



INFLATION WATCH – September 2024

Inflation Watch - Nigeria's Inflation Surges to 32.70%, Reversing Two-Month Decline Streak

In September 2024, Nigeria experienced a significant rise in headline inflation to 32.70% y/y, surpassing the estimated 32.34% and marking the first increase in three months. This figure was higher than the 32.15% y/y recorded in August, according to data from the National Bureau of Statistics (NBS). Furthermore, food inflation also saw an increase to 37.77% y/y, up from 37.52% y/y in August, while core inflation, which excludes volatile food and energy items, moderated to 27.43% y/y in September, compared to 27.58% in August.

Please see below a summary of Nigeria's Inflation report for September 2024:

- The primary index saw a 2.52% m/m increase in September, marking a 30 bps rise from the 2.22% growth observed in August.
- However, the core index decreased to 2.10% m/m in September, down from the 2.10% recorded the previous month.
- The food sub-index experienced accelerated growth, reaching 2.64% in September, up from 2.37% m/m in August.
- Urban inflation rose to 35.13% y/y in comparison to 34.58% y/y in August 2024.
- Rural inflation also saw an increase to 30.49% y/y from 29.95% y/y in August 2024.

The recent surge is driven by petrol price hikes, severe flooding impacting agricultural output, and persistent supply chain disruptions. The government's recent economic reforms, including removing fuel subsidies and foreign exchange restrictions to stimulate growth, have inadvertently exacerbated inflation by increasing the naira's volatility and the costs of imported goods.

With nearly 40% of Nigerians living below the poverty line, the rising prices of essential goods have created a critical cost-of-living crisis. In response, the CBN has taken a proactive stance, implementing five interest rate hikes this year to combat inflation. As the Monetary Policy Committee (MPC) prepares for its final meeting in November 2024, we anticipate further tightening to stabilize prices and restore investor confidence amidst ongoing economic challenges.

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