

INFLATION

WATCH

JULY 2023



HEADLINE AND CORE (MODIFIED) INFLATION AT 24.08% Y/Y AND 20.47% Y/Y

Nigeria's inflation for July jumped to 24.08% y/y, from 22.79% y/y in June 2023, accruing 1.29% y/y between June and July (Bloomberg Est. 23.60%). The headline inflation also increased by 2.89% m/m in July 2023 vs 2.13% printed in June 2023. The food inflation amplified to 26.98% in July from 25.25% seen in June 2023. However, the core inflation, which previously strips out only food items, now factors energy prices in its computation, increased to 20.47% y/y in July from 20.06% y/y in June, according to the National Bureau of Statistics (NBS).

Summary of Nigeria's Inflation report for July 2023:

- On a monthly basis, the headline index grew by 2.89% in July (vs 2.13% in June).
- The core index grew by 2.11% m/m in July vs. 1.77% m/m in June, while the food sub-index grew by 3.45% m/m compared to 2.40% m/m in June.
- The urban inflation rate increased to 25.83% y/y (vs 24.33% y/y in June 2023).
- The rural inflation rate was rose at 22.49% y/y (vs 21.37% y/y in June 2023).

Observably, the modification of the core inflation computation to strip out the food and energy components, should provide a clearer picture of core inflation prints going forward. Regardless, the domineering drivers such as: the pass-through effect of higher foreign exchange rates, liberalization of the crude market and heightened insecurity issues, point to an upward projection of prices in subsequent readings.

Thank you.

