

# Ascenix Consulting

## Inflation Report

May 2024

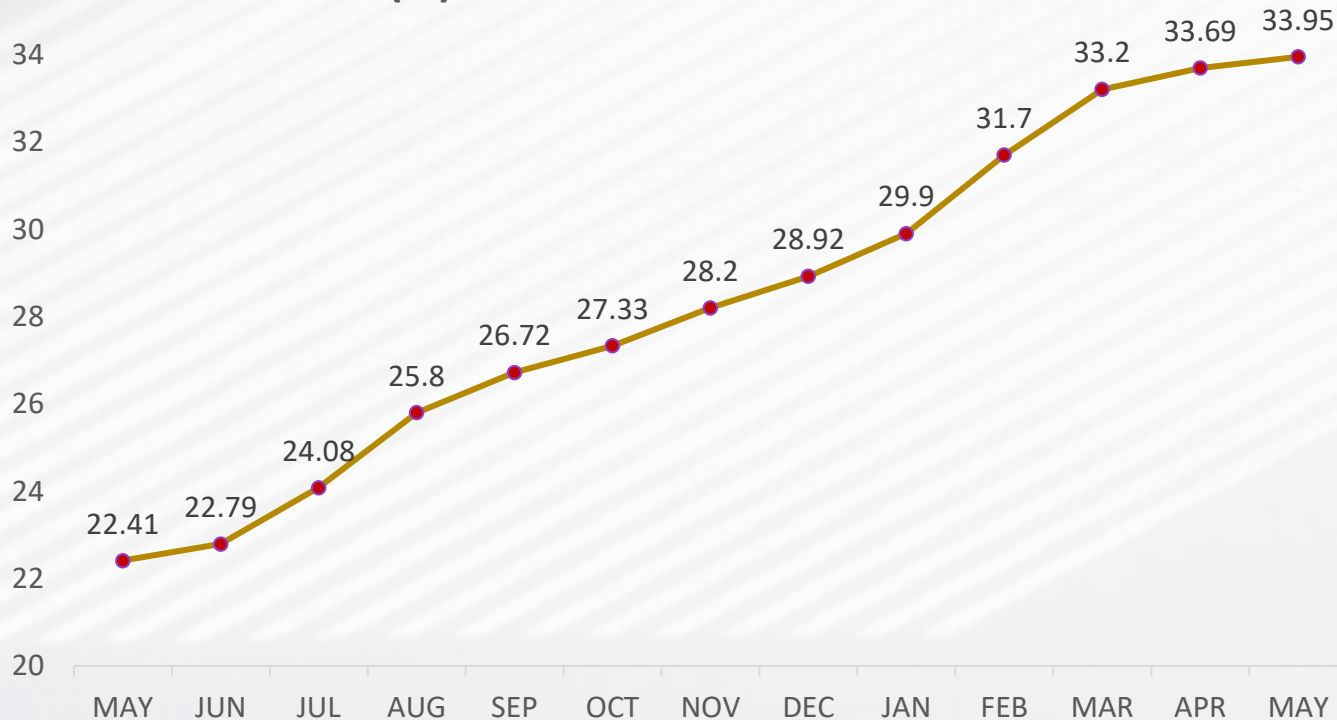


# CONSUMER PRICE INDEX PERFORMANCE

Nigeria uses the Consumer Price Index to measure Inflation. It grew in May by **33.95%** year-on-year a **26 Basis Point (BPS)** higher than the April rate which was **33.69%**. This is the **seventeenth consecutive rise since December 2022**. The Month-on-Month rate decreased by **15BPS** to be at **2.14%**.

<b>33.69%</b> April YoY	<b>33.95%</b> May YoY
<b>2.29%</b> April MoM	<b>2.14%</b> May MoM

CPI (%) BTW MAY 2023 & MAY 2024

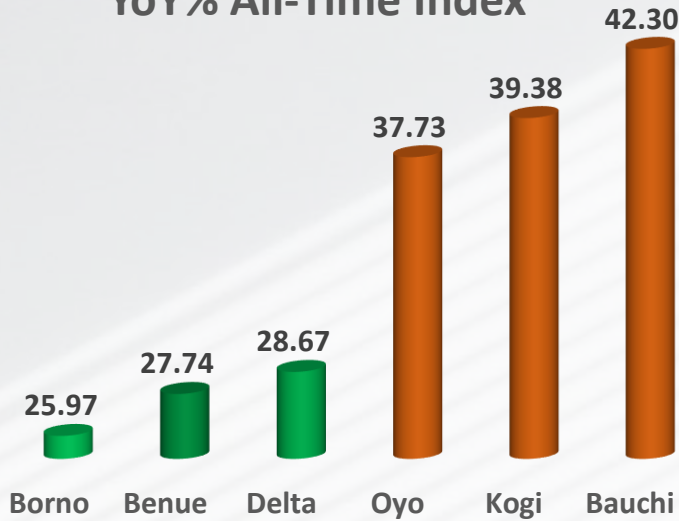


## Core Inflation

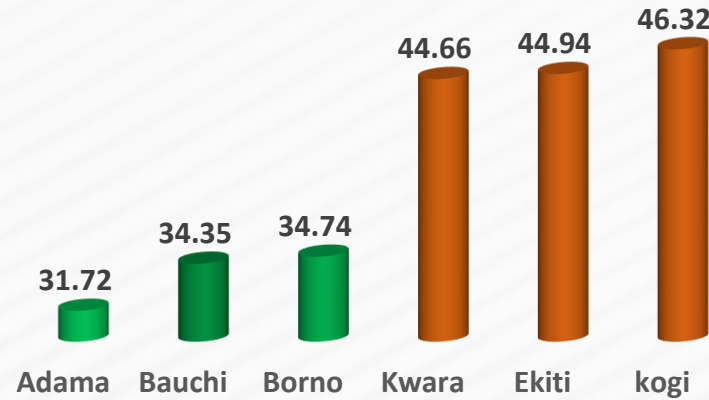
All items less farm produce excludes prices of volatile agricultural produce and energy was positioned at **27.04%** in May 2024 a **20BPS** increase from that of the previous month. On a month-on-month basis, the sub-index increased **by 2.01%** in April a decrease of **19BPS** from **2.20%** of the previous month. The average 12-month annual rate of change of the index positioned at **23.45%** a **61BPS** higher than **22.84%** recorded the previous month. The highest increase was in prices of Actual and Inputted Rentals for Housing, Bus Journey Intercity, Taxi Journey per drop, Accommodation Service, X-Ray Photography, Consultation Fee of a Medical Doctor, Laboratory Services etc.

# HIGHEST & LOWEST STATES INDEX

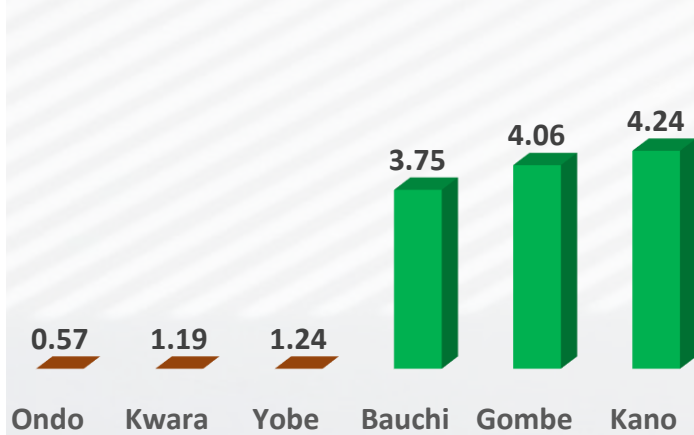
YoY% All-Time Index



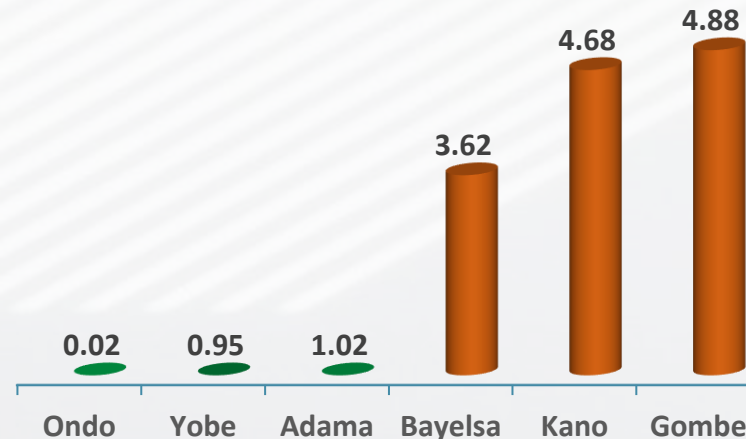
YoY% Food Index



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.
- There is a wide disparity between the prices food crops are sold at the major producing regions (North) and the major consumption region (South) due to several factors.
- There is a positive outlook on the price of energy as Dangote refinery position to trade PMS from July 2024. There has been a reasonable stability in the price of diesel due to the supply and local participation by Dangote refinery.
- There has been an increase in the price of foods from imported produce as merchants are taking positions not to be at a disadvantage on new product purchase price impacted by the currency exchange.

# MAJOR INDEX REFLECTIONS

## Urban-Rural Index

Urban Inflation year-on-year rate increased by **36.34%** in May compared to **36.00%** in April. The rural rate increased by **31.82%** from **31.64%** previously recorded in April. The twelve-month rate of change for urban stood at **31.07%** in May higher than the previous month by **105BPS**, while the Rural twelve-month rate of change increased by **89 BPS** to **27.27%**.

## Food Index


The Composite Food Index increased by **40.66%** in May indicating an increase of **13BPS** compared to **40.53%** in previous month. This rise is majorly in prices of Semovita, Oat flake, Yam Flour, Garri, Bean, Irish Potatoes, Yam, Water Yam, Palm Oil, Vegetable Oil, Stockfish, Mudfish, Crayfish, Beef Head, Chicken-live, Pork Head, Bush Meat etc. On a month-on-month basis, the food sub-index increased by **2.28%** in May a decrease of **22BPS** from **2.50%** recorded the previous month. The average annual rate of change of the food sub-index for the year ending May over the previous year was **34.06%**, an increase of **132BPS** increase from **32.74%** the previous month.

## Observations

- The CBN has not been able to maintain the consistent appreciation of the FX as there exist a substantial overvaluation from the true position of fundamentals by hovering at the official market around **1,400 NGN/USD** despite the intervention
- There was agitation by the Nigerian Labour Congress and the Trade Union Congress for the upward review of the minimum wage from 30,000
- Food contributed the most to YoY increase in headline inflation at **17.59%**. The Composite Food Index has consistently been on an upward trend as it attains **40.66%** in May 2024
- The CBN, DBO and the Federal Government further mopped up funds from the system through Treasury Bills, FGN Bonds and others
- **A precautionary approach to expenditure is pivotal as the nation economy is restructuring.**
- Taking position on Treasury Bills, OMO Bills with **yearly returns > 20%** in the short term.
- The Inflation for the next few months is expected to be above **33.0%**




# 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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