

Inflation Report August 2025

Nigeria’s Inflation Declines to 20.12% in August 2025: Opportunities Emerge Amid Economic Headwinds

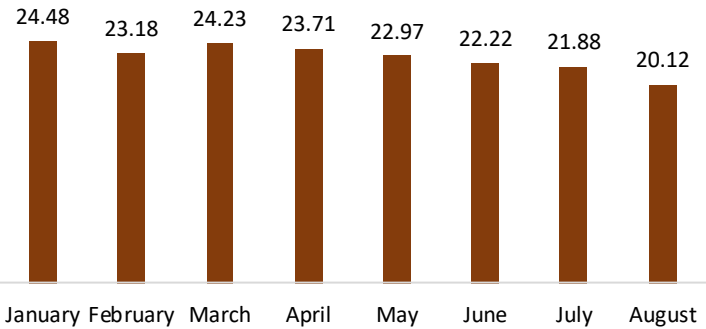
Headline Inflation - 20.12% ▼ **Core inflation - 20.33%** ▼ **Food Inflation – 21.87%** ▼

The National Bureau of Statistics (NBS) reported that Nigeria’s headline inflation rate decreased by 176 basis points to 20.12% year-on-year (y/y) in August 2025, down from 21.88% y/y in July 2025, reflecting a moderation of 1.76 percentage points.

This decline was primarily driven by a slowdown in food inflation, which eased by 87 basis points to 21.87% y/y from 22.74% y/y in July, and core inflation, which fell by 100 basis points to 20.33% y/y from 21.33% y/y in July. On a year-on-year basis, the headline inflation rate contracted significantly by 12.03 percentage points compared to 32.15% y/y in August 2024, partly attributable to the revised statistical base year (November 2009 = 100).

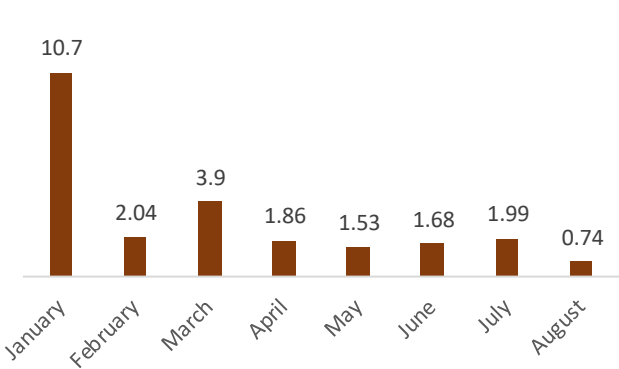
On a month-on-month (m/m) basis, headline inflation decelerated by 125 basis points to 0.74% in August 2025, compared to 1.99% in July 2025, representing the lowest monthly increase since February 2019 and indicating a moderated pace of price growth. The Consumer Price Index (CPI) rose to 126.8 points in August 2025 from 125.9 points in July. Furthermore, the twelve-month average inflation rate was recorded at 24.66%, a notable decline from 31.26% in the corresponding period of the previous year.

Figure 1: Nigeria Inflation Rate YoY



Source: NBS, Certari Research

Figure 2: Nigeria Inflation Rate MoM



OUR VIEW

- ❖ Food inflation eased to 21.87% year-on-year (y/y) in August 2025, down 15.65 percentage points from 37.52% in August 2024, largely due to the CPI base year change (November 2009 = 100); month-on-month (m/m) inflation fell to 1.65%, a 1.47-point drop from 3.12% in July 2025, driven by declining prices of imported and local rice, guinea corn flour, maize flour, millet, semolina, and soya milk; the 12-month average food inflation was 25.75%, 11.24 points lower than the 36.99% recorded for the prior 12 months ending August 2024.
- ❖ Core inflation, excluding volatile agricultural and energy prices, moderated to 20.33% y/y in August 2025, down 7.25 percentage points from 27.58% in August 2024, driven by CPI rebasing and stable demand conditions; month-on-month, it slowed to 1.43%, down 0.54 points from 1.97% in July 2025, reflecting easing price pressures but highlighting persistent structural challenges.
- ❖ Naira stability, backed by external reserves exceeding \$40 billion, and global disinflation trends curb import costs, while improved agricultural output, fiscal discipline, and CPI rebasing (November 2009 = 100) drive disinflation.

WHAT THIS MEANS FOR INVESTORS

Nigeria’s headline inflation decline to 20.12% y/y (from 21.88%), with food (21.87%, down 15.65 points y/y) and core (20.33%, down 7.25 points y/y) moderating, signals opportunities in fixed-income assets (e.g., bonds, as yields may soften post-CBN’s 50 bps MPR cut to 27.00%) and equities in agriculture/consumer sectors (benefiting from lower input costs), bolstered by naira stability and global disinflation; however, persistent inflation above CBN’s 9-15% target, structural risks, weak non-oil growth (manufacturing at 1% in Q2) demand diversified portfolios, FX hedging, and selective stock picks with strong fundamentals.

🔥 **Current 90-day Treasury Bills Rate : 15.00%**

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