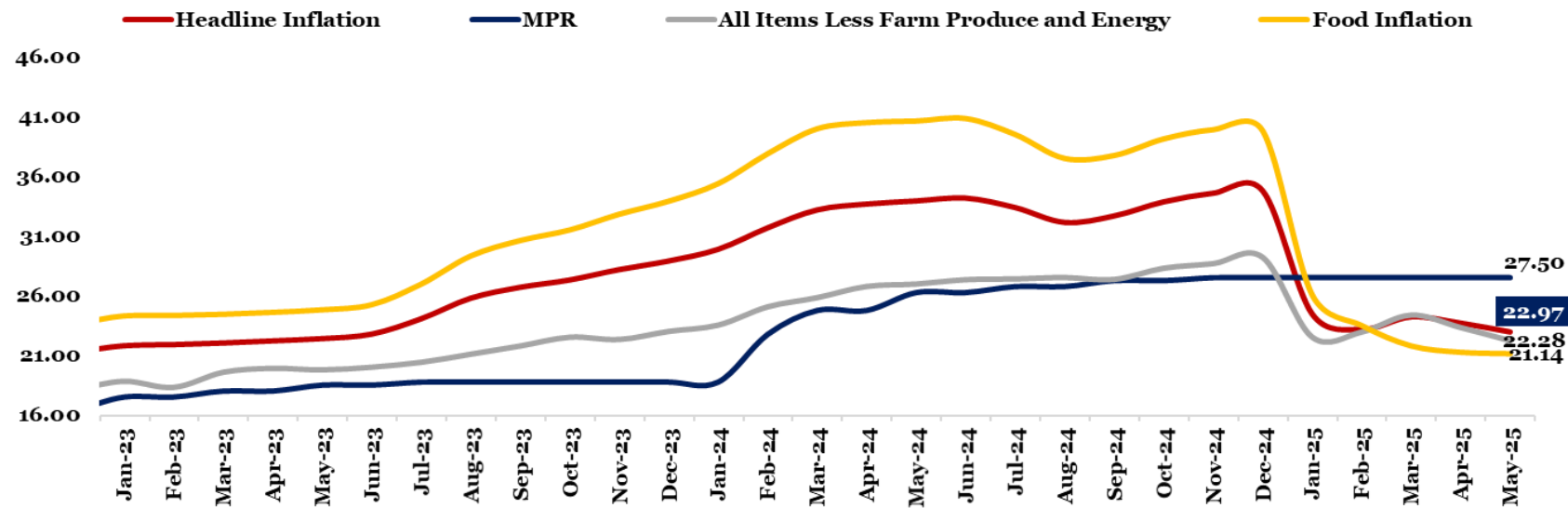


## INFLATION WATCH – May 2025

### Inflation Watch - Nigeria's Inflation Dips to 22.97% in May

Nigeria’s inflation cooled further in May 2025, with the headline inflation rate falling to 22.97%, down from 23.71% in April. This marks the second consecutive month of deceleration, signaling a consistent moderation in price pressures across the economy. The month-on-month increase in the Consumer Price Index (CPI) slowed to 1.53% in May, compared with 1.86% in April, indicating more modest month-to-month price changes. A key factor behind the moderation was a slight softening in food inflation. Year-on-year, food inflation dipped to 21.14% in May, compared to 21.26% in April. However, monthly food inflation edged up to 2.19%, from 2.06%, driven by increases in staples such as yam, cassava, maize flour, etc. Regional inflation trends revealed urban inflation at 23.14% year-on-year, down from 36.34% in May 2024, while rural inflation eased to 22.70%, also off from the previous year’s levels. On a monthly basis, urban and rural rates stood at 1.40% and 1.83%, respectively. The core inflation rate, excluding volatile food and energy components, declined to 22.28% year-on-year—a notable drop from 27.04% in May 2024—and registered a monthly increase of 1.10%, down from April’s 1.34%.



The improved macroeconomic stability, shown by steady central bank policies and a stronger naira, has also helped reduce the cost of imports. Price increases have slowed not just in food, but also in utilities and services. Although inflation is still high, its steady decline gives hope that government reforms are working. We expect that this trend may influence the Central Bank’s subsequent policy decisions and signals gradual economic progress.