

## INFLATION WATCH – June 2025

### Inflation Watch - Nigeria's Inflation Falls to 22.22% in June, Third Monthly Drop

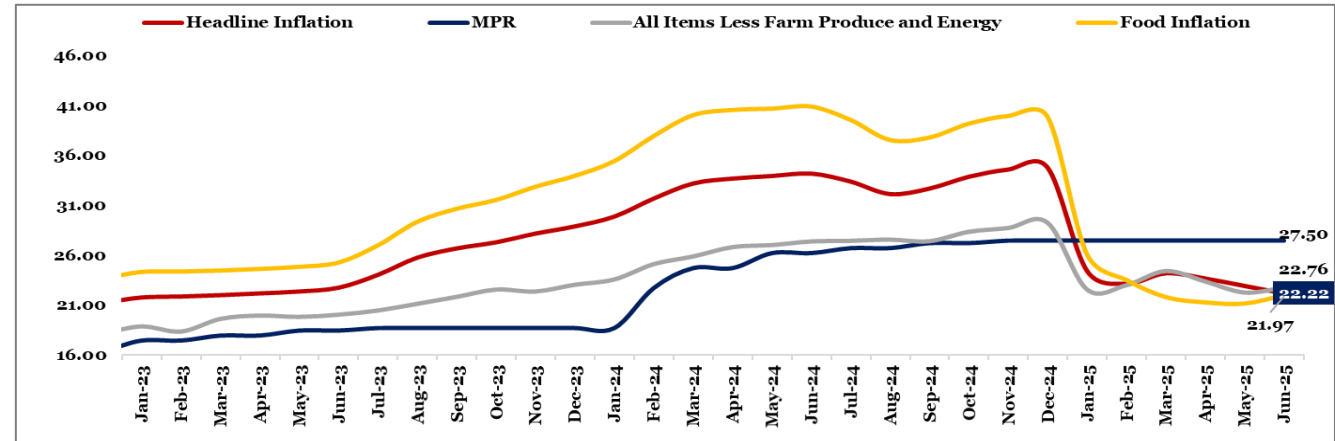
#### CPI Rebasing Continues to Moderate Inflation Readings

Nigeria's inflation rate declined for the third consecutive month in June 2025, settling at 22.22% y/y. This represents a drop from 22.97% recorded in May, according to the latest data released by the National Bureau of Statistics (NBS). Compared to June 2024, when the inflation rate stood at 34.19%, this reflects an 11.97% decrease, offering a glimpse of economic relief.

On a monthly basis, the Consumer Price Index rose by 1.68% in June, which is slightly higher than the 1.53% recorded in May. This suggests that although annual inflation is moderating, short-term price pressures remain evident. Food inflation exhibited mixed trends. Year on year, the food inflation rate increased to 21.97% from 21.14% in May.

Similarly, on a monthly basis, food prices surged by 3.25%, up from 2.19% in May. This rise was driven by increased prices of key food items such as green peas, fresh pepper, tomatoes, and crayfish.

Core inflation, which excludes the prices of food and energy, rose on a monthly basis to 2.46% from 1.10% in the previous month. On a yearly basis, core inflation stood at 22.76%.



#### Our view

Despite the continued presence of inflation, the downward trend since the start of the year indicates that some of the government's policy reforms are beginning to show results. The rebasing of the Consumer Price Index earlier this year, which introduced a new base year and an updated basket of goods, contributed to the initial sharp drop. Since then, the pace of decline has become more gradual but consistent.

With the Central Bank's Monetary Policy Committee expected to meet later in July, the June inflation report could influence interest rate decisions. While the moderation in annual inflation is a welcome development, the continued rise in monthly figures suggests that Nigeria's path to sustained price stability will require ongoing policy discipline, enhanced food supply chains, and broad economic support.

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