

Nigeria's CPI Report

October 2025



Nigeria's headline inflation maintains downward momentum

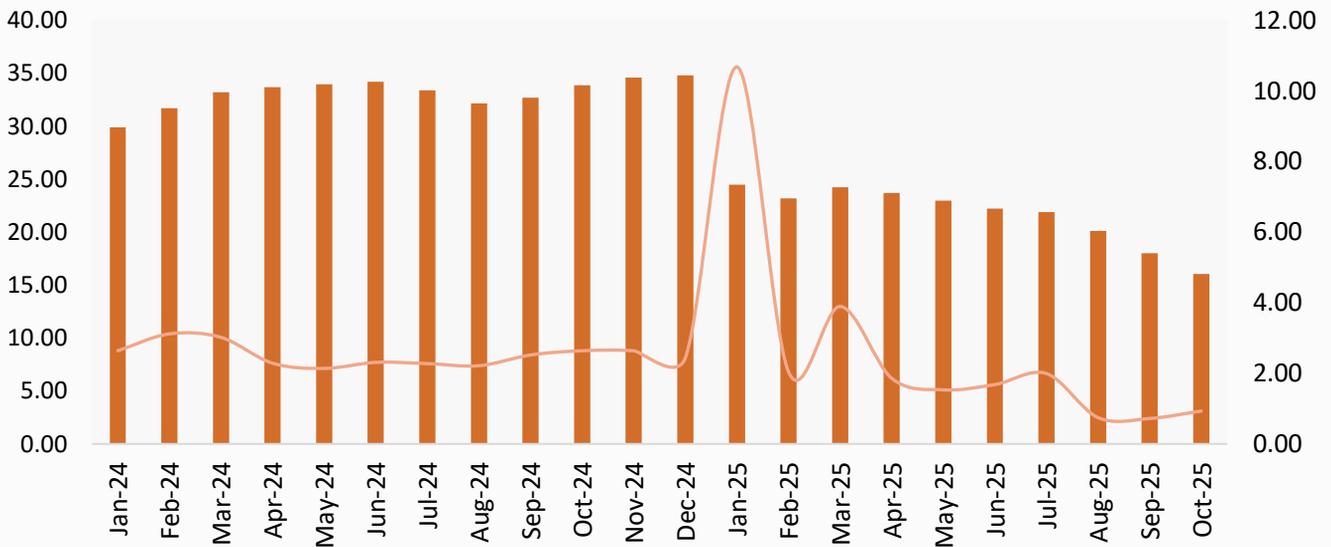
Nigeria's headline inflation maintained its downward trend for the seventh consecutive month, easing to 16.05% in October 2025, a 1.96%-point decline from 18.02% recorded in September, and the lowest level since the rebasing exercise.

This is according to the latest Consumer Price Index (CPI) report published by the National Bureau of Statistics (NBS). However, despite the sustained moderation in annual inflation, month-on-month inflation edged higher to 0.93% from 0.72% in the preceding month, indicating the presence of short-term price pressures.

Both major components of the inflation basket posted significant declines during the review period, with food inflation experiencing its second consecutive monthly deflation. On an annual basis, core inflation, which excludes volatile items such as agricultural produce and energy, eased to 18.69% from 19.53%, while food inflation moderated sharply to 13.12% compared to 16.87% in the previous month.

All items less farm produce also slowed to 18.12% from 19.1% recorded in September 2025. In terms of contribution to the year-on-year inflation rate, food and non-alcoholic beverages remained the dominant driver at 6.42%, followed by restaurants and accommodation services at 2.07%, and transport at 1.71%.

Headline vs. Monthly Inflation Rate



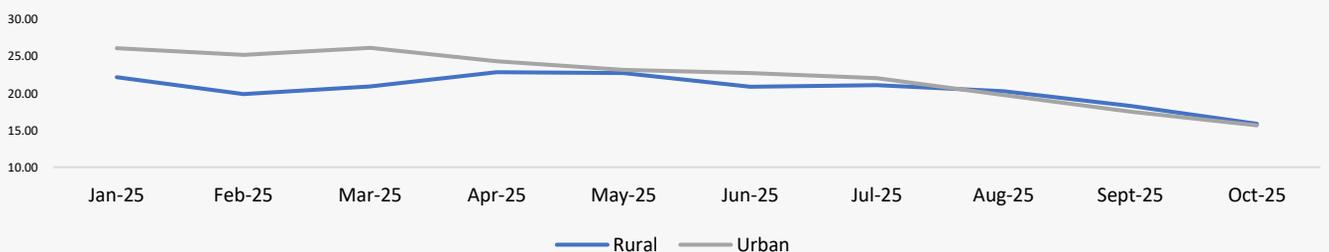
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Year-on Year (%) Month-on Month (%)

Rural inflation falls sharply driven by food

Inflation in rural Nigeria deviated from typical trends in October, recording a steeper decline than its urban counterpart. Rural inflation eased to 15.86% during the month, representing a 240 basis-point slowdown from 18.26%, while urban inflation moderated by 185 basis points to 15.65%. This shift in pattern was largely attributed to the notable moderation in food prices, which form a substantial share of household consumption in rural communities.

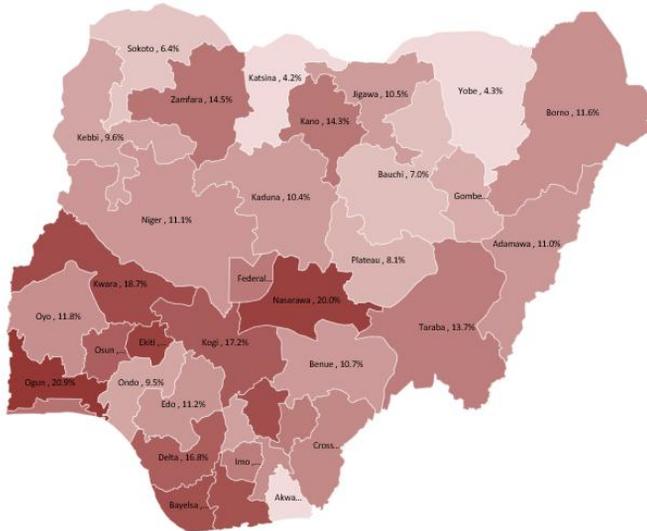
Rural vs Urban Inflation



According to the NBS, the highest food price increases were recorded in Onions (Fresh), Fruits (Oranges, Pineapple), Shrimp, Groundnuts (Unshelled), Vegetables (Ugu, Okazi leaf), and Meat (Goat meat, Cow tail, Liver), among others.

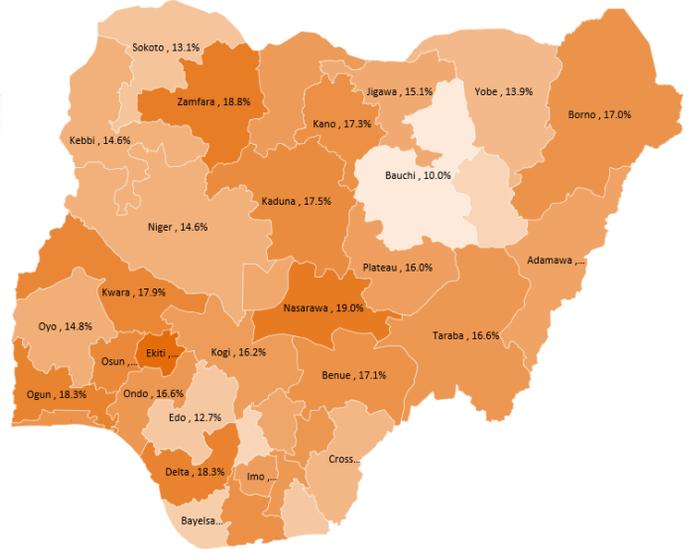
Inflation Rate By States

Headline Inflation



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Food Inflation



A breakdown of inflation by state reveals notable disparities across the country. Ekiti State posted the highest headline inflation rate at 20.1%, followed by Nasarawa at 19% and Zamfara at 18.8%, suggesting more persistent price pressures in those regions. Conversely, Bauchi, Anambra, and Gombe recorded the lowest headline inflation at 10%, 11.7%, and 11.7%, respectively, indicating relatively more contained price growth in those states.

Food inflation also displayed varying patterns across the federation. Ogun State recorded the fastest pace of food inflation at 10.9%, followed closely by Nasarawa at 10%, and Ekiti at 9.7%*. Meanwhile, Akwa Ibom reported the most moderate food inflation at 4%, with Katsina and Yobe also reflecting subdued pressures at 4.2% and 4.3%, respectively. These variations highlight the impact of localized market conditions, supply chain dynamics, agricultural output, and security-related disruptions on price behavior across different regions.

Is FGN's 15.75% target achievable?

Earlier in the year, the Federal Government set an inflation target of 15.75% for 2025 — a goal that initially appeared overly ambitious given prevailing macroeconomic conditions at the time. However, following the rebasing of the inflation basket, the headline inflation rate declined significantly, dropping from approximately 34% in December to 24% in January 2025 and continuing on a sustained downward trajectory to 15.05% as of the latest reading. This places the economy just about 30bps away from achieving the target with two months remaining in the year.

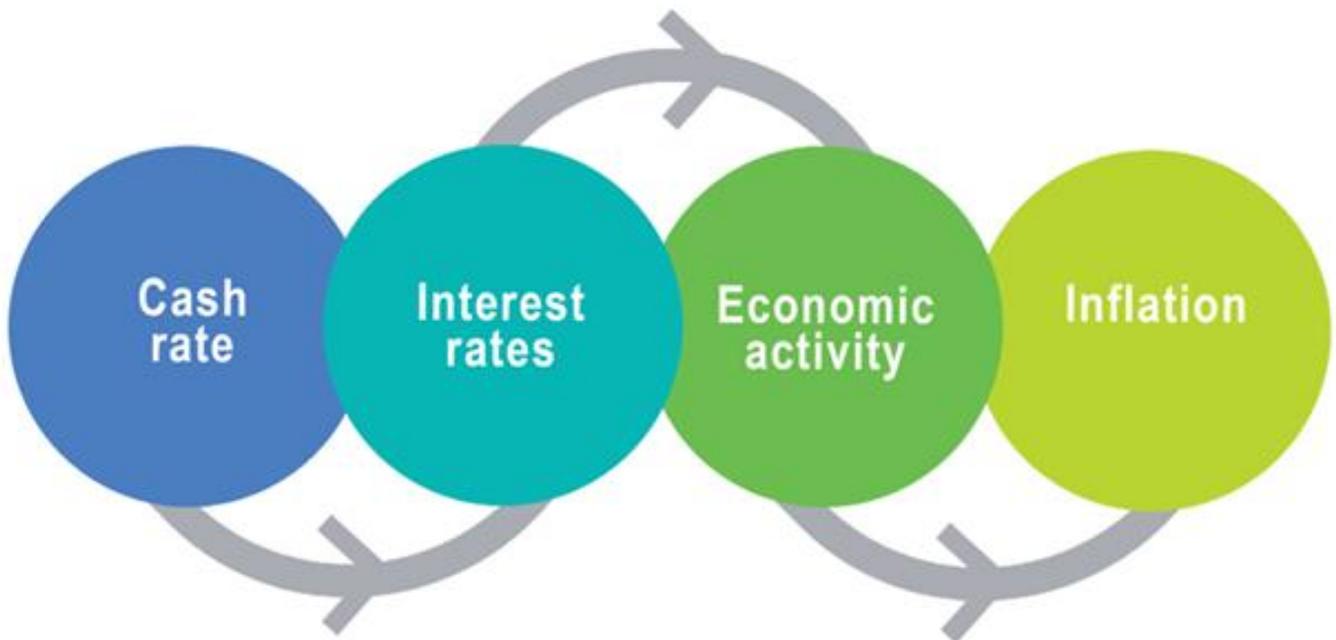
While this progress reflects improved measurement methodology, relative price stability, and the impact of policy measures aimed at managing inflationary pressures, the key question now is whether this momentum can be sustained long enough to meet or surpass the target. This concern is particularly relevant given the seasonal uptick in consumer spending and logistics-related bottlenecks typically associated with year-end festivities, which historically exert upward pressure on prices.

The outcome will depend largely on supply chain efficiency, FX stability, fiscal discipline, and continued moderation in food and energy prices.

Pre-MPC view

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) is scheduled to hold its final policy meeting of the year, coming on the heels of a modest 50bps reduction in the Monetary Policy Rate (MPR) during its September meeting. That earlier rate cut was driven by sustained disinflation, expectations of continued moderation in prices, and the need to reinforce the ongoing economic recovery. The Federal Government of Nigeria (FGN) has also maintained its full-year GDP growth target of 4.6%, a projection that requires stronger economic momentum in the remaining quarters given the recorded growth rates of 3.13% in Q1 and 4.23% in Q2 2025.

With the sharper-than-expected decline in headline inflation in October and the need to achieve the government economic growth projection, the CBN may find stronger justification for additional monetary easing, potentially within the range of another 50–100bps. Lower interest rates would aim to stimulate credit expansion, support household consumption, and incentivize private-sector investment, all of which are integral for achieving stronger GDP growth.



It is also important to note that monetary policy actions are taking place alongside broader structural reforms. Recently, the CBN, in collaboration with the Federal Ministry of Finance, introduced the Dis-inflation Growth Acceleration Strategy (DGAS), a coordinated macroeconomic framework designed to align fiscal policy, monetary interventions, and productivity-enhancing initiatives. The DGAS seeks to drive sustainable supply-side growth, reduce cost-push inflation, and bolster competitiveness with the ultimate goal of attaining 7% annual GDP growth and single-digit inflation over the next two years..

Collectively, these actions suggest a gradual policy shift from aggressive inflation-fighting measures toward a balanced stance focused on growth recovery, investment stimulation, and long-term macroeconomic stability.



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