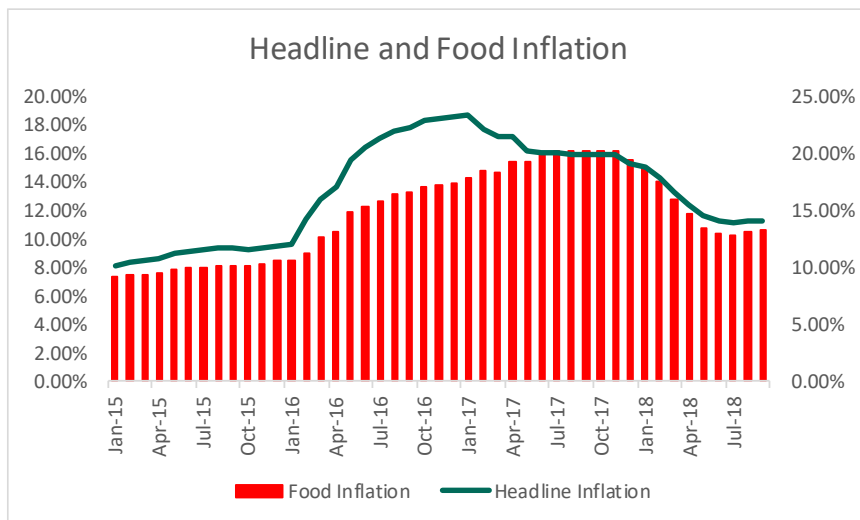


Inflation Report September 2018

Ahead of Treasury Bills Auction, Headline Inflation rose for the second time

The headline inflation is at **11.28%** year-on-year (YoY), this represents an increase of 0.05% from the previous rate of **11.23%** YoY, making it the second increase in inflation rate after eighteen consecutive declines in headline inflation since January 2017. This is driven by an increase in the food inflation. The food inflation stood at **13.31%** (year-on-year) in September, up from the **13.16%** recorded in August 2018.

On a Month-on-Month basis, the downward trend in inflation rate continued as the headline inflation fell from **1.05%** MoM in August to **0.84%** MoM in September. This is due to the reduction in core inflation (all items excluding farm produce) and Food Inflation on a Month-on-Month basis as prices on imported goods fell during the month of September.



Sources: Anchoria AM Research, NBS

9th Consecutive Decline In Core Inflation Rate

Core inflation moderates to **9.84%** in September from **10.02%** in August 2018. This is lower than the MPR of 14.00%. However, in September the Average Bond Yield is above the core inflation which connotes an increasing return on investment. These are average yields: 5 years Bond (15.14%); 10 years Bond (15.46%) and 20 years Bond (15.10%). Also, the 91-days Treasury Bill primary market yield of 11.20% is above the core inflation rate. Ahead of the Treasury Bills auction today we expect the rate to close higher than the previous rates.

Yobe State: An Agricultural State Remains at the top of the chart

In September 2018, headline inflation on a year-on-year basis was highest in Yobe (13.30%), Kaduna (12.93%), Ebonyi (12.86%), Bayelsa (12.83%) and Zamfara (12.78%) while Cross River (8.42%), Plateau (8.77%), Ogun (9.22%), Abia (9.82%) and Kwara (9.98%) recorded the lowest rate in headline inflation. Headline inflation on a year-on-year basis in commercial cities of Lagos and Rivers fell to 11.56% and 12.17% respectively while that of Abuja and Kano rose to 12.77% and 11.35% respectively.

Nigeria's Trading Partners' Inflation Figures

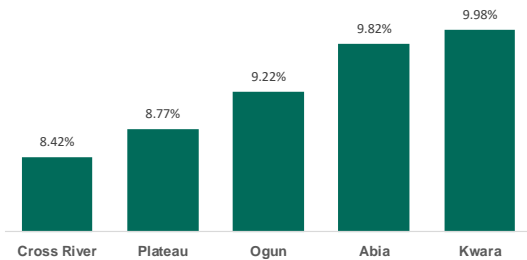
Based on selected inflation reports of some of the country's trade partners, we observed an increase in inflation rate for most, except for France, Netherland and United States that witnessed reductions in inflation rate. Imported food inflation rate increased to 1.22% MoM in September from 1.75% MoM in August 2018.

Outlook for October 2018 Inflation Report

We expect a continuous upward trend of the inflation rate on a year-on-year basis in October 2018 due to:

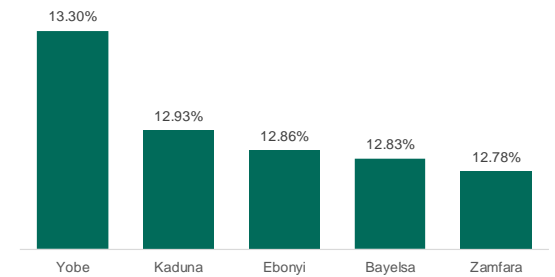
- Increase election spending in the month of October
- Impact of flood on farmland

Headline Inflation for Bottom 5 States



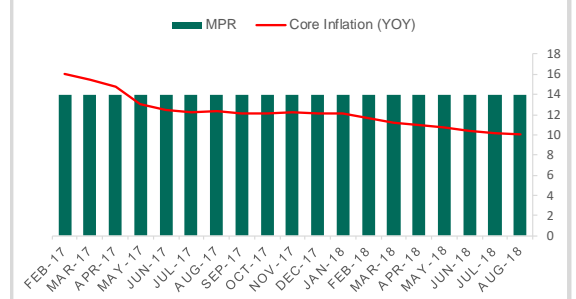
Source: Anchoria AM Research; NBS

Headline Inflation for Top 5 States



Source: Anchoria AM Research; NBS

CORE INFLATION & MPR



Source: Anchoria AM Research; NBS

Nigeria's Trading Partners Inflation Figure

	Sep-18	Aug-18	Changes
Belgium	2.35%	2.24%	+0.11%
China	2.50%	2.30%	+0.20%
Egypt	16.00%	14.20%	+1.80%
France	2.20%	2.30%	-0.10%
India	3.77%	3.69%	+0.08%
Netherland	1.90%	2.10%	-0.20%
United States	2.30%	2.70%	-0.40%

Source: Anchoria AM Research; Trading Economics

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