

NIGERIA INFLATION REPORT

July 2026 Edition 21 August 2026

Headline inflation eased to 15.43% YoY - but food prices increase sharply in July.

INFLATION AT A GLANCE

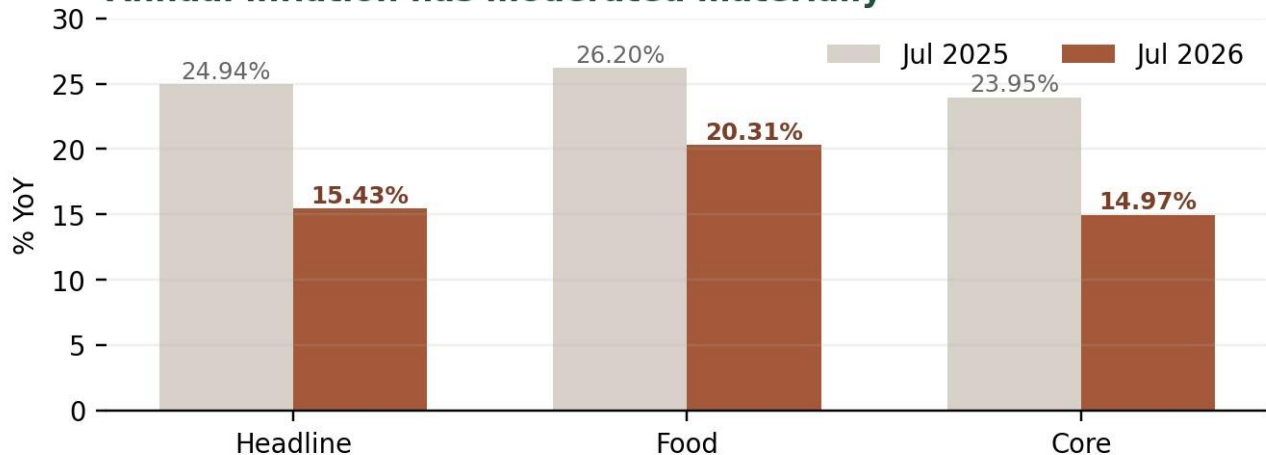
15.43% Headline inflation (YoY) 15.91% in June Positive	20.31% Food inflation (YoY) 26.20% in Jul-2025 Moderating YoY
5.56% Food inflation (MoM) 3.75% in June Key risk	0.15% Core inflation (MoM) 1.66% in June Encouraging

DSU VIEW

CONSTRUCTIVE
WATCH FOOD

The annual disinflation trend remains intact, supported by a very soft core monthly print. The main near-term risk is food inflation, which accelerated to 5.56% MoM in July.

Annual inflation has moderated materially



WHAT THIS MEANS FOR INVESTORS

Market area	DSU view	Investment interpretation
Fixed income	POSITIVE	Falling inflation improves prospective real returns while nominal yields remain elevated.
Consumer / FMCG	CAUTIOUS	Higher food prices may pressure household purchasing power, sales volumes and margins.
FX / import channel	RELATIVELY POSITIVE	Imported food inflation remains below domestic food inflation, suggesting lower import-cost pressure.
Monetary policy	WATCH	Further easing in inflation strengthens the case for policy normalisation, but food momentum remains important.

Key takeaway: The July print supports the broader disinflation story, but the sharp rise in food prices means the outlook is constructive rather than an all clear signal.

WHAT IS DRIVING INFLATION?

The July data show a clear split: food pressure strengthened, while core and energy inflation remained supportive.

FOOD INFLATION: THE KEY RISK

Food inflation stood at 20.31% YoY in July, below 26.20% a year earlier. However, monthly food inflation accelerated sharply to 5.56% from 3.75% in June.

Price pressures were recorded across perishables and staples including pepper, onions, carrots, rice, yam, tomatoes, garri, plantain, beef, eggs, guinea corn and ginger. The composition is more consistent with seasonal supply, perishables and logistics pressures than a broad demand driven impulse.

WHY FOOD MATTERS

Food and Non-Alcoholic Beverages contributed 6.18 percentage points to headline inflation - more than three times the next largest contribution. Food therefore remains the most important near-term variable for the inflation path.

CORE INFLATION: A STRONGER SIGNAL

Core inflation excluding farm produce and energy eased to 14.97% YoY from 23.95% a year earlier. More importantly, core inflation slowed to just 0.15% MoM from 1.66% in June.

This suggests that underlying non-food and non-energy price pressure remained relatively contained in July.

SUB-INDEX SNAPSHOT

Sub-index	YoY	Jul MoM	Jun MoM
Farm Produce	19.62%	4.66%	4.42%
Energy	4.40%	-2.39%	-7.54%
Services	16.00%	0.49%	1.60%
Goods	15.33%	1.70%	1.94%
Imported Food	13.24%	1.19%	1.73%

ENERGY PROVIDES RELIEF

Energy prices declined 2.39% MoM in July after a 7.54% decline in June, keeping annual energy inflation relatively subdued at 4.40%.

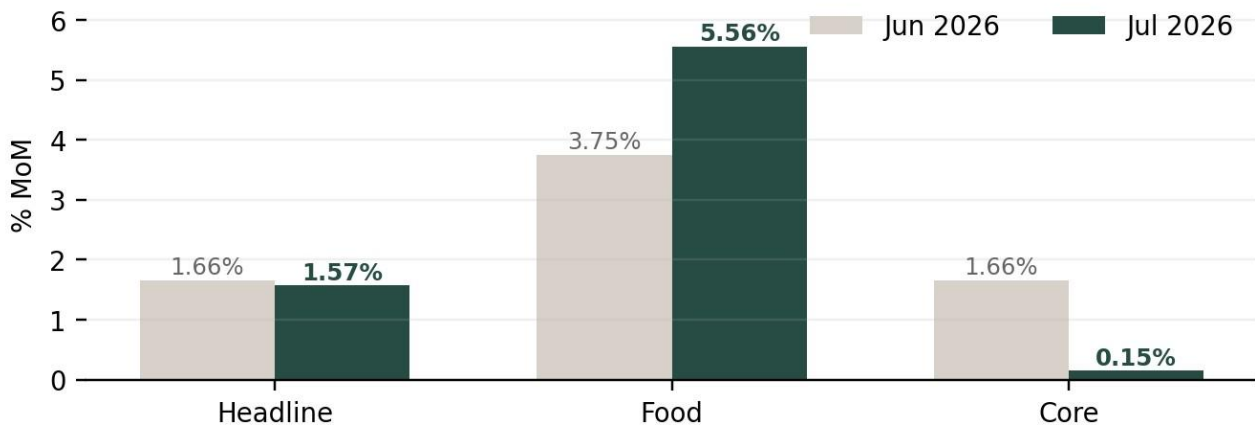
DOMESTIC PRESSURES EXCEED IMPORTED INFLATION

Imported food inflation was 13.24% YoY, well below domestic food inflation of 20.31%. This points to domestic supply, seasonal and logistics factors as the stronger current drivers of food pressure.

URBAN VS RURAL

Urban inflation remained higher at 16.12% YoY versus 13.77% in rural areas. Monthly urban inflation slowed to 1.90%, while rural inflation rose to 0.78%.

July momentum diverged sharply across components



SELECTED STATE HIGHLIGHTS

33.03% Adamawa Highest headline YoY	51.36% Adamawa Highest food YoY	7.86% Nasarawa Lowest headline YoY	13.48% Lagos Food inflation MoM
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MARKET & INVESTMENT IMPLICATIONS

For retail investors, the key question is how the inflation trend may affect rates, real returns and consumer-facing businesses.

1. MONETARY POLICY

WATCH

The decline in headline inflation from 24.94% a year ago to 15.43% strengthens the case for eventual policy normalisation. However, the MPC is likely to remain sensitive to food-price momentum before moving faster.

3. CONSUMER / FMCG

CAUTIOUS

The sharp rise in monthly food inflation may weaken household purchasing power and create margin or volume pressure for consumer-facing businesses, particularly those with significant exposure to perishables.

2. FIXED INCOME

POSITIVE

The disinflation trend remains supportive for fixed income. As inflation declines while nominal yields remain elevated, prospective real returns improve. Investors should also watch reinvestment risk if rates begin to fall.

4. FX / IMPORT CHANNEL

RELATIVELY POSITIVE

Imported food inflation at 13.24% YoY remains below domestic food inflation at 20.31%, suggesting currency pass-through is not the main current source of food-price pressure.

WHAT TO WATCH NEXT

01

August food CPI

Does the 5.56% MoM spike normalise?

02

Core inflation

Does monthly core inflation remain subdued?

03

MPC stance

Does easing inflation change the policy path?

04

Fixed-income yields

Do real returns remain attractive?

DSU SIGNAL: CONSTRUCTIVE / SELECTIVE

Nigeria's July inflation data reinforce the broader disinflation story. The principal concern is the sharp acceleration in food prices. The environment remains supportive for fixed income, while consumer-facing exposures require greater selectivity.

SOURCE National Bureau of Statistics (NBS); DSU Research analysis.

DISCLAIMER

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