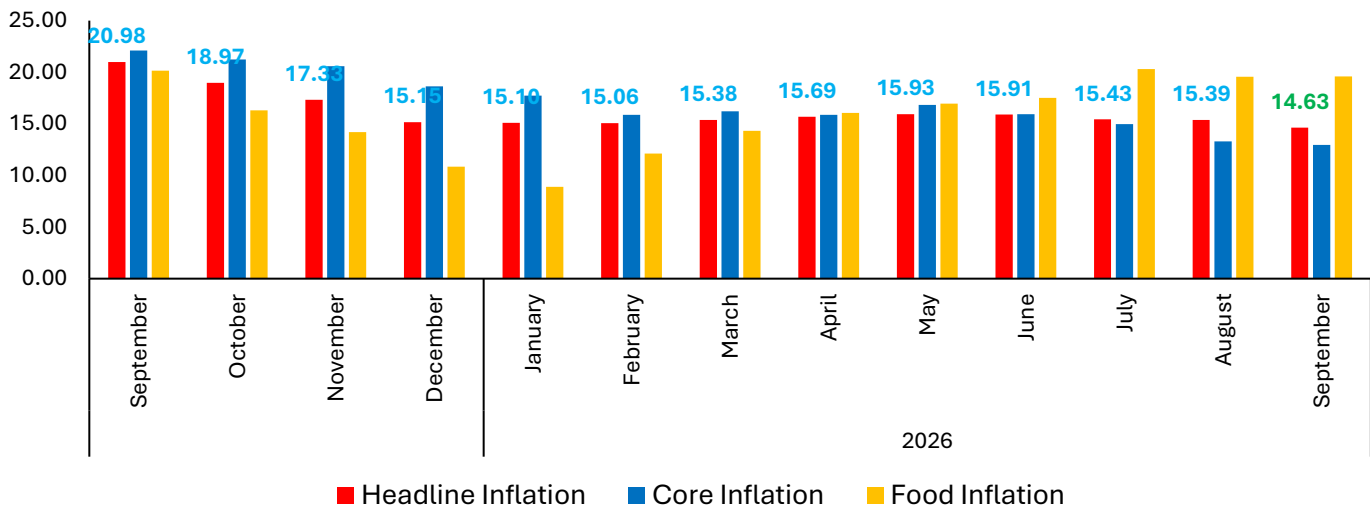


INFLATION REPORT

SEPT 2020

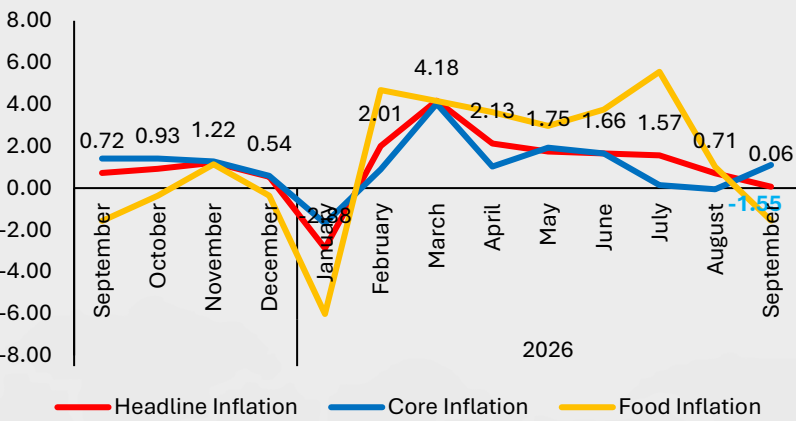


Rebased Headline, Core and Food Inflation Movement (y/y)



Headline inflation moderated to **14.63%** year-on-year in September, down by 0.76% from the 15.39% recorded in August. Compared to the 20.98% recorded in September 2025, the rate reflected a significant 6.35% decline year-on-year.

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

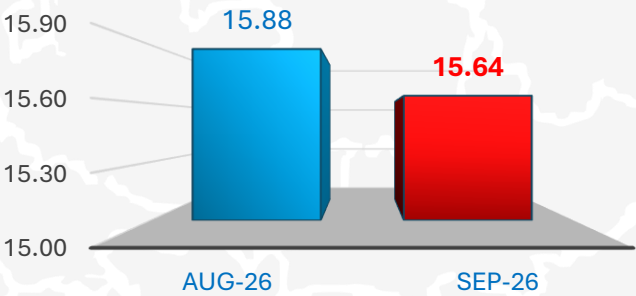


On a month-on-month (m/m) basis, headline inflation eased to 0.06% in September 2026 from 0.71% in August, representing a 0.65% decline.

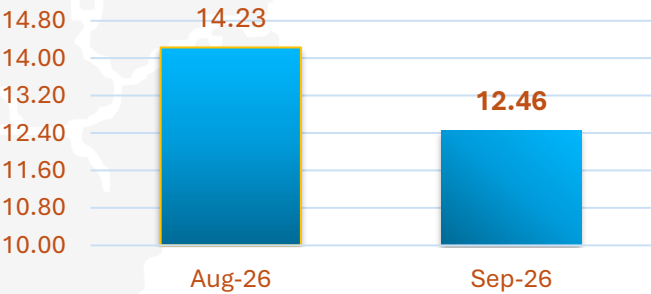
Meanwhile, **core inflation** rose to 1.11% in September from -0.06% in the previous month, reflecting a 1.17% increase. **Food inflation**, on the other hand, declined significantly to -1.55% from the 1.02% in August, representing a 2.57% decrease.

URBAN INFLATION & RURAL INFLATION

Urban Inflation y/y



Rural Inflation y/y



Urban inflation moderated to 15.64% y/y in September 2026 from 15.88% in August, reflecting a 0.24% decline. Similarly, **rural inflation** eased to 12.46% y/y from 14.23% in the previous month, representing a more pronounced decline of 1.77%.

OUR REVIEW

Headline inflation moderated to 14.63% y/y in September 2026 from 15.39% in August, representing a 0.76% decline. The moderation reflects easing price pressures across key components of the CPI, particularly food components as well as the effect of the recent reduction of the Monetary Policy Rate (MPR). Compared with the 20.98% recorded in September 2025, headline inflation declined significantly by 6.35%, driven by favourable base effects.

On a month-on-month (m/m) basis, headline inflation eased to 0.06% in September from 0.71% in August, indicating a slowdown in monthly price trends. However, core inflation rose to 1.11% from -0.06% in the previous month, suggesting renewed price pressures across non-food items and services such as energy, transportation, housing, etc. In contrast, food inflation declined sharply to -1.55% from 1.02% in August, indicating a broad reduction in food prices during the month. The deflationary trend is attributable to improved food availability, seasonal harvests and easing distribution pressures.

Meanwhile, inflation moderated across both urban and rural areas. Urban inflation eased to 15.64% y/y in September from 15.88% in August, representing a 0.24% decline while rural inflation moderated to 12.46% from 14.23% in the previous month, reflecting a more substantial decline of 1.77%. The uniform movement across both locations highlights improving price dynamics, with the sharper decline in rural areas potentially reflecting more food availability and seasonal harvests.

Looking ahead, we expect inflationary trajectory to rise mildly in October. While improved food supplies and seasonal harvests could sustain the moderation in food prices, rising energy and transportation costs, as well as persistent structural supply constraints may exert upward pressure on core inflation. Overall, headline inflation is projected to hit 14.90%.

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