

# Coronation Inflation Outlook

## Summary:

We project headline CPI inflation for April 2026 at 15.95% y/y and 2.35% m/m. This would mark the second consecutive month of upward movement in the year-on-year rate, extending the cycle reversal that began in March 2026 after eleven straight months of disinflation.

On a month-on-month basis, we expect a softer 2.35% (vs. 4.18% in March), reflecting continued food price firmness, offset by a cooling in the monthly inflation momentum as the March energy price shock partially unwinds. The projected 2.35% m/m print signals a return toward the underlying disinflation trajectory and could be pivotal data point in shaping MPC deliberations at the next policy meeting.

## KEY DRIVERS:

Our April 2026 forecast is underpinned by three primary forces: the energy price shock stemming from the continued conflict in the Middle East, seasonal issues in regard to food prices and relative exchange rate stability. We discuss each in more detail below.

Inflation rate	Mar-26 Actual (%)	Apr-26 Forecast (%)	Change(pp)
Headline (y/y)	15.38	15.95	+0.57
Headline (m/m)	4.18	2.35	-1.83

Source: NBS, Coronation Research

### Energy Prices: Hormuz Premium Still Embedded in PMS

The geopolitical oil shock that defined the March inflation release has not faded. Brent crude has held at an average of \$127.45/bbl through April as the U.S.-Israel-Iran tensions and intermittent Strait of Hormuz disruption sustain a structural risk premium, higher than average of \$105.41 recorded in March. For Nigeria, the transmission to domestic prices runs through higher PMS prices which surged to average of N1,322.50 in April from N1,208.38 in March, a 9.44% increase, as marketers complete the gantry repricing cycle that began in March. The transport sub-index, which accelerated sharply to 16.9% y/y in March from 14.2% in February, should further increase in April as the second-round adjustments to fares, logistics, and intra-city haulage rates feed through.

### Food Prices: Seasonal Factor Drags the Monthly Read Lower

Food and non-alcoholic beverages remain the dominant contributor to headline CPI, accounting for about 40% of the CPI basket. Food inflation re-accelerated to 14.31% y/y in March from 12.12% in February, reversing two months of progressive easing. On a monthly basis, food prices moderated to 4.17% in March, and is expected to extend into April as, festive demand spikes fully unwind and fuel-related logistics costs ease.

Items sustaining upward price pressure include yam, cassava, fresh tomatoes, shelled groundnuts, Irish potatoes, and ogbono. The persistence of these specific staples in the inflation basket points to structural supply constraints, particularly insecurity-related disruptions in key northern food basket states, that cannot be quickly resolved by monetary tightening alone. On the downside, improved dry-season yields and government-supported market interventions in select commodities provide a partial offset.

### Core Inflation- Broadening Beneath the Headline

Core inflation, stripping out farm produce and energy, firmed to 16.21% y/y in March from 15.88% in February, signalling a nascent broadening of price pressures beyond the more volatile components. Restaurants and accommodation services contributed 3.26 percentage points to the headline, the second-largest contributor, reflecting the pass-through of higher food and energy costs into service sector pricing. We forecast core inflation to edge higher in April, as lagged energy cost pass-through filters into services prices. Miscellaneous goods and services (24.5% y/y) and education (22.5% y/y) are expected

to remain persistently elevated, pointing to structural pricing dynamics that monetary policy alone cannot effectively address.

### Exchange Rate & Imported Inflation

The exchange rate appreciated marginally, by 0.86% to N1,374.94, in April 2026 compared to N1,386.72 in March, supported by improved FX liquidity and relative stability in the Naira. While imported inflation remained elevated due to lingering tight global supply chains leading to pass-through effects on imported goods and raw inputs. The slower pace of currency pressure will likely contribute to the moderation in month-on-month inflation from 4.18% in March to our projected 2.35% in April.

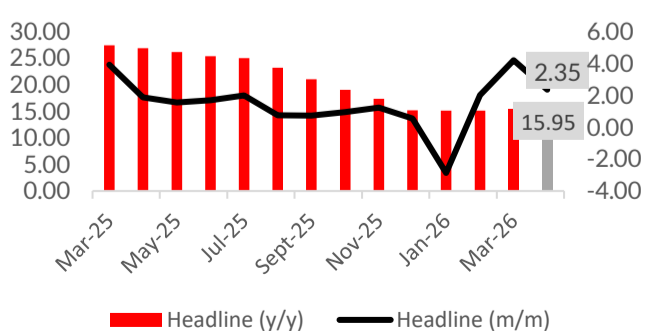
## OUTLOOK: Q2-Q3 2026

The trajectory from here is, in our view, tilted to the upside. Headline inflation should hold in the 15.8-16.5% range through Q2 2026, with the May print likely to extend the upward y/y drift modestly toward 16.10-16.20% range as the full PMS pass-through completes and food base effects from May 2025 begin to compress the favourable prior year comparison. June and July numbers will depend critically on the price trajectory of Brent crude: a sustained de-escalation below USD 100/bbl should allow headline inflation to drift back towards 15.5%, while a renewed escalation above USD 120/bbl could deliver a print closer to 16.8-17.0%.

For policy determination, the resumption of rate cuts we previously expected to start in Q3 2026 now looks materially harder to justify. The MPC reduced the MPR to 26.50% in February, and we expect it to hold there through the May 19-20 meeting and, on current trends, into July. The first plausible window for a further cut shifts to September at earliest, conditional on both core inflation turning and Brent crude price retracing convincingly. We continue to favour the front end of the curve (1Y T-Bills) over the 5-10Y bond instruments, where investors had started positioning in anticipation of the start of a sustained easing cycle.

In public equity market, we expect investor preference for fundamentally strong and dividend-paying stocks to remain, particularly within the banking and consumer goods sectors, as investors continue to seek inflation-hedged returns. In the oil and gas space, upstream players remain key beneficiaries of the current environment, while downstream marketers could face pressure from gantry-margin compression

### April 2026 - Inflation (%)



Source: NBS, Coronation Research