

INFLATION WATCH – February 2026

Headline Inflation Eases to 15.06% Amid Exchange Rate Stability

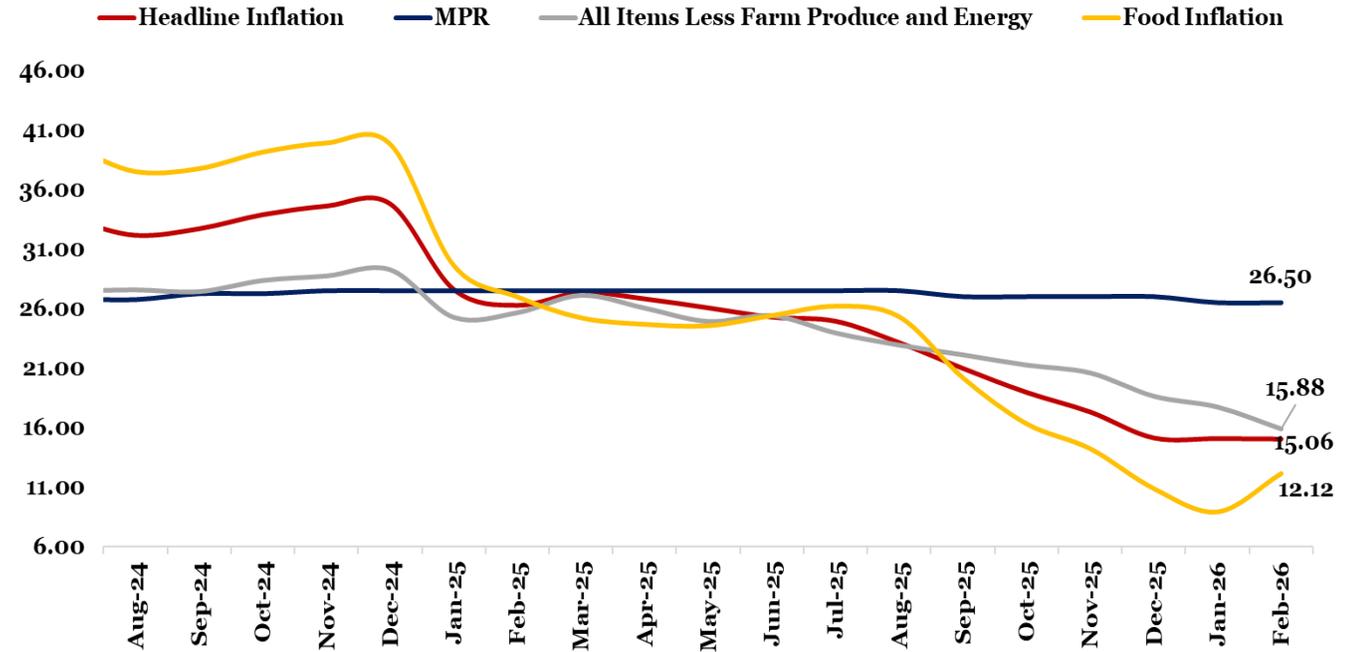
The Nigeria’s headline inflation moderated to 15.06% y/y in February 2026, down from 15.10% in January, according to the data published by the National Bureau of Statistics (NBS). Compared to 26.27% in February 2025, this represents a sharp 11.21 percentage-point decline, underscoring improved macroeconomic stability driven by the continued effectiveness of recent monetary and fiscal policy interventions.

On a month-on-month basis, the Consumer Price Index (CPI) rose by 2.01% m/m in February, faster than the -2.88% m/m decrease recorded in January, indicating a sharp short-term price pressure, amidst dry season effects and fasting period spending.

Food inflation also accelerated to 12.12% y/y, from 8.89% in January. On a monthly basis, food prices rose by 4.69% m/m, compared with a -6.02% m/m decrease in the previous month. The monthly increase was driven by average price increase in key food items such as Beans, Carrots, Okazi Leaf, Cassava Tuber, Crayfish, Millet Flour, Yam Flour, cow peas, etc, which are essential for fasting season.

Similarly, core inflation—which excludes volatile items such as food and energy—rose to 0.89% m/m in February from -1.69% m/m in January. On a year-on-year basis, core inflation eased to 15.88%, down from 17.72% in the prior month, signalling reduced price pressures in non-food items amid relative foreign-exchange stability.

Notably, the Naira appreciated in both the official and parallel markets in February. The currency strengthened by 1.93% (₦26.74) in the official market and 5.14% (₦75.00) in the parallel market, closing at ₦1,359.82/USD and ₦1,385/USD, respectively.



Our view

With inflation moderating persistently, the MPC reduced the MPR by 50bps to 26.50%, signalling growing confidence in the disinflationary trend supported by exchange-rate stability and improving food supply. However, the recent fuel price increase triggered by the U.S.–Israel/Iran conflict could limit the pace of further policy easing due to potential inflationary spillovers from higher energy prices.

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