

Inflation Watch - Nigeria's Inflation bites harder as February's reading hit 31.70%

Nigeria's headline inflation for February crossed the psychological 30% mark at 31.70% y/y, from 29.90% y/y in January, adding 1.80% in one month period (Bloomberg's estimate: 31.30%). Monthly headline inflation jumped to 3% levels at 3.12% m/m, from 2.64% in January 2024 and highest since August 2023. Similarly, Food inflation increased to 37.92% y/y in February, from 35.41% y/y in January, while core inflation, which excludes food and energy items, hit 25.13% in February, from 23.59% in January, according to data released by the National Bureau of Statistics (NBS).

Summary of Nigeria's Inflation report for February 2024:

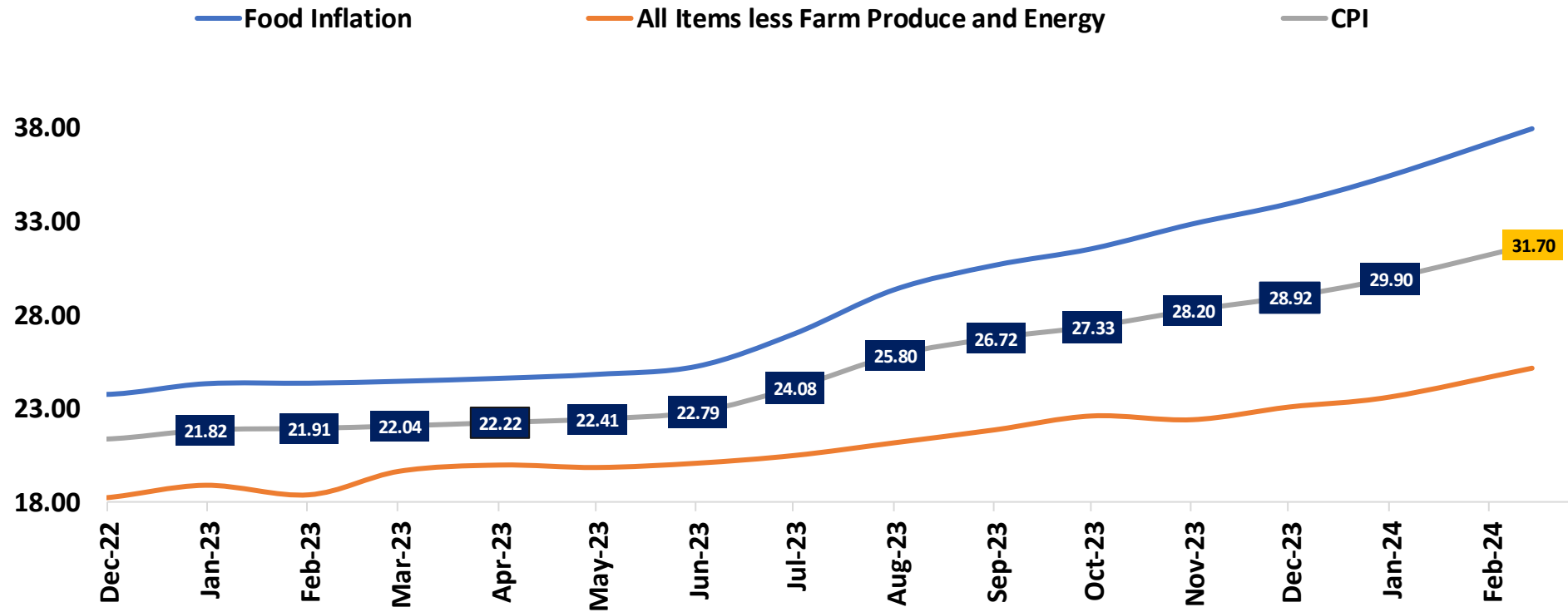
- On a monthly basis, the headline index grew by 3.12% in February (vs 2.64% in January).
- The core index declined to 2.17% m/m in February vs. 2.24% m/m in January. Whereas, the food sub-index grew at 3.79% m/m compared to 3.21% m/m in January.
- The urban inflation rate increased to 33.66% y/y (vs 31.95% y/y in January 2024).
- The rural inflation rate was rose at 29.99% y/y (vs 28.10% y/y in January 2024).

Recently, the monetary authorities have embraced an aggressive contractionary approach in curbing inflation rate, particularly mopping up money in the system and attempting to significantly reduce spending. However, given the familiar drivers, especially high cost of petroleum products and high import cost substantially tied to exchange rate, the near-term hope for a stability in prices of goods and services seems farfetched. It is worthy to note though that the monthly core inflation declined to 2.17% from 2.24%, the first decline since October 2023 and second since June 2023.

Important Disclaimers

This document has been issued and approved by AIICO Capital and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction. Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital clients who are then expected to make their own investment decisions. AIICO Capital conducts designated investment business with market counter parties and customers and this document is directed only to such persons. AIICO Capital accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of AIICO Capital. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance. AIICO Capital is regulated by the Securities and Exchange Commission, and is licensed to provide fund and portfolio management services in Nigeria.

INFLATION WATCH – FEBRUARY 2024



Important Disclaimers

This document has been issued and approved by AIICO Capital and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction.

Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital clients who are then expected to make their own investment decisions. AIICO Capital conducts designated investment business with market counter parties and customers and this document is directed only to such persons. AIICO Capital accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of AIICO Capital. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance.

AIICO Capital is regulated by the Securities and Exchange Commission, and is licensed to provide fund and portfolio management services in Nigeria.