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## Berkshire Market Briefs

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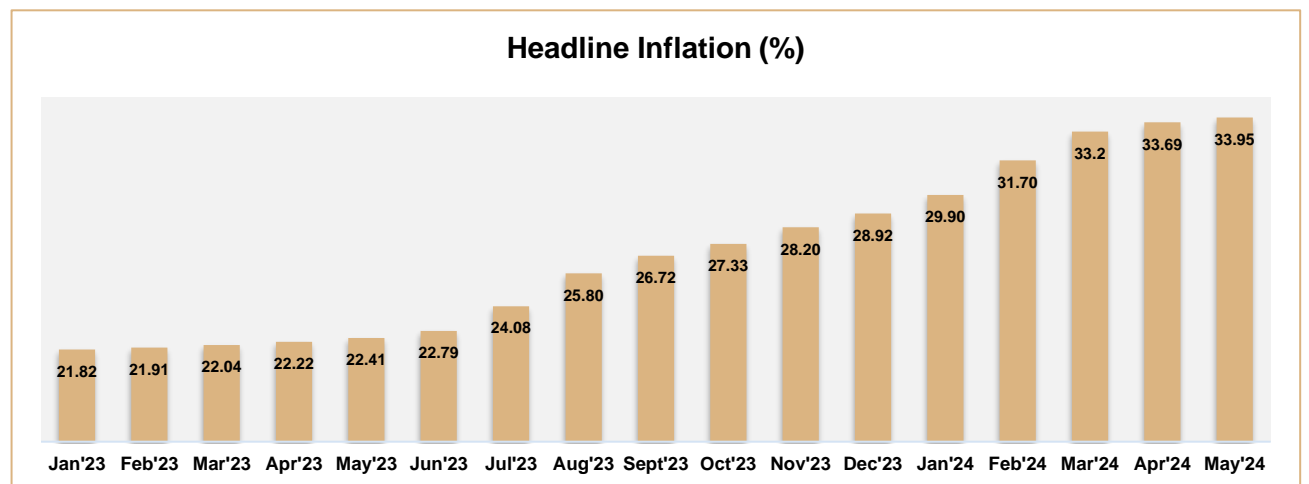
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### Nigeria's Headline Inflation Increased Slightly to 33.95%

Headline inflation increased slightly by 0.26% to 33.95% in May 2024, according to the latest CPI and inflation report from the National Bureau of Statistics, released on June 15. This marks the 17th consecutive month of upward movement in inflation but came in lower than most analysts anticipated. Notably, month-on-month inflation, a more immediate gauge of price changes, decreased for the third consecutive month to 2.14% from 2.29% in April. The slow pace of increase in headline inflation and continued moderation in monthly inflation suggests that inflation could reach its peak soon. However, challenges loom from the planting season (peaks at the end of the second quarter) and the speculative effects of the imminent minimum wage increase, which could prolong elevated inflation levels.



### Food Inflation up 0.13% to 40.66%

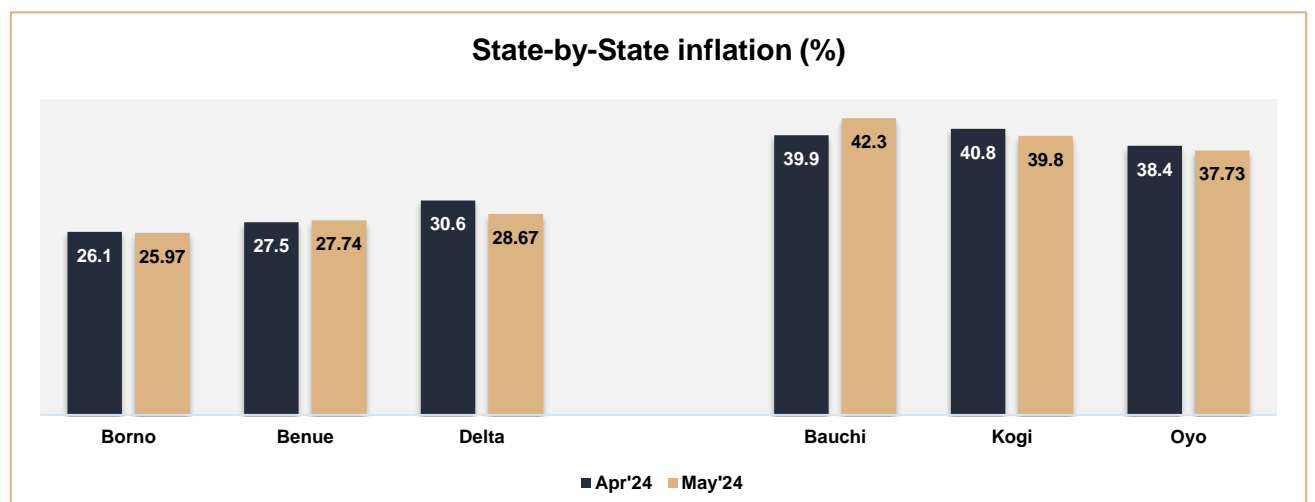
The annual food index climbed to 40.66% in May, continuing its upward trend alongside headline inflation. However, monthly food inflation decreased marginally by 0.22% to 2.28% due to reduced consumer demand driven by constrained purchasing power and increased savings amid higher interest rates.

### Core Inflation Rose by 0.2% to 27.04%

Core inflation, which excludes volatile items like food and energy, saw a yearly increase to 27.04% but decreased monthly to 2.01%.

### State-by-State Analysis

In May, Borno, Benue, and Delta recorded the lowest inflation rates among states, while Bauchi, Kogi, and Oyo had the highest rates.





### Policy Impact

The Monetary Policy Committee (MPC) is scheduled to meet on July 22/23 to evaluate global and domestic economic developments and determine near-term monetary policy directions. Having raised the monetary policy rate by a cumulative 750 basis points across three meetings in 2024 to curb inflation, the MPC has shown a slower rate hike pace recently. With the moderate rise in headline inflation and consistent decline in monthly inflation rates, there is an expectation of a less aggressive stance from the MPC, although June's inflation data will influence their decision.

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