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Market Bulletin

World Food Programme—Türkiye

HIGHLIGHTS

- **USD TRY Exchange Rate:** In Q4 2024, the exchange rate increased from TRY 33.97 in September to TRY 34.97 in December 2024. The policy rates decreased from 50 percent to 47.5 in December 2024.
- **Inflation Dynamics:** The disinflation continued, yet at a slower pace, in Q4 2024. Annual inflation actualized at 44.39 percent in December 2024. The food inflation had some increase in early Q4 2024 before falling to 43.58 percent at the end of the year.
- **Production and Economic Growth:** The Turkish economy grew by 2.1 percent in Q3 2024, driven by private consumption. Economic production had a slight recovery in November after 5 consecutive months of decrease in the annual industrial production index.
- **Domestic Producers' Price Index (D-PPI):** In line with disinflation, the Domestic Producers' Price Index indicated a decline from 33.1 percent in September to 28.5 percent in December 2024.
- **Unemployment Trends:** The unemployment rates were quite stable throughout Q4 2024. While the unemployment rate is 8.6 percent as of November, the employment rate sits at 49.6 percent. Female unemployment rates indicated a decreasing trend, yet their employment did not increase at the same level.
- **Global Food Price Index and MEB Calculation:** The global food price index increased from 124.6 points in September to 127.0 points in December 2024, with an annual increase of 6.7 percent in 2024 compared to the year 2023. The cost of the Minimum Expenditure Basket (MEB)¹ reached TRY 3,478 per person per month in December 2024, a 59 percent increase from December 2023 (TRY 2,183). The Earthquake MEB costs TRY 3,805 per person per month in the same period, with a 62 percent yearly increase.

Issue No. 32
Q4 2024
(October—December)

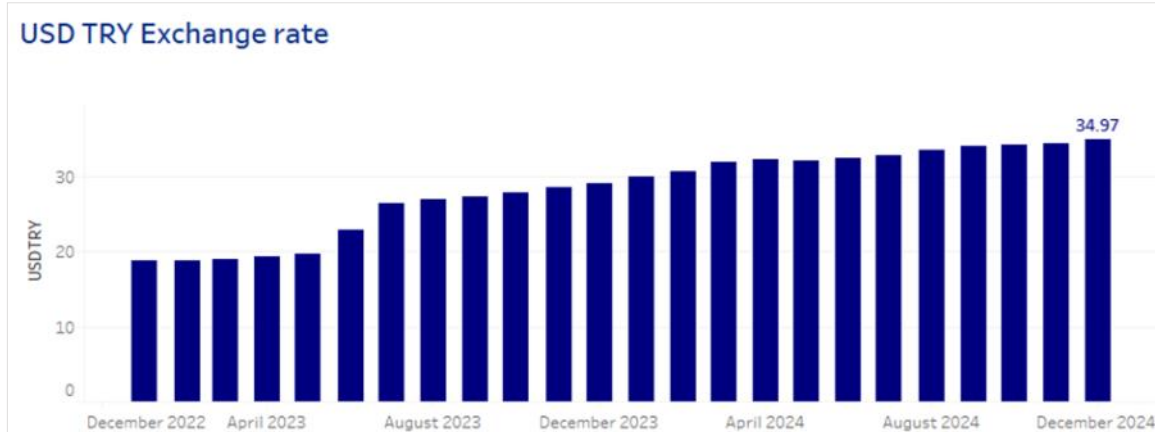
Currency exchange

The USD/TRY exchange rate rose from 33.97 in September 2024 to 34.97 in December 2024. Following the US elections that were held on November 5th, 2024, the USD had the highest appreciation since March 2020, while TRY exchange rates against foreign currencies remained stable in the same period.²

CBRT (Central Bank of the Republic of Türkiye) has decreased the interest rates from 50 points to 47.5 points in

December 2024, for the first time in 22 months.³ This reduction, aimed at lowering borrowing costs, aligned with economic experts' expectations amidst discussions on minimum wage increases for 2025, which are expected to boost consumer spending.⁴ In December 2024, the minimum wage increased by 30 percent and will be TRY 22.104 as of January 2025.⁵

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



Inflation

The inflation rates maintained a downward trend in Q4 2024 while losing momentum after sharp decreases in Q3 2024. It decreased from 49.38 percent in September 2024 to 48.58 percent in October 2024. In November, it slightly decreased to 47.02 percent before dropping to 44.39 percent in December 2024.⁶ According to the Government's Medium-term Programme, the year-end inflation rate was expected to be 41.5 percent for the year 2024, and the projection for 2025 year-end inflation is 17.5 percent.⁷ However, the Market Participants Survey conducted by the CBRT in December 2024 reveals that the experts expect the inflation rate to be 27.07 percent at the end of 2025.

Despite the decrease in overall inflation, the food inflation rates increased from 43.72 percent in September to 45.28

percent in October and to 48.57 percent in November 2024. The prices of fresh products such as cabbage, eggplant, and peppers had a higher increase compared to other items, given that greenhouses and winter vegetable farms were affected by natural disasters, increasing the production costs.⁸ In December, the food inflation rate decreased to 43.58 percent, as the prices of potatoes decreased by 28 percent due to an increase in production.⁹

Education costs saw the highest annual increase in Q4 2024, with 91.64 percent inflation rate in December 2024. While being the second-highest contributor to annual inflation, the housing inflation rate slowed down from 97.87 percent in September to 69.03 percent in December 2024.¹⁰

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



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



Production costs also reflect the slowdown in the inflation rates. The Domestic Producers’ Price Index (D-PPI) indicates a decreasing trend for 7 consecutive months, despite the modest rates. The index decreased from 33.09 percent to 28.52 percent between September 2024 and December 2024.¹¹

Economic Growth

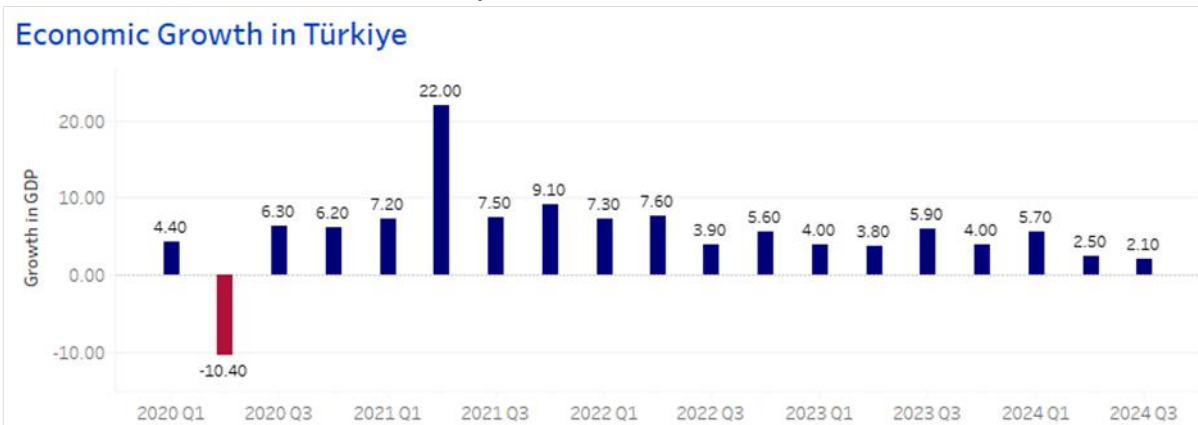
The Turkish economy grew by 2.1 percent in the third quarter of 2024, according to the latest available data. This growth was slightly below expectations, with high interest rates cited as a key contributing factor. The expansion was primarily driven by the agriculture sector, which grew by 4.6 percent, and the services sector, including construction, which expanded by 2.9 percent. However, a 2.2 percent contraction in manufacturing weighed down the overall growth figure.¹²

Compared to the third quarter of 2023, private consumption rose by 3.1 percent, while government final consump-

tion declined by 0.9 percent. Exports grew modestly by 0.8 percent, whereas imports fell by 9.6 percent. Investments also contracted by 0.8 percent during the third quarter of 2024.¹³

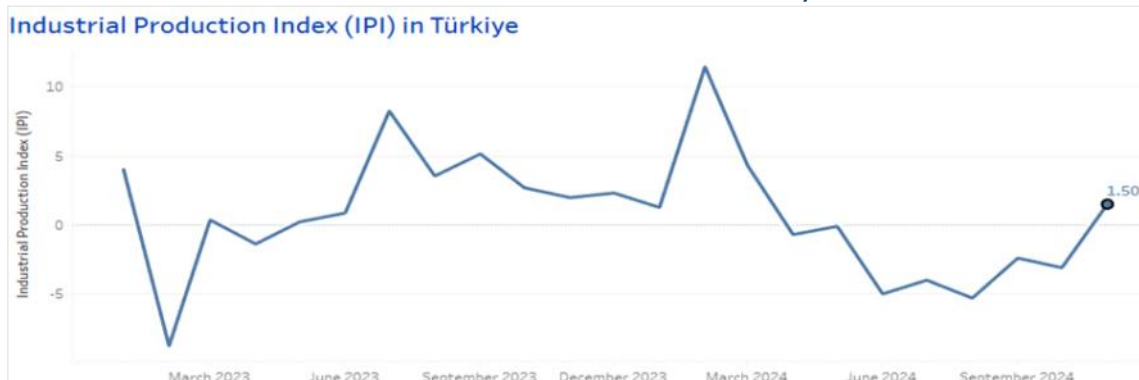
Worldbank projects a 3.2 percent growth in the Turkish economy for the year 2024, while the global economic growth for 2024 is expected to be 2.6 percent. However, for 2025, Turkey's growth is expected to slow to 2.5 percent, slightly below the anticipated global expansion rate of 2.7 percent.¹⁴

FIGURE 4: ANNUAL GROWTH RATES, 2020 —2024*



Following the contraction in the manufacturing sector during Q3 2024, the Industrial Production Index (IPI) showed signs of recovery, rising from -3.1 percent in October to 1.5 percent in November 2024. The energy, gas, and steam sector contributed significantly to this improvement with an 11.1 percent increase. However, the recovery was dampened by a 6.6 percent contraction in the mining and quarrying sector, which slowed overall industrial production growth.

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



* Quarterly Gross Domestic Product, Quarter III, July— September 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

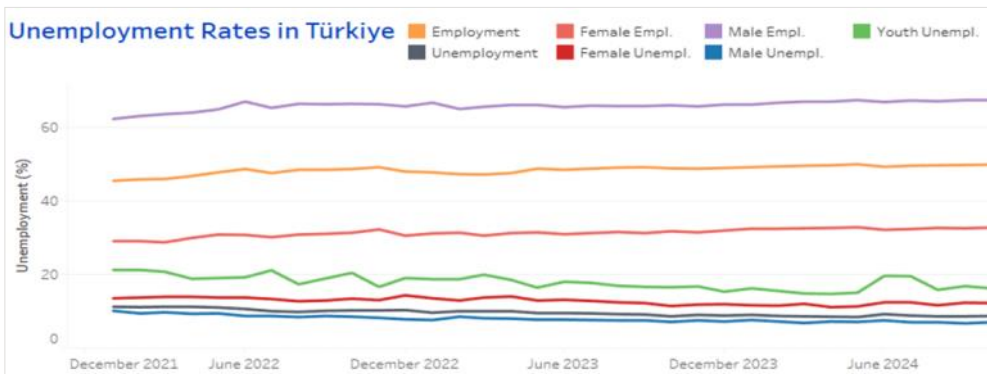
The unemployment rates were stable in Q4 2024. Starting at 8.6 percent in September 2024, it increased to 8.7 percent in October before getting back to 8.6 percent in November.¹⁵ Employment rates also had a similar trend; in September it was 49.7 percent before increasing to 49.8 percent in October and decreasing to 49.6 percent in November, the latest available value.

Female unemployment decreased from 12.3 percent in September to 11.7 percent in November 2024. However, female employment rates fluctuated in the same period. In September 32.5 percent of the women in the labor force were employed.

The figures increased to 32.7 percent in October, yet decreased to 32.4 percent in November 2024. The unemployment rate for males increased from 6.7 percent in September to 7 percent in October and remained unchanged in November 2024. Male employment also decreased by 0.2 percent between October and November and actualized at 67.1 percent.

Youth unemployment had a notable decrease from 16.8 percent to 15.1 percent between September and November 2024. Employment of 18-24-year-olds increased from 40.5 to 41.1 during the same period.

FIGURE 6: UNEMPLOYMENT RATES BETWEEN 2022—2024



Food prices

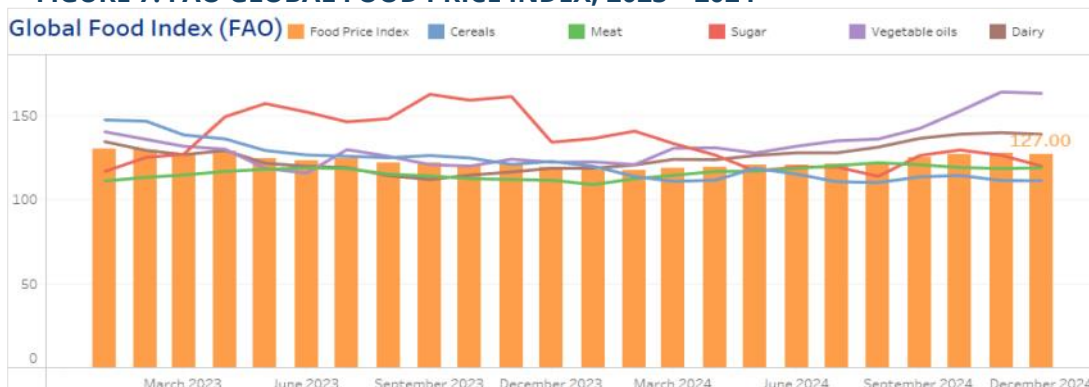
The significant increase in vegetable oil quotations in October increased the global food price index from 124.6 in September to 126.9 in October 2024.¹⁶ The increase continued in November (127.6) slightly, before dropping to 127.0 in December 2024 with the decreases in sugar, dairy products, vegetable oil, and cereals in the given period. The annual increase is recorded as 6.7 percent compared to the year 2023.¹⁷

In Q4 2024, the vegetable oil index increased by 20.9 points from 142.4 in September to December 2024, as the quota increased with production concerns and current limited supply. The dairy product price index also had a noticeable increase of 2.5 points between September (136.5 points) and October (139 points) due to the high prices of cheese and butter prices globally, and the index was set at 138.9 points as of December 2024.

The cereal price index increased by 0.8 points between September and October 2024, as the wheat and maize export prices rose. Particularly, the weather conditions affected the wheat production in the major exporters, Russia's re-introduction of the unofficial price floor for wheat, and the protracted tension in the Blacksea region were the leading factors. In Türkiye, the decrease in rainfall by 22 percent in Q4 2024¹⁸ compared to the normal reflect the global concerns; the wheat production decreased by 5.5 percent to 20.8 million tones in 2024.¹⁹ The global cereal prices started to decrease towards the end of Q4 as the Australian and Argentinian harvest season started.²⁰

Sugar had a price index decrease, as the production in Brazil was higher than expectations and the Brazilian Real depreciated against the USD. The positive projections for sugarcane crops in the Asian countries also contributed to the price fall.

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.

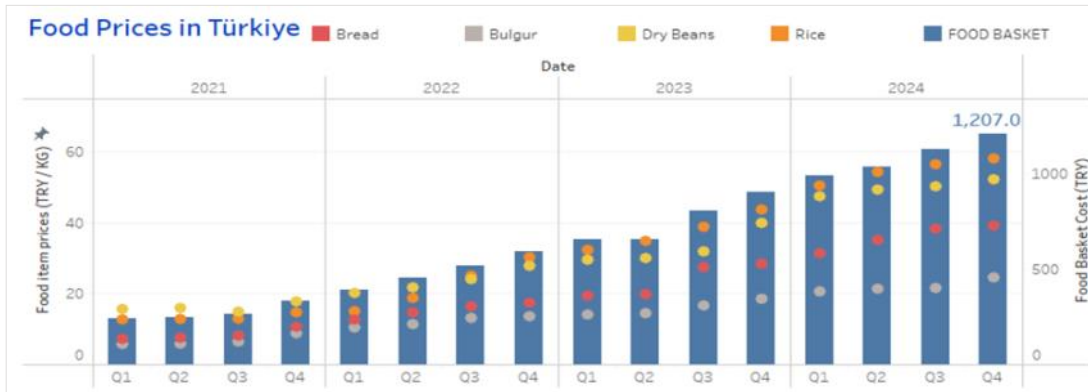
WFP calculates the minimum cost of a nutritionally balanced food basket composed of commonly available staple food items, reflecting the consumption habits of Turkish people and refugees living in Türkiye. The calculation uses item prices and their monthly inflated figures published by TurkStat. As of December 2024, the food basket cost per person per month reached TRY 1,207 – which is a 7 percent increase since Q3 2024.

In Q4 2024, the staple food item prices had a moderate increase compared to the previous quarter. Affected by the

concerns regarding wheat, the bread kilogram price increased from TRY 38.43 in September to TRY 39.74 in October, before decreasing to 39.10 in November. In December 2024, the kilogram price of bread was TRY 39.30. The bulgur kilogram price had a significant increase from TRY 21.71 to TRY 24.67 between September and December 2024.

Between September and December 2024, rice prices increased from TRY 56.60/kg to TRY 58.24/kg, and dry bean prices increased from TRY 50.38/kg to TRY 52.34.

FIGURE 8: QUARTERLY FOOD PRICE TRENDS, 2020—2024

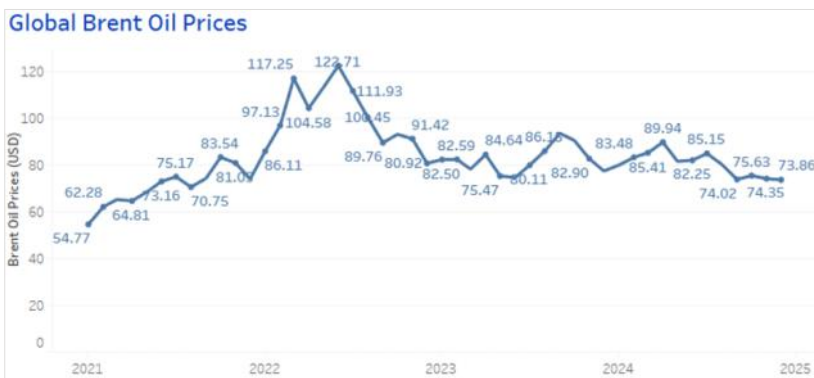


Energy prices

The year 2024 began with an increase in oil prices driven by stability concerns in the Middle East – where the highest oil reserves are located – that the Brent oil price had reached USD 89.94 per barrel in March 2024.²¹ However, markets

adjusted in the subsequent months as ceasefire efforts in Q3 and Q4 eased supply concerns. On the demand side, weakened global industrial production, declining housing prices, and rising unemployment rates decreased consumption. The weaker demand in the Chinese economy

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



played a significant role in the decrease in global oil prices. In December 2024, the oil barrel price was actualized at USD 73.86 per barrel.²²

Oil prices are expected to rise in 2025 due to the policy changes under the newly elected Trump administration. The new administration's plan to scale back renewable energy investments is anticipated to increase oil demand.²³

As the inflation rates are high despite the slowdown, the oil prices in Türkiye continued to increase in Q4 2024. Petroleum litre price rose from TRY 42.71 in September to TRY 44.08 in October, and slightly decreased to TRY 43.39, reflecting the global decrease in prices.²⁴ The diesel prices, however, had a continuous increase in the reporting period. The litre price of diesel increased from TRY 42.80 in September to TRY 44.17 in December 2024.

The 12-liter cooking canister prices had a TRY 41.7 increase from TRY 765 in September to TRY 807 in December 2024.

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

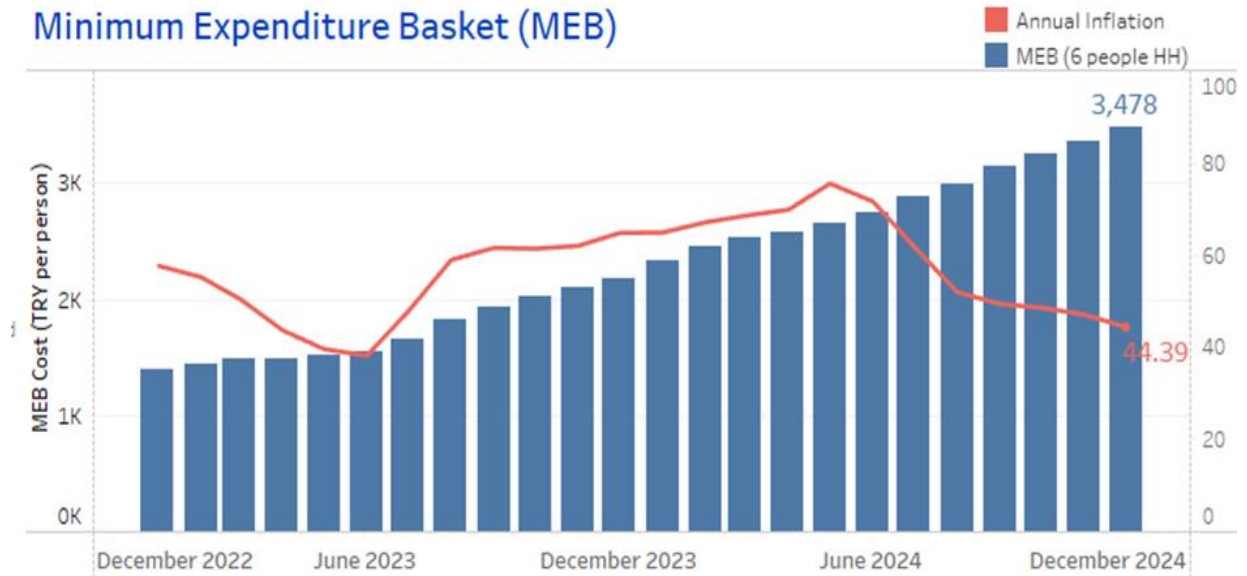


* Data is received from Statista.

Minimum Expenditure Basket

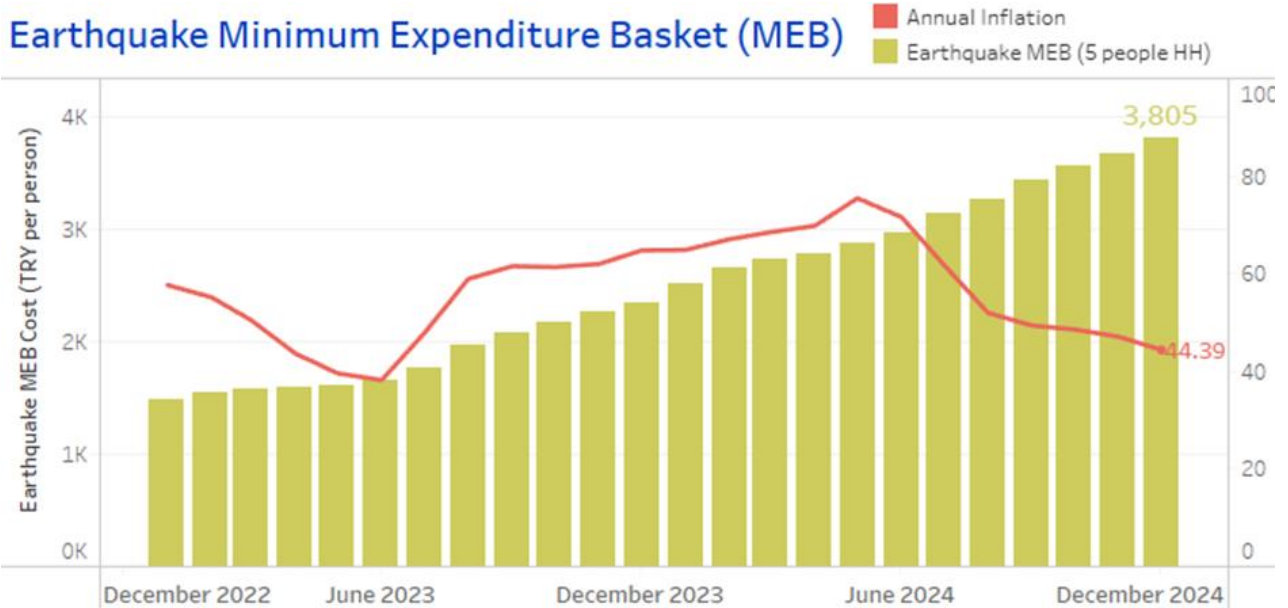
WFP calculates the MEB based on a six-person refugee household, using commodity prices and inflation rates published by TurkStat (Turkish Statistical Institute). This calculation reflects the household profile of the refugee population in Türkiye. The MEB cost is TRY 3,478 per person per month as of December 2024, which represents a 59 percent increase compared to a year ago.

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



The Kahramanmaraş Earthquake in February 2023, affecting over 13 million people residing in the region, prompted humanitarian agencies to adapt their programmes to address the needs of the affected populations since then. 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.²⁵ As of December 2024, the MEB for the earthquake-affected population is calculated at TRY 3,805 per person per month. The analysis 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



Notes & Citations

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