

## Consumer Price Index (CPI) Report – Aug 2019

### Key Highlights

- The “All Items” Index (Headline Inflation) rate for the month of Aug-19 increased by 11.02% Year-on-Year (YoY) which is 0.06% lower from 11.08% YoY recorded in Jul-19. On a Month-on-Month basis (MoM), the Headline inflation growth advanced by 0.99% in Aug-19 (vs. 1.01% MoM in Jul-19).
- The “All Items less Farm Produce” Index (Core inflation) rate which excludes the prices of volatile agricultural produce increased by 8.68% YoY in Aug-19 which is 0.12% lower than the 8.80% YoY captured in Jul-19. The highest price increases in the period were recorded in Cleaning, Repair, Hire of clothing, Repair of Household Appliances, Hospital Services, etc.
- The Composite Food Index (Food Inflation) rate advanced by 13.17% YoY in Aug-19, 0.22% lower than the 13.39% YoY inflation rate in Jul-19. The highest increases were noted in the prices of Oils and Fats, Meat, Bread and Cereals, Potatoes, Yam and other tubers and Fish.
- The Urban Inflation Index advanced by 11.48% YoY in Aug-19 (vs. 11.43% in Jul-19). Also, the Rural Inflation Index advanced by 10.61% YoY in Aug-19 from 10.64% YoY in Jul-19.
- **All the components of the CPI basket in the period recorded increases on a Month-on-Month basis, with the highest jump observed on the Food and Non-Alcoholic Beverage (+1.22% MoM) while Clothing and Footwear (+0.77% MoM) composition followed suit. The two compositions have a combined weighting of 59.45% on the CPI basket. The CPI basket also witnessed high increases in the Alcoholic Beverage, Tobacco and Kola (+0.74% MoM), Health (+0.74% MoM) and Transport (+0.74% MoM) compositions.**
- **Inflationary pressures continue to wane on a monthly basis as aggregate supply currently outweighs aggregate demand due to low consumer purchase power amongst other factors. However, we envisage that the Headline inflation will return to its upward movement in the nearest term, given anticipated triggers such as the implementation of the Federal Government of Nigeria (FGN) VAT hike from 5% to 7.2%, the implementation of VAT charges for online purchases and implementation of the minimum wage increase.**

#### Headline Inflation Rate

11.02% YoY from 11.08% YoY in Jul-19

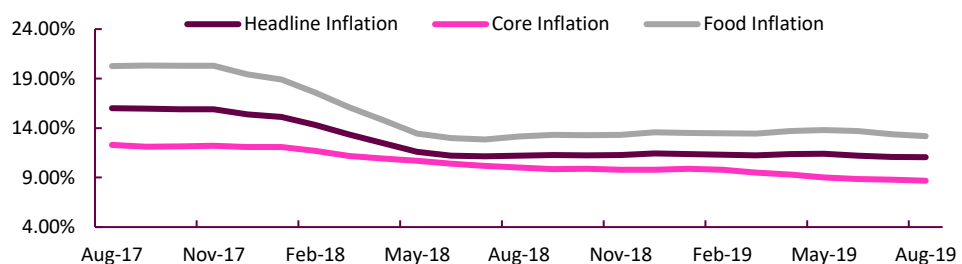
#### Core Inflation Rate

8.68% YoY from 8.80% YoY in Jul-19

#### Food Inflation Rate

13.17% YoY from 13.39% YoY in Jul-19

Chart: Trend of Headline, Core, and Food YoY Inflation rates.



Source: NBS, NISL Research