



Core Inflation: January 2018

Headline inflation and CORE1 inflation were higher in January 2018, compared to December 2017. Headline inflation rose further from 3.7 per cent in December 2017 to 4.0 per cent in January 2018, reflecting largely the increase in the prices of food products while CORE1 inflation rate also increased from 2.2 per cent to 2.4 per cent, reflecting past increases in petroleum prices.

CORE2 inflation rate remained unchanged in January 2018 and was broadly contained over the past two years. CORE2 inflation has been varying in a range of 1.9 per cent and 2.3 per cent since January 2016.

TRIM10 inflation, which trims 5% of the most volatile items in the CPI on both sides of the distribution, picked up from 2.5 per cent in December 2017 to 2.7 per cent in January 2018. A year earlier, TRIM10 inflation stood at 0.6 per cent.

(Per cent)

Month	Headline	CORE1	CORE2	TRIM10
Jan-16	1.3	0.6	2.0	0.6
Feb-16	1.0	0.7	2.1	0.7
Mar-16	0.9	0.7	2.1	0.8
Apr-16	0.8	0.7	2.2	0.8
May-16	0.8	0.7	2.2	0.8
Jun-16	0.9	0.7	2.2	0.7
Jul-16	0.9	0.7	2.3	0.7
Aug-16	0.9	0.7	2.3	0.6
Sep-16	0.8	0.6	2.3	0.5
Oct-16	0.8	0.5	2.3	0.5
Nov-16	0.9	0.4	2.3	0.6
Dec-16	1.0	0.4	2.2	0.6
Jan-17	1.1	0.3	2.1	0.6
Feb-17	1.2	0.3	2.0	0.6
Mar-17	1.3	0.4	1.9	0.6
Apr-17	1.5	0.5	1.9	0.7
May-17	1.9	0.7	2.0	1.0
Jun-17	2.4	0.8	2.0	1.3
Jul-17	2.7	0.9	2.0	1.5
Aug-17	3.0	1.2	2.0	1.8
Sep-17	3.2	1.5	2.1	2.0
Oct-17	3.4	1.7	2.1	2.2
Nov-17	3.5	2.0	2.1	2.3
Dec-17	3.7	2.2	2.2	2.5
Jan-18	4.0	2.4	2.2	2.7

Notes:

1. Effective April 2013, Core inflation data are compiled using the new basket of goods and services derived from the 2012 Household Budget Survey.
2. CORE1 excludes “Food, Beverages and Tobacco” components and mortgage interest on housing loan from the CPI basket.
3. CORE2 excludes Food, Beverages, Tobacco, mortgage interest, energy prices and administered prices from the CPI basket.
4. TRIM10 truncates 5 per cent of each tail of the distribution of price changes.

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