

Inflation Watch - First Decline in Headline Inflation Since December 2022

Nigeria's headline inflation grew at a slower pace of 33.40% y/y in July 2024, down from 34.19% y/y in June, according to data from the National Bureau of Statistics (NBS). Additionally, monthly headline inflation moderated to 2.28% m/m from 2.31% m/m in June. Food inflation also saw a slight decrease, increasing at 2.47% m/m in July, compared to 2.55% m/m in June. However, core inflation rose further to 2.16% m/m in July, up from 2.06% in June. Yearly food inflation eased to 39.53% y/y, down from 40.87% y/y in June, while core inflation, which excludes volatile food and energy items, increased to 27.47% in July, up from 27.40% in June.

Summary of Nigeria's Inflation report for July 2024:

- On a monthly basis, the headline index grew by 2.28% in July (vs 2.31% in June).
- The core index increased to 2.16% m/m in July vs. 2.06% m/m in June. On the flip side, the food sub-index grew slower at 2.47% in July, compared to 2.55% m/m in June.
- The urban inflation rate increased at 35.77% y/y (vs 36.55% y/y in June 2024).
- The rural inflation rate increased at 31.26% y/y (vs 32.09% y/y in June 2024).

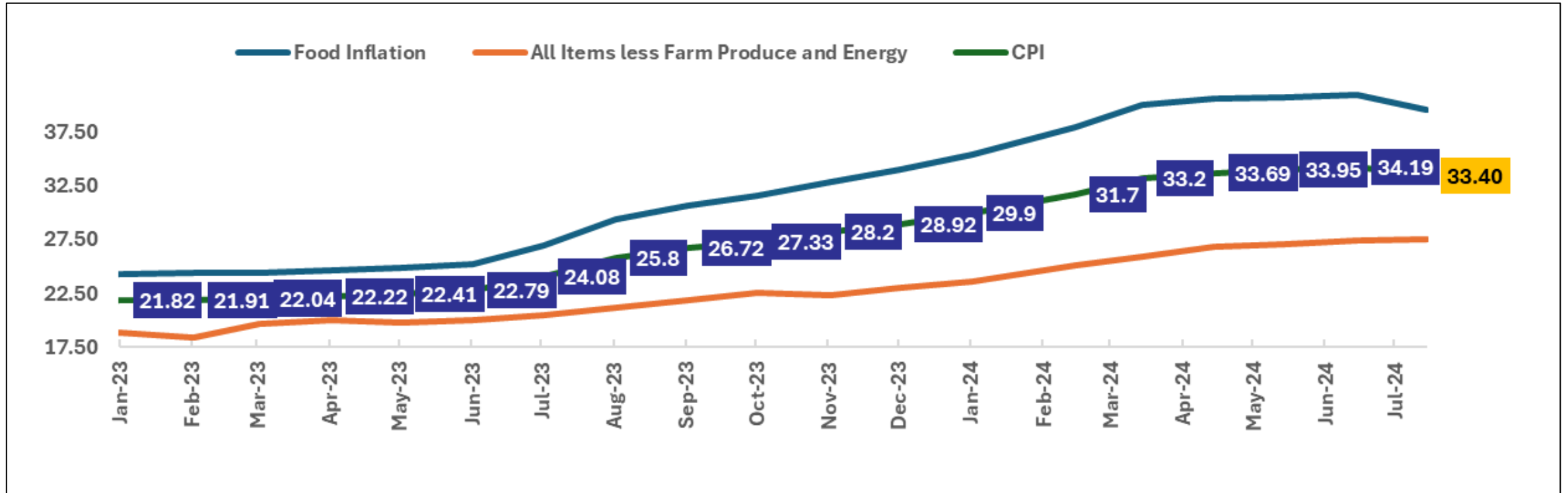
Similar to the June's inflation report, all basket components increased between June and July. However, certain components of the inflation basket increased at a slower pace. These include imported food, alcoholic and non-alcoholic beverages, housing, water, electricity, gas, and other fuel, education, and restaurant and hotels. Notably, the food and non-alcoholic beverage component, which accounted for 17.30% of the inflation, grew by 2.47% m/m in July, down from 2.55% m/m in June.

However, core inflation continued to rise, increasing by 2.16% m/m in July, up from 2.06% m/m in June. Given the significant influence of food inflation on overall inflation, we anticipate a decrease in inflation in the next reading, especially with the anticipated impact of duty-free imported food items on inflation.

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INFLATION WATCH – JULY 2024



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