

INFLATION

WATCH

JANUARY
2023

AIICO
CAPITAL



INFLATION STILL ON THE RISE, NO END IN SIGHT.

Nigeria's inflation for January 2023 nudged upward to 21.82% Y-o-Y (Est. +21.30%), an increase of c.0.48% from 21.34% Y-o-Y recorded in December 2022. In addition, the headline inflation grew at 1.87% M-o-M in January 2023 vs 1.71% recorded in December 2022. Food inflation soared to 24.32% from 23.75% recorded in December 2022 while core inflation, which strips out the cost of food and energy, expanded to 19.16% in January, compared with 18.49% in December 2022.

Please see below, a summary of January 2023 Inflation report:

- * On a monthly basis, the headline index grew by 1.87% in January (vs 1.71% in December)
- * The core index grew by 1.82% M-o-M in January vs 1.33% in December, while the food sub-index grew by 2.08% M-o-M compared to 1.89% in December.
- * The urban inflation rate rose to 22.55% Y-o-Y (vs 22.01% Y-o-Y in December 2022).
- * The rural inflation rate also climbed to 21.13% Y-o-Y (vs 20.72% Y-o-Y in December 2022).

As rightly mentioned in our previous expectation, the decline in headline inflation recorded in Dec'22 was only temporary, as the prevailing drivers are still apparent. High energy cost, persistent currency depreciation and election spending will continue to filter into subsequent figures, if none of these factors are sufficiently addressed.

Thank you.

