

HEADLINE INFLATION DECLINES



MOST MEASURES TRENDED DOWNWARDS

FOOD INFLATION



18.92%

Most noticeable was food inflation (18.92%)

Urban inflation declined faster than rural inflation by 0.96%

Monthly inflation up to 10.03%

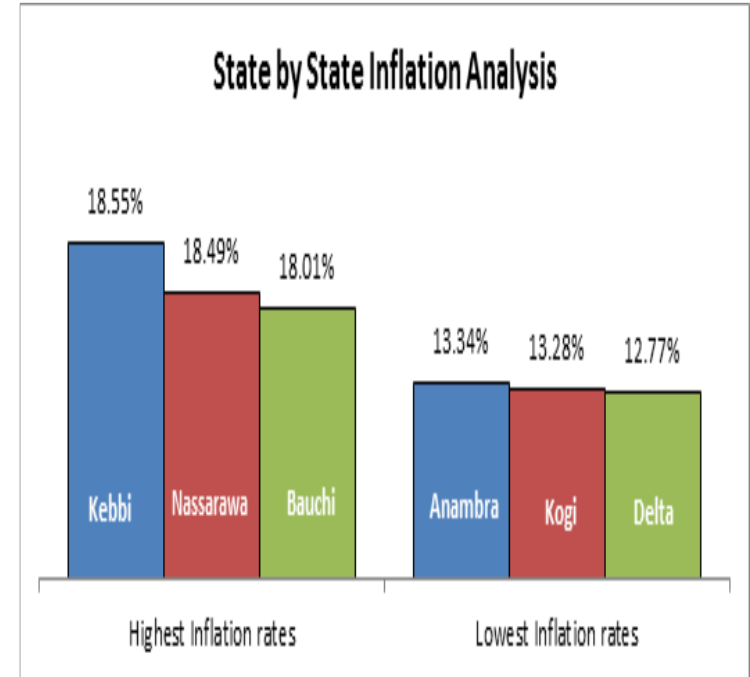
CORE INFLATION



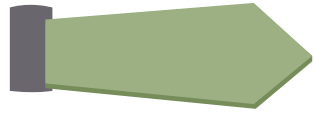
12.10%

STATE BY STATE BREAKDOWN

- ✓ All states recorded a decline in inflation except Kogi, Bayelsa, Sokoto, Borno, Akwa Ibom, Imo, Lagos, Kwara, Nasarawa, Abuja, Jigawa, Delta, Ebonyi, Benue and Taraba
- ✓ Delta state had the lowest rate of inflation at 12.77%
- ✓ Kebbi recorded the highest inflation rate of 18.55%
- ✓ 8 out of the 10 states with the highest levels of inflation are in the North
- ✓ 5 of the 10 states with the lowest inflation rates are from the South-South and South-East regions



WHY THIS TREND?



Harvest season affected domestic food basket



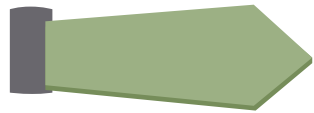
Forex rate stability (N360/\$ - N363/\$) and supply reduced imported inflation



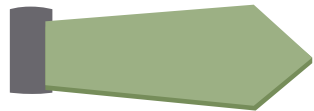
Money supply growth of 1.74% had limited transmission effect



Declining price of diesel helped urban inflation



Post December inventory carryover dampened retail prices



But petrol scarcity impact not yet felt

IMPACT

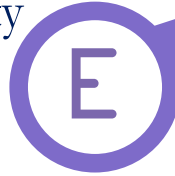
Manufacturers will likely keep prices constant



Policy makers will be optimistic about inflation



Delayed petrol scarcity impact to be felt in February









Leading to possible drop in interest rates after MPC nominee ratification



CBN will likely maintain support for Naira at N360/\$-N363/\$

PEER GROUP COMPARISON



		Inflation Rate (%)		Monetary Policy Stance
Nigeria		15.13	↓	Maintained Status quo
Angola		23.67	↓	Maintained Status quo
Ghana		10.3	↓	Maintained Status quo
Kenya		4.83	↑	Maintained Status quo
South Africa		4.7	↑	Maintained Status quo
Uganda		3.0	↓	Accommodative

POLICY IMPACT & OUTLOOK

- Increased possibility of a reduction in interest rates at the next MPC meeting
- Provided the appointments are confirmed by the Senate
- Inflation likely to pick up in February
 - Lingering fuel scarcity
 - Increased liquidity stemming from FAAC disbursements
 - Upward review of the minimum wage



Thank

you

