

INFLATION

WATCH

JULY
2021



AIICO CAPITAL

NIGERIA'S HEADLINE INFLATION FIGURES: SUSTAINED DOWNWARD TRAJECTORY

Nigeria's headline inflation fell for the fourth consecutive month, down 37bps Y-o-Y to 17.38% (from 17.75% in June'21). The inflation rate came in 12bps lower than the Bloomberg consensus estimate of 17.50%. Further supporting, the "steady price recovery" narrative, the headline index grew at a slower pace to settle at 0.93% M-o-M vs 1.06% in the prior month.



The Food sub index grew at a slower rate in the month, settling at 21.03% Y-o-Y from 21.83% in June 2021.



The Core sub index (All items less agricultural produce) was up 63bps at 13.72% Y-o-Y vs 13.09% in June 2021.



The Urban and Rural Inflation figures printed at 18.01% and 16.75% respectively Y-o-Y vs 18.35% and 17.16% recorded in June 2021.



The inflation debacle remains, albeit at a slower pace due to a relatively high base effect from the previous year. In the near term, we expect further stability in inflation figures.



The fixed income market is expected to react in tandem at tomorrow's FGN bond auction, as bids should moderate.