

Inflation Preview – May 2026

May 25, 2026

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We expect May CPI inflation at 1.55% MoM, implying a stable annual rate of around 32.4%. According to the survey conducted by Matriks News among 20 institutions (banks and brokerage houses), **the median CPI inflation forecast for May (to be released on 5 Jun) stands at 1.60% MoM and 32.49% YoY.** Forecasts for monthly inflation range between 1.21% and 2.51%, while annual estimates vary between 32.05% and 33.80%.

The average year-end 2026 CPI inflation expectation among the 20 economists was 29.58%, with forecasts ranging between 26.0% and 31.0%. In the previous survey period, the average expectation had stood at 28.0%, with a forecast range of 22.9%-30.0%.

On our side, we expect May CPI inflation at 1.55% MoM (April: 4.24%), implying a stable annual inflation rate of around 32.4%, broadly in line with the market median estimate.

Detailed breakdown of our 1.55% CPI inflation estimate. Following the sharp 14.4% monthly rise in energy inflation in April—which alone contributed around 1 percentage point to headline CPI—we expect **energy inflation to turn mildly negative in May (around -0.7%)** due to some correction in gasoline and diesel prices.

Food inflation, which turned out to be 3.7% MoM in April, is also likely to ease significantly. Despite continued increases in meat and processed food prices, particularly bread, we expect headline **food inflation at around -0.6%**, mainly driven by a sharp (double-digit) correction in vegetable prices after cumulative increases exceeding 60% during the first four months of the year.

Services inflation with its weight of more than 38% in the CPI basket, remains the key uncertainty for May inflation dynamics, as it was the main factor behind April's upside surprise. We expect monthly **services inflation at around 2.5%** (April: 3.0%), reflecting ongoing indirect effects from higher energy prices. Although lower than April in headline terms, the seasonally adjusted underlying trend is likely to elevate for services inflation.

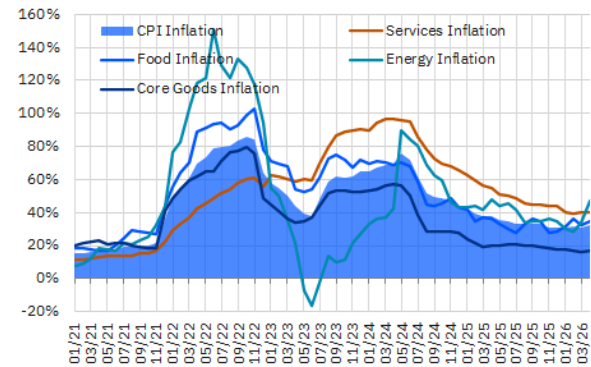
Clothing prices may also generate volatility during seasonal transition months such as May. Based on historical seasonal patterns, we expect **clothing inflation at around 8.0% MoM**, following April's already strong 9.0% increase.

Meanwhile, ongoing exchange rate stability is likely to keep **durable and non-durable goods inflation** relatively contained, **at slightly above 1.0%**.

Under these expectations, we estimate **core CPI inflation (C-index) at around 2.75% MoM** (April: 3.5%), which would imply a slight increase in annual core inflation to around 30.2% from 29.8%.

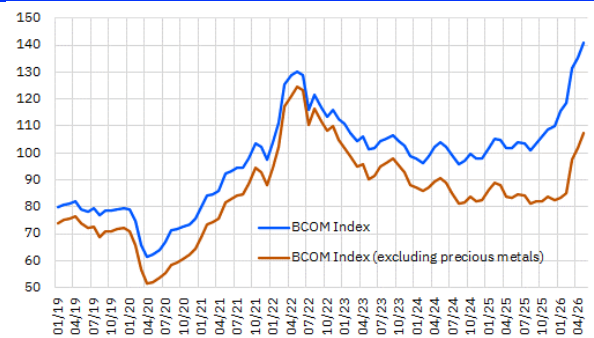
Current outlook points to upside risks to our 29% year-end CPI inflation estimate. Recall that we had previously revised our year-end CPI inflation forecast to 29% from 25%, assuming some retreat in Brent oil prices to around USD80/bbl for the April–December period (with other commodity prices moving broadly in tandem). Although Brent prices have now retreated below USD100/bbl, the underlying inflation trend and still-elevated commodity price environment continue to point to upside risks to our forecast, suggesting that inflation may ultimately settle closer to the 30% range. We will reassess our projections once the detailed breakdown of May inflation is released.

Graph 1: Major Components of CPI Inflation, YoY



Source: TurkStat, Gedik Investment Research

Graph 2: Commodity Price Outlook (BCOM Indices)



Source: Bloomberg, Gedik Investment Research

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EXHIBIT 1: Our CPI inflation forecast; subcomponents (2025=100)

	Weight	MoM		Ytd		YoY	
		May-26	May-25	May-26	May-25	May-26	Apr-26
CPI Inflation		1.55%	1.53%	16.4%	15.1%	32.4%	32.4%
Items Excluding Core Inflation	34.7%	-0.57%	0.14%	19.7%	14.5%	36.5%	37.5%
Food and Non-Alcoholic Beverages	24.4%	-0.60%	-0.71%	19.6%	13.9%	34.7%	34.6%
Energy	7.1%	-0.70%	2.15%	24.1%	17.1%	43.1%	47.2%
Alcoholic Beverages and Tobacco	2.8%	0.00%	0.06%	10.3%	11.1%	29.9%	30.0%
Gold	0.4%	0.00%	3.45%	12.1%	26.3%	48.4%	53.6%
Core Inflation (C Index)	65.3%	2.75%	2.43%	14.7%	15.4%	30.2%	29.8%
Services	38.4%	2.50%	1.74%	19.8%	22.1%	41.3%	40.3%
Core Goods	26.9%	3.15%	3.26%	7.4%	8.6%	16.4%	16.5%

* May-26 figures indicate Gedik Investment estimates

Source: TurkStat, Gedik Investment Research

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