ECONOMIC BRIEF
Consumer Price Index
December 2021

Inflation Rate

7.6%

Chart 1: Headline Consumer Price Index

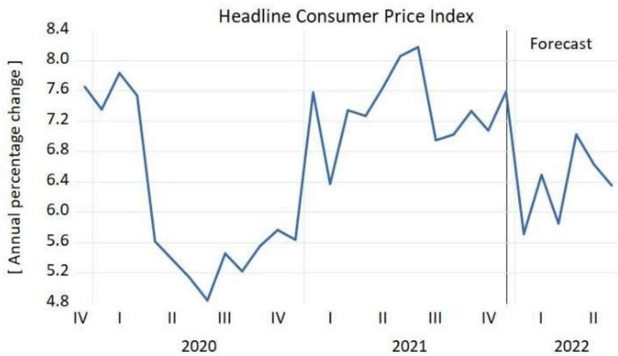


Chart 2: Contributions to CPI (Market & Administered Prices)

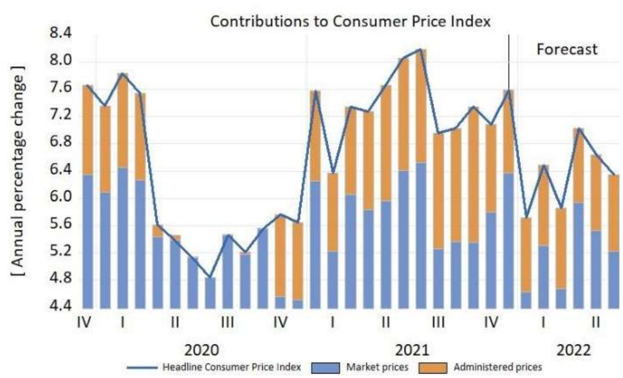
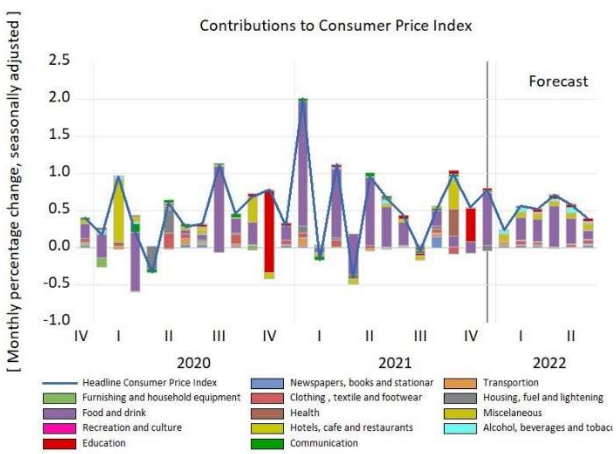


Chart 3: Contributions to CPI, Monthly % Change



Headline Inflation

Inflationary pressures picked up in December 2021. Headline inflation crept up from 7.1 percent in November 2021 to 7.6 percent in December 2021. Food inflation (y-o-y) edged up from 9.3 percent in November to 10.2 percent in December 2021. Non-food inflation equally followed the trend and accelerated to 4.9 percent in December 2021, from 4.8 percent in November 2021.

In terms of drivers, the rise in food inflation was occasioned by the increased contribution from sugar, jam, honey & sweets and bread & cereals. Within the non-food category, the rise in prices was driven by an upsurge in the prices of electricity, gas, and other fuels.

Underlying inflation exhibited a similar trend to headline inflation over a comparative period. The Bank's core measures of inflation, (which excludes energy, fuel, and utilities), revealed that prices rose from 8.5 percent in November 2021 to 9.5 percent in December 2021.

One of the key risks to the inflation outlook has been rising in food prices. Food is a major driver of headline inflation in December 2021. The agricultural sector has been impacted by adverse supply shocks which have contributed to upward price pressures observed in the second half of 2021. Some shocks include fluctuating costs of flour and the rising price of fish. The persistence of supply-side constraints could pose risks to inflation in the near term. Furthermore, elevated energy and fuel cost pose a significant direct risk towards domestic prices in the near term. The variation in domestic fuel prices is attributed to rising global energy prices and some softening of the domestic currency.

Barring any unanticipated shocks, CBG Staff forecasts show that inflation is currently expected to moderate to 5.9 percent at the end of the 1st quarter of 2022 due partly to favorable base-drift effects.

Consumer Price Index

12 Month Moving Average	-0.9ppt
Year-on-year change (%)	+0.5ppt

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CENTRAL BANK OF THE GAMBIA