



## *Core Inflation: December 2008*

CORE1 and CORE2 inflation remained unchanged in December 2008. CORE1 inflation and CORE2 inflation stood at 8.7 per cent and 6.1 per cent, respectively, for the twelve month period ended December 2008. A year earlier, CORE1 and CORE2 stood at 5.0 per cent and 5.7 per cent, respectively.

TRIM10 inflation, which trims 5% of the most volatile items in the CPI on both sides of the distribution, declined further to 3.5 per cent in December 2008, from 4.6 per cent in November 2008 and 7.0 per cent in December 2007.

**Table 1: Headline and Core Inflation Rates<sup>1</sup>** *(Per cent)*

<b>Month</b>	<b>Headline</b>	<b>CORE1</b>	<b>CORE2</b>	<b>TRIM10</b>
<b>Jul-07</b>	10.5	7.6	6.4	7.5
<b>Aug-07</b>	10.1	7.0	6.2	7.4
<b>Sep-07</b>	9.7	6.4	6.2	7.2
<b>Oct-07</b>	9.4	5.9	6.1	7.1
<b>Nov-07</b>	9.1	5.4	6.0	7.0
<b>Dec-07</b>	8.8	5.0	5.7	7.0
<b>Jan-08</b>	8.9	5.2	5.7	7.4
<b>Feb-08</b>	9.0	5.5	5.7	7.5
<b>Mar-08</b>	9.0	5.8	5.7	7.3
<b>Apr-08</b>	8.9	5.9	5.6	7.0
<b>May-08</b>	8.8	6.2	5.6	6.7
<b>Jun-08</b>	8.8	6.6	5.5	6.5
<b>Jul-08</b>	9.1	7.2	5.7	6.2
<b>Aug-08</b>	9.5	7.8	5.9	5.9
<b>Sep-08</b>	9.8	8.3	6.0	5.5
<b>Oct-08</b>	9.9	8.5	6.1	5.1
<b>Nov-08</b>	9.9	8.7	6.1	4.6
<b>Dec-08</b>	9.7	8.7	6.1	3.5

<sup>1</sup> Effective July 2007, Core inflation data are compiled using the new basket of goods and services derived from the 2006-07 Household Budget Survey.

**Notes:**

1. CORE1 excludes “Food, Beverages and Tobacco” components and mortgage interest on housing loan from headline inflation.
2. CORE2 excludes Food, Beverages, Tobacco, mortgage interest, energy prices and administered prices from headline inflation
3. TRIM10 truncates 5 per cent of each tail of the distribution of price changes.

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