



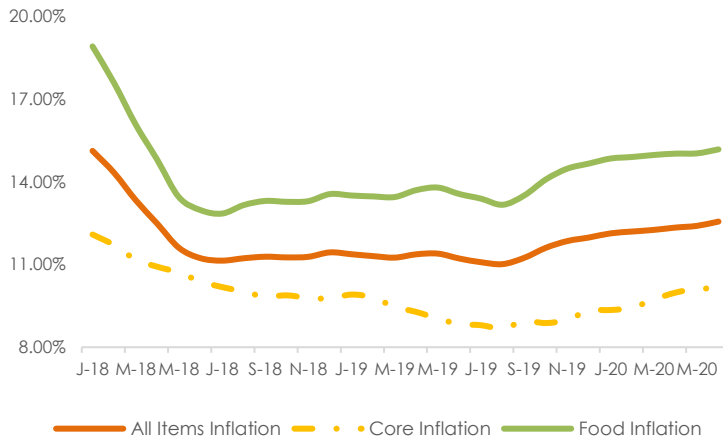
# Inflation Update: June 2020

MPR: 12.50%

Q1 '20 Real GDP Growth Rate: 1.87%

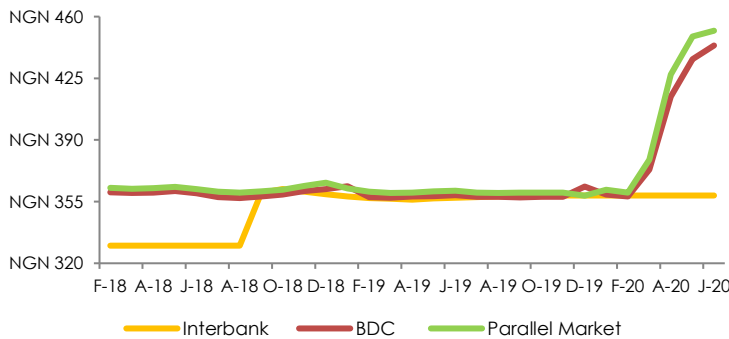
## Inflation Rate Climbs to 12.56% in June on Rising Imported Food, Local Food Prices...

Consumer Price Inflation



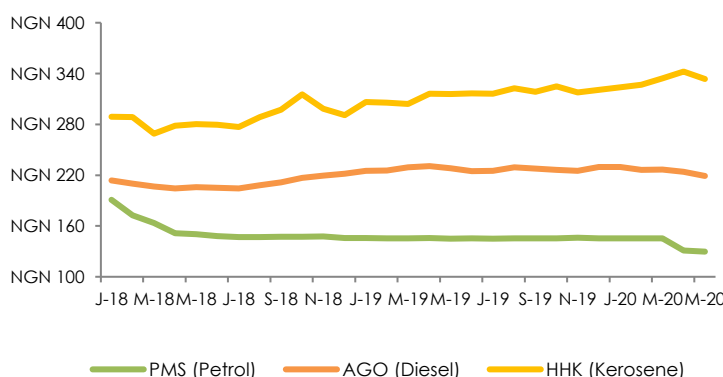
In line with our expectations, the National Bureau of Statistics reported a 12.56% rise in annual inflation rate for the month of June (the highest since March 2018) from 12.40% printed in May. The increase in inflation rate was partly due to a rise in imported food index by 16.31% (higher than 16.26% in May) – amid further depreciation of the Naira against the USD at the Bureau de Change and the parallel markets window. Specifically, two months moving average foreign exchange rates rose y-o-y by 22.80% and 24.97% to N439.72/USD and N450.36/USD respectively in June 2020. Similarly, food inflation rate increased by 15.18% (higher than 15.04% in May). The climb in food inflation was caused by increase in prices of bread, cereals, potatoes, yam, fruits among others. On the other hand, Core inflation rate barely rose, to 10.13% (from 10.12% in May) despite higher transportation cost (0.33%), clothing and foot wear (0.11%) and energy costs (0.09%).

Monthly Average Exchange Rates (NGN/USD)



On a monthly basis, annual inflation rate rose to 1.21% in June (from 1.17% in May), on rising food inflation and imported food inflation by 1.48% and 1.29% respectively. Despite the rising transport inflation rate which jumped by 1.03%, core inflation indices moderated by 0.86% (down from 0.88% recorded in May). Meanwhile, urban and rural inflation rates rose by 13.18% and 11.99% (higher than 13.03% and 11.83%) respectively.

Monthly Average Commodity (Fuels) Price/Litre



## Outlook:

*"We expect inflation rate to further climb as the hike in Petrol Motor Spirit and the devaluation of the Naira against the USD at the official window in the month of July are expected to have negative impact on general price level this month. This is in addition to expected increase in food inflation amid ongoing planting season."*

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

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