



Food inflation

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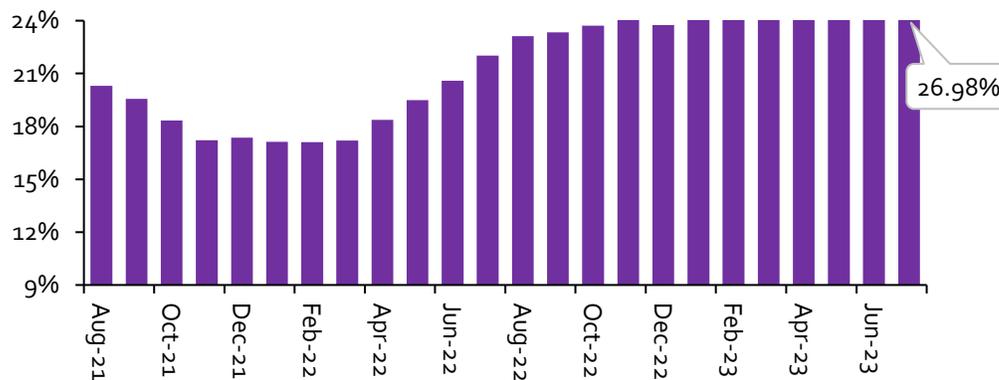
Rising food prices; Any end in sight?

A This Day newspaper report says the Minister of Agriculture and Food Security, Senator Abubakar Kyari has restated the commitment of the Federal Ministry of Agriculture to revive the nation's agricultural sector in a bid to attain food security. Abubakar Kyari noted that his ministry will apply all measures to bring down food prices. President Bola Ahmed Tinubu had earlier declared an immediate state of emergency on food insecurity to tackle the increase in food prices across the nation. Food prices have been on the rise across Nigeria in recent years and has been a major driver of headline inflation increasing to 26.98% in July 2023.

The food supply chain disruptions caused by the pandemic resulted in an increase in price across food items in the country. Insecurity in the country, ranging from incessant attacks on farmers by herdsmen to banditry and kidnappings, further worsened the situation. The recurring incidences of flood have also been a problem. The closure of the borders also contributed its quota to the increase in food prices. We recall in August 2019, the Federal Government announced the total closure of land borders which was part of its efforts to prevent the smuggling of illegal arms on one hand and to prevent the influx of food & agricultural products into the country to stimulate and support local production. Clearly, the recent subsidy removal with its pass-through effect on food transport cost and the unification of the FX at the various official windows have worsened an already bad situation.

The Nigerian consumer whose purchasing power has been severely squeezed by the impact of covid-19, a recession, multiple devaluation of the Naira and increasing utility costs has little or no capacity to take any further increase in food prices. While we laud bold statements by the government to combat the rising food prices, we note that several factors inhibiting food production in the country still remain unaddressed. Chief amongst them are the heightened level of insecurity in the food processing regions, incidences of flood, and poor transport infrastructure. In our view, failure to address these problems implies food inflation will remain high.

Food inflation (%)



Source: CSL Research, NCC

MARKET UPDATE

Indicators	1 year	30-Dec-22	1 day
NSE - Index*	49,626.05	51,251.06	66,760.20
Naira / US\$	428.51	461.50	742.1
Brent, US\$/bbl	94	85.91	92.47
MPR %	13.50	16.50	18.75

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

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News headlines:

MTN acquires 2.6GHz spectrum to accelerate broadband penetration in Nigeria: The Nigerian Communications Commission (NCC) has approved the transfer of a 10MHz spectrum in the 2.6GHz spectrum band from OPENSKYS Services Limited (OS) to MTN Nigeria. According to a statement from MTN, the licence took effect on September 7, 2023, and will see MTN deploy the spectrum across the 36 states of the federation, including the FCT. The 2.6GHz spectrum band is designated for the deployment of terrestrial mobile broadband services. According to a GSMA report on opportunities for global mobile broadband, the 2.6GHz spectrum band is the ideal complement to the 700MHz-800MHz spectrum bands as together, these bands can help to provide the most cost-effective nationwide coverage of mobile broadband services across both rural and urban areas. The Sun https://sunnewsonline.com/mtn-acquires-2-6ghz-spectrum-to-accelerate-broadband-penetration-in-nigeria/?expand_article=1

Pension Assets Hit N17trn As 10.03m Workers Join Scheme: The nation's pension assets rose significantly to N17.01trillion as at the end of July 2023 even as 10.03million workers from both public and private sectors have, so far, joined the new pension scheme, LEADERSHIP can now reveal. The fund rose by N307.12billion from N16.76 trillion in June, 2023 while the number of Contributory Pension Scheme (CPS) subscribers climbed from 10.01million as at June, 2023, rising by 16,265 subscribers within one month. The National Pension Commission (PenCom) in its unaudited report on pension funds industry portfolio for the period ended July 31, 2023, posted on its website yesterday, disclosed that N11.03 trillion of the pension fund assets, were invested in Federal Government of Nigeria (FGN) securities. Source: Leadership <https://leadership.ng/pension-assets-hit-n17trn-as-10-03m-workers-join-scheme/>

Presidential panel plans 83% cut in taxes, levies: The Chairman of the Presidential Committee on Fiscal Policy and Tax Reforms, Mr Taiwo Oyedele, has said Nigeria has over 60 different forms of taxes and levies. Many of the taxes, he added, made life unbearable for the poor in society. Oyedele spoke, while featuring as a guest on the Channels Television programme 'Sunrise Daily', monitored by our correspondent on Monday. He said his committee was working to reduce taxes and levies to less than 10, which would be a decrease of 83.33 per cent. According to him, "Up together today, we have over 60 of those different taxes and levies. We think we should have less than 10 single digits.. Source: Punch <https://punchng.com/presidential-panel-plans-83-cut-in-taxes-levies/>

FG to reconsider budgetary provisions for CRFFN from January 2024: The Federal Government would reconsider its decisions on delisting the Council for the Regulation of Freight Forwarding in Nigeria (CRFFN) from the agencies to receive budgetary provisions from January 2024. The Presidential Committee on Salaries (PCS) had recommended that CRFFN should be removed from Federal Government funding from January 1, 2024. The Minister for Marine and Blue Economy, Adegboyega Oyetola CON, stated this while engaging the leadership of CRFFN at the agency's headquarters during a working visit in Lagos.. Source: The Sun <https://sunnewsonline.com/fg-to-reconsider-budgetary-provisions-for-crffn-from-january-2024/>

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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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