JULY PRICE DEVELOPMENTS

August 4, 2026

TÜRKİYE CUMHURİYET MERKEZ BANKASI

Summary

Consumer prices increased by 1.78% in July, and annual inflation decreased by 0.36 points to 31.75%. In this period, annual inflation rose in food and non-alcoholic beverages while declining in other main groups. On a monthly basis, price increases in energy and services stood out, whereas prices of core goods remained moderate. The increase in energy prices was driven by electricity prices as well as the increase in fuel prices, despite the fact that the automatic lump-sum Special Consumption Tax (SCT) increase was not implemented. Crude oil prices, which resumed an upward trend, and the gradual phase-out strategy from the sliding scale system played a role in the fuel prices. Meanwhile, healthcare and transportation subgroups led the rise in monthly inflation in services. Healthcare services prices largely increased due to the Social Security Institution's (SSI) medical examination copayment revision, while fuel price developments had an impact on transportation services. The food price increases, which had been moderate over the past two months gained strength in July, driven by increases in the prices of certain vegetables, but the price increases in processed foods eased. In the core goods group, prices declined in the clothing and footwear subgroup, which was affected by seasonal sales, and price increases weakened in durable goods and other core goods. In this period, producer price increases continued to slow compared to the previous months and stood at 1.52%, while annual inflation edged down by 0.26 points to 27.83%. Against this background, the underlying monthly consumer inflation receded in July compared to the previous month.

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 announcements regarding the Monetary Policy Committee meetings.

Evaluations

Consumer prices increased by 1.78% in July, and annual inflation decreased by 0.36 points to 31.75% (Chart 1). The annual rate of change went down by 0.20 points to 30.98% in the B index and was up by 0.07 points to 29.91% in the C index (Table 1).

Compared to the previous month, the contributions of energy, core goods and alcohol-tobacco-gold groups to annual consumer inflation decreased by 0.60, 0.25 and 0.16 points, respectively; whereas that of the food and non-alcoholic beverages and services groups edged up by 0.33 and 0.32 points.

In seasonally adjusted terms, the monthly increase in consumer prices strengthened (Chart 2). Monthly increases declined in the B index, but rose in the C index (Chart 3 and Table 2). Among the components of the B index, price increases gained pace in services, but weakened in core goods and processed food (Chart 4). Distribution-based indicators have declined more sharply than exclusion-based indicators such as B and C; as a result, the underlying inflation has been lower than expected. Price developments in broad categories such as core goods and processed foods—which were more favorable than anticipated—played a significant role in this outcome. As a result, the indicators pointed to a month-on-month fall in underlying inflation in July (Figure 5 and Table 2). Similarly, a decline was also recorded on a three-month average basis (Figure 6 and Table 2).

In July, prices of services rose by 3.18%, and the annual services inflation remained relatively flat at 39.70%. Annual inflation increased in transportation and other services, remained flat in restaurants-hotels, and receded in rents and communication (Chart 7). In July, monthly inflation grew stronger due to higher prices in healthcare services (16.41%) following the medical examination copayment revision under the SSI's Communiqué on Healthcare Implementation. This revision is evaluated to have raised the monthly consumer inflation by 0.22 as expected. Moreover, prices in healthcare services were also affected by the raised tariffs of the Turkish Medical Association. Monthly inflation in restaurants-hotels stood slightly above the previous month's figures, while the acceleration in transportation prices was driven by the recent developments in fuel prices (Table 1). Although monthly rent inflation rose slightly to 2.85% due to seasonal effects on contract renewal rates, it continued to decelerate on an annual basis. Communication services inflation picked up compared to the previous month, led by mobile phone call charges.

In July, core goods prices decreased by 0.38%, and the group's annual inflation edged down by 0.55 points to 16.82%. Annual inflation was up in clothing and footwear but down in other subgroups (Chart 8). In this period, durable consumption goods prices rose by 0.95%, slowing compared to the previous month. While monthly white goods inflation strengthened at 3.56%, furniture prices increased by 1.02%, and automobile price increase remained moderate at 0.51%. Clothing and footwear prices fell by 4.01% amid the ongoing discounts season, while monthly inflation in other core goods slowed to 1.19%.

In July, energy prices increased by 2.30%, and annual energy inflation went down by 6.55 points to 32.86% due to base effects (Chart 9). Fuel prices went up by 3.71%, although there was no automatic lump-sum tax increase in the SCT rate. This rise was driven by crude oil prices that resumed their upward trend and the strategy to phase out the sliding scale system. It should be noted that part of this effect will carry over into August. Electricity prices climbed (5.75%) due to the market clearing price as well as the Renewable Energy Resources Support Scheme (YEKDEM) developments in line with the End-Source Supply Tariff. Meanwhile, price increases were modest in other subgroups.

Prices in the alcoholic beverages and tobacco group rose by 1.93% following the revision of the lump-sum tax on alcohol products. The lump-sum tax on tobacco products was raised while the ad valorem SCT was reduced, the upward effect of which is likely to be observed on inflation in August.

Monthly inflation in food and non-alcoholic beverages gained pace at 1.61% over the previous two months, and annual inflation in this group went up by 2.08 points to 37.52% (Chart 9). Annual inflation rose by 6.50 points to 39.69% in unprocessed food whereas it declined by 1.55 points to 35.95% in processed food (Chart 10). The 2.37 percent increase in unprocessed food prices was driven by supply-side factors affecting certain vegetable items, such as onions and peppers. The monthly increase in processed food was slower at 1.03%. Within this subgroup, tea, sugar and non-alcoholic beverages stood out with notable price increases.

In July, domestic producer prices increased by 1.52%, and annual producer inflation decreased by 0.26 points to 27.83% (Chart 11 and Table 3). An analysis by main industrial groupings reveals that the rise in energy prices (4.83%) strengthened compared to the previous month due to geopolitical developments (Chart 12). Monthly inflation stood at 1.33% and 1.09% in non-durable consumption goods and capital goods, respectively, while it remained mild in other groups. On a sectoral basis, electricity, gas, and beverages were the subgroups that posted substantial price increases.

Charts and Tables

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

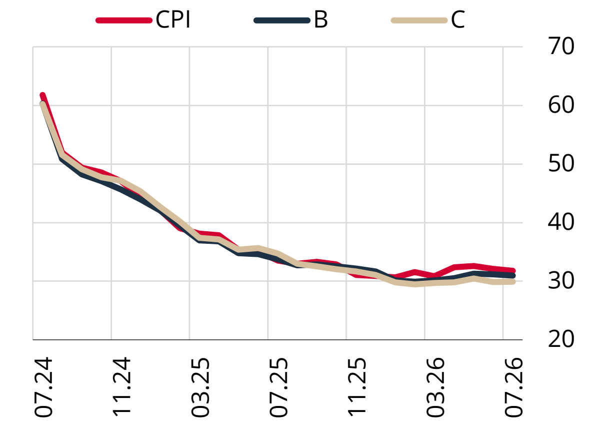


Chart 2. CPI and CPI Excluding Food
(Seasonally Adjusted, Monthly % Change)

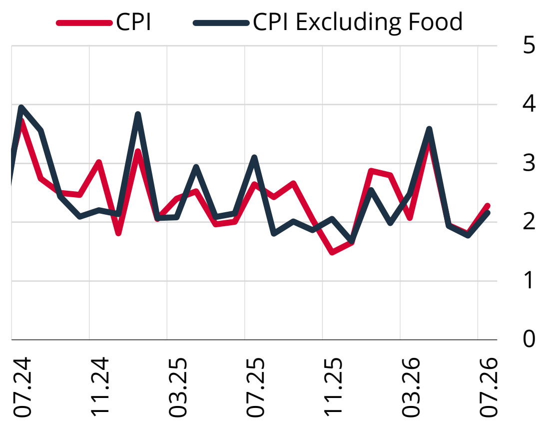


Chart 3. B and C Indices
(Seasonally Adjusted, Monthly % Change)

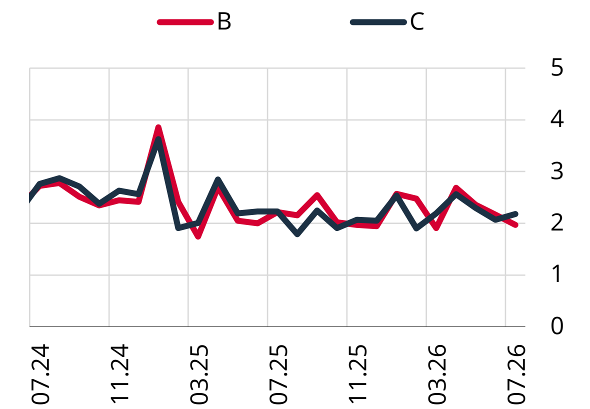
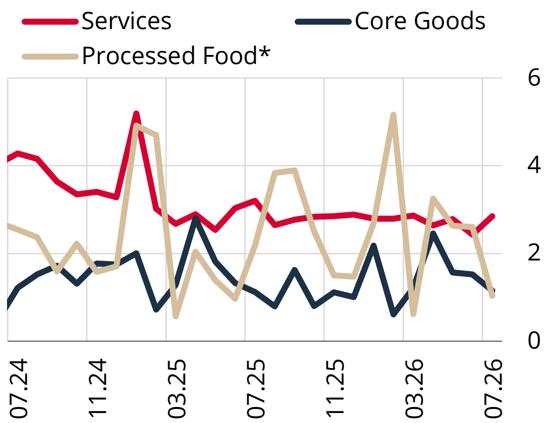


Chart 4. Main Components of B Index
(Seasonally Adjusted, Monthly % Change)



* In the processed food subgroup, no statistically significant seasonality is detected. Therefore, processed food subgroup data is presented without seasonal adjustments.

Chart 5. Underlying Inflation Indicators
(Seasonally Adjusted, Monthly % Change)

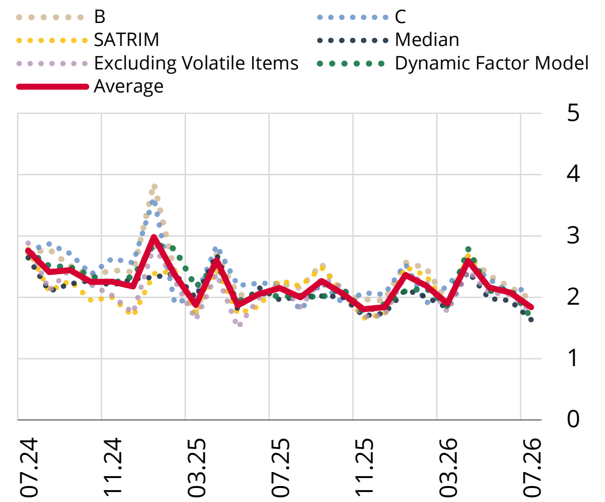


Chart 6. Underlying Inflation Indicators
(Seasonally Adjusted, Monthly % Change, 3 Month Average)

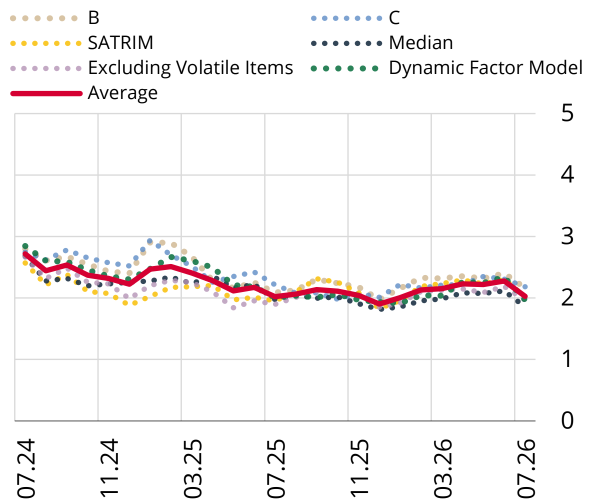


Chart 7. Services
(Annual % Change)

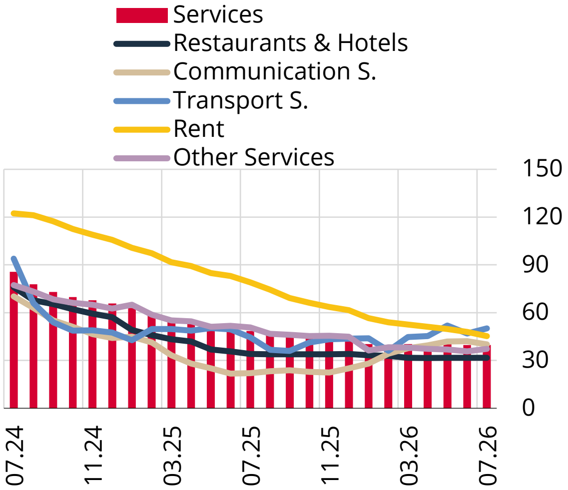


Chart 8. Core Goods
(Annual % Change)

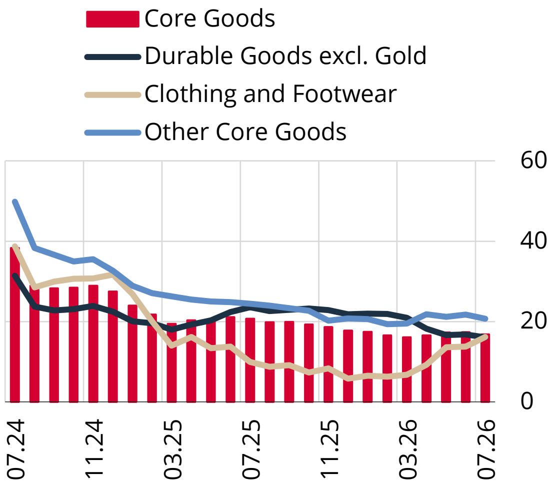


Chart 9. Food and Non-alcoholic Beverages and Energy (Annual % Change)

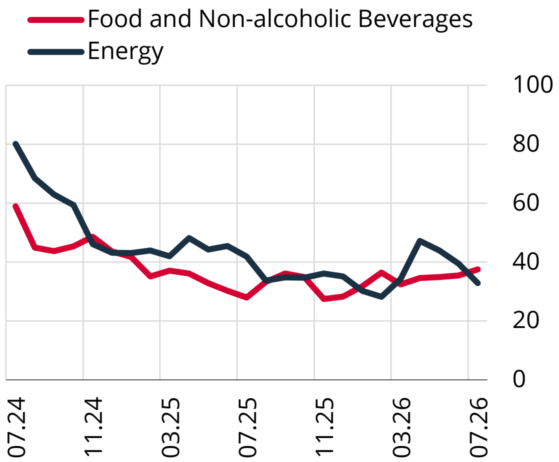


Chart 10. Processed and Unprocessed Food
(Annual % Change)

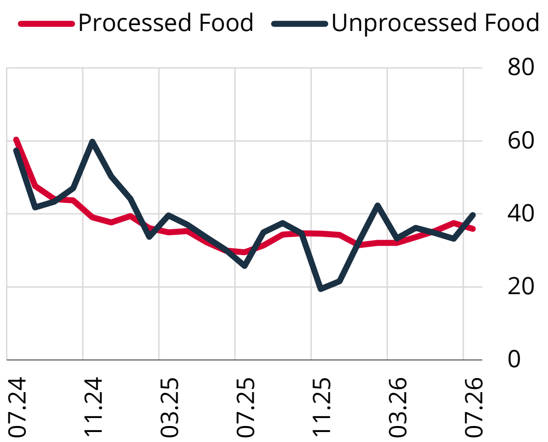


Chart 11. D-PPI and Manufacturing
(Annual % Change)

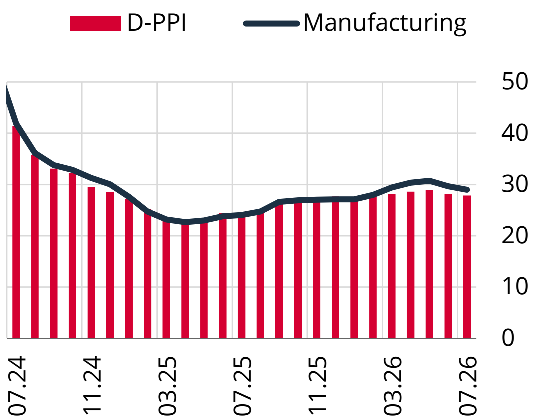


Chart 12. D-PPI Main Industrial Groupings
(Monthly % Change)

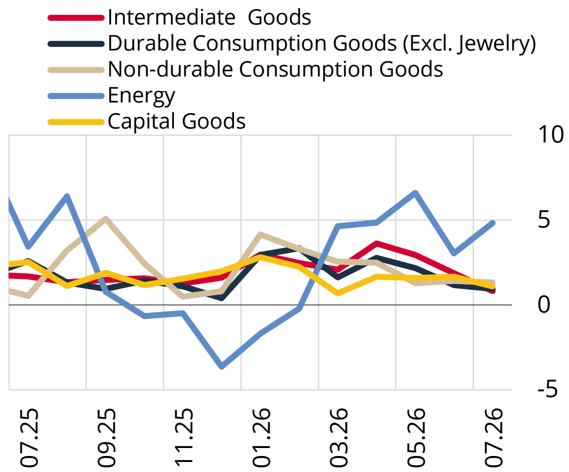


Table 1. CPI and Subcategories (% Change)

	Monthly		Annual	
	July 26	**July 25**	**July 26**	**July 25**
CPI	**1.78**	**2.06**	**31.75**	**33.52**
1. Goods	**0.86**	**1.52**	**27.07**	**26.96**
Energy	2.30	7.35	32.86	41.89
Food and non-alcoholic beverages	1.61	0.07	37.52	27.95
Unprocessed food	2.37	-2.39	39.69	25.80
Fresh fruits and vegetables	5.39	-4.78	41.84	33.60
Other unprocessed food	0.47	-0.70	38.58	20.76
Processed food	1.03	2.18	35.95	29.50
Bread and cereals	0.98	1.43	33.39	33.80
Other processed food	1.05	2.57	36.96	27.37
Goods excluding energy and food	-0.19	0.71	18.19	21.71
Core goods	-0.38	0.09	16.82	20.70
Durable goods (excluding gold)	0.95	1.57	16.05	23.54
Clothing and footwear (*)	-4.01	-6.02	16.18	9.95
Other core goods	1.19	2.02	20.71	24.46
Alcoholic beverages and tobacco	1.93	5.69	29.38	27.79
Gold	-2.10	1.83	30.83	52.29
2. Services	**3.18**	**3.14**	**39.70**	**48.54**
Rents	2.85	4.68	45.29	78.95
Restaurants and hotels	2.28	2.24	31.65	34.16
Transport	3.40	1.28	50.09	44.48
Communication	4.09	5.67	40.02	21.99
Other	3.90	2.79	37.19	50.75
3. Core Measures				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	1.66	1.82	30.98	33.77
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	1.80	1.74	29.91	34.70
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	1.70	2.50	30.86	34.78
F – CPI excluding administered prices	1.39	1.45	30.37	31.41

Source: TURKSTAT.
* Does not cover clothing services.

Table 2. Underlying Inflation Indicators (Seasonally Adjusted, % Change)

	Monthly		3-Month Average	
	July 26	**June 26**	**July 26**	**June 26**
B	1.97	2.16	2.16	2.40
C	2.18	2.07	2.18	2.31
SATRIM	1.80	2.09	2.02	2.31
Median	1.64	1.95	1.85	2.12
Excluding Volatile Items	1.77	2.05	1.96	2.19
Dynamic Factor Model	1.67	2.14	1.97	2.34
Average	**1.84**	**2.08**	**2.02**	**2.28**

Source: CBRT, TURKSTAT.

Table 3. D-PPI and Subcategories (% Change)

	Weight (%)	July 2026		July 2025	
		Monthly	**Annual**	**Monthly**	**Annual**
D-PPI	**100**	**1.52**	**27.83**	**1.73**	**24.19**
Mining	3.94	-4.22	41.81	3.67	28.30
Manufacturing	85.82	1.06	28.96	1.60	24.02
Manufacturing excl. petroleum products	83.43	1.01	27.79	1.45	24.58
Manufacturing excl. petroleum products and base metals	75.36	0.97	27.80	1.52	25.43
Electricity, gas, steam and air-conditioning sup.	9.49	9.65	11.69	2.21	22.10
Water supply	0.74	1.49	28.85	1.82	55.74
D-PPI (MIGs Classification)					
Intermediate Goods		0.81	26.79	1.68	21.91
Durable Consumption Goods		0.40	26.57	2.31	31.35
Durable Consumption Goods (Excl. Jewelry)		0.94	22.13	2.59	26.50
Non-Durable Consumption Goods		1.33	32.46	0.54	26.40
Capital Goods		1.09	21.28	2.53	28.34
Energy		4.83	26.62	3.43	20.82

Source: TURKSTAT.