

Inflation Rate to Rise Marginally in November:

FSDH Research expects the November 2018 inflation rate (year-on-year) to increase marginally to 11.28% from 11.26% recorded in October. The inflation rate dropped in October, following two consecutive months of increase. We expect a marginal increase as a result of end-of-year purchases. The National Bureau of Statistics (NBS) is due to release the inflation rate for the month of November on Thursday, 13 December 2018.

Inflation Rate: 11.28%

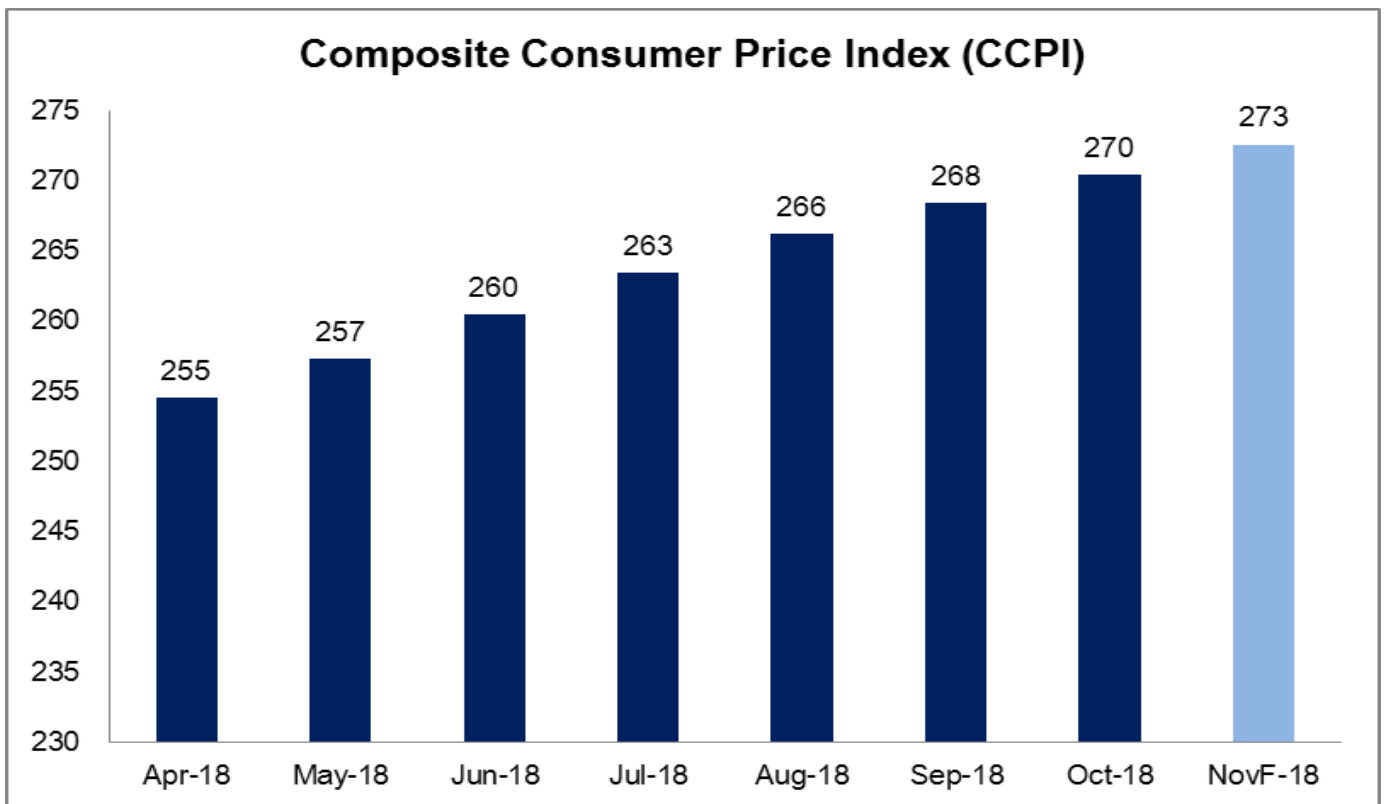
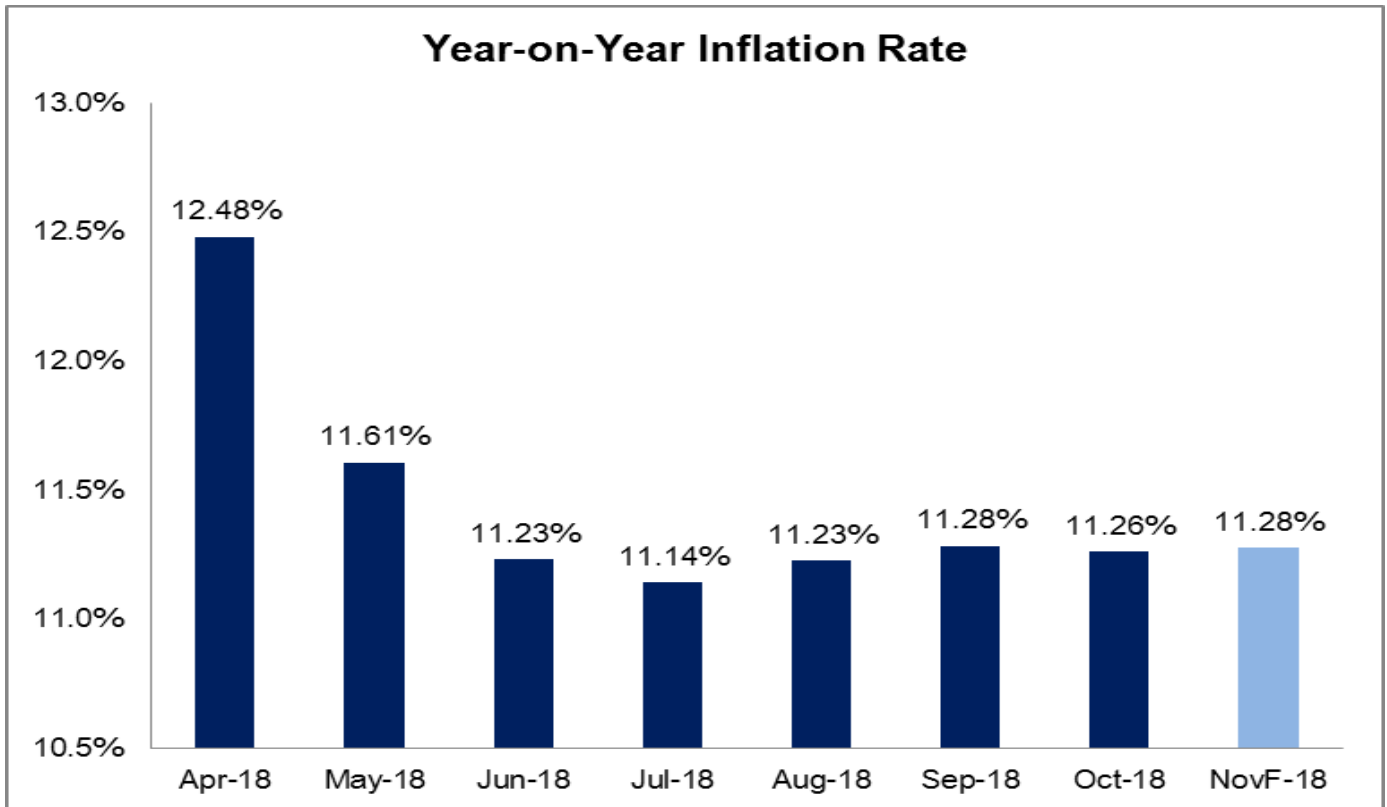
The Food Price Index (FPI) report the Food and Agriculture Organization (FAO) published for the month of November 2018 notes that food prices in the international market further declined from the October levels. The FPI recorded the lowest figure since May 2016. Weaker prices in vegetable oil, dairy, cereal and meat depressed the values of the Index, while the sugar prices firmed up. Increased exports supplies from the main producing regions impacted the prices of most commodities. On the other hand, sugar prices increased for the third consecutive month due to low production prospects in the major sugar producing regions.

The FAO FPI decreased further in November from the October levels.

FSDH Research's analysis indicates that in November 2018 the value of the Naira depreciated at both the Nigerian Autonomous Foreign Exchange (NAFEX), and the parallel market. The value of the Naira depreciated by 0.21% at the NAFEX market to close at US\$/N364.16 from US\$/N363.40 in October, while it lost 0.96% in the parallel market to close at US\$/N365.50 from US\$/N362.00 in October 2018. The lower prices of consumer goods in the international market moderated the pass through effect of the depreciation in the foreign exchange rate on domestic prices.

The prices of food items that FSDH Research monitored in November 2018 moved in varying directions, leading to 0.90% increase in our Food and Non-Alcoholic Index. This Index increased year-on-year by 13.24% to 292.44 points, up from 258.24 points recorded in November 2017. We also observed an increase in the prices of Transport and Housing, Water, Electricity, Gas & Other Fuels divisions between October and November 2018. We estimate that the increase in the Composite Consumer Price Index (CCPI) in November would produce an inflation rate of 11.28%.

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



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

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