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MONITORING INFLATION IN CAMEROON:
NOTE ON TRENDS IN 2024 AND OUTLOOK FOR 2025

January 2025

Contents

SUMMARY

In 2024, with an inflation rate of 4.5%, the national economy continued to face lingering inflationary pressures, although their intensity has decreased. This trend is mainly explained by a 5.6% increase in food prices and a 12.3% increase in transportation costs, strongly impacted by the rise in fuel prices. It is important to note that, despite a decline compared to 2023, when inflation reached 7.4%, the rate remained above the 3% threshold set by CEMAC. Over the period 2022-2024, cumulative inflation thus amounted to 19.3%, a level significantly higher than the 17.5% recorded over the nine years of the 2013-2021 period, illustrating the magnitude of the inflationary shock on household purchasing power.

Regional disparities remained marked, ranging from 3.0% in Garoua to 7.0% in Maroua. The gaps noted are the result of structural and cyclical factors, including transportation costs, the availability of consumer goods and dependence on imports, which influence prices differently depending on the region.

In addition, several factors continued to fuel inflationary pressures. The increase in the cost of agricultural inputs and fertilizers has directly impacted food prices. Similarly, the increase in fuel and transportation costs has affected all economic sectors. In addition, disruptions in international markets, combined with the effects of climate change on agricultural production, constitute additional risks that have contributed to sustaining inflation.

For 2025, controlling inflation will remain a central public policy issue in light of the Government's objective of reducing the rate to 4%; an objective that could be compromised by the lingering inflationary tensions, especially due to the tax adjustments provided for in the State Finance Law for the financial year 2025 and a possible upward readjustment of energy prices (fuel, electricity and water).

To achieve this objective, in addition to the measures already being implemented, others will have to be undertaken, including strengthening market surveillance and fast-tracking structural reforms aimed at diversifying the economy and stabilizing supply chains.

The continued rehabilitation of transport and conservation infrastructure, continued opening up of agricultural production basins, support for local production and the promotion of renewable energies will also be essential levers to mitigate inflationary pressures in the medium term.

Ultimately, finding a balance between controlling prices and supporting growth will be critical to ensuring macroeconomic stability and strengthening the country's resilience to economic shocks of internal or external origin. /-

INTRODUCTION

The Consumer Price Index (CPI) is a fundamental indicator for monitoring trends in the prices of goods and services consumed by households over time.

Its analysis, on the one hand, provides a better understanding of inflationary dynamics, and, on the other hand, helps identify the sectors most affected by price increases and helps determine the possible causes of inflation.

According to the latest forecasts from the International Monetary Fund (IMF), global inflation continued to slow after reaching a peak of 9.4% in 2022. It was estimated at 6.8% in 2023, then 5.9% in 2024, and should continue to decline to reach 4.2% in 2025.

This trend is observable in both advanced economies and emerging and developing countries, although the pace of reduction differs. Advanced countries are seeing their inflation converge more quickly towards the targets set by their central banks, meanwhile emerging and developing economies are seeing a more gradual decline.

In sub-Saharan Africa, consumer price trends are mixed. While most countries are experiencing moderate or stable prices, food inflation remains high, impacting household purchasing power. Some large economies, such as Angola, Ethiopia and Nigeria, are still experiencing strong inflationary pressures, exacerbated by significant currency depreciations. In addition, food insecurity remains a concern across the region, aggravated by adverse weather conditions, including droughts in southern Africa and flooding in other areas. Inflation in the Central African Economic and Monetary Community (CEMAC) area followed a downward trend in 2024, while remaining above the community norm of 3%. The Bank of Central African States (BEAC) forecast an inflation rate of 4.2% for the year 2024 in the CEMAC zone, down from 5.6% recorded in 2023.

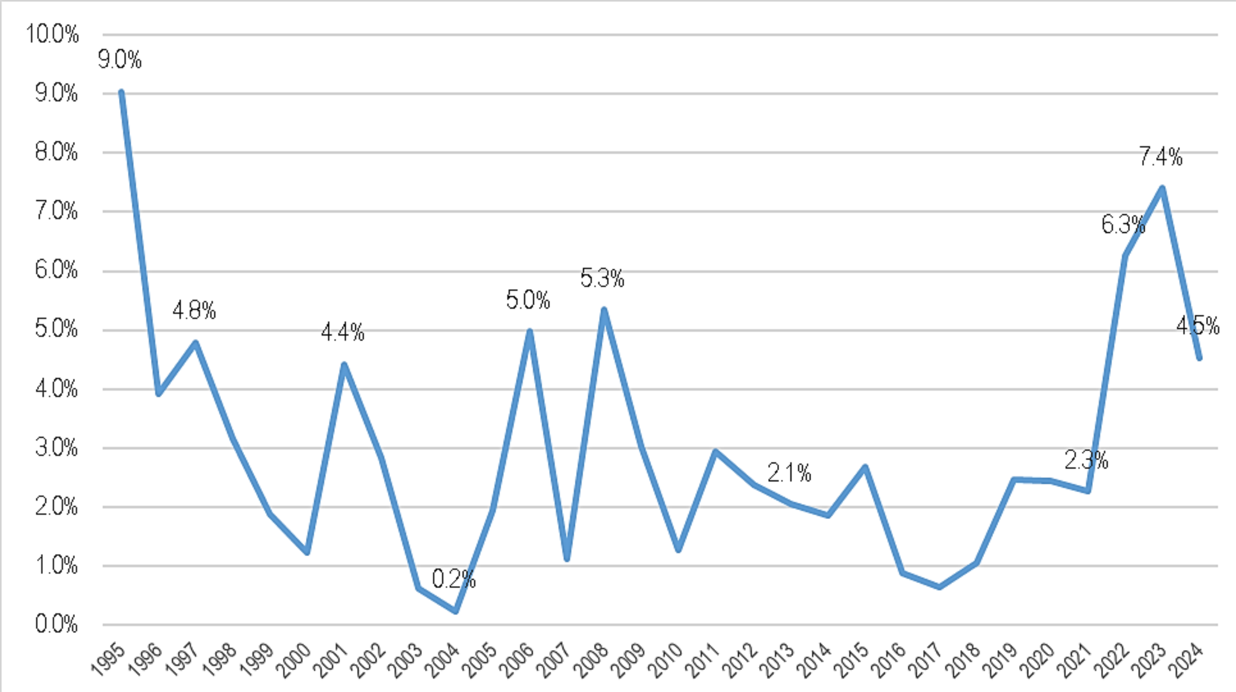
This note is dedicated to trends in prices in 2024 at the national level and offers an analysis of the inflationary situation. In addition to the introduction, conclusion and suggestions, the note is comprised of four (04) points: (1) an overall state of play that highlights the major inflationary trends observed during the year, followed by (2) an analysis of the main factors contributing to inflation, (3) the analysis of other sources fuelling inflation, such as disruptions in supply chains and economic policies, as well as regional analysis to highlight the disparities in price trends across the country, and finally, (4) the note looks at the outlook for 2025, examining the measures likely to help contain inflation with a view to achieving the objective of maintaining it at 4%, while ensuring a balance between economic growth, price stability and economic resilience to external shocks.

1 GENERAL SITUATION

1.1 INFLATION LEVELS IN 2024

Despite the 15% readjustment of fuel prices at the pump on 3 February 2024, the dynamics of reducing the average annual inflation rate that began in the third quarter of 2023 has continued. In 2024, the inflation rate stood at 4.5%, i.e. a decrease of 2.9 percentage points compared to 2023, when it reached 7.4%.

Figure 1: **Trends in the inflation rate from 1995 to 2024**



Over a three-year period, from 2022 to 2024, cumulative inflation stands at 19.3%, reflecting a period of intense inflationary shock. This exceptional increase is as a result of two major factors:

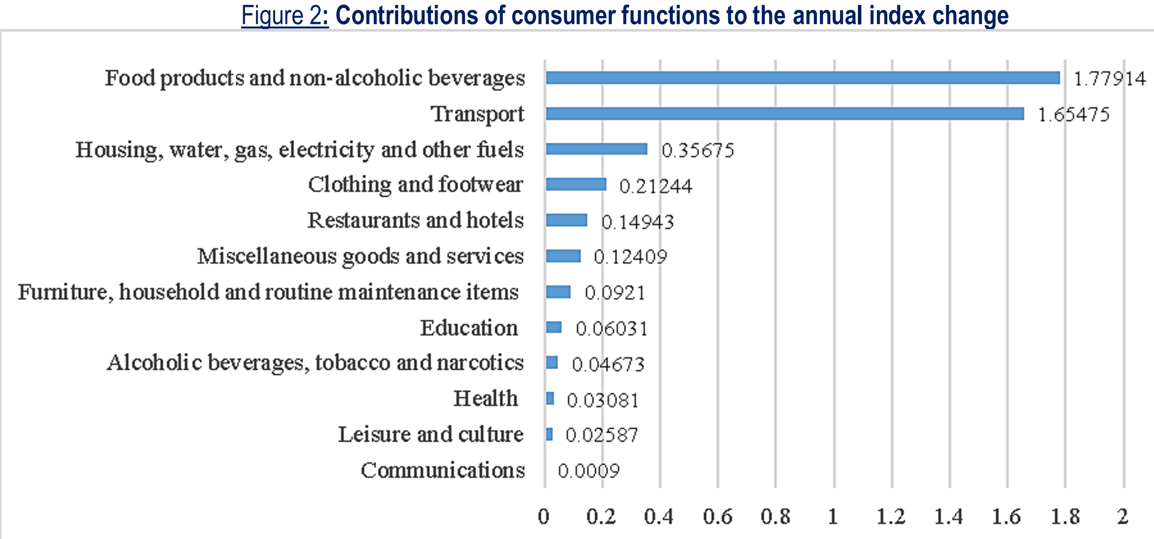
- The surge in food prices, which constitute a significant part of household spending.
- Rising transportation costs, linked to rising fuel prices and ongoing disruptions to global supply chains.

For comparison, cumulative inflation over a nine-year period, between 2013 and 2021, stood at 17.5%, thus highlighting the severity and speed of the inflationary crisis observed since 2022.

This surge in prices is exerting considerable pressure on households' purchasing power, limiting their access to essential goods and services. For example, a standard consumer basket, valued at 100,000 CFA francs at the end of 2021, now costs 119,253 CFA francs, representing an increase of nearly 19.3% in just three years. This situation is particularly worrying for low-income households, which allocate a significant portion of their budget to basic necessities, thus exacerbating social inequalities.

1.2 Analysis by consumer functions

Figure 2: **Contributions of consumer functions to the annual index change**



Food and transport goods and services, which account for about 44% of total household spending, remained the main drivers of inflation:

- Food products increased by 5.6%, 5.6% increase, largely due to higher prices for vegetables, breads and cereals.
- In the transport sector, inflation reached 12.3%, fuelled by soaring fuel prices, a direct consequence of the pump price increases on 1 February 2023 and 3 February 2024.

These successive increases have had cascading effects, increasing household travel costs and logistics costs related to the distribution of goods, especially by road. This phenomenon has contributed to a general increase in the price of goods and services in multiple economic sectors. This dual pressure on food and logistics prices is intensifying inflationary pressures and could, in the long term, force households to change their consumption habits. Essential spending, such as food and transport, are likely to take up an increasing share of budgets, limiting spending in other sectors.

1.3 Trends in food prices in 2024

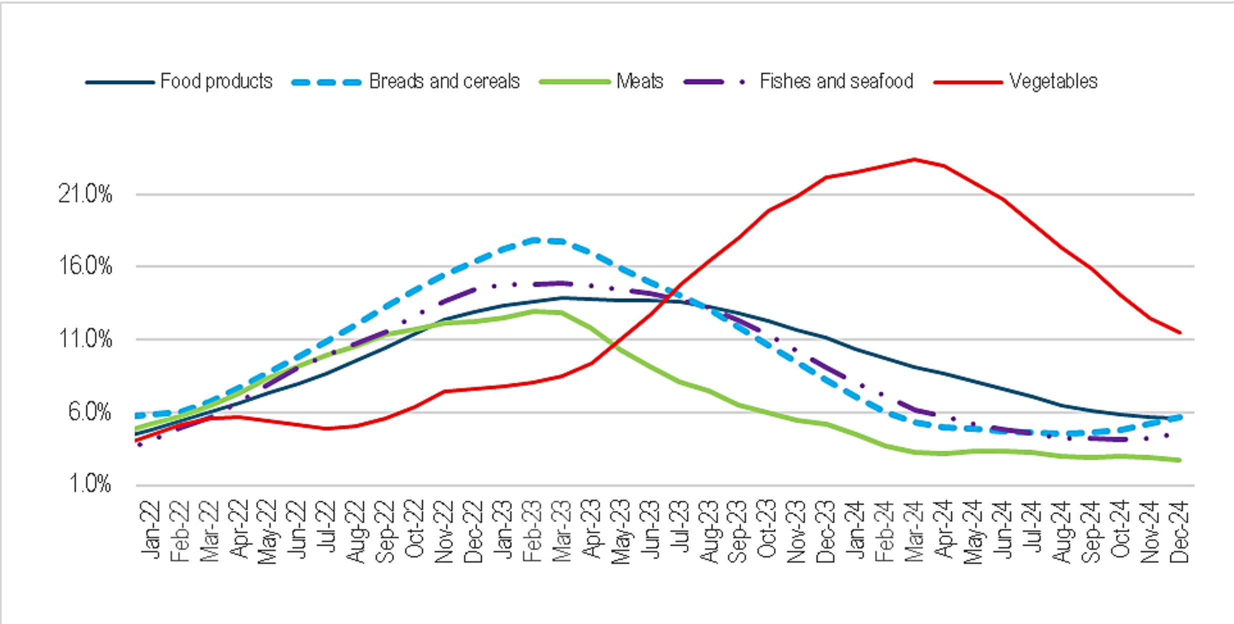
The food sector is often the main contributor to inflation due to its high weighting in household spending.
Despite the continued high food prices, a deceleration in their increase was observed in 2024, from 11.1% in 2023 to 5.6% this year.

This slowdown concerns several product categories, reflecting some kind of easing of inflationary pressures on the food market.
In detail:

- Vegetable prices increased by 11.5% compared to a more marked increase of 22.2% in 2023.
- Fishes and seafood prices increased by 4.5%, a significant drop from the 9.0% increase the previous year.
- Prices for products in the “milk, cheese and eggs” category increased by 3.8% as against 7.8% in 2023.
- Fruits increased by 9.1%, down from a 14.3% increase in 2023.

In contrast, an opposite trend was observed for oils and fats, which decreased 6.8%, contrasting with an increase of 5.7% in 2023.

Figure 3: Annual average trends in food prices



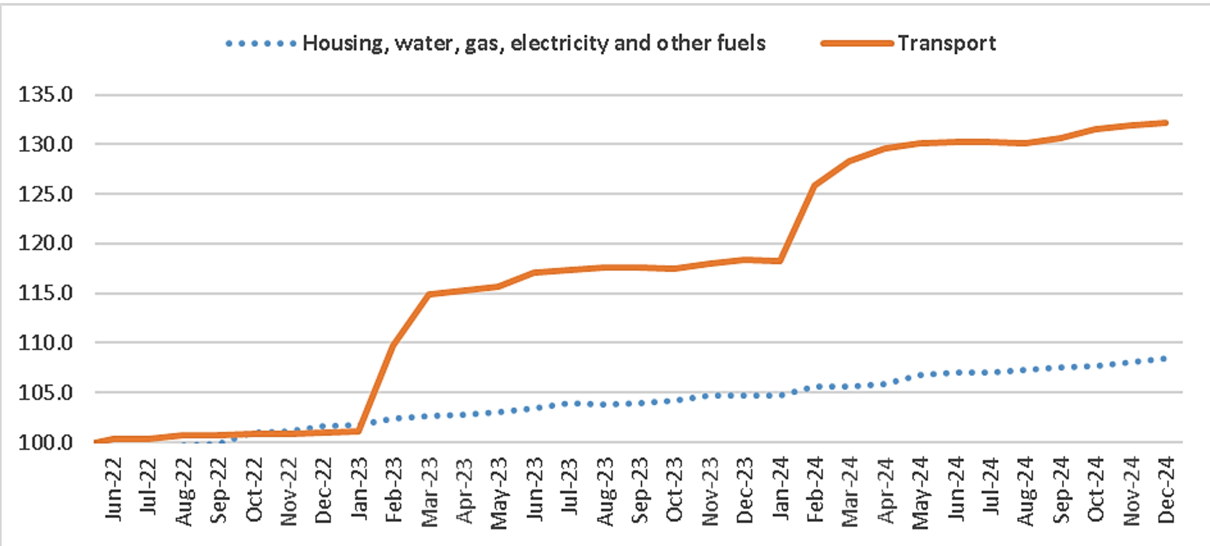
The increases in vegetable prices were mainly due to the increase in the price of (i) fresh fruit and root vegetables, such as onions, tomatoes, okra, and green beans, (ii) as well as dried and oil-

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 6.8% 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 0.6%, mainly due to higher prices for jams, honeys, chocolates and confectionery.

1.4 Trends in transportation costs

Fuel prices play a central role in inflationary dynamics due to their cross-cutting effect on all economic sectors. In particular, the transport sector, which is heavily dependent on fuel, is a major vector in the formation of prices for goods and services. Any change in energy costs thus has an impact on production and distribution costs and, ultimately, on household purchasing power.
As part of the fiscal reforms implemented to meet international commitments, the gradual removal of fuel subsidies has led to an increase in pump prices. This increase has had a ripple effect on the entire economy, amplifying transport costs, increasing the price of goods and services, and impacting enterprise operations.

Figure 4: **Trends in the prices of some other consumer functions**



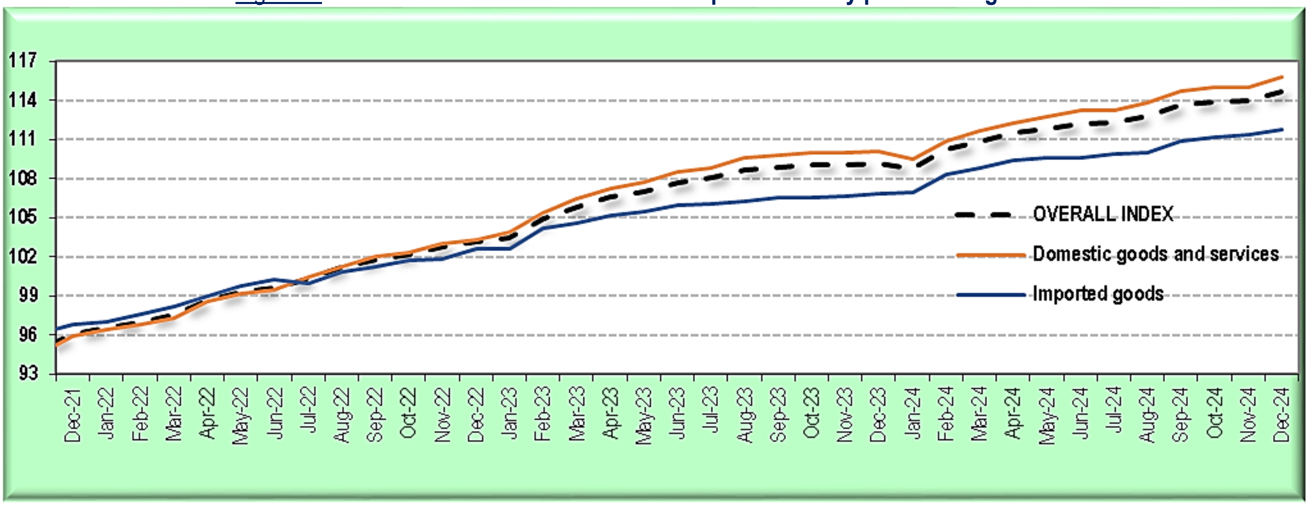
In 2024, transportation costs increased by 12.3%, after a 15% increase in 2023, mainly due to the adjustment of fuel prices. On 3 February 2024, the price of a liter of premium gasoline increased from 730 CFA francs to 840 CFA francs meanwhile that of diesel increased from 720 CFA francs to 828 CFA francs. As a result, urban and interurban transport fares were revised upwards. For example, the price of a taxi ride increased from 300 CFA francs to 350 CFA francs during the day, and from 350 CFA francs to 400 CFA francs at night.
In rural areas, where transport infrastructure is less developed and alternatives are limited, rising transportation costs have exacerbated difficulties in accessing basic necessities, widening disparities between regions. Rising logistics costs have hampered the flow of trade, especially for small enterprises and informal sector players, who are struggling to absorb these additional costs without passing them on to their selling prices.

Faced with this inflation in transportation costs, households have had to adapt their consumption habits by reducing their travel or opting for more affordable alternatives, such as carpooling or increased use of public transport. However, these adjustments remain constrained by the transport supply available, particularly in peripheral and rural areas where services remain limited.
Ultimately, rising fuel prices raise major issues in terms of economic competitiveness and purchasing power, reinforcing the need to explore alternative solutions, such as the development of renewable energies, the improvement of public transport infrastructure and the establishment of targeted compensation mechanisms for the most vulnerable households.

1.5 Inflation by origin of products

Inflation in 2024 was mainly of domestic origin, driven by the increase in the prices of locally produced goods and services. Local products increased by 4.7%, as against a more moderate increase of 4.0% for imported products. This inflationary dynamic is accounted for in particular by the impact of fluctuations in the prices of raw materials on international markets, such as oil, cereals, sugar and fertilizers. These changes have led to an increase in the production costs of goods manufactured locally from imported inputs. In addition, food products have not been spared, increasing as a result of rising prices of fertilizers, seeds and other imported agricultural inputs, as well as the rise in transportation and logistics costs.

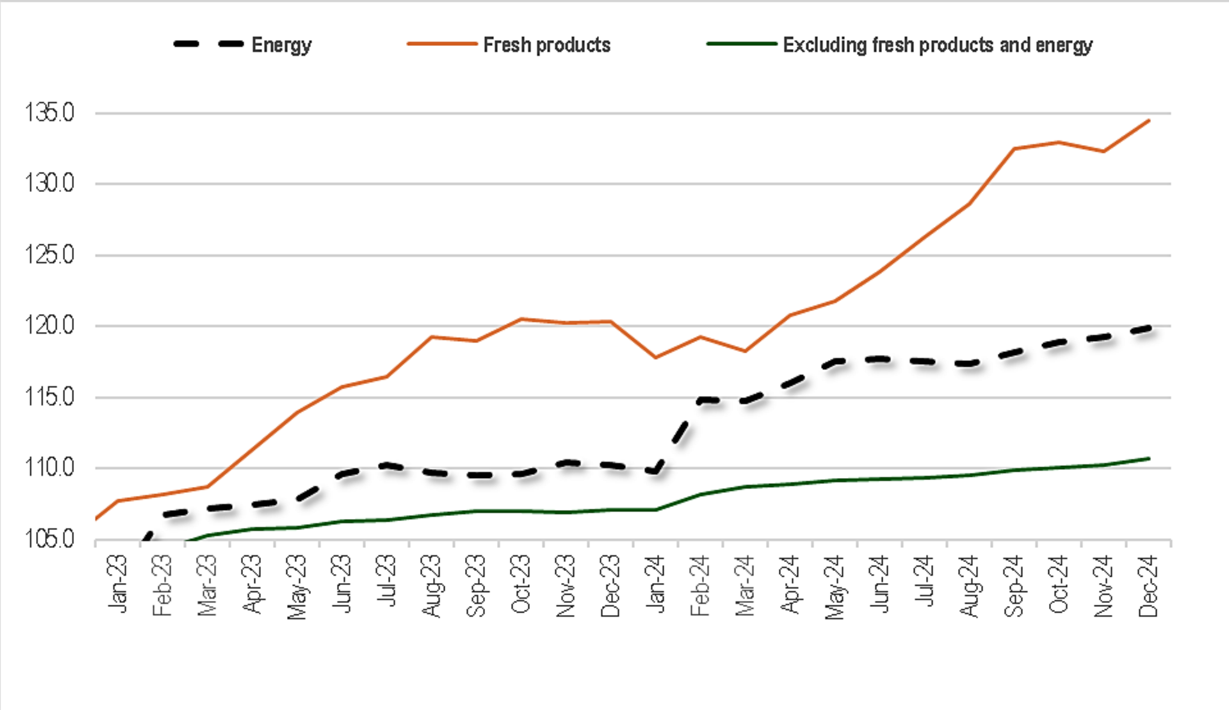
Figure 5: **Trends in household final consumer price index by produce origin**



1.6 Core inflation

Fresh produce prices increased by 9.2%, reflecting supply tensions and seasonal fluctuations affecting these highly volatile products. At the same time, core inflation, which excludes the most volatile products to provide a more accurate reading of structural inflationary trends, stood at +3.1%, reflecting lingering pressure on prices excluding cyclical items. Energy prices rose by 7.8%, a rise largely attributable to the increase in fuel prices, which impacts not only the cost of transport, but also the cost of producing and distributing goods and services.

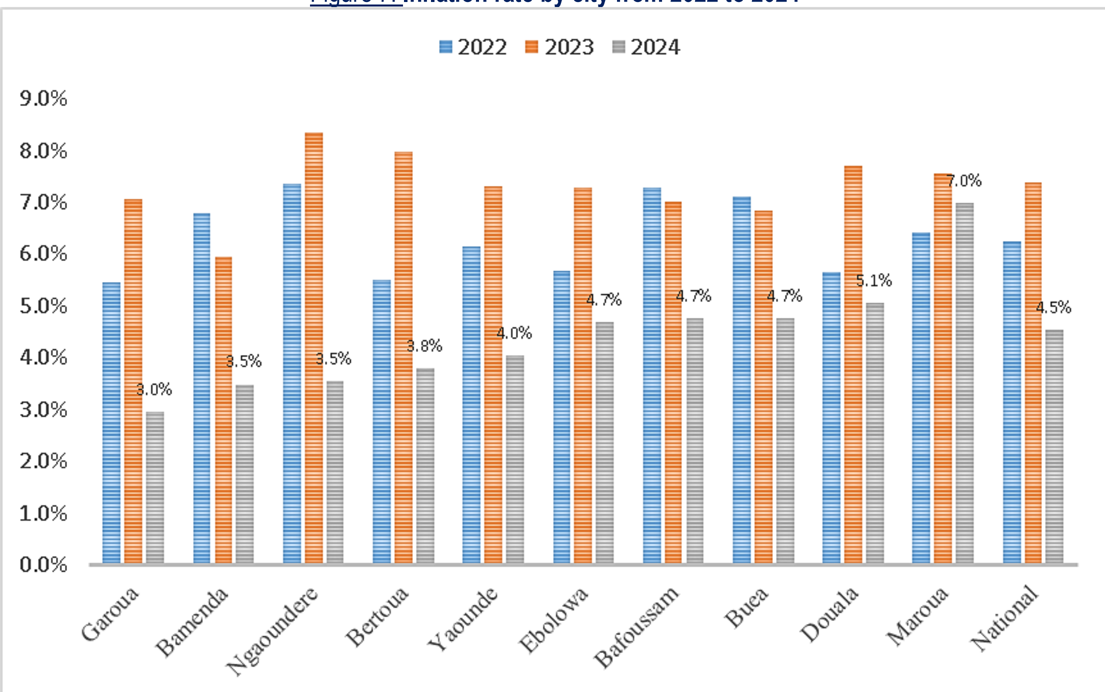
Figure 6: **Price trends by volatility**



1.7 INFLATION REGIONAL ANALYSIS

Inflation levels differ by region, from 3.0% in Garoua to 7.0% in Maroua. The cities least affected by the price increase are Garoua (3.0%), Bamenda (3.5%) and Ngaoundere (3.5%). In contrast, the cities recording the highest inflation levels are Maroua (7.0%), Douala (5.1%), Buea (4.7%), Bafoussam (4.7%) and Ebolowa (4.7%). These differences in levels are accounted for by several structural or cyclical factors that influence prices on the markets by region.

Figure 7: **Inflation rate by city from 2022 to 2024**



Factors influencing regional disparities in inflation

➔**Accessibility to markets and integration into trade networks** Cities such as Yaounde and Douala, as major economic hubs, benefit from better connectivity to national and international trade networks, facilitating the supply of goods and services. However, this strong integration makes them more sensitive to price changes as a result of demand and transportation costs. Conversely, more distant cities such as Maroua, Garoua and Ngaoundere may encounter difficulties in supplying from Douala or Yaounde due to insufficient transport infrastructure and more complex logistics, sometimes resulting in shortages and higher costs for consumers.

➔**Nature of local economic activities**

Regional economic structure plays an important role in passing on inflationary pressures. For example, areas with a predominantly agricultural base are particularly vulnerable to climatic hazards, poor harvests and rising costs of agricultural inputs. Insufficient production leads to a scarcity of food products, increasing pressure on local prices. Industrial and commercial regions, in contrast, may be more exposed to inflation through rising costs of raw materials, manufactured goods and transportation costs.

➔**Transport infrastructure and storage capacities**

Regions with well-developed transport and storage infrastructure tend to be able to stabilise prices through better inventory management and supply flows. More isolated areas are more exposed to supply disruptions, which can result in localised inflation due to additional logistics costs and increased reliance on external markets.

2 EXPLANATORY FACTORS OF INFLATION

The level of the inflation rate for the year 2024 results from the combination of external and internal explanatory factors.

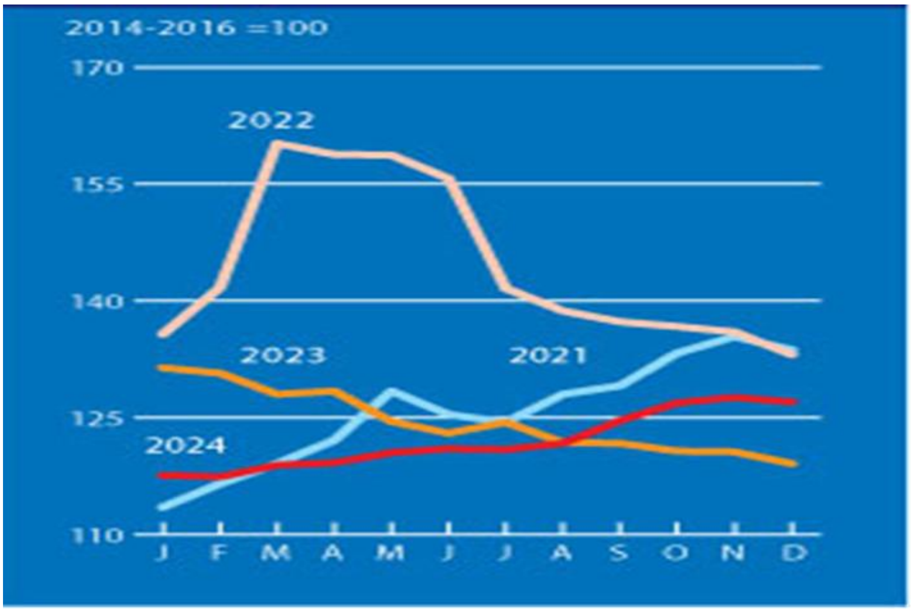
2.1 EXTERNAL FACTORS

External factors are economic, geopolitical, environmental, and also related to global price dynamics. They play a critical role in price trends at the national level, directly affecting households, enterprises and public policies.

➔ **Increase in global commodity prices**

Recovery in global demand, coupled with geopolitical tensions, has kept energy and food prices high. Global commodity prices, including oil, fertilizers, wheat, and metals, remained high in 2024, exacerbating import costs for Cameroon. Increases in global wheat or cereal prices are often as a result of unfavourable weather conditions in producing countries, or of export control policies. In particular, despite steady monthly increases throughout 2024, mainly driven by higher prices for dairy, meat and vegetable oils, the FAO Food Price Index, which tracks monthly changes in international prices of the most traded food commodities, remained generally below levels observed in 2023. However, from August 2024 onwards, a trend reversal was observed, with index levels exceeding those of the previous year. This change was partly due to global supply tensions, exchange rate fluctuations and high transportation costs, which contributed to higher prices for several strategic commodities.

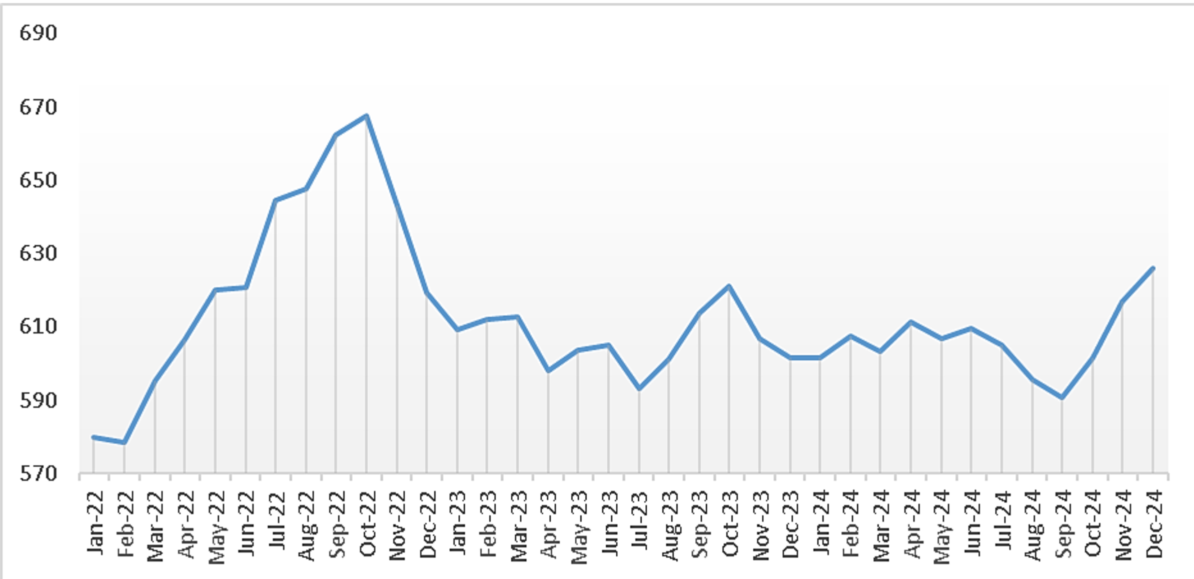
Figure 8: **FAO Food Price Index**



➔Exchange rate fluctuations

Depreciation of the CFA franc against major currencies, particularly the US dollar, has made imports more expensive, particularly foodstuffs and industrial inputs. If the dollar strengthens against the CFA franc, Cameroonian importers will have to pay more for the same quantities of foreign goods, which translates into price increases on the local market.

Figure 9: **Trends in the exchange rate of the US dollar against the CFA franc**



Reading note: One US dollar was equivalent on average to 625.97 CFA franc in December 2024.

➔Post-pandemic context of COVID-19

The aftermath of the COVID-19 pandemic continued to disrupt global supply chains, increasing import costs.

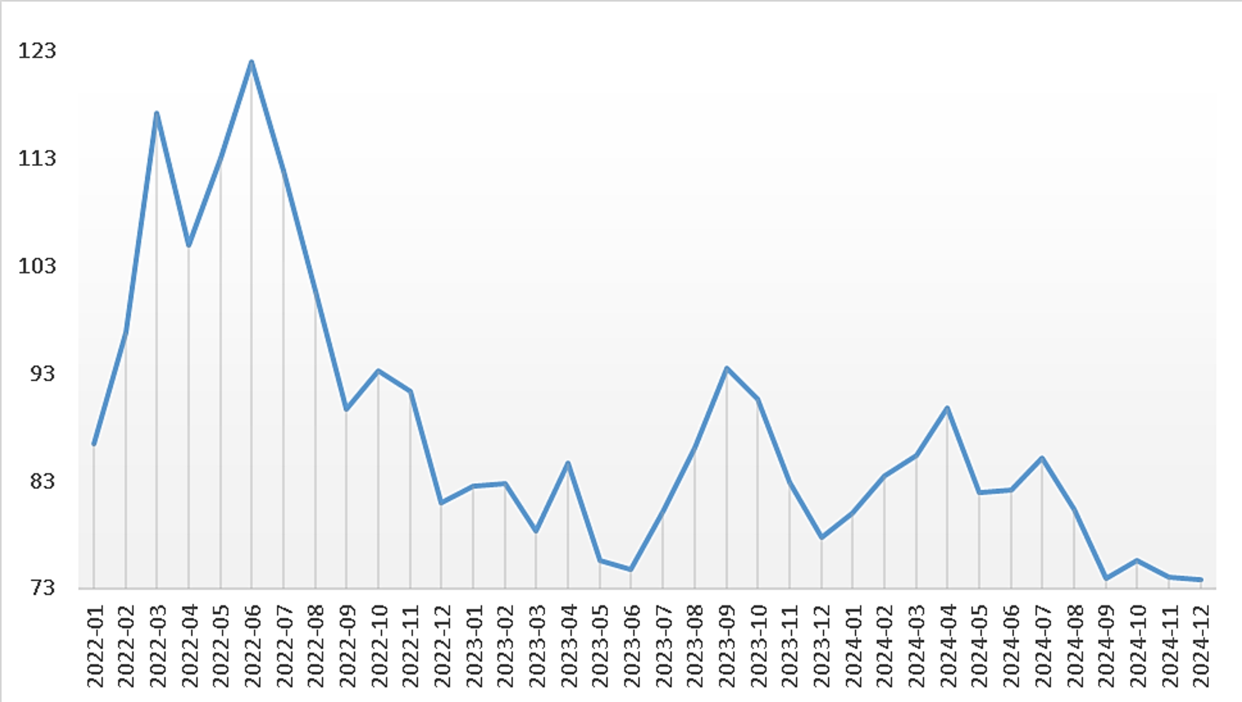
International geopolitical tensions, including the conflict between Russia and Ukraine and tensions in the Middle East, have kept grain and fertilizer prices high, directly impacting local agriculture and food prices.

➔Fuels and energy

Trends in global fuel prices has influenced transportation costs as well as energy production, impacting multiple economic sectors. In 2024, the oil market was marked by significant volatility, reflecting the dynamics of supply and demand on an international scale. According to INSEE data, the price of Brent in US dollars followed a fluctuating trend: it stood at $81.9 in May, before reaching $85.2 in July, and subsequently falling to $73.8 in December. This trend is accounted for by several factors, including production adjustments by OPEC member countries, the contrasting economic recovery in major hydrocarbon-consuming economies and geopolitical tensions affecting the main supply corridors.

In addition, changes in oil prices have had an impact on inflation and household purchasing power, especially in countries heavily dependent on energy imports. Governments have had to adapt their fuel subsidy strategies.

Figure 10: **Brent Crude Oil Price Trends (London) - Spot Price in US Dollars per Barrel**



Source: INSEE

➔Geopolitical shocks and international conflicts

Global geopolitical events such as the conflict between Russia and Ukraine and the conflict between Israel and Palestine in the Gaza Strip continued to disrupt global supply chains, affect commodity prices and limit access to certain goods.

These disruptions had the impact of maintaining the prices of certain products (cereals, fertilizers, etc.) at high levels. Thus, the unit value of cereals imported by Cameroon in 2024 recorded increased by 2.9% compared to 2023, meanwhile that of rice soared by 18.5%. In addition, the prices of imported frozen sea fish increased by 3.8%.

2.2 Internal factors

In addition to external factors, several internal elements also contribute to inflation in Cameroon. These factors can be economic, political, structural or related to dysfunctions in local markets.

➔Subsidy reforms

In 2024, the partial reduction of fuel subsidies, together with an adjustment of pump prices, led to a 15% increase in the prices of premium gasoline and diesel. This increase had a ripple effect on:

- Transportation costs, directly affecting the prices of goods and services.
- Production costs in the agricultural and industrial sectors, with enterprises passing on these additional costs to consumers.

➔Climate change and natural disasters

Climate also plays an increasingly important role in price fluctuations. As Cameroon is a primarily agricultural country, weather conditions directly affect the production of consumer goods, especially food products.

Prolonged droughts, flooding (especially in the Far-North) or heat waves can compromise harvests and disrupt production circuits. This leads to a decrease in supply and an increase in the prices of local products. For example, shortages in the production of maize, cassava or peanuts can lead to price increases, even in regions where these products are traditionally produced.
According to the National Observatory on Climate Change (ONACC), Cameroon experienced, from November 2023 and throughout 2024, a dry season characterized by extreme weather conditions across its five agro-ecological zones. This situation is due to the positioning of the Intertropical Front Line (ITF) in the south of the country, influencing temperatures and rainfall.
In the Far-North, North and Adamawa regions, the days are particularly hot, meanwhile the nights remain cold. This thermal variability favours the emergence of epizootic diseases, particularly affecting livestock sensitive to hot conditions. In addition, the reduction in water resources due to the drying up of rivers and the drop in water tables complicates the watering of animals, impacting the yield of livestock in these regions where livestock farming is an essential activity.
In the southern part, high temperatures persist both day and night in several localities. This intense heat, coupled with extremely low humidity, exposes perennial crops such as cocoa, coffee and palm plantations to an increased risk of destruction by brushfires. As a result of the very low humidity of the vegetation, fires spread quickly, threatening thousands of hectares of plantations and jeopardizing farmers' livelihoods.

➔**Dependence on imports**

Cameroon remains dependent on imports to cover its needs in food products, energy and manufactured goods. This dependence increased in 2024 with an increase in imports of certain categories of strategic products. The bill for industrial food products increased by 11.1% compared to 2023, reaching 340.1 billion CFA francs, meanwhile the quantities imported increased more quickly by 18.4%.
Cereals, which constitute a key component of food imports, accounted for an expenditure of 543.7 billion CFA francs in 2024, i.e. an increase of 40% year-on-year, meanwhile the quantities imported increased by 36%. This category is largely dominated by rice, whose bill increased to 318.5 billion CFA francs, posting a significant increase of 59% compared to the previous year, although the quantities imported increased by 34%. In addition, wheat imports reached 214 billion CFA francs, up 20% over the same period, showcasing the growing pressure on cereal product markets.
These trends reflect not only strong domestic demand, but also vulnerability to external shocks, including food price fluctuations and geopolitical tensions influencing global markets. They also highlight the need for Cameroon to continue adopting policies aimed at strengthening its local production to reduce its dependence on imports and ensure greater resilience to economic and food crises.

➔ **Inadequacies in logistics infrastructure**

Inadequate infrastructure, whether in terms of road networks, storage capacity or energy infrastructure, is a hurdle to economic development and exerts structural pressure on prices. Deteriorated roads hamper the smooth movement of goods, which can result in post-harvest losses as well as supply delays and market shortages. These disruptions are not limited to short-term price increases, but also create long-term uncertainties that can hamper investment in agricultural sectors and hamper their growth.
The energy sector is another determining factor in this inflationary dynamic. Frequent power shortages and the high cost of energy for enterprises directly impact the price of locally produced goods. To compensate for these deficiencies, many enterprises have to resort to alternative solutions, such as the use of diesel-powered generators, an expensive option that significantly increases production costs.

➔**Market dysfunctions**

Markets can sometimes suffer from structural failures, such as monopolies or oligopolies. These failures artificially increase the prices of goods and services, even in the absence of external inflationary pressures. In some sectors, a few players dominate the market, allowing them to set prices at levels higher than those that would be observed in a more competitive market.

3 Price stabilization measures

In response to inflationary pressures, the Government has implemented a series of measures aimed at mitigating the impact of rising prices on households and stabilising the domestic market. These actions include:

- Basic necessities price control: Regulatory mechanisms have been established to limit excessive price increases of essential commodities, thus ensuring their accessibility to the most vulnerable households.
- Targeted subsidy of fertilizers and agricultural inputs: To support local production and reduce costs for farmers, the Government has set up a financial aid system designed to facilitate access to fertilizers and improved seeds.
- Promotion of agricultural value chains: Initiatives have been developed to strengthen the processing and marketing of local agricultural products, thereby reducing dependence on imports and improving the sector's resilience to fluctuations in international prices.
- Creation of promotional sales sites for consumer products Direct marketing spaces have been set up, allowing producers and distributors to sell their goods at reduced prices, thus limiting the impact of intermediaries and contributing to price stabilization on the market.
- Strengthening control of distribution channels: Measures have been taken to combat speculative practices and artificial shortages, ensuring better stock regulation and supply fluidity on local markets.
- Support for strategic sectors and small farms: Financing and technical support programmes have been deployed to foster agricultural productivity and ensure regular supplies to national markets.

4 Inflation outlook for 2025

According to the January 2025 update of the global economic outlook, global inflation is expected to decline to 4.2% in 2025 and then to 3.5% in 2026. This slowdown would be observed more quickly in advanced economies, where inflation would tend to approach its target more quickly, compared to emerging and developing countries.

The year 2025 promises to be an important turning point for the national economy, which faces major challenges relating to controlling inflation in an economic context marked by lingering pressure on public finances. The Government has set itself the objective of reducing inflation to 4%; a goal that could, however, prove difficult to achieve given the constraints that the Government will have to face.

Measures likely to exacerbate the rise in prices include certain provisions of the State Finance Law for the financial year 2025, in particular due to various tax adjustments. These measures, although essential to strengthening the stability of public finances, in particular through the increase in public revenue in the long term, may fuel an immediate increase in production costs and consequently consumer prices, directly impacting household purchasing power.

Energy price trends will also play a key role in inflationary dynamics. An increase in electricity or fuel prices could increase the pressure on enterprises, which will then have to bear higher operating costs. Frequent power shortages and the high cost of energy are already forcing many enterprises to resort to alternative solutions, such as diesel-powered generators, an expensive option that significantly increases production costs. If these cost increases are partly or fully passed on to the prices of goods and services, this could lead to a significant erosion of consumers' purchasing power.

In the face of these challenges, the Government will need to implement targeted economic strategies to contain inflation, including by strengthening market surveillance, stabilizing supply chains, and fast-tracking structural reforms aimed at diversifying the economy and securing energy supplies. A balance between controlling prices and stimulating growth will be essential to preserve the country's macroeconomic stability and strengthen its resilience to various shocks.

CONCLUSION AND SUGGESTIONS

In conclusion, 2024 was marked by lingering but mitigated inflationary pressures compared to 2023; pressures fuelled by a combination of internal and external factors, including rising food, fuel and transportation costs. These pressures impacted unevenly across different regions of the country, exacerbating challenges for households, especially the most vulnerable.

Although efforts have been made by the Government to contain inflation, the level of inflation, at 4.5%, remains above the CEMAC threshold of 3%. Control efforts should therefore continue and require a more targeted approach to control inflation underlying factors.

Regarding suggestions, the outlook for 2025 highlights the need for strengthened economic measures to achieve the Government's objective of keeping inflation below 4%. Achieving this objective includes strengthening the monitoring of regular supply to markets, pursuing structural reforms, continuing the rehabilitation of transport infrastructure and the opening up of production basins, fast-tracking the diversification of the national economy, stabilizing supply chains, as well as efforts to strengthen energy security and local production capacities. At the same time, a balance between controlling prices and stimulating economic growth should be found to preserve the country's macroeconomic stability, while dealing with various shocks of internal or external origin.

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Technical appendices

Inflation-related issues for households, enterprises and public policies

Inflation, defined as the general and sustained increase in the prices of goods and services, is a complex economic phenomenon whose impacts affect households, enterprises, and public policies. Analyzing its issues allows us to better understand the challenges it poses and the strategies needed to overcome them.

Appendix 1: Issues for households

Inflation directly affects households' purchasing power, especially those with low or fixed incomes, and can amplify economic inequalities.

Decrease in purchasing power

Rising prices for basic necessities such as food, fuel and housing reduce households' ability to cover their basic needs. This is particularly critical for vulnerable households that spend a significant portion of their income on these expenses.

Erosion of savings

Inflation reduces the real value of household savings, particularly when interest rates on savings products are lower than the inflation rate.

Adaptation of consumer behaviours

Households are shifting their spending by limiting non-essential purchases, which can affect quality of life and overall welfare.

Over-indebtedness

Faced with rising costs, some households may be tempted to resort to loans thereby increasing the risk of over-indebtedness.

Social perception

Prolonged inflation fuels a sense of economic uncertainty, resulting *inter alia* to social frustrations and salary demands.

Appendix 2: Issues for enterprises

Inflation creates opportunities but also significant risks for enterprises, influencing their costs, competitiveness and profit margins.

Increase in production costs

Rising commodity, energy and salary prices exert pressure on production costs, potentially eroding enterprises' profit margins, particularly in sectors where prices are regulated or subject to strong competition. Enterprises usually try to pass on rising costs to consumers by raising prices for products and services. However, this can reduce demand, particularly in a context where household purchasing power is already weakened.

Reduction of investments

Inflation uncertainty often dampens long-term investment decisions, especially in sectors where margins are already tight.

Loss of international competitiveness

In a globalized world, high domestic inflation can make local products less competitive in international markets.

Limited access to financing

In a context of high inflation, interest rates tend to rise, making the cost of financing higher. This hinders the ability of enterprises, particularly small and medium-sized enterprises (SMEs), to invest in expansion or innovation.

Appendix 3: Issues for public policies

Inflation poses a major challenge for policy-makers because it requires a delicate balance between economic stability and growth.

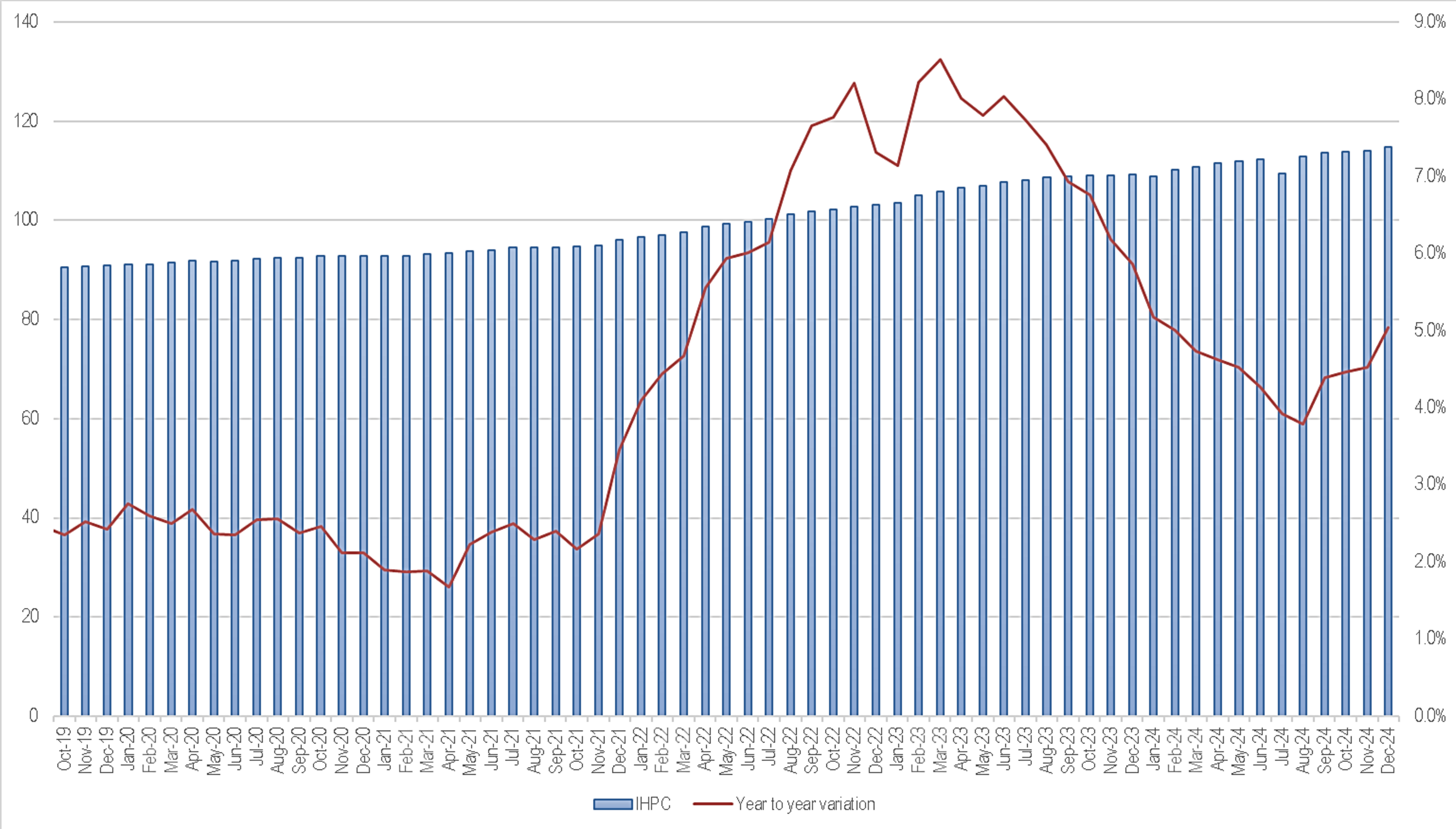
Price stabilization
Governments and central banks should implement monetary and fiscal policies to control inflation, without excessively slowing economic growth.
Salary and income management
Rising prices push unions and workers to demand salary increases, which can fuel an inflationary spiral.
Management of external imbalances
Inflation can worsen the trade deficit by increasing the costs of imports and reducing the competitiveness of exports, prompting the Government to strengthen foreign currency reserves.
Increased fiscal pressures
Inflation impacts public finances by increasing spending on subsidies, public sector salary adjustments and social programmes.
Tax revenues may also be affected, as fixed tax rates do not always keep pace with price increases.

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

Item label	Index												Changes		
	Jan-24	**Feb-24**	**March-24**	**April-24**	**May-24**	**June-24**	**July-24**	**Aug-24**	**Sept-24**	**Oct-24**	**Nov-24**	**Dec-24**	**Dec-24/Nov-24**	**Dec-24/ Dec-23**	**Jan-24 to Dec-24/Jan-23 to Dec-23**
CONSUMER FUNCTION															
Food products and non-alcoholic beverages	112.2	113.0	113.8	115.1	115.6	116.6	116.6	117.9	120.1	120.5	120.1	121.7	1.3%	7.3%	5.5%
Food products	112.5	113.3	114.2	115.5	116.0	117.0	117.1	118.3	120.7	121.0	120.6	122.3	1.4%	7.4%	5.6%
Breads and cereals	108.0	109.8	110.8	112.9	114.2	114.3	115.9	116.4	118.3	117.4	117.5	117.1	-0.4%	8.5%	5.6%
Meats	106.2	106.7	107.2	107.3	107.4	107.1	107.9	107.9	108.5	109.6	109.8	110.4	0.6%	3.4%	2.7%
Fishes and seafood	108.7	109.5	110.8	113.5	115.1	115.7	114.2	115.2	118.2	115.5	115.5	115.9	0.3%	5.8%	4.5%
Milk, cheese and eggs	110.4	110.6	110.3	110.2	110.9	112.0	110.9	112.3	113.3	113.5	113.8	113.7	-0.1%	3.0%	3.8%
Oils and fats	101.6	100.4	98.5	97.6	97.4	96.8	95.8	96.1	97.7	98.1	99.3	102.5	3.2%	-0.7%	-6.8%
Fruits	117.4	119.8	124.0	123.4	122.0	122.7	120.6	122.0	125.7	130.8	130.2	137.5	5.6%	14.8%	9.1%
Vegetables	128.1	128.7	129.8	131.8	131.8	135.4	135.0	138.1	142.5	144.8	142.3	146.4	2.9%	11.0%	11.5%
Sugar and confectionery	107.3	107.5	107.8	107.1	107.8	107.2	107.3	107.3	107.6	107.9	107.5	108.0	0.5%	0.7%	0.6%
Food products n.e.c.	111.3	112.3	114.4	116.8	117.4	118.9	119.5	122.2	123.1	123.2	123.6	125.4	1.4%	12.4%	9.0%
Non-alcoholic beverages	103.4	103.5	103.6	103.7	103.8	104.0	104.0	104.0	104.1	104.2	104.3	104.3	0.0%	1.1%	1.1%
Alcoholic beverages, tobacco and narcotics	104.3	104.8	105.0	105.6	106.0	105.9	106.1	106.1	106.2	106.2	107.1	107.6	0.5%	3.4%	2.4%
Clothing and footwear	106.1	106.3	106.6	106.6	106.7	106.7	106.9	106.9	107.1	107.3	107.6	108.7	1.0%	2.3%	2.5%
Housing, water, gas, electricity and other fuels	104.7	105.6	105.7	105.9	106.7	107.1	107.1	107.3	107.5	107.7	108.0	108.5	0.4%	3.6%	3.3%
Furniture, household and routine maintenance items	108.2	108.6	108.7	108.9	109.2	109.4	109.6	109.7	109.8	109.8	109.9	109.7	-0.2%	1.6%	2.0%
Health	101.1	101.2	101.4	101.4	101.4	101.5	101.5	101.5	101.6	101.7	101.7	101.8	0.1%	0.7%	0.6%
Transport	118.2	125.8	128.3	129.6	130.2	130.2	130.2	130.2	130.7	131.5	132.0	132.2	0.1%	11.6%	12.3%
Communications	100.3	100.4	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.4	100.2	100.2	0.0%	-0.1%	0.0%
Leisure and culture	102.6	102.6	102.6	102.6	102.6	102.4	102.3	103.0	103.0	103.0	103.0	103.1	0.0%	0.4%	0.8%
Education	104.5	104.5	104.5	104.5	104.5	104.6	105.1	105.5	105.9	106.1	106.1	106.1	0.0%	1.5%	1.9%
Restaurants and hotels	106.0	106.3	106.4	106.5	106.6	106.9	107.0	107.1	107.2	107.4	107.8	108.2	0.3%	2.2%	1.9%
Miscellaneous goods and services	106.6	107.0	107.2	107.4	107.4	107.7	107.9	108.0	108.1	108.3	108.6	108.7	0.1%	2.0%	2.3%
OVERALL INDEX	**108.8**	**110.2**	**110.9**	**111.5**	**111.8**	**112.2**	**112.3**	**112.8**	**113.6**	**113.9**	**114.0**	**114.7**	**0.6%**	**5.0%**	**4.5%**

Item label	Index												Changes		
	Jan-24	Feb-24	March-24	April-24	May-24	June-24	July-24	Aug-24	Sept-24	Oct-24	Nov-24	Dec-24	Dec-24/Nov-24	Dec-24/ Dec-23	Jan-24 to Dec-24/Jan-23 to Dec-23
SECONDARY CLASSIFICATIONS															
Domestic goods and services	109.5	110.9	111.6	112.3	112.7	113.3	113.3	113.9	114.7	115.0	115.0	115.9	0.7%	5.2%	4.7%
Imported goods	106.9	108.4	108.8	109.4	109.6	109.6	109.9	110.0	110.9	111.1	111.4	111.7	0.3%	4.5%	4.0%
Energy	109.8	114.8	114.7	116.0	117.5	117.7	117.6	117.4	118.2	118.9	119.2	119.9	0.6%	8.7%	7.8%
Fresh products	117.8	119.3	118.2	120.8	121.8	123.9	126.2	128.7	132.5	133.0	132.3	134.5	1.7%	11.8%	9.2%
Excluding fresh products and energy	107.1	108.2	108.7	108.9	109.1	109.2	109.3	109.5	109.9	110.1	110.3	110.7	0.4%	3.3%	3.1%
REGIONAL CAPITAL CITIES															
Yaounde	108.4	109.9	110.5	111.3	111.7	111.6	111.8	112.1	113.1	113.0	112.9	113.4	0.4%	4.3%	4.0%
Douala	109.6	111.1	111.7	112.2	112.2	113.0	113.0	113.9	114.6	115.3	115.2	116.0	0.7%	5.8%	5.1%
Maroua	**108.6**	**110.1**	**111.0**	**113.4**	**116.2**	**117.2**	**117.0**	**116.2**	**117.2**	**117.5**	**117.8**	118.8	0.8%	7.9%	7.0%
Bafoussam	108.4	110.3	111.4	111.6	112.2	112.9	111.7	112.1	113.3	113.7	113.5	114.0	0.5%	4.6%	4.7%
Buea	108.6	109.9	110.8	111.4	111.4	111.5	111.2	112.8	113.9	113.8	113.7	113.9	0.1%	4.8%	4.7%
Garoua	**107.9**	**108.6**	**108.6**	**109.1**	**109.4**	**110.1**	**110.4**	**110.6**	**111.0**	**111.9**	**112.0**	113.1	1.0%	4.1%	3.0%
Ebolowa	109.1	109.8	111.0	111.2	112.4	112.4	112.4	112.7	113.9	113.9	114.1	114.8	0.6%	5.1%	4.7%
Ngaoundere	110.2	111.2	111.3	111.6	111.0	110.9	112.4	113.0	112.6	113.3	113.3	115.3	1.7%	3.4%	3.5%
Bertoua	109.9	112.0	112.8	112.5	111.1	111.5	110.9	111.9	112.6	112.4	113.4	113.9	0.5%	4.1%	3.8%
Bamenda	106.6	107.7	108.2	108.2	107.9	108.5	110.0	110.4	111.4	111.7	112.3	112.8	0.5%	5.4%	3.5%

Figure 11: **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 5% recorded in December 2024, a product that cost on 100 CFA francs in December 2023 would now cost 105 CFA francs. This month, year-on-year inflation continued to accelerate, extending the trend observed in the previous month. Should this momentum persists in the coming months, it could mark a turning point in the inflation trajectory, leading to a gradual increase in the annual average change.