



MAY 12

ECONOMIC
SPLASH

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**APRIL HEADLINE
INFLATION WILL RISE TO
24.82%**

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25



April Headline inflation will rise to 24.82%

24.82%

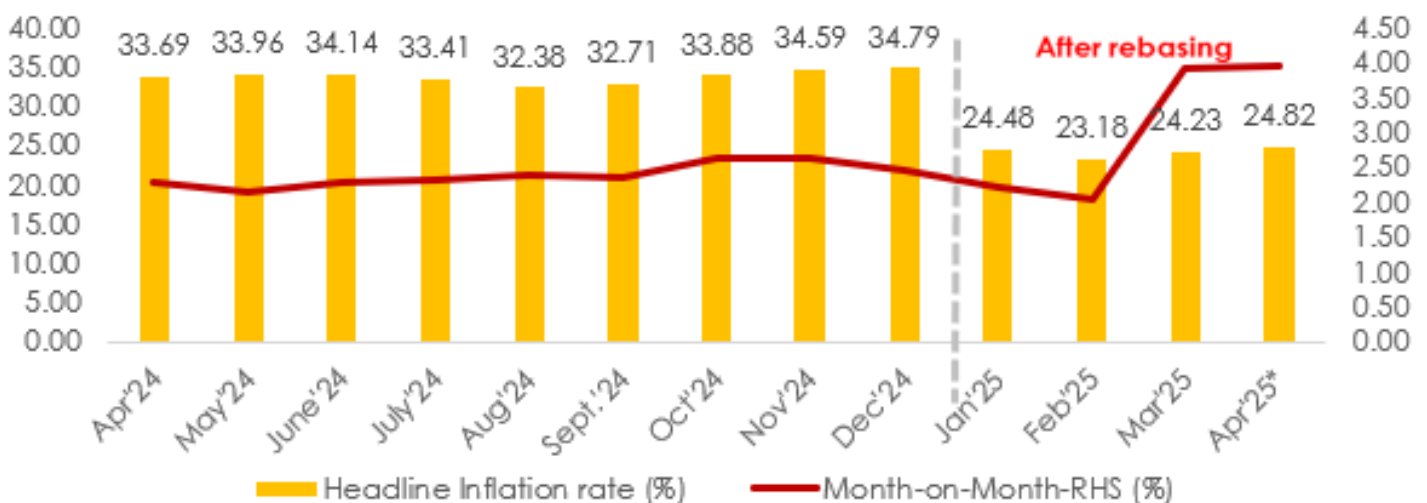
Headline inflation
forecast for Nigeria

The National Bureau of Statistics (NBS) will release its inflation numbers for April on Thursday, May 15. Based on our Lagos market survey and econometric model, our findings suggest a likely uptick in headline inflation to 24.82% (margin of $\pm 0.5\%$).

This increase can be primarily attributed to the exchange rate pass-through on domestic prices and the impact of the planting season on aggregate supply. The effect of the Easter season on prices was relatively mild. The cumulative effect of the telecom tariff adjustment and the petrol price increase also contributed to the rise.

Annual core inflation is projected to rise by 0.9% to 25.33%, driven largely by structural bottlenecks, rising power costs, and elevated logistics expenses.

Headline Inflation (%)



¹NBS, FDC Think Tank

Our survey reveals a divergence in price trends. While the food basket is declining, the non-food basket is increasing. In line with this observation, annual food inflation is expected to decline by 0.35% to 21.44%, indicating a moderation in the rate of increase in food prices compared to the same period last year.

A notable decline was observed in the prices of several essential food commodities. Garri (-5.9%), rice (-10.5%), beans (-15%), yam (-25%), eggs (-8.3%), palm oil (17%), and vegetable oil (2.5%). Marginal increases were recorded in the prices of pepper (+91.7%), tomatoes (+50%), wheat flour (+3.2%), noodles (+7.14%), and turkey (+3.6 %). It is noteworthy that import-dependent commodities recorded price increases.

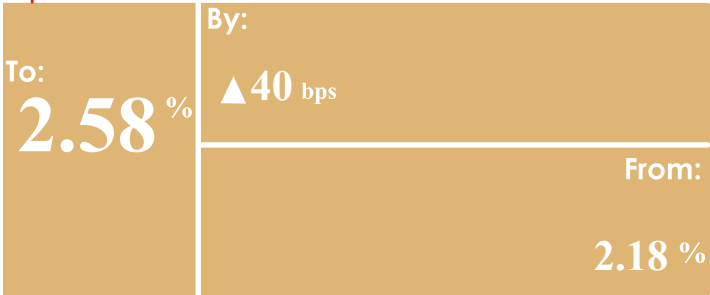
Moderating Vs. accentuating inflation forces

The inflation outlook hinges on the interplay between moderating and accentuating forces. On one hand, inflationary pressures are being fueled by heightened insecurity, a weakened naira, and elevated logistics and energy costs. On the other hand, disinflationary factors such as base effects, tighter monetary policy, selective price corrections in key food items, and improved foreign exchange market interventions are beginning to offer some relief. If the influence of these moderating factors surpasses that of the accentuating ones, inflation could start to plateau in the coming months.

Monthly inflation



M-O-M Food inflation



Data breakdown

Month-on-month inflation to increase marginally

We project month-on-month inflation to rise by 0.06% to 3.96% (annualized at 60.12%). A combination of higher petrol prices—rising from ₦860 to ₦935 per litre—and a significant depreciation of the naira from ₦1,530/\$ to ₦1,615/\$ added to the pressure.

Month-on-month food inflation

We noted a distinction between what is happening in the annual food inflation and monthly food inflation, as was the case last month (March). There will be a marginal upward trend in monthly food inflation by 0.4% to 2.58%. This is driven by cost pressures associated with seasonalities – planting season and Easter period.

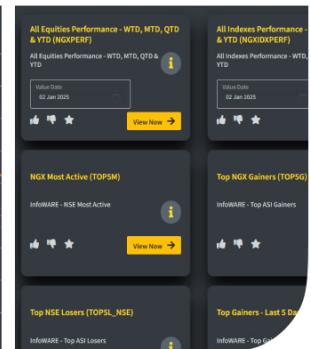
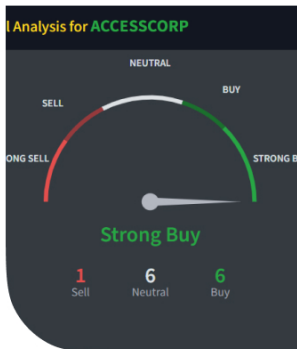
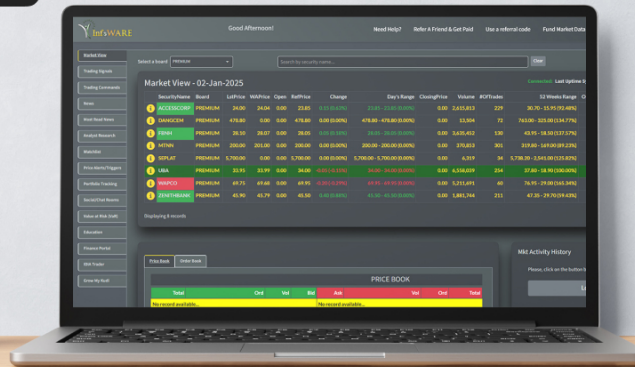
Month-on-month core inflation

Month-on-month core inflation is expected to rise marginally by 0.24% to 3.97%, driven by currency depreciation, high energy costs, and logistics.

Outlook

Inflation is expected to remain elevated in the coming months, after which it may begin to taper. This projection is underpinned by the lingering effects of the planting season, which will lead to food shortages.

The Monetary Policy Committee (MPC), whose mandate is to maintain price stability, is likely to keep the status quo at its upcoming meeting on May 19 and 20.



**SEE WHAT
IMDT
CAN DO**

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