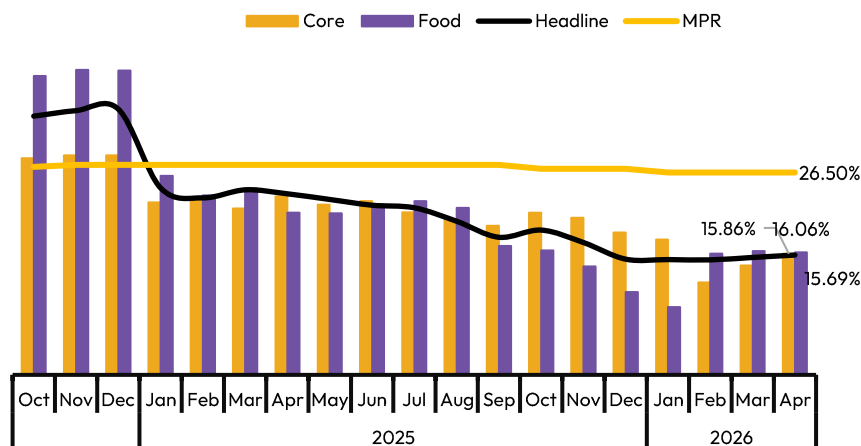


In April 2026, headline inflation rose to 15.69%, in line with expectations of an increase in price levels, up from 15.38% in March. This reflects continued year-on-year price pressures, supported by lingering global and domestic cost pass-through effects, including tensions between the U.S and Iran in the Middle East, which sustained elevated energy and import-linked costs. On a month-on-month basis, however, headline inflation moderated significantly to 2.13% in April, down from 4.18% in March, indicating a marked slowdown in the pace of monthly price increases.



Source: NBS, Zedcrest Research

Food inflation on a year-on-year basis eased slightly to 16.06% in April from 16.21% in March. A similar trend was observed on a monthly basis, with food inflation slowing to 3.63%, down from 4.17% in the previous month. This moderation was largely driven by easing prices across key staples such as millet, whole grain, yam flour, garri, e.t.c.

Core inflation, which excludes food and energy, increased to 15.86% year-on-year in April from 14.31% in March, indicating persistent underlying inflationary pressures outside volatile components. However, on a month-on-month basis, core inflation eased sharply to 1.03% from 3.0% in March, reflecting a slower pace of price increases across core items rather than a broad-based easing in price levels. This points to a moderation in monthly inflation momentum within non-food and non-energy components.

The divergence between elevated year-on-year inflation and the sharp moderation in month-on-month readings points to a more nuanced inflationary environment. While price level remains structurally high, the pace of incremental price increases has slowed considerably, reflecting a slower pace of price increases across core items, which indicates that the economy is no longer experiencing the acute supply-side shocks that drove rapid inflation in preceding months. In terms of contribution to monthly inflation, food and non-alcoholic beverages remained the dominant driver but declined significantly by 1.17 percentage points to 0.81%, while transport and housing-related costs also eased, declining by 0.14 and 0.12 percentage points respectively.

From a cost-push perspective, global input prices showed signs of moderation. According to the World Bank fertilizer price index, prices surged by 26.23% in March relative to February; however, in April, although still elevated, the pace of increase slowed to 14%, suggesting easing pressure on agricultural input costs and, by extension, food inflation.

On the energy side, OPEC data indicates that Bonny Light crude oil ((Nigeria's benchmark crude) prices surged sharply earlier in March by 44.61%, rising from \$72.23 per barrel to \$104.6 per barrel. In April, prices continued to increase but at a slower pace, rising 16.76% to \$122.13 per barrel, indicating sustained but moderating external energy pressure. Domestically, Nigeria Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) data showed improved local fuel supply conditions, with PMS domestic supply rising to 40.7 million litres per day from 34.2 million litres per day, while imported PMS supply declined to 3.7 million litres per day from 5.9 million litres per day in March 2026, reflecting a gradual shift toward increased domestic supply reliance and ease in FX pressures.

Overall, these developments suggest that while inflationary pressures remain present, the key distinction is that prices are no longer accelerating at the same pace as in previous months. In other words, the economy is experiencing elevated price levels rather than a continuation of sharp upward inflation shocks. However, a key risk remains the persistence of sticky inflation dynamics, where once prices adjust upward, they tend to remain elevated and adjust downward only slowly, even as input cost pressures moderate which will be further discussed in the outlook section.

Stable near-term pricing with structural upside risks & April outlook

Monthly inflation is likely to remain sticky at elevated levels in the near term, as easing geopolitical tensions provide some relief to price pressures, but do not fully offset persistent supply-side constraints. Recent back-to-back peace discussions between the U.S. and Iran have tamed immediate escalation risks in global energy markets, while ongoing diplomatic engagement between the U.S. and China (Trump–Xi discussions) continues to anchor expectations of reduced geopolitical tensions and lower risk of escalation. As a result, global oil prices may trade within a relatively stable range in the short term.

However, upside risks remain material. According to OPEC data, production volumes declined by 9.18% in April, reflecting tighter supply conditions, with similar output moderation trends persisting across key producers. In addition, refinery shutdowns and reduced throughput capacity are limiting the ability to process crude into refined products such as petrol and diesel. This creates bottlenecks in the downstream market and can support higher crude prices indirectly, as tighter fuel availability tends to feed back into stronger crude demand and pricing pressure. While the baseline outlook still points to relatively stable oil prices in the near term, risks remain tilted to the upside due to these ongoing supply constraints across the value chain.

Domestically, PMS prices are likely to maintain a gradual upward trajectory on a month-on-month basis, albeit at a marginal pace. This reflects continued pass-through from global energy prices as well as structural inefficiencies in supply adjustment. However, given the relatively inelastic nature of PMS demand driven by its status as a necessity good with limited short-run substitutes consumption is expected to remain stable even in the face of moderate price increases. In economic terms, this reflects low short-run price elasticity of demand, where quantity demanded responds weakly to changes in price, particularly for essential transport and energy inputs.

That said, a worsening of geopolitical tensions or further supply disruptions could trigger a sharper repricing in domestic fuel markets, potentially accelerating inflationary pass-through effects. On a broader input-cost basis, the inflation environment observed in March remains largely intact, though with marginal easing in intensity. Fertilizer and energy prices continue to exert upward pressure on production and distribution costs, but the rate of increase has moderated compared to prior

months. This suggests that while cost-push dynamics are still present, they are evolving from acute shocks toward a more persistent but slower-moving inflationary impulse.

On a year-on-year basis, inflation is expected to remain on an upward trajectory. This is largely mechanical, reflecting base effects, where current price levels are being compared against a lower prior-year base as well as the persistence of elevated energy and food prices. As long as current price levels remain above those observed in the corresponding period last year, year-on-year inflation will likely remain structurally elevated even if monthly momentum moderates.

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