

Türkiye- Inflation

March 2026 - CPI below expectations

In March, headline CPI inflation came in at 1.94%, below both the market expectation of 2.3% and our forecast of 2.2%. Yoy CPI inflation declined from 31.5% to 30.9%. Yoy core inflation increased slightly from 29.5% to 29.7%, while yoy PPI inflation rose from 27.6% to 28.1%.

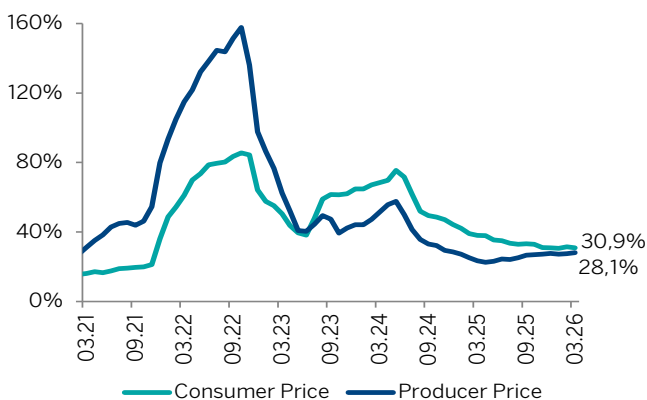
In March, food prices were the main factor behind headline mom inflation coming in below our forecast. Mom food inflation stood at 1.9%, below our expectations, while yoy food inflation declined by 4.2 pps. The food and non-alcoholic beverages group contributed 0.8 pps to the decline in yoy inflation. Housing and alcoholic beverages & tobacco—where price increases were more moderate compared with the previous year—reduced yoy inflation by a combined 0.4 pps. Driven by higher fuel prices, mom energy inflation reached 4.7%, while yoy energy inflation increased by 6 pps. The rise in the transportation group added 0.8 pps to yoy inflation. Core inflation came in above our forecast, increasing by 0.2 pps on a yoy basis. The acceleration in core inflation was mainly driven by services, with yoy services inflation rising by 0.6 pps to 40.3%, supported by transportation and communication.

Geopolitical developments that have been unfolding since early March have increased uncertainty and are having adverse effects on the Turkish economy. From an inflation perspective, rising energy costs—and their indirect upward pressure on overall prices—have emerged as key risks. On the other hand, the CBRT’s active reserve management has helped limit depreciation pressures on the Turkish lira, thereby easing FX-driven inflationary pressures. According to CBRT estimates, a 10% increase in oil prices raises inflation by c.1 pp over a one-year horizon. The sliding-scale pricing mechanism helps contain this impact. Recent developments have created upside risks to our end-2026 inflation forecast of 25%. However, uncertainties regarding the level and duration of oil and energy prices make it difficult to assess the magnitude of these risks.

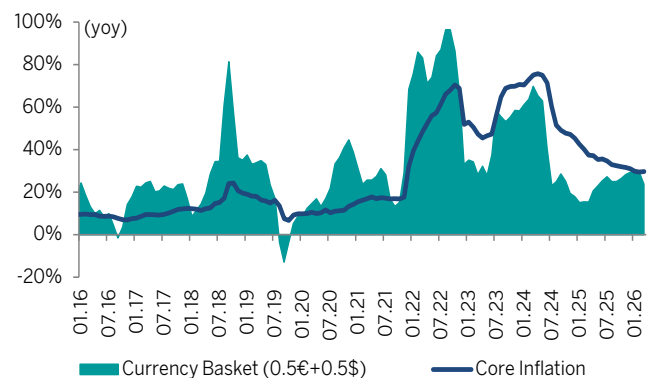
Details of Inflation

	March 2026		February 2026		Diff in Annual Figure	March 2026		February 2026		Diff in Annual Figure
	MoM	YoY	YoY	YoY		MoM	YoY	YoY	YoY	
Headline CPI	1,94%	30,87%	31,53%	-0,7%		4,36%	29,59%	36,54%	-7,0%	
Core CPI	1,64%	29,68%	29,46%	0,2%		-2,10%	7,20%	6,79%	0,4%	
Energy	4,75%	34,24%	28,19%	6,1%		1,91%	42,06%	42,33%	-0,3%	
Goods	1,65%	25,87%	27,17%	-1,3%		0,91%	20,52%	22,18%	-1,7%	
Service	2,39%	40,26%	39,67%	0,6%		1,27%	29,98%	29,26%	0,7%	
Food and Non-Alc. Bev.	1,79%	32,36%	36,45%	-4,1%		4,52%	34,35%	28,86%	5,5%	
Unprocessed Food	3,18%	33,29%	42,30%	-9,0%		1,54%	24,12%	22,41%	1,7%	
Processed Food	0,62%	32,10%	32,04%	0,1%		3,80%	27,40%	27,24%	0,2%	
CPI exc. Adminis. Prices	1,67%	30,12%	31,05%	-0,9%		2,12%	51,97%	55,78%	-3,8%	
PPI	2,30%	28,08%	27,56%	0,5%		1,17%	31,66%	32,93%	-1,3%	
						0,15%	25,61%	28,02%	-2,4%	

CPI and PPI Inflation (yoy)



Core Inflation & FX

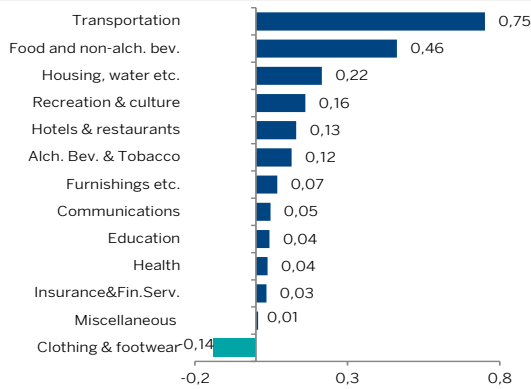


Source: Turkstat, Garanti BBVA Securities

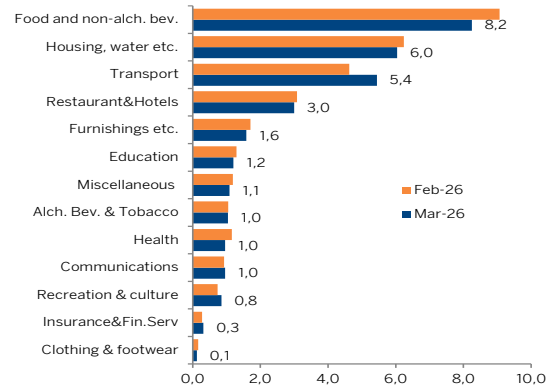
Core and energy pulled headline inflation up, while food and tobacco down in March

- Food inflation was at 1.9% mom in March, significantly below both the 5-year avg. (3.7%) and March 25 (5.1%). Yoy food inflation fell to 32.6% from 36.8%. Yoy rise in fresh fruit and vegetable prices decreased to 36.9% from 54.1%. Yoy inflation fell to 33.3% for unprocessed food, while rose to 32.1% for processed.
- Mom inflation in durable goods excluding gold was 0.8%, below the avg. of the last 6 months (1.4%) and past months' 1.0%. Mom inflation trend is mixed in FX affected goods groups (household appliances (1.1%), auto (1.0%), telephone equipment (-0.1%)).
- Mom energy inflation printed high at 4.7% due to increasing fuel prices.
- The mom price increase in services was 2.4%, below the 6-month average (3.1%), but yoy inflation in this group rose by 0.6 pps. Yoy inflation increased 9 pps for transportation, 3 pps for communication, while fell for rent and restaurant&hotels each by 1 pp. Yoy inflation were 52% for rent, 45% for transportation, 38% for communication and 32% for restaurants and hotels.
- Yoy core inflation rose from 29.5% to 29.7%. Most of the special inflation indicators signaled upward momentum. On average these indicators remained almost stable relative to February. They remained at high levels in the range of 29.7%-32.8%.

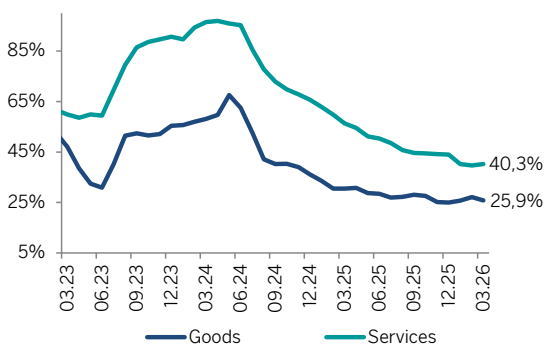
Contributions to the Monthly Inflation (points)



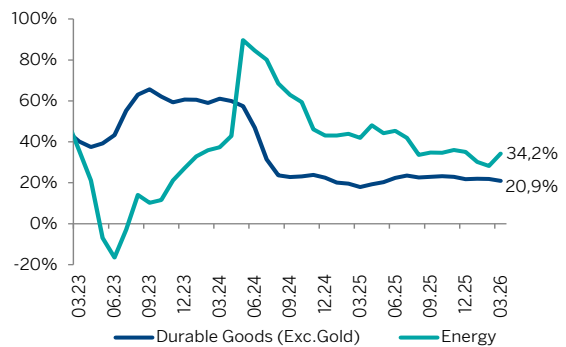
Contributions to the Annual Inflation (points)



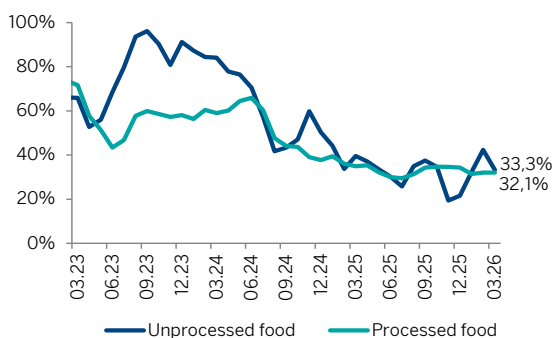
Goods & Services Inflation



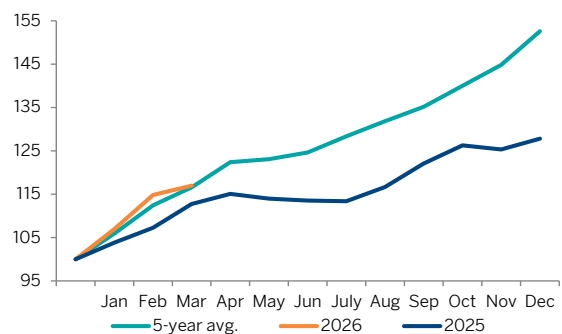
Inflation (yoy)



Food Inflation (yoy)



Food Inflation Index



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