



Nigeria | Economic Analysis | Inflation Trends

Inflation increases to 24.23% y-o-y

Key Macroeconomic Indicators:
March Inflation: 24.23% (previous: 23.18 % in February 2025)
MPR: 27.50%, GDP: 3.84% (2024 Q4)

The NBS published its most recent inflation report, indicating that the inflation rate of the economy increased from the previous month, settling at 24.23% for March 2025 following the rebasing of the inflation rate in January.

The inflation rate increased by 1.05% percentage points, higher than the 23.18% recorded in February 2025, and 4.40% percentage points higher than the 23.85% registered in March 2024. Likewise, the food index decreased to 21.79% and the core index increased to 24.43%, respectively.

In March 2025, the Headline inflation rate rose to 24.23% relative to the February 2025 headline inflation rate of 23.18%. Looking at the movement, the March 2025 Headline inflation rate showed an increase of 1.05% compared to the February 2025 Headline inflation rate.

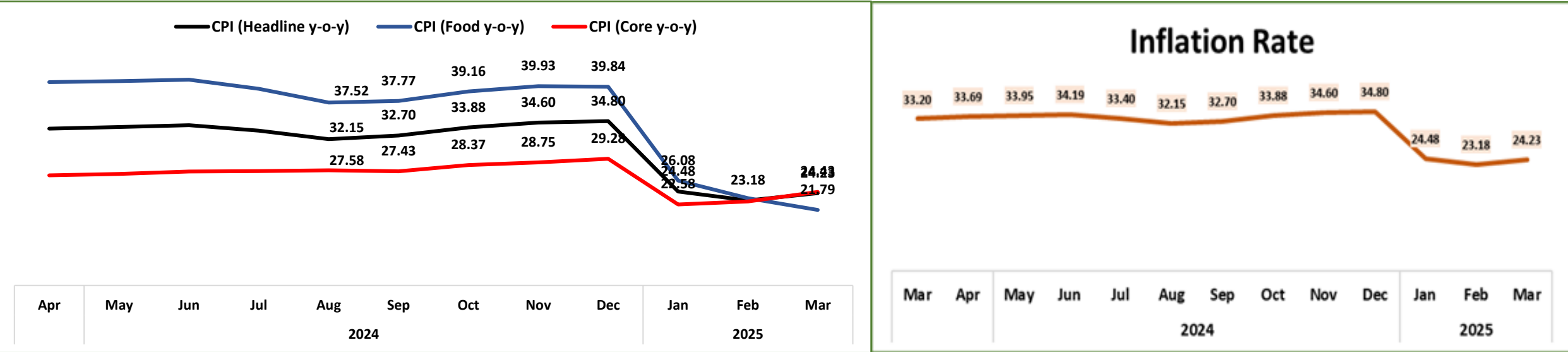
On a month-on-month (m/m) basis, the Headline inflation rate in March 2025 was 3.90%, which was 1.85% higher than the rate recorded in February 2025 (2.04%). This means that in March 2025, the rate of increase in the average price level is higher than the rate of increase in the average price level in February 2025.

On a month-on-month (m/m) basis, month-on-month basis, the Food inflation rate in March 2025 was 2.18%, up by 0.50% compared to February 2025 (1.67%). The increase can be attributed to the rate of increase in the average prices of Ginger (fresh), Garri (Yellow), Broken Rice (Ofada), Honey (Natural Production), Crabs, Potatoes, Plantain Flour, Peri-winkle (Unshelled), Pepper (Fresh), etc.

Core inflation stood at 24.43% in March 2025 on a year-on-year basis. On a month-on-month basis, the Core Inflation rate was 3.73% in March 2025 up by 1.21% compared to February 2025 (2.52%).



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Source: NBS, ASAM Research

Outlook/Recommendation

The inflation rate has increased by 105 basis points (1.05%) in March 2025. We expect inflation a further uptick in April 2025 as depreciation of Naira crashed, following the imposition of an increased tariff by the Trump administration. The FX decline increases the risk of imported inflation on food and other essential commodities.



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Sell: Based on our valuation and subjective view (if any), the total return upside on the stock's current price is less than the Standing Deposit Facility rate of the Central Bank of Nigeria (which is currently MPR – 27.25%). We consider this as the minimum return that may deserve our holding of a risk asset, like equity, especially as we consider the average 4.5% total transaction cost for an average retail investor.

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