

INFLATION WATCH

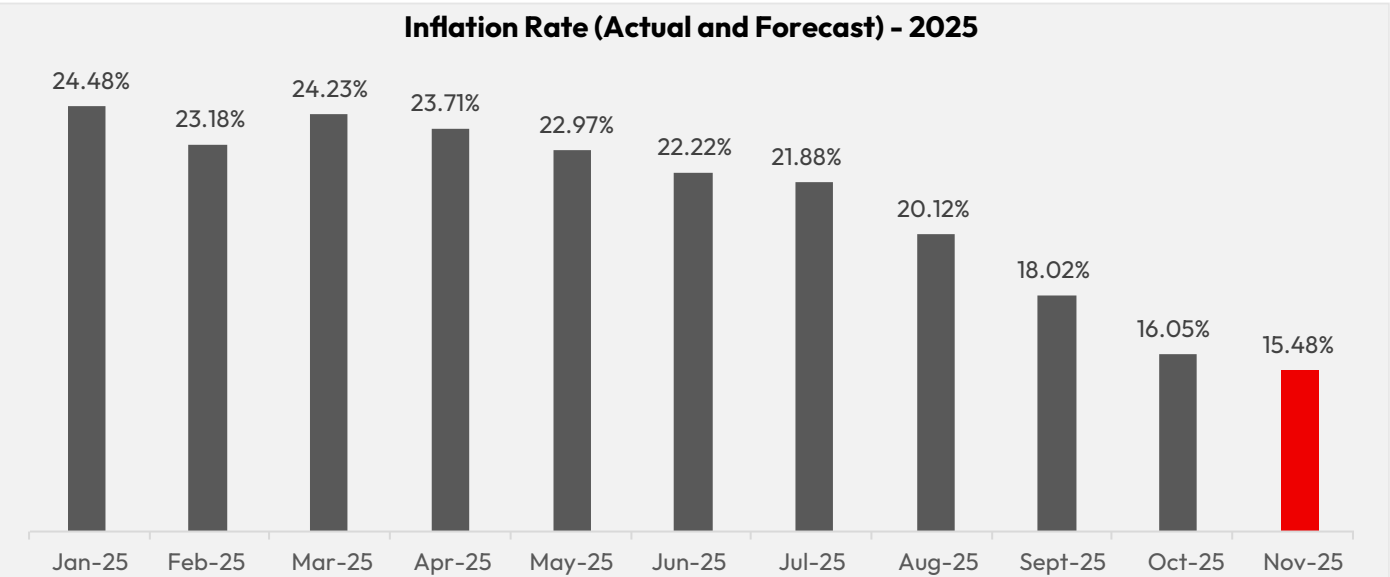
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Inflation Projected at 15.48% in November, December to Spike Over 30%

Bottomline: United Capital Research forecasts that Nigeria’s headline inflation rate will decline further to 15.48% in November 2025 from 16.05% in October 2025. The expected moderation is driven by a slight reduction in the prices of selected food items and Premium Motor Spirit (PMS). Although the average exchange rate appreciated in November compared with October, the value of Naira depreciated when assessed using month-on-month closing values. These exchange-rate dynamics influenced the prices of some food commodities.



Sources: NBS and United Capital Research

Food Price Movements Were Mixed in November:

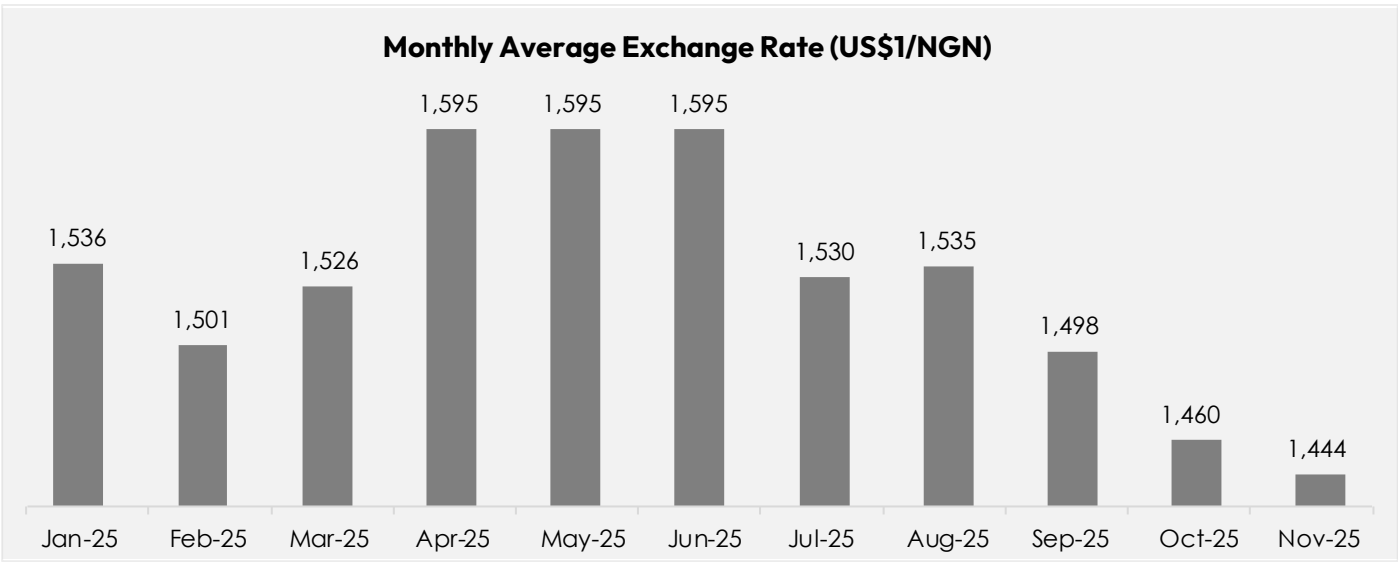
The average prices of food items were mixed in November 2025 compared with October 2025. Some food items recorded price declines, a few experienced marginal increases, while others remained stable. This assessment is based on United Capital Research’s survey of selected food items during the month. Specifically, the prices of Garri, Local Rice, and Maize declined by 0.38%, 27.6%, and 21.72% respectively. Conversely, the price of imported rice rose by 2.4%, while the prices of Beans, Sorghum, and Yam remained broadly stable within the same range.

Crude Oil and PMS Prices Declined Marginally:

The average price of Bonny Light crude oil declined marginally by 1.41% to US\$65.22 per barrel in November 2025, down from US\$66.15 per barrel in October 2025. Similarly, retail pump prices of Premium Motor Spirit (PMS) across major filling stations monitored in November 2025 fell from ₦922 per litre at the end of October to ₦910 per litre in the first week of November. The average retail price moderated further to around ₦900 per litre by month-end, following price reductions by Dangote Refinery. This decline in PMS prices helped ease inflationary pressures on sensitive sectors, particularly transportation, hospitality, and food services, during the month.

Exchange Rate Dynamics Influenced Some Food Prices:

Although the Naira depreciated against the US Dollar by 1.84% on a month-on-month basis, it appreciated by 1.07% when measured using the monthly average between October and November 2025. The exchange rate, which closed at US\$1/₦1,421.73 in October, ended November at US\$1/₦1,448.44. Meanwhile, the average exchange rate moderated from US\$1/₦1,459.54 in October to US\$1/₦1,444.07 in November 2025. This monthly average appreciation of the Naira against the US Dollar had a positive pass-through effect on the local prices of some imported items.



Sources: CBN and United Capital Research

December 2025 Inflation Expected to Spike on Statistical Adjustments:

Our analysis indicates that the December 2025 headline inflation rate may exceed 30%. This surge is not due to actual spike in consumer prices during the month but rather results from the statistical adjustment of the base year—December 2024—to 100 points when the Consumer Price Index was rebased. Inflation is expected to ease to around 20% in January 2026, with a further decline to single-digit levels projected by Q4 2026. This moderation in inflation in Q4 2026 is likely to have a positive effect on yields in the fixed income market.

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