

INFLATION

WATCH

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NIGERIA'S HEADLINE INFLATION FIGURES: RECOVERY MOMENTUM

The annual inflation rate in Nigeria eased for the fifth straight month, down to 17.01% in August 2021 (from 17.38% the previous month), and matching Bloomberg consensus estimate of 17.00%. It is the lowest inflation rate seen since January 2021, mainly due to the slowdown in food inflation. Please see below, a summary of August's inflation performance:



The Composite food index grew at a slower rate in the month, settling at 20.30% Y-o-Y from 21.03% in July 2021.



The Core sub index (All items less agricultural produce) was down 31bps at 13.41% Y-o-Y vs 13.72% in July 2021.



The Urban and Rural Inflation figures printed at 17.59% and 16.43% respectively Y-o-Y vs 18.01% and 16.75% recorded in July 2021.

We expect further stability in inflation figures, as the base effect from the previous year continue to push down year-on-year readings of inflation.



The Monetary Policy Committee (MPC) is expected to maintain all key rates at the upcoming monetary policy meeting as it remains crucial to keep long-term inflation expectations in check.

Inflation Rate

