



INFLATION WATCH – January 2024

Inflation Watch - Nigeria's Inflation: To The Moon !

In January 2024, Nigeria's headline inflation surged, accelerating by 0.98% to 29.90% y/y (estimated at 29.5% y/y), compared to 28.92% y/y in December 2023. Monthly headline inflation also rose from 2.29% m/m in December to 2.64% m/m in January. Food inflation similarly climbed to 35.41% from 33.93% in December. Moreover, core inflation, which excludes food and energy items, experienced an uptick to 23.59% in January, compared to 22.06% in the preceding month, according to data released by the National Bureau of Statistics (NBS).[

Summary of Nigeria's Inflation report for January 2024:

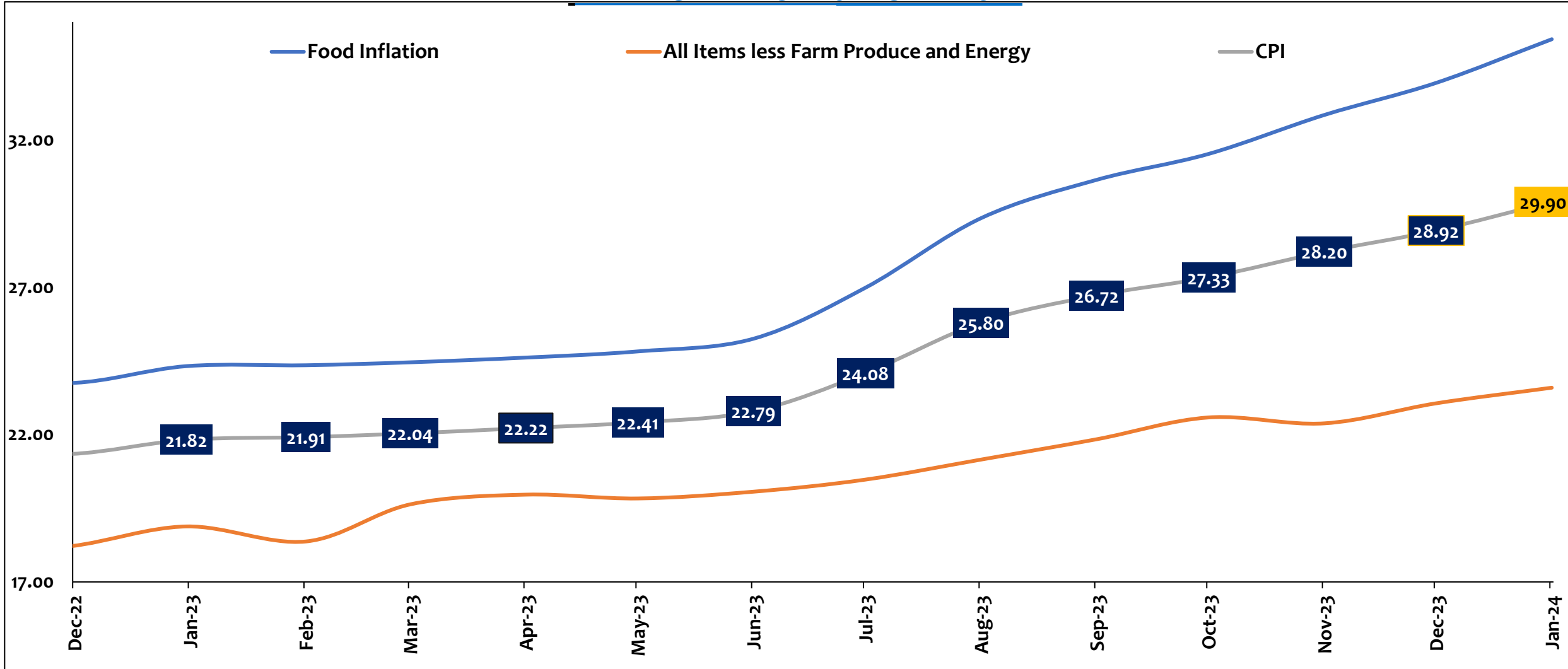
- On a monthly basis, the headline index grew by 2.64% in January (vs 2.29% in December).
- The core index increased at 2.24% m/m in January vs. 1.82% m/m in December. Similarly, the food sub-index grew at 3.21% m/m compared to 2.72% m/m in December.
- The urban inflation rate increased to 31.95% y/y (vs 31.00% y/y in December 2023).
- The rural inflation rate was rose at 28.10% y/y (vs 27.10% y/y in December 2023).

Analysing the data revealed that the surge in headline inflation was predominantly driven by escalating food prices during the period. Additionally, all components of the inflation index experienced increases, both on a monthly and yearly basis. Persistent factors contributing to inflation in Nigeria, such as the concerning foreign exchange rate, elevated fuel prices, and inconsistent supply of goods and services, notably food items, remained inadequately addressed. Consequently, we anticipate the inflationary trend to persist, with the likelihood of the next reading surpassing 30%.

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