

# Ascenix Consulting

## Inflation Report

December 2023

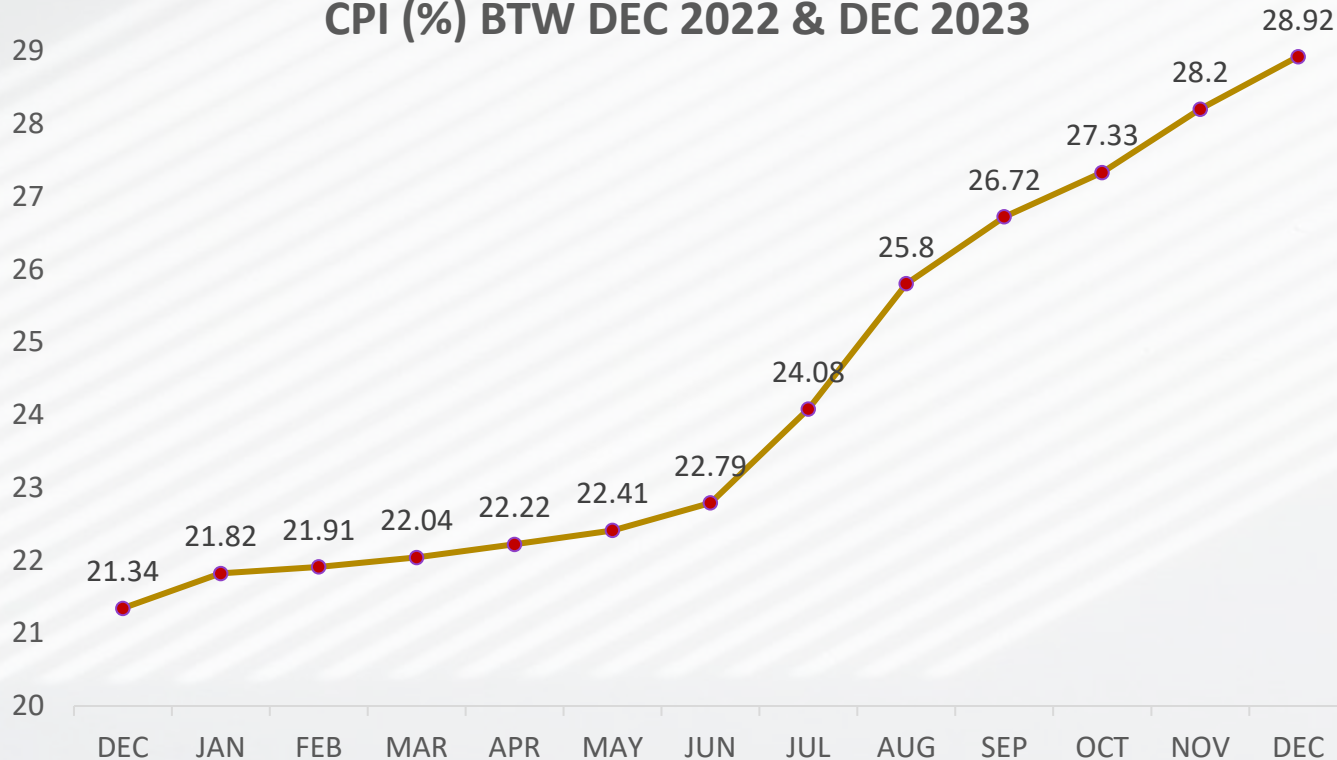


# CONSUMER PRICE INDEX PERFORMANCE

Nigeria uses the Consumer Price Index to measure Inflation. It grew in December by **28.92%** year-on-year a **72 Basis Point (BPS)** higher than the October rate which was **28.20%**. This is the **twelfth consecutive rise since December 2022**

The Month-on-Month rate increased by **20BPS** to be at **2.29%**.

CPI (%) BTW DEC 2022 & DEC 2023



**28.20%**

November YoY

**2.09%**

November MoM

**28.92%**

December YoY

**2.29%**

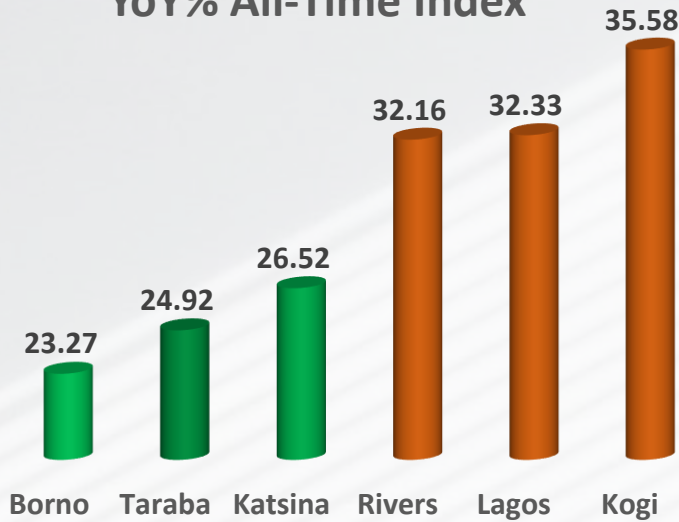
December MoM

## Core Inflation

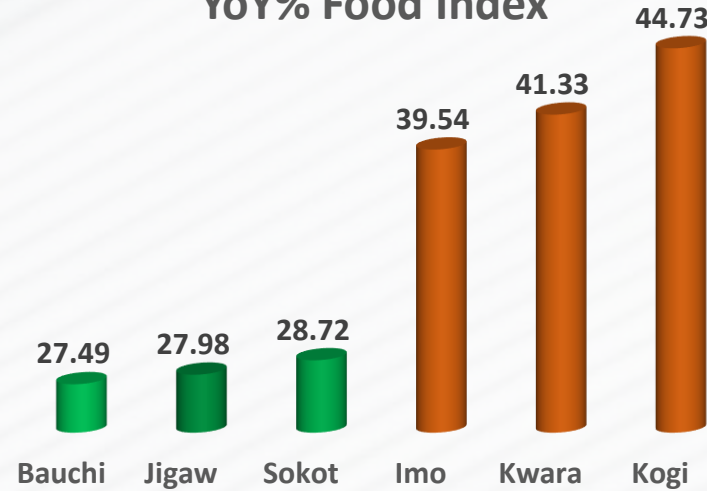
All items less farm produce excludes prices of volatile agricultural produce and energy was positioned at **23.06%** in December 2023 a **68BPS** decrease from that of the previous month. On a month-on-month basis, the sub-index increased **by 1.82%** in December an increase of **29BPS** from **1.53%** of the previous month. The average 12-month annual rate of change of the index increased by **20.76%** a **41BPS** higher than **20.35%** of the previous month. The highest increase was in prices of Passenger Transport by Road, Medical Services, Actual and Implemented Rentals for Housing, Passenger Transport by Air, Pharmaceutical Products, Accommodation Service etc.

# HIGHEST & LOWEST STATES INDEX

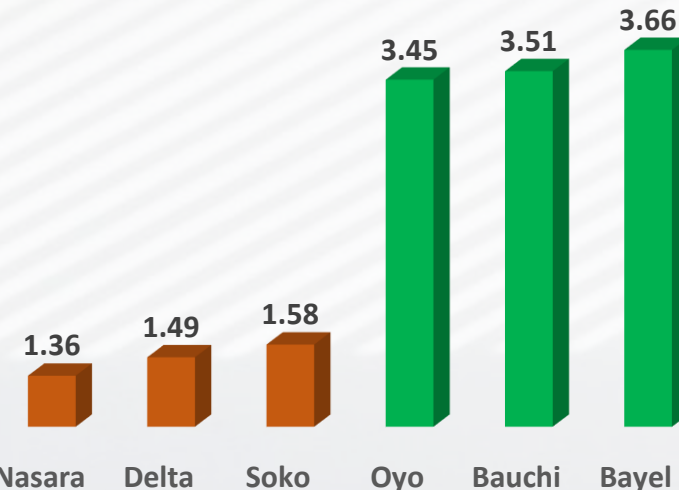
YoY% All-Time Index



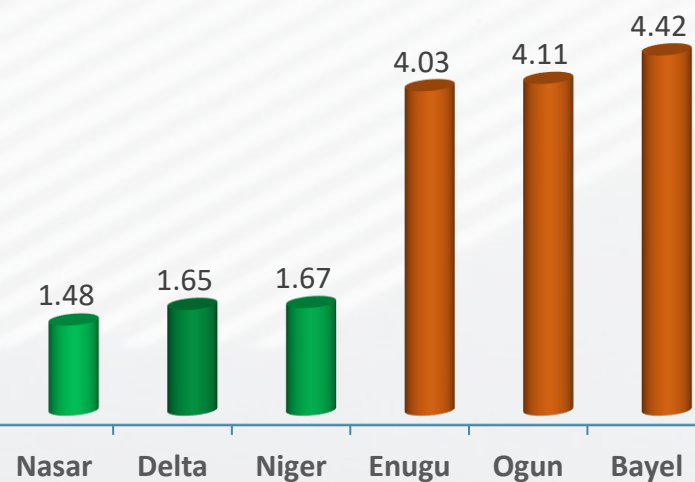
YoY% Food Index



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, logistics and distribution of good and services.
- There was a significant increase in the prices of festive-related commodities such as rice, tomatoes, birds, yam, pepper, some vegetables despite a decrease in some other food crops.
- The high increase experienced in the urban inflation is majorly driven by energy, imported inflation due to foreign exchange effect despite the lower consumer access to disposable cash from bank

# MAJOR INDEX REFLECTIONS

## Urban-Rural Index

Urban Inflation year-on-year rate increased by **31.00%** compared to **30.21%** in November. The rural rate increased by **27.10%** from **26.43%** previously recorded in November. The twelve-month rate of change for urban stood at **26.22%** in December higher than the previous month by **77 BPS**, while the Rural twelve-month rate of change increased by **54 BPS** to **23.25%**.

## Food Index

The Composite Food Index increased by **33.93%** in December indicating an increase of **109BPS** compared to **32.84%** in previous month. This rise is majorly in bread and, cereal, oil and fat, potatoes, yam and other tubers, fish, meat, fruit, milk, cheese and egg. On a month-on-month basis, the food sub-index increased by **2.72%** in December, an increase of **30BPS** from **2.42%** recorded the previous month. The average annual rate of change of the food sub-index for the year ending December over the previous year was **27.96%**, an increase of **87BPS** increase from the previous month.


## Observations

- Nigeria Naira worsened to become one of the worst performing currency in the world due to the adverse volatility of the exchange rate which worsened by **38.84%** in 2023.
- The commencement of diesel and jet fuel from the Dangote Refinery, the CBN partnership with Afrexim to secure a **\$3.3bn** facility, and contractive monetary policies will help avert the steep in the inflation trend within 2024.
- The CBN has committed to achieving price stability likely leading to a spike in the monetary policy rate. 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 an increase in the debt expense for the nation**
- **Considerable moderate returns on short-term investments can help 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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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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