



LAGOS STATE GOVERNMENT
MINISTRY OF ECONOMIC PLANNING AND BUDGET
(MEPB)

LAGOS STATE MONTHLY CONSUMER PRICE
INDEX (CPI) AND INFLATION RATE

JUNE 2021 – JUNE 2022

Produced by
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1.0 INTRODUCTION

Lagos State being the economic hub and industrial nerve of the Country is often affected by the changes in prices of goods and services in all ramifications. The metropolitan areas of the State usually attract high prices of goods and services due to her urban nature and corresponding high population density. Thus, the need to continually provide information on the consumption expenditure pattern of the citizenry with a view to assisting the government and allied institutions in effective socio-economic planning and programming for the people.

The Lagos Bureau of Statistics (LBS), in the Ministry of Economic Planning and Budget (MEPB), is statutorily responsible for the generation, collection and compilation of data/indicators on Lagos State for effective planning and programming of government activities. The Macro-Economic Statistics Division of the LBS collects, collates, analyses and interprets retail prices of consumer items in accordance with 12 classified consumption expenditure sectors with a view to computing Consumer Price Index (CPI) and calculate the Inflation Rate as well as computation of the State Gross Domestic Products (GDP) and allied information.

The production of the CPI requires combination of skills in Economics, Statistics, Computer Science, Data Collection and others. Its computation, a combination of key economic theory, using appropriate sampling techniques and leveraging on household expenditure survey data to produce a weighted measure of average price changes in the economy. The essence of the weighting was to give due regards to the consumer item that enjoyed high household patronage among the selected commodities.

2.0 BRIEF METHODOLOGY

The Consumer Price Index (CPI) is the government's "most important" statistic that measures changes in prices of goods and services over time. These changes affect socio-economic activities and standard of living of the inhabitants. It also directly affects income of sizeable proportion of the labour force of any geographical area.

The value of the CPI for any other period is calculated by taking the ratio of the current cost of a market basket of goods to the cost of the same market basket of goods in the reference base period and multiplying by 100. The CPI reference base period is often equated to 100% while any deviations from that amounts to either decrease or increase in the CPI for a given period.

Construction of the CPI involves three stages:

- Selecting the CPI basket,
- Conducting a monthly price survey (visiting the relevant markets to collect prices of consumption items)
- Using the prices and the basket to calculate the CPI.

The main purpose of the CPI is to measure inflation rate. The **Inflation Rate** is defined as the percentage change in the price level from one period to the next.

The inflation rate formula is:

$$\text{Inflation rate} = \left[\frac{\text{CPI}_{\text{current}} - \text{CPI}_{\text{previous}}}{\text{CPI}_{\text{previous}}} \right] \times 100.$$

Overtime, it had been observed that the CPI may overstate the true inflation level of a geographical area for four (4) reasons stated hereunder:

- **NEW GOODS BIAS:** the appearance of New good that were hitherto not available in the base year and the associated cost implication of the new goods to the replaced ones may lead to either upward or downward biased in price.
- **QUALITY CHANGE BIAS:** Quality improvements generally are neglected, so quality improvements that lead to price hikes are considered purely inflationary.

- **COMMODITY SUBSTITUTION BIAS:** The market basket of goods used in calculating the CPI is fixed and does not take into account consumers' substitutions away from goods whose relative prices increase.
- **OUTLET SUBSTITUTION BIAS:** As the structure of retailing changes, people switch to buying from cheaper sources, but the CPI, as measured, does not take account of this outlet substitution.

The staff of Macro-Economic Statistics Division, Lagos Bureau of Statistics (LBS), Ministry of Economic Planning and Budget (MEPB) are saddled with responsibility of visiting major markets in each of the Twenty (20) Local Government Areas of the State. These Markets are visited on monthly basis to collect the prevailing retail prices of goods and services. The selection of the appropriate market basket of goods and services prevailing in the State is Key in the construction of the Price Index.

Lagos State Consumption Basket comprises of 900 items (goods and services). Prices of each items are collected on monthly basis for the computation of prices indicators in accordance with the prevailing economic activities. The current CPI reference year in the State is 2013. All prices were collected at the prevailing retail market prices from Four (4) markets in each of Twenty (20) Local Government Areas of Lagos State, making a total of Eighty (80) markets as data collection centers. These aggregates are determined using the Classification of Individual Consumption by Purpose (COICOP) which divides the entire retail prices of consumption items into 12 distinct divisions as follows:

- Food and Non-Alcoholic Beverages,
- Alcoholic Beverages,
- Clothing and Footwear,
- Housing, Water, Electricity, Gas and other Fuels
- Furniture, Household equipment and routine household maintenance,
- Health,
- Transport,
- Communication,

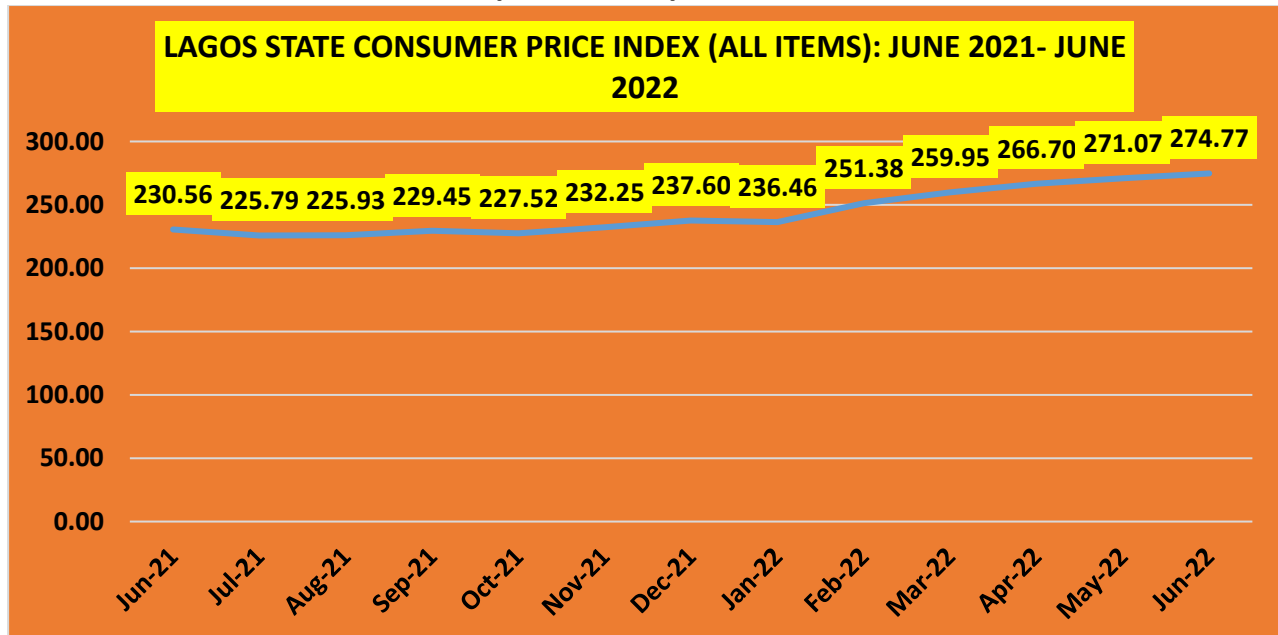
- Recreation and Culture,
- Education,
- Hotels and Restaurants,
- Miscellaneous goods and service.

Consequently, CPI is computed for each of the 12 divisions, using the items in the basket as classified according to COICOP. *“It is important to note that an average price is determined for each item or row of products in the classification and the corresponding expenditure weight is used to compute the CPI of a particular division”.*

3.0 IMPORTANCE OF CPI INDICATOR

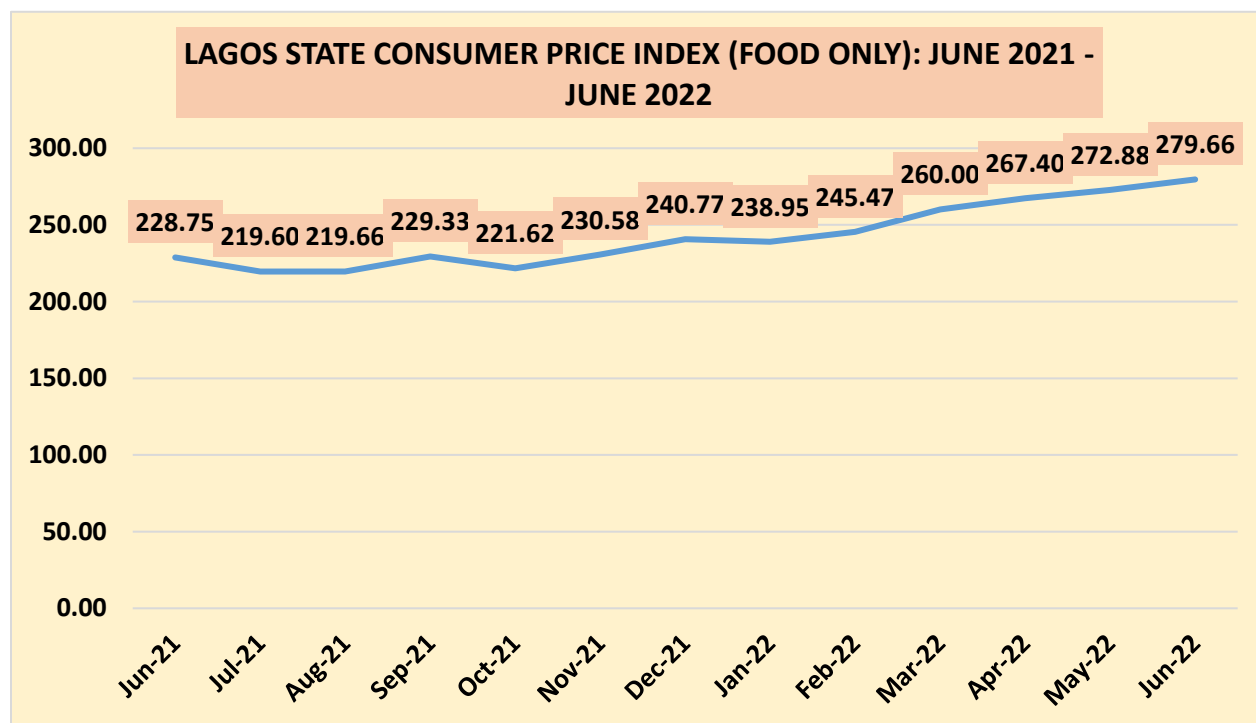
This CPI report is urban-based and covers only the food basket credited to the State and excluding other parts of the country. The changes in the CPI are used to assess price changes associated with cost of living. Essentially, it attempts to quantify the aggregate price level in an economy and thus measure the purchasing power of a country's unit of currency. The CPI gives Government, businesses, and Citizens an idea about price changes in the economy, and can act as a guide in order to make informed decisions about the economy.

3.1 CONSUMER PRICE INDEX (ALL ITEMS): JUNE 2021 – JUNE 2022



The June 2022 Index for All Items in Lagos State stood at 274.77 which is higher than May 2022 which stood at 271.07 and April 2022 which recorded an index of 266.70. A look at the last three months in the year 2021 shows that the CPI of All Items in the State was 227.52, 232.25 and 237.60 for the month of October, November and December respectively.

3.2 CONSUMER PRICE INDEX (FOOD ITEMS ONLY): JUNE 2021 – JUNE 2022



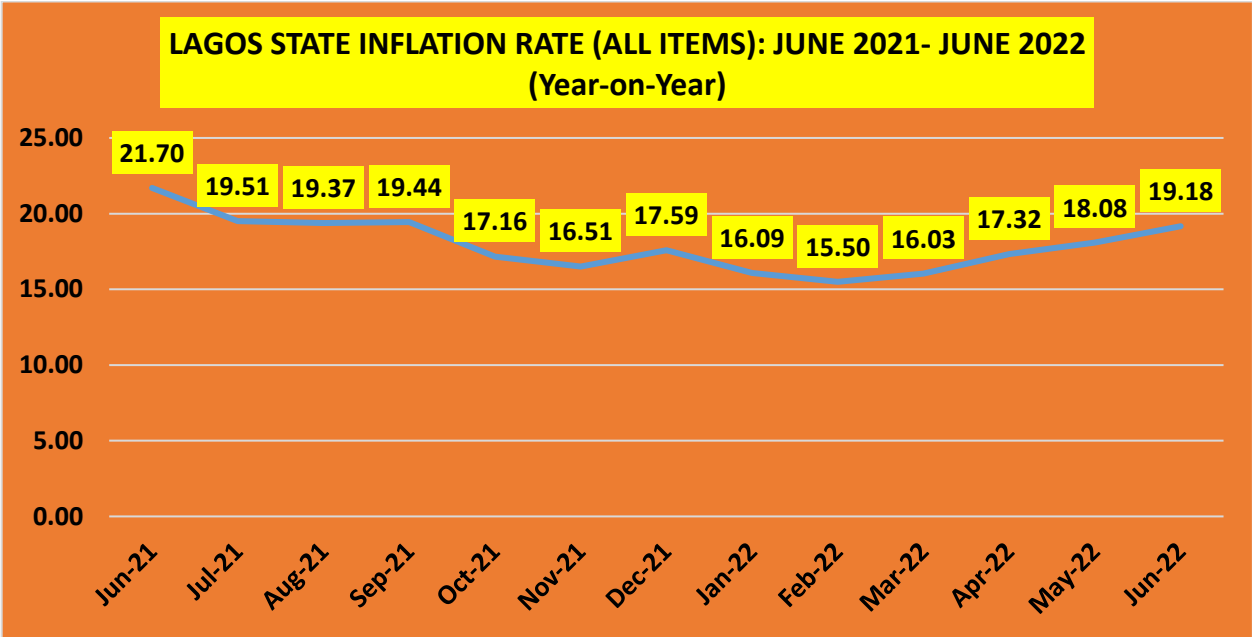
On the other hand, CPI for **Food Items Only** for the month of June 2022 stood at 279.66 while that of May 2021 to May 2022, was 227.15, 228.75, 219.60, 219.66, 229.33, 221.62, 230.58, 240.77, 238.95, 245.47, 260.00, 267.40 and 272.88 respectively. This rise in the food index was caused by increases in prices of meat, fish, flour, oil, poultry and other grains.

4.0 INFLATION RATE

Inflation is a quantitative measure of the rate at which the average price level of a basket of selected goods and services in an economy increases over some period. It is the rise in the general level of prices where a unit of currency effectively buys less

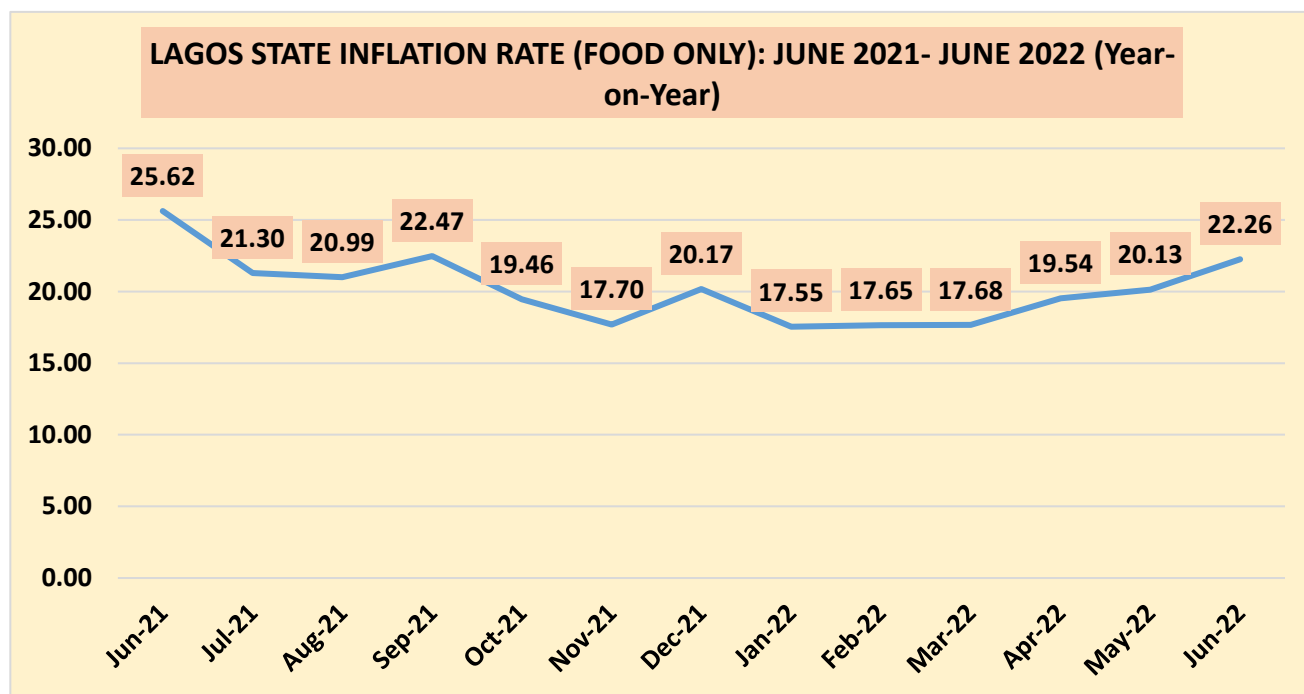
than it did in prior periods. It is often expressed as a percentage; inflation thus indicates a decrease in the purchasing power of a nation’s currency. As prices rise, a single unit of currency loses value as it buys fewer goods and services. This loss of purchasing power affects the general cost of living for the common public, which ultimately leads to a deceleration in economic growth.

4.1 INFLATION RATE (ALL ITEMS): JUNE 2021 – JUNE 2022 (Year-on-Year)



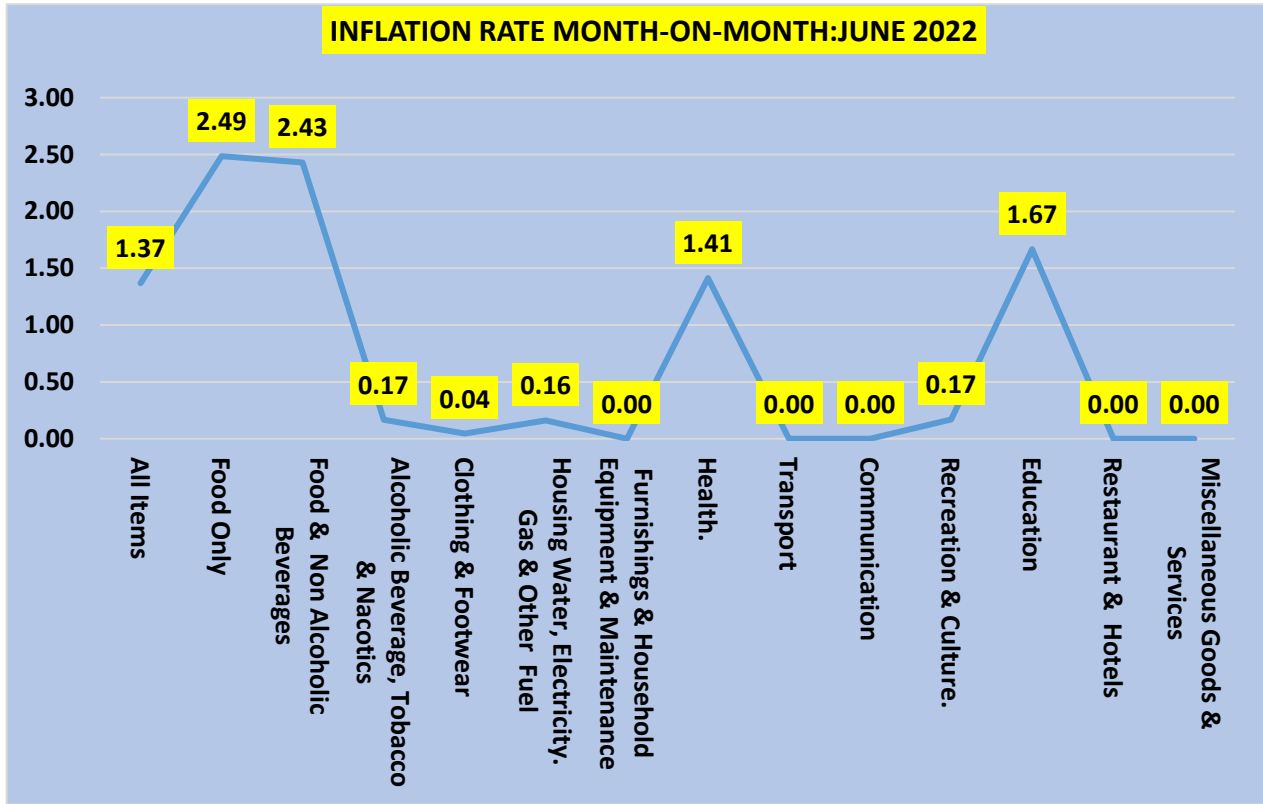
In June 2022, the inflation rate increased to 19.18 percent on a year-on-year basis. This means that the headline inflation rate increased in the month of June 2022 when compared to the same month in the previous year (i.e., June 2021). Increases were recorded in all COICOP divisions that yielded the Headline index.

4.2 INFLATION RATE (FOOD ITEMS): JUNE 2021 – JUNE 2022 (Year-on-Year)



The Food specific inflation rate is one of the major determinants of standard of living of any geographical areas. The lower the rate the better the standard of living. The composite food index rose to 22.26 percent in June 2022 on a year-on-year basis; the rate of changes in average price level declined by 3.36 percent compared to 25.62 percent in June 2021. The rate of changes in food prices compared to the same period last year was higher due to higher foods prices volatility caused by COVID 19. This rise in the food index was caused by increases in prices of Bread and cereals, Potatoes, yam, and other tubers, Meat, Fish, Oil and fat, and Grains.

4.3 MONTH-ON-MONTH INFLATION RATE: JUNE 2022



On a Month-on-Month Basis, **Food Only** sector had the highest increase by 2.49% when compared to same period last month. **Food & Non-Alcoholic Beverage** increased by 2.43%, **Education** increased by 1.67%, **Health** increased by 1.41%, **All Items** increased by 1.37% when compared to the same period last month, while other classifications had a slight increase or remained the same when compared to last month.

APPENDIX

| TABLE 1: CONSUMER PRICE INDEX (CPI) AND INFLATION RATE (ALL ITEMS): JUNE 2021 – JUNE 2022 | | |
|--|------------|-----------------------|
| MONTHS | CPI | INFLATION RATE |
| APRIL 2021 | 227.32 | 20.50 |
| MAY 2021 | 229.56 | 21.49 |
| JUNE 2021 | 230.56 | 21.70 |
| JULY 2021 | 225.79 | 19.51 |
| AUGUST 2021 | 225.93 | 19.37 |
| SEPTEMBER 2021 | 229.45 | 19.44 |
| OCTOBER 2021 | 227.52 | 17.16 |
| NOVEMBER 2021 | 232.25 | 16.51 |
| DECEMBER 2021 | 237.60 | 17.59 |
| JANUARY 2022 | 236.46 | 16.09 |
| FEBRUARY 2022 | 251.38 | 15.50 |
| MARCH 2022 | 259.95 | 16.03 |
| APRIL 2022 | 266.70 | 17.32 |
| MAY 2022 | 271.07 | 18.08 |
| JUNE 2022 | 274.77 | 19.18 |

**Table 2: CONSUMER PRICE INDEX AND INFLATION RATE (Food items ONLY):
JUNE 2021 – JUNE 2022**

| MONTHS | CPI | INFLATION RATE (%) |
|----------------|------------|---------------------------|
| APRIL 2021 | 223.70 | 23.30 |
| MAY 2021 | 227.15 | 25.11 |
| JUNE 2021 | 228.75 | 25.62 |
| JULY 2021 | 219.60 | 21.30 |
| AUGUST 2021 | 219.66 | 20.99 |
| SEPTEMBER 2021 | 229.33 | 22.47 |
| OCTOBER 2021 | 221.62 | 19.46 |
| NOVEMBER 2021 | 230.58 | 17.70 |
| DECEMBER 2021 | 240.77 | 20.17 |
| JANUARY 2022 | 238.95 | 17.55 |
| FEBRUARY 2022 | 245.47 | 17.65 |
| MARCH 2022 | 260.00 | 17.68 |
| APRIL 2022 | 267.40 | 19.54 |
| MAY 2022 | 272.88 | 20.13 |
| JUNE 2022 | 279.66 | 22.26 |

TABLE 3: LAGOS STATE CONSUMER PRICE INDEX (CPI) BY CLASSIFICATIONS: JUNE 2021- JUNE 2022

| CLASSIFICATION | JUN 21 | JUL 21 | AUG 21 | SEP 21 | OCT 21 | NOV 21 | DEC 21 | JAN 22 | FEB 22 | MAR 22 | APR 22 | MAY 22 | JUN 22 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| All Items | 230.56 | 225.79 | 225.93 | 229.45 | 227.52 | 232.25 | 237.60 | 236.46 | 251.38 | 259.95 | 266.70 | 271.07 | 274.77 |
| Food Only | 228.75 | 219.60 | 219.66 | 229.33 | 221.62 | 230.58 | 240.77 | 238.95 | 245.47 | 260.00 | 267.40 | 272.88 | 279.66 |
| Food & Alcoholic Beverage | 234.08 | 224.93 | 224.99 | 234.66 | 226.95 | 236.09 | 246.47 | 244.47 | 251.00 | 265.68 | 273.08 | 279.28 | 286.06 |
| Alcoholic Beverage, Tobacco & Narcotics | 145.00 | 145.00 | 145.00 | 145.00 | 145.00 | 146.49 | 149.18 | 149.18 | 149.18 | 149.18 | 155.82 | 155.82 | 156.08 |
| Clothing & Footwear | 207.55 | 207.55 | 207.62 | 207.62 | 207.62 | 208.27 | 208.27 | 206.26 | 208.90 | 216.75 | 230.03 | 230.03 | 230.14 |
| Housing Water, Electricity, Gas & Other Fuel | 214.76 | 214.76 | 214.76 | 207.62 | 217.58 | 217.58 | 217.58 | 217.58 | 266.95 | 267.63 | 277.07 | 280.63 | 281.08 |
| Furnishings & Household Equipment & Maintenance | 242.95 | 242.95 | 243.66 | 243.66 | 243.66 | 243.57 | 248.25 | 248.25 | 251.11 | 256.25 | 257.26 | 257.88 | 257.88 |
| Health. | 248.18 | 248.18 | 251.58 | 251.58 | 251.58 | 251.58 | 251.58 | 251.58 | 251.58 | 252.73 | 252.73 | 269.83 | 273.64 |
| Transport | 293.70 | 292.85 | 292.87 | 292.94 | 292.94 | 292.94 | 292.72 | 292.72 | 307.63 | 307.63 | 307.63 | 307.63 | 307.63 |
| Communication | 158.53 | 158.53 | 158.53 | 158.53 | 158.53 | 158.53 | 158.53 | 158.53 | 158.53 | 158.53 | 158.53 | 158.53 | 158.53 |
| Recreation & Culture. | 188.21 | 188.21 | 190.30 | 190.30 | 190.30 | 190.30 | 190.30 | 190.30 | 190.30 | 190.30 | 190.30 | 190.30 | 190.62 |
| Education | 172.97 | 172.97 | 172.97 | 172.97 | 172.97 | 172.97 | 172.97 | 172.97 | 172.97 | 176.80 | 186.58 | 195.71 | 198.97 |
| Restaurant & Hotels | 193.98 | 193.98 | 195.39 | 195.39 | 195.39 | 195.39 | 191.61 | 191.61 | 191.61 | 202.08 | 202.08 | 202.08 | 202.08 |
| Miscellaneous Goods & Services | 252.52 | 252.52 | 252.52 | 252.52 | 252.52 | 252.52 | 252.59 | 252.59 | 252.59 | 252.59 | 252.59 | 252.59 | 252.59 |

TABLE 4: LAGOS STATE INFLATION RATE BY CLASSIFICATIONS: JUNE 2021- JUNE 2022

| CLASSIFICATION | JUN 21 | JUL 21 | AUG 21 | SEP 21 | OCT 21 | NOV 21 | DEC 21 | JAN 22 | FEB 22 | MAR 22 | APR 22 | MAY 22 | JUN 22 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| All Items | 21.70 | 19.51 | 19.37 | 19.44 | 17.16 | 16.51 | 17.59 | 16.09 | 15.50 | 16.03 | 17.32 | 18.08 | 19.18 |
| Food Only | 25.62 | 21.30 | 20.99 | 22.47 | 19.46 | 17.70 | 20.17 | 17.55 | 17.65 | 17.68 | 19.54 | 20.13 | 22.26 |
| Food & Alcoholic Beverage | 26.06 | 21.82 | 21.50 | 22.84 | 19.85 | 18.09 | 20.54 | 17.86 | 17.65 | 17.61 | 19.42 | 20.16 | 22.21 |
| Alcoholic Beverage, Tobacco & Narcotics | 13.70 | 13.70 | 13.70 | 13.70 | 13.70 | 10.51 | 12.27 | 9.65 | 5.52 | 4.82 | 7.46 | 7.46 | 7.64 |
| Clothing & Footwear | 20.05 | 20.05 | 20.09 | 20.25 | 18.20 | 16.00 | 15.37 | 7.63 | 2.84 | 5.95 | 12.07 | 12.07 | 10.88 |
| Housing Water, Electricity, Gas & Other Fuel | 6.69 | 6.69 | 6.69 | 5.46 | 3.53 | 5.22 | 5.65 | 4.82 | 26.00 | 26.32 | 29.80 | 30.72 | 30.88 |
| Furnishings & Household Equipment & Maintenance | 13.80 | 13.47 | 13.80 | 13.27 | 12.96 | 10.16 | 12.54 | 5.50 | 3.86 | 5.99 | 5.89 | 6.15 | 6.15 |
| Health. | 21.25 | 21.25 | 20.35 | 20.35 | 20.35 | 17.78 | 17.78 | 9.21 | 1.37 | 1.84 | 1.84 | 8.72 | 10.26 |
| Transport | 32.96 | 32.58 | 32.59 | 29.14 | 28.85 | 27.78 | 27.12 | 41.64 | 9.51 | 10.29 | 4.89 | 4.74 | 4.74 |
| Communication | 1.99 | 1.99 | 1.99 | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Recreation & Culture. | 28.62 | 28.62 | 30.05 | 30.02 | 30.02 | 25.52 | 25.52 | 16.53 | 2.82 | 2.82 | 1.11 | 1.11 | 1.28 |
| Education | 38.34 | 38.34 | 38.34 | 38.34 | 38.09 | 39.69 | 37.52 | 35.45 | 2.51 | 3.78 | 8.48 | 13.15 | 15.03 |
| Restaurant & Hotels | 26.75 | 26.75 | 27.67 | 21.53 | 21.53 | 20.18 | 17.86 | 11.12 | -1.22 | 4.18 | 4.18 | 4.18 | 4.18 |
| Miscellaneous Goods & Services | 26.15 | 26.15 | 26.15 | 26.15 | 26.15 | 32.76 | 23.08 | 15.77 | 1.84 | 1.84 | 0.03 | 0.03 | 0.03 |

TABLE 5: LAGOS STATE INFLATION RATE BY CLASSIFICATIONS: JUNE 2021- JUNE 2022 (Month-on- Month)

| CLASSIFICATION | JUN 21 | JUL 21 | AUG 21 | SEP 21 | OCT 21 | NOV 21 | DEC 21 | JAN 22 | FEB 22 | MAR 22 | APR 22 | MAY 22 | JUN 22 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| All Items | 0.44 | -2.07 | 0.06 | 1.56 | -0.84 | 2.08 | 2.30 | -0.48 | 6.31 | 3.41 | 2.60 | 1.64 | 1.37 |
| Food Only | 0.71 | -4.00 | 0.03 | 4.40 | -3.36 | 4.04 | 4.42 | -0.76 | 2.73 | 5.92 | 2.85 | 2.05 | 2.49 |
| Food & Alcoholic Beverage | 0.71 | -3.91 | 0.03 | 4.30 | -3.29 | 4.03 | 4.40 | -0.81 | 2.67 | 5.85 | 2.78 | 2.27 | 2.43 |
| Alcoholic Beverage, Tobacco & Narcotics | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.03 | 1.83 | 0.00 | 0.00 | 0.00 | 4.46 | 0.00 | 0.17 |
| Clothing & Footwear | 1.12 | 0.00 | 0.03 | 0.00 | 0.00 | 0.32 | 0.00 | -0.97 | 1.28 | 3.75 | 6.13 | 0.00 | 0.04 |
| Housing Water, Electricity, Gas & Other Fuel | 0.04 | 0.00 | 0.00 | -3.32 | 4.80 | 0.00 | 0.00 | 0.00 | 22.69 | 0.25 | 3.53 | 1.28 | 0.16 |
| Furnishings & Household Equipment & Maintenance | 0.00 | 0.00 | 0.29 | 0.00 | 0.00 | -0.04 | 1.92 | 0.00 | 1.15 | 2.05 | 0.39 | 0.24 | 0.00 |
| Health. | 0.00 | 0.00 | 1.37 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.46 | 0.00 | 6.76 | 1.41 |
| Transport | 0.00 | -0.29 | 0.01 | 0.02 | 0.00 | 0.00 | -0.08 | 0.00 | 5.09 | 0.00 | 0.00 | 0.00 | 0.00 |
| Communication | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Recreation & Culture. | 0.00 | 0.00 | 1.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.17 |
| Education | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.21 | 5.53 | 4.89 | 1.67 |
| Restaurant & Hotels | 0.00 | 0.00 | 0.73 | 0.00 | 0.00 | 0.00 | -1.94 | 0.00 | 0.00 | 5.47 | 0.00 | 0.00 | 0.00 |
| Miscellaneous Goods & Services | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |