

# INFLATION WATCH



## NO CASE FOR A PULLBACK

Nigeria's inflation for April 2023 increased to 22.22% Y-o-Y (Est. +22.10%), an increase of c.0.18% from 22.04% Y-o-Y recorded in March 2023. Again, headline inflation pushed higher at 1.91% M-o-M in April 2023 vs 1.86% recorded in March 2023. Likewise, food and core inflation numbers jumped to 24.61% and 20.14% respectively, from 24.45% and 19.86% recorded in March 2023.

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

- \* On a monthly basis, the headline index grew by 1.91% in April (vs 1.86% in March)
- \* The core index grew by 1.46% M-o-M in April vs. 1.84% in March, while the food sub-index grew by 2.13% M-o-M compared to 2.07% in March.
- \* The urban inflation rate rose to 23.39% Y-o-Y (vs 23.07% Y-o-Y in March 2023).
- \* The rural inflation rate was printed at 21.14% Y-o-Y (vs 21.09% Y-o-Y in March 2023).

The moderate rise in prices of the non-food components, as reflected in the M-o-M core inflation index (April:1.46% vs March:1.84%), does not provide sufficient case for a possible pullback in the overall inflation trend. Indeed, the increasing pace of inflation across all components remains noticeable, especially the food & non-alcoholic beverages of which both indices saw double-digit increase. Inflationary pressures from high energy prices have not changed its course, let alone high exchange rates and supply-chain bottlenecks across the country. Based on the highlighted fundamentals, our prospect for the succeeding inflation report maintains an upward trajectory in the overall inflation in Nigeria.

Thank you.

