

INFLATION BRIEF

January 2023

Inflation Rate
13.1%

Chart 1: Headline Consumer Price Index (Seasonally Adjusted)



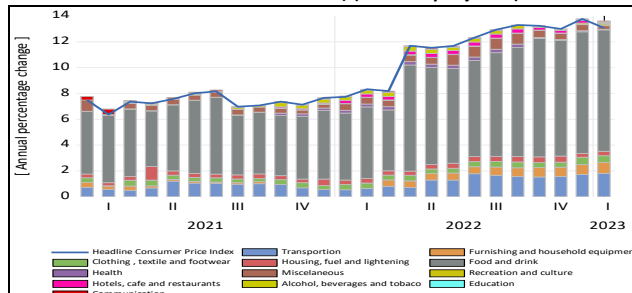
Consumer Price Index

12-Month Moving Average 1.3 ppt ↑
Year-on-year change (%) -0.6ppt ↓

Headline Inflation

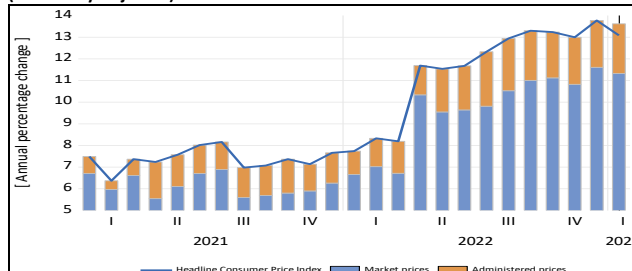
Inflationary pressures slightly moderated in January 2023 and headline inflation (year-on-year) declined to 13.1 percent from 13.7 percent in December 2022

Chart 2: Contributions to headline CPI, (Seasonally Adjusted)



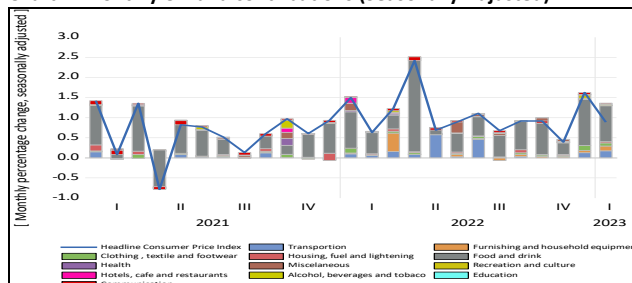
The decline in headline inflation during the period is driven by the decrease in contribution from both food and non-food inflation. Food inflation declined to 16.9 percent from 17.4 percent in December 2022. Similarly, non-Food inflation, declined from 9.4 percent to 8.6 percent during the same period.

Chart 3: Contributions to CPI in terms of Market & Administered Prices (Seasonally Adjusted)



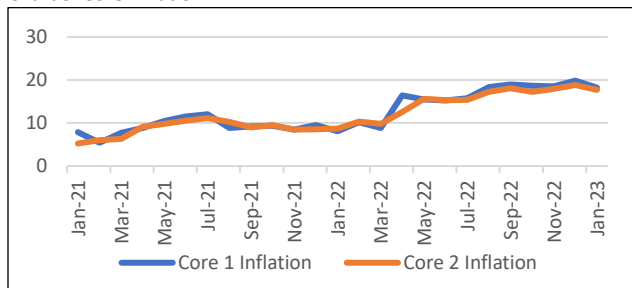
The decrease in food inflation was mainly induced by the decreased contribution of bread & cereals, Oil & fat, sugar, Jam, honey and sweets. Non-food inflation on the other hand was mainly driven by the decreased cost of clothing & footwear, hotel café & restaurants, health and miscellaneous goods.

Chart 4: Monthly CPI and contributions (Seasonally Adjusted)



Analysis in terms of the market and administered prices revealed that the decrease in headline inflation (year-on-year) was occasioned by the decreased contribution of market-determined prices.

Chart 5: Core inflation



The Bank's core measures of inflation, which excludes, food, energy, fuel, and utilities from headline inflation are core 1 and core 2. Core 1 inflation, which excludes energy, fuel, and utilities revealed a decline in underlying inflation from 19.9 percent in December 2022 to 18.2 percent in January 2023. Core 2 inflation, which further excludes volatile food items also showed a decreased from 18.8 percent in December 2022 to 17.7 percent in the review period.

Month on Month, consumer price inflation also moderated to 1.6 percent in January 2023 from 1.7 percent in December 2022.

The uncertainty surrounding the outlook remains elevated. Although global inflation was expected to have peak in December 2022, the war in Ukraine still presents a high level of uncertainty to global food and energy prices.

