

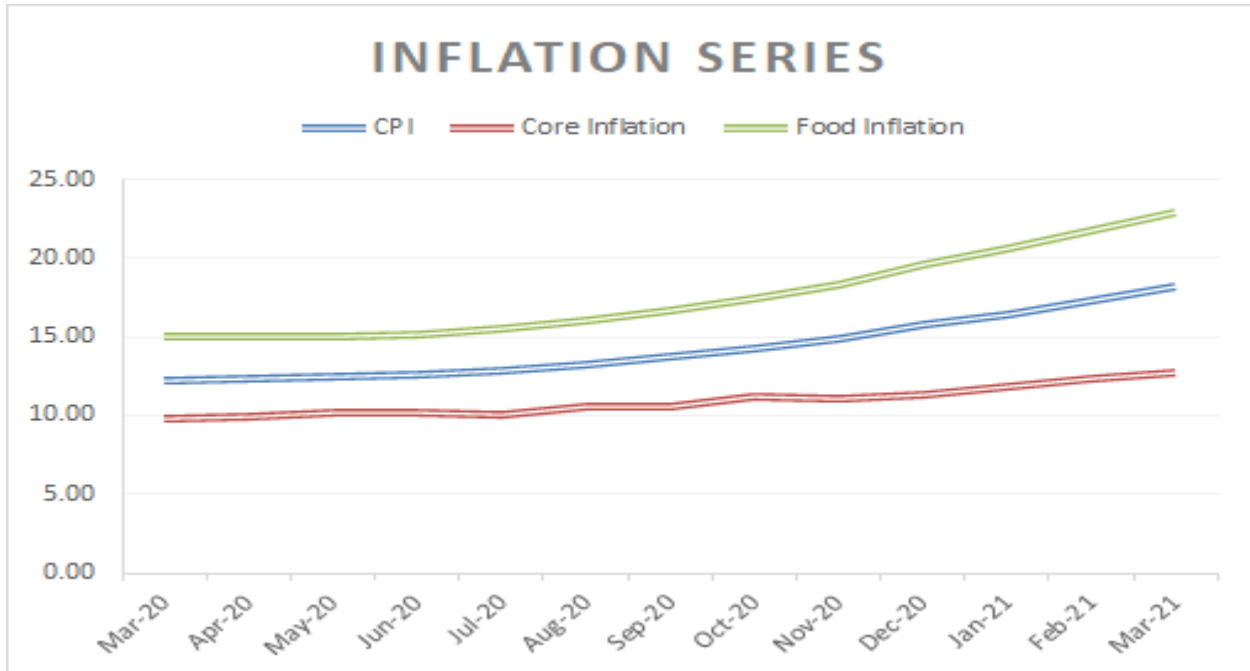


Inflation pressures continues to mount, as headline Inflation jumps to 18.17% YoY

Inflation sustains uptrend

Following increased security concerns in the food production regions of the country, banditry, kidnapping, and the herdsmen crisis have impacted agricultural activities negatively making farming difficult and food transportation expensive. The resumption of food supplies to the south after the shasha market crisis was expected to ease inflationary pressures but seems insignificant when compared to the prevailing security crisis as prices of food and other non-food items continue to tick upwards.

Meanwhile, the dwindling purchasing power of the Naira continues to make imports expensive increasing inflationary pressures as the Central Bank continues to struggle in providing liquidity in the foreign exchange market. In addition surge in international prices of sugar caused an increase in prices of carbonated drinks and other goods associated with sugar.



Source: NBS, Atlss portfolios Research

The consumer price index (CPI) which measures inflation increase by 18.17 percent YoY in March 2021 which is 0.82 percent higher than the 17.33 percent recorded in February 2021.

Composite food inflation index rose by 22.95 percent in March 2021 compared to 21.79 percent in February 2021, meaning food items became more expensive in March. The increase in prices of bread and cereals, fish, oils and fats, potatoes, yam and other tubers, meat, and fruit cause an uptick in the index.

Core inflation which excludes all volatile agricultural produces stood at 12.67 percent up 0.29 percent in March when compared with 12.38 percent recorded in February.

However, amidst rising inflation the Nigerian Stock Exchange (NSE) is expected to witness increased volatility as negative sentiments are expected to trail growth stocks and positive sentiments trail stocks of high dividend paying companies. Investors should remain cautious as increasing rate in the fixed income market continues to threaten improved performance on the NSE.

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