

INFLATION BRIEF

December 2022

Inflation Rate
13.7%

Chart 1: Headline Consumer Price Index (Seasonally Adjusted)



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

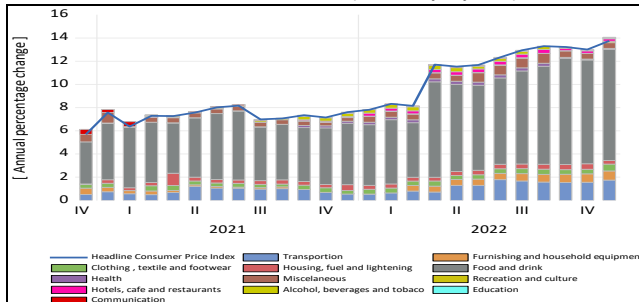


Chart 3: Contributions to CPI in terms of Market & Administered Prices (Seasonally Adjusted)

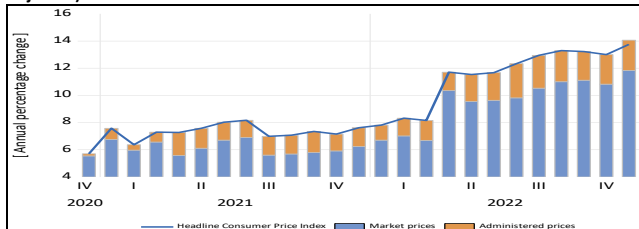


Chart 4: Monthly CPI and contributions (Seasonally Adjusted)

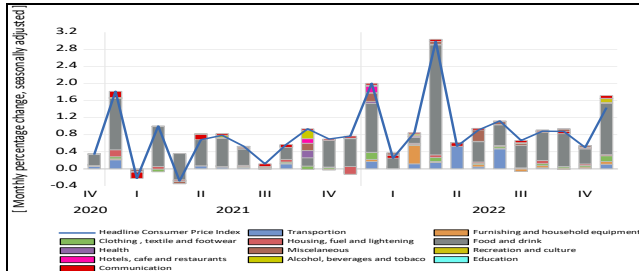
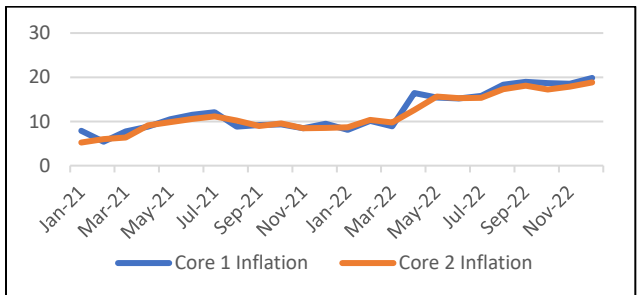


Chart 5: Core inflation



Consumer Price Index

12-Month Moving Average -0.4ppt
Year-on-year change (%) +0.8ppt



Headline Inflation

Headline inflation (year-on-year) inched up to 13.7 percent in December 2022 from 13.0 percent a month earlier reflecting an elevated level of inflationary pressures during the period.

The increased in headline inflation during the period is driven by an increased contribution from both food and non-food inflation. Food inflation increased to 17.4 percent in December from 16.6 percent in November 2022. Similarly, non-Food inflation, in increased from 8.8 percent to 9.4 percent during the same period.

The increased in food inflation was mainly induced by the increased contribution of bread & vegetables and roots crops and milk cheese and eggs. Non-food inflation on the other hand was mainly driven by the increased cost of transport, recreation, furnishing and clothing.

Analysis in terms of the market and administered prices revealed that the increased in headline inflation (year-on-year) was influenced by the increased 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 showed an increase in underlying inflation from 18.5 percent in November 2022 to 19.9 percent in period under review. Core 2 inflation, which further excludes volatile food items indicated an increase of 0.9 percentage points to 18.8 percent as at end-December 2022.

Similarly, month on month, consumer price inflation rose to 1.7 percent in December 2022 from 0.2 percent in November 2022.

The risk to inflation outlook has moderated. Global inflationary pressures are showing signs of receding in many countries and global inflation is expected to have peak, amid tight monetary policies and lower commodity prices. On the domestic front however, currency depreciation and rising demand posed a risk to further increase in inflation.

