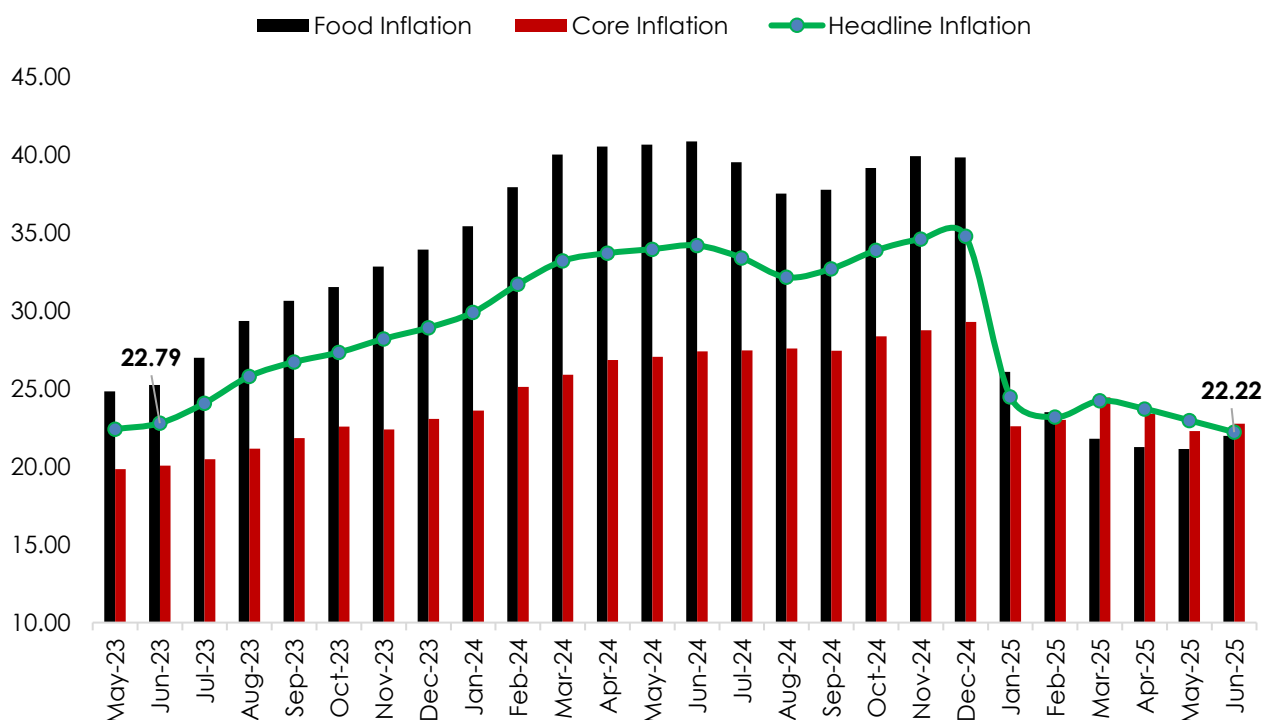


Headline Inflation Moderates to 22.22% in June

Headline inflation moderated to 22.22% in June 2025, down from 22.97% in May, reflecting a moderation of 75 basis points. This moderation was primarily driven by lower PMS prices, relative FX stability, and seasonal food supply adjustments. However, on a month-on-month basis, inflation rose to 1.68% in June from 1.53% in May.

Food inflation recorded a sharp decline to 21.97% in June 2025, from 40.87% recorded in June 2024. The significant decline in the food inflation rate is technically due to the change in the base year. On a month-on-month basis, the food inflation rate was up by 107 basis points, to 3.25% in June from 2.19% in May. The increase can be attributed to the rate of increase in the average prices of green peas, pepper, shrimps, crayfish, fresh meat, tomatoes, plantain flour, ground pepper, etc.

Core inflation, which excludes the prices of volatile agricultural products and energy, decreased to 22.76% in June 2025, compared to 27.40% recorded in June 2024. On a month-on-month basis, the core inflation rate rose to 2.46%, representing a 136 basis points increase from the 1.10% recorded in May 2025. [Read more](#)



OUTLOOK

Headline inflation is expected to maintain a gradual downward trend in July, supported by FX stability, tight monetary conditions, and subdued energy prices. However, food inflation remains a key risk, as persistent insecurity in major food-producing areas could sustain upward pressure on prices. While base effects may continue to moderate year-on-year inflation, demand-side pressures and supply chain disruptions could drive a slight increase in month-on-month readings. Overall, we project a marginal easing in headline inflation, on gains from the economic reforms.

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