

Ascenix Consulting

Inflation Report

July 2024

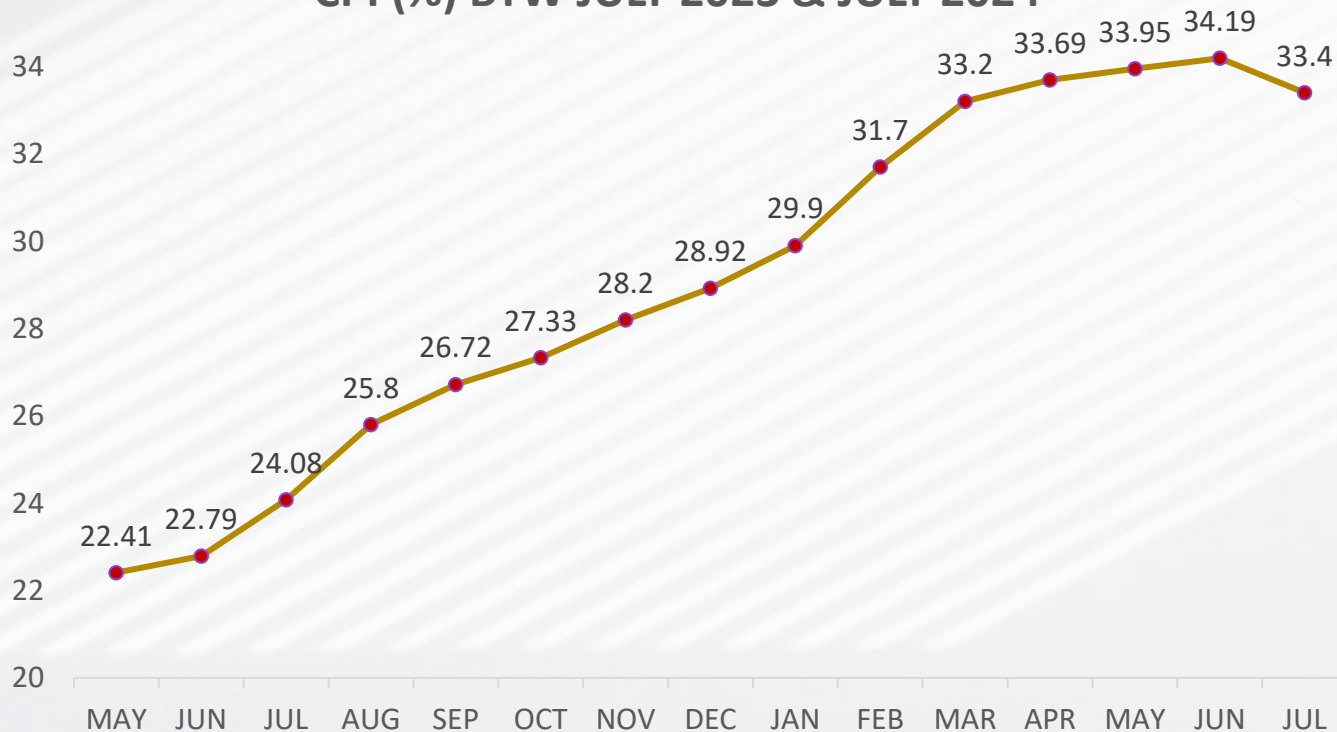


CONSUMER PRICE INDEX PERFORMANCE

Nigeria uses the Consumer Price Index to measure Inflation. It grew in July by **33.40%** year-on-year a **79 Basis Point (BPS)** higher than the June rate which was **34.19%**. This is the **first decline after eighteen consecutive rise since December 2022**

The Month-on-Month rate decreased by **3BPS** to be at **2.28%**.

CPI (%) BTW JULY 2023 & JULY 2024



34.19%

June YoY

2.31%

June MoM

33.40%

July YoY

2.28%

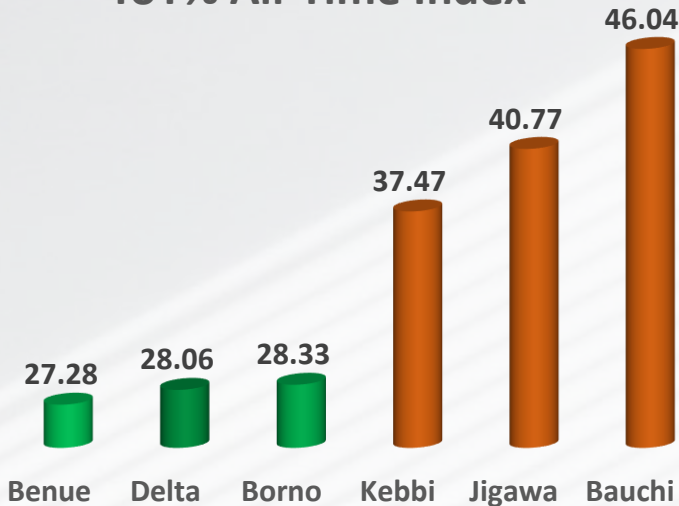
July MoM

Core Inflation

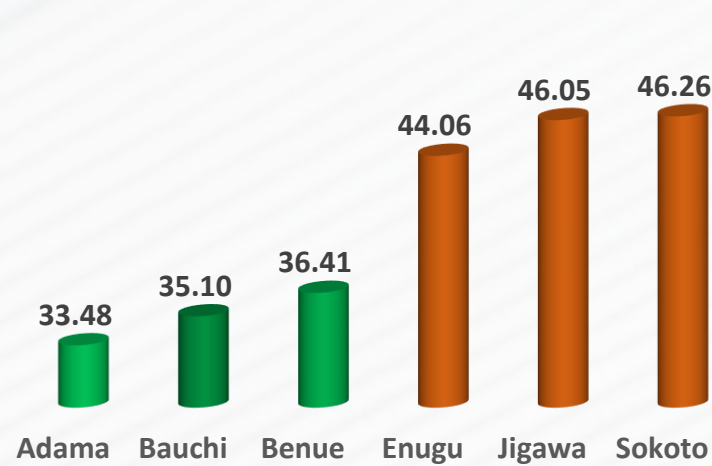
All items less farm produce excludes prices of volatile agricultural produce and energy was positioned at **27.47%** in July 2024 a **7BPS** increase from that of the previous month. On a month-on-month basis, the sub-index increased **by 2.16%** in June an increase of **10BPS** from **2.06%** of the previous month. The average 12-month annual rate of change of the index positioned at **24.65%** a **59BPS** higher than **24.06%** recorded the previous month. The highest increase was in prices of Actual and Inputted Rentals for Housing Class, Bus Journey Intercity, Journey by Motorcycle Accommodation Service, Laboratory Service, X-Ray Photography, Consultation Fee of a Medical Doctor etc.

HIGHEST & LOWEST STATES INDEX

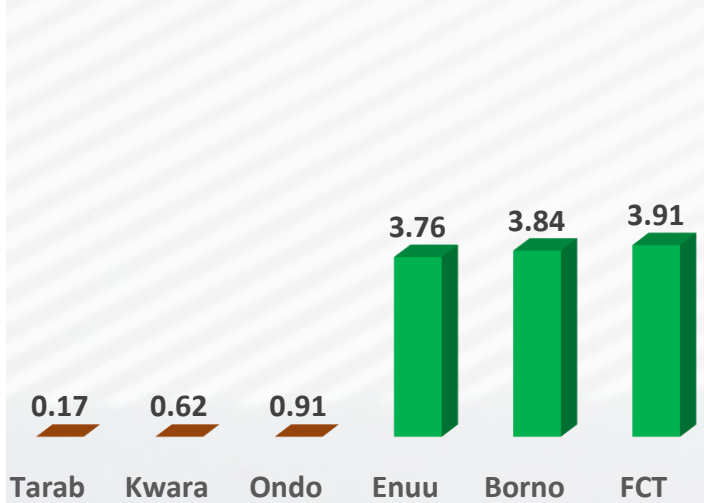
YoY% All-Time Index



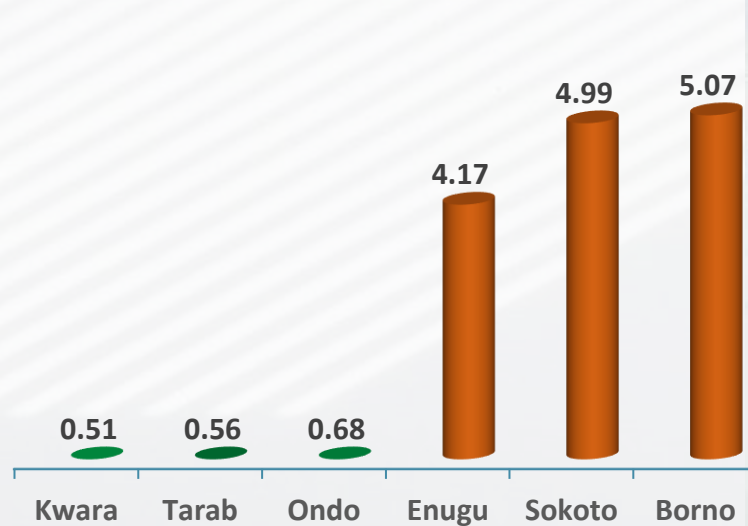
YoY% Food Index



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 has been an ease on further depletion of the purchasing power of citizens and help to understand a reasonable pattern to plan for living expenditures within reasonable range
- There are still incidences of environmental hazards such as flood in some regions. There is still a lot of uncertainty on when the largest refinery in Nigeria (Dangote Refinery) will commence trading of **PMS** to local consumers.
- The Federal Government has taken some steps to cushion food adversity through stipulating conditions required of importers to benefit from a **150-day** duty-free import window for food commodities imported

MAJOR INDEX REFLECTIONS

Urban-Rural Index

Urban Inflation year-on-year rate increased by **35.77%** in July compared to **36.55%** in June. The rural rate increased by **31.26%** from **32.09%** previously recorded in June. The twelve-month rate of change for urban stood at **32.89%** in July higher than the previous month by **81BPS**, while the Rural twelve-month rate of change increased by **71 BPS** to **28.86%**.

Food Index


The Composite Food Index increased by **39.53%** in July indicating a decrease of **134BPS** compared to **40.87%** in previous month. This rise is majorly in prices of Semovita, Yam Flour, Wheat Flour, Yam, Irish Potatoes, Water Yam, Groundnut Oil, Palm Oil, Milo, Bournvita, Ovaltine etc. On a month-on-month basis, the food sub-index increased by **2.47%** in July 2024 a decrease of **8BPS** from **2.55%** recorded the previous month. The average annual rate of change of the food sub-index for the year ending July 2024 over the previous year was **36.36%**, an increase of **101BPS** from **35.35%** the previous month.

Observations

- There have been relative stability of prices after the CBN has taken a bullish step to intervene in the FX market, persistent depletion of consumer purchasing power, weakening base year effect have contributed to the first decline after eighteen-month persistent rise in the consumer price index.
- Only the Core Inflation remain dogged due to structural issues as the food, urban and rural indices moved had a decline. Food contributed the most to YoY increase in headline inflation at **17.30%**. The Composite Food Index had a sharp break from the upward trend climax of **40.87%** to **39.53%** in July 2024.
- The price index projection for August has a sombre 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 **33.0%**





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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