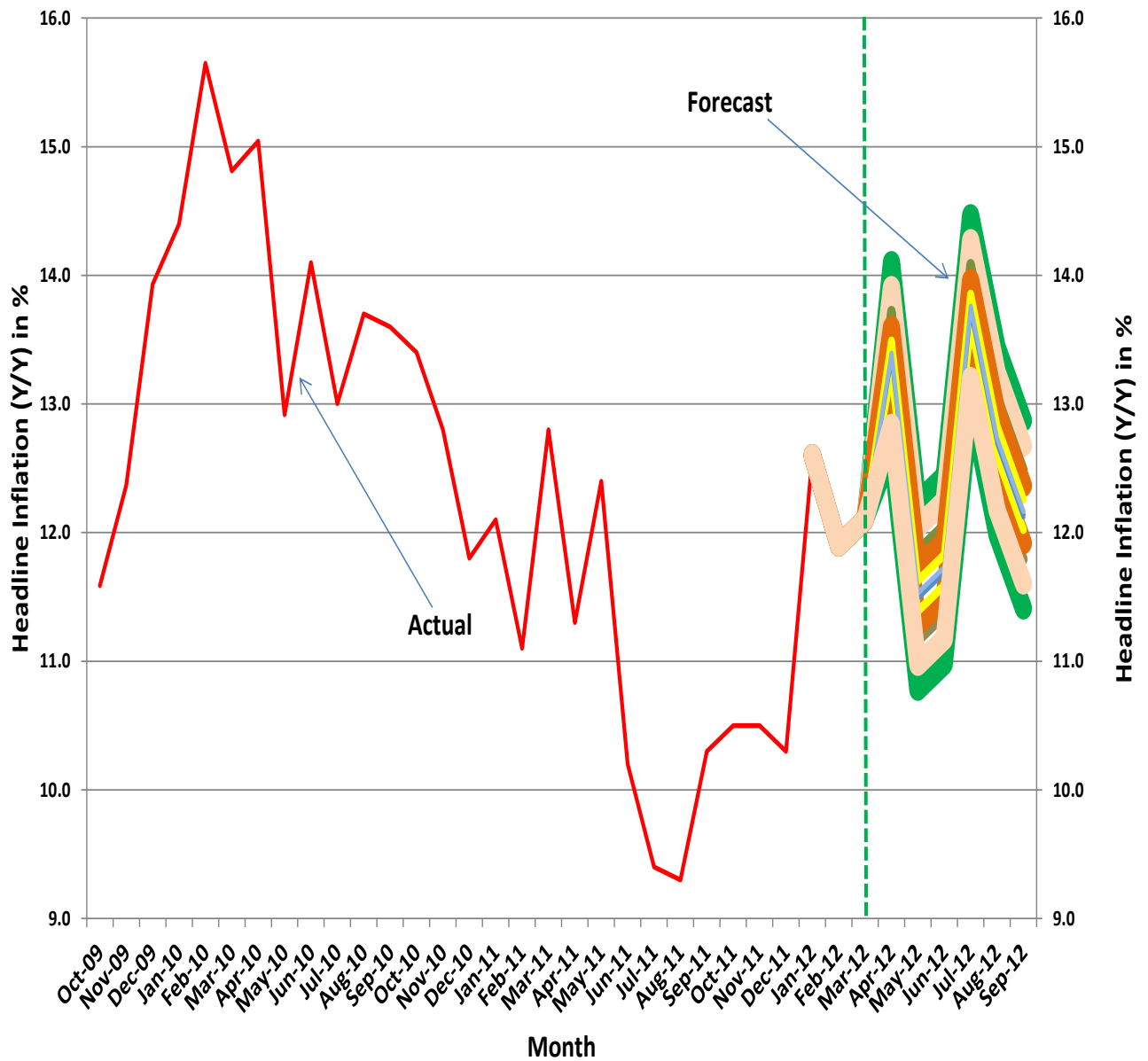


March 2012 Inflation Report



EXECUTIVE SUMMARY

The movements in the components of the Consumer Price Index (CPI) for the month of March 2012 are analyzed. The highlights of the analysis are as follows:

- The headline inflation rate (year-on-year) increased to 12.1 per cent in March from 11.9 per cent recorded in the preceding month. The 12.1 per cent headline inflation mainly reflected the increases in the relative contributions of *food and non-alcoholic beverages* (5.9 percentage points); *housing, water, electricity/gas and other fuel* (3.2 pp); clothing and footwear (1.0 pp); transport (0.9 pp); and furnishing, household equipment and maintenance (0.5 pp), education (0.5 pp).
- The relative contribution of food and non-alcoholic beverages to the year-on-year headline inflation rose to 5.9 pp in March 2012. Of the 5.9 pp, *bread and cereals; fish and sea food; yams, potatoes and other tubers; meat; and vegetables* contributed 2.0, 1.1, 0.9, 0.7 and 0.7 pps, respectively.
- The 11.8 per cent year-on-year food inflation was largely accounted for by the contribution in the prices of staple foods, especially farm produced, which increased by 3.2 pp to 7.0 pp, while processed food fell by 1.1 pp to 4.9 pp in the review period. The 7.0 per cent contribution from farm produce was mainly accounted for by yam, potatoes and other tubers (1.75 pp), vegetables (1.40 pp), millet grain white (1.04 pp), sorghum (0.65 pp), maize grain white sold loose (0.61 pp), rice local sold loose (0.58 pp), and rice agric sold loose (0.54 pp). Of the 4.9 pp contributed by processed food, fish and sea food; meat; bread unsliced; milk, cheese and eggs; and maize paste white, contributed 2.23, 1.42, 0.56, 0.28, and 0.27pps, respectively. It was however moderated by negative contribution of plantain flour (0.38 pp).
- Of the 11.8 per cent Year-on-Year food inflation reported in the review month, imported food increased to 2.3 pp, compared with 1.6 pp recorded in the preceding month. However, the year-on-year imported food inflation rose to 8.8 per cent. This was largely accounted for by the contribution of frozen fish (3.77 pp), other edible oil (2.41 pp), spirit (0.93 pp), tobacco (0.81 pp), and bread (0.58 pp). It was however, moderated by the negative contributions of tea, coffee, chocolate (-0.68 pp), and rice (-0.75 pp).
- The 15.0 per cent core inflation recorded in March 2012 was driven largely by the contributions of *housing, water, electricity/gas and other fuel* (6.5 pp); clothing and footwear (2.2 pp), transport (2.0 pp); *furnishing, household equipment and housing maintenance* (1.2 pp), education (1.0 pp); health (0.6 pp), and miscellaneous goods and services (0.5pp).

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Headline inflation rate (year-on-year) for the period March, 2012 accelerated to 12.1 per cent from 11.9 per cent in February 2012

The rate of 12.1 per cent in the headline inflation mainly reflected the relative contributions of food and non-alcoholic beverages (5.9 pp); housing, water, electricity/gas and other fuel (3.2pp); clothing and footwear (1.0 pp); transport (0.9 pp); and furnishing, household

1. Year-on-Year Headline Inflation

The Composite Consumer Price Index (CPI) rose by 1.59 per cent month-on-month to 132.6 points in March, 2012. The month-on-month rise in the price index was mostly accounted for by increases in the prices of housing, water, electricity gas and other fuel; clothing and footwear; education; food and non-alcoholic beverages; furnishings, household equipment and household maintenance, as well as, transport (see Table I).

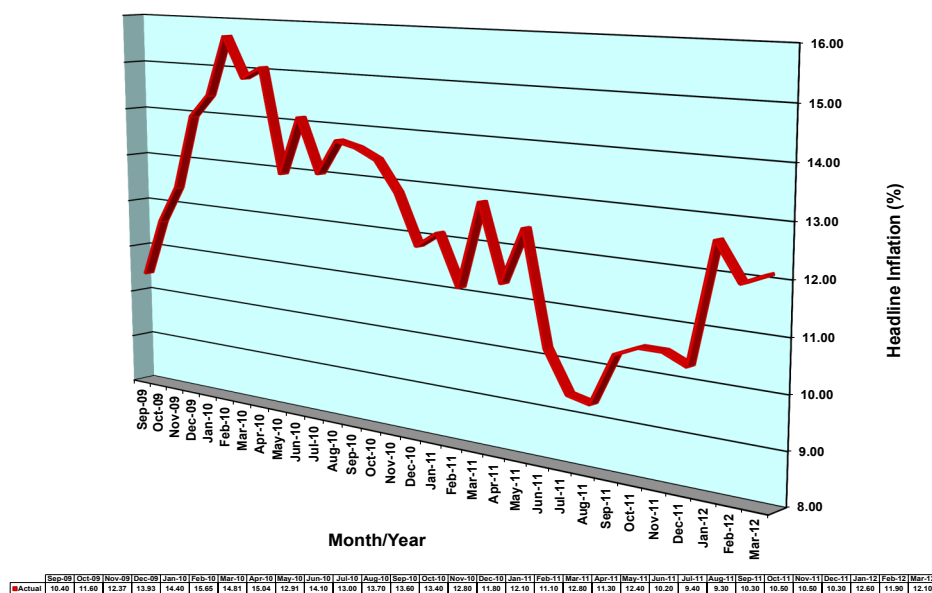
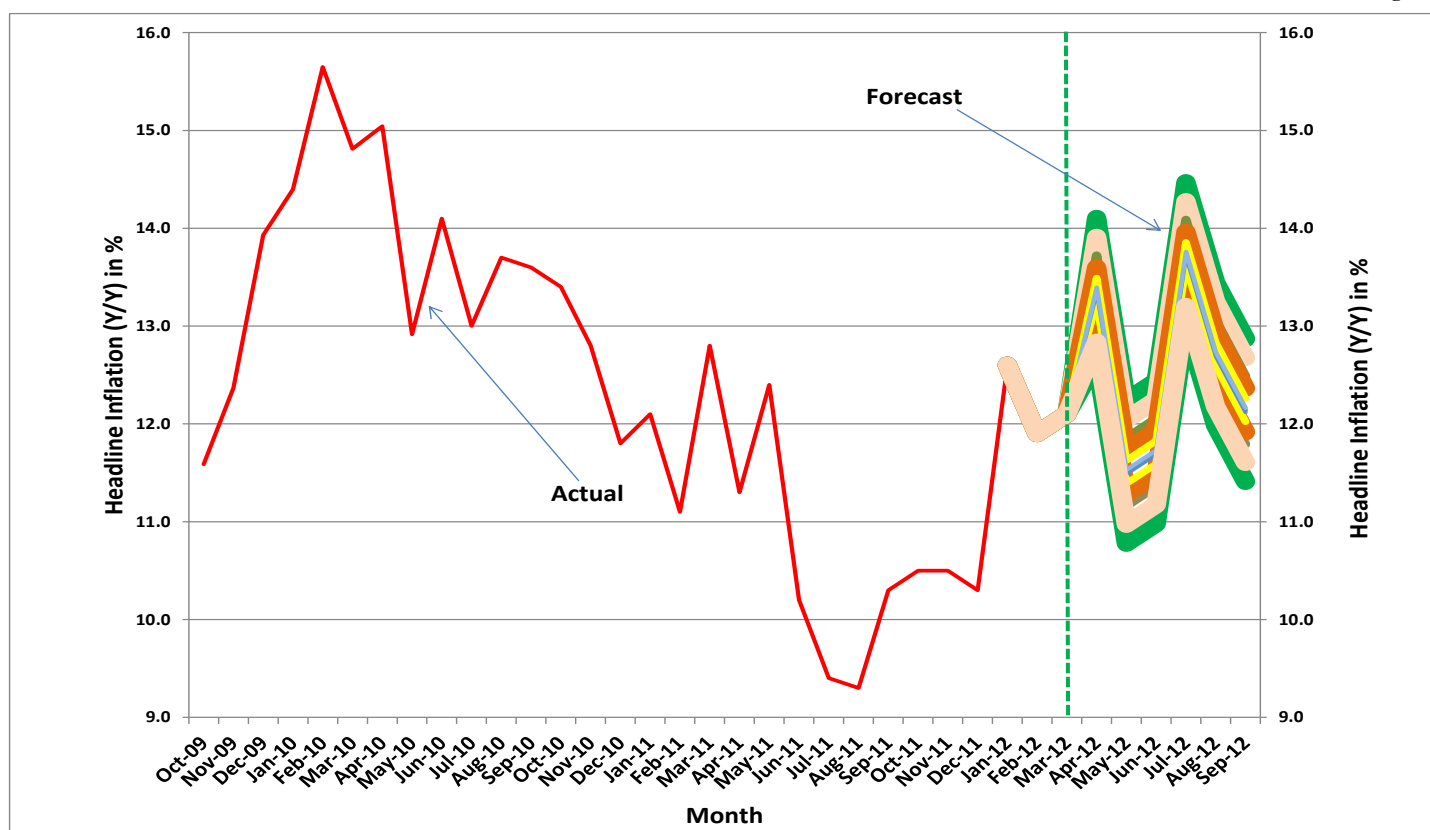


Fig 1: Plot of Actual YoY Headline Inflation

The CPI headline inflation rate (year-on-year) for the period March, 2012 increased marginally to 12.1 per cent from 11.9 per cent in the preceding month. The rate of 12.1 per cent in the headline inflation mainly reflected the relative contributions of food and non-alcoholic beverages (5.9pp); housing, water, electricity/gas and other fuel (3.2pp); clothing and footwear (1.0 pp); transport (0.9 pp); furnishing, household equipment and maintenance (0.5 pp); and education (0.5 pp).



Contributions to Headline Inflation

Of the 5.9 pp contribution of food and non-alcoholic beverages to headline inflation, bread and cereals; fish and sea food; yams, potatoes and other tuber; vegetables; and meat accounted for 2.0, 1.1, 0.9, 0.7, and 0.7 pp, respectively

The relative contribution of food and non-alcoholic beverages inflation to the year-on-year headline inflation rose to 5.9 pp from the 5.2 pp recorded in the preceding month. Of the 5.9 pp contribution of food and non-alcoholic beverages inflation to headline inflation, *bread and cereals; fish and sea food; yams, potatoes and other tuber; vegetables; and meat inflation* accounted for 2.0, 1.1, 0.9, 0.7, and 0.7 pps, respectively (Table I).

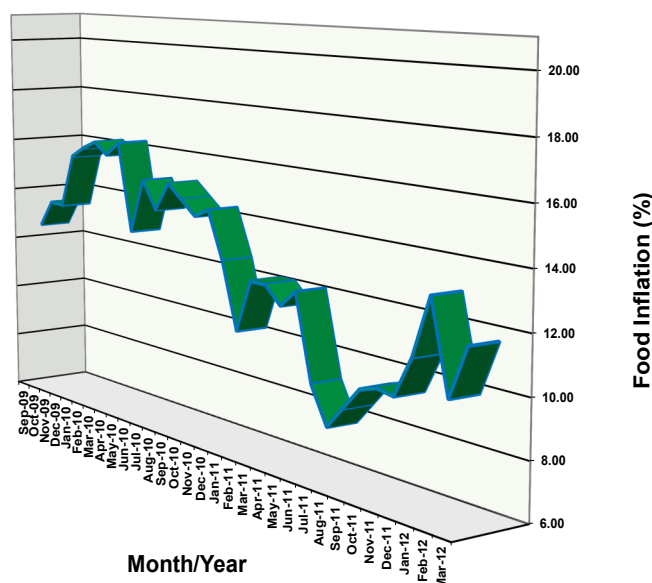
The bread and cereals year-on-year inflation contribution to headline inflation increased to 2.0 pp compared with 1.8 pp recorded in the preceding month. The 2.0 pp contribution of bread and cereals to the headline inflation in the review month was largely explained by the relative contributions of millet sold loose (0.5 pp), bread unsliced (0.3 pp), maize paste white (0.3 pp), *rice agric sold loose* (0.3 pp), *rice local sold loose* (0.3 pp) and *sorghum* (0.3 pp). It was, however, moderated by the negative contributions of *eko* (0.1 pp) and *plantain flour* (0.2pp) (Table I).

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2. Year-on-Year Food Inflation

The composite food index (with a weight of 50.7 per cent), rose by 2.3 per cent month-on-month to 132.1 index points in March 2012. On year-on-year basis, food inflation accelerated to 11.8 per cent from 9.7 per cent in the preceding month. However, food inflation was 11.0, 9.5 and 12.2 per cent three months ago, six months ago and a year earlier, respectively.

Food inflation rate accelerated to 11.8 per cent from 9.7 per cent in the preceding month



	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	
Actual	12.5	13.5	15.5	15.9	16.2	15.7	16.3	13.0	15.0	14.0	15.1	14.6	14.4	12.7	10.3	12.2	12.2	11.6	12.2	9.20	7.90	8.70	9.50	9.70	11.0	11.8	11.0	11.0	11.0	13.1	10.0	11.8

The 11.8 per cent year-on-year food inflation was largely accounted for by the contributions of prices of farm produce and processed food, which contributed 7.0 and 4.9 pps, respectively.

Fig 3: Plot of Actual YoY Food Inflation

The 11.8 per cent year-on-year food inflation was largely accounted for by the contributions of prices of *farm produce and processed food*, which contributed 7.0 and 4.9 pps, respectively. Of the 7.0 pps contribution in farm produce, yams, potatoes and other tubers, vegetables, millet and sorghum contributed 1.75, 1.40, 1.04 and 0.65 pps, respectively (see Table II).

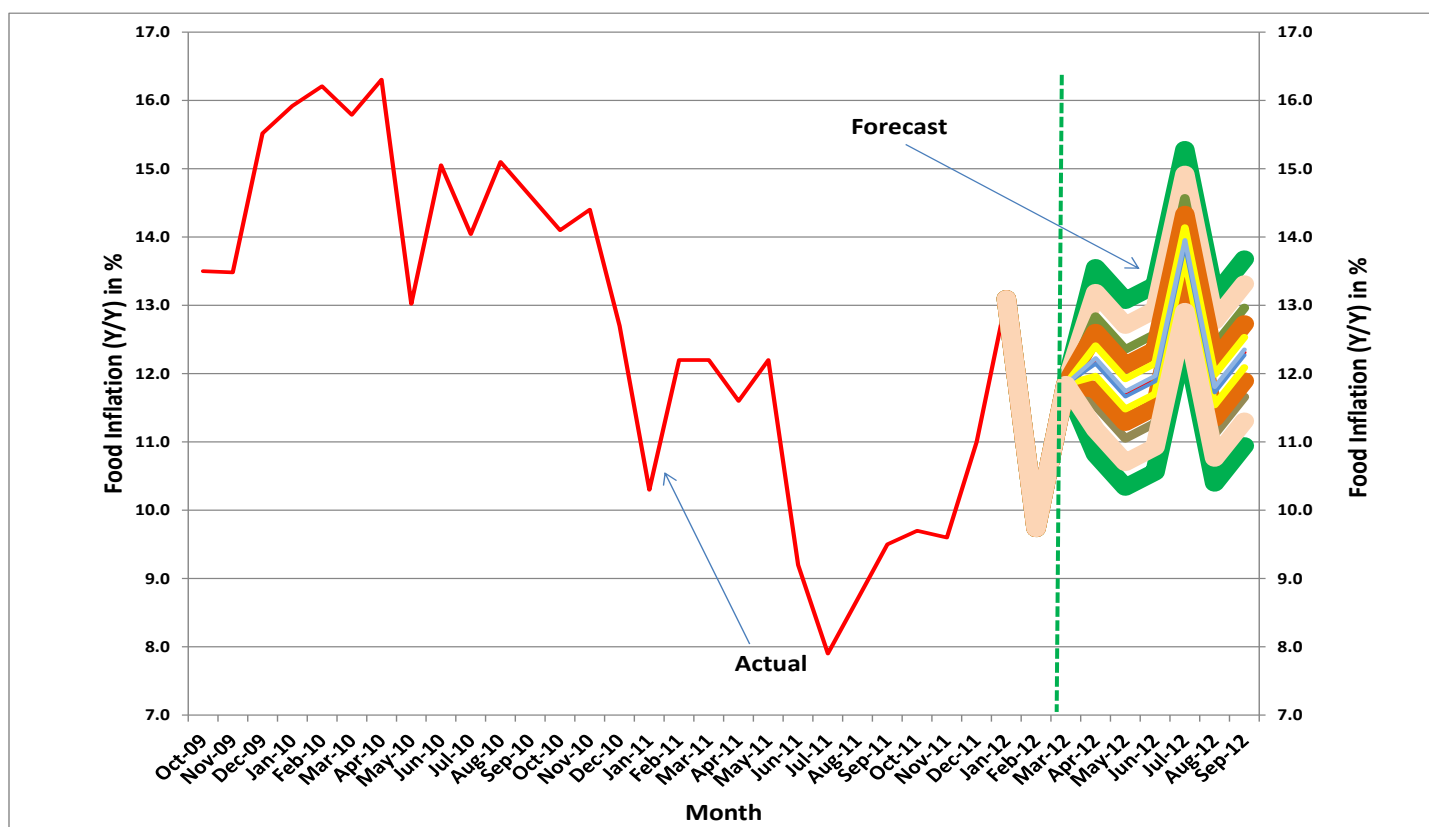


Fig 4 Fan Chart of YoY Food Inflation

Contributions to Food Inflation

The relative contribution of imported food was largely accounted for by the contributions of frozen fish (1.00 pp), other edible oil (0.64 pp), spirit (0.25 pp) and tobacco (0.22 pp).

The relative contribution of processed food decreased to 4.9 pp in March 2012 from 6.0 pp recorded in the preceding month. Of the 4.9 pp contribution, fish and sea food; meat; bread unsliced; milk, cheese and eggs; and maize paste-white accounted for 2.23, 1.42, 0.56, 0.28 and 0.27 pps, respectively. It was, however, moderated by the negative contributions of corn flour (0.01 pp), custard (0.02 pp), gari yellow sold loose (0.04 pp), eko (0.13 pp), and plantain flour (0.38 pp) (Table II).

The relative contribution of imported food components to the year-on-year food inflation increased to 2.3 pp in the review month. The relative contribution of imported food was largely accounted for by the contributions of frozen fish (1.00 pp), other edible oil (0.64 pp), spirit (0.25 pp) and tobacco (0.22 pp). It was however, moderated by the negative contributions of tea, coffee, chocolate (0.18 pp) and rice (0.20 pp) (Table II).

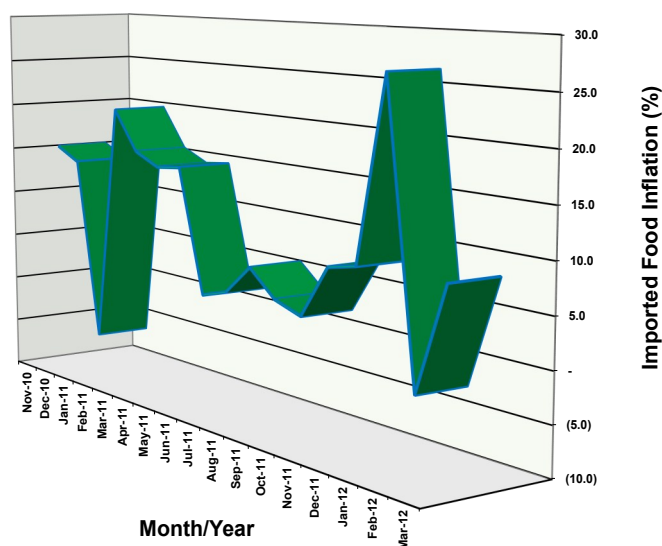
Inflation Report

Imported Food Inflation rate accelerated to 8.8 per cent from 5.7 per cent in February 2012

3. Year-on-Year Imported Food Inflation

The composite imported food index (with a weight of 13.3 per cent), rose by 6.8 per cent month-on-month to 129.9 index points in March 2012. On year-on-year basis, imported food inflation accelerated to 8.8 per cent from 5.7 per cent recorded in the preceding month. However, imported food inflation was 8.6, 3.6 and 15.9 per cent three months ago, six months ago and a year ago, respectively.

The 8.8 per cent year-on-year imported food inflation was largely accounted for by the contributions of prices of imported frozen fish, other edible oil, spirit, tobacco, bread, and canned vegetables.



	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Actual	15.1	13.7	(5.6)	20.2	15.9	14.6	15.0	2.1	3.0	6.1	3.5	2.5	7.9	8.6	26.7	(1.9)	8.8

Fig 5: Plot of Actual YoY Imported Food Inflation

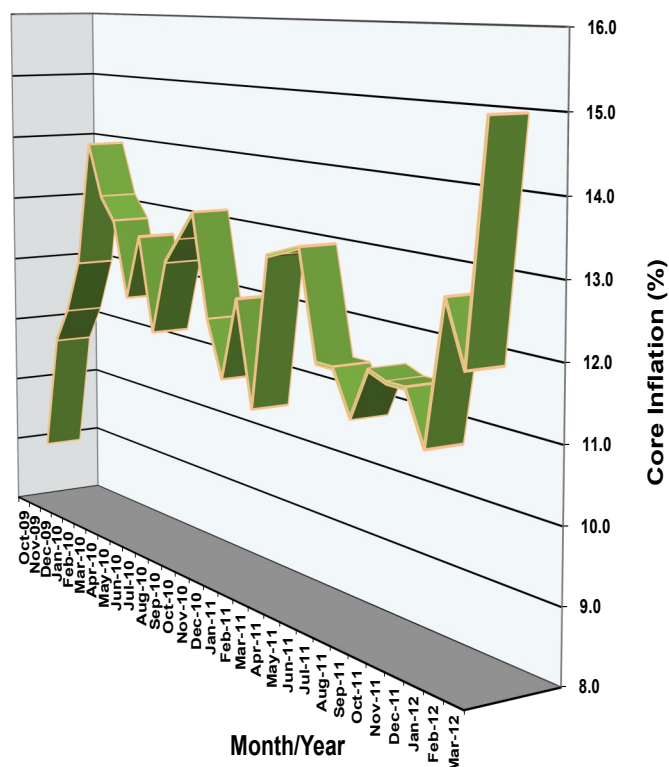
The 8.8 per cent year-on-year imported food inflation was largely accounted for by the contributions of prices of *imported frozen fish; other edible oil; spirit; tobacco; bread; and canned vegetables*, which contributed 3.77, 2.41, 0.93, 0.81, 0.58, and 0.43 pps, respectively (Table III).

Inflation Report

4. Year-on-Year Core Inflation

The All-items less farm produce price index rose by 4.5 per cent on a month-on-month to 135.1 index points in March 2012. On year-on-year basis, core inflation accelerated to 15.0 per cent from the 11.9 per cent recorded in the preceding month.

Core inflation rate accelerated to 15.0 per cent from 11.9 per cent recorded in the preceding month.



	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
#Actual	8.9	10.7	11.2	12.1	14.0	13.2	12.8	11.7	12.7	11.3	12.4	12.8	13.2	11.7	10.9	12.1	10.6	12.8	12.9	13.0	11.5	11.5	10.9	11.6	11.5	11.5	10.8	12.7	11.9	15.0

The 15.0 per cent core inflation recorded in March 2012 was driven largely by the contributions of housing, water, electricity/gas and other fuels (6.5 pp); clothing and footwear (2.2 pp); transport (2.0 pp); furnishing, household equipment and housing maintenance (1.2 pp); education (1.0 pp)

Fig 6: Plot of Actual YoY Core Inflation

The 15.0 per cent core inflation recorded in March 2012 was driven largely by the contributions of *housing, water, electricity/gas and other fuels inflation (6.5 pp); clothing and footwear inflation (2.2 pp); transport (2.0 pp); furnishing, household equipment and housing maintenance (1.2 pp); education (1.0 pp); and health (0.6pp)* (Table IV).

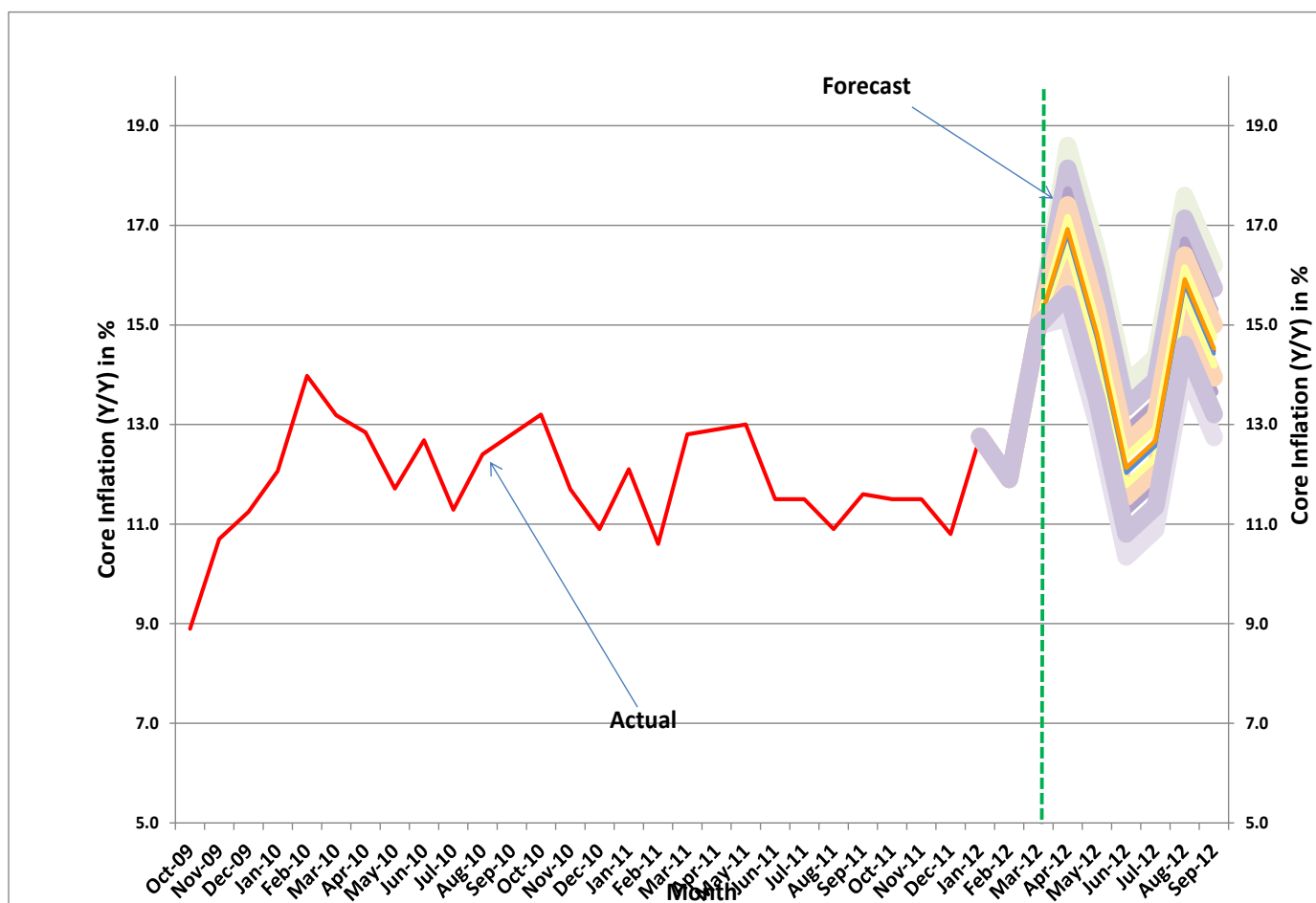


Fig 6: Fan Chart of YoY Core Inflation

Contributions to Core Inflation

The 6.5 pp contribution of housing, water.. component to core inflation was largely accounted for by actual and imputed rentals for housing(3.7 pp), electricity (1.4 pp); liquid fuels (1.0 pp) and solid fuels (0.7pp)

The relative contribution of *housing, water, electricity/gas and other fuel* component to core inflation rose to 6.5 pp in March 2012 compared with 5.1 pp in the preceding month. The 6.5 pp contribution was largely accounted for by actual and imputed rentals for housing (3.7 pp), electricity (1.4 pp); *liquid fuel (1.0 pp); and solid fuels (0.7 pp)* (Table IV).

The relative contribution of *transport* component to core inflation rose to 2.0 pp from 1.4 pp recorded in the preceding month. The 2.0 pp contribution of transport to core inflation was largely accounted for by passenger transport by road (1.1 pp), fuels and lubricants for personal transport equipment (0.6 pp); *and motor cars (0.3 pp)* (Table IV).

Table II Drivers of Food Inflation

FOOD INFLATION								
RELATIVE CONTRIBUTION OF FOOD INFLATION COMPONENTS								
YEAR-ON-YEAR (FOOD)	Weights	Year -on-Year			Month-on-Month			
		Jan'12	Feb'12	Mar'12	Jan'12	Feb'12	Mar'12	
FOOD	507.03	13.3	9.7	11.8	0.9	-0.1	2.1	
Processed Food	237.53	6.3	6.0	4.9	1.7	-1.2	0.9	
Meat	47.78	1.27	0.94	1.42	0.07	-0.02	0.46	
Fish & Sea Food	44.51	1.66	1.24	2.23	0.06	-0.02	0.96	
Milk,Cheese & Eggs	12.75	0.23	0.08	0.28	-0.07	-0.02	0.15	
Oil & Fats	36.33	1.49	0.99	0.17	0.02	-0.02	-0.70	
Sugar,Jam,Honey,etc	11.10	0.23	0.08	0.13	-0.05	-0.02	0.02	
BREAD UNSLICED 500g	9.33	0.51	0.65	0.56	-0.06	0.11	0.11	
CABIN BISCUIT: LOCAL MANUFACTURE 800g PACK	3.68	0.03	0.05	0.04	0.03	-0.01	0.00	
CASSAVA FLOUR,SOLD LOOSE	2.47	-0.48	0.01	0.01	0.06	0.00	0.02	
CORN FLAKES 350g	0.68	0.04	0.02	0.01	0.02	-0.01	0.00	
CORN FLOUR 2kg	0.21	0.02	0.06	-0.01	0.00	0.00	-0.04	
CUSTARD 300g	0.35	-0.01	0.00	-0.02	0.01	-0.01	-0.01	
EKO(AGIDI/KAFA)	10.12	0.59	0.45	-0.13	-0.14	0.01	-0.27	
FRITTERS (PUFF-PUFF)	0.35	0.03	0.05	0.00	0.04	-0.02	-0.02	
GARI WHITE,SOLD LOOSE	11.46	0.07	0.08	0.18	-0.10	-0.23	0.23	
GARI YELLOW,SOLD LOOSE	28.72	0.89	0.35	-0.04	1.21	-0.96	-0.26	
GUINEA CORN FLOUR,SOLD LOOSE	1.75	0.08	0.12	0.11	0.02	0.06	0.00	
MAIZE PASTE-WHITE(OGI/AKAMU)	5.27	0.59	0.80	0.27	0.30	-0.12	-0.18	
PLANTAIN FLOUR	3.57	-1.13	-0.66	-0.38	0.05	0.07	0.39	
POP CORN	0.03	0.00	0.00	0.00	0.00	0.00	0.00	
SAUSAGE BEEF (GALA)	0.34	0.00	0.00	0.00	0.00	0.00	0.00	
SEMOVITA 2kg	0.19	0.01	0.00	0.00	-0.01	0.00	0.00	
YAM FLOUR,SOLD LOOSE	6.56	0.13	0.65	0.00	0.21	-0.02	0.03	
Farm Produce	269.50	6.8	3.8	7.0	-0.8	1.1	1.2	
Fruits	22.99	0.55	0.38	0.43	-0.06	-0.02	0.03	
Vegatables	54.35	1.29	1.02	1.40	-0.02	-0.02	0.34	
Yam, Potatoes & other tubers	60.56	2.04	1.40	1.75	0.02	-0.02	0.31	
MAIZE GRAIN WHITE SOLD LOOSE	25.01	0.97	0.46	0.61	-0.78	0.23	-0.10	
MILLET (JERO OR MAIWA) SOLD LOOSE	23.86	0.54	0.31	1.04	-0.27	0.32	0.34	
RICE AGRIC SOLD LOOSE	31.17	0.50	0.00	0.54	0.34	-0.07	0.33	
RICE LOCAL SOLD LOOSE	28.03	0.41	-0.31	0.58	0.12	-0.05	0.11	
RICE,IMPORTED HIGH QUALITY SOLD LOOSE	1.18	0.02	-0.05	0.00	0.02	-0.01	0.01	
SORGHUM (GUINEA CORN) WHITE OR BROWN,SOLD LOOSE	22.33	0.48	0.56	0.65	-0.17	0.72	-0.18	
		13.1	9.7	11.8	0.9	-0.1	2.1	
RELATIVE CONTRIBUTIONS OF IMPORTED FOOD COMPONENTS								
YEAR-ON-YEAR (FOOD)	Weights	Year -on-Year			Month-on-Month			
		Jan'12	Feb'12	Mar'12	Jan'12	Feb'12	Mar'12	
FOOD	507.03	13.1	9.7	11.8	0.9	-0.1	2.1	
IMPORTED FOOD	132.53	5.8	1.6	2.3	-0.8	1.9	1.7	
Wheat Flour	1.22	-0.07	-0.08	0.02	-0.01	-0.01	0.05	
Rice	60.35	0.73	-0.41	-0.20	0.64	-0.13	0.66	
Semovita	2.01	0.04	0.03	0.02	-0.03	-0.01	0.00	
Bread	13.99	0.34	-0.22	0.15	0.18	0.36	0.39	
Cake	11.27	0.32	-0.33	0.04	0.15	0.28	0.43	
Biscuit	0.90	-0.04	0.02	0.02	-0.01	0.05	0.00	
Frozen Fish	11.23	0.78	0.75	1.00	0.51	0.92	-0.24	
Canned Meat	0.72	0.03	0.05	0.07	0.02	0.01	0.04	
Preserved Milk and other	5.72	0.00	-0.49	0.10	-0.09	0.32	0.43	
Other Edible Oils	11.51	3.26	2.13	0.64	-1.96	-0.27	-0.48	
Canned Vegetables	3.06	0.08	0.15	0.11	0.07	0.04	0.01	
Tea, Coffee,Chocolate	5.71	-0.03	-0.58	-0.18	-0.03	0.20	0.40	
Sugar	3.10	0.08	0.08	0.06	-0.03	-0.01	-0.01	
Spirit	0.58	0.07	0.21	0.25	-0.17	0.17	0.04	
Tobacco	1.25	0.26	0.28	0.22	0.00	0.01	-0.05	

Table III: Drivers of Imported Food Inflation

IMPORTED FOOD INFLATION								
RELATIVE CONTRIBUTION OF IMPORTED FOOD INFLATION COMPONENTS								
YEAR-ON-YEAR (IMPORTED FOOD)	Weights	Year -on-Year			Month-on-Month			
		Jan'12	Feb'12	Mar'12	Jan'12	Feb'12	Mar'12	
IMPORTED FOOD INFLATION	132.53	26.6	5.7	8.8	-3.0	7.8	6.8	
Wheat Flour	1.22	-0.34	-0.28	0.09	-0.04	-0.04	0.19	
Rice	60.35	3.30	-1.48	-0.75	2.51	-0.53	2.67	
Semovita	2.01	0.19	0.10	0.07	-0.11	-0.04	-0.01	
Bread	13.99	1.55	-0.81	0.58	0.69	1.48	1.60	
Cake	11.27	1.44	-1.20	0.16	0.58	1.12	1.75	
Biscuit	0.90	-0.18	0.06	0.06	-0.05	0.21	-0.01	
Frozen Fish	11.23	3.54	2.71	3.77	2.00	3.72	-0.98	
Canned Meat	0.72	0.13	0.17	0.27	0.08	0.02	0.17	
Preserved Milk and other	5.72	-0.01	-1.78	0.39	-0.36	1.32	1.77	
Other Edible Oils	11.51	14.86	7.72	2.41	-7.66	-1.08	-1.94	
Canned Vegetables	3.06	0.37	0.55	0.43	0.28	0.18	0.03	
Tea, Coffee,Chocolate	5.71	-0.14	-2.12	-0.68	-0.12	0.79	1.63	
Sugar	3.10	0.37	0.27	0.21	-0.11	-0.06	-0.03	
Spirit	0.58	0.34	0.78	0.93	-0.66	0.69	0.14	
Tobacco	1.25	1.18	1.01	0.81	0.00	0.05	-0.20	

Table IV: Drivers of Core Inflation

CORE INFLATION								
RELATIVE CONTRIBUTION OF THE COMPONENTS OF CORE INFLATION								
YEAR-ON-YEAR (CORE)	Weights	Year -on-Year			Month-on-Month			
		Jan'12	Feb'12	Mar'12	Jan'12	Feb'12	Mar'12	
ALL ITEMS LESS FARM PRODUCE CPI	512.83	12.7	11.9	15.0	3.5	0.1	4.5	
Milk,Cheese & Eggs	12.75	0.3	0.4	0.3	0.3	0.0	0.0	
Sugar,Jam,Honey,etc	11.47	0.4	0.4	0.2	0.3	0.0	-0.1	
Coffee, Tea & Cocoa	6.62	0.4	0.5	0.1	0.3	0.0	-0.2	
Alcoholic Bev. Tobacco & Kola	10.87	0.4	0.4	0.1	0.4	0.0	-0.2	
Clothing & footwear	76.50	1.0	0.9	2.2	0.2	0.0	1.3	
Housing,Water, Elect.Gas & Other Fuel	167.34	5.3	5.1	6.5	0.3	0.0	1.8	
Actual and imputed rentals for housing	77.44	2.1	2.0	3.7	0.1	0.0	1.7	
Water supply	11.01	0.3	0.3	-0.2	0.0	0.0	-0.4	
Miscellaneous services relating to the dwelling	1.32	0.0	0.0	0.0	0.0	0.0	0.0	
Electricity	16.16	1.4	1.4	1.4	0.0	0.0	0.0	
Gas,	1.01	0.0	0.0	0.0	0.0	0.0	0.0	
Liquid Fuel	37.86	0.8	0.8	1.0	0.1	0.0	0.3	
Solid Fuels	22.54	0.6	0.6	0.7	0.0	0.0	0.2	
Furnishings, Household Equip &HH Maint.	50.27	0.8	0.7	1.2	0.4	0.0	0.6	
Health	30.04	0.7	0.7	0.6	0.3	0.0	0.2	
Transport	65.08	2.2	1.4	2.0	0.2	0.0	0.5	
Motor cars	8.05	0.4	0.3	0.3	0.0	0.0	0.0	
Motor cycles	3.67	0.1	0.0	-0.1	-0.1	0.0	-0.1	
Bicycles	2.76	0.1	0.1	0.0	0.0	0.0	0.0	
Vehicle Spare Parts	10.05	0.2	0.1	0.0	0.0	0.0	-0.1	
Fuels and lubricants for personal transport equipme	14.22	0.8	0.6	0.6	0.1	0.0	0.0	
Maintenance and repair of personal transport equip	0.21	0.0	0.0	0.0	0.0	0.0	0.0	
Other services in respect of personal transport equi	0.06	0.0	0.0	0.0	0.0	0.0	0.0	
Passenger transport by road	24.30	0.6	0.4	1.1	0.2	0.0	0.7	
Passenger transport by air	1.72	0.0	0.0	0.0	0.0	0.0	0.0	
Passenger transport by sea and inland waterway	0.05	0.0	0.0	0.0	0.0	0.0	0.0	
Communication	6.80	0.1	0.0	0.1	0.0	0.0	0.0	
Recreation & culture	6.91	0.2	0.3	0.1	0.3	0.0	-0.1	
Education	39.44	0.3	0.3	1.0	0.0	0.0	0.6	
Restaurant & Hotels	12.12	0.3	0.4	0.2	0.3	0.0	-0.1	
Miscellaneous Goods & Services	16.63	0.4	0.3	0.5	0.1	0.0	0.1	