

## **Inflation Watch - The Upward Trend in Month-on-Month Inflation Resumes**

Nigeria's headline inflation for June 2024 accelerated to 34.19% y/y from 33.95% y/y in May, according to data from the National Bureau of Statistics (NBS). In addition, monthly headline inflation increased to 2.31% m/m in June after declining for three consecutive months - March (+3.02%), April (+2.29%), and May (+2.14%). Similarly, food inflation increased 2.55% m/m in June, up from 2.28% m/m in May, while core inflation rose to 2.06% m/m in June, from 2.01% m/m in May. Furthermore, yearly food inflation rose to 40.87% y/y in June from 40.66% in May y/y, while core inflation, which excludes volatile food and energy items, increased to 27.40% y/y in June from 27.04% in May.

### **Summary of Nigeria's Inflation report for June 2024:**

- On a monthly basis, the headline index grew by 2.31% in June (vs 2.14% in May).
- The core index increased to 2.06% m/m in June vs. 2.01% m/m in May. Similarly, the food sub-index grew at 2.55% m/m in June compared to 2.28% m/m in May.
- The urban inflation rate increased at 36.55% y/y (vs 36.34% y/y in May 2024).
- The rural inflation rate increased at 32.09% y/y (vs 31.82% y/y in May 2024).

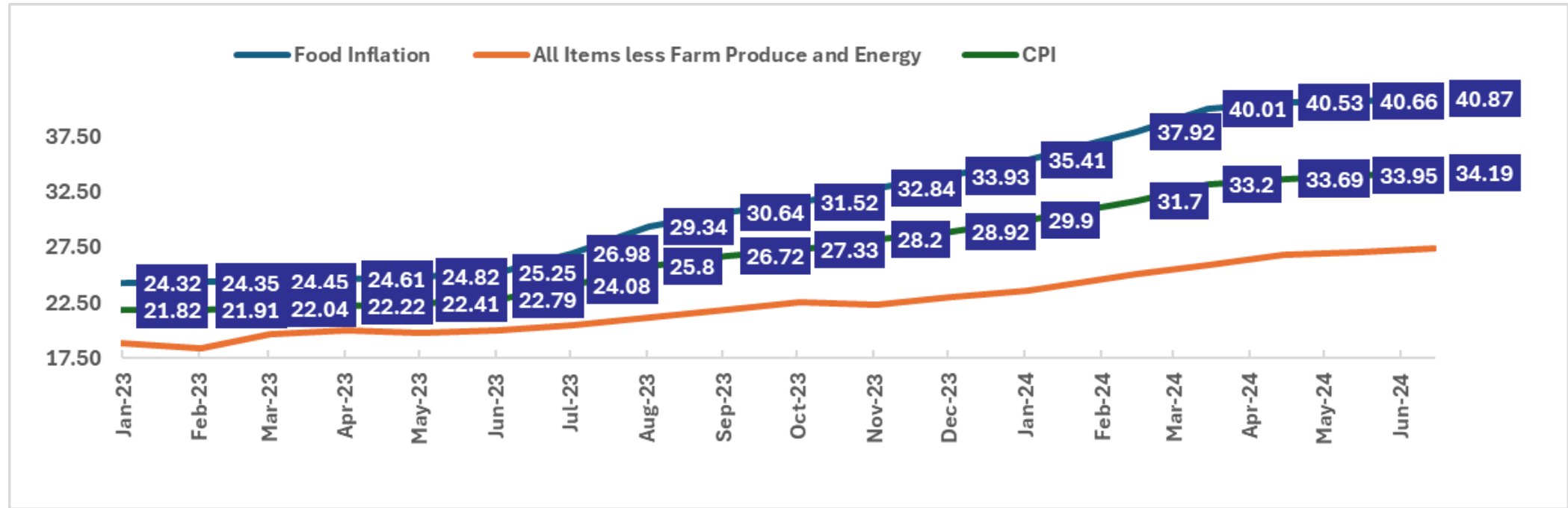
All basket components increased between May and June. However, only Clothing & Footwear, Communication, and Miscellaneous Goods & Services, increased at a slower pace, compared to the preceding period.

Looking ahead, we anticipate that headline inflation would increase in the coming months. The possibility of a decrease in consumer prices in the near future seems unlikely due to rising fuel prices, transportation costs, and renewed currency depreciation - to illustrate, the average Naira to Dollar exchange rate at the NAFEM window has depreciated by 3.61%, from N1435.87 per dollar (May 2024) to N1,487.74 per dollar (June 2024). However, we do anticipate a potential month-on-month decrease due to the 150-day duty free import on selected food items. Finally, we anticipate the CBN's policy decision later this month.

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## INFLATION WATCH – JUNE 2024



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