



THE PRICE OF EVERYTHING

APRIL 2024

DISCLAIMER

The data contained in this report is only up-to-date as of Friday, 26 April 2024. Some of it is subject to change during the natural course of events. SB Morgen cannot accept liability for any errors or omissions that may follow such events that may invalidate data contained herein.

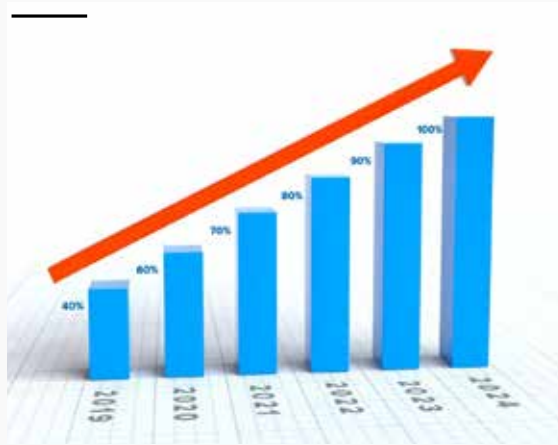
Our researchers employed desk research and polling to collate the available data. Our editors sifted through the data and prepared the report, using various proprietary tools to fact-check and copy-edit the information gathered.

Our publicly released reports are formatted for easy and quick reading and may not necessarily contain all the data that SB Morgen gathered during a given survey. Complete datasets can be made available on request.

All forecasts were built using data from a variety of sources. A baseline of accurate and comprehensive historical data is collected from respondents and publicly available information, including from regulators, trade associations, research partners, newspapers and government agencies.

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INTRODUCTION



Inflation, the relentless rise in the general price level of goods and services, is a multifaceted economic phenomenon that profoundly impacts individuals, businesses, and nations alike. Within Nigeria's vibrant economic landscape, inflation has been a recurring theme, shaping economic policies, consumer behaviours, and investment strategies. As the most populous African country and an important economic player, Nigeria's inflationary trends bear significant implications for its citizens, regional stability, and international trade dynamics.

This report delves into the intricate dynamics of inflation within Nigeria, exploring its root causes, historical trends, current trajectory, and potential future outlook. By analysing key economic indicators, policy interventions, and socio-economic factors, this report aims to provide an overview of inflation's impact on Nigeria's economic landscape and the strategies required to mitigate its adverse effects.

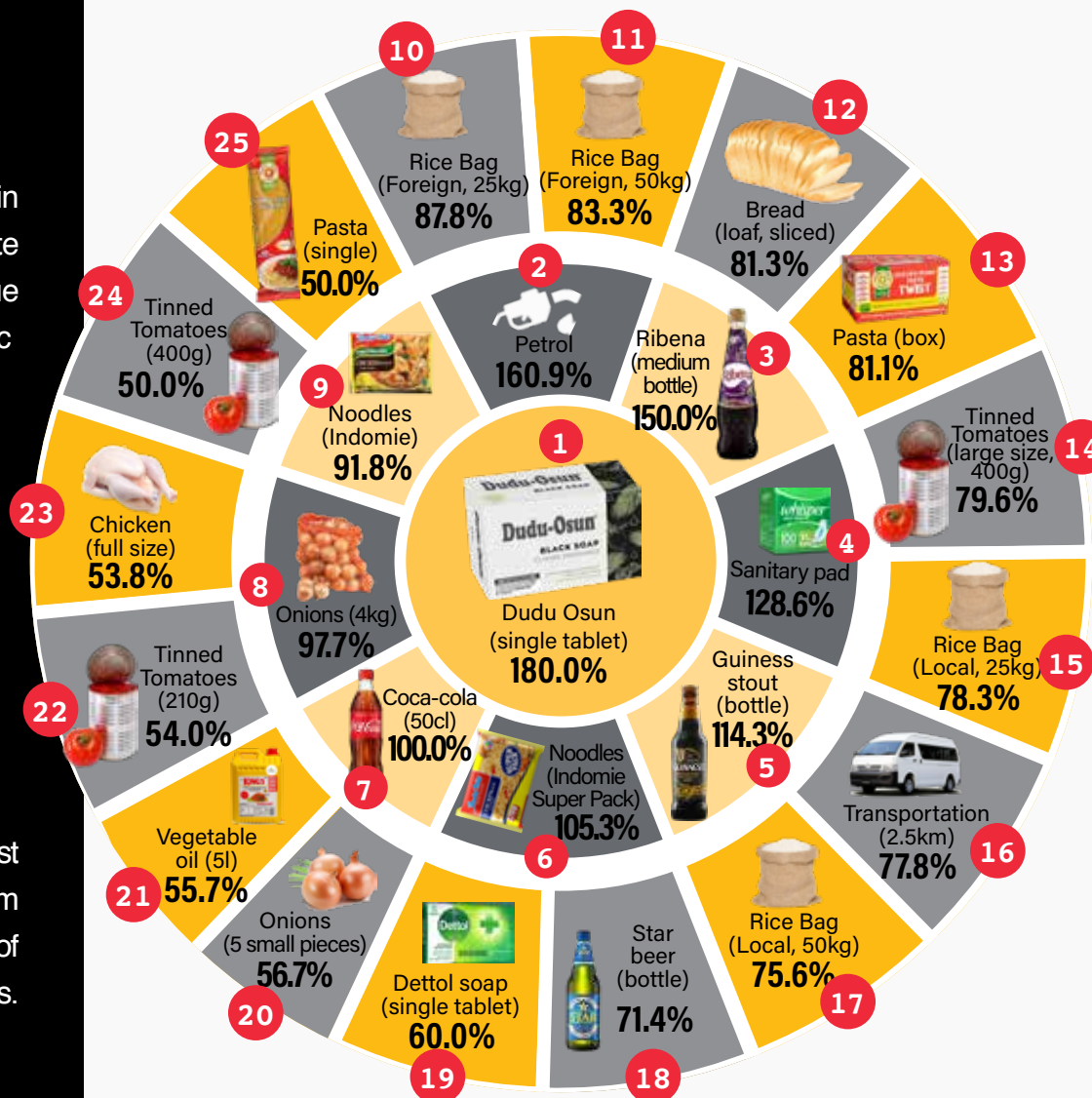
LITTLE RESPITE FOR THE NIGERIAN CONSUMER

Nigeria has been grappling with a significant rise in inflation in recent months. As of February 2024, the annual inflation rate reached a staggering 31.7%, the highest level since 1996. Due to monetary and fiscal policy challenges, the country's economic dynamism typically fluctuates as the prices of essential commodities spike, which has seen the prices of essential commodities like soap and fuel rise over 150% in one year.

However, the stability in prices of certain entertainment items has come as a respite for the Nigerian consumer, which has been particularly observed in cable TV subscriptions and streaming services and contrasts sharply with the volatile nature of prices in other sectors, such as food and energy.

We collated and assessed the price increases of 60 of the most consumed products and services within the Nigerian market from the start of the first quarter of 2023 to the end of the first quarter of 2024. The chart below shows the price increase of the Top 25 items.

Top 25 Items by Average Growth



Source: SBM Price of Everything Dataset



THE KEY HIGHLIGHTS

Dudu Osun (a single soap bar) is the fastest-rising item in our database, followed by petrol. Aside from Dudu Osun, petrol and sanitary pads, all the other items in the top 10 are edible, reinforcing our theory that Nigerians are being squeezed tightest at the dinner table.

The data also shows that Nigerians spend less on communication and entertainment and that both sectors have been kindest to Nigerians regarding their pricing.

The stability in prices of certain entertainment items has come as a respite for the Nigerian consumer. This is mainly observed in cable TV subscriptions and streaming services and contrasts sharply with the volatile nature of prices in other sectors, such as food and energy.

Entertainment prices recorded growth of 17%, with no price movements at all with streaming platforms. Entertainment prices have also come in significantly lower than SBM's own Jollof index, as the index revealed that Nigeria experienced one of the worst food crises between October 2023 and March 2024 due to the cost of making a pot of Jollof rice rising by 29.3%, from ₦13,106 in October to ₦16,955 in March 2024.



MOBILITY AT A PRICE

The escalation in petrol prices over the reporting period has triggered a ripple effect, exerting upward pressure on transport costs for commuters across Nigeria. The data illuminates a stark reality: transport costs surged by a staggering 77% during the same timeframe. This surge can be directly linked to the increased operational expenses incurred by transportation providers, who must grapple with the amplified cost of fuel as a primary input.

Furthermore, the inflationary spiral extends its reach beyond transportation, encroaching upon Nigerians' daily sustenance. For example, the price of bread, a dietary staple for many, witnessed a notable uptick of 81% over the reporting period. This surge can be attributed to a confluence of factors, chief among them being the persistent devaluation of the naira, which erodes purchasing power and amplifies import costs for essential commodities like wheat, a key ingredient in bread production.

However, the challenges confronting Nigeria's economy extend beyond currency uncertainty. Insecurity, characterised by sporadic outbreaks of violence and unrest, compounds the nation's economic woes, disrupting supply chains, impeding transportation networks, and engendering a climate of uncertainty that exacerbates inflationary pressures. Moreover, Nigeria's infrastructure deficit looms large as a significant bottleneck, constraining productivity, inflating operational costs, and impeding the efficient movement of goods and services.

WHAT ABOUT ENTERTAINMENT?



In the broader conversation about inflation, scant attention is paid to assessing entertainment price trends. Data indicates steady price growth among cable TV operators, notably StarTimes Classic (Antenna) and StarTimes Basic (Antenna), with annual growth rates of 45.2% and 42.9%, respectively. Despite being the most significant price movers in the economy, their growth rates are significantly lower than the surge in the price of staples.

These operators offer affordable pricing structures while providing a broad range of entertainment options to Nigerian consumers, from English Premier League football to reality TV shows like Big Brother Naija. Despite economic uncertainties, the demand for quality entertainment content remains strong, albeit at a cost to their bottom line, with energy prices rising by 160%.

While this might initially raise concerns, it's worth noting that neither Netflix, Startimes, nor Multichoice are among the top 25 items in terms of growth rate. This suggests that their pricing strategy or market penetration aligns with the preferences or affordability of the average Nigerian consumer, though it may also come at a cost, considering transport and energy growth indicators.

KEEPING IN TOUCH

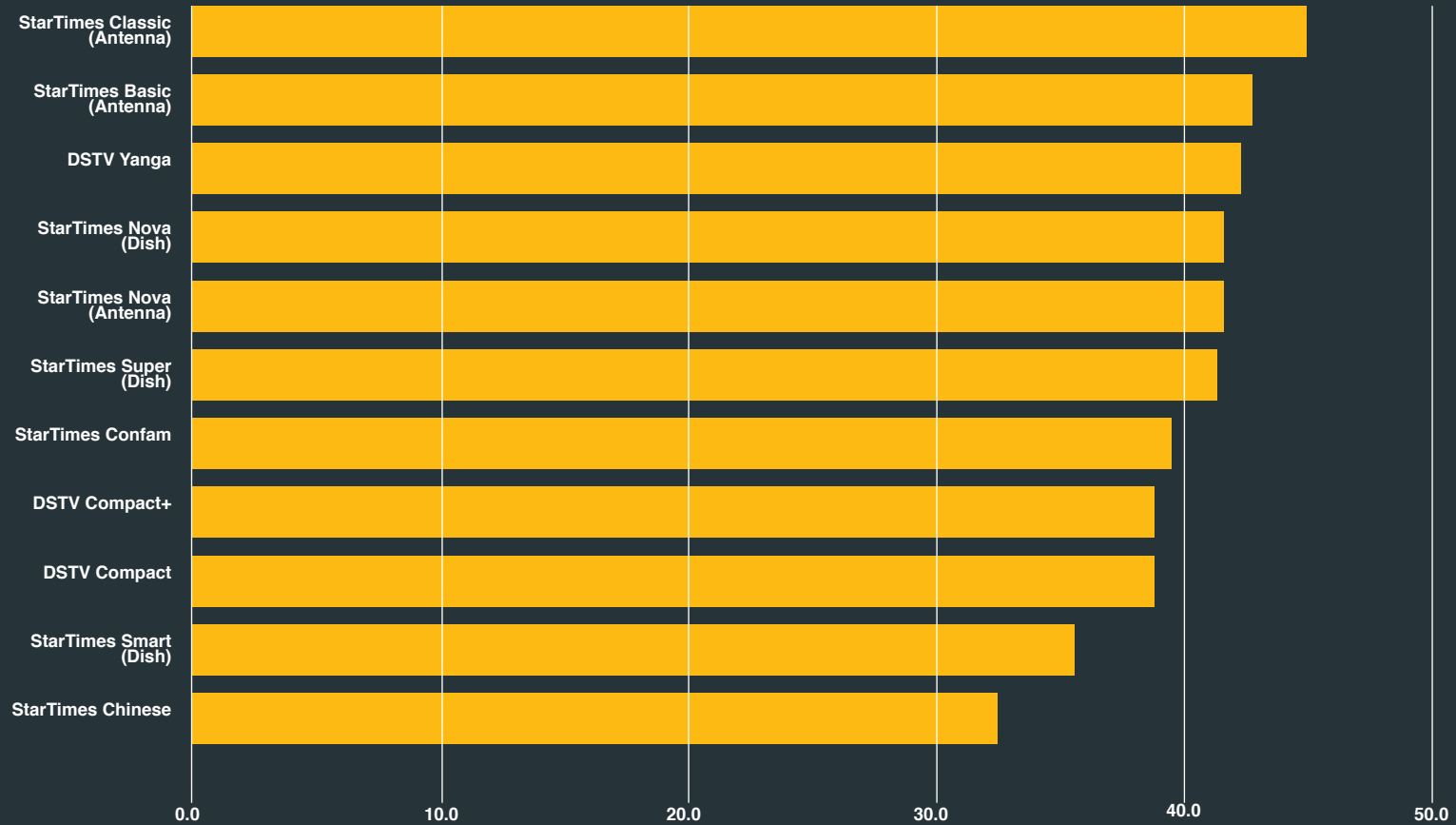
Regulatory caps have played a significant role in ensuring the stability of pricing among mobile networks. These caps, imposed by regulatory bodies, have set limits on how much mobile service providers can charge for their services. As a result, these providers have been compelled to maintain consistent pricing structures to comply with these regulations.

However, to stay competitive in the market and retain their customer base, mobile networks may have resorted to absorbing losses or making compromises on the quality of their services. One observable trend is the reduction in data allocations offered to customers while keeping the prices unchanged. This strategy allows mobile networks to manage their costs while still providing essential services to consumers.

Despite these challenges, mobile networks have remained resilient, adapting to regulatory requirements while striving to meet their customers' demands. This balance between regulatory compliance and customer satisfaction highlights the dynamic nature of the telecommunications industry, where providers must navigate regulatory frameworks while maintaining competitiveness in the market.



Average Growth Rate of Cable Plans (%) (Q1'23-Q1'24)



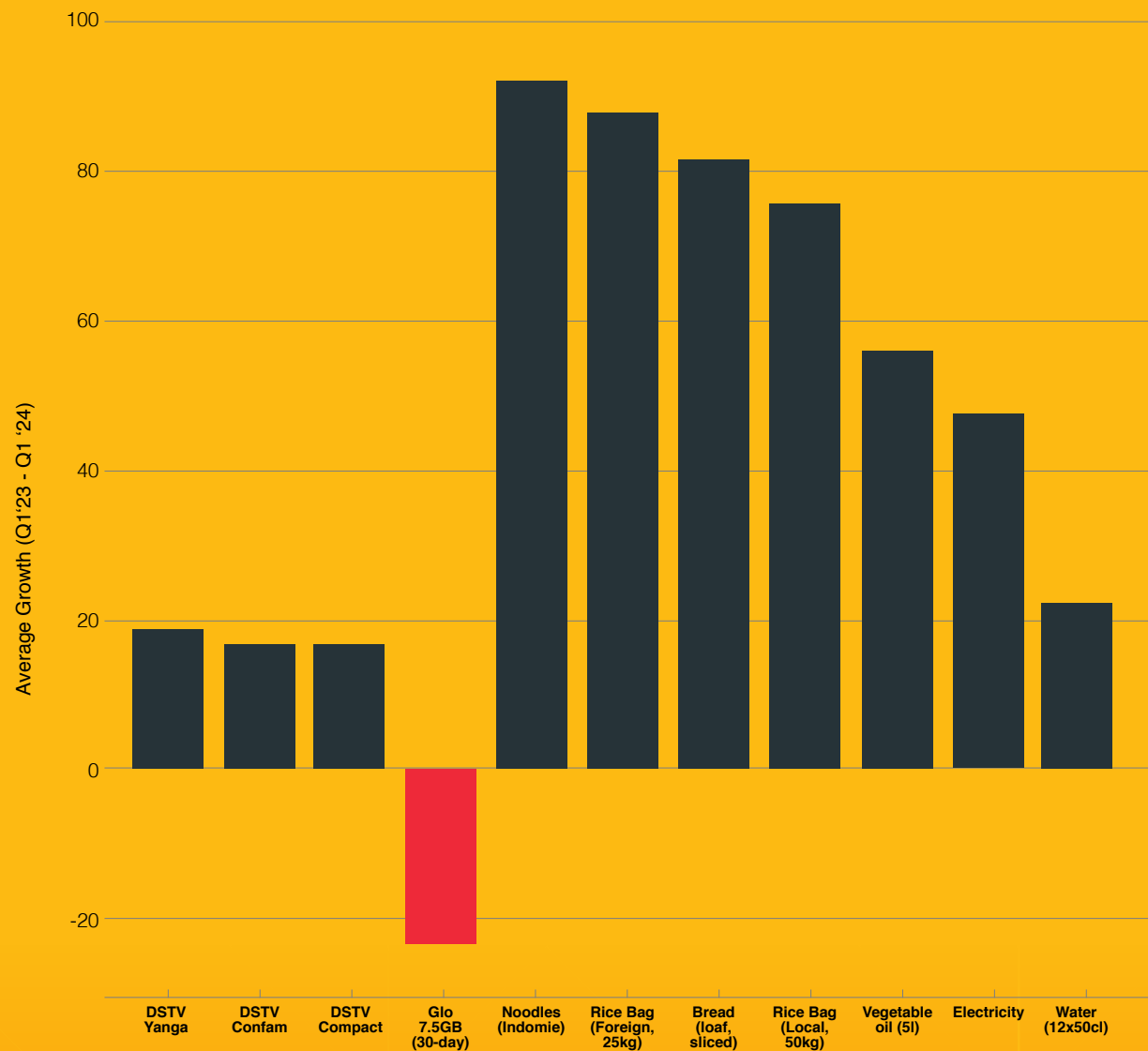
Source: SBM Price of Everything Dataset

ENTERTAINMENT VS. ESSENTIAL COMMODITIES

Another interesting observation is comparing entertainment items like cable TV subscriptions and streaming services against essential commodities like petrol and food items.

Despite the significant rise in petrol prices, entertainment items have managed to maintain growth rates lower than 20% annually, indicating that the impact of entertainment spending on inflation is relatively low compared to essential commodities, which are more closely tied to basic needs and production costs.

Average Growth Rate of Items (%)



Source: SBM Price of Everything Dataset

WHERE DO WE GO FROM HERE?

Looking ahead to the second quarter of 2024, the inflation trajectory is poised to continue its intricate dance, shaped by both domestic and global factors. Anticipating the inflationary landscape requires a nuanced understanding of the interplay between economic policies, geopolitical dynamics, and socio-economic conditions.

Firstly, the global economic environment remains a crucial determinant of Nigeria's inflation outlook. Volatility in international commodity markets, particularly oil prices, will continue to exert influence on domestic inflation dynamics, given Nigeria's heavy reliance on oil exports as a significant source of revenue. Any fluctuations in global oil prices could amplify inflationary pressures, affecting not only fuel prices (an ongoing scarcity will also be a factor in a price rise) but also cascading down to other sectors of the economy. Netflix, for example, has already implemented a subscription increase for most of its plans, which was first announced in Q1.

Domestically, the efficacy of monetary and fiscal policies will be pivotal in shaping inflationary trends. The Central Bank of Nigeria's

monetary policy stance, including interest rate decisions and liquidity management measures, will play a crucial role in containing inflationary pressures. However, the structural nature of the country's inflation drivers puts a lid on the effectiveness of the CBN's monetary tools. With the recent reduction in banks' loan-to-deposit ratios, the monetary regulator may be signalling that it aims to curtail financial support to the real economy - a known inflation driver.

Moreover, addressing the underlying structural challenges facing Nigeria's economy will be paramount in curbing inflationary pressures in the long term. Efforts to improve infrastructure, enhance security, and promote diversification away from oil dependence are essential for fostering a more resilient and inclusive economy. Additionally, investments in human capital development, including education and healthcare, can contribute to enhancing productivity and reducing inflationary pressures by increasing the efficiency of resource allocation and fostering innovation.

However, navigating the path ahead is fraught with challenges. Persistent currency volatility, lingering security concerns, uncertain policy setting and geopolitical concerns near home and further afield present formidable obstacles to Nigeria's economic stability and inflation containment efforts.

CONCLUSION

The stability in prices of entertainment items, particularly cable TV subscriptions and streaming services, has provided a welcome relief for Nigerian consumers amidst economic uncertainties.

While essential commodities experience price fluctuations that directly impact household budgets, the relatively stable pricing in the entertainment sector offers a sense of predictability and affordability. As the demand for quality entertainment content continues to rise, the role of affordable and accessible entertainment options becomes increasingly significant in the lives of Nigerians.

Through prudent pricing strategies and a keen understanding of consumer preferences, entertainment providers have demonstrated their resilience in the face of economic challenges, contributing to Nigerian consumers' overall well-being and satisfaction. However, the consumer must be made aware of the factors and challenges facing entertainment providers, even though it comes with price stability.

In conclusion, the second quarter of 2024 presents a dynamic and challenging landscape for inflation in Nigeria. While proactive policy measures and structural reforms hold the potential to mitigate inflationary pressures and foster sustainable economic growth, addressing the multifaceted challenges facing the nation requires a concerted and coordinated effort from policymakers, businesses, and civil society. By embracing innovative solutions, fostering resilience, and promoting inclusive development, Nigeria can navigate the complexities of inflation and pave the way for a more prosperous and stable future.

APPENDIX

ITEMS	Average growth rate (Q1'23 - Q1'24)	Q1 (2023)	Q2 (2023)	Q3 (2023)	Q4 (2023)	Q1 (2024)
Dudu Osun (single tablet)	180.0	500	600	800	1000	1400
Petrol	160.9	261	346	617	650	681
Ribena Concentrate (Medium Bottle)	150.0	1800	2000	2500	3200	4500
Sanitary pad	128.6	350	400	500	600	800
Guinness stout (bottle)	114.3	700	900	900	1000	1500
Noodles (Indomie Super Pack)	105.3	7,500	8,000	8,000	8,400	15,400
Coca-Cola (50cl)	100.0	200	250	250	300	400
Onions (4 litres)	97.7	2,200	2,900	3000	2,850	4,350
Noodles (Indomie)	91.8	4000	4,400	4,500	4,850	7,670
Rice Bag (Foreign, 25kg)	87.8	20,500	21,170	21,850	24,500	38,500
Rice Bag (Foreign, 50kg)	83.3	42,000	42,700	44,400	49,400	77,000
Bread (loaf, sliced)	81.3	800	1040	1200	1300	1450
Pasta (box)	81.1	8,200	10,000	10,000	12,000	14850
Tinned Tomatoes (large size, 400g)	79.6	2,700	2,785	2,990	3,000	4,850
Rice Bag (Local, 25kg)	78.3	14,500	16,170	16,670	18,000	25,850
Transportation (2.5km)	77.8	225	300	300	335	400
Rice Bag (Local, 50kg)	75.6	30,000	32,625	34,670	36,000	52,670
Star Beer (bottle)	71.4	700	800	800	1000	1200
Dettol soap (single tablet)	60.0	500	650	700	700	800
Onions (5 small pieces)	56.7	300	300	400	300	470
Vegetable oil (5l)	55.7	8,350	10,500	10,350	10,850	13,000
Tinned Tomatoes (210g)	54.0	500	520	600	600	770

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ITEMS	Average growth rate (Q1'23 - Q1'24)	Q1 (2023)	Q2 (2023)	Q3 (2023)	Q4 (2023)	Q1 (2024)
Chicken (full size)	53.8	6,500	6,400	7,700	8,400	10,000
Tinned Tomatoes (400g)	50.0	800	820	900	900	1,200
Pasta (single)	50.0	500	585	600	600	750
Toilet cleaner (725ml)	50.0	1800	1817	1933	2175	2700
Electricity	47.2	10,870	11,651	15,500	15250	16,000
Tinned Tomatoes (70g)	45.9	185	170	200	200	270
StarTimes Classic (Antenna)	45.2	3100	3100	3100	3800	4500
StarTimes Basic (Antenna)	42.9	2,100	2,100	2,600	2,600	3,000
DStv Yanga	42.4	2,950	3,500	3,500	4,200	4,200
StarTimes Nova (Dish)	41.7	1,200	1,200	1,500	1,500	1,700
StarTimes Nova (Antenna)	41.7	1,200	1,200	1,500	1,500	1,700
StarTimes Super (Dish)	41.5	5,300	5,300	6,500	6,500	7,500
DStv Confam	39.6	5,300	6,200	6,200	7,400	7,400
DStv Compact+	38.9	14,250	16,600	16,600	19,800	19,800
DStv Compact	38.9	9,000	10,500	10,500	12,500	12,500
StarTimes Smart (Dish)	35.7	2,800	2,800	3,500	3,500	3,800
StarTimes Chinese	32.7	9,800	9,800	13,000	13,000	13,000
Vegetable oil (90cl)	30.6	1,800	1,920	2,000	2,000	2,350
Seasoning (Maggi, 100 cubes)	27.9	860	880	885	970	1,100
Gas cyclinder (5kg)	25.9	9000	12333	8833	9000	11333
Chicken (1kg)	25.0	3,200	2,700	3500	3,600	4,000
Curry (25 jar)	25.0	400	450	500	600	500
Water (12x50cl)	22.2	1500	1333	1500	1500	1833

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Noodles (Chiki)	20.7	5,800	6,000	6,000	6,000	7,000
Transportation (Ikeja - CMS)	20.0	1000	1533	2000	2333	1200
Rice Gino Cup (Local)	18.5	1,300	770	770	1,000	1,540
Startimes Classic (Dish)	18.4	3,800	3,800	3,800	3,800	4,500
Deodorant (250ml)	16.7	2000	1700	1817	1750	2333
StarTimes Super (Antenna)	15.4	6500	6500	6500	6500	7500
Curry (pack of 12)	13.5	4,800	4,990	5,500	6,250	5,450
Thyme (pack of 12)	13.5	4,800	4,950	5,500	6,250	5,450
Rice (foreign, Derica, 400g)	6.3	1,600	1,670	1,700	1,270	1,700
Airtel 1.5GB (30-day)	5.3	950	950		1200	1000
MTN 1.5GB (30-day)	0.0	500	250	250	500	500
Matches (box of 10)	0.0	250	207	250	250	250
Garri (bucket)	-4.6	1,940	1,550	1,520	1,500	1,850
Glo 7.5GB (30-day)	-23.1	1950	2000			1500
Salt (250g)	-25.0	400	400	400	300	300



ABOUT SBM

SBM Intelligence is an Africa-focused geopolitical research and strategic communications consulting firm that addresses the critical need for political, social, economic and market data, and big data analytics. We employ various methods of data collection. Our Data Collection Methodology team advises on data collection methods for all ONS social and business surveys. With clients both within the business and the wider government community, we aim to provide expert advice on data collection procedures and carry out research leading to improvements in survey quality.

Since 2013, we have provided data analytics and strategic communication solutions to clients across various sectors in Nigeria, Ghana, the Ivory Coast, Kenya, South Africa, the UK, France and the United States.