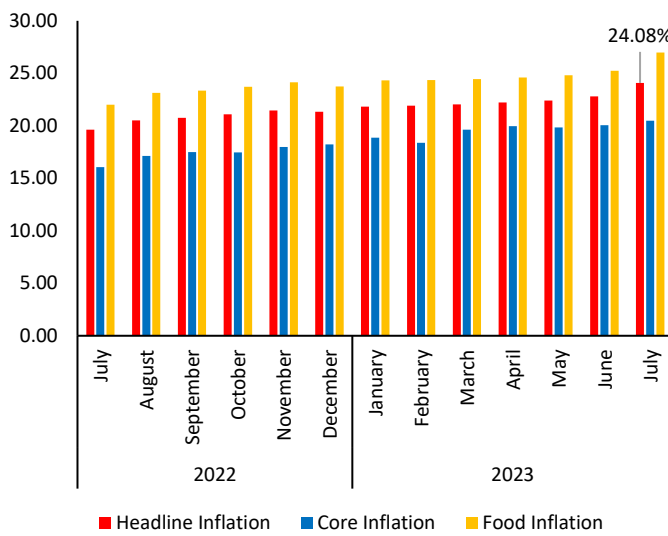




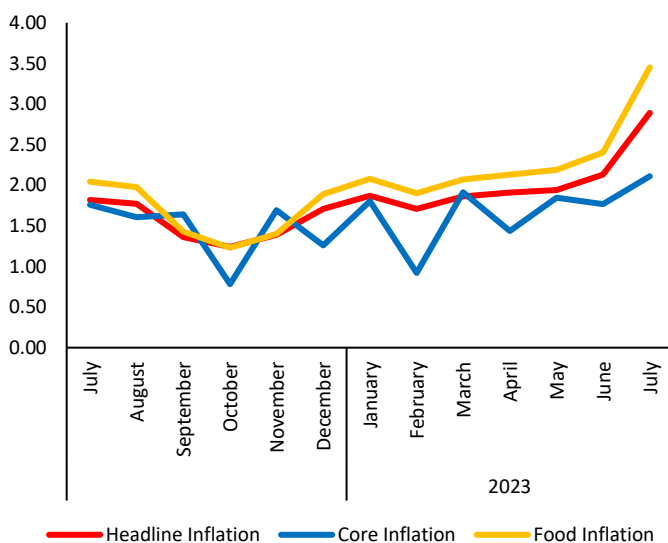
INFLATION REPORT JULY 2023

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



Source: NBS, Atlasportfolio

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



Source: NBS, Atlasportfolio

Headline Inflation Hits to 24.08% in July 2023

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) in July 2023 stood at **24.08%** year-on-year, from 22.79% in June 2023, representing an increase of +1.29%, while it surged by 4.44% when compared to the 19.64% recorded in July 2022. Furthermore, on a month-on-month basis, the headline inflation rose by 2.89%, which was +0.76% higher than the 2.13% recorded in June 2023.

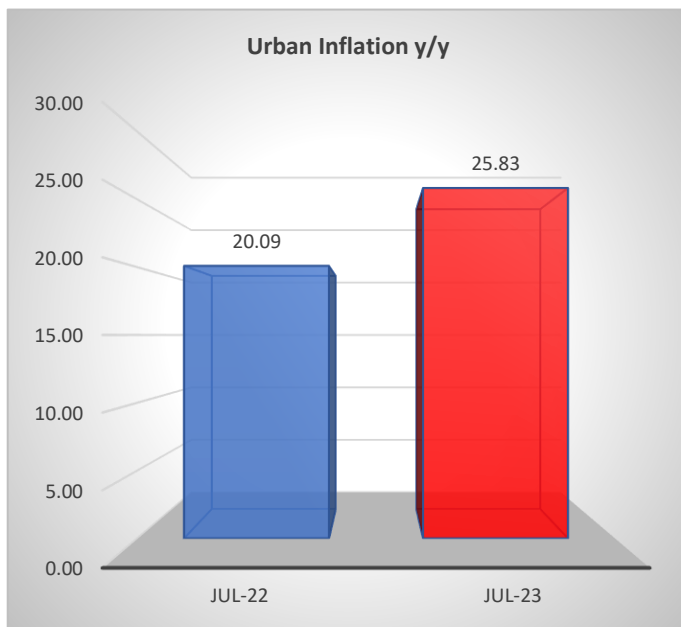
The growth in the Headline rate was influenced by increase in the y/y Food Price and Core inflation rate (a sub-component of the Headline index).

The Food inflation soared by 26.98% y/y, which was +4.96% higher when compared to 22.02% recorded in July 2022. Also, on a month-on-month basis, Food inflation grew by 3.45% in July 2023, which is +1.05% higher than 2.40% recorded in June. Food inflation continues to soar year-on-year due to the persistent energy crisis and the subsidy removal, coupled with other existing challenges such as, low production and insecurity. The Core Inflation rate (Non-Food price inflation sub-component) also increased by 20.47% y/y in July 2023, which was up by +4.41% in comparison to 16.06% recorded in July 2022. Also, on a month-on-month basis, it increased by 2.11%, which was +0.34% higher than 1.77% recorded in June 2023.

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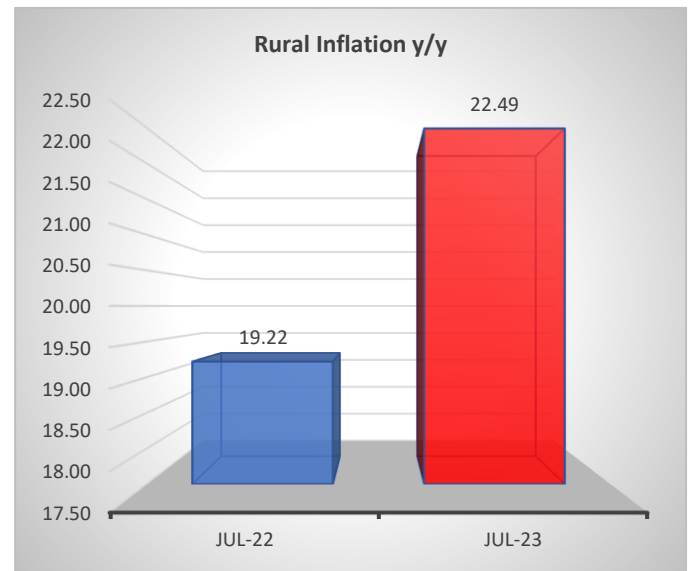
In addition, the Urban inflation rate stood at 25.83% y/y, which was +5.74% higher than 20.09% computed in July 2022, and on a month-on-month basis, it stood at 3.05%, which represents a +0.75% increase, compared to 2.31% recorded in June 2023. The rural inflation rate in July 2023 was also slated at 22.49%, which was +3.26% higher compared to 19.22% recorded in July 2022. On a month-on-month basis, the rural inflation rate in July 2023 was 2.74%, up by 0.78% compared to 1.96% recorded in June 2023.



Source: NBS, Atlasportfolio

Our Review

The country's Headline Inflation continues to grow since the beginning of the year, which was further enhanced by the subsidy removal in May. The effect of the subsidy removal was not entirely reflected on the June's inflation figure. However, the July inflation report is gradually revealing an upsurge in line with the observed trends in the economy. The CBN's continuous monetary policy tightening as not addressed the rising inflation rate in the country compared to other developed countries where inflation is not buoyed by shortage in supply. Food inflation also continues to increase month-on-month due to challenges in production caused by insecurity, as well as transportation cost. The core inflation growth can be associated with FX scarcity and increase in cost of production. We expect further hike in inflation rate in August.



Source: NBS, Atlasportfolio

Contact Information

Investment Research

aadabale@atlassportfolios.com

info@atlassportfolios.com