

Inflation on the Retreat — July Forecast at 21.77% and Falling

Bottomline: United Capital Research projects Nigeria's inflation rate will decline to 21.77% in July 2025, down from 22.22% in June 2025. This anticipated drop is driven by falling prices of major food items, stable energy prices—particularly Premium Motor Spirit (PMS)—and a firmer Naira against the US Dollar. Although global food prices rose in July, the impact on Nigeria's inflation was minimal.

Prices of Food Items Dropped in July:

According to the National Bureau of Statistics (NBS), average prices of most food items fell in July compared with June, with the exception of yam. Garri, Maize (White & Yellow) dropped by 2.3% per kg, Brown Beans dropped 1.9%, White Beans down by 1.5%, Imported Rice & Sorghum dropped by 1.0%, Prices of Soyabean dropped by 0.3%. However, the average price of Yam increased by 3.15%.

Crude Oil and PMS Prices Remain Stable:

The average price of Bonny Light crude oil held steady at US\$73.17 per barrel in July, compared to US\$73.88 in June. This stability kept PMS pump prices unchanged, helping to moderate costs in key inflation-driving sectors—transportation, restaurants & accommodation, and food & non-alcoholic beverages.

Exchange Rate Gain Support Price Relief:

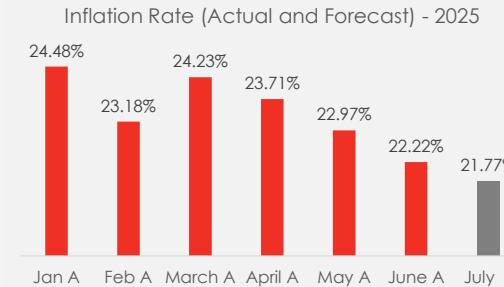
The Naira appreciated by 1.27% against the US Dollar in July, averaging ₦1,530.29/US\$1 versus ₦1,549.80/US\$1 in June. This currency strength helped reduce local prices of imported consumer goods.

Global vs Local Price Trends:

The FAO Food Price Index published by The Food and Agriculture Organization (FAO) of the United Nations for July posted a modest increase. However, in Nigeria, key food prices declined—helped by the Naira's appreciation—muting the inflationary effect of higher global prices.

Implications: Declining Inflation Rate in Nigeria:

United Capital Research notes that continued disinflation could prompt the Monetary Policy Committee of the Central Bank of Nigeria to consider an interest rate cut at its September 2025 meeting. This could: lower borrowing costs for consumers, stimulate equity market rallies and create opportunities for fixed-income investors, depending on the strategy they adopt.



Average Food Prices - 2025			
Food Items	June	July	Change
Brown Beans	2,005	1,968	(1.90%)
Garri	866	846	(2.30%)
Imported Rice	2,462	2,437	(1.00%)
Local Rice	1,917	1,875	(2.20%)
Maize White	1,153	1,127	(2.30%)
Maize Yellow	1,182	1,154	(2.30%)
Sorghum	1,102	1,090	(1.00%)
Soyabbeans	1,628	1,623	(0.30%)
White Beans	1,907	1,879	(1.50%)
Yam	1,653	1,704	3.10%

Sources: NBS, United Capital Research

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