

Iran - Turkey Inflation in June 2022

Figure 1-Iran Inflation: All items, food and energy CPI, year on year inflation rate, Percent

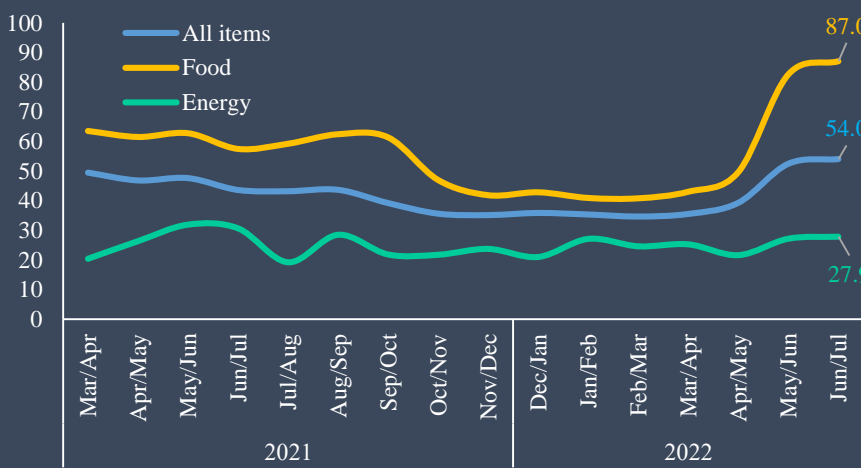


Figure 3-Contribution to year-on-year CPI inflation in Iran, Percentage points

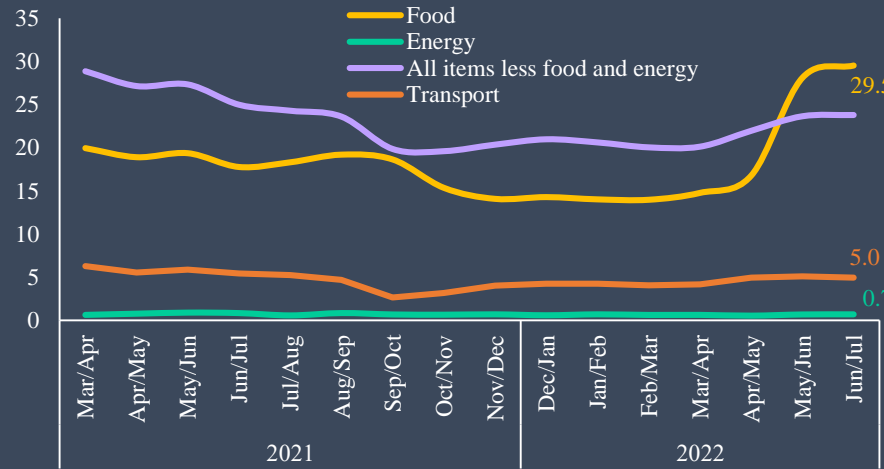


Figure 2-Türkiye Inflation: All items, food and energy CPI, year on year inflation rate, Percent

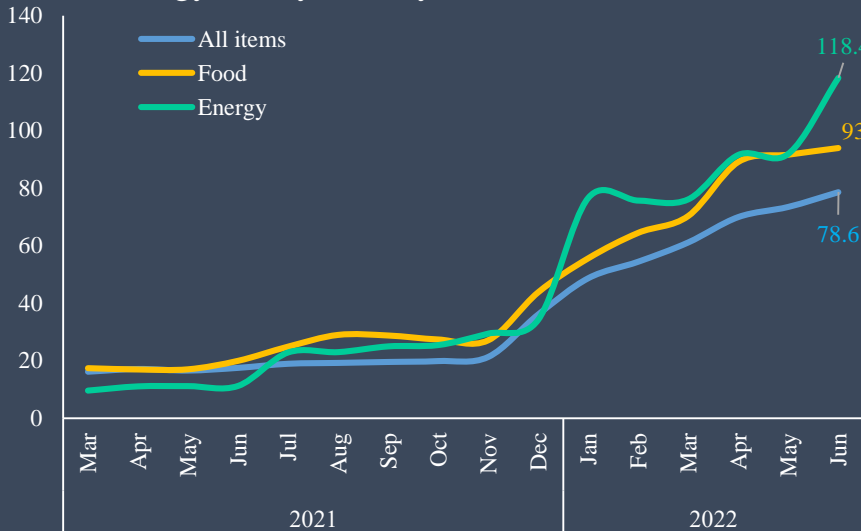
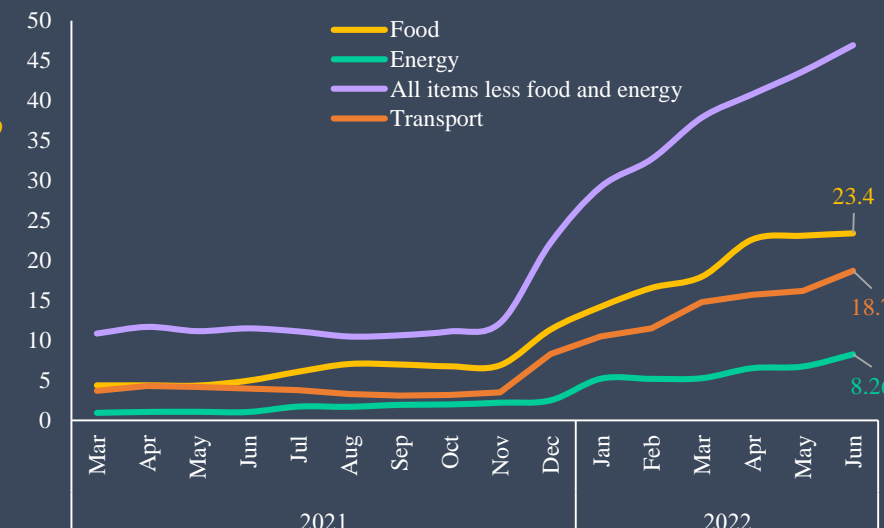


Figure 4-Contribution to year-on-year CPI inflation in Türkiye, Percentage points



Year-on-year inflation in the Türkiye and Iran as measured by the Consumer Price Index (CPI) rose to 78.6% and 54.0% respectively in June 2022 (figures 1 & 2).

Food price inflation in both two economies continued to rise, reaching 93.9% in Türkiye and 87% in Iran in June 2022. Energy price inflation jumped to 118.9% year-on-year in June 2022 in Türkiye, up from 92% in May but in Iran energy price grew just 27.9% in June/July due to energy subsidies.

Food contribution in inflation for both Iran and Türkiye is notable. In June 2022, 29.5 percentage points of Iran's 54% inflation belongs to food inflation with 54.6% share (figure 3). For Türkiye food contribution to inflation in June 2022 is about 23.4 percentage points with 29.8% share (figure 4). There are differences between other drivers of inflation in Iran and Türkiye. Unlike Iran, energy and transport play an important role in Türkiye inflation. The contribution of energy and transportation in Türkiye inflation in June 2022 are 8.3 percentage points and 18.7 percentage points respectively, while these figures in Iran for energy is just 0.7 percentage points and for transport is 4.9 percentage points.

As a result, part of the higher inflation in Türkiye compared to Iran can be attributed to the significant increase in the price of energy and transportation in Türkiye. Due to subsidized energy and fuel prices, we have not seen a similar phenomenon in Iran.