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COWRY RESEARCH ANALYSTS' FLASHNOTE: NIGERIA'S INFLATION REPORT- JULY 2026

Cowry Research

Nigeria's Inflation Eases to 15.43% in July on Naira Support Despite Rising Food Prices….

According to the latest Consumer Price Index (CPI) report released by the National Bureau of Statistics (NBS), Nigeria's headline inflation rate stood at 15.43% year-on-year in July 2026, down from 15.91% in June 2026, representing a 0.48 percentage-point decline. This decline in July was supported by lower domestic energy costs and modest appreciation of the naira.

The moderation in price pressures was also reflected in the monthly reading where inflation slowed for the fourth consecutive month to 1.57% in July 2026, from 1.66% in June, reflecting a 0.09 percentage-point decline. This indicates that the pace of increase in the average price level was slower in July than in the preceding month.

Food inflation, a major component of the headline index, stood at 20.31% year-on-year in July 2026, compared with 26.20% in the corresponding period of 2025. However, on a month-on-month basis, food inflation accelerated to 5.56% in July, from 3.75% in June, representing a 1.82 percentage-point increase.

The month-on-month increase in food inflation was primarily driven by changes in the average prices of commodities including crayfish, fresh pepper, fresh onions, carrots, rice, water yam, fresh tomatoes, garri, plantain, beef, eggs, guinea corn, ginger, and plantain flour, among others. This suggests that, despite the broader moderation in headline inflation, food prices continued to exert significant pressure on households during the month.

Meanwhile, core inflation, which excludes the more volatile food and energy components, stood at 14.97% year-on-year in July 2026, down from 23.95% in July 2025. On a month-on-month basis, core inflation also decelerated sharply to 0.15% in July, from 1.66% in June. The moderation points to a broad easing of underlying price pressures across non-food categories and reinforces the overall decline in headline inflation.

The latest inflation sub-indices present a mixed but still challenging price environment, with renewed pressure from domestic food prices partly offset by easing across services, energy and imported food. Farm produce inflation accelerated to 4.66% m/m from 4.42% in June, signalling persistent supply-side pressures, while the goods sub-index rose 1.70% m/m, albeit slower than 1.94% previously.

In contrast, services inflation moderated sharply to 0.49% m/m from 1.60%, while energy prices declined by 2.39% m/m and imported food inflation eased to 1.19% from 1.73%. The divergence suggests that Nigeria's disinflationary process remains uneven, with softer services and energy prices providing some relief but renewed farm-produce pressures posing an upside risk to the broader inflation outlook.

At the subnational level, inflationary pressures remained uneven across states. On a year-on-year basis, Adamawa (33.03%), Yobe (25.21%), and Anambra (23.99%) recorded the highest headline inflation rates, while Nasarawa (7.86%), Kebbi (9.12%), and Borno (9.12%) recorded the lowest increases.

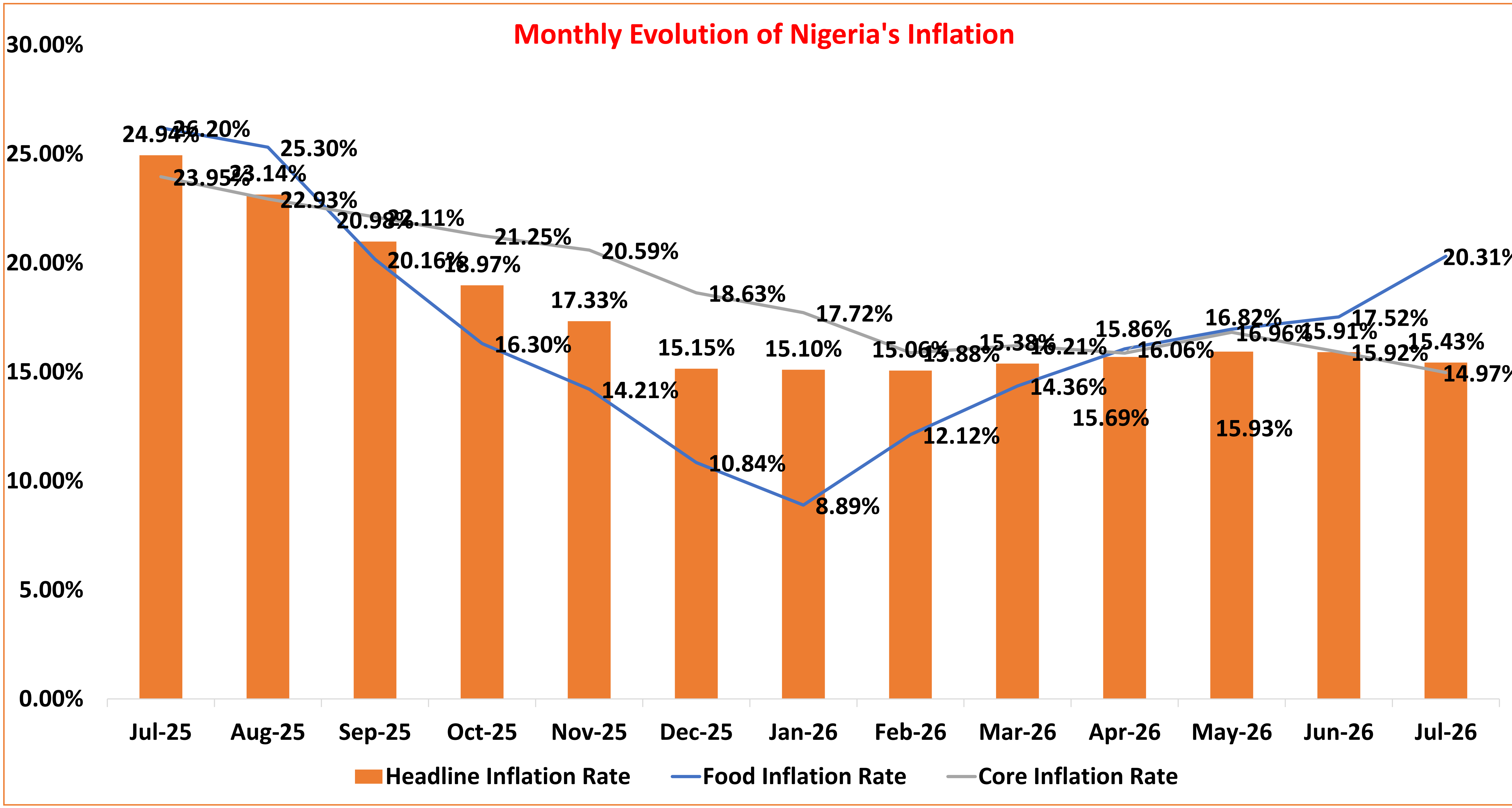
On a month-on-month basis, Adamawa (12.48%), Anambra (9.95%), and Delta (9.54%) recorded the sharpest increases in consumer prices. In contrast, Niger (-5.86%), Enugu (-5.71%), and Kebbi (-4.89%) recorded outright declines in consumer prices during the month.

Food inflation also showed significant regional disparities. On a year-on-year basis, Adamawa (51.36%), Katsina (30.84%), and Zamfara (30.65%) recorded the highest food inflation rates, while Borno (-0.31%), Nasarawa (6.88%), and Kebbi (12.50%) recorded the lowest.

On a month-on-month basis, food inflation was highest in Adamawa (17.02%), Lagos (13.48%), and Borno (13.26%).

Conversely, Jigawa (-3.68%), Kebbi (-3.67%), and Bauchi (-1.85%) recorded the lowest food inflation rates. The wide variation across states highlights differences in local food supply conditions and suggests that seasonal harvests and improved availability may have contributed to easing food price pressures in some parts of the country.

Overall, the July 2026 inflation figures point to a continued moderation in headline and core inflation, indicating some easing in broader price pressures. However, the sharp month-on-month increase in food inflation remains a concern, as food continues to represent a significant source of inflationary pressure for households. The divergence between declining year-on-year inflation and rising monthly food prices also underscores the uneven nature of Nigeria's inflation dynamics across sectors and regions.



Source: National Bureau of Statistics, Cowry Research

Looking ahead, we project the headline inflation to decelerate further to 14.82% in August 2026 as we expect that Nigeria's inflation remains cautiously positive, with headline and core inflation showing signs of gradual moderation. The decline in headline inflation to 15.43% and the sharp easing in month-on-month core inflation to 0.15% suggest that underlying price pressures are beginning to weaken. If this trend is sustained, inflation could continue to moderate gradually in the coming months, supported by improved macroeconomic stability and easing non-food price pressures.

Consequently, food supply conditions, agricultural output, logistics costs and energy prices will remain critical to the near-term trajectory of inflation and the direction of monetary policy. Food inflation remains the major near-term risk to the disinflation process. The sharp rise in month-on-month food inflation to 5.56% indicates continued pressure on the prices of essential food items. While seasonal harvests and improved domestic food supply could provide some relief, persistent challenges relating to agricultural production, transportation costs, distribution bottlenecks, and exchange-rate movements could limit the pace of improvement in food prices.

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