

Macroeconomic Update | Inflation Expectation

Ahead Of Inflation Report

November 2025



Inflation Expectation | November:2025

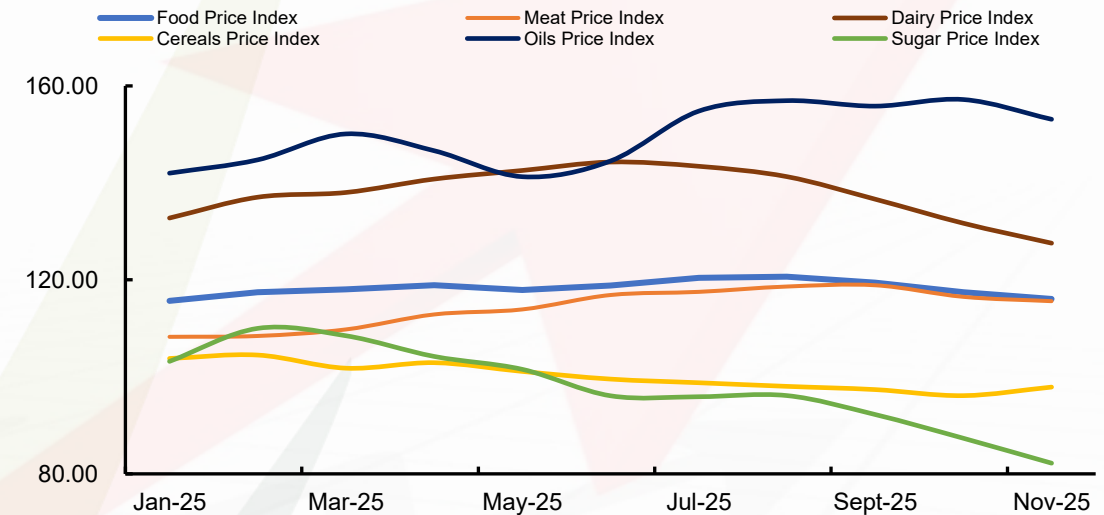
Stable Commodity and Energy Trends Reinforce a Softer Global Inflation Path

In November, inflation trajectory across major global economies varied, with softer food prices offset by a modest firming in energy costs and resilient domestic demand. In the Euro Area, inflation edged up to 2.20% in November (vs 2.10% in October), driven primarily by an acceleration in services inflation. Similarly, annual inflation in the U.S. climbed to 3.00% in September (the highest level since January) from 2.90% in August, largely owing to a 2.80% increase in energy prices (the strongest since May 2024). Notably, the release of the September figures delayed by the October government shutdown makes it the most recent data available. In contrast, easing price pressures in the U.K. led to a decline in inflation to 3.60% in October from 3.80% (a level maintained over the prior three months), mainly linked to sharp declines in housing and utilities costs. This easing was further supported by the downward revision of the UK's energy price cap in October, by the Office of Gas and Electricity Markets.

Meanwhile, the Food and Agriculture Organization (FAO) Food Price Index extended its downtrend for the third consecutive month, falling by 1.20% MoM in November to 116.06pts vs 117.46pts in October. The moderation was largely driven by decreases in the Sugar (5.88%), Dairy (3.12%), Oils (2.59%) and Meat (0.77%) indexes. On the other hand, the World Bank Commodity Index held steady month-on-month at 94.30pts in November 2025, as the 3.77% MoM decline in the energy sub-index was offset by the 0.17% MoM increase in the non-energy index. The weakness in the energy segment reflects declines in crude oil prices during the month with Brent crude and WTI easing to USD63.60/bl and USD59.60/bl from USD64.70/bl and USD60.20/bl respectively.

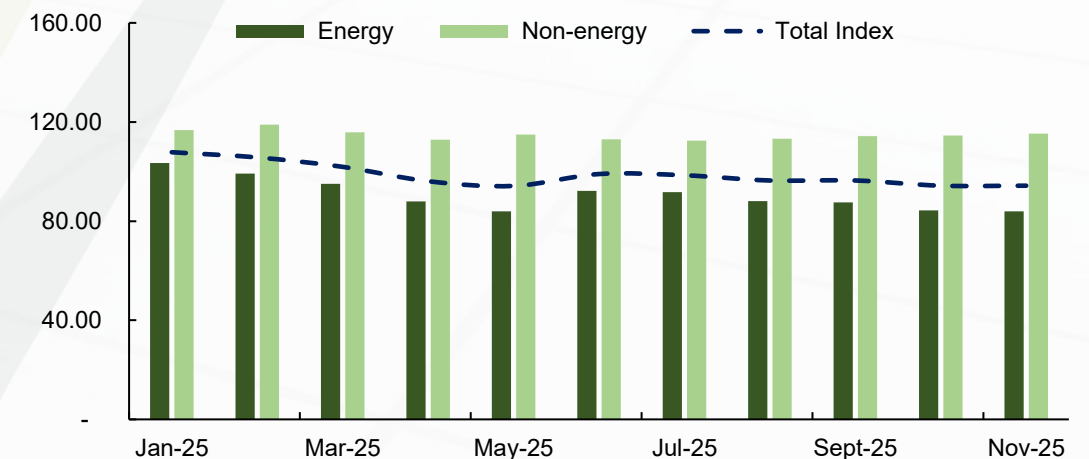
In the short term, we expect further moderation in inflationary pressures driven by sustained low oil prices. Also, as global trade conditions improve amid easing tensions, commodity prices are likely to remain on a downward path, helping to ease cost pressures for businesses. As such, we expect food and energy costs to taper further in the short-to-medium term globally.

Chart 1: Global Food Prices Indices



Source: FAO, Meristem Research

Chart 2: World Bank Commodity Price Data (The Pink Sheet)



Source: World Bank, Meristem Research

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Harvest Tailwinds and Stronger FX to Sustain Disinflation Trend in November

Nigeria's headline inflation continued to ease in October 2025, falling to 16.05% YoY from 18.02% in September, driven by moderation in both food and core inflation. Food inflation declined to 13.12% (from 16.87%) on the back of lower staple prices and softer imported food costs, while core inflation eased to 18.69% (from 19.63%), supported by the Naira's appreciation to an average of NGN1,459.54/USD. This occurred despite a mild 0.43% MoM increase in the energy index due to temporary supply disruptions from the PENGASSAN strike.

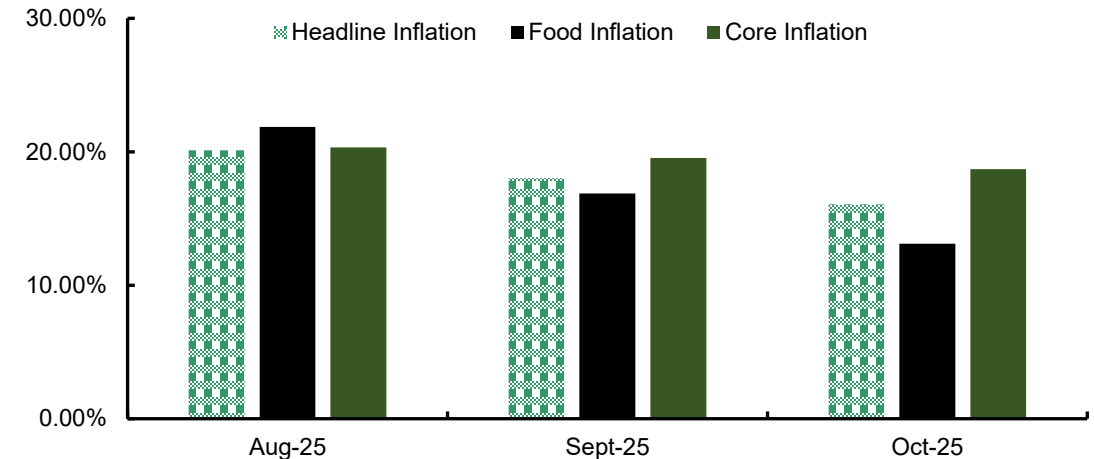
In November 2025, inflationary pressures in the domestic economy continued to soften, driven mainly by the lingering impact of harvest supply on food prices and a relatively stable currency environment. Data from our Commodities Price Tracker also pointed to widespread price declines across key staples, including maize (8.43% MoM), sorghum (6.19% MoM), paddy rice (5.48% MoM), and soybean (12.37% MoM), reinforcing the easing trend. During the same period, the Naira appreciated by 1.45% MoM, averaging NGN1,443.85/USD (vs NGN1,465.04/USD in October). This currency strength, alongside broadly stable global commodity prices, is likely to further relieve pressure on the imported food index.

Also, the stronger Naira is expected to have lowered import costs more broadly, supporting further moderation in import-dependent components of the core index. However, PMS prices remained elevated during the month, averaging around NGN910.00 per litre compared with roughly NGN890.00 per litre in October 2025, reflecting earlier market reactions to the now-suspended 15% levy on imported petroleum products.

Against this backdrop, we expect food inflation to ease further in November, underpinned by lower prices for key staples. Although, the pace of moderation may slow as the harvest season tapers off and seasonal demand tied to year-end festivities begins to pick up, introducing month-on-month pressures. Similarly, the core index is likely to remain on a downward path, supported by FX appreciation. However, the elevated PMS prices and stronger festive-season demand could place upward pressure on the core inflation basket, moderating the rate of disinflation.

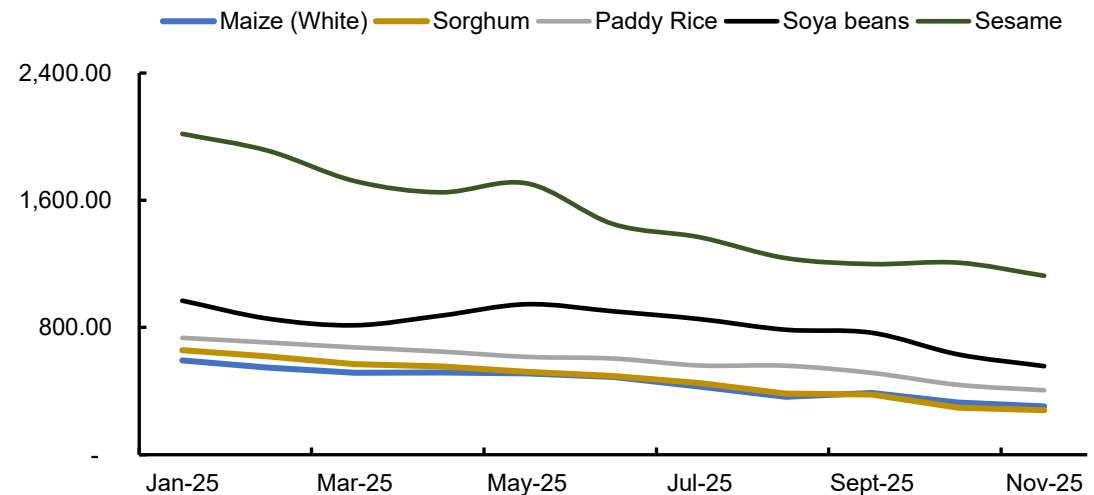
Overall, we expect headline inflation to ease further, settling at 14.64% YoY in November 2025.

Chart 3: Inflation Rate 2025 (% YoY Change)



Source: NBS, Meristem Research

Chart 4: Average Monthly Prices of Major Food Items (NGN/kg)



Source: Meristem Research

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