



...y/y inflation rate
declines on base
effect...

INFLATION ALERT

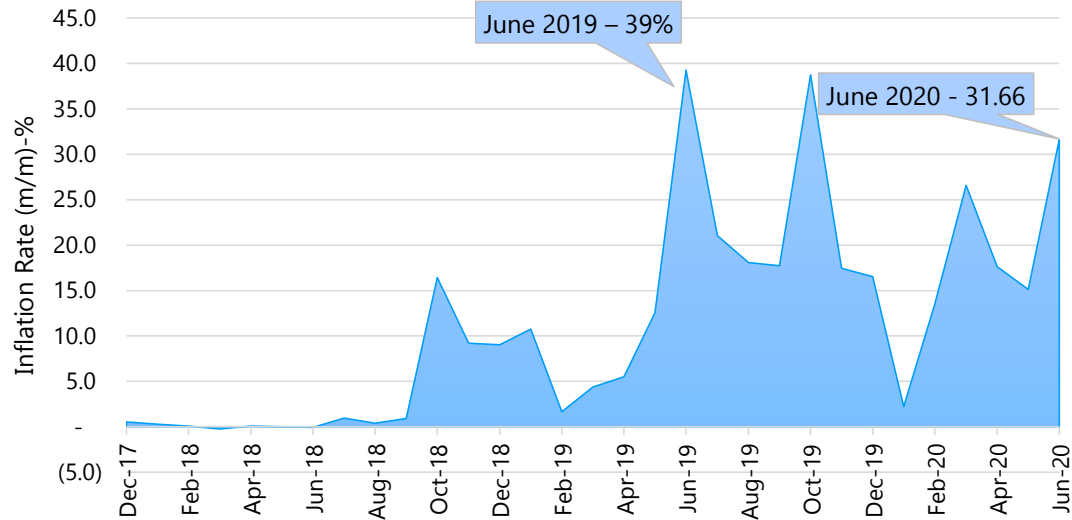
June 2020



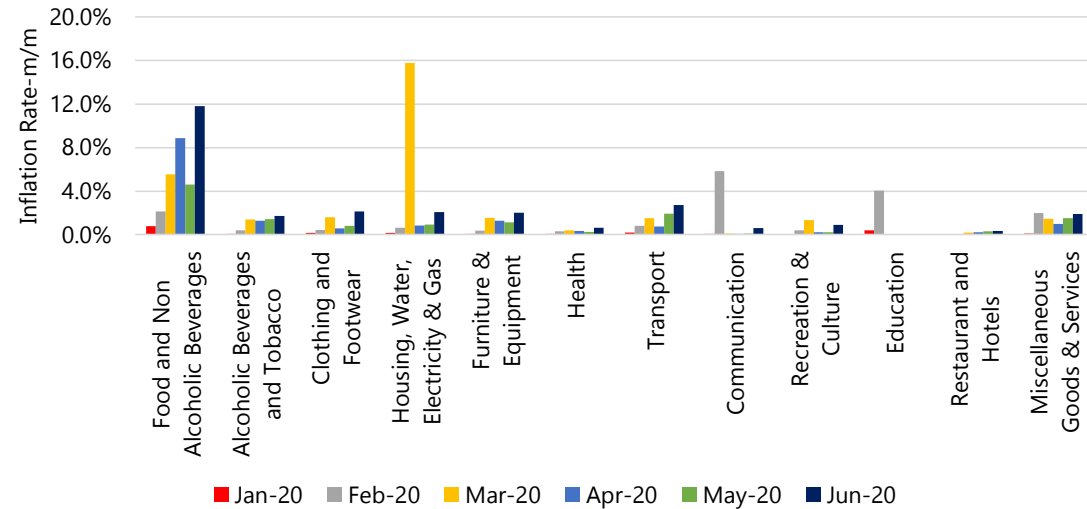
ZIMBABWE | INFLATION UPDATE - JUNE 2020



Graph 1: M/M Inflation Rate Trends



Graph 2: M/M Inflation Trends By CPI Categories



	M/M Inflation (%)			Y/Y Inflation (%)		
	Apr-2020	May-2020	June-2020	Apr-2020	May-2020	June-2020
South Africa	-0.5	-0.6	n.a	3.0	2.1	n.a
Kenya	0.9	0.6	-0.3	5.6	5.3	4.6
Botswana	0.9	0.0	-1.2	2.5	2.4	0.9
Tanzania	0.4	0.2	-0.2	3.3	3.2	3.2
Zambia	2.2	1.6	0.2	15.7	16.6	15.9
Zimbabwe	17.6	15.1	31.7	765.6	785.5	737.3

- According to the ZIMSTAT, the m/m inflation rate increased to an 8-month high of 31.7% in June 2020, from 15.1% in May 2020 - **Graph 1**, reflecting increases in both food and non food inflation. We will analyze the blended CPI in the next edition.
- The m/m food and non-alcoholic beverages inflation rose from 4.6% in May 2020 to 11.8% in June 2020 – Graph 2, reflecting increases in bread and meat prices. Housing, water, electricity & gas, transport, and clothing & footwear were the major non food inflation drivers in June 2020.
- Notwithstanding the jump in the m/m inflation, the y/y inflation rate declined to 737.3% in June 2020, from 785.6% in May 2020. This largely reflected base effects - following a higher m/m inflation rate of 39% in June 2019 – Graph 1.
- Meanwhile, country's inflation rates remained significantly above those of its regional trading partners - See Table - and the SADC range of 3-7%, hence the need for a comprehensive disinflation strategy, with specific short and medium term targets.

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