Nigeria

17 April 2023

Inflation

Comment on recent news – this page
Today's headlines – page two
Recommendations and valuations – page three

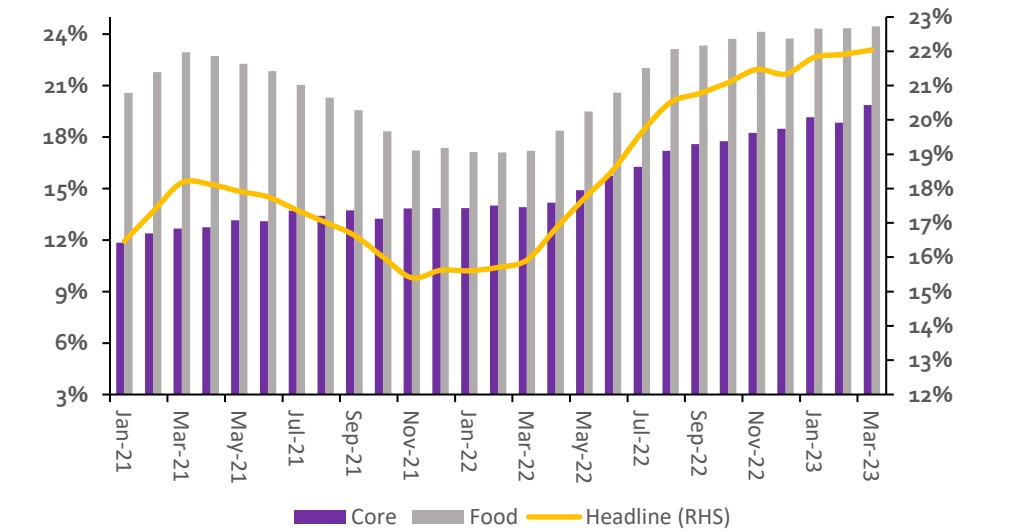
Headline Inflation rises to 22.04% in March.

Headline inflation continued its upward trend in March albeit at a moderate level, increasing to 22.04%, which is 13bps higher than the 21.91% recorded in February. On a month-on-month basis, headline inflation was up by 15bps to 1.86% in March from 1.71% in February and was up by 612bps compared to the rate recorded in March 2022 which was 15.92%. Headline inflation numbers were driven by an increase in both food and core inflation. Central Bank of Nigeria (CBN) has maintained a hawkish stance to stem inflation. The CBN hiked its key interest rate to 18% in March, a 650bps rate hike since May 2022 in response to the continued price pressures and a weakening Naira.

Food inflation, a major driver of headline inflation, increased to 24.45% in March from 24.35% in February. On a month-on-month basis, the food basket grew to 2.07% compared to 1.90% in February. According to the Nigerian Bureau of Statistics (NBS), the rise in food inflation was attributed to an increase in prices of oil and fat, bread and cereals, potatoes, yam and other tubers, fish, fruits, meat, vegetables, and spirits.

Core inflation, which excludes the prices of volatile agricultural produce spiked by 102bps to 19.86% in March from 18.84% in February. Month-on-month, the core basket grew by 1.84% in March from 1.06% recorded in February. The highest increases were recorded in the prices of gas, passenger transport by air, liquid fuel, fuels, and lubricants for personal transport equipment, vehicles spare parts, solid fuel, etc. Looking ahead, we expect inflation may start to moderate in the second half of the year, largely due to base effect. Nevertheless, we still expect some price triggers such as a possible elimination of subsidies.

Headline, Food and Core Inflation (%)



Source: NBS, CSL Research

MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	47,558.45	51,251.06	51,893.94
Naira / US$	416	461.50	464
Brent, US$/bbl	111.7	85.91	86.37
MPR %	11.50	16.50	18.00

Source: NGX Exchange, Central Bank of Nigeria, Bloomberg. *NGX Exchange All-Share Index.

CONTACT INFORMATION

Head of Research: Gloria Fadipe
+234 (1) 448 5436 ext.4516
gloria.fadipe@fcmb.com

Banks: Gloria Fadipe
+234 (1) 448 5436 ext.4516
gloria.fadipe@fcmb.com

FMCGs & Brewers: Goke Adetoyinbo
+234 (1) 448 5436 ext.4457
adegoke.adetoyinbo@fcmb.com

Industrials: Mustapha Umaru
+234 (1) 448 5436 ext.4512
mustaphaumaru@fcmb.com

Research Team: cslresearch@fcmb.com
Retail Team: cslcsu@fcmb.com
Sales Team: cslrmt@fcmb.com

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News headlines:

Striking workers cripple airports operations as unions begin warning strike: Last week, the Secretary Generals of the National Union of Air Transport Employees (NUATE), Ocheme Aba, Air Transport Services Senior Staff Association of Nigeria (ATSSSAN), Frances Akinjole, Association of Nigeria Aviation Professionals (ANAP), AbdulRasaq Saidu, Amalgamated Union of Public Corporation Civil Service Technical and Recreation Services Employees (AUPCTRE), Sikiru Wahab and the Deputy General Secretary of National Association of Aircraft Pilots and Engineers (NAAPE) Umoh Ofonime, signed a notice for the two-day strike, saying they had earlier issued a 14-day ultimatum to the Minister of Aviation, Hadi Sirika on the same issue since February 7, 2023 to no avail Source:sunnewsonline.com https://sunnewsonline.com/striking-workers-cripple-airports-operations-as-unions-begin-warning-strike-2/

NECA rejects tax hike, warns FG against IMF demand: The Nigeria Employers' Consultative Association says the International Monetary Fund's call on the Federal Government to increase taxes in order to reduce borrowing will affect economic growth and worse the country's plight. The Director General of NECA, Mr Wale Oyerinde, in a statement on Sunday said such an economic decision might appear to be in favour of the government since it would drive up its revenues. He, however, stressed that hiking taxes would have negative effects on households, businesses, and the economy in general. "The call by the IMF on the Federal Government to increase taxes in order to reduce borrowing spells nothing but disaster for an economy struggling to stay afloat. Yes, such an economic decision may appear to be in favour of the government. Source: punchng.com https://punchng.com/neca-rejects-tax-hike-warns-fg-against-imf-demand/

FG awaits legislative approval to disburse $800m to vulnerable Nigerians: The Minister of Finance, Budget and National Planning, Mrs Zainab Ahmed, has said that legislative approval was being awaited with other modalities on how to disburse $800 million to vulnerable 50 million Nigerians as a cushion as shock-responsive safety net ahead of the fuel subsidy removal in June, were being fine-tuned. Speaking with journalists at the weekend on the sidelines of the 2023 Spring Meetings organised by the International Monetary Fund (IMF) and the World Bank, Ahmed said the programme has since secured the nod of the Federal Executive Council (FEC). According to her, preparatory works were in top gear as all approvals were awaited, especially building the social register which will be used for the electronic transfers of the funds. Source : sunnewsonline: https://sunnewsonline.com/subsidy-removal-fg-awaits-legislative-approval-to-disburse-800m-to-vulnerable-nigerians/

SON Introduces Product Authentication Mark To Curb Substandard Imported Goods: The Standards Organisation of Nigeria (SON) has disclosed plans to launch Product Authentication Mark (PAM) to curb the influx of substandard imported goods into the country. Speaking at a stakeholders sensitisation forum on PAM in Lagos, the director general, SON, Mallam Farouk Salim, stated that, PAM was specifically developed to checkmate imported goods into the country. The items According to him, imported goods account for over 80 per cent of substandard goods into the country. The SON boss added that the introduction of PAM is a declaration of war against substandard goods while also reaffirming the agency's zero tolerance for substandard goods. Source : leadership.ng https://leadership.ng/son-introduces-product-authentication-mark-to-curb-substandard-imported-goods/

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% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

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Member of the Nigerian Stock Exchange
PO Box 9117
Lagos State, NIGERIA

CSL Stockbrokers
A trading name of CSL Capital (UK) Ltd
43-44 New Bond Street
London
W1s 2SA
United Kingdom

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