

INFLATION UPDATE

Economics | Data Reaction

June 2020 Inflation Update

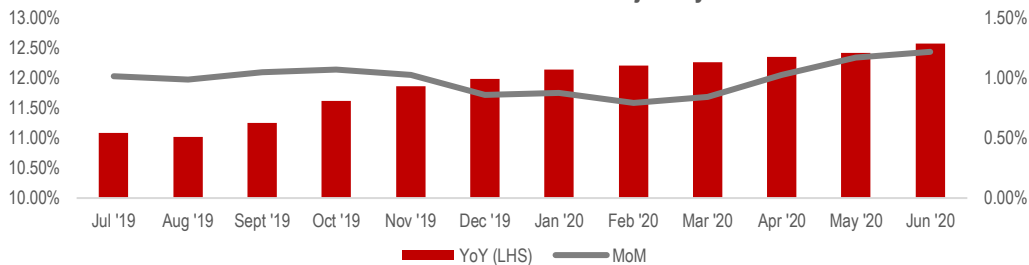
The Nigerian Bureau of Statistics (NBS) released the Consumer Price Index (CPI) for the month of June 2020, which serves as the measure of inflation in the country. The report shows that Headline Inflation surged by 16bps to 12.56% for the month, compared to 12.34% in the previous month. Increasing food prices in the country buoyed the Food Index by 14bps to 15.18%, from 15.04% in May 2020. Core inflation however, inched up by 1bp to 10.13%, from 10.12% in the previous month. On a monthly basis, the Headline Inflation rose by 1.21% in June 2020, a 4bps increase from the 1.17% reported in May 2020. The Food Index trended upward by 6bps to 1.48%, from 1.42% in May 2020. Conversely, the Core Index declined on a month on month basis to 0.86%, from 0.88% reported in the preceding month.

Headline Index
12.56% ↑

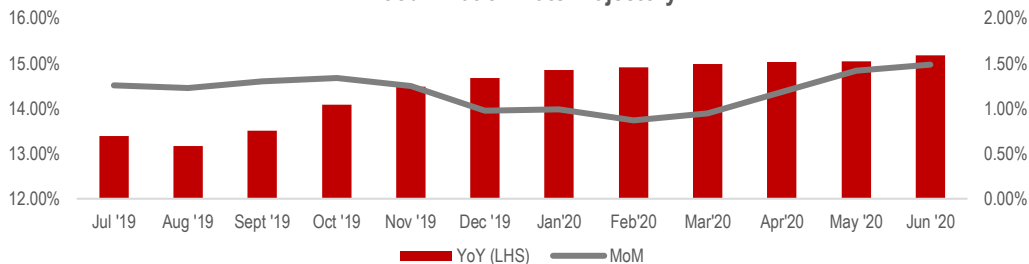
Food Index
15.18% ↑

Core Index
10.13% ↑

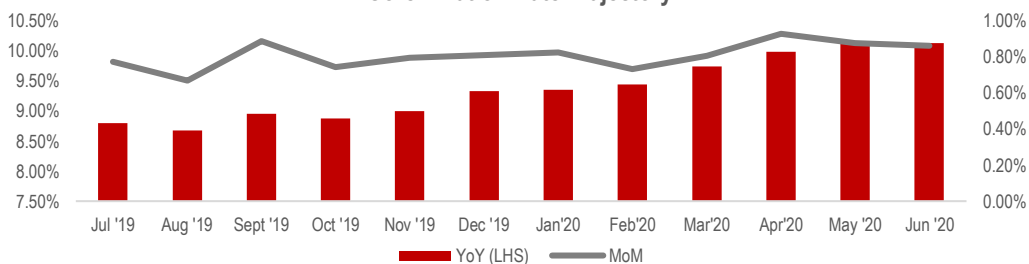
Headline Inflation Rate Trajectory



Food Inflation Rate Trajectory



Core Inflation Rate Trajectory



- The increase in the Headline Inflation was driven mainly by the Food Index due to the reduced agricultural output as the planting session commenced. The prices of Bread and Cereals, Potatoes, Yam and other tubers, Fruits, Oils and Fats, Meat, Fish and Vegetables all rose during the month.
- Continued decline in yields meant real return on investments remained negative for the month, as average yield in the FGN Bonds secondary market depleted further to 8.55% at the end of June 2020. This shows a -4.01% average real return on fixed income investments.