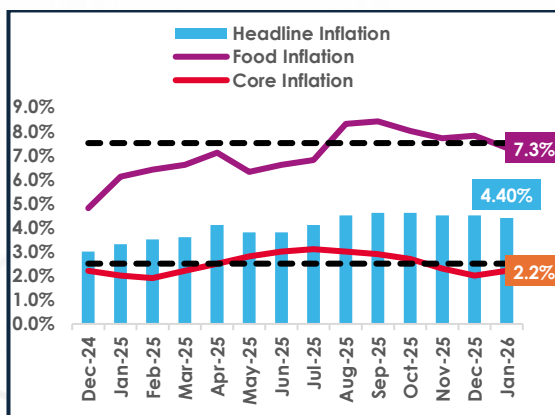


ECONOMICS AND RESEARCH INFLATION REACTION

January 2026

Headline inflation moderates slightly to 4.4% in January as food pressures persist

- Annual headline inflation eased marginally to 4.40% in January from 4.49% in December 2025, while the Consumer Price Index (CPI) increased by 0.64% on a month-on-month basis.
- Food and non-alcoholic beverages recorded mixed price movements, registering a year-on-year increase of 7.3%. This was driven by higher prices of cabbages, maize grain and kales, which rose by 35.5%, 14.6%, and 23.5%, respectively. In contrast, prices of cooking oil and milk declined marginally by 0.6% and 0.4%, respectively, partly offsetting upward pressures.
- Additionally, transport inflation increased by 4.8% year-on-year, largely reflecting slightly higher fares driven by a 3.6% and 2.3% increase in petrol and diesel prices.
- Looking ahead, we do see a decline in maize prices partly trading off the price pressure from vegetables and fruits resulting in overall inflation at the 4.3% to 4.7% range in February and March. There is thus limited second-round inflation effect in the first quarter of the year.
- On the global front, with oil prices at USD 70.70 per barrel following recent US/Iran tensions, geopolitical risk and demand is likely to trade off at a price range of USD 56 to USD 70.0 per barrel.
- Overall, headline inflation is projected to average between 4.3% and 4.7% this quarter.



Source: KNBS, NCBA Research

