

Nigeria: September 2026 Inflation | Disinflation momentum gathers pace as food prices swing negative

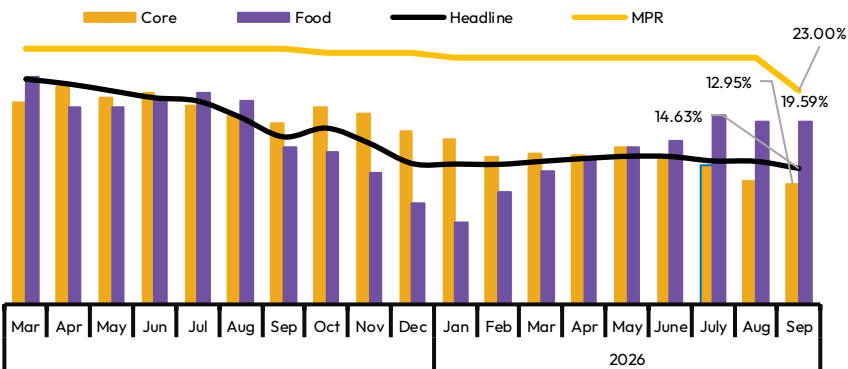
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As anticipated in our August inflation report, Nigeria’s headline inflation continued to moderate in September 2026, easing to 14.63% year-on-year from 15.39% in August, a decline of 76 basis points. The decline extends the disinflationary trend, with headline inflation at its lowest level since the 2024-base year series began in January 2025. Relative to the 20.98% recorded in September 2025, the rate is 635 basis points lower, reflecting a substantial moderation in annual price pressures.

On a month-on-month basis, headline inflation slowed sharply to 0.06% from 0.71% in August, indicating that the average price level rose at a considerably slower pace. The moderation was largely driven by food prices, which fell 1.55% month-on-month after rising 1.02% in August, and this offset renewed pressure in the core basket, where month-on-month inflation rose to 1.11% from -0.06%. Although the latest figures reinforce the improvement in the headline trend, the divergence between food and core inflation suggests that underlying price pressures remain uneven.



Source: NBS, Zedcrest Research

Food inflation remained elevated at 19.59% year-on-year in September, marginally above the 19.57% recorded in August but below the 20.16% recorded in September 2025. On a month-on-month basis, food inflation declined to -1.55% from 1.02% in August, representing a significant reversal in food price movements. According to the National Bureau of Statistics (NBS), the decline was driven by changes in the average prices of guinea corn flour, white maize flour, local short-grain rice, eggs, fresh onions, palm oil, fresh green beans, Irish potatoes, okra, fresh tomatoes, dried green peas and plantain. The decline in monthly food prices provided considerable relief to the headline inflation rate, although the persistently high annual rate indicates that food costs remain a significant burden on household purchasing power.

Conversely, underlying inflationary pressures showed a mixed trend. Core inflation, which excludes volatile agricultural produce and energy prices, declined to 12.95% year-on-year in September from 13.29% in August, representing a moderation of 34 basis points. However, on a month-on-month basis, core inflation accelerated to 1.11% from -0.06% in August, indicating renewed price increases across non-food components of the consumer basket. While the annual moderation suggests that underlying inflationary pressures have eased considerably over the past year, the monthly rebound highlights the risk that cost pressures across the broader economy could persist despite the improvement in headline inflation.

Rising global oil prices renew upside pressure on domestic energy costs

A key development during September was the sharp rebound in international crude oil prices following the renewed escalation of hostilities in the Middle East. Brent crude averaged about \$102/bbl over the month and closed September roughly 8% higher than the prior month-end. Futures crossed \$100/bbl on 9 September and peaked near

\$109/bbl on 15 September, as markets rebuilt the geopolitical risk premium that had unwound after the June diplomatic understanding.

The rally was primarily driven by renewed military action against energy infrastructure in the Middle East, alongside fading expectations of a quick normalisation of shipping through the Strait of Hormuz, which led analysts to raise their 2026 price forecasts. Supply-side recovery limited the gains. Gulf crude exports rose by 4.4 mb/d to 13.9 mb/d in September, over 75% of pre-war levels, and OPEC+ output increased by about 900,000 bpd. These offsets were not enough to bring prices down while shipping risks remained elevated.

Domestically, higher crude costs fed quickly into petrol prices. The Dangote refinery's PMS gantry price rose to ₦1,350/litre from 12 September, its fourth increase since late August and a cumulative rise of ₦185/litre, from ₦1,165/litre on 20 August. Retail stations in Lagos moved to around ₦1,395/litre. Before the conflict escalated, petrol sold for about ₦830/litre in parts of Nigeria, with Brent below \$69/bbl, so pump prices now sit more than ₦500/litre above pre-conflict levels. Although headline inflation eased to 14.63% in September, with month-on-month inflation of 0.06%, the renewed rise in fuel costs is an upside risk to transport, logistics and production costs. Pass-through to broader consumer prices is likely to emerge gradually over the coming months.

October Inflation outlook: Muted core risks and steady disinflation

Looking ahead, we expect inflationary pressures to remain on a moderating trajectory, with the headline rate projected to ease further to a range of 14.14% - 14.71% for October. This expected disinflation is primarily anchored by the substantial drop in annual headline inflation to 14.63% in September and the sharp reversal in month-on-month food inflation into negative territory (-1.55%). The near-term velocity of this improvement will depend heavily on the sustainability of food price moderation alongside critical structural variables. On the energy front, the recent introduction of the NNPC 30 day price modulation mechanism which sets a temporary ex-gantry price ceiling of ₦1,350/litre, acts as a market-smoothing buffer. While not a structural reinstatement of the subsidy regime, this temporary cap reduces the immediate pass through of volatile global fuel prices to domestic logistics, muting transport-driven inflationary shocks for October.

However, risks to this outlook remain uneven, driven heavily by core inflation, which carries significant structural weight within the headline basket. In September, month-on-month core inflation experienced an uptick; however, this short-term acceleration is primarily a reflection of base effects from historical pricing baselines rather than a fresh structural surge, as evidenced by the concurrent year-on-year contraction in core inflation. Despite the base-effect distortion, core price changes are critical to watch, as cost increases filter first to business operational expenses before being passed down to consumers and ultimately expanding the headline index.

Providing a vital counterweight to these core pricing risks is the Naira's month-on-month appreciation, which closed September at ₦1,329.50/\$ to secure a 3.5% gain for Q3. Backed by rising external reserves crossing \$54.9 billion, this exchange-rate stability significantly dampens imported inflation pressures. A stronger currency lowers the cost of imported raw inputs for domestic enterprises, minimizing the need for businesses to pass high expenses down to end consumers, and strengthening the case for headline inflation to hit our target range.

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