

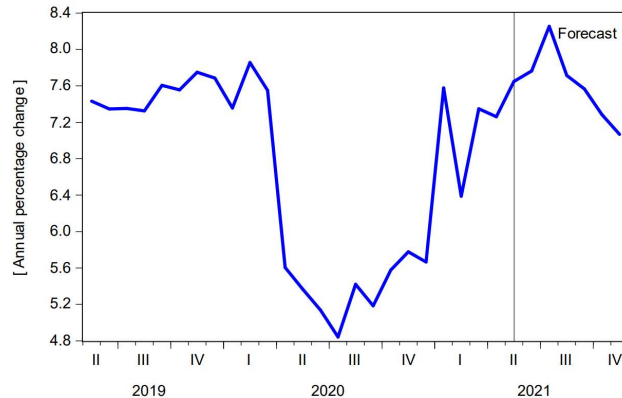
# ECONOMIC BRIEF

## Consumer Price Index

### May 2021

Inflation Rate  
**7.7%**

Chart 1: Headline Consumer Price Index



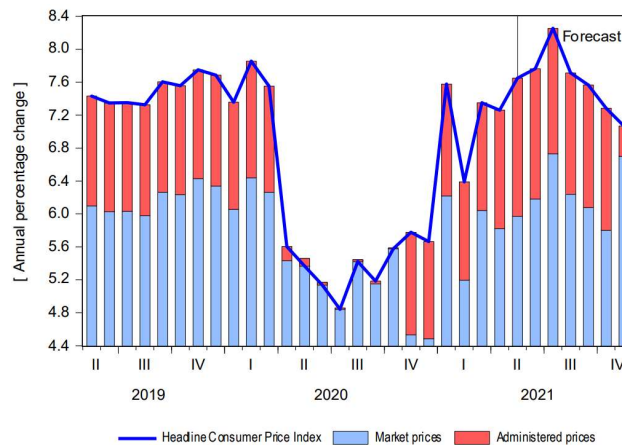
### Consumer Price Index

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

### Headline Inflation

Inflation now rests at pre-pandemic levels with price developments in April and May 2021 being mixed. Headline inflation eased from 7.4 percent in March 2021 to 7.3 percent in April 2021, and subsequently rose to 7.7 percent in May 2021, outside the medium-term target of 5 percent.

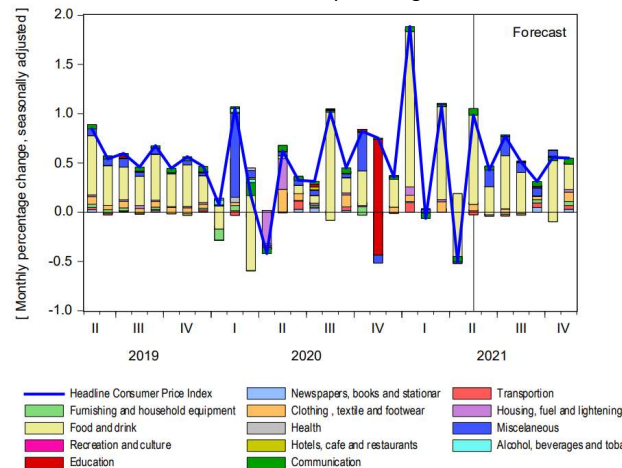
Chart 2: Contributions to CPI (Market & Administered Prices)



The uptick in inflation in May was mainly driven by food inflation, which rose to 10.4 percent from 8.5 percent in April. Non-Food inflation, on the other hand, eased to 5.1 percent from 6.1 percent over the same comparative period.

In terms of drivers, the rise in food inflation was occasioned by the lower contribution from bread & cereals, oils & fats, and other food products. Within the non-food category, the fall was driven by the decrease in all sub-components except for transport and communication.

Chart 3: Contributions to CPI, Monthly % Change



Underlying inflation exhibited a divergent trend from headline inflation. The ERD's core inflation measure (which excludes energy, fuel, and utilities) reveals prices, rose from 7.7 percent in March 2021 to 8.8 percent in April and moved up to 10.5 percent in May 2021.

Inflation is currently forecasted to rise to 7.8 percent at the end of Q2 2021, and moderate slightly to 7.6 percent at the end of Q3 2021 then continue to trend downwards towards the forecast horizon.

