

Ascenix Consulting

Inflation Report

November 2023



CONSUMER PRICE INDEX PERFORMANCE

Nigeria uses the Consumer Price Index to measure Inflation. It grew in November by **28.20%** year-on-year a **87** Basis Point (BPS) higher than the October rate which was **27.33%**. This is the **eleventh consecutive rise since December 2022**

The Month-on-Month rate increased by 36BPS to be at **2.09%**.

CPI (%) BTW NOV 2022 & NOV 2023



27.33%

October YoY

1.73%

October MoM



28.20%

November YoY

2.09%

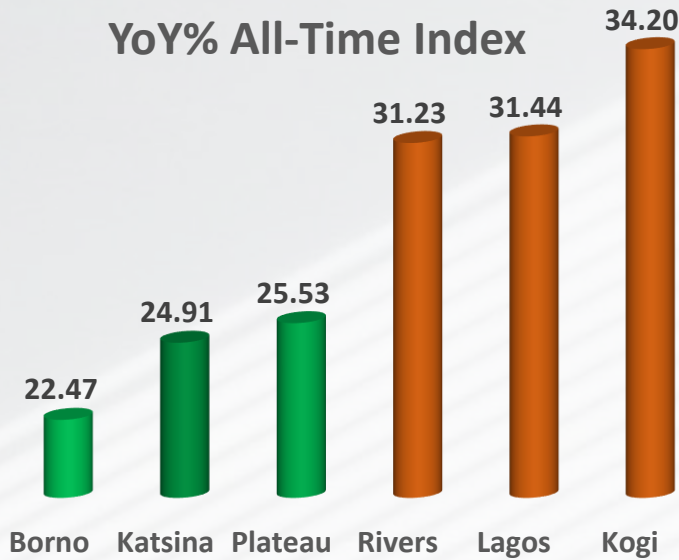
November MoM

Core Inflation

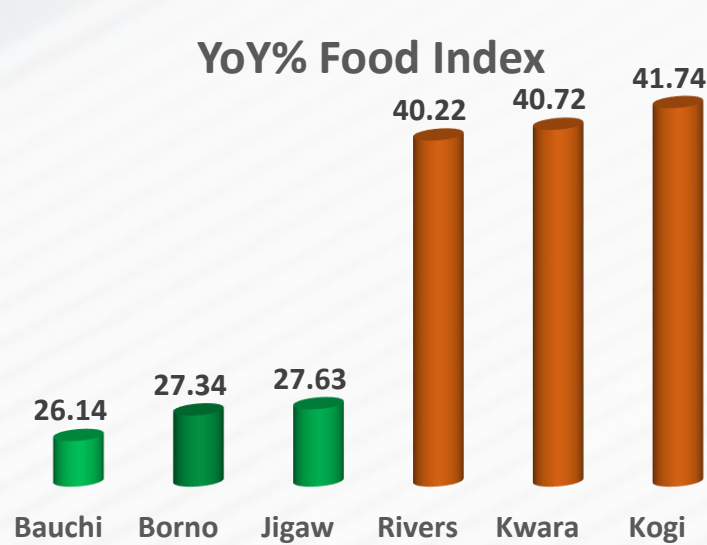
All items less farm produce excludes prices of volatile agricultural produce and energy was positioned at **22.38%** in November 2023 a **20BPS** decrease from that of the previous month. On a month-on-month basis, the sub-index increased by **1.53%** in October an increase of **14BPS** from **1.39%** of the previous month. The average 12-month annual rate of change of the index increased by **20.35%** a **37BPS** higher than **19.98%** of the previous month. The highest increase was in prices of Passenger Transport by Road, Medical Services, Passenger Transport by Air, Actual and Implemented Rentals for Housing, Pharmaceutical Products, Accommodation Service etc.

HIGHEST & LOWEST STATES INDEX

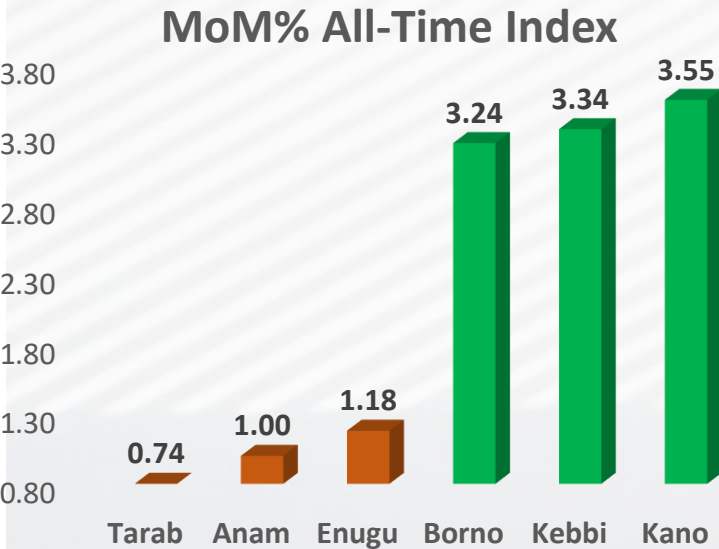
YoY% All-Time Index



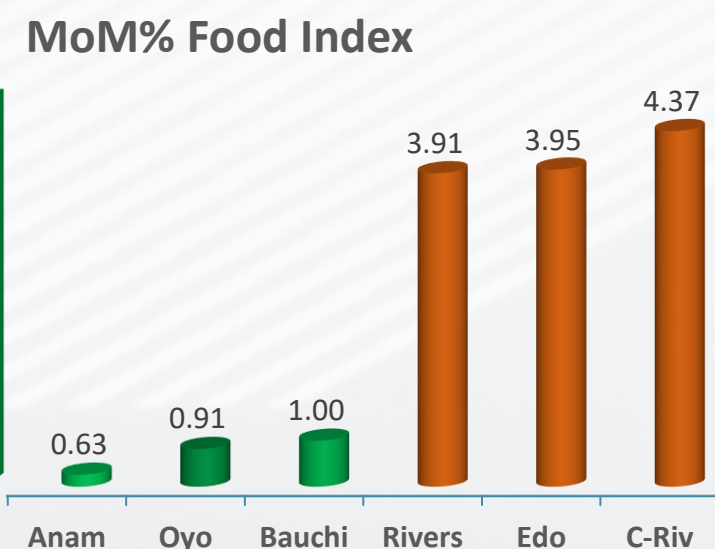
YoY% Food Index



MoM% All-Time Index



MoM% Food Index



States Inflation

- This measures the expenditure patterns which varies from States to States, These are supported by factors affecting the ability to source for goods, crops, processing of raw materials and contribution to finish Goods.
- States with the Highest Food and All-Time Indices were more prone to increased cost of operational expenses and disruption in the supply of food products.
- States with Lowest Food and All-Time Indices leveraged on increased access to farmlands and increased distribution of goods, services and other commodities around its regions.
- The money supply saturation (M3 grew by 36% y-o-y), high storage and distribution costs as diesel remains above ₦1,000 per liter and festive period seasonal boost in aggregate demand.

MAJOR INDEX REFLECTIONS

Urban-Rural Index

Urban Inflation year-on-year rate increased by **30.21%** compared to **29.29%** in October. The rural rate increased by **26.43%** from **25.58%** previously recorded in October. The twelve-month rate of change for urban stood at **25.45%** in October higher than the previous month by **69 BPS**, while the Rural twelve-month rate of change increased by **48 BPS** to **22.71%**.

Food Index

The Composite Food Index increased by **32.84%** in November indicating an increase of **132BPS** compared to **31.52%** in October. This rise is majorly in bread and, cereal, oil and fat, potatoes, yam and other tubers, fish, fruit, meat, vegetables, coffee, Tea and Cocoa. On a month-on-month basis, the food sub-index increased by **2.42%** in October, an increase of **43BPS** from **1.91%** recorded the previous month. The average annual rate of change of the food sub-index for the year ending October over the previous year was **27.09%**, **76BPS** increase from the previous month.


Observations

- There is an urgent need for the government to revisit the monetary and fiscal policies in place to help curtail money supply and other structural issues having a negative impact on inflation.
- Adverse movement in the prices of food, operational expenses, gas, and energy affected the negative movement in prices of commodities.
- The CBN has committed to achieving price stability likely leading to a spike in the monetary policy rate after the MPC meeting in January.
- The market currency exchange has been relatively volatile on the high side as the naira still struggles to find real state after devaluation.
- **A precautionary approach to expenditure is pivotal as there is a large trade deficit and increased debt expense for the nation**
- **Considerable high returns on short-term investments can help reduce the dampening effect of weaker purchasing power**
- The Inflation for the next few months is expected to be above **28.0%**

ASCENIX


...strategies that work

Thank You

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Our work is founded on a robust understanding of every client's context, industry dynamics, and macroeconomic environment. We bring functional expertise, depth, and holistic perspective: we capture value across boundaries and between the silos of any entity.

We study markets, trends, and emerging best practices in every industry and region; locally and globally to map out solutions to our client's unique challenges.

We work with organizations in several stages and capacity depending on their need at the time of engagement.

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