

HEADLINE INFLATION EASES TO 18.02%

... Harvest Season Drives Inflation Downward

October 16, 2025.

Economic Report

Highlights

For the first time since rebasing, Headline Inflation dipped below 20%, settling at 18.02% in September 2025, a notable drop from August's 20.12%. The easing was broad-based, with every major index pulling back. On a month-on-month basis, Headline Inflation slipped marginally by 0.02% to 0.72%, compared to 0.74% in August. This trend was largely driven by the food index, which benefited from improved supply-side conditions due to the ongoing harvest season.

Food inflation, a critical measure of household welfare, posted a sharp year-on-year decline, falling to 16.87% from 21.87% in August. On a month-on-month basis, food prices turned declined, coming in at -1.57%, reversing the +1.65% increase seen in August 2025. This turnaround was driven by the ongoing harvest season, which boosted the availability of key staples like maize, grains, garri, beans, millet, potatoes, onions, eggs, tomatoes, and fresh pepper. Another important factor was the Dangote Refinery's mid-September policy shift, a free fuel delivery to 11 states and a fixed gantry price of N820 per litre. This helped ease logistics and energy costs, contributing to a 0.47% drop in energy inflation.

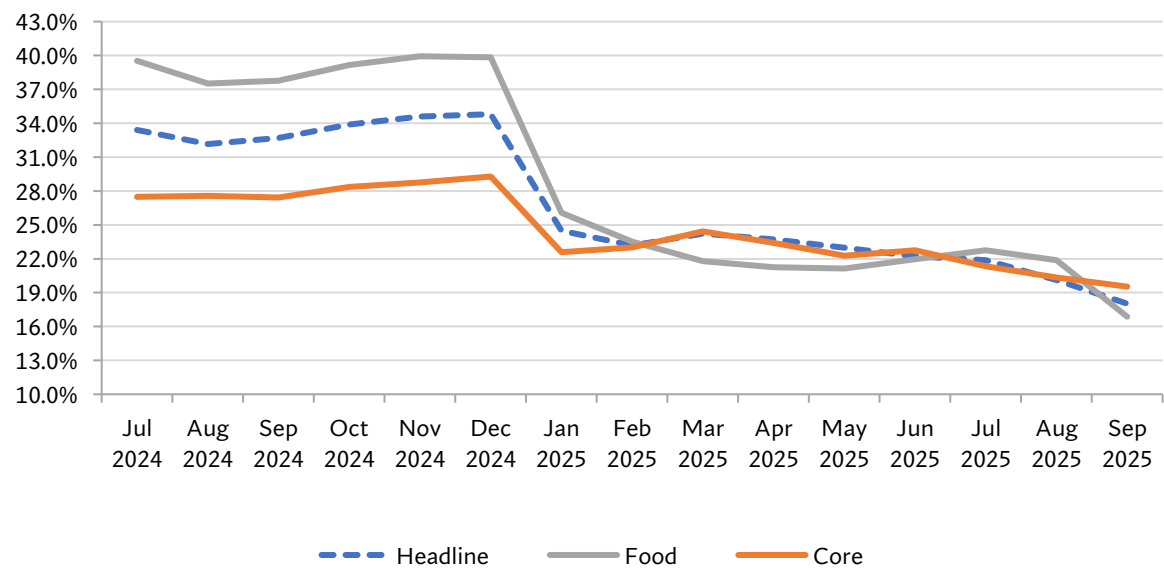
Core inflation maintained a similar downward trajectory, easing to 19.53% year-on-year in September from 20.33% in August. On a month-on-month basis, core prices edged down slightly by 0.01% to 1.42%. The moderation was largely supported by the appreciation of the Naira in September, as the NAFEM rate strengthened by 4.12% while the parallel market rate appreciated by 3.81%. Furthermore, slower price increases across major non-food components. Health inflation growth, for instance decelerated to 1.84%, from 4.21% in August.

Urban and Rural inflation eased year-on-year, although their month-on-month movements differed. Urban inflation fell to 17.50% in September from 19.75% in August. However, on a month-on-month basis, it rose slightly by 0.25% to 0.74%. This mild uptick could be linked to higher demand for services, particularly education, which recorded +3.34% month-on-month growth when compared to -4.20% in the previous month, as schools fully reopened in September. Additionally, imported foods prices printed at 2.83%, up from 1.80% in August alongside other essentials, as urban purchasing power continues to improve in line with broader disinflation and macroeconomic trends.

In contrast, the rural segment benefited more clearly from the harvest season. Year-on-year, rural inflation fell to 18.26% from 20.28% in August, representing a 2.02% drop. On a month-on-month basis, it dropped by 0.71% to settle at 0.67%, compared to 1.38%. This reflects the impact of improved food supply in rural areas.



Year-on-Year Inflation Trend



Source: National Bureau of Statistics, WSTC Research

Outlook

Looking ahead, the macroeconomic environment remains supportive of a continued slowdown in inflation. As of October 15, 2025, the Naira had appreciated by 3.96% in the NAFEM market and 2.32% in the parallel market, a development expected to ease import related cost pressures. Along with the ongoing harvest season, these trends should help reduce input costs and improve domestic food supply.

However, the recent rise in fuel prices, currently between N915 and N955 per litre, poses a potential risk to this disinflationary trend. The increase reflects temporary supply disruptions at the Dangote Refinery and higher depot prices following the industrial action by PENGASSAN in late September, which was suspended on October 1, 2025.

If current stabilising factors persist and fuel supply improves, Headline Inflation is expected to maintain its downward momentum in the coming months.



Other Highlights

Indexes	Year-on-Year			Month-on-Month		
	Sep-25	Aug-25	Change	Sep-25	Aug-25	Change
All-items Price Index	18.02%	20.12%	-2.10%	0.72%	0.74%	-0.02%
Food Index	16.87%	21.87%	-5.00%	-1.57%	1.65%	-3.22%
Core Index	19.53%	20.33%	-0.80%	1.42%	1.43%	-0.01%
Urban All-items Index	17.50%	19.75%	-2.25%	0.74%	0.49%	0.25%
Rural All-items Index	18.26%	20.28%	-2.02%	0.67%	1.38%	-0.71%

Sources: National Bureau of Statistics, WSTC Research



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WSTC Securities Limited has its registered office at 2, Maitama Sule Street, South-West Ikoyi, Lagos, Nigeria.

Email: research@wstc.com.ng

Website: www.wstc.com.ng

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