

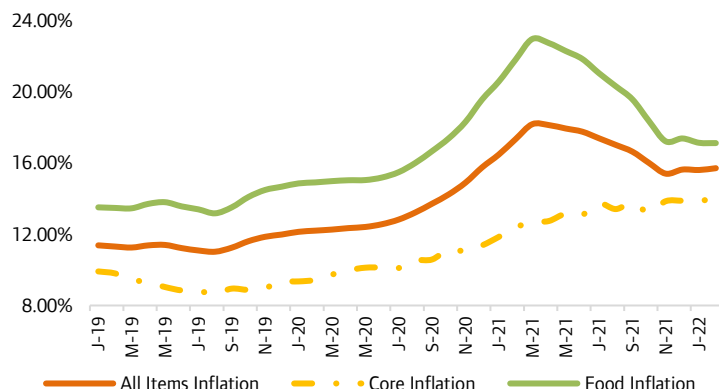


Inflation Update: March 2022

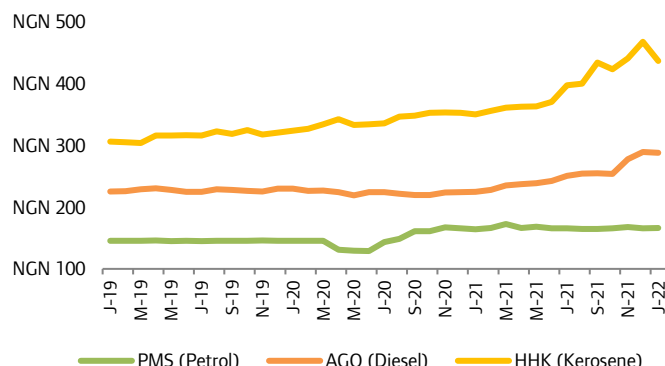
MPR: 11.50%

Q4 '21 Real GDP Growth Rate: 3.98%

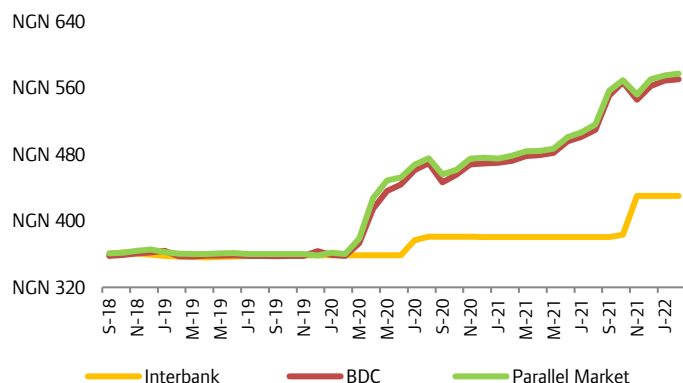
Consumer Price Inflation



Monthly Average Commodity (Fuels) Price/Litre



Monthly Average Exchange Rates (NGN/USD)



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

Headline Inflation Rate Rise to 15.92% in March 2022 on Core Inflation...

Freshly released March Inflation report from the National Bureau of Statistics (NBS) showed that the decline in headline inflation came to a halt, as inflation rate trended upward to 15.92% in March (from 15.70% recorded in February). Faster inflation rates were also printed in both urban and rural areas at 16.44% (from 16.25%) and 15.42% (from 15.18%) respectively in March; driven principally by food inflation in March 2022 and a moderating gallop in the food index to 17.20% (from 17.11% in February). We saw a rise in the prices of bread, tea & cocoa, milk, bread, cereals, meat, fat and vegetables amongst others. Also, core inflation rate moderate to 13.91% (from 14.01% in February) on the back of lower y-o-y fall in prices of clothing & footwear, Housing water, electricity, gas & other utilities, as well as furnishings & household equipment maintenance.

Specifically, we saw weaker y-o-y increases in prices of Bread and cereals, Potatoes, yam and other tuber, Oils and fats and fruit. On the flip side, core inflation rate fell to 13.91% y-o-y in March (from 14.01% in February) amid higher prices of Alcoholic Beverage, Tobacco & Kola, Housing Water, Electricity, Gas & Other Fuel as well as Clothing & Footwear.

Meanwhile, imported food index rose by 17.48% (as against 17.40% in January 2021) as Naira depreciated against the greenback at the parallel market. Two months moving average foreign exchange rate at this market rose m-o-m by 0.59% to N579.16/USD in February 2022.

On a month-on-month basis, headline inflation rose to 1.73% in March (from 1.61% in February) on the back of monthly increases in the cost of all items, especially Food, transportation cost & Non Alcoholic Beverages. Food inflation rate rose to 1.99% from 1.87% while core inflation rate rose to 0.98% from 1.33%,

Outlook:

We expect to see further increased inflationary pressure in the coming months due to rising insurty which continue to negatively impact food distributions across the country. More so, the increasing demand pressure on the greenbank would further put pressure on cost, coupled with the rainy season and effect of crude oil price on transportation cost.

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