

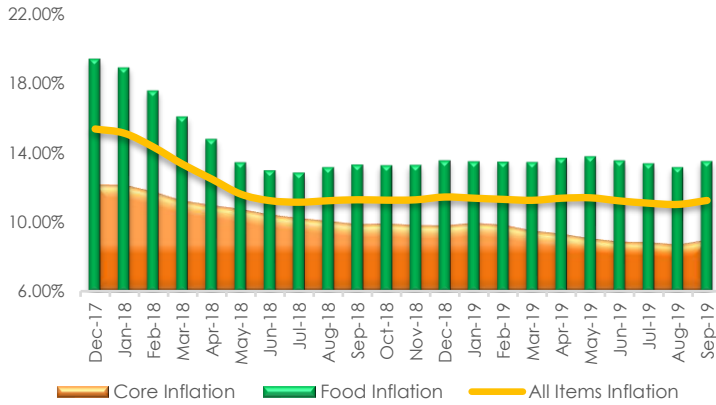


Inflation Update: September 2019

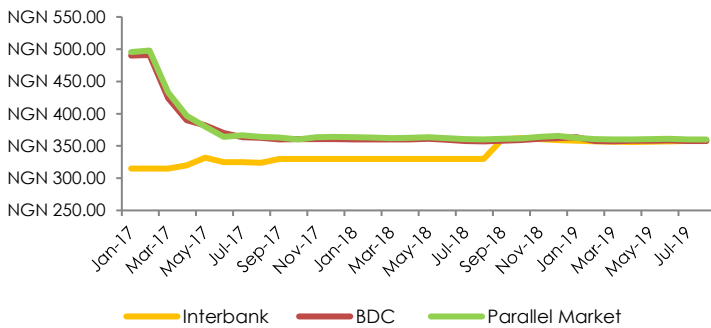
MPR: 13.50%

Q2 '19 Real GDP Growth Rate: 1.94%

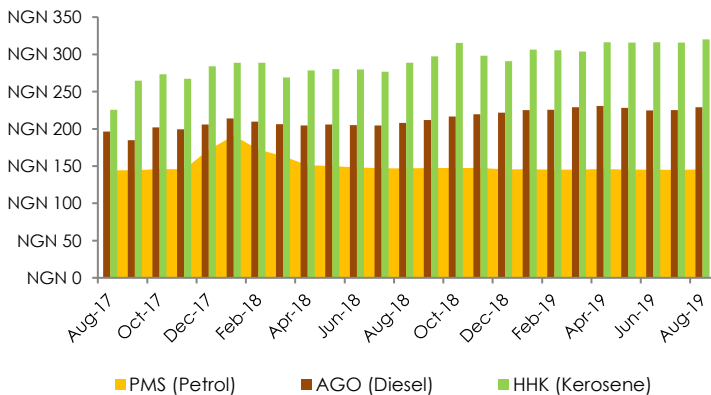
Annual Inflation Rates



Monthly Average Exchange Rates (NGN/USD)



Monthly Average Commodity (Fuels) Price/Litre



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

September 2019 Annual Inflation Rate Rises to 11.24% as Food Inflation Jumps to 13.51% amid Border Closure...

Freshly released September inflation report showed that headline inflation rate rose to 11.24% year-on-year (from 11.02% in August 2019), a sharp reversal, and the highest in three months. The northward movement in the annual inflation was chiefly due to the sharp increase in annual food inflation rate, in addition to the gentle upshift in core inflation rate which, howbeit, remains single-digit. Particularly, annual food inflation rate jumped to 13.57% in September 2019 from 13.17% in August 2019. Also, monthly food inflation climbed m-o-m to 1.30% in the month of September, from 1.22% in the month of August, amid the closure of Nigeria's land borders. August food inflation rate rose to 16.65% (from 14.61%), 16.57% (from 14.08%), 16.31% (from 15.12%) and 16.08% (from 15.04%) in Niger State, Nassarawa, Abuja and Ogun States respectively. Annual core inflation rate rose to 8.94% y-o-y in September 2019 from 8.68% in August 2019, partly arising from the rise in energy costs (0.16%) and transport (0.12%). Also, we saw core inflation rate rise on a monthly basis to 0.89% (from 0.67% in August). In the same vein, m-o-m change in price level for imported food increased by 1.28% amid the depreciation of the Naira against the USD at the interbank window where two months moving average foreign exchange rate rose (i.e Naira depreciated) m-o-m by 0.06% to N357.96/USD in September 2019.

Outlook:

"We expect annual inflation rate to increase further in October as food prices, especially the cost of rice, increase amid border closure. However, we feel the increase will be limited as harvest season creeps in".

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.