

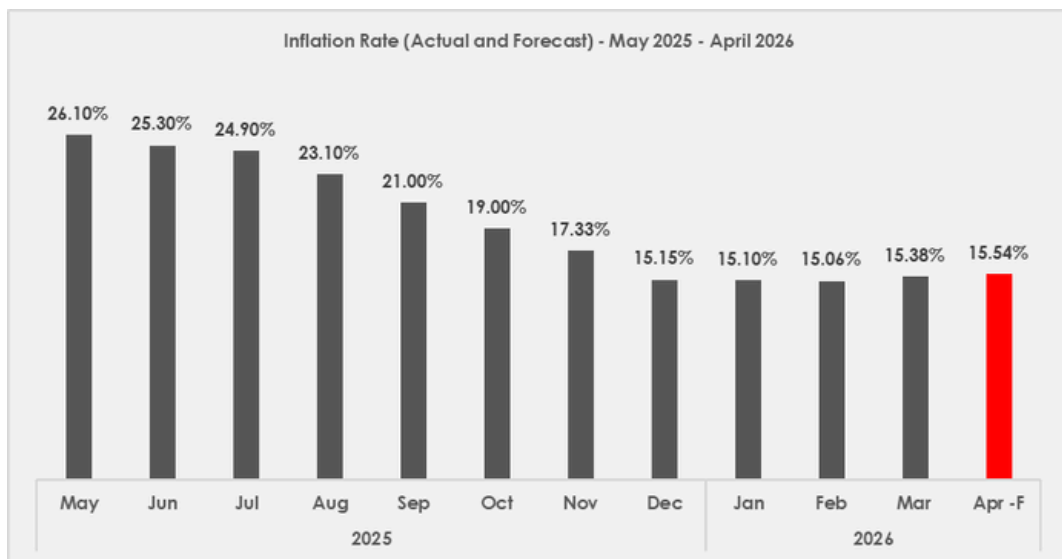
INFLATION WATCH

A Publication of United Capital Research

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Inflation Projected at 15.54% in April 2026: Will MPC Increase Policy Rates?

Bottomline: United Capital Research forecasts Nigeria's headline inflation rate will increase to 15.54% in April 2026, from 15.38% recorded in March 2026. The anticipated uptick is largely driven by increase in energy prices due to the ongoing US-Iran war, which has exerted upward pressure on prices of consumer good items. If this forecast materialises, it would mark the second consecutive monthly increase ahead of the upcoming meeting of the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN). But will the MPC respond with additional monetary policy tightening?



Sources: NBS and United Capital Research

Consumer Prices Recorded Broad-Based Increases in April 2026

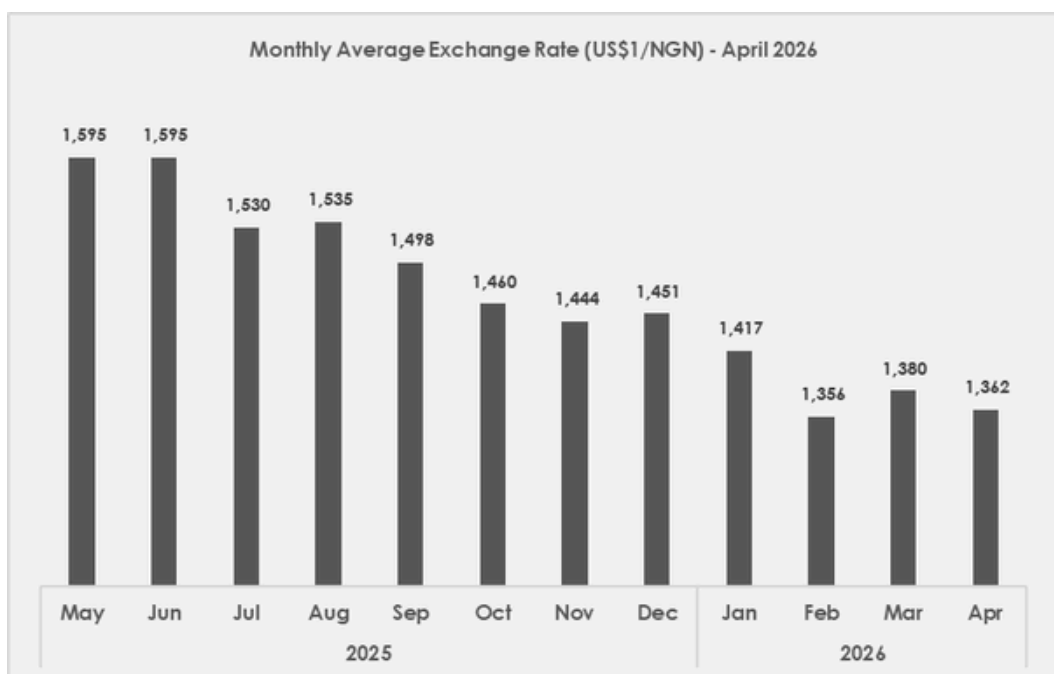
United Capital Research survey showed moderate increase in the prices of consumer items in April 2026 compared with March 2026. Average service charge in Lagos hotels increased by 14% in April 2026 from March 2026 level. Food prices increased as logistic and production costs continued to escalate because of increase in energy prices. Yam price increased by 3% in April 2026 from March 2026 level. Price of Garri remained largely the same, while price of local Rice increased by 8%.The price of Tomatoes also increased by 17%. Lastly, the price of Beans increased slightly by 1%.

Geopolitical Tensions Drove Fuel Prices Higher

Crude oil prices increased further in April due to the ongoing US-Iran conflict. This war still affects both production and logistics. The average price of Bonny Light crude increased by 21.25% to US\$127.05 per barrel in April 2026, up from US\$104.78 in March 2026. Consequently, the average pump price of Premium Motor Spirit (PMS) increased 7% to ₦1,253 in April 2026 from ₦1,168 per litre in March 2026. The increase in the PMS pump price increased production costs and transportation costs and has direct pass-through effect on the prices of consumer good items.

Exchange Rate Appreciated Marginally, Easing Prices of Imported Consumer Items

The value of Naira appreciated against the US Dollar by 1.27% on a monthly average basis and appreciated by 0.9% month-on-month between March and April. The exchange rate which closed at US\$/₦1,387 in March appreciated to closed at US\$/₦1,375 in April. The monthly average rate also appreciated slightly from US\$/₦1,380 in March to US\$/₦1,362 in April. The appreciation in the value of the Naira moderated the local prices of the imported consumer items.



Sources: CBN and United Capital Research

Policy Implications

The expected uptick in the inflation rate in April 2026, ahead of the MPC's meeting, would ordinarily call for a policy response to rein in rising price pressures. However, United Capital Research does not expect a policy rate adjustment, given the potential adverse impact of tighter monetary conditions on borrowing costs across the economy. Moreover, the recent stability and appreciation of the Naira are likely to continue, moderating the pass-through effects of energy-induced inflation in Nigeria. In addition, with government revenue expected to improve amid elevated crude oil prices, fiscal interventions—particularly targeted cash transfer programmes are required. This would cushion the impacts of inflation on the most vulnerable segments of the population.

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