

Ascenix Consulting

Inflation Report

October 2024

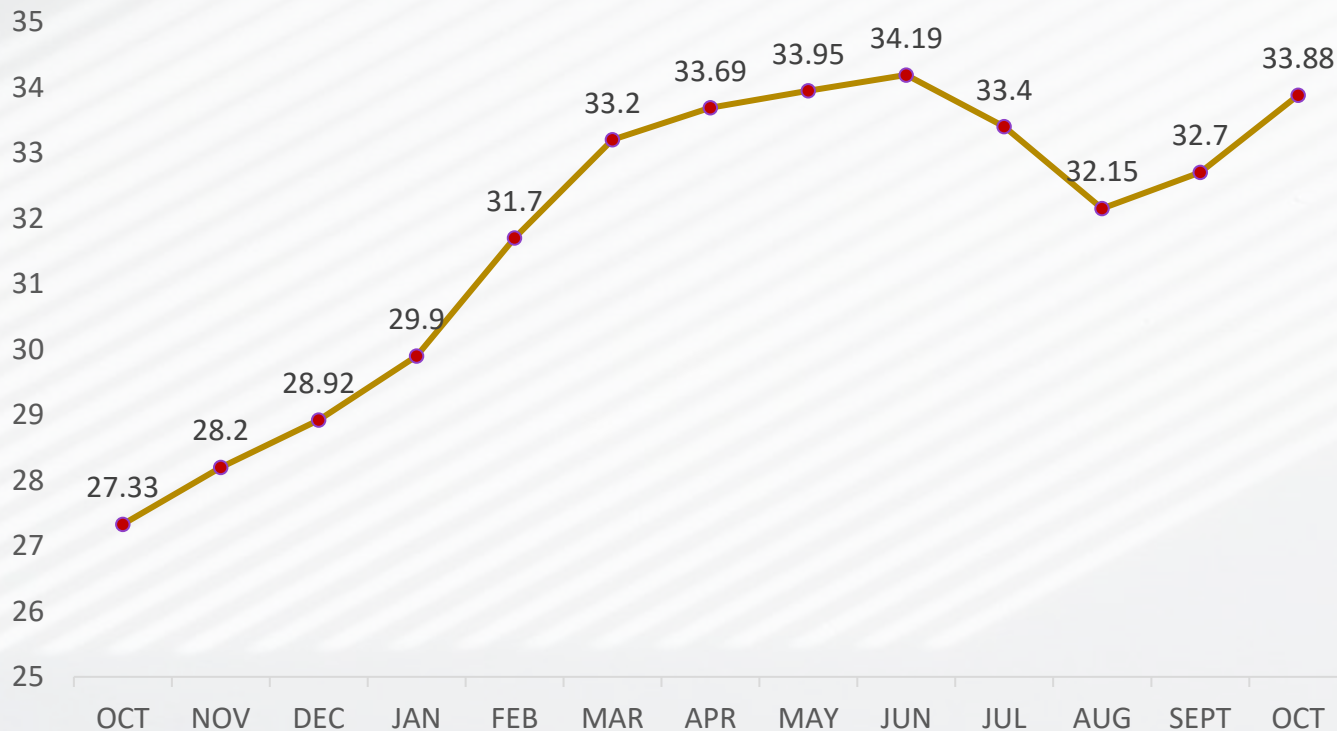


CONSUMER PRICE INDEX PERFORMANCE

Nigeria uses the Consumer Price Index to measure Inflation. It grew in September by **33.88%** year-on-year a **118 Basis Point (BPS)** higher than the August rate which was **32.70%**. This is the **second spike** after two consecutive decline from the **28-year all time high of 34.19%**

The Month-on-Month rate increased by **12BPS** to be at **2.52%**.

CPI (%) BTW OCTOBER 2023 & OCTOBER 2024



32.70%

September YoY

2.52%

September MoM

33.88%

October YoY

2.64%

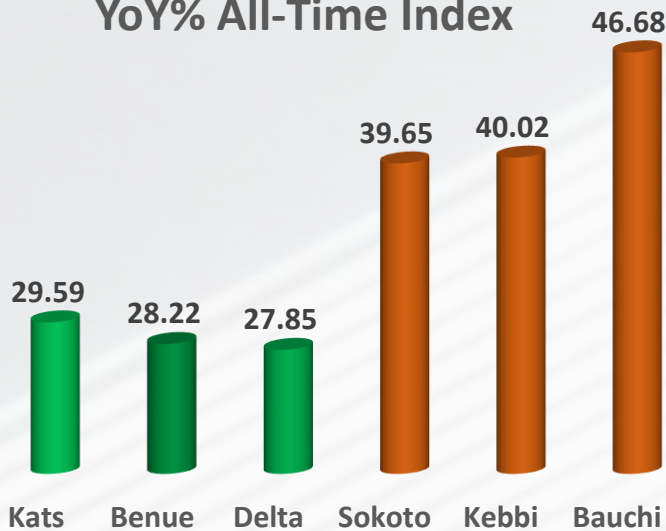
October MoM

Core Inflation

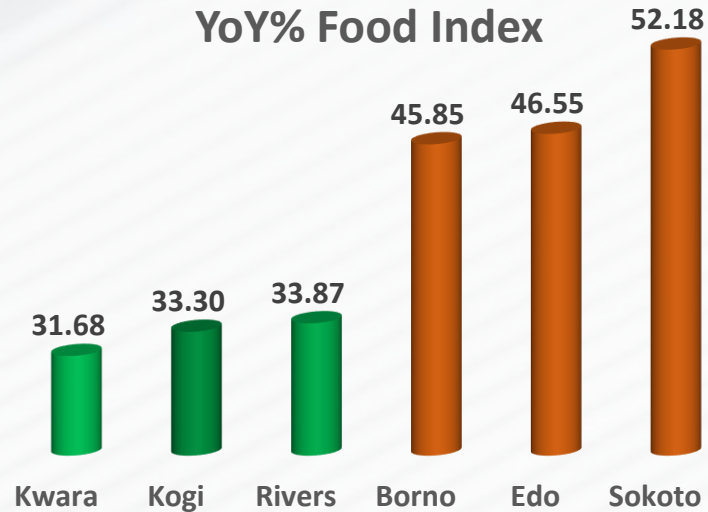
All items less farm produce excludes prices of volatile agricultural produce and energy was positioned at **28.37%** in October 2024 a **94BPS** decrease from that of the previous month. On a month-on-month basis, the sub-index increased by **2.14%** in October an increase of **4BPS** from **2.10%** of the previous month. The average 12-month annual rate of change of the index positioned at **26.12%** a **48BPS** higher than **25.64%** recorded the previous month. The highest increase was in prices of Bus Journey within the city, journey by motorcycle, Bus Journey intercity, rents, meal at a local restaurant, haircut service, woman hair brush, women's hairdressing etc.

HIGHEST & LOWEST STATES INDEX

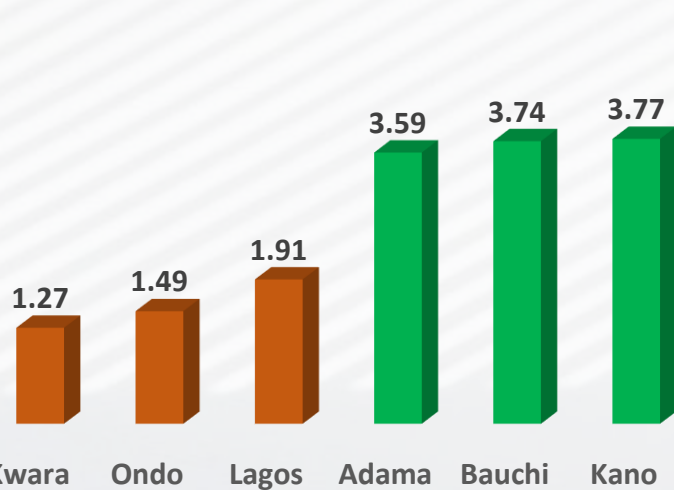
YoY% All-Time Index



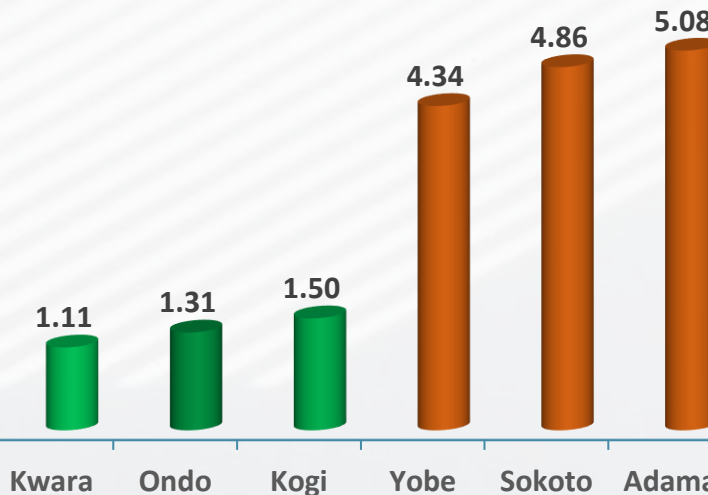
YoY% Food Index



MoM% All-Time Index



MoM% Food Index



States Inflation

- This measures the expenditure patterns which varies from States to States. The food index increased from the increase in the cost of logistics from revised fuel pump prices resulting in an unexpected market disequilibrium.
- There has been an ease on further depletion of the purchasing power of citizens and belt adjustments by the Nigerian working population class after an upward salary review which has begun full implementation by several local, state, federal government and organizations.
- The index is negatively affected due to the sustained impact of increase in fuel prices, shortage of food supply, increased demand of commodities as students return to school, an increase in money supply mainly attributable to the increase revenue shared to states from FAAC.
- There has been increased cost of operations for MSME across every part of the federation

MAJOR INDEX REFLECTIONS

Urban-Rural Index

Urban Inflation year-on-year rate increased by **36.38%** in October compared to **35.13%** the previous month. The rural rate increased by **31.59%** from **30.49%** previously recorded the previous month. The twelve-month rate of change for urban stood at **34.52%** in October higher than the previous month by **57BPS**, while the Rural twelve-month rate of change increased by **183 BPS** to **31.59%**.

Food Index

The Composite Food Index increased by **39.16%** in October indicating an increase of **139BPS** compared to **37.77%** in previous month. This rise is majorly in prices of Guinea Corn, Rice, Maize Grains, Yam, Water Yam, Coco Yam, Palm Oil, Vegetable Oil, Milo, Lipton, Bournvita etc. On a month-on-month basis, the food sub-index increased by **2.94%** in October 2024 an increase of **30BPS** from **2.64%** recorded the previous month. The average annual rate of change of the food sub-index for the year ending October 2024 over the previous year was **38.12%**, an increase of **59BPS** from **37.53%** the previous month.

Observations

- The relief from the reduced consumer price index was indeed short-lived as further devaluation hit the Nigerian Naira. The Naira is significantly undervalued when evaluated based on PPP.
- PMS has witnessed further devaluation in a bid to find its true position making energy prices aim for the roof again with sustained fuel supply scarcity.
- Food contributed the most to YoY increase in headline inflation at **17.55%**. The Composite Food Index spiked again after a sharp break from the upward trend climax of **40.87%** to **39.16%** in October 2024.
- The price index projection for November is on a downward trend due to the current outlook across the fiscal and monetary indices available.
- **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 **30.0%**




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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