

ECONOMIC BRIEF

Consumer Price Index

June 2021

Inflation Rate
8.1%

Chart 1: Headline Consumer Price Index

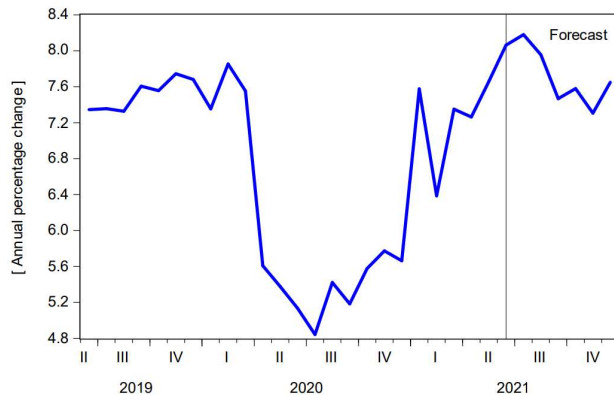


Chart 2: Contributions to CPI (Market & Administered Prices)

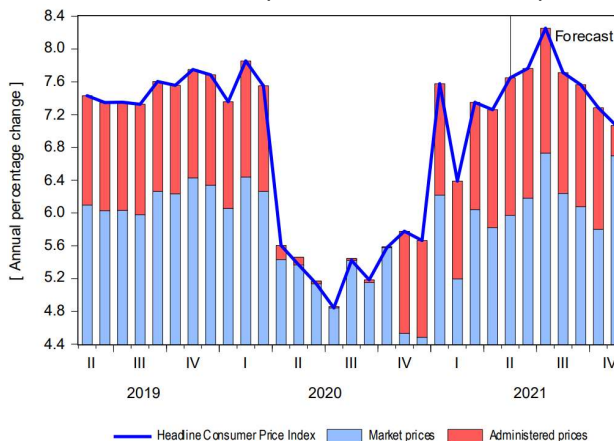
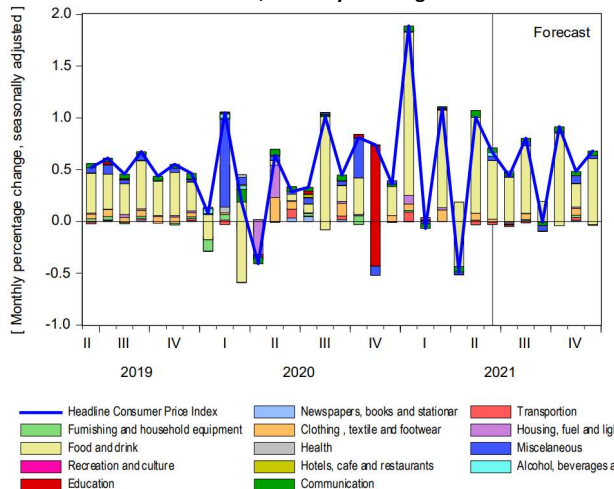


Chart 3: Contributions to CPI, Monthly % Change



Consumer Price Index

12 Month Moving Average	0.4ppt	↑
Quarterly change (%)	1.0ppt	↑
Year-on-year change (%)	0.4ppt	↑

Headline Inflation

In line with forecasts, inflation has steadily risen in the month of June 2021. Headline inflation now rests above the medium-term objective of 5 percent, primarily due to persistent structural issues. Headline inflation continued a steady rise from 7.3 percent in April 2021, to 7.7 percent in May 2021, and subsequently rose to 8.1 percent in June 2021.

The uptick in inflation in June was mainly driven by food inflation, which rose to 11.2 percent from 10.4 percent in May 2021. Non-Food inflation, on the other hand, eased to 4.9 percent from 5.1 percent over the same comparative period.

In terms of drivers, the rise in food inflation was occasioned by the elevated contribution from oils & fats, fish, and especially meat. Within the non-food category, the fall was driven by the drop in most sub-components, notably in transport. The exception being clothing and footwear.

Underlying inflation exhibited a similar trend to headline inflation. The ERD's core inflation measure (which excludes energy, fuel, and utilities) reveals prices, rose from 8.8 percent in April 2021 to 10.5 percent in May and moved up to 11.5 percent in June 2021.

Inflation is currently forecast to ease to 7.5 percent at the end of Q3 2021.

