



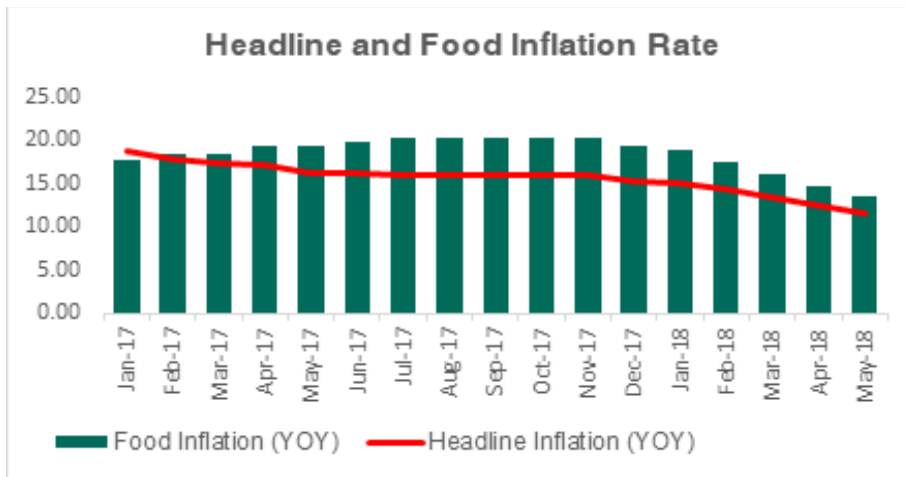
Inflation Report May 2018

Headline Inflation Rate Declined for the 16th Consecutive time - May 2018

The National Bureau of Statistics (NBS) yesterday, 13 June, 2018, released the inflation statistics for May, 2018, with the headline inflation at **11.61%** year-on-year (YOY). This represents a decline of **0.87%** from the previous rate of **12.48%** YOY, making it the sixteenth consecutive decline in headline inflation since January 2017. Similarly, the food inflation stood at **14.80%** (year-on-year) in May, down from the **13.45%** recorded in April, 2018.

In May 2018, headline inflation on a year-on-year basis was highest in Kebbi (14.65%), Yobe (13.68%), Jigawa (13.62%), Taraba (13.27%) and Kaduna (13.20%) while Kwara (8.87%), Kogi (9.07%), Delta (9.22%), Oyo (10.08%) and Cross River (10.13%) recorded the lowest rate in headline inflation.

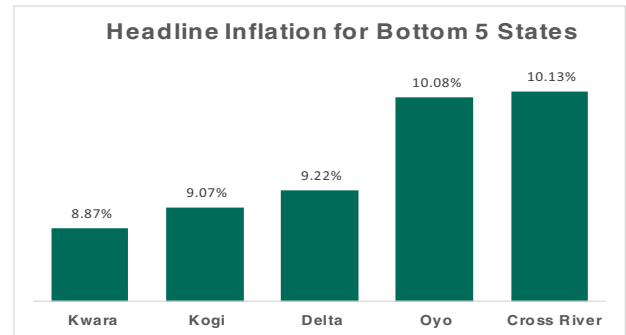
However, headline inflation on a year-on-year for Abuja, Lagos and River fell to 11.96%, 11.13% and 12.87% respectively.



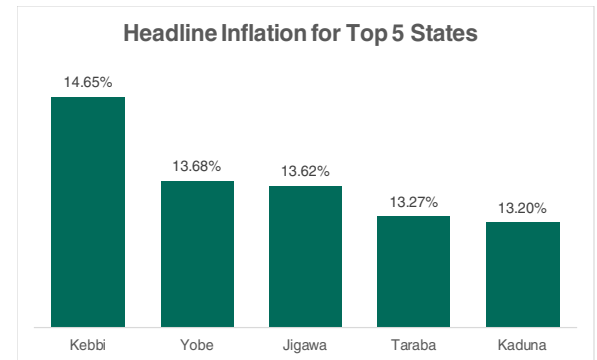
Source: NBS, Anchoria AM Research

Our Outlook for June Inflation Report

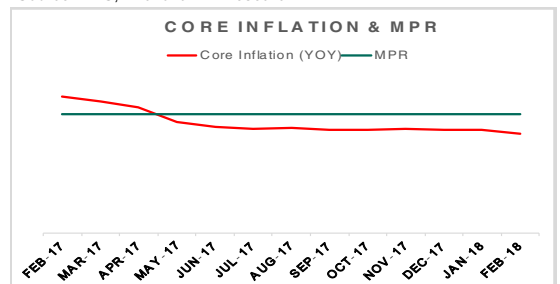
With a relatively high base effect in place, we expect the downward trend in the headline inflation to continue despite increase in government spending as the Federal Government signs the 2018 Appropriation Bill into law next week; increase in yield environment in the US as Fed increased its rate yesterday by 25 basis points which will further put pressure on the foreign exchange rate, and increase in election spending as some political parties meet ahead of the upcoming election in 2019.



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