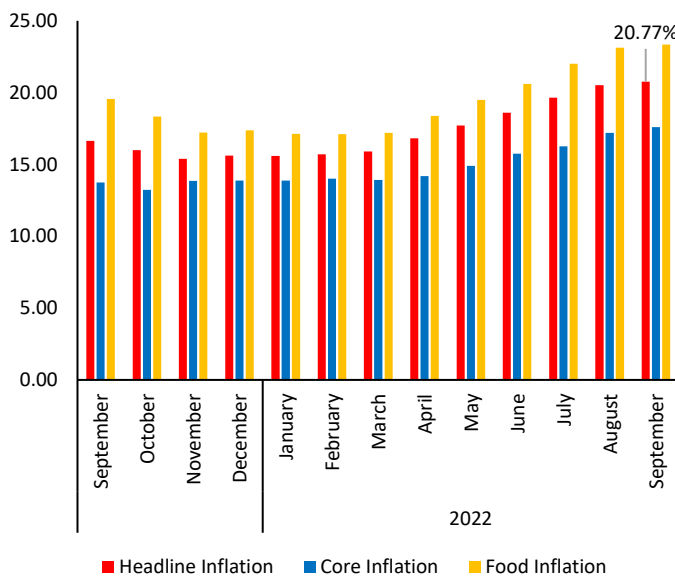




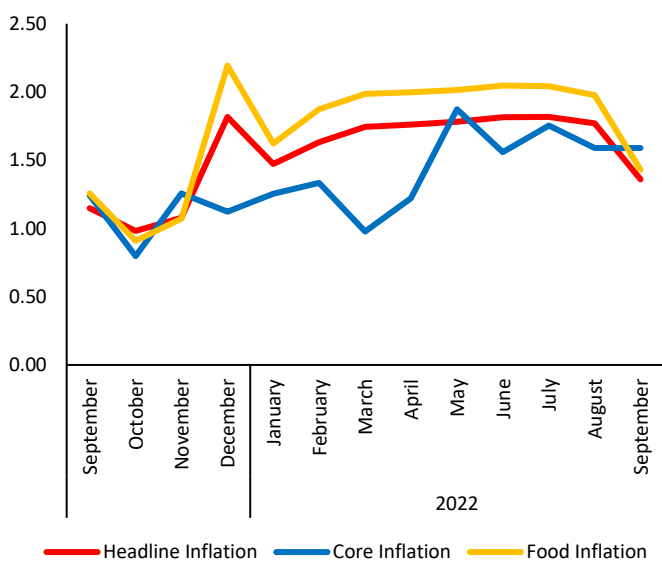
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Headline, Core and Food Inflation Movement (y/y)



Source: NBS, Atlasportfolio

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



Source: NBS, Atlasportfolio

Inflation Increasing at an Extremely High Rate; (September Monthly Increase in Inflation smaller than August)

Following the official data released by the National Bureau of Statistics (NBS) on Monday, October 17th, 2022, the Headline inflation rate (a measure of how quickly the prices consumers pay for a broad range of goods and services in the economy) for September stood at **20.77%** year-on-year, from 20.52% in August 2022, representing an increase of 0.25%, and also rose by 4.14% when compared to the 16.63% recorded in September 2021. However, on a month-on-month basis, the headline inflation declined by 1.36%, which is 0.41% lower than the 1.177% recorded in August 2022. The growth in the Headline rate was influenced by increase in the y/y Food Price and Core inflation rate (a sub-component of the Headline index).

The Food inflation stood at 23.34% y/y, which was 3.77% higher when compared to 19.57% recorded in September 2021. However, on a month-on-month basis, Food inflation declined by 1.43% in September 2022, which is 0.54% lower than 1.98% recorded in August 2022. It is important to note that the month-on-month Food inflation index has declined for two consecutive months due to the present harvest season. The Core Inflation rate (Non-Food price inflation sub-component) increased by 17.60% y/y in September 2022, which was up by 3.86% in comparison to 13.74% recorded in September 2021. On a month-on-month

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basis, it was unchanged at 1.59% recorded in August 2022. Likewise, the Urban inflation rate stood at 21.25% y/y, which denotes 4.06% higher than 17.19% computed in September 2021, and on a month-on-month basis, it stood at 1.46%, which represents a 0.34% decline compared to 1.79 recorded in August 2022. The rural inflation rate in September 2022 also was slated at 20.32%, which was 4.24% higher compared to 16.08% recorded in September 2021. On a month-on-month basis, the rural inflation rate in September 2022 was 1.27%, down by 0.48% compared to 1.75% recorded in August 2022.

Inflation remains at the top of Nigerians' (especially investors) mind going into the last quarter of the year. The burden of taming the run-away inflation rate sits at the doorstep of the Nigerian Apex bank. The Nigerian Central bank has already increased its benchmark rate three times this year in order to make borrowing and spending money more expensive to cool off consumer's demand

The chances of a fourth straight hike also are rising, although food inflation moderated month-on-month. The upshot is that inflation has plenty of underlying momentum, and October inflation rate could exceed the previous month due to additional external factors such as Climate Change (majorly Flooding) amidst other existing unresolved factors. Farm lands were eroded in the recent flooding disasters recorded in the country, which could lead to further hike in food inflation.

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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