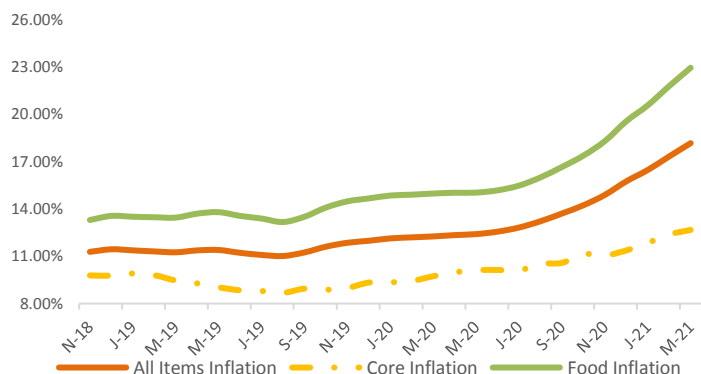
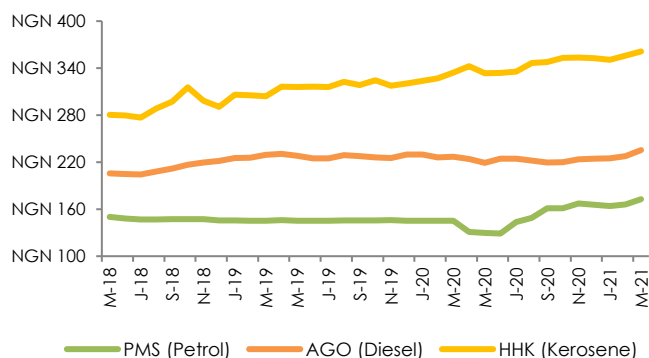


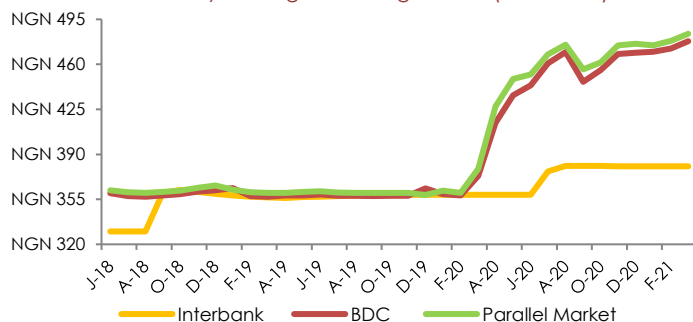
## Consumer Price Inflation



## Monthly Average Commodity (Fuels) Price/Litre



## Monthly Average Exchange Rates (NGN/USD)



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

## March Headline Inflation Rises to 18.17% amid Sustained Food Price Hike...

In line with our expectations, the National Bureau of Statistics reported a 18.17% rise in annual inflation rate for the month of March (higher than 17.33% in February). Persistent rise in the food prices continue to exert pressure on the annual inflation rate even as the Non Food Index also climbed higher in the month of March. Structural challenges, the ongoing planting season and rising insecurity challenges in the food producing areas of the country continued to impact negatively on the food basket. Hence, food inflation advanced to 22.95% (from 21.79% in February) driven by rise in prices of bread, cereals, potatoes, yams and other tubers, meat, as well as fruits amongst others. On the flip side, we saw imported food index moderate to 16.65% (from 16.78%) despite the depreciation of the Naira at the BDC and Parallel markets – specifically, two months moving average foreign exchange rates at the BDC and Parallel markets rose m-o-m by 1.22% and 1.14% to N478.00/USD and N483.78/USD in March 2021. On the other hand, Core inflation rose to 12.67% (from 12.38% in February) driven by rise in passenger transport, medical services, hospital services and pharmaceutical products amongst others.

On a monthly basis, headline inflation rose to 1.56% (from 1.54% in February) amid increases in food inflation to 1.90% (from 1.89% in February). Also, Core inflation index rose to 1.06% amid higher transportation costs (0.60%), clothing and footwear (0.37%), water, electricity, gas and other fuel cost (0.38%). However, we noted that pump price was stable during the review month, despite the increased in global crude oil prices – Brent crude oil spot price rose m-o-m, on average, by 5.34% to USD65.61 a barrel in March 2021 – as subsidy on Petrol Motor Spirit was sustained by the Federal Government. Urban and rural annual inflation rates rose higher to 18.76% and 17.60% respectively.

## Outlook:

*We expect headline inflation to further increase going forward amid worsening insecurity which has spread to other peaceful regions, thus further disrupting economic activities, especially farming activities, supply chains and general output level. This, coupled with the long-standing structural challenges, may result in cost-driven inflation rate hitting 20% level in the near term.*