

COWRY RESEARCH ANALYSTS'

FLASHNOTE:

NIGERIA'S INFLATION REPORT-

SEPTEMBER 2025



Cowry Research

Finally Below 20%! Nigeria's Inflation Cools to 18.02% as FX Market Regains Balance.....

According to the National Bureau of Statistics (NBS), Nigeria's headline inflation eased further to 18.02% in September 2025 from 20.12% in August, marking the sixth consecutive month of disinflation since April and outperforming Cowry Research's projection of 19.73%.

On a month-on-month (m/m) basis, inflation decelerated marginally to 0.72% from 0.74% in August, implying slower price growth across major components of the CPI basket. On a year-on-year (y/y) basis, headline inflation was 14.68 percentage points lower than the 32.70% recorded in September 2024 — the softest annual print since May 2022 (17.71% y/y).

At the divisional level, Food & Non-Alcoholic Beverages (7.21%), Restaurants & Accommodation Services (2.33%), and Transport (1.92%) were the top contributors to headline inflation on a y/y basis. On a monthly basis, food remained the largest driver (0.29%), followed by Restaurants (0.09%) and Transport (0.08%).

Looking at the drivers of the headline index, the NBS report stated that food inflation moderated sharply to 16.87% y/y in September from 37.77% a year ago, largely reflecting the base year effect and the impact of the ongoing harvest season, which boosted food supply and softened prices across major staples such as maize, garri, beans, onions, and fresh produce. On a monthly basis, food inflation printed -1.57%, down from 1.65% in August, confirming a deflationary trend in food prices.

Similarly, the Core inflation (excluding volatile agricultural items and energy) eased to 19.53% y/y from 27.43% in September 2024. On a monthly basis, core inflation printed 1.42%, slightly below the 1.43% recorded in August.

The softer print for September was attributed to stable FX market conditions and improved foreign exchange liquidity, which helped ease import-related cost pressures.

Other sub-indices showed mixed movements — farm produce index fell to -0.75% (from -0.24%), energy index improved slightly to -0.47% (from -0.64%), while services index rose to 1.17% (from 0.66%) and goods index moderated to 0.44% (from 0.96%).

Across states, the highest year-on-year headline inflation rates were recorded in Adamawa (23.69%), Katsina (23.53%), and Nasarawa (22.29%), while Anambra (9.28%), Niger (11.79%), and Bauchi (12.36%) reported the lowest.

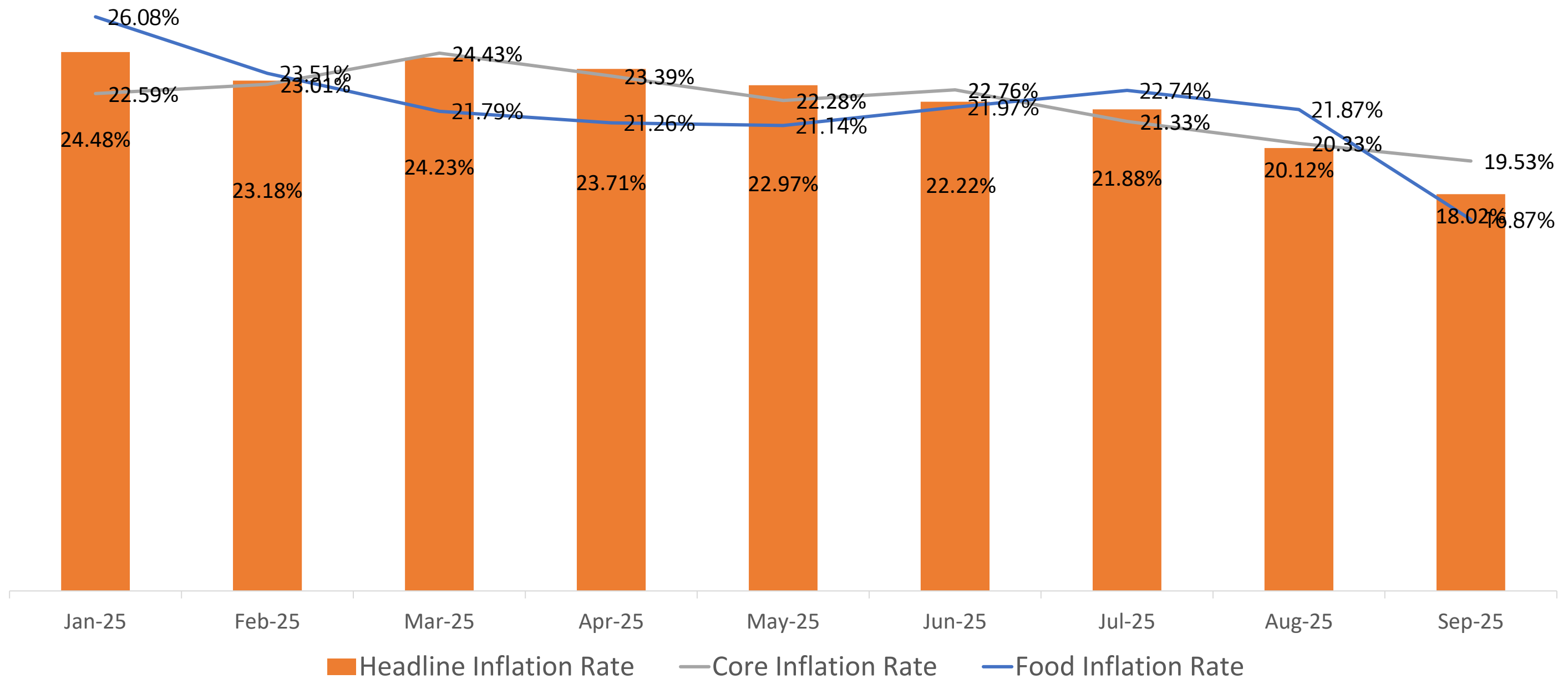
On a month-on-month basis, Zamfara (9.36%), Adamawa (8.15%), and Nasarawa (7.49%) saw the fastest price growth, whereas Niger (-8.14%), Oyo (-5.56%), and Bayelsa (-4.61%) recorded declines.

For food inflation, Ekiti (28.68%), Rivers (24.18%), and Nasarawa (22.74%) topped the year-on-year chart, while Bauchi (2.81%), Niger (8.38%), and Anambra (8.41%) recorded the slowest food price growth. On a month-on-month basis, Zamfara (15.62%), Ekiti (12.77%), and Sokoto (12.55%) posted the highest food inflation, whereas Akwa Ibom (-12.97%), Borno (-12.95%), and Cross River (-10.36%) saw sharp declines.

Cowry Research expects the headline inflation trend to remain moderating in the coming months, driven by continued naira stability, improved FX liquidity, and sustained food supply during the harvest season. While the recent upward adjustment in PMS prices in October may trigger mild cost pressures, its overall impact on the CPI basket is expected to be muted given its relatively low weighting. Consequently, Cowry Research projects October 2025 inflation to moderate further to 17.83%.

In the secondary fixed income market, sentiment is expected to remain bullish, especially on long-dated instruments, as investors take advantage of the softer inflation outlook and prospects of further monetary policy easing. Accordingly, Cowry Research anticipates that while the yield curve may remain inverted in the near term, a gradual normalization is likely as spreads between short- and long-term maturities narrow.

Monthly Evolution of Nigeria's Inflation



Source: National Bureau of Statistics, Nigeria, Cowry Research

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