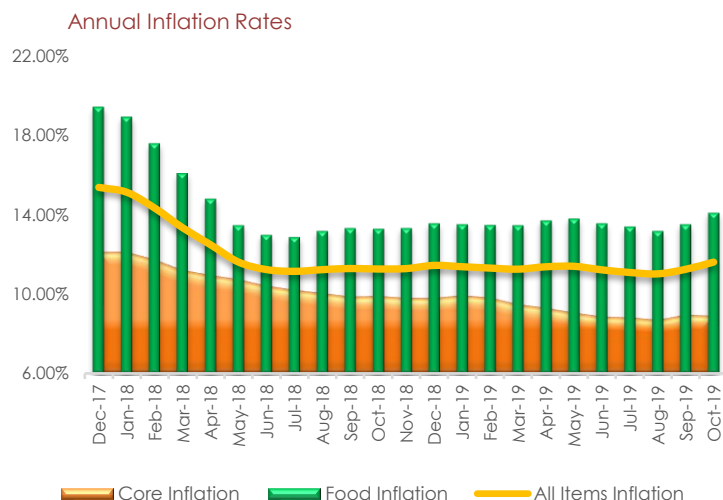


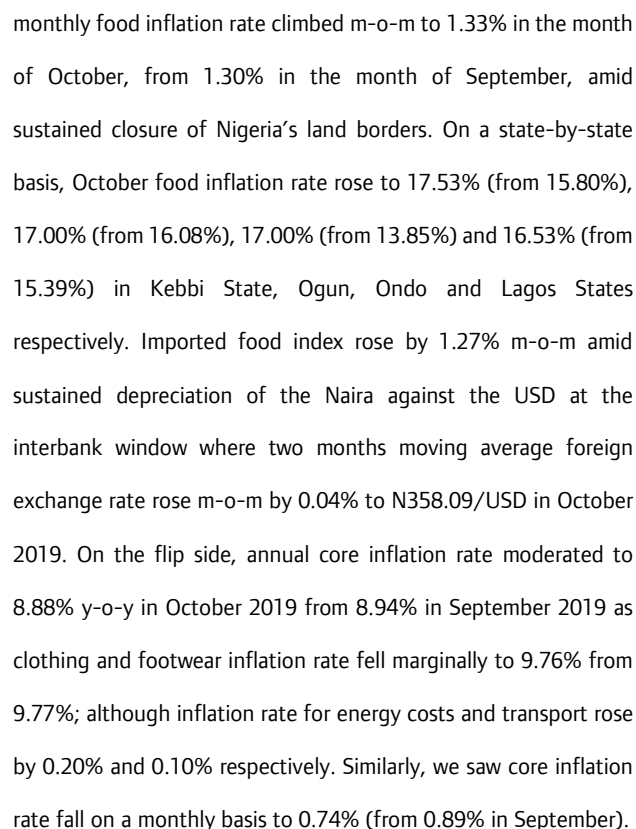
Annual Inflation Rate Touches 17-month High of 11.61% in October as Food Inflation Rises Further on Border Closure...



Freshly released October inflation report showed that headline inflation rate rose to 11.61% year-on-year (from 11.24% in September 2019), a sharp increase, and the highest in 17 months.

The northward trend in annual inflation was chiefly due to the sustained increase in annual food inflation. This was despite the gentle downturn in core inflation rate which has remained in single-digit. Specifically, annual food inflation rate jumped to 14.09% in October 2019 from 13.57% in September 2019. Also, monthly food inflation rate climbed m-o-m to 1.33% in the month of October, from 1.30% in the month of September, amid sustained closure of Nigeria's land borders. On a state-by-state basis, October food inflation rate rose to 17.53% (from 15.80%), 17.00% (from 16.08%), 17.00% (from 13.85%) and 16.53% (from 15.39%) in Kebbi State, Ogun, Ondo and Lagos States respectively. Imported food index rose by 1.27% m-o-m amid sustained depreciation of the Naira against the USD at the interbank window where two months moving average foreign exchange rate rose m-o-m by 0.04% to N358.09/USD in October 2019. On the flip side, annual core inflation rate moderated to 8.88% y-o-y in October 2019 from 8.94% in September 2019 as clothing and footwear inflation rate fell marginally to 9.76% from 9.77%; although inflation rate for energy costs and transport rose by 0.20% and 0.10% respectively. Similarly, we saw core inflation rate fall on a monthly basis to 0.74% (from 0.89% in September).

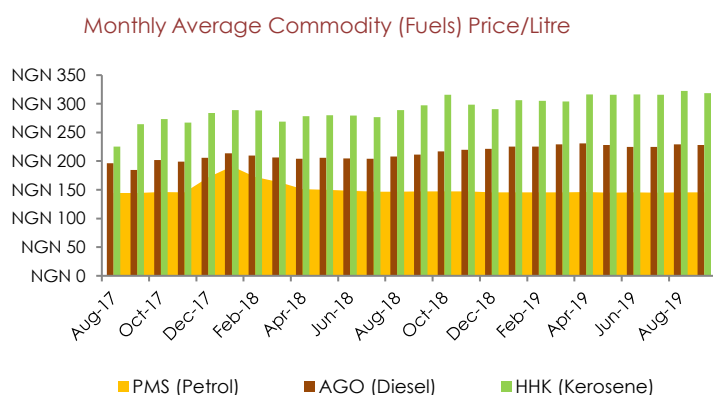
Monthly Average Exchange Rates (NGN/USD)



Month	Interbank (NGN/USD)	BDC (NGN/USD)	Parallel Market (NGN/USD)
Jan-17	310.00	500.00	500.00
Mar-17	310.00	500.00	500.00
May-17	310.00	500.00	500.00
Jul-17	310.00	500.00	500.00
Sep-17	310.00	500.00	500.00
Nov-17	310.00	500.00	500.00
Jan-18	310.00	500.00	500.00
Mar-18	310.00	500.00	500.00
May-18	310.00	500.00	500.00
Jul-18	310.00	500.00	500.00
Sep-18	310.00	500.00	500.00
Nov-18	310.00	500.00	500.00
Jan-19	310.00	500.00	500.00
Mar-19	310.00	500.00	500.00
May-19	310.00	500.00	500.00
Jul-19	310.00	500.00	500.00
Sep-19	310.00	500.00	500.00

Outlook:

"We expect the rise in annual inflation rate to be sustained in the coming months in 2019 as food prices increase amid border closure and year-end festive season".



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

IMPORTANT DISCLOSURES: This report is produced by the Research Desk, Cowry Asset Management Limited (COWRY) as a guideline for Clients that intend to invest in securities on the basis of their own investment decision without relying completely on the information contained herein. The opinion contained herein is for information purposes only and does not constitute any offer or solicitation to enter into any trading transaction. While care has been taken in preparing this document, no responsibility or liability whatsoever is accepted by any member of COWRY for errors, omission of facts, and any direct or consequential loss arising from the use of this report or its contents.