

INFLATION WATCH – September 2026

Headline Inflation Eases to 14.63% in September

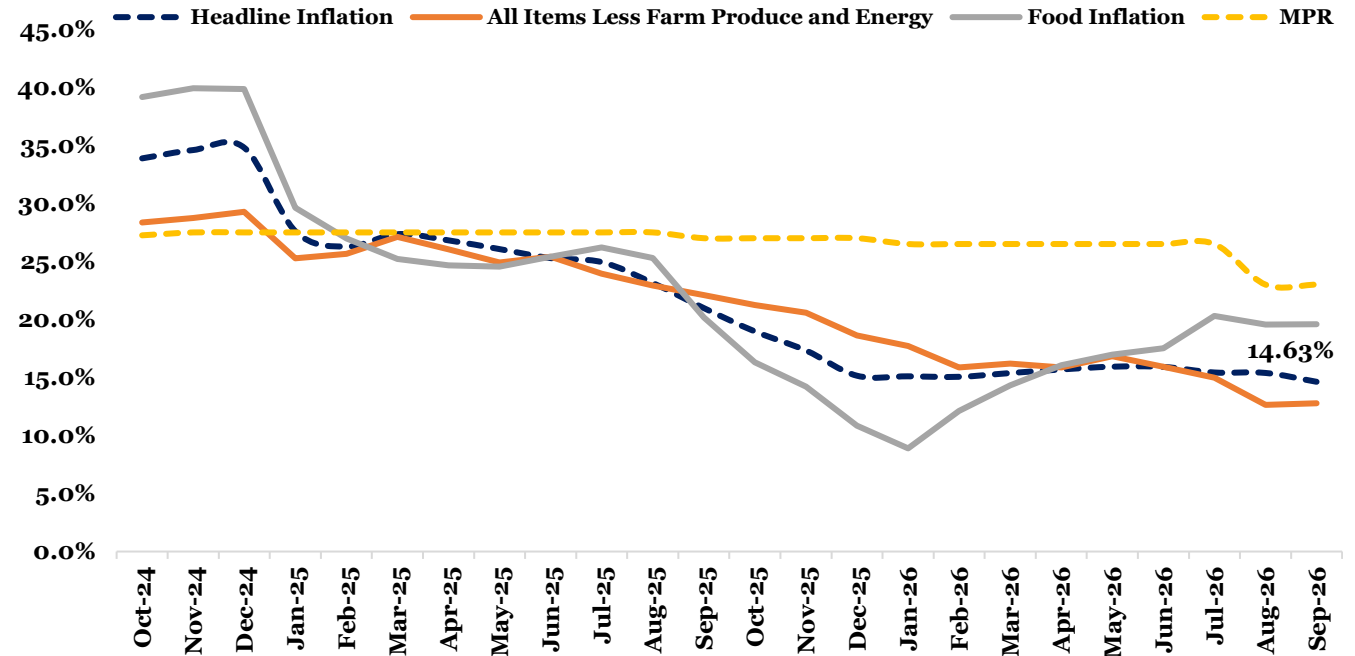
Nigeria's headline inflation eased to 14.63% y/y in September 2026 from 15.39% in August, according to the National Bureau of Statistics (NBS). The reading beat the market forecast of 15.19% and is well below the 20.98% recorded a year earlier. Month-on-month, prices rose only 0.06%, down from 0.71% in August, which shows price increases slowed sharply during the month. Food and non-alcoholic beverages remained the biggest driver of headline inflation.

Food inflation was 19.59% y/y, almost flat from 19.57% in August. But on a monthly basis, food prices fell 1.55% after rising 1.02% in August, as the harvest season lowered the cost of grains, rice, eggs, onions and palm oil. The relief was stronger in rural areas, where prices fell 0.89% m/m, while urban prices rose 0.53%.

Core inflation, which excludes farm produce and energy, eased to 12.95% y/y from 13.29% in August. However, core prices rose 1.11% m/m after falling 0.06% in August, this is a sign that some price pressure remains in the rest of the economy, even as the yearly rate cools.

Energy prices moved the other way. Energy inflation rose to 5.38% m/m from -0.36% in August, as higher petrol (PMS) prices and the Middle East conflict pushed up costs. If this continues, it could pass through to transport and other prices in the coming months.

Overall, the fall in headline inflation was mostly driven by food. Unlike August, when all three measures eased together, energy and core prices rose m/m in September. This makes the improvement less broad-based and more dependent on seasonal food supply, which usually fades by Q4.



Our view

Inflation should keep easing in the near term as harvest supply holds food prices down. But rising energy costs and higher core prices are risks, and food relief usually fades by Q4. After the 350bps MPR cut to 23.00% in September, we expect the CBN to go slowly on further cuts. For now, the data supports lower fixed income yields.

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