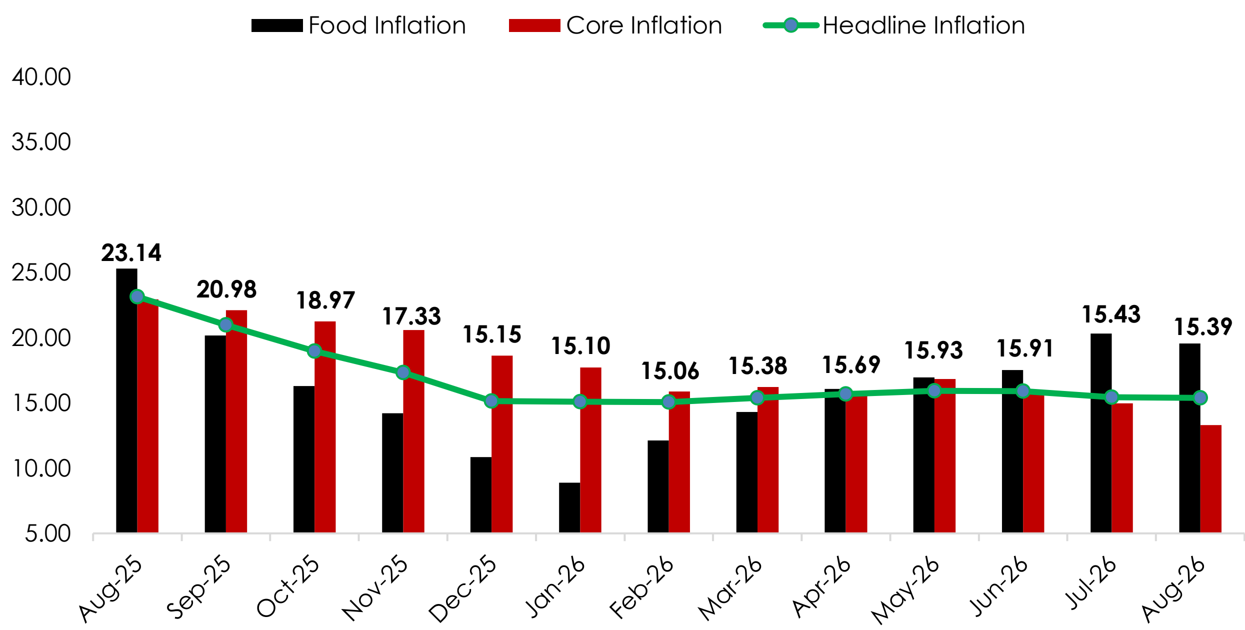
15th September 2026

Headline Inflation Moderates to 15.39% in August

Headline inflation eased to 15.39% in August 2026 from 15.43% in July 2026, indicating a decrease of 4bps. On a year-on-year basis, inflation declined by 775bps from the 23.14% recorded in August 2025, supported by continued policy transmission, sustained disinflationary momentum, and favorable base effects. On a month-on-month basis, headline inflation slowed sharply to 0.71%, an 86bps decrease from the 1.57% recorded in July 2026, reflecting an ease in the monthly pace of price increases across key economic segments relative to the preceding month.

Food inflation slowed to 19.57% year-on-year, compared to 25.30% in August 2025. On a month-on-month basis, food inflation stood at 1.02%, indicating a 454bps deceleration from the 5.56% recorded in July 2026. The slower rate of increase in monthly food prices was driven by changes in the average prices of products such as palm oil, carrots, pepper, onions, cassava flour, beef, yam flour, water yam, egusi, fresh ginger, fresh fish, Irish potatoes, wheat grain, frozen chicken, turkey meat, among others.

Core inflation, which excludes volatile agricultural produce and energy, stood at 13.29% year-on-year, compared with 22.93% in August 2025. On a month-on-month basis, core inflation decelerated into negative territory at -0.06%, indicating a 21bps decrease from 0.15% recorded in July 2026. This reflects a strong cooling of immediate price pressures across non-food and non-energy components, highlighting underlying disinflationary momentum across the core basket. Read more



OUTLOOK

Headline inflation is expected to reverse its disinflationary trend in September 2026, driven by renewed pressures from the energy market amid heightened geopolitical tensions in the Middle East and disruptions to global energy supplies. Higher energy costs could generate renewed pass-through to logistics and distribution costs, exerting upward pressure on headline inflation. However, the harvest season is expected to support food availability and keep month-on-month food price increases relatively subdued, providing some offset to energy-related pressures. Continued exchange rate stability is projected to contain imported inflation and limit cost pressures. Nonetheless, seasonal demand pressures ahead of the final quarter of the year could pose additional upside risks to non-food inflation. Monetary authorities are expected to maintain a cautious policy stance to preserve positive real yields, manage excess liquidity and anchor inflation expectations.

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