

SEPTEMBER PRICE DEVELOPMENTS

October 4, 2024



Summary

Consumer prices rose by 2.97% in September, and annual inflation decreased by 2.59 points to 49.38%. Annual inflation fell across all main groups, more notably in energy and services. Having declined in the previous month, food prices posted a relatively significant increase in September, driven by the unprocessed food subgroup. Processed food prices, on the other hand, performed positively with a mild increase across the subgroup. Energy prices were also moderate in this period. The monthly price increase in core goods was slightly higher due to the clothing and footwear subgroup as well as durable consumption goods. In the services group, monthly price increases remained strong, with the opening of schools being the main driver of services inflation in September. Moreover, monthly rent inflation maintained its persistent course in this period on account of high contract renewal rates. The rise in producer prices decelerated slightly compared to the previous month, and annual producer inflation continued to decline. Against this background, in seasonally adjusted terms, monthly change remained flat in the B indicator while other indicators posted a slight month-on-month increase.

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. As announced in the press release no. 2024-55 dated October 2, 2024, seasonally adjusted data released by TURKSTAT will be used starting with this report.

Evaluations

Consumer prices rose by 2.97% in September, and annual inflation decreased by 2.59 points to 49.38% (Chart 1). The seasonally adjusted rise in consumer prices was flat compared to the previous month (Chart 2). The annual rate of change in the B index dropped by 2.64 points to 48.23%, while that of the C index fell by 2.46 points to 49.10% (Table 1).

Contributions of the services, energy, food, core goods, and alcohol-tobacco-gold groups to annual consumer inflation decreased month-on-month by 0.98, 0.64, 0.50, 0.28, and 0.19 points, respectively.

In seasonally adjusted terms, monthly increases were flat in the B index and slightly higher in the C index compared to the previous month (Chart 3). Among the components of the B index, price increases lost pace in processed food and remained flat in services, while gaining momentum in core goods (Chart 4). The elevated course of monthly price increases in services was maintained, while the core goods inflation remained low. Alternative indicators of the underlying inflation, such as median inflation and SATRIM, also edged up somewhat in September (Charts 5 and 6).

Services prices rose by 4.90% in September, and annual services inflation fell by 4.91 points to 72.92%. Annual inflation was down in all subgroups, most visibly in transport, due also to the high base effect (Chart 7). The sharp monthly increase was driven by rents, transport, and education services. Monthly rent inflation remained strong at 7.62% in September due to also the high contract renewal rate, while annual rent inflation dropped by 3.83 points to 117.43%. Monthly inflation in transport services (6.89%) was mainly affected by school bus fares. In this period, education services (14.21%) stood out in the other services subgroup (5.47%), which grew faster than the previous month due to the lagged impact of university tuition fees. Monthly inflation in restaurants-hotels picked up slightly month-on-month, owing mostly to the rise in student residence fees in the accommodation group following the start of university terms. On the other hand, monthly communication inflation remained relatively flat at a low level in this period.

In September, annual core goods inflation was down by 0.65 points to 28.26%. Annual inflation increased in the clothing and footwear subgroup, but receded in other subgroups (Chart 8). Annual inflation in durable goods (excluding gold) dropped to 22.77%, and the monthly price increase was slightly higher than the previous month at 1.82%. In this period, prices were up by 3.81% and 2.66% in white goods and automobiles, respectively, but down in furniture (-0.74%), and other electric and non-electric household appliances (-0.33%). Clothing and footwear prices increased by 3.63% due to also the launch of the new season. The price increase in the other core goods subgroup was similar to the previous month at 1.43%.

Energy prices were up by 0.44% in September, and annual energy inflation dropped by 5.51 points to 62.94% (Chart 9). Fuel prices fell by 1.58% month-on-month on the back of the developments in international oil prices. On the other hand, bottled gas and solid fuel prices rose by 7.25% and 2.65% on a monthly basis, respectively.

Prices of food and non-alcoholic beverages increased by 2.48% in September, and annual inflation fell by 1.16 points to 43.72% (Chart 9). Annual inflation was up by 1.59 points to 43.34% in unprocessed food and down by 3.61 points to 44.05% in processed food (Chart 10). In this period, in the unprocessed food group vegetables (6.74%) led the rise in fresh fruits and vegetables, while the price increase of 34.25% in eggs in the other unprocessed food group was significant. Processed food prices rose by 1.59%, with relatively moderate price increases across items.

Prices of alcoholic beverages and tobacco products rose by 4.16% in September. Tobacco products, which saw price increases due to the lump-sum tax revision in the previous two months, registered firm-driven price hikes in September.

Domestic producer prices were up by 1.37% in September, whereas annual inflation fell by 2.66 points to 33.09% due to the high base effect (Chart 11 and Table 2). Across the main industrial groupings, while prices of capital goods rose by 1.89% in this period, intermediate goods (1.27%) and energy (0.45%) restrained the headline rate (Chart 12). An analysis by sectors reveals that tobacco products, coal and lignite, metal ores, other manufactured goods, printing and reproduction of recorded media services, beverages, motor vehicles, and leather and related products were the subgroups that stood out with price increases.

Charts and Tables

Chart 1. CPI, B and C

(Annual % Change)

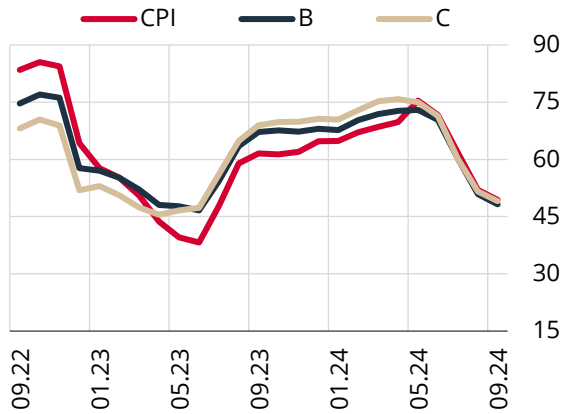


Chart 2. CPI

(Seasonally Adjusted, Monthly % Change)

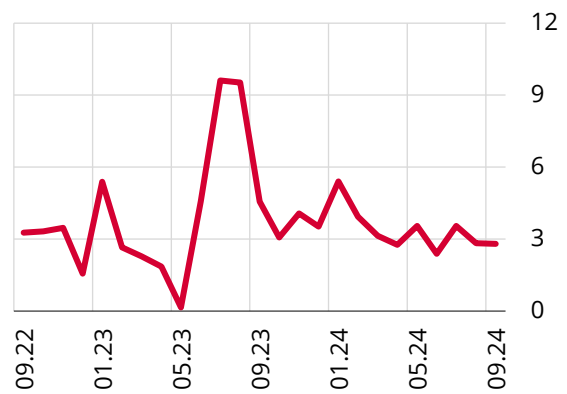


Chart 3. B and C Indices

(Seasonally Adjusted, Monthly % Change)

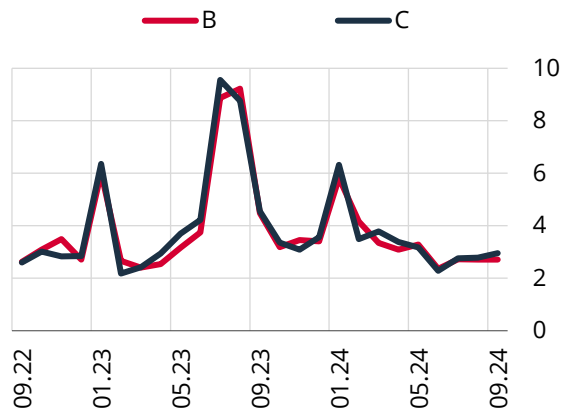
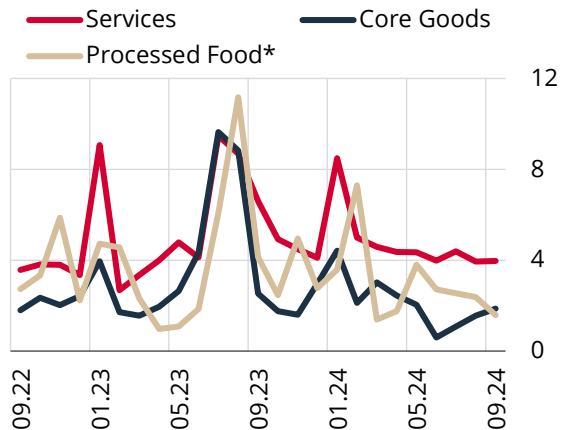


Chart 4. Main Components of B Index

(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)

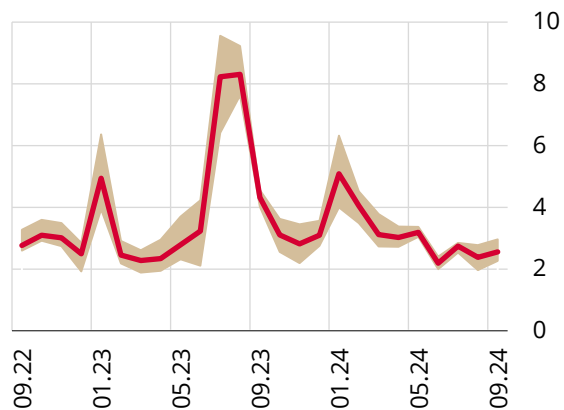
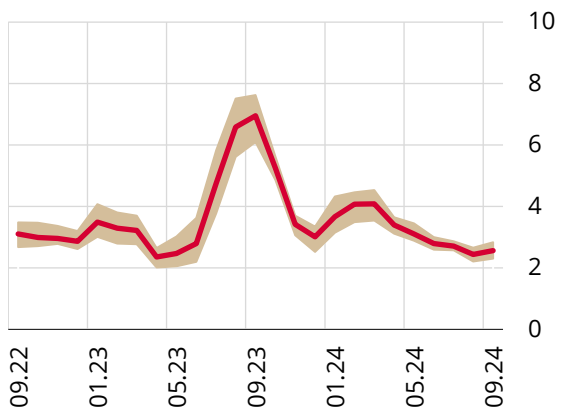


Chart 6. Underlying Inflation Indicators**

(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)

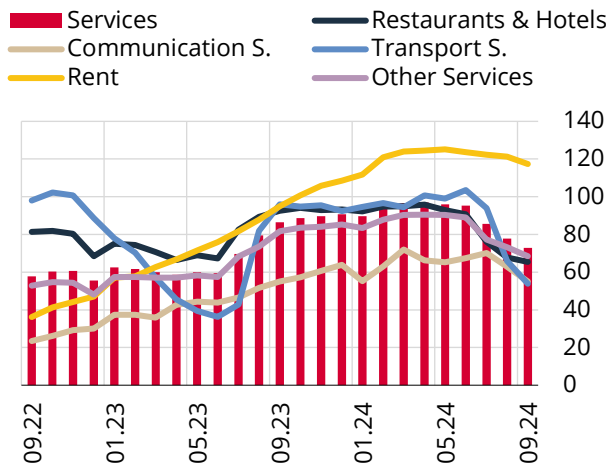


Chart 8. Core Goods

(Annual % Change)

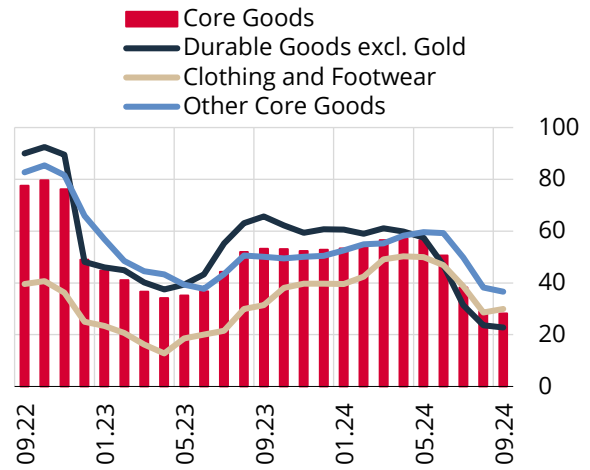


Chart 9. Food and Non-alcoholic Beverages and Energy (Annual % Change)

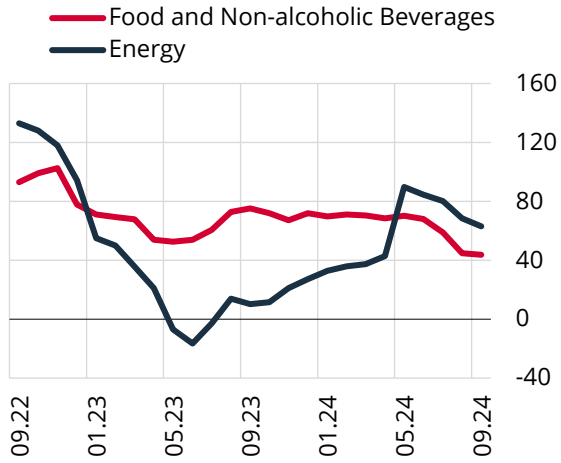


Chart 10. Processed and Unprocessed Food (Annual % Change)

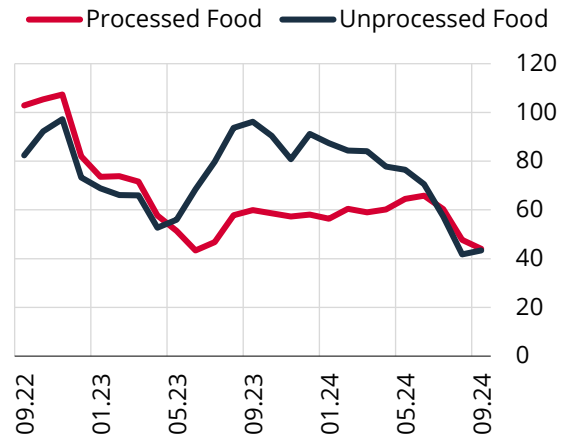


Chart 11. D-PPI and Manufacturing (Annual % Change)

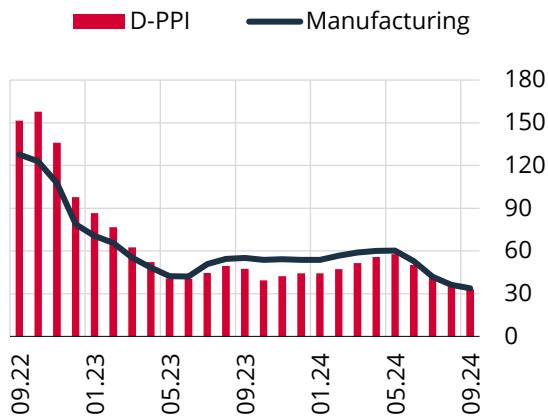


Chart 12. D-PPI Main Industrial Groupings (Monthly % Change)

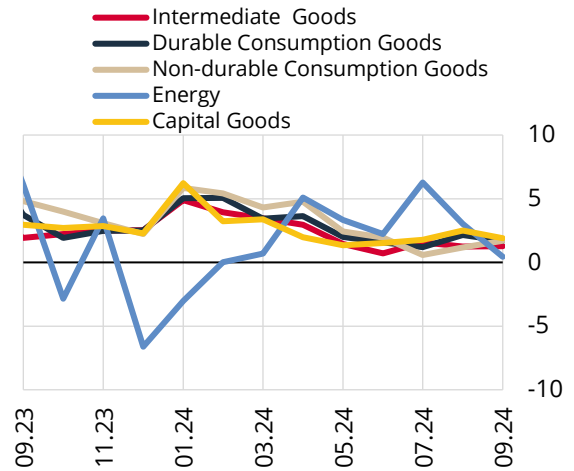


Table 1. CPI and Subcategories (% Change)

	Monthly		Annual	
	September 2024	September 2023	September 2024	September 2023
CPI	2.97	4.75	49.38	61.53
1. Goods	2.06	3.42	40.27	52.39
Energy	0.44	3.83	62.94	10.25
Food and non-alcoholic beverages	2.48	3.32	43.72	75.14
Unprocessed food	3.54	2.39	43.34	96.17
Fresh fruits and vegetables	3.17	0.23	32.70	102.46
Other unprocessed food	3.75	3.74	50.07	93.88
Processed food	1.59	4.13	44.05	59.95
Bread and cereals	1.40	2.87	42.83	60.45
Other processed food	1.68	4.79	44.77	59.82
Goods excluding energy and food	2.35	3.37	31.00	54.87
Core goods	2.07	2.59	28.26	53.23
Durable goods (excluding gold)	1.82	2.58	22.77	65.61
Clothing and footwear (*)	3.63	2.51	29.93	31.36
Other core goods	1.43	2.66	36.60	50.10
Alcoholic beverages and tobacco	4.16	10.03	52.35	67.16
Gold	4.28	0.57	46.54	66.21
2. Services	4.90	7.88	72.92	86.46
Rents	7.62	9.52	117.43	95.03
Restaurants and hotels	2.72	4.15	65.41	92.48
Transport	6.89	15.23	53.92	95.97
Communication	0.33	5.39	55.08	55.04
Other	5.47	8.46	68.49	81.64
3. Core Measures				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	3.22	5.06	48.23	67.22
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	3.57	5.28	49.10	68.93
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	2.84	4.88	50.05	57.02
F - CPI excluding administered prices	3.08	4.59	46.09	69.46

Source: TURKSTAT.

* Does not cover clothing services.

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

	Weight (%)	September 2024		September 2023	
		Monthly	Annual	Monthly	Annual
D-PPI	100	1.37	33.09	3.40	47.44
Mining	3.66	1.83	43.59	5.97	69.43
Manufacturing	86.45	1.25	33.77	3.07	55.05
Manufacturing excl. petroleum products	82.76	1.51	36.45	2.85	54.71
Manufacturing excl. petroleum products and base metals	73.88	1.47	37.86	3.25	57.02
Electricity, gas, steam and air-conditioning sup.	9.28	2.28	17.01	5.47	-17.08
Water supply	0.61	1.95	48.70	13.72	68.36
D-PPI (MIGs Classification)					
Intermediate Goods		1.27	32.70	1.92	45.79
Durable Consumption Goods		1.70	37.95	3.73	61.94
Durable Consumption Goods (Excl. Jewelry)		1.00	35.13	4.33	64.00
Non-Durable Consumption Goods		1.70	44.38	4.80	67.98
Capital Goods		1.89	36.55	2.96	65.83
Energy		0.45	11.89	6.12	13.41

Source: TURKSTAT.