

HEADLINE INFLATION EASES TO 20.12%

... Harvest Season to Sustain Inflation Decline into September

September 16, 2025.

Economic Report

Highlights

Nigeria's Headline Inflation rate eased for the fifth consecutive month in August 2025, moderating to 20.12% from 21.88% recorded in July 2025, reflecting a continued deceleration in price pressures within a relatively stable macroeconomic environment. This trend was consistent with year-on-year declines in key inflation components — Food Inflation and Core Inflation. Additionally, on a month-on-month basis, Headline Inflation dropped significantly to 0.74% in August from 1.99% in July. The notable monthly decline was largely driven by lower energy costs and the onset of the harvest season, which significantly eased food price pressures.

Food inflation moderated to 21.87% year-on-year in August, compared to 22.74% in July. On a month-on-month basis, food inflation fell to 1.65% from 3.12%, primarily due to a sharp decline in farm produce prices, as farm produce inflation contracted to -0.24% from 3.95% in July. This pullback translated into lower average prices for key staples such as imported and locally produced rice, guinea corn flour, maize flour (sold loose), sorghum, millet, semolina, and soya milk.

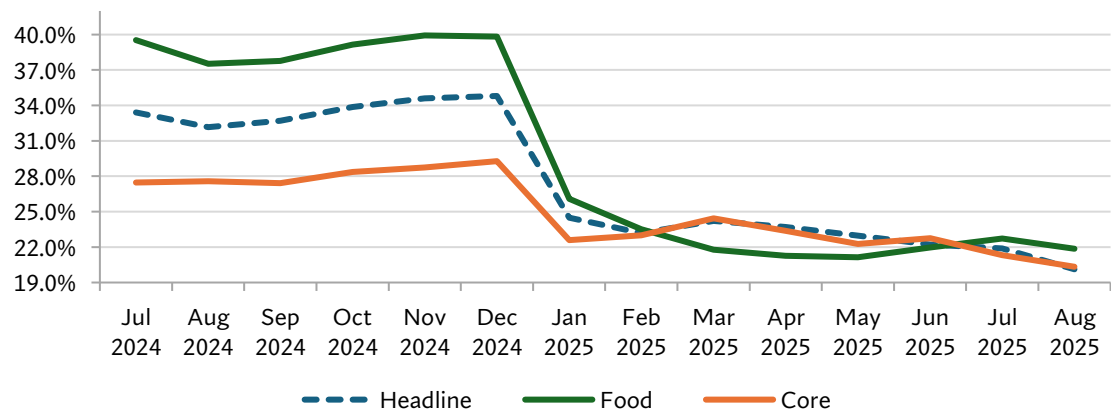
Core inflation also eased year-on-year, slowing to 20.33% in August from 21.33% in June, though the month-on-month figure edged up to 1.43% from 0.97%, reflecting rising costs in health services and transportation. Similarly, the “all items less farm produce” index declined year-on-year to 20.10% from 21.38% but ticked higher month-on-month to 1.20% from 1.12%, reinforcing the outsized role of falling farm produce prices in Headline Inflation's downtrend.

Regionally, the NBS price-tracking data showed notable declines across urban and rural areas. Urban food inflation dropped to 29.75% in August, down from 32.01% in July, reflecting sharp reductions in farm produce and energy costs across major cities. Rural areas also benefited from lower prices of farm produce, housing, utilities, and fuel, driving rural food inflation down to 20.28% from 21.08% in the prior month.

in the preceding month.



Year-on-Year Inflation Trend



Source: National Bureau of Statistics, WSTC Research

Outlook

We project that the disinflationary trend will extend into September 2025, marking a sixth consecutive month of moderation. This outlook is supported by favourable supply-side dynamics, particularly the ongoing harvest season, which should sustain growth in agricultural output and ease food price pressures, alongside the recent appreciation of the naira, which is helping to dampen imported inflation.

In addition, there is an increasing likelihood that the Monetary Policy Committee (MPC) may consider a cut in the benchmark interest rate at its upcoming meeting on September 22–23.



Other Highlights

Indexes	Year-on-Year			Month-on-Month		
	Aug-25	Jul-25	Change	Aug-25	Jul-25	Change
All-items Price Index	20.12%	21.88%	-1.76%	0.74%	1.99%	-1.25%
Food Index	21.87%	22.74%	-0.87%	1.65%	3.12%	-1.47%
Core Index	20.33%	21.33%	-1.00%	1.43%	0.97%	0.46%
Urban All-items Index	19.75%	22.01%	-2.26%	0.49%	1.86%	-1.37%
Rural All-items Index	20.28%	21.08%	-0.80%	1.38%	2.30%	-0.92%

Sources: National Bureau of Statistics, WSTC Research



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- Hold Rating: estimated change in price is between -10% and 19% of current market price.
- Sell Rating: estimated change in price is $\leq -10\%$ of current market price.

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