

INFLATION UPDATE

Economics | Data Reaction

The Nigerian Bureau of Statistics (NBS) released the Consumer Price Index (CPI) for the month of November 2020, which serves as the measure of inflation in the country. The report shows that Headline Inflation surged by 66bps to 14.89% in November 2020, from 14.23% in the previous month. Meanwhile, Food Inflation soared by 92bps to 18.30% for the month, while Core Inflation printed at 11.05% for the month, compared to 11.14% in October.

On a monthly basis, Headline Inflation rose by 1.60% in November 2020, compared to 1.54% in the previous month. Food Inflation went up by 2.04%, while Core Inflation rose by 0.75% in November.

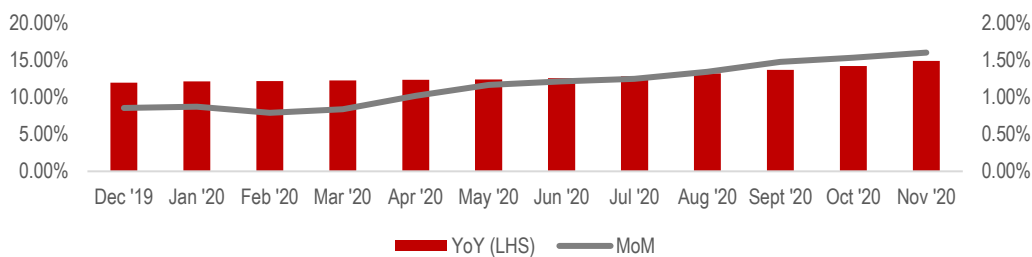
November 2020 Inflation Update

Headline Index
14.89% ↑

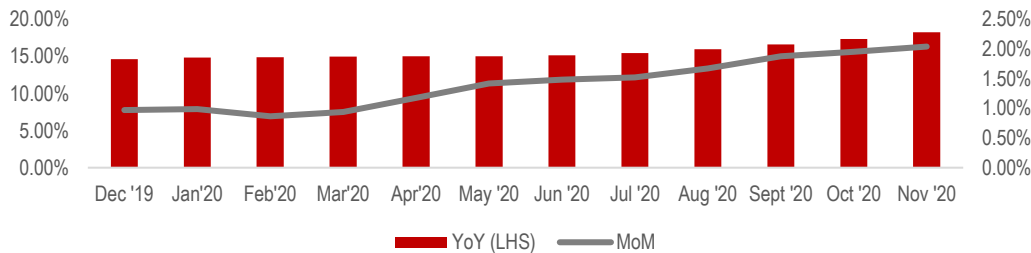
Food Index
18.30% ↑

Core Index
11.05% ↑

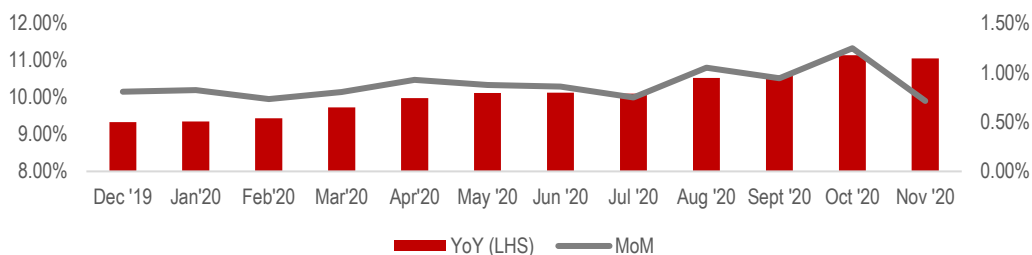
Headline Inflation Rate Trajectory



Food Inflation Rate Trajectory



Core Inflation Rate Trajectory



- The headline inflation continued its upward movement, driven mainly by increasing prices of food items.
- The persistent increase in food prices can be attributed to dollar restrictions, pandemic-induced disruptions to farming activities, banditry, as well as the continued border closures.
- Average yield on FGN Bonds closed at 3.88% in the secondary market for the month of November, indicating a negative real return of 11.01% on fixed income investments. We believe inflation will maintain its current trajectory during the yuletide period, while yields remain relatively low.