

Consumer Price Index (CPI) Report – May 2019

Key Highlights

- The “All Items” Index (Headline Inflation) rate for the month of May-19 increased by 11.40% Year-on-Year (YoY) which is 0.03% higher from 11.37% YoY recorded in Apr-19. On a Month-on-Month basis (MoM), the Headline inflation growth came in at 1.11% in May-19 (vs. 0.94% MoM in Apr-19).
- The “All Items less Farm Produce” Index (Core inflation) rate which excludes the prices of volatile agricultural produce increased by 9.03% YoY in May-19 which is 0.25% lower than the 9.28% YoY captured in Apr-19. The highest price increases in the period were recorded on Medical & Hospital Services, Dental Services, Actual & imputed rentals for housing, cleaning, repair & hire of clothing, Tobacco, Vehicle Spare Parts, etc.
- The Composite Food Index (Food Inflation) rate advanced by 13.79% YoY in May-19, 0.09% higher than the 13.70% YoY inflation rate in Apr-19. The highest increases were noted in the prices of Meat, Fish, Potatoes, Yam and other tubers, Oils and Fats, Bread and Cereal, Fruits and Vegetables.
- The Urban Inflation Index advanced by 11.76% YoY in May-19 (vs. 11.70% in Apr-19). Also, the Rural Inflation Index was flat at 11.08% YoY in May-19.
- **All the components of the CPI basket in the period recorded increases on a Month-on-Month basis, with the highest jump observed on Food and Non-Alcoholic Beverage (+1.40% MoM). The Alcoholic Beverage, Tobacco and Kola (+0.85% MoM), and Cloth and Footwear (+0.81% MoM) compositions followed suit. The three compositions have a combined weighting of 60.54% on the CPI basket. The CPI basket also witnessed high increases in the Health (+0.80% MoM), Furnishings & Household Equipment Maintenance (+0.76% MoM) and Transport (+0.74% MoM) compositions.**
- **We posit that the increase in Food inflation on a MoM basis is due to deteriorating road infrastructures linking farmlands in the hinterlands to urban city centers (rainy season effect), while poor planting as exacerbated by insecurity in most food producing regions continue to affect the volume of production.**

Headline Inflation Rate

11.40% YoY from 11.37% YoY in Apr-19

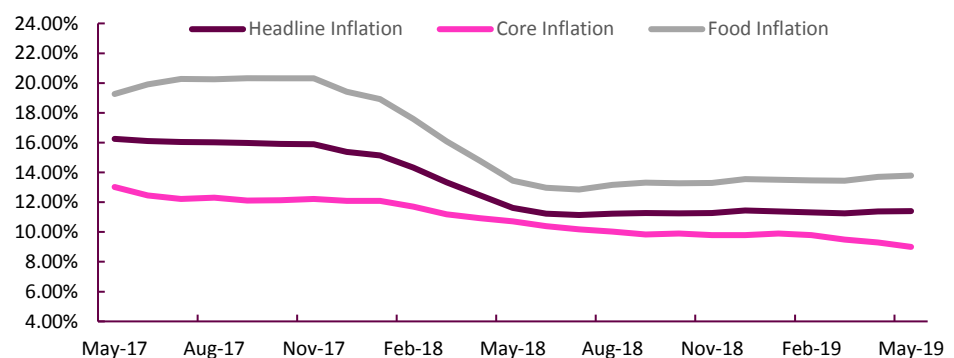
Core Inflation Rate

9.03% YoY from 9.28% YoY in Apr-19

Food Inflation Rate

13.79% YoY from 13.70% YoY in Apr-19

Chart: Trend of Headline, Core, and Food YoY Inflation rates.



Source: NBS, NISL Research