



Market Bulletin

World Food Programme—Türkiye

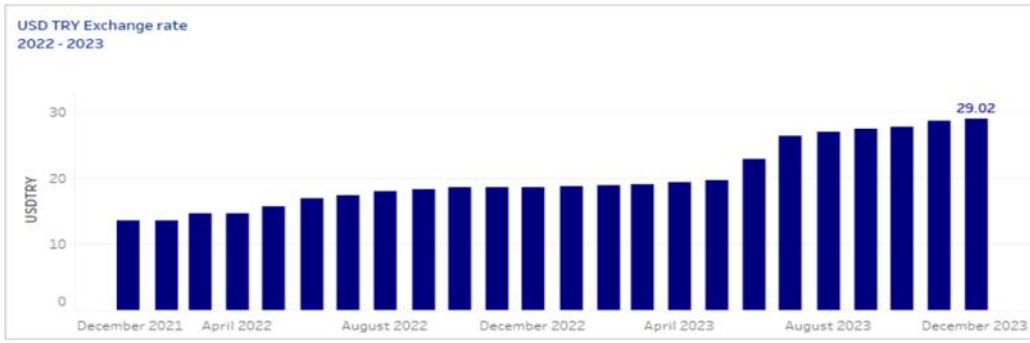
HIGHLIGHTS

- The estimated cost of the Minimum Expenditure Basket (MEB)¹ is TRY 2.183 per person per month as of December 2023, representing a 65 percent yearly increase compared to December 2022 (TRY 1,326).
- The inflation rate remained relatively stable in early Q4 2023 before increasing to 64.8 percent in December 2023. The gap between annual and food inflation rates started to narrow down. The food inflation rate in December 2023 stands at 71.3 percent.
- TRY continued its devaluation against the USD, with the exchange rate reaching 29.02 as of December 2023.
- The Turkish economy grew by 4 percent in Q4 2023, with a yearly growth rate of 4.5 percent for 2023.
- As of December 2023, the unemployment rate is 8.8 percent.
- The price of petrol per liter is TRY 34.53 as of December 2023.

Currency exchange

The high global inflation and the measures taken against it have resulted in the appreciation of the USD against other currencies.² In line with the global trends, the Turkish Lira has also depreciated against the US dollar. In Q4 2023, a gradual depreciation of the TRY was observed; the USD was at TRY 27.8 in October 2023, increased to TRY 28.6 in November, and reached TRY 29.0 in December 2023. The annual increase in USDTRY exchange rate in 2023 was 57.7 percent, yet it still remained below the inflation rate in the country.³ The devaluation of the TRY against USD is anticipated for the upcoming year. According to the Medium-term Programme announced by the government on 30 September 2023, the USD exchange rate is projected to be TRY 36.8 for the year 2024, and the year-end projection for 2024 is USDTRY 42.2.⁴

FIGURE 1: EXCHANGE RATE BETWEEN TRY AND USD 2022 -2023



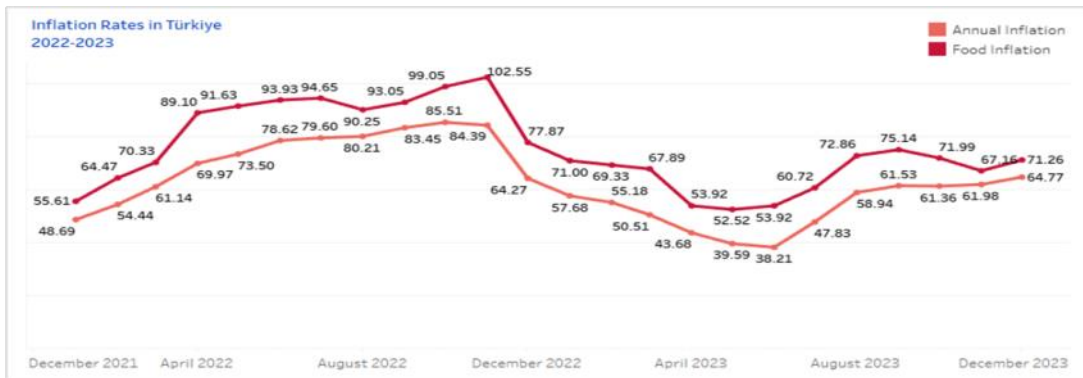
Inflation

Following a sharp increase in Q3 2023, the inflation rates – as measured by the Consumer Price Index (CPI) – remained relatively stable in October (61.36%) and November (61.98%) before increasing to 64.77 percent in December 2023. The highest yearly increase in CPI was observed in the service sector (restaurants and hotels) (93.24% in December 2023), followed by education (82.06%), and health (79.59%). In Q4 2023, there was a remarkable monthly increase in the CPI for clothing and shoes (13.73%) in October 2023, followed by housing (7.54%). Housing experienced the highest monthly inflation of 11.17 percent in November 2023, and the second highest monthly increase in December 2023 (4.97%) after entertainment and culture CPI (5.30%). The increase in housing is associated with the

75.6 percent yearly increase in the Housing Price Index⁵ (despite the slowdown of the increase rates in Q4 2023) and macroprudential measures that brought an end to the expansion of mortgage loans.⁶ Due to limited data, the Housing Price Index has remained constant for the earthquake-affected provinces since February 2023.⁷

In Q4 2023, the gap between annual inflation and food inflation started to narrow down. Food inflation was 71.99 percent in October. It decreased to 67.16 percent due to the base-effect as it had reached record high levels in November 2022 (102.55%). As of December 2023, it was actualized at 71.26 percent.

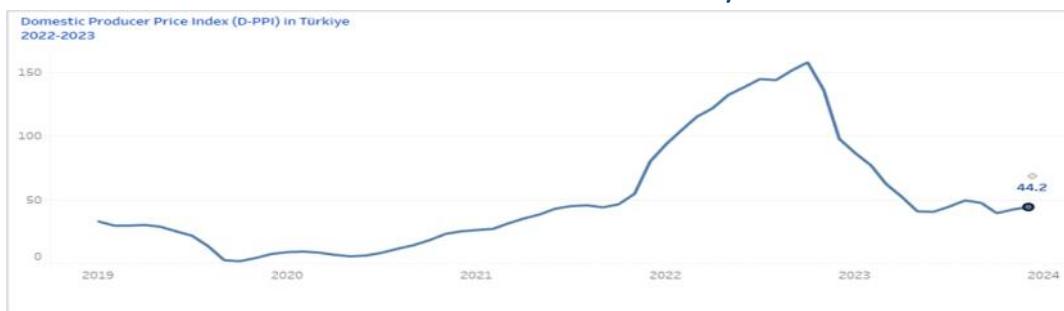
FIGURE 2: TURKSTAT'S CONSUMER PRICE INDEX TREND, DECEMBER 2023



The Domestic Producers' Price Index (D-PPI)⁸ remained high in Q4 2023. Due to the base effect, it dropped to 39.39 percent in October 2023, compared to its peak in October 2022 (157.7%). However, it gradually increased to 42.25 percent

in November 2023 and to 44.22 percent in December 2023. The high levels of the D-PPI indicate the likelihood of continued high inflation rates in the upcoming period.

FIGURE 3: DOMESTIC PRODUCER PRICE INDEX TRENDS, DECEMBER 2023



* Domestic Producer Price Index refers to the measure regarding the prices of products during the manufacturing phase, excluding the tax, transport and other additional costs.

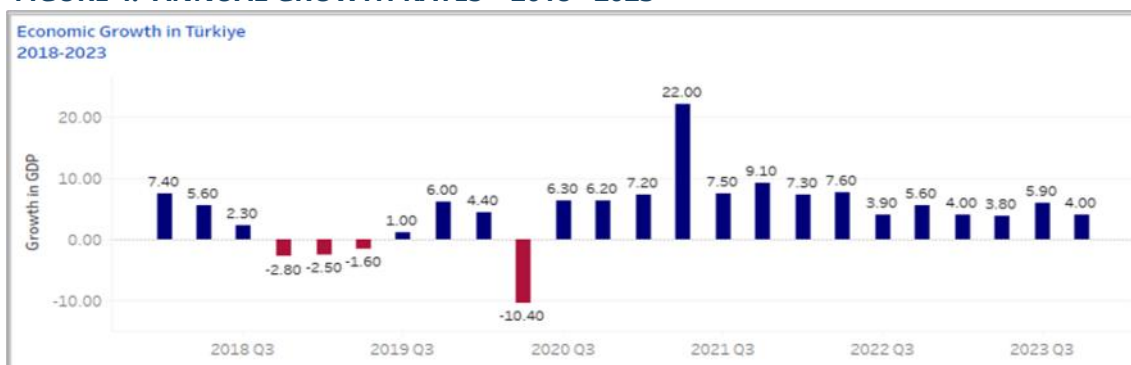
Economic Growth

The Turkish economy grew by 5.9 percent in Q3 2023 and 4 percent in Q4 2023. The annual economic growth rate for 2023 was recorded at 4.5 percent.⁹ The driving force in Q4 was investments, which increased by 10.7 percent, exceeding household consumption expenditure (9.3%) for two consecutive quarters. However, regarding annual growth, household consumption remained the highest contributor at 12.8 percent, followed by imports of goods and services (8.9%). Exports of goods and services (-2.7%) negatively impacted economic growth in 2023. Among the sectors, the construction sector, bolstered by the earthquake recovery process, grew by 7.8 percent in 2023. The second highest growth was observed in the service sector, at 6.4 percent.

Manufacturing grew by 1.6 percent whereas the agriculture sector experienced a contraction of 0.2 percent. The annual positive growth increased confidence in the Turkish economy; S&P revised Türkiye's credit rating outlook from 'stable' to 'positive' while affirming the current credit rating of "B".¹⁰

According to the IMF, with a GDP of USD 1.024 billion, Türkiye became the 17th largest economy in the world.¹¹ While the GDP per capita is USD 13,110 for 2023, it should be noted that 40 percent of the employed people work at minimum wage, which is TRY 11,402.33 (USD 393 as of December 2023) – approximately 36 percent of the GDP per capita.¹²

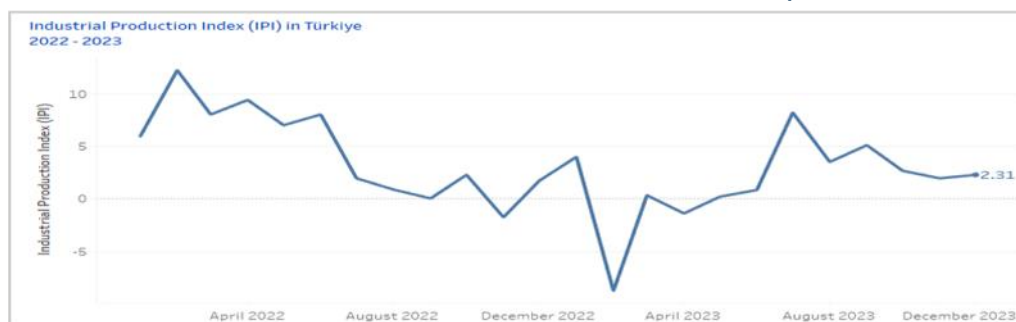
FIGURE 4: ANNUAL GROWTH RATES - 2018 - 2023*



The Industrial Production Index continued to increase, albeit at a slower rate, in Q4 2023, contributing to the 1.6 percent annual growth in manufacturing. The annual increase in the index was 2.7 percent in October, 2 percent in November, and 2.3 percent in December 2023. Among sectors, the highest increase in production was observed in electricity, gas, and steam, which grew by 4.5 percent, followed by manufac-

turing (2.1%). Conversely, the mining and quarrying sector contracted by 1.2 percent annually as of December 2023. It is also worth noting that production in high-technology sectors increased the most, by 14.3 percent annually, followed by medium-low technology sectors, which grew by 5.4 percent.¹³

FIGURE 5: INDUSTRIAL PRODUCTION INDEX CHANGE RATES, DECEMBER 2023



Unemployment

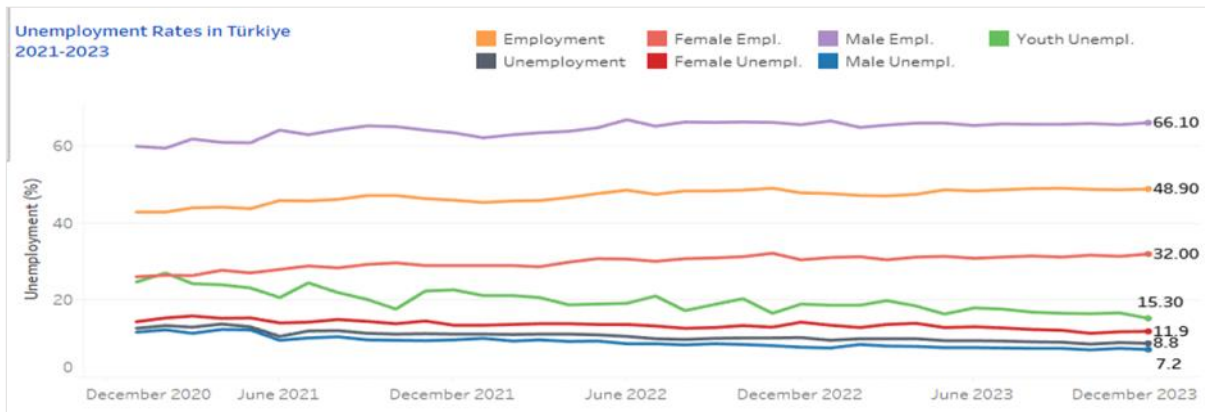
In October 2023, the unemployment rate decreased to 8.6 percent, down from 9.1 percent in September 2023. It then increased to 8.9 percent in November before slightly decreasing to 8.8 percent in December 2023. While male unemployment followed the same trend, female unemployment rates gradually increased, rising from 11.5 percent in October to 11.9 percent in November, and 12.0 percent in December 2023. These figures reflect an increase in the labor force rather than layoffs. Between November and De-

ember, 387 thousand people entered the labor force, with 250 thousand of them (65%) being women. As of December 2023, 3 million 98 thousand people are unemployed, and 32 million 56 thousand people are employed.¹⁴

Despite the single-digit overall unemployment rates, youth unemployment remained high at 15.5 percent in December 2023, even though it shows a decreasing trend since September 2023 (16.7%).

* Quarterly Gross Domestic Product, Quarter IV October—December 2023.

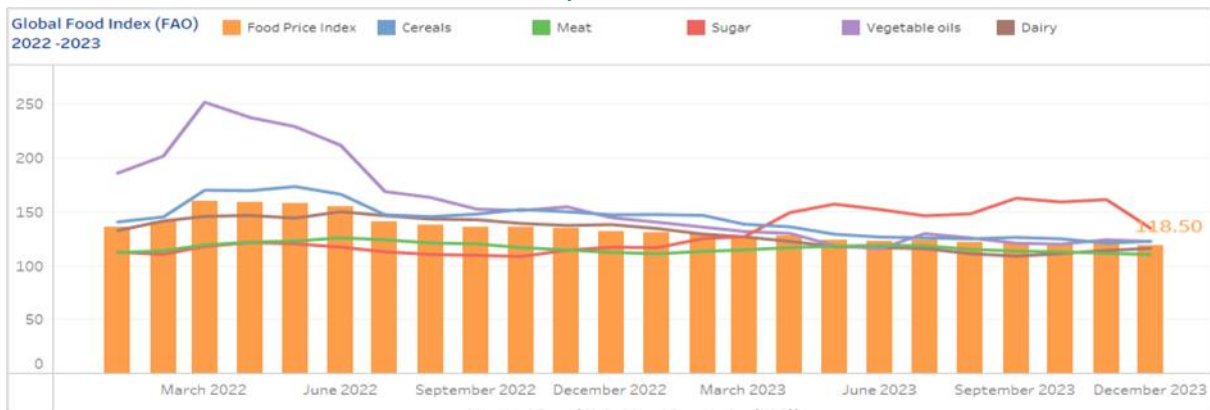
FIGURE 6: UNEMPLOYMENT RATES BETWEEN 2021—2023*



Food prices

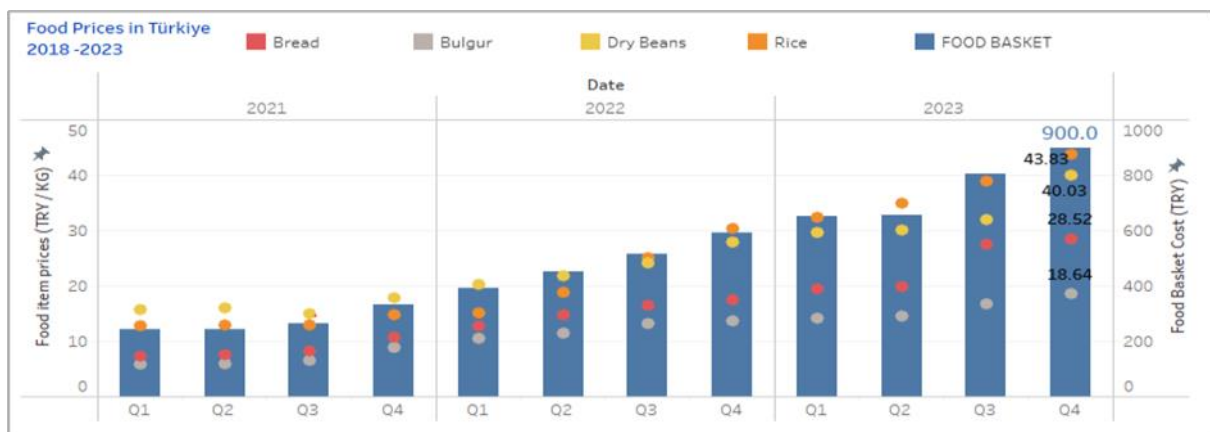
While the decrement in the global food price index continued in Q4 2023, cereals and sugar deviate from this trend. The cereal price index increased, primarily due to disruptions in shipments from exporting countries, India's continued restrictions on rice exports, and the potential impact of the El Nino oceanographic phenomenon. Additionally, the sugar price index increased due to production quotas.¹⁵

FIGURE 7: FAO GLOBAL FOOD PRICE INDEX, 2022—2023



WFP calculates the minimum cost of a nutritionally balanced food basket for people living in Türkiye, using staple food item prices and/or their monthly inflated figures published by TurkStat. As of December 2023, the food basket cost per person per month is TRY 900, representing a 10 percent increase since September 2023. Among the staple items, the price of bread reached TRY 28.7 per kilogram. Additionally, rice costs TRY 43.8/kg, dry beans cost TRY 40.0/kg, and bulgur costs TRY 18.6/kg.

FIGURE 8: FOOD PRICE TRENDS, 2021—2023*

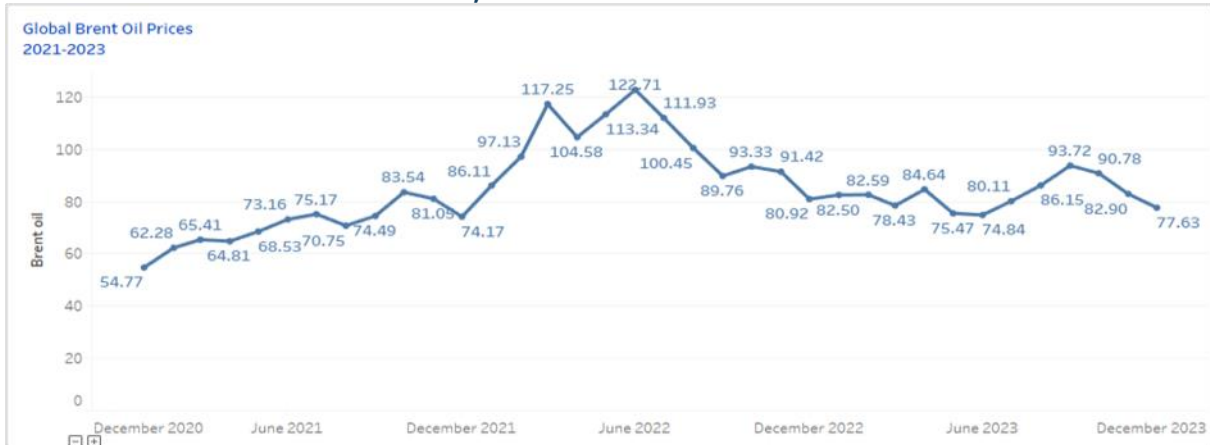


* Labour Force Statistics, December 2023. Turkish Statistical Institute.

Energy prices

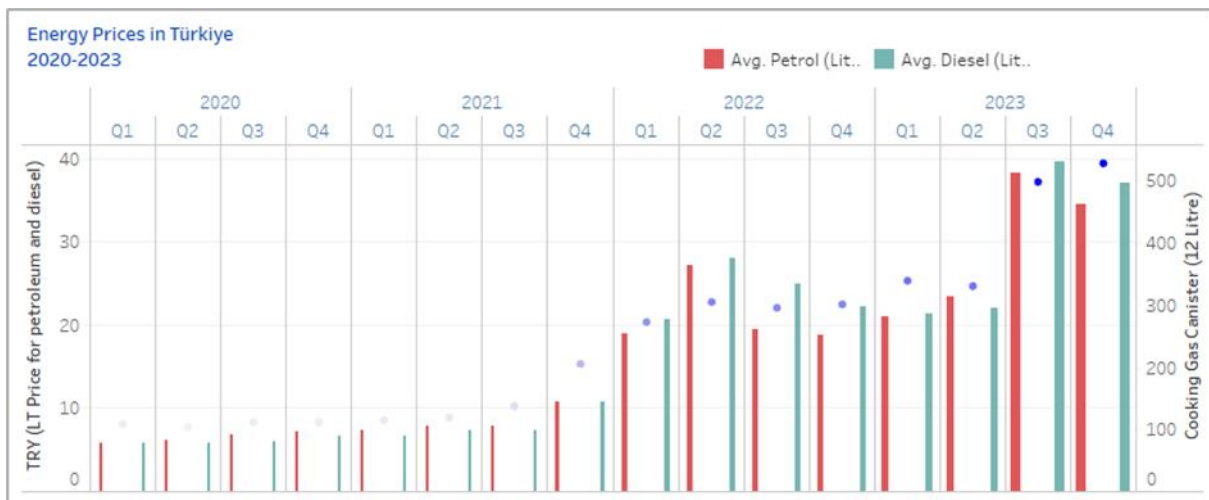
The persistent macroeconomic slowdown and a significant drop in manufacturing activities led to a decrease in energy demand, resulting in a decline in global energy prices in early Q3 2023. However, the output cuts implemented by Saudi Arabia and OPEC+ countries changed the supply and demand equilibrium, and a substantial market deficit is anticipated in Q4 2023.¹¹ In September, the barrel price of oil reached USD 93.72.¹²

FIGURE 9: BRENT OIL PRICE TRENDS, 2021—2023*



The decrease in global oil prices has also been reflected in energy prices in Türkiye. As of December 2023, the price per liter of petrol reached TRY 34.53, and the price per liter of diesel is TRY 37.01. Additionally, a 12-liter cooking gas canister costs TRY 528.24.

FIGURE 10: ENERGY PRICE TRENDS (TL/UNIT) 2020—2023**

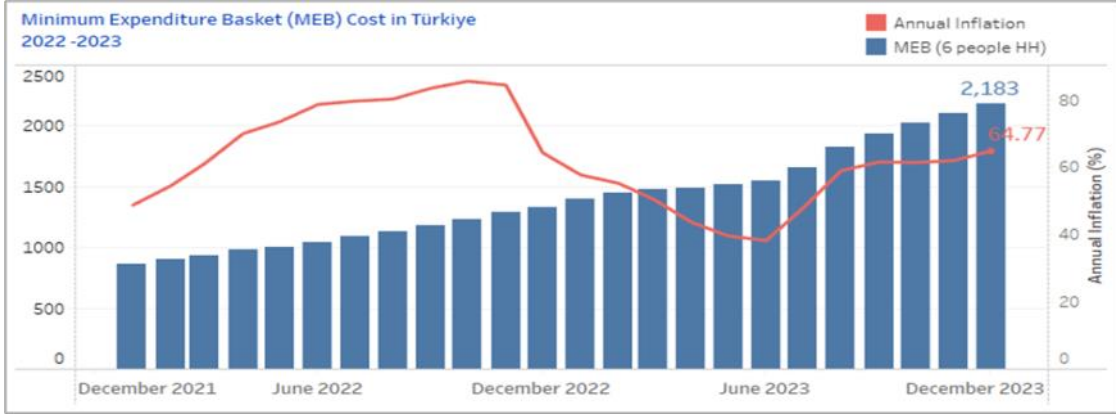


Minimum Expenditure Basket

WFP calculates the MEB based on a six-person refugee household, using commodity prices and inflation rates published by TurkStat (Turkish Statistical Institute). This calculation reflects the household profile of the refugee population in Türkiye. This calculation reflects the household profile of the refugee population in Türkiye. By applying monthly inflation rates since April 2022 (when the item prices were available) for different MEB dimensions (food, non-food items, health, education, accommodation, communication, and transportation), the current estimated MEB cost is TRY 2,183 per person per month as of December 2023. This represents a 65 percent increase compared to a year ago.

* Data is received from Statista.
 ** Consumer Price Index, December 2023. Turkish Statistical Institute.

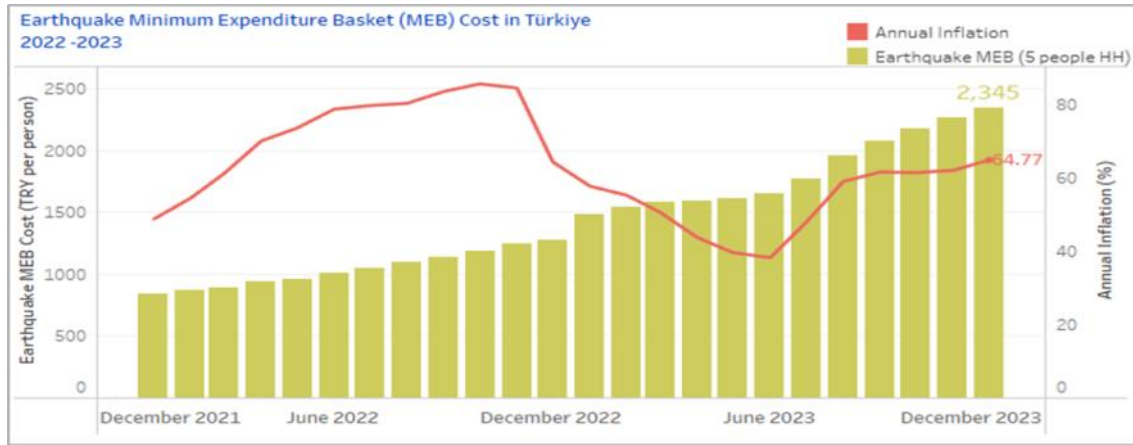
FIGURE 11: MEB COSTS FOR A 6-PEOPLE HOUSEHOLD, BETWEEN 2022 - 2023



The earthquake, which affected over 13 million people residing in the region, prompted humanitarian agencies to adapt their programmes to address the needs of the affected populations. Aiming to quantify the needs of earthquake-affected people, considering their household profiles and consumer habits, WFP collaborated with the Turkish Red Crescent (TRC) and the International Federation of Red Cross and Red Crescent Societies

(IFRC) to develop a methodology and calculate an MEB for this population.¹⁸ As of December 2023, the MEB for the earthquake-affected population is calculated at TRY 2,345 per person per month. The analysis is conducted retrospectively for 2022 to observe trends and contribute to the design of earthquake emergency response programs by quantifying basic needs.

FIGURE 12: EARTHQUAKE MEB COSTS FOR A 5-PEOPLE HOUSEHOLD, BETWEEN 2022-2023



Notes & Citations

1. The Minimum Expenditure Basket is constructed based on the monthly basic needs of a person living in a 6-people household, and by using TurkStat data.
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8. Domestic Production Price Index (D-PPI) refers to the monthly average changes of cost in production of goods and services.
9. <https://data.tuik.gov.tr/Bulten/Index?p=D%C3%B6nemsel-Gayrisafi-Yurt-%C4%B0%C3%A7i-Has%C4%B1a-IV.-%C3%87eyrek-Ekim-Aral%C4%B1k-ve-Y%C4%B1l%C4%B1k,-2023-53756&dil=1>
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