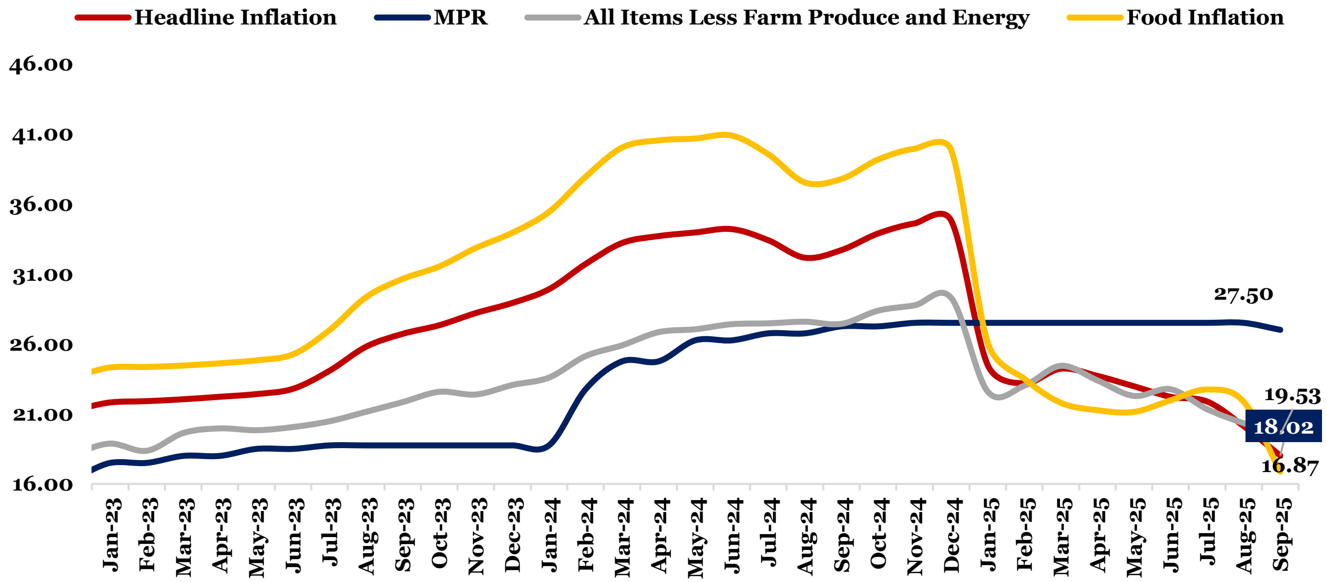
# INFLATION WATCH – September 2025

## Inflation Watch – Nigeria Inflation Sustains Moderation Amid Stable FX and Energy Prices




### CPI Rebasing Continues to Moderate Inflation Readings

For the sixth consecutive month, Nigeria's inflation rate declined in September 2025, settling at 18.02% y/y, down from 20.12% in August, according to the latest data from the National Bureau of Statistics (NBS). Compared to September 2024, when inflation stood at 32.70%, this represents a notable 14.68 percentage point reduction, underscoring continued economic relief and the positive impact of policy measures.

On a month-on-month basis, the Consumer Price Index (CPI) rose by 0.72% in September, slightly lower than the 0.74% recorded in August, reflecting a further moderation in short-term price pressures.

Food inflation also eased significantly. On a yearly basis, it declined to 16.87% from 21.87% in August, while on a monthly basis, food prices decreased by 1.57%, compared to a 1.65% drop in August. The decline was largely driven by lower average prices of key staples such as maize, garri, beans, potatoes, tomatoes, fresh pepper, and onions.

Similarly, core inflation—which excludes food and energy prices—slowed slightly to 1.42% m/m in September from 1.43% in August, and eased on a yearly basis to 19.53%, down from 20.33% in the previous month.

### Our view

Nigeria's inflation has maintained a steady decline this year, reflecting the positive impact of recent government policy reforms. Notably, the Consumer Price Index (CPI) was rebased earlier in the year to a new 2024 base year with an updated basket of goods, contributing to the sustained moderation in inflation. In addition, energy prices and the FX rate have remained stable, with the naira appreciating by 2.9% in September 2025 —its strongest level in 15 months.

Encouragingly, both annual and monthly inflation have trended downward, easing immediate price pressures. Furthermore, following the Monetary Policy Committee's (MPC) decision to cut the benchmark interest rate by 50 basis points to 27% in September, the sharp decline in inflation—now approaching the 15% budget benchmark—signals the possibility of further rate cuts in the Monetary Policy Rate (MPR) before year-end.

However, sustaining lasting price stability will require consistent policy discipline, strengthened food security measures, and continued stability in energy prices to guard against renewed volatility.