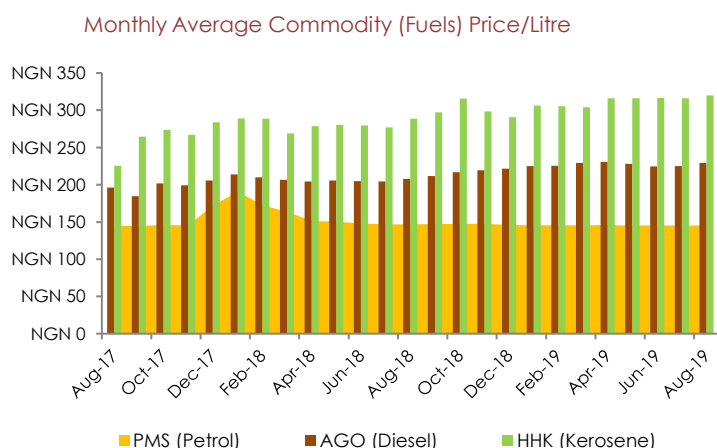
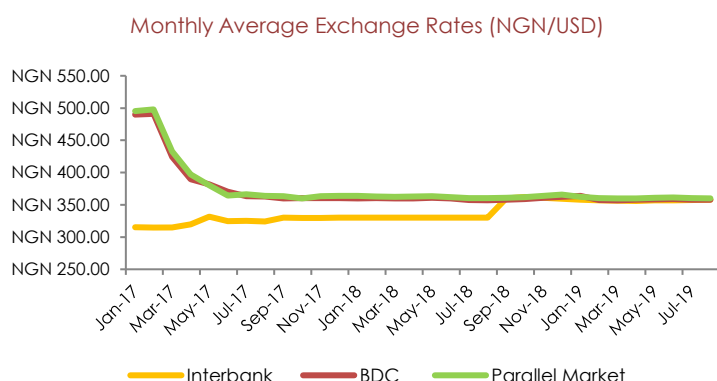
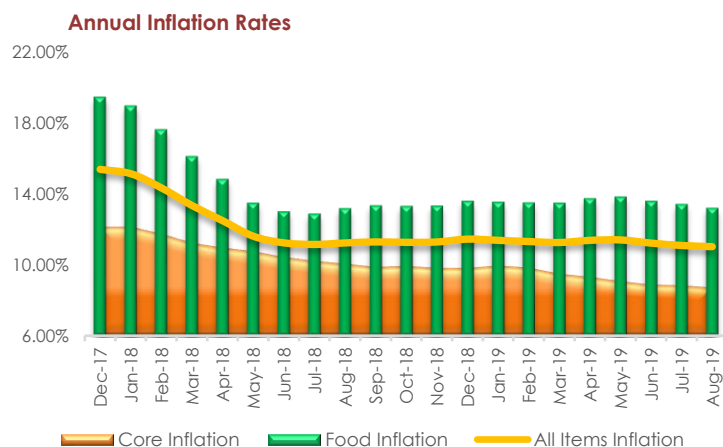


August 2019 Annual Inflation Rate Slips to 11.02% as Food Inflation Drops to Single Digit in Kogi, Katsina States...



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

The newly released August inflation report showed that headline inflation rate moderated further to 11.02% year-on-year (from 11.22% in July 2019), printing the third consecutive month of decline. The continuous downward movement in the annual inflation was driven by the recent decrease in annual food inflation rate, in addition to the declining single-digit core inflation rate.

Particularly, annual food inflation rate slowed to 13.17% in August 2019 from 13.39% in July 2019. Also, monthly food inflation slowed m-o-m to 1.22% in the month of August from 1.26% in the month of July as the planting season began to wind down. August food inflation rate dropped to single digit in Kogi state 8.97% (from 10.36%) and Katsina State 9.64% (from 11.86%). Similarly, food inflation rate reduced to 10.32% (from 10.43%) and 10.34% (from 10.60%) in Bayelsa and Delta States respectively. Annual core inflation eased further into single digit to 8.68% y-o-y in August 2019 from 8.80% in July 2019 on the back of decline in clothing and footwear (-0.06%). Also, we saw core inflation rate slow on a monthly basis to 0.67% (from 0.77% in July). In the same vein, y-o-y change in price level for imported food decreased by 0.57% despite the depreciation of the Naira against the USD at the interbank window where two months moving average foreign exchange rate rose (i.e Naira depreciated) m-o-m by 0.11% to N357.74/USD in August 2019.

Outlook:

"We expect annual inflation rate to moderate in the coming months as harvest season beckons. We feel the expected moderation in food inflation could have a larger impact on general price level than the rising trend in transport and energy costs".

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