ABUJA, Nigeria, September 15 (Infosplusgabon) - Nigeria's inflation rate, measured by the Consumer Price Index (CPI), further dropped to 16.01 per cent in August from 16.05 per cent in July this year, the National Bureau of Statistics (NBS) said Friday.

In its CPI August 2017 Report, released in Abuja, the NBS said that the new figure was 0.04 per cent points lower than the 16.05 per cent rate recorded in July. The CPI increased by 16.01 per cent (year-on-year) in August 2017.

It said that the index made it the seventh consecutive decline in the rate of headline year- on-year inflation since January 2017.

On a month-on-month basis, the report noted that the headline index increased by 0.97 per cent in August 2017, 0.24 per cent points lower from the rate of 1.21 per cent recorded in June.

The report indicated that food price inflation increased by 20.25 per cent (year-on-year) in July, down marginally by 0.03 per cent points, from 20.28 per cent recorded in July.

It said that the rise in the index was caused by increases in prices of bread and cereals, meat, fish, oils and fats, milk, cheese and eggs, coffee, tea and cocoa.

The food sub-index increased by 1.14 per cent in July, down by 0.38 per cent points from 1.52 per cent recorded in July, on a month-on-month basis.

According to the bureau, the "All Items less Farm Produce'' or core sub-index, which excluded prices of volatile agricultural produce, eased by 0.10 per cent during August to 12.30 per cent points, from 12.20 per cent in July.

On a month-on-month basis, it said, the core sub-index increased by 0.93 per cent in August, 0.07 per cent points lower from 1.00 per cent recorded in July.

A research analyst with FXTM, Mr Mr Lukman Otunuga, said that "Nigeria has once again revealed to the global arena that it remains on a steady path to recovery, as the nation's rate of inflation slowed for the seventh successive month in August.

“Annual inflation eased to 16.01% in August, compared with 16.05% in July, pointing to signs of improving price stability. With consumer prices stabilizing, and slowly edging towards the Central Bank of Nigeria’s 6-9% inflation target, inflationary pressures may eventually become a thing of the past. Sentiment over Nigeria as a whole continues to improve, and I believe the combination of accelerating growth & falling inflation should prompt the CBN to cut benchmark interest rates in the future.

“The Naira depreciated against the Dollar on Thursday, with prices currently trading at N369. Nigeria’s improving macro fundamentals do prompt the question whether the Naira is currently undervalued against the Dollar. If the Dollar continues to weaken amid fading rate hike expectations, the Naira is likely to find support and gain ground against the Greenback.”

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