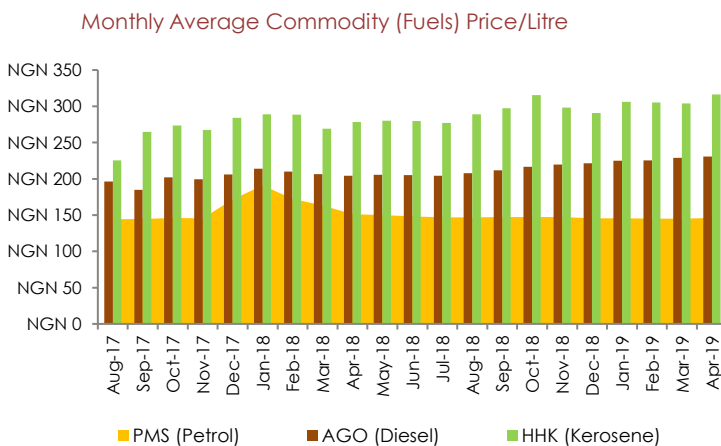
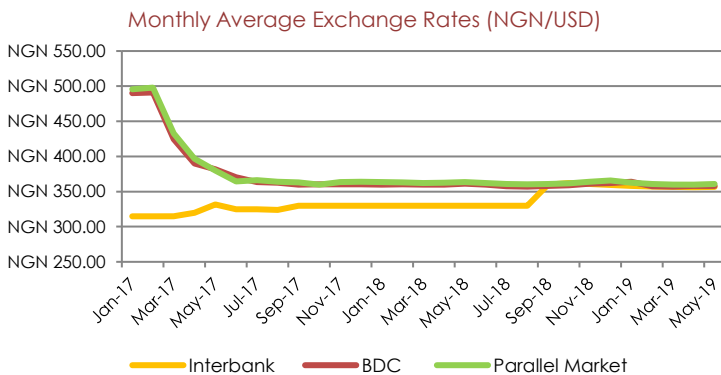
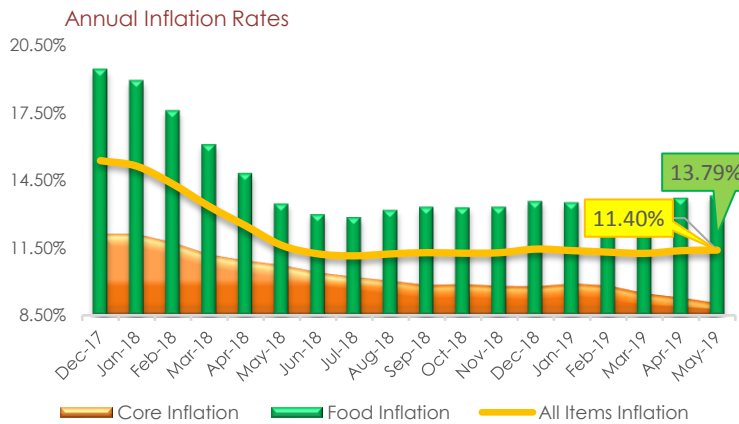




Inflation Update: May 2019

MPR: 13.50%
Q1 '19 Real GDP Growth Rate: 2.01%



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

May 2019 Annual Inflation Rate Rises to 11.40% on Food Inflation, Monthly Cost Pressures...

In line with our expectation, May headline inflation rate rose to 11.40% year-on-year (from 11.37% in April 2019) on sustained monthly cost pressures – both core inflation and food inflation increased month-on-month to 0.75% and 1.41% in the month of May from 0.70% and 1.14% respectively in the month of April. In the same vein, annual food inflation increased y-o-y to 13.79% in the month of May as market prices of major staples such as tubers, bread & cereals, fish, meat, poultry & dairy, and oil & fats registered the highest increases amid gradual drawdown in food stockpiles into the planting season. The biggest y-o-y food price increases were recorded in Kebbi (+18.86%), Kaduna (+17.07%), Gombe (16.95%), Niger (+16.53%) and Ondo (+16.48%) states. Imported food inflation rate also increased further to 15.71% y-o-y in May from 15.68% in April 2019 and to 1.25% m-o-m amid monthly depreciation of the Naira against the US greenback across the market segments. However, annual core inflation slowed to 9.03% in May from 9.28% in April on the back of slower increases in costs of transportation and clothing & foot wear. In terms of regional price change, inflation rate in the urban areas rose faster y-o-y to 11.80% (from 11.70%); however, inflation in rural areas were flatish at 11.08%.

Outlook:

"We expect inflation rate to increase further – as indicated by recent build up in monthly price increases – especially against the backdrop of ongoing planting season as well as anticipated increase in spending activity following the implementation of the new minimum wage bill".

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