

## Consumer Price Index (CPI) Report – Jul 2019

### Key Highlights

- The “All Items” Index (Headline Inflation) rate for the month of Jul-19 increased by 11.08% Year-on-Year (YoY) which is 0.14% lower from 11.22% YoY recorded in Jun-19. On a Month-on-Month basis (MoM), the Headline inflation growth came in at 1.01% in Jul-19 (vs. 1.07% MoM in Jun-19).
- The “All Items less Farm Produce” Index (Core inflation) rate which excludes the prices of volatile agricultural produce increased by 8.80% YoY in Jul-19 which is 0.04% lower than the 8.84% YoY captured in Jun-19. The highest price increases in the period were recorded in Medical and Hospital Services, Cleaning, Repair and Hire of Clothing, etc.
- The Composite Food Index (Food Inflation) rate advanced by 13.39% YoY in Jul-19, 0.17% lower than the 13.56% YoY inflation rate in Jun-19. The highest increases were noted in the prices of Bread and Cereals, Meat, Oils and Fat, Potatoes, Yam and other tubers and Fish.
- The Urban Inflation Index advanced by 11.43% YoY in Jul-19 (vs. 11.61% in Jun-19). Also, the Rural Inflation Index advanced by 10.64% YoY in Jul-19 from 10.87% YoY in Jun-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 Imported Food (+1.26% MoM) following in tow is the Food and Non-Alcoholic Beverage (+1.35% MoM) and Clothing and Footwear (+0.80% MoM) compositions followed suit. The three compositions have a combined weighting of 72.74% on the CPI basket. The CPI basket also witnessed high increases in the Alcoholic Beverage, Tobacco and Kola (+0.76% MoM), Furnishings & Household equipment Maintenance (+0.74% MoM) and Miscellaneous Goods & Sectors (+0.74% MoM) compositions.**
- **We posit that inflationary pressures will continue to persist as the directives of the Executive Arm of Government to exclude Food Imports from the items Valid for Foreign Exchange looms. We envisage the Headline Inflation will remain in the double-digit territory in the nearest term.**

#### Headline Inflation Rate

11.08% YoY from 11.22% YoY in Jun-19

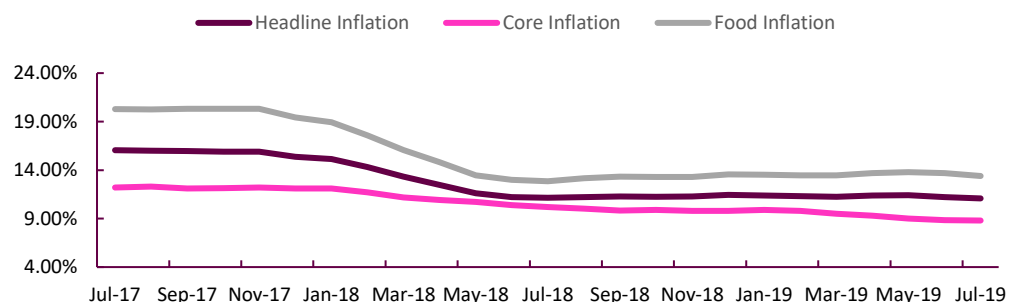
#### Core Inflation Rate

8.80% YoY from 8.84% YoY in Jun-19

#### Food Inflation Rate

13.39% YoY from 13.56% YoY in Jun-19

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



Source: NBS, NISL Research