

## April 2025 CPI and Inflation Rate: A Review Eze Onyekpere Esq.

### 1. National Inflation Profile

The recently published Consumer Price Index (CPI) for the month of April 2025 by the National Bureau of Statistics (NBS) reveals a slight drop in the headline inflation rate from 24.23% in March to 23.71% in April 2025. The 12 months preceding the latest report had seen the inflation figures rise consistently until the rebasing exercise of the NBS.<sup>1</sup> Comparing this with the same period last year, the headline inflation for April 2024 was 33.69% implying a 9.98% easing within 12 months. On a month on month basis, the headline inflation was 1.86% as against 3.90% in March 2025. This simply implies a reduction in the rate of increase of average prices.

### 2. Food Inflation

Food inflation was reported at 21.26% year on a year basis compared to 40.53% in April 2024 and on a month-by-month basis, it went down from 2.18% in March to 2.06% in April. NBS reports that the significant decline in food annual inflation is technically due to the change in the base year for the calculation of inflation. Furthermore, the removal of tariffs - zero duty and value added tax - on the importation of some cereals (husked brown rice, maize, sorghum, millet, wheat and beans) may have contributed to the reduction in food prices.<sup>2</sup>

Food inflation in the country on a year-on-year basis had the highest rise in Benue (51.76%), Ekiti (34.05%) and Kebbi (33.82%). It had the slowest rise in Ebonyi (7.19%), Adamawa (9.52%) and Ogun (9.91%). On the other hand, the month-on-month basis top 3 fastest rises in food prices was recorded in Benue (25.59%), Ekiti (16.73%) and Yobe (13.92%). The slowest rise was recorded in Ebonyi (-14.43%), Kano (-11.37%) and Ogun (-7.06%).

Benue's highest food inflation rise on both year-on-year and month-on-month basis is surprising considering that it is part of the food basket of Nigeria. However, this could be traced to the state of permanent siege and insecurity that has taken over the state over a period of time.

### 3. Core Inflation

This is about all items less farm produce and energy. This was reported on a year-on-year basis at 23.39% as against 26.84% recorded in April 2024. On a month-on-month

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<sup>1</sup> The weight reference period is now 2023, and the price reference period (Base year) is 2024. The updated CPI covers 934 product varieties as against 740 in the old, classified into 13 divisions under the COICOP 2018 Framework as against 12 divisions in the 1999 version. The old weights attached to food and non-alcoholic beverages (from 51.8 to 40.0); alcoholic beverages, tobacco and narcotics (from 1.1 to 0.4); clothing and footwear (from 7.7 to 5.0); housing, water, electricity, gas and other fuels (from 16.7 to 8.4) were reduced. However, the weights attached to education and health increased from 3.0 to 6.1 and 3.9 to 6.2 respectively.

<sup>2</sup> Nigerian Customs Service Guidelines for Implementation of Zero Duty Rate on Some Basic Food Items. [https://customs.gov.ng/wp-content/uploads/2024/08/Press-Release-suspension-of-duty-on-food-items-pdf-2024-08-14-16\\_47\\_45.pdf](https://customs.gov.ng/wp-content/uploads/2024/08/Press-Release-suspension-of-duty-on-food-items-pdf-2024-08-14-16_47_45.pdf)

basis, it was 1.34% as against 3.73% in March 2025. Generally, core inflation seems to be easing.

#### **4. Sub-nationals' Contribution to Inflation Profile**

Further disaggregation shows the contribution of state fluctuations to the overall national price index for the month of April 2025. On a year-on-year basis all item (prices of all items irrespective of classification) inflation rate was highest in Enugu (35.98%), Kebbi (35.13%) and Niger (34.85%); whereas they were lowest in Ondo (13.42%), Cross River (17.11%) and Kwara (17.28%). However, on a month-on-month basis, the highest increases in inflation were recorded in Sokoto (16.26%), Nasarawa (16.02%) and Niger (14.74%); while the slowest rise was recorded in Oyo (-6.45%); Osun (-4.54%) and Ondo (-3.44%). It is imperative to note that the year on year and month on month increases were dramatic.

#### **5. Urban and Rural Inflation**

Urban inflation contributes more to the high inflation figures. Urban inflation currently stands at 24.29% year-on-year, and decreased from 3.96% in March to 1.18% in April. Rural inflation stood at 22.83% year-on-year and decreased from 3.73% in March to 3.56% in April. This may not be unconnected to the forces of demand and supply. Urban areas command more resources, hence higher demand. Naturally, prices will rise when available resources are chasing few/available goods/services.

Relating this with the major drivers of inflation (food and non-alcoholic beverages, restaurants and accommodation services, housing, water, electricity, gas, other fuel, clothing and footwear, transportation etc.); it is clear that their demand is higher in urban areas than in the rural areas. For instance, in the rural areas, people grow significant portions of the food they consume, they live in their own houses, their expenses on utilities like water and electricity is low because they have alternative sources for them, and in critical situations, they can do without some of them. More so, effective demand is need backed by resources (ability to pay) and in most cases, these resources are not available to rural dwellers. Several studies have shown that bulk of rural dwellers are poor.

#### **6. Inflation Rate, Budget and Macroeconomic Fundamentals**

The 2025 federal budget is premised on a 15% inflation rate which is far lower than the April headline inflation rate of 23.71%. This implies that the budget's projection is yet to be met. The rate of transport inflation is to an extent dependent on the international price of crude oil. The depreciating price of crude oil will negatively affect federation account's revenue from crude oil sales. The oil benchmark price of \$75 per barrel is unattainable at present prices. For the full implementation of the 2025 federal budget, the deficit financing may need to be increased through more debt which will definitely have a negative effect on the inflation rate. Deficit financing through seigniorage will even worsen the inflation effect. Furthermore, with a monetary policy rate of 27.5%, the cost of credit to investors and the private sector will continue to push prices towards and above the MPR.

## 7. The Right to Adequate Standard of Living and Driver(s) of Inflation in Nigeria

The Constitution of the Federal Republic of Nigeria 1999 as amended (Constitution) in the “Fundamental Objectives and Directive Principles of State Policy” provides that the security and welfare of the people shall be the primary purpose of government.<sup>3</sup> In S.16 (2) (d), the Constitution provides: *“that suitable and adequate shelter, right to food and food security, reasonable national minimum living wage, old age care and pensions, and unemployment, sick benefits and welfare of the disabled are provided for all citizens”*. The Constitution also made provisions for objectives in promotion of education and health.

Furthermore, Nigeria has obligations under article 11 (1) of the International Covenant on Economic, Social and Cultural Rights (ICESCR) vis: *“The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions..”*<sup>4</sup> This obligation is reaffirmed in the standard setting Universal Declaration of Human Rights: *“Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control”*.<sup>5</sup>

Clearly, these national and international standards emphasize the rights to adequate food, clothing and housing and continuous improvement of living conditions as critical elements of the right to an adequate standard of living. The empowering rights of education and health also feature in the determination of the standard of living.

The greatest contributor (driver) of price increases within the period is food and non-alcoholic beverages at 9.49% year-on-year and 0.75% month-on-month. Other top contributors include restaurants and accommodation services at 3.06% year on year and 0.24% month on month; transport at 2.53% year-on-year and 0.20% month-on-month; housing, water, electricity, gas and other fuel at 2.0% year-on-year and 0.16% month-on-month. Education and health moved 1.47% and 1.44% year-on-year and 0.12% and 0.11% respectively month-on-month; clothing and footwear stands at 1.20% year-on-year and 0.09% month-on-month.

Essentially, food, housing, transport and clothing – part of the critical components of the right to an adequate standard of living in the modern world are major drivers of inflation. Education as an empowering right and the fulcrum for the validation of other rights took a major hit while health which is inextricably tied to the right to life is

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<sup>3</sup> S.14 (2) (b) of the Constitution of the Federal Republic of Nigeria 1999.

<sup>4</sup> International Covenant on Economic, Social and Cultural Rights, Adopted 16 December 1966 by General Assembly Resolution 2200A (XXI); entry into force: 3 January 1976, in accordance with article 27

<sup>5</sup> Adopted and proclaimed by General Assembly Resolution 217 A (III) of December 10, 1948.

negatively affected. The right to life will be extinguished by the denial of health supporting conditions to the point of abrogation. It has been reported that average Nigerians spend up to 60% of their income on food,<sup>6</sup> leaving them with 40% of their income for all other expenditure. When all these critical elements of an adequate standard of living are buffeted by inflation, the implication is an upsurge in poverty and misery.

### **8.The Gender Dimension**

Nigerian women and girls are the face of Nigerian poverty. Their numbers were higher among the poor before the galloping inflation. In a period of rising prices, coupled with unemployment and stagnated economic growth, the likelihood of women and girls earning income or salaries that keeps pace with the inflationary spiral is remote. High food inflation exerts undue pressure on the physical and mental of women and girls who are the managers of family food. Therefore, the Nigerian inflation crisis affects women and girls disproportionately. The inflation driving policies (fuel subsidy removal and floatation of the naira) appear to be gender neutral, but in actual fact, they are based on structural discrimination which denies the existence of apparent discriminations.

### **9. Other Issues**

The removal of tariffs - zero duty and value added tax - on the importation of some cereals (husked brown rice, maize, sorghum, millet, wheat and beans) may have contributed to the reduction in food prices. This response which is both adhoc and temporal does not come without a cost - significant loss of revenue to the government as well as a disincentive to local farmers who may not be able to favourably compete with the foreign products. This low level of food production in the country has been attributed to several factors including insecurity occasioned by activities of bandits and herdsmen in especially farming communities. Others include very low state investment on agriculture and lack of prioritization of agriculture over several years. High transportation cost (including transportation of food) as a result of the removal of petroleum subsidy without adequate plan to cushion the impact further exacerbates high cost of goods (including food) to a near crisis level. Also, the floating of the exchange rate resulting in the erosion of the value of the local currency in an import-dependent economy meant an increased cost of importation. The plan to increase electricity tariff across board beyond the “band” interventions will definitely increase energy cost and spike inflation.

### **10. Conclusion and Recommendations**

As at 2022, the NBS recorded that 133 million representing about 66% Nigerians are multidimensionally poor, that is, they are poor in two or more key indicators. With a

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<sup>6</sup> See Buffer Stocks against Inflation. USDA (2023): Lower income countries spend much higher share of expenditures on food than higher income countries. Available online at: <http://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=107494> (last accessed on 6 May 2024)

high level of inflation, the numbers have increased. The following actions are recommended for government, especially as it relates to the standard of living: Incentivize food production/agriculture as a means of encouraging farming and farmers; prioritize agriculture in state planning and increase agricultural investment; in the medium term, start building food buffer stocks against inflation and famine; make conscious effort to tackle issues of insecurity including banditry and activities of herdsmen. Other recommendations are: the Monetary Policy Committee should consider reduction of the MPR to not more than 25%; review the 2025 federal and state budgets taking into consideration the reduced revenue inflows without unduly increasing the deficit and borrowing; full implementation of the local content policy in government procurement.

Furthermore, invest in alternative and cheaper sources of fuel for transportation such as Compressed Natural Gas (CNG); stop the propaganda of CNGI and start the work in providing conversion kits, new buses and incentivizing the proliferation of dispensing pumps and stations. Finally, undertake a gender analysis of the reforms leading to the galloping inflation.