

Inflation trends in the first half of the year and outlook for 2024

Inflation downward trend continued throughout the first half of 2024, with an inflation rate of 5.7%, down 2 points compared to the first half of 2023.

Inflation stood at an annual average of 5.7% at the end of June 2024. The main contributors to this surge in inflation were food prices and transport costs. The rise in food prices may be accounted for largely by higher prices for vegetables and cereals as well as breads and cereals. The rise in transport costs was mainly due to the increase in road passenger transport costs, particularly as a result of the adjustment in fuel prices at the pump. On average over the past twelve months, the prices of local products increased more significantly by 6.1% at the end of June 2024 compared to those of imported products which rose by 4.5%.

For this first half of 2024, inflation resulted from a combination of national and international factors. Thus:

At the national level, reduction in subsidies on hydrocarbon prices, combined with security constraints, especially in the North-West and South-West regions and certain localities in the Far-North, have probably caused disruptions in production circuits and consequently an increase in transaction costs. In addition, adverse climatic shocks, marked by longer than usual dry seasons, combined with inefficient agricultural practices, may have reduced the supply of food crops, contributing to higher food prices.

At the international level, geopolitical tensions in the Middle East and Europe with the conflict between Russia and Ukraine, the lingering repercussions of the COVID-19 pandemic, as well as fluctuations in the exchange rate between the CFA franc and the US dollar (via the Euro) have also contributed to fuelling inflation. Changes in the prices of raw materials on international markets, such as oil and agricultural products, make imports more expensive, thereby increasing the prices of imported goods. Nevertheless, efforts have been made globally to control inflation, including by easing supply chain disruptions, reducing global commodity prices and transportation costs, and adopting restrictive monetary policies by many central banks. However, gradual monetary easing is already being observed in several countries.

Taking into account, on the one hand, the 15% readjustment of pump prices that took place on February 3, 2024 and, on the other hand, geopolitical uncertainties in the world as well as the downward trend in inflation at the international level, the inflation rate could hover around 4.5% in 2024.

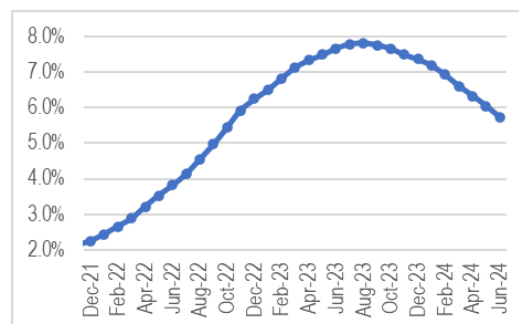
1. Inflation national and regional trends in the first half of 2024

Decline in inflation to its CEMAC threshold level of less than 3% continues.

With the 15% readjustment of pump prices that occurred on 3 February 2024, the downward trend in the inflation rate assessed as an annual average continued. At the end of June 2024, this rate stood at 5.7%, i.e. a reduction of 2 percentage points compared to the same period of the previous year (+7.7%). This fall was fuelled by the decline in food inflation, which slowed from 13.7% at the end of June 2023 to 7.6% at the end of June 2024.

Regionally, inflation rates vary between 5.1% and 7.4%, with the exception of Bamenda where it is 3.6%.

Figure 1: Trends in the inflation rate on an annual average



Food prices, followed by transport goods and services, driving inflation

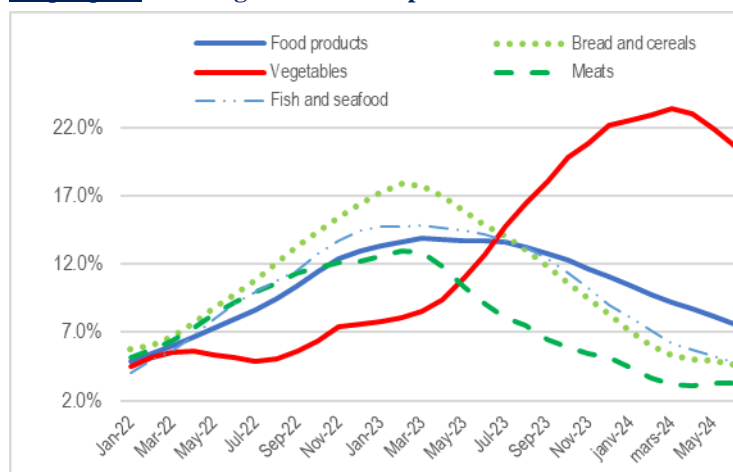
Together, these two consumption items, accounting for approximately 44% of household final consumption expenditure, were the main contributors to the rise in the overall price level. Food products rose by 7.6%. At the same time, transport costs also exerted upward pressure on inflation, rising by 14.9%. The rise in food prices may largely be attributed to higher prices for vegetables, bread and cereals. With regard to transport, the inflation that took root on a lasting basis from February 2023 is closely connected to the increase in the price of fuel at the pump observed since 1 February 2023, followed by a further rise on 3 February 2024.

2. Food price trends

Food price rise slowing down.

Despite remaining at a high level, growth in food prices slowed from 13.7% at the end of June 2023 to 7.6% at the end of June 2024. This slowdown in price rises can be observed in several food product categories. Thus, prices of "milk, cheese and eggs" rose by 3.7%, following an increase of 15.3% over the same period in 2023. Similarly, bread and cereal prices rose by 4.7%, as against an increase of 14.9% at the end of June 2023. Fish and seafood prices rose by 4.8%, following an increase of 14.2% at the end of June 2023, meanwhile meat prices increased by 3.3%, compared to a rise of 9.1% a year ago. In contrast, prices of oils and fats fell by 6.7%, following a sharp rise of 26.7% at the end of June 2023. Fruit prices soared by 13.3%, following a 5.4% increase at the end of June 2023, meanwhile vegetable prices rose by 20.7%, compared with a 12.7% increase at the end of June 2023.

Graphique 2 : Average annual food price trends



The increase in vegetable prices was mainly due to the rise in prices of (i) fresh fruit or root vegetables, including products such as onions, fresh tomatoes, fresh okra, green beans and fresh peppers, (ii) dried vegetables and oilseeds (such as dried beans, dried okra, dried peas, pumpkin seeds and "djansan"), (iii) fresh leafy vegetables, (iv) as well as tubers and plantains (plantains, sweet bananas, coco yam, fresh potatoes and fresh cassava).

Bread and cereal prices have risen due to higher prices for products such as maize grain, millet, sorghum, rice, maize flour, small millet flour and artisanal wheat bread.

Fish and seafood price patterns stems from the increase in prices of (i) fresh fishes, (ii) frozen fishes and other seafood products, (iii) dried or smoked fishes and other seafood products, (iv) as well as other canned fish.

Rising prices for poultry, pork, mutton and goat meat have contributed significantly to the increase in meat prices.

The 1.4% fall in prices of oils and fats was mainly due to lower prices for crude and refined oils.

Prices for "milk, cheese and eggs" rose as a result of higher milk prices and, to a lesser extent, other dairy products.

Prices for products in the "sugars, jams, honeys, chocolates and confectionery" category rose by 5.1%, mainly due to higher prices for jams, honeys, chocolates and confectionery.

Internationally, food prices are easing somewhat on world markets. The FAO food price index, which tracks monthly changes in the international prices of the most heavily traded basic food products, recorded a 9.3% fall at the end of June 2024, with a significant drop in the prices of cereals, dairy products and vegetable oils¹. However, it should be noted that after three consecutive months of increases, this FAO index remained unchanged in June 2024: a rise in the prices of vegetable oils, sugar and dairy products was offset by a fall in cereal prices.

At local level, local food prices have risen for several reasons: (i) low national production due to obsolete technologies, adverse weather conditions resulting in poor harvests and loss of livestock, and the security crisis in the North-West and South-West regions which limits production and distribution of products; (ii) difficulties in supplying the main consumer centres; (iii) insufficient safety stocks and shortages of certain products. Inadequate infrastructure (roads, electricity grids) could also have led to an increase in production and distribution costs, with knock-on effects on the price of goods and services.

With regard to imported products, tensions in the Middle East and the conflict between Ukraine and Russia have led to supply disruptions. Local production costs for many goods and services have risen as a result of higher prices for agricultural inputs and other raw materials on the international market.

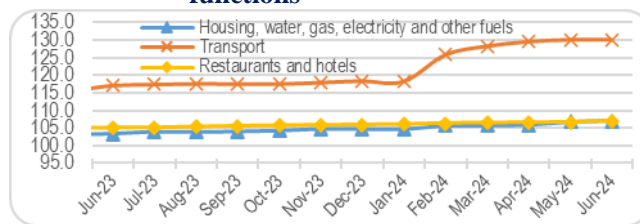
In response to this international situation, in 2024 the Government maintained several existing measures and introduced new ones to counter imported inflation and foster local production. In addition to subsidies and exemptions, the Government is strengthening price controls, creating more promotional sales sites for everyday consumer goods, and encouraging economic operators to stabilise the prices of a number of mass-market products for several days. Since the end of March 2024, the prices of two main food products have been reduced. These are the prices of 20 and 25 litre cans of "Mayor" and "Oléo" refined oils, the price of a kilogramme of rice, and the price of a 50 kg bag depending on the type of rice (25% broken or 5% broken).

¹ Usually, when international food prices fall, food inflation takes 6 to 12 months to fall in turn in the countries concerned, and the fall in prices is passed

3. Other sources of inflation

The overall price level rose by 5.7%, mainly due to a 7.6% increase in food prices. In addition, transport costs rose by 14.9%, largely as a result of higher prices for fuel and transport services, especially road transport.

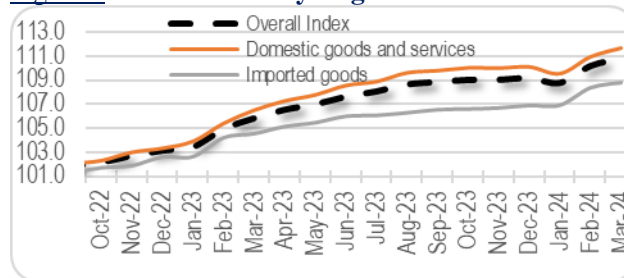
Figure 3 : Price trends for a number of other consumer functions



Local goods/imported goods: inflation is more of local origin than imported

Inflation is mainly fuelled by rising prices for local products. Local product inflation stands at 6.1%, mainly due to lingering pressure on food and oil prices, exchange rate fluctuations and climate variations. Despite the end of the state of health emergency relating to Covid-19 in May 2023 and the reduced disruptions to supply chains, imported products inflation, although falling, remains high at +4.5%.

Figure 4 : Price trends by origin

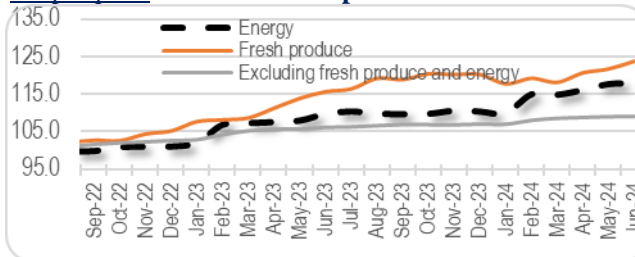


Inflation remains largely fuelled by the price of fresh produce

Prices of fresh produce increased by 12.1%. Core inflation calculated by excluding products with more volatile prices to highlight fundamental inflationary trends, stood at +4.1%.

For their part, energy prices increased by 8.7%, as a result of higher fuel prices.

Graphique 5 : Evolution des prix selon la volatilité



4. Conclusion and outlook for 2024

At the current pace of price change, and in the absence of any other shock likely to cause a significant rebound in consumer good prices, the inflation rate for 2024 could hover around 4.5%.

With the gradual reduction in inflation observed since the third quarter of 2023, it is likely that inflation will slow in Cameroon in 2024, thus following the global trend, without however reaching the 3% target set by the CEMAC.

Indeed, with five (5) months to go before the end of the year, and taking into account that the Government is maintaining its policy for controlling inflation by increasing the supply of food products and improving market supply, it is conceivable, in the absence of new shocks, that inflation will be around 4.5% in 2024, as against 7.4% in 2023.

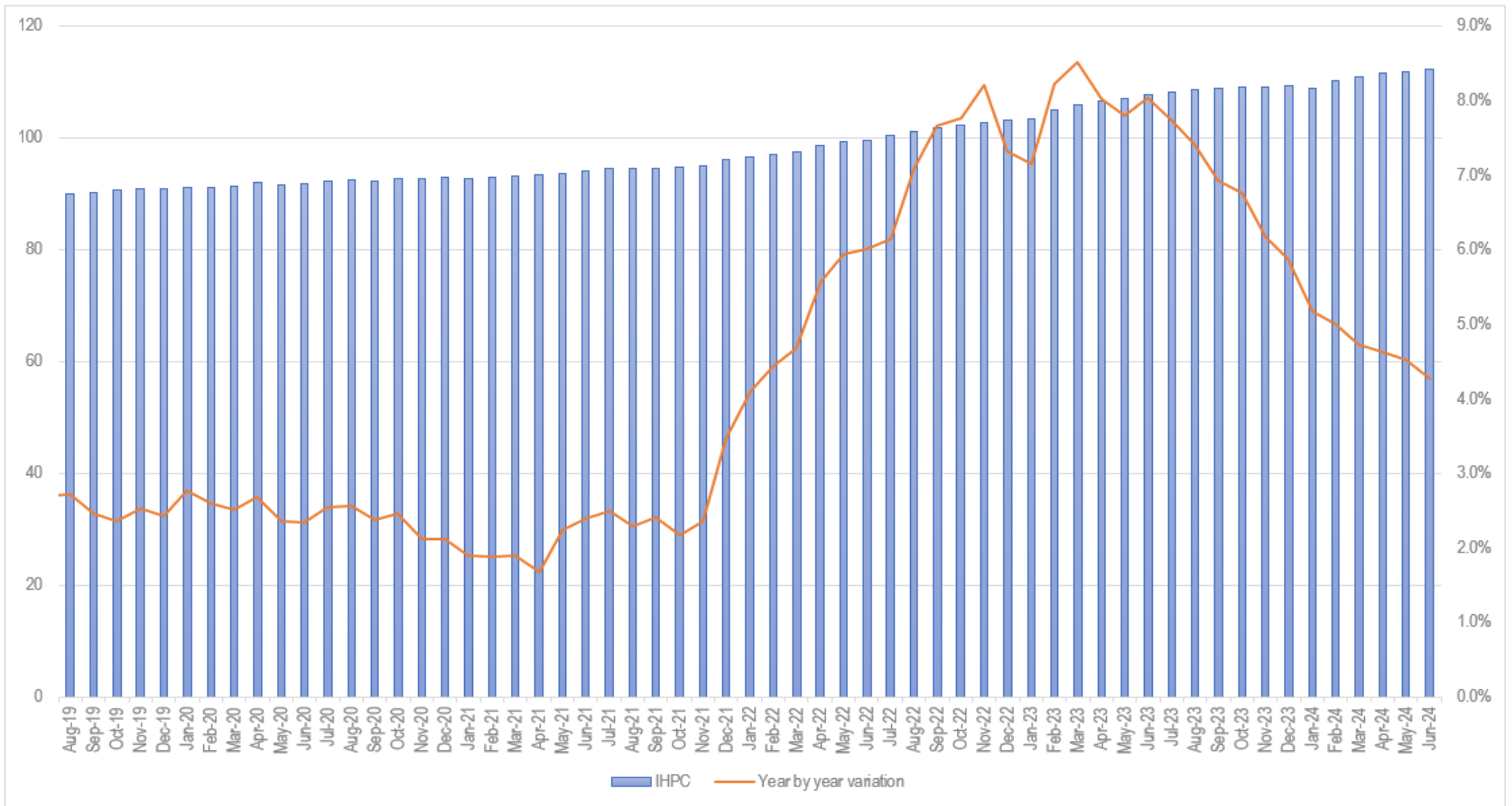
At the same time, and with a view to bringing the rate below the 3% set by the CEMAC, the Government will have to continue commissioning energy and road infrastructure, as well as opening up food production areas. These measures should make it possible to maintain a stable supply of low-cost food products throughout the year. Without these measures, the impact of rising prices on household purchasing power could remain strongly negative. /-

Table 1: Trends in the Harmonised Consumer Price Index (Base 100 Year 2022)

Item label	Index												Changes		
	July-23	Aug-23	Sept-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	March-24	April-24	May-24	June-24	June-24/May-24	June-24/June-23	July-23 to June-24/July-22 to June-23
CONSUMPTION FUNCTION															
Food products and non-alcoholic beverages	111.9	113.3	113.6	114.0	113.5	113.5	112.2	113.0	113.8	115.1	115.6	116.6	0.8%	5.1%	7.4%
Food products	112.2	113.6	113.9	114.3	113.9	113.8	112.5	113.3	114.2	115.5	116.0	117.0	0.9%	5.2%	7.6%
<i>Breads and cereals</i>	108.7	110.3	110.9	109.2	108.0	107.9	108.0	109.8	110.8	112.9	114.2	114.3	0.1%	4.7%	4.7%
<i>Meats</i>	105.8	106.5	105.5	105.1	105.8	106.8	106.2	106.7	107.2	107.3	107.4	107.1	-0.3%	1.9%	3.3%
<i>Fishes and seafood</i>	108.3	109.7	110.9	110.9	109.7	109.5	108.7	109.5	110.8	113.5	115.1	115.7	0.6%	5.9%	4.8%
<i>Milk, cheese and eggs</i>	107.7	107.9	108.4	111.1	110.3	110.3	110.4	110.6	110.3	110.2	110.9	112.0	1.0%	4.7%	3.7%
<i>Oils and fats</i>	104.9	104.2	103.9	103.7	102.6	103.2	101.6	100.4	98.5	97.6	97.4	96.8	-0.6%	-8.1%	-6.7%
<i>Fruits</i>	117.0	117.1	113.2	114.7	116.8	119.8	117.4	119.8	124.0	123.4	122.0	122.7	0.6%	6.7%	12.3%
<i>Vegetables</i>	125.2	129.3	130.4	133.9	133.4	131.9	128.1	128.7	129.8	131.8	131.8	135.4	2.7%	11.1%	20.7%
<i>Sugar and confectionery</i>	108.0	108.5	107.6	107.3	107.1	107.3	107.3	107.5	107.8	107.1	107.8	107.2	-0.5%	-0.8%	3.0%
<i>Food products n.e.c.</i>	112.0	110.4	111.4	110.2	111.3	111.6	111.3	112.3	114.4	116.8	117.4	118.9	1.3%	10.0%	8.6%
Non-alcoholic beverages	102.9	103.0	103.1	103.1	103.1	103.1	103.4	103.5	103.6	103.7	103.8	104.0	0.2%	1.1%	1.5%
Alcoholic beverages, tobacco and narcotics	103.9	104.1	104.0	104.1	104.0	104.1	104.3	104.8	105.0	105.6	106.0	105.9	-0.1%	2.0%	2.6%
Clothing and footwear	104.6	105.0	105.2	105.3	105.4	106.3	106.1	106.3	106.6	106.6	106.7	106.7	0.0%	2.2%	3.6%
Housing, water, gas, electricity and other fuels	103.9	103.8	104.0	104.2	104.7	104.7	104.7	105.6	105.7	105.9	106.7	107.1	0.3%	3.6%	3.5%
Furniture, household and routine maintenance items	107.5	107.6	107.7	107.9	108.1	108.0	108.2	108.6	108.7	108.9	109.2	109.4	0.2%	1.8%	3.6%
Health	100.9	101.0	101.0	101.0	101.0	101.1	101.1	101.2	101.4	101.4	101.4	101.5	0.1%	0.6%	0.7%
Transport	117.4	117.6	117.5	117.5	117.9	118.4	118.2	125.8	128.3	129.6	130.2	130.2	0.0%	11.2%	14.9%
Communications	100.3	100.4	100.4	100.4	100.4	100.3	100.3	100.4	100.5	100.5	100.5	100.5	0.0%	0.1%	0.0%
Leisure and culture	101.7	102.3	102.6	102.6	102.6	102.7	102.6	102.6	102.6	102.6	102.6	102.4	-0.2%	0.9%	1.6%
Education	102.6	103.7	104.4	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.5	104.6	0.1%	2.2%	2.4%
Restaurants and hotels	105.0	105.3	105.5	105.7	105.8	105.9	106.0	106.3	106.4	106.5	106.6	106.9	0.3%	1.8%	2.7%
Miscellaneous goods and services	105.5	105.6	106.0	106.2	106.3	106.5	106.6	107.0	107.2	107.4	107.4	107.7	0.3%	2.2%	3.4%
OVERALL INDEX	108.1	108.7	108.9	109.1	109.1	109.2	108.8	110.2	110.9	111.5	111.8	112.2	0.4%	4.3%	5.7%

Item label	Index												Changes		
	July-23	Aug-23	Sept-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	March-24	April-24	May-24	June-24	June-24/May-24	June-24/June-23	July-23 to June-24/July-22 to June-23
SECONDARY CLASSIFICATIONS															
Domestic goods and services	108.9	109.6	109.8	110.0	110.0	110.1	109.5	110.9	111.6	112.3	112.7	113.3	0.5%	4.3%	6.1%
Imported goods	106.1	106.3	106.5	106.6	106.7	106.9	106.9	108.4	108.8	109.4	109.6	109.6	0.0%	3.4%	4.5%
Energy	110.3	109.7	109.6	109.7	110.5	110.3	109.8	114.8	114.7	116.0	117.5	117.7	0.1%	7.4%	8.7%
Fresh produce	116.5	119.3	119.0	120.5	120.3	120.3	117.8	119.3	118.2	120.8	121.8	123.9	1.7%	7.0%	12.1%
Excluding fresh produce and energy	106.4	106.7	107.0	107.0	107.0	107.1	107.1	108.2	108.7	108.9	109.1	109.2	0.1%	2.8%	4.1%
REGIONAL CAPITAL CITIES															
Yaounde	107.8	108.6	108.7	108.8	108.7	108.8	108.4	109.9	110.5	111.3	111.7	111.6	0.0%	3.8%	5.3%
Douala	108.2	109.0	109.4	109.8	109.8	109.7	109.6	111.1	111.7	112.2	112.2	113.0	0.7%	4.8%	6.3%
Maroua	108.4	109.4	110.1	110.3	109.9	110.0	108.6	110.1	111.0	113.4	116.2	117.2	0.8%	7.7%	7.4%
Bafoussam	107.4	108.0	108.2	108.2	108.2	109.0	108.4	110.3	111.4	111.6	112.2	112.9	0.6%	5.6%	5.4%
Buea	107.8	107.2	108.0	108.0	108.2	108.7	108.6	109.9	110.8	111.4	111.4	111.5	0.1%	4.1%	5.2%
Garoua	108.3	108.1	108.5	108.5	109.3	108.7	107.9	108.6	108.6	109.1	109.4	110.1	0.6%	2.8%	5.1%
Ebolowa	108.1	108.4	108.3	108.7	108.3	109.2	109.1	109.8	111.0	111.2	112.4	112.4	0.0%	4.3%	5.8%
Ngaoundere	110.4	110.9	110.7	110.3	110.9	111.5	110.2	111.2	111.3	111.6	111.0	110.9	-0.1%	1.7%	7.1%
Bertoua	109.0	110.3	109.0	109.4	109.1	109.4	109.9	112.0	112.8	112.5	111.1	111.5	0.4%	2.6%	5.3%
Bamenda	106.3	106.5	106.8	106.7	106.7	107.1	106.6	107.7	108.2	108.2	107.9	108.5	0.6%	2.6%	3.6%

Figure 6: Consumer price index and its percentage change over one year

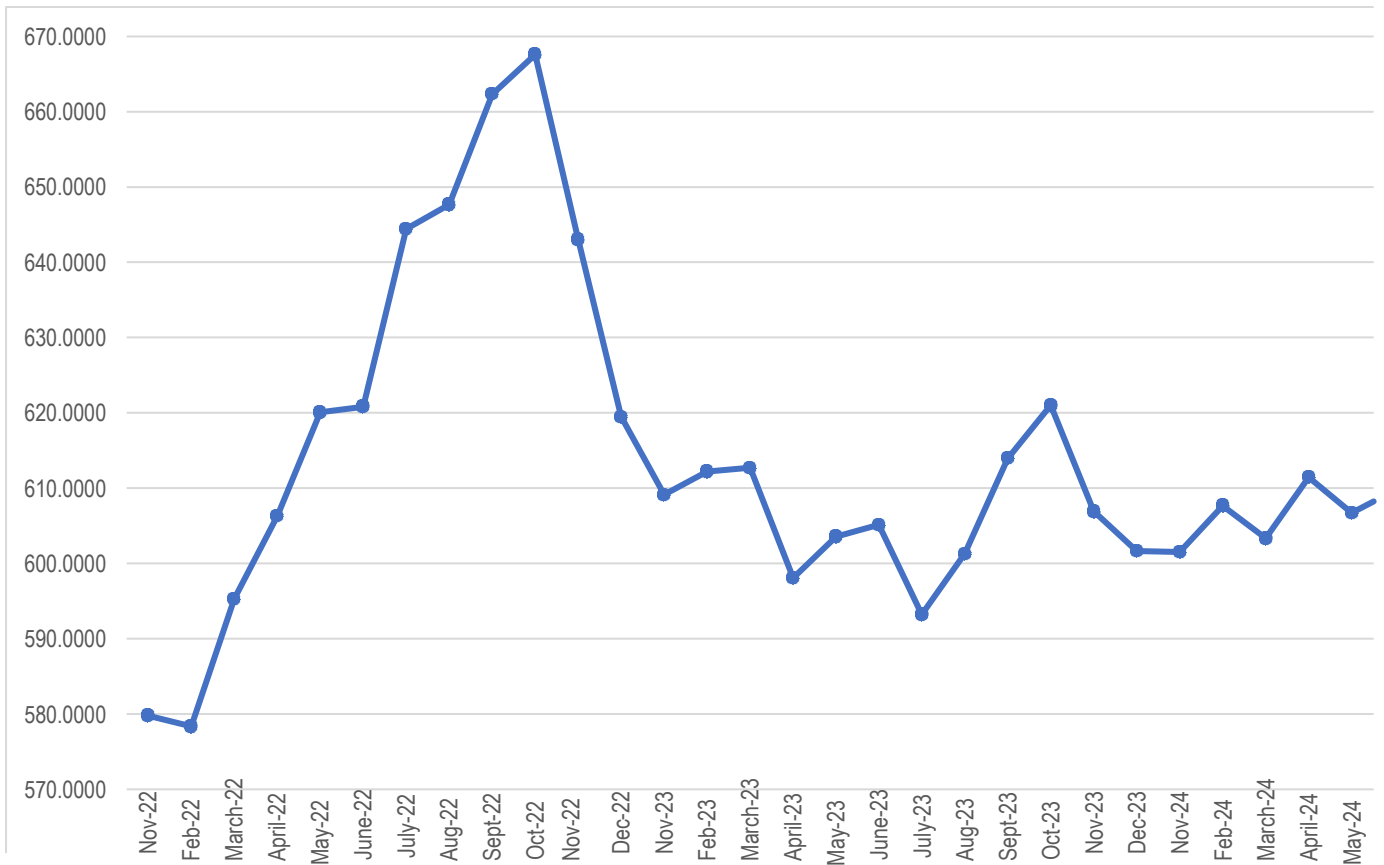


Reading note:

Year-on-year (or year-over-year) changes is used to assess how prices change from year to year for a given month. For example, with a change of 4.3% in June 2024, a product that cost on average 100 CFA francs in June 2023 would cost on average 104 CFA francs in June 2024. A steady decline in this change (as it has been the case since April 2023) could indicate a downward trend in inflation calculated on the basis of the annual average change.

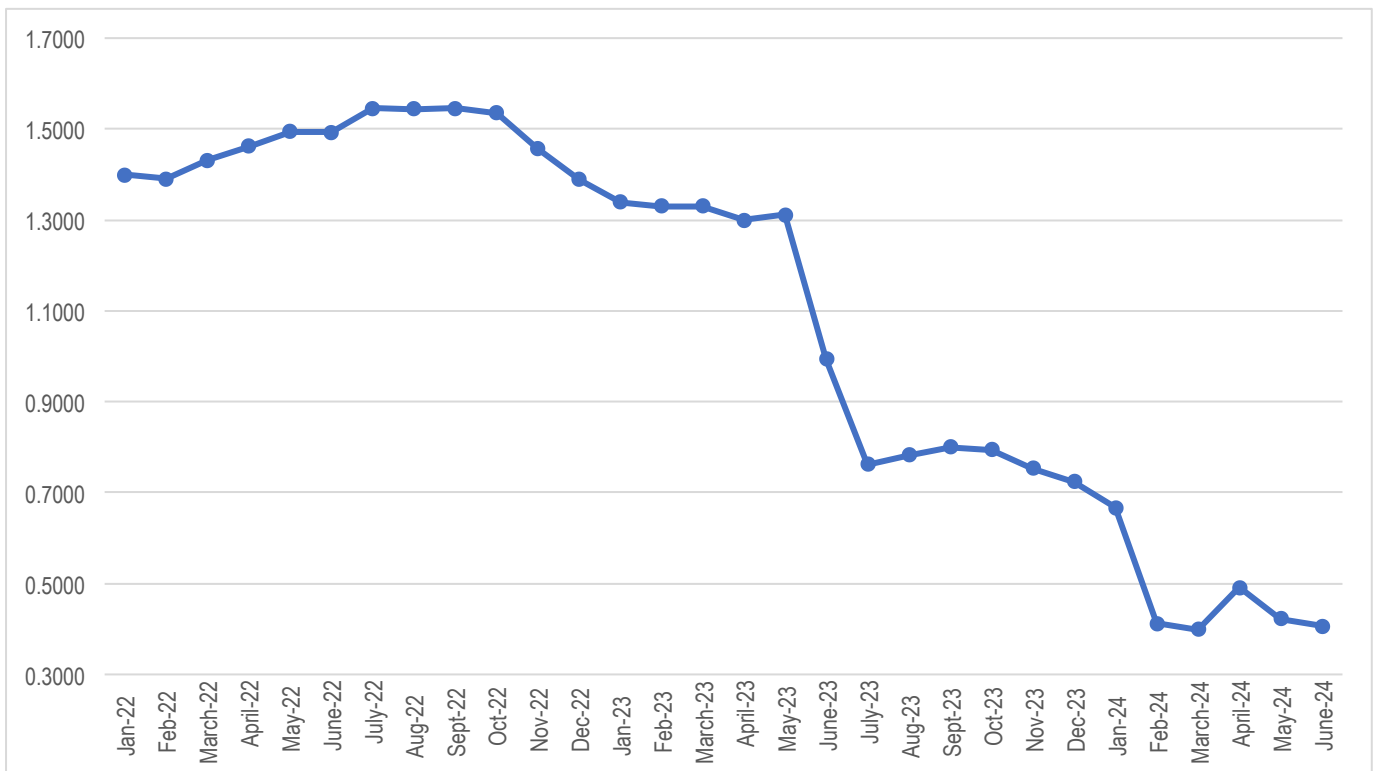
Appendices

Figure 7: Trends in the exchange rate of the US dollar against the CFA franc



Reading note: One US dollar is equivalent on average to 609.7 CFA franc in June 2024.

Figure 8: Trends in the exchange rate of the Naira against the CFA franc



Reading note: One Naira is equivalent on average to 0.4058 CFA franc in June 2024.