# INFLATION WATCH

JUNE 2022

AIICO CAPITAL

## HEADLINE INFLATION IN NIGERIA INCREASED TO 18.60% IN JUNE 2022

Nigeria's Consumer Price Index (CPI) for June 2022 printed higher at 18.60% Y-o-Y (Bloomberg median estimate +18.50%), an increase of c.0.89% from 17.71% Y-o-Y recorded in May 2022. The biggest drivers of inflation were the prices of gas, bread, and cereal products, thus annual food-price growth accelerated to 20.6% from 19.5% in May 2022. Core inflation, which strips out the cost of food and energy, quickened to 15.7% in June, compared with 14.8% in May 2022.

Please see below an overview of June's inflation numbers:

- On a monthly basis, the headline index grew by 1.82% (a slight increase of c.4bps from 1.78% recorded in May 2022).
- The core declined to 1.56% from 1.87% recorded in May while the food sub-indices rose to 2.05%, M-o-M from 2.01% in May 2022).
- The urban inflation rate increased to 19.09% Y-o-Y (vs 18.24% Y-o-Y printed in May 2022).
- The rural inflation rate advanced to 18.13% Y-o-Y (vs 17.21% Y-o-Y recorded in May 2022).

Persistent gasoline shortages and rising diesel costs, combined with erratic power supply, election spending and steady currency weakness, will continue to place an upward pressure on prices in the coming months. With inflation accelerating to a 5-year high, there is an increasing likelihood that the MPC will raise interest rates again next week.
Thank you.