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**Berkshire Market Briefs**

**Nigeria’s Inflation Touches a 28-Year High (31.7%)**

According to data from the National Bureau of Statistics, Nigeria's headline inflation surged for the 14th consecutive month, reaching 31.7% in February. This marks a 1.8% increase from January's rate of 29.9% and represents the highest level of inflation since April 1996, nearly three decades ago. As widely expected, inflationary pressures were evident across all segments, with food inflation climbing by 2.51% to 37.92%, core inflation increasing by 1.54% to 25.13%, and month-on-month inflation rising by 0.48% to 3.12% (annualized at 44.52%). The persistent rise in consumer price inflation can be attributed largely to factors such as the weakening Naira, escalating logistics costs and money supply growth. The Naira weakened to an all-time low of ₦1,915/\$ on February 21st before appreciating to ₦1,604/\$ in March. Money supply also grew by about 76% in January compared to real GDP growth of 3.46% in Q4'23.

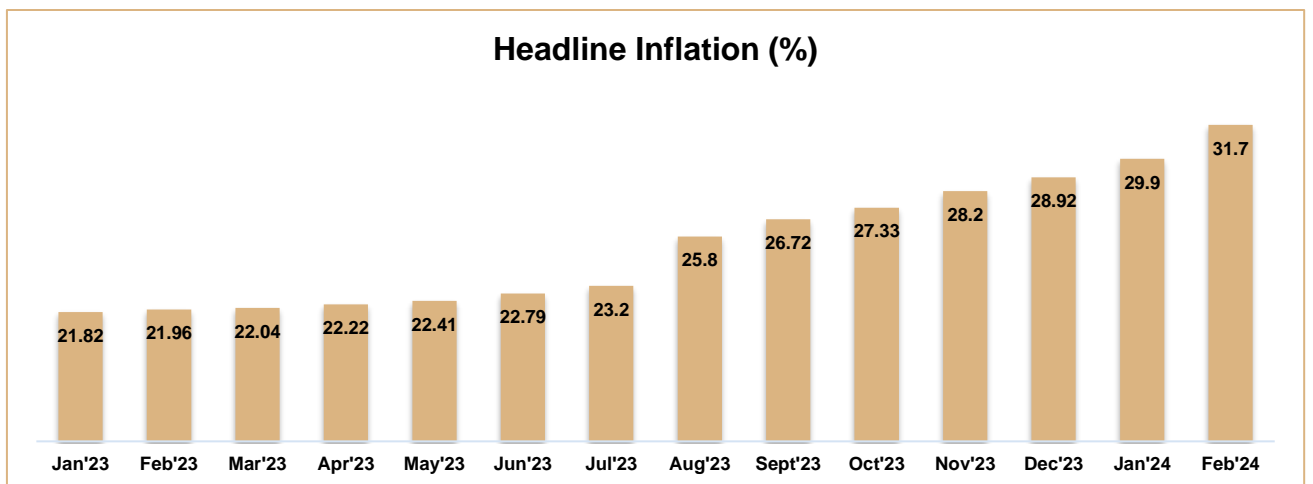
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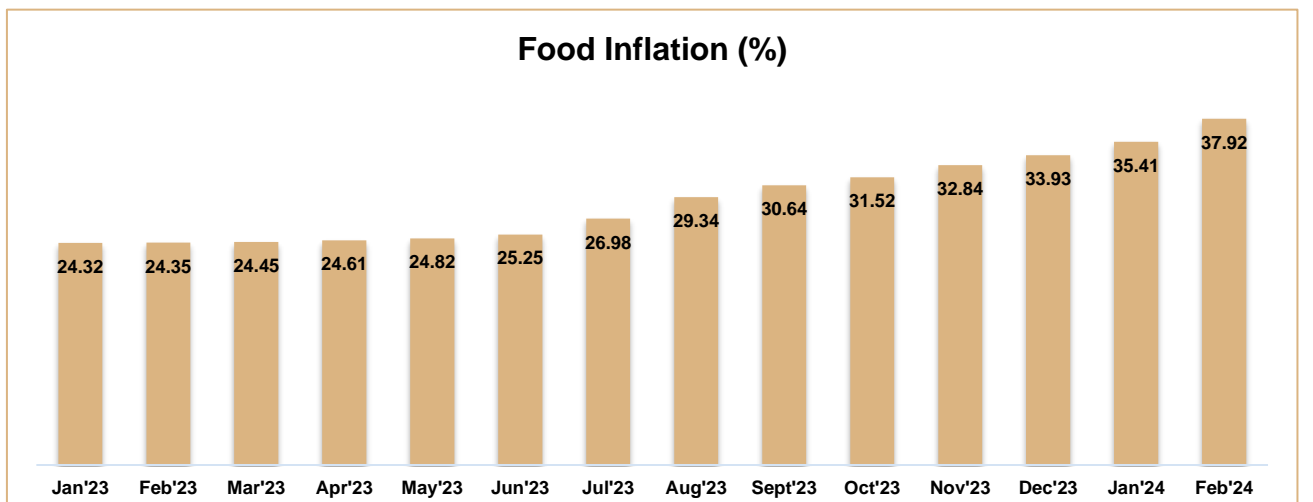
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**Food Inflation Surges to 37.92% Due to the Weaker Naira and Heightened Insecurity**

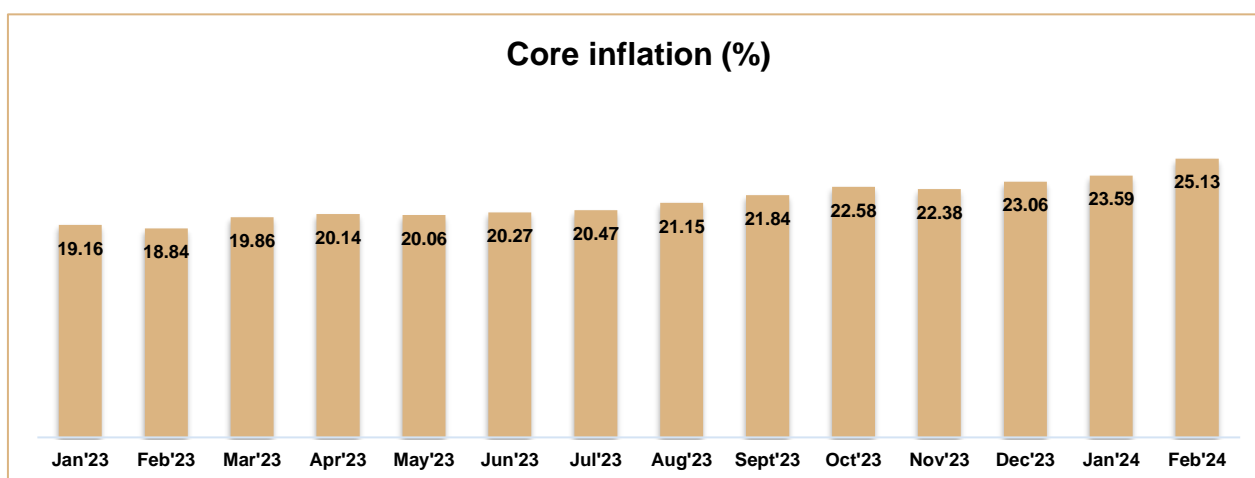
Yearly, the food price index surged notably by 2.51%, rising to 37.92% in February. Additionally, the monthly food sub-index saw an increase of 0.58%, reaching 3.79%. These increases can be linked to increased insecurity in food-producing states, alongside escalating logistics costs and the weakness of the Naira.





### Core Inflation up 1.54% to 25.13%

Core inflation, excluding volatile items such as food and energy, rose by 1.54% to 23.59% in February, yet experienced a slight decline on a monthly basis, dropping by 0.07% to 2.17%. The annual uptick in core inflation indicates ongoing structural inflationary pressures. Consequently, it is imperative to supplement monetary efforts with fiscal measures to adequately tackle Nigeria's inflation challenges.



### Inflation Outlook & Policy Response

It is anticipated that headline inflation will continue to rise in the upcoming months, albeit at a reduced rate, as the Central Bank of Nigeria (CBN) intensifies measures to stabilize the Naira. However, the onset of the planting season in Q2, along with the Ramadan and Easter festivities, may exert upward pressure on overall prices. The Monetary Policy Committee (MPC) is scheduled to convene later this month. The significant uptick in inflation observed in February will likely prompt the committee to face pressure in maintaining its tightening stance.

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