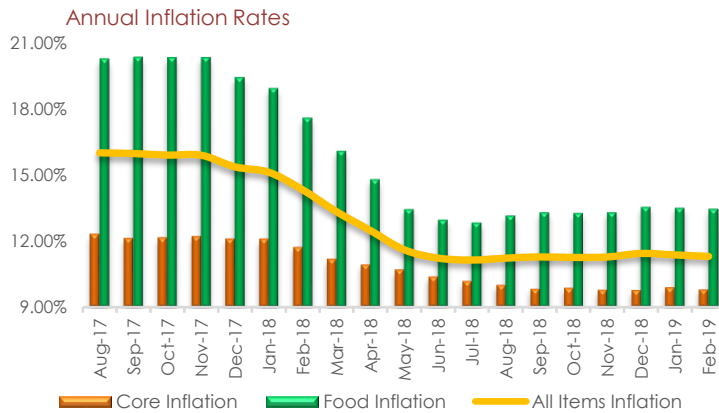




Inflation Update: February 2019

MPR: 14%
Q4 '18 Real GDP Growth Rate: 2.38%



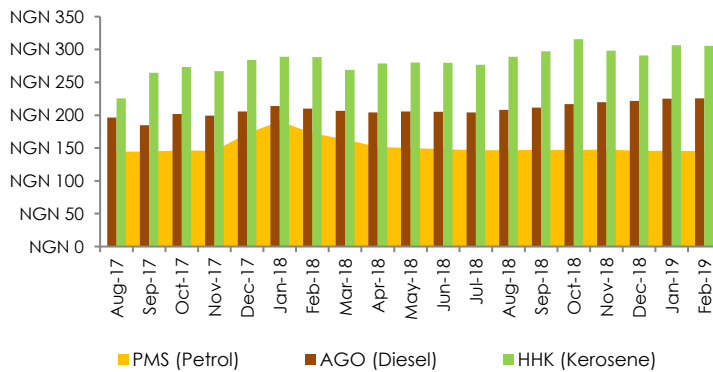
February 2019 Annual Inflation Rate Falls to 11.31% as Core Inflation Eases to 9.80%...

In line with our expectation, February headline inflation rate further moderated to 11.31% year-on-year (from 11.37% in January 2019), printing two consecutive months of decline. The sustained fall in annual inflation rate was driven by decreases in food prices, especially in Abia, Delta and Lagos States – food inflation in the respective states moderated y-o-y to 10.81%, 11.51% and 12.94% in February 2019. The pressure on general price level of food eased y-o-y to 13.47% (slower than 13.51% in January 2019), amid harvest season which lasted till the end of February. In the same vein, core inflation rate grew slower, on an annual basis, to 9.80% (from 9.91% growth in January 2019) and on a monthly basis, slowed to 0.65% (against 0.81% growth in January 2019). This was partly driven by y-o-y fall in the costs of transport (-0.22%), clothing & footwear (-0.06%) and energy cost (-0.11%). Although the change in price level for imported food remained above headline inflation rate of 11.31%, we saw it slow y-o-y to 15.61% in the month under review (from 15.66% in January 2019) amid monthly average appreciation of the Naira against USD across market segments (FX rate fell m-o-m by 1.72% to N357.50/USD at the BDC market). Inflation rate in the urban area dropped y-o-y to 11.59% (from 11.66%) as well as in the rural area, to 11.05% (from 11.11%) in February 2019.

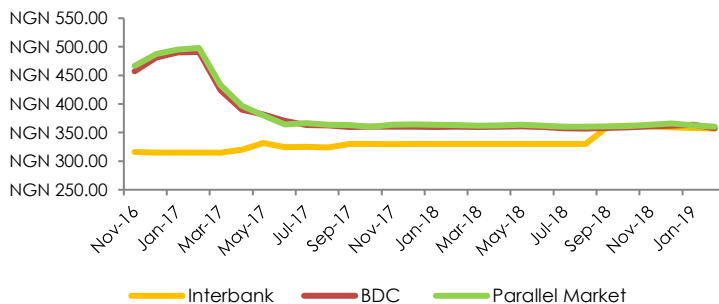
Outlook:

“Amid delayed implementation of minimum wage, early stage of planting season and stability of the foreign exchange rate, we expect headline inflation to further maintain its lower trajectory in March 2019”.

Monthly Average Commodity (Fuels) Price/Litre



Monthly Average Exchange Rates (NGN/USD)



Source: Central Bank of Nigeria, Aboki.com, Cowry Research

IMPORTANT DISCLOSURES: This report is produced by the Research Desk, Cowry Asset Management Limited (COWRY) as a guideline for Clients that intend to invest in securities on the basis of their own investment decision without relying completely on the information contained herein. The opinion contained herein is for information purposes only and does not constitute any offer or solicitation to enter into any trading transaction. While care has been taken in preparing this document, no responsibility or liability whatsoever is accepted by any member of COWRY for errors, omission of facts, and any direct or consequential loss arising from the use of this report or its contents.