



INFLATION WATCH – November 2024

Inflation Watch - Nigeria's Inflation Hits 34.60% as Food and Transport Costs Soar

Nigeria's inflation rate accelerated in November 2024 to 34.60% y/y, up from 33.88% in October, marking the third consecutive monthly increase and the highest level in over six months. This figure surpassed the projected 34.30%, driven primarily by rising food prices, exchange rate volatility, and higher costs for transport, housing, and utilities. Food inflation climbed to 39.93% from 39.16% despite temporary relief from the harvest season. Flooding in agricultural hubs like Borno and elevated fuel prices pushed transportation costs upward, erasing earlier gains. Additionally, the government's delay in implementing a 150-day food import waiver exacerbated food inflation. Core inflation, excluding food and energy, also edged up to 28.75% in November from 28.37% in October, signaling persistent price pressures.

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

- The primary index continued to rise, maintaining an increase of 2.64% m/m in November.
- The core index decreased to 1.83% m/m in November, down from 2.14% in the previous month.
- The food sub-index showed a modest increase, reaching 2.94% in November, compared to 2.94% m/m in October.
- Urban inflation rose to 37.10% y/y, up from 36.38% in October 2024.
- Rural inflation also increased, reaching 32.27% y/y, up from 31.59% in October 2024.

Nigeria's inflation is expected to peak soon, followed by disinflation as the effects of fuel subsidy removal and naira devaluation ease. Recent fuel price hikes and flooding in key agricultural regions have reversed earlier improvements in food prices. However, there is optimism for long-term economic prospects. The current challenges present opportunities for structural reforms. Policies that boost agricultural productivity could address rising food costs while stabilizing the foreign exchange market could rebuild investor confidence.

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