

18th January 2023

UK inflation at 10.5%yy for Dec-22

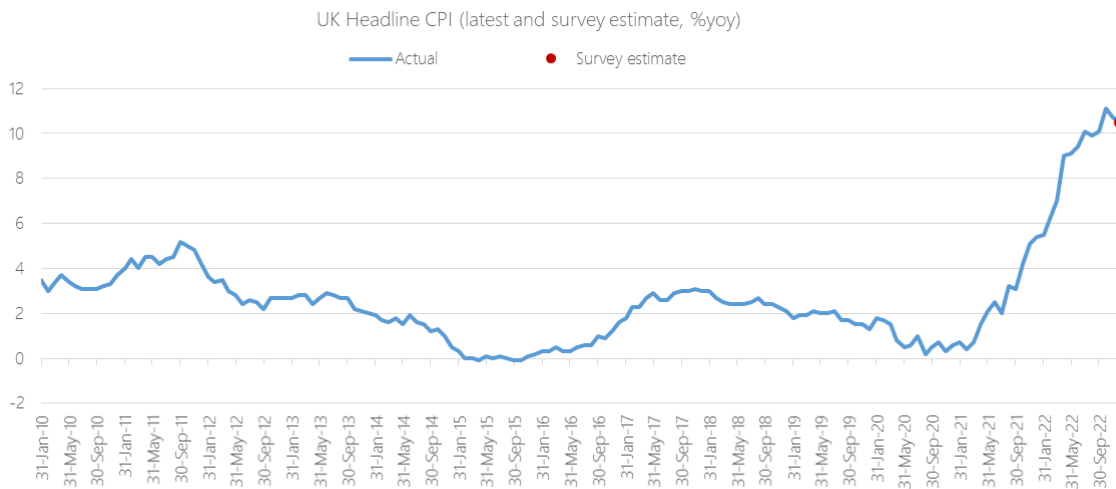
- This is the same as the survey estimate...
- ... and an decrease from 10.7%yy last month
- Represents falling inflationary pressures

Latest UK inflation figure

The latest UK inflation came in at 10.5%yy for December 2022, compared to 10.5%yy survey estimate. This is down from 10.7%yy last month and is equal to expectations.

Core inflation was unchanged from October, whilst inflation in the services sector rose to 6.8% and fuel prices were down from November, now at 11.5% from 17.2%.

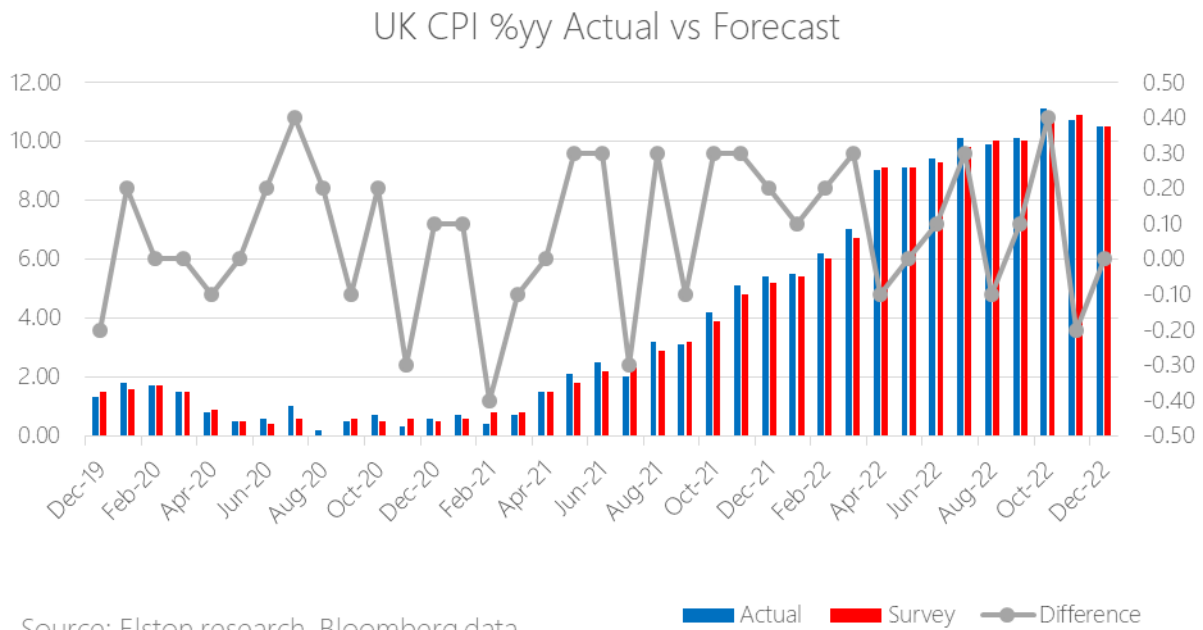
Fig.1. UK CPI inflation rate (%yy)



Source: Elston research, Bloomberg data

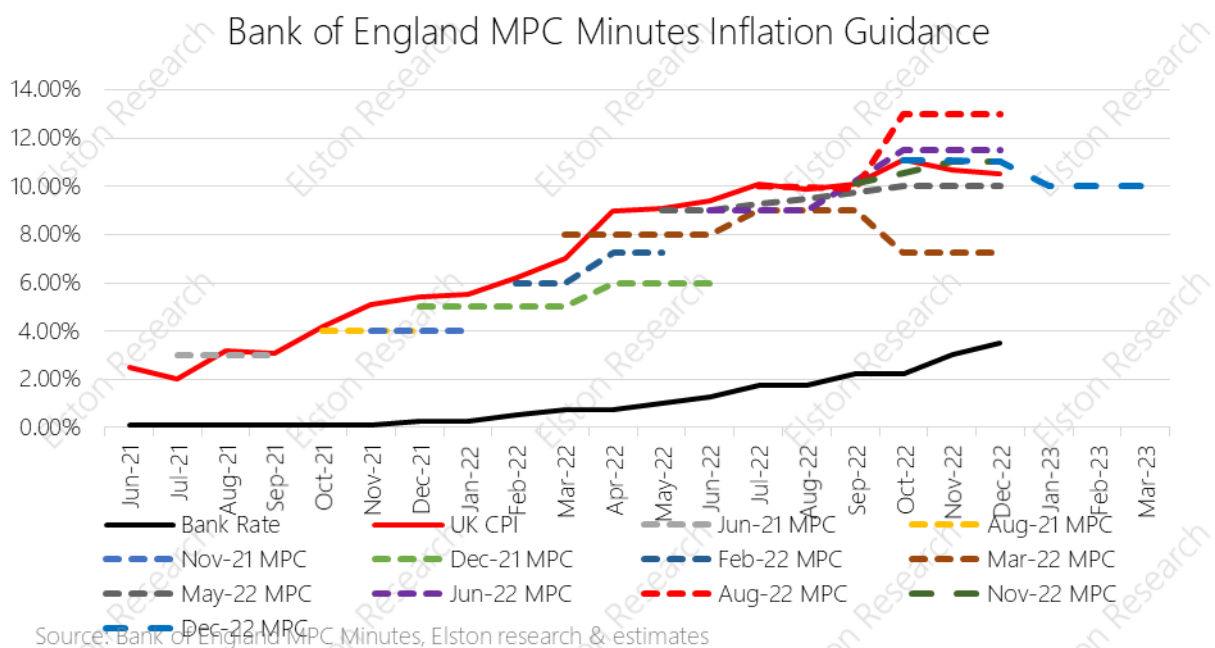
In the chart below we show how UK inflation has typically been ahead of estimates..

Fig.2. UK CPI figures vs survey estimates



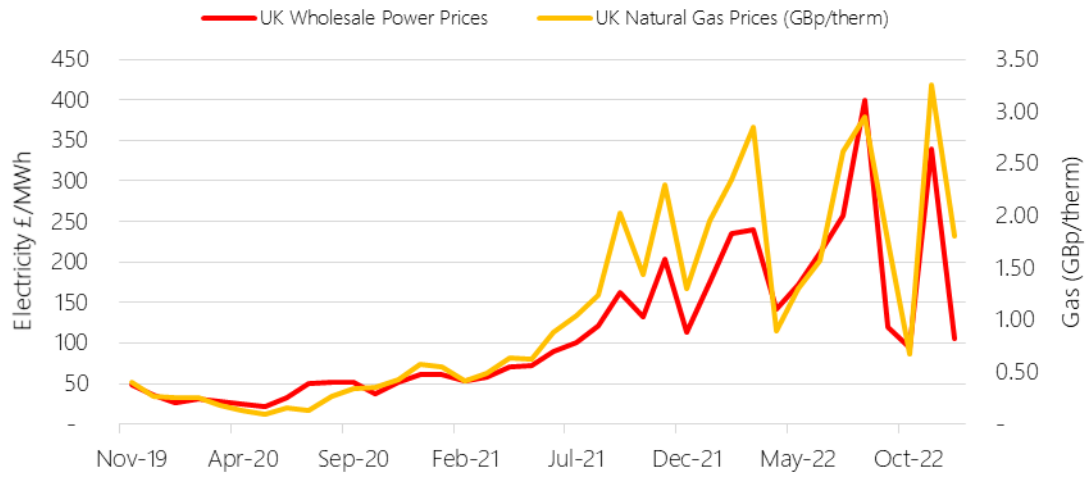
In the chart below we show how the Bank of England has been behind the curve on inflation expectations. Inflation is expected to decline gradually in the first quarter of 2023. BoE cites a 4.5% interest rate peak based on market expectations.

Fig.3. Bank of England MPC Minutes Inflation Guidance



In the chart below we show how the UK Wholesale Electricity & Gas Prices.

UK Wholesale Electricity & Gas Prices



Source: Elston research, Bloomberg data

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