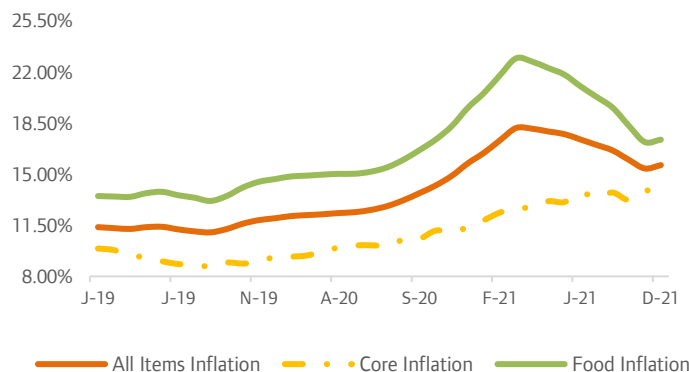




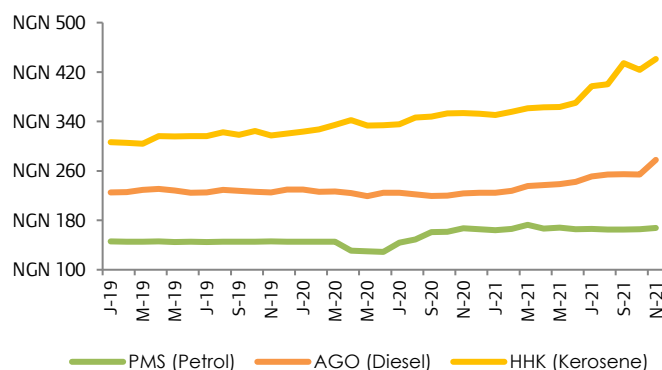
Q3 '21 Real GDP Growth Rate: 4.03%

Consumer Price Inflation



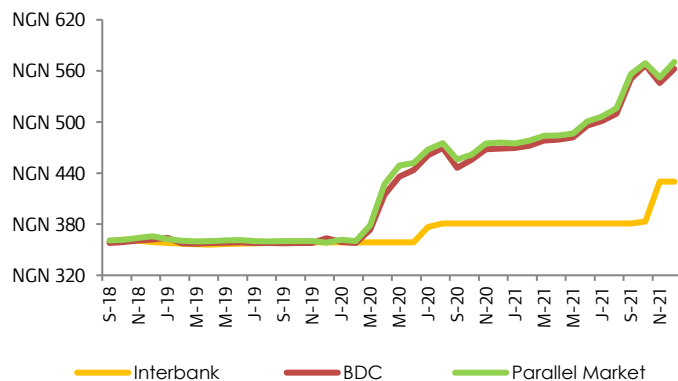
Freshly released inflation report by National Bureau of Statistics (NBS) showed that the eighth consecutive decline in headline inflation came to a halt, as inflation rate trended upward to 15.63% in December (from 15.40% recorded in November) – suggestive of a waning high-base effect which had contributed to the declining inflation. Faster inflation rates were also printed in both urban and rural areas at 16.17% (from 15.92%) and 15.11% (from 14.89%) respectively in December; driven principally by food inflation

Monthly Average Commodity (Fuels) Price/Litre



As the sustained high-base effect waned, the food Index rose at a faster pace, by 17.37% in December (compared to 17.21% recorded in November) amid stronger y-o-y increases in prices of oils & fats, bread & cereals, fish, coffee, tea & cocoa, tubers, dairy and egg. Also, core inflation rate rose to 13.87% (from 13.85% in November) 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.

Monthly Average Exchange Rates (NGN/USD)



Meanwhile, imported food index rose by 17.34% (as against 17.28% in November) 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 5.74% to N430.00/USD in December 2021.

On a month-on-month basis, headline inflation declined in November to 1.82% (from 1.08%) on sustained sharp increase in prices of food items. Hence, food inflation rate Jumped to 2.19% from 1.07%. On the positive side, core inflation rate fell to 1.12% from 1.26%,

Outlook:

Cowry Research notes that the positive impact of high-base effect on food inflation rate year on year has begun to wane, hence the rise in inflation rate in the last month of 2021. More so, we saw inflationary pressures in the month of December, amid retail price increases which is usually associated with consumer spending in the yultide season, as expected.

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.