

# INFLATION

## WATCH

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AIICO CAPITAL

## NIGERIA'S HEADLINE INFLATION FIGURES: A CHANGE IN TRAJECTORY

Nigeria's Consumer Price Index (CPI) for December 2021 expanded by 15.63% year-on-year, up from 15.40% recorded in November 2021, following 8 consecutive months of decline. This rise can be attributed to increased consumer spending observed during the yuletide season. The composite food inflation grew by 17.37% year-on-year (vs. 17.21% recorded in November 2021) while the All items less farm produce sub-index also expanded 13.87% year-on-year (vs. 13.85% recorded in November 2021).

Please see below an overview of December's inflation performance:



On a month-on-month basis, the headline inflation increased by 1.82% in December 2021 from 1.08% in the previous month.

Similarly, consumer prices grew by 1.82% (an increase of 74bps from 1.08% recorded in November 2021).



The food sub-index increased by 2.19% in December 2021 from 1.07% recorded in November 2021, reiterating the pressure on food prices while the core sub-index rose declined by 13bps to settle at 1.12%.



Likewise, the Urban and Rural Inflation figures rose by 1.87% and 1.77% from 1.12% and 1.04% recorded in November 2021, respectively.



We opine that the headline inflation is likely to trend northwards in the near term as the impact of the base effect fades off on the composite index alongside the intensified pressure on food prices.

