

Inflation trends in the first nine months and outlook for 2024

During the first nine months of 2024, inflation continued its downward trend, reaching a rate of 4.9%, i.e. a decrease of 2.9 points compared to the same period in 2023.

Inflation stood at an annual average of 4.9% at the end of September 2024. This increase is mainly due to a 6.2% increase in food prices and a 13.4% increase in transport costs, which continued to play a decisive role in inflationary pressure. The increase in food prices is largely accounted by the increase in the prices of vegetables, breads and cereals, fishes and seafood, meats as well as "milk, cheese and eggs". In contrast, oils and fats prices have decreased. On the transport side, the price increase was mainly attributed to the increase in the costs of passenger road transport, particularly due to the adjustment of fuel prices at the pump.

Inflation is much more domestic and driven by local goods and service prices.

Domestic and international factors have combined to fuel the inflationary dynamics. Thus:

At the national level, reduction of subsidies on hydrocarbon prices, security constraints in the North-West, South-West and some localities in the Far-North have disrupted production and distribution chains, increasing transaction costs. In addition, floods and adverse climatic shocks, characterized in some cases by longer than usual dry seasons, as well as underperforming agricultural practices, have likely reduced the supply of food products, contributing to the increase in food prices.

At the international level, geopolitical tensions in the Middle East and Europe, particularly due to the conflict between Russia and Ukraine, the lingering effects 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 increased inflationary pressures. Volatility in commodity prices, such as oil and agricultural products, has made imports more expensive, resulting in higher prices for imported goods. However, efforts have been made globally to mitigate inflation. These efforts include reducing disruptions in supply chains, lower global commodity prices and transportation costs, and the implementation of tight monetary policies by many central banks. However, several countries are beginning to observe a gradual easing of these monetary policies.

In the CEMAC zone, at the end of August 2024, although the downward trend that began in the second half of 2023 continued, the level of inflation, at 4.7%, remained above the community threshold of 3%.

In perspective, and taking into account, on the one hand, the 15% readjustment of petroleum product prices at the pump on 3 February 2024, as well as its repercussions on multiple sectors of the economy, and, on the other hand, the downward trend in inflation internationally, the inflation rate could stabilize around 4.5% by the end of 2024.

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

According to the CEMAC standard, the inflation rate at the national level, standing at 4.9% at the end of September 2024, remained nearly 2 points above the threshold set at 3%.

Despite the 15% readjustment of pump prices on 3 February 2024, the downward trend in the inflation rate assessed as an annual average continued. At the end September 2024, this rate stood at 4.9%, i.e. a reduction of 2.9 percentage points compared to the same period of the previous year (+7.8%). This fall was fuelled by the decline in food inflation, which slowed from 12.8% at the end of September 2023 to 6.2% at the end of September 2024.

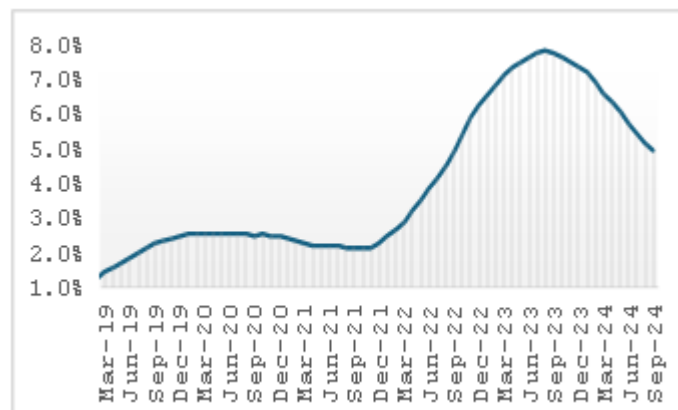
Regionally, inflation rates vary between 3.2% and 7.0%

The lowest inflation levels are recorded in Garoua, Bertoua, and Bamenda with respective rates of 3.8%, 3.7% and 3.2%. Conversely, Maroua, Douala, and Ngaoundere are in the lead with 7%, 5.5%, and 5.1% respectively.

Food prices, followed by transport goods and services, are inflation drivers

These two consumption functions, accounting for about 44% of total household spending, remained the main inflation drivers. Food products increased by 6.2%, especially due to the significant increase in the prices of vegetables, bread, and cereals. In the transport sector, inflation reached 13.4%, fuelled by a surge in fuel prices, with major increases in line with the increases in pump prices implemented on 1 February 2023 and 3 February 2024, respectively. These successive increases did not only directly affect household travel costs, but also increased logistics costs for the distribution of goods, especially by road. This cascading effect exacerbated inflation in multiple economic sectors, making goods and services more expensive. This dual pressure on prices, both food and logistics, intensifies inflationary tensions and could, in the long term, force households to adjust their consumption habits, faced with overall spending exceeding their purchasing power.

Figure 1: Inflation rate trends on an annual average

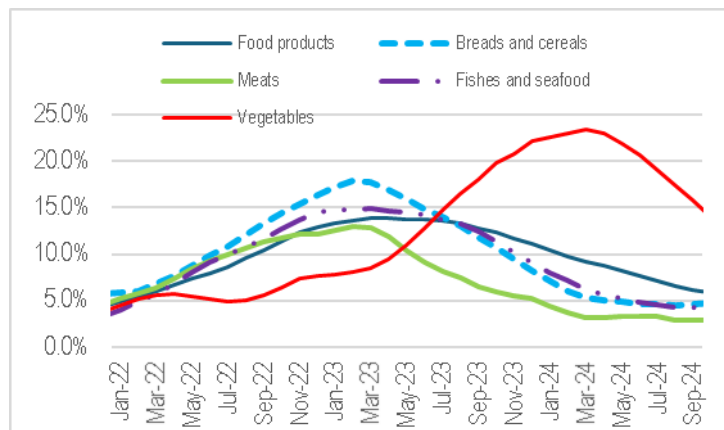


2. Food price trends

Food price increases slowed down, at 6.2%.

Although food prices remain high, their increase slowed significantly, from 12.8% at the end of September 2023 to 6.2% at the end of September 2024. This slowdown is observed in several product categories. For example, the prices of "milk, cheese and eggs" increased by 3.5%, after increasing by 12.4% during the same period in 2023. The prices of fishes and seafood also increased by 4.2%, compared to 12.4% the previous year. The prices of breads and cereals increased by 4.6% as against 11.9% at the end of September 2023. For meat, prices increased by 2.9%, compared to an increase of 6.5% a year earlier. Regarding fruits, their prices increased by 9.2%, compared to 11.0% the previous year, meanwhile the prices of vegetables increased by 15.9% as against 18.0% at the end of September 2023. In contrast, the prices of oils and fats decreased by 8.2%, after an increase of 16.4% in 2023.

Figure 2: Annual average trends in food prices



The increases in vegetable prices were mainly due to the increase in the price of (i) fresh fruit and root vegetables, such as onions, tomatoes, okra, and green beans, (ii) as well as dried and oil-producing vegetables, including dried beans, dried okra, dried peas, pumpkin seeds and "djansan". Fresh leafy vegetables, as well as tubers and plantains (such as plantains, bananas, potatoes and yams), have also seen their prices increase.

The increase in the price of breads and cereals was mainly due to the increase in the price of products such as corn grain, millet, sorghum, rice, corn flour and millet flour. The increase in the price of fishes and seafood was mainly as a result of the increase in the price of frozen fish, as well as dried or smoked seafood products.

Increases in poultry and pork prices also contributed significantly to the increase in meat prices.

For oils and fats, the 8.2% decrease in prices was mainly due to lower prices for crude and refined oils.

For "milk, cheese and eggs", the increase was mainly due to higher prices for eggs and milk, as well as a moderate increase in other dairy products.

Finally, prices for products grouped under the category "sugars, jams, honey, chocolates and confectionery" increased by 1.2%, mainly due to higher prices for jams, honeys, chocolates and confectionery.

At the international level, some easing of food prices was observed on world markets. The FAO Food Price Index, which tracks monthly changes in international prices of the most traded basic food commodities, recorded an annual average decline of 6.5% at the end of September 2024, with a significant decrease in cereal prices¹. It should be noted that this FAO index increased by 3% in September 2024 compared to August, marking the largest monthly increase since March 2022. All products included in this index saw their prices increase, with variations from 0.4% for meat to 10.4% for sugar.

Nationally, adverse weather events such as prolonged droughts, flooding and unforeseen changes in seasons disrupt local agricultural production.

Multiple factors also contribute to the rise in local food prices. First, low domestic production is compounded by the use of obsolete agricultural technologies, as well as the security crisis in the North-West and South-West regions, which is hampering both agricultural products production and distribution. Second, difficulties in supplying key consumption centres, combined with insufficient security stocks and shortages of certain products, are increasing pressure on prices.

In addition, inadequate infrastructure, such as roads and electricity networks, is said to contribute to increasing production and distribution costs, directly impacting the prices of goods and services. These cumulative factors are exacerbating price volatility and increasing local inflation, especially in the food sector.

With regard to imported products, tensions in the Middle East, as well as the conflict between Ukraine and Russia, have disrupted global supply chains, causing shortages and increasing prices. These disruptions have also led to an increase in local production costs, due to the surge in prices of agricultural inputs and raw materials on international markets.

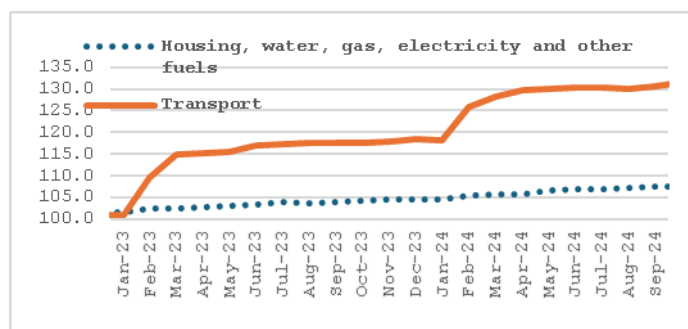
Faced with this situation, the Government has maintained several existing measures in 2024 and introduced new ones to limit imported inflation and foster local production. In addition to subsidies and exemptions, it has strengthened price controls, created more promotional sales sites for consumer goods, and encouraged economic operators to stabilize the prices of several products for several days. Since the end of March 2024, the prices of two main refined cooking oils have been reduced. The price of a 25-litre refined oil can "Oleo" has been set at 27,700 CFA francs as against 31,000 CFA francs previously. Similarly, a 20-litre of extra-refined oil can "Mayor" has been set at 22,000 CFA francs, down from its previous price of 25,500 CFA francs.

¹Typically, when international food prices fall, it takes 6 to 12 months for food inflation to fall within countries, and the drop in prices is almost completely passed on to imported food prices.

3. Other sources of inflation

The overall price level rose by 4.9%, mainly due to a 6.2% increase in food prices. In addition, transport costs increased by 13.4%, largely as a result of higher prices for fuel and transport services, especially road transport. At the same time, other components such as “housing, water, gas, electricity and other fuels”, “clothing and footwear” and “restaurants and hotels” increased by 3.2%, 3.0% and 2.2% respectively. In addition, prices for the “education” consumption function increased by 2.2%

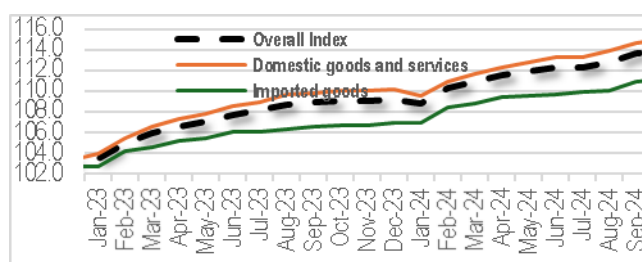
Figure 3: Trends in the prices of some other consumption functions



Local goods/imported goods: inflation is more of local origin than imported, i.e. 5.2% as against 4.0%.

Inflation is mainly driven by rising prices of local products. Inflation for local products stood at 5.2%, mainly due to the lingering pressure on the prices of food and petroleum products, fluctuations in exchange rates, as well as weather 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 +4.0%.

Figure 4: Price trends by origin

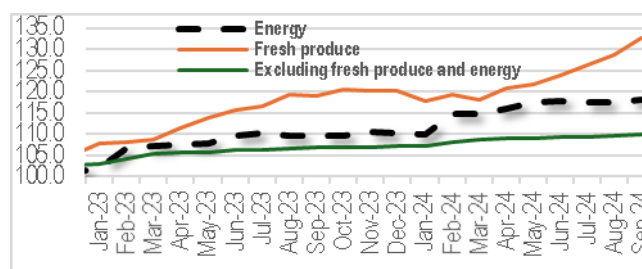


Inflation remains largely driven by fresh produce prices, which increased by 10.3%

Prices of fresh produce increased by 10.3%. Core inflation, calculated by excluding products with more volatile prices to highlight fundamental inflationary trends, stood at +3.4%.

For their part, energy prices increased by 7.9% as a result of the increase in fuel prices.

Figure 5: Price trends by volatility



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 decrease in inflation observed since the third quarter of 2023, inflation is slowing down in 2024, thus following the global trend; without falling below the 3% threshold set by CEMAC. With an inflation rate of 4.7% recorded at the end of August 2024, Cameroon remains the main contributor to inflationary dynamics within the CEMAC sub-region; followed by Chad, Congo, Equatorial Guinea, Gabon, and the Central African Republic.

In perspective and provided that the anti-inflationary measures in force are maintained or even strengthened, and in the absence of new shocks likely to significantly impact the prices of the main consumer products, inflation could be around 4.5% at the end of 2024; marking a significant decrease compared to the rate of 7.4% recorded in 2023.

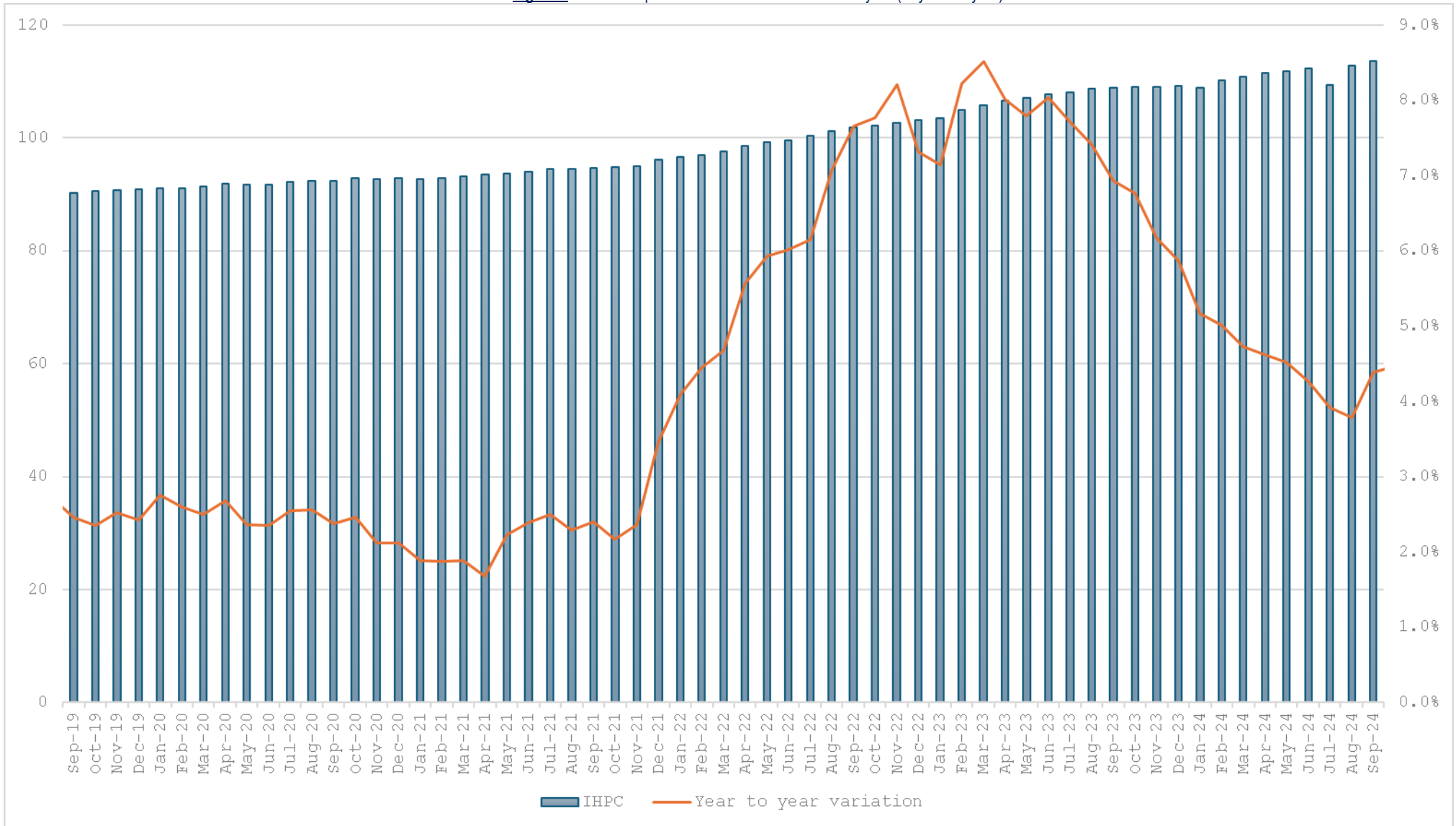
At the same time, and with a view to bringing the rate below the 3% set by the CEMAC, the Government will have to continue, or even fast-tracking the commissioning of energy and road infrastructure, as well as the opening up food production areas. These measures are essential to ensure a continuous and low-cost supply of food products and other essential goods and services, thus contributing to the stabilization of prices throughout 2024 and a substantial decrease in the coming years. /-

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

Item label	Index												Changes		
	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	March-24	April-24	May-24	June-24	July-24	Aug-24	Sept-24	Sept-24/Aug-24	Sept-24/Sept-23	Oct-23 to Sept-24/ Oct-22 to Sept-23
CONSUMER FUNCTION															
Food products and non-alcoholic beverages	114,0	113,5	113,5	112,2	113,0	113,8	115,1	115,6	116,6	116,6	117,9	120,1	1.9%	5.8%	6.0%
Food products	114,3	113,9	113,8	112,5	113,3	114,2	115,5	116,0	117,0	117,1	118,3	120,7	2.0%	5.9%	6.2%
<i>Breads and cereals</i>	109,2	108,0	107,9	108,0	109,8	110,8	112,9	114,2	114,3	115,9	116,4	118,3	1.7%	6.7%	4.6%
<i>Meats</i>	105,1	105,8	106,8	106,2	106,7	107,2	107,3	107,4	107,1	107,9	107,9	108,5	0.5%	2.8%	2.9%
<i>Fishes and seafood</i>	110,9	109,7	109,5	108,7	109,5	110,8	113,5	115,1	115,7	114,2	115,2	118,2	2.6%	6.6%	4.2%
<i>Milk, cheese and eggs</i>	111,1	110,3	110,3	110,4	110,6	110,3	110,2	110,9	112,0	110,9	112,3	113,3	0.9%	4.5%	3.5%
<i>Oils and fats</i>	103,7	102,6	103,2	101,6	100,4	98,5	97,6	97,4	96,8	95,8	96,1	97,7	1.7%	-5.9%	-8.2%
<i>Fruits</i>	114,7	116,8	119,8	117,4	119,8	124,0	123,4	122,0	122,7	120,6	122,0	125,7	3.0%	11.0%	9.2%
<i>Vegetables</i>	133,9	133,4	131,9	128,1	128,7	129,8	131,8	131,8	135,4	135,0	138,1	142,5	3.2%	9.2%	15.9%
<i>Sugar and confectionery</i>	107,3	107,1	107,3	107,3	107,5	107,8	107,1	107,8	107,2	107,3	107,3	107,6	0.3%	0.0%	1.2%
<i>Food products n.e.c.</i>	110,2	111,3	111,6	111,3	112,3	114,4	116,8	117,4	118,9	119,5	122,2	123,1	0.8%	10.5%	8.5%
Non-alcoholic beverages	103,1	103,1	103,1	103,4	103,5	103,6	103,7	103,8	104,0	104,0	104,0	104,1	0.1%	1.0%	1.2%
Alcoholic beverages, tobacco and narcotics	104,1	104,0	104,1	104,3	104,8	105,0	105,6	106,0	105,9	106,1	106,1	106,2	0.1%	2.1%	2.3%
Clothing and footwear	105,3	105,4	106,3	106,1	106,3	106,6	106,6	106,7	106,7	106,9	106,9	107,1	0.2%	1.8%	3.0%
Housing, water, gas, electricity and other fuels	104,2	104,7	104,7	104,7	105,6	105,7	105,9	106,7	107,1	107,1	107,3	107,5	0.2%	3.4%	3.2%
Furniture, household and routine maintenance items	107,9	108,1	108,0	108,2	108,6	108,7	108,9	109,2	109,4	109,6	109,7	109,8	0.1%	1.9%	2.6%
Health	101,0	101,0	101,1	101,1	101,2	101,4	101,4	101,4	101,5	101,5	101,5	101,6	0.1%	0.6%	0.7%
Transport	117,5	117,9	118,4	118,2	125,8	128,3	129,6	130,2	130,2	130,2	130,2	130,7	0.4%	11.2%	13.4%
Communications	100,4	100,4	100,3	100,3	100,4	100,5	100,5	100,5	100,5	100,5	100,5	100,5	0.0%	0.1%	0.0%
Leisure and culture	102,6	102,6	102,7	102,6	102,6	102,6	102,6	102,6	102,4	102,3	103,0	103,0	0.0%	0.3%	1.2%
Education	104,5	104,5	104,5	104,5	104,5	104,5	104,5	104,5	104,6	105,1	105,5	105,9	0.4%	1.5%	2.2%
Restaurants and hotels	105,7	105,8	105,9	106,0	106,3	106,4	106,5	106,6	106,9	107,0	107,1	107,2	0.1%	1.6%	2.2%
Miscellaneous goods and services	106,2	106,3	106,5	106,6	107,0	107,2	107,4	107,4	107,7	107,9	108,0	108,1	0.1%	2.0%	2.8%
OVERALL INDEX	109,1	109,1	109,2	108,8	110,2	110,9	111,5	111,8	112,2	112,3	112,8	113,6	0.8%	4.4%	4.9%

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	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	March-24	April-24	May-24	June-24	July-24	Aug-24	Sept-24	Sept-24/Aug-24	Sept-24/Sept-23	Oct-23 to Sept-24/ Oct-22 to Sept-23
SECONDARY CLASSIFICATIONS															
Domestic goods and services	110,0	110,0	110,1	109,5	110,9	111,6	112,3	112,7	113,3	113,3	113,9	114,7	0.7%	4.5%	5.2%
Imported goods	106,6	106,7	106,9	106,9	108,4	108,8	109,4	109,6	109,6	109,9	110,0	110,9	0.8%	4.1%	4.0%
Energy	109,7	110,5	110,3	109,8	114,8	114,7	116,0	117,5	117,7	117,6	117,4	118,2	0.7%	7.9%	7.9%
Fresh produce	120,5	120,3	120,3	117,8	119,3	118,2	120,8	121,8	123,9	126,2	128,7	132,5	3.0%	11.4%	10.3%
Excluding fresh produce and energy	107,0	107,0	107,1	107,1	108,2	108,7	108,9	109,1	109,2	109,3	109,5	109,9	0.3%	2.7%	3.4%
REGIONAL CAPITAL CITIES															
Yaounde	108,8	108,7	108,8	108,4	109,9	110,5	111,3	111,7	111,6	111,8	112,1	113,1	0.9%	4.1%	4.5%
Douala	109,8	109,8	109,7	109,6	111,1	111,7	112,2	112,2	113,0	113,0	113,9	114,6	0.6%	4.7%	5.5%
Maroua	110,3	109,9	110,0	108,6	110,1	111,0	113,4	116,2	117,2	117,0	116,2	117,2	0.9%	6.4%	7.0%
Bafoussam	108,2	108,2	109,0	108,4	110,3	111,4	111,6	112,2	112,9	111,7	112,1	113,3	1.1%	4.7%	4.8%
Buea	108,0	108,2	108,7	108,6	109,9	110,8	111,4	111,4	111,5	111,2	112,8	113,9	1.0%	5.5%	4.9%
Garoua	108,5	109,3	108,7	107,9	108,6	108,6	109,1	109,4	110,1	110,4	110,6	111,0	0.3%	2.3%	3.8%
Ebolowa	108,7	108,3	109,2	109,1	109,8	111,0	111,2	112,4	112,4	112,4	112,7	113,9	1.1%	5.2%	4.8%
Ngaoundere	110,3	110,9	111,5	110,2	111,2	111,3	111,6	111,0	110,9	112,4	113,0	112,6	-0.3%	1.8%	5.1%
Bertoua	109,4	109,1	109,4	109,9	112,0	112,8	112,5	111,1	111,5	110,9	111,9	112,6	0.7%	3.3%	3.7%
Bamenda	106,7	106,7	107,1	106,6	107,7	108,2	108,2	107,9	108,5	110,0	110,4	111,4	1.0%	4.3%	3.2%

Figure 6: Consumer price index and its trends over one year (or year-on-year)



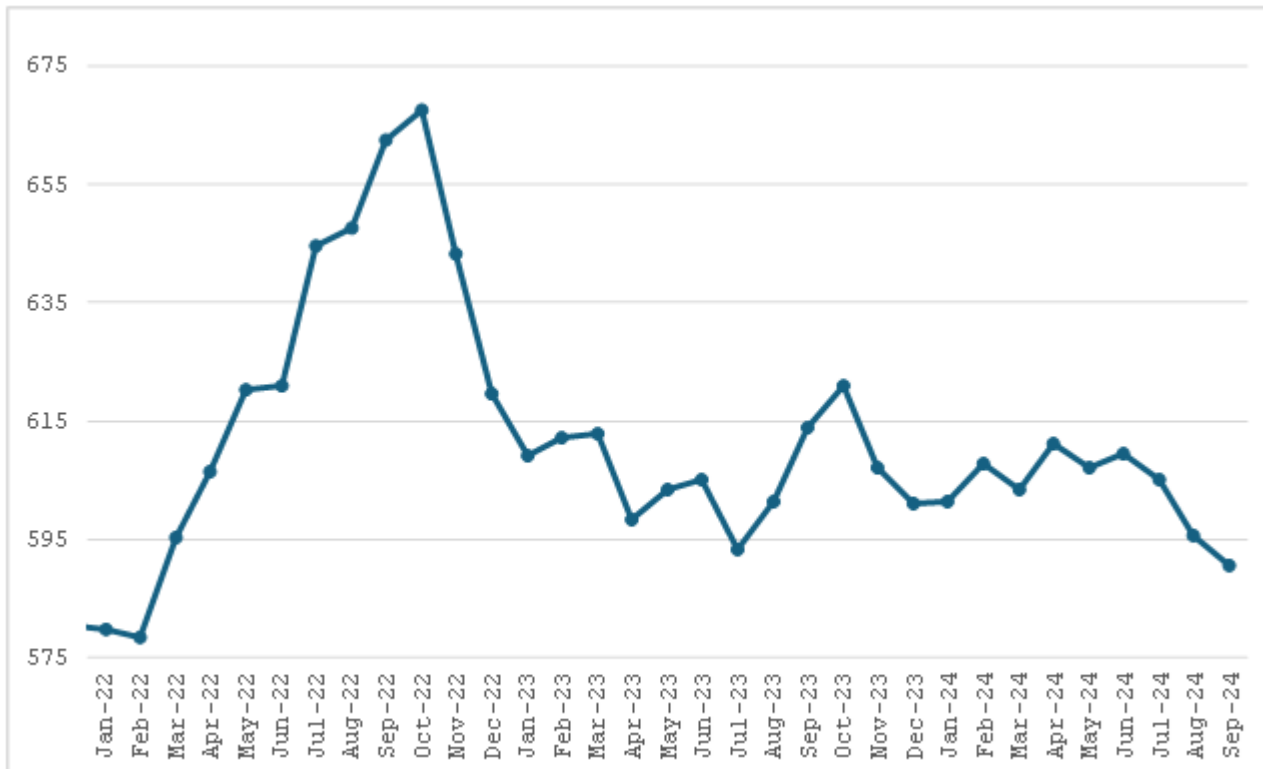
Reading note:

The year-on-year, or year-over-year change is an indicator to measure price changes from one year to another for a given month. For example, with a change of 4.4% recorded in September 2024, a product that cost on average 100 CFA francs in September 2023 would now cost 104 CFA francs in September 2024.

After 14 consecutive months of slowdown, year-on-year inflation accelerated this month. If this upward trend continues over the coming months, it could be a turning point in the path of inflation, resulting in a gradual rise in the annual average change.

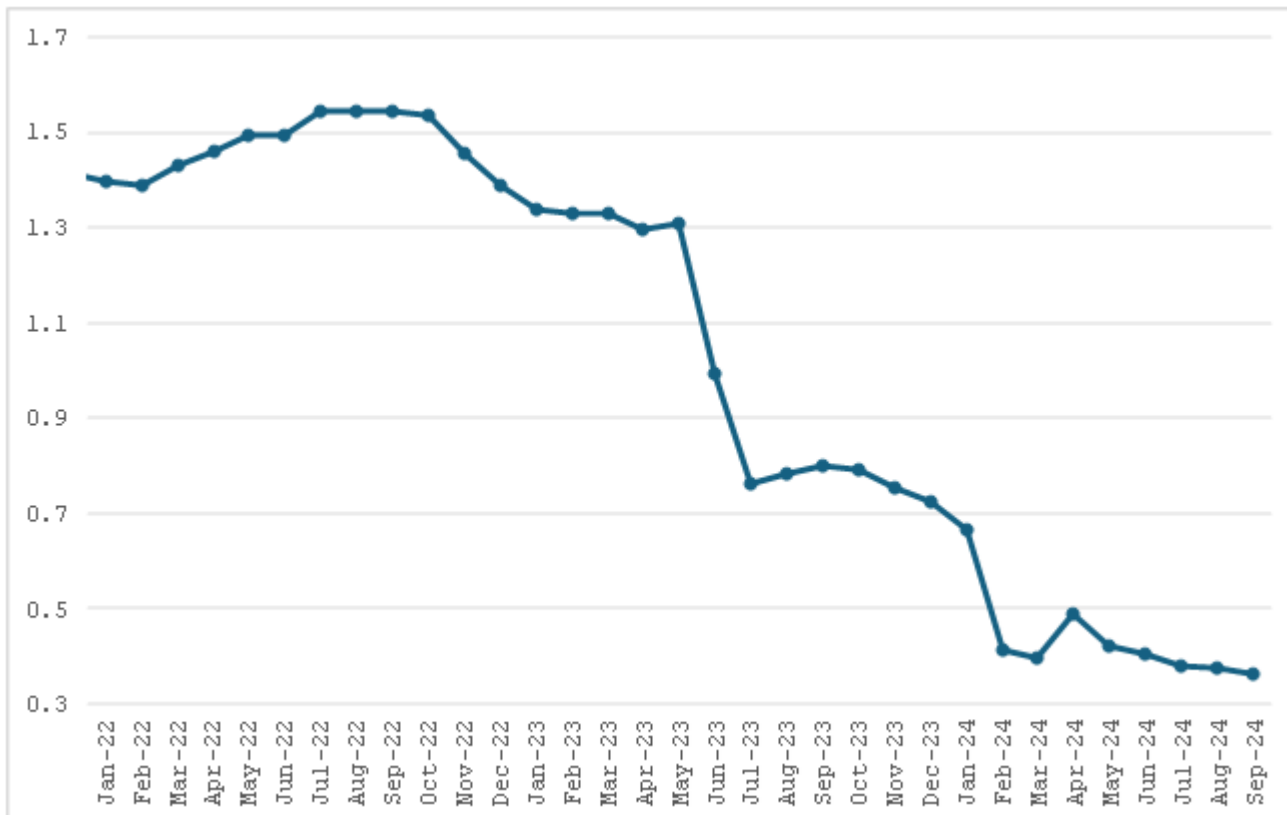
Appendices

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 590.6 CFA franc in September 2024.

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



Reading note: Reading One Naira is equivalent on average to 0.3613 CFA franc in September 2024