

Inflation Rate to Drop Further:

FSDH Research expects the inflation rate (year-on-year) to drop to 13.49% in March 2018 from 14.33% recorded in the month of February. The drop in the rate is premised on the base effect of higher prices in the Composite Consumer Price Index (CCPI) in March 2017 than the current month. FSDH Research expects the National Bureau of Statistics (NBS) to release the inflation rate for the month of March on 16 April, based on the data release calendar on the website of the NBS.

The monthly Food Price Index (FPI) from the Food and Agriculture Organization (FAO) released today shows that the Index was up 1.05% to 172.8 points in March from the revised value for February. The increase recorded in the FPI was because of a strong recovery in dairy and cereal prices. The FAO Dairy Price Index appreciated by 3.26% in March as prices of butter, Whole Milk Powder (WMP) and cheese were on the increase. This increase was mainly supported by strong global import demand and lower than expected milk output. The FAO Cereal Price Index was up by 2.67% from February. The sustained increase recorded in the cereal price Index is as a result of the rise in the prices of most of the major cereals. The FAO Meat Index was up by 0.32% driven by the increase in the prices for ovine meat, pig meat and poultry meat. On the flip side, the FAO Sugar Price Index dropped by 3.4%. The drop in the Index is on the heels of favourable supply conditions in the main sugar producing regions, and a weaker Brazilian Real. The FAO Vegetable Oil Price Index was down by 0.77% as soy, rape and sunflower oils prices dropped.

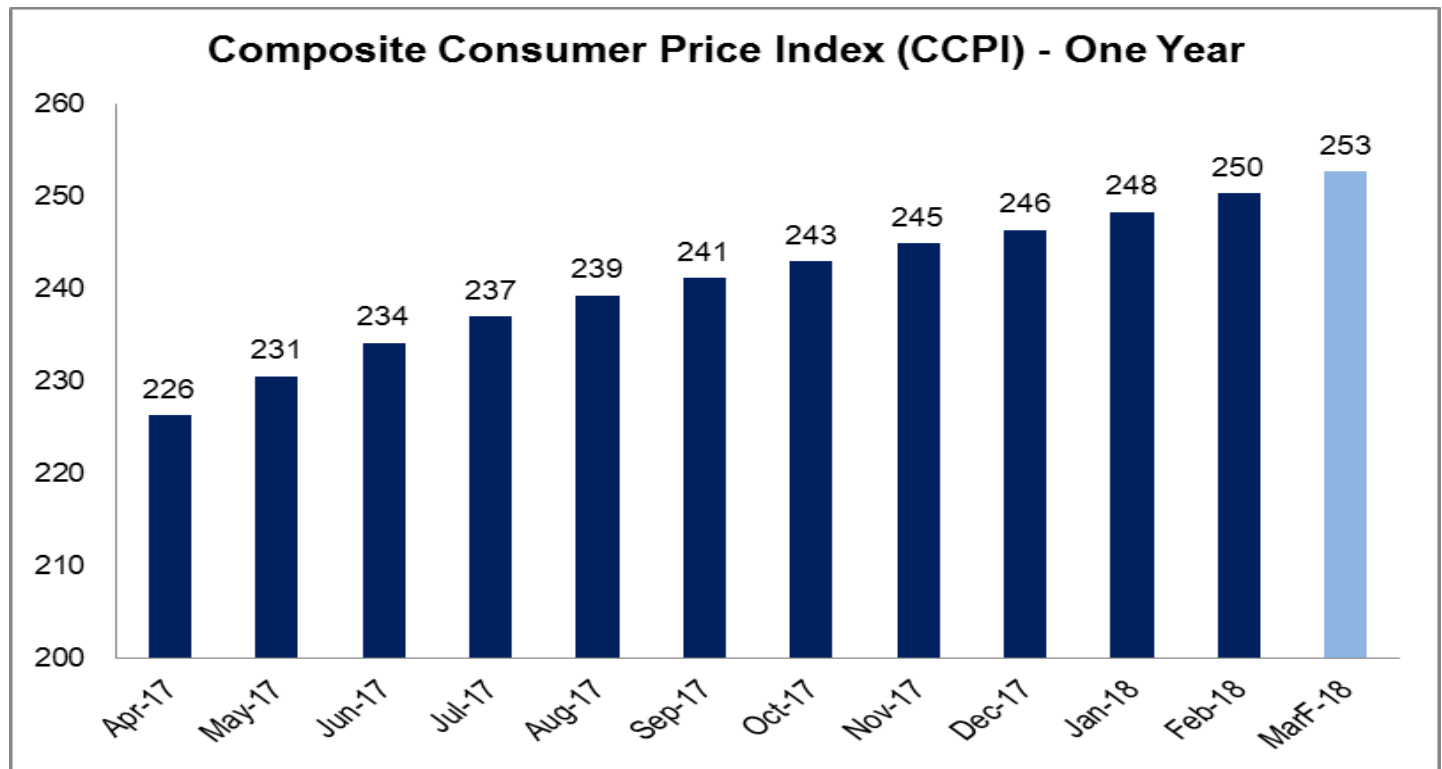
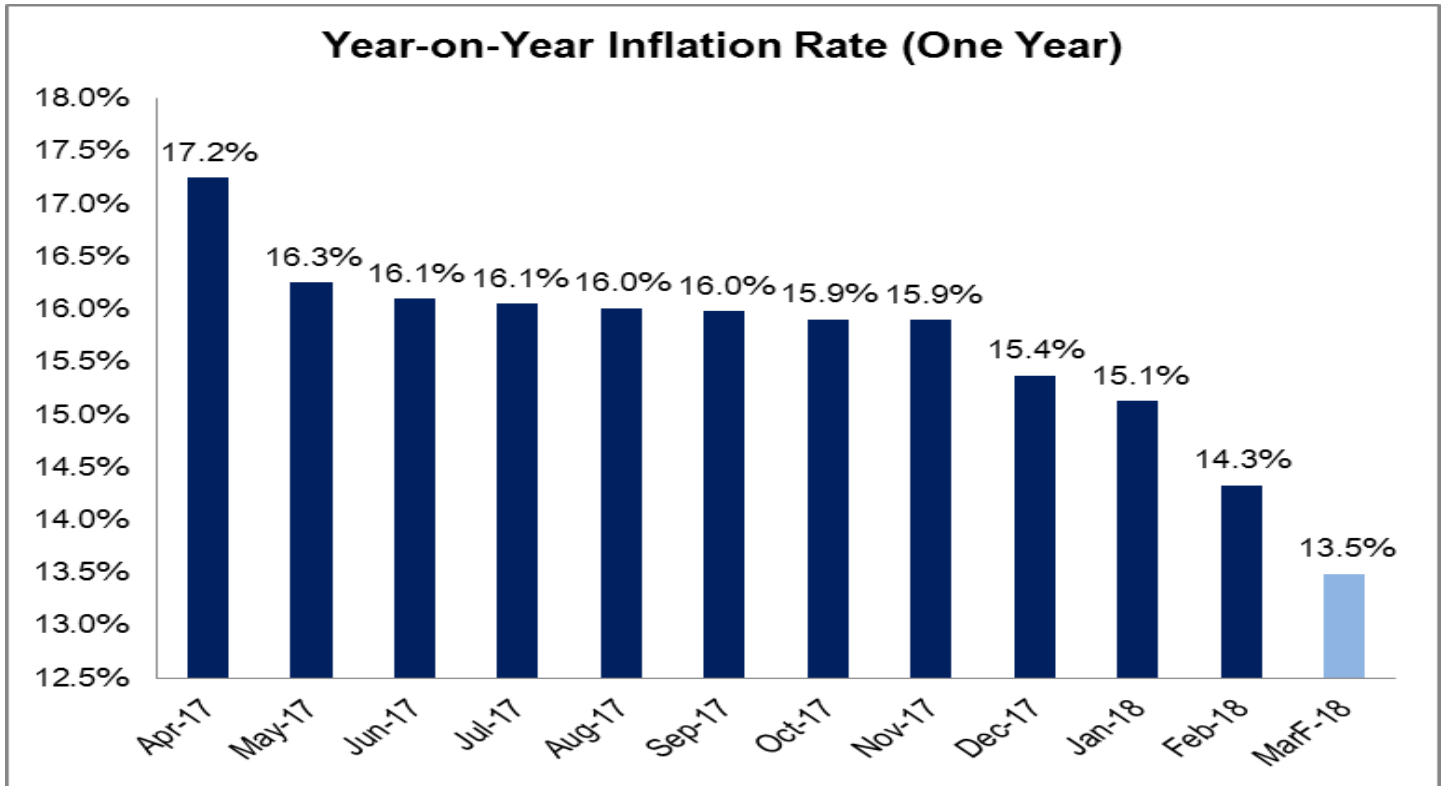
Our analysis indicates that the value of the Naira remained stable at the parallel market while it appreciated at the inter-bank market by 0.08% to close at US\$/N305.65 from US\$/N305.90 at the end of February. The appreciation recorded at the inter-bank market between the two months under review moderated the impact of the imported consumer good prices in the domestic market.

The prices of most of the food items we monitored in March 2018 recorded moderate appreciation, leading to 1.12% increase in our Food and Non-Alcoholic Index. The Index increased by 16.31% from 229.71 points recorded in March 2017. We also noticed increase in the prices of Transport and Housing, Water, Electricity, Gas & Other Fuels divisions between February and March. We estimate that the increase in the CCPI in March would produce an inflation rate of 13.49% lower than the 14.33% recorded in February.

Inflation Rate: 13.49%

The FPI appreciated in March 2018 by 1.05% compared with the revised February figure.

The prices of most of the food items we monitored in March 2018 recorded moderate appreciation.



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

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