



TÜRKİYE CUMHURİYET  
MERKEZ BANKASI

# MONETARY POLICY AND INFLATION OUTLOOK IN TÜRKİYE

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Governor

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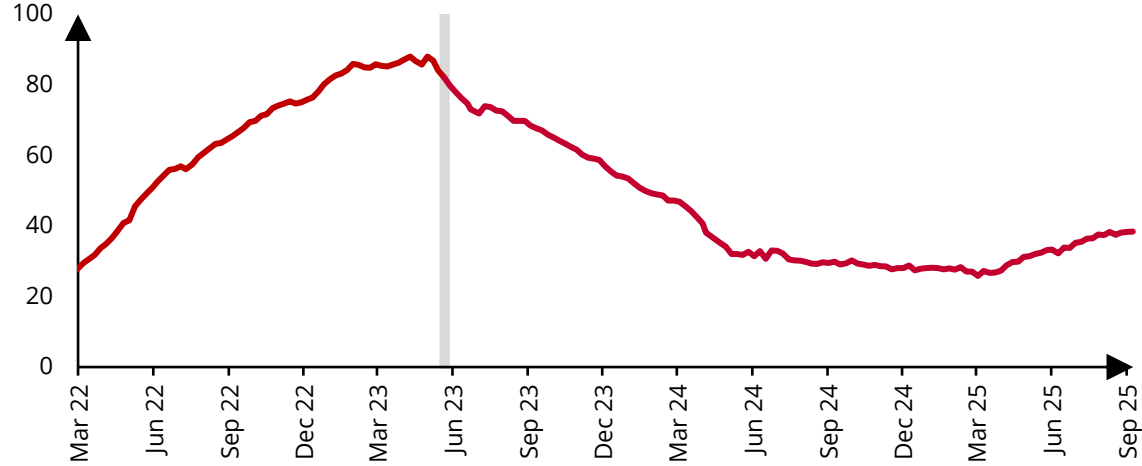
# Outline

- **Overview**
- **Monetary Policy and Financial Conditions**
- **Inflation Outlook**

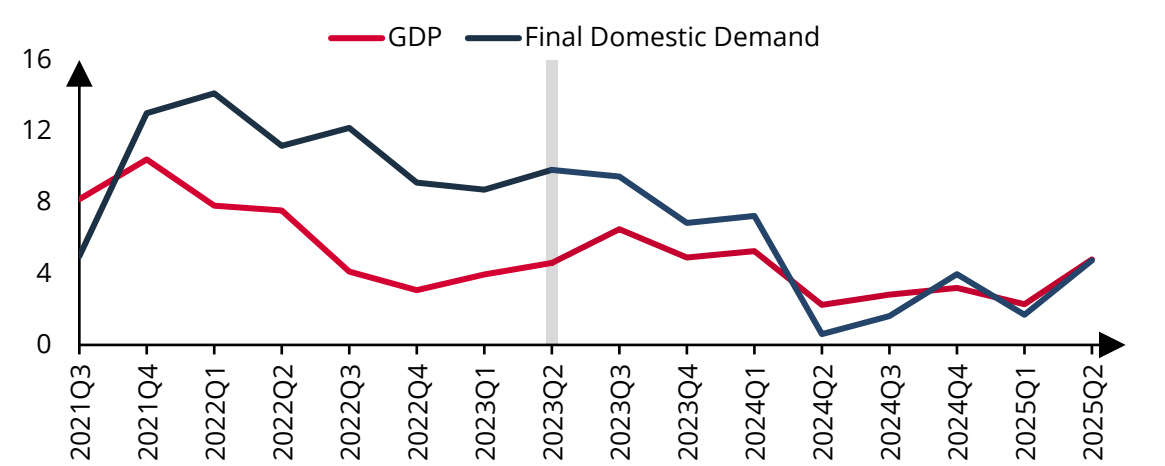
# OVERVIEW

# Macroeconomic indicators at a glance:

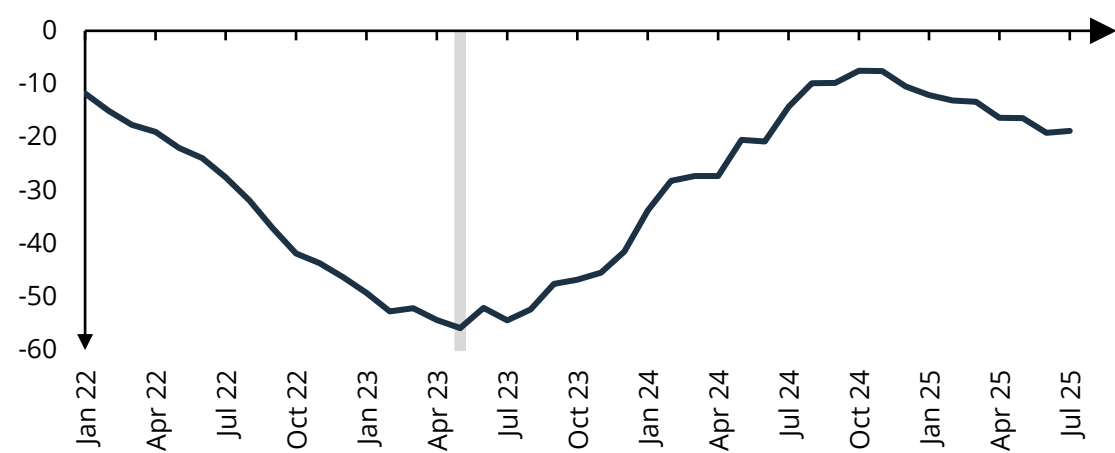
## TL Loan Growth (Annual % Change)



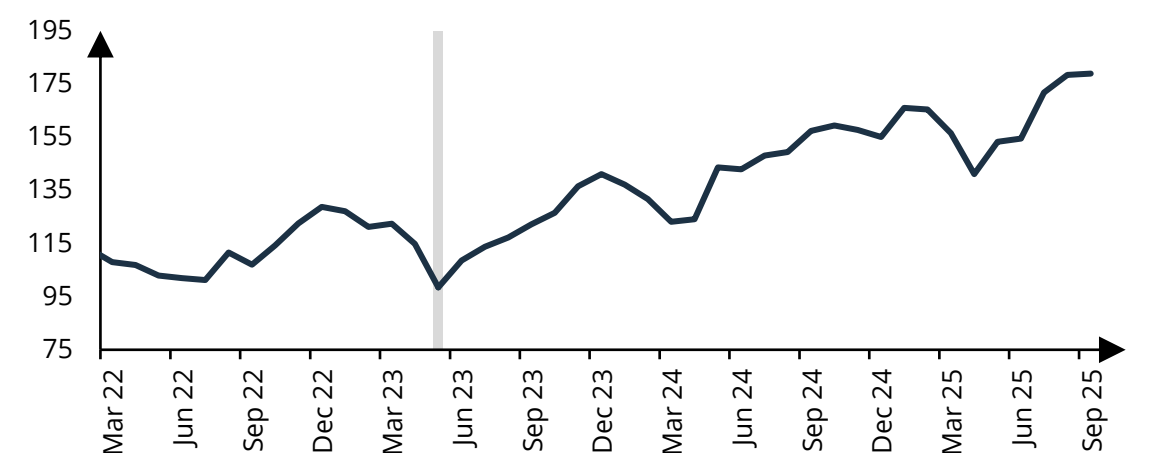
## GDP and Final Domestic Demand Growth (Annual % Change)



## Current Account Balance (12-month-accumulated, Billion Dollars)

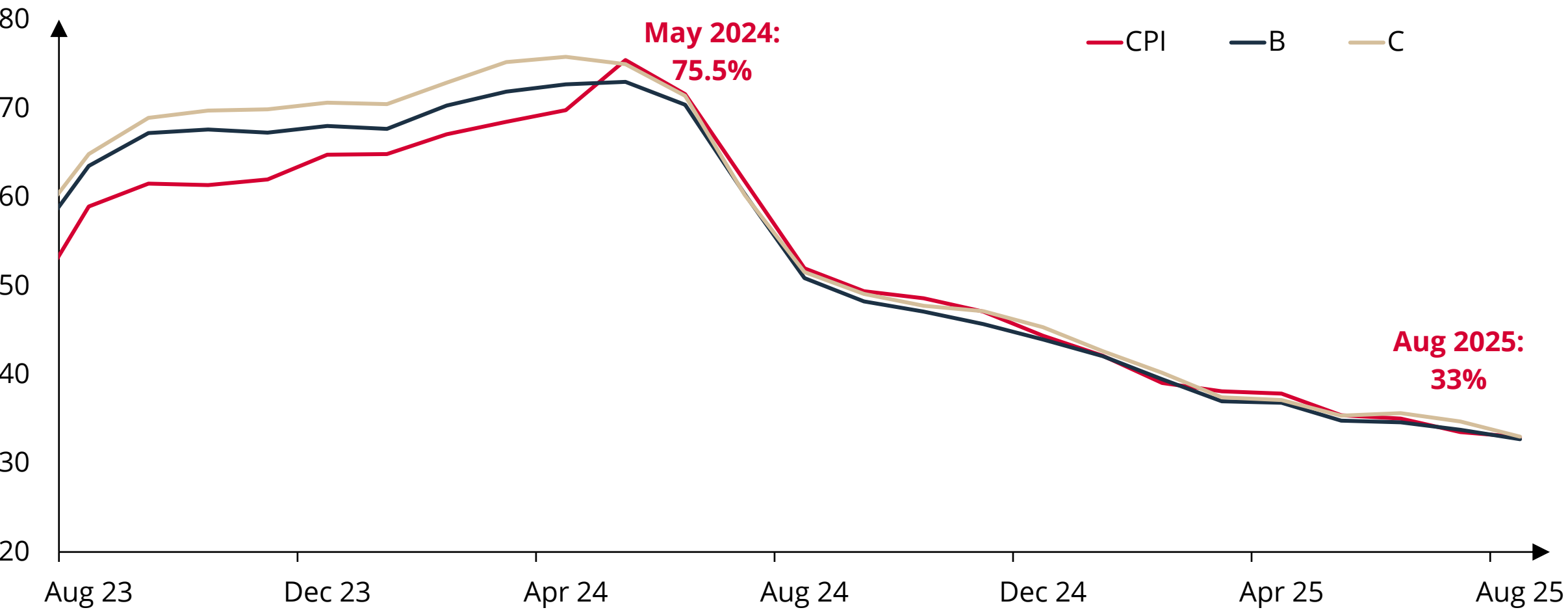


## Reserves (Billion Dollars)



# Disinflation continues, but risks are alive.

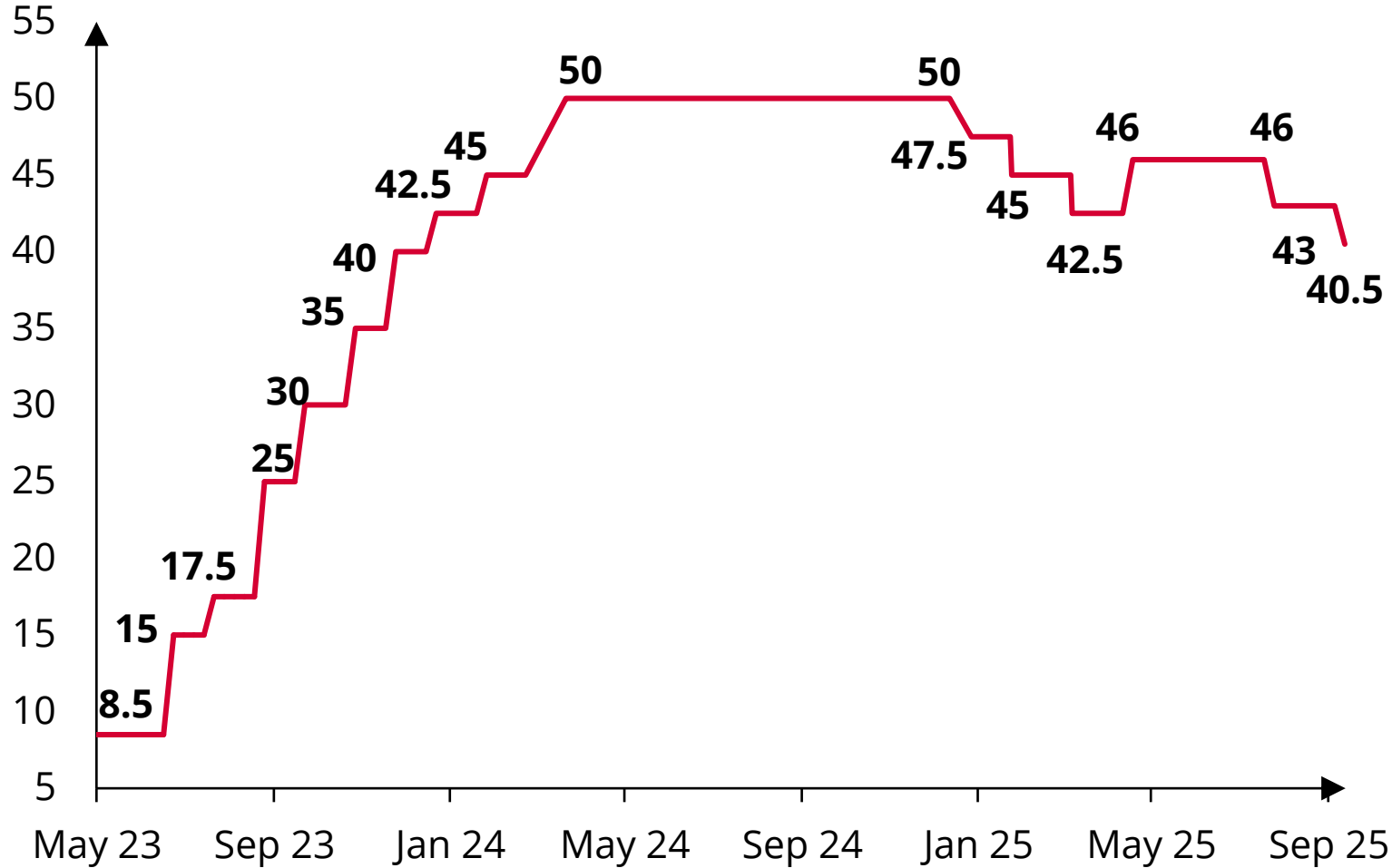
CPI and Core Indicators (Annual % Change)



# **MONETARY POLICY AND FINANCIAL CONDITIONS**

# Tight monetary policy stance is maintained.

Policy Rate (%)

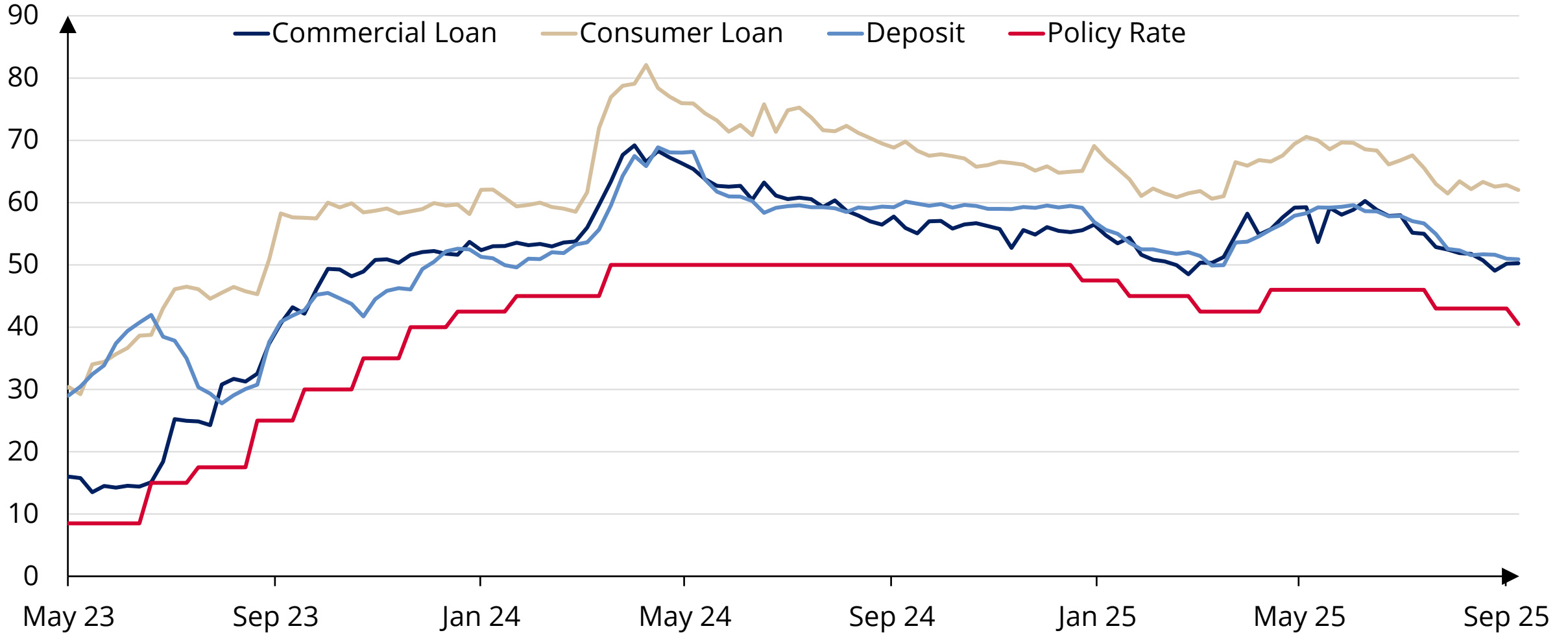


**Macprudential  
Framework**

**Liquidity  
Management**

# Financial conditions remain tight.

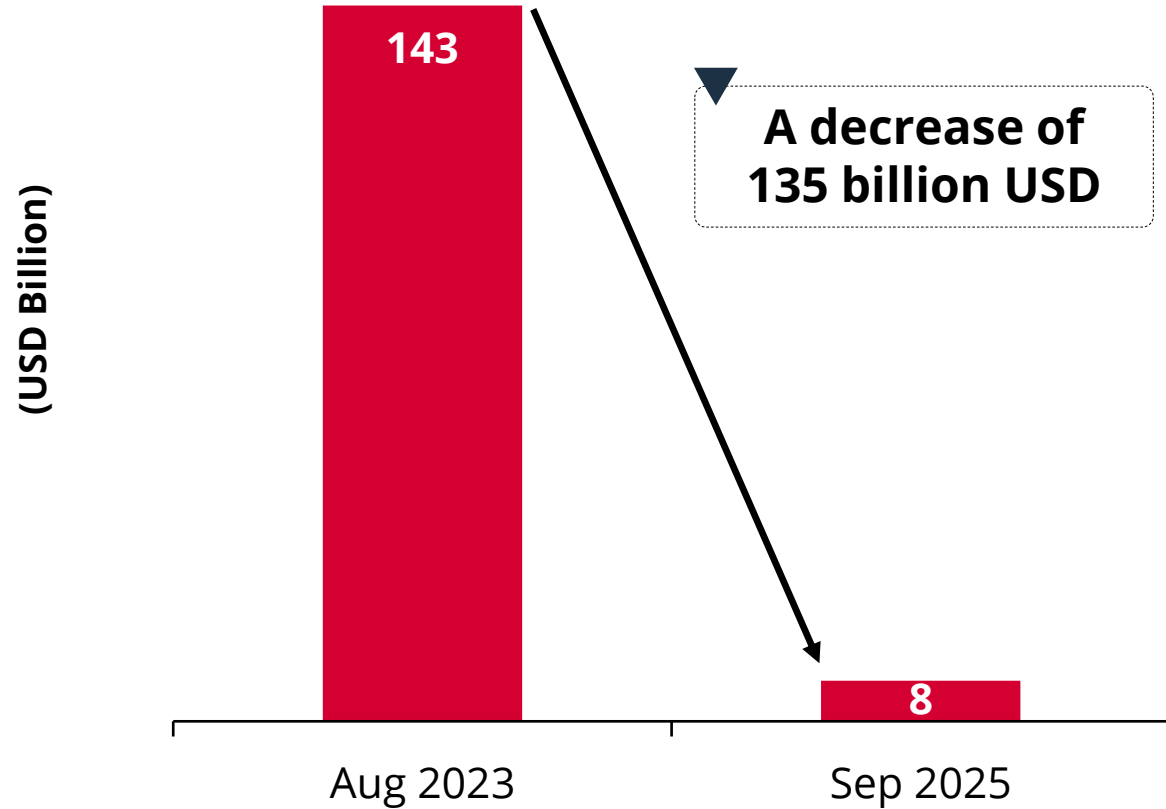
Interest Rates\* (%)



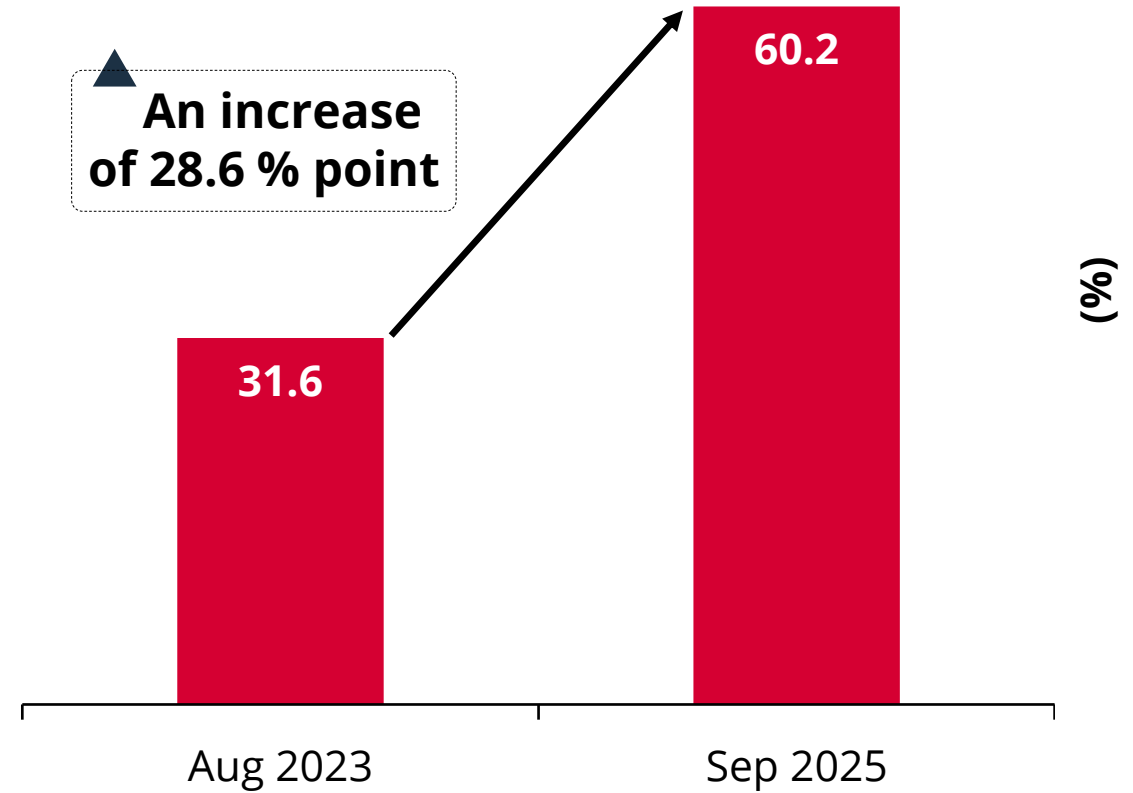


# FX-protected accounts have been terminated with robust TL demand.

## FX-protected Balance

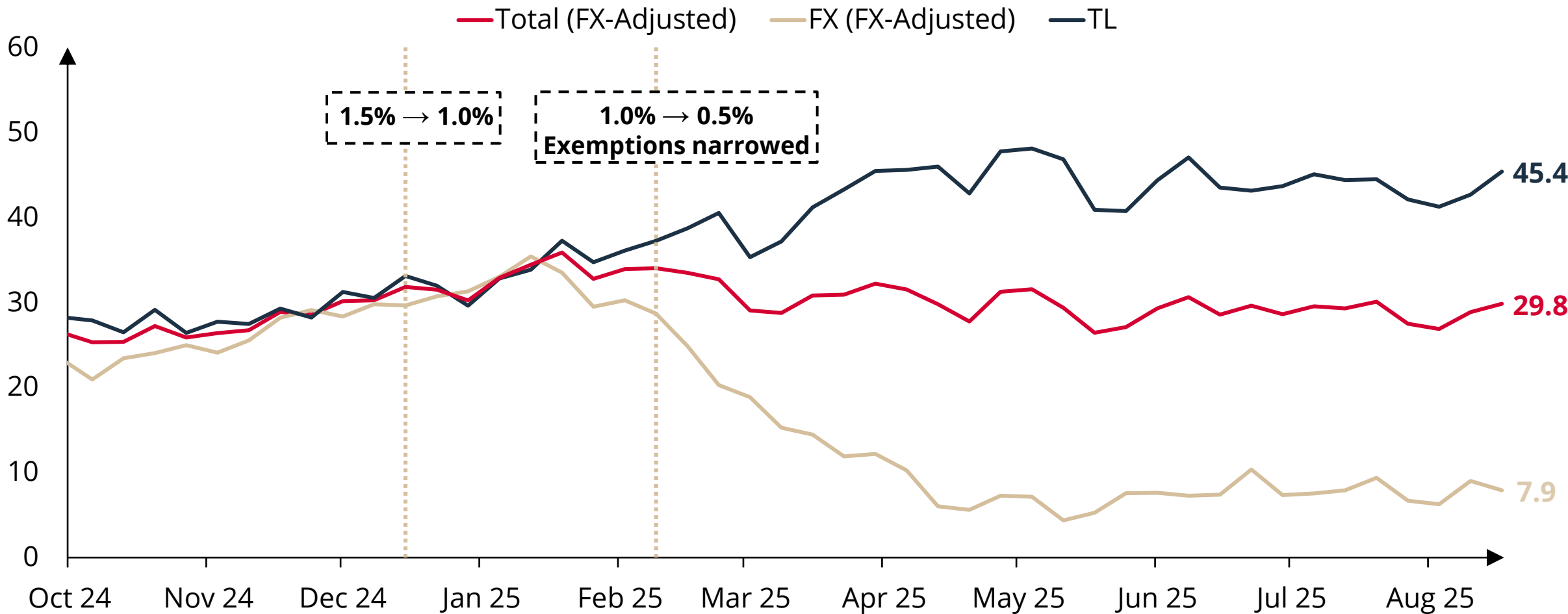


## TRY Deposits in Total Deposits



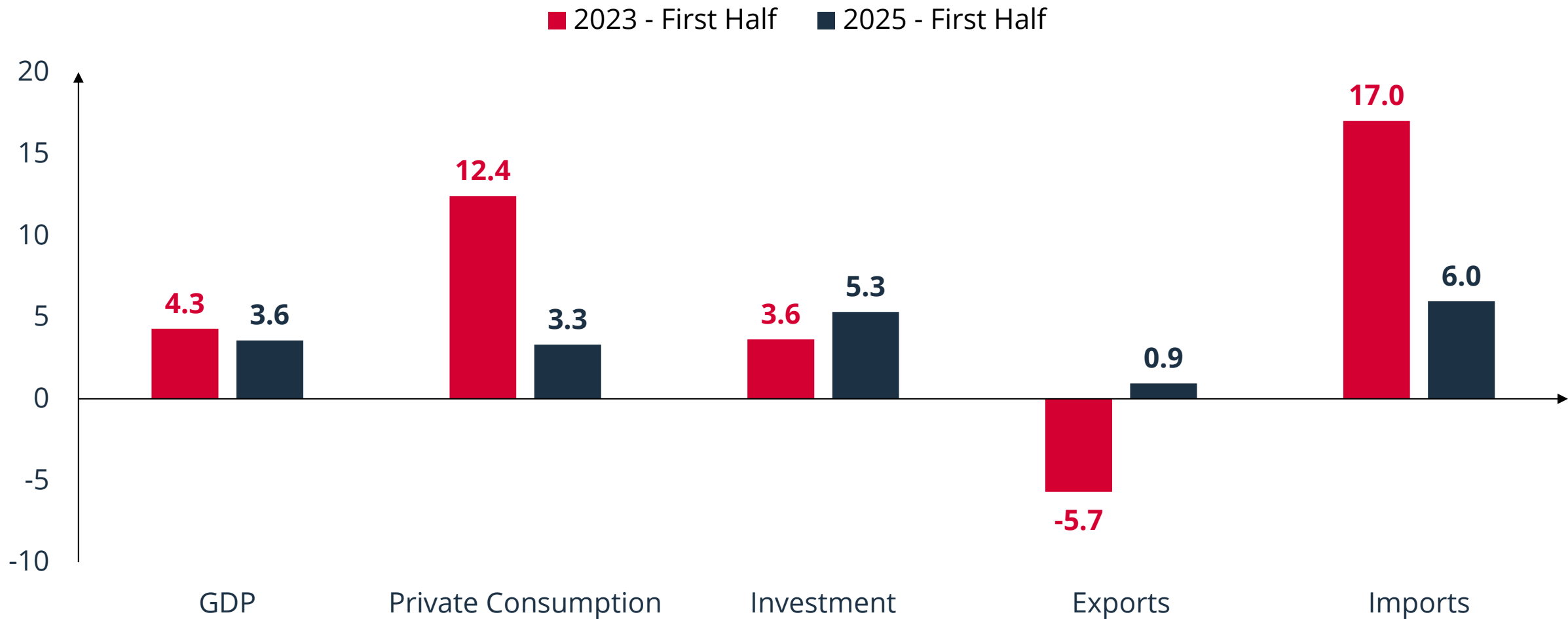
# Loan growth remained stable but the composition shifted in favor of TL.

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



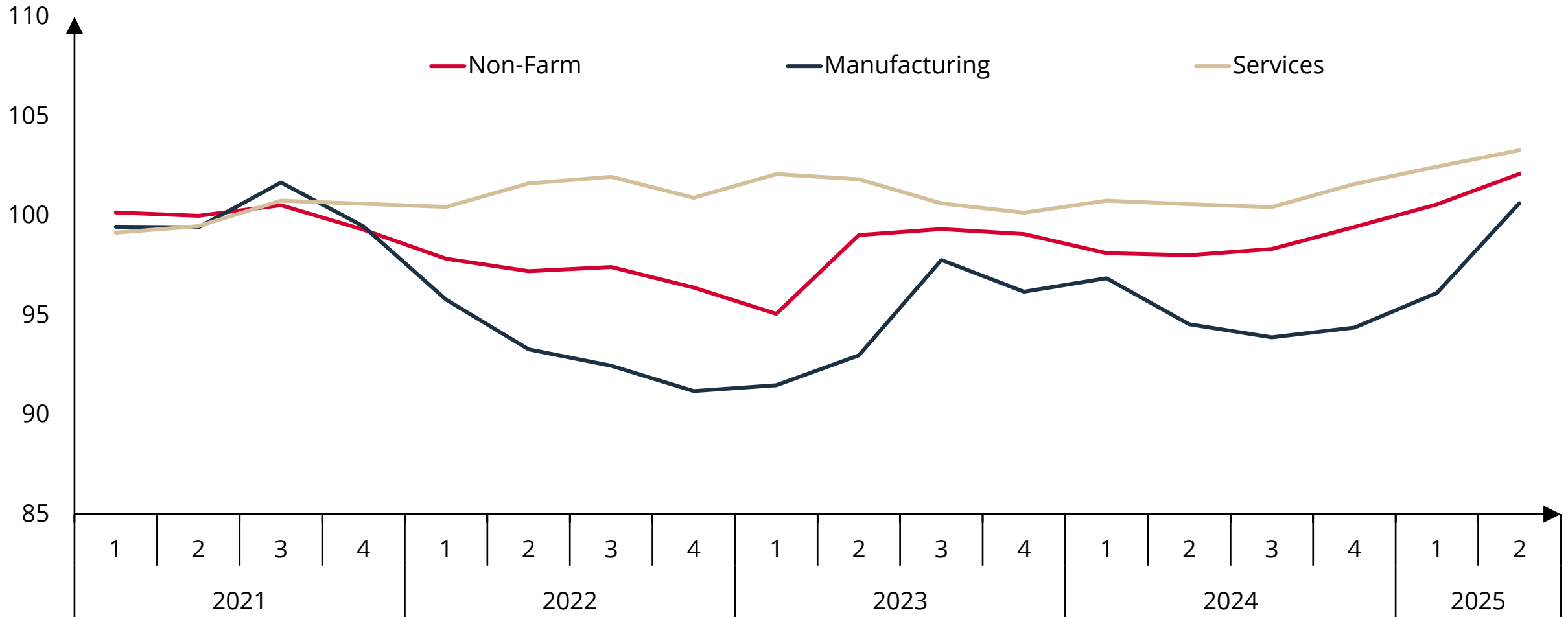
# There has been rebalancing in demand.

Growth Rate of Expenditure Items (Annual % Change)



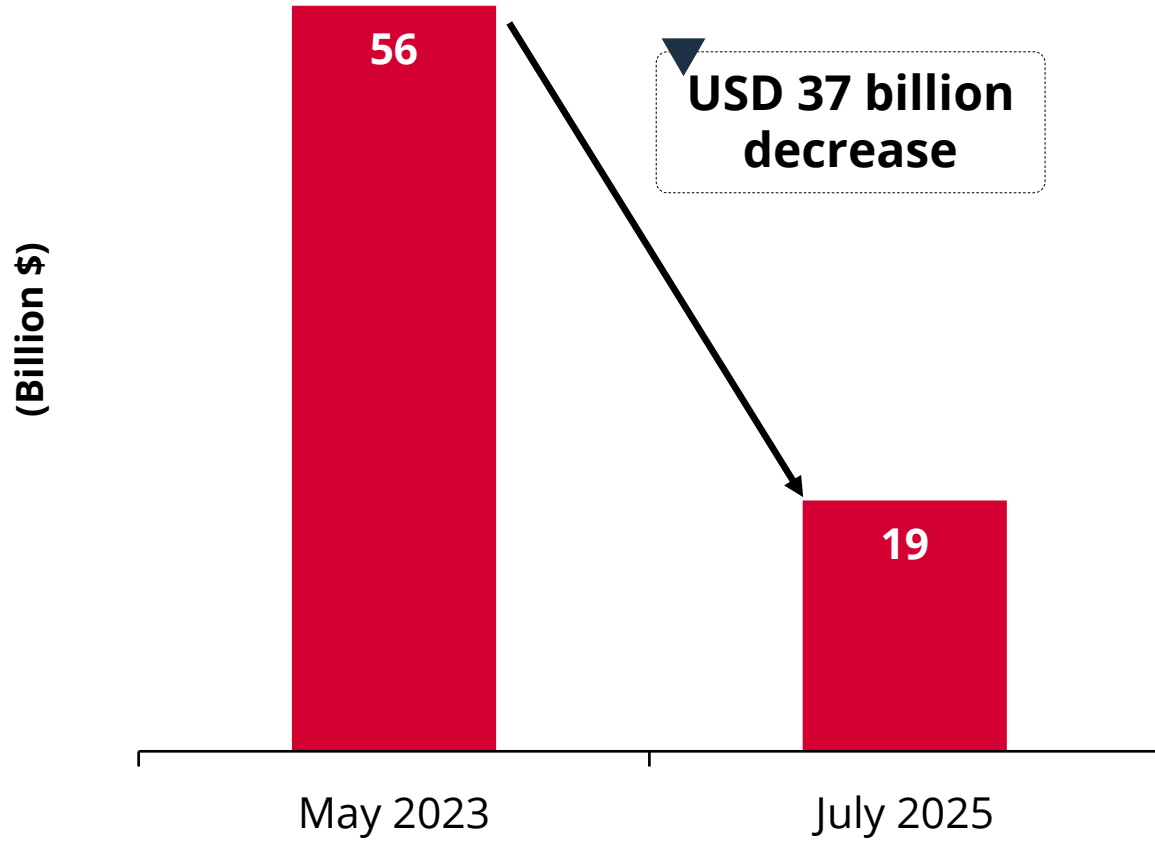
# Labor productivity is increasing.

Output per Worker\* (Seasonally Adjusted, 2021=100)

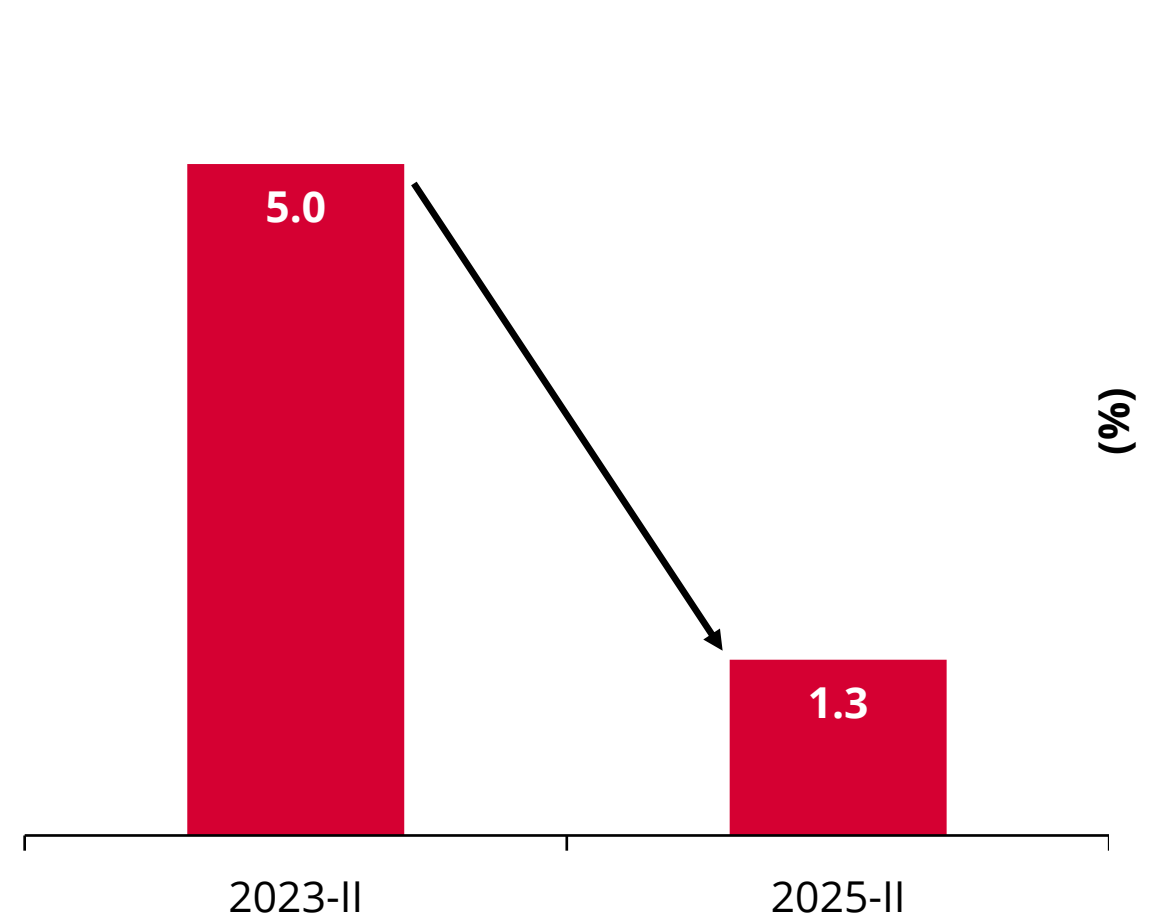


# Improvement in current account balance reduces the need for external financing.

**Current Account Deficit**  
(12-Month Cumulative)

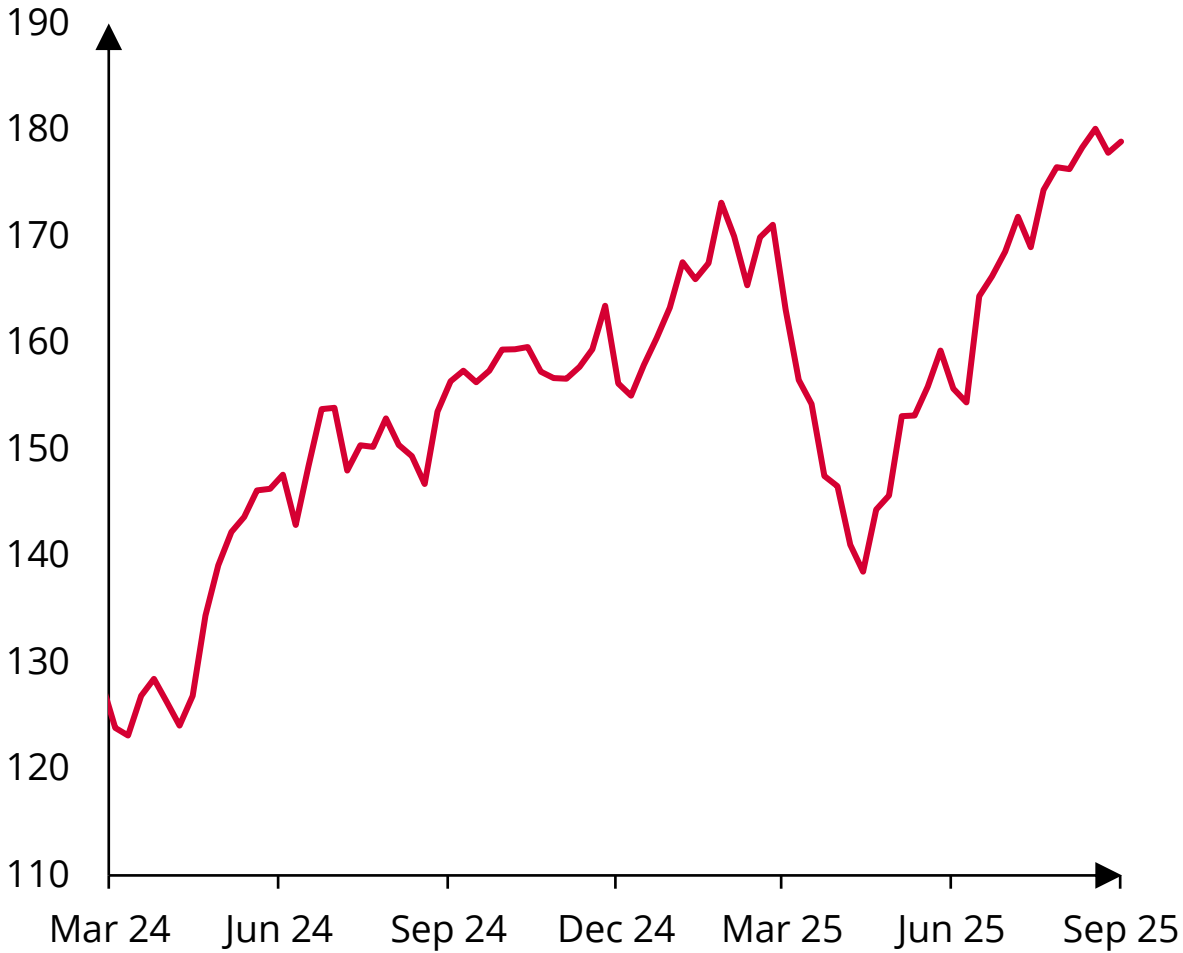


**Current Account Deficit/GDP**  
(12-Month Cumulative)

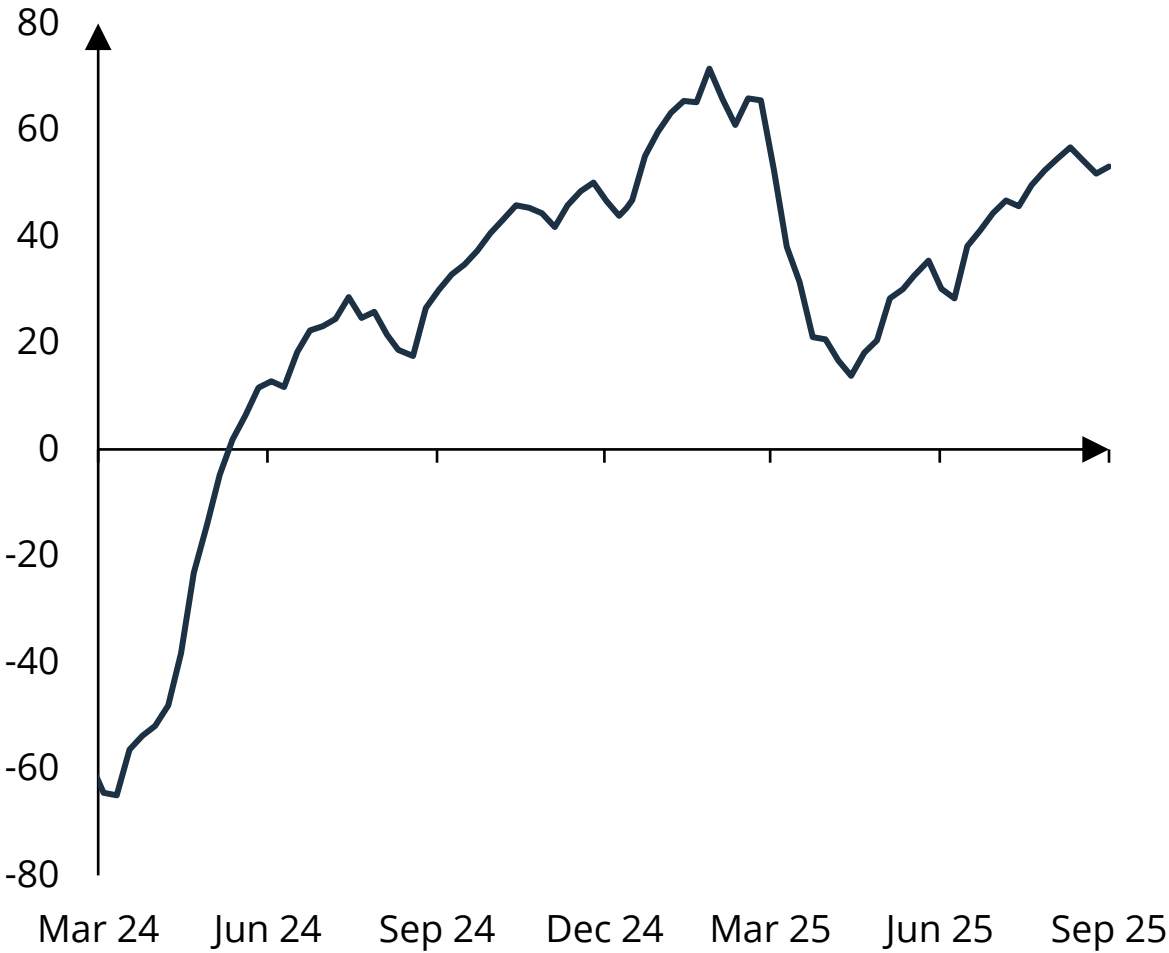


# Tight monetary policy stance supports reserves.

Gross International Reserves\* (Billion USD)



Net Reserves Excluding Swaps\* (Billion USD)

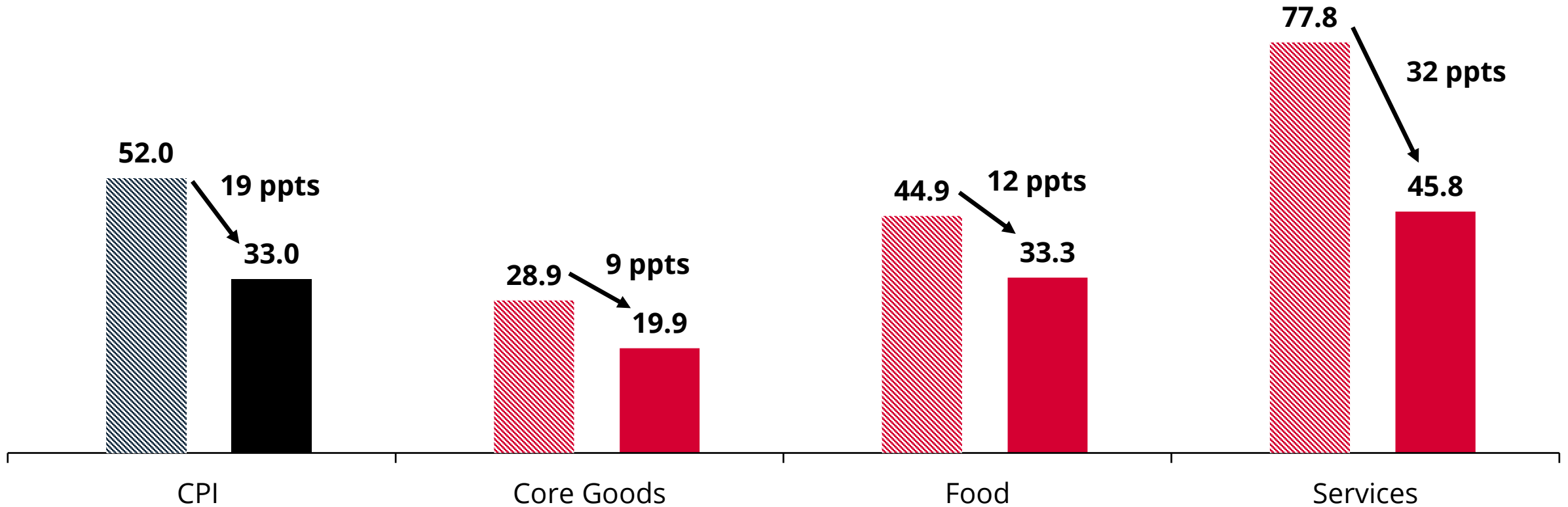


# INFLATION OUTLOOK

# Inflation continues to decline but services inflation remains elevated.

CPI Sub-Items (Annual % Change)

▨ August 2024 ■ August 2025

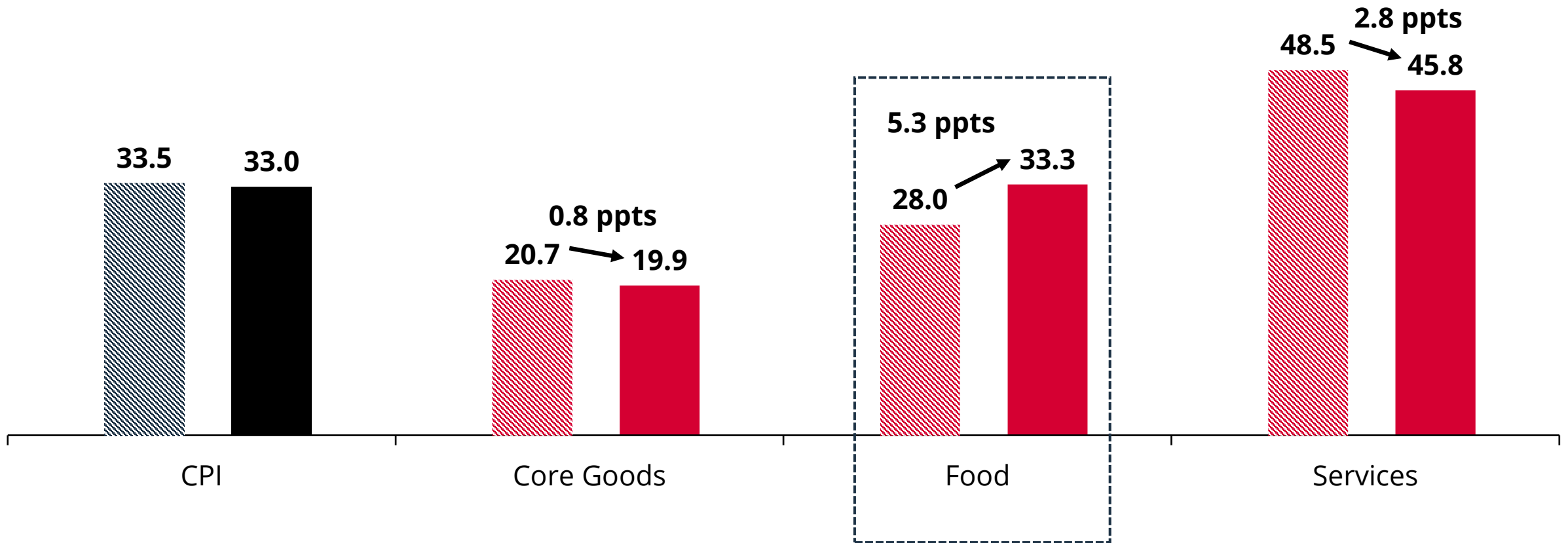




# Adverse weather conditions have a negative impact on food prices.

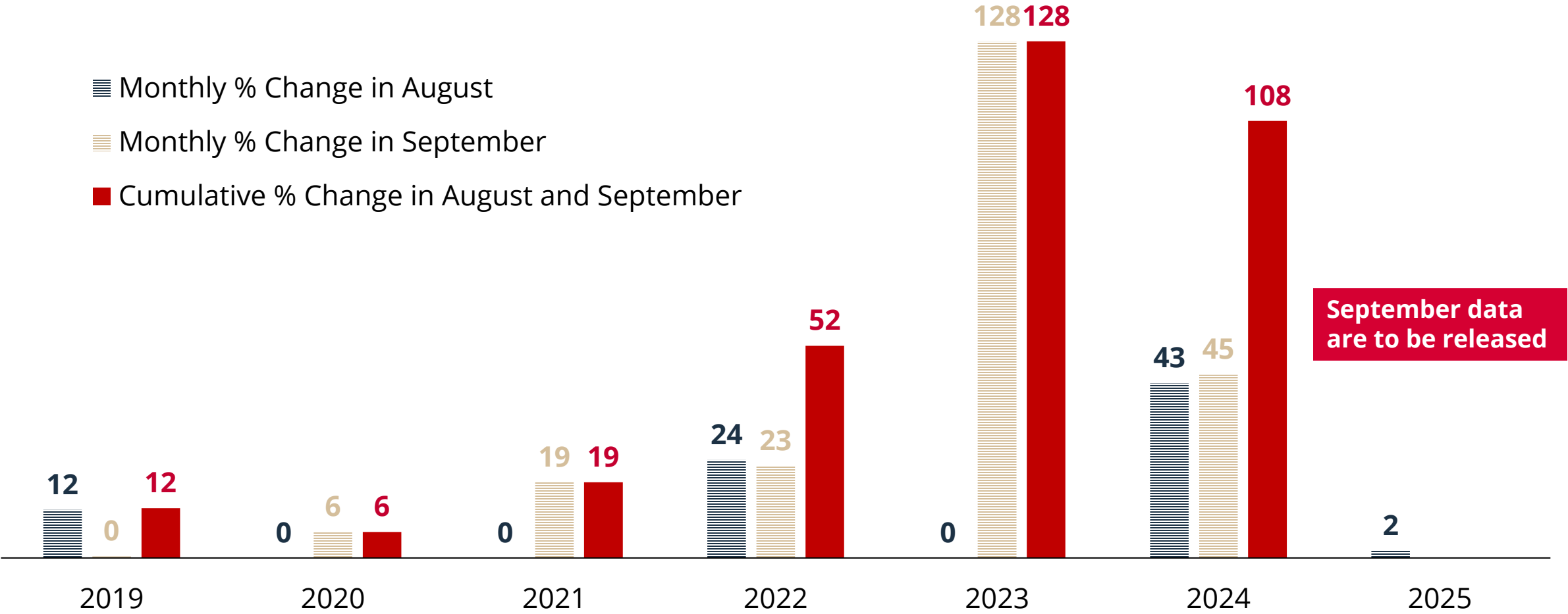
CPI Sub-Items (Annual % Change)

▨ July 2025   ■ August 2025



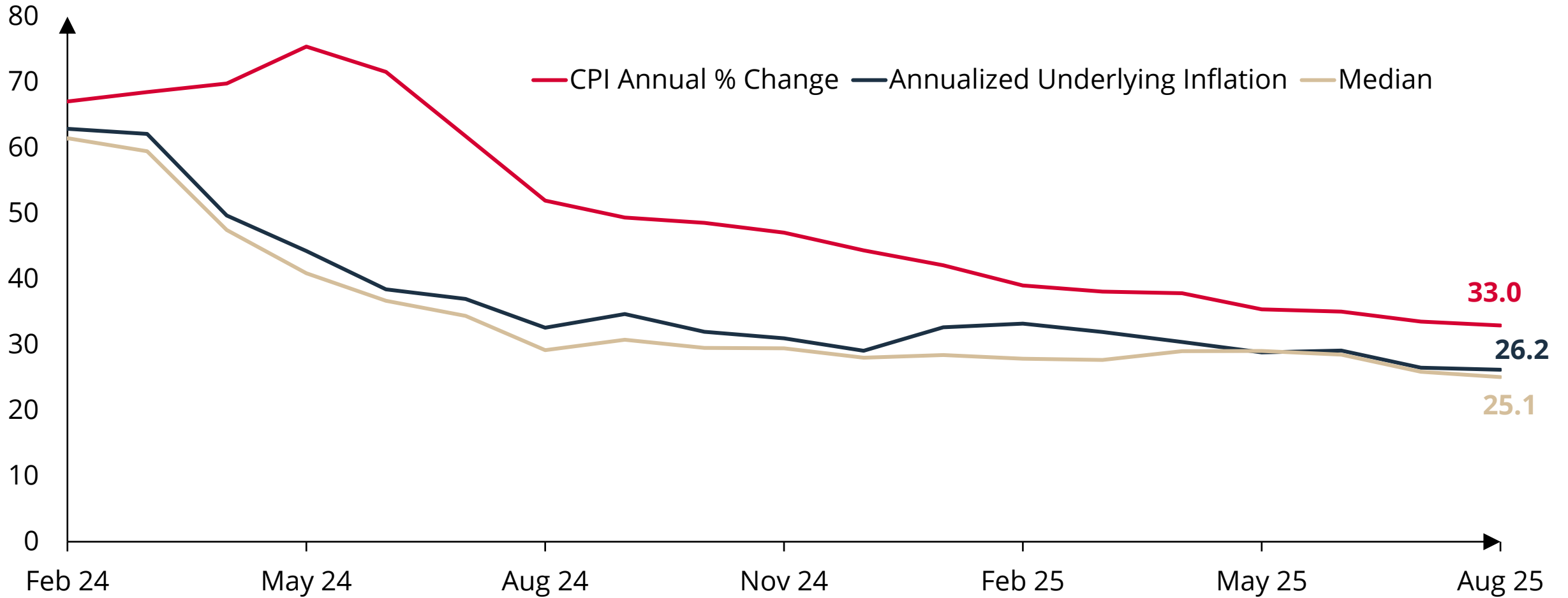
# Monthly services inflation is anticipated to increase as the school season is back.

Tertiary Education Inflation (% Change)



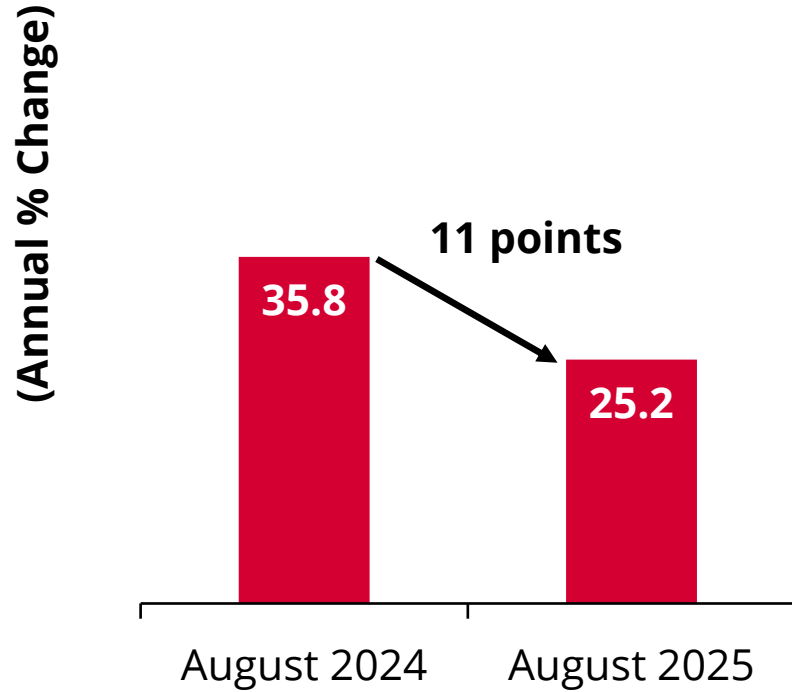
# Underlying inflation indicators point to further disinflation going forward.

CPI, Median and Underlying Inflation\* (% Change)

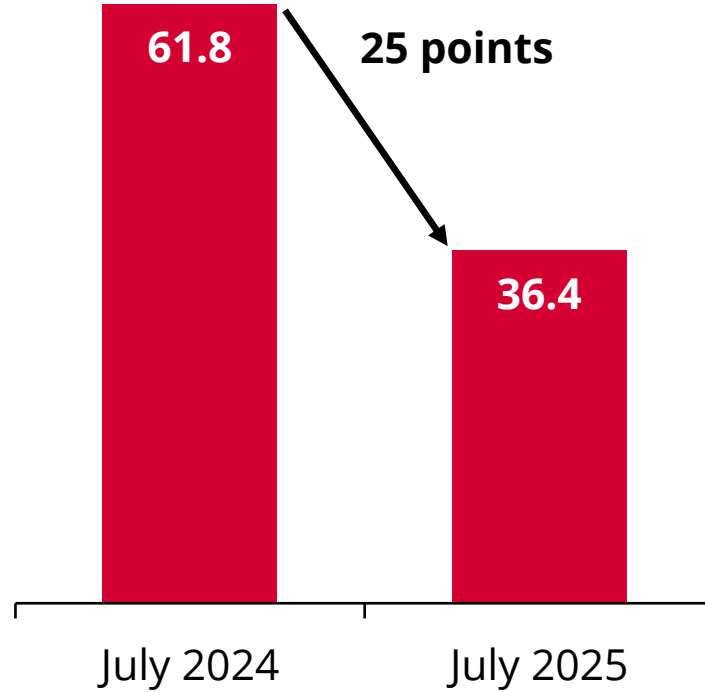


# Cost pressures have subsided.

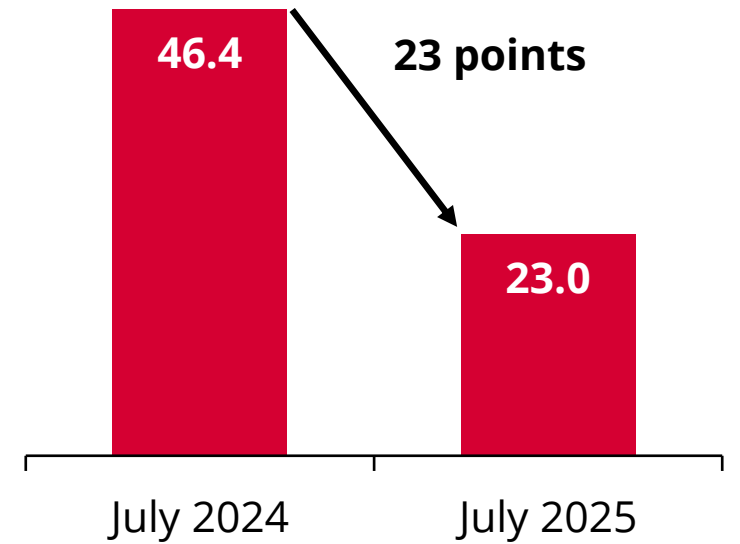
Domestic Producer Price Index (PPI)



Services Producer Price Index

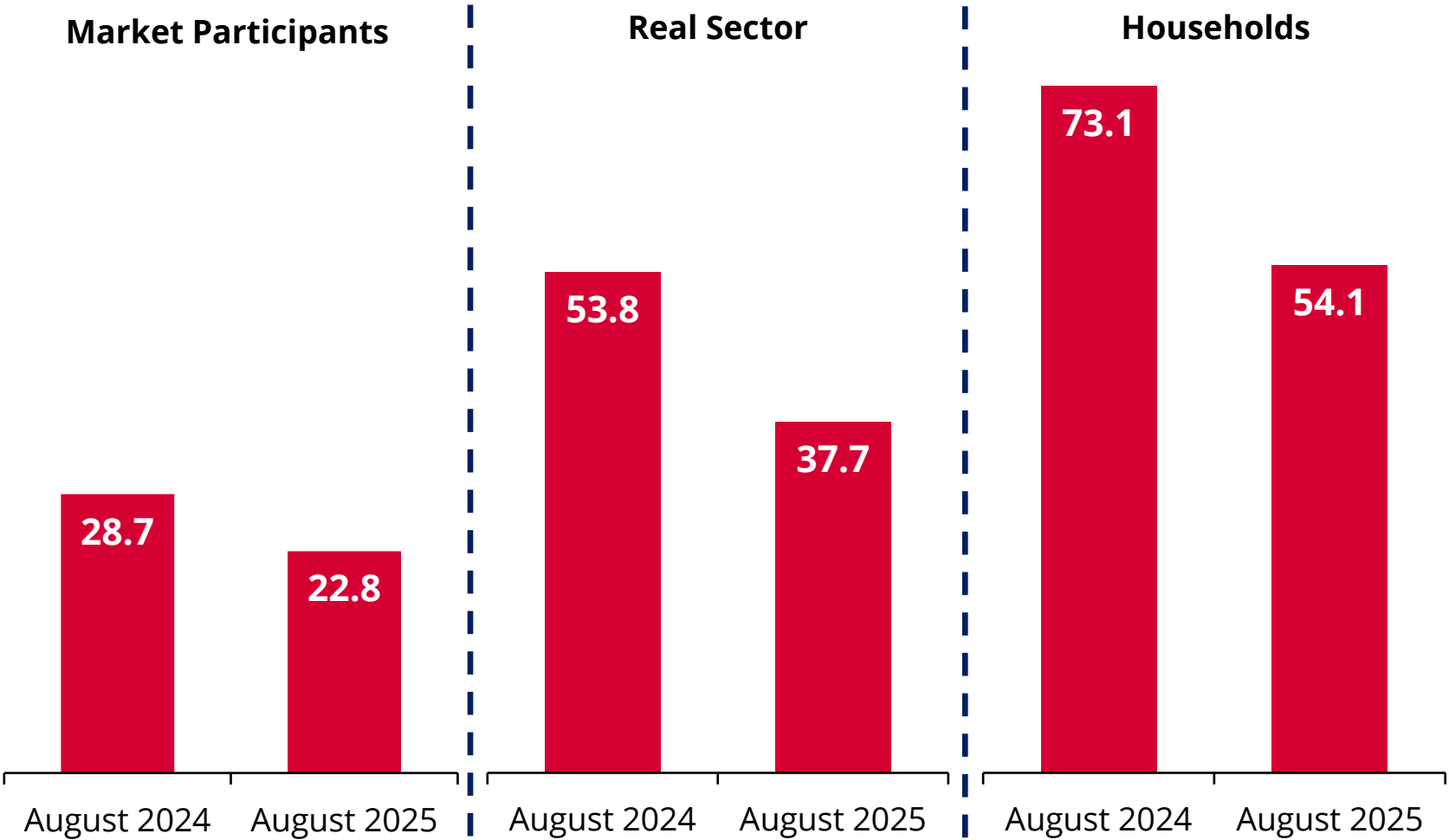


Construction Cost Index



# Inflation expectations have improved, but are still elevated.

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




Market Participants Inflation Expectations (%)	
September 2025	31.8
October 2025	30.7
December 2025	29.9
September 2026	22.3
December 2026	20.8


# Inflation expectations and pricing behavior continue to pose upside risks.

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## Upside risks

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- Food prices (frost and drought)
  - Stickiness in services
  - Inflation expectations

## Downside risks

- 
- Global growth
  - Commodity prices

# Conclusions

- The tight monetary policy stance, which will be maintained until price stability is achieved, will strengthen the disinflation process through demand, exchange rate, and expectation channels.
- The macroeconomic framework outlined in the Medium-Term Program will contribute to this process.
- The Committee will determine the policy rate by taking into account realized and expected inflation and its underlying trend in a way to ensure the tightness required by the projected disinflation path in line with the interim targets.
- The step size will be reviewed prudently on a meeting-by-meeting basis with a focus on the inflation outlook.
- Monetary policy stance will be tightened in case of a significant deviation in inflation outlook from the interim targets.



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