



## ***Inflation Sees Second Straight Month of Increase***

### **Key Macroeconomic Indicators:**

**October Inflation: 33.88% (previous: 32.70% in September 2024)**

**MPR: 27.25%, GDP: 3.19% (2024 Q2)**

The NBS published its most recent inflation report. The report shows that the inflation rate of the economy glides upwards from previous month to settle at 33.88% for October 2024 following a surge in September inflation rate.

The inflation rate increased by a 1.18% higher than the rate recorded in September 2024 (32.70%) and 6.55% higher than the 27.33% registered in October 2023. Likewise, food and core indices increased to 39.16% and 28.37% respectively.

On a month-on-month (m/m) basis, headline inflation increased by 0.12% to 2.64% (vs 2.52% registered in September 2024 m/m). This means that in October 2024, the rate of increase in the average price level was higher than the rate of increase in the average price level in September 2024.

Inflation on Food recorded a 39.16% for the month, a 1.39% increase from the 31.52% in October 2023 but higher by 1.39% than the 37.77% recorded in September 2024.

On a month-on-month (m/m) basis, food inflation showed 0.30% increase to 2.94% (vs 2.64% registered in September 2024 m/m). The increase in the m/m food inflation can be attributed to the **increase in the average prices** of palm oil, Vegetable oil, Mudfish, Croaker(Apo), Fresh fish, Milk, Yam, Irish Potatoes, Water Yam, Cassava Tuber, Palm Oil, Vegetable etc.

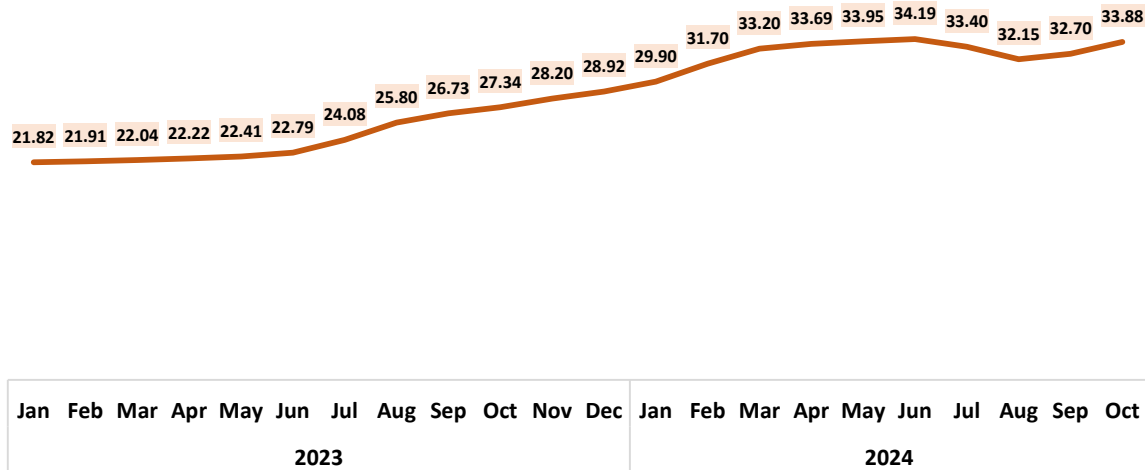
Core inflation recorded 28.37% which is 3% higher than the previous month's rate of 27.43%, and 5.79% higher than the 22.58% recorded in October 2023. The increase in rate is attributable to increases in prices of bus Journey within the city, Journey by motorcycle Bus journey intercity, etc (under Passenger Transport by Road Class), Rents (Actual and Imputed Rentals for Housing Class), Meal at a local Restaurant (Accommodation Service Class), and hair cut service, woman hair brush, women's hairdressing, etc (Hairdressing salons & personal grooming establishments Class).

On a month-on-month (m/m) basis, core inflation did not relent on the upward trend, increased by 0.04% to 2.14% (vs 2.10% registered in September 2024 m/m).

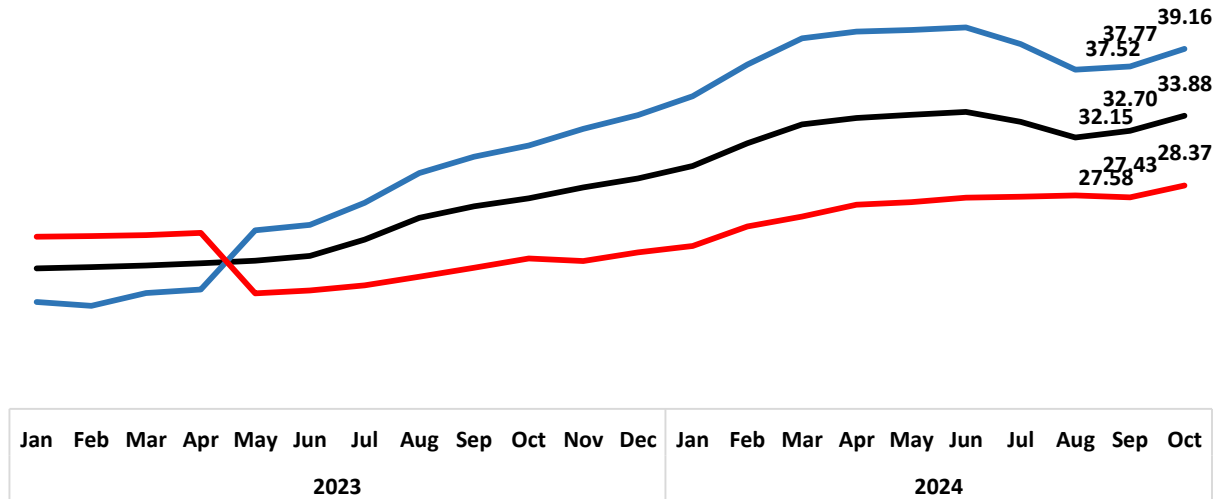


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## Inflation Rate



## CPI (Headline m-o-m)    CPI (Food m-o-m)    CPI (Core m-o-m)



Source: NBS, ASAM Research

## Outlook/Recommendation

The inflation rate has surged again, rising by 118 basis points (1.18%) compared to the 55 basis points (0.55%) increase from August to September. Although we expected inflation to decrease in October, we now anticipate a slight increase in November's rate, followed by a decrease to 33.5% in December. We expect the Monetary Policy Committee (MPC) to introduce another +50bps or +100bps hike. This further uptick in inflation is likely to prompt the central bank to continue raising rates as part of its tightening trend.

This tightening of the monetary policy rate is attracting investors to the fixed-income market, drawing attention away from equities. This sentiment is likely to persist if the monetary policy rate continues to rise.



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