

Macro note – April 2026 Inflation

CPI rises by 4.18% month-on-month and 32.37% year-on-year in April, exceeding expectations. The underlying trend in core indicators such as housing and transport continues to pose risks to the disinflationary path...

Abdulkadir DOGAN

Chief Economist

adogan@sekeryatirim.com.tr

(+90) 212 334 33 33/313

	MoM%			YoY%		
	Market	Seker Invest	Actual	Market	Seker Invest	Actual
CPI	3,23	3,45	4,18	31,16	31,44	32,37
PPI	-	-	3,17			28,59

The CPI rose by 4.18% month-on-month in April, whilst annual inflation stood at 32.37% (previously 30.87%). Market expectations were for inflation to rise by 3.23% month-on-month and 31.16% year-on-year (Seker Invest forecast was 3.45% month-on-month and 31.44% year-on-year). The monthly inflation rate in April, which exceeded both market and our own expectations, reflects the lagged effects of geopolitical developments. In our previous report, we had noted that we would see a rebound in the April–May inflation figures following the below-expectation figures in March. However, the actual figures have exceeded even our own expectations and are complicating the disinflationary path. Looking at the dispersion index for April, 147 sub-indices recorded an increase whilst 19 sub-indices showed a decline. The dispersion index is an indicator we monitor closely, just as much as the inflation trend, and increases are evident across almost all sub-groups. In such a scenario, it is a matter of supply-side shocks—such as those in energy—affecting all items, rather than a temporary effect. For the lower-income group, the rise in items constituting the majority of the consumption basket is deviating significantly upwards from headline inflation. This index, calculated using the average of food, housing and transport inflation—which accounts for 52.46% of the CPI—rose by 37.33% year-on-year in February. The shifts in price dynamics this month can be summarised as follows. Following a slowdown to 1.8% in March, food and non-alcoholic beverages saw a rebound to 3.7% in April, with annual inflation standing at 34.55%. This category made the highest contribution to monthly inflation, adding 0.95 percentage points. The prolonged slowdown in clothing and footwear has reversed. In April, this category rose by 8.94% month-on-month, contributing 0.57 percentage points to headline inflation. Transport, up 4.29% month-on-month, contributed 0.73 percentage points to inflation this month, with annual inflation at 35.06%. We will continue to see the significant impact of energy costs in this category. Housing inflation also rose to approximately double the headline inflation rate this month. Rising by 7.99% month-on-month, housing is the second-highest contributor to headline inflation at 0.9 percentage points, after food. Of the 4.18% monthly inflation, 2.58 percentage points stem from the food, housing and transport categories. In the B index (core inflation), which is the Special Comprehensive CPI Indicator, monthly inflation stood at 3.42%, whilst annual inflation reached 30.51%. The pace of disinflation in the core indicators is significantly better than the headline figures. This gives us a clue as to where the focus of the fight against inflation should lie. When temporary items such as food and energy are excluded, disinflation is in a better state. In particular, if food and energy shocks are steered onto a more stable path using appropriate methods, it will be possible to achieve the results of monetary policy more effectively. Rising commodity prices, led by energy, are creating fragility in net importing economies such as Turkey. The duration of this situation—which increases risks to both reserves and the balance of payments—stands out as the most prominent external variable directly influencing how tight monetary policy will remain. The oil price forecast (USD60/barrel) used when setting the CBRT's intermediate targets has now been exceeded by approximately 100%. Even if the speculative impact on prices were to disappear due to geopolitical risks, we believe there will still be a significant upward deviation from the CBRT's forecasts. We anticipate that oil prices will stabilise at levels of USD75–80/barrel by year-end. Under this assumption, we estimate that inflation will rise to the 25–29% range and close at 27% by year-end. These developments necessitate a more cautious stance in monetary policy. In this context, the decision to hold interest rates steady in April was a prudent one, given the

leading indicators. May's inflation figures will reveal the extent and duration of this shock. We forecast that the policy rate will close the year at 32%.

Producer prices rose by 3.17% month-on-month in April, whilst the annual change in the PPI stood at 28.59%. Looking at the sub-indices of the PPI, the annual increase in intermediate goods for the main industrial groups was 26.49%, in durable consumer goods 29.75%, in non-durable consumer goods 31.57%, in energy 33.15%, and in capital goods 24.70%. Monthly dynamics showed an increase of 3.62% in intermediate goods, 2.17% in durable consumer goods, 2.48% in non-durable consumer goods, 4.84% in energy, and 1.67% in capital goods. The PPI-CPI spread widened to 3.78 percentage points (from 2.97 previously), highlighting the risks posed by cost-push inflation (peaking in October 2022 at 78 points). With the rise in energy prices, this spread is expected to narrow, and we will feel a gradual inflationary pressure from the PPI to the CPI.

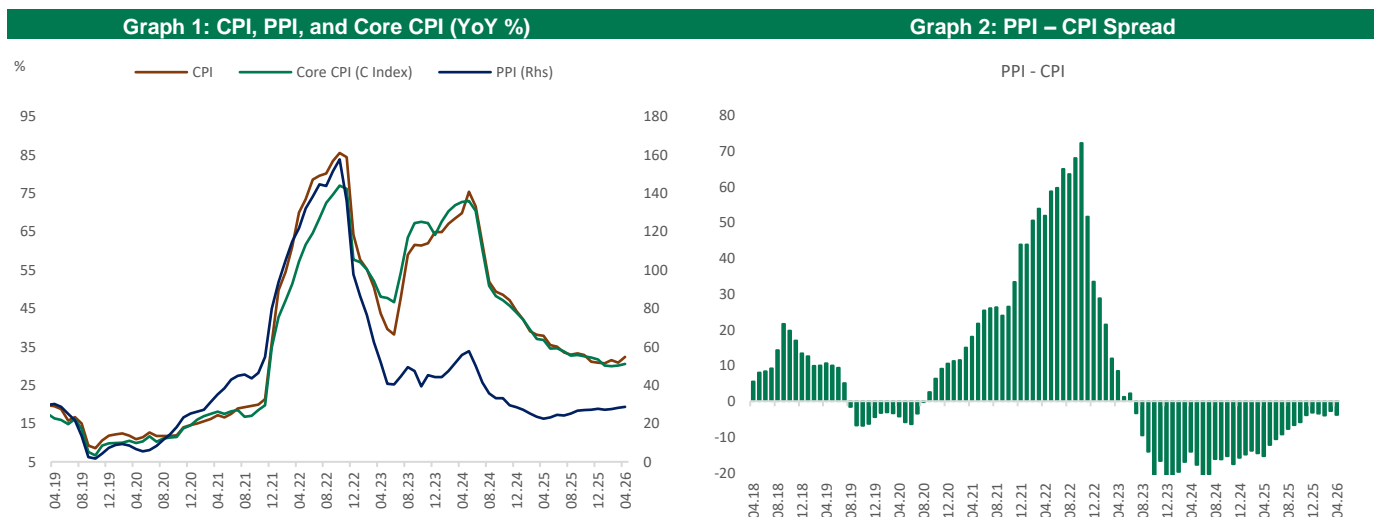


Table 1: Inflation and Sub-Components

Main expenditure groups	Weights	MoM(%)	Ytd (%)	YoY(%)
CPI	100,00	4,18	14,64	32,37
Food and non-alcoholic beverages	24,44	3,70	20,27	34,55
Alcoholic beverages and tobacco	2,75	0,22	10,28	29,96
Clothing and footwear	7,90	8,94	-3,72	9,66
Housing, water, electricity, gas and other fuels	11,40	7,99	17,69	46,60
Furnishing, household equipment, routine maintenance of the house	7,92	3,41	8,65	21,42
Health	2,79	3,38	22,18	33,02
Transportation	16,62	4,29	17,73	35,06
Information and communication	3,10	1,05	10,78	24,38
Recreation, sport and culture	4,34	2,31	12,36	28,00
Education services	2,02	1,35	14,73	50,60
Restaurants and accomodation services	11,13	3,50	13,98	31,54
Insurance and financial services	1,07	1,13	24,53	30,29
Personal care, social protection and miscellaneous goods and services	4,4935	2,21	9,84	24,96

In summary, whilst the CPI rose by 4.18% month-on-month in April, annual inflation stood at 32.37%. With inflation coming in significantly above expectations, this highlights the need for monetary policy to maintain its hawkish stance. The persistence of upward pressure driven by energy and commodities depends on how long geopolitical tensions last. This will also signal the potential timing for interest rate cuts. Despite the slowdown in consumption and demand-driven inflation, recent supply shocks continue to pose risks. Given the scope of monetary policy, measures that take financial stability into account as well as price stability will help reduce exchange rate volatility, thereby contributing to both risk premiums and macro-financial stability. Within the current outlook, we maintain our year-end 2026 inflation

forecast at 27%. We emphasise here 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.
Buyukdere 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
Web: <http://www.sekeryatirim.com/english/index.aspx>

For additional information, please contact:

Research

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

Economy & Politics

Abdulkadir Dogan	Chief Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com.tr
------------------	-----------------	---------------------	--

Institutional Sales

Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com.tr
Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com.tr

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 Yatırım Menkul Değerler A.Ş. (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.