

INFLATION WATCH

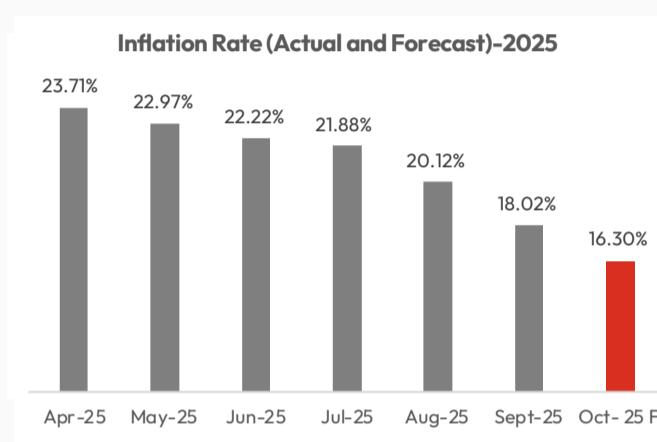
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■ Inflation Projected at 16.30%, Strengthening the Case for a Rate Cut

Bottomline:

United Capital Research forecasts that Nigeria's headline inflation rate will drop to 16.30% in October 2025, down from 18.02% in September 2025. The anticipated decline is attributed to the falling prices of major food items and appreciation in the value of the Naira against the US Dollar. However, the increase in energy prices—particularly Premium Motor Spirit (PMS) in October, on account of shortage in supply of PMS exerted upward pressure on consumer prices, especially energy sensitive goods and services.



Food Prices Declined on Improved Harvest, Except for Garri:

The average prices of most food items declined in October 2025 compared with September, except for Garri, which recorded a notable increase. This observation is based on United Capital Research's survey of selected food items during the month, compared with the National Bureau of Statistics (NBS) average food price data for September 2025.

Table 1: Average Food Prices Per Kg

Food Items	September	October	Change
Brown Beans	1,864	1,821	-2.31%
Garri	829	925	11.58%
Imported Rice	2,396	2,379	-0.71%
Local Rice	1,781	1,730	-2.86%
Maize White	1,045	992	-5.07%
Maize Yellow	1,069	1,056	-1.22%
Sorghum	1,091	1,087	-0.37%
Soyabeans	1,545	1,531	-0.91%
White Beans	1,802	1,783	-1.05%
Yam	1,693	1,678	-0.89%

Source: NBS and United Capital Research. NBS did not publish daily food price data for October 2025. However, United Capital Research conducted an independent market survey across selected markets to track key food prices during the month.

The general decline in food prices was largely driven by the ongoing harvest season, which improved market supply. Specifically, the average prices of White Maize fell by 5.07% per kg, Local Rice dropped

by 2.86%, Yam declined by 2.73%, Brown Beans by 2.31%, Imported Rice by 0.71%, and Sorghum by 0.37%. However, the average price of Garri increased significantly by 11.58%, reflecting supply constraints in cassava tuber production.

Crude Oil Prices Declined Marginally, While Domestic PMS Price Rose

The average price of Bonny Light crude oil declined by 5.77% to US\$66.15 per barrel in October 2025, from US\$70.20 per barrel in September 2025. However, the retail pump price of PMS across the filling stations monitored increased from ₦865 per litre in the first week of October to ₦992 per litre by mid-month. The uptick in PMS prices was primarily driven by supply disruptions arising from the industrial action by the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN). By month-end, the average retail price moderated to around ₦922 per litre following improved distribution. The temporary surge in PMS prices exerted upward pressure on inflation-sensitive sectors, particularly transportation, hospitality, and food services.

Exchange Rate Gain Support Price Relief:

The Naira appreciated by 2.55%, averaging ₦1,459.54/US\$1 in October versus ₦1,497.79/US\$1 in September. The appreciation in the value of the Naira against the US Dollar had a positive pass-through impact on the local prices of some imported items. As shown on the table above, the average price of imported rice dropped by 0.71% during the month of October from the position recorded in September 2025.

Stability Gains Support Case for a Rate Cut Despite External Headwinds:

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) is scheduled to hold its final meeting for the year 2025 between Monday, November 24, and Tuesday, November 25, 2025. There is a high probability of a rate cut, given the progress made in achieving macroeconomic stability over the past few months. While we acknowledge the emerging risks to the economy stemming from certain recent public statements, we expect that appropriate interventions will be undertaken to address and contain the situation. Stay tuned for our detailed pre-MPC report ahead of the next meeting scheduled for November 24-25, 2025.

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