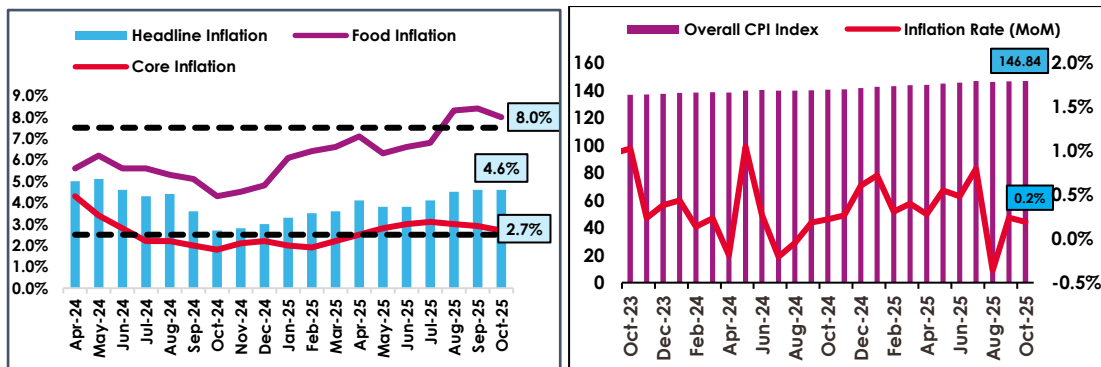


ECONOMICS AND RESEARCH INFLATION REACTION

October 2025

October Inflation Sticky at 4.56%

- October headline inflation remained sticky at 4.56% relative to a reading of 4.59% in September. On a monthly basis, the consumer price index rose by 0.19%, relative to 0.24% in the prior month.
- Food prices rose by 8.0% in October, driven by, price pressures from maize flour (sifted) and fortified maize flour whose price increased by 16.4% and 16.5%, respectively. Additional price increases were recorded in sugar, tomatoes and cabbages at 22.6%, 37.2% and 20.3%, respectively.
- Overall, the non-core inflation index rose to 9.9% from 9.6% while the core index declined by 20 basis points to 2.7% signifying reduced economic activity in the month.
- In the remainder of the year, the conclusion of the long rains harvest for maize is expected to see farmers release maize stocks to the market and support lower prices. However, the short-rains season forecast to record below average rainfall across most parts of the country amid risks of a La Niña event could place pressure on vegetable prices.
- Globally, we maintain a steady oil price outlook. So far Brent price has touched a high of US \$ 67.99 a barrel in October and is expected to oscillate within US \$ 65-70 to end of year against the backdrop of ample global supply and subdued demand. In the near-term, short-term spikes in oil prices are however not ruled out.
- All said, we forecast a gradual increase in inflation toward 5.0% into year end.



Source: KNBS, CBK, NCBA Research