

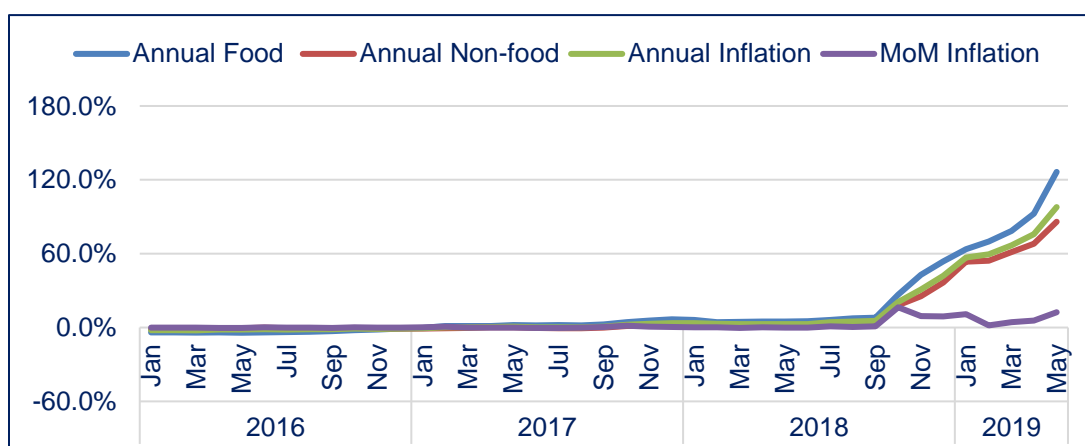
Inflation driven by rising FX premiums...

Indicator	May 2018	Apr 2019	May 2019
Annual	2.71%	75.86%	97.85%
Month-on-Month	0.03%	5.52%	12.54%

Source: ZimStat

- According to the ZimStat, the year-on-year “y/y” rate of inflation increased from 75.9% in Apr 2019 to 97.9% in May 2019, setting another record level since dollarization in 2009.
- The y/y food and non-alcoholic beverages inflation rose from 92.5% to 126.4%, driven by increases in all categories. In fact, with the exception of fish and sea food (+87.8%), all product categories registered price increases over 100% led by oils and fats as well as fruits.
- The y/y non-food inflation also rose from 68.2% to 85.9%, over the same period, underpinned by transport (fuel and passenger transport services), electricity (gas and solid fuels), furniture (household appliances), clothing & footwear and health (pharmaceutical products) categories.
- Meanwhile, the underlying m/m inflation rate also rose from 5.5% to 12.54% between Apr 2019 and May 2019. Most products recorded increases below 20% except for materials for repairs, gas, solid fuels, pharmaceutical products, motor cars & bicycles, spare parts, passenger transport, cultural services, postal services and electrical appliances. Fig. 1 below outlines the inflation trend since Jan 2016.

Fig. 1: Inflation trend



Source: ZimStat

Outlook

In the short term, upward inflationary pressures will most likely persist driven by the pass-through effects from cost-push factors. Chief among the cost-push determinants being the rising premiums on the foreign currency market, energy costs (rising fuel costs and usage as an alternative for electricity power cuts) and anticipated drought-driven food imports.

...annual inflation at a record high of 97.9% in May 2019...

...month on month inflation also rose to 12.5%...

...cost-push factors remain dominant...

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