

INFLATION WATCH – April 2026

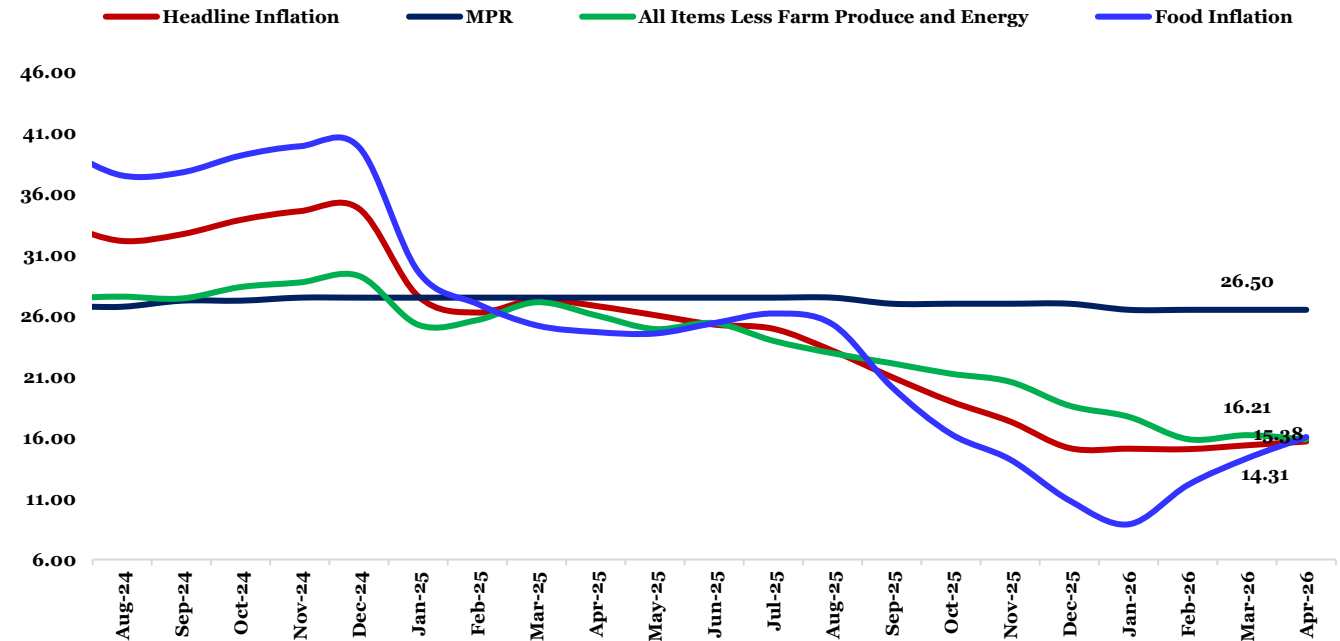
Nigeria’s Inflation Rate Rises Slightly in April driven by Uptick in Food Prices

According to the National Bureau of Statistics (NBS), headline inflation rose to 15.69% YoY in April 2026, compared to 15.38% in March 2026, representing an increase of 31 basis points. The increase was primarily driven by sustained pressure in the food basket, although this was partly offset by softer core inflation.

Food inflation came in at 16.06% YoY in April 2026, higher than the 14.31% recorded in March 2026, driven by higher prices of staple foods across major markets amid persistently high transportation and distribution costs.

Meanwhile, core inflation, which excludes farm produce and energy, stood at 15.86% YoY in April 2026, lower than 16.21% in March 2026. On the breakdown, price growth slowed across key components including Education Services (7.44% YoY vs 13.74% YoY), Clothing & Footwear (6.37% YoY vs 8.48% YoY), Transport (15.99% YoY vs 16.89% YoY), amongst others. This moderation was partly supported by a stronger Naira, which appreciated by 11.68% YoY, averaging NGN1,365.21/USD in April 2026.

On a month-on-month basis (MoM), headline inflation eased notably to 2.13% in April 2026 from 4.18% in March 2026, indicating a clear slowdown in the pace of price increases after the previous month’s spike due to the middle east tension. Core inflation also slowed to 1.03% MoM in April 2026 from 4.03% MoM in March 2026, reflecting a broad-based easing in underlying price pressures. Similarly, food inflation continued its downward trend for a second consecutive month, slowing to 3.63% MoM in April.



Our view

Looking ahead, we expect headline inflation to sustain its upward trend in May 2026, primarily driven by persistent pressures in food prices. While elevated global energy prices may continue to create additional cost pressures, the transmission to domestic prices is expected to remain gradual. Consequently, we anticipate that the MPC will adopt a "wait and see" approach at the upcoming meeting, pending clearer evidence of a sustained moderation in inflation.

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