

Ascenix Consulting

Inflation Report

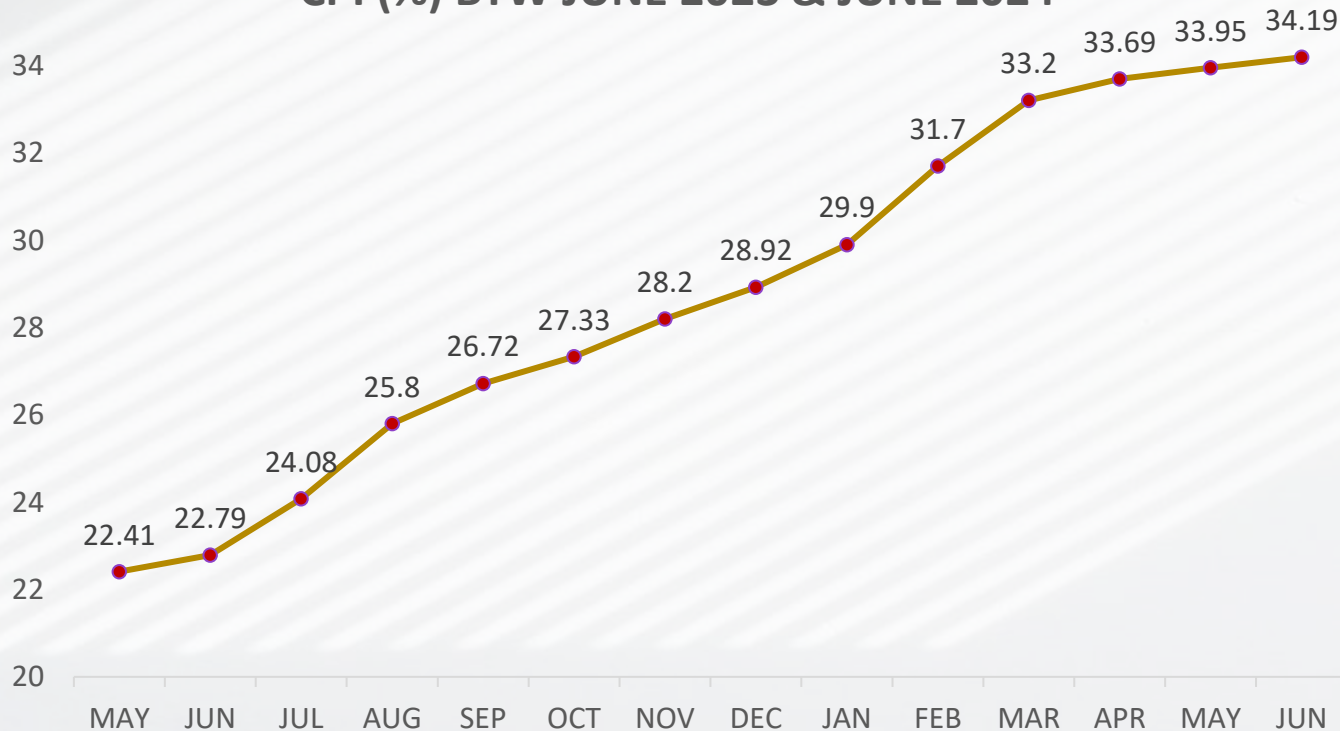
June 2024



CONSUMER PRICE INDEX PERFORMANCE

Nigeria uses the Consumer Price Index to measure Inflation. It grew in June by **34.19%** year-on-year a **24 Basis Point (BPS)** higher than the June rate which was **33.95%**. This is the **eighteenth consecutive rise since December 2022**. The Month-on-Month rate increased by **17BPS** to be at **2.31%**.

CPI (%) BTW JUNE 2023 & JUNE 2024



33.95%

May YoY

2.14%

May MoM



34.19%

June YoY

2.31%

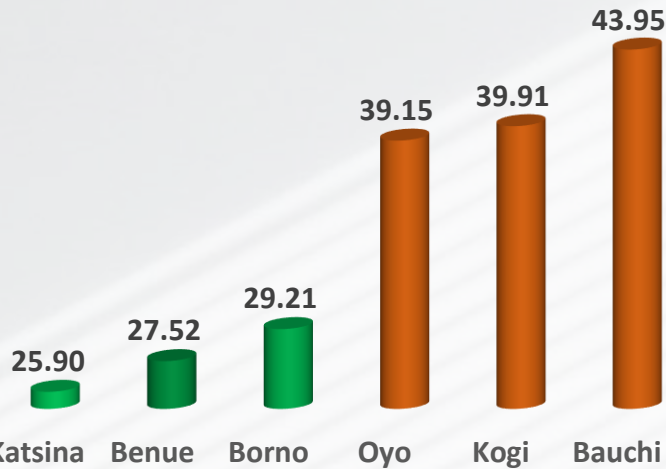
June MoM

Core Inflation

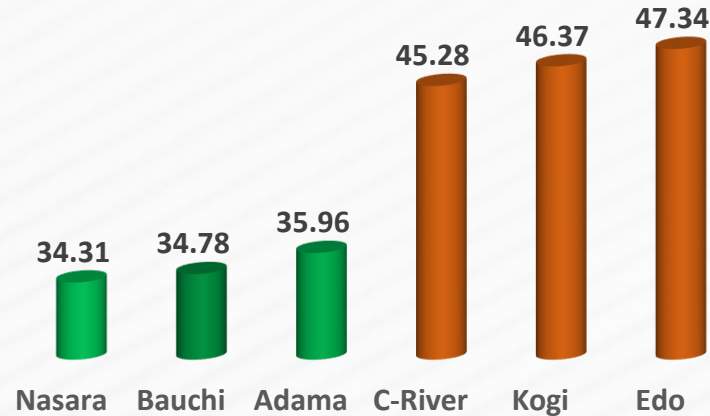
All items less farm produce excludes prices of volatile agricultural produce and energy was positioned at **27.40%** in June 2024 a **36BPS** increase from that of the previous month. On a month-on-month basis, the sub-index increased **by 2.06%** in June an increase of **5BPS** from **2.01%** of the previous month. The average 12-month annual rate of change of the index positioned at **24.06%** a **61BPS** higher than **23.45%** recorded the previous month. The highest increase was in prices of Actual and Inputted Rentals for Housing, Journey by Motorcycle, Bus Journey Intercity, Accommodation Service, Consultation Fee of a Medical Doctor, Laboratory Service, X-Ray Photography and Pharmaceutical Products etc.

HIGHEST & LOWEST STATES INDEX

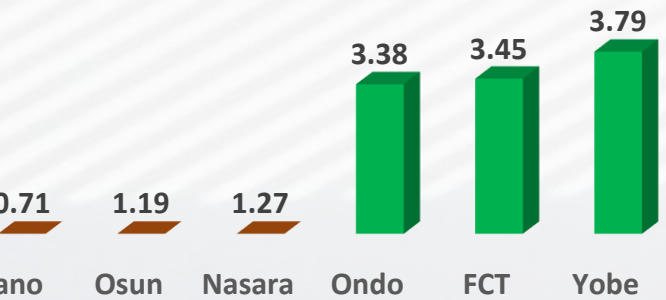
YoY% All-Time Index



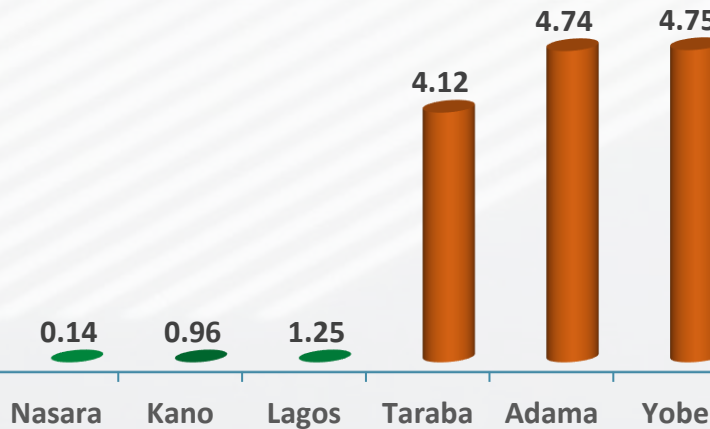
YoY% Food Index



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 were a lot of festivities in June which further led to increase in the consumption of food and related items. The heavy rains have increased planting and related activities
- The month of June recorded deficiency in the supply of fuel and environmental hazards such as flood in some regions. There is a positive outlook on the price of energy as Dangote refinery position to trade **PMS** from **July 2024**.
- 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 **36.55%** in June compared to **36.34%** in May. The rural rate increased by **32.09%** from **31.82%** previously recorded in May. The twelve-month rate of change for urban stood at **32.08%** in June higher than the previous month by **101BPS**, while the Rural twelve-month rate of change increased by **88 BPS** to **28.15%**.

Food Index


The Composite Food Index increased by **40.87%** in June indicating an increase of **21BPS** compared to **40.66%** in previous month. This rise is majorly in prices of Millet Whole Grain, Garri, Guinea Corn, Yam, Water Yam, Coco Yam, Groundnut Oil, Palm Oil, Catfish Dried, Dried Fish-Sadine, Mudfish etc. On a month-on-month basis, the food sub-index increased by **2.55%** in June an increase of **22BPS** from **2.28%** recorded the previous month. The average annual rate of change of the food sub-index for the year ending June over the previous year was **35.35%**, an increase of **132BPS** increase from **34.06%** 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 **1,500 NGN/USD** despite the intervention
- The Federal Government and the Nigerian Labour Congress has agreed to review the minimum wage upward from 30,000 within a short time
- Food contributed the most to YoY increase in headline inflation at **17.71%**. The Composite Food Index has consistently been on an upward trend as it attains **40.87%** in May 2024
- The price index projection for July has a sombre outlook not in line with the positive outlook for June from current fiscal and monetary indicators.
- **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 **33.5%**




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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