

Consumer Price Index (CPI) Report – December 2019

Key Highlights

- The “All Items” Index (Headline Inflation) rate for the month of Dec-19 increased by 11.98% Year-on-Year (YoY) which is 13bps higher from 11.85% YoY recorded in Nov-19 while the average composite Consumer Price Index (CPI) growth rate for FY’19 came in at 11.40% (vs. 12.10% in FY’18).
- The “All Items less Farm Produce” Index (Core inflation) rate which excludes the prices of volatile agricultural produce increased by 9.33% YoY in Dec-19 which is 34bps higher than the 8.99% YoY captured in Nov-19. The highest price increases in the period were recorded in Hospital Services, Hairdressing Saloons and Personal grooming establishment, garments, repair and hire of footwear, vehicle spare parts, etc.
- The Composite Food Index (Food Inflation) rate advanced by 14.67% YoY in Dec-19, 19bps higher than the 14.48% YoY inflation rate in Nov-19. The highest increases were noted in the prices of Bread and Cereals, Oils and Fats, Meat, Potatoes, Yam and other tubers and Fish.
- The Urban Inflation Index advanced by 12.62% YoY in Dec-19 (vs. 12.47% YoY in Nov-19). Also, the Rural Inflation Index advanced by 11.41% YoY in Dec-19 from 11.30% YoY in Nov-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 (+0.90% MoM) composition while the Clothing and Footwear (+0.83% MoM) and Health (+0.81%) compositions followed suit. The three compositions have a combined weighting of 65.88% on the CPI basket. The CPI basket also witnessed high increases in the Miscellaneous Goods and Services (+0.78% MoM), Furnishings & Household Equipment Maintenance (+0.75% MoM) and Transport (+0.75% MoM) compositions.**
- **We posit that the hike in the Headline inflation came in as a result of the seasonal hike in prices associated with holiday festivities in the period. Also, the Central Bank of Nigeria’s (CBN) policies have encouraged high liquidity of funds in the economy thereby leading improved cash positions in the hands of retail consumers.**

Headline Inflation Rate

11.98% YoY from 11.85% YoY in Nov-19

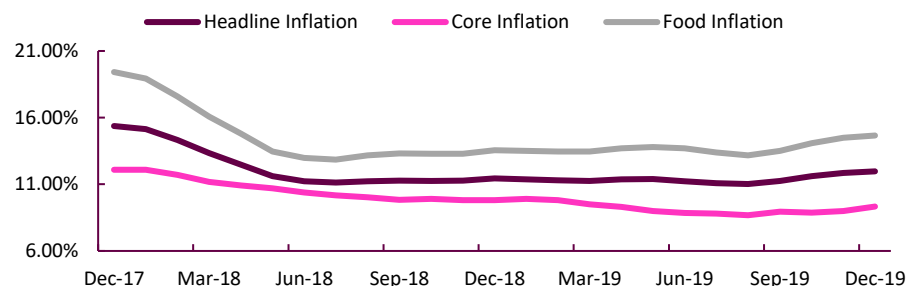
Core Inflation Rate

9.33% YoY from 8.99% YoY in Nov-19

Food Inflation Rate

14.67% YoY from 14.48% YoY in Nov-19

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



Source: NBS, NISL Research