

# FEBRUARY PRICE DEVELOPMENTS

March 4, 2025



## Summary

Consumer prices rose by 2.27% in February, and annual inflation declined by 3.07 points to 39.05%. Annual inflation increased somewhat in energy, but decreased across other main groups. Core goods prices fell on a monthly basis, while price increases in other main groups weakened compared to January, particularly in services. However, services inflation remains higher than goods inflation. In the food group, the increase in processed food prices remained strong in February as in January, while vegetable prices declined contrary to seasonal averages, restraining the monthly food inflation. The price hike in energy was driven by the rise in electricity prices due to the transition to the End-Source Supply Tariff (ESST). As for the core goods group, prices of durable goods and other core goods posted mild increases, while the ongoing marked price declines in the clothing and footwear subgroup brought about a fall in the group's prices. The price increase in the services sector lost pace in February. Under the Social Security Institution's (SSI) Health Practices Communiqué (SUT), the amount of copayments for medical examinations paid at official health service providers was revised, which played a pivotal role in achieving a more limited monthly services inflation. This development had a dampening effect of 0.29 points on consumer inflation in February. The rise in producer prices weakened compared to the previous month, and the downward course in annual producer inflation was maintained. Against this background, the underlying inflation decelerated in February.

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.

## Evaluations

Consumer prices rose by 2.27% in February, and annual inflation declined by 3.07 points to 39.05% (Chart 1). The annual rate of change in the B and C indices dropped by 2.61 and 2.44 points to 39.47% and 40.21%, respectively (Table 1).

Contributions of the food, core goods, services, alcohol-tobacco-gold, and energy groups to annual consumer inflation decreased month-on-month by 1.33, 0.89, 0.78, 0.05, and 0.02 points, respectively.

In seasonally adjusted terms, the monthly rise in consumer prices decelerated compared to the previous month (Chart 2). The monthly increases weakened in the B and C indices over the previous month (Chart 3). Price increases lost pace across all components of the B index, albeit to a limited extent in processed food (Chart 4). While the indicators monitored by the CBRT suggest a fall in the underlying inflation in February, distribution-based indicators, Median and SATRIM in particular, registered lower values (Chart 5 and 6).

In February, price increases in services weakened month-on-month with 3.61%, and annual services inflation fell by 3.17 points to 59.78%. Annual inflation was up in transport but down in other subgroups (Chart 7). On a monthly basis, prices of transport services stood out with a sharp increase of 7.30%. This was mainly driven by urban passenger transport. On the other hand, the fall in the prices of passenger transport by air curbed the inflation in this subgroup. February also saw sharp price increases in education services (9.92%) due to the hikes in private school fees. Monthly rent inflation decelerated month-on-month to 5.24%, bringing annual inflation in this group down by 3.43 points to 97.21%. The monthly price increase in communication strengthened month-on-month by 3.66%, owing primarily to mobile phone call charges. Monthly inflation in the restaurants-hotels group eased compared to the previous month, driven by both food and accommodation services. The other services subgroup experienced a significantly lower monthly price increase of 2.02%, driven by health services, which saw a decline in prices due to the revision in the medical examination copayment amount under the SUT. This revision had a downward effect of 0.29 points on consumer inflation in February.

Annual core goods inflation fell by 2.24 points to 21.71% (Chart 8). Annual inflation receded across all subgroups, most notably in clothing and footwear. In this period, prices of durable goods (excluding gold) increased moderately by 1.11%, and annual inflation in this subgroup stood at 19.59%. In February, price increases in furniture and electric and non-electric household appliances slowed significantly (0.38% and 0.39%, respectively), while automobile prices rose by 1.57%. Prices of clothing and footwear posted a notable decline of 5.26%, lowering annual inflation in this subgroup by 6.76 points to 20.07%. Prices of other core goods increased by 1.26%.

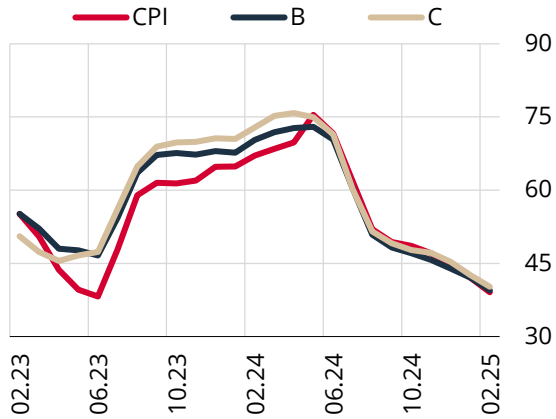
In February, energy prices rose by 3.58%, and annual inflation in the energy group increased by 0.87 points to 43.92% (Chart 9). This increase was mainly driven by the rise in electricity prices (10.70%) due to the electricity tariff adjustment introduced for residential consumers with high electricity consumption in line with the ESST regulation. Bottled gas and fuel prices rose month-on-month by 6.74% and 2.27%, respectively, due to international energy prices in Turkish liras. Meanwhile, municipal water tariffs were up by 2.96%.

In February, prices in the food and non-alcoholic beverages group increased by 3.17%, and annual inflation of the group dropped by 6.65 points to 35.11% (Chart 9). Annual inflation in the unprocessed and processed food groups decreased by 10.42 and 3.37 points, respectively (Chart 10). In February, the main driver of food inflation was processed food prices (4.70%). By sub-items, price increases in the bread and cereals group as well as in the milk and dairy products group continued in February. Unprocessed food prices rose moderately by 1.40% in the same month. This was mainly due the decline in vegetables prices (-7.69%) contrary to seasonal averages. Meanwhile, in this period, red meat prices increased at a stronger pace (5.14%) due in part to the effect of Ramadan.

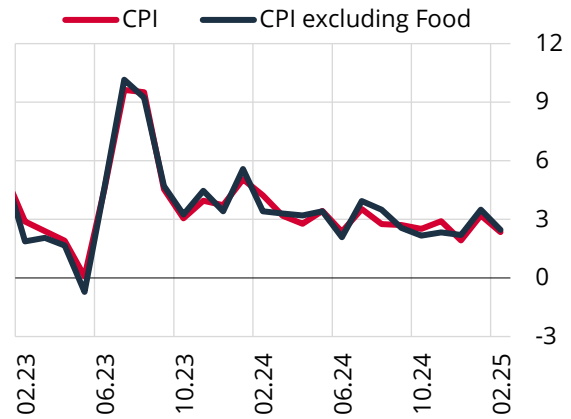
Domestic producer prices rose by 2.12% in February, and annual inflation fell by 1.99 points to 25.21% (Chart 11 and Table 2). In this period, across main industrial groupings, prices in durable consumption goods, non-durable consumption goods, intermediate goods and capital goods groups increased by 2.83%, 2.41%, 2.15% and 2.04%, respectively, while energy prices displayed a more moderate rise by 0.98% (Chart 12).

## Charts and Tables

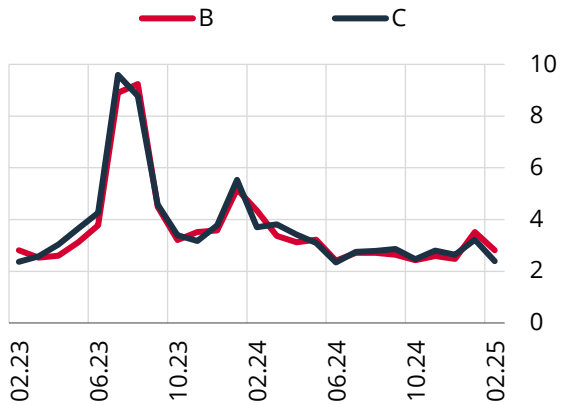
**Chart 1. CPI, B and C**  
(Annual % Change)



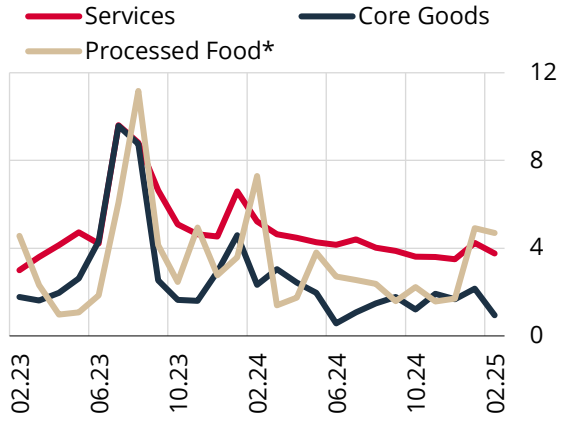
**Chart 2. CPI and CPI Excluding Food**  
(Seasonally Adjusted, Monthly % Change)



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

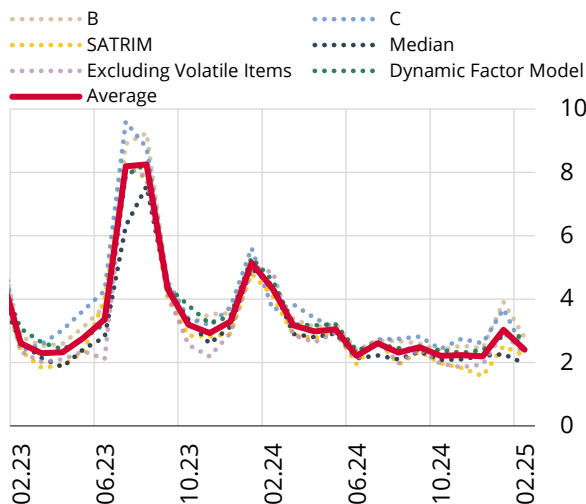


**Chart 4. Main Components of B Index**  
(Seasonally Adjusted, Monthly % Change)

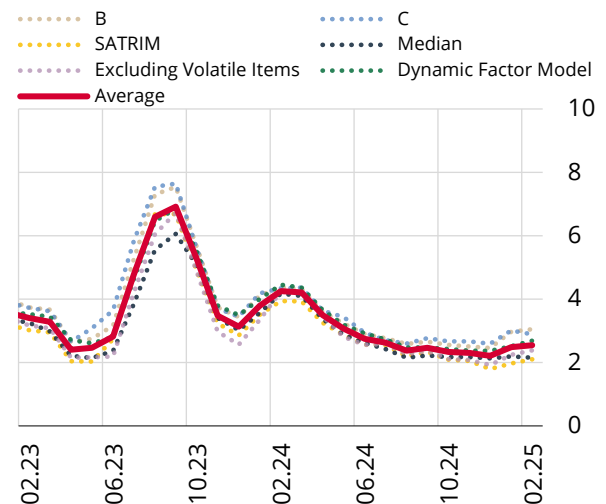


\* In the processed food subgroup, no statistically significant seasonality detected. Therefore, processed food subgroup data presented without seasonal adjustments.

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

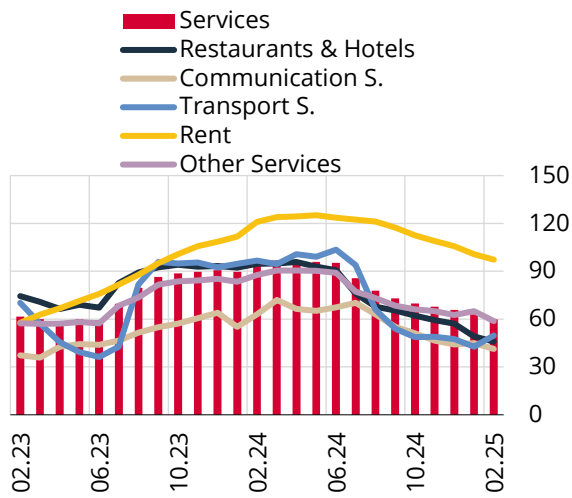


**Chart 6. Underlying Inflation Indicators**  
(Seasonally Adjusted, Monthly % Change, 3 Month Average)



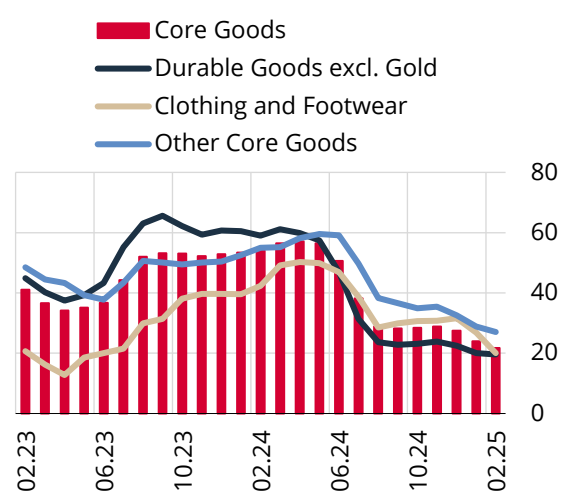
**Chart 7. Services**

(Annual % Change)



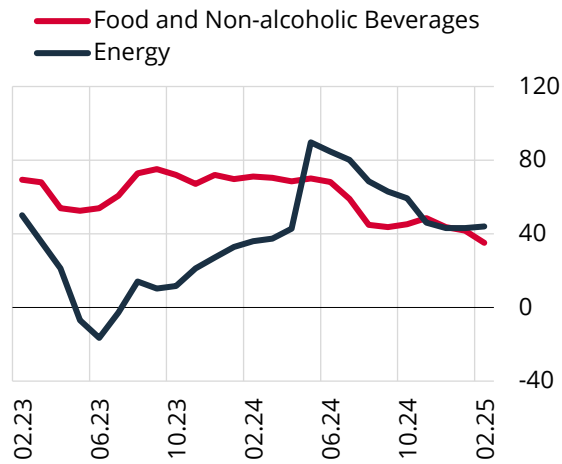
**Chart 8. Core Goods**

(Annual % Change)



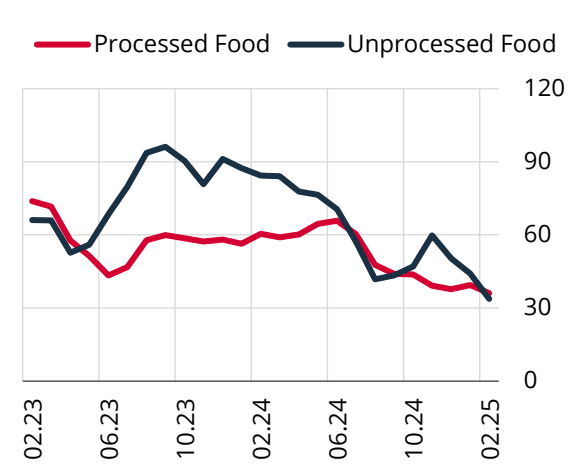
**Chart 9. Food and Non-alcoholic Beverages and Energy**

(Annual % Change)



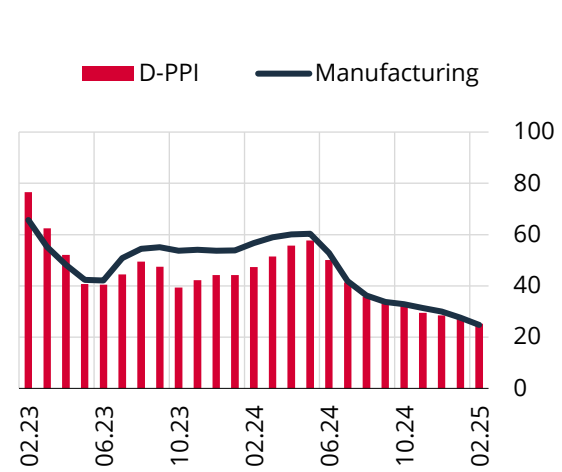
**Chart 10. Processed and Unprocessed Food**

(Annual % Change)



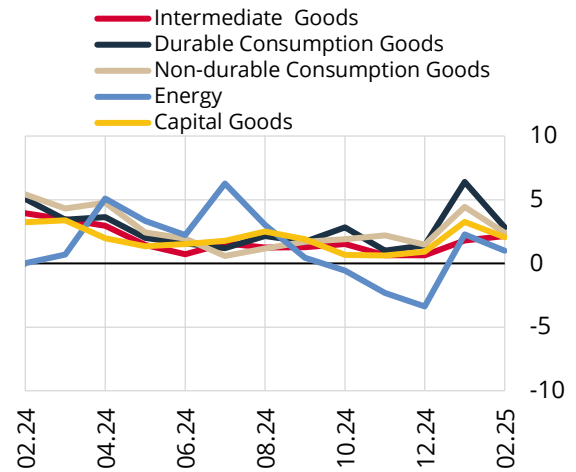
**Chart 11. D-PPI and Manufacturing**

(Annual % Change)



**Chart 12. D-PPI Main Industrial Groupings**

(Monthly % Change)



**Table 1. CPI and Subcategories (% Change)**

	Monthly		Annual	
	February 2025	February 2024	February 2025	February 2024
<b>CPI</b>	<b>2.27</b>	<b>4.53</b>	<b>39.05</b>	<b>67.07</b>
<b>1. Goods</b>	<b>1.63</b>	<b>4.06</b>	<b>30.53</b>	<b>57.03</b>
Energy	3.58	2.96	43.92	35.95
Food and non-alcoholic beverages	3.17	8.25	35.11	71.12
Unprocessed food	1.40	9.30	33.75	84.41
Fresh fruits and vegetables	-1.21	13.74	40.82	76.75
Other unprocessed food	3.36	6.52	28.96	89.09
Processed food	4.70	7.29	36.07	60.42
Bread and cereals	5.02	5.74	45.17	61.01
Other processed food	4.53	8.02	31.80	60.12
Goods excluding energy and food	-0.16	1.46	23.16	55.25
Core goods	-0.25	1.58	21.71	54.00
Durable goods (excluding gold)	1.11	1.50	19.59	58.98
Clothing and footwear (*)	-5.26	0.08	20.07	42.39
Other core goods	1.26	2.74	27.04	54.95
Alcoholic beverages and tobacco	-0.01	0.49	33.43	63.09
Gold	4.78	0.98	39.18	71.85
<b>2. Services</b>	<b>3.61</b>	<b>5.66</b>	<b>59.78</b>	<b>94.36</b>
Rents	5.24	7.06	97.21	120.93
Restaurants and hotels	3.12	5.43	45.90	94.78
Transport	7.30	2.25	49.81	96.72
Communication	3.66	6.27	41.27	62.98
Other	2.02	6.08	58.67	87.75
<b>3. Core Measures</b>				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	2.32	4.23	39.47	70.31
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	1.80	3.57	40.21	72.89
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	2.48	4.04	40.02	64.90
F - CPI excluding administered prices	2.43	5.17	36.91	72.60

Source: TURKSTAT.

\* Does not cover clothing services.

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

	Weight (%)	February 2025		February 2024	
		Monthly	Annual	Monthly	Annual
<b>D-PPI</b>	<b>100</b>	<b>2.12</b>	<b>25.21</b>	<b>3.74</b>	<b>47.29</b>
Mining	3.43	4.16	33.24	4.29	68.10
Manufacturing	88.09	2.24	24.76	4.56	56.71
Manufacturing excl. petroleum products	85.41	2.22	25.84	4.31	56.61
Manufacturing excl. petroleum products and base metals	77.29	2.34	27.82	4.23	57.45
Electricity, gas, steam and air-conditioning sup.	7.80	-0.34	23.95	-4.96	-30.68
Water supply	0.68	2.90	57.58	0.81	66.20
<b>D-PPI (MIGs Classification)</b>					
Intermediate Goods		2.15	21.16	3.93	51.47
Durable Consumption Goods		2.83	34.52	5.07	61.51
Durable Consumption Goods (Excl. Jewelry)		1.90	31.65	5.54	62.50
Non-Durable Consumption Goods		2.41	33.52	5.41	64.34
Capital Goods		2.04	24.16	3.23	64.70
Energy		0.98	19.18	0.02	0.45

Source: TURKSTAT.