



Core Inflation: December 2010

All the three underlying measures of inflation rose in December 2010. CORE1 inflation stood at 3.2 per cent for the twelve-month period ended December 2010, up from 2.9 per cent for the twelve-month period ended November 2010. CORE2 inflation went up from 2.6 per cent for the twelve-month period ended November 2010 to 2.8 per cent for the twelve-month period ended December 2010. A year earlier, CORE1 and CORE2 stood at 2.4 per cent and 3.8 per cent, respectively.

TRIM10 inflation, which trims 5% of the most volatile items in the CPI on both sides of the distribution, rose to 2.9 per cent in December 2010, from 2.6 per cent for the twelve-month period ended November 2010. TRIM10 inflation stood at 2.4 per cent in December 2009.

(Per cent)

Month	Headline	CORE1	CORE2	TRIM10
Jul-07	10.5	7.6	6.4	7.5
Sep-07	9.7	6.4	6.2	7.2
Dec-07	8.8	5.0	5.7	7.0
Jun-08	8.8	6.6	5.5	6.5
Dec-08	9.7	8.7	6.1	3.5
Mar-09	8.5	7.6	5.8	2.5
Apr-09	8.0	7.1	5.7	2.6
May-09	7.4	6.5	5.6	2.7
Jun-09	6.9	6.1	5.5	2.8
Jul-09	6.1	5.5	5.4	2.8
Aug-09	5.2	4.6	5.1	2.7
Sep-09	4.4	3.9	4.8	2.7
Oct-09	3.6	3.2	4.5	2.7
Nov-09	2.9	2.7	4.1	2.7
Dec-09	2.5	2.4	3.8	2.4
Jan-10	2.3	2.4	3.6	2.6
Feb-10	2.1	2.3	3.4	2.5
Mar-10	1.9	2.2	3.2	2.3
Apr-10	1.8	2.2	3.0	2.2
May-10	1.8	2.2	2.8	2.2
Jun-10	1.7	2.2	2.6	2.1
Jul-10	1.8	2.2	2.5	2.1
Aug-10	1.9	2.4	2.5	2.1
Sep-10	2.0	2.4	2.5	2.2
Oct-10	2.3	2.7	2.5	2.4
Nov-10	2.5	2.9	2.6	2.6
Dec-10	2.9	3.2	2.8	2.9

Notes:

1. Effective July 2007, Core inflation data are compiled using the new basket of goods and services derived from the 2006-07 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.

Statistics Division

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