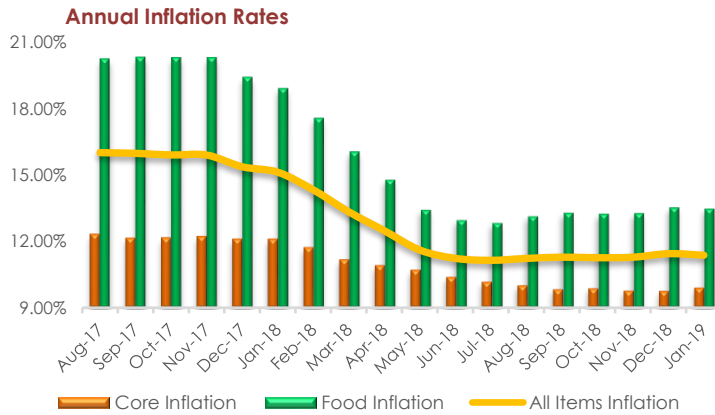




Inflation Update: January 2019

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



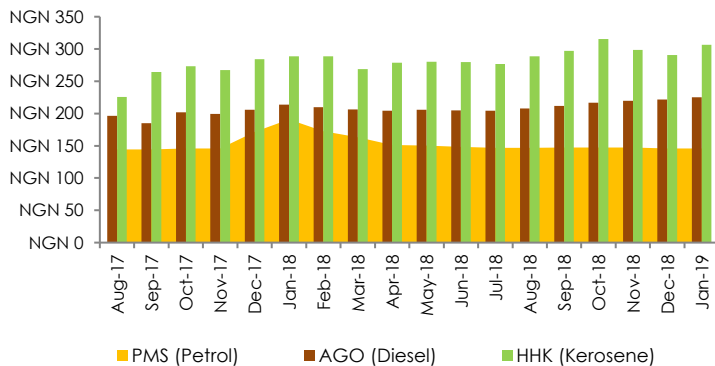
January 2019 Annual Inflation Rate Falls to 11.37% as Food Inflation Eases in Enugu, Plateau and Kogi States...

Recently released January inflation report showed that headline inflation rate decreased to 11.37% year-on-year (from 11.44% in December 2018), halting two consecutive months of increase. The decline in annual inflation rate was driven by lower prices of food, especially in Enugu, Plateau and Kogi States – food inflation in the respective states moderated to 11.64%, 11.82% and 11.87% in January 2019. The pressure on general price level of food eased y-o-y to 13.51% (lower than 13.56% in December 2018), partly due to the ease in herders farmers clashes witnessed in the last quarter of 2018 coupled with ongoing harvest. However, core inflation rate increased on an annual basis to 9.91% (from 9.77% in December 2018) and on a monthly basis to 0.81% (from 0.51% in December 2018). This was partly driven by m-o-m rise in the costs of transport (+0.71%), clothing & footwear (+0.72%) and energy cost (+0.50%). Also, m-o-m change in price level for imported food increased to 1.21% (slower than 1.22% in December 2018) amid monthly average appreciation of the Naira against USD (FX rate fell m-o-m by 0.34% to N357.96) at the interbank FX market. Further analysis revealed that Inflation rate in the urban area rose m-o-m to 0.77% (from 0.76%); however, inflation rate in rural area fell to 0.71% (from 0.72%) in January 2019.

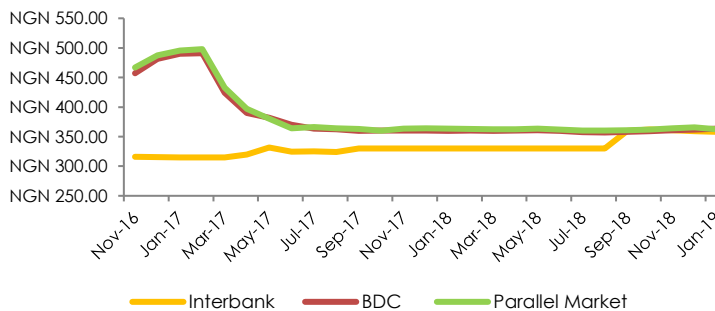
Outlook:

"We expect further downward pressure on headline inflation in February 2019 as Food inflation – which has the largest weight in the basket – remains stable amid continuing harvest season".

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.