



Core Inflation: August 2020

1. The Consumer Price Index (CPI) rose by 0.4 index point or 0.4 per cent, from 104.9 in July 2020 to 105.3 in August 2020. Compared to August 2019, the CPI increased by 1.6 index points or 1.5 per cent. Both year-on-year (y-o-y) CPI inflation and headline inflation remained unchanged at 1.5 per cent and 1.8 per cent, respectively, in August 2020, compared to the previous month.

2. Underlying inflationary pressures, as reflected in the Bank's CORE1 and CORE2 measures, picked up in August 2020. Y-o-y, CORE1 inflation went up from 1.7 per cent in July 2020 to 2.2 per cent in August 2020, while CORE2 inflation also rose from 2.6 per cent in July 2020 to 3.2 per cent in August 2020. The 12-month average CORE1 inflation increased from 0.8 per cent in July 2020 to 1.0 per cent in August 2020, whereas CORE2 inflation inched up from 2.3 per cent to 2.4 per cent.

(Per cent)

Month	Annual Average			Year-on-Year		
	Headline	CORE1	CORE2	CPI Inflation	CORE1	CORE2
Aug-18	3.7	2.5	1.8	0.9	1.8	1.4
Sep-18	3.5	2.5	1.8	1.9	2.1	1.8
Oct-18	3.5	2.4	1.8	2.8	2.3	2.1
Nov-18	3.4	2.4	1.8	2.8	2.6	2.5
Dec-18	3.2	2.3	1.8	1.8	2.1	2.1
Jan-19	2.8	2.3	1.9	0.5	1.8	2.7
Feb-19	2.1	2.1	1.9	-0.8	1.1	1.9
Mar-19	1.4	2.0	1.9	-1.4	0.9	1.7
Apr-19	1.2	1.9	1.9	0.6	0.6	1.4
May-19	1.0	1.7	1.9	0.8	0.4	1.4
Jun-19	1.0	1.5	1.9	0.6	-0.2	1.4
Jul-19	0.9	1.3	1.8	0.8	-0.2	1.4
Aug-19	1.0	1.1	1.9	1.8	0.3	2.0
Sep-19	0.9	1.0	1.9	1.3	0.2	1.9
Oct-19	0.7	0.8	1.9	0.4	0.1	1.8
Nov-19	0.5	0.6	1.8	0.3	0.1	1.8
Dec-19	0.5	0.4	1.8	0.9	0.1	1.9
Jan-20	0.6	0.3	1.7	2.0	0.3	1.6
Feb-20	0.8	0.3	1.7	2.1	0.9	2.2
Mar-20	1.2	0.3	1.8	2.9	1.3	2.7
Apr-20	1.5	0.4	1.9	4.2	1.5	3.0
May-20	1.7	0.5	2.1	2.8	1.6	3.2
Jun-20	1.8	0.6	2.2	1.7	1.7	2.9
Jul-20	1.8	0.8	2.3	1.5	1.7	2.6
Aug-20	1.8	1.0	2.4	1.5	2.2	3.2

Notes:

1. Effective April 2018, Core inflation data are compiled using the new basket of goods and services derived from the 2017 Household Budget Survey.
2. CORE1 excludes "*Food, Beverages and Tobacco*" components and *Mortgage interest on housing loan* from the CPI basket of goods and services.
3. CORE2 excludes *food, beverages, tobacco, mortgage interest, energy prices and administered prices* from the CPI basket of goods and services.
4. The 12-month average method compares the average level of prices during a twelve-month period with the average level during the corresponding previous twelve-month period.
5. The year-on-year methodology is computed as the change in the Consumer Price Index (CPI) for a given month compared with the same month of the preceding year in percentage terms.

Statistics Division

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