



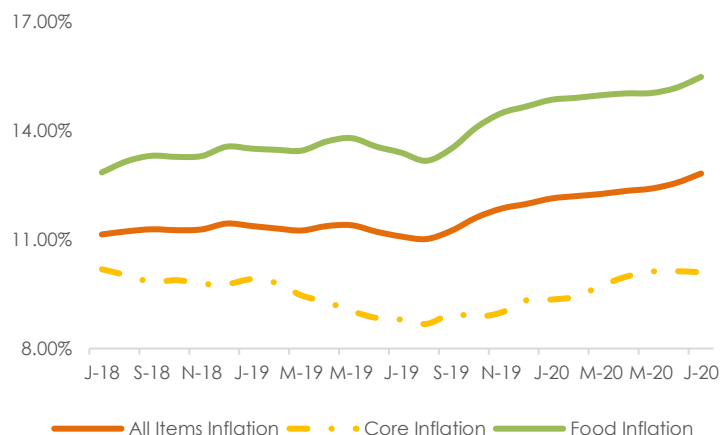
Inflation Update: July 2020

MPR: 12.50%

Q1 '20 Real GDP Growth Rate: 1.87%

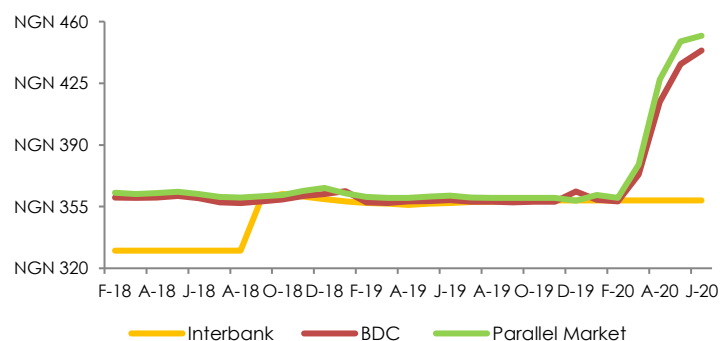
July Headline Inflation Rate Jumps to 12.82% as Food Prices Rise...

Consumer Price Inflation



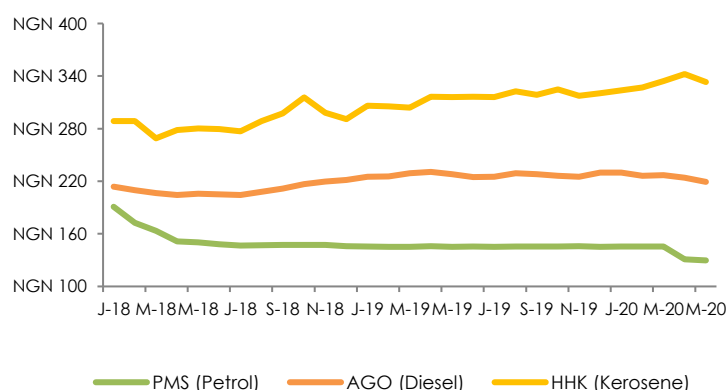
The Consumer Price Index (CPI) report released by the National Bureau of Statistics (NBS) showed that annual inflation rate maintained its upward trend as it rose further to 12.82% in the month of July (higher than 12.56% in June) in line with our expectations. The higher inflation rate was chiefly due to a spike in the food prices given the ongoing planting season and insecurity challenges in some part of the country. Specifically, annual food inflation rose to 15.48% in July from 15.18% printed in June. Also, monthly food inflation jumped to 1.52% in July (from 1.48% in June) as prices of bread, cereals, potatoes, yam and meats, amongst others, increased. Similarly, we saw imported food index expand to 16.35% (higher than 16.31% in June) – as Naira further depreciated against the USD at the Interbank, Bureau de Change and the parallel markets. Specifically, two months moving average foreign exchange rates rose y-o-y by 3.47%, 15.74% and 28.40% to N381/USD, N414.81/USD and N463.50/USD at the respective market segments in July 2020.

Monthly Average Exchange Rates (NGN/USD)



However, Core inflation rate moderated to 10.10% (from 10.13% in June) despite the increases recorded in clothing and foot wear (+0.90%), transportation costs (+0.37%) and housing and energy (+0.11%). Also, on a monthly basis, core inflation slowed to 0.75% (from 0.86% in June). Meanwhile, urban and rural inflation rates rose to 13.40% and 12.28% (higher than 13.18% and 11.99%) respectively.

Monthly Average Commodity (Fuels) Price/Litre



Outlook:

"We expect sustained upward pressure on the inflation rate in August as the ongoing planting season would have a northward effect on food prices going forward."

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

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