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Türkiye- Inflation

April 2024 - Yoy inflation rise in main groups excepting food

Headline CPI inflation in April printed at 3.2%, below the consensus (3.4%), while slightly above our estimate (3.1%). Yoy CPI inflation rose to 69.8% from 68.5%. Yoy core inflation rose from 75.2% to 75.8%, and yoy PPI inflation from 51.5% to 55.7%. Yoy core inflation printed at its peak since January 2004, when data started to be released. Prices rose 18.7% in the first four months of 2024 according to headline CPI.

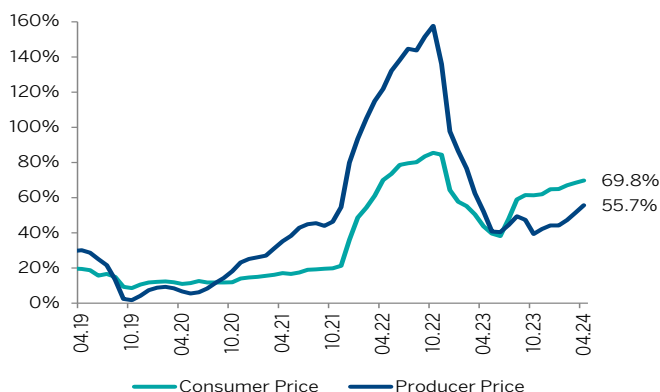
Mom inflation was slightly above our expectation in April due to the stronger-than-expected core inflation. Yoy core inflation continued to hit a new record high. While the slowdown in core inflation was quite limited, the trend remained high. Yoy services inflation rose to 97.0%. Although yoy durable goods inflation edged down, yoy core goods inflation increased. Energy prices remained unchanged on a mom basis. However, yoy energy inflation accelerated due to the base effect. The alcoholic beverages and tobacco group posted a sharp mom inflation of 9.6%, making the highest contribution to the rise in yoy headline inflation. In April, food price inflation remained below both our forecast and leading indicators, falling around 2 points to 68.4%.

The persistently high core inflation trend and the acceleration in producer price inflation in April are unfavorable for the inflation outlook. In line with CBRT and market estimates, we expect yoy inflation to peak (c.70-74%) in May 2024 and then begin a downtrend with support from the base effect. Our 2024 year-end inflation forecast is 45%. Strong demand and uncertainty surrounding the local elections had negatively impacted the inflation outlook in 1Q23. The CBRT's additional tightening in March poses slight downside risk to our inflation forecast if this stance is maintained for long.

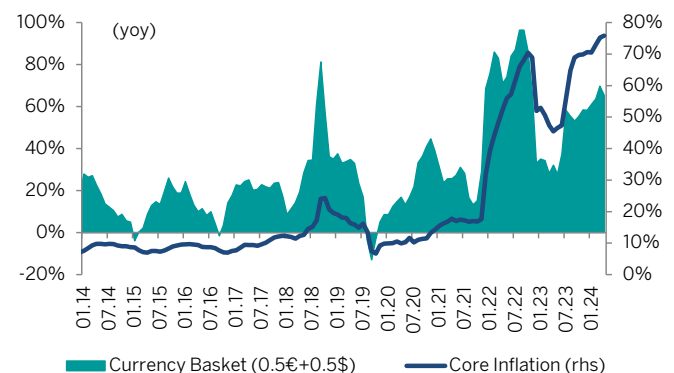
Details of Inflation

	April 2024		March 2024	Diff in Annual Figure		April 2024		March 2024	Diff in Annual Figure
	MoM	YoY	YoY			MoM	YoY	YoY	
Headline CPI	3.18%	69.80%	68.50%	1.3%	Alc. Bev.&Tobacco	9.56%	78.53%	62.98%	15.6%
Core CPI	3.56%	75.81%	75.21%	0.6%	Clothing&Footwear	4.58%	51.20%	50.10%	1.1%
Energy	0.00%	42.83%	37.32%	5.5%	Housing	1.38%	55.55%	51.17%	4.4%
Goods	2.76%	59.67%	58.17%	1.5%	Furniture, Hhold Equip.	4.11%	67.88%	63.72%	4.2%
Service	4.16%	96.99%	96.48%	0.5%	Health	1.03%	77.67%	80.25%	-2.6%
Food and Non-Alc. Bev.	2.78%	68.50%	70.41%	-1.9%	Transportation	2.81%	80.39%	79.92%	0.5%
Unprocessed Food	3.85%	77.85%	84.14%	-6.3%	Communication	3.18%	55.40%	59.54%	-4.1%
Processed Food	1.75%	60.19%	58.97%	1.2%	Recreation&Culture	2.62%	66.99%	66.85%	0.1%
CPI exc. Adminis. Prices	3.39%	74.67%	74.44%	0.2%	Education	2.97%	103.86%	104.07%	-0.2%
PPI	3.29%	55.66%	51.47%	4.2%	Hotels&Restaurants	4.69%	95.82%	94.97%	0.8%
					Misc. Goods&Services	3.52%	66.12%	62.74%	3.4%

CPI and PPI Inflation (yoy)



Core Inflation & FX

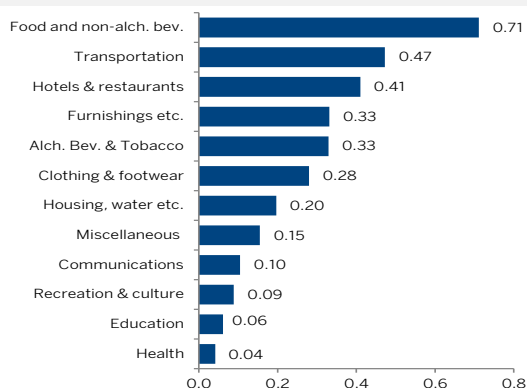


Source: Turkstat, Garanti BBVA Securities

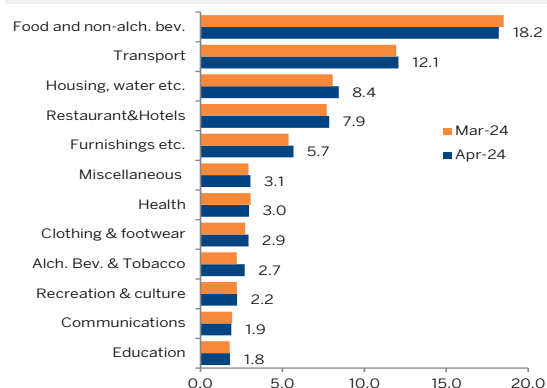
Core, energy and tobacco sub-groups pushed headline yoy inflation up

- Food inflation was at 2.9% mom in April, below both the 5-year average (4.8%) and April 2023 (4.1%). Food inflation fell yoy to 68.4% from 70.5%.
- Yoy inflation in durable goods excluding gold fell slightly to 59.9%. Mom inflation for goods affected by FX and demand in general printed lower than the previous month, but remained high (furniture (6.6%), household appliances (2.9%), automobiles (1.3%), the TV group (1.2%), and phones (0.6%)).
- The mom price increase in tobacco and non-alcoholic beverages was high at 9.6%. The group's yoy inflation increased by 16 pps. Although energy prices remained unchanged on a mom basis, yoy energy inflation rose from 37.3% to 42.8% due to the base effect.
- Yoy services inflation rose from 96.5% to 97.0%. Yoy inflation in sub-groups excepting communication increased. Yoy inflation rates were at 124% for rent, 101% for transportation, 96% for restaurants and hotels, and 66% for communication.
- Yoy core inflation rose from 75.2% to 75.8%. The SA core inflation trend weakened slightly, but remained high. All yoy inflation indicators signaled a deterioration. These indicators adjusted for various factors were at high levels in the range of 68%-76%, rising 1.0 pps on average relative to March.

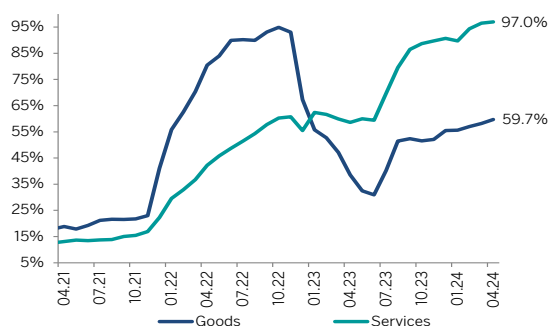
Contributions to the Monthly Inflation (points)



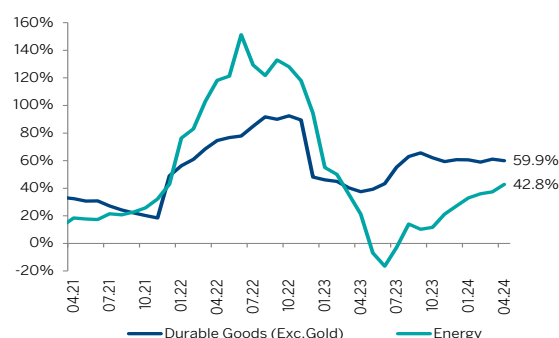
Contributions to the Annual Inflation (points)



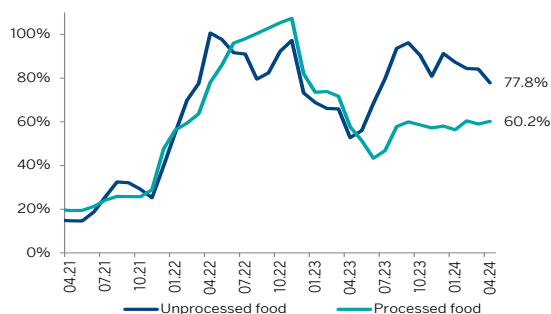
Goods & Services Inflation



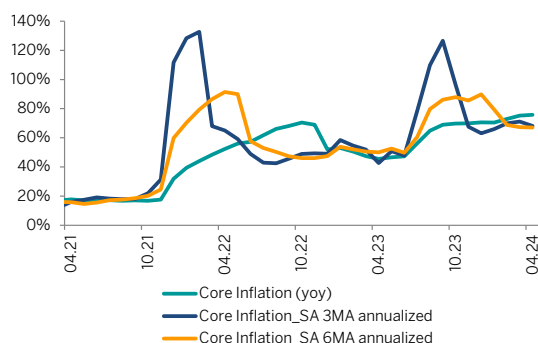
Inflation (yoy)



Food Inflation (yoy)



Core Inflation



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