**Analysis: General Inflation & Food Inflation in Nigeria**

Food inflation and general inflation are related but distinct concepts within the realm of economics. In this project I conducted a correlation analysis using Nigeria historical dataset (2015 – 2024) & also create a dumbbell chart to compare food items and price increase between 2023 and 2024.

**Dataset source**: Nigeria bureau of statistics (NBS)

**Food Inflation**

Food inflation refers to the increase in prices of food items over time. Several factors contribute to food inflation, including: Supply Chain Disruptions, Agricultural Inputs, Weather Conditions, Global Trade Policies, Demand Changes.

**General Inflation**

General inflation is the overall increase in the price level of goods and services in an economy over a period of time. It is commonly measured by indices such as the Consumer Price Index (CPI) or the Producer Price Index (PPI). Factors influencing general inflation include: Monetary Policy, Demand-Pull Inflation, Cost-Push Inflation, Expectations of Inflation, Exchange Rates.

**Analysis**

Nigeria inflation rate accelerated straight month of 29.9% in January 2024 from 28.92% in the prior month, marking the highest reading since March 1996.

Food inflation, which accounts for the bulk of Nigeria's inflation basket, surged to a record high of 35.41% in Jan 2024, compared to Jan2023 reading of 21.82%. food inflation in Nigeria averaged 13.42 percent from 1996 until 2024, reaching all time high 35.41% in January 2024 and a record low of -17.50 percent in January of 2000(NBS).

The period with the lowest food inflation rate is from 2013 to 2016. After that, inflation nearly reached 20% in 2017, declined between 2019 and 2022, and then increased from 2023 to over 36% in January 2024.

There is a surge in a few food items between 2022 and 2023, according to the USDA charts. Vegetable oil increased from #1,162.00 to #1,710.00, or around 47%.

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**Conclusion**

In recent years, food prices have been on the rise across Nigeria. The situation deteriorated due to the impact of government policies such as the removal of subsidies on petrol, among others.

While food inflation is a component of general inflation, it can sometimes diverge from the overall trend. For example, even if general inflation is low, food prices might rise due to specific factors like poor harvests or increased transportation costs.

Understanding both types of inflation helps in analyzing the broader economic conditions and in making informed decisions related to policy, business strategy, and personal finance.

The upward trend in the prices of these staples and other products has weakened the purchasing power of many citizens, making it difficult for many households in the country to afford daily meals.