

14th September 2022

UK inflation at 9.9%yy for Aug-22

- This is lower than 10.0%yy survey estimate...
- ... and a decrease from 10.1%yy last month
- Represents lessening inflation pressures

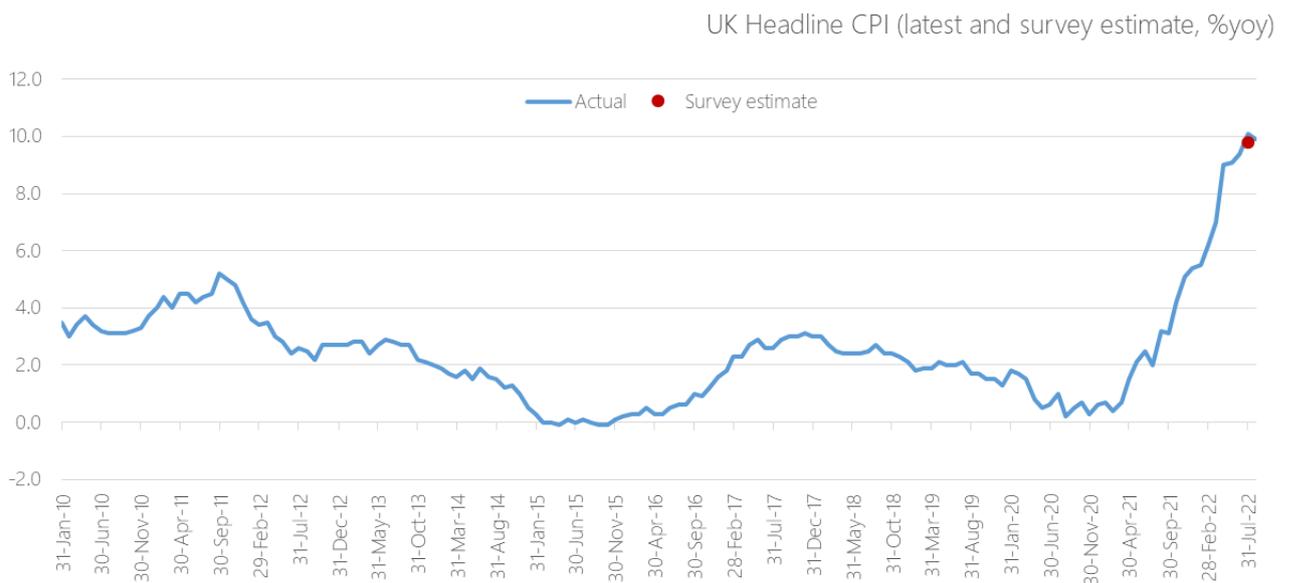
Latest UK inflation figure

The latest UK inflation came in at 9.9%yy for August 2022, compared to 10.0%yy survey estimate. This is down from 10.1%yy last month and is below expectations.

Petrol prices fell by 6.8% in August, compared to an increase of 1.3%yy last year. Food prices continued rising at a rate of 1.5%. Shelter cost moved higher by 0.5% from last month and went up by 5.7% from the same time last year.

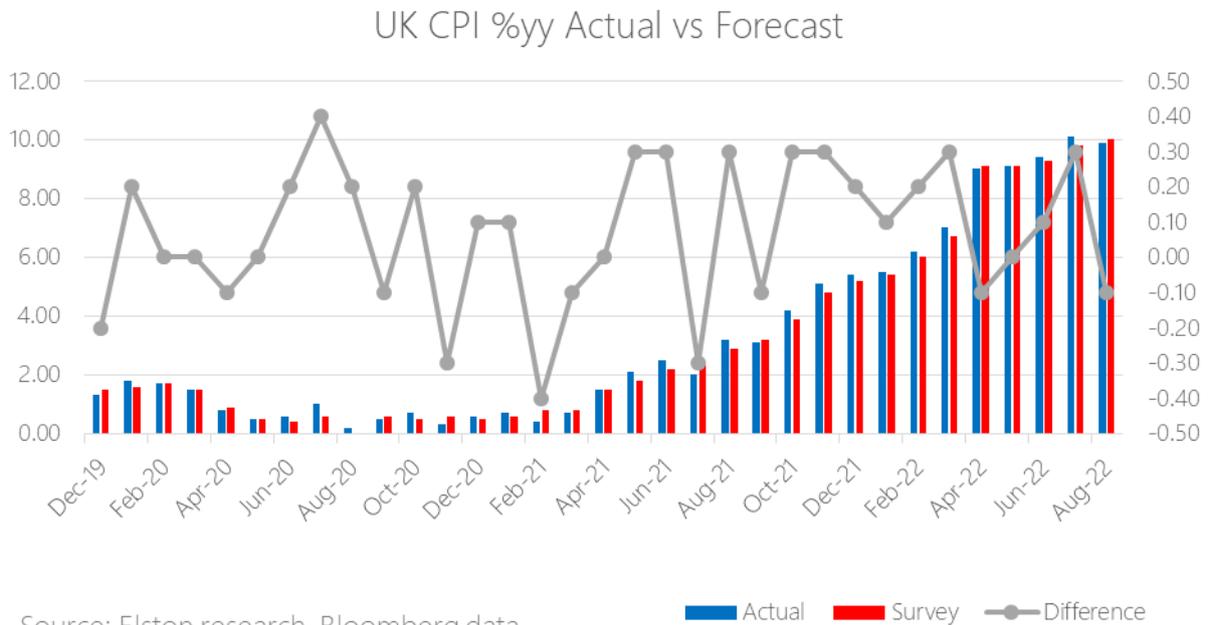
However, inflation pressure may not yet peaked with Bank of England expecting 10.5% in 4q22, lower than previous expectation of 13% prior to the announcement of a frozen energy price cap.

Fig.1. UK CPI inflation rate (%yy)



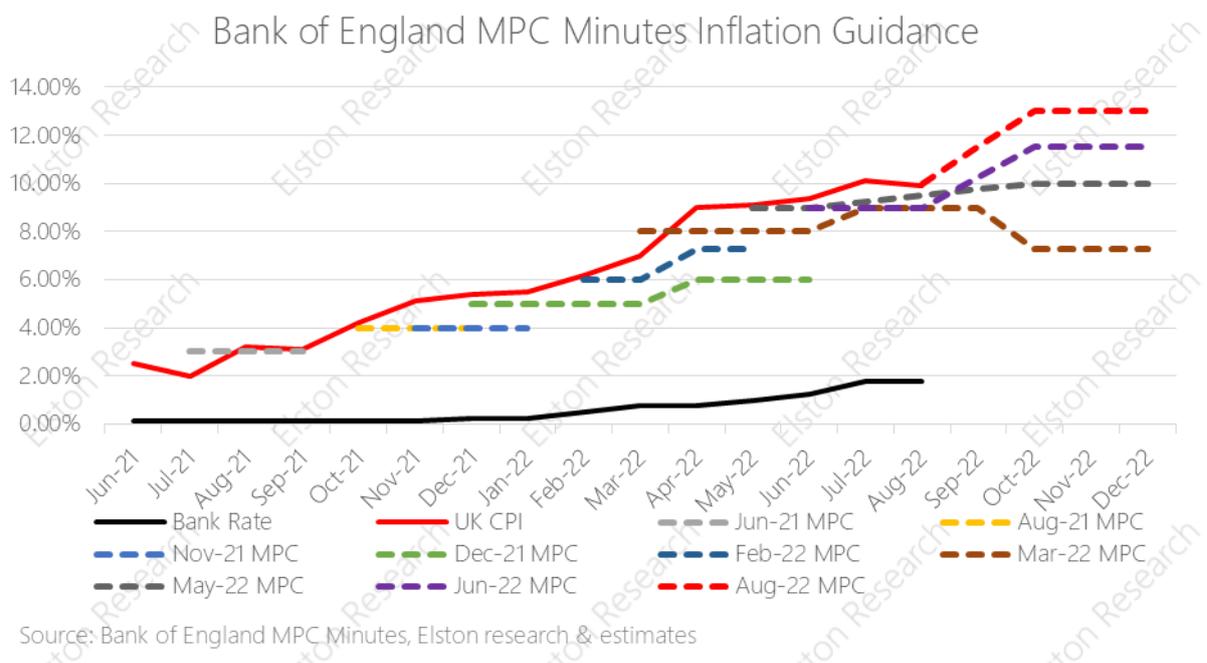
In the chart below we show how UK inflation has fallen behind the forecast for the first time in three months.

Fig.2. UK CPI figures vs survey estimates



In the chart below we show how the Bank of England has been behind the curve on inflation expectations.

Fig.3. Bank of England MPC Minutes Inflation Guidance



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