

KADUNA STATE BUREAU OF STATISTICS



(CPI) 2021 ANNUAL REPORT

Consumer Price Index Annual Report 2021 (BASE PERIOD DECEMBER 2009 = 100)



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Data Source: Kaduna State Bureau of Statistics (KDBS)

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EXECUTIVE SUMMARY

The Kaduna State Consumer Price Index (CPI) 2021 Annual Report, shows the state's Annual Year on Year and Month on Month Inflation Rate.

The Consumer Price Index (CPI) measures the average change in the price level of market basket of consumer goods and services purchased by households and a very important key indicator of inflationary change which measures state of an economy.

The Kaduna State CPI Report is targeted at providing Kaduna State with Monthly average changes of selected Goods and Services consumed by people for day-to-day living as well as showing the Year-on-Year Inflation rate of the State.

The Annual Average CPI Year-On-Year Inflation Rate for Kaduna State stands at 16.68% at the end of December, 2021. This was 5.13% higher than the rate recorded at the end of December, 2020 11.55%.

METHODOLOGY

The Consumer Price Index (CPI) measures the average change over time in prices of Goods and Services consumed by people for day-to-day living. The construction of the CPI combines economic theory, sampling and other statistical techniques using data from other surveys to produce a weighted measure of average price changes in Kaduna State Economy. The weighting occurs to capture the importance of the selected commodities in the entire index. The production of the CPI requires skills of economists, statisticians, computer scientists, data collectors and others.

Key in the construction of Price Index is the selection of Market Basket of Goods and Services. The market items currently comprise of 221 Goods and Services regularly priced.

The first stage in the calculation of the CPI is the collection of prices on each item (221 Goods and Services) from Markets and Outlets in each sector (Rural and Urban). Prices are then averaged for each item per sector across the state. Then the average price is used to calculate the basic index for each commodity: The current year price of each commodity is compared with a base year's (2009) price to obtain a relative price.

The Laspeyres formula was used to compute an aggregated index for each class (which has a multitude of commodities that have similar consumption purposes). The sum of the product of weights (obtained from the expenditure survey) and relative prices for each item is divided by the sum of the weight of the items in that class, and the result multiplied by 100 gives the required index number. This index number is still classified according to the urban or rural classification sector for each of the 23 LGAs of the state.

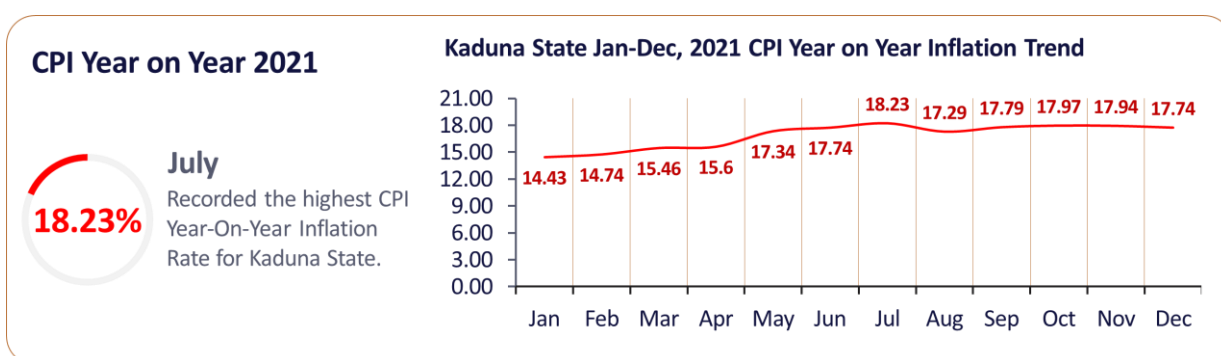
Acknowledgements

We acknowledge the efforts of all the stakeholders involved in the process of CPI Computation from the beginning to the end.

CONSUMER PRICE INDEX ANNUAL REPORT – DECEMBER 2021

The CPI Year-On-Year Inflation Rate for Kaduna State rise constantly within the First and Second quarter of 2021 from 14.43% in January, 14.74% in February, 15.46% in March, 15.60% in April, 17.34% in May and 17.74% in June, 2021 but the Inflation rate fluctuates within the Third quarter from 18.23% in July, 17.29% in August and 17.79% in September. The scenario changed in the last quarter of the year where the Inflation rate decreased constantly from 17.97% in October, 17.94% in November and 17.74% in December, 2021. The Annual Average Rate for the State Inflation Rate stands at 16.86%.

Kaduna State Jan-Dec. 2021 CPI Year on Year Inflation Trend



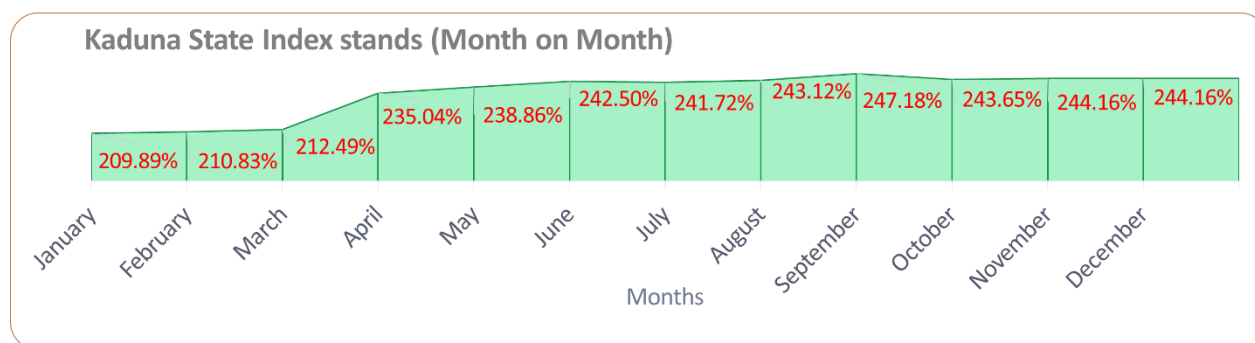
The National Inflation Rate Increased constantly within the First Quarter of 2021 and Decreased steadily within the Second, Third and part of the Fourth Quarter of the year, the National Annual Average Inflation rate stands at 17.11%. The table below depict the Inflation trend movement between Kaduna State and Nigeria in 2021:

Kaduna State and Nigeria Jan-Dec., 2021 Inflation Trend



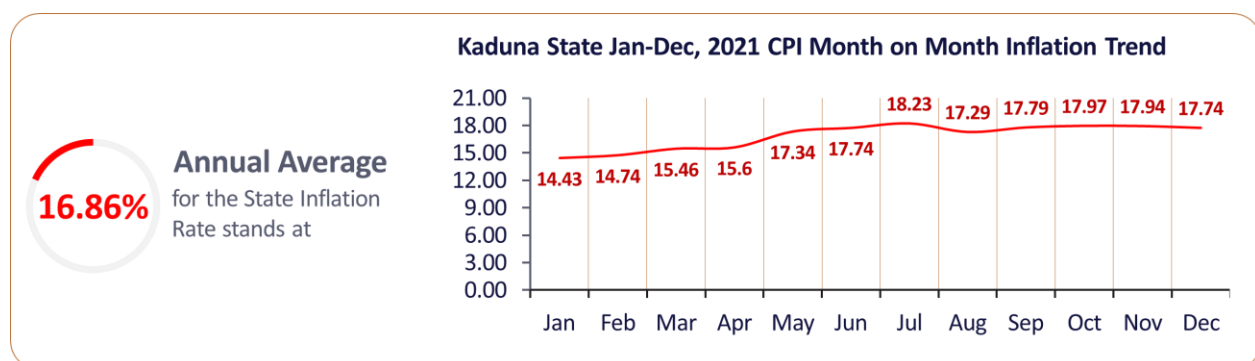
The CPI Month – on – Month basis in Kaduna State shows that the State Index stands at 209.89% in January, 210.83% in February, 212.49% in March, 235.04% in April, 238.86% in May, 241.36% in June, 242.50% in July, 241.72% in August, 243.12% in September, 247.18% in October, 243.65% in November and 244.16 in December 2021. This shows that the Month-on-Month CPI 2021 Increased steadily within the Four Quarters of 2021 with exception of November CPI.

Kaduna State Index (Month on Month)



The State CPI Month – on - Month Inflation rate was 15.83% in January, 16.35% in February, 17.26% in March, 29.71% in April, 31.81% in May, 33.20% in June, 33.83% in July, 33.39% in August, 16.27% in September, 18.93% in October, 16.52% in November and 16.77% in December, 2021.

CPI Annual Average/State Jan-Dec, 2021 CPI Month on Month Inflation Trend



Acceleration in Inflation continued in January 2021 because of lingering macroeconomic distortion occasioned by COVID-19 Pandemic, in addition to insecurity and attacks by bandits in farming areas. The persistent rise in the consumer price index presupposes continued deterioration of real income of Kaduna residents and consequent decline in the purchasing power of general consumer.

Therefore, Increased inflation rate and a further increase of unemployment, is a major cause for worry as to the direction economy is taking currently as well as insecurity. The inflationary pressure was compounded in 2020 as a result of the covid-19 pandemic, which crippled the supply chain and halted business activities in most aspects of the economy. This implies that people spent more on purchasing goods and services in the month of March, compared to February 2021.

The rise of the Inflation rate of April, 2021 was as a result of rapid increase of goods and services during the month of Ramadan (Muslim fasting period) and Sallah festivity celebration. Accordingly, Inflation continued in May due to the rise in prices of, Bread and Cereals, Oil and Fat, Potatoes, Yam and Other Tubers, Fish and Meat. The main factors that have disrupted output in the economy in June, 2021 are also heightened insecurity, exclusion of some critical industries from the official foreign exchange window, trade policy issues, among others.

The risk of higher inflation is that it has a regressive effect on lower income families and older people in the society. This happen when prices for food and domestic utilities rises at a rapid rate as it is happened in the month of July, 2021. High and volatile inflation is not good for business confidence, partly because they cannot be sure of what their costs and prices are likely to be. This uncertainty might lead to a lower level of capital investment spending.

Furthermore, the lower the income, the fewer mechanisms that will be used to offset inflation, such as savings or real estate acquisitions. Therefore, rising inflation means a redistribution of income that is detrimental for the poorest sector of the population. This implies that prices of some commodities continued to rise in September, 2021 but at a slower rise than it did in August 2021. Prices of some commodities continued to rise in October, 2021 but at a slower rise than it did in September 2021. The Inflation rate decreased constantly within the Fourth quarter October-December, 2021.

RECOMMENDATIONS

- The Government need to enforce price controls to fight inflation in order to regulate the fluctuations of prices of goods and services.
- It also needs to address the high level of security problems in the state.
- There is the need for the State Government in conjunction with the Federal Government to review import tariff on selected inputs for production, stemming exchange rate depreciation, addressing security problems and improving productivity across all sectors.

Appendix

TABLE 1: KADUNA STATE JAN-DEC, 2021 CPI YEAR ON YEAR INFLATION RATE

MONTHS	INFLATION RATE
JAN	14.43%
FEB	14.74%
MAR	15.46%
APR	15.60%
MAY	17.34%
JUN	17.74%
JUL	18.23%
AUG	17.29%
SEPT	17.79%
OCT	17.97%
NOV	17.94%
DEC	17.74%

TABLE 2: KADUNA STATE AND NIGERIA JAN-DEC, 2021 INFLATION RATE

MONTHS	Kaduna State Inflation Rate	Nigerian Inflation rate
JAN	14.43	16.47
FEB	14.74	17.33
MAR	15.46	18.17
APR	15.6	18.12
MAY	17.34	17.93
JUN	17.74	17.75
JUL	18.23	17.38
AUG	17.29	17.01
SEP	17.79	16.63
OCT	17.97	15.99
NOV	17.94	15.40
DEC	17.74	15.63

TABLE 3: KADUNA STATE JAN-DEC, 2021 CPI MONTH ON MONTH INFLATION RATE

MONTHS	INFLATION RATE
JAN	15.83%
FEB	16.35%
MAR	17.26%
APR	29.71%
MAY	31.81%
JUN	33.20%
JUL	33.83%
AUG	33.39%
SEPT	16.27%
OCT	18.93%
NOV	16.52%
DEC	16.77%