

INFLATION BRIEF OCTOBER 2022

Inflation Rate
13.2%

Chart 1: Headline Consumer Price Index (Seasonally Adjusted)

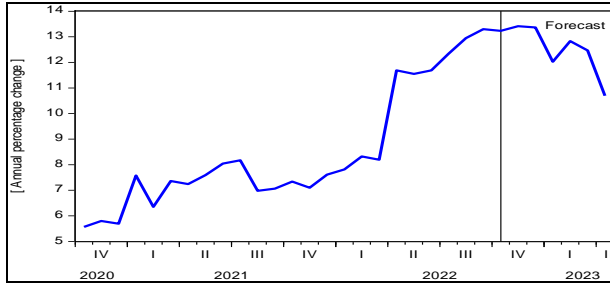


Chart 2: Contributions to headline CPI, (Seasonally Adjusted)

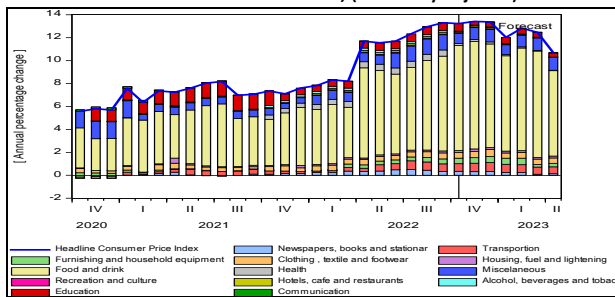


Chart 3: Contributions to CPI in terms of Market & Administered Prices (Seasonally Adjusted)

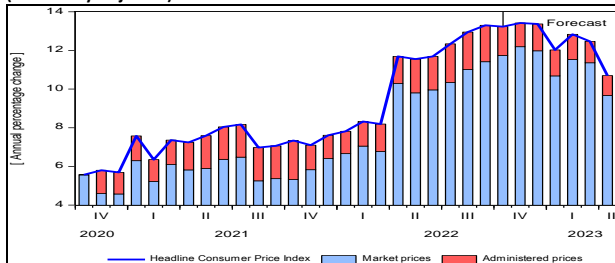


Chart 4: Monthly CPI and contributions (Seasonally Adjusted)

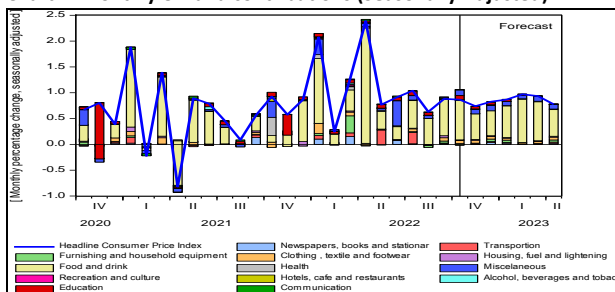
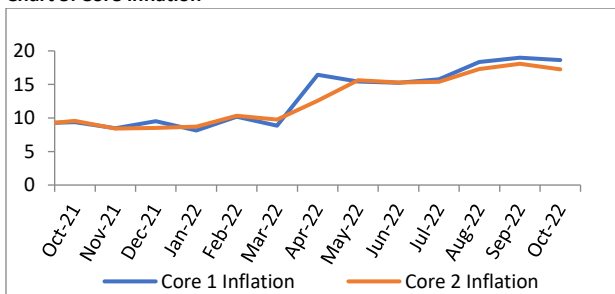


Chart 5: Core inflation



Consumer Price Index

12-Month Moving Average 0.7ppt ↑
Year-on-year change (%) -0.03ppt ↓

Headline Inflation

Inflationary pressures though remained strong, they moderated slightly during the review period. Headline inflation (year-on-year) declined to 13.2 percent in October 2022 from 13.3 percent in September 2022.

The minuscule fall in headline inflation is owing to a decline in non-food inflation. Non-food inflation moderated by 1.7 percentage points in October 2022 induced by a decline in transport, health, and hospitality service.

In contrast, the persistent pressure on headline inflation is attributed to the accelerating trend in food inflation and its share in the CPI basket. Food inflation rose to 18.0 percent in October 2022, from 16.5 percent in September 2022. The rise in food inflation was mainly driven by increases in the prices of most components of the food basket except for meat, non-alcoholic beverages, 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.

The Bank's core measures of inflation, core 1 which excludes, energy, fuel, and utilities from headline inflation, and core 2 which further strips out volatile food items are on a declining trend. They both moderated to 18.7 percent and 17.1 percent in October 2022 from 19.0 percent and 18.1 percent in September 2022.

Month-on-month, consumer price inflation accelerated to 1.1 percent in October 2022 from 0.7 percent in September 2022, driven mainly by the increased contributions of food items.

Although the near-term inflation outlook is moderating, global supply uncertainties remain high. Staff forecast shows year-on-year inflation (seasonally adjusted) would be below 12 percent by the next six months.

