



Market Bulletin

World Food Programme—Türkiye

HIGHLIGHTS

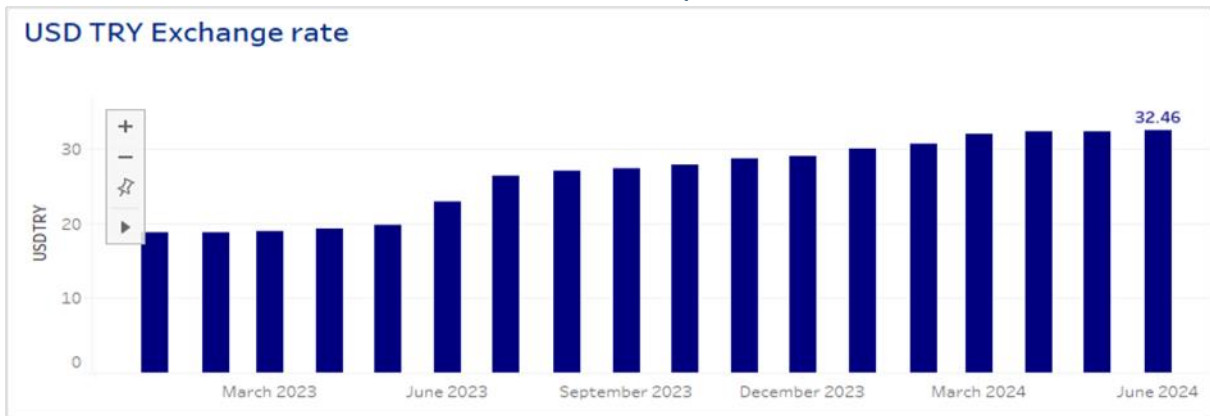
- **USD Appreciation and Exchange Rate Fluctuations:** In Q2 2024, the USD/TRY exchange rate experienced minor fluctuations due to developments in the US. Despite these fluctuations, the USD/TRY exchange rate maintained its upward trend, reaching TRY 32.46 in June 2024.
- **Inflation Dynamics:** The annual inflation rate in May reached a 19 month high of 75.5 percent. However, it started to slow down in June 2024, marking the first decrease since May 2023, although it remained elevated at 71.6 percent. Notably, Q2 2024 saw a reversal of longstanding trends, with food inflation rates falling below the overall for the first time in three years. The food inflation rate in June 2024 was 68.8 percent.
- **Production and Economic Growth:** While Q2 2024 figures have not yet been announced, positive developments have led to an improvement in Türkiye's credit ratings, prompting experts to revise their 2024 economic growth projections upwards.
- **Domestic Producers' Price Index (D-PPI):** Reflecting broader inflation trends, the Domestic Producers' Price Index had a 57.68 percent yearly increase in May 2024, and dropped to 50.09 percent in June, reflecting the start of the projected disinflation process.
- **Unemployment Trends:** The overall unemployment rate continued its slow decline, reaching 8.4 percent in May 2024. Male unemployment fluctuated during Q2 2024, while female unemployment decreased by 1 percent. Employment rates are increasing for both men and women.
- **Global Food Price Index and MEB Calculation:** The global food price index continued to increase since March, largely due to the impact of global warming. The cost of the Minimum Expenditure Basket (MEB)¹ reached TRY 2,740 per person per month in June 2024, a 77 percent increase from June 2023 (TRY 1,547). The Earthquake MEB costed TRY 2,966 per person per month in the same period, highlighting heightened humanitarian needs in affected areas.

Currency exchange

The USD/TRY exchange rate rose from 31.93 in March 2024 to 32.27 in April 2024. Increased forecasts for inflation rates in the US heightened economic uncertainty, leading to a depreciation of the USD in May.² As a result, the USD/TRY rate decreased to 32.19. However, the USD appreciated globally in June, and the exchange rate rose to 32.46. At the end of Q1 2024, the Central Bank of the Republic of Türkiye (CBRT) increased its interest rates by 500 base points from 45 percent to 50 percent. Interest rates remained stable at 50 percent throughout Q2 2024.³

The constancy of the exchange rate in Q2 2024 resulted in a decrease in year-end expectations. In the previous quarter, while the experts who participated in CBRT's Survey of Market Participants had projected the USD to be TRY 44.19 (March 2024) at the end of 2024, as of June 2024, the end-of-the-year expectation decreased to TRY 37.75.⁴ Despite being a positive development, such volatility in a short period also indicates potential risks and fragility.

FIGURE 1: EXCHANGE RATE BETWEEN TRY AND USD, 2023—2024



Inflation

The inflation rate slightly increased from 68.5 percent in March 2024 to 69.8 percent in April 2024. In line with the expectation, it raised to 75.5 percent, the highest since November 2022.⁵ Ministry of Treasury and Finance announced that the disinflation has started, and in June 2024, the annual inflation rate was actualized at 71.6 percent.⁶

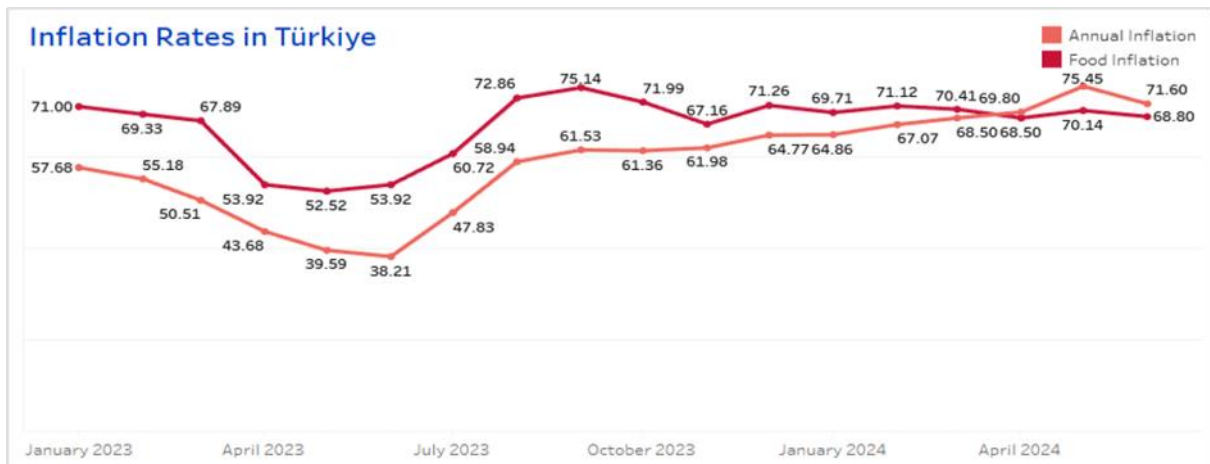
The Government's Medium-term Programme, which was announced in September 2023, projects the inflation rate for December 2024 to be 33.0 percent.⁷ The ministry stated that the recent disinflation is in line with the program,⁸ however, the experts have a more timid approach. According to the CBRT's Survey of the Market Participants, the year-end

expectation for the inflation rate is 43.52 percent, slightly decreased from 44.2 percent in March 2024.⁹

The food inflation rates are below the annual inflation for the first time in the last 3 years. However, it remained high at 68.5 percent in April, 70.1 percent in May, and 68.8 percent in June 2024.¹⁰

Education costs continue to have the highest annual increase among all sectors, with an inflation rate of 107.11 percent as of June 2024, followed by accommodation at 94.72 percent, and restaurants and hotels at 90.67 percent.¹¹

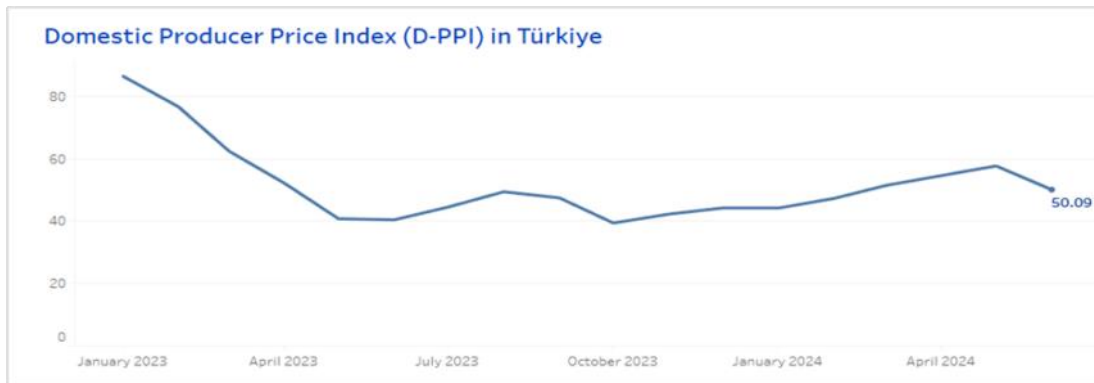
FIGURE 2: TURKSTAT'S CONSUMER PRICE INDEX TREND, 2023—2024



* 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.

The disinflation also manifested itself in production. After PPI)¹² increased to 55.66 percent and 57.68 in May 2024 having an upward trend since December 2023, the annual reflecting the expected peak of inflation. Consistent with increase of input costs slowed down for the first time in the inflation figures, the D-PPI decelerated and actualized at 50.09 percent as of June 2024. In April, the Domestic Producers' Price Index (D-

FIGURE 3: DOMESTIC PRODUCER PRICE INDEX TRENDS, 2023—2024



Economic Growth

After the 5.7 percent growth in Q1 2024, the positive developments such as the increase in imports and exports,¹³ Türkiye's exclusion from the Financial Action Task Force's grey list unanimously,¹⁴ the increase in employment¹⁵ rates, and leaving the local elections behind created a positive economic environment. S&P upgraded Türkiye's credit score to B+ with a 'positive' outlook.¹⁶ In May, the OECD revised Türkiye's yearly economic growth for 2024 from 2.9 percent (as of February 2024) to 3.4 percent.¹⁷ The market experts who participated in the CBRT's expectation survey also expect 3.3

percent growth at the end of the year.¹⁸

However, given that 2024 is the first year of the Medium-term Programme (2024-2028), any development and action have high importance,¹⁹ such as the decrease in the Industrial Production Index (IPI) in April (-0.7%) and May (-0.1%) compared to a year ago.²⁰ The contraction was observed in non-durable consumer goods in both months and in May 2024 high-tech industrial production decreased by 18 percent yearly.²¹

FIGURE 4: ANNUAL GROWTH RATES - 2018 - 2024*

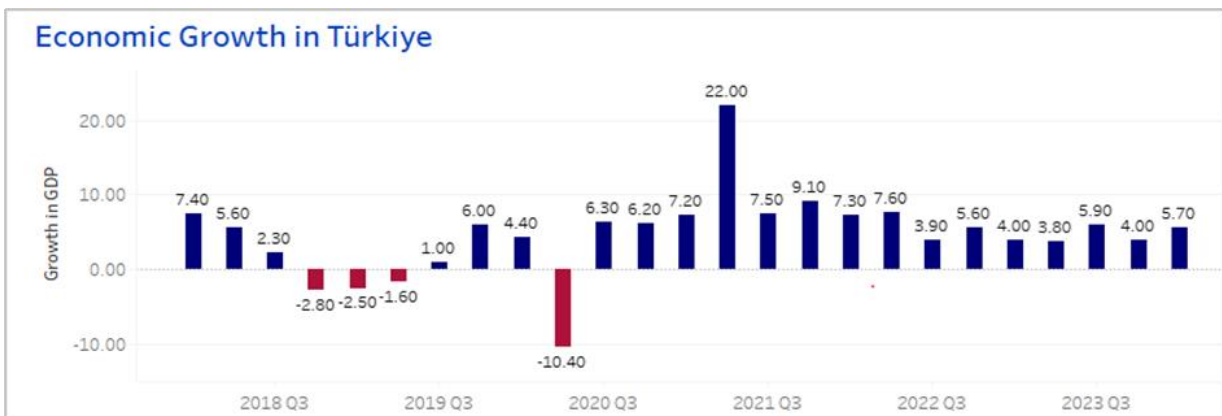
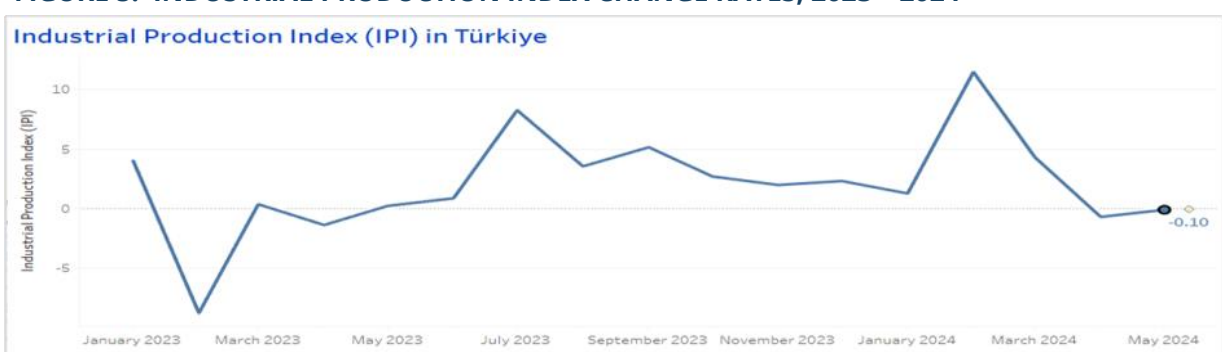


FIGURE 5: INDUSTRIAL PRODUCTION INDEX CHANGE RATES, 2023—2024

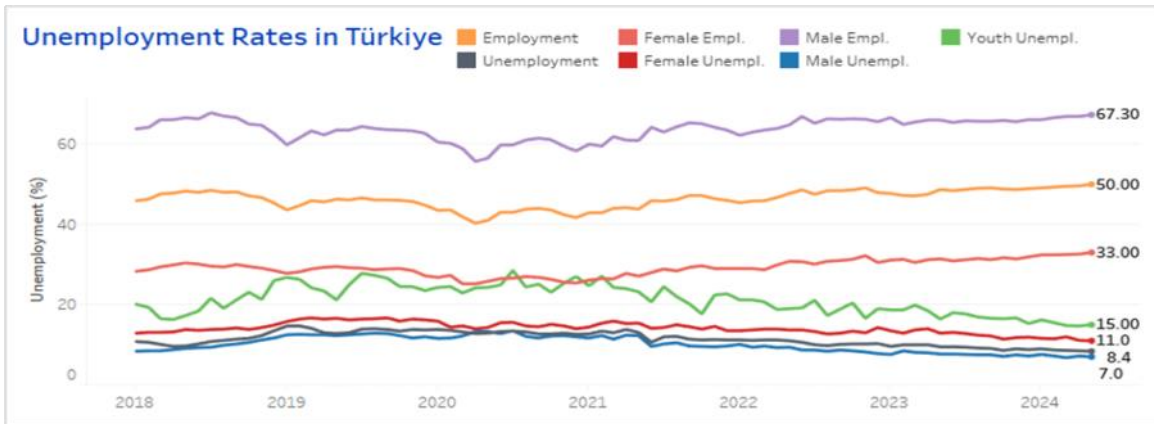


Unemployment

The unemployment rates decreased in April (8.5%) and May 2024 (8.4%) and employment rates continued the increasing trend and reached 50 percent as of May 2024 (the latest available figure). Male unemployment deviated from the overall figures by increasing to 7.2 percent in April before decreasing to 7 percent in May. Conversely, female unemployment has dropped by 1 percent since March 2024, and actualized at 11 percent.

Male employment figures indicate a linear increase of 0.4 percent from 66.90 percent in March 2024 to 67.30 percent in May 2024, while the increase for women was higher (0.5%). In May 2024, 33 percent of the women above 15 years of age were employed.²²

FIGURE 6: UNEMPLOYMENT RATES BETWEEN 2018—2024



Food prices

The global food price index had increased to 116.8 points in March 2024 after 7 months of decrease. It continued to increase in April (119.3) and May (120.6), and remained unchanged in June 2024 (120.6) as the increases and decreases in the indexed items balanced out.

The start of the harvest season in the northern hemisphere, positive projections in the major cereal exporting countries like Kazakhstan and Ukraine, and Türkiye's ban on imported cereal to prioritize utilization of domestic products resulted in a decrease in cereal prices. As of June 2024, the cereals price index is 115.20.

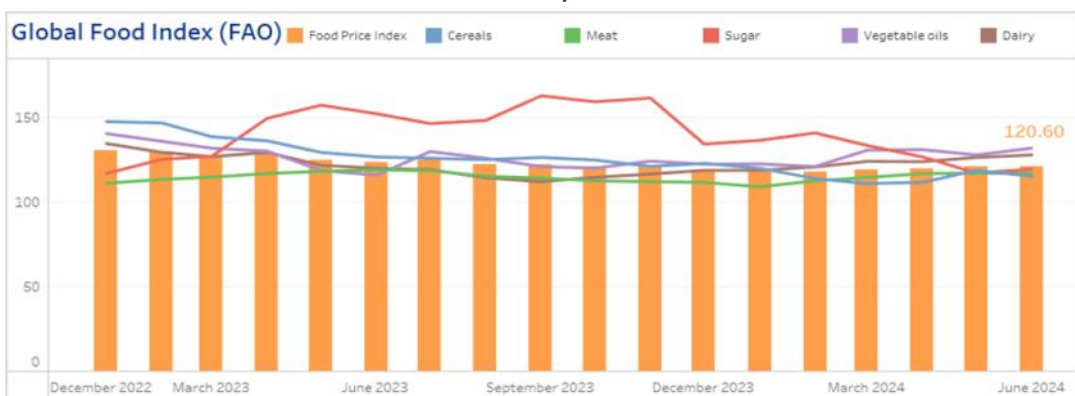
Except for a slight decrease in April, the dairy product price index increased from 124.0 to 127.8 between Q1 and Q2 2024. The low inventories in Oceania and the 24-month-high increase in international price quotations for butter prices were the driving factors. It was, however, noted that cheese prices had a decreasing trend due to a slowdown in imports.

While the abundance of poultry meat led to a decrease in global meat prices, particularly ovine prices had a significant increase as the farmers downsized their herd businesses due to the unusually dry weather conditions in Australia.

Vegetable oil prices also have the highest increase since March 2023. As of June 2024, it reached 131.8 points. The higher quotations for palm, soy, and sunflower oils were effective in the increase in the index.

Climate change also affected the sugar prices; the harvest in Brazil was lower than expected due to dry weather conditions, whereas the irregular monsoons in India and the decrease in production forecast in the EU also played a role in production decrease and created pressure on prices.

FIGURE 7: FAO GLOBAL FOOD PRICE INDEX, 2023—2024

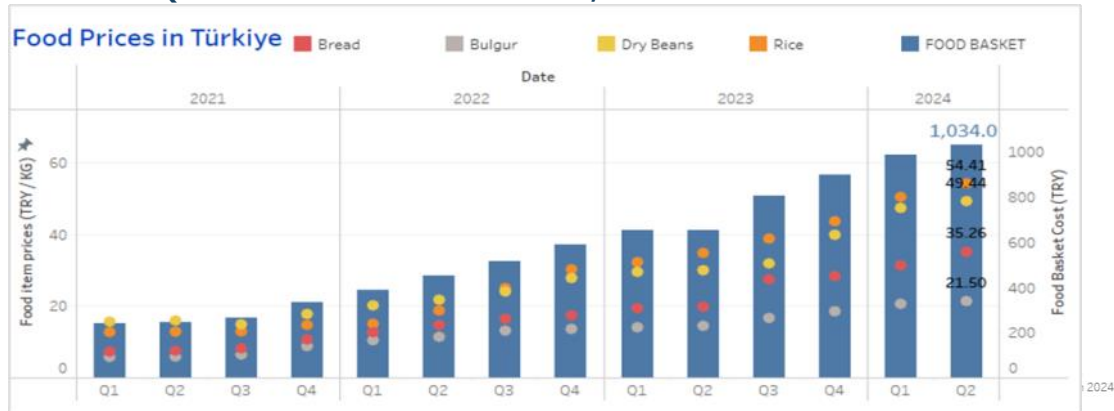


* Employment rate refers to the ratio of employed people among those who are in the labor force excluding the elderly, in education, or stay-at-home parents.

WFP calculates the minimum cost of a nutritionally balanced food basket for people living in Türkiye, using staple food item prices and their monthly inflated figures published by TurkStat. As of June 2024, the food basket cost per person per month reached TRY 1,034 – which is a 5 percent increase since Q1 2024. Between March and June

2024, the price per kilogram of bread increased from TRY 31.5 to TRY 35.3 (12 percent), though the wheat prices increased by 3.7 percent in the same period (TRY 21.50 in June 2024). The rice cost increased from TRY 50.6 to TRY 54.4 quarterly (7.5%), and the increase in dry bean prices was 4 percent from TRY 47.5/kg to TRY 49.4.

FIGURE 8: QUARTERLY FOOD PRICE TRENDS, 2021—2024



Energy prices

The ongoing war in Gaza increased the geopolitical risks at the beginning of Q2 2024, which put pressure on oil prices.²³ The Brent oil barrel prices increased to USD 89.94 in April 2024. However, the weaker oil demand in the US dropped

the Brent oil prices to 81.75/barrel, and it was USD 82.25 per barrel at the end of June 2024. To balance with the US oil, OPEC countries decided to extend the output cuts into 2025.²⁴

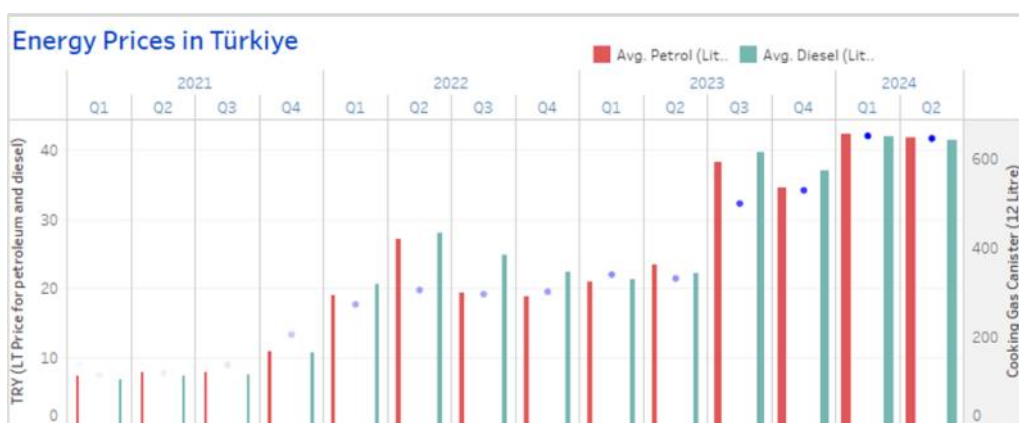
FIGURE 9: BRENT OIL PRICE TRENDS, 2021—2024*



Affected by the global price increase and the depreciation of the TRY against the USD, energy prices in Türkiye also increased.¹⁵ The price of petrol per liter increased from TRY 34.5 in December to TRY 42.4 in March 2024. Diesel

prices increased from TRY 37.0 to TRY 42.1 during the same period. Additionally, the price of a 15-liter gas canister increased by 23 percent quarterly, from TRY 528 in December 2023 to TRY 649.9 in March 2024.

FIGURE 10: ENERGY PRICE TRENDS (TL/UNIT) 2021—2024

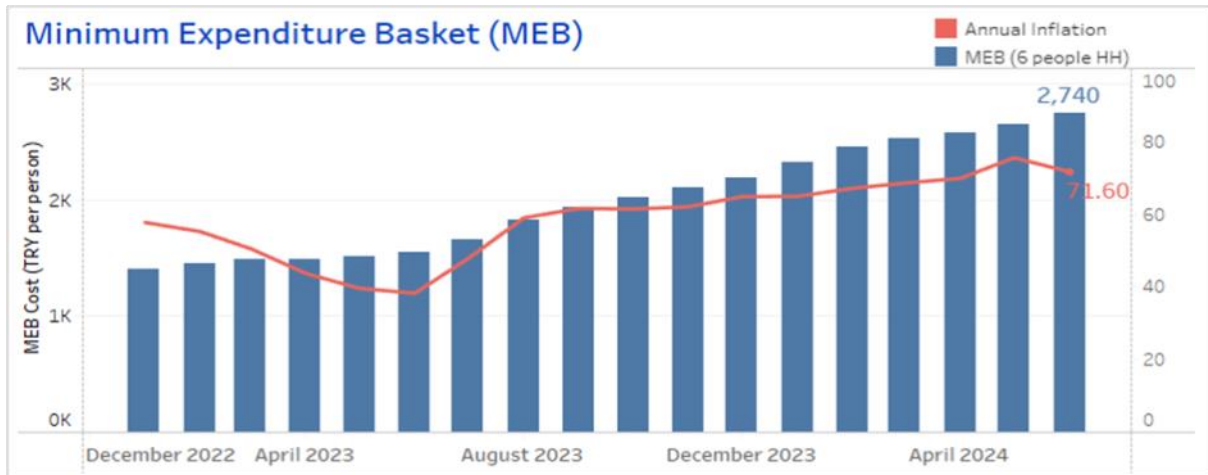


Minimum Expenditure Basket

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 Turkiye. This calculation reflects the household profile of the refugee population in Turkiye. Using monthly inflation rates since April

2022 (when 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 2,740 per person per month as of June 2024, which represents a 77 percent increase compared to a year ago.

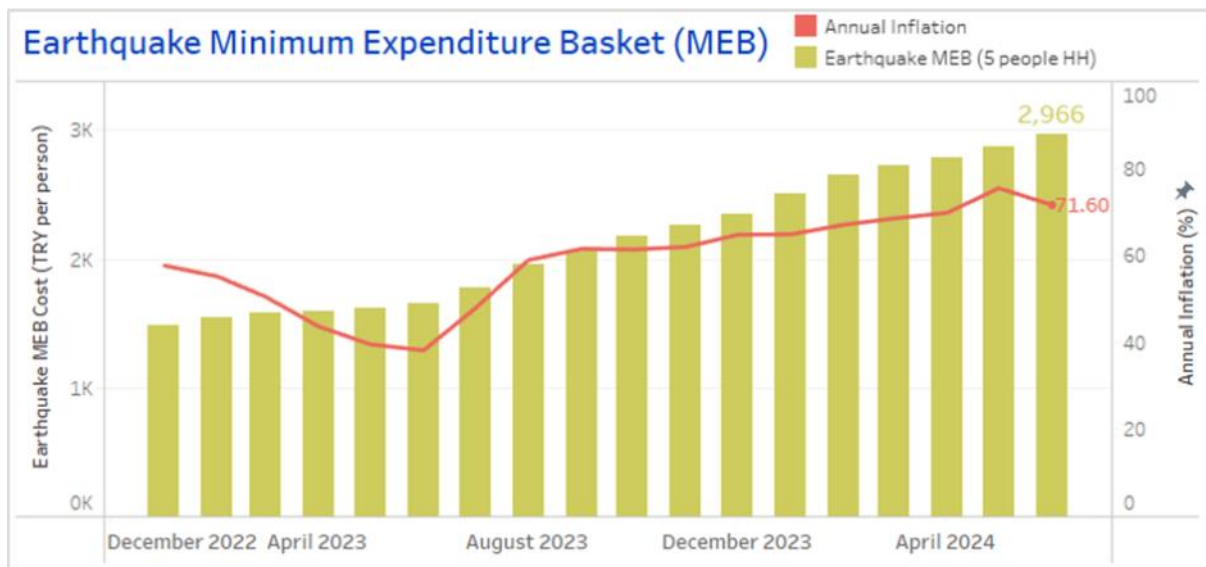
FIGURE 11: MEB COSTS FOR A 6-PEOPLE HOUSEHOLD, BETWEEN 2022 - 2024



The earthquake, affecting 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 these needs, considering household profiles and consumer habits, WFP collaborated with TRC and IFRC to develop a methodology and calculate an MEB for this popula-

tion.²⁵ As of June 2024, the MEB for the earthquake-affected population is calculated at TRY 2,966 per person per month. The analysis, conducted retrospectively for 2022, aims to observe trends and contribute to the design of earthquake response programs by quantifying basic needs.

FIGURE 12: EARTHQUAKE MEB COSTS FOR A 5-PEOPLE HOUSEHOLD, BETWEEN 2022-2024



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.
2. <https://www.federalreserve.gov/publications/files/financial-stability-report-20240419.pdf>
3. <https://www.tcmb.gov.tr/wps/wcm/connect/TR/TCMB+TR/Main+Menu/Duyurular/Basin/2024/DUY2024-36>
4. https://www.tcmb.gov.tr/wps/wcm/connect/085d78c0-9809-4b33-a6b6-21e0a22a6405/PKA_Rapor.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-085d78c0-9809-4b33-a6b6-21e0a22a6405-o-5ms37
5. <https://www.bbc.com/turkce/articles/cjqyvyv14vo>
6. <https://www.trthaber.com/haber/gundem/bakan-simsek-dezenflasyon-sureci-basladi-866283.html>
7. https://www.sbb.gov.tr/wp-content/uploads/2023/09/Orta-Vadeli-Program_2024-2026.pdf
8. <https://www.trthaber.com/haber/gundem/bakan-simsek-enflasyon-yil-sonu-30lu-bir-sonraki-yil-10lu-rakamlari-gorur-859111.html>
9. https://www.tcmb.gov.tr/wps/wcm/connect/085d78c0-9809-4b33-a6b6-21e0a22a6405/PKA_Rapor.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-085d78c0-9809-4b33-a6b6-21e0a22a6405-o-5ms37
10. <https://data.tuik.gov.tr/Bulten/Index?p=T%C3%Bcketici-Fiyat-Endeksi-Haziran-2024-53616&dil=1>
11. <https://data.tuik.gov.tr/Bulten/Index?p=T%C3%Bcketici-Fiyat-Endeksi-Haziran-2024-53616&dil=1>
12. Domestic Production Price Index (D-PPI) refers to the monthly average changes of cost in production of goods and services.
13. <https://www.sbb.gov.tr/2024-yili-mayis-ayi-dis-ticaret-verileri/#:~:text=D%C4%B1C5%9F%20Ticaret%20Dengesi,6%20milyar%20dolar%20seviyesinde%20kaydedilmi%C5%9Ftir.&https://data.tuik.gov.tr/Bulten/Index?p=Dis-Ticaret-Istatistikleri-Nisan-2024-53528#:~:text=%C3%96zel%20ticaret%20sistemine%20g%C3%B6re%2C%202024,milyar%20296%20milyon%20dolar%20y%C3%BCKseldi.>
14. <https://www.trthaber.com/haber/ekonomi/bakan-simsek-turkiyenin-gri-listeden-cikis-karari-oy-birligiyle-alindi-865900.html>
15. https://ekonomi.isbank.com.tr/contentmanagement/Documents/eng03_monthly/2024/MER_202405.pdf
15. <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3165137>
17. https://www.oecd.org/en/publications/2024/05/oecd-economic-outlook-volume-2024-issue-1_1046e564.html
18. https://www.tcmb.gov.tr/wps/wcm/connect/085d78c0-9809-4b33-a6b6-21e0a22a6405/PKA_Rapor.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-085d78c0-9809-4b33-a6b6-21e0a22a6405-o-5ms37
19. <https://www.aa.com.tr/tr/ekonomi/tim-baskani-gultepe-2024-ovp-ilk-yili-olmasi-sebebiyle-daha-da-fazla-onem-arz-ediyo/3272366>
20. <https://data.tuik.gov.tr/Bulten/Index?p=Sanayi-%C3%9Cretim-Endeksi-May%C4%B1s-2024-53774&dil=1>
21. <https://data.tuik.gov.tr/Bulten/Index?p=Sanayi-Uretim-Endeksi-Mayis-2024-53774#:~:text=Sanayi%20C3%BCretim%20ayl%C4%B1k%20251%2C7,endeksi%20251%2C0%20artt%C4%B1.>
22. <https://data.tuik.gov.tr/Bulten/Index?p=%C4%B0C5%9Fg%C3%BCc%C3%BC-%C4%B0statistikleri-May%C4%B1s-2024-53522&dil=1>
23. https://ekonomi.isbank.com.tr/contentmanagement/Documents/eng03_monthly/2024/MER_202404.pdf
24. <https://www.reuters.com/business/energy/opec-seen-prolonging-cuts-2024-into-2025-two-sources-say-2024-06-02/>
25. <https://reliefweb.int/report/turkiye/minimum-expenditure-basket-methodology-and-analysis-turkiye-earthquake-emergency>

RAM Unit

World Food Programme

Türkiye Country Office

Rafet Canitez Caddesi No: 107

Oran Şehri, 06450 Çankaya, Ankara, Türkiye

co.tur.m&e@wfp.org