



## June 2019 Annual Inflation Rate Drops to 11.22% as Food Inflation Eases in Kogi, Bayelsa and Abia States...

Freshly released June inflation report showed that headline inflation rate reversed its uptrend, to 11.22% year-on-year (from 11.40% in May 2019). The recent decline in the annual inflation was chiefly driven by the decrease in annual food inflation rate as it slowed to 13.56% in June 2019 from 13.79% in June 2018. Similarly, monthly food inflation slowed m-o-m to 1.36% in the month of June from 1.41% in the month of May despite the worsened insecurity challenges in the country in recent months as well as the decline in food stockpiles which is usually the case during the planting season. Nevertheless, Kogi (+ 9.81%), Bayelsa (+ 9.97%) and Abia (+ 10.84%) recorded the slowest rise in food inflation; however, Kaduna (+ 17.50%), Kebbi (+ 16.96%) and Ondo (+ 16.44%) recorded the fastest increase in food prices. Also, annual core inflation eased further into single digit, 8.84%, in June 2019 from 9.03% in June 2018 on the back of slower transport (- 0.35%) and energy (-0.12%) costs. However, we saw core inflation rate rise on a monthly basis to 0.85% (from 0.75% in May). This was partly caused by m-o-m increase in the costs of clothing & footwear (1.64%). Similarly, m-o-m change in price level for imported food increased by 1.34% as Naira depreciated against the USD in most FX market segments, especially at the interbank window where foreign exchange rate rose (i.e Naira depreciated) m-o-m by 0.10% to N357.10/USD in June 2019.

### Outlook:

*"We expect inflation rate to rise in the coming months amid Central Bank of Nigeria's recent policies to stimulate economic growth and possible aggressive implementation of minimum wage".*

Source: Central Bank of Nigeria, Aboki.com, Cowry Research

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