HEADLINE INFLATION EASES TO 15.91%

...Headline Inflation Eases Despite Higher Food Prices

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Highlights

Headline Inflation moderated marginally to 15.91% Year-on-year (YoY) in June 2026, from 15.93% recorded in May. On a month-on-month (MoM) basis, it also eased to 1.66%, from 1.75% in May. This shows that while prices continued to rise, the pace of increase slowed slightly in June. The moderation points to the continued impact of a stable exchange rate environment, which eased pressures on imported products, coupled with the decline in the global crude oil price during the month, which helped reduce pressures on energy-related products. (average Brent price: May: $102.78/barrel, June: $84.30/barrel).

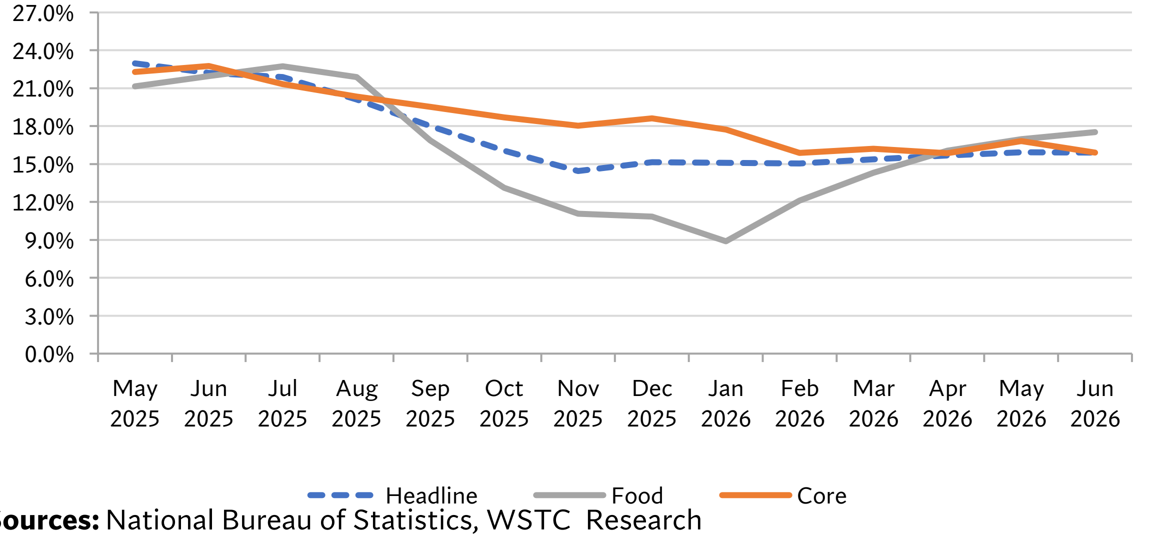
Food Inflation, however, presented a different picture. On a year-on-year basis, the food index increased to 17.52% from 16.96% in May, while the MoM rate also increased to 3.75%, compared with 2.98% in the previous month. The increase was driven by higher prices of several staple food items, including fresh pepper, tomatoes, crayfish, cowpeas, garri, yam products, cassava flour, Irish potatoes, bananas and beef. This is largely due to seasonal supply constraints associated with the lean planting season, which reduced the availability of the staple food items before the commencement of the main harvest. Although Dangote Refinery reduced its ex-depot petrol price by N75 per litre in mid-June, transportation and distribution costs continued to add pressure to food prices, as the reduction took time to filter through to retail pump prices in Nigeria.

In contrast, Core Inflation, which excludes farm produce and energy, eased to 15.92% YoY from 16.82% in May. On a MoM basis, it slowed to 1.66%, from 1.94% the previous month. This shows lower price pressures across several non-food components, such as clothing & footwear, housing equipment, and health-related services, on the back of a relatively stable exchange rate, which moderates the cost of imported goods. For context, the average NAFEM exchange rate against the US Dollar appreciated by 0.21% MoM during the month.

Urban Inflation marginally increased to 16.08% YoY from 16.07% in May, while on a MoM basis, it also rose to 2.13% from 1.99% in the previous month. The increase was largely driven by higher prices of fresh farm produce and transportation costs, which is potentially caused by the June lean season and costs of transporting the farm produce from agricultural regions to the cities.

On the other hand, Rural Inflation declined to 15.48% YoY in June from 15.60% in May. On a MoM basis, it slowed to 0.52%, compared with 1.17% in May. This is likely on the back of easing energy-related costs following the decline in petrol prices during the month, which helped reduce transportation costs in rural areas.

Year Inflation Trend



Sources: National Bureau of Statistics, WSTC Research

Outlook

We expect Headline Inflation to remain on a gradual downward trend over the coming months, underpinned by a continued exchange rate stability environment and gradual improvement in domestic food supply ahead of the main harvest season. The recent moderation in core inflation also shows that underlying price pressures are becoming more contained, which should help sustain the disinflation trend if current macroeconomic conditions persist.

However, Food Inflation remains the key concern. Rising prices of fresh agricultural produce and protein items indicate that weather-related disruptions, logistics constraints and seasonal supply shortages continue to affect food markets. Any shock pressure on the exchange rate or a sharp increase in energy and transportation costs could also slow the pace of disinflation.

All other things being equal, Headline Inflation is expected to continue its downward trend in the coming months.

Other Highlights

Indexes	Year-on-Year			Month-on-Month		
	Jun-26	May-26	Change	Jun-26	May-26	Change
All-items Price Index	15.91%	15.93%	-0.02%	1.66%	1.75%	-0.09%
Food Index	17.52%	16.96%	0.56%	3.75%	2.98%	0.77%
Core Index	15.92%	16.82%	-0.90%	1.66%	1.94%	-0.28%
Urban All-items Index	16.08%	16.07%	0.01%	2.13%	1.99%	0.14%
Rural All-items Index	15.48%	15.60%	-0.12%	0.52%	1.17%	-0.65%

Sources: National Bureau of Statistics, WSTC Research

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