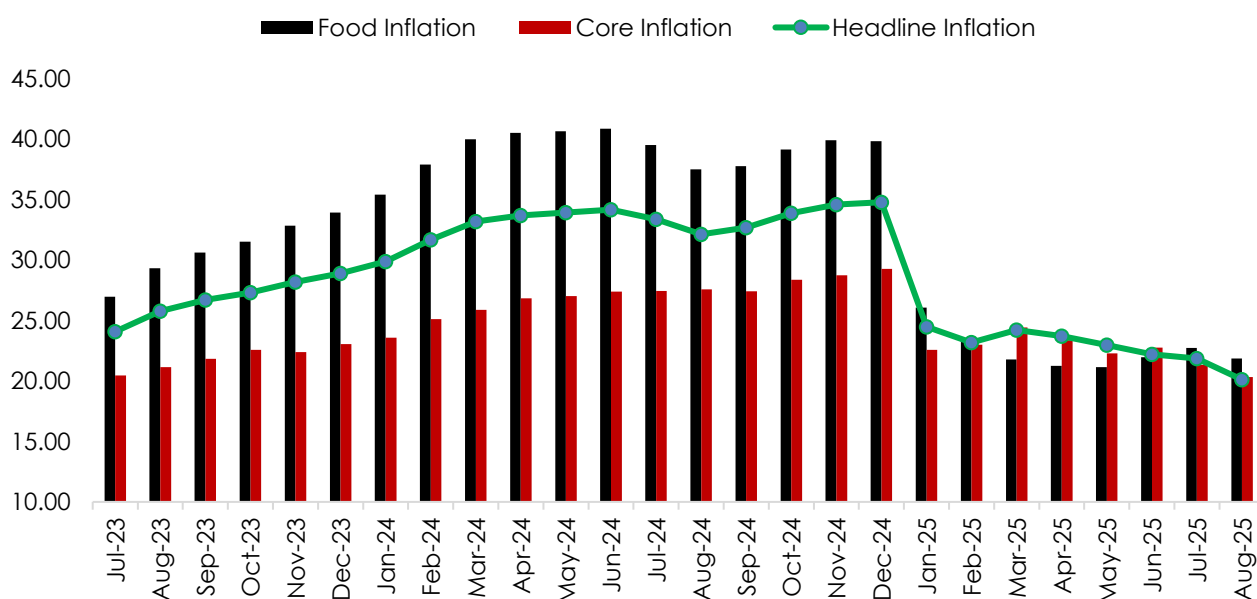


## Headline Inflation Eases to 20.12% in August

Headline inflation moderated for the fifth consecutive month to 20.12% in August 2025, down 176ps from 21.88% in July 2025. This downward trend reflects gains of the economic reforms, tight monetary conditions under the CBN's hold policy, and subdued energy prices. On a month-on-month basis, the headline inflation rate settled at 0.74%, 125bps lower than the 1.99% recorded in July 2025.

Food inflation declined to 21.87% in August 2025 from 37.52% in August 2024. The significant drop in the annual food inflation rate is largely attributable to a change in the base year. On a month-on-month basis, the food inflation rate fell by 147bps to 1.65% in August from 3.12% in July 2025, supported by slower price increases in items such as foreign and local rice, guinea-corn flour, maize flour, sorghum, millet, semolina, and soya milk, etc.

Core inflation, which excludes the prices of volatile agricultural products and energy, stood at 20.33% in August 2025, compared to 27.58% recorded in August 2024. However, on a month-on-month basis, the core inflation rate rose to 1.43%, reflecting a 46bps increase from the 0.97% recorded in July 2025. [Read more](#)



## OUTLOOK

Inflation is expected to continue easing in October, though at a slower pace, bolstered by stronger exchange rate, CBN policy decision, and government efforts to improve the macroeconomic conditions. Month-on-month inflation may flatten as price pressures in housing, utilities and transportation persist amid food price moderation. As the disinflationary trend is projected to continue into Q4'2025 but growth concerns lingering, the CBN's MPC may opt for a modest rate cut at next week's meeting to support economic activity, accompanied by a cautious tone to control price and stabilize the currency.

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