

INFLATION UPDATE

Economics | Data Reaction

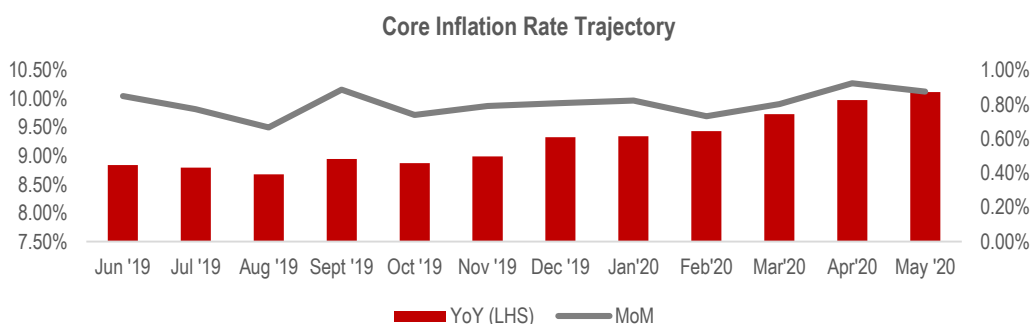
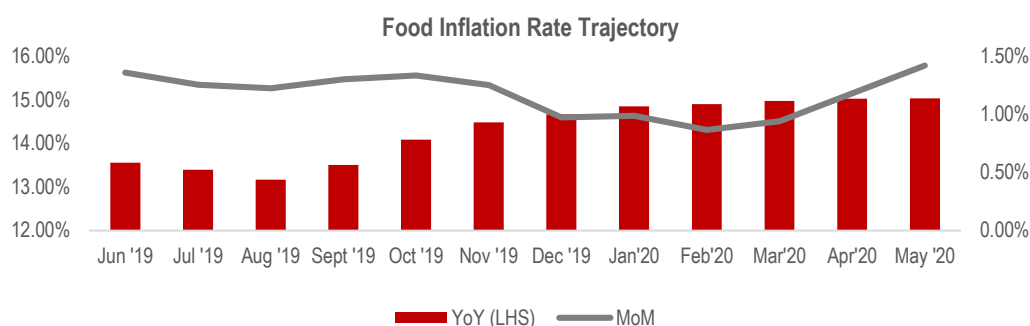
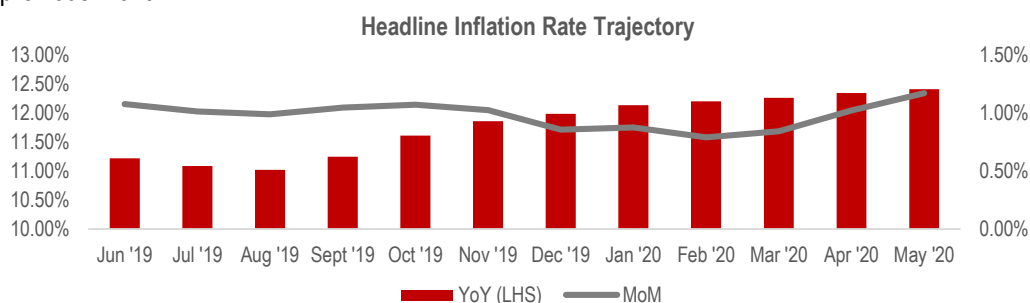
The Nigerian Bureau of Statistics (NBS) released the Consumer Price Index (CPI) for the month of May 2020, which serves as the measure of inflation in the country. The report shows that Headline Inflation rose moderately by 6bps to 12.40% for the month, compared to 12.34% recorded in the month of April. Core Inflation surged once again, rising by 14bps to 10.12% from 9.98% in April, 2020, while Food Inflation inched up by 1bp to 15.04% from 15.03% in the previous month. On a monthly basis, Headline Inflation rose by 1.17% in May, 2020 compared to 1.02% in the previous month. Food Inflation soared by 24bps during the month to 1.42%, from 1.18% in April, 2020. However, Core Inflation grew at a reduced rate of 0.88% this month, compared to 0.93% in the previous month.

May 2020 Inflation Update

Headline Index
12.40% ↑

Food Index
15.04% ↑

Core Index
10.12% ↑



- In line with our expectations, the inflation rate in the economy continued its upward movement, though at a declining rate. The increase was driven mainly by core inflation as prices of goods and services in this basket continue to rise due to the current economic condition.
- Average yield on FGN Bonds closed at 10.11% in the secondary market for the same month of May, 2.29% below the reported inflation rate. Fixed Income investors continue to witness negative real return on their investments as the inflation rate continues to rise, while average yields move southwards.