

INFLATION BRIEF

March 2022

Inflation Rate
8.2%

Chart 1: Headline Consumer Price Index (Seasonally Adjusted)

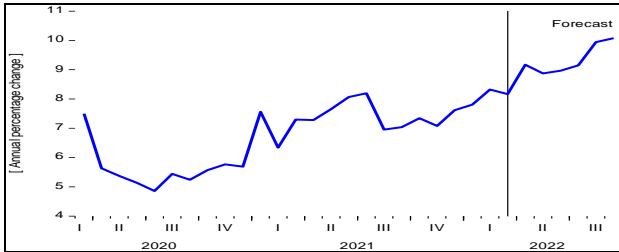


Chart 2: Contributions to headline CPI, (Seasonally Adjusted)

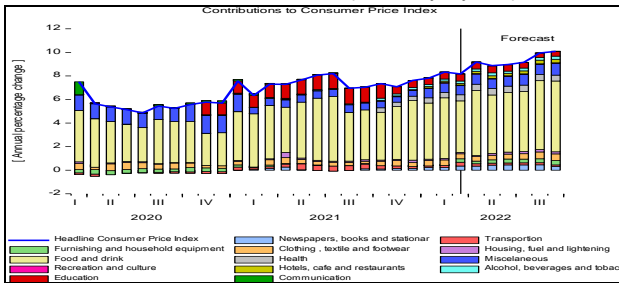


Chart 3: Contributions to CPI in terms of Market & Administered Prices (Seasonally Adjusted)

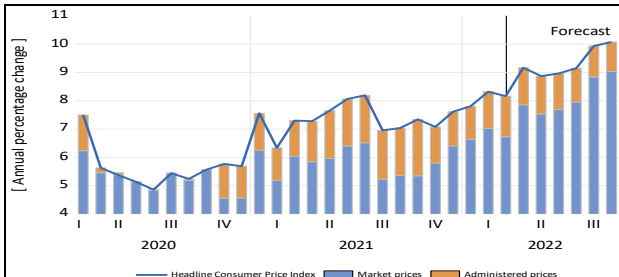


Chart 4: Monthly CPI and contributions (Seasonally Adjusted)

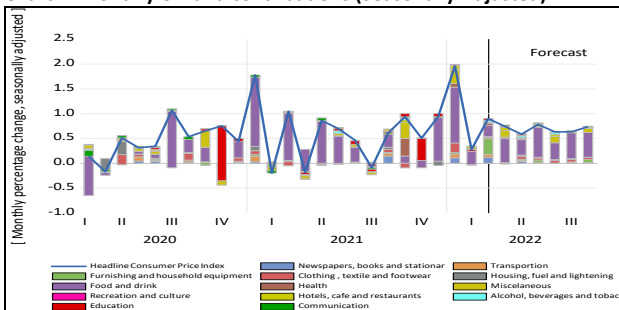
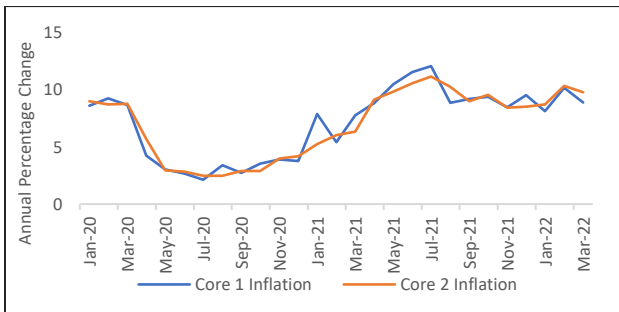


Chart 5: Core inflation



Consumer Price Index

12 Month Moving Average +1.8ppt
Year-on-year change (%) -0.1ppt



Headline Inflation

Inflationary pressures continue to persist with headline inflation (year-on-year) decelerating only slightly from 8.3 percent in February 2022 to 8.2 percent in March 2022.

The marginal drop in headline inflation is driven primarily by the decline in food inflation, which moderated from 10.8 percent in February 2022 to 9.2 percent in March 2022. Non-Food inflation, on the other hand, accelerated to 7.4 percent from 5.9 percent during the same period.

The rise in non-food inflation was occasioned by the increased contributions from transportation, hotels, cafes and restaurants, and furnishings and household equipment. This partly reflects the surge in global energy prices.

Further analysis into market and administered prices revealed that the decline in headline inflation (year-on-year) was driven by the drop in the contribution of market prices.

The Bank's core measures of inflation, which excludes energy, fuel and utilities exhibited similar trend to headline inflation over the comparative period. Core 1 inflation revealed a decline in underlying inflation from 10.2 percent in February 2022 to 8.9 percent as at end-March 2022.

On monthly basis, consumer price inflation accelerated to 0.9 percent in March 2022 from 0.3 percent in February 2022, driven mainly by increased contributions of non-food items such as furnishing and household equipment, transportation and health.

The near-term outlook for inflation is tilted to the upside. CBG Staff forecasts shows year-on-year inflation (seasonally adjusted) accelerating above 9 percent by April this year.

Risks to inflation outlook remain elevated. Global energy and commodity prices may continue to increase as the war in Ukraine prolongs. Strong domestic demand during Ramadan as well as the ongoing structural bottlenecks at the Gambia port are also expected to feed into domestic prices.

