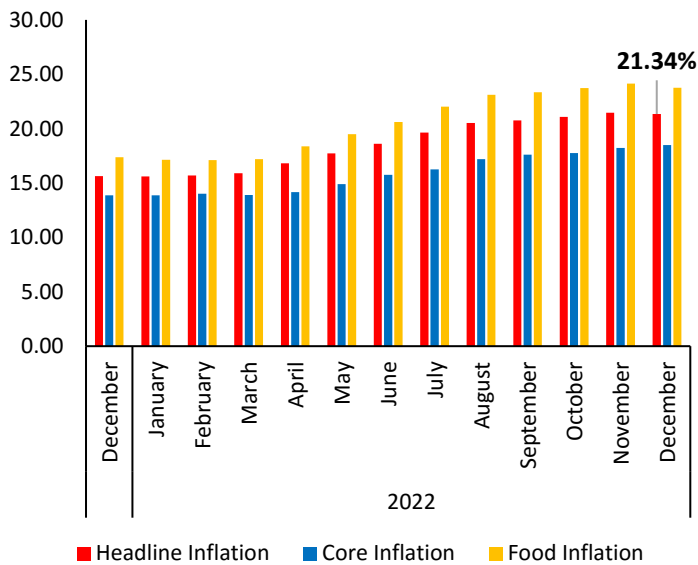




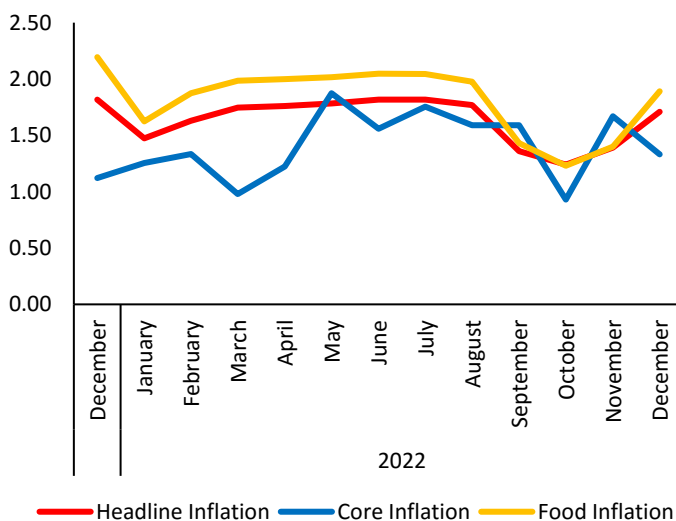
# INFLATION REPORT DECEMBER 2022

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



Source: NBS, Atlasportfolio

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



Source: NBS, Atlasportfolio

## Headline Inflation Eased in December 2022 to 21.34%

According to the official data released by the National Bureau of Statistics (NBS), 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 December stood at **21.34%** year-on-year, from 21.47% in November 2022, representing a decline of -0.13%, while it grew by 5.71% when compared to the 15.63% recorded in December 2021. On a month-on-month basis, the headline inflation was up by 1.71%, which is 0.32% higher than the 1.39% recorded in November 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 23.75% y/y, which was 6.38% higher when compared to 17.37% recorded in December 2021. Also, on a month-on-month basis, Food inflation grew by 1.89% in December 2022, which is 0.49% higher than 1.40% recorded in November 2022. Food inflation was high in December due to the aftermath of flooding, increase in demand associated with festivities, high cost of importation, and insecurity. The Core Inflation rate (Non-Food price inflation sub-component) also increased by 18.49% y/y in December 2022, which was up by 4.62% in comparison to 13.87% recorded in October 2021. However, on a month-on-month basis, it declined by 1.33%, which was -0.34% lower than 1.67% recorded in November 2022.

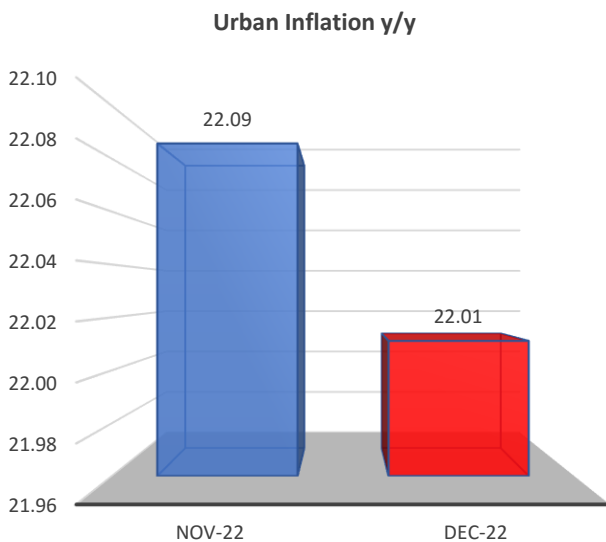
## INFLATION REPORT NOVEMBER'22

19 January 2023

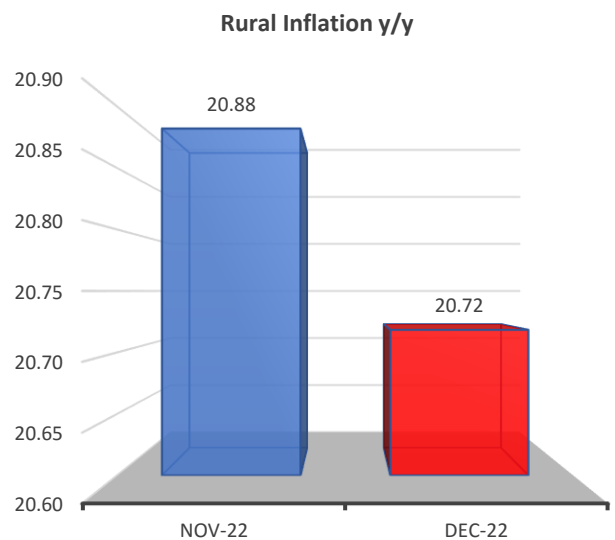
Likewise, the Urban inflation rate stood at 22.01% y/y, which denotes 5.85% higher than 16.17% computed in December 2021, and on a month-on-month basis, it stood at 1.80%, which represents a 0.31% increase, compared to 1.50 recorded in November 2022. The rural inflation rate in September 2022 also was slated at 20.72%, which was 5.61% higher compared to 15.11% recorded in December 2021. On a month-on-month basis, the rural inflation rate in December 2022 was 1.63%, up by 0.33% compared to 1.30% recorded in November 2022.

Headline Inflation slowed down in December after 11 month of consecutive up rise, which can be attributed to the CBN's aggressive monetary policy tightening, as well as the base effect. This is the first decline in the country's inflation rate since the apex bank embarked on tightening its interest rates in May 2022. However, although the headline inflation was lower in December when compared to November on year-on-year basis, the usual demand pressure associated with the festive season was evident when compared on month-on-month basis.

Furthermore, food inflation continues to increase month-on-month, due to the aftermath of flooding, and also supported by the increased demand during the festive season, while the core inflation growth can be associated with FX scarcity, increase in cost of production, fuel scarcity amidst others.



Source: NBS, Atlasportfolio



Source: NBS, Atlasportfolio

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