



World Food
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WFP/Sevda Yuzbasioğlu

Market Bulletin

World Food Programme—Türkiye

HIGHLIGHTS

- **USD TRY Exchange Rate:** In Q3 2024, the USD/TRY exchange rate maintained its upward trend, reaching TRY 33.97 in June 2024, while policy rates remained unchanged.
- **Inflation Dynamics:** The disinflation process that started in June continued throughout Q3 2024, decreasing from 71.6 percent in June to 49.38 percent in September 2024. The food inflation rates fell from 60.88 percent to 43.72 percent in the same period. The year-end inflation is expected to be 43.14 percent.
- **Production and Economic Growth:** The Turkish economy grew by 2.5 percent in Q2 2024. The year-end growth is expected to be around 3 percent, which anticipates contraction in Q3 and Q4 2024.
- **Domestic Producers' Price Index (D-PPI):** In line with disinflation, the Domestic Producers' Price Index decreased from 50.1 percent in June to 33.1 percent in September 2024.
- **Unemployment Trends:** The unemployment rate decreased from 9.2 percent in June to 8.5 percent in August 2024. While overall employment rates increased from 49.3 percent to 49.7 percent in the same period, the employment rate for females was more notable.
- **Global Food Price Index and MEB Calculation:** The global food price index continued to increase, largely due to the impact of global warming, and demand increase. The cost of the Minimum Expenditure Basket (MEB)¹ reached TRY 3,149 per person per month in September 2024, a 63 percent increase from September 2023 (TRY 1,934). The Earthquake MEB costs TRY 3,433 per person per month in the same period, with a 65 percent yearly increase.

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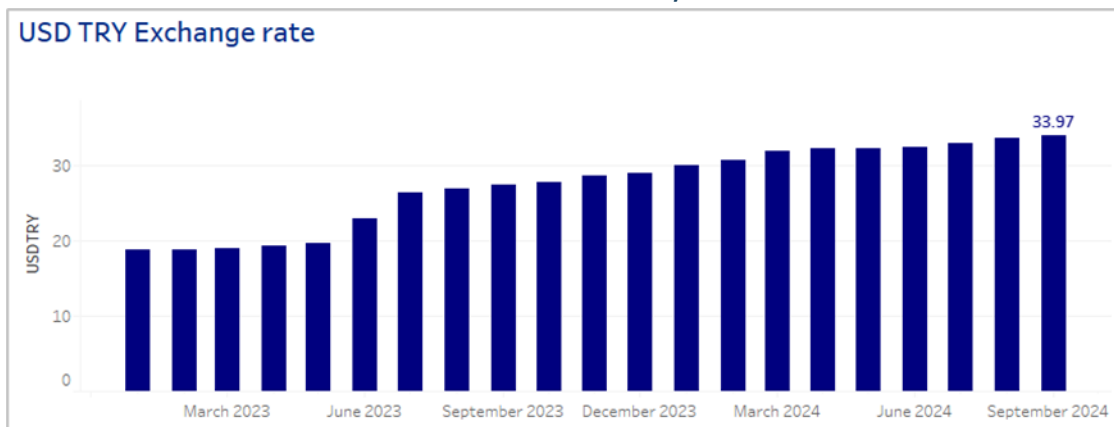
Currency exchange

The USD/TRY exchange rate rose from 32.46 in June to 32.84 in July 2024. In August, the developments in the Japanese stock market and the expectations of an interest rate decrease in the US, as the elections are approaching, created volatility in global markets², and resulted in the increase of the USD/TRY to 33.56.

Fed (the US Central Bank) cut the interest rate by 50 base points in September for the first time in the last 4 years,

which led to further fluctuations.³ While for some Turkish economists, it increased the possibility of a cut by the CBRT (Central Bank of the Republic of Türkiye), others expected the interest rate to remain unchanged.⁴ The uncertainty was eased in September, the CBRT decided to keep the policy interest rate unchanged⁵ while emphasizing its cautious stance against upward risks on inflation, and the USDTRY was actualized at 33.97.

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



Inflation

In line with the Government’s Medium-term Programme announced in September and the announcement of the start of disinflation by the Ministry of Treasury and Finance in June, the inflation rates indicated a decreasing trend through Q3 2024. The inflation rates decreased from 71.60 percent in June⁶ to 61.78 percent in July, 51.97 percent in August, and 49.38 percent in September 2024.⁷

Despite the significant decrease in inflation rates, the Turkish economy is prone to risks, which affects the projections. According to the CBRT’s Survey of the Market Participants, the year-end expectation for the inflation rate decreased from 43.52 percent in June to 42.95 in July and increased back to 43.31 in August. The September report expects the year-end inflation to be at 43.14 percent.⁸

The food inflation rates also indicated a declining trend in Q3, remaining below the annual inflation rate for 6 consecutive months.⁹ It decreased from 68.1 percent in June to 58.9 percent in July and further declined to 44.9 percent in August. However, the decrease slowed down compared to the annual inflation rate. As of September 2024, the food inflation rate was 43.7 percent.

Education costs saw the highest annual increase in July and August, rising by 104.5 percent in July and 120.8 percent in August. However, in September, education costs dropped to the second-highest position at 93.6 percent, as accommodation inflation surged to 97.8 percent, sitting in the first place.

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

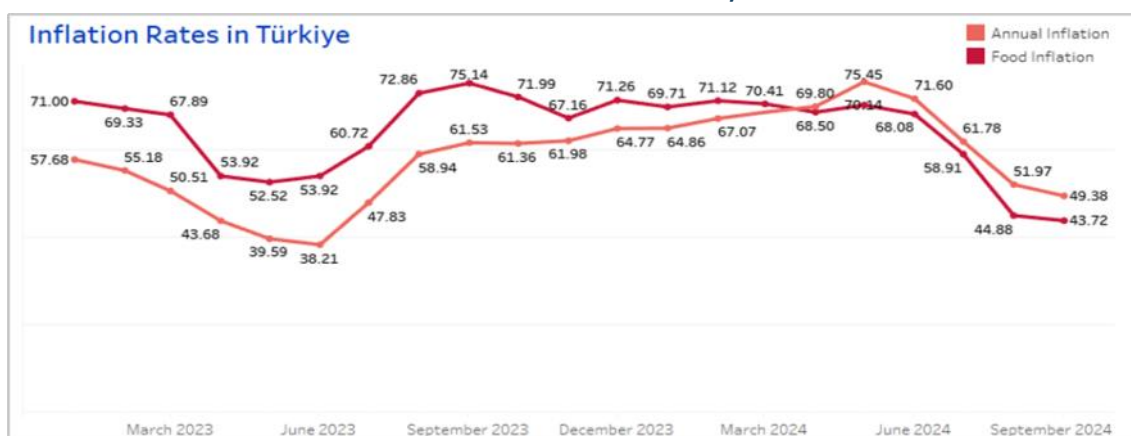
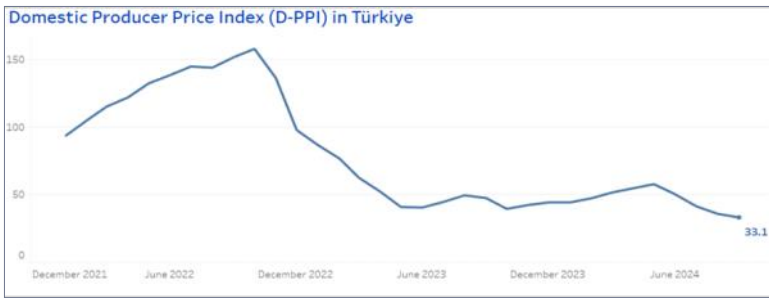


FIGURE 3: DOMESTIC PRODUCER PRICE INDEX TRENDS, 2022—2024



Disinflation has also been evident in the annual rise of production costs. The Domestic Producers' Price Index (D-PPI) dropped from 50.1 percent in June to 41.4 percent in July, with the decline continuing to 35.8 percent in August. In September, the D-PPI saw a more modest decline compared to the previous three months, settling at 33.09 percent, its lowest level since April 2021.¹⁰

Economic Growth

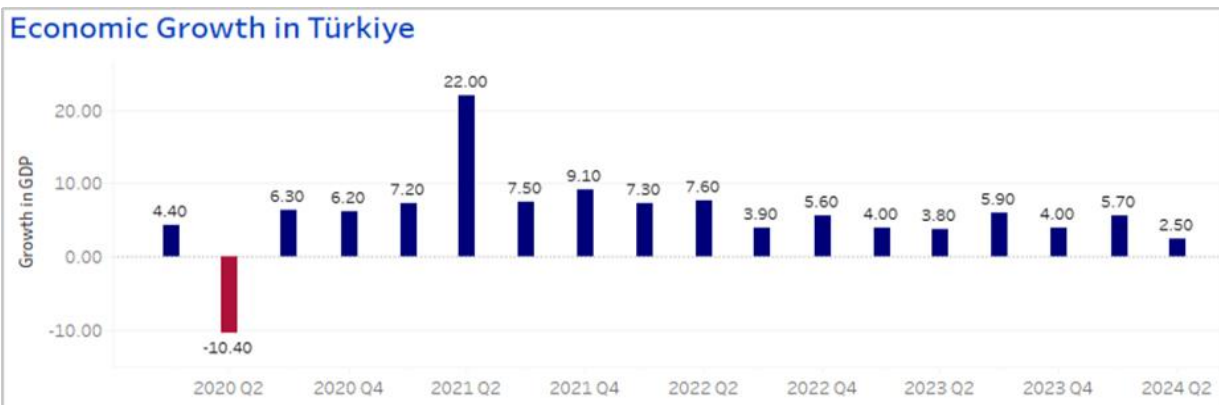
The Turkish economy grew by 2.5 percent in Q2 2024, in line with expectations. Exports contributed the most, adding 2.1 percent to growth, while imports had a smaller impact, contributing 0.1 percent. Private consumption accounted for 0.9 percent, government consumption for 0.1 percent, and investments contributed 0.2 percent to overall growth in Q2 2024.¹¹

In Q2 2024, the service sector, which makes up 26 percent of GDP, grew by 2.9 percent, with 'other service activities' (2.2 percent GDP share) seeing the highest growth at 7.4 percent. Meanwhile, the industrial sector, accounting for 20 percent

of GDP, contracted by 1.8 percent. The construction sector (6.5% of GDP), expanded by 6.5 percent, and the agriculture sector (3.9% of GDP), grew by 3.2 percent.¹²

In its interim report, the OECD revised Turkey's 2024 annual growth projection downward, from 3.4 percent to 3.2 percent in September 2024.¹³ These projections align with forecasts from experts who participated in the CBRT Market Participants Survey, while some others expect an annual growth as low as 3 percent.¹⁴ Overall, expectations are leaning towards slower growth or even contraction in Q3 and Q4 2024.¹⁵

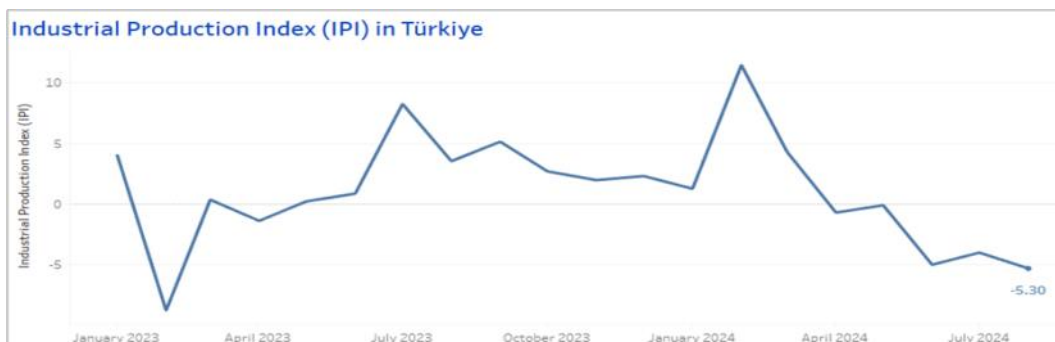
FIGURE 4: ANNUAL GROWTH RATES, 2020 —2024*



After The Industrial Production Index (IPI) is a key indicator of the economic slowdown. In July, industrial production fell by 4 percent, followed by a 5.3 percent decline in August compared to the same period last year. Manufacturing, the

largest component of the industry, saw a 5.4 percent drop in August. The most significant decline was in mid-high technology product production, which decreased by 11.5 percent.

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



* Quarterly Gross Domestic Product, Quarter II, April—June 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.

Unemployment

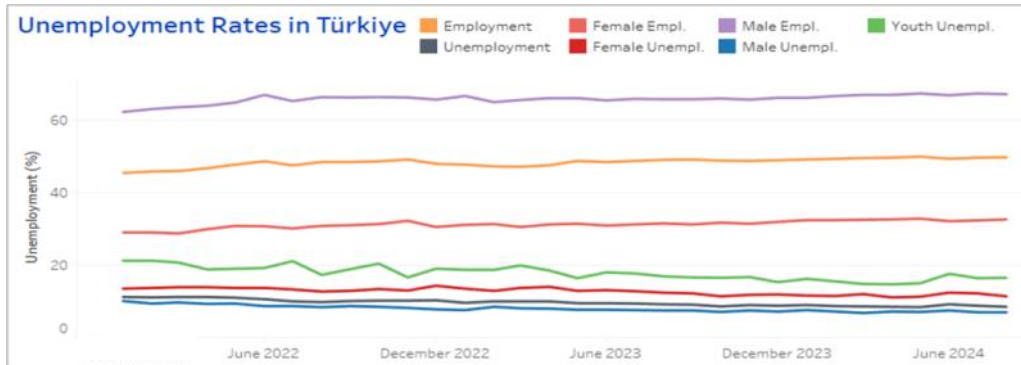
The unemployment rates that increased in June (9.2%) decreased in July (8.8%) and August 2024 (8.5%) and employment rates gradually increased in the same period from 49.3 percent in June to 49.7 percent in August 2024 (the latest available figure).¹⁶

Female unemployment decreased by 1 percent, from 12.4 percent at the end of Q2 to 11.4 percent in August, while the decline for male unemployment was 0.5 percent. A notable decrease was also seen in youth unemployment, which fell from

17.6 percent to 16.5 percent between June and August 2024.

Following a slight decline in late Q2 2024, employment rates are on the rise in Q3 2024. Employment increased from 49.3 percent in June to 49.7 percent in August. The growth in female employment (0.5%) was slightly higher than that of males (0.4%). As of August 2024, the female employment rate stands at 32.6 percent, while male employment is at 67.1 percent. Youth employment saw a notable rise, increasing from 38.8 percent to 39.9 percent between June and August 2024.

FIGURE 6: UNEMPLOYMENT RATES BETWEEN 2022—2024



Food prices

The global food price index fluctuated in Q3 2024 and in September it saw the highest monthly increase in the last 30 months, reaching 124.4 points.¹⁷

In Q3 2024, vegetable oil prices increased the most (10.6 points), and the index stood at 142.4 points in September 2024. The driving factor was the high quotations of palm, soy, rapeseed, and sunflower oils, given that production was lower than expected and seasonal outputs in Southeast Asia were in decline.

The dairy prices had the second-highest quarterly increase (8.4 points), and the yearly increase was 24.3 points (21.7%). The prolonged rise in the index is due to the higher demand for milk powder in Asia despite the seasonal high milk production in Oceania, the tight milk supplies and domestic demand for butter in Western Europe, and the global demand for cheese.

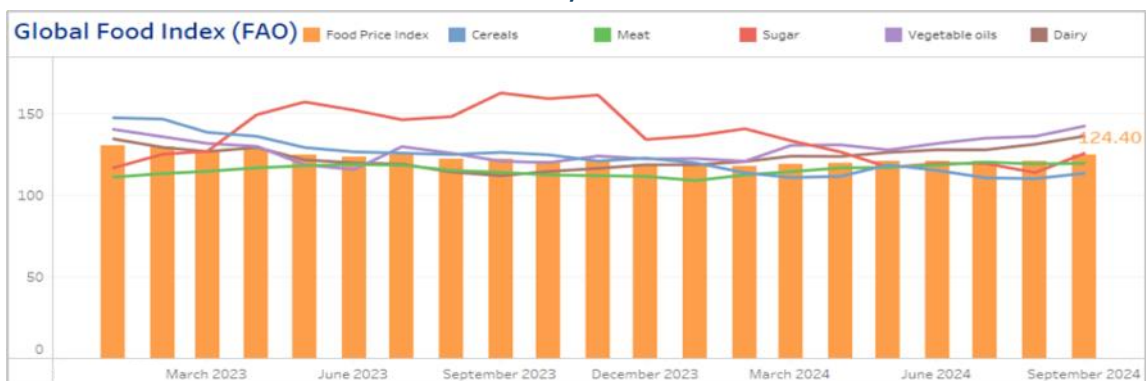
Sugar prices increased by 6.3 points quarterly and reached

125.7 points in September, though it is still 33 points lower than its value a year ago. The continued dry weather and fires decreased production in Brazil, and India's allowing sugar-canes to be used in ethanol production increased the overall sugar prices.

The meat prices are fairly stable (119.2 points in September) with a 1-point quarterly and 5.5-point yearly increase. The increase was mostly due to higher demand for poultry meat from Brazil after easing trade restrictions. Ovine prices decreased because of the lessened demand from China, while the prices of other meat types were unchanged as the demands were met.

After dropping from 115.2 points in June to 110.7 in July and 110.2 in August, the cereal price index settled at 113.5 points. Wet weather delayed the wheat harvest in Canada and decreased the production in EU countries, but the affordable Black-sea region wheat brought the cereal prices down.

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 composed of commonly available staple food items, reflecting the consumption habits of Turkish people and refugees living in Türkiye. The calculation uses item prices and their monthly inflated figures published by TurkStat. As of August 2024, the food basket cost per person per month reached TRY 1,123 – which is an 8 percent increase since Q2 2024.

Despite the slowdown in inflation rates, the price per kilogram of bread rose from TRY 35.26 in June to TRY 38.43 in September 2024, reflecting an 8 percent increase. Though, the price of bulgur saw a more slighter rise of less than 1 percent, reaching TRY 21.71 by September. Rice prices also went up, increasing from TRY 54.51 to TRY 56.60 between June and September, while bean prices had a modest increase from TRY 49.44 to TRY 50.38.

FIGURE 8: QUARTERLY FOOD PRICE TRENDS, 2020—2024



Energy prices

The Brent oil barrel prices increased from USD 82.25 in June to USD 85.15 as the supply side is impacted by the increasing tension in the Middle East, and on the demand side, the start of the driving season around the work started.¹⁸ The prices were rather volatile in August (USD/barrel 80.36), the

high supply expectation from the OECD+ countries, and the gloomy outlook in the Asian markets.¹⁹ In September, global oil prices followed a declining trend as the demand decreased notably after Israel conducted military assaults in Lebanon and Yemen, while continuing its year-long attacks in Gaza. However, experts warn about the potential increase in oil prices if the tension in the region is prolonged.²⁰

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

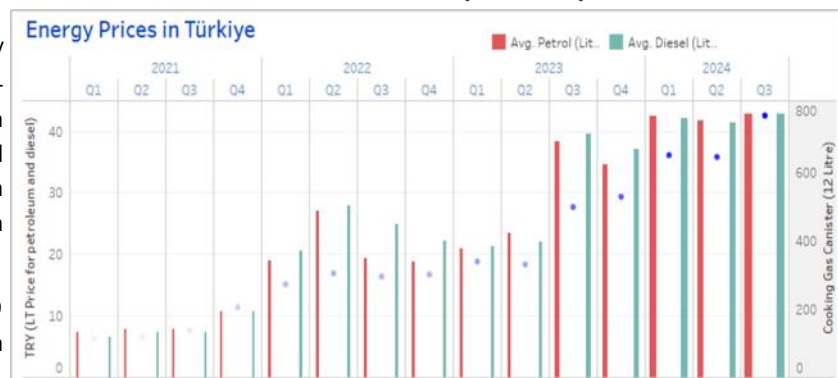


In August, the natural gas prices reached the highest (40 Euros per megawatt-hour, peaking at 42.88 Euros on August 16th according to the Dutch TTF Index) since December 2023 when Ukraine forces invaded the Russian town of Sudzha, the only natural gas outlet between Russia and Europe that goes through Ukraine.²¹ However, Russia did not cut the gas flow, and the index dropped to 39.04 Euros in September 2024 (lowest at 34.57 Euros on September 19th).²²

The global developments are reflected in the energy prices in Türkiye as well. The petroleum prices increased from TRY 41.79/LT in June to TRY 45.63/LT, before decreasing to TRY 44.80 in August and TRY 42.71 in September. Similarly, liter prices of diesel rose from TRY 41.41 to TRY 45.18 between June and July 2024 and fell to TRY 44.26 in August and TRY 42.80 in September 2024.²³

The 12-liter cooking canister prices had a 19 percent quarterly increase, and it peaked in September at TRY 756.15.

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



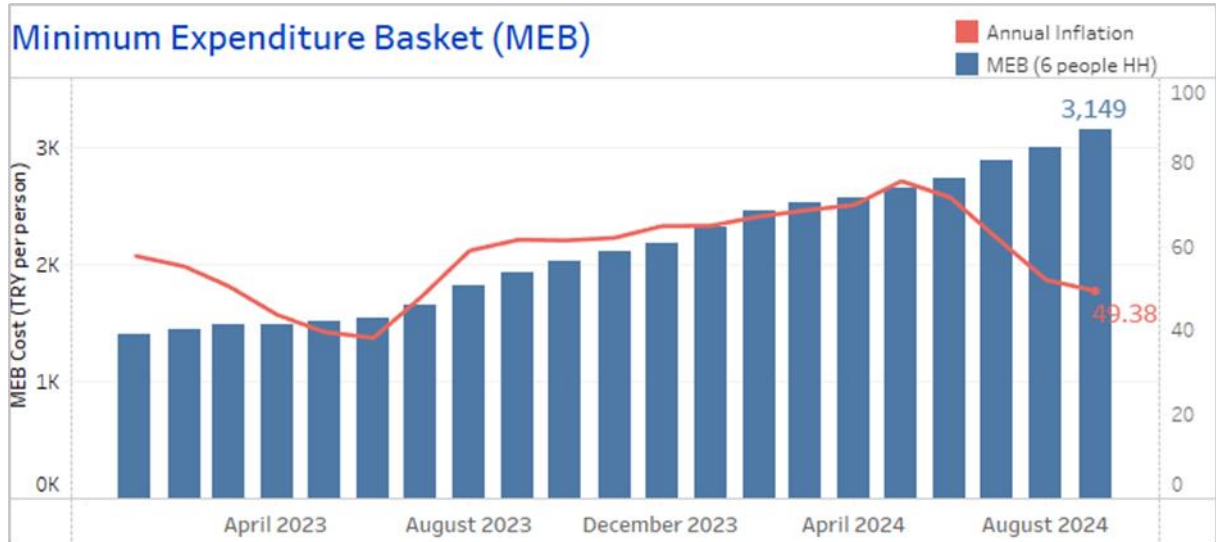
* Data is received from Statista.

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. The MEB cost is TRY 3,149 per person per month as of September 2024, which represents an 63 percent increase compared to a year ago.

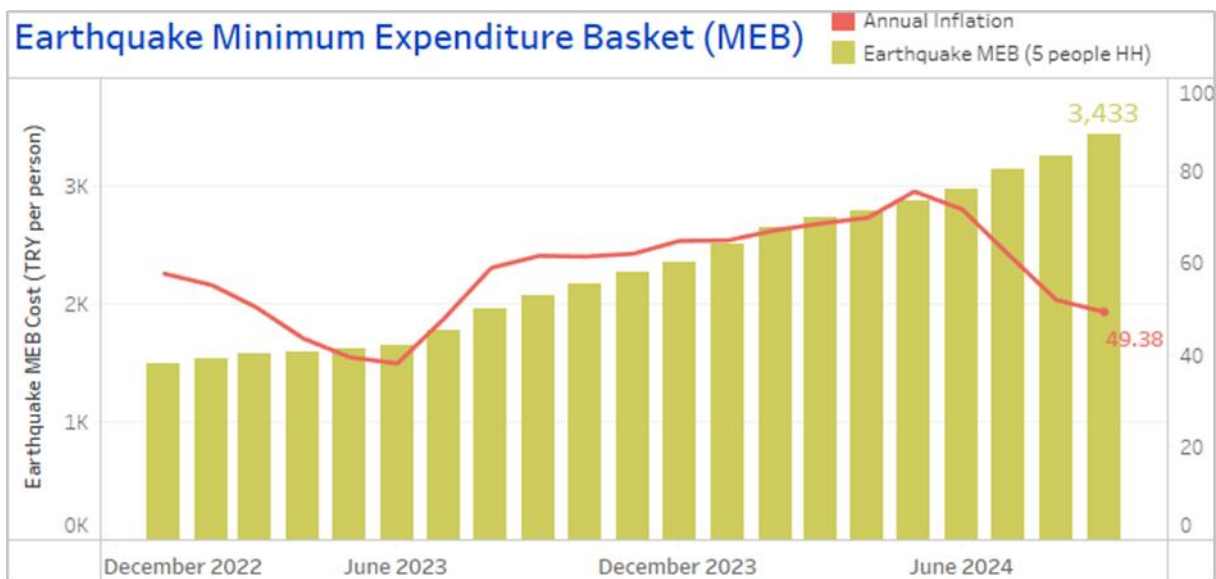
FIGURE 11: MEB COSTS FOR A 6-PEOPLE HOUSEHOLD, BETWEEN 2023 — 2024



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 Türk Kızılay (Turkish Red Crescent) to develop a methodology and calculate

an MEB for this population.²⁴ As of September 2024, the MEB for the earthquake-affected population is calculated at TRY 3,433 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 2023—2024



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