

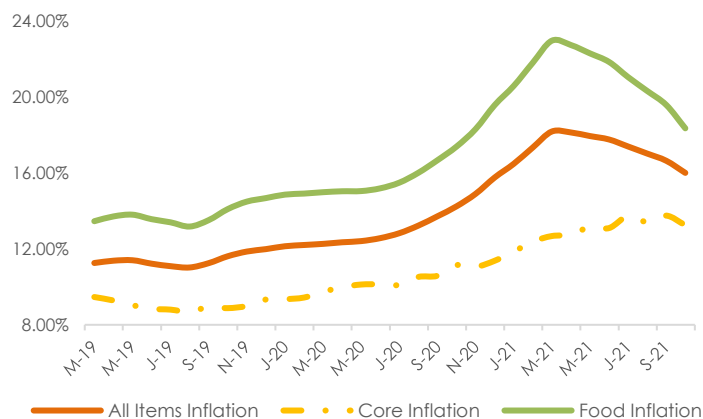


# Inflation Update: October 2021

MPR: 11.50%

Q2 '21 Real GDP Growth Rate: 5.01%

Consumer Price Inflation

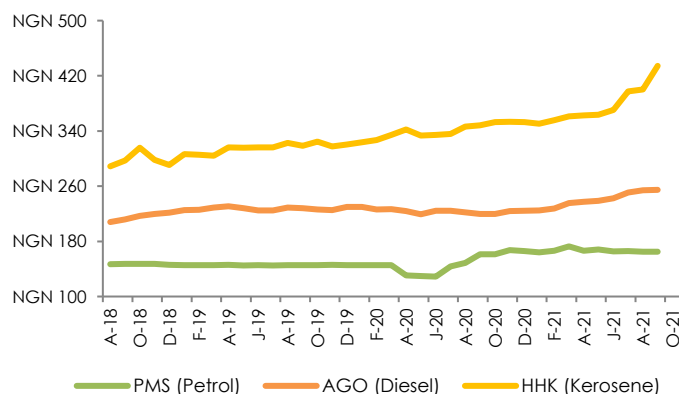


## October Inflation Rate Moderates Further to 15.99% as Food Prices Ease...

October inflation report by NBS showed sustained ease in headline inflation, the seventh consecutive disinflation, to 15.99% in October (from 16.63% recorded in September). This was chiefly driven by slower increase in food inflation. Slower inflation rates were also registered in both urban and rural areas at 16.52% (from 17.19%) and 15.48% (from 16.08%) respectively in October; also based on moderation in food inflation.

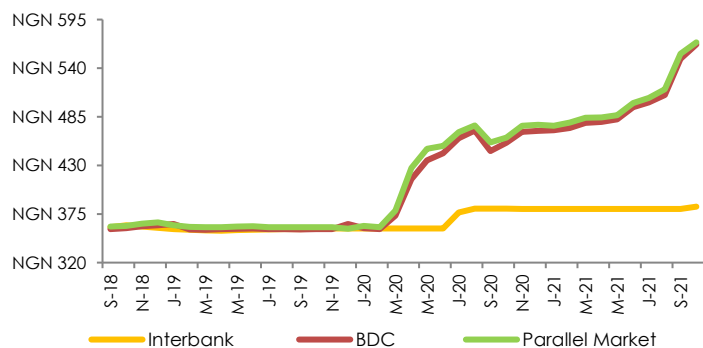
Against the backdrop of the harvest season coupled with sustained high-base effect, the food Index rose at a slower pace, by 18.34% in October (compared to 19.57% recorded in September) as there were weaker y-o-y increases in prices of oils & fats, bread & cereals, fish, coffee, tea & cocoa, tubers, dairy and egg. Similarly, core inflation rate eased to 13.27% (from 13.74% in September) on the back of slower y-o-y rise in prices of clothing & footwear, Housing water, electricity, gas & other utilities, as well as furnishings & household equipment maintenance.

Monthly Average Commodity (Fuels) Price/Litre



Meanwhile, imported food index rose by 17.24% (as against 17.19% in September) as Naira further depreciated against the greenback at the Parallel market and the interbank window. Two months moving average foreign exchange rate at the Parallel market rose m-o-m by 4.94% to N562.80/USD in October 2021.

Monthly Average Exchange Rates (NGN/USD)



On a month-on-month basis, headline inflation declined in October to 0.98% (from 1.15%) amid sustained moderation in prices of food items (food inflation rate fell to 0.91% from 1.26%) even as core inflation rate moderated to 0.80% (from 1.24%).

## Outlook:

Recently, we have seen Naira appreciate against other foreign currencies, especially the greenback hence, easing the foreign exchange volatility the country experienced couple of months ago. Also, the increase in food supply on account of the ongoing harvest season would as well ease inflation in the month of November. However, we might see upward pressures in annual inflation rate in December amid retail price increases associated with consumer spending in the yultide season.

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

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