

## FSDH Research Expects Inflation Rate to Inch Up in October:

FSDH Research expects the inflation rate (year-on-year) to increase further to 11.34% in October 2018 from 11.28% recorded in September. The expected increase in the inflation rate will reflect higher prices observed within the Food and Non-Alcoholic Beverages division. The National Bureau of Statistics (NBS) is due to release the inflation rate for the month of October on Wednesday, 14 November 2018.

*Inflation Rate: 11.34 %*

The Food Price Index (FPI) report the Food and Agriculture Organization (FAO) published for the month of October 2018 notes that food prices on the international market decreased from the September levels. Dairy, meat and oils prices declined sharply, while the cereal prices increased slightly and sugar recorded a surge in its price. Large inventories held by exporting countries coupled with huge export supplies weighed negatively on the prices of oil, meat and dairy products. Sugar prices increased for the second consecutive month due to low production prospects in the major sugar producing regions.

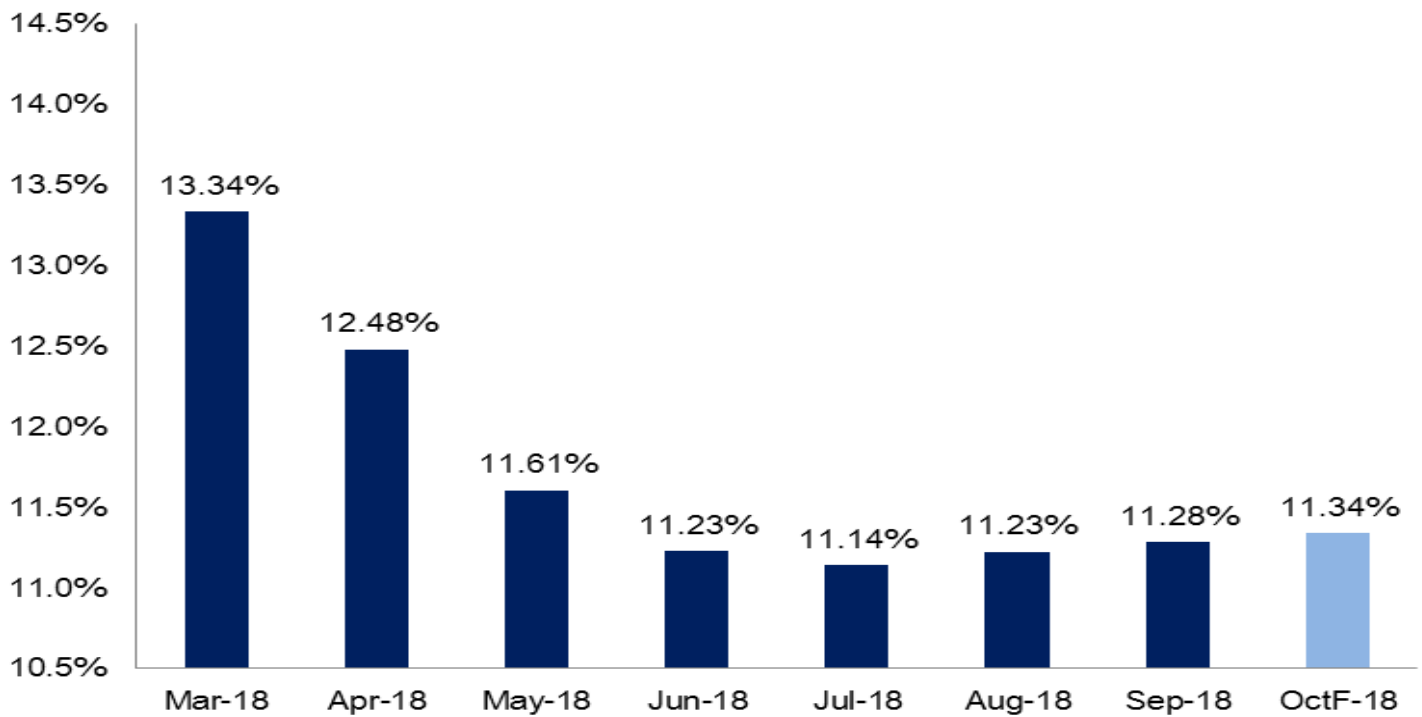
*The FAO FPI decreased in October from the September levels.*

FSDH Research's analysis indicates that in October 2018 the value of the Naira appreciated at the Nigerian Autonomous Foreign Exchange (NAFEX), while it depreciated at the parallel market. At the NAFEX market, the value of the Naira appreciated by 0.09% to close at US\$/N363.40 from US\$/N363.72 in the prior month. While at the parallel market the Naira depreciated by 0.28% to close at US\$/N362.00 from US\$/N361.00 in September 2018. The appreciation recorded in the value of the Naira at the NAFEX market should lower the pass through effect of imported inflation in Nigeria.

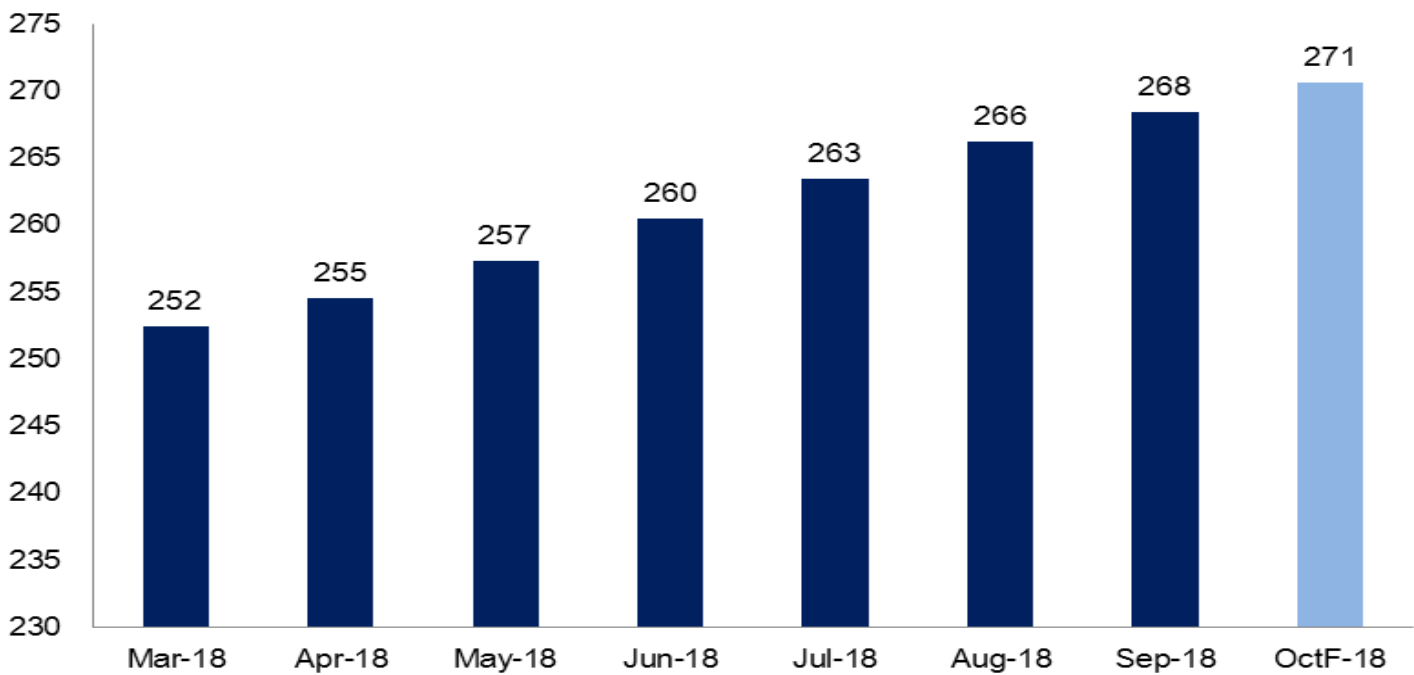
The prices of food items that FSDH Research monitored in October 2018 moved in varying directions, and led to an overall 0.95% increase in our Food and Non-Alcoholic Index. This Index increased year-on-year by 13.37% to 290.22 points, up from 255.99 points recorded in October 2017. We also observed an increase in the prices of Transport and Housing, Water, Electricity, Gas & Other Fuels divisions between September and October 2018. We estimate that the increase in the Composite Consumer Price Index (CCPI) in October would produce an inflation rate of 11.34%.

*The prices of food items that FSDH Research monitored in October 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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