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FLASHNOTE: NIGERIA'S INFLATION REPORT- MAY 2026



Cowry Research

Headline Inflation Edges Higher to 15.93% in May Despite Slower Monthly Price Growth....

According to the latest Consumer Price Index (CPI) report released by the National Bureau of Statistics (NBS), Nigeria's headline inflation rate increased to 15.93% year-on-year in May 2026, up from 15.69% recorded in April 2026. This represents a 0.24 percentage-point increase and marks the third straight months of uptick in inflation since last November and prompted by price shocks from the Middle East conflicts.

On a month-on-month basis, headline inflation moderated to 1.75% in May 2026 from 2.13% in April 2026, reflecting a 0.39 percentage-point decline. This suggests that although prices continued to rise during the month, the pace of increase slowed relative to April. The moderation was largely influenced by developments in the food basket, which remains the largest contributor to Nigeria's overall inflation profile.

Despite the recent increase, inflation remains significantly lower than the 26.06% recorded in May 2025, underscoring substantial progress in price stability over the past twelve months. The lower year-on-year reading reflects the impact of easing supply-side pressures, improved exchange rate stability, and favourable base effects.

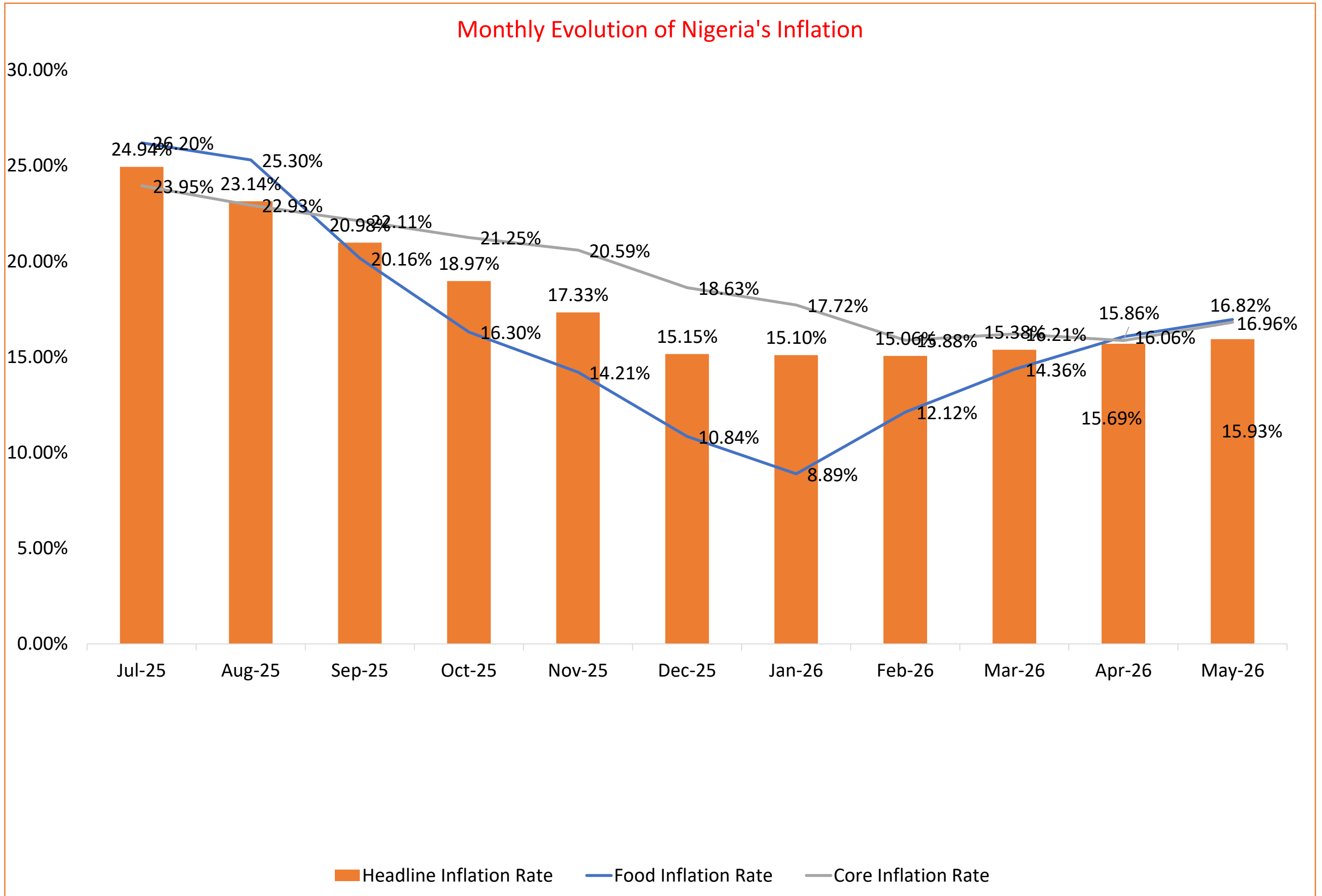
Food inflation, a key component of the headline index, stood at 16.96% year-on-year in May 2026, compared with 24.55% in the corresponding period of 2025. On a month-on-month basis, food inflation eased to 2.98% from 3.63% in April, representing a 0.65 percentage-point decline. The slowdown was primarily driven by softer price increases across several staple food items, including fresh onions, maize grains, melon (egusi), water yam, cassava flour, crayfish, fresh pepper, tomatoes, wheat grain, cassava tuber, sweet potatoes, ginger, plantain, and cowpea.

Other major components that contributed to movements in the headline index during the month included price increases seen for health (18.7% vs 18.9%), restaurants and accommodation services (24% vs 27.9%), and personal care, social protection and miscellaneous goods and services (17.8% vs 18.5%). In contrast, inflation notably softened for information and communication (7.4% vs 8.4%).

Meanwhile, core inflation which excludes the volatile food and energy components, stood at 16.82% year-on-year in May 2026, a notable decline from 24.92% recorded in May 2025. However, on a month-on-month basis, core inflation accelerated to 1.94% from 1.03% in April 2026, indicating a resurgence of underlying price pressures across non-food categories despite the broader moderation in headline inflation.

At the subnational level, inflationary pressures remained uneven across states. On a year-on-year basis, Yobe (24.94%), Anambra (23.29%), and Sokoto (22.60%) recorded the highest headline inflation rates, while Niger (3.07%), Plateau (7.10%), and Edo (7.73%) posted the lowest increases. On a month-on-month basis, Benue (8.23%), Bayelsa (7.62%), and Borno (7.29%) recorded the sharpest increases in consumer prices, whereas Niger (-4.55%), Zamfara (-3.36%), and Taraba (-2.67%) experienced outright declines in prices.

Food inflation also exhibited considerable regional variation. On a year-on-year basis, Adamawa (29.62%), Kwara (28.47%), and Rivers (28.40%) recorded the highest food inflation rates, while Borno (-6.53%), Taraba (1.13%), and Bayelsa (5.99%) posted the slowest increases. On a month-on-month basis, food inflation was highest in Bauchi (7.73%), Ogun (6.86%), and Jigawa (6.69%). In contrast, Niger (-3.54%), Katsina (-3.48%), and Gombe (-2.22%) recorded the lowest food inflation rates, suggesting localized improvements in food supply conditions and the positive impact of seasonal harvests.



Source: National Bureau of Statistics, Cowry Research

Cowry Research notes that the softer month-on-month inflation reading reflects a gradual easing in price pressures, supported by declining global crude oil prices amid progress in U.S.–Iran negotiations, which commenced last month and have contributed to reducing geopolitical tensions and improving market sentiment.

Consequently, inflation is expected to remain broadly moderate in the near term, underpinned by improved food supply conditions, seasonal harvest effects, and sustained exchange rate stability. Nonetheless, underlying price pressures remain elevated, particularly within the core inflation basket, while risks associated with transportation costs, adverse weather conditions, and potential foreign exchange volatility could trigger intermittent upward adjustments in consumer prices.

Looking ahead, we anticipate a further moderation in inflationary pressures, supported by the expected normalization of oil shipments through the Strait of Hormuz following the announcement of a U.S.–Iran peace agreement. This development is likely to ease global supply chain constraints and sustain softer crude oil prices, ultimately translating into lower domestic energy costs and reduced production and distribution expenses for businesses.

Against this backdrop, Cowry Research forecasts headline inflation to print at 15.80% in June 2026, reflecting the combined impact of improving supply-side dynamics, stable currency conditions, and easing imported inflation pressures.



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