



Core Inflation: September 2020

1. The Consumer Price Index (CPI) increased by 0.7 index point or 0.7 per cent, from 105.3 in August 2020 to 106.0 in September 2020. Compared to September 2019, the CPI increased by 2.7 index points or 2.6 per cent. The year-on-year (y-o-y) CPI inflation went up from 1.5 per cent in August 2020 to 2.6 per cent in September 2020. On a 12-month average period, headline inflation inched up from 1.8 per cent to 1.9 per cent.

2. Underlying inflationary pressures, as gauged by the Bank's Core measures, rose in September 2020. Y-o-y, CORE1 inflation went up from 2.2 per cent in August 2020 to 2.6 per cent in September 2020, while CORE2 inflation also escalated from 3.2 per cent in August 2020 to 3.8 per cent in September 2020. On a 12-month average period, CORE1 inflation settled at 1.2 per cent in September 2020, up from 1.0 per cent in August 2020, while CORE2 inflation edged up from 2.4 per cent in August 2020 to 2.5 per cent in September 2020.

(Per cent)

| Month | Annual Average | | | Year-on-Year | | |
|--------|----------------|-------|-------|---------------|-------|-------|
| | Headline | CORE1 | CORE2 | CPI Inflation | CORE1 | CORE2 |
| 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 |
| Sep-20 | 1.9 | 1.2 | 2.5 | 2.6 | 2.6 | 3.8 |

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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