



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

March 2019 Annual Inflation Rate Eases to 11.25% on Further Decline in Core Inflation Rate to 9.46%...

In line with our expectation, March headline inflation rate further moderated to 11.25% year-on-year (from 11.31% in February 2019), printing three consecutive months of decline. The sustained moderation in annual inflation rate was chiefly driven by consistent decrease in core inflation rate as it grew slower (on an annual basis, to 9.46% from 9.80% and a monthly basis, to 0.53% from 0.65%). This was partly driven by y-o-y fall in the costs of transport (-0.18%), clothing & footwear (-0.08%) and energy cost (-0.05%). Also, food inflation rate declined marginally to 13.45% y-o-y from 13.47% in February 2019. Food prices, especially in Ogun, Bauchi and Edo States moderated y-o-y to 11.55%, 11.82% and 12.08% in March 2019 respectively. However, the pressure on general price level of food rose m-o-m to 0.88% (higher than 0.82% in February 2019), amid planting season which commenced in March. Also, change in consumer price index for imported food rose m-o-m by 1.22% to 298.06 points from 294.48 points in February 2019, despite monthly average appreciation of the Naira against USD in most forex market segments (FX rate fell m-o-m by 0.78% to N357.10/USD at the BDC market). In the same vein, Inflation rate in the urban area dropped y-o-y to 11.54% (from 11.59%) as well as in the rural area, to 10.99% (from 11.05%) in March 2019.

**Outlook:**

*"We expect inflation rate to rise in the months of April, May and June amid Easter and Ramadan festivities plus ongoing planting season. Also, the eventual signing of the new minimum wage bill, will also push headline inflation higher going forward".*

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