

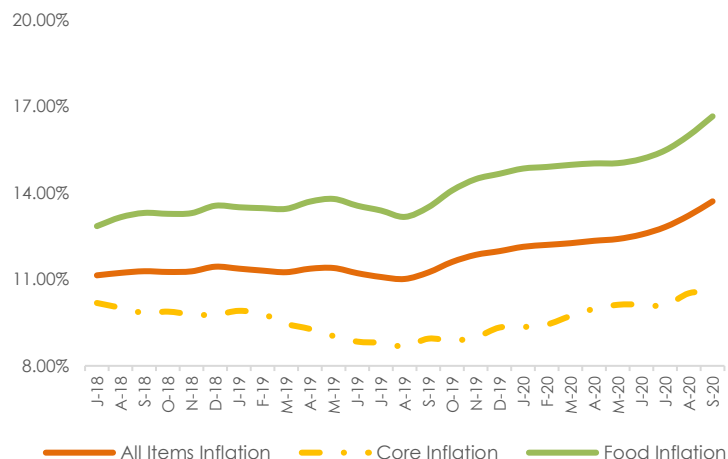


# Inflation Update: September 2020

MPR: 11.50%

Q2 '20 Real GDP Growth Rate: -6.10%

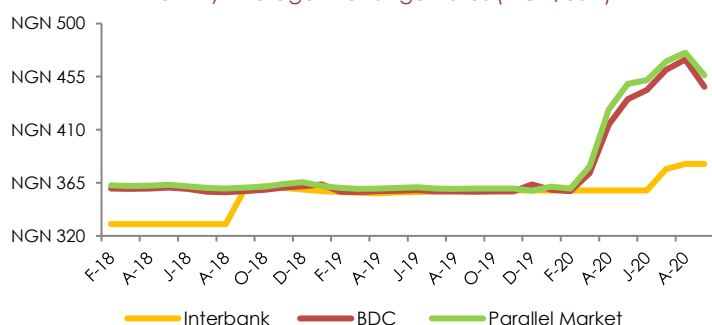
## Consumer Price Inflation



September Annual Inflation Rate Rises to 13.71% amid Continued Increase in Food Prices...

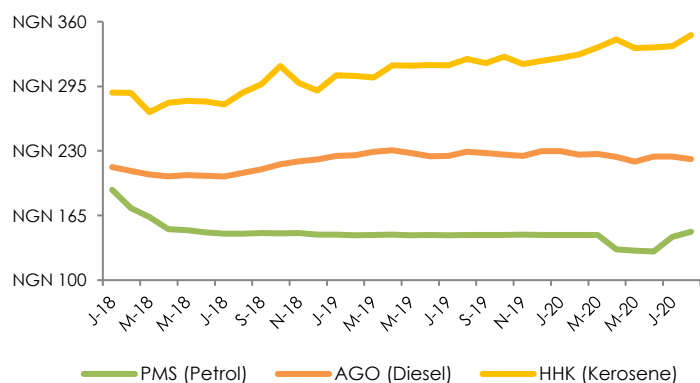
Freshly released Consumer Price Index (CPI) data by the National Bureau of Statistics (NBS) showed that the annual inflation rate maintained its upward trajectory, as it further rose to 13.71% in the month of September (from 13.22% printed in August). The northward movement in inflation rate was chiefly due to a jump in Food inflation rate to 16.66% in September (from the 16% printed in August). We believe the spike in food inflation was due to the weak harvest season induced by low planting activity given the restrictions on movements amid Covid-19 pandemic. Also, core inflation rate climbed to 10.58% (from 10.52% in August) amid rise in transport, clothing and footwear as well as housing water and electricity amongst others. Imported food index rose to 16.44% (higher than 16.42% in August) despite the appreciation of the Naira against the USD at most market segments. Specifically, two months moving average foreign exchange rates at the BDC and Parallel market moderated y-o-y by 1.55% and 1.22% to N457.99/USD and N465.73/USD respectively in September 2020. Albeit, the interbank market rate depreciated by 0.56% to N381.00/USD.

## Monthly Average Exchange Rates (NGN/USD)



On a monthly basis, headline inflation rose to 1.48% in September (from 1.34% in August). Notably, monthly food inflation rose to 1.88% in September (from 1.67% in August) as prices of bread, cereals, potatoes, yam and meats, amongst others, increased. However, Core inflation fell to 0.94% (from 1.05% in August) despite higher clothing and foot wear (+1.00%), transportation costs (+1.16%) as well as housing and energy costs (+0.80%). Meanwhile, urban and rural inflation rates rose to 14.31% and 13.14% (higher than 13.83% and 12.65%) respectively.

## Monthly Average Commodity (Fuels) Price/Litre



## Outlook:

*We expect inflation to remain elevated in October 2020 amid anticipated rise in food prices given the ongoing rainy season. Also, as festive season approaches, we expect to see a general rise in price level.*

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

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