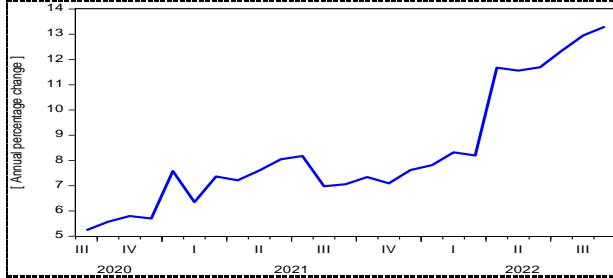


INFLATION BRIEF
September 2022

Inflation Rate
13.3%

Chart 1: Headline Consumer Price Index (Seasonally Adjusted)



Consumer Price Index

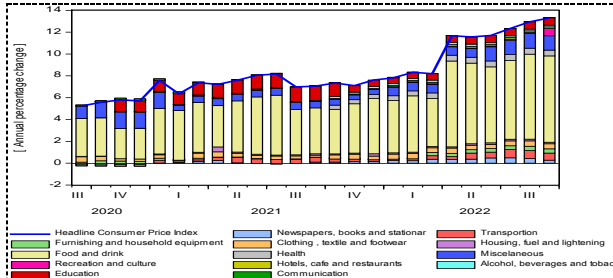
12-Month Moving Average -0.5ppt
Year-on-year change (%) 0.3ppt



Headline Inflation

Inflationary pressures remain heightened with headline inflation (year-on-year) accelerating to 13.3 percent in September 2022 from 12.9 percent in August 2022.

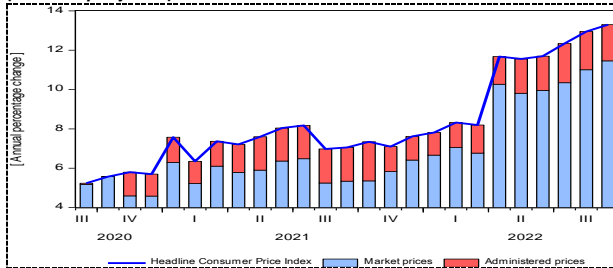
Chart 2: Contributions to headline CPI, (Seasonally Adjusted)



The uptick in headline inflation is primarily driven by the increase in food inflation from 15.7 percent in August 2022 to 16.5 percent in September 2022. Non-Food inflation on the other hand moderated slightly to 10.4 percent from 10.5 percent during the same period.

The rise in food inflation was mainly induced by the increased contribution from Oil & fat, Bread & Cereals, Fruits & nuts, and Vegetables. Further analysis of the market and administered prices revealed that the increase in headline inflation (year-on-year) was occasioned by the rise in the contribution of market-determined prices.

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



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 an increase in underlying inflation from 18.3 percent in August 2022 to 19.0 percent as at end-September 2022. Similarly, core 2 inflation, which further stripes out volatile food items also rose from 17.3 percent in August 2022 to 18.1 percent in September 2022.

Chart 4: Monthly CPI and contributions (Seasonally Adjusted)

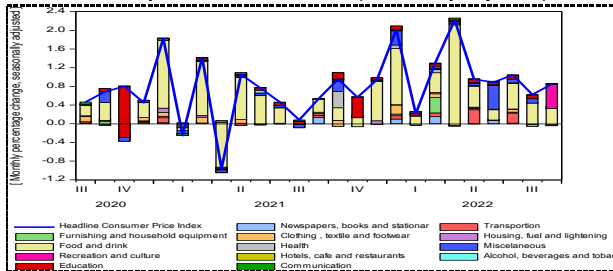
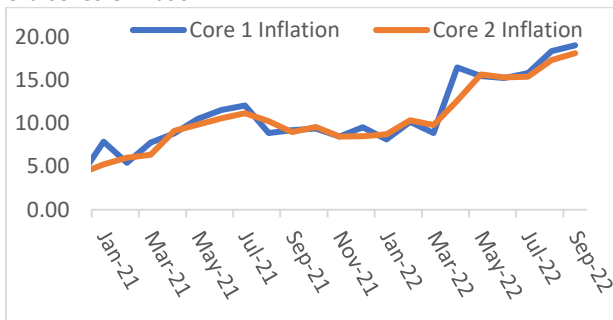


Chart 5: Core inflation



On a monthly basis, consumer price inflation decelerated to 0.66 percent in September 2022 from 0.69 percent in August 2022, driven mainly by the decrease in the contributions of food items.

The near-term inflation outlook is decelerating but however remains unfavorable. Staff forecast shows year-on-year inflation (seasonally adjusted) would be broadly around 13 percent for the next three months.

