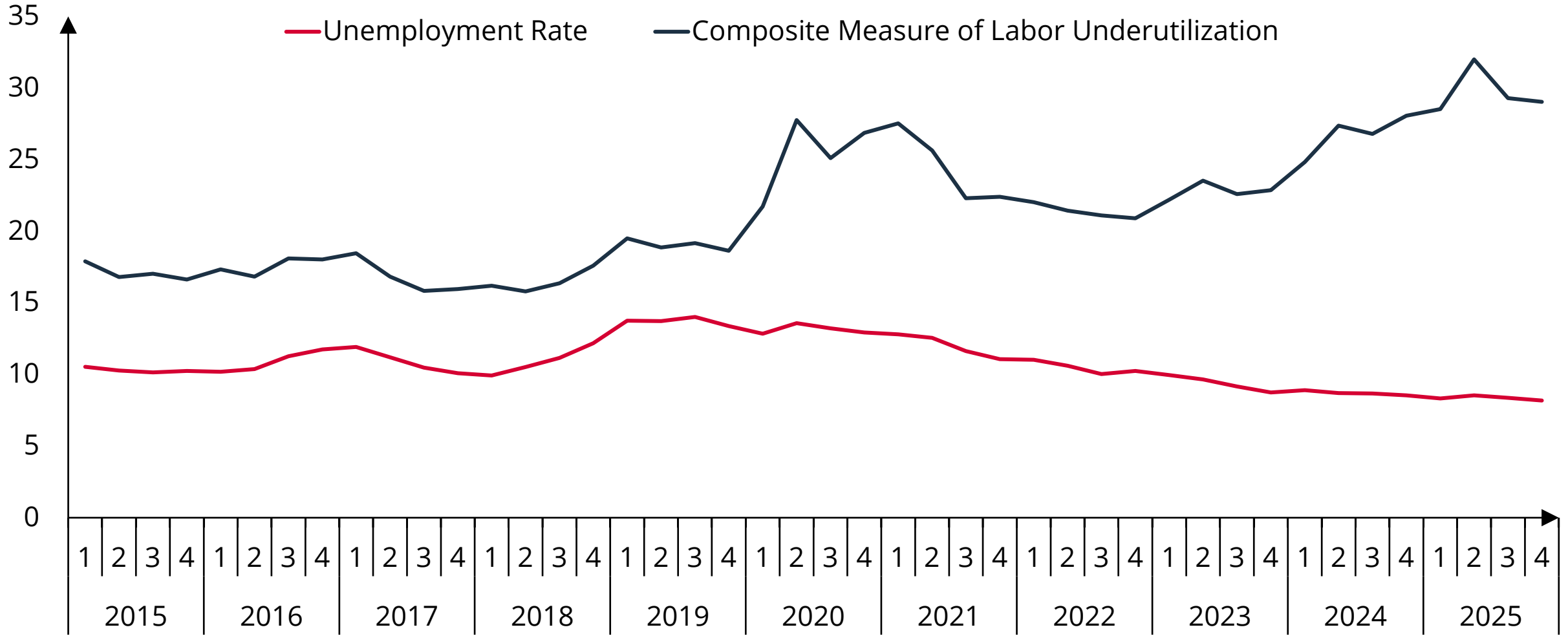
Despite a slight recovery recently, capacity utilization remains weak.

Capacity Utilization Rate** (Seasonally Adjusted, %)



Labor market is less tight than what the headline unemployment rate implies.

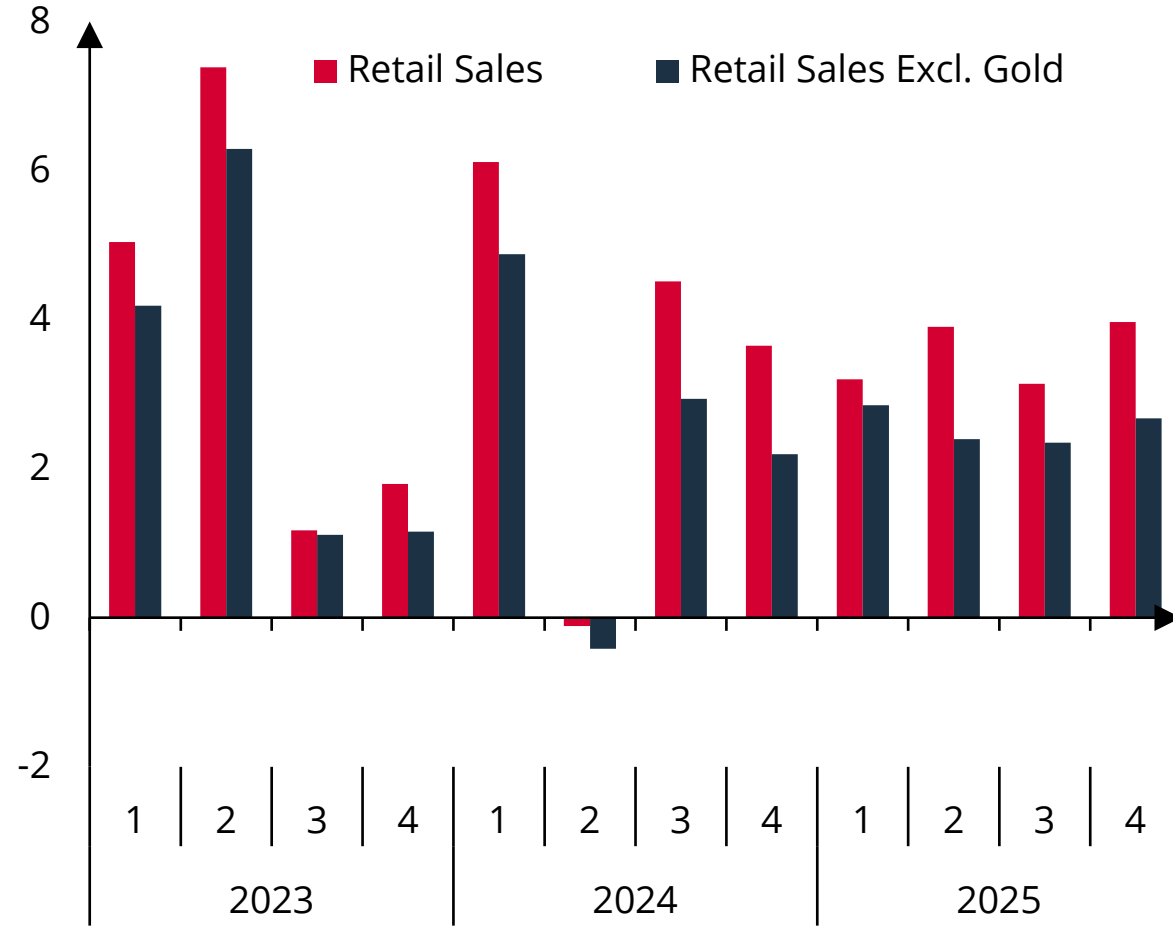
Labor Market Indicators* (Seasonally Adjusted, %)



Retail sales excluding gold accelerated somewhat in Q4, yet remained under trend.

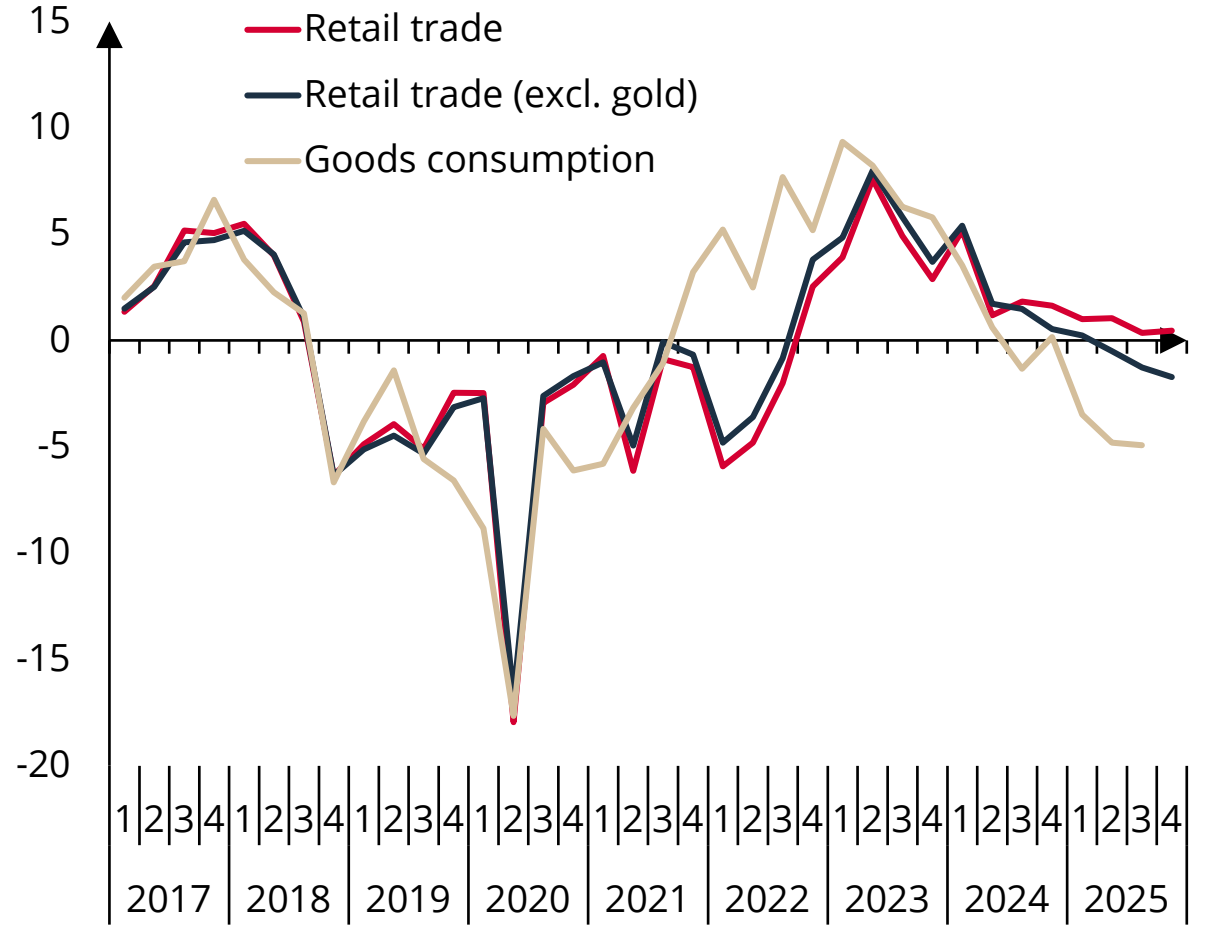
Retail Sales Volume Index*

(Seasonally and Calendar Adjusted, Quarterly % Change)



Retail Sales Volume Index and Consumption of Goods**

(HP Gap, %)



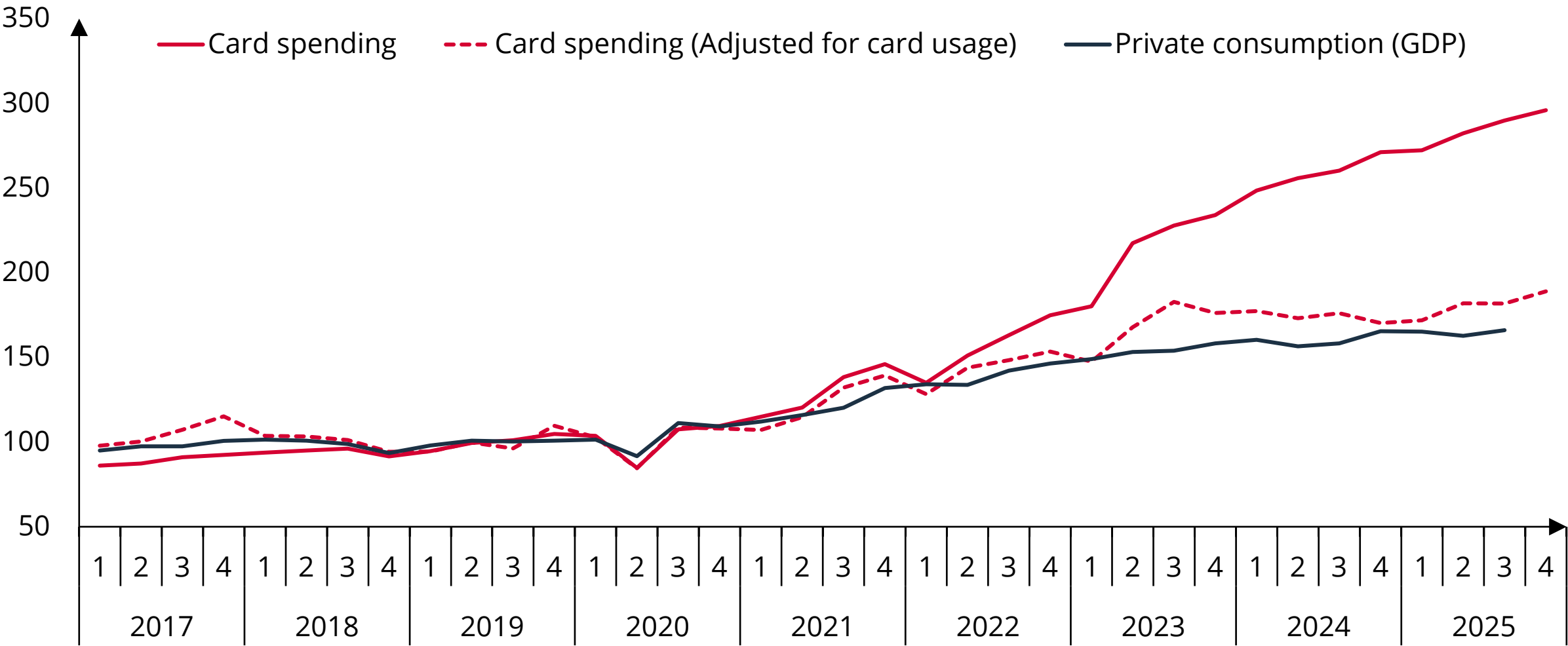
Source: TURKSTAT, CBRT. As of December 2025.

*Retail sales volume index excluding gold represents the retail sales volume index excluding watches and jewelry specifically omitting the item "47.77 - Retail sale of watches and jewelry in specialized stores" from retail trade activities.

** Goods consumption refers to household goods consumption as classified under GDP.

Card spending increased slightly in the fourth quarter.

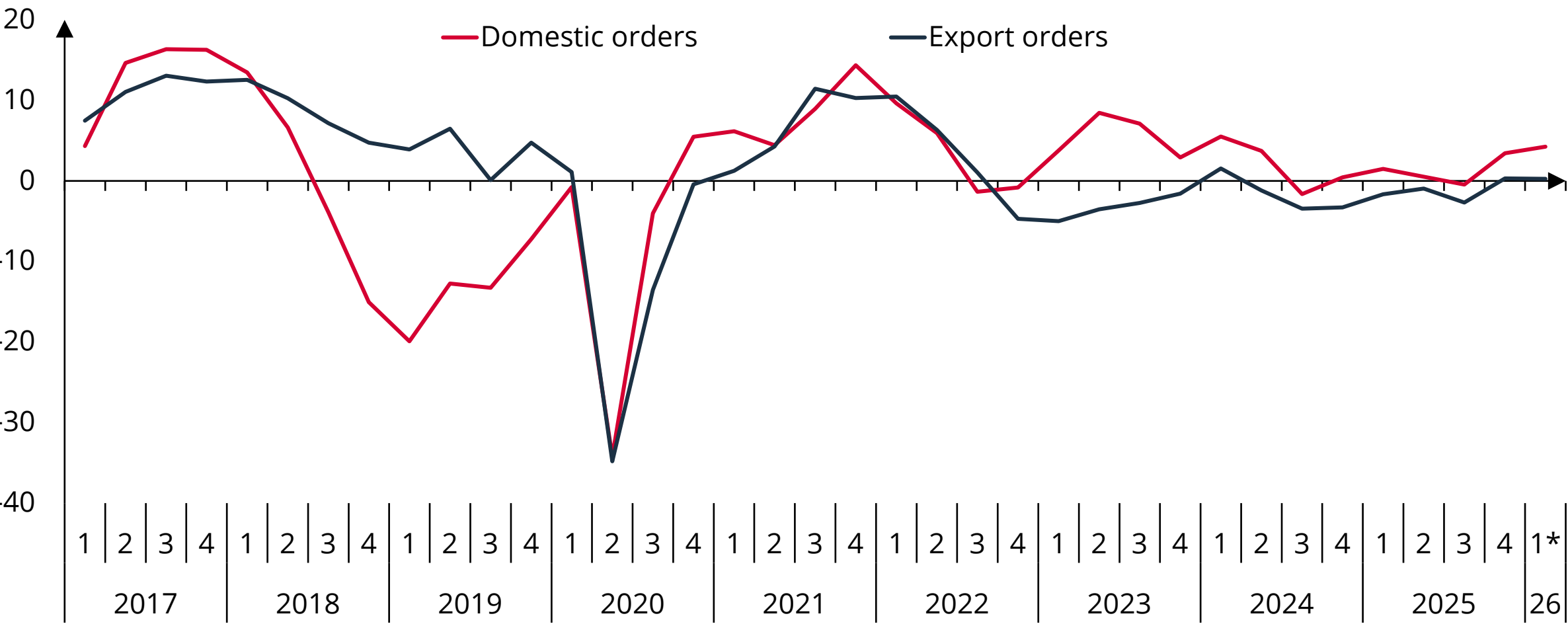
Card Spending* (Real, Seasonally Adjusted, 2019=100)



Domestic orders of the manufacturing industry have been increasing recently.

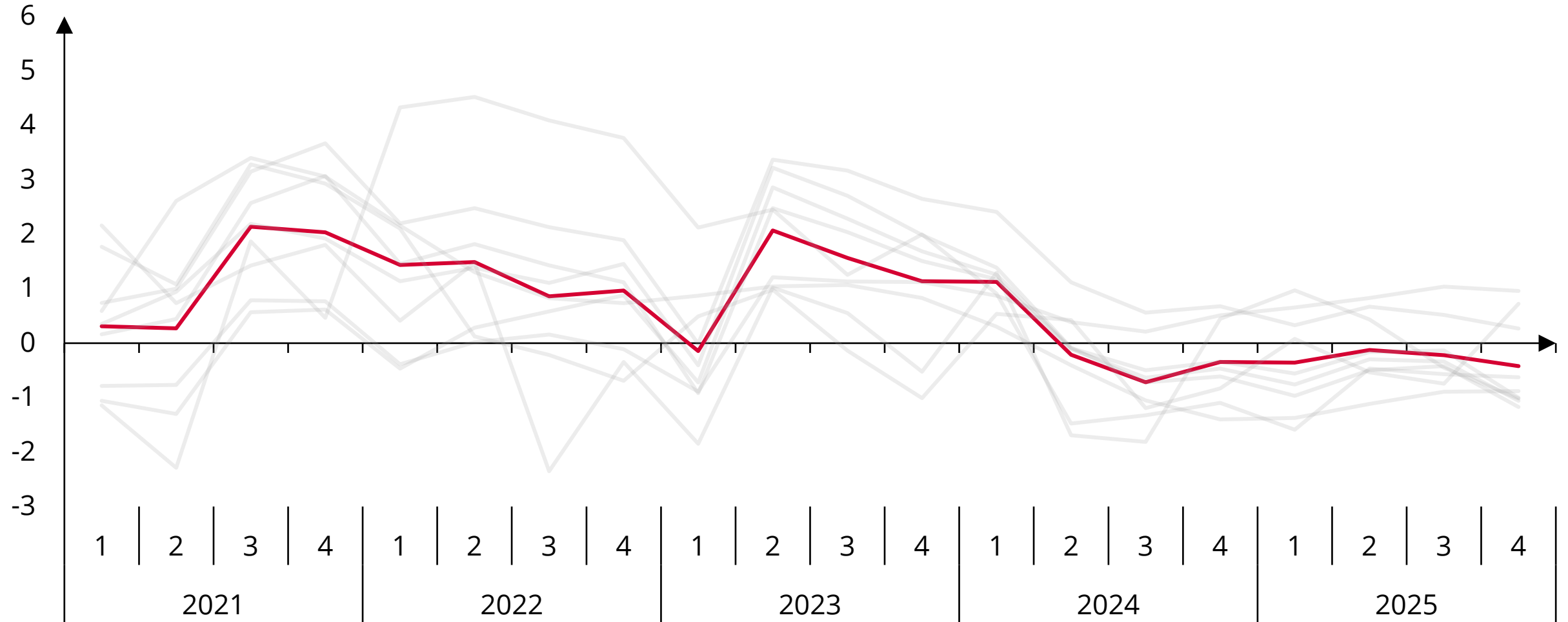
Registered Domestic and Export Orders

(Seasonally Adjusted, Above Normal – Below Normal, Compared to the 2007-2024 Average)



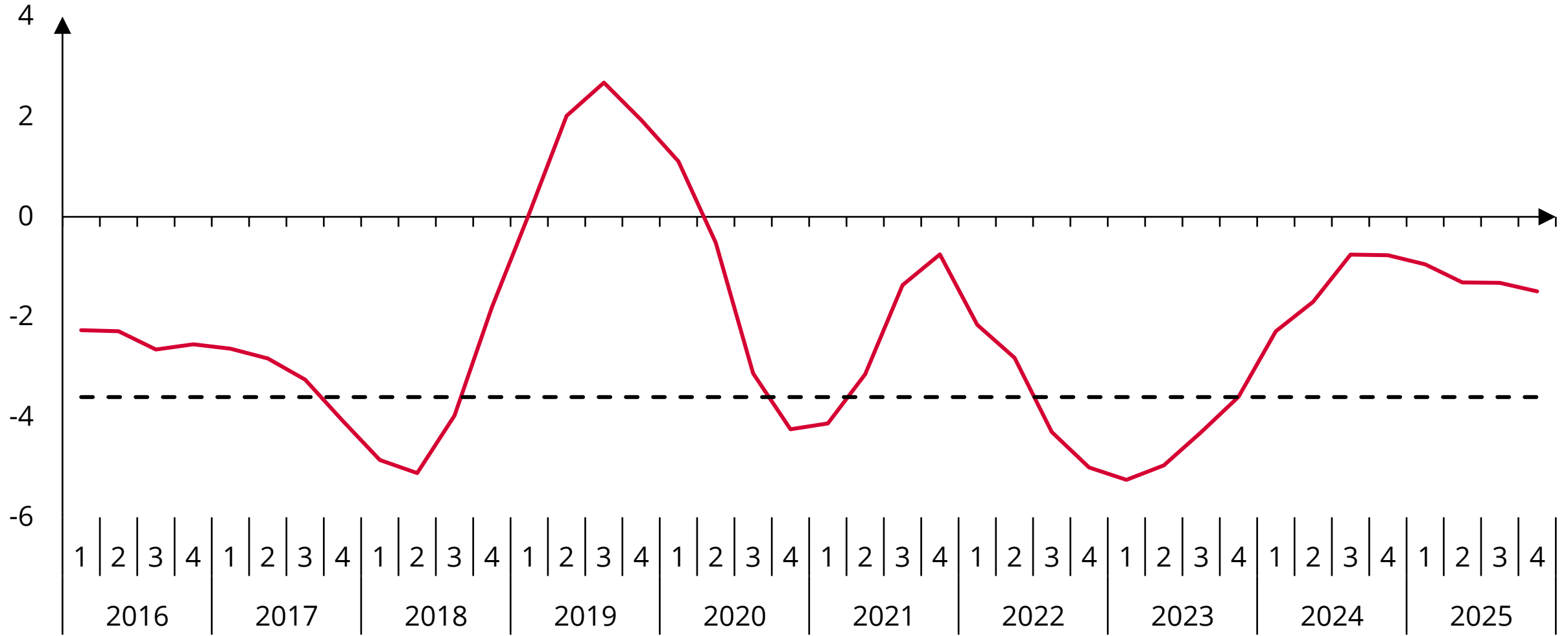
Indicators suggest that demand conditions are at disinflationary levels.

Output Gap* (%)



Current account deficit remains below historical averages.

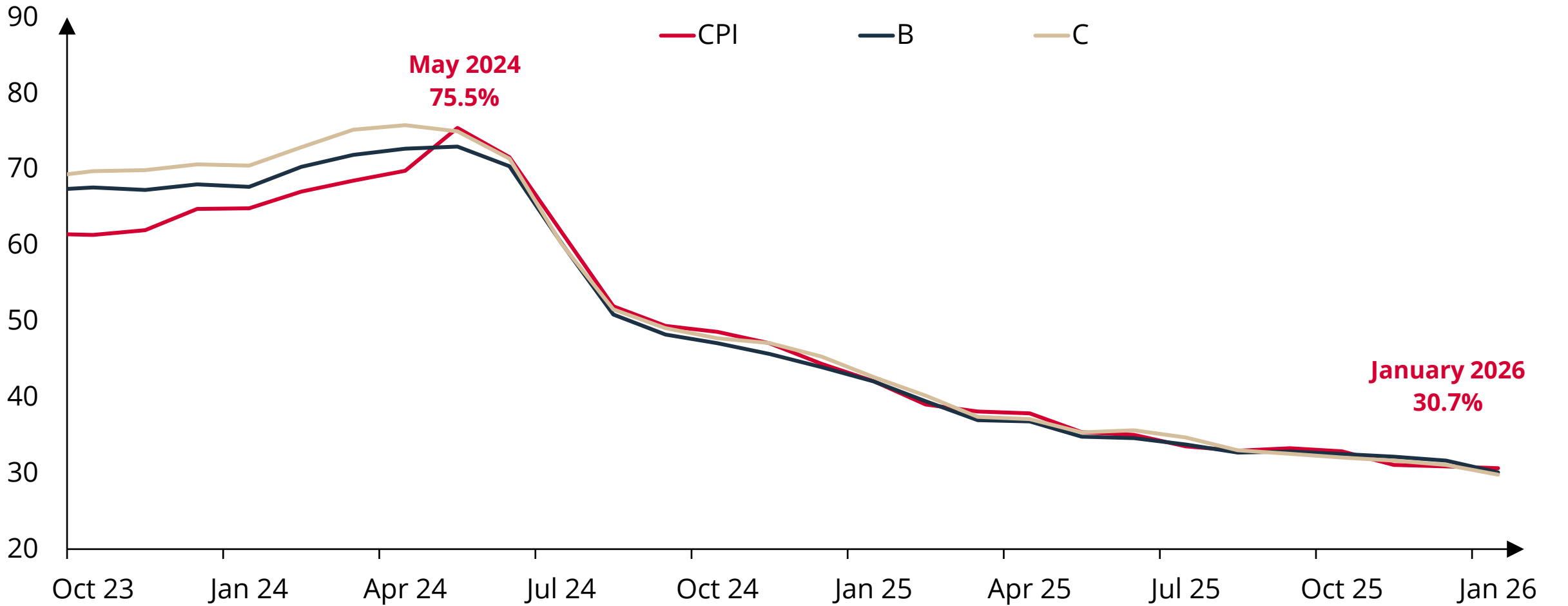
Current Account Balance/GDP* (%)



INFLATION

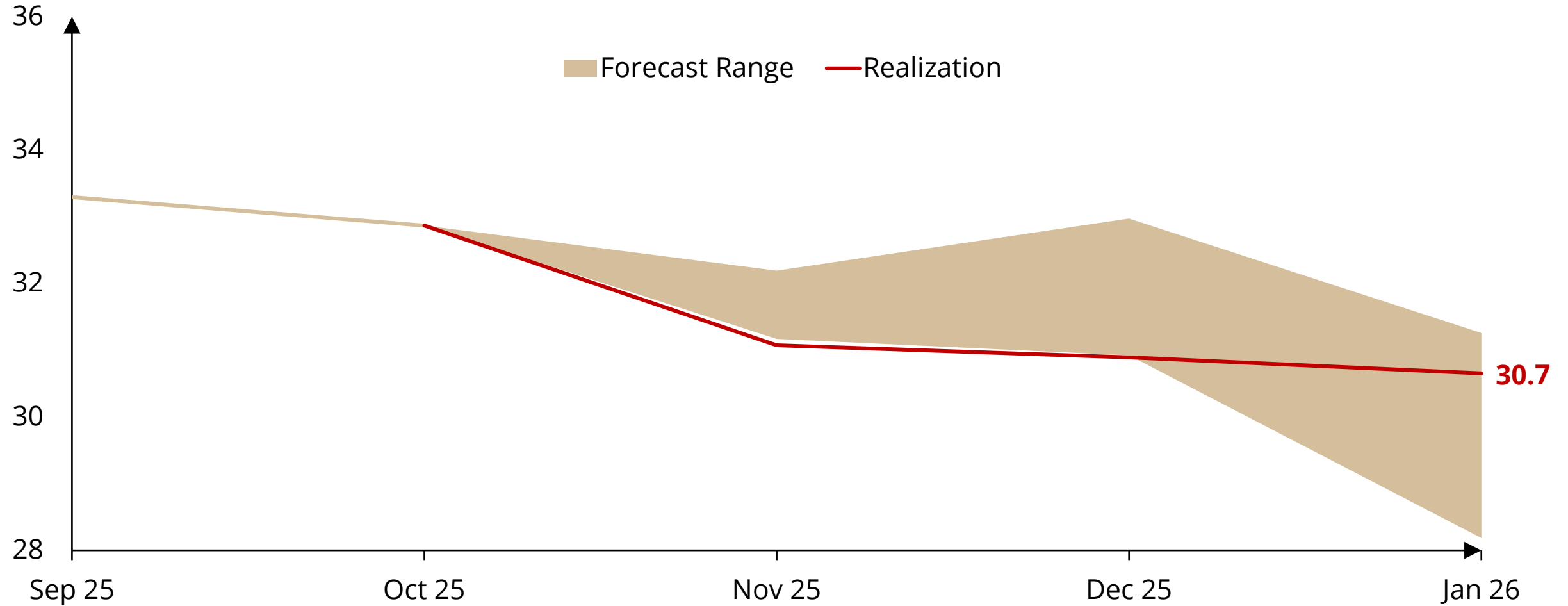
Annual inflation declined to 30.7 percent in January.

CPI and Core Indicators (Annual % Change)



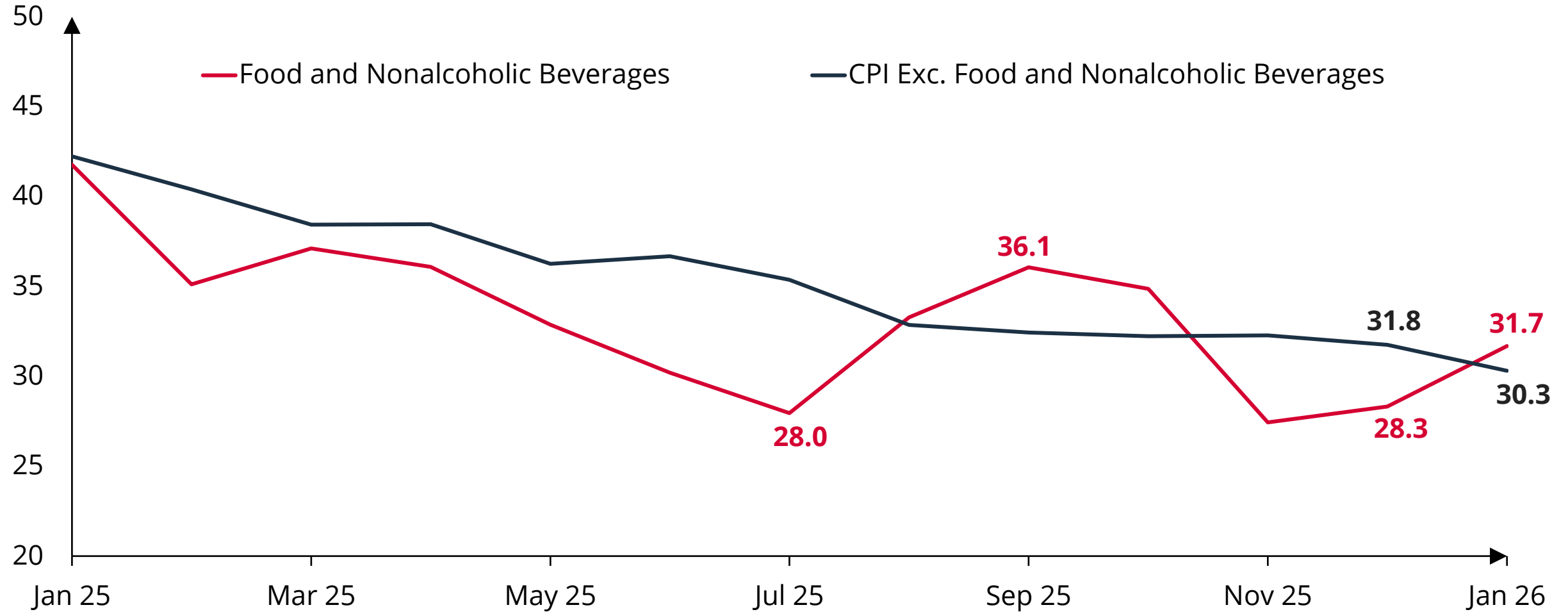
In January, inflation was realized close to the upper bound of the forecast range.

CPI Realization and 2025 IR-IV Forecasts (Annual % Change)



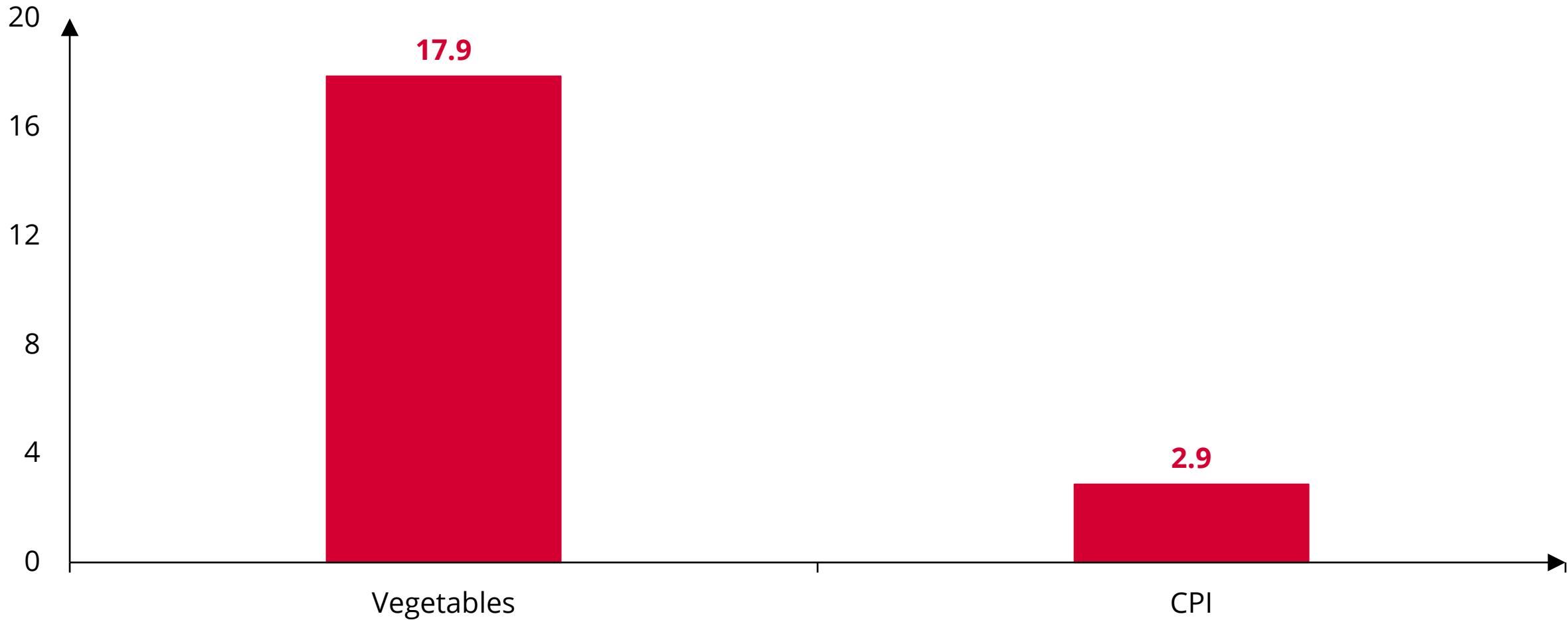
Food inflation follows a volatile course.

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



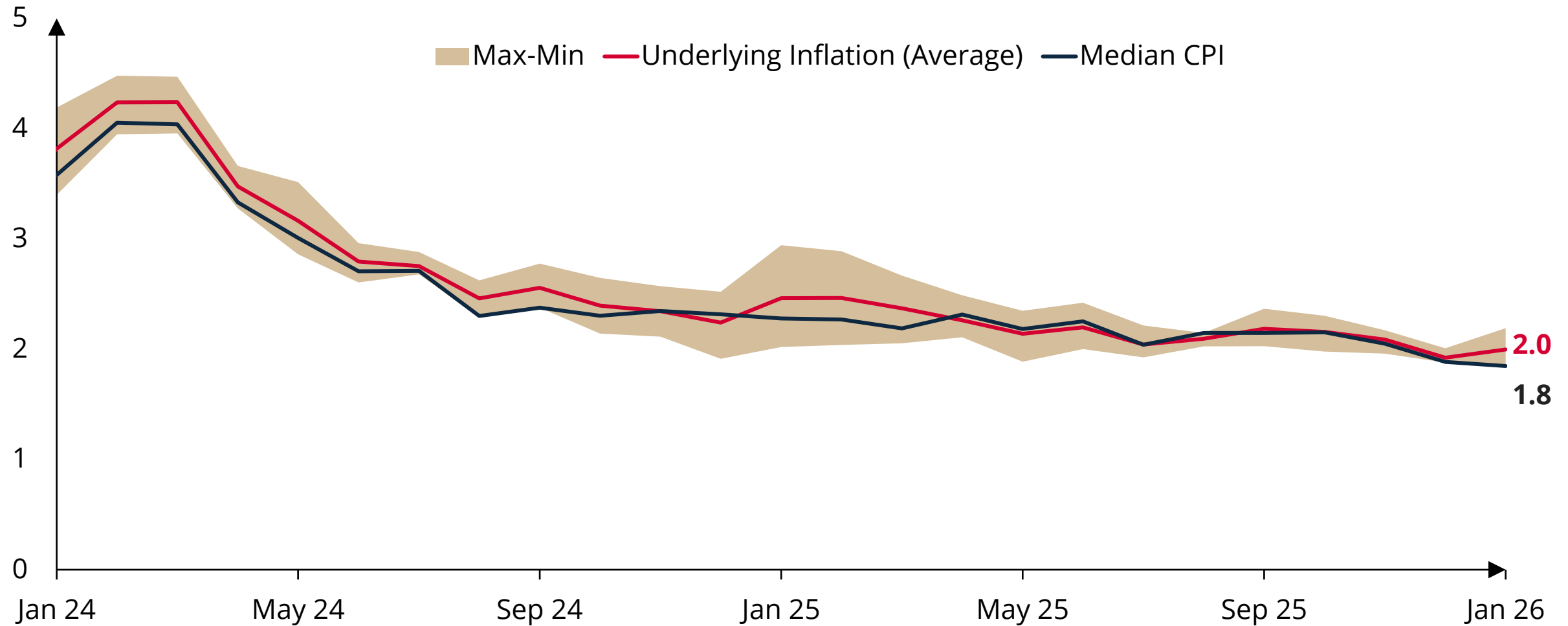
Vegetable prices increased significantly due to supply conditions.

Monthly Inflation (Seasonally Adjusted, January 2026, %)



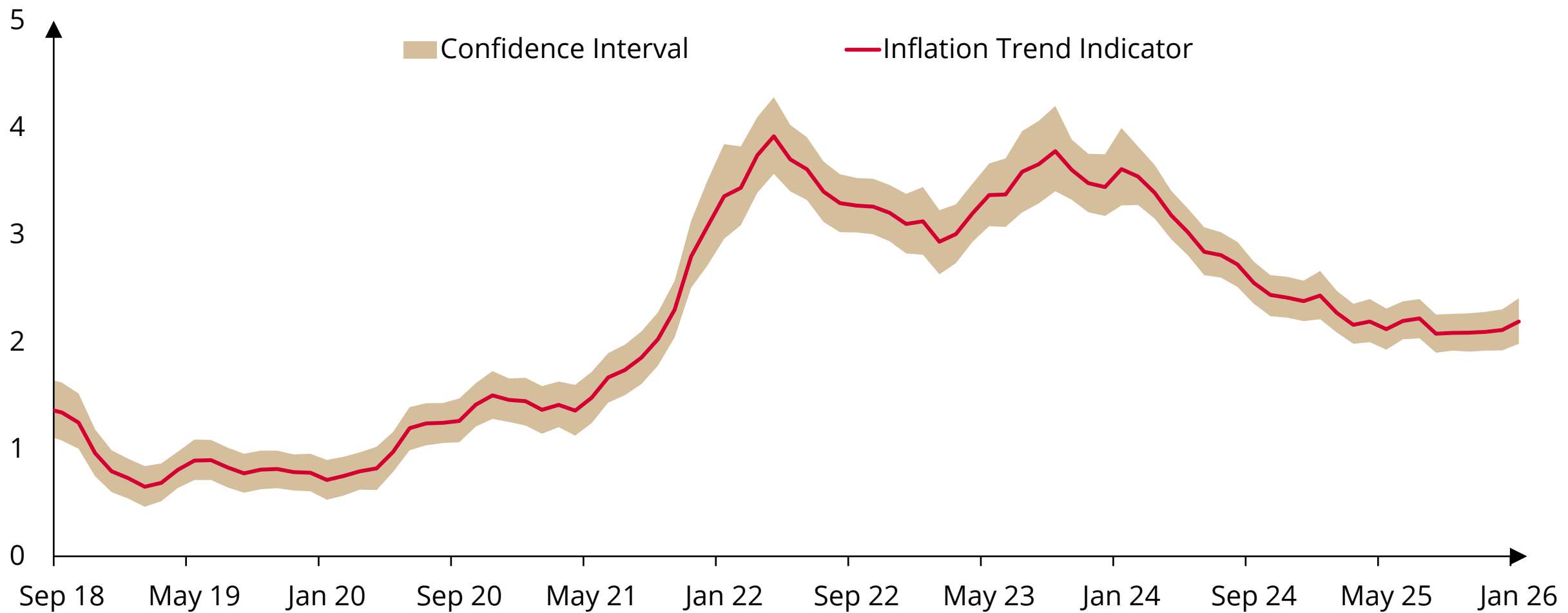
In January, the underlying inflation recorded a period-specific increase.

Median and Underlying Inflation* (Monthly % Change, 3-Month Average)



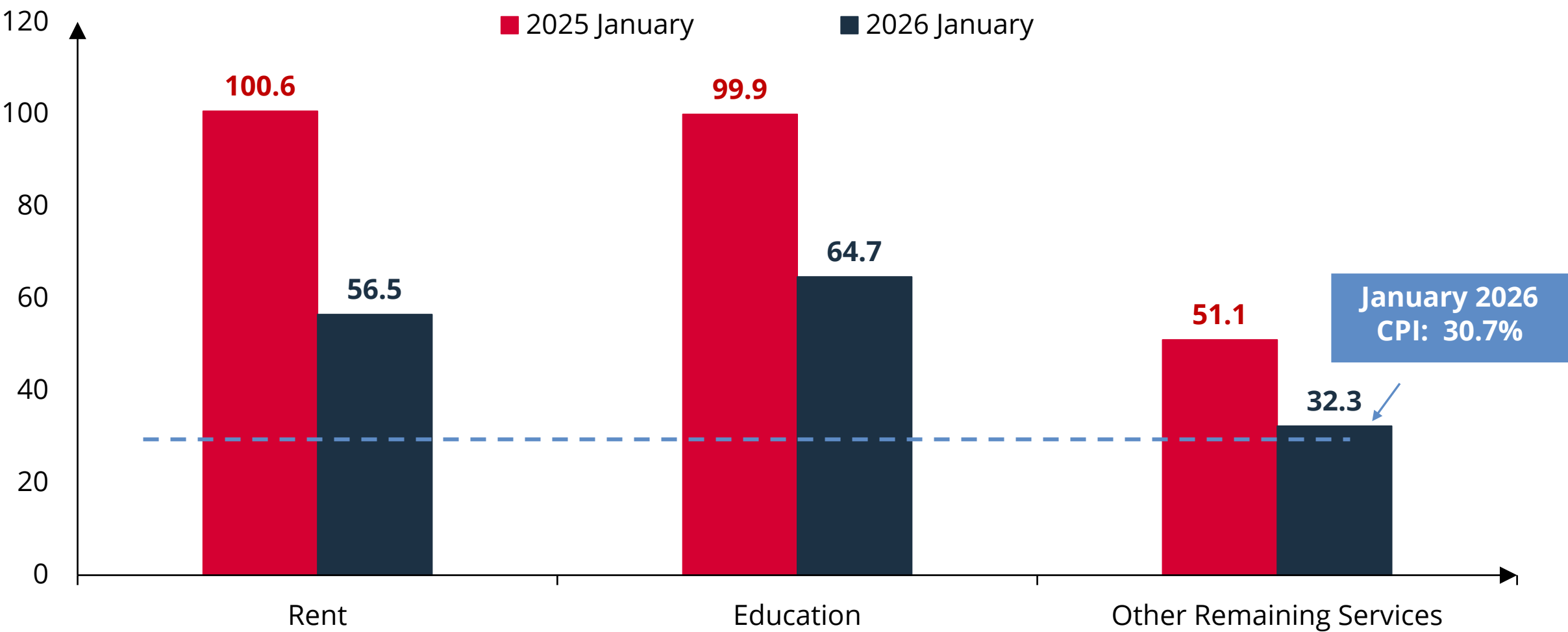
The trend inflation indicator also recorded a modest increase in this period.

Multivariate Inflation Trend Indicator* (%)



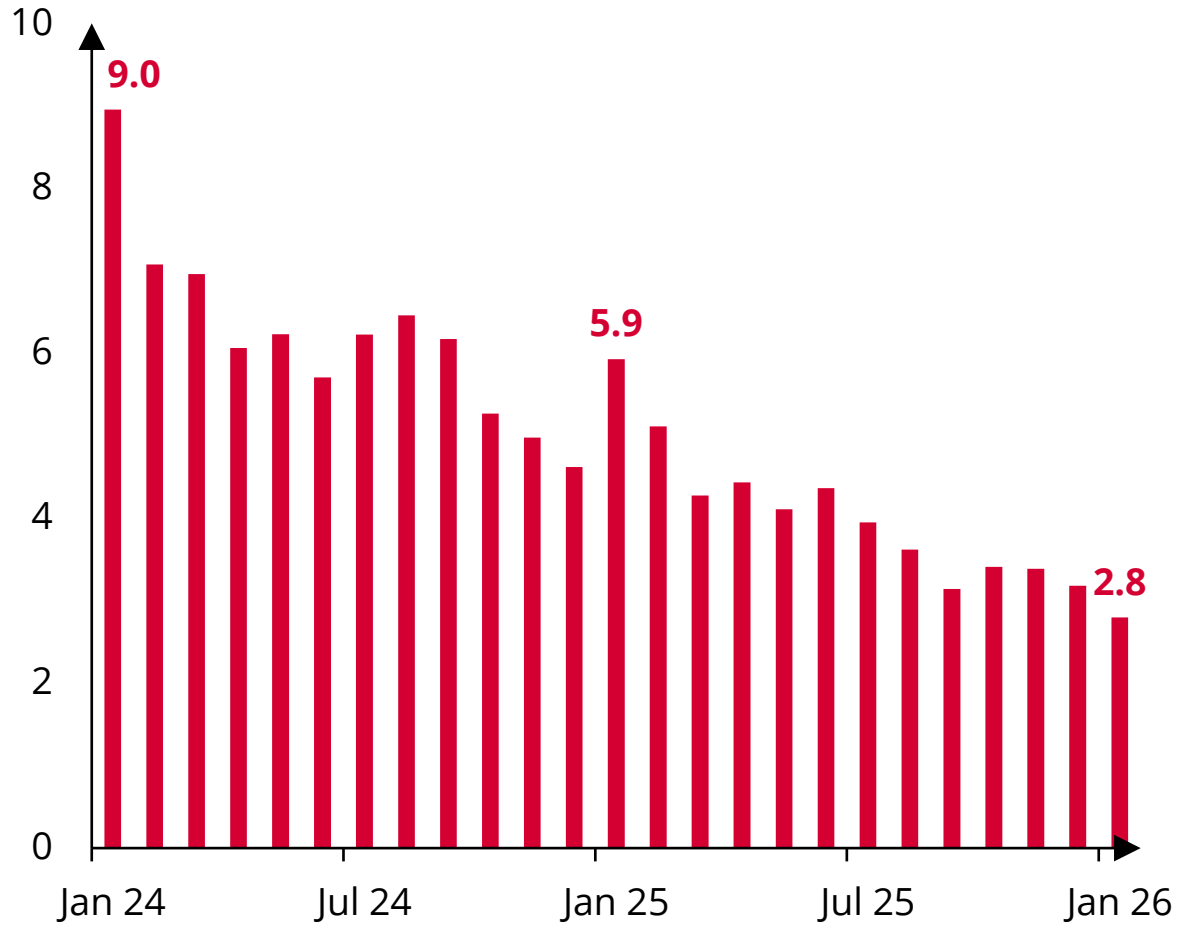
Elevated services inflation has been driven mainly by rent and education.

Services Sub-items (Annual % Change)

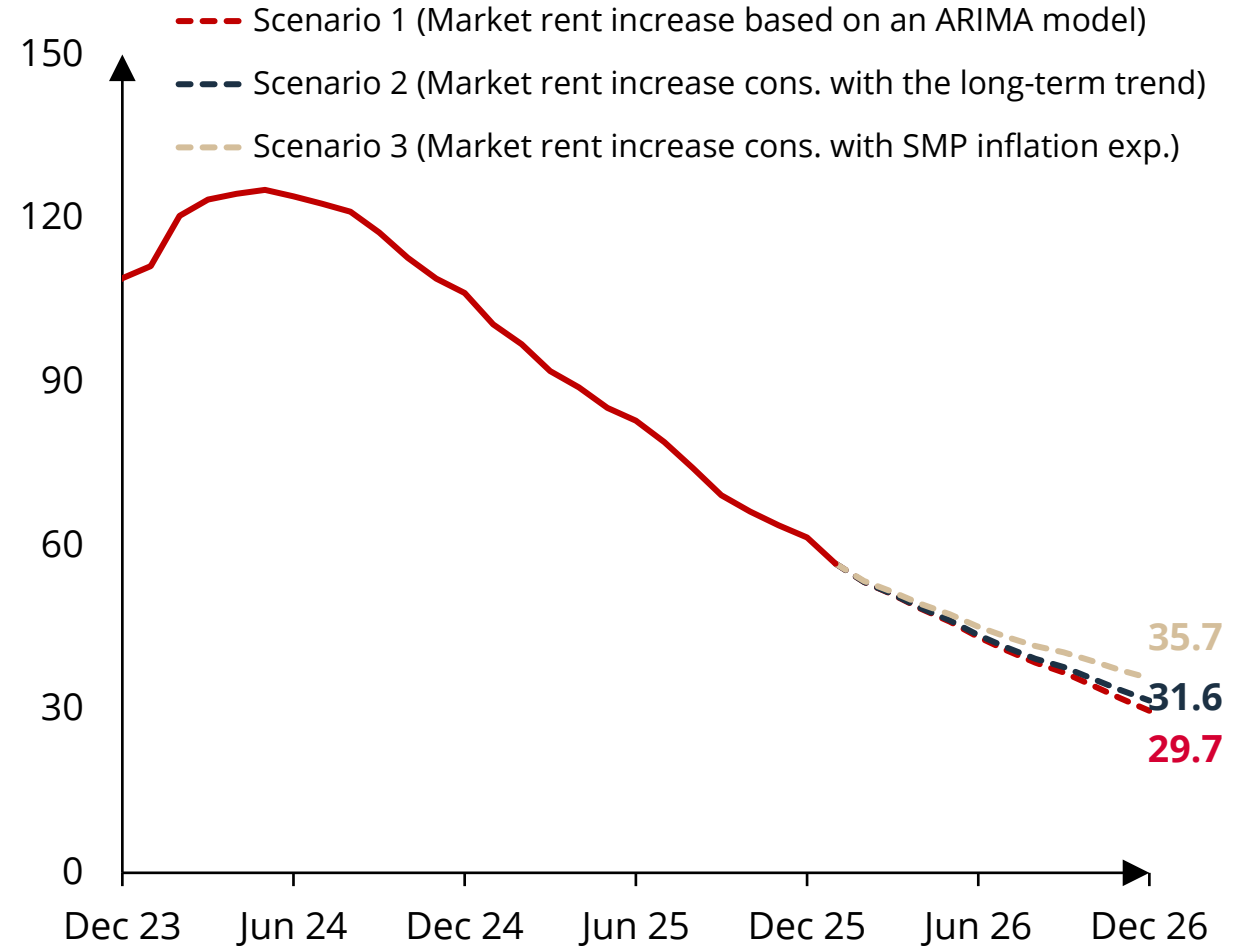


The slowdown in rent inflation is expected to continue.

Rent (Seasonally Adjusted, Monthly % Change)



Rent Inflation Forecast* (Annual % Change)

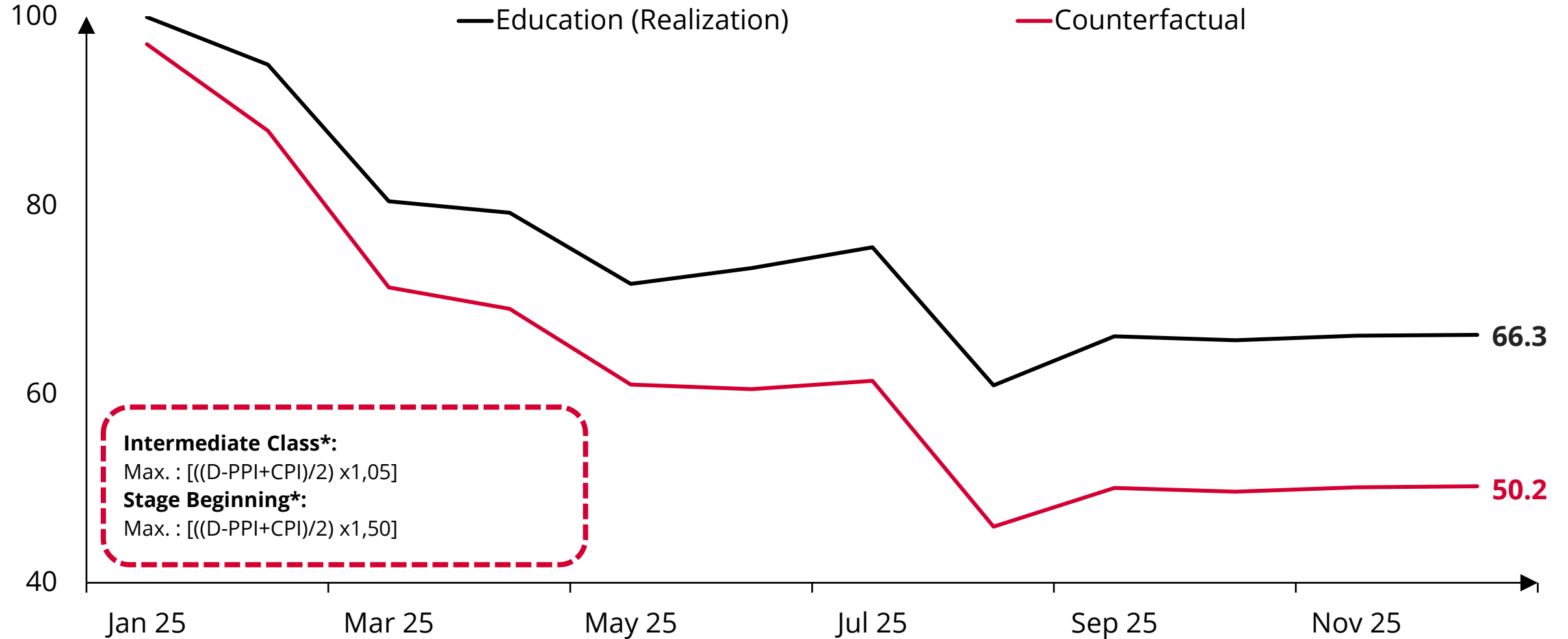


Source: CBRT, TURKSTAT.

***Scenario 1:** Market rents follow an ARIMA process and end 2026 with a 15% annual change. **Scenario 2:** Market rents continue its trend estimated using the UCSVO method proposed by Stock and Watson (2016) and will complete 2026 with a 19% change. **Scenario 3:** Market rents follow the same course as the year-end headline inflation expectation of the January Market Participants Survey throughout 2026 and will complete the year with a 23% increase.

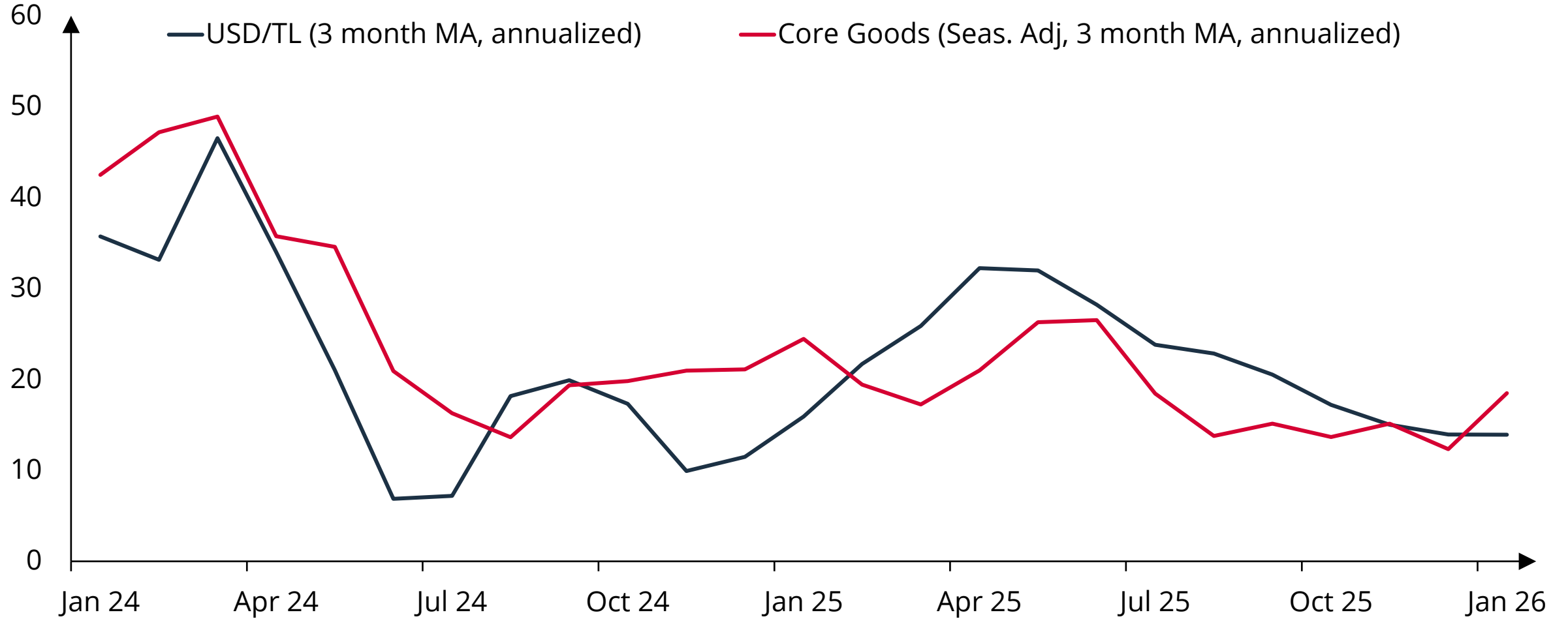
The latest regulations will support disinflation in the education sector.

Education Services Prices (Annual % Change)



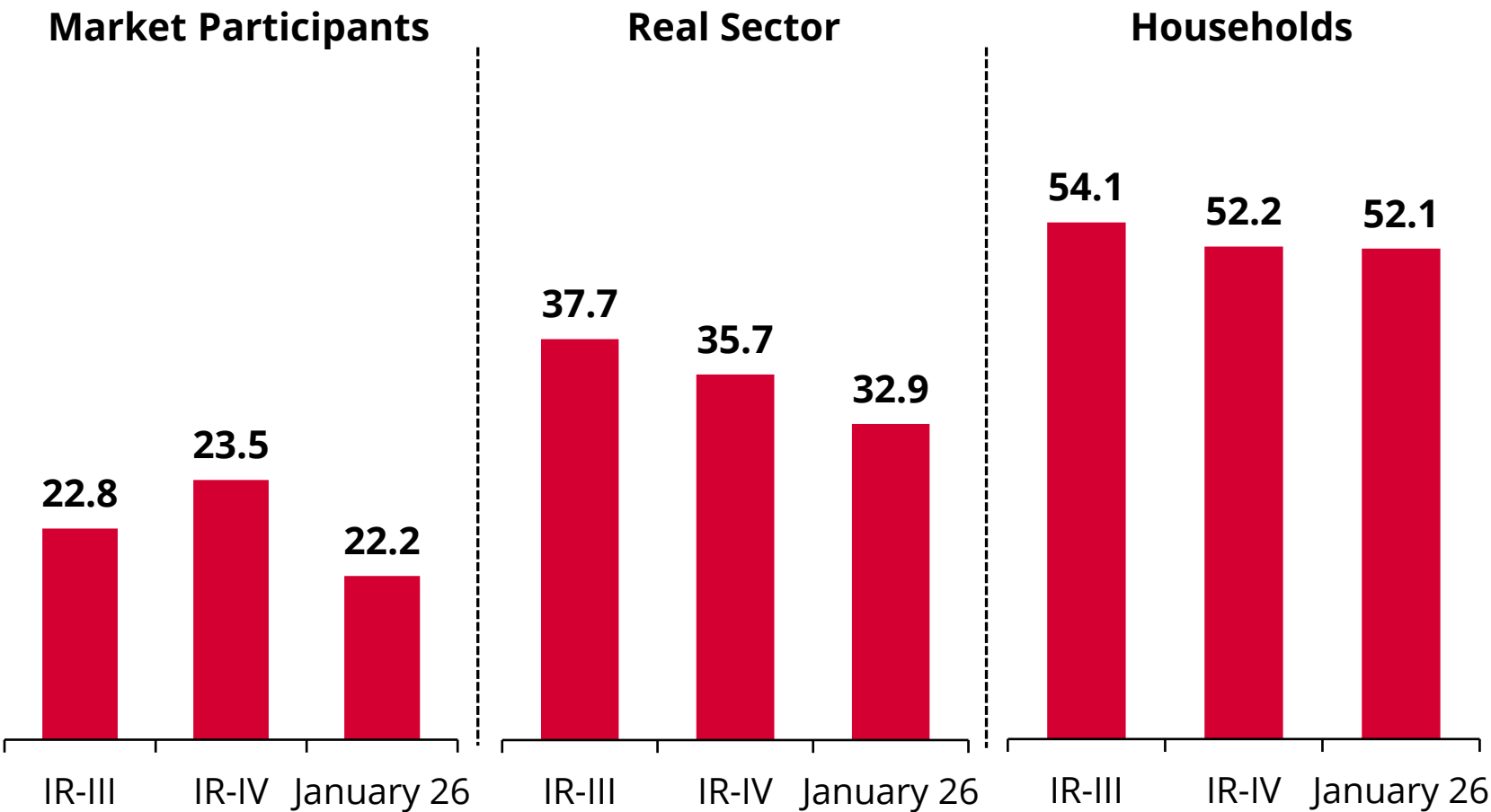
Exchange rate channel worked well in the second half of 2025.

USD/TL and Core Goods Inflation (%)



Inflation expectations are critical for the disinflation process.

Expectations of 12-Month ahead Annual CPI Inflation (%)

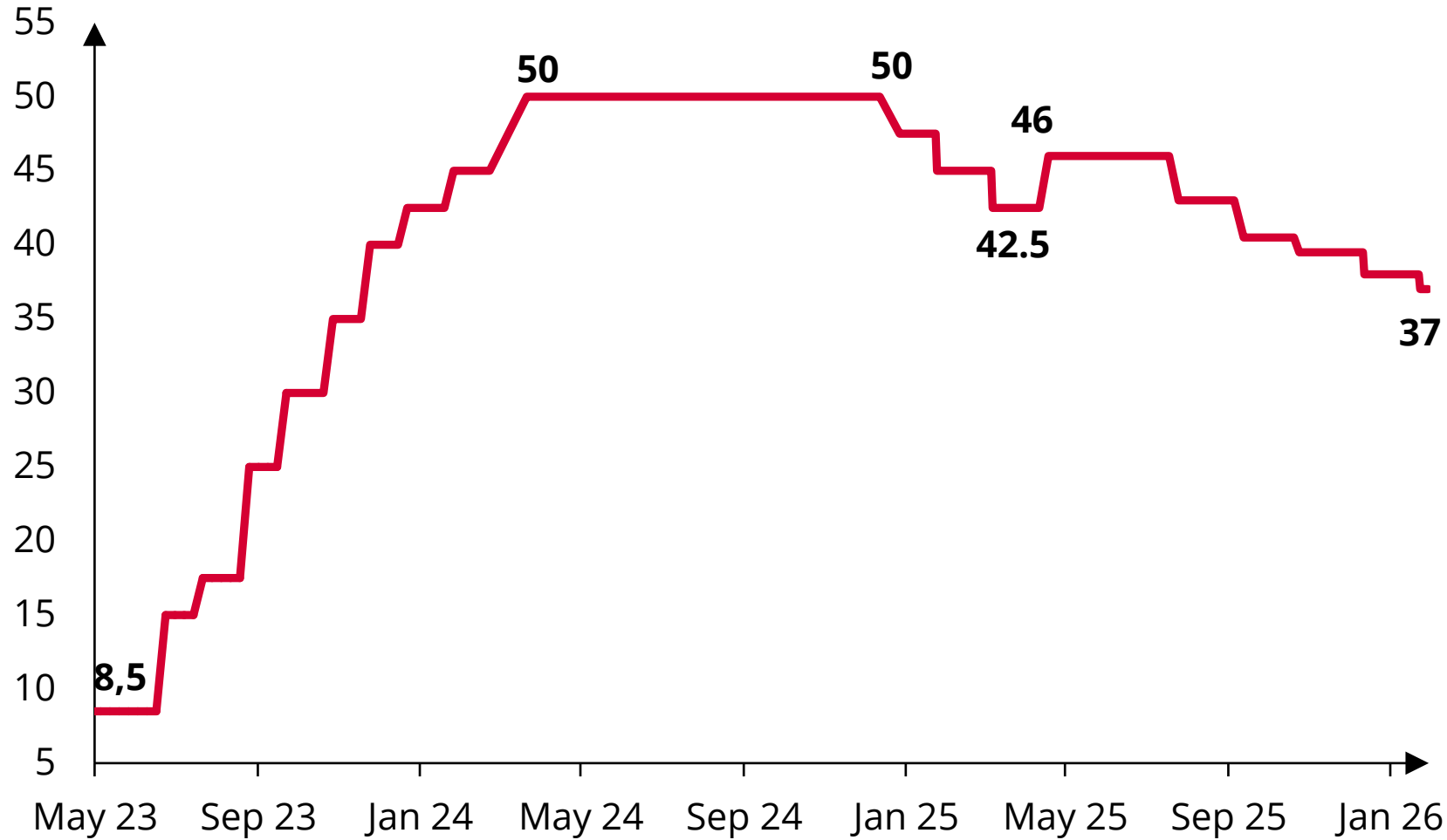


Market Participants Inflation Expectations (% , January 2026)	
End of 2026	23.2
12 months ahead (January 2027)	22.2
End of 2027	17.8
24 months ahead (January 2028)	16.9

MONETARY POLICY

Tight monetary policy stance is maintained.

Policy Rate (%)



**Macprudential
Framework**

**Liquidity
Management**

Macroprudential measures and liquidity management support the tight stance.

1 Targets for TL deposit share increase

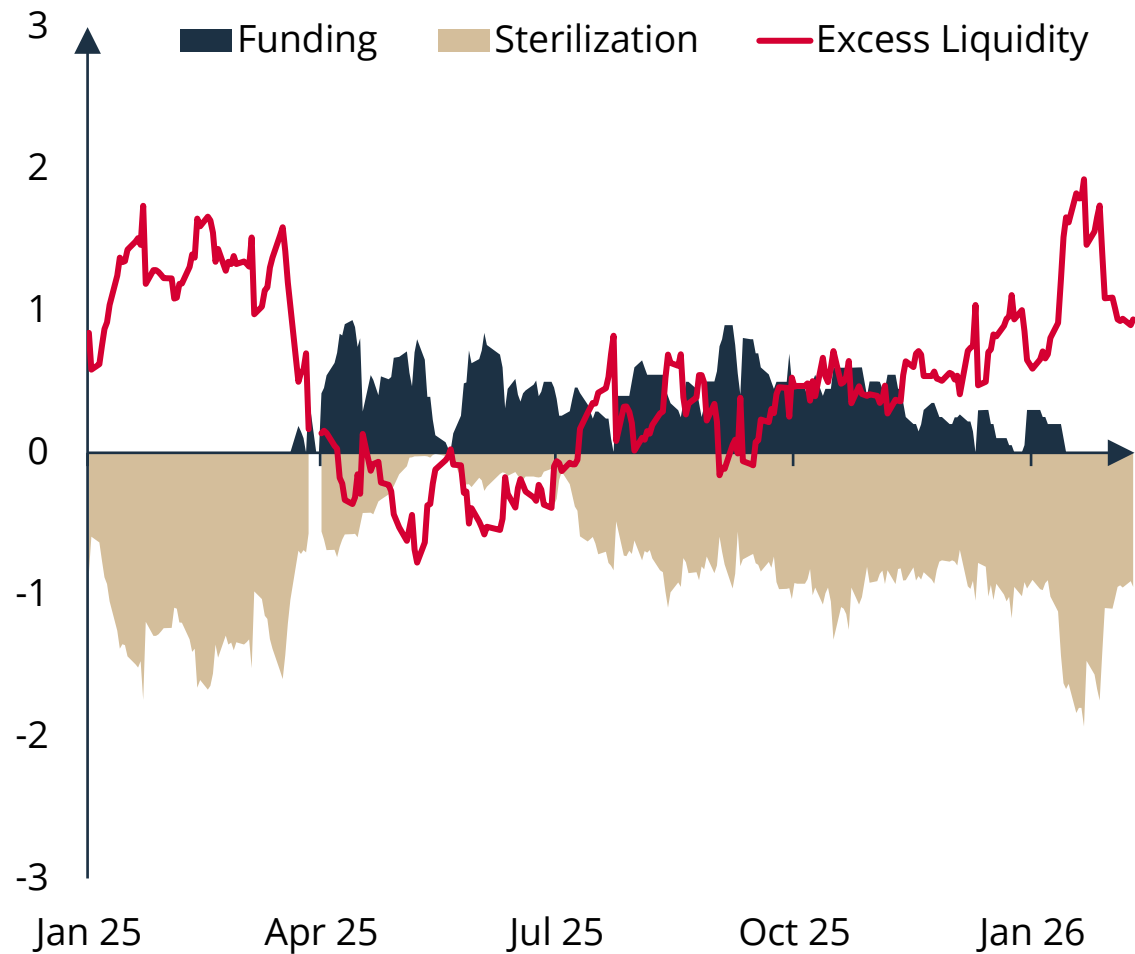
2 Limits on TL and FX loan growth

3 Liquidity management

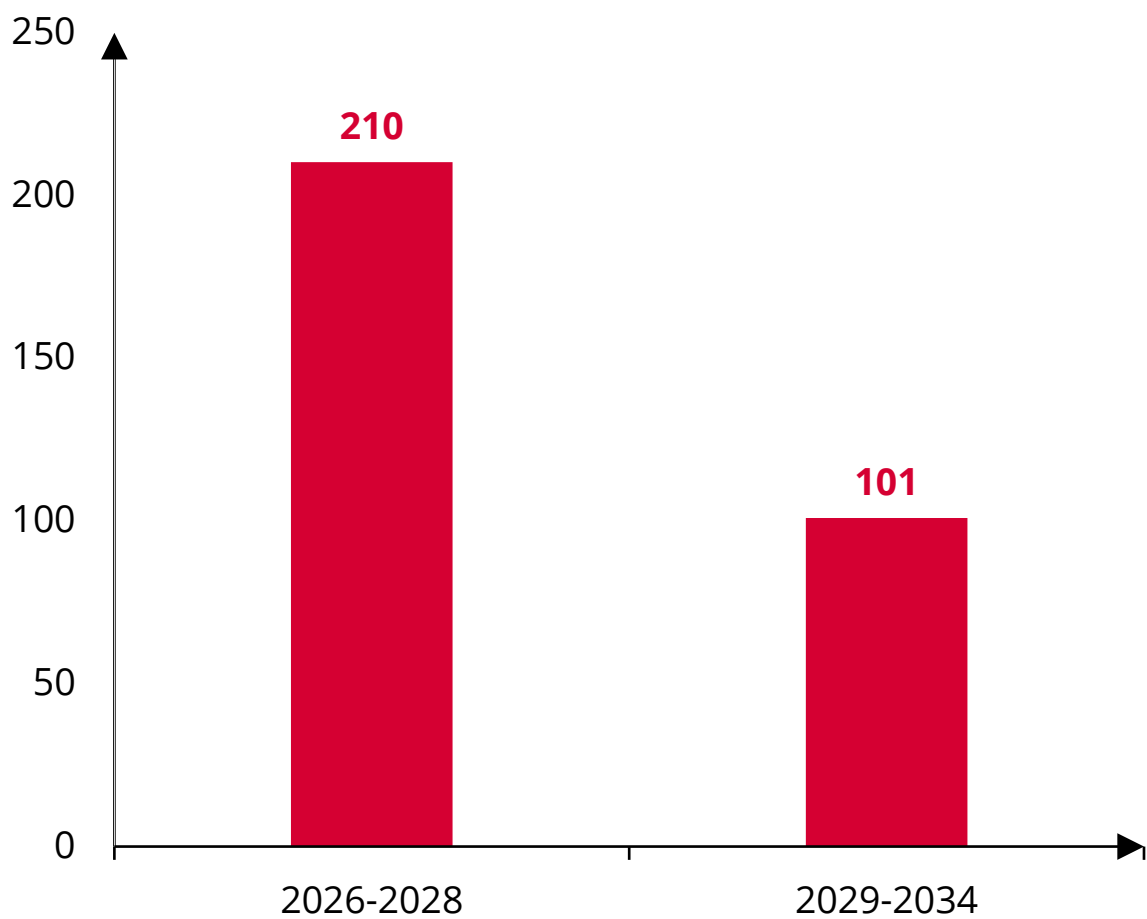
- Reserve requirements
- TL deposit auctions
- Sell-side swap auctions

Excess liquidity is being sterilized, and OMO portfolio is being supported.

CBRT Operations and Liquidity (Trillion TL)



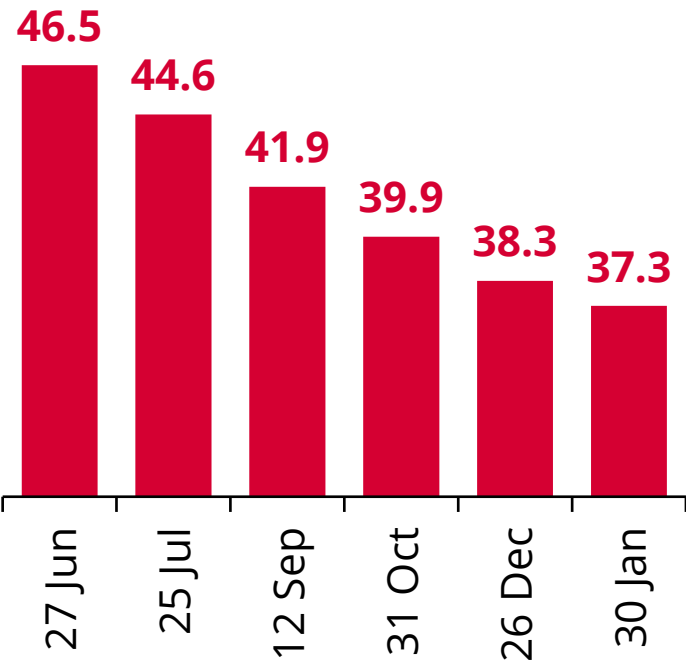
OMO Portfolio Redemption Schedule (Billion TL)



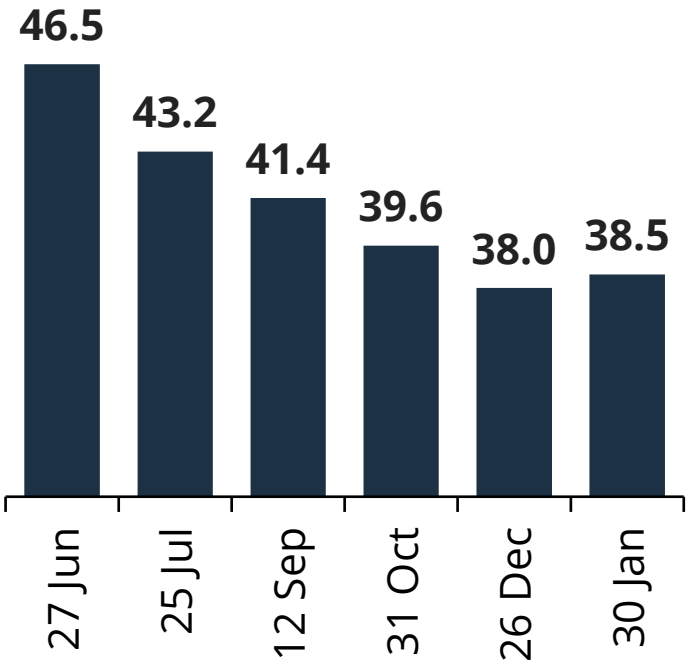
FINANCIAL CONDITIONS

Loan and deposit interest rates declined in line with the policy rate.

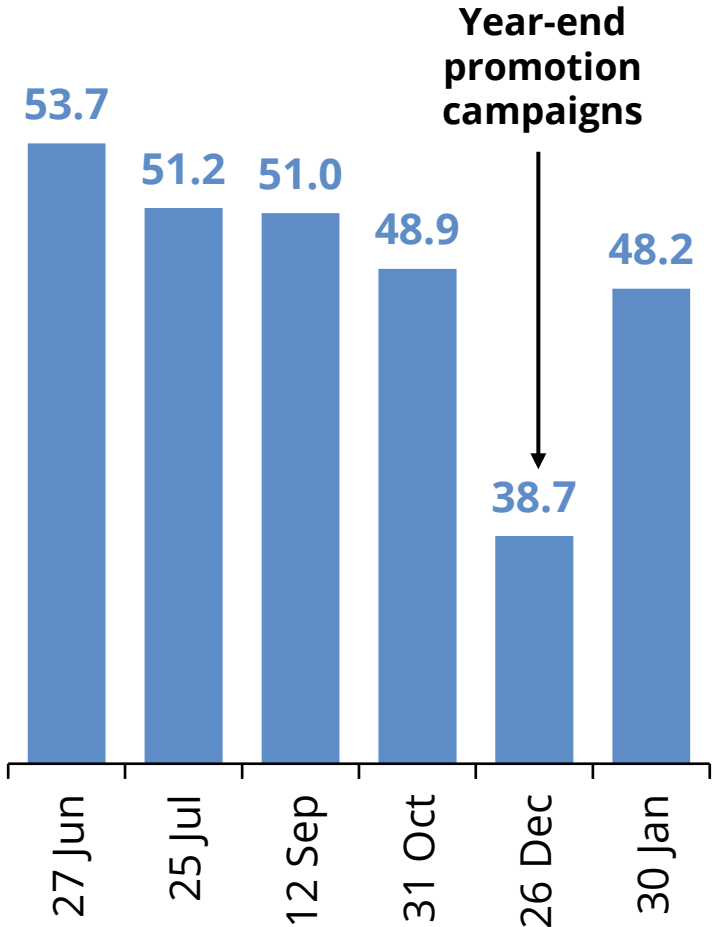
1-3 Month Deposit
(Simple Interest Rate, %)



TL Commercial Loan
(Simple Interest Rate, %)



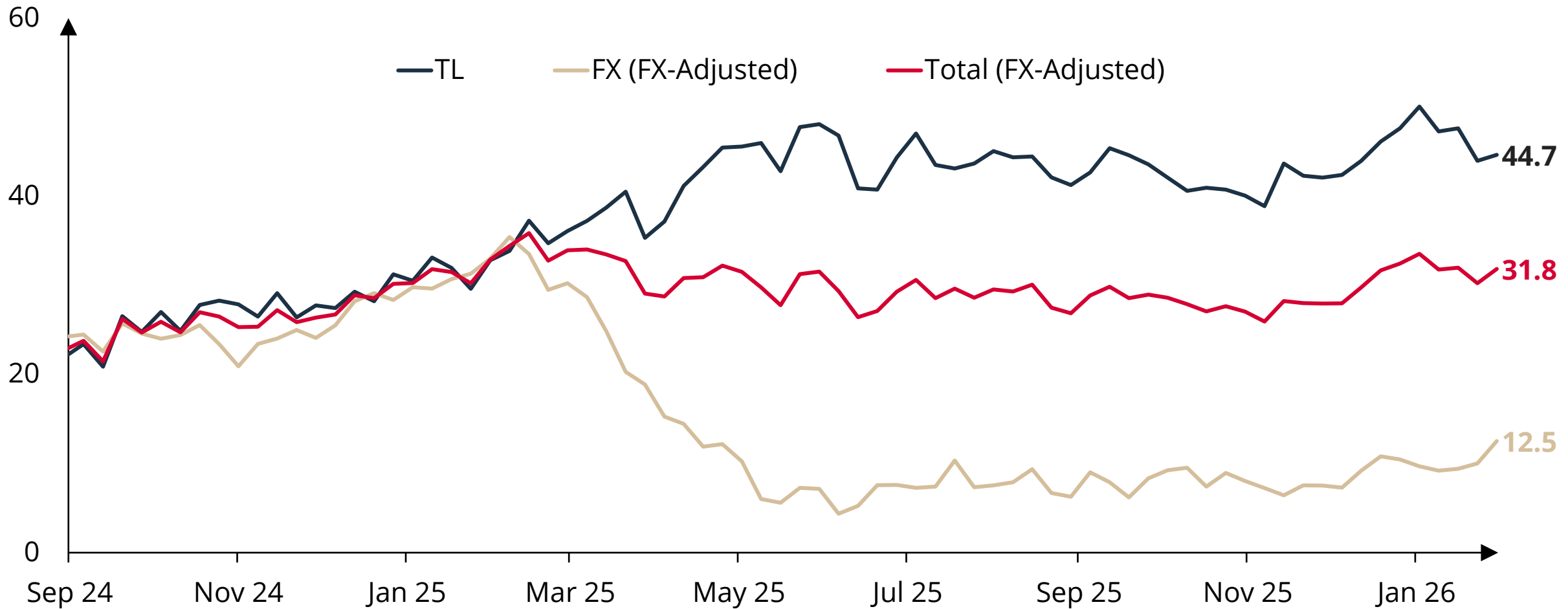
Unsecured Consumer Loan*
(Simple Interest Rate, %)



Source: CBRT, as of January 30, 2026.
Loan and deposit interest rates refer to the interest rate applied in the relevant week. Credit cards and overdraft accounts are excluded from loan interest calculations. Participation banks are also excluded.
*The decrease in unsecured consumer loan interest rates as of December 26th is due to zero-interest loans (promotional offers) provided by banks.

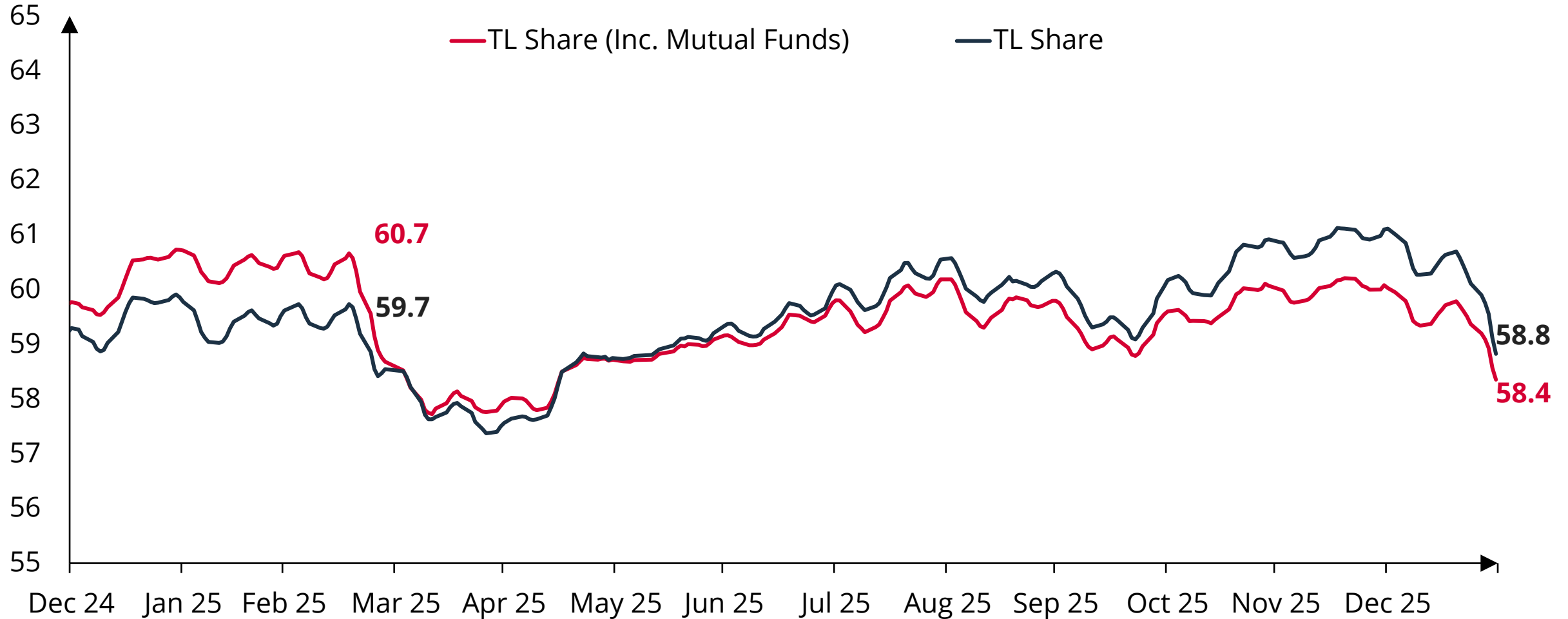
Loan growth composition remained in favor of TL since 2024.

Loan Growth (13 Week, Annualized, %, FX-Adjusted)



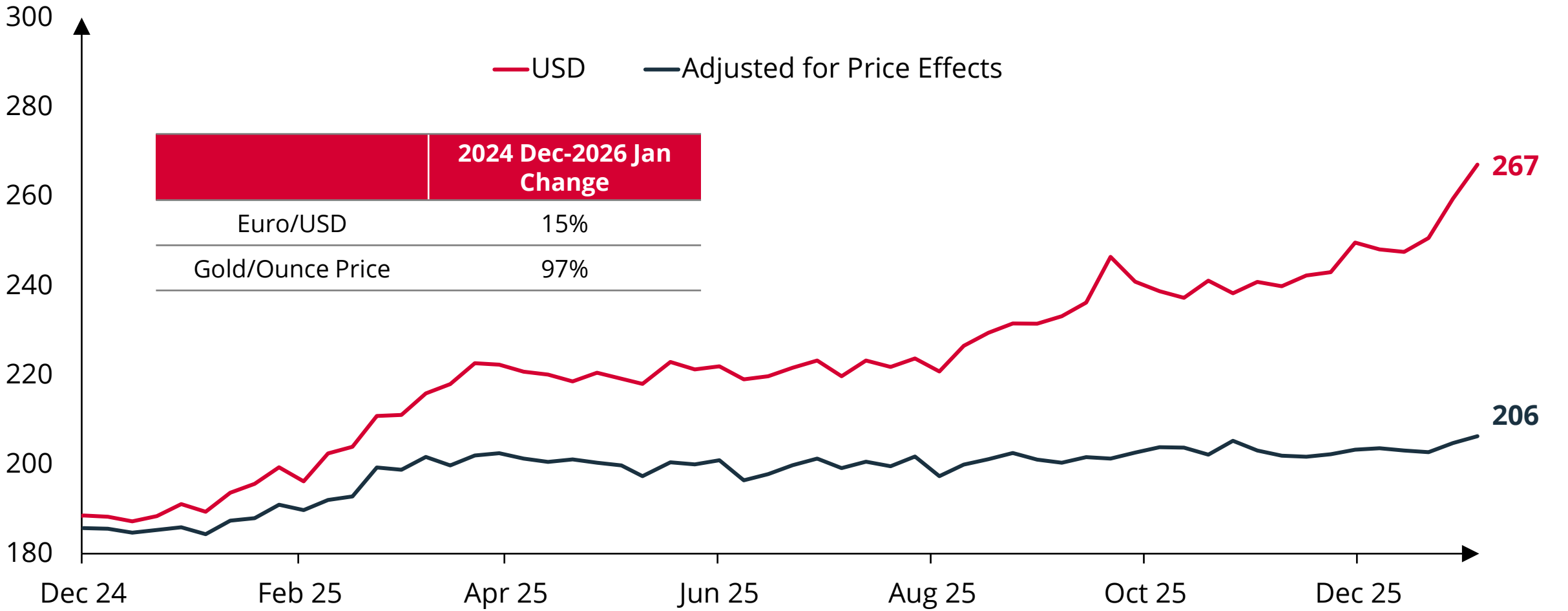
The decline in the TL share was driven largely by gold price developments.

Share of TL in Deposits and Mutual Funds * (Including Official Deposits, 5-Day Moving Average, %)



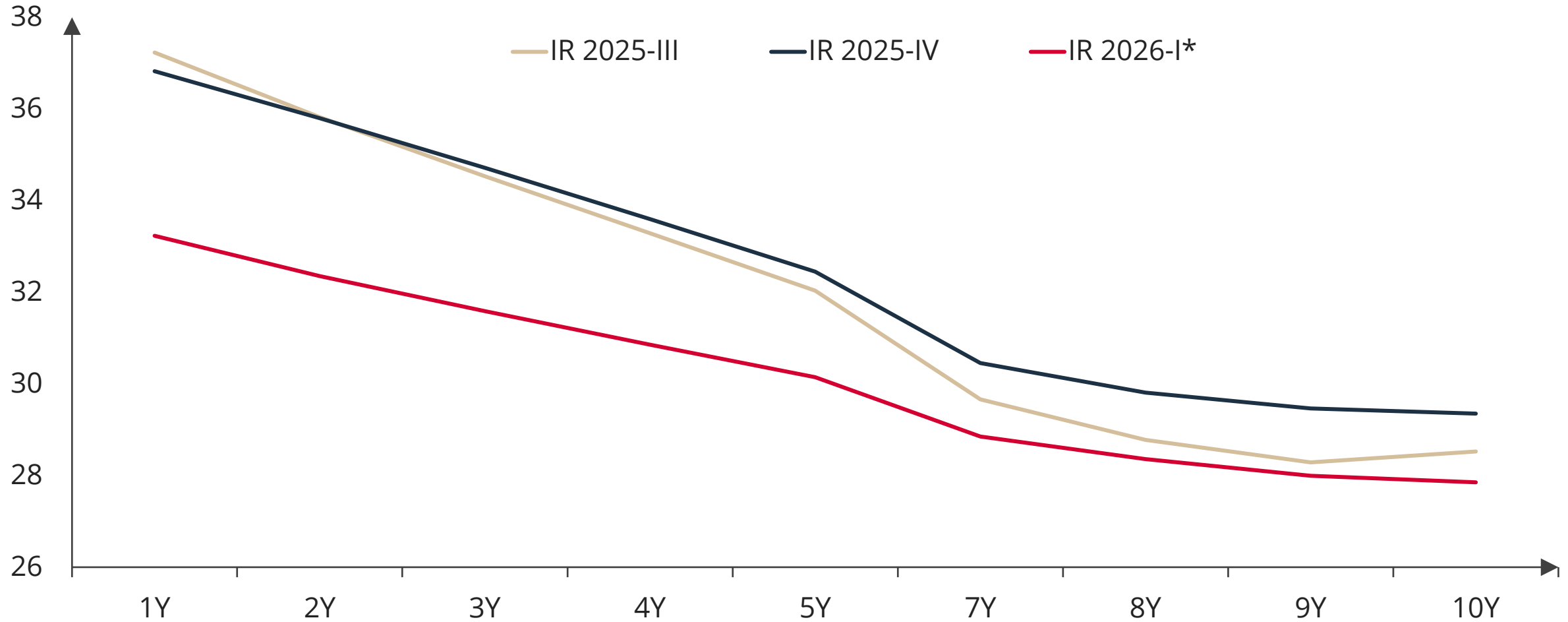
The recent increase in FX deposits has been driven largely by gold prices.

FX Deposits* (Billion USD)



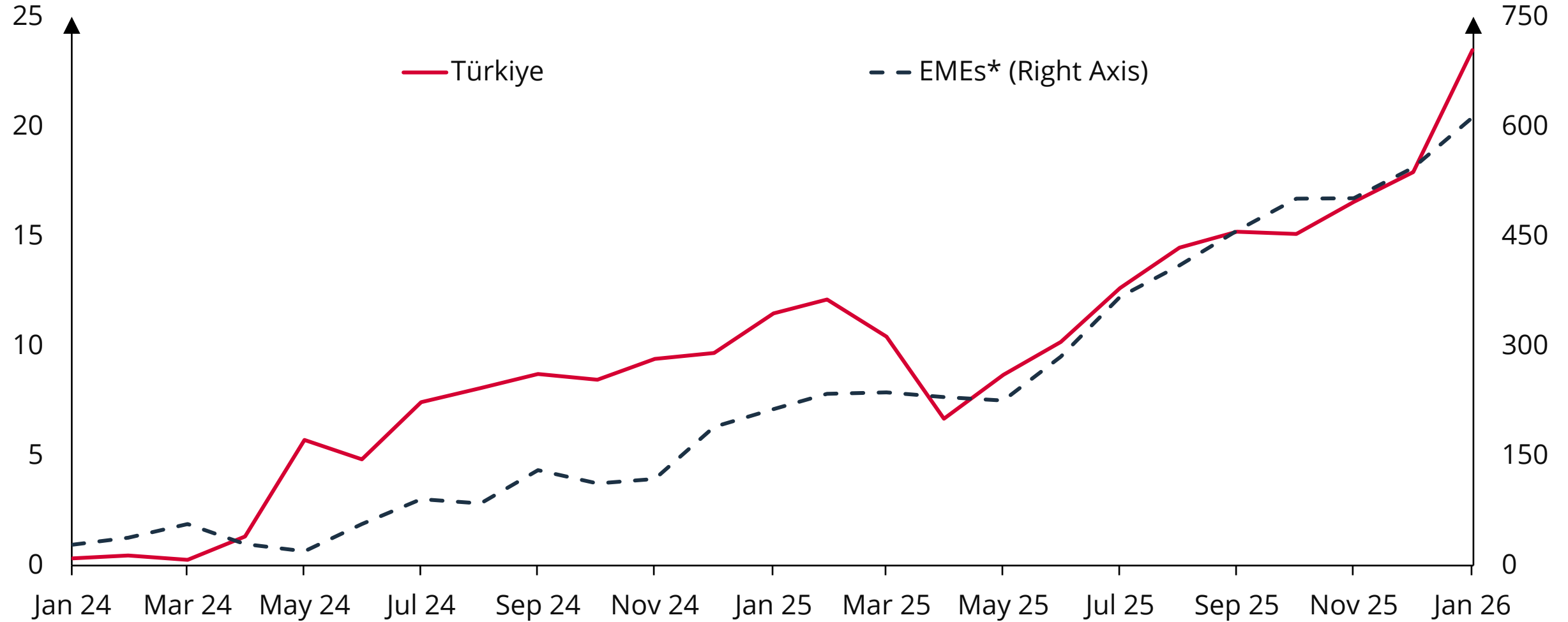
Interest rates in the bond markets have declined with increased investor interest.

Yield Curve (Simple, %)



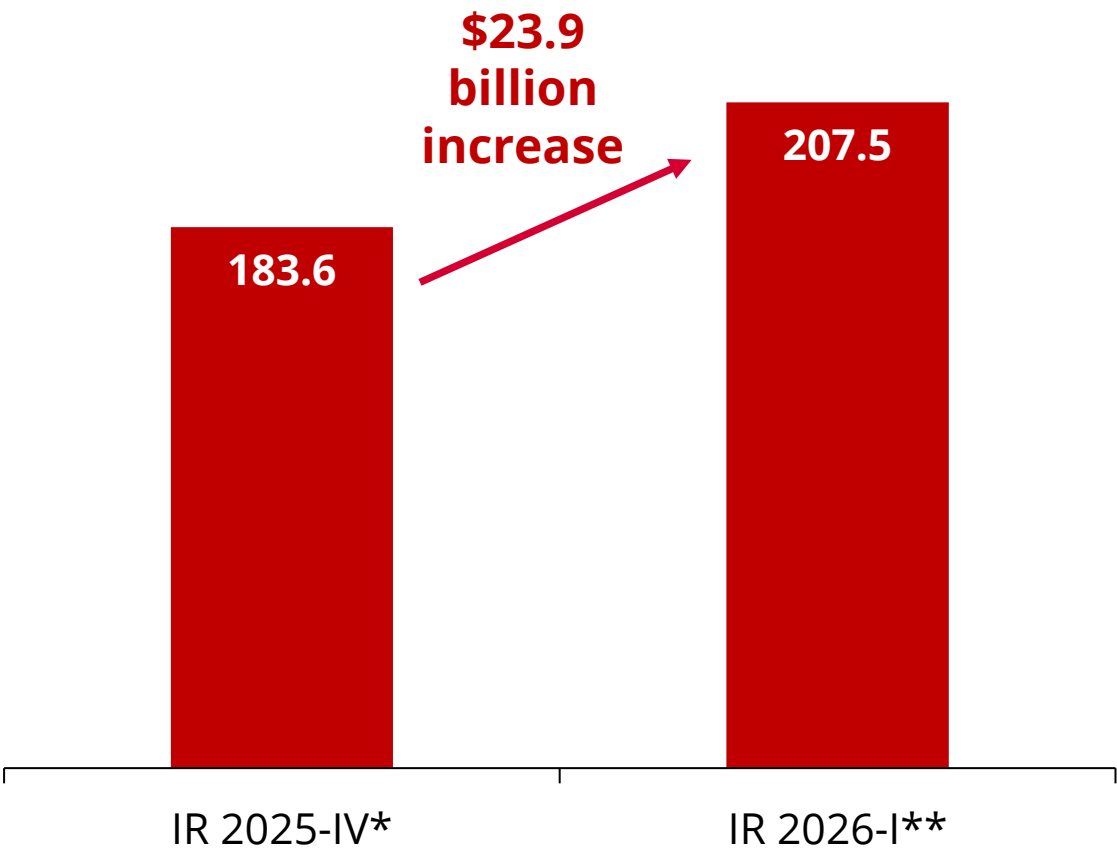
Capital inflows to Türkiye have increased in recent months.

Portfolio Flows to EMEs and Türkiye (Monthly, Cumulative, Billion USD)

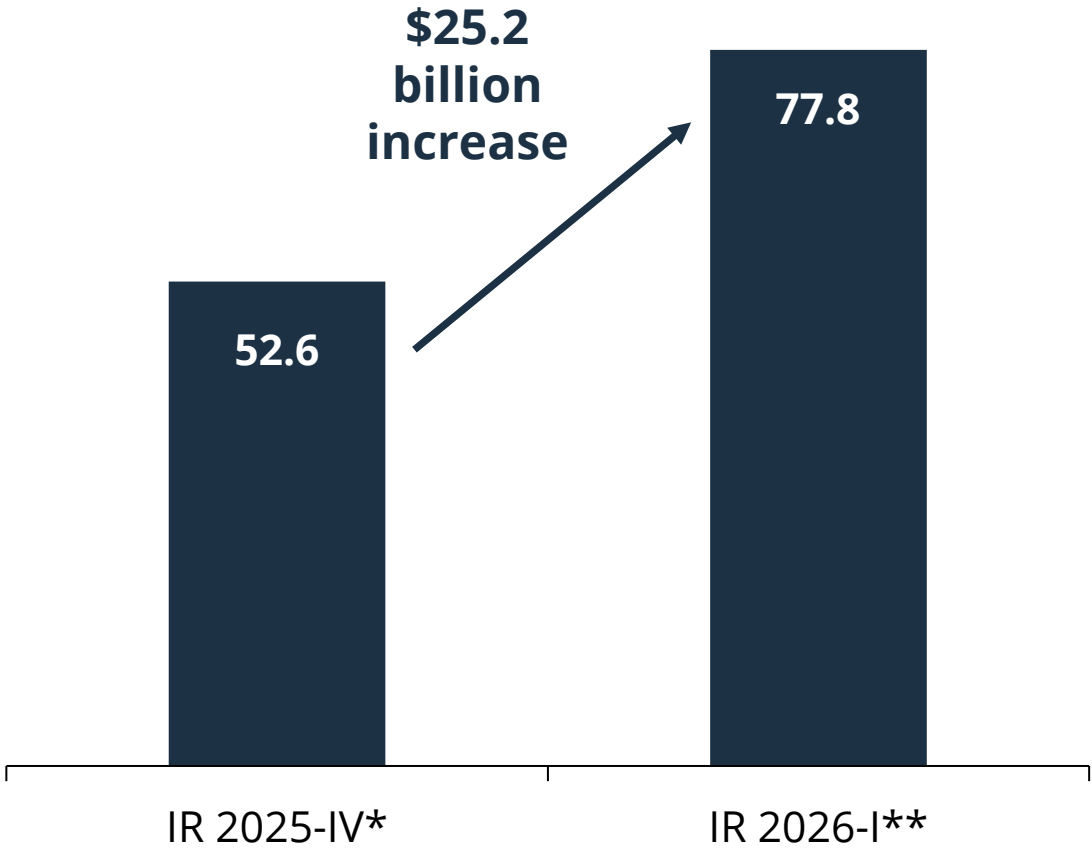


The positive trend in reserves continues.

Gross International Reserves
(Billion USD)



Net Reserves Exc. Swaps
(Billion USD)



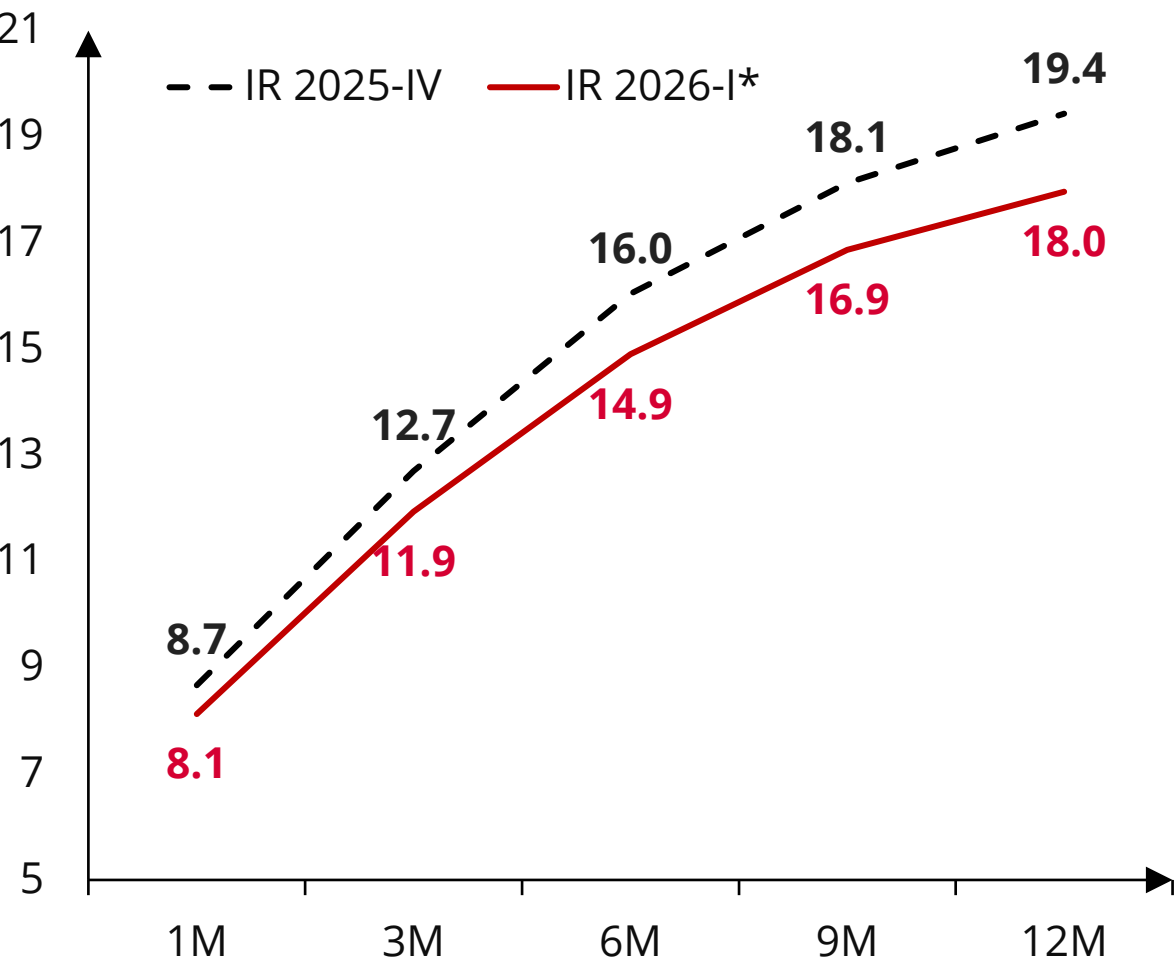
Source: CBRT. As of February 6, 2026.

* The most recent official data available as of the publication date of the Inflation Report 2025-IV, the data for October 31, 2025, has been used.

** The most recent official data available as of the publication date of the Inflation Report 2026-I, the data for February 6, 2026, has been used.

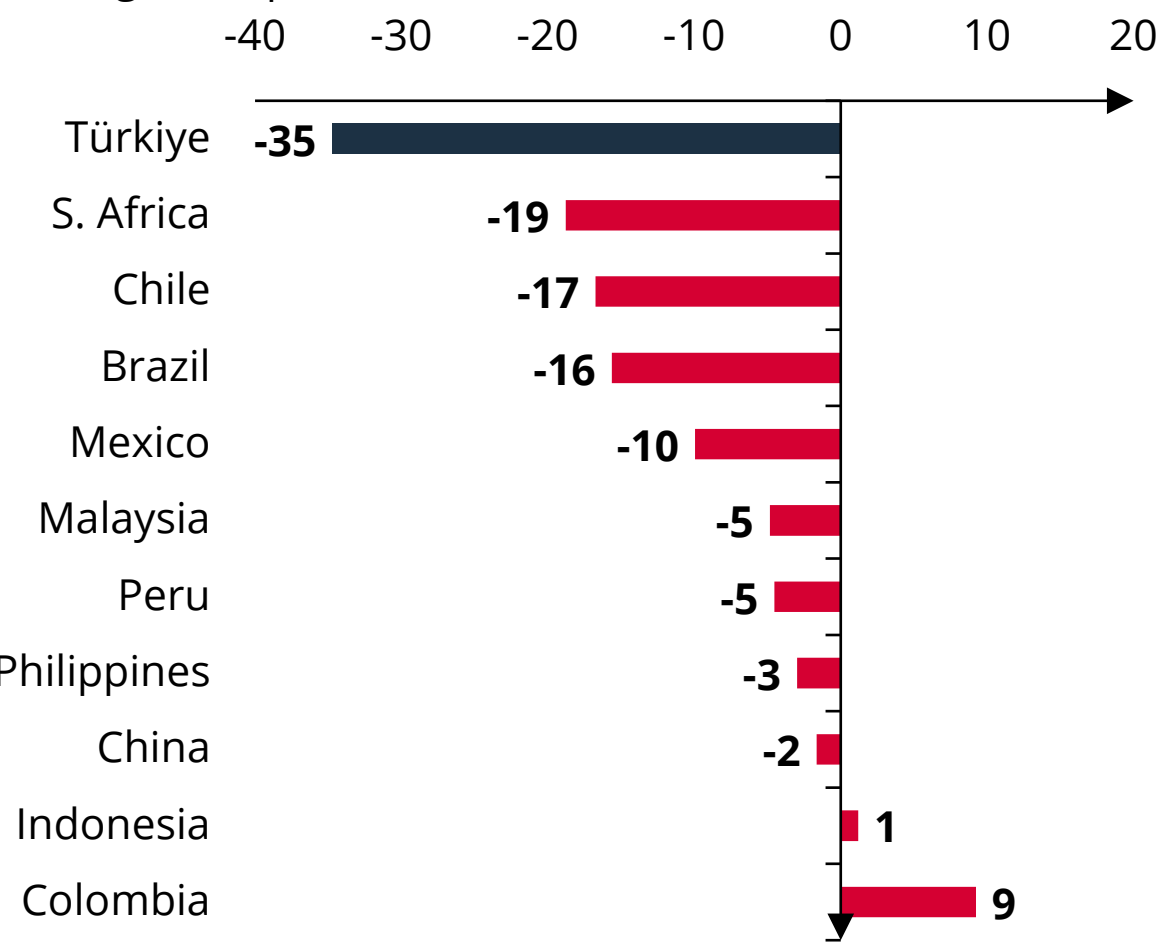
Market risk and volatility indicators have improved.

USD/TRY Implied Volatility Curve (%)



EMEs 5Y CDS Premium Change

(Change Compared to Previous IR Period, Basis Points)



MEDIUM-TERM PROJECTIONS

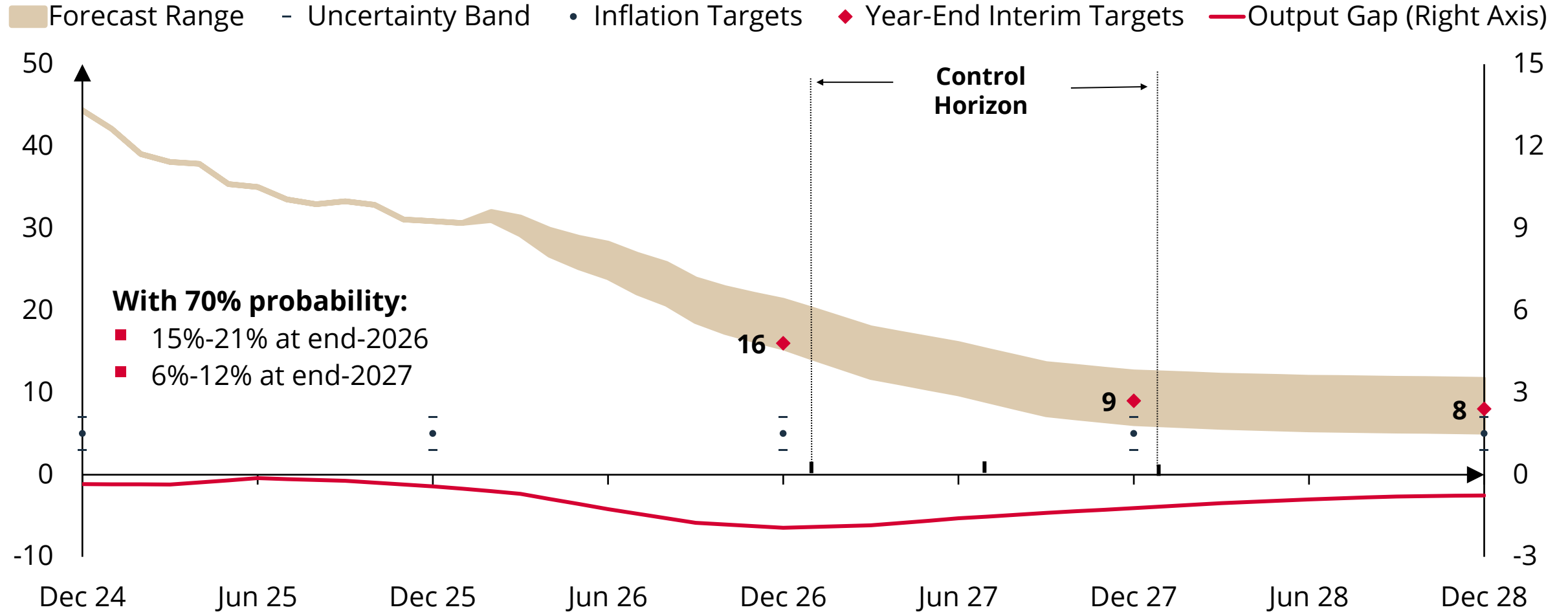
In 2025, inflation realized above the interim target.

2025 Interim Target Accounting	
2025 Year End Interim Target (%)	24.0
2025 Year End Inflation Realization (%)	30.9
Deviation from Interim Target (% Point)	6.9
Decomposition of the Deviation* (% Point)	
TL Denominated Import Prices	+2.1
Food Prices	+0.9
Administered Prices	+1.1
Output Gap	+0.9
Underlying Inflation and Inertia	+1.9

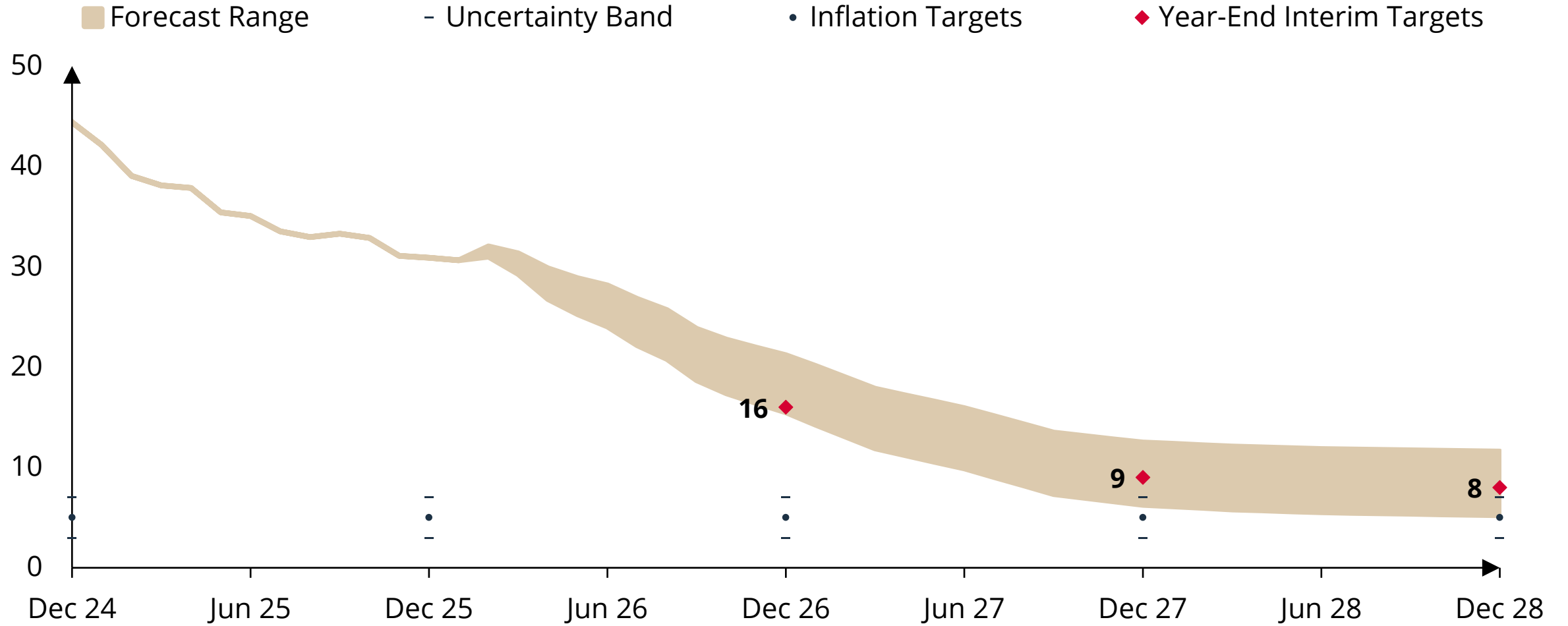
Revisions to Main Assumptions

		IR 2025-IV	IR 2026-I
Global Production Index* (Average Annual % Change)	2025	2.0	2.1
	2026	2.2	2.3
	2027	-	2.2
Oil Prices (USD, Annual Average)	2025	69.0	69.0
	2026	62.4	60.9
	2027	-	56.0
Import Prices (USD, Average Annual % Change)	2025	0.8	1.5
	2026	-0.6	2.0
	2027	-	-0.9
Food Prices (Year-End % Change)	2025	32.3	28.3
	2026	18.0	19.0
	2027	-	11.0

Inflation is projected to be between %15 and %21 in 2026.



The tight monetary policy stance will be maintained decisively.



The tight monetary stance will be maintained until price stability is achieved.

**Inflation
realizations**

**Underlying
inflation**

**Inflation
expectations**

The tightness required by the projected disinflation path in line with the interim targets will be ensured.



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