CERTARI

Inflation Report September 2025

Nigeria's Inflation Eases to 18.02% in September 2025: Pathways to Sustainable Recovery

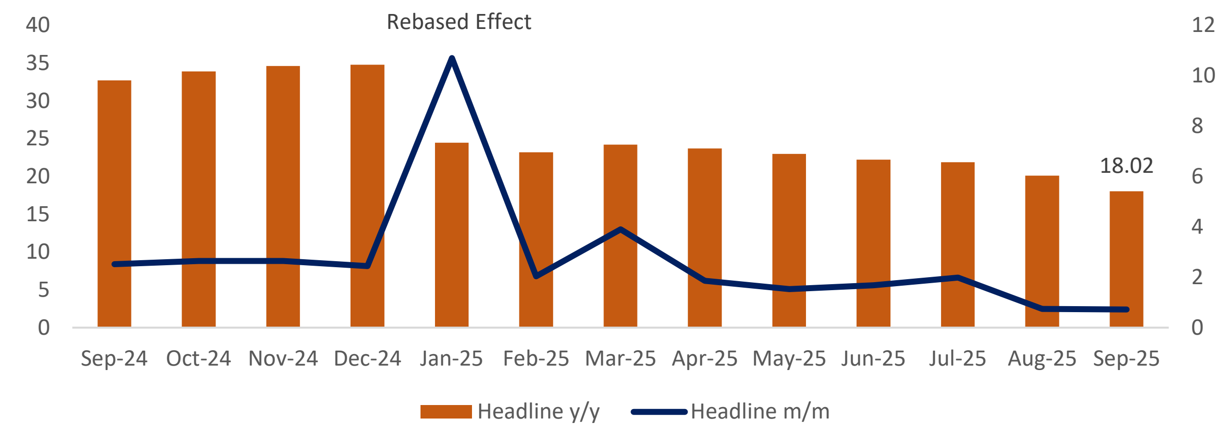
Headline Inflation - 18.02% ▼ **Core inflation -** 19.53% ▼ **Food Inflation** – 16.87% ▼

The National Bureau of Statistics (NBS) reported that Nigeria's headline inflation rate decreased by 210 basis points to 18.02% year-on-year (y/y) in September 2025, down from 20.12% y/y in August 2025, reflecting a moderation of 2.10 percentage points.

The National Bureau of Statistics (NBS) reports that Nigeria's headline inflation rate declined to 18.02% in September 2025, a decrease of 2.10 percentage points from 20.12% in August. This marks the sixth consecutive month of easing and underscores an ongoing slowdown in price pressures. Year-on-year, the rate fell 14.68 percentage points below September 2024's 32.70%, reflecting substantial relief from prior inflationary peaks.

The Consumer Price Index (CPI) edged up to 127.7 points in September from 126.8 the previous month, signalling a modest 0.9-point rise in overall price levels. Month-on-month inflation softened to 0.72%, down slightly from August's 0.74%, indicating that while prices advanced, the rate of increase decelerated further.

Figure 1: Nigeria Inflation Rate



Source: NBS, Certari Research

OUR VIEW

- Nigeria's food inflation rate dropped to 16.87% year-on-year in September 2025, down 20.9 percentage points from 37.77% in September 2024—primarily due to CPI rebasing for improved trend accuracy. Month-on-month, it fell to -1.57%, a 3.22 percentage point decline from August's 1.65%, driven by lower prices for staples like maize grains, garri, beans, millet, potatoes, onions, eggs, tomatoes, and fresh pepper. The 12-month average ending September 2025 was 24.06%, 13.47 percentage points below the prior year's 37.53%, highlighting sustained disinflation in food prices.

- Nigeria's core inflation rate—which strips out volatile agricultural and energy prices—fell to 19.53% year-on-year in September 2025, a 7.9 percentage point decline from 27.43% in September 2024. Month-on-month, it softened to 1.42%, down 0.01 percentage points from August's 1.43%. The 12-month average ending September 2025 was 22.39%, 3.25 percentage points below the prior year's 25.64%, indicating gradual stabilization in underlying price pressures.

- Despite the overall disinflationary trend in Nigeria's economy, imported food inflation climbed to 3.3% month-on-month in September 2025, up from 1.28% in August. This uptick occurred even as the naira appreciated by 3.67% against the US dollar, reaching ₦1,475.35 per dollar. The divergence points to lingering external pressures along the import value chain, including logistics costs and the typical lag in how exchange rate improvements filter through to retail prices. On the global front, the FAO Food Price Index edged down to 128.8 in September from the previous month, driven by declines in international prices for key commodities such as cereals, dairy products, sugar, and vegetable oils.

WHAT THIS MEANS FOR INVESTORS

Nigeria's latest inflation rate at 18.02% YoY extends the disinflationary trend for the sixth straight month, offering a welcome respite for fixed-income investors as it bolsters prospects for Central Bank of Nigeria (CBN) rate cuts in November, easing borrowing costs and supporting bond rallies amid a steepening yield curve. However, the two-speed economy is evident: rapid easing in food prices (down to 16.87% YoY) signals tailwinds for agribusiness equities and consumer staples, yet sticky core inflation at 19.53% highlights persistent service-sector pressures, posing risks to broader equity valuations and operational margins in non-commodity sectors. Looking ahead, the Monetary Policy Committee (MPC) in November is poised for a measured, data-driven pivot toward looser policy to safeguard naira stability and foster recovery, creating selective opportunities in growth-oriented assets while cautioning against overexposure to import-reliant plays amid lingering global commodity volatility.

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