



# Headline Inflation

May 2026

increased by 2.79% (YOY)

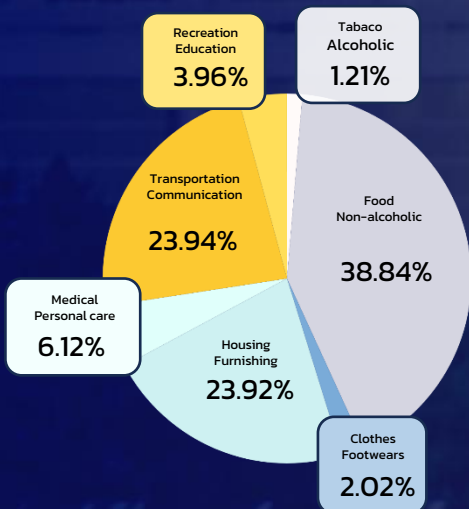
Headline CPI				
	Index	%MoM	%YoY	%AoA
May 2026	103.20	0.17	2.79	0.82
April 2026	103.03	2.75	2.89	0.32

Core CPI				
	Index	%MoM	%YoY	%AoA
May 2026	102.40	0.27	0.92	0.70
April 2026	102.12	0.41	0.83	0.64

**Consumer Price Index (CPI) in May 2026 was at 103.20.** Compared to the same month a year earlier, **the inflation rate increased by 2.79% (YoY).** This rise was primarily driven by domestic fuel prices remaining at a continuously high level, in line with ongoing conflicts in the Middle East, including the closure of the Strait of Hormuz and protracted ceasefire negotiations. Consequently, this has led to higher public transportation fares. Additionally, the prices of prepared foods surged as entrepreneurs passed on their increased costs to retail prices, significantly raising the cost of living in this segment. Fresh vegetables prices also increased compared to the previous year due to a low price base effect. Compared to the previous month, the CPI increased by 0.17% (MoM). The key contributing factors were a gradual increase in the prices of prepared foods following rising production costs, higher tuition and education fees associated with the start of the new academic year, and a rise in fresh fruits prices as major seasonal fruits began entering the market. Furthermore, prices for cleaning supplies increased due to the conclusion of promotional campaigns in the preceding month. Compared to the same period of 2025, the five-month average (Jan–May) inflation rate increased by 0.82% (AoA).

**Meanwhile, core inflation, which excludes fresh food and energy prices, increased by 0.92% (YoY) compared to the same month of the previous year.** On a month-to-month basis, core inflation increased by 0.27% (MoM). For the five-month average (Jan–May) compared to the same period of 2025, core inflation increased by 0.70% (AoA).

## WEIGHT



## Inflation Outlook for June 2026

**The headline inflation outlook for June 2026 is expected to remain positive continuously. Factors supporting an increase in headline inflation are as follows:**

- (1) Domestic retail fuel prices have increased in line with market mechanisms, reflecting global crude oil prices that remain continuously high due to geopolitical tensions in the Middle East, including the closure of the Strait of Hormuz and protracted peace negotiations.
- (2) Prepared food prices are gradually rising as entrepreneurs pass on their increased costs to retail prices. Furthermore, once prepared food prices adjust upward, they are typically downwardly rigid, leading to a permanent increase in the cost of living within this product category.
- (3) Travel expenses have increased, particularly bus fares, as a result of fuel prices remaining at a continuously high level.
- (4) Key fresh vegetables prices tend to be higher than the previous year due to a low price base effect from last year.

**Conversely, factors contributing to a decline in the headline inflation include:**

- (1) Electricity tariffs for the May–August 2026 cycle remain slightly lower than the same period last year.
- (2) Meat prices tend to decrease due to an adequate market supply.

## 2026 INFLATION FORECAST

As of April 2026

