

INFLATION WATCH

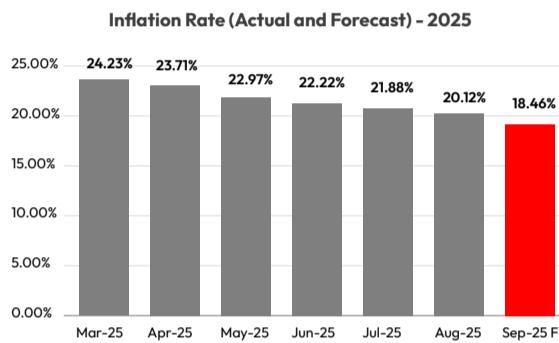
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■ Inflation Rate Forecasts at 18.46% and Falling Towards 15%

Bottomline:

United Capital Research forecasts that Nigeria's headline inflation rate will decline to 18.46% in September 2025, down from 20.12% in August 2025. The anticipated moderation is attributed to a combination of factors including falling prices of major food items (please see Table1), relatively stable energy prices—particularly Premium Motor Spirit (PMS)—and appreciation in the value of Naira against the US Dollar.



Prices of Most Food Items Declined in September:

According to data from the National Bureau of Statistics (NBS), average prices of most food items fell in September 2025 compared with August, except for the prices of Garri and Sorghum which increased.

Table 1: Average Food Prices Per Kg

Food Items	August	September*	Change
Brown Beans	1,908	1,864	-2.35%
Garri	820	829	1.02%
Imported Rice	2,406	2,396	-0.42%
Local Rice	1,818	1,781	-2.04%
Maize White	1,084	1,045	-3.57%
Maize Yellow	1,113	1,069	-3.95%
Sorghum	1,082	1,091	0.84%
Soyabeans	1,581	1,545	-2.26%
White Beans	1,821	1,802	-1.01%
Yam	1,741	1,693	-2.73%

Sources: NBS and United Capital Research. * Last Price in September was 28 September 2025

The prices of Maize Yellow fell by 3.95% per kg, Maize White dropped by 3.57%, Yam down by 2.73%, Brown Beans dropped 2.35%, Soyabeans down 2.26%, Local

Rice down by 2.04%, White Beans dropped 1.01% and Imported Rice down marginally by 0.42%. However, the average prices of Garri increased by 1.02% and Sorghum rose by 0.84%.

Crude Oil Dropped Marginally While PMS Prices Remain Stable:

The average price of Bonny Light crude oil fell slightly to US\$70.20 per barrel in September 2025 from US\$70.55 in August. Meanwhile, the pump price of Premium Motor Spirit (PMS) remained stable at ₦865/litre during the month in the filling stations that we tracked. The stable PMS price has muted impact on inflation-driving sectors such as transportation, hospitality, and food.

Exchange Rate Gain Support Price Relief:

The Naira appreciated by 2.47%, averaging ₦1,497.79/US\$1 in September versus ₦1,534.75/US\$1 in August. The appreciation in the value of the Naira against the US Dollar had a positive pass-through impact in the local prices of imported items. As shown on the table above, the average price of imported rice dropped by 0.42% during the month of September from the position recorded in August 2025.

Eyes on Inflation Number as it Moves Towards 15% Target:

Looking into Q4 2025, our forecast suggests that inflation may close the year slightly above the 15% target set in the Federal Government's 2025 budget speech. We project an average inflation rate of 16.07% for Q4 2025, assuming no external shocks exert additional upward pressure on consumer prices. United Capital Research believes this outlook could encourage the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) to consider another interest rate cut at its upcoming meeting scheduled for Monday, November 24, and Tuesday, November 25, 2025.

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