

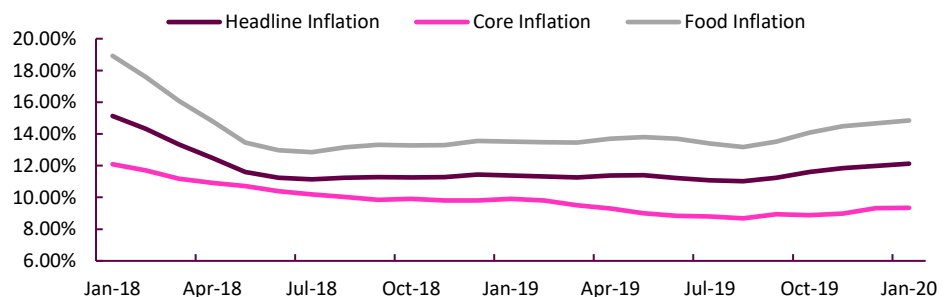
Consumer Price Index (CPI) Report – January 2020

Key Highlights

- The “All Items” Index (Headline Inflation) rate for the month of Jan-20 increased by 12.13% Year-on-Year (YoY) which is 15bps higher from 11.98% YoY recorded in Dec-19. On a Month-on-Month basis (MoM), the Headline inflation growth advanced by 0.87% in Jan-20 (vs. 0.85% MoM in Dec-19).
- The “All Items less Farm Produce” Index (Core inflation) rate which excludes the prices of volatile agricultural produce increased by 9.35% YoY in Jan-20 which is 2bps higher than the 9.33% YoY captured in Dec-19. The highest price increases in the period were recorded in Hospital Services, Vehicle Spare Parts, Cleaning, Repair and hire clothing, etc.
- The Composite Food Index (Food Inflation) rate advanced by 14.85% YoY in Jan-20, 18bps higher than the 14.67% YoY inflation rate in Dec-19. The highest increases were noted in the prices of Bread and Cereals, Meat, Oils and Fats, Potatoes, Yam and other tubers and Fish.
- The Urban Inflation Index advanced by 12.78% YoY in Jan-20 (vs. 12.62% in Dec-19). Also, the Rural Inflation Index advanced by 11.54% YoY in Jan-20 from 11.41% YoY in Dec-19.
- **All the components of the CPI basket in the period recorded increases on a MoM basis, with the highest jump observed on the Food and Non-Alcoholic Beverage (+0.98% MoM) composition while Clothing and Footwear (+0.88% 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 Health (+0.86%), Miscellaneous Goods and Services (+0.84% MoM), and Alcoholic Beverage, Tobacco and Kola (+0.81% MoM) compositions.**
- **Amongst many factors, the Headline Inflation for Jan-20 maintained its upward trend due to the continuous effect of the land border closure with neighboring countries, the persisting farmers and herdsman clash, heightened cost of transportation of consumer products and food stuffs. We posit that the Consumer Price Index will maintain a climb in its YoY figures in the nearest term as the implementation of the new Value Added Tax (VAT) rate of 7.50% and the minimum wage of Thirty Thousand Naira (₦30,000) goes into full swing.**

<p>Headline Inflation Rate</p> <p>12.13% YoY from 11.98% YoY in Dec-19</p>
<p>Core Inflation Rate</p> <p>9.35% YoY from 9.33% YoY in Dec-19</p>
<p>Food Inflation Rate</p> <p>14.85% YoY from 14.67% YoY in Dec-19</p>

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



Source: NBS, NISL Research