

INFLATION WATCH – March 2026

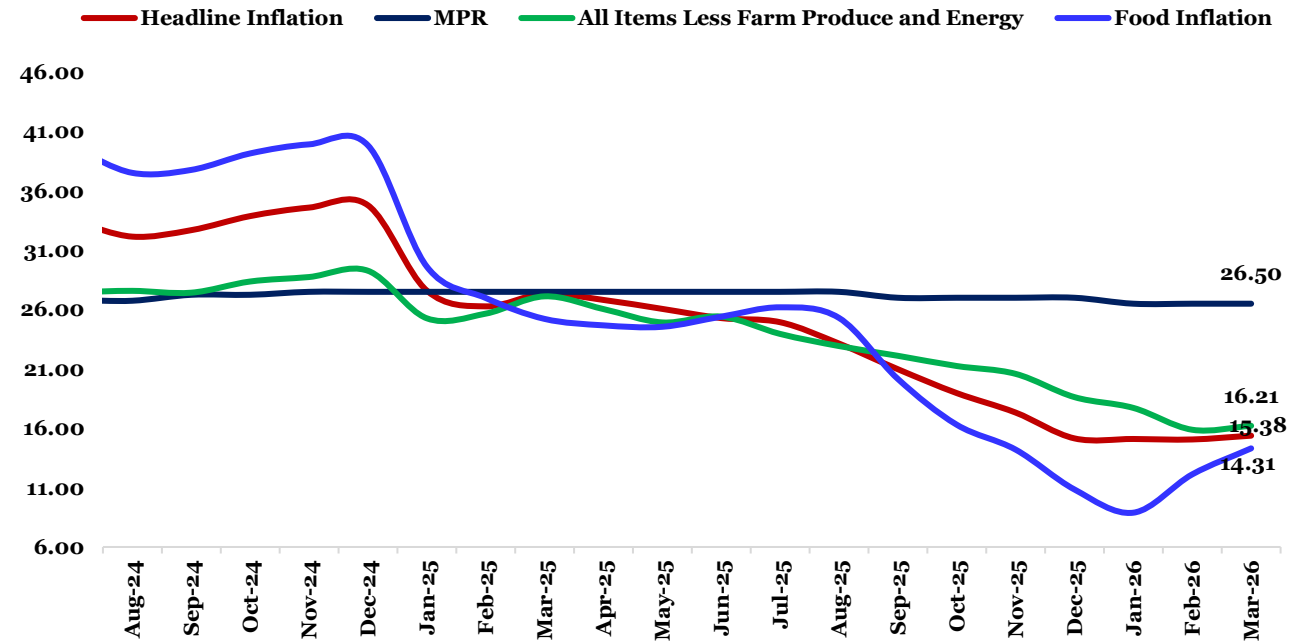
Inflation Accelerates on a Monthly Basis Despite Ongoing Year-on-Year Disinflation

Headline inflation rose to 15.38% (YoY) in March 2026, compared to 15.06% in February 2026, representing an increase of 0.32 percentage points. The CPI index increased to 135.4, up from 130.0 in the previous month, indicating an acceleration in overall price levels. Despite the month-to-month uptick, headline inflation remains substantially lower than the 27.35% recorded in March 2025, reflecting continued year-on-year disinflation.

On a month-on-month basis, headline inflation stood at 4.18% in March 2026, a sharp rise from 2.01% in February 2026. This indicates that price pressures intensified within the month, with faster increases in the average price of goods and services compared to February. The main MoM contributors were: Food & Non-Alcoholic Beverages (1.98%) Restaurants and Accommodation Services (0.95%) Transport (0.43%) Housing, Water, Electricity, Gas & Other Fuels (0.35%)

Food Inflation (YoY): 14.31% in March 2026, down significantly from 25.22% in March 2025, confirming strong annual moderation. Food Inflation (MoM): 4.17%, slightly lower than 4.69% in February 2026, indicating a mild easing in monthly food price growth. The moderation in food inflation was driven by slower price increases (or price declines) in staples such as: Yam, cassava tuber, and cassava flour, Tomatoes and Irish potatoes, Ginger (fresh), groundnuts, and ogbono (dried, unground) The 12-month average food inflation rate declined sharply to 18.21%, from 36.02% in March 2025, highlighting improved food price stability over the past year.

Core Inflation (YoY): 16.21% in March 2026, representing a substantial decline from 27.12% in March 2025. Core Inflation (MoM): 4.03%, up markedly from 0.89% in February 2026, indicating renewed short-term pressures in non-food, non-energy items.



Our view

The upside surprise in March inflation materially reduces the case for near-term easing. We expect the MPC to maintain a hold stance at the next meeting. While liquidity conditions have improved and disinflation had been progressing, this rebound likely shifts the Committee towards a more cautious tone. In our view, any rate cut expectations should now be pushed further into H2 2026, contingent on renewed moderation in inflation prints.

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