



## *Core Inflation: May 2009*

CORE1 and CORE2 inflation maintained their downward path in May 2009. CORE1 inflation fell from 7.1 per cent in April 2009 to 6.5 per cent in May 2009. CORE2 inflation dropped to 5.6 in May 2009, from 5.7 per cent for the twelve month period ended April 2009. A year earlier, CORE1 and CORE2 stood at 6.2 per cent and 5.6 per cent, respectively.

TRIM10 inflation, which trims 5% of the most volatile items in the CPI on both sides of the distribution, rose marginally to 2.7 per cent in May 2009, from 2.6 per cent in April 2009. TRIM10 inflation stood at 6.7 per cent in May 2008.

**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
<b>Jan-09</b>	9.3	8.4	6.0	2.3
<b>Feb-09</b>	8.8	8.0	5.9	2.4
<b>Mar-09</b>	8.5	7.6	5.8	2.5
<b>Apr-09</b>	8.0	7.1	5.7	2.6
<b>May-09</b>	7.4	6.5	5.6	2.7

<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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12 June 2009