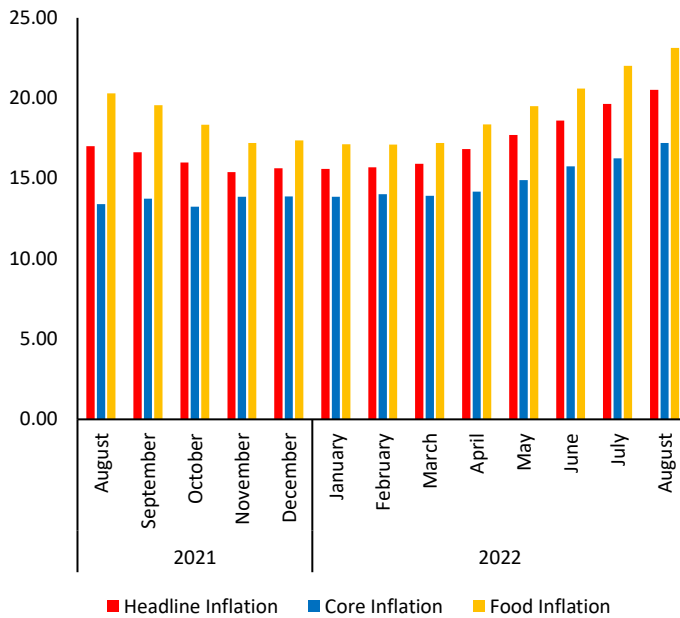


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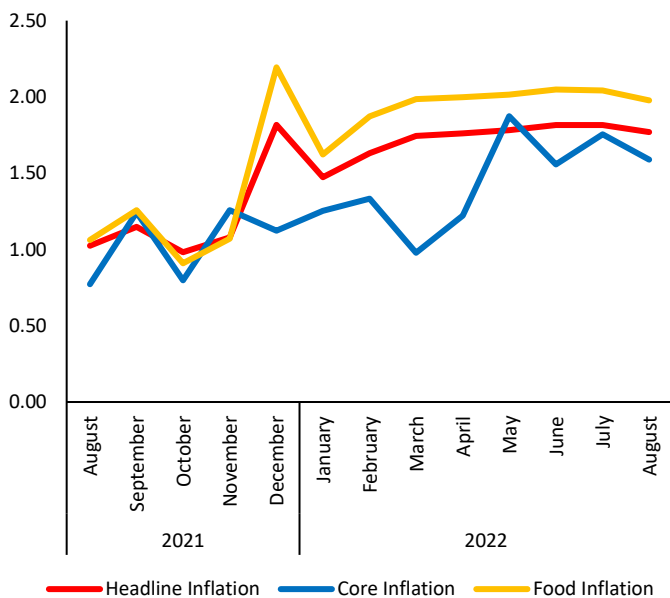
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Headline, Core and Food Inflation Movement (y/y)



Source: NBS, Atlasportfolio

Headline, Core, and Food Inflation Trend (m/m)



Source: NBS, Atlasportfolio

Nigeria inflation Ticked up to 20.52% again in August 2022

Inflation remained uncomfortably rapid in August, as prices continued to soar across a broad array of other goods and services. In line with the official data released by the National Bureau of Statistics (NBS) on Thursday, September 15th, 2022, the Headline inflation rate (a measure of the average change in the general price level of goods and services in the economy) for August stood at 20.52% year-on-year, from 19.64% in July 2022, representing an increase of 0.88%, and also rose by 3.52% when compared to the 17.01% recorded in August 2021. However, on a month-on-month basis, the headline inflation declined by 1.77%, which is 0.05% lower than the 1.82% recorded in July 2022.

The growth in the Headline rate was influenced by increase in the Food Price and Core inflation rate (a sub-component of the Headline index). The Food inflation was 23.12% y/y, which was 2.82% higher when compared to 20.30% recorded in August 2021. However, on a month-on-month basis, Food inflation declined by 1.98% in August 2022, which is 0.07% lower than 2.04% recorded in July 2022. The Core Inflation rate (Non-Food price inflation sub-component) increased by 17.20% y/y in August 2022, which was up by 3.79% in comparison to 13.41% recorded in August 2021. On a month-on-month basis, it declined by 1.59% in August 2022, which is 0.17% lower than 1.75% recorded in the previous month.

Likewise, the Urban inflation rate stood at 20.75% y/y, which denotes 3.36% higher than 17.59% computed in August 2021, and on a month-on-month basis, it stood at 1.79%, which represents a 0.03% decline compared to 1.82 recorded in July 2022. The rural inflation rate in August 2022 also was slated at 20.12%, which was 3.69% higher compared to 16.43% recorded in August

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Prices rose by 20.52% percent from a year earlier compared with 19.64% percent in July. For Nigerian policymakers, who have been raising interest rates to slow the economy and try to tame recent rapid inflation, the report was a fresh sign that continued aggressive action may be needed to wrestle them lower. The upshot is that inflation has plenty of underlying momentum. The Monetary Policy Committee (MPR) has responded with back-to-back interest rate hikes, bringing the monetary policy rate (MPR) to 14 per cent. In addition to the global drivers of inflation, country specific factors such as insecurity, high energy cost and high cost of capital have equally translated into rising cost of goods and services in the country. This surge in prices is worrisome, given the importance of Inflation as a major macroeconomic indicator portraying the nation's health and also a major determinant of investment.

2021. On a month-on-month basis, the rural inflation rate in August 2022 was 1.75%, down by 0.06% compared to 1.81% recorded in July 2022.

Finally, it is recommended that the Nigerian Monetary authority should target the major drivers of inflation with necessary policies, and this would encompass strategies that would encourage investors to participate actively in the economy, while also improving the ease of doing business and other socio-economic factors in the country.

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