

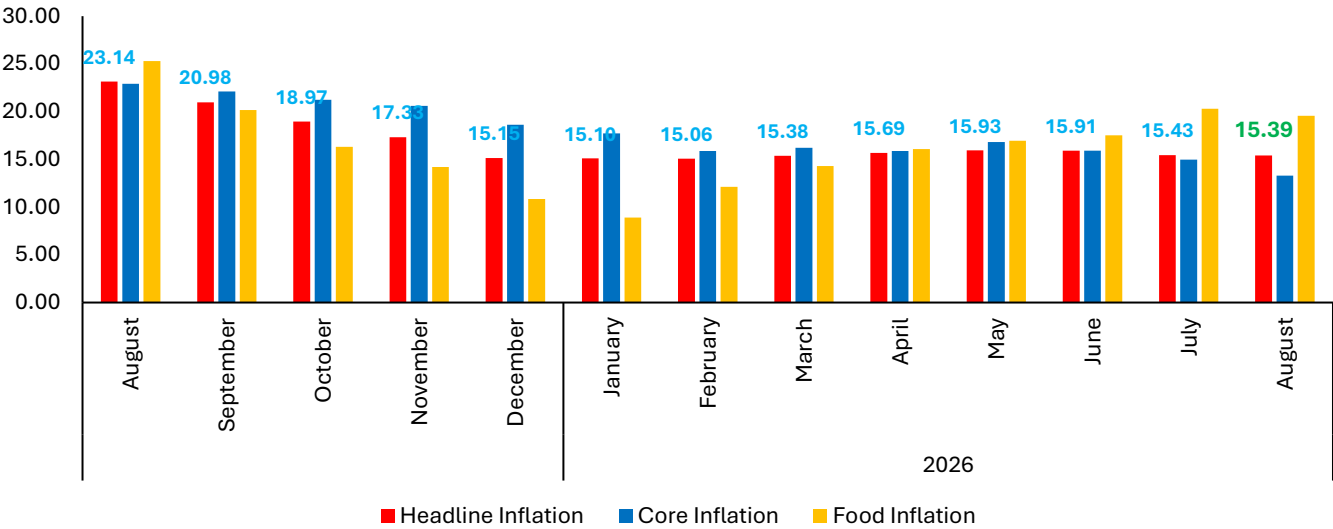
INFLATION REPORT

AUGUST

2026

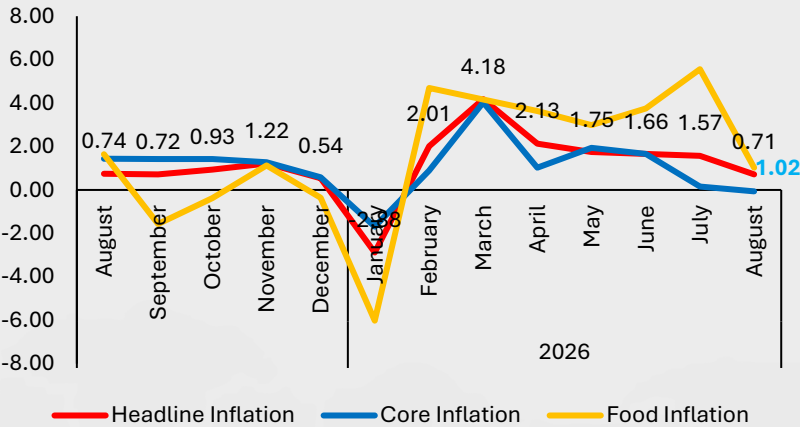


Rebased Headline, Core and Food Inflation Movement (y/y)



Headline inflation eased to **15.39%** year-on-year in August, down by 0.04% from the 15.43% recorded in July. Similarly, the rate was significantly lower compared to the 23.14% recorded in August 2025, declining by 7.75%.

Headline, Core, & Food Inflation Trend (m/m)

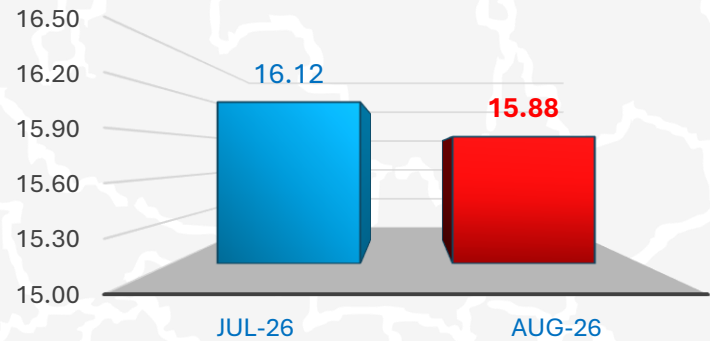


On a month-on-month (m/m) basis, headline inflation moderated to 0.71% in August 2026 from 1.57% in July, representing a 0.86% decline.

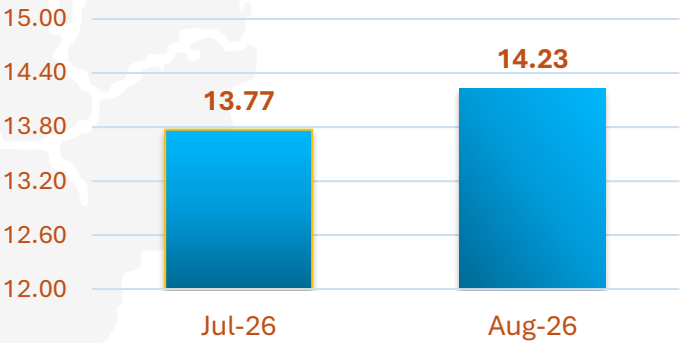
Meanwhile, **core inflation** declined by 0.21%, standing at -0.06% in August compared with 0.15% recorded in the previous month. **Food inflation** also dropped significantly by 4.54% to 1.02%, from the 5.56% July rate.

URBAN INFLATION & RURAL INFLATION

Urban Inflation y/y



Rural Inflation y/y



Urban inflation edged lower to 15.88% year-on-year (y/y) in August 2026 from 16.12% in the previous month, representing a 0.24% decline while **rural inflation**, on the other hand, increased to 14.23% y/y in August, adding 0.46% to the 13.77% recorded in July 2026.

OUR REVIEW

Headline inflation eased slightly to 15.39% in August from 15.43% in July, representing a 0.04% decline. The moderation was largely supported by softer price pressures across both food and non-food components during the month. Compared with the 23.14% recorded in August 2025, headline inflation remained significantly lower, owing largely to favourable base effects.

On a month-on-month basis, headline inflation moderated more significantly to 0.71% in August from 1.57% in July, reflecting a broad easing in monthly price pressures. Core inflation also declined to -0.06% from 0.15% in the previous month, suggesting weaker non-food price pressures, supported by moderating movements in transportation, energy-related and other costs. Likewise, food inflation moderated sharply to 1.02% in August from 5.56% in July, indicating a notable easing in food price pressures, reflecting improved food availability and seasonal supply conditions, alongside reduced distribution and transportation pressures.

Meanwhile, inflation trends across locations remained mixed. Urban inflation edged lower to 15.88% y/y in August from 16.12% in July, indicating a 0.24% decline. Rural inflation, on the other hand, rose to 14.23% y/y in August, adding 0.46% to the July rate of 13.77%. The diverse movements highlight differences in food availability, distribution conditions and consumption patterns across the two areas.

Looking ahead, we expect headline inflation to rise slightly in September, as rising energy costs, alongside continued supply-side challenges, exert upward pressure on prices, reversing the recent moderation and driving headline inflation to 15.45%.

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