

Inflation Rate to Decelerate Further in November:

FSDH Research expects the inflation rate (year-on-year) to drop to 15.84% in November 2017 from 15.91% reported in the month of October 2017. The expected marginal decline in the inflation rate is premised on a slower increase in the food and non-food divisions, compared with the previous month. The October inflation rate was the ninth consecutive month of decrease in the Headline Inflation in 2017. Based on the data release calendar on the website of the National Bureau of Statistics (NBS), we expect the NBS to release the inflation rate for the month of November 2017 on December 19, 2017.

The monthly Food Price Index (FPI) from the Food and Agriculture Organization (FAO) shows that the Index averaged 175.8 points. This is 0.46% lower than the revised value for October 2017, but 2.26% higher than the November 2016 figure. According to the FAO, the sharp fall in the price of dairy products largely offset the increases recorded in the prices of sugar and vegetable oil. The FAO Dairy Price Index recorded the highest drop, dropping by 4.92% from October 2017. The FAO Meat Price Index was marginally down by 0.09% largely unchanged from the revised October value. On the flip side, the FAO Sugar Price Index was up 4.53%, the highest level recorded in the last three months. The increase was supported by declining exports from Brazil. The FAO Vegetable Oil Price Index was up by 1.24%. The rise in the Index mainly reflects higher prices for soy, rapeseed and sunflower oils. The FAO Cereal Price Index was up by 0.29% in November 2017 as a result of the increase in the prices of wheat and maize.

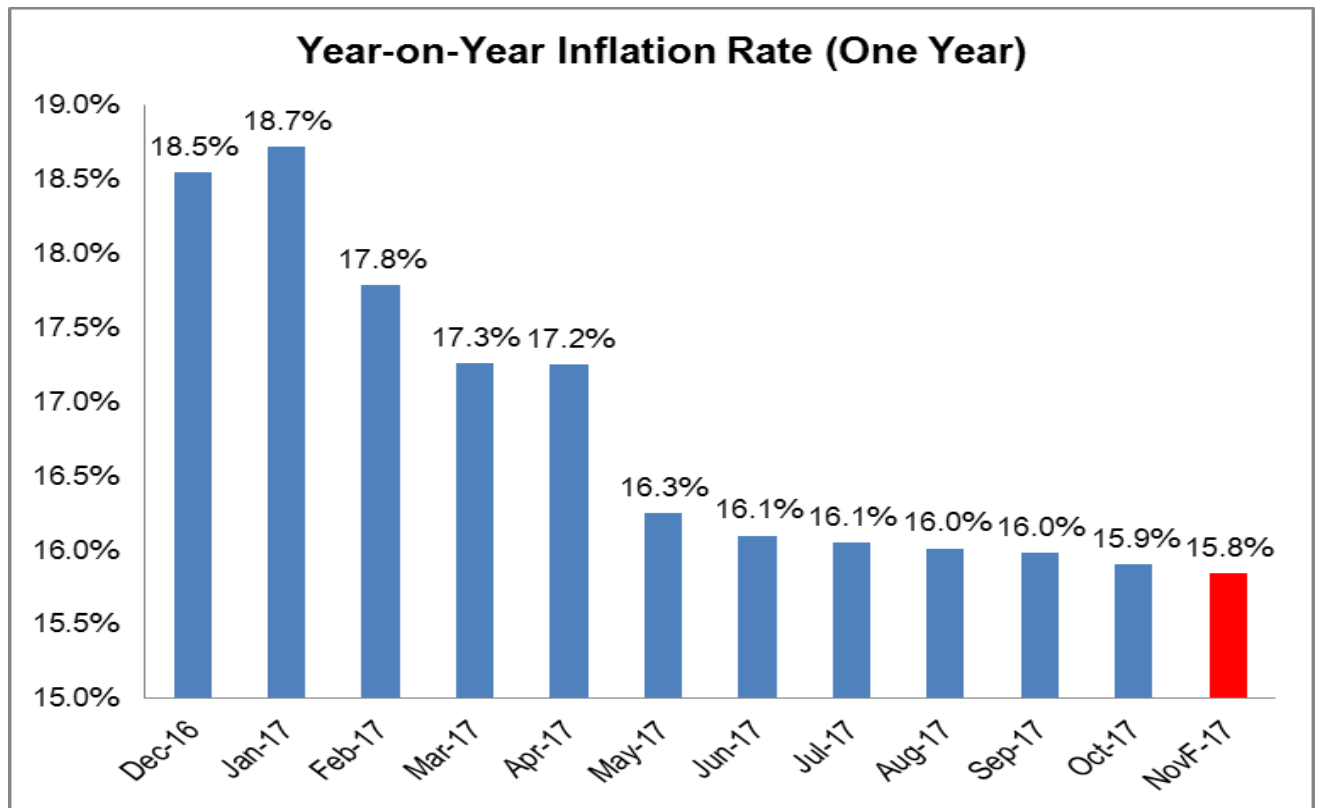
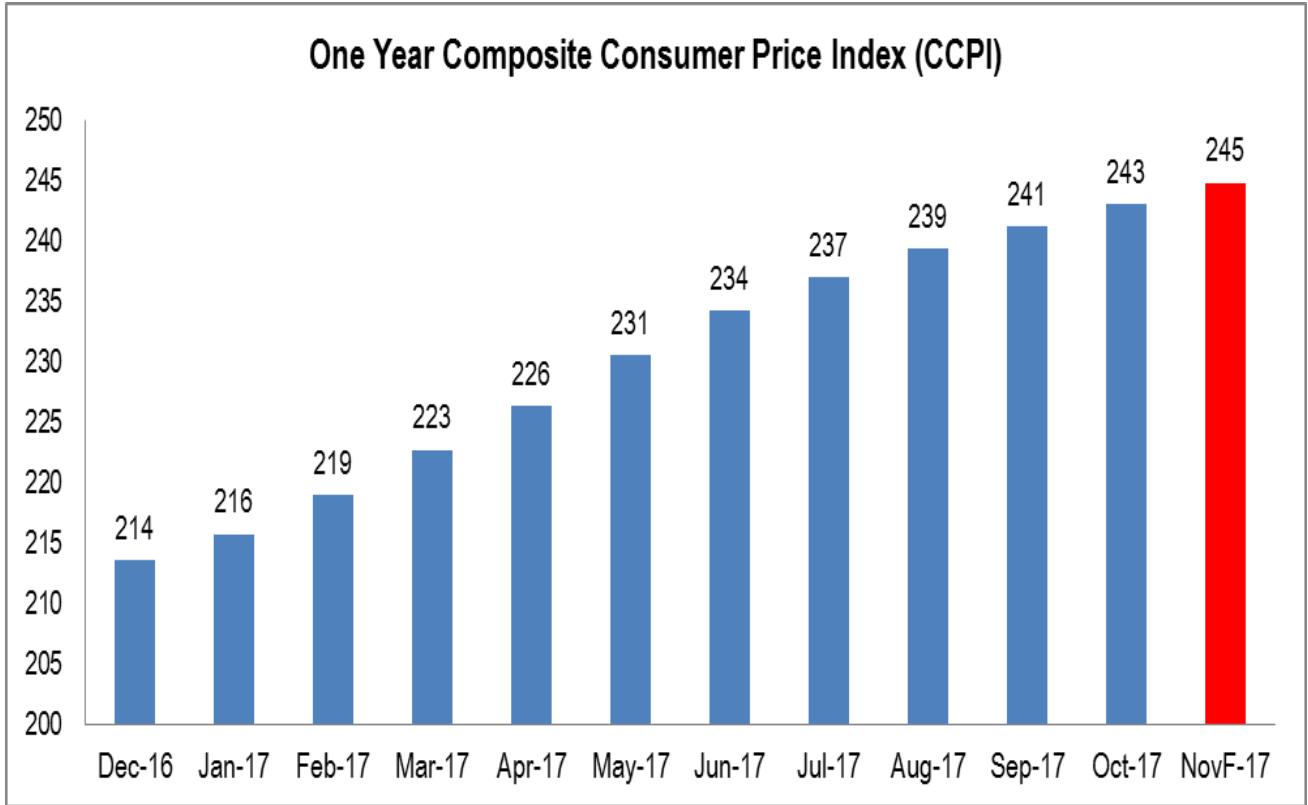
Our analysis indicates that the value of the Naira depreciated at both the inter-bank and parallel markets. The Naira lost by 0.07% and 0.28% to close at US\$/N306.00 and US\$/N363.50 at both the inter-bank and parallel markets respectively. The drop in the international prices of food moderated the effect of the depreciation in the value of Naira on local prices.

The prices of most of the food items we monitored in November 2017 moderated downwards, while a few items recorded price appreciation. The movement in the prices of food items during the month resulted in 0.8% increase in our Food and Non-Alcoholic Index to 258.03 points. Our Food and Non-Alcoholic Index increased by 20.15% from 214.76 points in November 2016. We also noticed increase in the prices of Housing, Water, Electricity, Gas & Other Fuels divisions between October 2017 and November 2017. Our model indicates that the general price movement in the consumer goods and services in November 2017 increased the Composite Consumer Price Index (CCPI) to 244.81 points, representing a month-on-month increase of 0.73%. We estimate that the increase in the CCPI in November 2017 would produce an inflation rate of 15.84% lower than the 15.91% recorded in October 2017.

Inflation Rate: 15.84%

The FPI depreciated in November 2017 by 0.46% compared with the revised October 2017 figure.

Our CCPI increased by 0.73% month-on-month in November 2017.



For enquiries please contact us at our offices:

Lagos Office: 5th-8th floors UAC House, 1/5 Odunlami Street, P.M.B 12913 Lagos. (Tel): 234-1-2702887; 234-1-2702881-2.

Port Harcourt Office: 2nd floor, Skye Bank Building (Former Mainstreet Bank Building), 5 Trans Amadi Road, Port Harcourt, Rivers State, Nigeria. Switchboard 234-802 408 1331: E-mail: fsdh-phc@fsdhgroup.com.

Abuja Office: Leadway House (1st Floor), Plot 1061 Herbert Macaulay way, Central Business District, Abuja-Nigeria. Tel: 234-9-2918821

Disclaimer Policy

This publication is produced by FSDH Merchant Bank Limited solely for the information of users who are expected to make their own investment decisions without undue reliance on any information or opinions contained herein. The opinions contained in the report should not be interpreted as an offer to sell, or a solicitation of any offer to buy any investment. FSDH Merchant Bank Limited August invest substantially in securities of companies using information contained herein and August also perform or seek to perform investment services for companies mentioned herein. Whilst every care has been taken in preparing this document, no responsibility or liability is accepted by any member of FSDH Merchant Bank Limited for actions taken as a result of information provided in this publication.