

INFLATION WATCH – May 2026

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

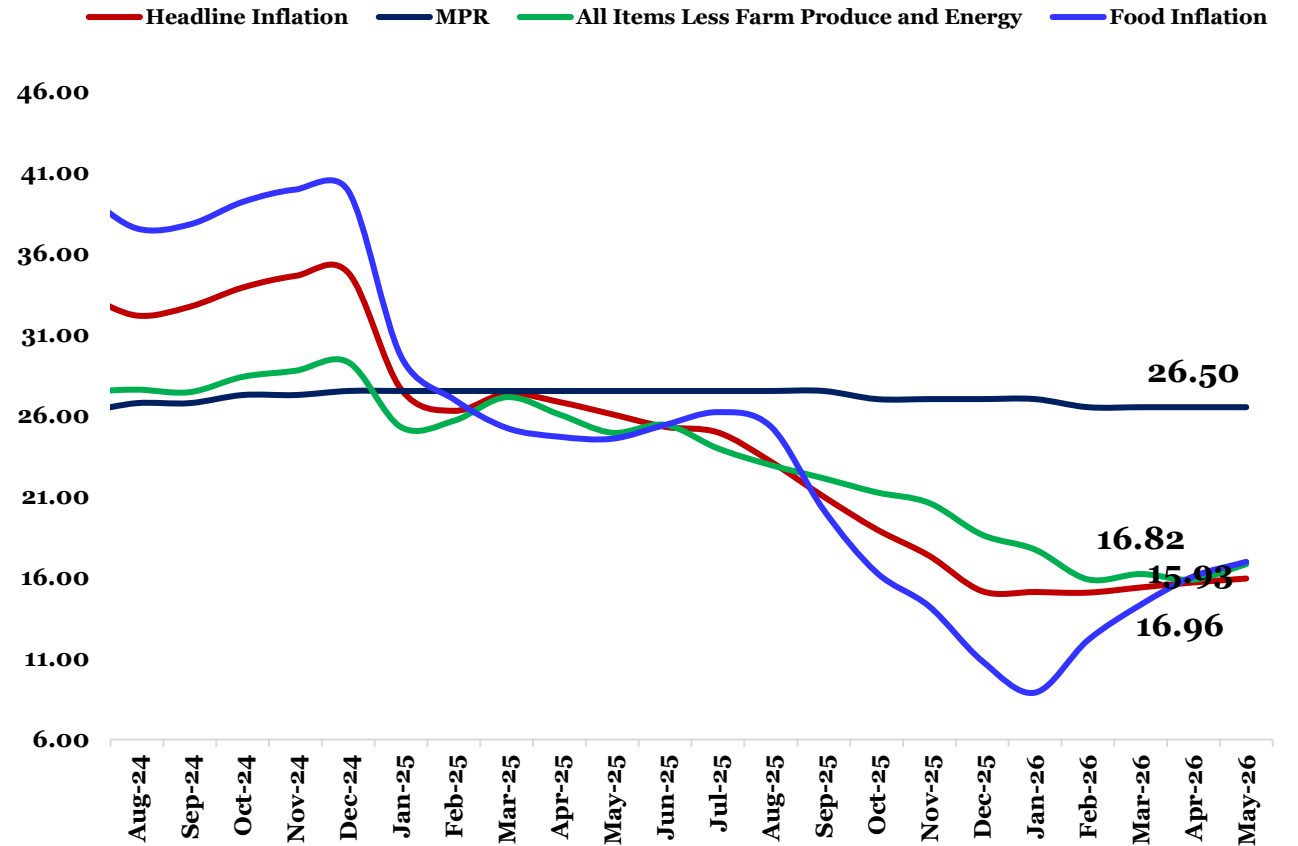
According to the National Bureau of Statistics (NBS), headline inflation rose to 15.93% YoY in May 2026, compared to 15.69% in April 2026, representing an increase of 24 basis points. The increase was primarily driven by a rise in energy prices, linked to the Middle East energy shock from the US-Iran conflict, which accounted for the bulk of the monthly inflation increase. However, this was partly moderated by softer price growth in core components, including shelter, while food inflation remained relatively subdued.

Food inflation came in at 16.96% YoY in May 2026, down significantly from 24.55% in May 2025. Meanwhile, core inflation, which excludes farm produce and energy, stood at 16.82% YoY in May 2026.

On a month-on-month basis (MoM), headline inflation eased notably to 1.75% in May 2026 from 2.13% in April 2026, indicating a clear slowdown in the pace of price increases. Core inflation accelerated to 1.94% MoM in May 2026 from 1.03% MoM in April 2026. Similarly, food inflation continued its moderating trend monthly, slowing to 2.98% MoM in May from 3.63% MoM in April.

Our view

Looking ahead, we expect headline inflation to moderate gradually in H2 2026, supported by easing global energy prices, a stronger Naira, and improving domestic supply conditions. Consequently, the MPC is likely to maintain its current policy stance in the near term while assessing the sustainability of the disinflation trend.



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