

# **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.

### Important Disclaimers

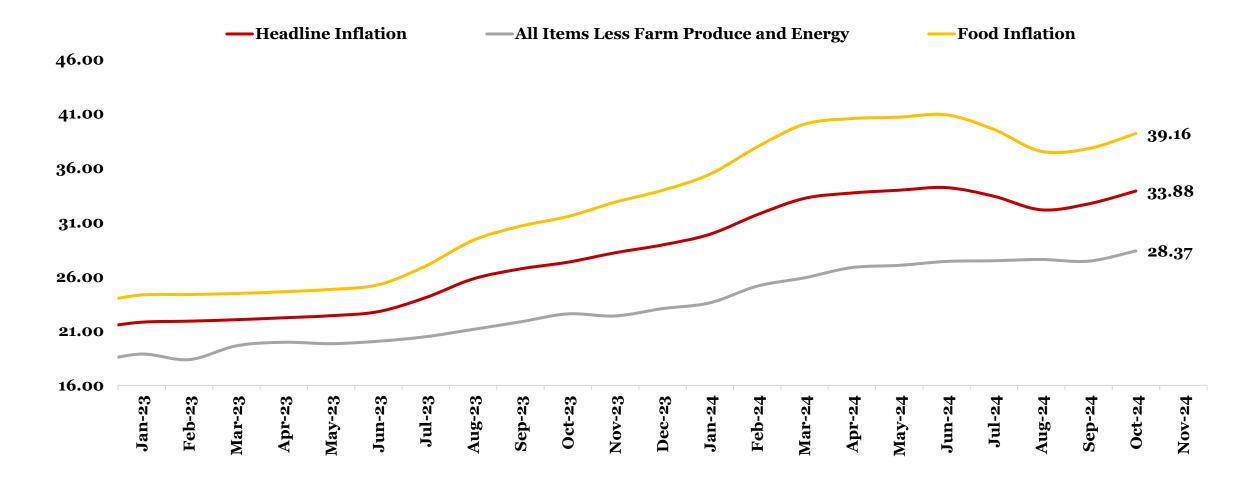
AIICO Capital is regulated by the Securities and Exchange Commission, and is licensed to provide fund and portfolio management services in Nigeria.

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.

estments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital cients 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 atsoever for any direct or consequential loss arising from any use of this report is provided solely for the information 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 uide to future performance.



### **INFLATION WATCH – October 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.