

INFLATION UPDATE

Economics | Data Reaction

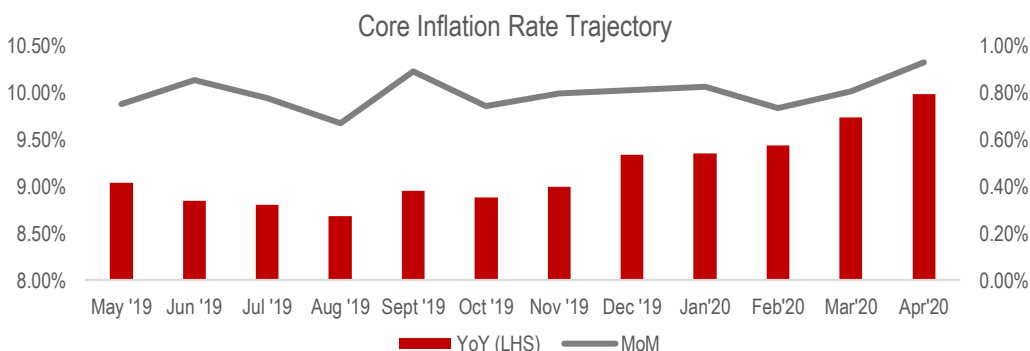
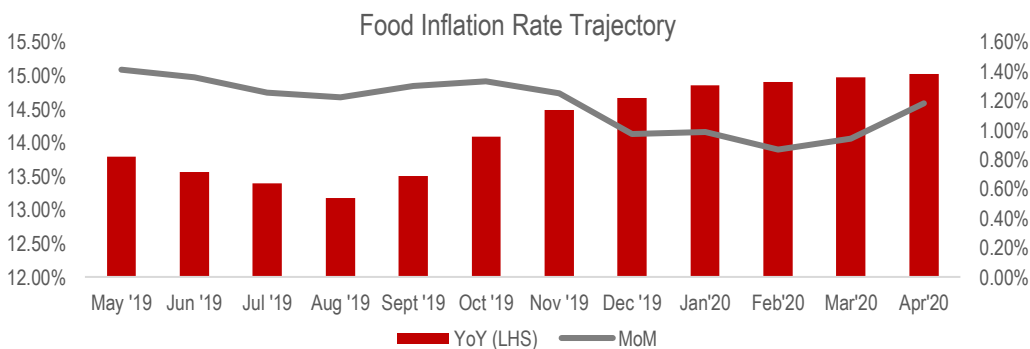
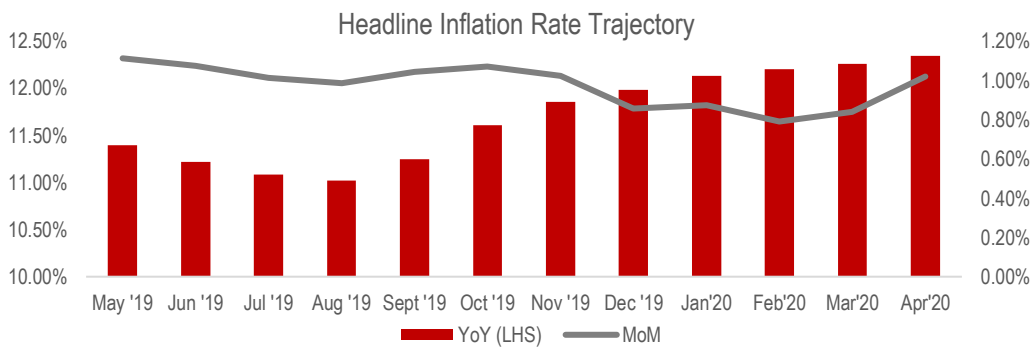
April 2020 Inflation Update

The Nigerian Bureau of Statistics (NBS) released the Consumer Price Index (CPI) for the month of April 2020, which serves as the measure of inflation in the country. The report shows that Headline inflation rose by 8bps to 12.34% for the month of April 2020, compared to 12.26% in March 2020. Food inflation inched up by 5bps to 15.03% in April 2020, up from 14.98% reported for the month of March 2020. Core inflation recorded the highest absolute increase as it surged by 25bps in April 2020, from 9.73% in the previous month. On a monthly basis, the headline inflation increased by 1.02%, while food inflation and core inflation climbed by 1.18% and 0.93% respectively.

Headline Index
12.34% ↑

Food Index
15.03% ↑

Core Index
9.98% ↑



- In line with our expectation, reported inflation rate continued its upward movement despite reduced economic activities during the month. Increase in the headline inflation rate was mostly driven by surge in core inflation during the month.
- The reported headline inflation figure stood above the average yield in the Federal Government Bonds secondary market, which closed the month at 10.19%. With inflation rate of 12.34% and average yield of 10.19%, this shows a negative 215bps average real return for investors in the fixed income market.