



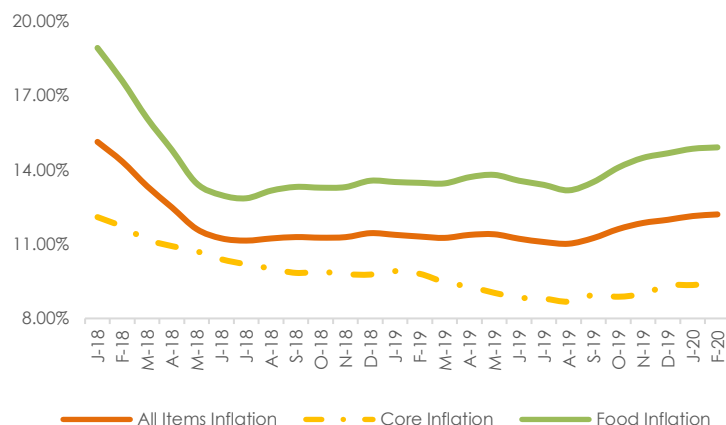
Inflation Update: February 2020

MPR: 13.50%

Q4 '19 Real GDP Growth Rate: 2.55%

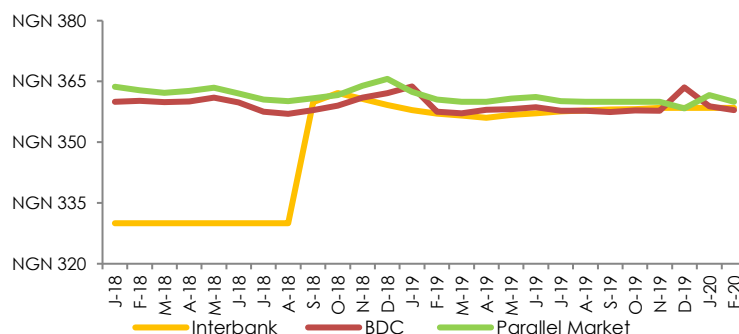
Annual Inflation Rate Rises Marginally to 12.20% in February on Rising Imported Food Prices...

Consumer Price Inflation



National Bureau of Statistics reported a 12.20% rise in annual inflation rate for the month of February; higher than 12.13% recorded in January in line with our expectations. The increase in inflation rate was caused by an increase in average imported food prices. Imported food index rose by 16.40% (higher than 16.10% in January) amid depreciation of the Naira against the USD at the interbank window where two months moving average foreign exchange rate rose y-o-y by 0.28% to N358.51/USD in February 2020. Similarly, food inflation rose by 14.90% (higher than 14.85% in January); while core inflation rate also increased by 9.43% (from 9.35% in January). The rise in food inflation was caused by increases in prices of bread & cereals, meat, fish and vegetables among other things. On the other hand, core inflation was driven by rise in prices of pharmaceutical products, passenger transport by air, hospital services and vehicle spare parts.

Monthly Average Exchange Rates (NGN/USD)

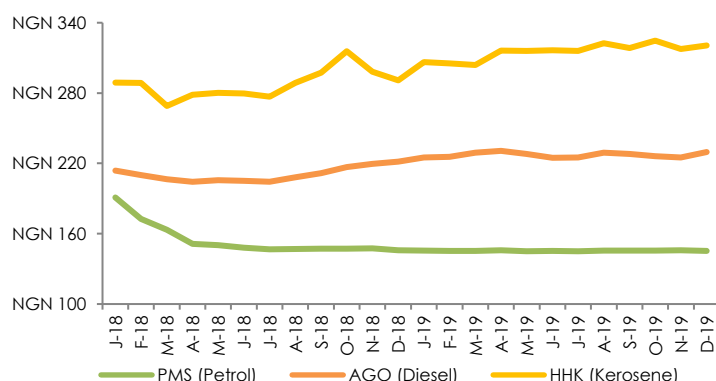


On a monthly basis, annual inflation rate softened to 0.79% in February (from 0.87% in January), amid moderation in both food and core inflation to 0.87% and 0.73% (from 0.99% and 0.82% in January) respectively. However, imported food inflation rate was unchanged at 1.26%. Meanwhile, rural and urban inflation rates rose by 11.61% and 12.85% (higher than 11.54% and 12.78%) respectively.

Outlook:

"We expect the battle against COVID-19, moderating crude oil prices and the dwindling external reserves to negatively impact on the general price level; hence, further increasing costs in the next few months. Also, we see the possibility of demand pull inflation as CBN responded to COVID-19 with expansionary policy."

Monthly Average Commodity (Fuels) Price/Litre



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

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