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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 historic data is collected from respondents and publicly-available information channels, including from regulators, trade associations, research partners, newspapers and government agencies.

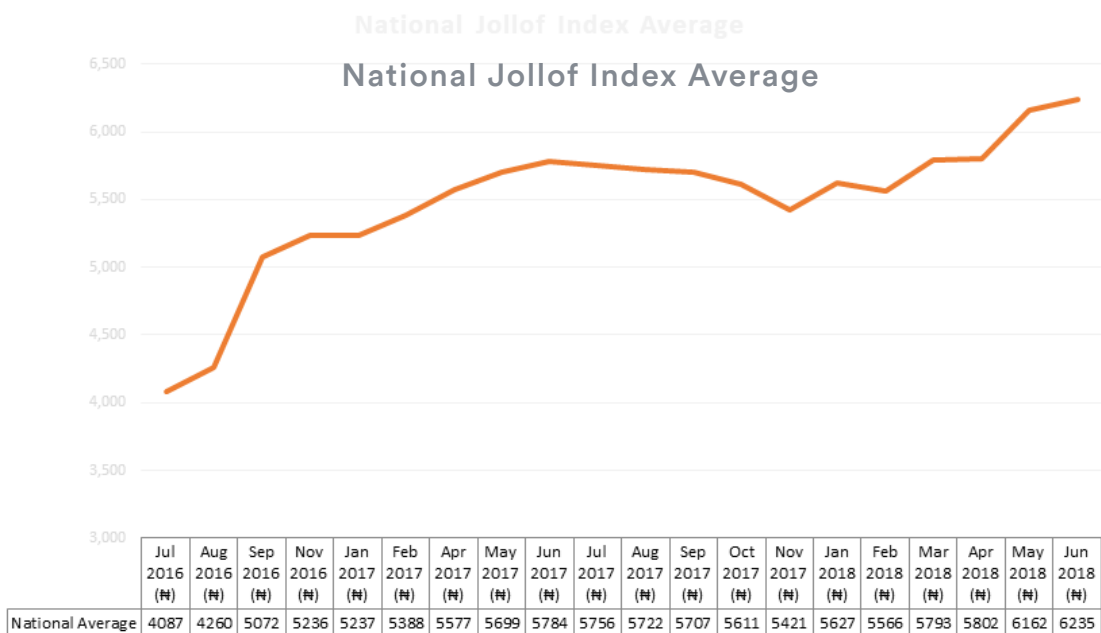
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Q2 2018 JOLLOF INDEX

The SBM Jollof index is a composite index that tracks the prices of the main ingredients used to prepare a pot of one of Nigeria’s primary delicacies – Jollof rice. This meal was chosen because it is a delicacy in every part of the country. In July 2016, SBM Intelligence began to track the price movements of the ingredients Nigerians use to make a pot of this nationally celebrated meal for the average Nigerian family. According to the Nigerian Bureau of Statistics, an average Nigerian family comprised six people in the rural areas, and five people in the urban areas. For the first year, the survey covered nine markets in four geopolitical zones. From June 2017, we included two markets in the South South, bringing the number of geopolitical zones covered to five. Based on the data gathered, we are able to show the trends of food inflation in a simple manner for Nigerians. Since we started the index, we have updated it every month except in December of any given year, where the demand from festivities impact prices in a manner that is out of sync with normal distribution trends.

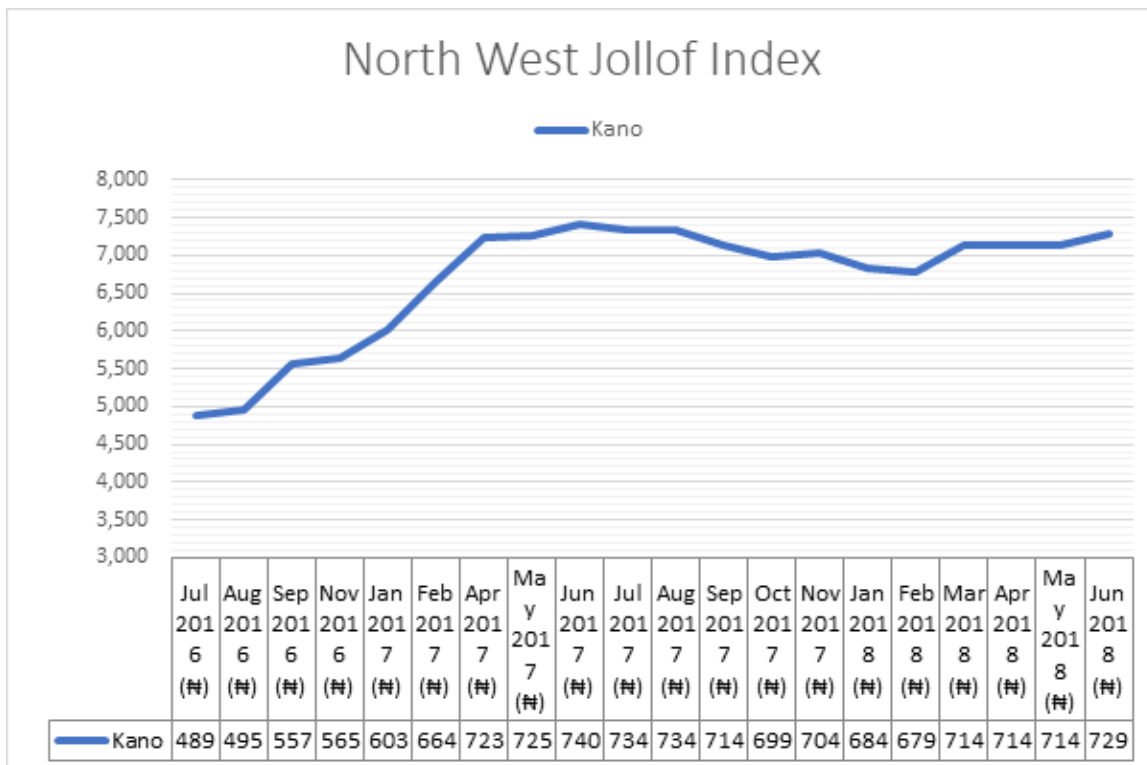
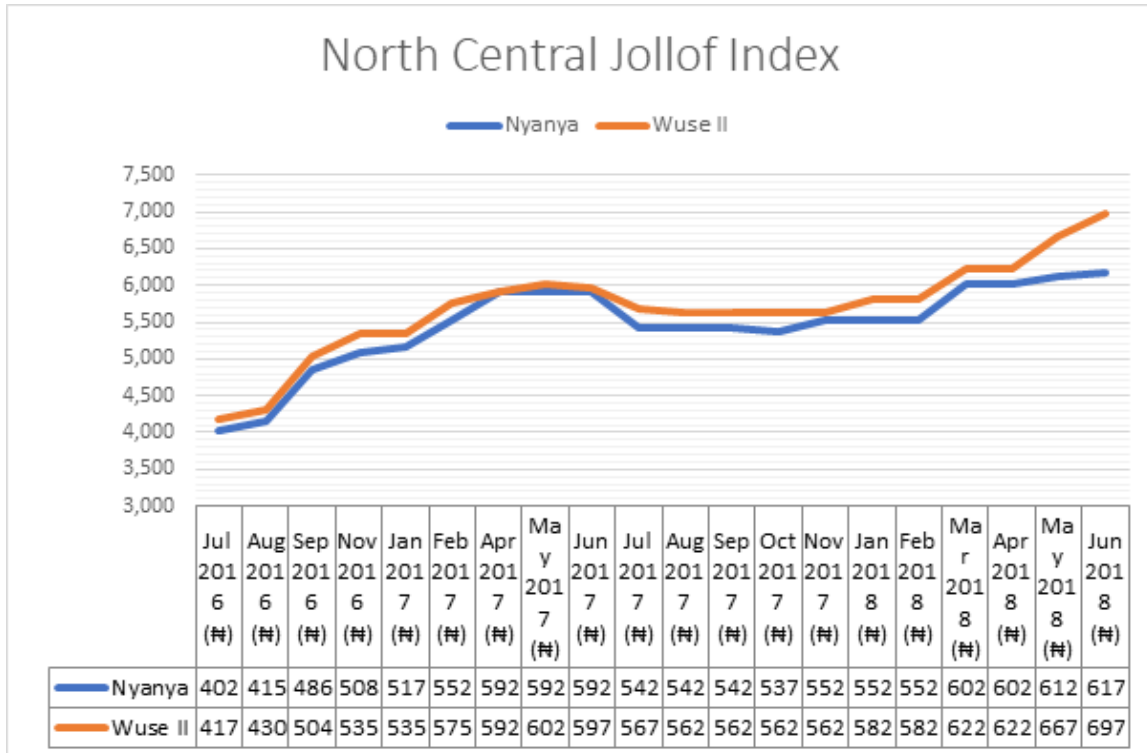


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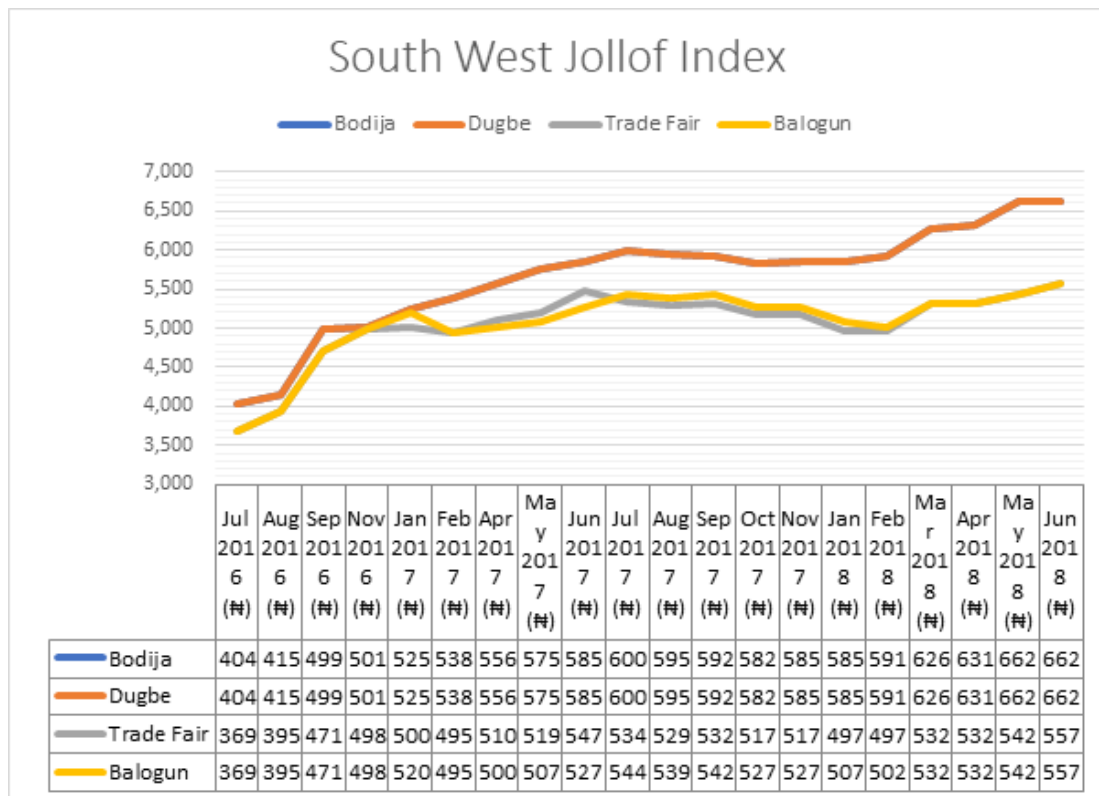
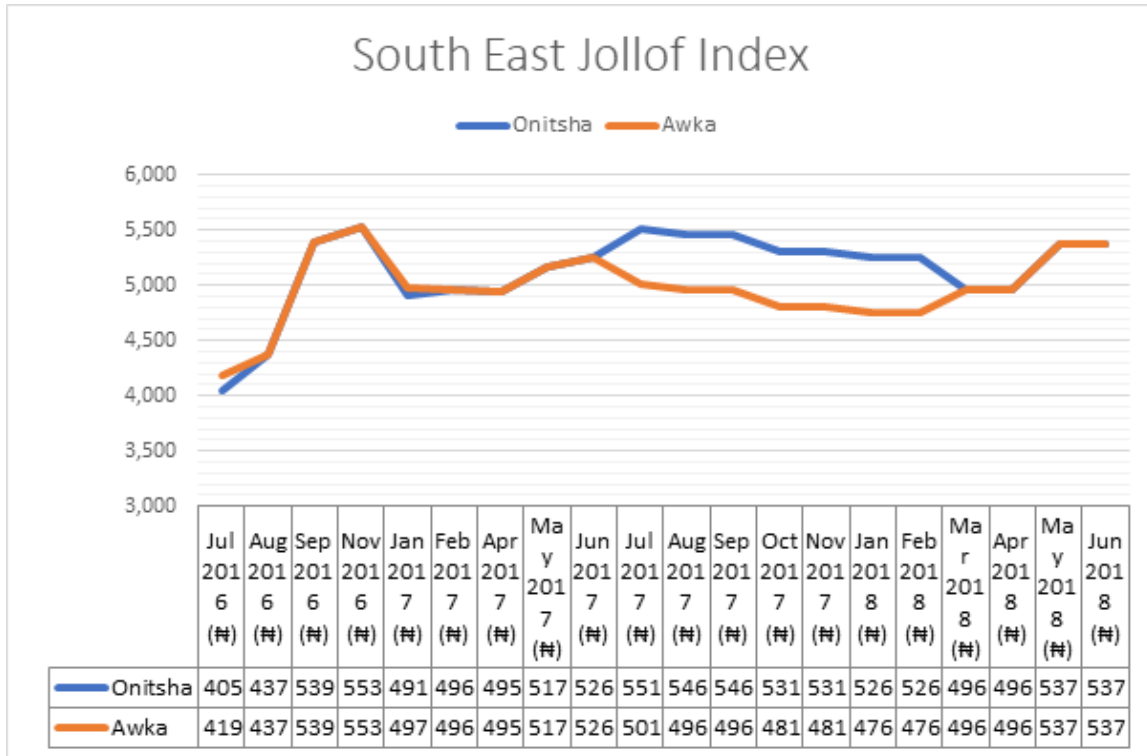
In our last release in March 2018 which accounted for the first quarter of the year, we noted that the average national price had started to rise again, after declining in late 2017, which was also significantly higher than the base price from July 2016. As we warned at the time, inflation was beginning to pick up again and this has been primarily driven by food prices. Over the last four months - from March 2018 to June 2018, the index has risen steadily, indicating a steady increase in food prices. By the end of June, the index has risen to the highest ever since we began tracking in July 2016. This trend is the same when the index is disaggregated by region as shown below.

Kano remains the town with the highest average cost of a pot of Jollof at N7,140. The ingredient responsible for this still remains turkey, as a kilogram of turkey in Kano's Sabo Gari market costs significantly more when compared to other markets as captured by our last report. Awka and Onitsha are the cheapest places to prepare a pot of the national delicacy at N5,408,

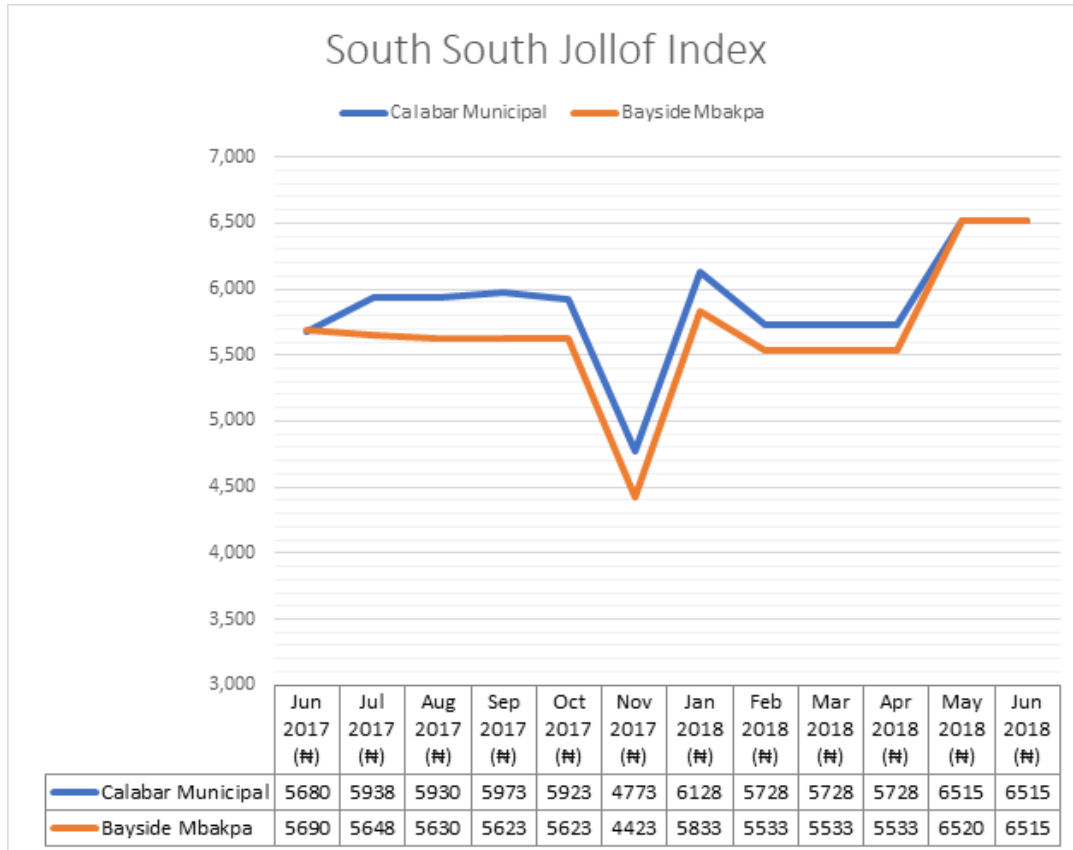
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Calabar’s Jollof rice average cost follows the low average of the two south-eastern cities at ₦5,833. In Lagos, Nigeria’s financial capital, the cost for a pot was friendly at ₦5,933, while in Abuja, the national capital, a pot of jollof will cost more at ₦6,742 and the south-western city of Ibadan will demand ₦7,033 for a pot of jollof. In April 2018, the national average price of cooking a pot of Jollof rose marginally to ₦6,270 from ₦6,040 in March 2018. It then rose to ₦6,445 in May, and ₦6,545 in June.

Observed Market Trends and Changing Habits

In the week between 9 and 14 July, SBM spoke with shoppers in Wuse Market, Garki Ultra-modern Market and Garki International Market, in Abuja; as well as with a number who visited the Boundary Market, Ajegunle, Lagos on July 13 and 18, 2018. After speaking with several vendors and buyers, the following market trends were observed in the FCT. Rising costs have opened an opportunity for smaller manufacturers, which has led to an inflow of more varieties of goods as compared to the past.

In reaction to this, many of the larger FMCG manufacturers are now repackaging goods in smaller quantities (often called economy packs) that command lower retail prices that are friendlier to the budget requirements of medium to low-income earners. While this gives buyers the opportunities to continue patronising their preferred brands at lower prices, there is some evidence in company financial filings that the rise in more creative “economy packs” is hurting the bottom line of manufacturers as they seek to preserve market share at the expense of increasing the unit margin gain on their products. Fewer people are buying staples in bulk as the price increment across board has not been matched by a rise in salaries and wages among other factors. A housewife in Abuja told us that she no longer buys goods in bulk, but satisfies her family’s food requirements as needed. She also said that she uses a timetable to manage rations and buys fewer imported goods and more locally-made products because of rising costs.

Another Abuja respondent stated that she schedules time for shopping at local markets such as the fish market at Idu, Suleja, Gosa market etc. to get cheaper food stuff. Yet, another respondent said she collaborates with other families to buy bulk goods such as cartons of fish, bags of rice and other cereals, which they all share. Other structural problems may be informing some peculiar Nigerian consumption habits. For example, fewer people buy meat and chicken to store at home, like they used to, because of the inconsistency in electricity supply. More people are buying on a need-to basis. We spoke with a shopper who regularly buys a carton of chicken but has now resorted to buying smaller quantities.

“I have lost like a half carton of chicken because of the erratic power supply. Now I have decided to buy the chicken as I need and not in bulk,” the respondent in Garki, Abuja, said.

Speaking with a housewife in Abuja, on how she has adjusted to the rise in prices and how her shopping habits have changed, she said that she still prefers to buy certain items in bulk for her household. They include non-perishable goods such as rice, beans and garri. However, for soup ingredients, she shops on a weekly basis. In an illustration of some of the choices Nigerian families are having to make in order to wade through the elevated inflationary trends around food consumption, our researchers sat down with a lower middle class family of eight resident in the Ajegunle

neighbourhood of Lagos, close to one of the city's many sprawling markets - the Boundary market. The family says it has become increasingly difficult preparing one of the family staples – tomato stew: a soup dish made from ingredients such as tomatoes, peppers - particularly the red bell variant popularly known as tatashe, - onions, with any protein source of choice - meat, fish or chicken. Tomato stew dishes are a popular choice in many Nigerian households because they can be served with different sides, ranging from rice and yam to beans and even boiled plantains.

On any given Saturday morning, the mother of the house may be found with her youngest daughter haggling prices with tomato traders and by late afternoon a large pot of stew is simmering in the kitchen. But the family reports that the size of its pot of stew has been shrinking over the last six weeks, a factor which the mother puts on the ever-increasing cost of food. In her estimation, the price of tomatoes has doubled over the last two months, which means she has to more than double her family's stew budget to prepare the same pot of stew for her family of eight. In some weeks, it merely raises the family's overall food bill, in others, the pot size shrinks so they can accommodate other family expenses on the budget – which the family has elected not to raise since her husband and her have not had a wage increase since the beginning of the year.

From the consensus of a lot of our shopping respondents, it would appear that the number of shrinking cooking pots across the country may be on the rise.



Founded in 2012, SBM INTELLIGENCE, an arm of SB Morgen, is an organisation devoted to the collection and analysis of information. We offer comprehensive analysis for, and support to governments, businesses and NGOs. SBM Intelligence runs a Nigeria-wide network of contacts and associates.

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