

## Inflation Rate Approaches Single Digit:

FSDH Research expects the inflation rate (year-on-year) to drop to 12.43% in April 2018 from 13.34% recorded in the month of March. Despite the increase recorded in the prices of some food and non-food items, the base effect of the Composite Consumer Price Index (CCPI) in April 2017 will depress the inflation rate. FSDH Research expects the National Bureau of Statistics (NBS) to release the inflation rate for the month of April on 13 May, based on the data release calendar on the website of the NBS.

**Inflation Rate: 12.43%**

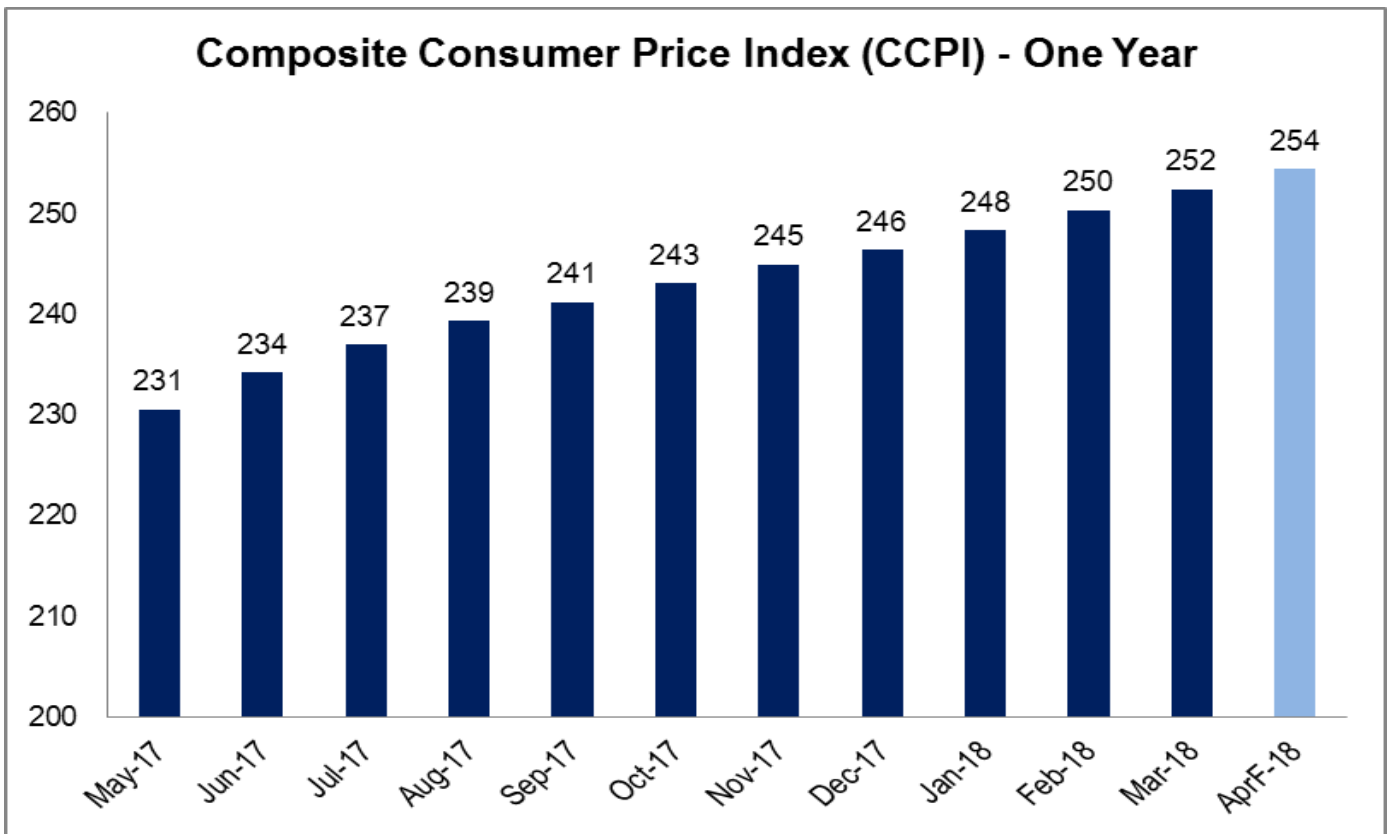
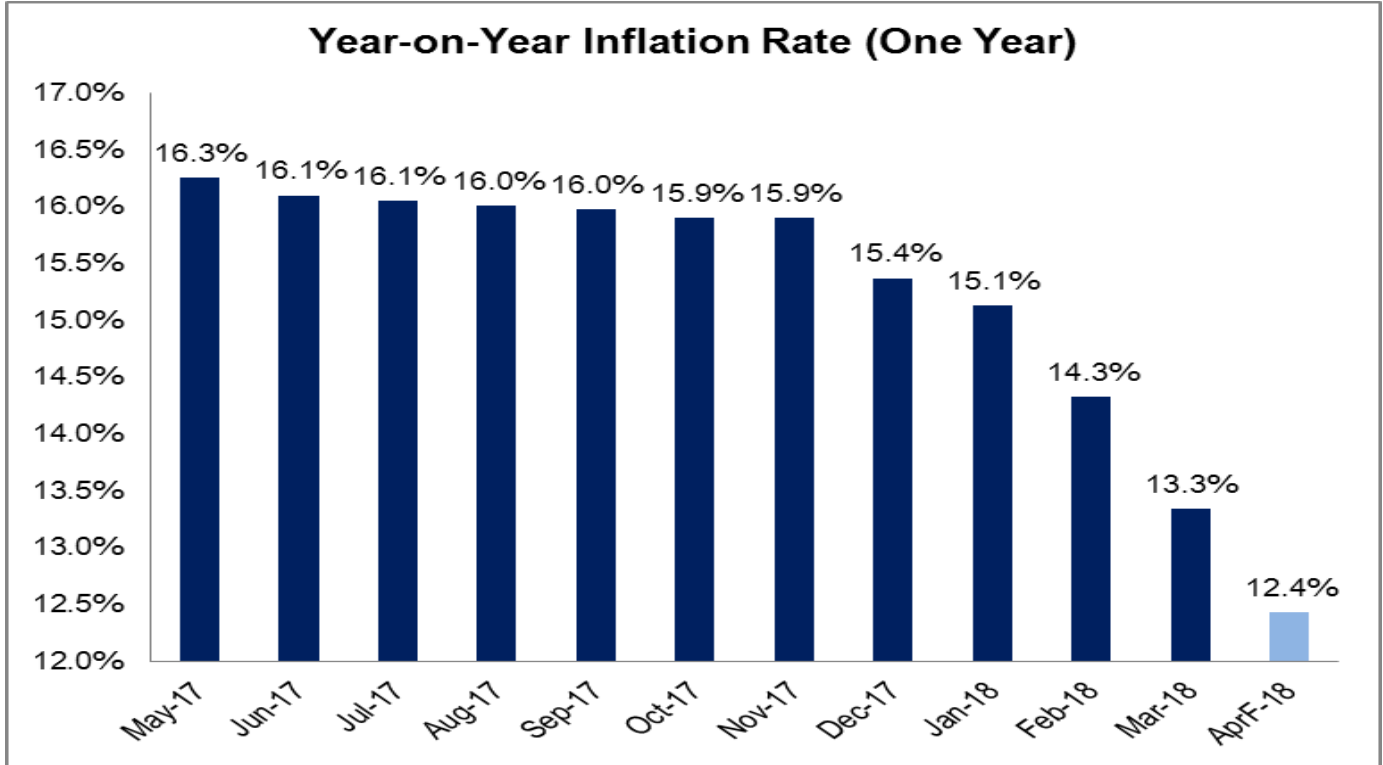
The Food Price Index (FPI) from the Food and Agriculture Organization (FAO) for the month of April 2018 shows that the Index averaged 173.5 points, 0.25% higher than the revised value for March 2018, and 2.72% higher than the April 2017 figure. According to the FAO, sugar prices recorded the highest drop; vegetable oil and meat prices also declined. However, prices of dairy and cereal continued to trend upward. The FAO Dairy Price Index was up by 3.4% between March and April. Increased demand for all milk products, coupled with reduced exports supply, led to the increase in the Index. The FAO Cereal Price Index also appreciated by 1.7% from the previous month, on the heels of improved prices of wheat, coarse grains and rice. On the flip side, the favourable supply glut in the market, and a weaker Brazilian currency (Real) continued to weigh on the prices of sugar. Hence, the FAO Sugar Price Index fell by 4.8% in April to a 31-month low. The FAO Vegetable Oil Price Index was down by 1.43%, driven by a fall in prices of palm and soy oil, the key commodities in the Index. The FAO Meat Index was down by 0.94% driven by the decrease in the prices for bovine and pig meat.

*The FPI appreciated in April 2018 by 0.25% compared with the revised March figure.*

Our analysis indicates that the value of the Naira depreciated at both the Nigerian Autonomous Foreign Exchange (NAFEX) and parallel markets. The value of the Naira lost by 0.09% and 0.14% to close at US\$/N360.17 and US\$/N363 respectively at the NAFEX and parallel markets at the end of April. The rise in the international prices of food coupled with the marginal depreciation in the value of the Naira led to an increase in the prices of imported consumer goods in Nigeria between the two months under review.

The prices of certain seasonal food items we monitored appreciated in April 2018, leading to 0.86% increase in our Food and Non-Alcoholic Index. This Index increased year-on-year by 14.71%, up from 234.39 points recorded in April 2017. We also observed an increase in the prices of Transport and Housing, Water, Electricity, Gas & Other Fuels divisions between March and April. **We estimate that the increase in the CCPI in April would produce an inflation rate of 12.43%, lower than the 13.34% recorded in March.**

*The prices of certain food items we monitored appreciated in April 2018.*



Sources: National Bureau of Statistics (NBS) and FSDH Research

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