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Inflation in Nigeria maintained a “galloping trend” in May, rising above expectations to 17.7 percent, against the 16.82 percent recorded in April, data released by the state-backed National Bureau of Statistics has shown.

Concerns about inflationary pressures driven partly by war in Ukraine, as well as domestic security challenges pushed the Central Bank of Nigeria to tighten its benchmark interest rates last month, for the first time in almost six years. The regulatory bank raised rates to 13 percent from 11.5 percent (a 150bps rise) during its policy meeting last May.

The monetary policy committee “feels that tightening would help rein in inflation before it assumes a galloping trend, considering the progressive increase in headline inflation”, bank governor Godwin Emefiele said last month.

The persisting rise in inflation could “undermine” the fragile growth recovery in Nigeria “due to the associated build-up of uncertainties around the cost of inventory and other production inputs”, Emefiele said.

Food inflation rose to 19.5 percent in May, from 18.4 percent in April, driven by the cost of bread and cereals and other food items, the NBS said in its Consumer Price Index report released on Wednesday.

With the NBS report showing increasing inflation and as the naira continues to plummet against the dollar, the purchasing power of Nigerians could be depleted even more.

The continuing war in Ukraine has also been seen as partly responsible for placing upward price pressures on the nation of more than 200 million people that relies on the import of critical commodities in producing bread – a key driver of food inflation in Nigeria.

“Inflation in Nigeria, already one of the highest in the world before the war in Ukraine, is likely to increase further as a result of the rise in global fuel and food prices caused by the war,” the World Bank said in a recent report.

“And that, the World Bank estimates, is likely to push an additional one million Nigerians into poverty by the end of 2022, on top of the six million Nigerians that were already predicted to fall into poverty this year because of the rise in prices, particularly food prices.”

Source: ALJAZEERA

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