



INFLATION WATCH – November 2023

Nigeria's Inflation: The Wave of Escalating Prices Linger.

Nigeria's year-on-year inflation paced higher in November at 28.20%, adding 0.87 percentage points from 27.33% y/y in October 2023, and beating 27.90% y/y Bloomberg estimate. Likewise, the monthly headline inflation reading increased further at 2.09% m/m in November, from 1.73% m/m in October. Food inflation also increased to 32.84% from 31.52% in October. However, core inflation (i.e excluding food and energy items), grew at a slower pace at 22.38% in November, below 22.58% recorded October, as reported by the National Bureau of Statistics (NBS).

Summary of Nigeria's Inflation report for November 2023:

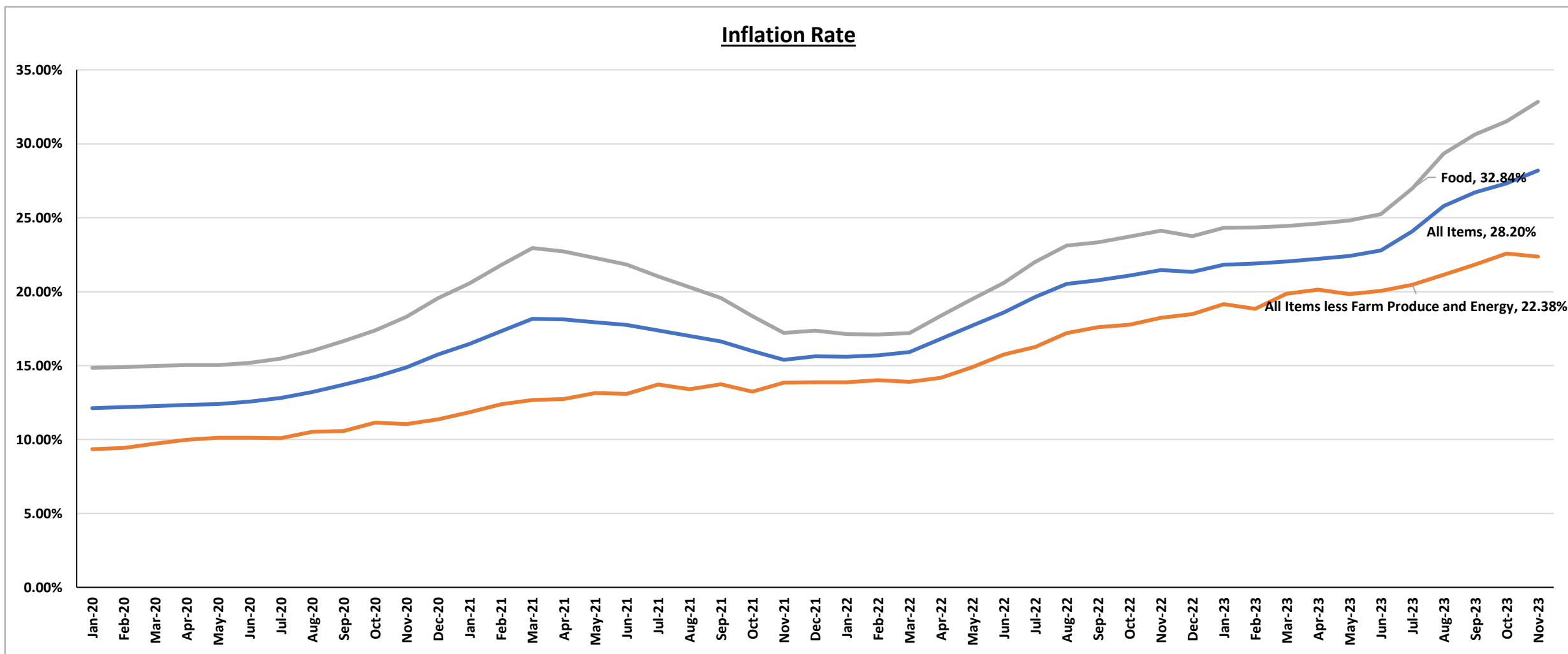
- On a monthly basis, the headline index grew by 2.09% in November (vs 1.73% in October).
- The core index increased at 1.53% m/m in November vs. 1.39% m/m in October. Similarly, the food sub-index grew at 2.42% m/m compared to 1.91% m/m in October.
- The urban inflation rate increased to 30.21% y/y (vs 29.29% y/y in October 2023).
- The rural inflation rate was rose at 26.43% y/y (vs 25.58% y/y in October 2023).

The inflationary trend in Nigeria has sustained its upward trajectory and is anticipated to attain a level of 30.00% in the first quarter of 2024. Various factors including the adverse effects stemming from currency depreciation and the elimination of fuel subsidies, have been tagged as the major drivers. Thus, we envisage the CBN to persist in its policy of monetary tightening in the upcoming year, aimed at mitigating the escalating price pressures. Furthermore, optimistic prospects are anticipated regarding the currency scenario, as the collaborative initiatives and reforms implemented by both the CBN, and the Federal Government are expected to yield improvements on the long run.

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