

Why your Naira is buying less, NBS explains Inflation Spike

The National Bureau of Statistics (NBS), says Nigeria's headline inflation rate increased to 21.09 per cent on a year-on-year basis in October 2022 the bureau said as it explained why the naira is buying less. This is according to the NBS Consumer Price Index (CPI) and Inflation Report for October released in Abuja recently. According to the report, the figure is 5.09 per cent points higher compared to 15.99 per cent recorded in October 2021. "This shows that the general price level for the headline inflation rate increased in October 2022 when compared to the same month in the preceding year.

"Meaning that in October 2022, the general price level was 5.09 per cent higher relative to October 2021." According to the report, factors responsible for the increase in annual inflation rate that explained why the naira is buying less include disruption in the supply of food products. It said other factors were increased in import cost due to the persistent currency depreciation and a general increase in the cost of production such as the increase in energy cost. The report said on a month-on-month basis, the Headline inflation rate in October 2022 was 1.24 per cent, which was 0.11 per cent lower than the rate recorded in September 2022 at 1.36 per cent. "This means that in October 2022, the general price level for the headline inflation rate on a month-on-month basis declined by 0.11 per cent." According to the report, the factor responsible for the decline in the monthly inflation rate is a decline in the current month's food index relative to the reference month index, which is due to the harvest season. The report said the percentage change in the average CPI for the 12 months ending October 2022 over the average of the CPI for the previous 12 months period was 17.86 per cent. "This indicates a 0.91 per cent increase compared to the 16.96 per cent recorded in October 2021." It said increases were recorded in all

Classification of Individual Consumption by Purpose (COICOP) divisions that yielded the headline index.

The report said the food inflation rate in October 2022 was 23.72 per cent on a year-on-year basis, which was 5.39 per cent higher compared to the rate recorded in October 2021 at 18.34 per cent. "The rise in food inflation is caused by increases in prices of bread and cereals, food products, potatoes, yams and other tubers, oil and fat."

It said on a month-on-month basis, the food inflation rate in October was 1.23 per cent, which was a 0.21 per cent decline compared to the rate recorded in September 2022 at 1.43 per cent. "This decline was attributed to the reduction in prices of some food items like tubers, palm oil, maize, beans, and vegetables. "The average annual rate of food inflation for the 12-months ending October 2022 was 19.83 per cent, which was a 0.92 per cent points decline from the average annual rate of change recorded in October 2021 at 20.75 per cent." The report said on a year-on-year basis in October 2022, the urban inflation rate was 21.63 per cent, which was 5.11 per cent higher compared to the 16.52 per cent recorded in October 2021 the report deposed in why the naira is buying less this year. "On a month-on-month basis, the urban inflation rate was 1.33 per cent in October 2022, this was a 0.12 per cent decline compared to September 2022 at 1.46 per cent." It said the corresponding 12-month average for the urban inflation rate was 18.38 per cent in October 2022. "This was 0.85 per cent higher compared to the 17.53 per cent reported in October 2021."

The report said on a year-on-year basis in October 2022, the rural inflation rate was 20.57 per cent, which was 5.09 per cent higher compared to the 15.48 per cent recorded in October 2021. "On a month-on-month basis, the rural inflation rate in October 2022 was 1.16 per cent, which declined by 0.11 per cent compared to September 2022 at

1.27 per cent." It said the corresponding 12-month average for the rural inflation rate in October 2022 was 17.38 per cent, which was 0.98 per cent higher compared to the 16.39 per cent recorded in October 2021. On states' profile analysis, the report showed in October 2022, all items inflation rate on a year-on-year basis was highest in Kogi at 25.15 per cent, followed by Bauchi at 23.45 per cent, and Ondo at 23.45 per cent.

It, however, said the slowest rise in headline year-on-year inflation was recorded in Plateau at 19.02 per cent followed by Borno at 19.31 per cent and Nasarawa at 19.39 per cent. The report, however said in October 2022, all items inflation rate on a month-on-month basis was highest in Abuja at 3.18 per cent, followed by Kebbi at 2.80 per cent and Sokoto at 2.57 per cent. "Kwara at -0.14 per cent, followed by Kogi at 0.06 per cent and Oyo at 0.30 per cent recorded the slowest rise on month-on-month inflation." The report said food inflation in October 2022, on a year-on-year basis was highest in Kwara by 30.79 per cent, followed by Kogi at 28.74 per cent and Imo at 28.64 per cent. "Kaduna at 19.96 per cent, followed by Plateau at 20.17 per cent and Jigawa at 20.42 per cent recorded the slowest rise on year-on-year food inflation." It, however, said on a month-on-month basis in October 2022, food inflation was highest in Sokoto at 3.55 per cent followed by Yobe by 3.31 per cent and Kebbi at 3.16 per cent. "Kwara at -0.76 per cent, followed by Kogi at -0.55 per cent and Akwa-Ibom at -0.21 per cent recorded the slowest rise on month-on-month inflation," the NBS report on inflation that explains why the naira is buying less explained.