

Macroeconomic Update: Consumer Price Index (CPI)

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Inflationary Pressures Persist in Nigeria

Nigeria's National Bureau of Statistics (NBS) recently released data showing inflation continued its upward climb in March 2024, reaching 33.2%. This represents a 1.5% point increase from February 2024, though the monthly increase has shown some moderation. Despite the slower monthly rise, inflation remains a significant challenge for the Nigerian economy.

Breaking Down the Numbers

The current inflationary pressures are primarily driven by rising food and beverage costs. Additionally, energy and housing costs have also contributed to the overall increase. Year-on-year, inflation is a staggering 11.16% higher compared to March 2023.

Food Prices: A Cause for Concern

Food inflation is a particular area of concern, reaching a concerning 40.01% year-on-year in March 2024. This surge is attributed to price increases for essential food items like garri, millet, yam, and others, putting a strain on household budgets.

Urban vs. Rural Divide

The impact of inflation is not uniform across all regions. While urban inflation reached 35.18% year-on-year, rural inflation was slightly lower at 31.45%. This highlights the potential for geographically diverse impacts of inflation on the Nigerian population.

Beyond Food: Core Inflation on the Rise

Core inflation, which excludes the more volatile components like food and energy, tells a similar story. Core inflation rose to 25.90% year-on-year in March 2024, indicating broad-based price increases across the economy.

Looking Ahead: Policy Measures and Long-Term Solutions

The Central Bank of Nigeria (CBN) is expected to continue its efforts to curb inflation through monetary policy instruments. However, addressing the underlying causes of inflation is crucial for long-term control. This may involve tackling issues like supply chain disruptions, global food price increases, and potential exchange rate depreciation.

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