

Inflation Rate to Remain Flat in August:

FSDH Research expects the inflation rate (year-on-year) to remain unchanged at 11.14% in August 2018, the same rate recorded in the month of July. Although we observed moderation in the prices of some food items in August, the contraction in the agriculture sector may place pressure on food prices in coming months. The National Bureau of Statistics (NBS) will release the inflation rate for the month of August on Friday, 14 September 2018.

The Food Price Index (FPI) report that the Food and Agriculture Organization (FAO) published for the month of August 2018 notes that food prices in the international market increased marginally in August from the July levels. The prices of sugar, edible oil and dairy dropped in August compared with July while the prices of cereal and meat increased. The depreciation of currencies in Brazil and India against the US Dollar resulted in the decrease in sugar prices. However, tight export in wheat and maize forced prices up.

FSDH Research's analysis indicates that the value of the Naira depreciated at both the Nigerian Autonomous Foreign Exchange (NAFEX), and the parallel market at end-August 2018. At the NAFEX and parallel markets, the value of the Naira depreciated by 0.40% and 0.08% to close at US\$/N362.65 and US\$/N306.15 respectively at the end of August. The marginal increase in the international prices of food coupled with the depreciation in the value of the Naira placed an upward pressure on prices of some consumer goods in August.

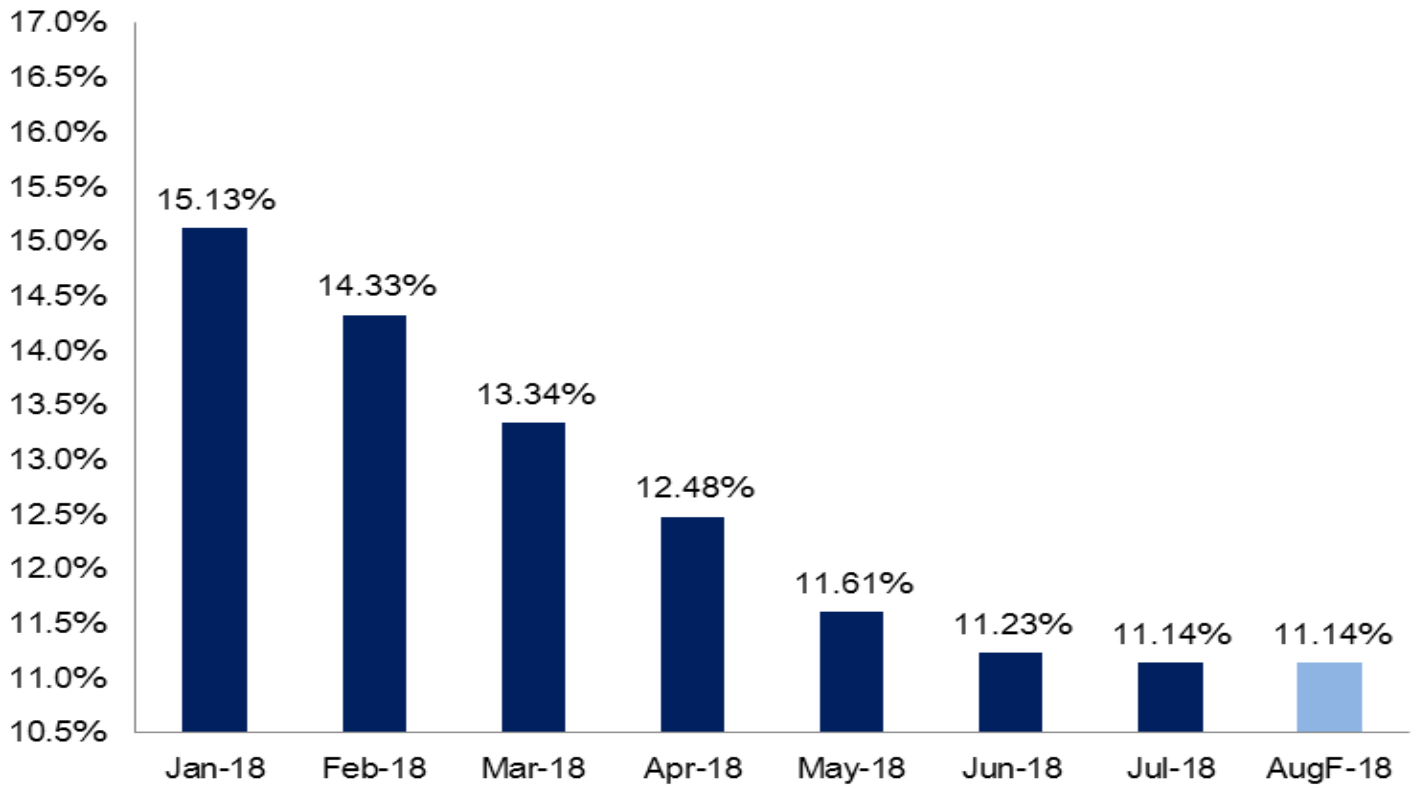
The prices of food items that FSDH Research monitored in August 2018 moved in varying directions. The movement in the prices of food items during the month led to a 1.10% increase in our Food and Non-Alcoholic Index. This Index increased year-on-year by 12.76%, up from 251.66 points recorded in August 2017. We also observed an increase in the prices of Transport and Housing, Water, Electricity, Gas & Other Fuels divisions between July and August 2018. We estimate that the increase in the Composite Consumer Price Index (CCPI) in August would produce an inflation rate of 11.14%, same as the figure recorded in July.

Inflation Rate: 11.14%

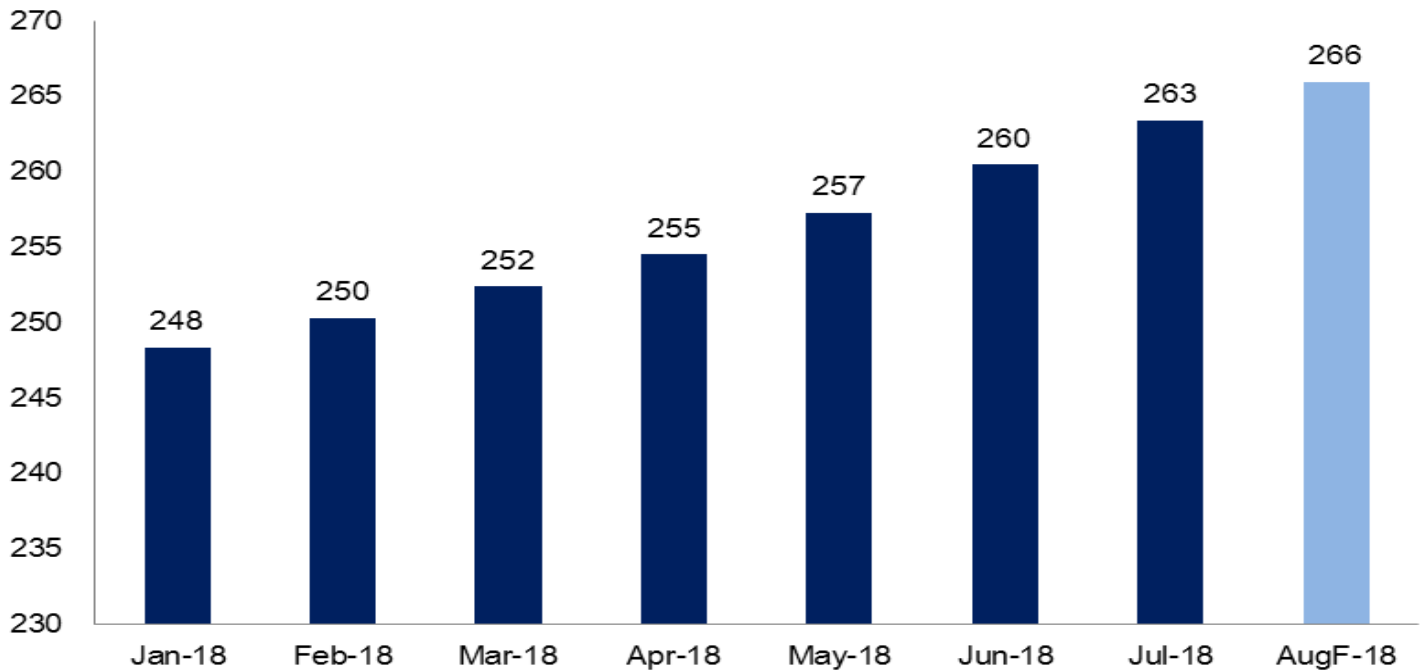
The FPI increased marginally in August from the July levels.

The prices of food items monitored in August moved in varying directions.

Year-on-Year Inflation Rate (One Year)



Composite Consumer Price Index (CCPI) - One Year



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

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