

INFLATION BRIEF

May 2022

Inflation Rate
11.6%

Chart 1: Headline Consumer Price Index (Seasonally Adjusted)

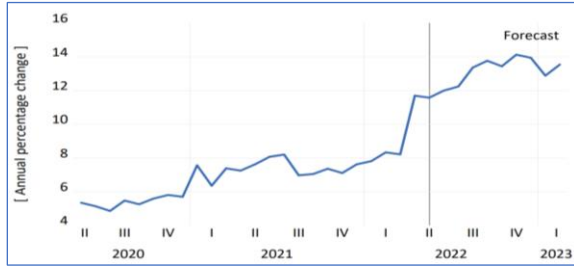


Chart 2: Contributions to headline CPI, (Seasonally Adjusted)

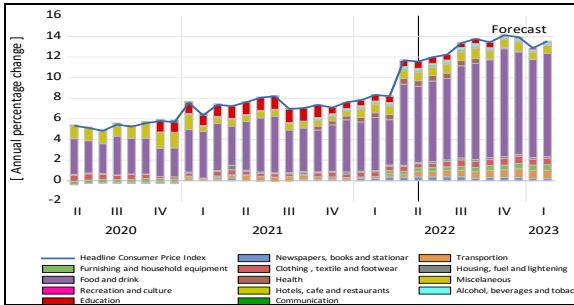


Chart 3: Contributions to CPI in terms of Market & Administered Prices (Seasonally Adjusted)

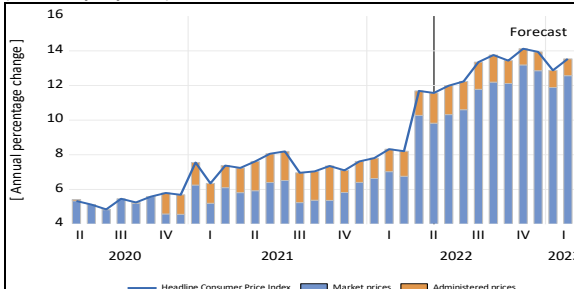


Chart 4: Monthly CPI and contributions (Seasonally Adjusted)

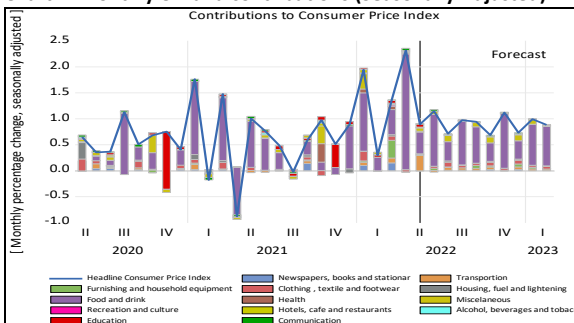
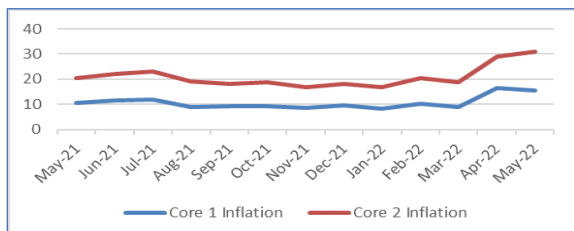


Chart 5: Core inflation



Consumer Price Index

12-Month Moving Average +0.5ppt
Year-on-year change (%) -0.1ppt



Headline Inflation

Inflationary pressures remain elevated with headline inflation (year-on-year) moderating only slightly to 11.6 percent in May 2022 from 11.7 percent in April 2022.

The marginal decline in headline inflation is primarily driven by the decrease in food inflation, which declined from 16.3 percent in April 2022 to 14.9 percent in May 2022. Non-Food inflation, in contrast, accelerated to 8.6 percent from 7.3 percent during the same period.

The rise in non-food inflation was mainly induced by the increased contribution of transportation, communication, electricity, gas, and other fuels. Further analysis of the market and administered prices revealed that the decrease in headline inflation (year-on-year) was occasioned by the fall in the contribution of market-determined prices.

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 decrease in underlying inflation from 16.4 percent in April 2022 to 15.4 percent as of the end-May 2022. Core 2 inflation, which further excludes volatile food items showed an increase in core inflation from 12.6 percent in April 2022 to 15.6 percent as of the end-May 2022.

On monthly basis, consumer price inflation decelerated to 1.0 percent in May 2022 from 2.5 percent in April 2022, driven mainly by the decrease in contributions of food items.

The near-term inflation outlook is unfavorable. CBG Staff forecast shows year-on-year inflation (seasonally adjusted) accelerating above 10 percent for the next three months.

The risk to inflation outlook remains elevated. Global inflation accelerated due to rising food and energy prices compounded by the war in Ukraine. Domestic inflation is expected to accelerate in the short to medium term.

