

Annual inflation rises further in September 2018...

Indicator	Sept 2017	Aug 2018	Sept 2018
Annual	0.8%	4.8%	5.4%
Month-on-Month	0.4%	0.4%	0.9%

Source: ZimStat

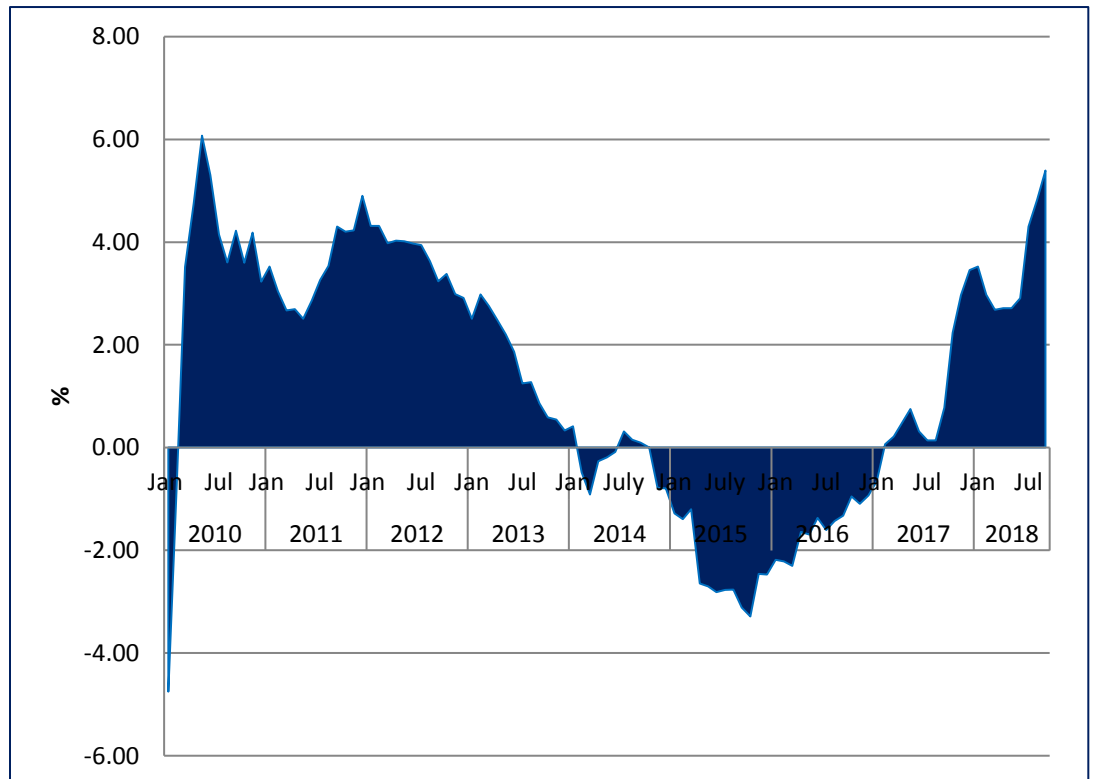
- According to the ZimStat, the year-on-year “y/y” inflation further increased from 4.8% in Aug 2018 to an 8-year high of 5.4% in Sept 2018.
- The y/y food and non-alcoholic beverages inflation rose from 7.5% to 7.9%, driven by increases in bread & cereals, meat, oils and fats, food products and vegetables.
- The non-food inflation rose from 3.6% to 4.2%, over the same period, underpinned by pressures from clothing (*materials and garments*), furniture (*most household appliances*), transport (*spare parts*) and health (*pharmaceutical products*) categories.
- Meanwhile, the month-on-month inflation more than doubled from 0.4% to 0.9% between August 2018 and September 2018, reflecting the increases in both food and non-food items. **Fig.1** below illustrates the trend in the annual inflation rate.

...annual inflation rises further...

...month on month inflation also rose notably...

...trend in annual inflation since dollarisation...

Fig.1: Y/Y Inflation Trends



Source: ZimStat

...what you see is not
what you feel...

Outlook

Inflationary pressures are expected to remain elevated in the short-term period, reflecting adverse inflation expectations, foreign currency shortages and general cost build up. However, as Benjamin Disraeli observed that “*there are three kinds of lies: lies, damned lies and statistics*”, the annual rate of inflation is expected to only rise ‘moderately’ in October 2018 – well below expectations and perceptions. This is largely because of the base effect, as the country experienced a similar surge in prices - to the one being experienced - between September and October 2017.

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