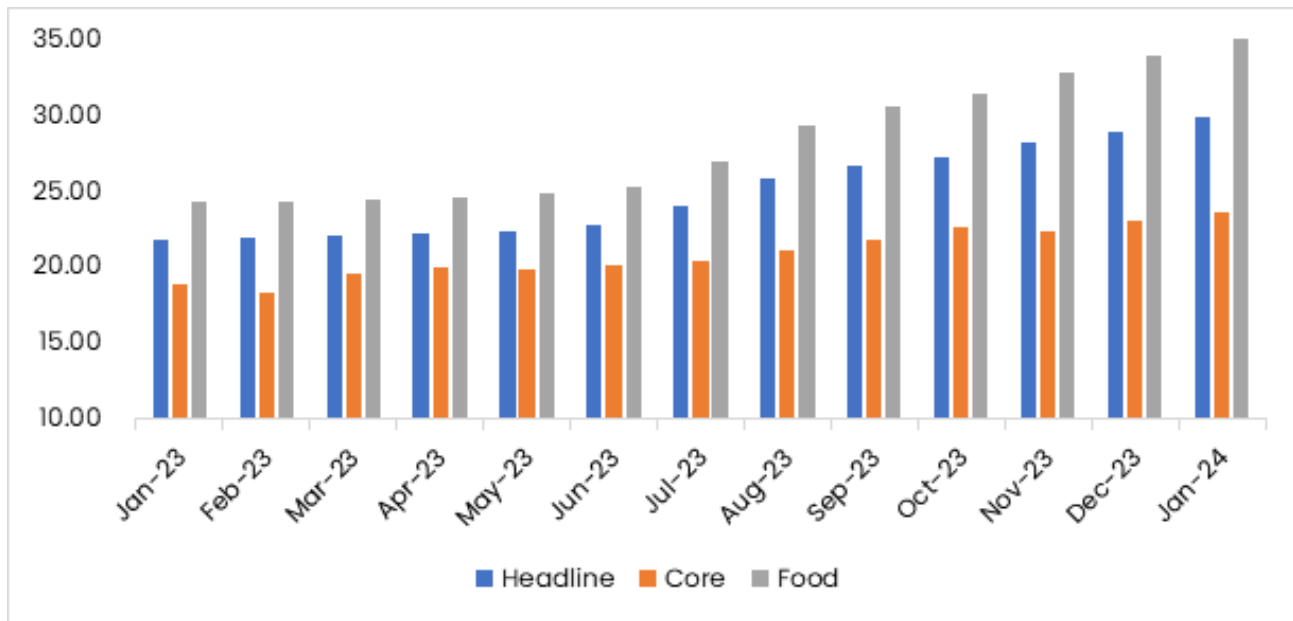


INFLATION BULLETIN

Nigeria's headline inflation  
accelerates to a 28-year high of  
**29.9%** in January 2024



# One-year inflationary trend in Nigeria



Source: NBS, Norrenberger Research

## Headline Inflation

Nigeria's inflation rate surged to **29.9%** in January 2024 from **28.92%** recorded in the previous month, representing the 13th consecutive month of increase and the highest in almost **28 years**. The monthly inflation rate, which is a more reflective index also rose to its highest level since August 2023 at **2.64%**.

## Highlights



Food inflation rose to **35.41%** in the review month, while core inflation (all items less farm produce and energy) increased to **23.59%**.

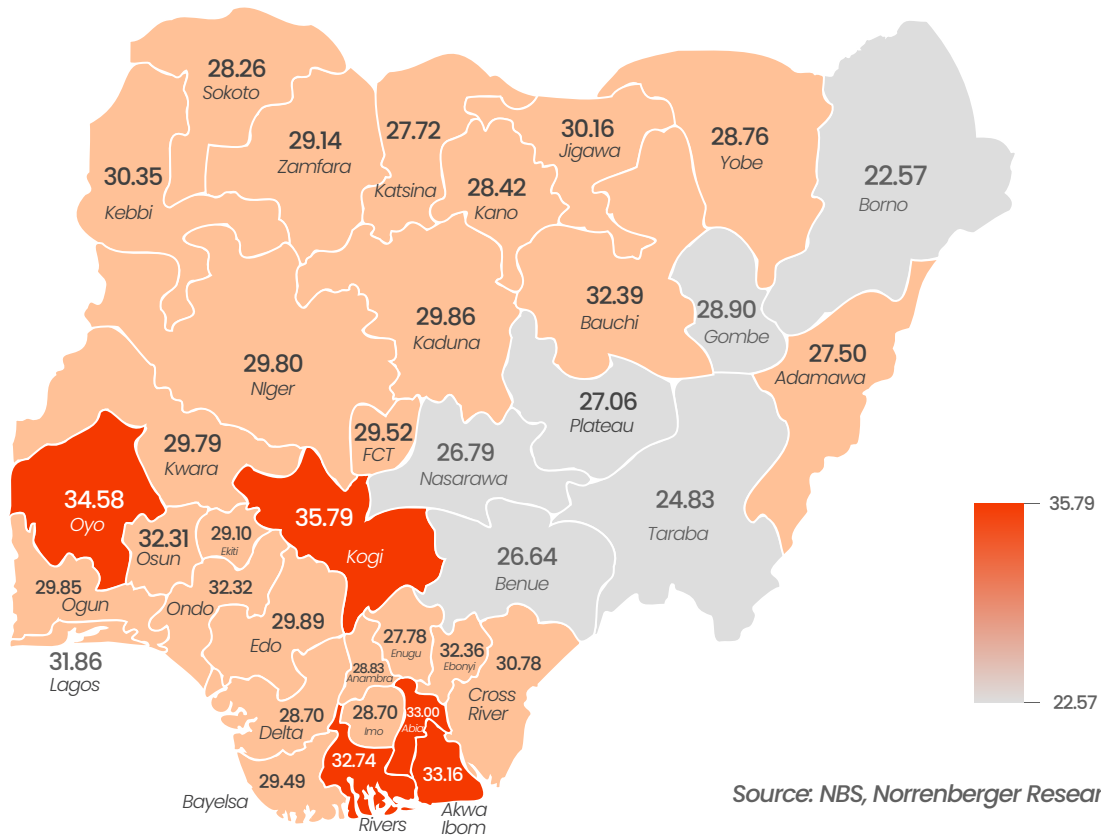


Imported food inflation surged from **24.9%** recorded in December 2023 to **26.29%** in January 2024.



Both rural and urban inflation rose in the review month from **27.1%** and **31%** to **28.1%** and **31.95%** respectively.

# Average Inflation by State **January 2023**



Source: NBS, Norrenberger Research

# Drivers



**FX volatility:** One of the major drivers of inflation in the month under review was the weakening of the naira against other major currencies. For example, the naira depreciated by 37.7% against the US dollar at the official FX market in January, largely due to forex illiquidity and speculative activities. This has had a ripple effect on the cost of imported items such as food, electronics etc.



**Food shortages:** Lingering insecurity in food-producing regions of the country as well as logistics/transportation issues continue to have adverse effect on food supply, hereby leading to significant surge in the prices of food.



**Pass-through cost:** Businesses especially in the consumer and industrial goods sector of the economy have hiked their prices on the back of high operational cost so as to maintain profitability.

# Outlook

The latest figures, which points to an accelerated rise in inflationary pressures, implies that the CBN will likely opt to raise interest rates during its forthcoming Monetary Policy Committee (MPC) meeting next week to address inflation.

It is anticipated that inflation will persist at elevated levels in the near to medium term, although the combined effects of base adjustments and tighter monetary policies will likely result in moderations during the latter half of the year.