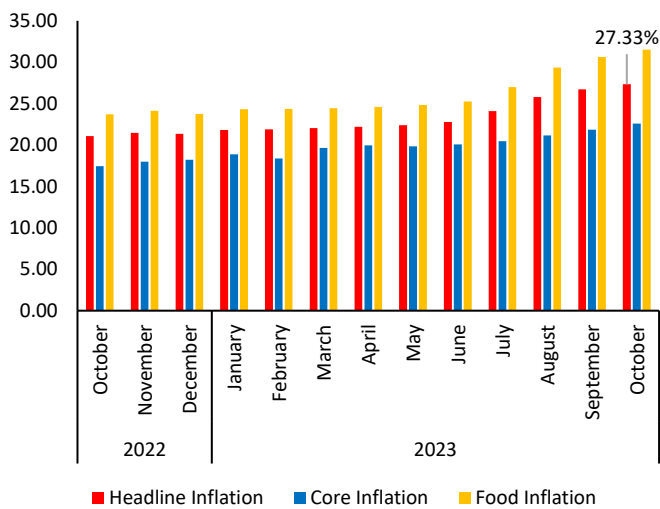




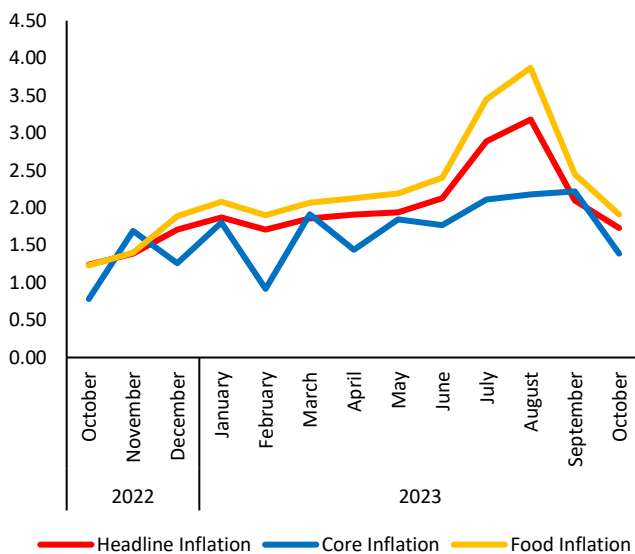
INFLATION REPORT OCTOBER 2023

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



Source: NBS, Atlasportfolio

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



Source: NBS, Atlasportfolio

Headline Inflation Soars to 27.33% in October 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 October 2023 stood at **27.33%** year-on-year, from 26.72% in September 2023, representing an increase of +0.61%, while it surged by 6.24% when compared to the 21.09% recorded in October 2022. However, on a month-on-month basis, the headline inflation reduces to 1.73%, which was -0.37% lower than the 2.10% recorded in September 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 31.52% y/y, which was +7.80% higher when compared to 23.74% recorded in October 2022. Nonetheless, on a month-on-month basis, Food inflation reduced to 1.91% in October 2023, which was -0.54% lower than 2.45% recorded in September. Food inflation continues to soar y/y due to the removal of subsidy, coupled with other existing challenges such as, low production and insecurity. The Core Inflation rate (Non-Food price inflation sub-component) also increased to 22.58% y/y in October 2023, which was up by +5.12% in comparison to 17.46% recorded in October 2022. Whereas, on a month-on-month basis, it declined to 1.39%, which was -0.83% lower than 2.22% recorded in September 2023.

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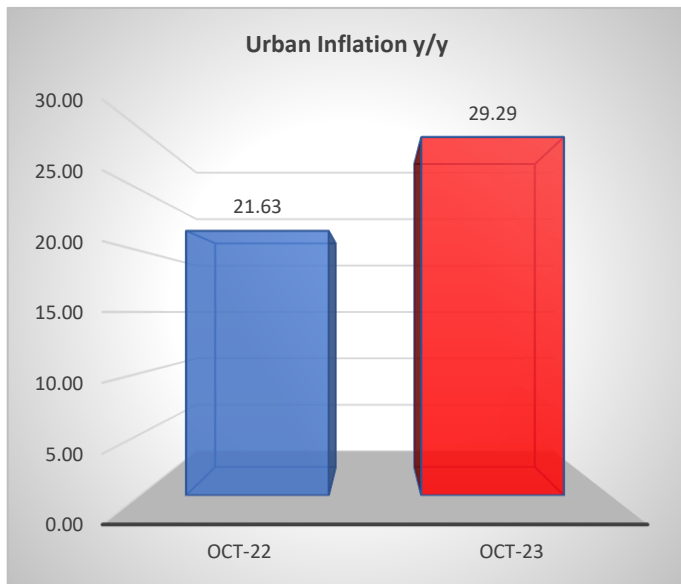
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In addition, the Urban inflation rate stood at 29.29% y/y, which was +7.66% higher than 21.63% computed in October 2022, and on a month-on-month basis, it stood at 1.81%, which represents a 0.43% decrease, compared to 2.24% recorded in September 2023. The rural inflation rate in September 2023 was also slated at 25.58%, which was +5.01% higher compared to 20.57% recorded in October 2022. On a month-on-month basis, the rural inflation rate in October 2023 was 1.67%, down by 0.29% compared to 1.96% recorded in September 2023.

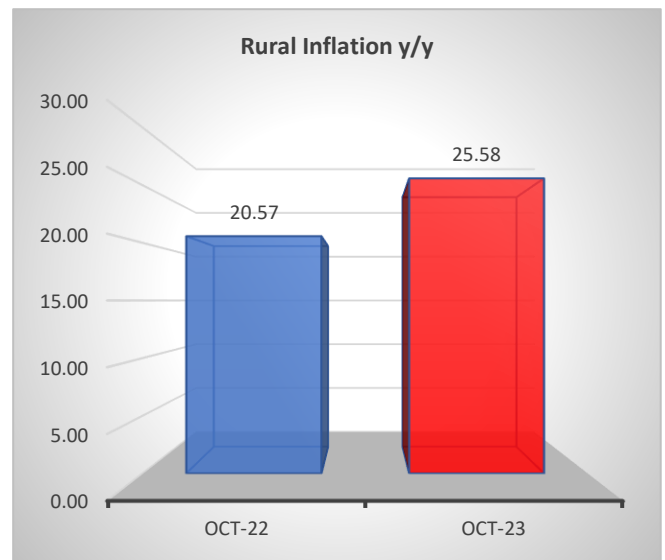
Our Review

The country's Headline Inflation continues to grow since the beginning of the year, which was further enhanced by the removal of the fuel subsidy and FX scarcity. However, it is important to note that the month-on-month decline in the inflation rate does not imply a reduction in the price of

commodity, but rather a decline in the rate of increase in the average price level in October compared to September. The CBN is yet to come up with a fresh date for their monetary policy meeting, since the September meeting was deferred, which means no precautionary measure by the Apex bank to check the high-flying inflation rate since their last meeting in July, apart from the floating of the exchange rate to address the FX issues, and further clearance of backlogs of foreign exchange forward. However, Core inflation continues to grow as well, as the country those not produce enough to export to strengthen the naira. We expect further increase in the inflation rate in November.



Source: NBS, Atlasportfolio



Source: NBS, Atlasportfolio

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