

HEADLINE INFLATION EASES TO 15.39%

... Harvest Season Eases Food Price Pressures

September 16, 2026.

Economic Report

Highlights

Headline Inflation continued to moderate in August, although the decline remained gradual. Year-on-year (YoY), Headline inflation eased from 15.43% in July to 15.39% in August 2026, while month-on-month (MoM) inflation dropped significantly from 1.57% to 0.71%. This shows that while the average prices of goods & services remained higher than a year ago, the pace of monthly price increases slowed considerably in August. The improvement was driven mainly by the slowdown in food prices and moderation in prices of goods & services outside food and energy.

Key Indicators

Indexes	Year-on-Year			Month-on-Month		
	Aug-26	Jul-26	Change	Aug-26	Jul-26	Change
All-items Price Index	15.39%	15.43%	-0.04%	0.71%	1.57%	-0.86%
Food Index	19.57%	20.31%	-0.74%	1.02%	5.56%	-4.54%
Core Index	13.29%	14.97%	-1.68%	-0.06%	0.15%	-0.21%
Urban All-items Index	15.88%	16.12%	-0.24%	0.28%	1.90%	-1.62%
Rural All-items Index	14.23%	13.77%	1.79%	1.79%	0.78%	1.01%

Sources: National Bureau of Statistics, WSTC Research

Food Inflation moderated as it eased from 20.31% YoY in July to 19.57% in August. On a MoM basis, Food Inflation dropped significantly from 5.56% to 1.02%. This provided meaningful support to the Headline Inflation, given its size in the index, and the NBS attributed the moderation to changes in the average prices of items including palm oil, carrots, pepper, onions, cassava flour, beef, yam flour, among others. We attribute this monthly moderation to the harvest season, as August typically falls within the main harvest season in Nigeria, and this increases the supply of farm produce and tends to ease price pressure. For reference, the rate of increase in prices of farm produce dropped significantly from 4.66% in July to 1.35% in August.

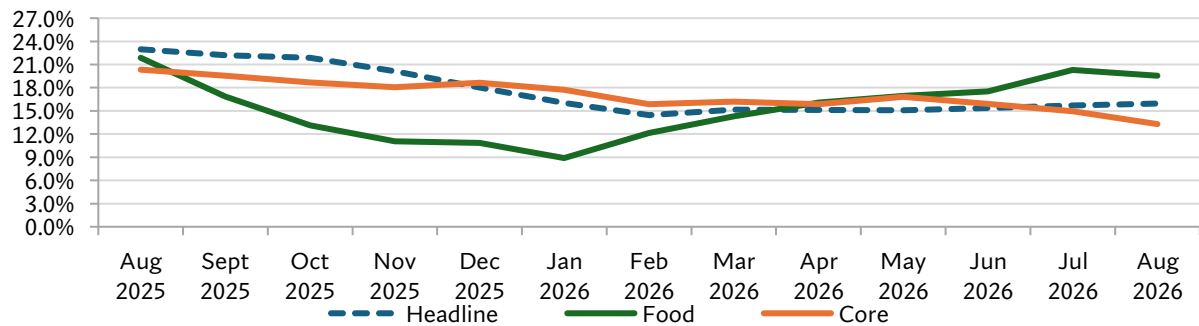
Core Inflation, which excludes volatile farm produce and energy prices, also declined from 14.97% YoY in July to 13.29% in August. More importantly, Core Inflation turned negative on a MoM basis as it moved from 0.15% in July to -0.06% in August. This evidenced that the average prices of goods & services in this segment (Transport, Housing, etc.) declined marginally in August compared to July. We attribute this to the relatively stable exchange rate, as the naira appreciated by 3% month-on-month in the official market and 1% in the parallel market during August. This could have reduced the naira cost of imported goods and production inputs, thereby easing price pressures on some core items. Sustained lower energy costs may have provided additional indirect support through reduced transportation, logistics and operating costs.



Urban Inflation also dropped as it moved YoY from 16.12% in July to 15.88% in August, while MoM inflation declined sharply from 1.90% to 0.28%. This evidenced the drop in food, energy and transportation, housing, water, electricity, gas and other fuels prices.

In contrast, Rural Inflation increased YoY from 13.77% to 14.23% and rose MoM from 0.78% to 1.79%. A deeper look revealed this was caused by higher energy, transport, and education costs. We opined that this is largely driven by the relatively greater exposure of rural households and businesses to energy and transportation costs, particularly through road-based movement of goods and agricultural produce, which amplified cost pressures during the month. Meanwhile, the timing of the new academic session may have contributed to higher education-related costs.

Year Inflation Trend



Sources: National Bureau of Statistics, WSTC Research

Outlook

We expect the disinflationary trend to continue in the near term, although the rate of moderation will depend largely on developments in food prices, the exchange rate and energy.

The outlook for Food Inflation has improved as the harvest season progresses and the pace of monthly food-price increases has eased sharply. The approaching harvest should support the availability of seasonal agricultural produce and provide further relief to food prices in the coming months.

Also, the continued stability of the naira should support further moderation in Core Inflation by limiting the naira cost of imported goods and production inputs. However, the sustainability of this trend will depend on continued exchange-rate stability and the extent to which lower input costs are passed through to consumer prices.

Rising global crude oil prices remain a concern to the inflation outlook. Recent increases in global oil prices, driven by the recent geopolitical tensions in the Middle East, could place pressure on domestic energy and transportation costs if sustained. For reference, the Brent crude oil price has increased by 20% MTD from \$90.49/barrel to \$108.09/barrel as of August 15, 2026.



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