

Coronation Economic Flash Note

M/M Inflation Rebounds as Core Prices Remain Sticky and Harvest Gains Fade

Inflation rate	October 2025 (%)	September 2025 (%)	Variance (bps)
Headline	16.05	18.02	-197
Core	18.69	19.53	-84
Food	13.12	16.87	-375

Headline Inflation

Headline inflation extended its downward trajectory for the seventh consecutive month, moderating to 16.05% y/y in September, a 197bps decline from 18.02% in the prior month. Meanwhile on a month-on-month basis, headline inflation edged up by 21bps to 0.93% from 0.72% in September, reversing the previous two months of consecutive deceleration. The uptick was primarily driven by sticky core inflation amid a rebound in food prices growth, which tempered the monthly disinflationary momentum.

Food Inflation

Food inflation slowed by 375bps to 13.12% y/y from 16.87% y/y in September. Meanwhile it inched up by 121bps on m/m basis to -0.37% from -1.57% in the previous month, reflecting waning gains from the seasonal harvest period. This was largely driven by the rate of increase in the average prices of Onions (Fresh), Fruits (Oranges, Pineapple), Shrimp, Groundnuts (Unshelled), Vegetables (Ugu, Okazi leaf), and Meat (Goat meat, Cow tail, Liver), amongst others. Additionally, imported food inflation stood at 0.35% vs 3.38% in September, largely supported by reduced pass-through from import costs on the back of 3.77% m/m appreciation in the exchange rate to ₦1,421.73/US\$1 in October.

Core Inflation

Core inflation eased to 18.69 y/y (-84bps from 19.53% in September). However, on a m/m basis, core inflation remained sticky at 1.42% m/m, showing 0.12bps decrease from the previous month. The muted monthly outcome reflects a mixed inflation outcome across the core components. Upward pressure persisted in several categories, including housing, water, electricity, gas and other fuels (2.86% vs 1.46%), transport (2.92% vs 0.90%), restaurant and accommodation services (2.10% vs 0.09%), services (1.52% vs 1.17%), ICT (0.54% vs 0.45%) and insurance and financial services (1.71% vs 0.91%).

These increases were partially offset by declines across selected goods and services such as furnishings, household equipment and routine household maintenance (0.91 vs 3.53%), clothing and footwear (0.38% vs 0.57%), health (0.57% vs 1.84%), education (0.78% vs 2.67%), and recreation, sport and culture (0.80% vs 1.06%). Overall, the balance of pressures underscores a continued sticky core inflation environment, despite the y/y moderation.

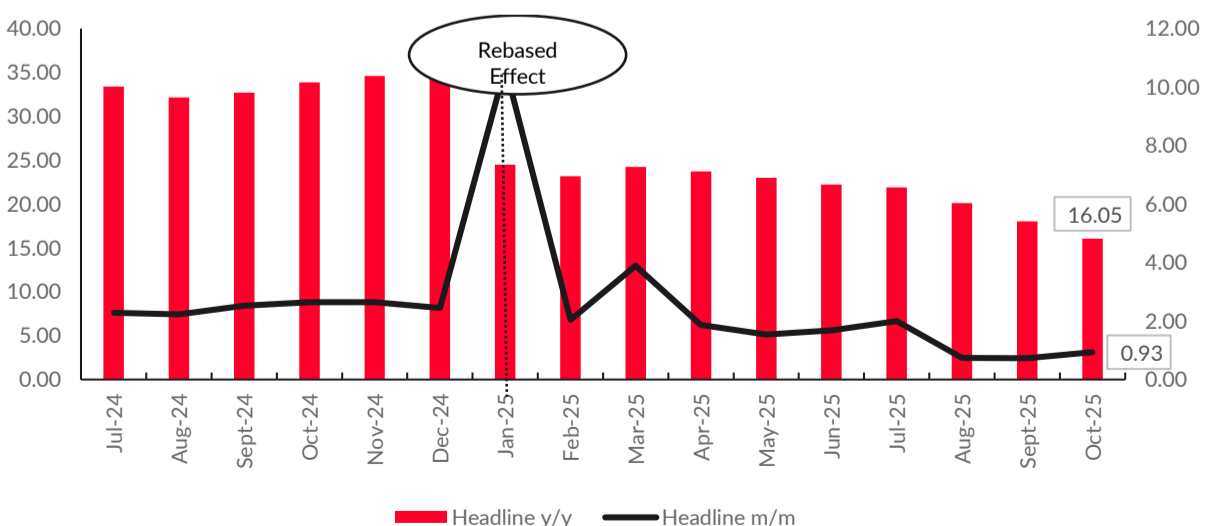
Regional Inflation Dynamics

The Urban inflation rate stood at 15.65% on a year-on-year basis, while the month-on-month rate was 1.14%. For the Rural sector, the inflation rate in October 2025 was 15.86% year-on-year, with a month-on-month rate of 0.45%. At the sub-national level, Adamawa (20.14%), Nasarawa (18.97%), and Zamfara (18.81%) recorded the highest headline inflation rates in October, indicating stronger price pressures. These elevated rates may be attributed to insecurity being experienced across many areas in the North of Nigeria, which has disrupted food production and increased the prices of various items. Conversely, Bauchi (9.99%), Anambra (11.72%), and Gombe (11.73%) recorded the lowest headline inflation rates. On a month-on-month basis, Niger (4.90%), Anambra (4.90%), and Enugu (4.75%) experienced the highest increases in inflation, while Edo (4.00%), Katsina (3.26%), and Adamawa (3.10%) recorded the slowest increases.

Policy Outlook- MPC to Retain Restrictive Stance in the Near-Term

We expect the Monetary Policy Committee (MPC) to maintain a cautious and restrictive policy stance at their upcoming meeting on 24th and 25th of November 2025. The Committee is likely to await clear evidence of sustained inflation moderation before continuing the policy easing path they commenced at their last meeting, particularly considering the renewed m/m inflation pressures. Given the current dynamics, we anticipate that the MPC could hold the policy rate at 27%, maintaining a tight stance to anchor inflation expectations and support price stability.

Headline and MoM Inflation rate (%)



Source: NBS, Coronation Research