AUGUST PRICE DEVELOPMENTS

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Summary

Consumer prices increased by 1.84% in August, and annual inflation decreased by 0.24 points to 31.51%. In this period, energy price developments were the leading factor shaping the course of consumer inflation. Energy prices, which picked up again in July due to geopolitical developments, posted an increase of 5.46% in August led by fuel prices. Monthly services inflation remained elevated, and fuel price developments continued to have an impact on transport services. While the strong upward trend in communication services prices continued, the impact of developments in tuition fees of foundation higher education institutions was felt in education services. The increases in university tuition fees, which took place only once in September in the previous year based on the registration period, extended over the August-September period this year. Meanwhile, the slowdown in certain services items continued, particularly in rent and restaurants-hotels. Core goods inflation maintained its relatively low level. On the back of the favorable outlook in both clothing and core goods excluding clothing, seasonally adjusted core goods inflation was moderate at 0.58%. Following the rise in July, annual inflation in the food group declined due in part to prices of fresh fruits and vegetables. Affected by global energy price developments, domestic producer prices rose by 2.57% in August, and annual producer inflation went up by 0.12 points to 27.95%. Against this background, the underlying monthly consumer inflation increased slightly in August over the previous month, but remained mild compared to the first half of the year.

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 1.84% in August, and annual inflation decreased by 0.24 points to 31.51% (Chart 1). The annual rate of change was down by 0.30 points to 30.68% in the B index and was up by 0.16 points to 30.07% in the C index (Table 1).

Compared to the previous month, the contributions of the food and non-alcoholic beverages, and core goods groups to annual consumer inflation decreased by 0.81 and 0.32 points, respectively, whereas those of the services, energy, and alcohol-tobacco-gold groups edged up by 0.43, 0.40 and 0.06 points.

In seasonally adjusted terms, the monthly increase in consumer prices remained flat (Chart 2). Monthly inflation was unchanged in the B index compared to the previous month, but fell in the C index (Chart 3 and Table 2). Among the components of the B index, price increases gained pace in processed food, remained close to the previous month in services, but weakened in core goods (Chart 4). Indicators monitored by the CBRT suggest a limited increase in underlying inflation in August (Chart 5 and Table 2). These indicators registered a moderate decline in terms of three-month averages (Chart 6 and Table 2).

In August, prices of services rose by 3.08% and annual services inflation increased by 0.58 points to 40.28%. While annual inflation increased in communication, transportation and other services, it decreased in rents and restaurants-hotels (Chart 7). Monthly price increases in August were mainly driven by communication and transportation services, with education in the lead. In this period, prices in the other services group were up by 3.22%, reflecting the effect of the pilgrimage fees (up 28.89%) being announced in August this year, unlike the previous year, in addition to education services. Prices of education services rose by 8.62% on the back of the increase in the tuition fees of foundation higher education institutions. The increases in university tuition fees, which took place only once in September in the previous year based on the registration period, extended over the August-September period this year. Mobile phone call charges and internet fees were influential in the 5.03% increase in communication services. Inflation in transportation services, which has been on the rise due to fuel prices, strengthened at 4.98% in August. In this period, air passenger transportation was the main item that stood out with an increase of 22.00%. Although monthly rent inflation rose slightly to 3.04% due to seasonal effects on contract renewal rates, it continued to decelerate on an annual basis. Meanwhile, the restaurants-hotels group remained on a moderate track.

In August, core goods prices edged down by 0.28%, and the group's annual inflation declined by 0.93 points to 15.89%. Annual inflation recorded a limited increase in durable goods, while it receded in other subgroups, more markedly in clothing and footwear (Chart 8). In this period, durable consumption goods prices rose by 1.05%. While monthly white goods inflation decelerated to 2.32% over the previous month, furniture and automobile prices went up by 1.88% and 1.11%, respectively. Price declines observed on the consumer electronics side, however, limited a more adverse outlook for durable consumption goods inflation. Clothing and footwear prices fell by 3.62% amid seasonal discounts, while monthly inflation in other core goods slowed to 0.88%.

In August, energy prices increased by 5.46%, and annual energy inflation went up by 6.37 points to 39.23% (Chart 9). Amid global developments, fuel prices surged by 11.23%, becoming the main driver of the rise in energy prices in this period. Diesel prices, on the other hand, also reflected the effects of rising refinery margins. Global developments led bottled gas prices to climb by 5.28% in this period, while residential electricity and natural gas prices remained mild.

Prices in the alcoholic beverages and tobacco group rose by 6.89% in August. The rise in the tobacco group was driven by the tax revision implemented in July.

Monthly inflation in food and non-alcoholic beverages lost considerable pace with 0.22% compared to the previous month and annual inflation in this group dropped by 3.73 points to 33.79% (Chart 9). Annual inflation fell by 5.55 points to 34.14% in unprocessed food whereas it declined by 2.41 points to 33.54% in processed food (Chart 10). The 2.03% fall in unprocessed food prices was driven by supply-side factors in the fresh fruits and vegetables group. The monthly increase in the processed food group was higher at 1.99%, with tea, non-alcoholic beverages, vegetable oils, sugar and related products in the lead.

In August, domestic producer prices increased by 2.57%, and annual producer inflation edged up by 0.12 points to 27.95% (Chart 11 and Table 3). An analysis by main industrial groupings reveals that energy prices continued to increase, with an upsurge of 6.99% in this period (Chart 12). Durable consumption goods (excluding jewelry) saw prices rise by 2.01%, while increases in other main industrial groupings stood at the range of 1.5%-1.8%. On a sectoral basis, there were notable price hikes in refined petroleum products, tobacco, coal-lignite, metal ore and electricity.

Charts and Tables

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

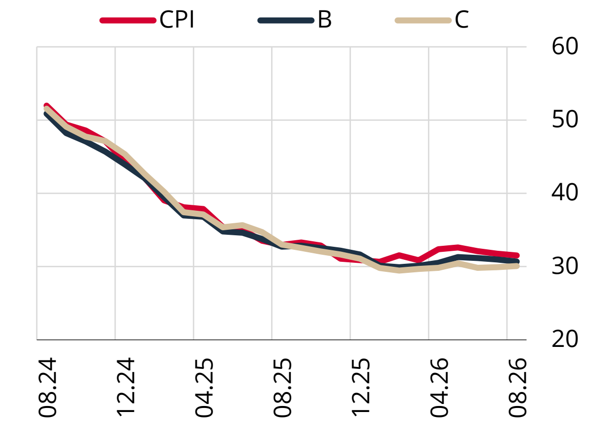


Chart 2. CPI and CPI Excluding Food
(Seasonally Adjusted, Monthly % Change)

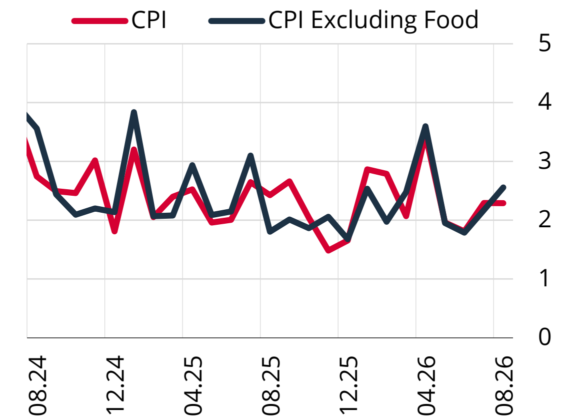


Chart 3. B and C Indices
(Seasonally Adjusted, Monthly % Change)

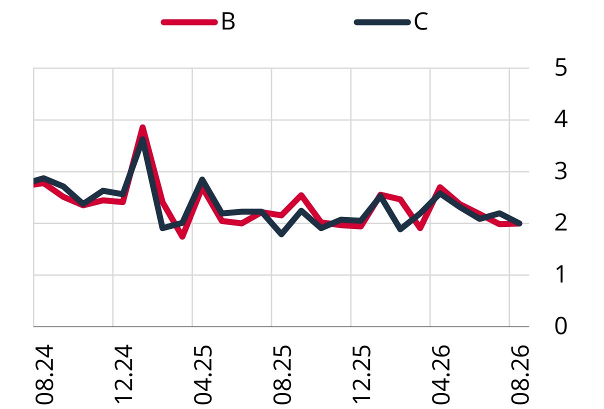
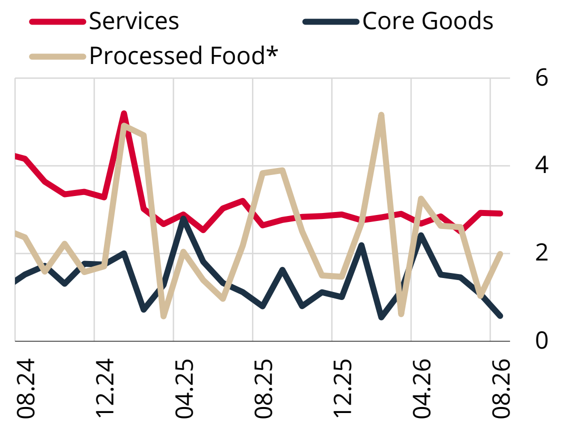


Chart 4. Main Components of B Index
(Seasonally Adjusted, Monthly % Change)



* 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)

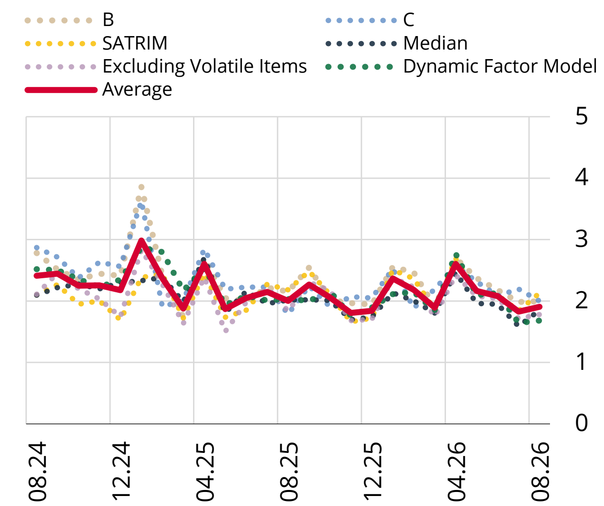


Chart 6. Underlying Inflation Indicators
(Seasonally Adjusted, Monthly % Change, 3 Month Average)

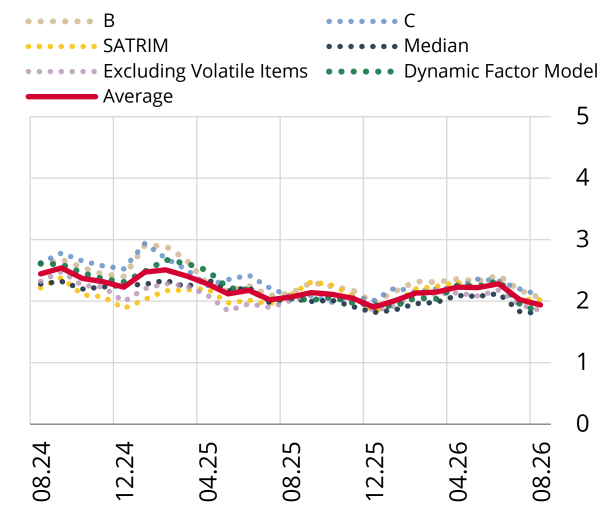


Chart 7. Services
(Annual % Change)

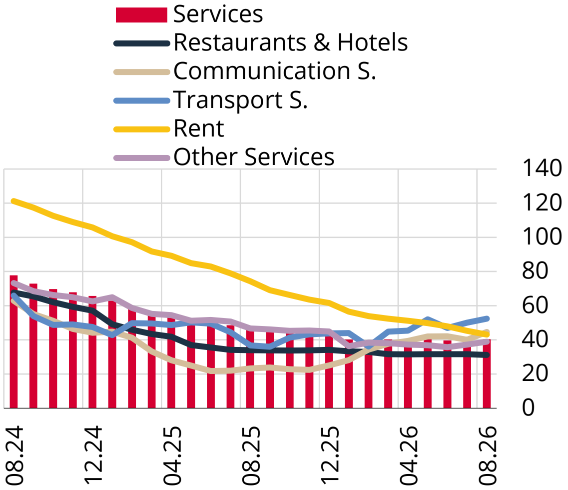


Chart 8. Core Goods
(Annual % Change)

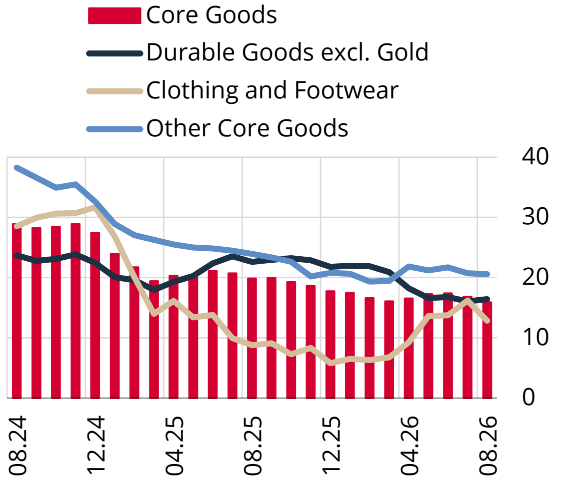


Chart 9. Food and Non-alcoholic Beverages and Energy (Annual % Change)

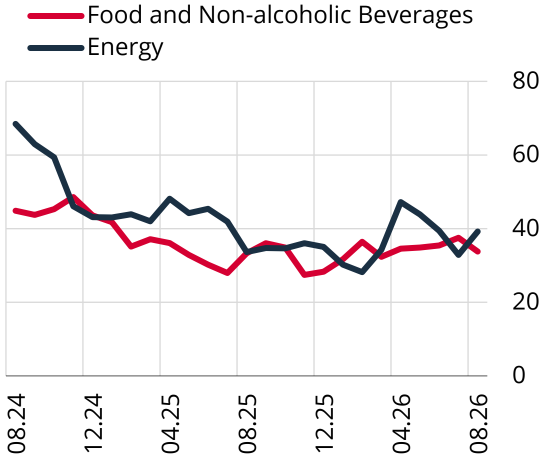


Chart 10. Processed and Unprocessed Food
(Annual % Change)

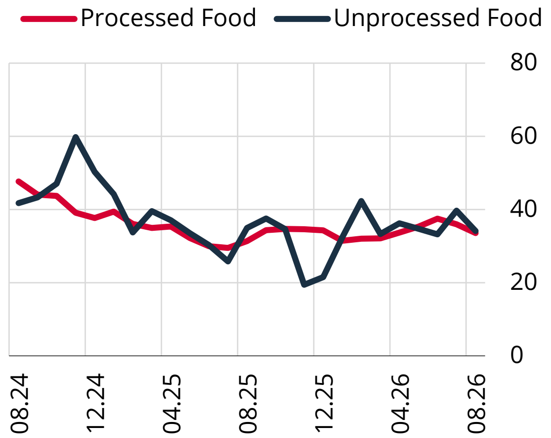


Chart 11. D-PPI and Manufacturing
(Annual % Change)

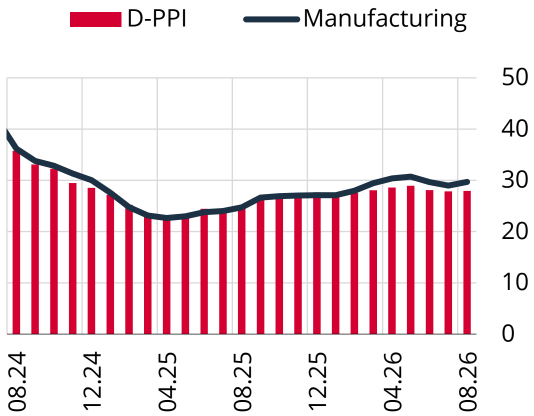


Chart 12. D-PPI Main Industrial Groupings
(Monthly % Change)

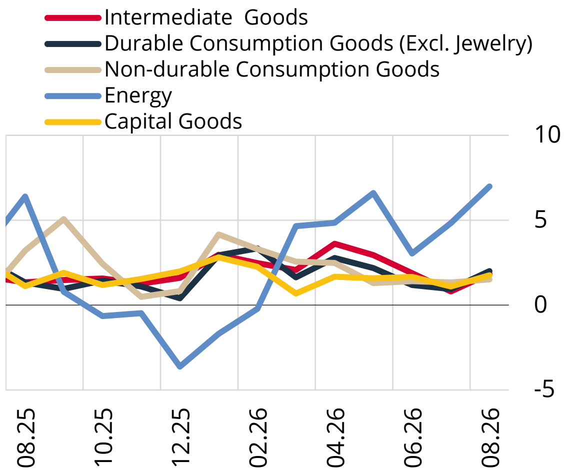


Table 1. CPI and Subcategories (% Change)

	Monthly		Annual	
	August 26	**August 25**	**August 26**	**August 25**
CPI	**1.84**	**2.04**	**31.51**	**32.95**
1. Goods	**1.02**	**1.72**	**26.19**	**27.22**
Energy	5.46	0.64	39.23	33.66
Food and non-alcoholic beverages	0.22	3.02	33.79	33.28
Unprocessed food	-2.03	2.02	34.14	34.94
Fresh fruits and vegetables	-8.18	2.25	27.36	51.78
Other unprocessed food	2.03	1.86	38.81	25.09
Processed food	1.99	3.83	33.54	31.35
Bread and cereals	1.01	5.77	27.39	38.82
Other processed food	2.37	2.82	36.35	27.69
Goods excluding energy and food	0.54	1.12	17.51	21.10
Core goods	-0.28	0.52	15.89	19.85
Durable goods (excluding gold)	1.05	0.73	16.41	22.60
Clothing and footwear (*)	-3.62	-0.77	12.84	8.78
Other core goods	0.88	1.01	20.55	23.93
Alcoholic beverages and tobacco	6.89	6.04	30.42	29.71
Gold	8.46	1.34	40.02	48.35
2. Services	**3.08**	**2.65**	**40.28**	**45.77**
Rents	3.04	4.61	43.11	74.33
Restaurants and hotels	1.50	1.88	31.16	33.96
Transport	4.98	3.36	52.44	36.76
Communication	5.03	1.65	44.68	23.26
Other	3.22	1.92	38.94	46.69
3. Core Measures				
B - CPI excluding unprocessed food, energy, alcoholic beverages, tobacco and gold	1.84	2.07	30.68	32.71
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	1.81	1.69	30.07	33.00
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	2.18	1.88	31.25	32.77
F – CPI excluding administered prices	1.72	2.04	29.96	32.19

Source: TURKSTAT.
* Does not cover clothing services.

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

	Monthly		3-Month Average	
	August 26	**July 26**	**August 26**	**July 26**
B	2.00	1.99	2.05	2.18
C	2.00	2.20	2.09	2.20
SATRIM	2.13	1.84	2.02	2.03
Median	1.85	1.59	1.80	1.83
Excluding Volatile Items	1.78	1.71	1.85	1.94
Dynamic Factor Model	1.68	1.64	1.82	1.96
Average	**1.91**	**1.83**	**1.94**	**2.02**

Source: CBRT, TURKSTAT.

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

	Weight (%)	August 2026		August 2025	
		Monthly	**Annual**	**Monthly**	**Annual**
D-PPI	**100**	**2.57**	**27.95**	**2.48**	**25.16**
Mining	3.94	-0.14	38.88	1.97	27.62
Manufacturing	85.82	2.35	29.68	1.78	24.73
Manufacturing excl. petroleum products	83.43	1.78	27.64	1.90	25.15
Manufacturing excl. petroleum products and base metals	75.36	1.76	27.53	1.98	25.94
Electricity, gas, steam and air-conditioning sup.	9.49	6.03	7.57	10.09	26.68
Water supply	0.74	1.40	29.59	0.82	55.35
D-PPI (MIGs Classification)					
Intermediate Goods		1.84	27.41	1.34	22.02
Durable Consumption Goods		2.84	28.54	1.26	30.22
Durable Consumption Goods (Excl. Jewelry)		2.01	22.94	1.33	25.73
Non-Durable Consumption Goods		1.51	30.28	3.21	28.94
Capital Goods		1.76	22.06	1.11	26.61
Energy		6.99	27.33	6.39	24.76

Source: TURKSTAT.