

Inflation Rate to Trend Up in September:

FSDH Research expects the inflation rate (year-on-year) to increase further to 11.37% in September 2018 from 11.23% recorded in August. The increase in the prices of some food items is the major driver of the expected increase in the inflation rate. The National Bureau of Statistics (NBS) is due to release the inflation rate for the month of September on Tuesday, 16 October 2018.

The Food Price Index (FPI) report the Food and Agriculture Organization (FAO) published for the month of September 2018 notes that food prices in the international market decreased from the August levels. All the categories of commodities used in the calculation of the FAO Food Index dropped in value, except sugar. Drought conditions in Brazil, the world's largest sugar producer and exporter, impacted negatively on sugarcane yields thereby forcing prices of sugar up. However, large supply global prospect and weak global import demand in cereal, oil and dairy products exerted downward pressure on these prices.

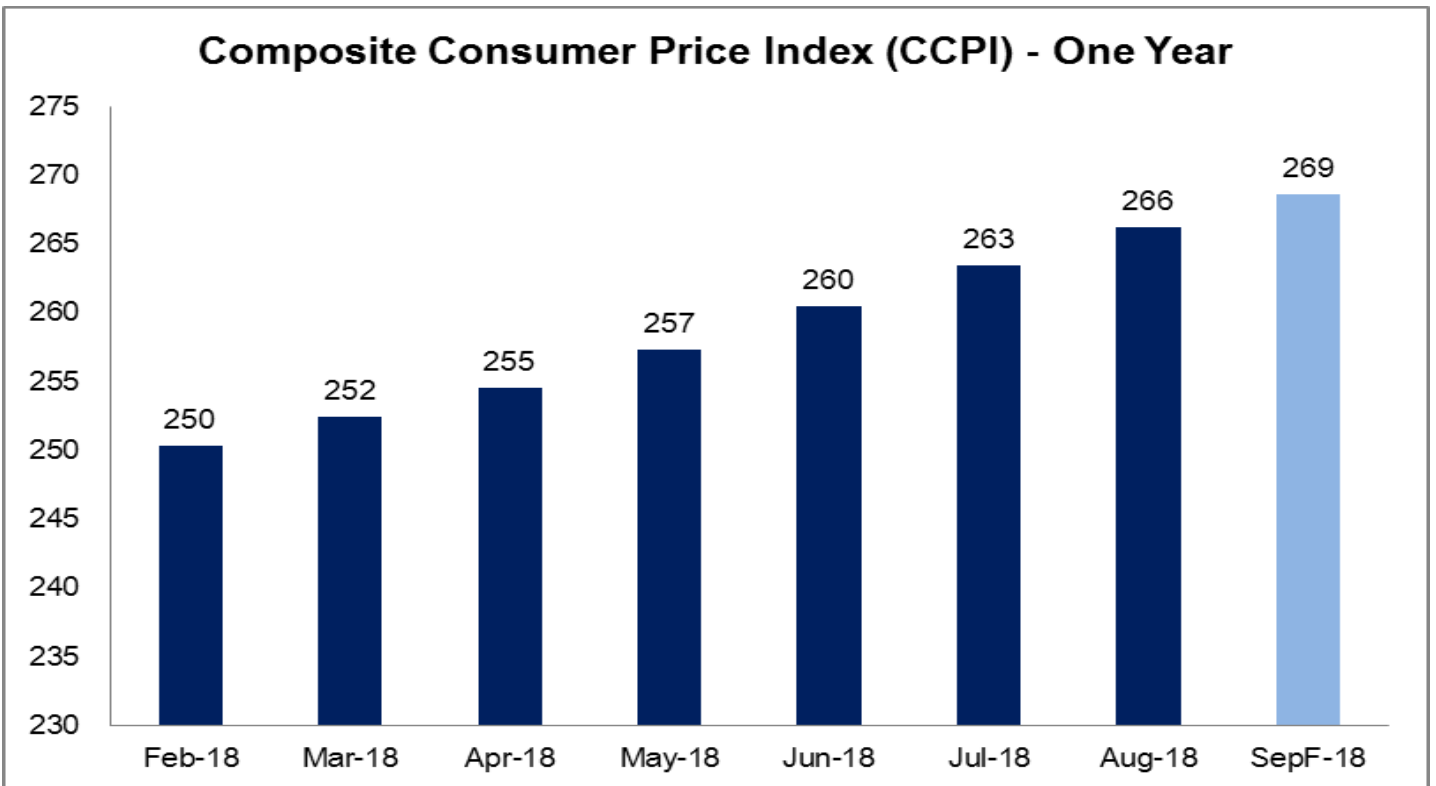
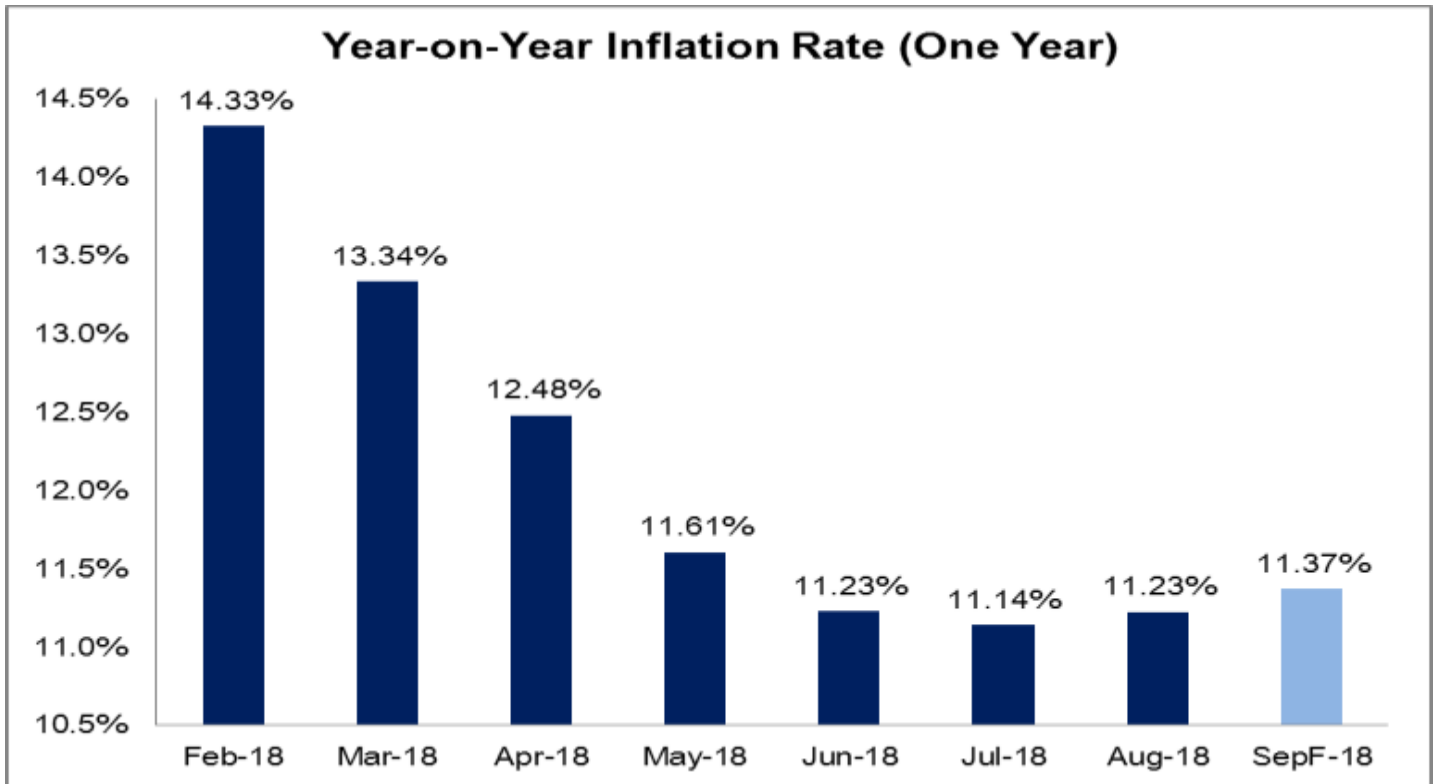
FSDH Research's analysis indicates that the value of the Naira depreciated at both the Nigerian Autonomous Foreign Exchange (NAFEX), and the parallel market in September 2018. At the NAFEX and parallel markets, the value of the Naira depreciated by 0.29% and 0.07% to close at US\$/N363.72 and US\$/N306.35 respectively. The depreciation recorded in the value of the Naira in the foreign exchange market reduced the positive impact of the decrease in the international prices on imported consumer goods in Nigeria.

The prices of food items that FSDH Research monitored in September 2018 moved in varying directions, and led to an overall 1.10% increase in our Food and Non-Alcoholic Index. This Index increased year-on-year by 13.37%, up from 253.84 points recorded in September 2017. We also observed an increase in the prices of Transport and Housing, Water, Electricity, Gas & Other Fuels divisions between August and September 2018. We estimate that the increase in the Composite Consumer Price Index (CCPI) in September would produce an inflation rate of 11.37%.

Inflation Rate: 11.37 %

The FAO FPI decreased in September from the August levels.

The prices of food items that FSDH Research monitored in September moved in varying directions.



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

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