

# JULY PRICE DEVELOPMENTS

August 5, 2025



## Summary

Consumer prices increased by 2.06%, while annual inflation decreased by 1.53 points to 33.52% in July. Annual inflation went down across all main groups. In monthly terms, the services and energy groups stood out with price increases, whereas the favorable course was maintained in food prices. Approximately 0.9 percentage points of monthly inflation stemmed from administered prices and tax increases. Food prices remained flat as the fall in unprocessed food prices was balanced with the uptick in processed food prices. In July, the energy group recorded the highest price hike among the main groups. In this development, the increase in natural gas consumer tariff, the revision in lump-sum tax on fuel and bottled gas, and the lingering effects of fuel from the previous month were determining factors. Monthly inflation gained strength in the services group, with the standout subitems being communication, health and rents with their strong tendency of time-dependent price-setting. In seasonally adjusted terms, price increases in core goods decelerated somewhat in July on the back of the weak course in clothing and footwear. Producer prices rose by 1.73% in this period, while annual producer inflation dropped by 0.26 points to 24.19%. Against this background, underlying monthly inflation posted a temporary month-on-month rise due to conditions specific to July, while the gradual slowdown based on three-month averages continued.

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 increased by 2.06% in July, while annual inflation decreased by 1.53 points to 33.52% (Chart 1). The annual rate of change dropped in the B and C indices by 0.85 and 0.94 points to 33.77% and 34.70%, respectively (Table 1).

Over the previous month, contributions of the food and nonalcoholic beverages, services, core goods, and energy groups to annual consumer inflation were down by 0.66, 0.42 and 0.29 and 0.17 points, respectively, while the contribution of the alcohol-tobacco-gold group was up by 0.01 points.

In seasonally adjusted terms, the monthly rise in consumer prices increased compared to the previous month due to administered prices and the automatic lump-sum tax increase (Chart 2). The monthly increase gained pace in the B index compared to the previous month, but remained flat in the C index (Chart 3). Among the components of the B index, price increases remained weak in core goods, while prices increased moderately in the services group and rose significantly in the processed food group (Chart 4). Indicators monitored by the CBRT suggest that the underlying inflation slightly increased in monthly terms, while the gradual decline continues in terms of the three-month averages (Charts 5 and 6).

The increase in services prices accelerated month-on-month in July by 3.14%, and the group's annual inflation decreased by 1.80 points to 48.54%. While annual inflation increased slightly in the communication subgroup, it fell across other subgroups (Chart 7). Monthly price increases stood out in communication, rents and health services that have strong tendency of time-dependent price-setting. In other sub-items, monthly price increases displayed a more moderate course. Prices of communication services, which increased significantly at the beginning of the year, displayed a rapid rise again in July (5.67%) due to the telephone and internet services fees. In this period, monthly rent inflation went up month-on-month to 4.68% due in part to the seasonal rise in contract renewal rates, while annual rent inflation fell by 4.02 points to 78.95%. In other services, health services saw price increases (3.44%) following the July revision to the tariffs of the Turkish Medical Association, which had been last revised in January. The price increases in health services are expected to continue at a slower pace in the coming months. In other services, insurance and maintenance and repair services stood out with their relatively high price increases.

In July, prices of core goods remained flat, and annual core goods inflation dropped to 20.70%. Annual inflation was down in clothing and footwear, and other core goods but up in durable goods (Chart 8). Compared to the previous month, durable goods prices rose moderately, with a 1.57% increase. In this period, price increases in automobiles stood out (2.01%), while price increases in furniture and white goods were mild. Seasonal sales in clothing and footwear subgroup were more significant compared to previous years (-6.02%). Monthly inflation in the other core goods subgroup increased compared to the previous month, reaching 2.02%.

Energy prices rose by 7.35% in July, while annual energy inflation decreased by 3.51 points to 41.89% due to the high base effect (Chart 9). The monthly rise was primarily driven by the increase in residential natural gas tariff (26.41%) and the lump-sum tax revision in fuel and bottled gas as well as the carry-over effects of the surge in crude oil prices triggered by geopolitical developments in June. Electricity prices also increased in this period due to the End-Source Supply Tariff (ESST).

Alcohol and tobacco prices went up by 5.69% in July following the lump-sum tax revision, whereas the group's annual inflation declined by 0.17 points to 27.79%. Price increases in tobacco products remained more limited than implied by the lump-sum tax revision, and firms raised their prices again starting from the end of July.

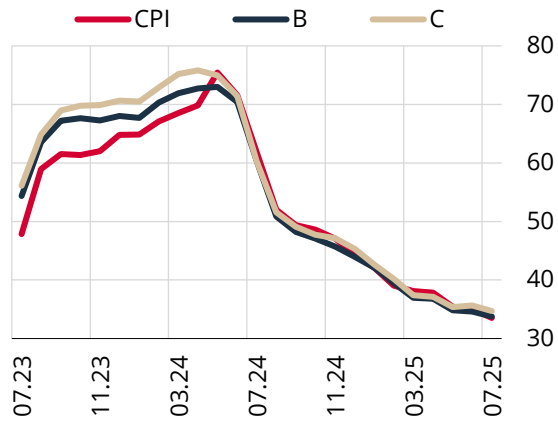
In July, prices in the food and non-alcoholic beverages group did not post a significant change (as lower unprocessed food prices were offset by higher processed food prices), and annual inflation in this group fell to 27.95% (Chart 9). Annual inflation in the unprocessed and processed food subgroups dropped by 4.46 and 0.47 points to 25.80% and 29.50%, respectively (Chart 10). On a monthly basis, unprocessed food prices fell by 2.39%, with fresh fruits, potatoes, and white meat products in the lead. The monthly price increase for processed food was 2.18%, spreading across the subgroup.

Domestic producer prices rose by 1.73% in July, and annual inflation declined by 0.26 points to 24.19% (Chart 11 and Table 2). In this period, across main industrial groupings, the price increase in the energy group stood out with 3.43%, while prices in the capital goods, durable consumption goods, intermediate goods and nondurable consumption goods groups increased by 2.53%, 2.31%, 1.68% and 0.54%, respectively (Chart 12).

## Charts and Tables

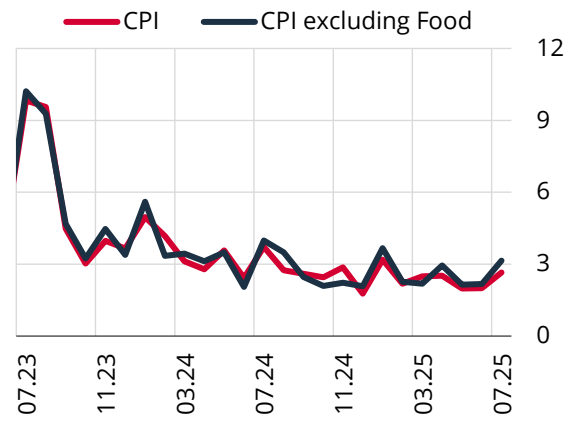
**Chart 1. CPI, B and C**

(Annual % Change)



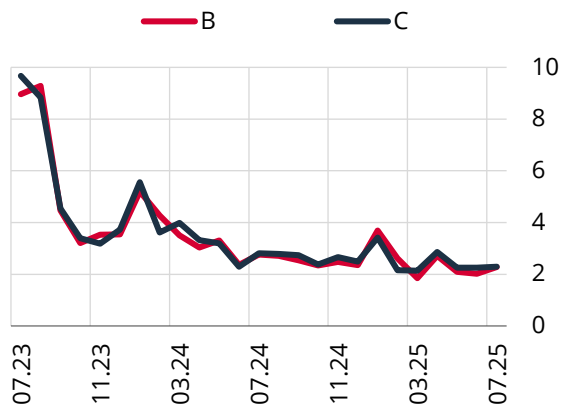
**Chart 2. CPI and CPI Excluding Food**

(Seasonally Adjusted, Monthly % Change)



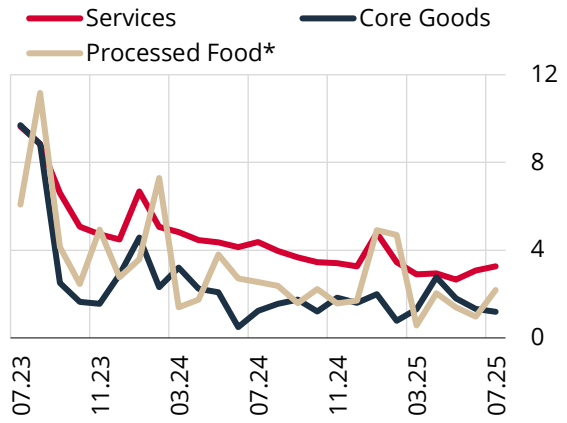
**Chart 3. B and C Indices**

(Seasonally Adjusted, Monthly % Change)



**Chart 4. Main Components of B Index**

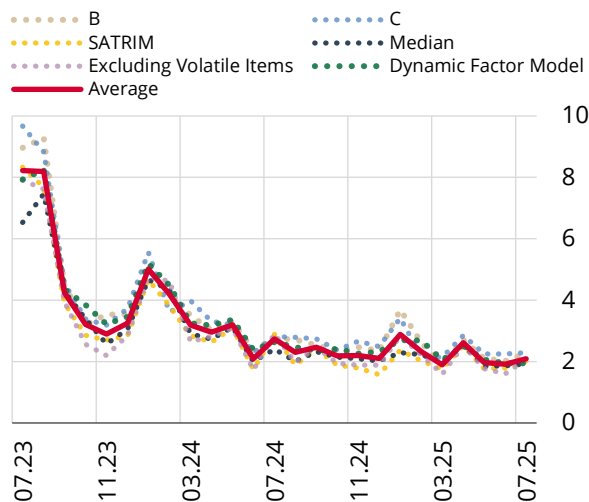
(Seasonally Adjusted, Monthly % Change)



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

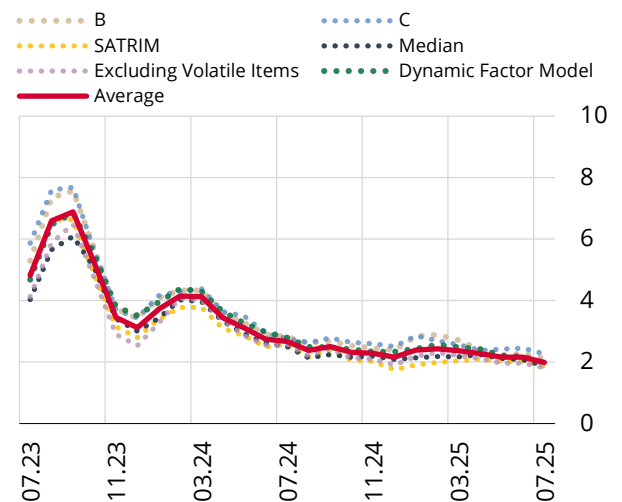
**Chart 5. Underlying Inflation Indicators**

(Seasonally Adjusted, Monthly % Change)



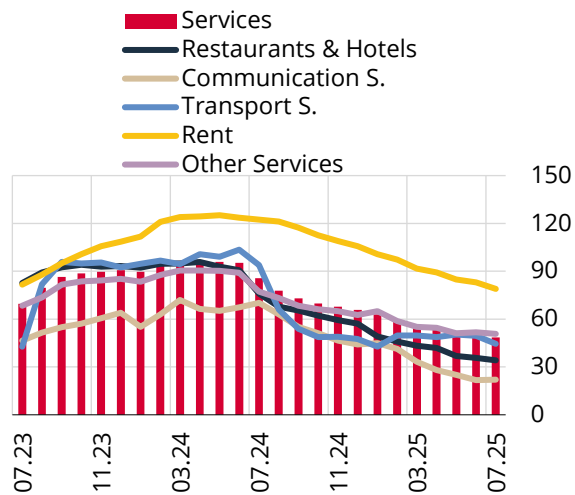
**Chart 6. Underlying Inflation Indicators**

(Seasonally Adjusted, Monthly % Change, 3 Month Average)

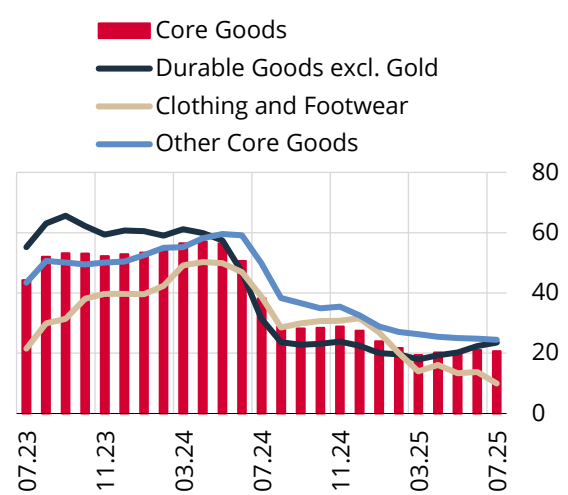


**Chart 7. Services**

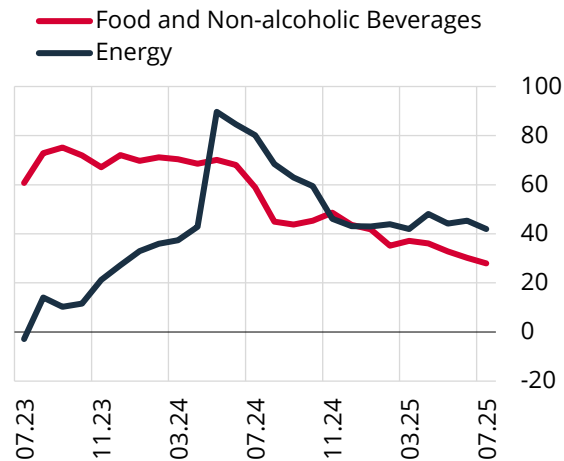
(Annual % Change)

**Chart 8. Core Goods**

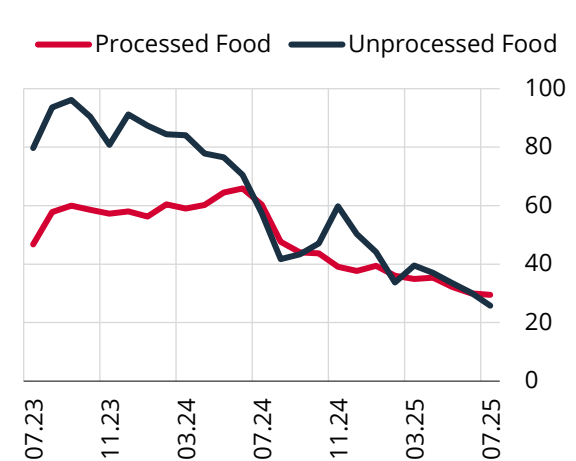
(Annual % Change)

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

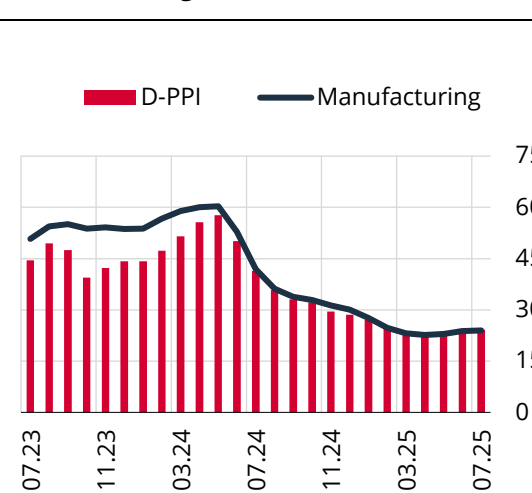
(Annual % Change)

**Chart 10. Processed and Unprocessed Food**

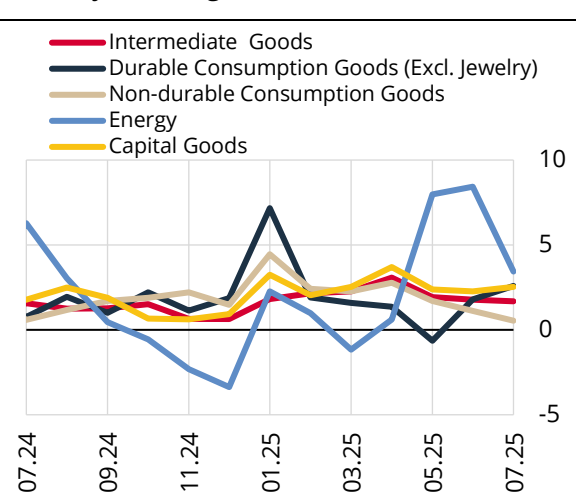
(Annual % Change)

**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 2025	July 2024	July 2025	July 2024
<b>CPI</b>	<b>2.06</b>	<b>3.23</b>	<b>33.52</b>	<b>61.78</b>
<b>1. Goods</b>	<b>1.52</b>	<b>2.71</b>	<b>26.96</b>	<b>52.67</b>
Energy	7.35	10.00	41.89	80.11
Food and non-alcoholic beverages	0.07	1.83	27.95	58.91
Unprocessed food	-2.39	1.07	25.80	57.35
Fresh fruits and vegetables	-4.78	3.14	33.60	56.59
Other unprocessed food	-0.70	-0.20	20.76	57.73
Processed food	2.18	2.55	29.50	60.35
Bread and cereals	1.43	3.54	33.80	60.77
Other processed food	2.57	2.07	27.37	60.26
Goods excluding energy and food	0.71	1.04	21.71	40.50
Core goods	0.09	0.42	20.70	38.25
Durable goods (excluding gold)	1.57	0.62	23.54	31.39
Clothing and footwear (*)	-6.02	-2.74	9.95	38.71
Other core goods	2.02	2.34	24.46	49.81
Alcoholic beverages and tobacco	5.69	5.84	27.79	59.88
Gold	1.91	2.69	41.74	38.95
<b>2. Services</b>	<b>3.14</b>	<b>4.39</b>	<b>48.54</b>	<b>85.63</b>
Rents	4.68	7.04	78.95	122.33
Restaurants and hotels	2.24	3.33	34.16	76.04
Transport	1.28	4.84	44.48	93.93
Communication	5.67	5.46	21.99	70.23
Other	2.79	3.42	50.75	77.33
<b>3. Core Measures</b>				
B - CPI excluding unprocessed food, energy, alcoholic beverages tobacco and gold	1.82	2.47	33.77	60.31
C - CPI excluding energy, food and non-alcoholic beverages, alcoholic beverages, tobacco and gold	1.74	2.45	34.70	60.23
D - CPI excluding unprocessed food, alcoholic beverages and tobacco	2.50	3.42	34.78	62.57
F – CPI excluding administered prices	1.45	2.56	31.41	59.52

Source: TURKSTAT.

\* Does not cover clothing services.

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

	Weight (%)	July 2025		July 2024	
		Monthly	Annual	Monthly	Annual
<b>D-PPI</b>	<b>100</b>	<b>1.73</b>	<b>24.19</b>	<b>1.94</b>	<b>41.37</b>
Mining	3.43	3.67	28.30	1.55	60.34
Manufacturing	88.09	1.60	24.02	1.42	41.84
Manufacturing excl. petroleum products	85.41	1.45	24.58	1.25	42.48
Manufacturing excl. petroleum products and base metals	77.29	1.52	25.43	1.36	44.97
Electricity, gas, steam and air-conditioning sup.	7.80	2.21	22.10	7.37	25.27
Water supply	0.68	1.82	55.74	5.28	75.40
<b>D-PPI (MIGs Classification)</b>					
Intermediate Goods		1.68	21.91	1.57	36.96
Durable Consumption Goods		2.31	31.35	1.20	49.78
Durable Consumption Goods (Excl. Jewelry)		2.59	26.50	0.76	50.13
Non-Durable Consumption Goods		0.54	26.40	0.58	55.41
Capital Goods		2.53	28.34	1.78	40.06
Energy		3.43	20.82	6.28	31.09

Source: TURKSTAT.