



INFLATION WATCH – October 2024

Inflation Watch - Economic Strain Intensifies as Inflation Climbs Again to 33.88% in Nigeria

In October 2024, Nigeria's inflation rate rose to 33.88% y/y, surpassing the estimated rate of 33.10% and increasing from 32.70% in September. This marks the second consecutive month of rising inflation, primarily driven by higher fuel prices and the ongoing depreciation of the Naira, which has intensified costs for food and transportation. Food inflation alone reached 39.16% y/y in October, up from 37.77% in September. This increase is mainly due to supply chain disruptions, including the impacts of flooding in northern regions and rising logistics costs. Core inflation, which excludes the more volatile categories of food and energy, also increased, rising to 28.37% y/y in October, compared to 27.43% in September.

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

- The primary index experienced an increase of 2.64% m/m in October, a 12 bps rise from the 2.52% growth recorded in September.
- The core index also rose to 2.14% m/m in October, up from 2.10% the previous month.
- The food sub-index showed accelerated growth, reaching 2.94% in October, compared to 2.64% m/m in September.
- Urban inflation increased to 36.38% y/y, up from 35.13% in September 2024.
- Rural inflation also saw a rise, reaching 31.59% y/y, up from 30.49% in September 2024.

Nigeria continues to experience a significant rise in inflation due to continuous naira depreciation, rising fuel prices, and disruptions in food production and distribution. The weaker naira has increased import costs, while high petrol prices have raised transportation costs, leading to higher food prices. Natural disasters like flooding in crucial agricultural areas have further strained food supply chains. The MPC may consider raising interest rates further to curb inflation. However, the decision could depend on the Naira's performance; additional depreciation could compel the MPC to tighten rates further to stabilize the economy.

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