

INFLATION WATCH

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Inflation Projected at 15.31% in August: Will Monetary Policy Change?

Bottomline: United Capital Research forecasts headline inflation will drop to 15.31% in August 2026 from 15.43% in July. If the forecast materialises, it will extend the decline to the third consecutive month. Lower prices of rice, tomato, yam and garri in August than in July should support the moderation in Consumer Price Index (CPI), alongside Naira’s appreciation. However, increase in the price of beans, Primum Motor Spirit (PMS) and Bonny Light remain upside risks.



Sources: NBS and United Capital Research

Consumer Prices Moderated Broadly in August 2026

The United Capital Research survey showed broad food-price moderation in August 2026 compared with July. Tomato prices recorded the largest decline, falling by 14.3%, followed by imported long-grain rice at 10.0% and Nigerian-produced rice at 7.7%. Garri (Ijebu) and medium-sized yam also declined by 2.3% and 1.6% respectively. In contrast, Beans (Drum) and Beans (Oloyin), measured by paint, increased by 8.4% and 3.7% respectively, indicating persistent price pressures in selected staples despite the broader moderation in food prices.

Higher Bonny Light Prices Increased Accompanied the PMS Rebound

Crude oil and PMS prices increased in August 2026. The average price of Bonny Light crude rose by 11.4% to US\$94.52 per barrel, while the average PMS pump price increased by 4.7% to ₦1,219 per litre. These increases put some upward pressure on consumer prices, although appreciation in exchange rate conditions helped cushion the impact.

Exchange Rate Appreciated in August

The value of Naira appreciated against the US Dollar in August 2026. The monthly average official exchange rate strengthened by 1.5% to US\$/₦1,354.03 from US\$/₦1,374.14 in July. On a month-end basis, the Naira appreciated by 2.6%. It closed at US\$/₦1,332.94 on August 31, compared with US\$/₦1,368.22 on July 31. The appreciation in the value of the Naira helped curb the pass-through of imported inflation to local consumer prices.



Sources: CBN and United Capital Research

Policy Implications

The expected moderation in August inflation rate is likely to have a positive impact on fixed income securities. Bond prices may rise, while yields could decline further in response to the lower inflation rate. The equity market may also benefit from improved investor sentiment. As the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) convenes on September 21 - 22, attention will focus on whether there will be any change in the current monetary policy stance. Our detailed MPC expectations will be presented in an upcoming Research Note ahead of the meeting. Please watch this space.

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CONTACT US

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|---|--|
| ■ 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 |