

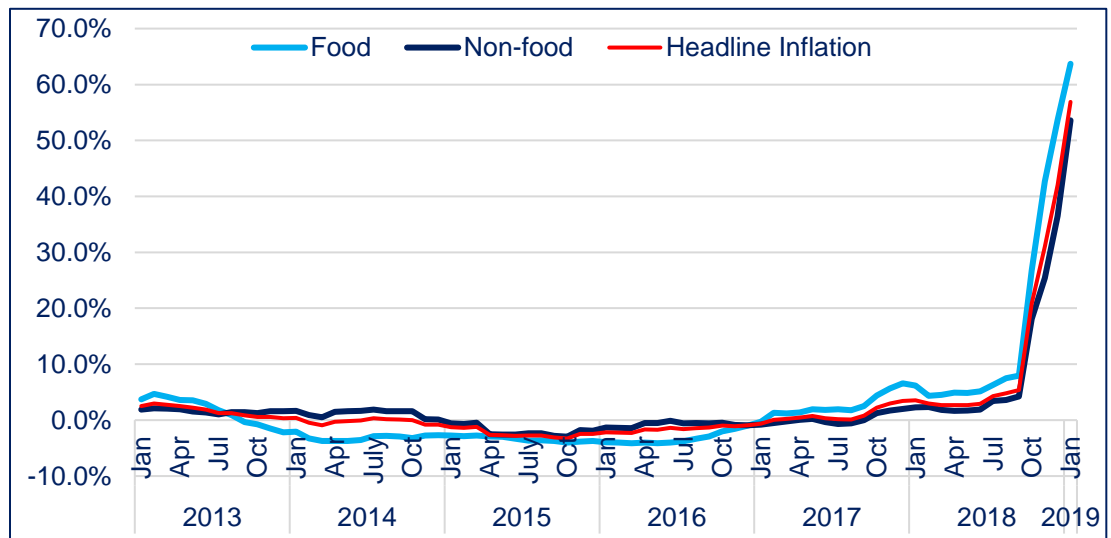
Inflation rises further in Jan 2019 ...

Indicator	Jan 2018	Dec 2018	Jan 2019
Annual	3.52%	42.09%	56.90%
Month-on-Month	0.30%	9.03%	10.75%

Source: ZimStat

- According to the ZimStat, the year-on-year “y/y” rate of inflation increased from 42.1% in Dec 2018 to 56.9% in Jan 2019.
- The y/y food and non-alcoholic beverages inflation rose from 53.7% to 63.7%, driven by increases in all categories.
- The y/y non-food inflation also rose from 36.5% to 53.6%, over the same period, underpinned by higher prices for transport (transport services and equipment), furniture, clothing & footwear and health (medical services and pharmaceuticals) categories.
- Meanwhile, the underlying m/m inflation rate also rose from 9.0% to 10.8% between Dec 2018 and Jan 2019. Fig. 1 below outlines the 6-year trend in inflation.

Fig. 1: Inflation trend



Source: ZimStat

Outlook

The risks to the inflation outlook remain tilted towards the upside, largely driven by ongoing and planned macroeconomic reforms, especially the currency reforms and interest rate alignments, as well as adverse inflation expectations. However, the adverse impact of the currency and interest rate reforms could be limited to the very short term if the authorities successfully forge ahead with ongoing and other planned measures to tighten both fiscal and monetary policies as well as build public confidence.

...annual inflation at a record high of 56.9% in Jan 2019...

...month on month inflation also rose to 10.8%...

...fuel price hike was the major determinant...

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