

INFLATION WATCH

A Publication of United Capital Research

March 06, 2026

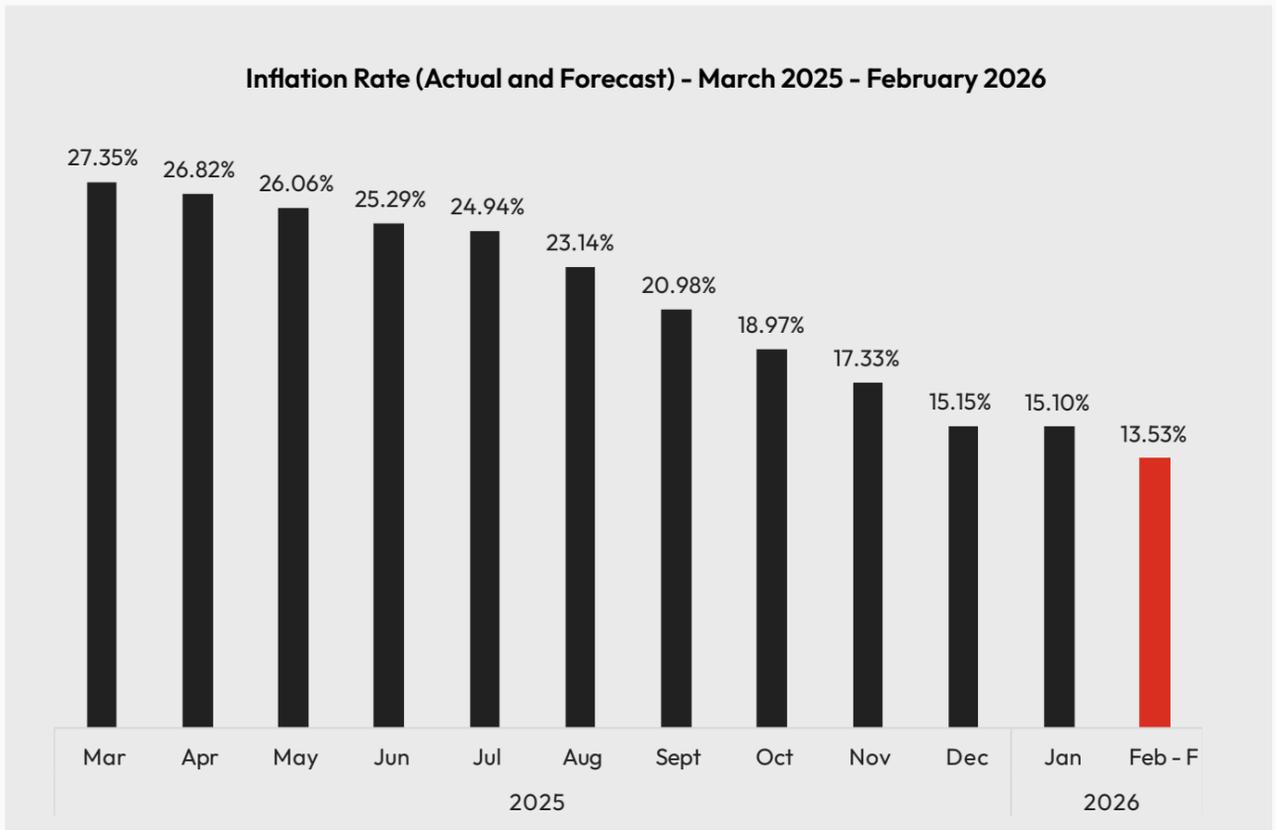
February 2026 Inflation Forecast at 13.53%

Bottomline:

United Capital Research forecasts that Nigeria’s headline inflation rate will decline to 13.53% in February 2026, compared with the 15.10% recorded in January 2026. The expected drop in inflation rate is on account of the stability and appreciation in the foreign exchange (FX) market. The moderation in imported input costs and drop in the prices of some consumer items despite the increase in the prices of a few items including also resulted in the expected drop in inflation rate.

Consumer Prices Showed Varying Price Movement January 2026:

United Capital Research survey in February showed varying consumer items price movements in February 2026. Average service charge in Lagos hotels increased by 3% in February 2026 compared with January 2026. Yam price increased by 3% between January 2026 and February. Price of Garri increased by 46%, and Tomatoes price increased marginally by 1.5%. Price of local Rice dropped by 4%, price of Beans dropped by 3%, while prices of maize and sorghum remained relatively stable between the two months.

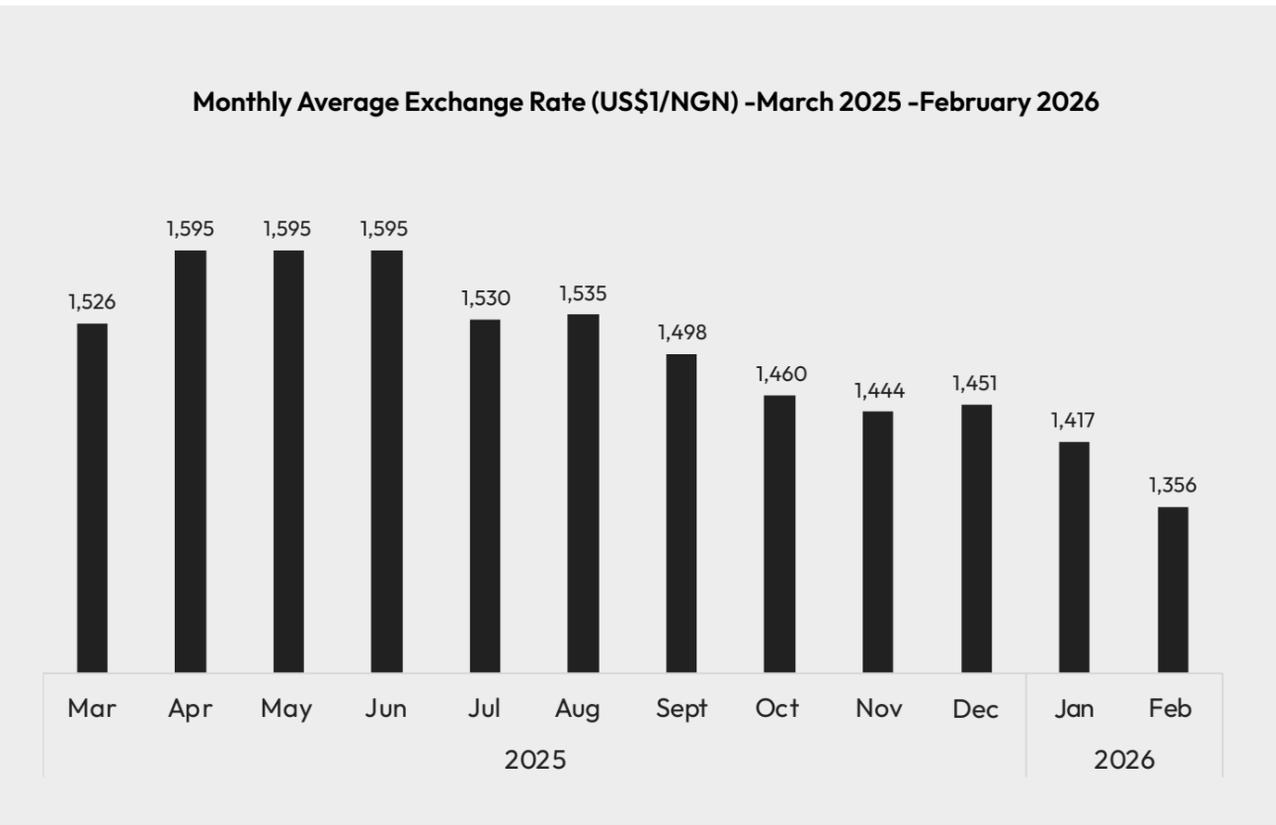


Crude Oil Increased Leading to Increase in PMS Pump Price:

The average price of Bonny Light crude rose by 6.29% to US\$72.33 per barrel in February, up from US\$68.05 in January. Consequently, the average pump price of Primum Motor Spirit (PMS) increased to ₦835 in February 2026 from ₦810 per litre January 2026. The increase in the PMS pump price during the month raised logistics costs and other energy induced consumer services in February 2026 compared with January 2026. Consequently, this added upward pressure to the February Consumer Price Index (CPI).

Exchange Rate Appreciated and Moderated Consumer Prices:

The value of Naira appreciated against the US Dollar by 4.50% on a monthly average basis and appreciated by 1.7% month-on-month between January and February. The exchange rate which closed at US\$/₦1,387 in January 2026, strengthened to US\$/₦1,363 by the end of February 2026. The monthly average rate also increased slightly from US\$/₦1,417 in January to US\$/₦1,356 in February. The average appreciation exerted downward trend on local prices.



Inflation Outlook:

If the current war in the Middle East is not resolved quickly, it may lead to shortage in global crude oil production and supply resulting in escalating prices. It may also lead to disruption in global trade with its associated increase in prices of certain international goods. All these factors will exert considerable upward pressure on global inflation rate and in Nigeria. Other than this, the outlook of inflation in Nigeria shows that a single digit inflation rate is still achievable by mid- year 2026. This should result to a downward trend in interest rates and yields on fixed income securities.

DISCLAIMER

United Capital Plc Research (UCR) notes are prepared with due care and diligence based on publicly available information as well as analysts’ knowledge and opinion on the markets and companies covered; albeit UCR neither guarantees its accuracy nor completeness as the sole investment guidance for the readership. Therefore, neither United Capital (UCAP) nor any of its associates or subsidiary companies and employees thereof can be held responsible for any loss suffered from the reliance on this report as it is not an offer to buy or sell securities herein discussed. Please note this report is a proprietary work of UCR and should not be reproduced (in any form) without the prior written consent of Management. UCAP is registered with the Securities and Exchange Commission and its subsidiary, United Capital Securities Limited is a dealing member of the Nigerian Stock Exchange. For enquiries, contact United Capital Plc, 3rd Floor, Afriland Towers, 97/105 Broad Street, Lagos. ©United Capital Plc 2021.

CONTACT US

- Research: Research@unitedcapitalplcgroup.com
- Trustees: Trustees@unitedcapitalplcgroup.com
- Securities Trading: Securities@unitedcapitalplcgroup.com
- Investment Banking: InvestmentBanking@unitedcapitalplcgroup.com
- Asset Management: Assetmanagement@unitedcapitalplcgroup.com
- Investors Relations: InvestorRelations@unitedcapitalplcgroup.com