

INFLATION EXPECTATIONS IN NIGERIA

EXPERTS

1100

26

890

46

00%
1.0%

2%
1.0%

INFLATION EXPECTATIONS SURVEY REPORT

February 2025

Statistics Department

Economic Policy Directorate

Central Bank of Nigeria

INFLATION



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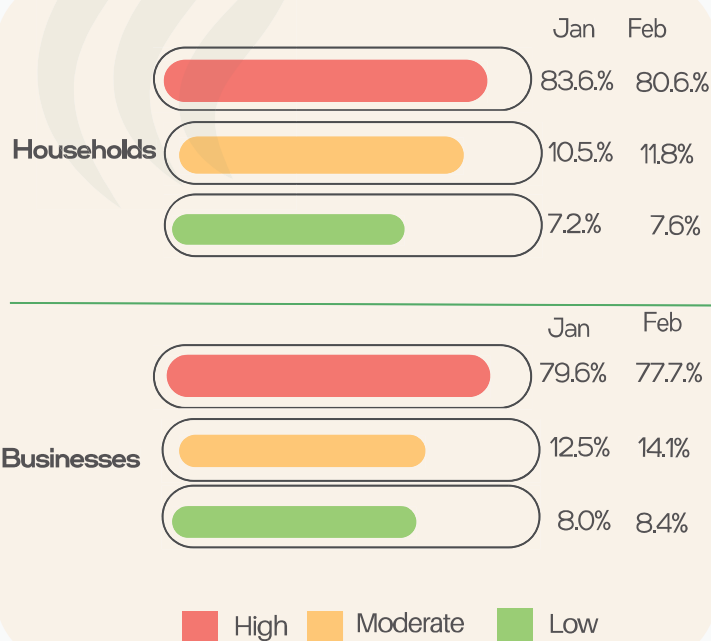
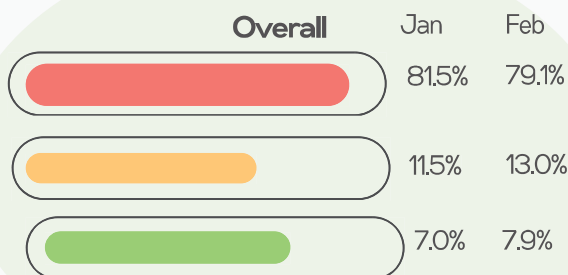
Inflation Expectations Survey Report



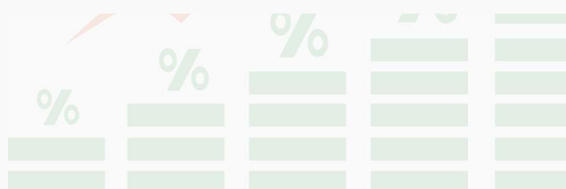
Inflation Perception



Households and Businesses perceive the current inflation rate to be moderating in February 2025 compared to previous month.



Businesses respondents are predominantly driving the sentiment in the month under review.

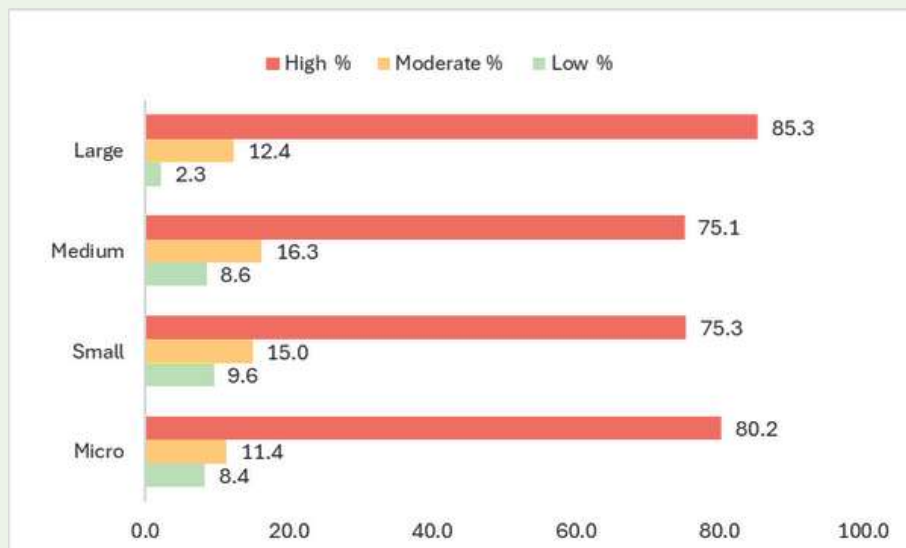




Inflation Perception by Business Size

In February 2025, more medium businesses view the inflation rate to be moderating.

A breakdown of the perception indicated that more medium businesses view the inflation rate to be moderating. This is followed by small businesses.



12.4% Large Businesses

16.3% Medium Businesses

15.0% Small Businesses

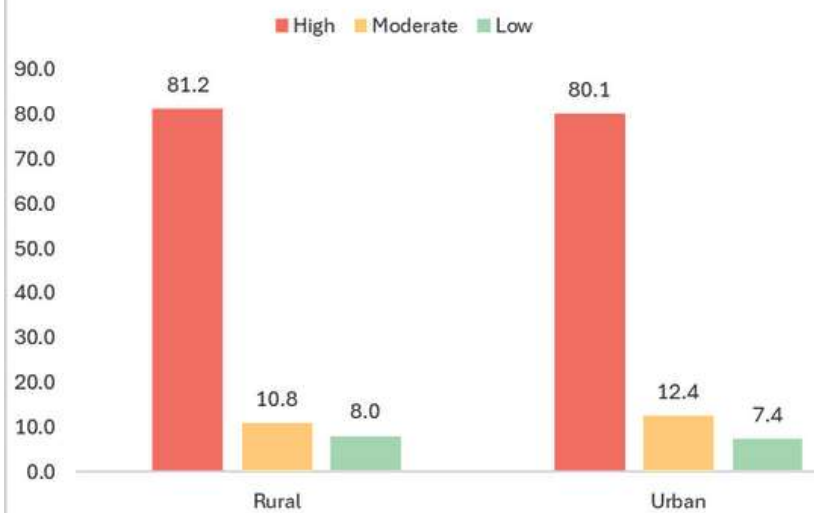
11.4% Micro Businesses





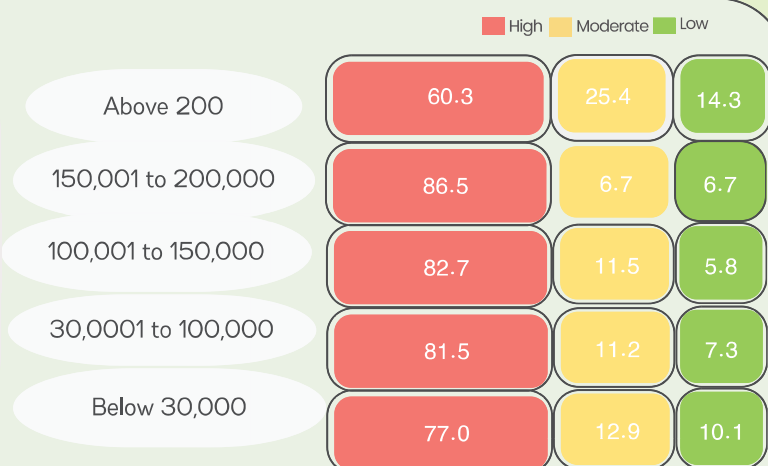
Inflation Perception by Settlement Type

Analysis by settlement type reveals that a higher proportion of urban residents view the current inflation rate to be moderating.



Inflation Perception by Income Distribution

Further analysis by income distribution indicates that more households earning above N200,000 per month perceive inflation to be moderating.





Major Drivers of Inflation Perception

Drivers	Firms		Households	
	Score (%)	Rank	Score (%)	Rank
Energy (PMS, Diesel, Electricity, etc)	92.9	1	88.6	1
Exchange rate	90.1	2	83.5	3
Interest Rate	87.4	4	78.2	5
Transportation(Road, flight, water, rail, etc)	88.4	3	85.2	2
Insecurity	85.2	5	78.5	4
Activities of middlemen	74.1	8	78.0	6
Natural disaster	67.3	9	63.8	9
Infrastructural challenges	77.9	7	63.9	8
Raw materials (input)	81.5	6	71.9	7

Respondents (Businesses & households) believe that energy cost, exchange rate, transportation cost, interest rate and insecurity influenced their perception on the inflation rate in the month under review.



Energy



Exchange Rate



Transportation



Interest Rate





Inflation Expectation

Respondents expect inflation to ease over the next 6 months

Business and Household respondents expect the level of inflation to gradually reduce over the next 6 months



Overall

	Increase	Remain the Same	Decrease
Next Month	40.3	47.1	12.6
Next 3 Months	44.0	34.6	21.4
Next 6 Months	44.3	28.6	27.1

Businesses

	Increase	Remain the Same	Decrease
Next Month	31.8	55.1	13.0
Next 3 Months	38.1	36.5	25.4
Next 6 Months	40.3	29.9	29.8

Households

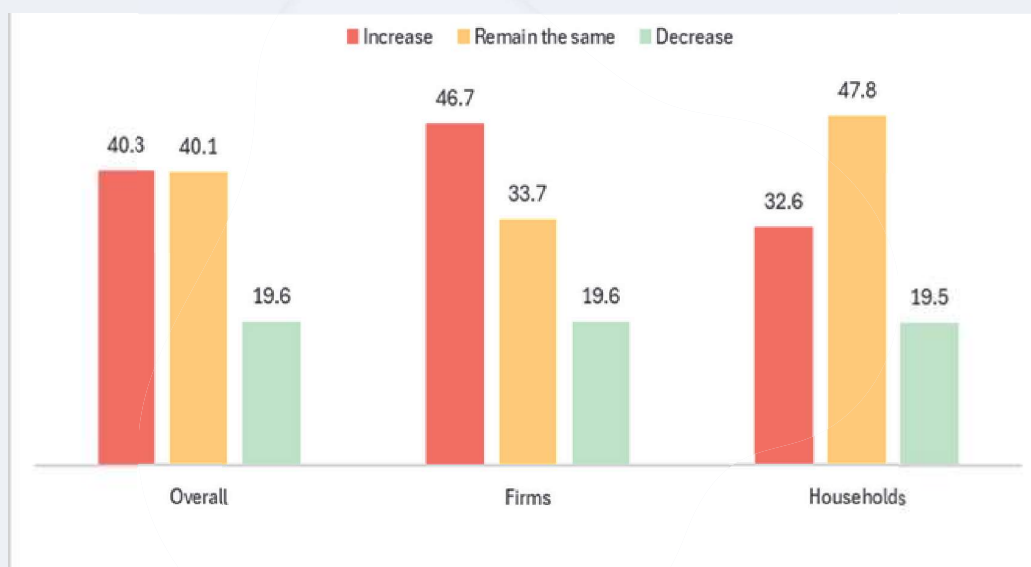
	Increase	Remain the Same	Decrease
Next Month	49.8	38.0	12.1
Next 3 Months	50.7	32.5	16.8
Next 6 Months	48.8	27.1	24.1





Expenditure Outlook

In line with the inflation perception in the current month, more businesses expect higher expenditure compared to households in the current month.



Respondent	Increase	Remain Stable	Decrease
Overall (Firms+HHs)			
Next month	37.0	43.0	20.0
Next 3 months	37.0	40.5	22.5
Next 6 months	38.0	39.0	23.0
Firm			
Next month	42.4	38.4	19.2
Next 3 months	44.2	36.1	19.6
Next 6 months	45.0	34.5	20.5
Household			
Next month	30.5	48.6	20.9
Next 3 months	28.4	45.8	25.8
Next 6 months	29.5	44.4	26.0

Households and businesses anticipate lower spending as their expenditure expectation gradually decrease over the next 6 months





Central Bank Activities & Key Announcements



Respondents
want CBN to
reduce Interest
rate



(14.6%) Raise Interest Rate



(20.3%) Interest Rate Unchanged



(65.1%) Reduce Interest Rate



Respondents
follow up on
CBN's
Communication



(98.4%) Follow



(1.6%) Do not follow



Respondents
believe that CBN is
transparent in its
Communication



(90.8%) Transparent



(9.2%) Not Transparent



Respondents
believe that CBN
announcements
impact Inflation



(46.8%) Somewhat



(38.4%) Significantly



(14.8%) Not at all



STATISTICS DEPARTMENT

ECONOMICS POLICY DIRECTORATE

DATA

Respondents were drawn from the establishment frame of the National Bureau of Statistics (NBS) and National Population Commission (NPopC) National list of Enumeration Areas (EAs). A total of 3,565 were interviewed, comprising 1900 firms and 1665 households.

INTERPRETATION

The Inflation Expectations Survey (IES) report on businesses and households is based on survey responses, indicating changes in the perception and/or expectations of respondents on inflation.

METHOD

Percentages are mainly used to ascertain the views of majority of the respondents except for drivers of inflation where indices are used to obtain the rank of the driver.

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NOTE: The IES report Indicates the views of the respondents and does not in any way represent the view of the Central Bank of Nigeria. As such CBN cannot be held liable for any action taken based on the responses provided in this survey.

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