

## Inflation

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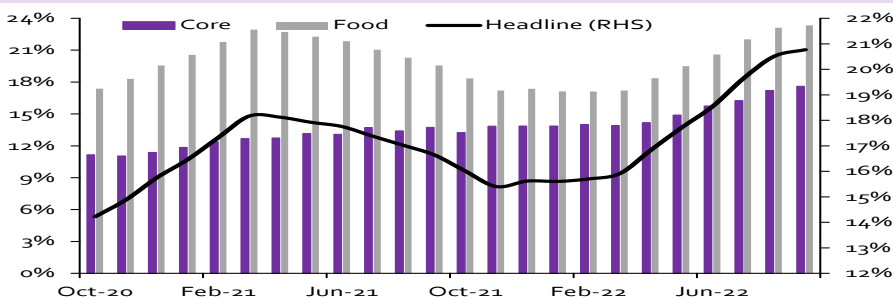
### Headline Inflation Remains Upbeat, hits 20.77% in September

Based on the Consumer Price Index (CPI) data released by the National Bureau of Statistics (NBS), the headline Inflation number retained its upward trend in September as price levels remain elevated compared to the previous year. Headline inflation increased by 25bps to 20.77% in September 2022, 414bps higher than 16.63% recorded in September 2021. The 20.77% came 19bps shy of our earlier forecast of 20.96%. Albeit, the September headline inflation moderated month-on-month by 41bps to 1.36% m/m from 1.77% m/m in August 2022 largely due to the moderating impact of the harvest season. While this is a new 17-year high (from October 2005 to August 2022), the key drivers remain the disruption in local food supply (caused by widespread insecurity), imported inflation (triggered by disruption in global supply chain), and local currency depreciation.

Food inflation has remained above 20.0% since June, reaching 23.34% in September and is also currently at a 17-year high. On a month-on-month basis, the food basket grew slower by 1.43% compared to 1.98% in August. Harvest season and decline in global food prices are key possible factors responsible for the slower increase Food Inflation. The United Nations' Food and Agriculture Organization (FAO)'s Food Price Index averaged 136.3 points in September 2022, down 1.5 points (1.1%) from August, marking the sixth monthly decline in a row. The FFPI's decline in September was driven by a sharp fall in the international prices of vegetable oils and moderate decreases in those of sugar, meat and dairy products. However, we continue to link the high domestic food prices to the negative pass-through from higher logistics and haulage costs amidst supply disruptions occasioned by widespread insecurity. On the other hand, core inflation rose by 40bps to 17.60% in September. Month-on-month, the core basket grew by 1.59%, same rate recorded in August. The highest increases were recorded in prices of Gas, Liquid fuel, Passenger transport by Air, Passenger travel by road, and Solid fuel.

Looking ahead, we expect inflationary pressure to persist chiefly on the aforementioned factors coupled with the heavy flood recently experienced across the country and the increasing election spending. We retain our headline inflation forecast for October 2022 at 20.96%. While we expect a slight moderation in food inflation due to the harvest season, we expect core inflation to remain pressured.

### Headline, Food and Core Inflation (%)



Source: NBS, CSL Research

### MARKET UPDATE

	1 year	31-Dec-21	1 day
NSE - Index*	41,438.15	42,716.44	46,365.95
Naira / US\$	414.73	435.00	436.85
Brent, US\$/bbl	84.33	77.78	91.62
MPR %	11.50	11.50	15.50

Source: Nigerian Stock Exchange, Central Bank of Nigeria, Bloomberg. \*Nigerian Stock Exchange All-Share Index.

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## Today's news headlines:

**Inflation hits 20.7% as weak naira stokes prices:** Nigeria's headline inflation rate accelerated for the eighth consecutive month in September to 20.77 percent as weak naira stoked a fresh spike in prices, according to the National Bureau of Statistics (NBS). The NBS said Monday that the inflation rate, which is at a 17-year high, was 4.14 percent higher when compared to the 16.63 percent recorded in September 2021 on a year-on-year basis and 0.25 percent higher than the 20.5 percent recorded in August 2022. It attributed the increase in inflation to the increase in import cost due to the persistent currency depreciation, the disruption in the supply of food products, and the general increase in production cost. Since the outbreak of the COVID-19 pandemic, Nigeria, which depends largely on crude oil proceeds, has been grappling with weak foreign inflows,.

Source:businessday.ng <https://businessday.ng/business-economy/article/inflation-hits-20-7-as-weak-naira-stokes-prices/>

**Tinubu, Obi unfold economic, restructuring agenda to North:** The presidential candidates of the All Progressives Congress, Asiwaju Bola Tinubu and his Labour Party counterpart, Mr Peter Obi, on Monday sought northern support for their ambitions to succeed the President, Major General Muhammadu Buhari (retd.) in 2023. The two candidates unfolded their agenda on restructuring, insecurity, economy, power and corruption. While Tinubu shared how he planned to address the age-old problem of almajiri (pupils of Islamic schools) in the north, if elected in the 2023 election, Obi highlighted his vision for the economy. The two candidates unveiled their plans at an interactive session with the Arewa Joint Committee, which was held at the Arewa House, Kaduna. At the forum were leaders of the Arewa Consultative Forum, Northern Elders Forum, Sir Ahmadu Bello Memorial Foundation,.

Source:punchng.com

<https://punchng.com/tinubu-obi-unfold-economic-restructuring-agenda-to-north/>

**Nigerians Warned to Prepare for Food Crisis:** Nigerians have been warned to brace up for serious food crisis ahead following the menace of banditry and flooding currently ravaging the country. The warning was given by a renowned industrialist and food processing expert, Mr. Duro Kuteyi at an event organised by Spectra Industries Limited to mark this year's World Food Day in Lagos. Kuteyi, who is also the managing director (MD) of Spectra Industries Limited, a leading indigenous food processing and manufacturing company therefore, called on the federal government to, as a matter of urgency, save Nigeria of an imminent food crisis by urgently setting a workable agenda for food security in Nigeria by..

Source:thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/10/18/nigerians-warned-to-prepare-for-food-crisis/>

**FAO Calls for Increased Investments in Agriculture, Resilient Agrifood Systems:** The Food and Agriculture Organisation (FAO) has urged governments across the globe to prioritise increased investments into the agricultural sector and resilient agrifood systems. The Director-General, FAO QU Dongyu, said the alarming signs of growing acute food insecurity should make governments rethink the way they tackle hunger crises by addressing the root causes rather than just treating ad hoc symptoms of hunger. He spoke at a special side event looking at how to change the humanitarian game plan to better meet people's needs and priorities and reverse the march of hunger across the planet.:

Source:thisdaylive.com

<https://www.thisdaylive.com/index.php/2022/10/18/fao-calls-for-increased-investments-in-agriculture-resilient-agrifood-systems/>

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% distribution	0%	50%	50%	0%	

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