

Snap | 3 February 2026

TURKEY

Turkish inflation brings an upside surprise in January

In the new CPI series, January inflation surprised to the upside in Turkey. Annual inflation, however, has maintained its downward trajectory with the support of a favourable base

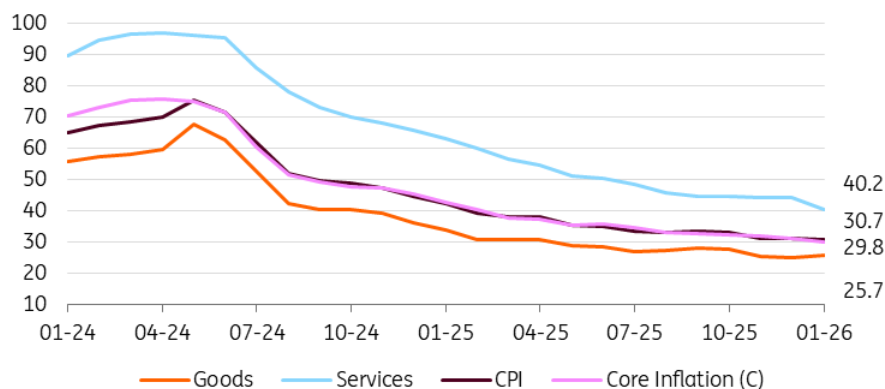


The food group made the largest contribution to Turkey's monthly inflation rate at 1.61ppt

Turkey's January inflation rate, which came in at 4.84% month-on-month, was above both consensus and our call (both at 4.2%). However, annual inflation has maintained its downtrend with a further decline from 30.9% to 30.7%. While inflation rose by 5.0% in January 2025, the five-year average for January in the CPI index was 6.2%. This suggests a strong base effect, reinforcing the continued decline in annual inflation.

Inflation outlook (%)

Core = CPI excluding energy, food & drinks, alcoholic beverages, tobacco, gold



Source: TurkStat, ING

With the release of the January data, TurkStat has also revised the base year to 2025 “in order to preserve the representativeness of the index.” With the change in base year, the existing classification structure used in the CPI has been replaced by the Classification of Individual Consumption According to Purpose (COICOP) 2018 to better reflect current consumption patterns.

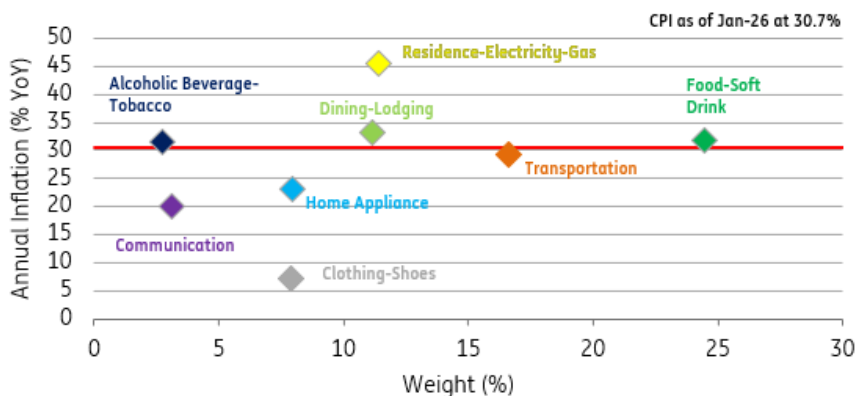
Together with the new base year series and in line with Eurostat recommendations, TurkStat has also revised expenditure weights based on National Accounts Household Final Consumption Expenditure data and increased the number of expenditure groups to 13 from 12 previously. A comparison of the new and old CPI series for 2025 reveals that the weights of large expenditure groups were either the same or quite close, while the introduction of a new group and reclassification of some items caused some weight changes in communication, recreation and culture, and others.

Finally, between 2025 and 2026, the new series shows some shifts in weights. While weights of housing (-3.86ppt), information and communication (-1.71ppt), health (-1.29ppt), alcoholic beverages and tobacco (-0.77ppt) and food (-0.52ppt) dropped, catering services (2.82ppt), recreation, sport & culture (2.21ppt), transportation (1.09ppt), financial services (0.82ppt) and clothing (0.74ppt) recorded considerable increases. After the changes, the weight of the food group remained the highest at 24.44%, while transportation stands at 16.62%, followed by housing at 11.4% and catering services at 11.1%.

In the new series, core inflation (CPI-C) rose by 4.55% MoM, bringing the annual rate down below 30% for the first time since late 2021, thanks to modest nominal Turkish lira depreciation in recent months as well as the slow pace of the increase in the PPI, which keeps costs for producers under control. In January, PPI stood at 2.7% MoM, recording a decline to 27.2% YoY from the month prior with a supportive base. PPI inflation on an annual basis has

remained close to 27% in the last five months, implying no meaningful deterioration in cost pressures, which is also attributable to supportive currency developments. Meanwhile, developments in global commodity prices – oil prices in particular – against the current geopolitical backdrop will likely remain the key determinant of the PPI trend in the coming period.

Annual inflation in expenditure groups



Source: TurkStat, ING

Breaking down the data:

- The food group made the largest contribution to monthly inflation (1.61ppt). While the price increase in processed food lost pace compared to the same month in 2025, unprocessed food, recording an 11.8% MoM rise, turned out to be one of the major factors weighing on headline inflation. This was due to a more than 22% increase in fresh fruits and vegetables. Annual food inflation stood at 31.7% vs the CBT's assumption for this item at 18% for this year.
- The transportation group was another large contributor (0.88ppt) with significant seasonal adjustments in transportation services.
- Catering services, also impacted by high food inflation, raised the headline rate by 0.65ppt.
- The housing group followed with a 0.51ppt impact. The key issue worth mentioning in this group is rent. Having almost the same weight in comparison to the old series, rent inflation, which plays an important role in persisting services pricing pressures, dropped markedly to 56.6% – the lowest level since December 2022.
- On the flip side, negative impacts on the headline from clothing (-0.37ppt) due to the seasonality limited the monthly change in January CPI.

As a result:

- Goods inflation rose slightly to 25.7% YoY, while core goods inflation also improved to 17.4% YoY.

- Services inflation maintained a downtrend and stood at 40.2% YoY. This remains elevated, illustrating the extent of inertia in this area.

Overall, January inflation – impacted by many factors including food, inflation expectations, seasonality, administered price hikes and reweighting by TurkStat – exceeded market consensus and led to a deterioration in the underlying trend, which the Central Bank of Turkey had already cautioned.

The pressure is set to continue in February, attributable to the continuing rise in food prices ahead of Ramadan. Inflation at the end of this year will likely be above the CBT's forecast range (19% in the November report). The new inflation report, due to be published on 12 February, will shed more light on the bank's assessment of the inflation outlook and its stance in the period ahead. Given the upside risks and uncertainty surrounding heavyweight food and energy prices, the central bank will likely maintain its cautious stance in its current rate-cutting cycle.

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