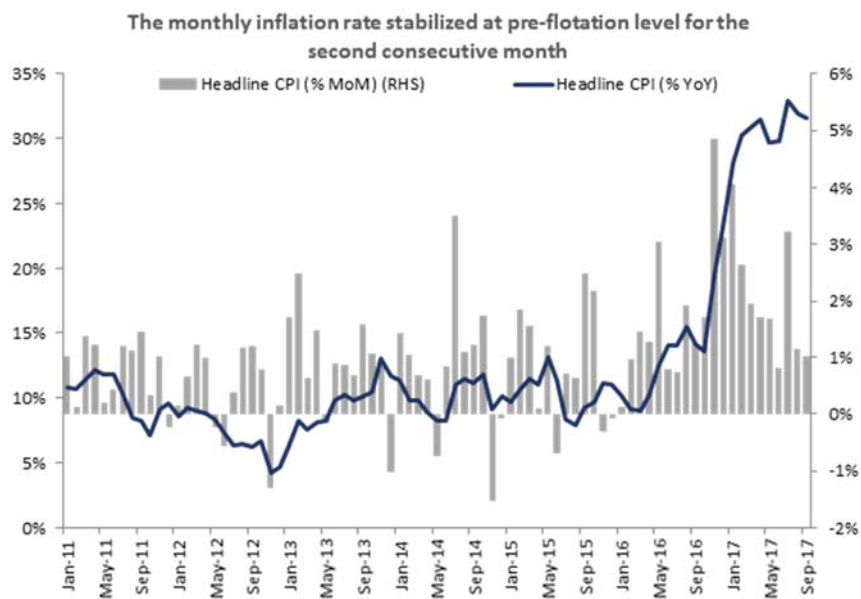
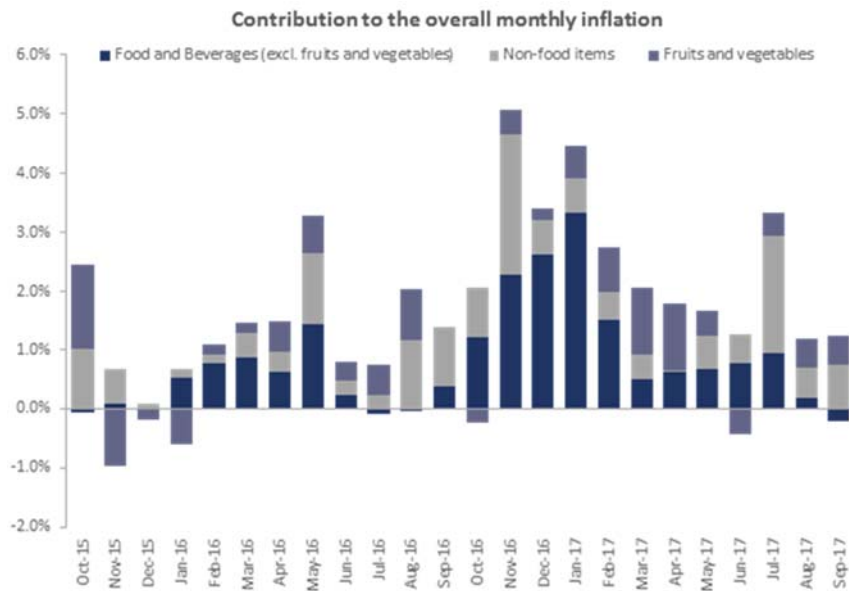


Urban annual inflation rate inched down to 31.6% YoY in September

The monthly urban inflation rate recorded 1.0% MoM in September, leading the annual urban inflation rate to decelerate marginally from 31.9% YoY in August to 31.6% YoY in September. The monthly inflation rate in September was mainly attributed to the recent administrative prices increase (e.g. natural gas, drinking water and sewage charges). Meanwhile, we note that the contribution of food items (excluding fruits and vegetables) recorded a negative value (-0.2%) in September for the first time since July 2016.

Going forward, we expect the annual inflation rate to decelerate from 32.2% in 1Q FY2017/18 to 26.5% YoY in 2Q FY2017/18, and 13.6% YoY in 2Q FY2018/19.



Source: CBE, CAPMAS, Pharos research

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