## Inflation Update: November 2021

Food Inflation

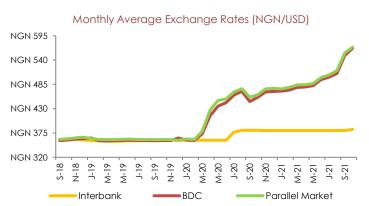
MPR: 11.50% Q3 '21 Real GDP Growth Rate: 4.03%

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Core Inflation

All Items Inflation

# Monthly Average Commodity (Fuels) Price/Litre NGN 500 NGN 420 NGN 340 NGN 180 PMS (Petrol) AGO (Diesel) HHK (Kerosene)



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

### November Inflation Rate Falls to 15.40% on Sustained Ease in Food Prices...

Freshly released inflation report by NBS showed sustained ease in headline inflation for the eighth consecutive time to 15.40% in November (from 15.99% recorded in October). This was principally driven by food disinflation. Slower inflation rates were also printed in both urban and rural areas at 15.92% (from 16.52%) and 14.89% (from 15.48%) respectively in November; also based on moderation in food inflation.

Given the sustained high-base effect, the food Index rose at a slower pace, by 17.21% in November (compared to 18.34% recorded in October) as it appears there were weaker y-o-y increases in prices of oils & fats, bread & cereals, fish, coffee, tea & cocoa, tubers, dairy and egg. However, core inflation rate rose to 13.85% (from 13.27% in October) on the back of higher y-o-y rise in prices of clothing & footwear, Housing water, electricity, gas & other utilities, as well as furnishings & household equipment maintenance.

Meanwhile, imported food index rose by 17.28% (as agaisnt 17.24% in October) as Naira further depreciated against the greenback at the interbank window. Two months moving average foreign exchange rate at the interbank window rose m-o-m by 6.45% to N406.64/USD in November 2021.

On a month-on-month basis, headline inflation declined in October to 1.08% (from 0.98%) on renewed increase in prices of both core and food items; while core inflation rate rose to 1.26% from 0.80%, food inflation rate leaped to 1.07% from 0.91%.

## Outlook:

Cowry Research notes the clear impact of sustained high-base effect on slower food inflation rate year on year, as the rise in prices of food month on month may be reflective of the negative impact insecurity. Hence, inflationary pressures may be sustained in the month of December amid retail price increases associated with consumer spending in the yultide season.