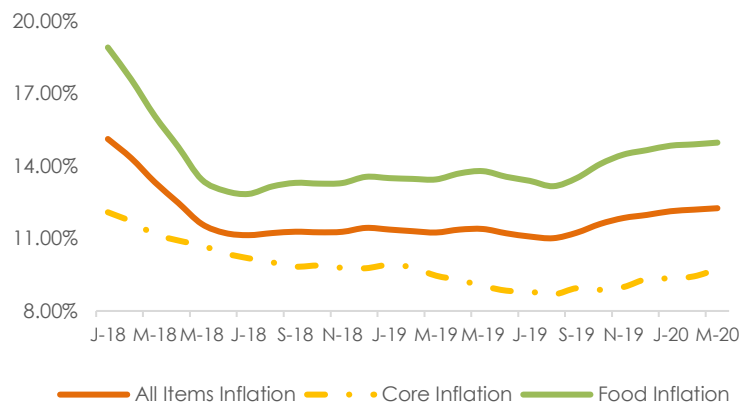


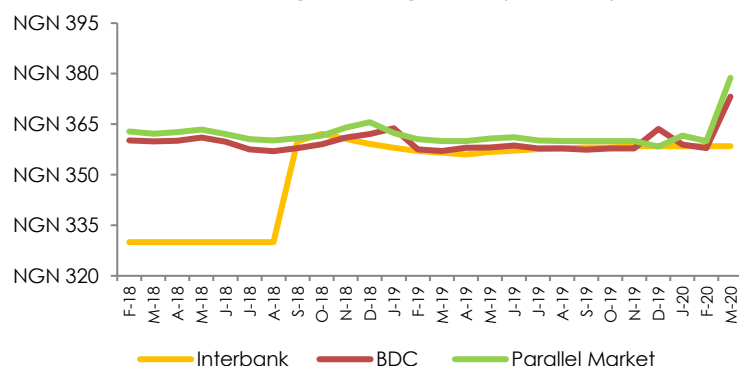
Annual Inflation Rate Rises Further to 12.26% in March on Imported Food Inflation...

Consumer Price Inflation



National Bureau of Statistics, in line with our expectations, reported a 12.26% rise in annual inflation rate for the month of March; higher than 12.20% recorded in February. The increase in inflation rate was due to the depreciation of the Naira against the USD. At the Bureau de Change and the parallel markets, two months moving average foreign exchange rate rose (Naira depreciated) y-o-y by 2.31% and 2.54% to N365.57/USD and N369.39/USD respectively in March 2020. Hence, imported food index rose by 16.20% (higher than 16.14% in February). Similarly, food inflation rate rose to 14.98% (higher than 14.90% in February); while core inflation rate also increased to 9.73% (from 9.43% in February). The rise in food inflation was caused by increases in prices of meat, fish and vegetables among other things. On the other hand, core inflation was driven by rise in prices of pharmaceutical products, hospital services, clothing and footwear as well as transportation.

Monthly Average Exchange Rates (NGN/USD)

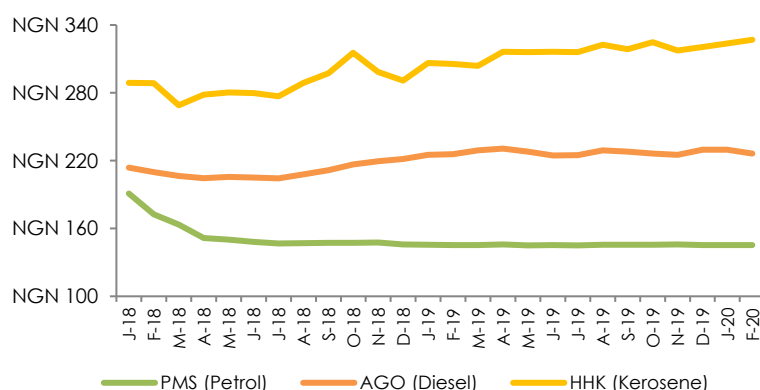


On a monthly basis, annual inflation rate climbed to 0.84% in March (from 0.79% in February), as imported food inflation index rose by 1.27%. Also, food and core inflation rose to 0.94% and 0.80% (from 0.87% and 0.73% in February) respectively. Meanwhile, rural and urban inflation rates rose by 11.64% and 12.93% (higher than 11.61% and 12.85%) respectively.

Outlook:

"We opine that the dwindling external reserves amid low crude oil price, despite the resolution of the OPEC+ to cut crude production by 9.7 mbpd, will continue to exert pressure on the exchange rate. This, in addition to rising demand for pharmaceutical products and onset of the planting season, could increase inflation rate in April."

Monthly Average Commodity (Fuels) Price/Litre



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

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