Rwanda’s Consumer Price Index (CPI), the main gauge of inflation, showed a welcome dip in June 2024, according to data released by the National Institute of Statistics Rwanda (NISR) on July 10, 2024. The inflation rate reached 5% year-on-year, down from 5.8% in May 2024. However, the cost of essential goods, particularly food and transportation, continues to be a source of worry for many Rwandans.

While the overall inflation decrease is a positive sign, Rwandan households are still feeling the pinch with regards to food costs. Data reveals a complex situation within the food and beverage category. Prices in this sector increased by 3.1% year-on-year, but interestingly, decreased by 1% on a monthly basis.

This suggests some price fluctuations within the category, with certain food items potentially becoming more expensive. Analysts point out the need for a closer look at specific food items driving the annual increase to inform targeted interventions.

“We’ve had to cut back on certain groceries lately,” says Grace Uwamahoro, a resident of Remera Kigali. “While some things are a bit cheaper, overall, food prices are still straining my budget including prices for milk, fruits and vegetables.”

Analysts also emphasize that identifying the specific food items driving the annual increase is crucial. This will help consumers to plan for their expenditures on budgets while it will help policymakers target interventions towards the most impacted products.

A significant concern is the continued rise in transportation costs. Transport prices jumped by a substantial 23.2 percent year-on-years, although they did decrease slightly by 0.6 percent on a monthly basis.

This increase likely impacts not only travel expenses but also the cost of transporting goods to market, potentially contributing to food price inflation. The high cost of transportation can have a ripple effect throughout the economy, making it more expensive for businesses to operate and for consumers to access goods.

“The high cost of transportation is squeezing our profit margins,” says Jean Pierre Ruboneza, owner of a small retail store in Kibagaga, in the City of Kigali. “It’s making it difficult to keep prices competitive for our customers.”

Other Sectors Show Varied Trends, according to the NISR report which also details price changes in other sectors: like local products which Increased 3.8 percent year-on-year, but decreased by 0.2 percent monthly.

Additionally, the report showed imported products increased 9 percent year-on-year, but decreased by 0.7 percent monthly. Fresh produce also increased 3.2 percent year-on-year, and slightly increased by 0.1 percent monthly, energy increased 3.7 percent year-on-year, but decreased by 2.3 percent monthly.

The recent dip in inflation offers some encouragement, but economic experts caution that the looming drought introduces significant uncertainty for Rwanda’s economic future.