

## Macro note – December 2025 Inflation

**The Consumer Price Index (CPI) increases by 0.89% monthly and 30.89% annually in December. Inflation for 2025 is projected to be 28.31% for food and non-alcoholic beverages, 49.45% for housing, and 44% for the services sector.**

**Abdulkadir DOGAN**

Chief Economist

[adogan@sekeryatirim.com.tr](mailto:adogan@sekeryatirim.com.tr)

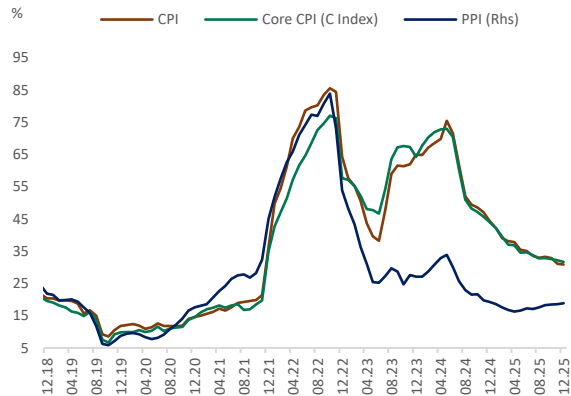
(+90) 212 334 33 33/313

	MoM%			YoY%		
	Market	Seker Invest	Actual	Market	Seker Invest	Actual
<b>CPI</b>	0,94	0,98	0,89	30,99	31,05	30,89
<b>PPI</b>	-	-	0,75			27,67

CPI increased by 0.89% in December compared to the previous month, while annual inflation reached 30.89% (previous 31.07%). Market expectations were for inflation to increase by 0.94% monthly and 30.99% annually (Seker Invest expectation was 0.98% monthly and 31.05% annually). The disinflation process has fallen below the CBRT's interim targets for 2025 (interim target 31-33%). We had stated that the real fight against inflation would begin after these levels. Looking at pricing behavior and dynamics, managing the inertia and expectation channels is even more critical for levels below 30%. On the other hand, when we look at the impact of inflation on income distribution and expenditure groups, we see a more negative atmosphere. Considering the items that make up the majority of the consumption basket for the low-income group, the figures above the headline inflation are noteworthy. The average inflation of food, housing, and transportation, which have a weight of 55.52% in the index, increased by 34.14% annually. It is necessary to draw attention to the two main groups that are slowing the pace of disinflation. Food inflation, which was negative in November, increased by 1.99% this month, ending the year at 28.31%. While the main trend is returning to an upward trend, leading indicators point to upward pressure on food prices in January. Housing and education were the two items that recorded the highest increases in annual headline inflation (49.45% and 66.27% respectively). After food inflation, the other group that needs attention in terms of inertia and pricing behavior is the services sector. Although significant progress has been made in disinflation, annual inflation is still at 44%. Considering its contribution to headline inflation, improvement in this area will significantly contribute to the disinflation process. In the Special Comprehensive CPI Indicator, the B index (core inflation), monthly inflation was 0.78%, while annual inflation reached 31.66%. If we were to make a short and general assessment of 2025, we would close the year with an inflation level of 30.89%. Monthly dynamics in the last quarter significantly contributed to the disinflation process, and we can say that the actual inflation levels were below market expectations. The annual inflation rate of 30.89% was contributed to by food (7.07 points), housing (7.52 points), transportation (4.36 points), and restaurant/hotel services (2.84 points). While demand inflation did not meet the CBRT's expectations, it can be said that it was largely brought under control. However, the risk in the services sector remains significant. Since the inflation outlook, main trend, and intermediate targets serve as the main anchors for the monetary policy stance, the CBRT has more flexible room for maneuver regarding interest rate cuts in the first quarter of the year. Economic activity continues to be vibrant. Although demand inflation is under control, it remains high, and the downward trend is not at the targeted levels. The cost channel and pricing behavior are significantly affected by the expectations channel and inflation inertia. Here, we feel the dominance of the expectations channel in the transmission mechanism. Breaking inflation inertia requires structural changes, especially in future inflation expectations. The first interest rate decision of the year will be on January 22nd. Since December inflation will significantly impact the decision, a 150 basis point cut seems reasonable. However, if the CBRT observes a deterioration in the inflation trend in the period leading up to the decision, it may opt for a more moderate cut. Administered/regulated prices and food inflation could push the main trend upward in January. Therefore, both possibilities have equal weight regarding a rate cut. In the first half of the year, in line with the downward trend in inflation, we may see a total cut in the 500-600 basis point range.

Producer prices increased by 0.75% monthly in December, while the annual change in PPI was 27.67%. Looking at the sub-indices of PPI, the main industrial groups saw annual increases of 24.28% in intermediate goods, 33.03% in durable consumer goods, 30.81% in non-durable consumer goods, 27.06% in energy, and 29.79% in capital goods. Monthly dynamics showed a 1.61% increase in intermediate goods, a 1.30% increase in durable consumer goods, a 0.82% increase in non-durable consumer goods, a 3.63% decrease in energy, and a 1.98% increase in capital goods. The PPI-CPI gap narrowed to 3.2 points, reflecting the producer dynamics in cost inflation (peaked in October 2022 at 78 points). We anticipate that cost and supply-side pressures are on an upward trend, albeit limited, and that this effect will be felt more pronounced throughout 2026.

Graph 1: CPI, PPI, and Core CPI (YoY %)



Graph 2: PPI – CPI Spread

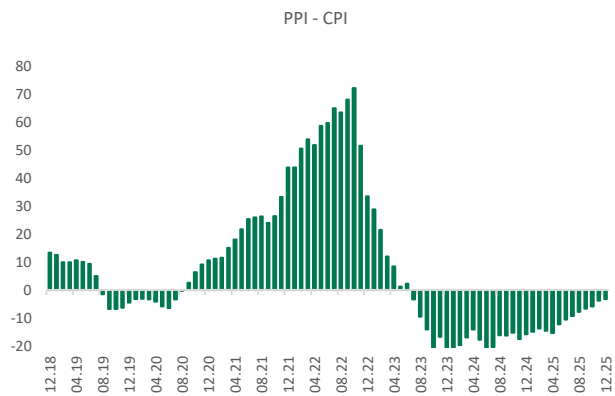


Table 1: Inflation and Sub-Components

Main expenditure groups	Weights	MoM (%)	Ytd (%)	YoY (%)
<b>CPI</b>	<b>100,00</b>	<b>0,89</b>	<b>30,89</b>	<b>30,89</b>
Food and non-alcoholic beverages	24,97	1,99	28,31	28,31
Alcoholic beverages and tobacco	3,52	0,06	30,80	30,80
Clothing and footwear	7,16	-2,94	6,50	6,50
Housing, water, electricity, gas, and other fuels	15,22	1,39	49,45	49,45
Furnishing, household equipment, routine domestic maintenance	7,67	1,56	24,97	24,97
Health	4,09	1,97	30,87	30,87
Transportation	15,34	-1,03	28,44	28,44
Communication	3,62	2,91	19,04	19,04
Recreation and Culture	3,36	0,75	24,99	24,99
Education	2,31	0,13	66,27	66,27
Hotels, cafes, and restaurants	8,32	1,51	34,11	34,11
Miscellaneous goods and services	4,43	1,34	29,68	29,68

Source: TURKSTAT

In summary, CPI increased by 0.89% monthly in December, while the annual inflation rate for 2025 reached 30.89%. Housing, education, and other services finished the year above headline inflation, while food and goods inflation showed a significant decline. The lagged effects of the tight monetary stance continue gradually in price indicators. We are going through a period where we are clearly feeling the importance of the expectations channel in the transmission mechanism. Since improvements in the expectations channel will affect both pricing behavior and costs, we are closely monitoring inflation expectations. Despite the slowdown in consumption and demand inflation, the adjustment in services inflation is spread over time. Considering the scope of monetary policy control, practices that take into account financial stability as well as price stability will reduce exchange rate volatility, contributing to both risk premiums and macro-financial stability. Within the framework of the current outlook, we maintain our year-end inflation forecast for 2026 at 23%. We would like to emphasize that we may update our inflation forecasts depending on developments in monthly inflation levels and the course of monetary policy.

## ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.  
 Büyükdere Cad. No: 171 Metrocity  
 A Blok Kat 4-5 34330 SİSLİ /İST  
 TURKEY

TEL: +90 (212) 334 33 33  
 Fax: +90 (212) 334 33 34  
 E-mail: [research@sekeryatirim.com](mailto:research@sekeryatirim.com)  
 Web: <http://www.sekeryatirim.com/english/index.aspx>

For additional information, please contact:

#### Research

Kadir Tezeller	Head	+90 (212) 334 33 81	<a href="mailto:ktezeller@sekeryatirim.com.tr">ktezeller@sekeryatirim.com.tr</a>
Burak Demirbilek	Utilities	+90 (212) 334 33 33-128	<a href="mailto:bdemirbilek@sekeryatirim.com.tr">bdemirbilek@sekeryatirim.com.tr</a>
Atasav Can Tuglu	Food & Beverages, Automotive, Retail, Aviation	+90 (212) 334 33 33-334	<a href="mailto:atuglu@sekeryatirim.com.tr">atuglu@sekeryatirim.com.tr</a>
Basak Kamber	Glass, Pharmaceutical, Defense, Telcos, Cons. Dur.	+90 (212) 334 33 33-251	<a href="mailto:bkamber@sekeryatirim.com.tr">bkamber@sekeryatirim.com.tr</a>
M. Mucahid Yıldırım	Banking	+90 (212) 334 33 33-150	<a href="mailto:myildirim@sekeryatirim.com.tr">myildirim@sekeryatirim.com.tr</a>
Yusuf Kemal Erdekli	Cement, Conglomerates, Real Estate	+90 (212) 334 33 33-115	<a href="mailto:verdekli@sekeryatirim.com.tr">verdekli@sekeryatirim.com.tr</a>
O. Furkan Ozdemir	Iron & Steel, Oil- Gas & Deriv.	+90 (212) 334 33 33-245	<a href="mailto:oozdemir@sekeryatirim.com.tr">oozdemir@sekeryatirim.com.tr</a>

#### Economy & Politics

Abdulkadir Dogan	Chief Economist	+90 (212) 334 91 04	<a href="mailto:adogan@sekeryatirim.com.tr">adogan@sekeryatirim.com.tr</a>
------------------	-----------------	---------------------	--

#### Institutional Sales

Deniz Keskin	Trader	+90 (212) 334 33 36	<a href="mailto:dkeskin@sekeryatirim.com.tr">dkeskin@sekeryatirim.com.tr</a>
Kerim Culum	Trader	+90 (212) 334 33 33-316	<a href="mailto:kculum@sekeryatirim.com.tr">kculum@sekeryatirim.com.tr</a>

## DISCLAIMER

I, Abdulkadir Dogan, hereby certify that the views expressed in this research accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

This report has been prepared by Seker Yatirim Menkul Degerler A.S. (Seker Invest). The information and opinions contained in this report have been obtained from and is based upon public sources Seker Invest believes to be reliable, but no representation or warranty, express or implied, is made that such information is accurate or complete and it should not be relied upon as such. All estimates and opinions included in this report constitute our judgments as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors as they believe necessary. Seker Invest may, from time to time, have a long or short position in the securities mentioned in this report and may solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) for any company referred to in this report and may, to the extent permitted by law, have acted upon or used the information contained herein, or the research or analysis upon which it is based, before its publication. This report is for the use of intended recipients and may not be reproduced in whole or in part or delivered or transmitted to any other person without the prior written consent of Seker Invest. By accepting this document, you agree to be bound by the foregoing limitations.

Copyright © 2026 Şeker Invest, Inc.