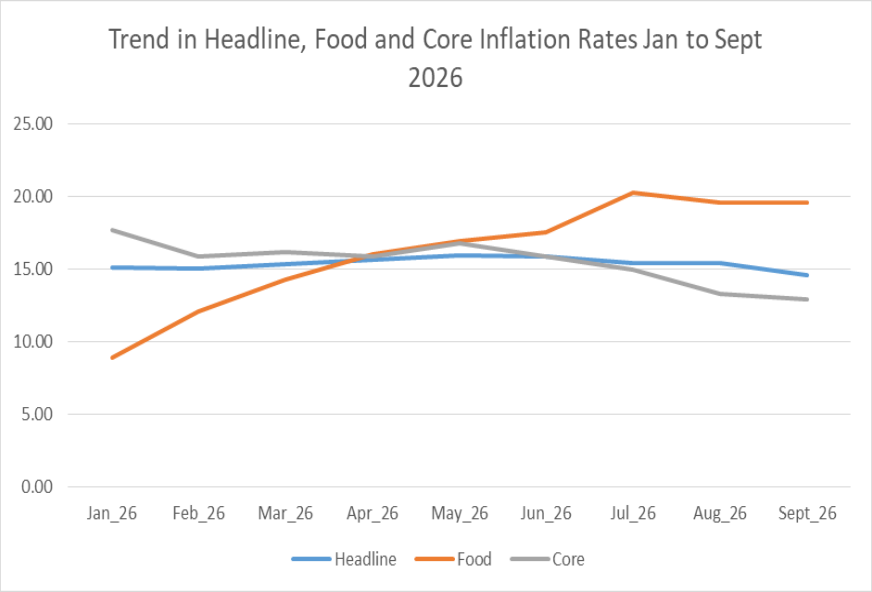
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https://thebrooksecurities.com +234 201 271 7900 research@thebrooksecurities.com

Macroeconomic *Report on Inflation | September 2026*

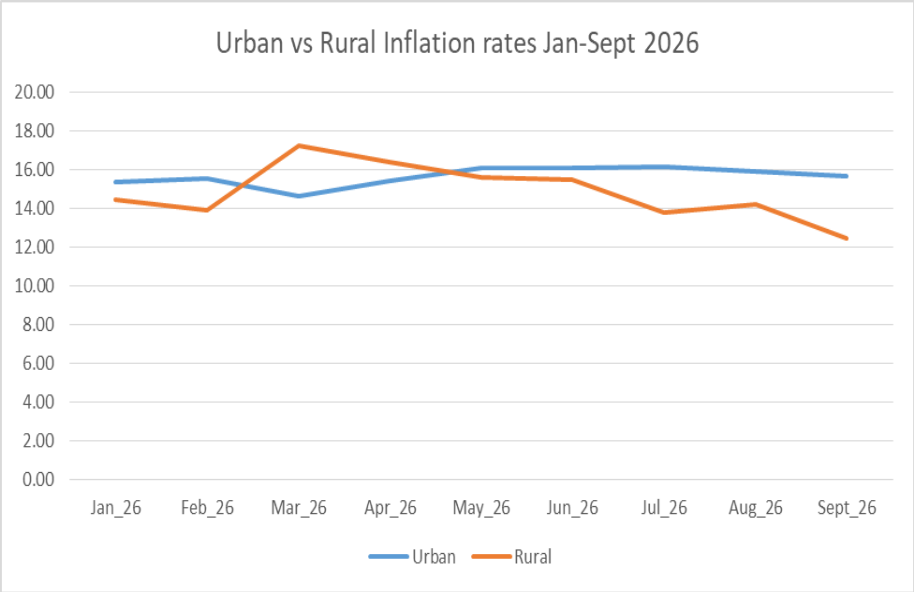
Inflation Moderates to 14.63% in September, Raising Hopes for Further Rate Cuts

Nigeria's headline inflation rate moderated to 14.63% in September 2026, down from 15.39% in August 2026 and significantly below the 20.98% recorded in September 2025, signalling a continued easing of inflationary pressures in the economy. The latest figures suggest an improvement in the country's inflation outlook, although the underlying trend remains mixed across key components of the Consumer Price Index (CPI).



The All-Items Less Farm Produce Inflation rate declined to 12.78% in September 2026 from 21.61% in the corresponding period of 2025. However, it edged up slightly from 12.64% recorded in August 2026. Core inflation, which excludes certain volatile items, also maintained its downward trajectory for the fourth consecutive month, easing to 12.95% in September from 13.29% in August and 22.11% in September 2025. Food inflation, however, presented a mixed picture. The annual food inflation rate declined to 19.59% in September 2026 from 20.16% in September 2025, but rose marginally from 19.57% recorded in August 2026.

On a month-on-month basis, headline inflation slowed sharply to 0.06% in September from 0.71% in August, indicating a substantial moderation in the pace of overall price increases. Food prices recorded a month-on-month decline of 1.55% in September, compared with an increase of 1.02% in August. In contrast, core inflation rose to 1.11% from a contraction of 0.06% in the preceding month, suggesting that price pressures persisted in some non-food categories.



Urban and Rural Inflation Moderate

Inflationary pressures eased across both urban and rural areas in September, although the pace of moderation differed. Urban inflation declined to 15.64% in September 2026 from 15.88% in August, suggesting a gradual easing of price pressures on households in the country's urban centres. Rural inflation recorded a more pronounced decline, falling to 12.46% from 14.23% in August. The figures indicate that rural areas experienced a stronger month-to-month improvement in annual inflation than urban areas. The divergent rates highlight differences in the cost of living across locations, reflecting variations in consumption patterns, food prices, transportation costs and other household expenses.

Imo Records Highest Headline Inflation

State-level data reveal substantial disparities in inflation across Nigeria, with Imo State recording the highest headline inflation rate at 33.0% in September 2026. Enugu followed

at 22.4%, while Niger State recorded 22.1%. Delta and Anambra posted inflation rates of 20.7% and 18.3%, respectively.

At the other end of the distribution, Taraba recorded the lowest headline inflation rate at 1.8%. Bauchi followed at 2.8%, Adamawa at 3.7%, Borno at 4.0% and Kebbi at 6.2%.

The wide variation in state-level inflation underscores the uneven distribution of price pressures across the country. While national inflation has continued to moderate, households in some states may still face substantially higher increases in the cost of living than those in others.

Food Inflation Remains Elevated in Several States

Food prices continued to show significant regional disparities in September. Lagos recorded the highest food inflation rate at 34.4%, followed by Imo at 33.8%; Ondo at 31.5%, Delta at 30.6% and Benue at 27.3%. In contrast, Taraba recorded the lowest food inflation rate at approximately -7.5%, indicating a decline in food prices relative to the corresponding comparison period. Yobe followed at -0.4%, while Borno recorded 2.2%. Nasarawa and Bauchi each posted food inflation of 5.3%, followed by Kebbi at 5.4% and Sokoto at 6.1%.

These variations suggest that the easing of food inflation has not been uniform nationwide. While some states recorded relatively low or negative food inflation, others continued to experience substantial increases in food costs, placing pressure on household purchasing power.

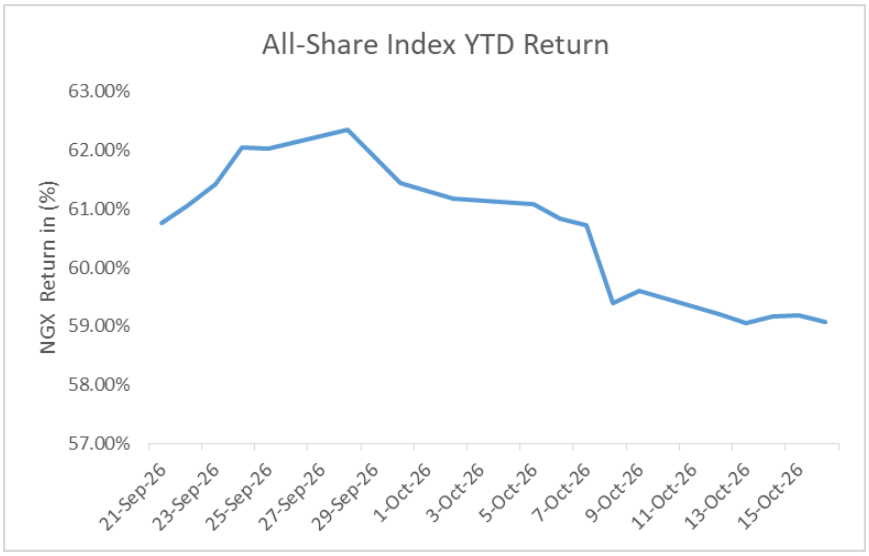
Implications for Nigeria's Capital Market

The continued moderation in headline and core inflation could strengthen the case for further monetary policy easing by the Central Bank of Nigeria (CBN), provided the downward trend proves sustainable and other macroeconomic conditions remain supportive.

At its Monetary Policy Committee (MPC) meeting held on September 21–22, 2026, the CBN reportedly reduced the Monetary Policy Rate (MPR) from 26.5% to 23%. The latest

inflation figures could reinforce expectations of further rate reductions if inflationary pressures continue to ease.

Lower interest rates could have important implications for the capital market. In the fixed-income segment, declining policy rates may eventually translate into lower yields on newly issued government securities, although the timing and magnitude of any adjustment would depend on liquidity conditions, inflation expectations, fiscal borrowing and investor demand.



For the equities market, a lower interest-rate environment could improve the relative attractiveness of stocks by reducing the appeal of fixed-income investments and potentially lowering companies' borrowing costs. Businesses with significant financing requirements could benefit from reduced debt-servicing expenses, while improved consumer purchasing power could support earnings in selected sectors.

However, these benefits are neither automatic nor uniform across the market. Inflation expectations, exchange-rate stability, corporate earnings, foreign portfolio flows and broader economic risks will continue to influence asset prices and investor sentiment.

Despite the reported reduction in the MPR, daily returns on the Nigerian Exchange (NGX) have continued to trend downward, contrary to expectations that monetary easing would stimulate stronger market performance.

This divergence suggests that the response of equities to lower interest rates may depend on factors beyond monetary policy alone. Investors may be weighing earnings prospects, valuation levels, currency risks and alternative investment opportunities before committing additional funds to equities.

Overall, the September inflation figures provide a potentially supportive backdrop for Nigeria's capital market. Nevertheless, sustained market gains are likely to depend on whether lower inflation translates into improved macroeconomic confidence, stronger corporate profitability and more attractive risk-adjusted returns.

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