

# HEADLINE INFLATION INCREASES TO 24.23%

...Festive Demands and Naira Slump Reverses Rebasing Declines

April 17, 2025

*Economic Report*

## Highlights

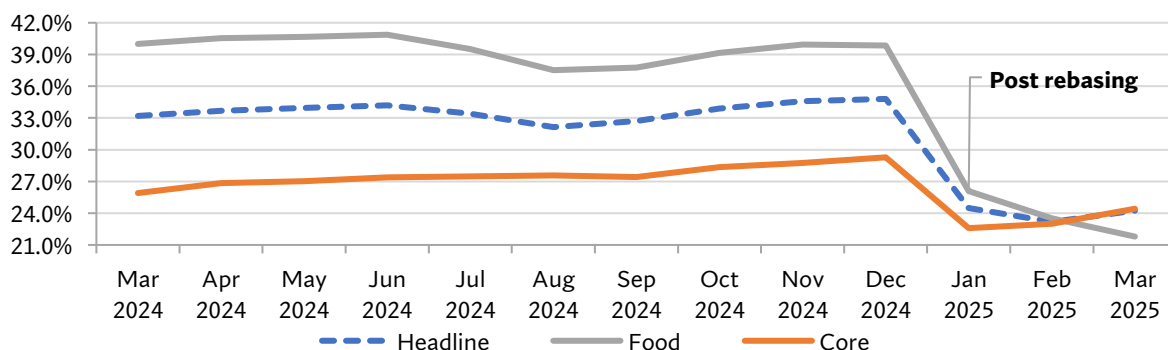
After two consecutive months of post-rebasing decline, inflation reversed course in March 2025, staging an unwelcome comeback that suggests additional strain within the Nigerian economy. Data from the National Bureau of Statistics (NBS) places the year-on-year Headline Inflation at 24.23%, up from 23.18% in February 2025, representing a 1.05% surge. Even more striking, the month-on-month inflation rate nearly doubled, rising by 1.85% points from 2.04% to 3.90%

The primary driver of the monthly spike was Food Inflation, which climbed by 51 basis points to 2.18% in March, up from 1.67% in February. According to NBS, this increase stemmed largely from price hikes in essential food items such as fresh ginger, yellow garri, ofada rice, natural honey, crabs, potatoes, plantain flour, unshelled periwinkle, and fresh pepper. We opine that some of these food staples saw significant seasonal demand pressure, as the Ramadan period typically fuels increased consumption and stocking, especially in urban centres.

However, the Food Inflation narrative took an interesting twist, while prices rose on a month-on-month basis, the pace of year-on-year slowed, dropping to 21.79% (vs 23.51% in February). This signals that, relative to the same period last year, the rate of food price increases decelerated, offering a faint silver lining in an otherwise heated inflation report.

Currency weakness also played a notable role in fueling inflation. The Naira depreciated slightly in March, averaging N1,526/\$, compared to N1,501/\$ in February. This depreciation fed directly into higher import costs. Core Inflation (which excludes food and energy prices) reacted accordingly, with year-on-year figures climbing to 24.43% (vs 23.01% in February), while the month-on-month core inflation rose to 3.73% from 2.52%, a 1.21% percentage point increase.

## One-Year Inflation Trend



**Sources:** National Bureau of Statistics, WSTC Research



Outlook

Inflationary pressure is expected to persist through April 2025, driven by a combination of domestic and external factors already taking shape by mid-month. The ongoing tariff war, although partially eased, continues to fuel uncertainty in international trade. While indirect, this development may compound inflation risk through its influence on global commodity prices, trade flows, and weak FX inflow, through weaker crude oil earnings.

So far in April, the Naira has weakened further from its March (3% decline) close, recording a 4% depreciation in the NAFEM market and a 5% depreciation in the parallel market as of April 15, 2025. This trend is expected to drive import costs up, further amplifying inflationary pressures across essential consumer goods and services.

Fuel price fluctuations remain an important factor to watch. On March 10, 2025, NNPC suspended its naira-for-crude oil swap deal with domestic refineries, including Dangote Refinery. This deal, which began on October 1, 2024, allowed local refiners to purchase crude oil in Naira rather than Dollars. Its cancellation triggered a sharp hike in pump prices on April 2, 2025, with prices rising from N860–N880 per litre to N925–N950 per litre. However, some relief may be on the horizon, as the deal resumed on April 9, 2025. This resumption paved the way for Dangote Refinery’s decision to reduce its ex-depot price to N835 per litre on April 16, 2025. If this downward trend of price is sustained, it could offer a modest relief to inflation, particularly across transportation, logistics and supply chains.

Given these prevailing conditions, Headline Inflation is expected to rise further in April, albeit slowly, both on a month-on-month and year-on-year basis.

Other Highlights

Indexes	Year-on-Year			Month-on-Month		
	Mar-25	Feb-25	Change	Mar-25	Feb-25	Change
All-items Price Index	24.23%	23.18%	1.05%	3.90%	2.04%	1.86%
Food Index	21.79%	23.51%	-1.72%	2.18%	1.67%	0.51%
Core Index	24.43%	23.01%	1.42%	3.73%	2.52%	1.21%
Urban All-items Index	26.12%	25.15%	0.97%	3.96%	2.40%	1.56%
Rural All-items Index	20.89%	19.89%	1.00%	3.73%	1.16%	2.57%

Sources: National Bureau of Statistics, WSTC Research



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