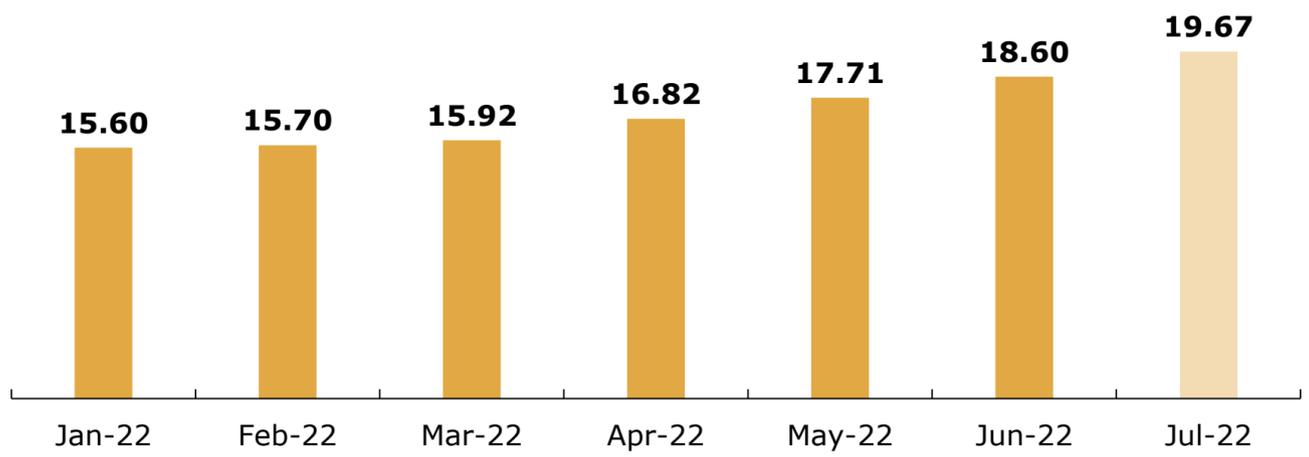


June Inflation Report: Inflation Rises to 18.60%, Set to Reach 19.67% by July

CPI in Nigeria reached 18.60% in June, the highest point since January 2017. Also, Food Inflation came in at 20.60%.

The Consumer Price Index (CPI) tracks the average change in the prices of goods and services consumed by people for day-to-day living.



Why has Inflation been rising recently?



Rising Insecurity and banditry attacks in food producing states.



Persistent depreciation in the Naira as well as FX liquidity issues.

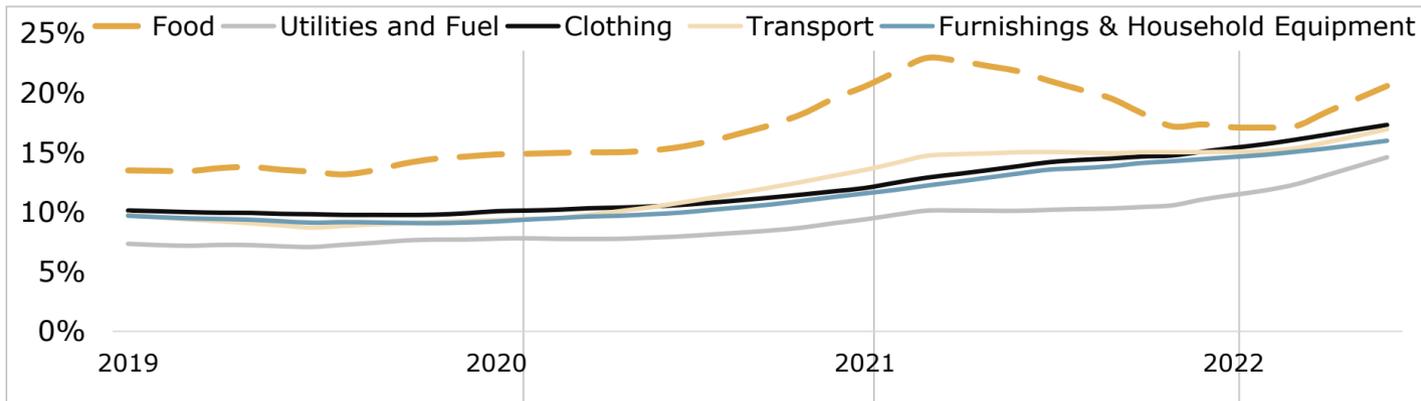


Rampant fuel scarcity have driven up cost of PMS and Diesel and raised transportation cost.



Low base effect

Major Components of Inflation (2019-2022)



States with Highest Inflation Rate



Bauchi



Kogi



Rivers

States with Lowest Inflation Rate



Adamawa



Sokoto



Jigawa

What does this mean?

Higher inflation typically lowers peoples' purchasing power, meaning you buy fewer quantity of goods and services because your money has lost some real value. For instance, the NGN100,000 in your bank account is now worth NGN81,400 in real terms, resulting in a loss of NGN18,600 in purchasing power. It appears inflationary pressures are unrelentless, as such, leaving your money in the bank account that earns near zero interest rates makes you worse off.

How Can Investors Position?

Mutual Funds: The Monetary Policy Rate (MPR) increase to 13%, implies that the rates on interest-bearing instruments like bank placements, commercial papers, and long-term government securities should trend higher. This sets the stage for a higher return on money market and fixed income mutual funds, which have significant allocations to these instruments.

Invest in Eurobonds and Fixed Dollar Deposit: We advise you have a significant portion of your investment in dollars, as the naira value of your investment increases when the Naira depreciates. We believe the recent downturn in the Eurobonds market presents good buying opportunities for investors, as yields are currently ranging between 15-25%. Due to the high capital required to purchase Eurobonds (USD200,000 and above), we recommend you invest in Eurobonds through an investment fund like the Anchoria Eurobond Linked Note which has a lower entry level of USD5,000, with subsequent additions of USD1,000.

