

INFLATION WATCH – October 2025

Inflation Watch – Nigeria Inflation Sustains Moderation Amid Stable FX And Food Prices

CPI Rebasing Continues to Moderate Inflation Readings

Nigeria's inflation rate recorded its seventh consecutive monthly decline, easing to 16.05% y/y in October 2025, down from 18.02% in September, according to the National Bureau of Statistics (NBS). When compared to 33.88% in October 2024, this marks a sharp 17.83% reduction, highlighting sustained economic stability and the continued effectiveness of recent monetary and fiscal policy interventions aimed at curbing price pressures.

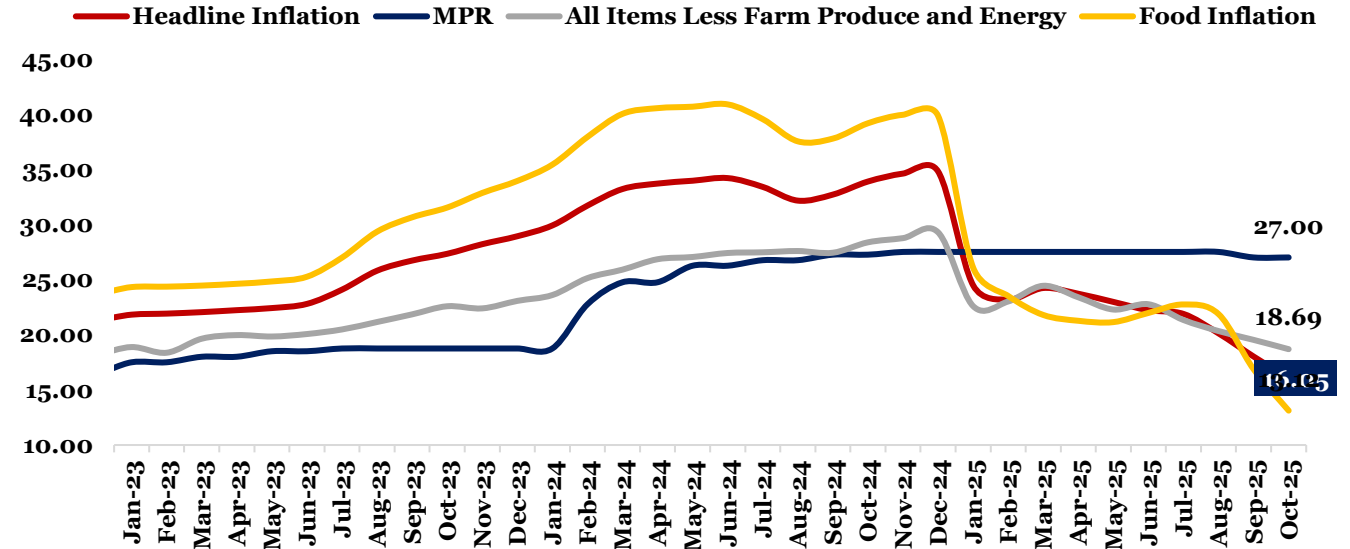
On a month-on-month basis, the Consumer Price Index (CPI) rose by 0.93% in October, slightly higher than the 0.72% recorded in September, indicating a mild uptick in short-term price movements even as overall inflation moderates.

Food inflation also slowed significantly to 13.12% y/y, down from 16.87% in September. On a monthly basis, food prices contracted by -0.37%, compared to a deeper decline of -1.57% in September. This improvement is partly linked to improved harvest season, better supply conditions and the gradual impact of ongoing agricultural support programs.

Similarly, core inflation, which excludes volatile items such as food and energy, remained stable at 1.42% m/m for both October and September. On a yearly basis, core inflation slowed to 18.69%, from 19.53% in the previous month, signalling easing price growth in non-food components of the economy.

Our view

Nigeria's inflation trajectory has continued its downward path throughout the year, reflecting the cumulative impact of recent government policy reforms. Earlier in 2025, the Consumer Price Index (CPI) was rebased to a new 2024 base year with an updated consumption basket, a change that has helped produce a more accurate and stable measure of price movements.



This, combined with improved FX management and relatively stable energy cost has supported the broader easing in headline inflation. Although, petrol pump price experienced a slight increase of 9.4% from ₦841/liter in September to ₦920/litre in October.

Both annual and monthly inflation indicators have shown meaningful moderation, easing immediate pressures on households and businesses. The Monetary Policy Committee's (MPC) 50-basis-point rate cut in September, which brought the Monetary Policy Rate (MPR) to 27%, was partly influenced by the consistent decline in inflation in recent months. With inflation now nearing the 15% budgeted target, policymakers may be encouraged to consider additional rate cuts as they meet again on November 24th and 25th, 2025.