INFLATION WATCH – October 2026

Headline Inflation Eases to 14.06% in October

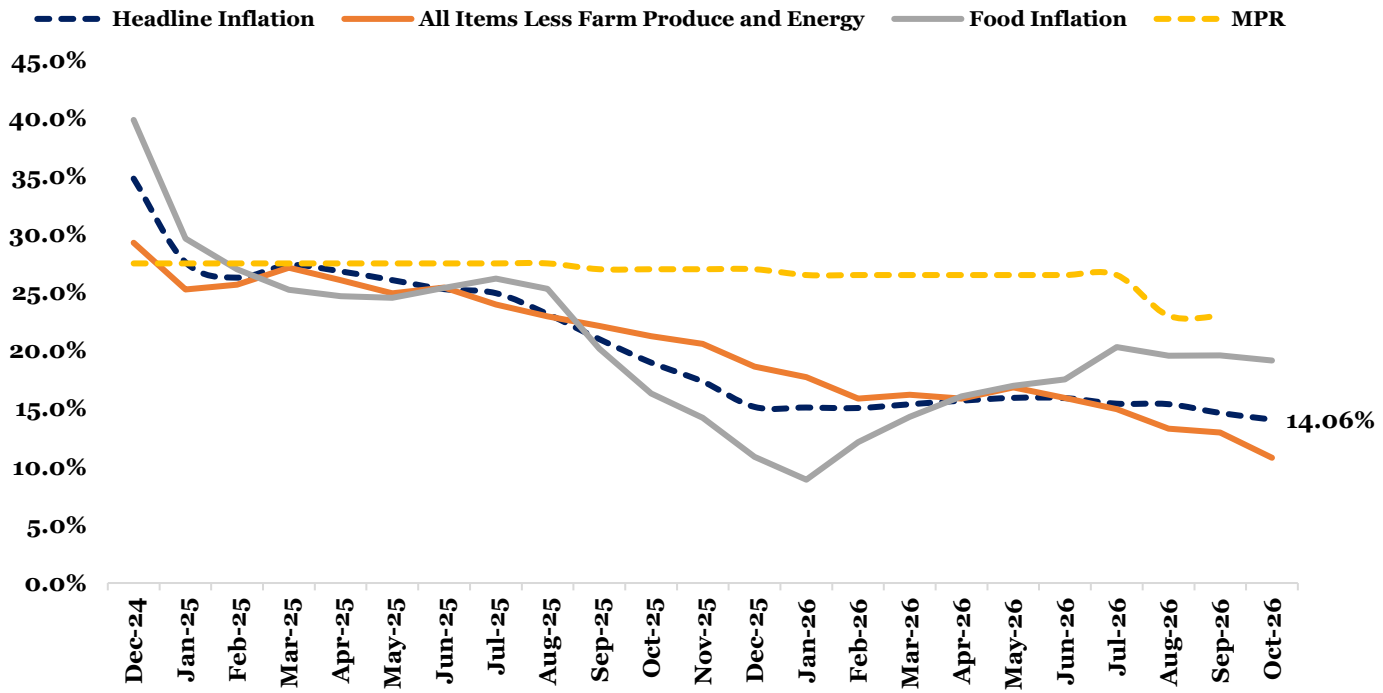
Nigeria's headline inflation eased to 14.06% y/y in October 2026 from 14.63% in September, according to the National Bureau of Statistics (NBS). This represents a 0.57 percentage point decline and marks a continued moderation in annual inflation. The reading also remains significantly below the 18.97% recorded a year earlier. However, month-on-month, headline inflation increased to 0.43% from 0.06% in September, indicating that the pace of price increases accelerated during the month.

Food inflation moderated to 19.13% y/y from 19.59% in September. On a month-on-month basis, food prices declined by 0.75%, although this represented a slower decline compared to the 1.55% contraction recorded in September. The moderation in food prices reflects continued seasonal supply improvements.

Core inflation, which excludes volatile agricultural produce and energy, eased significantly to 10.78% y/y from 12.95% in September. On a month-on-month basis, core prices declined by 0.53%, reversing the 1.11% increase recorded in August/September's reporting period. This suggests that underlying price pressures across the non-food and non-energy components of the economy moderated considerably during October.

At the broader level, the twelve-month average inflation rate declined to 15.40% from 26.05% in October 2025, reflecting sustained disinflation over the past year. Urban inflation stood at 14.84% y/y, while rural inflation was lower at 12.17%.

Overall, the decline was supported by continued moderation in food and core inflation. However, the acceleration in monthly headline inflation from 0.06% to 0.43%, alongside the slower pace of food price declines, suggests that near-term price pressures have not completely subsided.



Our view

Inflation should continue easing, supported by improved food supply and lower core inflation. However, rising energy costs remain a key risk. Following the September MPR cut to 23.00%, we expect the CBN to remain cautious on further cuts. The disinflationary trend supports lower fixed income yields.

Important Disclaimers
This document has been issued and approved by AIICO Capital and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital clients who are then expected to make their own investment decisions. AIICO Capital conducts designated investment business with market counter parties and customers and this document is directed only to such persons. AIICO Capital accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of AIICO Capital. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance. AIICO Capital is regulated by the Securities and Exchange Commission, and is licensed to provide fund and portfolio management services in Nigeria.