

Nigeria's Inflation Drops Amid CPI Rebase



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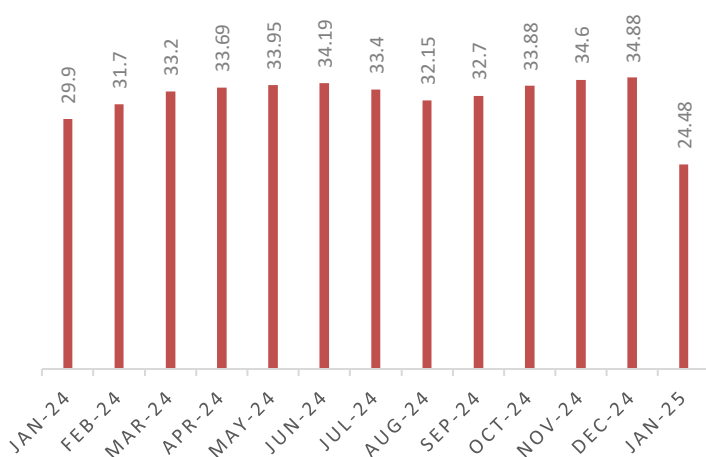
Rebasing the CPI: A Vital Step for Accuracy

The rebasing of the CPI is a crucial step for ensuring inflation data reflects the current economic landscape. The previous base year failed to capture shifts in consumer behavior and market trends, which impacted the accuracy of the inflation data. The updated CPI methodology now includes a more representative basket of goods and services, improving the reliability of the inflation figures and providing policymakers with a better tool to gauge economic conditions.

Inflation Hits 24.48% in January 2025

Nigeria's headline inflation rate has decreased to 24.48% year-on-year in January 2025, following the rebasing of the Consumer Price Index (CPI), according to the National Bureau of Statistics (NBS). This new rate reflects a significant reduction from the previous 34.80% in December 2024, calculated using the old methodology. The adjustment in the CPI offers a more accurate picture of the country's current economic conditions and consumer spending patterns, making the figures more reflective of the present-day reality. See table below

Figure 1: YOY Inflation Rate



Source: NBS, Certari Research

Rebased CPI January 2025 Base (2024 = 100)

01



Headline Inflation Rate

24.48%

02



Food Inflation Rate

26.08%

03



Core Inflation Rate

22.59%

04



Urban Inflation Rate

26.09%

05



Rural Inflation Rate

22.15%

Source: NBS, Certari Research

Impact on Consumers and Businesses

The continued effectiveness of government policies, such as those implemented by the Central Bank of Nigeria (CBN), will be key to maintaining this trend and ensuring long-term economic stability. Businesses will be monitoring government actions closely to understand how inflation control measures will influence future economic growth.