CENTRAL BANK OF NIGERIA ECONOMIC REPORT

January 2025

ABOUT THE REPORT

The Central Bank of Nigeria (CBN) Economic Report presents economic developments in Nigeria, for dissemination to the public. The Report, which is published on a monthly and quarterly basis, provides insights on current developments in the real, fiscal, financial, and external sectors of the Nigerian economy, as well as, on global issues that impact the domestic economy. In addition, it reflects the policy initiatives of the CBN in pursuit of its mandate.

The Report is targeted at a wide range of readers, including economists, policymakers, financial analysts in the government and private sectors, and the public. Free download of the Report, including current and past issues are available from the CBN website: www.cbn.gov.ng. All inquiries concerning the Report should be directed to the Director, Research Department, Central Bank of Nigeria, P.M.B. 187, Garki, Abuja, Nigeria.

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SUMMARY

Global economic activity slowed in January 2025 due, primarily, to deceleration in the services sector. Inflation rose across most Advanced Economies (AEs), driven by higher energy prices, while it was moderated by falling food prices in many Emerging Market and Developing Economies (EMDEs). Equity markets trended upward in many economies, on expectations of monetary policy easing. In the AEs, long-term sovereign bond yields showed diverse trends, but declined in EMDEs. Global crude oil supply decreased, slightly, due to lower non-OPEC production, while continued US sanctions on Russia and Iran steered crude oil price increases.

On the domestic front, business activity continued to grow, albeit at a slower pace, driven by an increase in new orders and output, particularly in the industry and agriculture sectors. Domestic crude production increased, buoyed by improved anti-oil theft measures and the reactivation of previously inactive oil fields. The rebased consumer price index revealed that inflation rose by 24.48 per cent in January 2025 due, largely, to higher energy cost.

Provisional data indicated an expansion in the fiscal deficit of the Federal Government of Nigeria (FGN) in January 2025. Federally collected revenue declined by 31.35 per cent relative to the level in the preceding period. The retained revenue and the aggregate expenditure of the FGN was 69.19 and 15.51 per cent lower than the level in the preceding month. Consequently, the fiscal deficit expanded compared with the level in the preceding month.

The financial sector maintained its stability and resilience, underpinned by robust regulatory oversight and the cautious enforcement of supervisory guidelines. Although banking system liquidity increased, the Bank's monetary policy stance, and liquidity management actions effectively tempered credit growth. The monetary base and broad money supply (M3), therefore, contracted relative to their levels at end-December 2024. Developments in the fixed-income market varied, as demand for Nigeria Treasury Bills (NTBs) moderated while for Federal Government of Nigeria

(FGN) bonds strengthened. Key money market rates eased but remained within the policy corridor, in line with the Bank's liquidity management framework.

The external sector performance improved in January 2025, driven primarily by increased export earnings, particularly from crude oil and gas, and supported by non-oil exports. Additionally, foreign capital inflows rose, following attractive yields in the domestic financial market. The naira appreciated by 1.16 per cent in the Nigerian Foreign Exchange Market (NFEM), to ₦1,535.94/US$. The external reserves declined to US$38.88 billion at the end-January 2025 but remained adequate to cover 8.82 months of imports for goods and services or 13.20 months for goods only.

The Nigerian economy is projected to maintain a positive growth trajectory in 2025, predicated on the continued implementation of policy reforms, especially in the oil sector and foreign exchange market. Potential risks to the outlook, however, include heightened insecurity, unexpected depreciation of the naira, increasing cost of living and rising input cost. Inflation pressures are expected to moderate in the near term, hinged on improved security in food-producing areas, lagged impact of the policy rate hikes, stable PMS prices, and stability in the foreign exchange market. Nonetheless, exchange rate depreciation, growth in money supply, and escalating insecurity could undermine the outlook.

1.0 GLOBAL ECONOMIC DEVELOPMENTS

Summary

The momentum of global economic activity slowed in January 2025, owing largely to the sluggishness of activities in the services sector. Inflation rose in most Advanced Economies (AEs), driven by rise in energy prices, but moderated in most Emerging Market and Developing Economies (EMDEs), on account of decline in food prices. Equity markets exhibited a broadly bullish trend across regions as most indices posted gains, while a few registered losses. The bullish trend was buoyed by expectations of monetary policy easing and increased portfolio reallocation by investors. Long-term sovereign bond yields exhibited mixed trend in AEs, while declining in EMDEs.

1.1 Global Economic Activity

Global Economic Activity

Global economic activity slowed in January 2025, albeit at an uneven pace across AEs and EMDEs. The global composite purchasing managers' index (PMI) remained in the expansion region but slowed to 51.80 index points, from 52.60 index points in the preceding month, driven by lower growth of business activity in the service sector. The services PMI, slowed to 52.20 index points, from 53.80 index points in the preceding month, underpinned by a decline in financial services. The manufacturing PMI, however, rebounded to 50.10 index points from 49.60 index points recorded in December 2024 as increased production level and an upturn in new orders, strengthened operating conditions.

Table 1: Global Composite Purchasing Managers' Index (PMI)

	Nov-24	Dec-24	Jan-25
Composite	**52.40**	**52.60**	**51.80**
Employment Level	50.00	50.30	50.80
New Business Orders	52.20	52.50	52.00
New Export Business Orders	49.20	48.70	49.60
Future Output	62.40	61.90	62.70
Input Prices	55.70	56.00	56.80
Output Prices	52.10	52.30	53.00
Manufacturing	**50.00**	**49.60**	**50.10**
Services (Business Activity)	**53.10**	**53.80**	**52.20**
New Business	53.00	53.60	52.50
New Export Business	51.40	50.30	50.20
Future Activity	62.70	63.00	63.00
Employment	50.30	50.60	51.60
Outstanding Business	50.90	50.00	49.80
Input Prices	56.40	56.60	57.70
Prices Charged	52.10	52.70	53.50

Source: J.P. Morgan
Note: Above 50 index points indicate expansion

Economic Activity in Advanced Economies

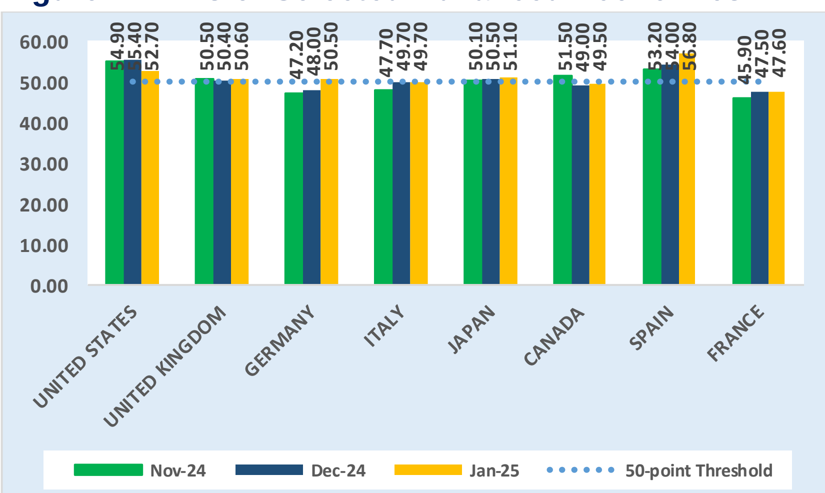
Most AEs recorded higher economic activity in January 2025, due to improved consumer demand for goods and services. In Spain and Japan, economic activity expanded further to 56.80 and 51.10 index points, respectively, from 54.00 and 50.50 index points in the preceding month. The rising momentum in Spain was supported by new business, while the expansion in Japan was underpinned by the buoyancy of the service sector and the increase in new orders. In the UK, PMI expanded marginally to 50.60 index points, from 50.40 index points in the preceding month, due to improvement in the service sector. Similarly, Germany's PMI recovered to 50.50 index points, from a contraction of 48.00 index points in

December 2024, due, mainly, to the completion of outstanding orders by businesses.

The pace of expansion in economic activity in the US, reduced, as PMI stood at 52.70 index points, compared with 55.40 index points in the preceding month. The deceleration reflected the moderation in services activity, following subdued business growth. Economic activity in Canada and France, remained within the contraction region, as their respective PMIs rose to 49.50 and 47.60 index points from 49.00 and 47.50 index points. The improvement in Canada was on account of potential benefits from policy rates cut, while the development in France resulted from the boost in sentiment that followed firms' commitment in clearing backlogs.

Italy's composite PMI held steady at 49.70 index points, due to a slowdown in services growth that was offset by a milder decline in manufacturing output.

Figure 1: PMIs of Selected Advanced Economies



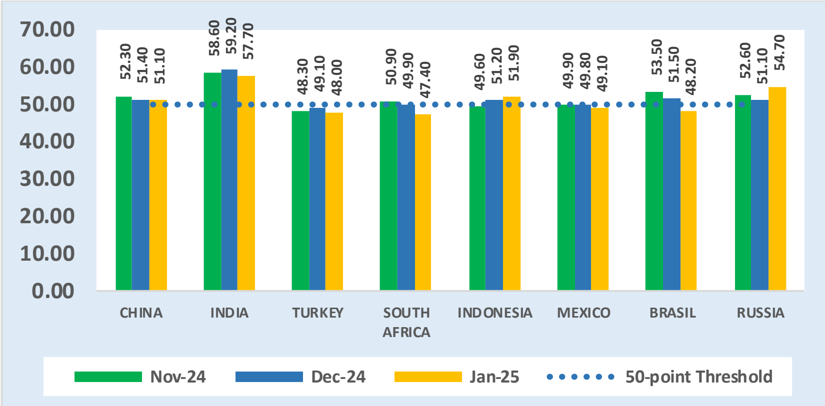
Source: Trading Economics/Various Country Websites
Note: PMI for Canada was based on Manufacturing PMI

Economic Activity in EMDEs

Economic activity contracted in most EMDEs in the review period. The PMI in South Africa contracted further to 47.40 index points, from 49.90 index points in the preceding month, due to weak demand, evidenced by a sharp drop in new business orders. The PMIs indicated deeper contractions in Mexico and Turkey to 49.10 and 48.00 index points, respectively, from 49.80 and 49.10 index points as concerns of insecurity and trade conditions weakened business confidence. In Brazil, PMI fell to 48.20 index points, from 51.50 index points in the preceding month, arising from broad-based decline in the manufacturing and services sector activities. Economic activity expanded at a slower pace in India and China to 57.70 and 51.10 index points, respectively, from 59.20 and 51.40 index points, due to lower manufacturing output.

In Indonesia and Russia, however, PMI rose to 51.90 and 54.70 index points, respectively, from 51.20 and 51.10 index points in the preceding month, as increased demand drove stronger expansions in manufacturing and services sector output.

Figure 2: PMI in Selected Emerging Markets and Developing Economies



Source: Trading Economics/Various Country Websites
Note: PMI for Turkey and Indonesia were based on Manufacturing PMI

1.2 Global Inflation

In January 2025, global inflation remained above most central banks' targets with diverse trends across regions. Inflation rose in the US and Canada to 3.00 and 1.90 per cent, respectively, from 2.90 and 1.80 per cent in the preceding month, driven by elevated energy prices and transportation cost. Similarly, inflation in the UK and France increased to 3.00 and 1.70 per cent, respectively, from 2.50 and 1.30 per cent, in December 2024, on account of rising price of services and transportation cost.

Spain and Italy recorded higher inflation of 2.90 and 1.50 per cent, respectively, compared with 2.80 and 1.30 per cent, in the preceding month, as the halt in Russian gas flows to Europe elevated the price of liquified natural gas (LNG). Inflation also rose in Japan to 3.60 per cent, from 2.90 per cent in December 2024, due to the impact of higher prices of fresh vegetables and food on food inflation.

In Germany, however, inflation moderated to 2.30 per cent from 2.60 per cent in the preceding month, owing to falling food prices.

Table 2: Inflation in Selected Economies

Country	Sep-24 (A)	Oct-24 (B)	Nov-24 (C)	Dec-24 (D)	Jan-25 (E)	Difference m-o-m (E-D)	Remark
United States	2.40	2.60	2.70	2.90	3.00	0.10	Accelerate
United Kingdom	1.70	2.30	2.60	2.50	3.00	0.50	Accelerate
Germany	1.60	2.00	2.20	2.60	2.30	-0.30	Decelerate
Italy	0.70	0.90	1.30	1.30	1.50	0.20	Accelerate
Japan	2.50	2.30	2.90	2.90	3.60	0.70	Accelerate
Canada	1.60	2.00	1.90	1.80	1.90	0.10	Accelerate
Spain	1.50	1.80	2.40	2.80	2.90	0.10	Accelerate
France	1.10	1.20	1.30	1.30	1.70	0.40	Accelerate
China	0.40	0.30	0.20	0.10	0.50	0.40	Accelerate
India	5.49	6.21	5.48	5.22	4.31	-0.91	Decelerate
Turkey	49.38	48.58	47.09	44.38	42.12	-2.26	Decelerate
South Africa	3.80	2.80	2.90	3.00	3.20	0.20	Accelerate
Indonesia	1.84	1.71	1.55	1.57	0.76	-0.81	Decelerate
Mexico	4.58	4.76	4.55	4.21	3.56	-0.65	Decelerate
Brazil	4.42	4.76	4.87	4.83	4.56	-0.27	Decelerate
Russia	8.60	8.50	8.90	9.50	9.90	0.40	Accelerate

Source: Trading Economics

Inflation pressure moderated in most EMDEs in the review period. In Mexico and Brazil, inflation reduced to 3.56 and 4.56 per cent, respectively, from 4.21 and 4.83 per cent, in the preceding month, following lower prices of vegetables and fruits. India and Indonesia also recorded a moderation, with inflation falling to 4.31 and 0.76 per cent, respectively, from 5.22 and 1.57 per cent. The disinflation in India was due, primarily, to a deceleration in food prices, while that in Indonesia followed the 50.00 per cent discount in electricity tariffs. Inflation in Turkey moderated to 42.12 per cent, from 44.38 per cent in the preceding month, as prices declined across most sub-indices, particularly food and non-alcoholic beverages.

In China and Russia, however, inflation rose to 0.50 and 9.90 per cent, respectively, from 0.10 and 9.50 per cent. The faster price increase in China followed higher government stimulus and accommodative monetary policy aimed at boosting output. The uptick in Russia was driven by a weaker ruble, crisis in the labour force market, and soaring levels of deficit spending. In South Africa, increases in food and fuel prices drove inflation to 3.20 per cent, from 3.00 per cent, in the preceding month.

1.3 Global Financial Market Development

Global equity markets exhibited a broadly bullish trend across regions in January 2025, buoyed by increased portfolio reallocation by investors. The Euro area outperformed other AEs, with gains for Germany's DAX (9.16%), France's CAC (7.72%), Italy's FTSE MIB (6.69%), and the Euro STOXX (6.29%). The bullish performance was fuelled by expectations of policy rate cuts by the European Central Bank (ECB), and strong corporate earnings. Additionally, positive returns in France's tech sector and a changing political landscape further supported market sentiment.

In the US, the Dow Jones, S&P 500, and Nasdaq Composite gained 4.70, 2.70, and 2.22 per cent, respectively, due to strong financial sector and corporate earnings, expectations of policy rate cuts, and anticipated regulatory easing under the new administration. UK's equities gained 6.13 per cent, driven by higher oil prices that bolstered energy company valuations and a sharp rise in mining stocks.

Japanese stocks exhibited divergent trends as the TOPIX rose by 0.13 per cent, while the NIKKEI 225 declined by 0.81 per cent. The bullish outturn of the TOPIX was bolstered by the Bank of Japan’s rate hike which provided a boost to financial stocks, particularly banks, while improved corporate earnings and governance measures, such as share buybacks and increased dividend sustained positive sentiment. The decline in the NIKKEI 225 was driven by a downturn in technology stocks, following concerns over the emergence of China's DeepSeek. Additionally, a rise in interest rates and the Japanese yen’s appreciation further weighed on stock performance.

Most equities in EMDEs improved in the review month, supported by strong corporate earnings and positive investors’ sentiment. Gains were recorded for Brazil’s BOVESPA (4.86%), Mexico’s MEXBOL (3.43%) South Africa’s JALSH (2.21%) and Egypt’s EGX30 (0.91%). The bullish trend was supported by monetary policy easing on account of moderation in inflation pressures.

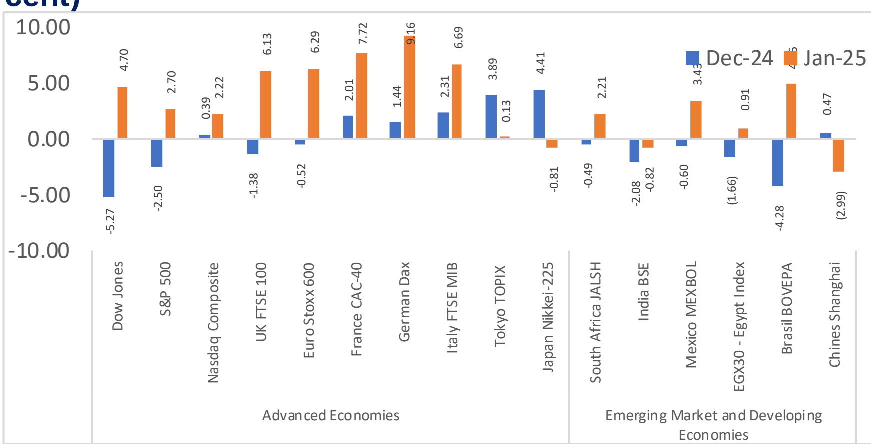
Conversely, India’s BSE and China's Shanghai Index were bearish, declining by 0.82 and 2.99 per cent, respectively. The bearish trend in India was due to a decline in corporate earnings, foreign capital outflows, valuation concerns, and heightened regulatory uncertainties. The potential rise in US tariffs under the new US administration and exchange rate depreciation weighed on China’s stock market.

Table 3: Stock Indices in Selected Economies

Indices	31-Dec, 2024	31-Jan, 2025	Changes (%)
Dow Jones	42,544.22	44,544.66	4.70
S&P 500	5,881.63	6,040.53	2.70
Nasdaq Composite	21,012.17	21,478.05	2.22
UK FTSE 100	8,173.02	8,673.96	6.13
Euro Stoxx 600	507.62	539.53	6.29
France CAC 40	7,380.74	7,950.17	7.72
German Dax	19,909.14	21,732.05	9.16
Italy FTSE MIB	34,186.18	36,471.75	6.69
Tokyo TOPIX	2,784.92	2,788.66	0.13
Nikkei 225	39,894.54	39,572.49	-0.81
South Africa JALSH	84,095.14	85,956.65	2.21
India BSE	78,139.01	77,500.57	-0.82
Mexico MEXBOL	49,513.27	51,209.53	3.43
EGX30 - Egypt Index	29,740.58	30,010.62	0.91
Brazil BOVESPA	120,283.40	126,134.94	4.86
China Shanghai Index	3,934.91	3,817.08	-2.99

Source: Reuters

Figure 3: Change in Key Global Stock Indices (Per cent)

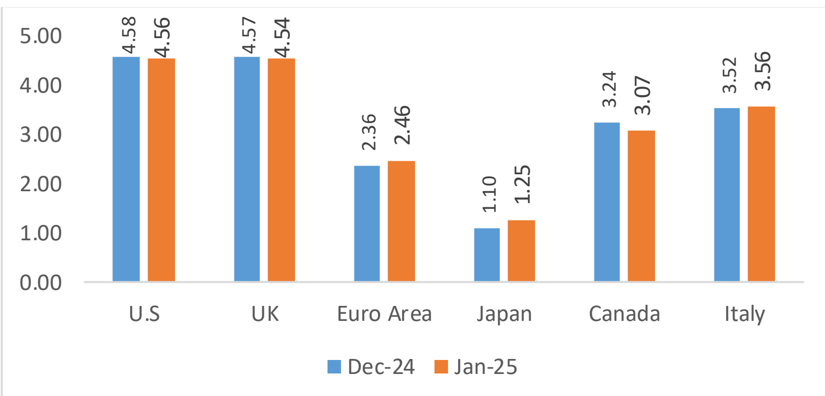


Source: Reuters

Long-term sovereign bond yields varied across countries in the AEs, while it declined in most EMDEs. The 10-year bond yield in Japan rose to 1.25 per cent from 1.10 per cent in the preceding month, buoyed by growing expectations of a potential rate hike by the Bank of Japan. Yields rose in the Euro area and Italy to 2.46 and 3.56 per cent, respectively, from 2.36 and 3.50 per cent, on account of rising inflation expectations and strong demand for government debt. The yield was further boosted in Italy by record-high public debt levels, and relative political stability.

Canada's 10-year bond yield, however, declined to 3.07 per cent, from 3.23 per cent in the preceding month, driven by the Bank of Canada's easing monetary policy stance and heightened trade tensions with the US. A similar trajectory was observed in the UK and the US, as the yield declined to 4.54 and 4.56 per cent, respectively, from 4.57 and 4.58 per cent in the preceding month. The decline in UK was influenced by easing inflationary pressure, prospects of rate cuts, and increasing demand for UK government bonds. The lower-than-anticipated GDP growth, the Federal Reserve's decision to maintain rate, and declining consumer sentiment contributed to the lower yield in the US.

Figure 4: 10-year Government Bond Yields for selected Advanced Economies

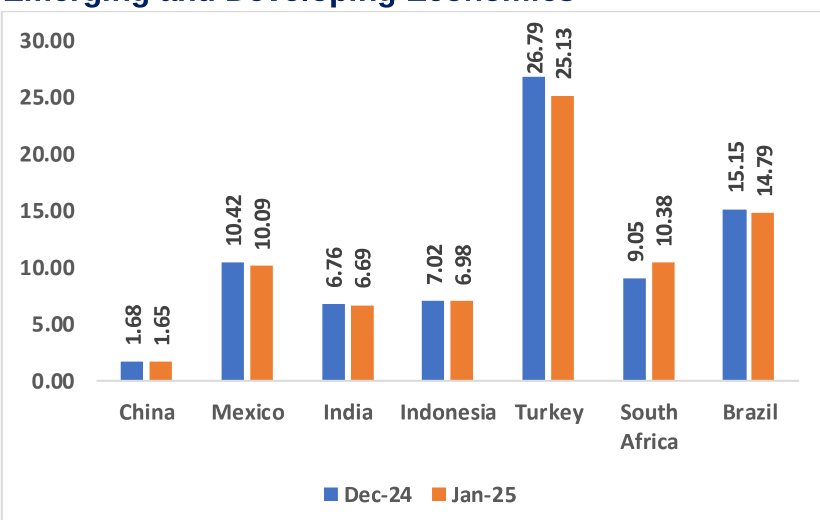


Source: Reuters

Bond yields trended downwards in most EMDEs, steered by monetary policy stance. Turkey's 10-year bond yield declined to 25.13 per cent from 26.79 per cent, owing to regulatory changes that mandated money-market funds to allocate at least 10 per cent of their portfolios to government bonds. Similarly, 10-year bond yield declined in Brazil and Mexico to 14.79, and 10.09 per cent, respectively, from 15.15, and 10.42 per cent in the preceding month. In India and China, 10-year bond yield fell to 6.69 and 1.65 per cent, respectively, from 6.76 and 1.68 per cent occasioned by lower policy rates in those countries.

The South Africa's 10-year bond yields, however, rose to 10.38 per cent from 9.05 per cent in the preceding month, driven by increased government borrowing (for debt servicing and social programs). Additionally, a weakened rand that reduced foreign investor appetite and increase inflation pressures further contributed to the rise in bond yield.

Figure 5: 10-year Government Bond Yields for Selected Emerging and Developing Economies



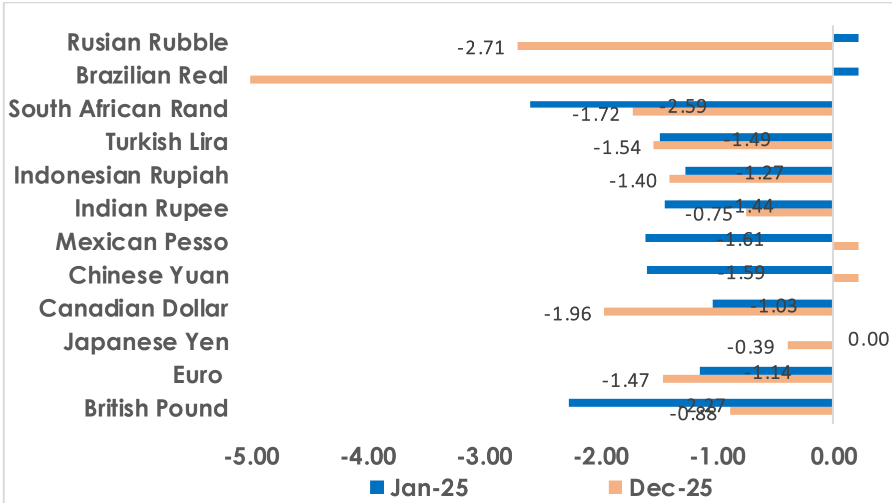
Source: Reuters

Selected Currencies against the US dollar

Major convertible currencies depreciated against the US dollar in January 2025, due to trade policy uncertainties and the cautious monetary policy stance of the Fed. The British pound and the euro depreciated by 2.27 and 1.14 per cent, respectively, on account of rising US treasury yields, possible US tariffs on European imports, and concerns over the UK's fiscal outlook. The Canadian dollar also depreciated by 1.03 per cent due to trade policy uncertainty and declining crude oil price. The Bank of Japan's hawkish monetary policy stance and proactive measures by the Japanese authorities to prevent excessive currency fluctuations kept the Japanese yen stable in the review period.

Majority of emerging markets currencies depreciated against the US dollar on account of trade policy uncertainties and stable labour market which supported rate cuts halt by the Fed. The Chinese yuan and the Indian rupee depreciated by 1.59 and 1.44 per cent, respectively, following escalating global trade tensions and concerns over capital outflows. The Mexican peso also depreciated by 1.61 per cent, due, largely, to trade tensions with the US. The Indonesian rupiah depreciated by 1.27 per cent following the Bank of Indonesia's surprised policy rate cut by 25 basis points. The depreciation of the Turkish lira and the South African rand by 1.49 and 2.59 per cent, respectively, was due to anticipated rate cut following moderation in inflationary pressure. Conversely, the Brazilian real and the Russian ruble appreciated by 1.40 and 0.98 per cent, respectively, due to positive inflation outlook and hawkish monetary policy stance in Brazil, while the ruble was strengthened by increased foreign exchange sales and higher oil prices.

Figure 6: Exchange Rate Appreciation/Depreciation for Selected Countries (Per cent)



Source: Reuters

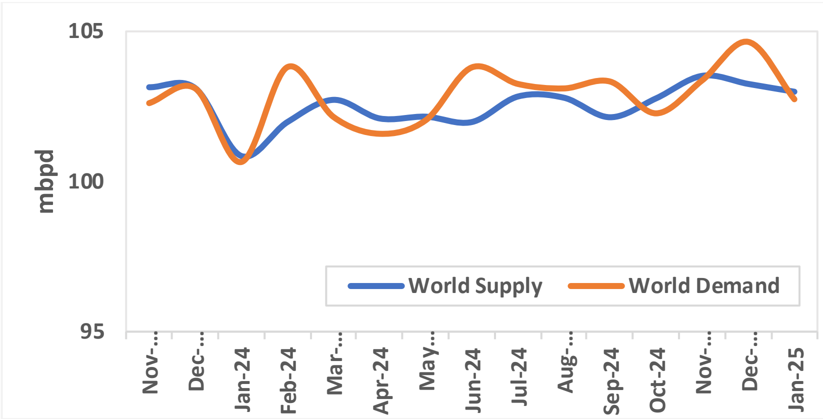
1.4 Global Commodity Market

Global Crude Oil Supply and Demand

World crude oil supply fell slightly in January 2025, driven majorly by a decrease in non-OPEC production. Global crude oil supply, including natural gas liquids (NGLs), decreased by 0.49 per cent to 102.99 million barrels per day (mbpd), from 103.48 mbpd in the preceding month. The non-OPEC crude supply fell by 0.38 per cent to 70.56 mbpd from 70.83 mbpd in the preceding month due, primarily, to lower production in Canada and the US. The OPEC crude supply, however, increased marginally by 0.12 per cent to 32.47 mbpd, from 32.43 mbpd in the preceding month, owing to improved production in the U.A.E, Venezuela, Nigeria, and Saudi Arabia.

Global crude oil demand, including NGLs, fell by 1.98 per cent to 102.74 mbpd, from 104.72 mbpd in the preceding month, attributable to reduced economic activities in non-OECD countries, particularly in China.

Figure 7: Global Crude Supply and Demand

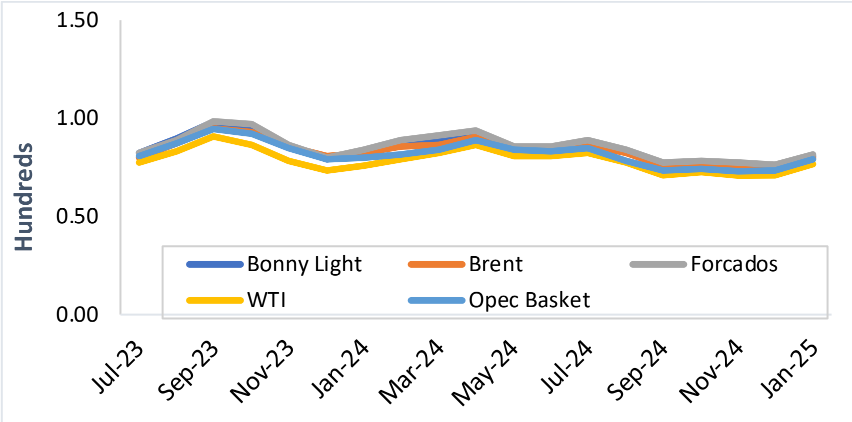


Source: Energy Information Administration

Crude Oil Prices

Global crude oil prices rose in January 2025, majorly due to disruption in oil supply following US sanctions on Russia and Iran. The average spot price of Nigeria's reference crude oil, the Bonny Light, rose by 8.08 per cent to US$80.76 per barrel (pb), from US$74.72 pb in the preceding month. Similarly, the prices of other crude benchmarks also trended upwards, with Brent at US$80.10 pb, Forcados (US$81.85 pb), West Texas Intermediate (WTI) (US$76.62 pb) and the OPEC Reference Basket (US$79.46 pb). The rise in crude oil prices was fueled by geopolitical tensions and the uncertainties created by the US trade policies.

Figure 8: Global Crude Oil Prices (US$ per barrel)



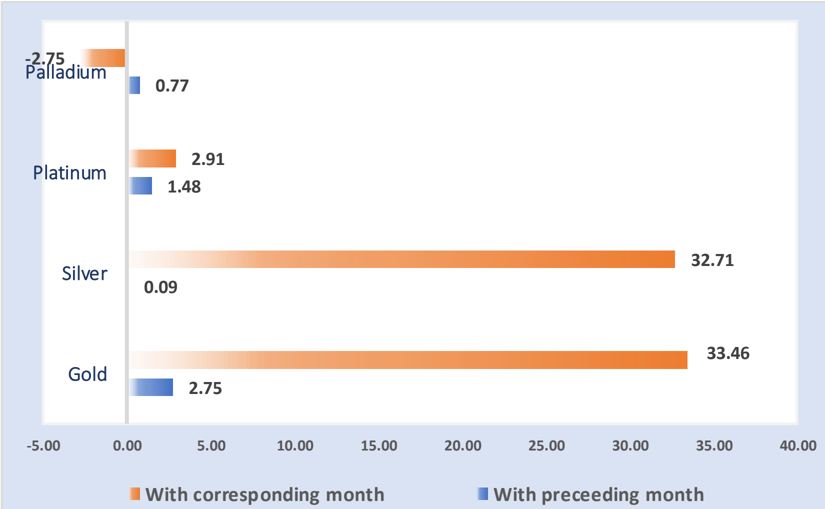
Source: Refinitiv Eikon (Thomson Reuters)

Other Mineral Commodities

Prices of precious metals rose in January 2025, driven by geopolitical tensions which increased their demand as safe-haven assets. The average spot prices of gold and silver rose by 2.75 and 0.09 cent, respectively, to US$2,711.03 and US$30.39 per ounce, from US$2,638.44 and US$30.36 per ounce in the preceding month. The rise in gold price was attributed, primarily, to increased demand for gold as a safe-haven asset, following geopolitical tensions, including the new US tariffs on steel and aluminium. In addition, central banks continued purchase of large amounts of gold, further supported the upward trend in prices.

Similarly, the average spot prices of platinum and palladium increased by 1.48 and 0.77 per cent, to US$946.73 and US$951.98 per ounce, respectively, compared with US$932.12 and US$944.67 per ounce in the preceding month. The increase in the prices of silver and platinum was reflected the strong demand, especially in the electronics and automotive industries.

Figure 9: Price Changes in Selected Metals (Per cent)



Source: *Refinitiv Eikon (Thomson Reuters)*

Agricultural Commodity Prices

***Selected global prices of agricultural commodities rose in January 2025, due to higher demand, weather-related disruptions in key producing regions, escalating input costs, and supply chain challenges*.** The all-commodity price index of selected agricultural commodities rose marginally by 0.14 per cent to 161.21 points, from 160.99 points in the preceding month, driven by increases in the price of cocoa (4.16%), coffee (3.66%) and wheat (0.77%). Prices, however, fell for palm oil (10.04%), rubber (3.20%), cotton (2.40%), groundnut (2.24%) and soya bean (2.08%) on expectations of higher supply amid declining demand.

Table 4: Indices of Average World Prices of Nigeria's Major Agricultural Export Commodities (Dollar Based) (Jan. 2010=100)

COMMODITY	Jan. 2024	Dec.2024	Jan. 2025	% Change	
				(1) & 3)	(2) & (3)
	1	2	3	4	5
All Commodities	***130.59***	***160.99***	***161.21***	***23.45***	***0.14***
Cocoa	*124.75*	*292.76*	*304.95*	*144.45*	*4.16*
Cotton	*118.97*	*103.28*	*100.80*	*-15.27*	*-2.40*
Coffee	*211.26*	*337.80*	*350.16*	*65.75*	*3.66*
Wheat	*141.11*	*125.34*	*126.30*	*-10.50*	*0.77*
Rubber	*50.37*	*65.64*	*63.55*	*26.15*	*-3.20*
Groundnut	*170.97*	*126.02*	*123.19*	*-27.95*	*-2.24*
Palm Oil	*101.69*	*143.19*	*128.82*	*26.68*	*-10.04*
Soya Beans	*125.58*	*93.89*	*91.94*	*-26.79*	*-2.08*

Source: World Bank Pink Sheet

2.0 DOMESTIC ECONOMIC DEVELOPMENTS

2.1 REAL SECTOR DEVELOPMENTS

Summary

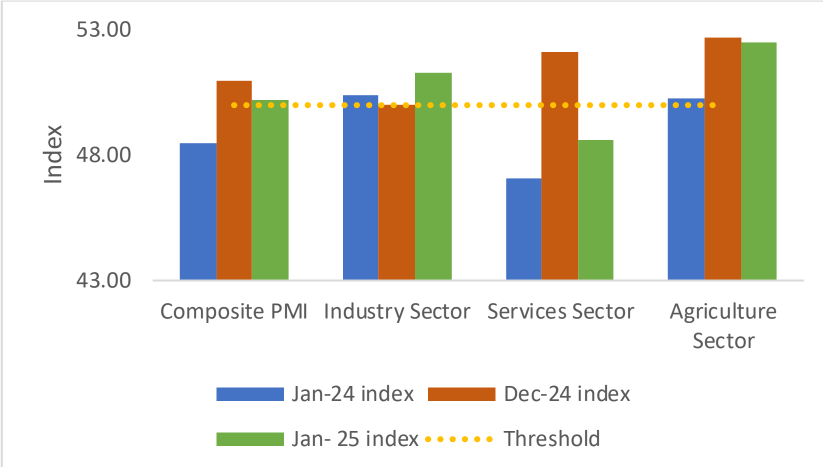
Business activity continued on its positive trajectory in January 2025, though at a slower pace, due to expansion in new orders and output level, in the industry and agriculture sectors. Domestic crude oil production rose, attributed to enhanced anti-oil-theft efforts and security of oil infrastructures as well as the revival of dormant fields. The rebased consumer price index by the National Bureau of Statistics indicated that inflation in January 2025 rose by 24.48 per cent driven by the impact of high energy costs.

2.1.1 Economic Conditions

Purchasing Managers Index

Business activity showed modest growth in January 2025, as an increase in new orders and employment, led to a rise in output level. The composite purchasing managers' index (PMI) expanded to 50.20 index points from 51.00 index points in December 2024. The relative improvement in the business environment was further supported by stability in the exchange rate. The slower growth was, however, due to elevated input prices within the period.

Figure 10: Composite, Industry, Services and Agriculture PMI



Source: Central Bank of Nigeria

Further analysis revealed that the industry sector PMI rose to 51.30 index points from 50.00 index points in December 2024 as increase in consumer demand buoyed employment and output levels.

Figure 11: Industry Sector PMI

Source: Central Bank of Nigeria

The agriculture PMI at 52.50 index points maintained its growth trajectory compared with 52.70 points in the preceding month. The development was attributed largely to expansion in new orders and employment levels following harvest of major perishable foods and intensification of dry season farming.

Figure 12: Agriculture Sector PMI

Source: Central Bank of Nigeria

The services sector activity contracted to 48.60 index points from an expansion of 52.10 index points in the preceding month. The development was attributed to a decrease in new orders, employment and business activities, following higher input prices.

Figure 13: Services Sector PMI

Source: Central Bank of Nigeria

Table 5: Composite, Industry, Services and Agriculture Purchasing Managers' Index

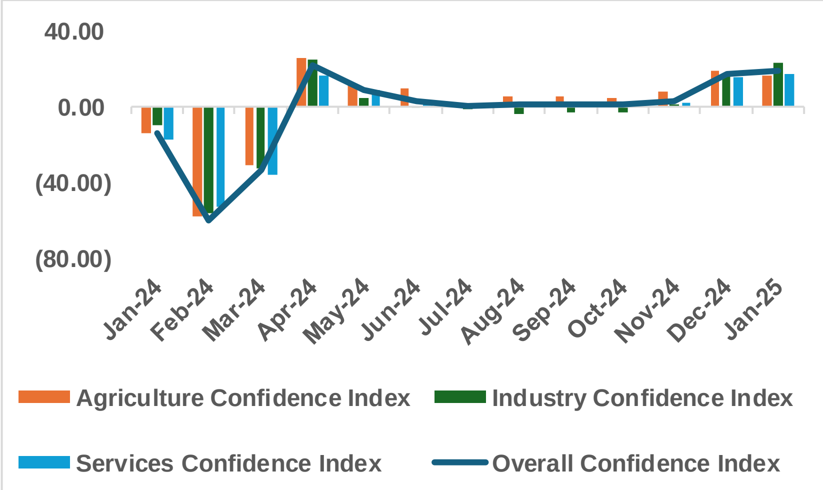
Components	Dec- 24	Jan–25
Composite PMI	**51.0**	**50.20**
Output	53.90	50.90
New Orders	52.50	50.20
Employment Level	49.80	50.20
Raw Material Inventory	49.90	49.80
Supplier Delivery Time	45.80	49.60
Industry Sector PMI	**50.0**	**51.30**
Production Level	53.70	54.00
New Orders	51.10	49.60
Supplier Delivery Time	45.80	49.10
Employment Level	48.70	52.40
Raw Material Inventory	46.10	49.60
Services Sector PMI	**52.10**	**48.60**
Business Activity	54.30	48.80
New Orders	52.70	48.60
Employment Level	50.30	48.40
Inventory	51.0	48.60
Agriculture Sector PMI	**52.70**	**52.50**
New Orders	53.50	54.30
Employment Level	50.60	51.30
Inventories	52.80	52.40
Output	53.50	52.40

Source: Central Bank of Nigeria

Business Confidence Index

The business confidence outlook indicated optimism aligning with the sustained improvement in business performance within the review period. The business confidence index thus improved to 18.90 index points, from 17.00 in the preceding month. Improved optimism was also recorded for the sectoral index of services (17.70 index points), industry (22.80 index points), and agriculture (16.70 index points).

Figure 14: Business Confidence Index



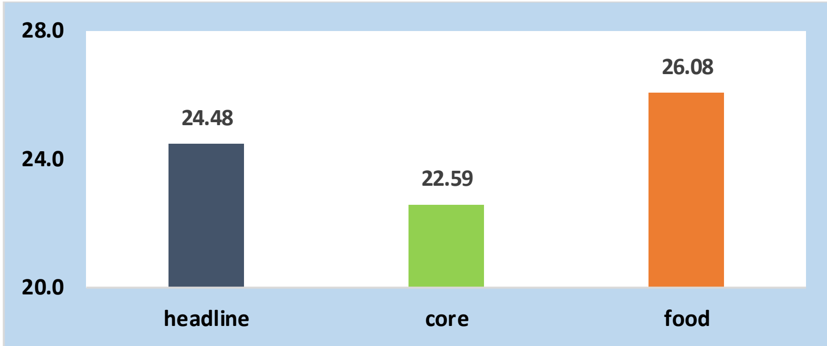
Source: Central Bank of Nigeria

2.1.2 Inflation

Headline Inflation

Following the release of the rebased Consumer Price Index (CPI) by the National Bureau of Statistics, inflation in January 2025 was 24.48 per cent. The development indicated that general prices of goods and services remained elevated, driven by the impact of high energy costs (including petrol PMS, diesel, gas, and electricity tariff) on various components of the CPI basket. These effects were most evident in the rising costs of transportation and logistics, food prices, as well as the increased cost of manufacturing inputs.

Figure 15: Headline, Food and Core Inflation (year-on-year)

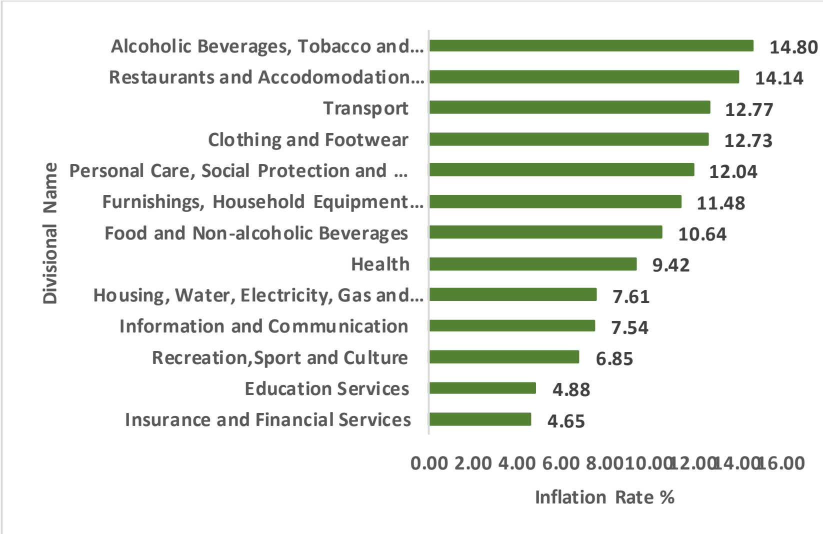


Source: Staff compilation based on National Bureau of Statistics data

A disaggregation showed that the food component drove aggregate price increases, as food inflation was 26.08 per cent in January 2025. The development reflected the higher prices of farm produce and imported food items. Higher farm produce prices were on account of increasing farm input costs, especially seedlings, pesticides and energy costs, while imported food prices reflected exchange rate pass-through, as well as port and other logistics costs. Similarly, core inflation (excluding farm produce and energy) stood at 22.59 per cent in the review period.

A further breakdown of the 13 components of the CPI basket revealed that inflation was more pronounced in seven categories, all recording double-digit increases. Among these, alcoholic beverages, restaurants & accommodation services, transport, and clothing & footwear recorded the highest inflation. The prices of these items were largely underpinned by elevated energy costs, production costs, and imported inflation.

Figure 16: Divisional Inflation Rate (Base Period: 2024 =100)



Source: Staff compilation based on National Bureau of Statistics data

In addition, inflation appeared to be more pervasive in the urban areas, rising by 26.09 per cent in January 2025, compared with 22.15 per cent increase in aggregate prices recorded in rural areas. Further classification of the CPI into goods and services indicated inflation rates of 10.79 and 10.41 per cent, respectively

2.1.3 Socio-Economic Developments

Telecommunication

The Nigerian Communications Commission (NCC) approved an upward adjustment in tariffs which was capped at a maximum of 50.0 per cent to address gaps in operational costs. The tariff adjustment would encourage operators to continue to investment in infrastructure, innovation, and improved services.

Empowerment/ Unemployment

The Federal Government launched the Youth Farmers' Enrolment Portal as part of its ongoing efforts to tackle rising unemployment and food insecurity nationwide. The initiative, in partnership with the Nigerian Youth Economic

Engagement and De-Radicalisation Programme (NIYEEDEP), would create economic opportunities for young people, while strengthening the nation's agricultural sector.

Education

The Federal Government approved the establishment of the Bola Ahmed Tinubu Federal Polytechnic in Gwarinpa, Federal Capital Territory (FCT). The institution would improve technological, vocational, and entrepreneurial training, while promoting economic growth and national development.

Rebased CPI

Given the change in consumption pattern of households and firms in the economy, the National Bureau of Statistics (NBS) rebased the CPI to reflect current realities. The NBS utilised household expenditure data from surveys and administrative sources to derive the new weights for consumer basket of goods and services. The reference period for the new weight is 2023, while it is 2024 for prices. The updated CPI covers 934 product varieties (classified into 13 divisions) under the Classification of Individual Consumption according to Purpose (COICOP) 2018 framework, as against 740 varieties of product (12 divisions), in the old methodology.

Table 6: Structural Changes

S/No	Actions	Old	New
1	Number of Products in the |Basket	740 varieties of product	934 varieties of product
2	Classification (COICOP)	1999 version (12 Divisions)	2018 version (13 Divisions)
3	Data Collection	Paper Questionnaire	Digitized Questionnaire
4	Price Reference Period	2009	2024
5	Relative Index	Long Term Relative	Short Term Relative
6	Elementary Index	Dutot	Jevon
7	Weighted Index Formula	Lowe Index	Young Index

Source: National Bureau of Statistics

Furthermore, in the new weighting scheme, meals away from home have been removed from Food and Non-alcoholic Beverage Division and included in Restaurant and Food Services, along with Expenditures on students' housing and accommodation across all levels of education. Inputted Rent is no longer part of Housing, Water, Electricity, Gas and Other Fuels.

Special Indices (series) have been produced for Farm Produce, Energy, Services, Goods and Imported Food in addition to the Core 1 and 2 series.

Table 7: Old and New Division

Divisions	Old CPI Weights 2009 (%)	New CPI Weights 2024 (%)	Direction of Change
Food and No- Alcoholic Beverages	51.8	40	↓
Alcoholic beverages, Tobacco and Narcotics	1.1	0.4	↓
Clothing and Footwear	7.7	5.0	↓
Housing, Water, Electricity, Gas and Other Fuels	16.7	8.4	↓
Furnishings, Household Equipment, and Routine House Maintenance	5.0	3.0	↓
Health	3.0	6.1	↑
Transport	6.5	10.7	↑
Information and Communication	0.7	3.3	↑
Recreation, Sport and Culture	0.7	0.3	↓
Education Services	3.9	6.2	↑
Restaurants and Accommodation Services	1.2	12.9	↑
Insurance and Financial Services	0	0.5	↑
Personal Care, Social Protection and Miscellaneous Goods and Services	1.7	3.3	↑
	100	100	

2.1.4 Domestic Crude Oil Market Developments

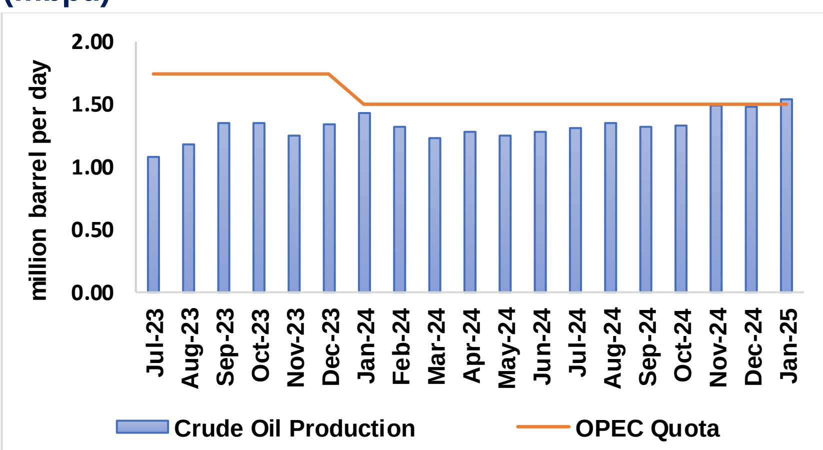
Crude Oil Production

Domestic crude oil production rose in January 2025, attributed to enhanced anti-theft efforts on oil infrastructure and the revival of redundant oil fields through increased investments. Nigeria's crude oil production, excluding condensates, rose by 4.05 per cent to 1.54 mbpd from 1.48 mbpd in the preceding month.

The increase was due, primarily, to intensified theft circumvention measures, including the new production monitoring and command centre that tracks crude oil production on a real time basis. These measures resulted to higher production from various terminals and streams, such as Escravos, Forcados, Bonny, Brass, Bonga, Odudu, Qua Iboe, and Tulja-Okwuibome.

Similarly, total production, including blended and unblended condensates, increased to 1.74 mbpd, from 1.67 mbpd in December 2024. Blended condensates contributed 61,620 barrels per day (bpd), while unblended condensates accounted for 137,164 bpd. Nigeria's production exceeded its OPEC quota of 1.50 million barrels per day (mbpd) by 38,697 bpd (2.67 per cent) in January 2025.

Figure 17: Nigeria's Crude oil production and OPEC quota (mbpd)



Source: Nigerian Upstream Petroleum Regulatory Commission

Box 1: Prices of Selected Domestic Agricultural Commodities

Prices of most monitored domestic agricultural commodities maintained an upward trend in January 2025 compared with the preceding month, largely due to rising energy and transportation costs. Notable increases ranged from 0.20 per cent for rice (local) to 22.40 per cent for Onion bulb. However, the prices of beans (brown), beans (white), garri (white), and tomato decreased during the review period by 5.21, 5.18, 0.26, and 0.21 per cent, respectively, on account of ample supply.

		Jan. 2024/a	Dec. 2024/a	Jan. 2025/b	% Change	% Change
	UNIT	1	2	3	(1) & (3)	(2) & (3)
Agric eggs medium size	*1kg*	*1309.75*	*2866.92*	*2981.29*	*127.62*	*3.99*
Beans: brown, sold loose	"	*976.58*	*2501.32*	*2371.10*	*142.79*	*-5.21*
Beans: white black eye, sold loose	"	*921.38*	*2319.04*	*2199.00*	*138.66*	*-5.18*
Gari white, sold loose	"	*600.69*	*1184.77*	*1181.74*	*96.73*	*-0.26*
Gari yellow, sold loose	"	*624.21*	*1296.93*	*1319.83*	*111.44*	*1.77*
Groundnut oil: 1 bottle, specify bottle	"	*1880.97*	*3328.17*	*3537.31*	*88.06*	*6.28*
Irish potato	"	*1051.77*	*1818.29*	*1861.49*	*76.99*	*2.38*
Maize grain white, sold loose	"	*633.91*	*1151.13*	*1197.11*	*88.84*	*3.99*
Maize grain yellow, sold loose	"	*641.35*	*1160.22*	*1210.89*	*88.80*	*4.37*
Onion bulb	"	*881.20*	*2057.81*	*2518.66*	*185.82*	*22.40*
Palm oil: 1 bottle, specify bottle	"	*1456.72*	*2582.35*	*2826.42*	*94.03*	*9.45*
Rice agric, sold loose	"	*1086.80*	*2037.30*	*2047.18*	*88.37*	*0.48*
Rice local, sold loose	"	*1021.79*	*1944.40*	*1948.28*	*90.67*	*0.20*
Rice, medium grained	"	*1132.87*	*2092.39*	*2110.73*	*86.32*	*0.88*
Rice, imported high quality, sold loose	"	*1322.01*	*2520.78*	*2543.74*	*92.42*	*0.91*
Sweet potato	"	*615.47*	*930.79*	*954.04*	*55.01*	*2.50*
Tomato	"	*845.26*	*1453.50*	*1450.46*	*71.60*	*-0.21*
Vegetable oil: 1 bottle, specify bottle	"	*1782.77*	*3362.83*	*3712.07*	*108.22*	*10.39*
Wheat flour: prepackaged (Golden Penny)	*2kg*	*2042.98*	*3871.48*	*3935.79*	*92.65*	*1.66*
Yam tuber	*1kg*	*901.94*	*1905.90*	*2013.88*	*123.28*	*5.67*

Sources: (a) National Bureau of Statistics (b) Staff Estimates

2.2 FISCAL SECTOR DEVELOPMENTS

Summary

Provisional data showed that fiscal operations of the FGN resulted in an expansion of fiscal deficit in January 2025, compared with the level in the preceding month. Federally collected revenue declined by 31.35 per cent, relative to the level in December 2024. The retained revenue of the FGN decreased by 69.19 per cent while its aggregate expenditure declined by 15.51 per cent.

2.2.1 Federation Account Operations

Federation Revenue

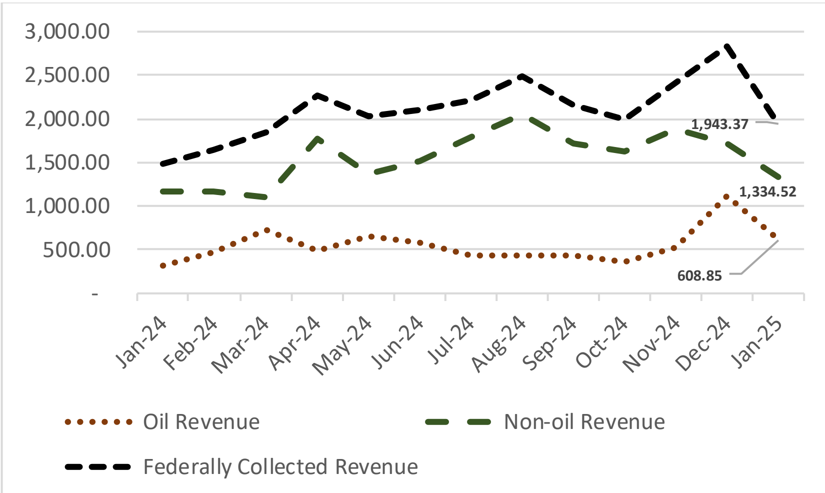
Gross Federation Account earnings declined, reflecting lower receipts from oil and non-oil sources. At ₦1.94 trillion, provisional gross federation account receipt was 31.35 and 35.22 per cent below the level in the preceding month and the benchmark, respectively. The decline was due, largely, to a reduction in receipts from petroleum profit tax (PPT), royalties, company income tax, and customs & excise duties. Nevertheless, the composition of gross federation revenue showed that non-oil revenue remained dominant, accounting for 68.67 per cent, while oil revenue constituted the balance.

Non-oil revenue, at ₦1.33 trillion, was 22.18 per cent below the level in the preceding month, driven by low collections from federal government independent revenue, customs & excise duties and corporate tax[1]. However, it was 8.25 per cent above the monthly target of ₦1.23 trillion.

[1] Corporate tax is composed of company income tax, withholding tax and capital gain tax.

Oil revenue also, declined by 45.45 per cent to ₦0.61 trillion from the level in December 2024, on account of lower receipts from petroleum profit tax (PPT) and royalties. It was 65.55 per cent short of the monthly target, due, largely, to shut-ins, arising from ageing oil pipelines and installations.

Figure 18: Federally Collected Revenue (₦ Billion)



***Source**: Office of the Accountant-General of the Federation and CBN Staff Estimates.*

Table 8: Federally Collected Revenue and Distribution to the Three Tiers of Government (₦ Billion)

	Jan-24	Dec-24 /1	Jan-25 /1	*Budget
Federally Collected Revenue	**1,484.76**	**2,830.97**	**1,943.38**	**3,000.01**
Oil	**317.43**	**1,116.19**	**608.85**	**1,767.19**
Crude Oil & Gas Exports	64.56	0.00	15.38	122.03
PPT	57.66	371.88	111.64	885.31
Royalties	104.52	657.46	338.01	535.30
Domestic Crude Oil/Gas Sales	0.00	0.00	0.00	8.75
Others	90.69	86.85	143.82	215.80
Non-oil	**1,167.33**	**1,714.78**	**1,334.52**	**1,232.82**
Corporate Tax	352.25	393.46	357.60	271.40
Customs & Excise Duties	205.70	317.43	259.63	239.07
Value-Added Tax (VAT)	492.51	628.97	649.56	329.51
Independent Revenue of Fed. Govt.	95.34	356.31	32.51	224.40
Others**	21.53	18.61	35.45	168.44
Total Deductions/Transfers	**662.95**	**1,789.91**	**952.38**	**705.17**
Federally Collected Revenue Less Deductions & Transfers* **	**821.81**	**1041.05**	**991.00**	**2,294.84**
plus:				
Additional Revenue	**305.60**	**686.44**	**433.93**	**14.52**
Excess Crude Revenue	0.00	0.00	0.00	0.00
Non-oil Excess Revenue/ EMTL	17.86	15.05	31.21	14.52
Exchange Gain	287.74	671.39	402.71	0.00
Total Distributed Balance	**1,127.41**	**1,727.49**	**1,424.93**	**2,309.36**
Federal Government	**383.87**	**581.85**	**451.19**	**1,096.02**
Statutory	315.08	494.00	360.46	1,050.23
VAT	68.79	87.85	90.73	45.79
State Government	**307.72**	**450.96**	**498.50**	**474.85**
Statutory	167.38	256.94	196.06	322.22
VAT	229.31	292.85	302.44	152.63
13% Derivation	**57.92**	**193.29**	**113.48**	**216.74**
Local Government	**288.93**	**402.55**	**361.75**	**521.75**
Statutory	128.41	197.56	150.05	414.91
VAT	160.52	204.99	211.70	106.84

Source: Office of the Accountant General of the Federation and CBN Staff Estimates

Note:

* Budget is based on the 2024 Appropriation Act.

** Includes Education Tax, Customs Special Levies (Federation Account), National Information Technology Development Fund, Customs Special Levies, Solid Minerals & Other Mining revenue, and other non-regular earnings.

*** Deductions include cost of revenue collections and JVC cash calls, while transfers entail provisions for FGN Independent revenue and other non-federation revenue.

/1 Provisional.

From the federally collected revenue of ₦1.94 trillion, a net balance of ₦1.42 trillion was distributed to the three tiers of government after accounting for additional revenue and statutory deductions and transfers. The federal, state, and local governments received ₦0.45 trillion, ₦0.50 trillion and ₦0.36 trillion, respectively, while the balance of ₦0.11 trillion was allocated to the 13% Derivation Fund for oil-producing states. Net disbursement was 17.52 per cent below the level in the preceding month and 38.30 per cent short of the monthly target.

2.2.2 Fiscal Operations of the Federal Government

Federal Government Retained Revenue

FGN retained revenue declined in the review period, owing, largely, to lower receipts from Federal Government Independent Revenue and FGN's share of exchange gain. At ₦0.48 trillion, provisional FGN retained revenue was 69.19 and 70.40 per cent below the levels recorded in the preceding period and monthly target, respectively.

Table 9: FGN Retained Revenue (₦ Billion)

	Jan-24	Dec-24 /1	Jan-25 /1	*Budget
FGN Retained Revenue	479.21	1,569.29	483.47	1,633.21
Federation Account	173.73	175.69	167.69	1,048.05
VAT Pool Account	68.79	87.85	90.73	45.79
FGN Independent Revenue	95.34	987.43	32.28	224.40
Excess Oil Revenue	0.00	0.00	0.00	0.00
Excess non-oil/EMTL	2.68	2.26	4.68	2.18
Exchange Gain	138.67	316.05	188.09	0.00
Others**	0.00	0.00	0.00	312.79

Source: Office of the Accountant General of the Federation

/1 Provisional

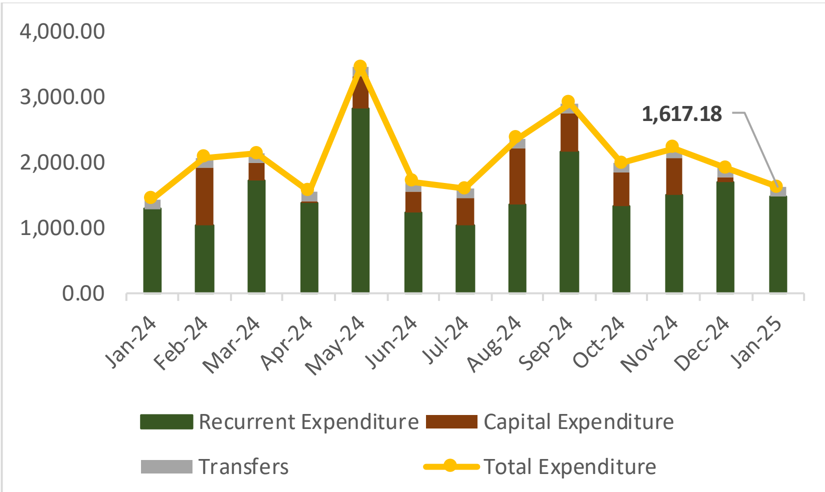
******* Budget is based on the 2024 Appropriation Act.

Federal Government Expenditure

The provisional aggregate expenditure of the FGN declined, owing to delay in capital releases and lower recurrent spending. At ₦1.62 trillion, provisional aggregate expenditure was 15.51 per cent below the level in the preceding month, and 32.56 per cent short of the target of ₦2.40 trillion.

Further analysis showed that recurrent expenditure accounted for 91.02 per cent, while transfer payments constituted the balance of 8.98%.

Figure 19: Federal Government Expenditure (₦ Billion)



***Source**:* Office of the Accountant-General of the Federation and CBN Staff Estimates.

Overall Fiscal Balance

The overall fiscal balance of the FGN expanded in January 2025. Provisional data showed that primary deficit and overall deficit expanded, relative to the preceding month, reflecting a lower collection of Federal Government Independent Revenue and FGN's share of exchange gain.

Table 10: Fiscal Balance (₦ Billion)

	Jan-24	Dec-24 /1	Jan-25/1	Budget
Retained revenue	**479.21**	**1,569.29**	**483.47**	**1,633.21**
Aggregate expenditure	**1,440.79**	**1,914.08**	**1,617.18**	**2,398.12**
Recurrent	**1,295.56**	**1,709.89**	**1,471.95**	**1,419.96**
Non-debt	539.70	1,013.62	775.68	730.71
Debt Service	755.86	696.27	696.27	689.25
Capital	0.00	58.96	0.00	832.93
Transfers	145.23	145.23	145.23	145.23
Primary balance	**-205.72**	**351.48**	**-437.44**	**-75.66**
Overall balance	**-961.58**	**-344.79**	**-1,133.71**	**-764.91**

Source: Office of the Accountant General of the Federation and CBN Staff Estimates
Note: /1 provisional

2.3 MONETARY AND FINANCIAL DEVELOPMENTS

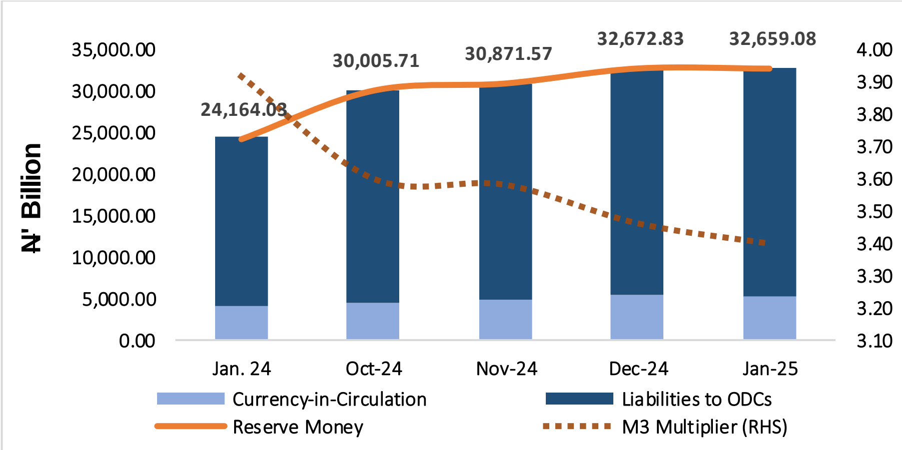
The financial sector remained stable and resilient, supported by sustained regulatory oversight and the effective implementation of prudential measures. The Bank's monetary policy stance and proactive liquidity management curtailed excessive credit expansion, leading to a contraction in the monetary base and broad money supply (M3). Market dynamics in the fixed-income securities segment were mixed, as participation in Nigeria Treasury Bills (NTBs) moderated, while demand for Federal Government of Nigeria (FGN) bonds surged. Key money market rates softened but remained within the policy corridor, reflecting the effectiveness of the Bank's liquidity management measures.

2.3.1 Monetary Developments

Reserve Money

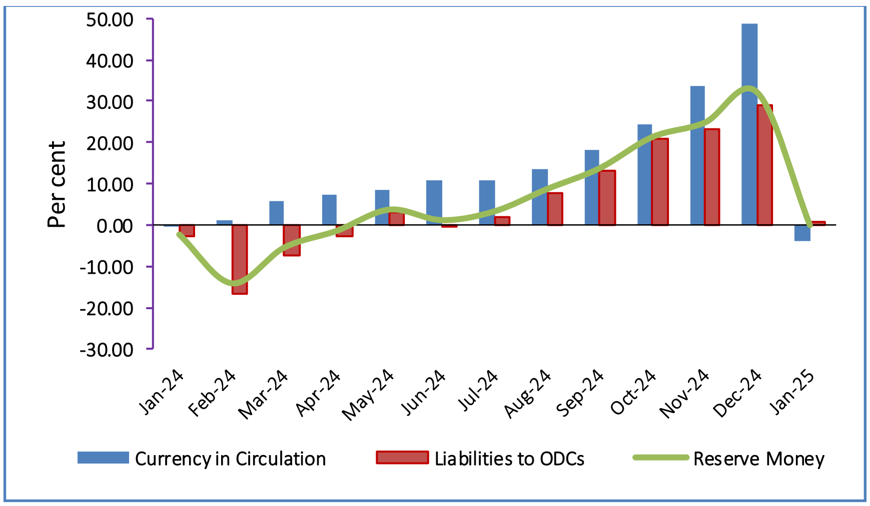
Reserve money declined at end-January 2025, following a decline in currency-in-circulation (CIC). Relative to its level in December 2024, reserve money declined by 0.04 per cent to ₦32.66 trillion, driven by a 3.78 per cent contraction in CIC, which outstripped the 0.70 per cent rise in liabilities to the Other Depository Corporations (ODCs). The contraction in reserve money, in part, underscores the lagged effect of tight the monetary policy stance, as evidenced also in the decline in currency outside depository corporations (CODCs).

Figure 20: Developments in Reserve Money and Money Multiplier



Source: Central Bank of Nigeria

Figure 21: Growth in Reserve Money over Preceding December



Source: Central Bank of Nigeria

The resultant decline in the broad money multiplier to 3.40 at end-January 2025 from 3.46 at end-December 2024, suppressed the monetary base, resulting in a 1.90 per cent contraction in broad money supply (M3). Broad money supply stood at ₦110.94 trillion compared with ₦113.09 trillion at end of December 2024. Similarly, M1 and M2 declined by 4.71 and 1.90 per cent, respectively, to ₦36.77 trillion and ₦110.94 trillion.

On the asset side, net domestic assets (NDA) contributed to the contraction in M3 by negative 3.63 percentage points, outweighing the positive 1.73 percentage points contribution of net foreign asset (NFA). NFA grew by 5.84 per cent, reflecting a slight rise in claims on non-residents by 0.70 per cent, while NDA decreased by 5.16 per cent, following a 0.82 per cent fall in claims on other sectors. The decline in claims on other sectors was largely due to contraction in claims on other financial corporations (2.47%) and claims on the private sector (0.58%), consistent with the Bank's tight monetary policy stance. The continued growth of foreign assets, however, underscored the growing confidence in the economy, indicating a strengthening buffer against external shocks.

Table 11: Money and Credit Growth over preceding December (%)

	Jan-24	Oct-24	Nov-24	Dec-24	Jan-25	Contribution to M3 growth (Jan-25)
Net Foreign Assets	218.47	122.59	141.71	258.08	5.84	1.73
Claims on Non-residents	43.21	95.11	88.20	78.88	0.70	0.55
Liabilities to Non-residents	2.64	88.75	75.81	37.39	-2.40	-1.17
Net Domestic Assets	-7.21	24.74	25.80	13.93	-5.16	-3.63
Domestic Claims	4.07	18.09	16.66	3.85	-0.34	-0.30
Net Claims on Central Government	-29.90	17.42	7.60	-27.71	1.13	0.24
Claims on Central Government	-5.78	37.54	22.37	-0.26	2.37	1.17
Liabilities to Central Government	30.23	67.60	44.42	40.73	3.33	0.93
Claims on Other Sectors	22.29	18.44	21.52	20.78	-0.82	-0.55
Claims on Other Financial Corporations	1.77	-7.28	-4.29	-2.82	-2.47	-0.29
Claims on State and Local Government	2.14	-3.57	-3.95	-2.67	0.71	0.03
Claims on Public Nonfinancial Corporations	15.34	12.55	18.88	15.74	-0.02	0.00
Claims on Private Sector	31.71	29.70	32.91	31.41	-0.58	-0.28
Total Monetary Assets (M_3)	**19.38**	**36.27**	**39.46**	**42.70**	**-1.90**	**-1.90**
Currency Outside Depository Corporations	-4.45	24.88	35.48	49.25	-7.57	-0.34
Transferable Deposits	5.94	14.27	23.37	25.36	-4.27	-1.26
Narrow Money (M_1)	4.76	15.48	24.75	28.09	-4.71	-1.61
Other Deposits	27.73	50.29	49.72	52.94	-0.44	-0.29
Broad Money (M_2)	18.95	36.99	40.18	43.44	-1.90	-1.90
Securities Other than Shares	99.98	-97.44	-95.31	-95.87	-38.06	-0.01
Total Monetary Liabilities(M_3)	**19.38**	**36.27**	**39.46**	**42.70**	**-1.90**	**-1.90**

Source: Central Bank of Nigeria

On the liabilities side, the contraction in broad money was primarily due to the 4.71 per cent decline in transferable deposits, which curtailed M3 growth by 1.26 percentage points. Other deposits and currency outside depository corporations (CODCs) also declined by 0.44 and 7.57 per cents, respectively, contributing negative 0.29 percentage points and 0.34 percentage points to the change in M3. The contraction in CODCs reflects a moderation in cash-based transactions, consistent with evolving payment preferences and the increasing adoption of electronic payment channels in line with the Bank's cashless policy initiative [2].

2.3.2 Sectoral Credit Utilisation

Sectoral Credit Utilisation

Total credit by the ODCs to key sectors of the economy declined by 1.05 per cent to ₦58.60 trillion at end-January 2025, from ₦59.22 trillion at end-December 2024. The decline which accompanied the broader contractionary trends in monetary aggregates during the period, reflected the impact of a tight monetary policy stance on domestic credit expansion.

Credit to the industry and services sectors moderated by 0.92 and 1.65 per cent, indicating an adjustment in credit distribution. In contrast, the agriculture sector recorded a 4.80 per cent increase in credit flows, indicating sustained government policy support for the sector through strategic initiatives to enhance food security and agricultural productivity.

In terms of sectoral distribution, the services sector maintained the largest share at 54.87 per cent, followed by the industry sector at 40.02 per cent, while the agriculture sector accounted for 5.11 per cent. Notably, the share of the agriculture sector was higher than the 4.82 per cent recorded a month earlier.

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[2] The CBN's cashless policy initiative aims to enhance financial inclusion, improve efficiency in transactions, and support a more robust and digitally driven financial system.

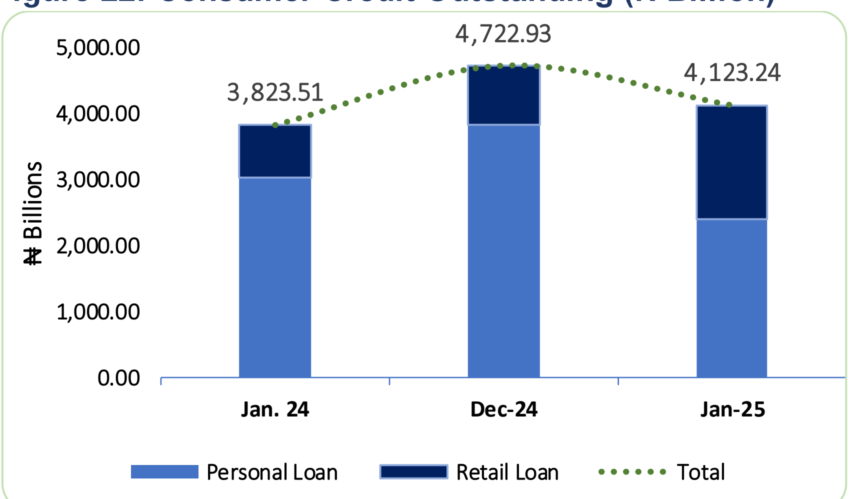
Table 12: Relative Share in Total Sectoral Credit

Sectors	Credit Allocation (₦ Billion)			Share in Total (%)		
	Jan-24	Dec-24	Jan-25	Jan-24	Dec-24	Jan-25
Agriculture	2,416.26	2,854.51	2,991.52	4.18	4.82	5.11
Industry	25,819.95	23,671.35	23,453.44	44.70	39.97	40.02
of which Manufacturing	*10,024.10*	*8,528.59*	*8,308.62*	*17.35*	*14.40*	*14.18*
Services	29,525.02	32,691.09	32,152.99	51.12	55.21	54.87
of which Finance, Insurance & Capital Market	*5,066.90*	*7,745.45*	*7,543.67*	*8.77*	*13.08*	*12.87*
Trade/General Commerce	*4,616.81*	*4,536.64*	*3,483.30*	*7.99*	*7.66*	*5.94*
TOTAL	**57,761.23**	**59,216.95**	**58,597.95**	**100.0**	**100.0**	**100.0**

Source: Central Bank of Nigeria

Consumer credit outstanding contracted by 12.70 per cent to ₦4.12 trillion, from ₦4.72 trillion at end-December 2024. A disaggregation of consumer credit showed that personal loans stood at ₦2.39 trillion, accounting for 58.02 per cent, while retail loans, at ₦1.73 trillion, accounted for the balance.

Figure 22: Consumer Credit Outstanding (₦ Billion)



Source: Central Bank of Nigeria

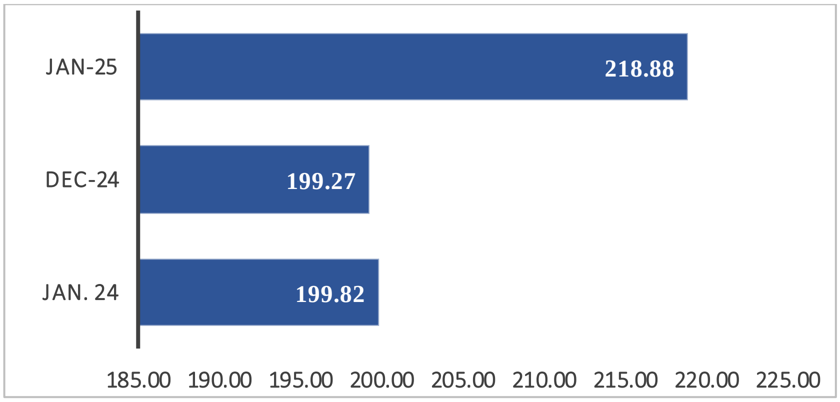
2.3.3 Financial Developments

2.3.3.1 Money Market Developments

Industry Liquidity Condition

Banking system liquidity rose in the review period, driven, largely, by FAAC disbursements, and foreign exchange (FX) swap, among others. In the review period, average banking system liquidity rose to ₦0.22 trillion, from ₦0.20 trillion in December 2024. The industry opening liquidity position ranged from a high of ₦0.87 trillion on January 3, 2025, to a low of ₦0.40 trillion on January 17, 2025. The drivers of liquidity expansion include FAAC disbursements, FX swap, OMO & NTB maturities, FGN bond coupon and Office of the Accountant General of the Federation (OAGF) payments.

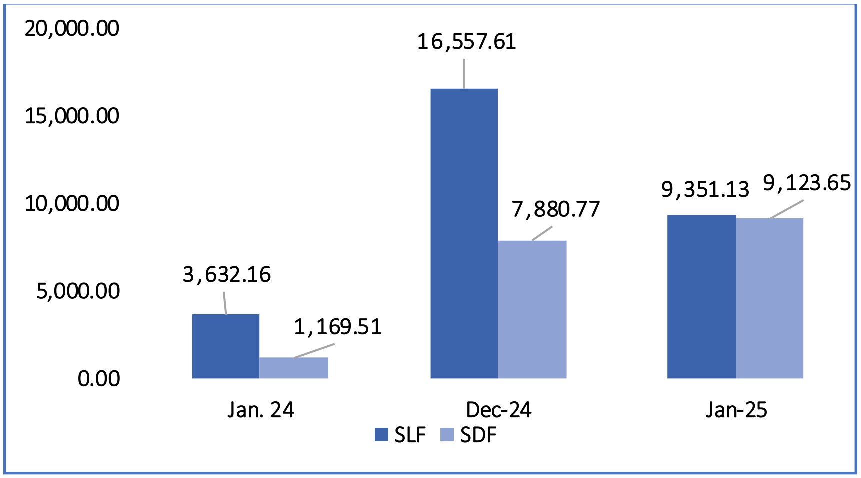
Figure 23: Average Banking System Liquidity (₦ Billion)



Source: Central Bank of Nigeria

The rise in average banking system liquidity resulted in a 43.52 per cent decline in the Standing Lending Facility (SLF) to ₦9.35 trillion. In comparison, Standing Deposit Facility (SDF) increased by 15.77 per cent to ₦9.12 trillion, amid the interest rate environment. The decline in SLF reflected the reduced reliance on overnight borrowing, as improved liquidity conditions and higher interest rates lessened the need for short-term funding support. On the other hand, the increase in SDF was driven by the relatively higher liquidity levels in the banking system and banks' incentive to take advantage of the attractive interest rates on deposit placements. The applicable rates for the SLF and SDF remained at 32.50 and 26.50 per cent, respectively, with a 37.50 per cent penalty rate for unreturned Intra-day Lending Facility (ILF).

Figure 24: Transaction at the CBN Standing Facility Window (₦Billion)



Source: Central Bank of Nigeria

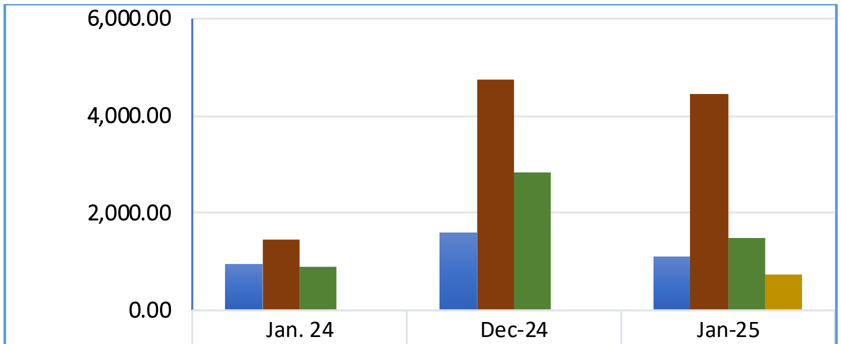
OMO Operations

In the review period, the total OMO amount offered, subscribed and allotted was ₦1.10 trillion, ₦4.45 trillion and ₦1.50 trillion, respectively, compared with ₦1.6trillion, ₦4.7 trillion and ₦2.8 trillion in the preceding month. The stop rate stood at 23.17 (±0.67) per cent, compared with 23.97 (±0.02) per cent in the preceding month.

Matured CBN bills during the period under review amounted to ₦0.73 trillion, translating to a net withdrawal of ₦0.08 trillion through this medium. Additionally, with no

OMO repayments recorded in December 2024, the total liquidity withdrawal amounted to ₦2.80 trillion.

Figure 25: Open Market Operations (₦Billion)



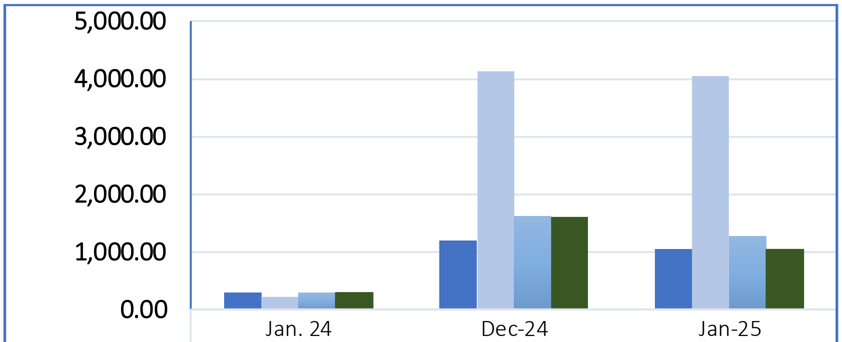
	Jan. 24	Dec-24	Jan-25
Offer	950.00	1,600.00	1,100.00
Subscription	1,467.90	4,735.25	4,454.28
Allotment	912.77	2,832.88	1,500.00
Repayment	-	-	734.84

Source: Central Bank of Nigeria

Primary Market

Activities at the fixed-income market varied, as participation in Nigeria Treasury Bills (NTBs) moderated, while the demand for bonds rose. The total NTBs (91-, 182-, and 364-day tenors) offered, subscribed and allotted, declined to ₦1.05 trillion, ₦4.06 trillion, and ₦1.27 trillion, respectively, compared with ₦1.19 trillion, ₦4.12 trillion, and ₦1.62 trillion in the preceding month. The stop rate across tenors was 20.31 (±2.31) per cent, compared with 20.47 (±2.47) per cent in the preceding month. The reduced activity in the NTBs market reflected a shift in investor preferences following the moderation in average stop rate. The lower stop rates prompted a reallocation of funds toward higher yielding longer-term securities in the fixed-income market.

Figure 26: Primary Market NTBs (₦ Billion)

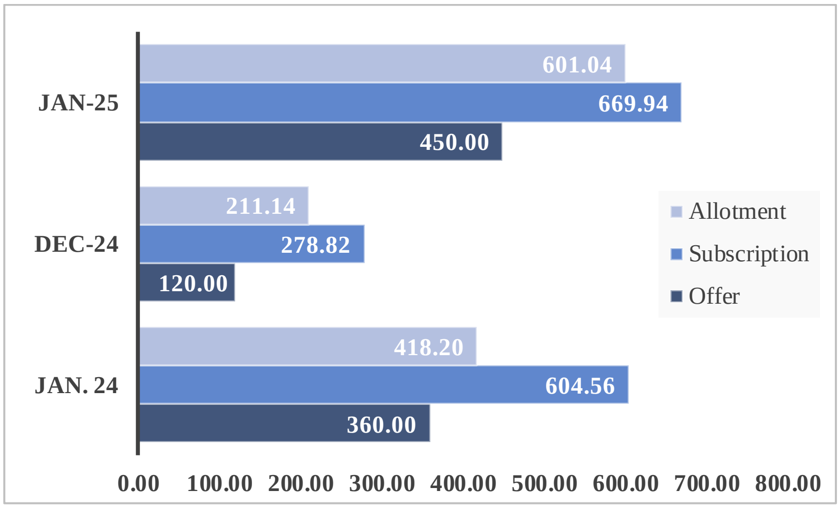


	Jan. 24	Dec-24	Jan-25
Offer	288.37	1,191.51	1,045.00
Subscription	226.72	4,117.85	4,055.24
Allotment	288.37	1,617.07	1,271.01
Repayment	288.37	1,617.07	1,045.00

Source: Central Bank of Nigeria

Activities in the FGN bond segment increased significantly in January 2025, reflecting a preference for longer-term higher-yielding securities amid sustained tight monetary conditions. The DMO reopened 5-, 7- and 10-year bond tranches, with a term to maturity ranging from 4 years 4 months to 10 years. The total amount offered, subscribed, and allotted stood at ₦0.45 trillion, ₦0.67 trillion, and ₦0.60 trillion, respectively, compared with ₦0.12 trillion, ₦0.28 trillion, and ₦0.21 trillion, in the preceding month. Bid rate on all tenors was 22.00 (±7.00) per cent, compared with 21.50 (±2.50) per cent in the preceding month. The marginal rate settled at 22.20 (±0.41) per cent, compared with 21.57 (±0.43) per cent in the preceding period.

Figure 27: Primary Auctions of FGN Bond (₦' Billion)

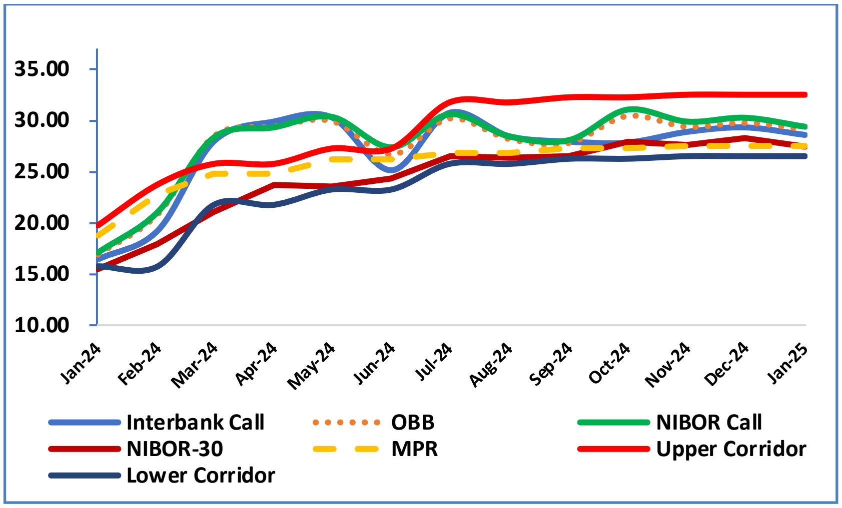


Source: Central Bank of Nigeria

Interest Rate Developme

Key money market rates in January 2025 moderated and remained anchored within the policy corridor. Influenced by the relative increase in banking system liquidity, the average Interbank call rate (28.58%), Open Buy Back (OBB) rate (29.14%), Nigeria Interbank Offered Rate (NIBOR) (29.38%) and NIBOR 30-day rate (27.50%), declined by 0.73, 0.60, 0.87, and 0.77 percentage points, respectively. With the monetary policy rate (MPR) at 27.50 per cent and the asymmetric corridor at +500/-100 basis points (bps) for lending and deposit, the trend in money market rates remained within the Bank's desired policy corridor.

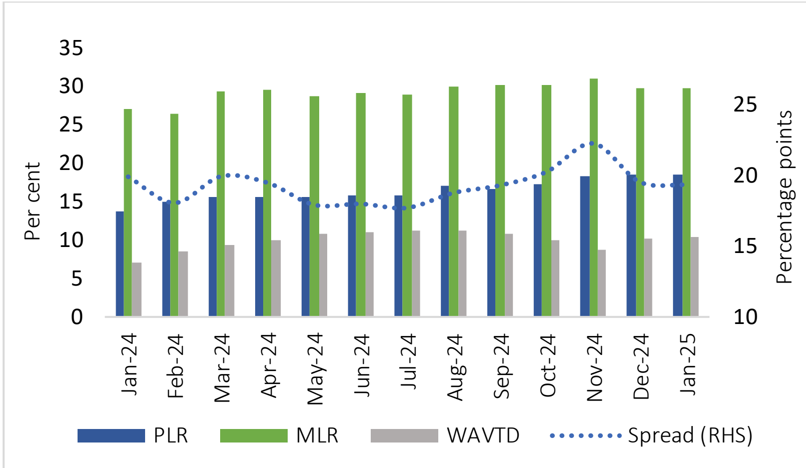
Figure 28: Developments in Short-term Interest Rates (Per cent)



Source: Central Bank of Nigeria.

The trajectories of lending rates were diverse, as average prime lending rate declined by 0.07 percentage points to 18.49 per cent below its level in December 2024, while average maximum lending rate increased by 0.08 percentage points to 29.79 per cent. The weighted average term deposit (WAVTD) rate rose by 0.29 percentage points to 10.46 per cent. Consequently, the average spread between the weighted average term deposit and maximum lending rates narrowed to 19.33 percentage points from 19.54 percentage points in the preceding month.

Figure 29: Trend in Average Term Deposit and Lending Rates



Source: Central Bank of Nigeria.
Note: PLR= Prime lending rate; MLR= Maximum lending rate; WAVTD= Weighted Average term deposit rate; SPRD= Spread.

2.3.3.2 Capital Market Developments

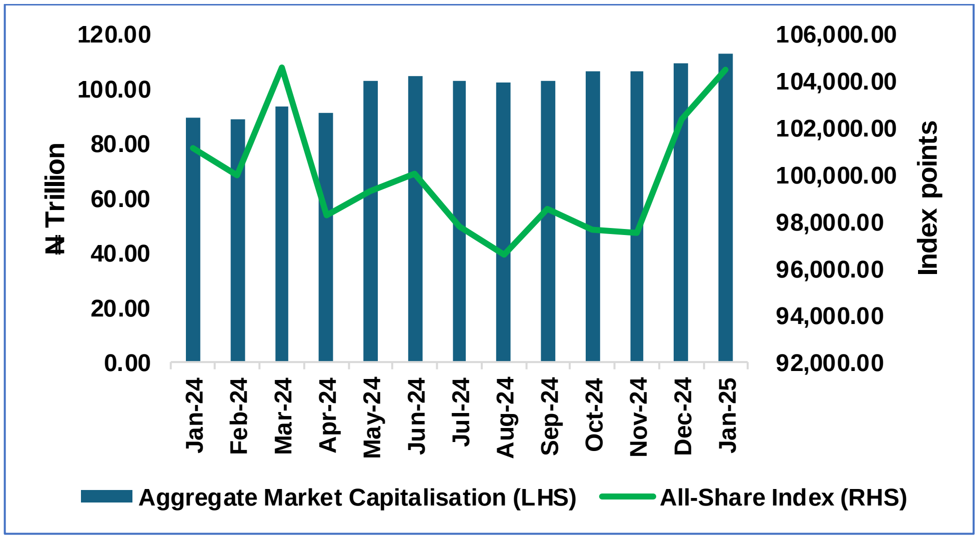
Market Capitalisation

The performance of the Nigerian capital market was bullish, driven by strong investor sentiment, anticipation of Q42024 corporate earnings results and strategic portfolio rebalancing. Aggregate market capitalisation increased by 10.00 per cent to ₦112.58 trillion, from ₦102.35 trillion at end-December 2024. A disaggregation of the aggregate market capitalisation showed that the equities and debt components rose by 3.12 and 2.88 per cent to close at ₦64.72 trillion and ₦47.84 trillion, respectively. Conversely, the exchange traded funds (ETFs) component by 4.49 per cent to close at ₦0.03 trillion. Further analysis indicated that the equities component remained dominant, accounting for 57.48 per cent, while the debt and ETFs components constituted 42.49 and 0.03 per cent, respectively.

NGX All-Share Index

The NGX All-Share Index (ASI) rose by 2.10 per cent to 104,496.12 index points, relative to the end of the preceding month. The development was driven by positive market sentiment, bargain hunting activities in stocks with strong upsides, and anticipation in improved 2024 corporate earnings.

Figure 30: Aggregate Market Capitalisation and All-Share Index

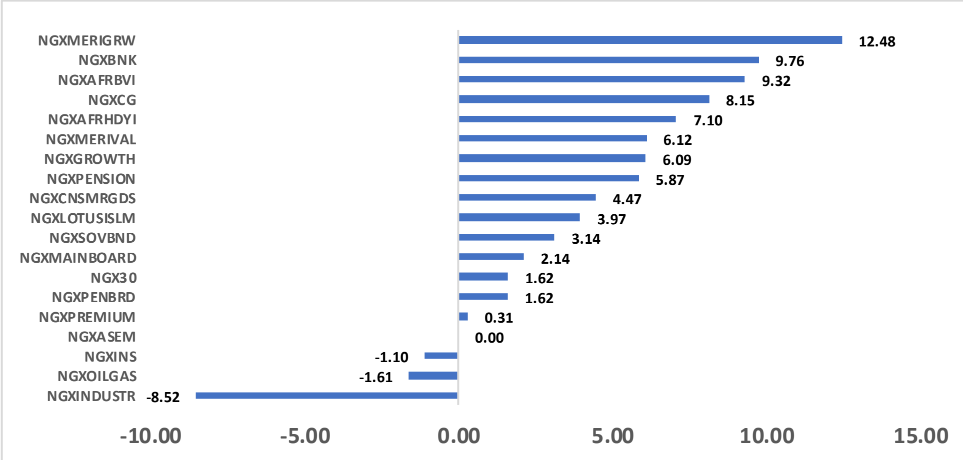


Source: Nigerian Exchange (NGX) Limited

Sectoral Indices

The sectoral indices in the equities market ended on a positive note driven by strong performances in NGXMERIGRW (12.48%), NGXBNK (9.76%), NGXAFRBVI (9.32%), NGXCG (8.15%), and NGXAFRHDYI (7.10%). While the NGX-ASeM remained flat, there were, however, declines for NGXINDUSTR, NGXOIL&GAS and NGXINS.

Figure 31: Month-on-Month Changes in Sectoral Indices in Per cent



Source: Nigerian Exchange (NGX) Limited

Table 13: Sectoral Indices on the Nigerian Exchange

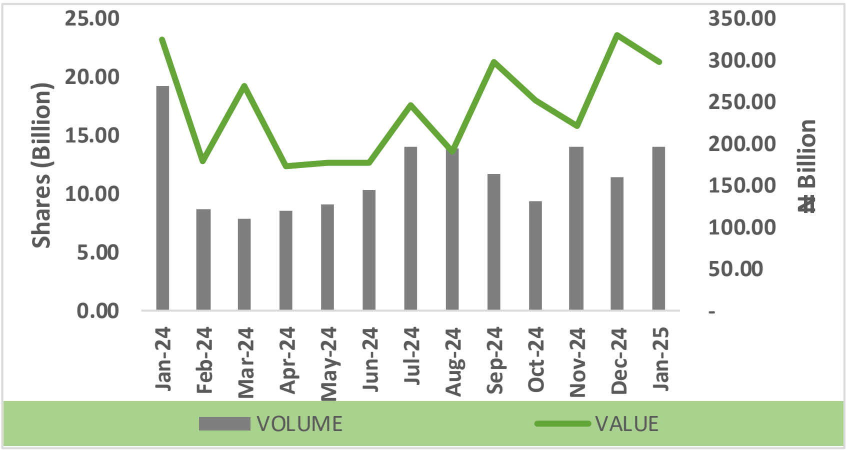
	December 2024	January 2025	Change (%)
NGXMERIGRW	6,490.69	7,300.82	12.48
NGXBNK	1,084.52	1,190.35	9.76
NGXAFRBVI	2,467.38	2,697.27	9.32
NGXCG	2,814.39	3,043.73	8.15
NGXAFRHDYI	16,642.63	17,824.12	7.10
NGXMERIVAL	10,375.32	11,009.86	6.12
NGXGROWTH	7,762.86	8,235.75	6.09
NGXPENSION	4,521.13	4,786.38	5.87
NGXCNSMRGDS	1,731.67	1,809.14	4.47
NGXLOTUSISLM	6,955.89	7,232.15	3.97
NGXSOVBND	601.54	620.4	3.14
NGXMAINBOARD	4,988.79	5,095.31	2.14
NGX30	3,811.94	3,873.86	1.62
NGXPENBRD	1,826.89	1,856.41	1.62
NGXPREMIUM	9,719.75	9,749.83	0.31
NGXASEM	1,583.71	1,583.71	0.00
NGXINS	718	710.08	-1.10
NGXOILGAS	2,712.06	2,668.40	-1.61
NGXINDUSTR	3,572.17	3,267.66	-8.52

Source: Nigerian Exchange (NGX) Limited

Market Transactions

Trading activities at the Exchange increased, as the volume and number of deals traded, rose by 22.95 and 49.93 per cent to 14.04 billion shares in 288,522 deals, respectively, from 11.42 billion shares and 192,437 deals in the preceding period. Conversely, the value of traded securities declined by 9.81 per cent to ₦297.87 billion relative to ₦330.28 billion in the preceding month.

Figure 32: Volume and Value of Traded Equities on the Exchange



Source: Nigerian Exchange (NGX) Limited

NGX Listings

There was a total of four listings on the Exchange: two new listings and two supplementary listings. There was no delisting of shares during the review period.

Table 14: Listings on the Nigerian Exchange Limited

Security	Shares Units/Price	Date of listing	Remarks
Lasaco Assurance Plc.	9,250,000,000 Ordinary Shares of 50 Kobo each at ₦1.20 per Share	January 23, 2025.	New listing
Guaranty Trust Holding Company Plc.	Listing of 4,705,800,290 Ordinary Shares of 50 Kobo each at ₦44.50 per share.	January 27, 2025.	New listing
19.30% FGN APR 2029.	51,857,400 Units	January 13, 2025.	Additional/ Supplementary listing
18.50% FGN FEB 2031.	159,286,957 Units	January 13, 2025.	Additional/ Supplementary listing

Source: Nigerian Exchange (NGX) Limited

2.3.3.3 Financial Soundness Indicators

The financial soundness indicators were within regulatory benchmarks, reflecting stability of the banking system. The banking industry's capital adequacy ratio at 14.80 per cent, was below 15.20 per cent recorded in the preceding period, but above the 10.00 per cent benchmark for banks with national and regional licenses. Non-performing loans (NPLs) decreased to 4.20 per cent from 4.50 per cent in December 2024 and remained below the prudential threshold of 5.00 per cent. The industry liquidity ratio at 48.87 per cent, was marginally lower than 48.94 per cent recorded in the preceding period, and well above the regulatory benchmark of 30.00 per cent. This indicated liquidity adequacy and the ability of the banks to meet their short- and long-term financial obligations, as well as the sound financial health of the industry.

2.4 EXTERNAL SECTOR DEVELOPMENTS

Summary

The performance of the external sector improved in January 2025, propelled by growth in export earnings, especially from crude oil and gas exports. Improvement in crude oil and gas production, coupled with growth in non-oil export supported the performance of the external sector. Foreign capital inflow increased due to favourable yields in the domestic financial market. The average exchange rate of the naira per US dollar at the Nigerian Foreign Exchange Market (NFEM) appreciated by 1.16 per cent to ₦1,535.94/US$, from ₦1,553.73/US$ in the preceding month. The external reserves stood at US$38.88 billion at end-January 2025 and could cover 8.82 months of import for goods and services or 13.20 months for goods only.

2.4.1 Trade Performance

Trade

Trade activities in the review period resulted in a higher trade surplus. Provisional data indicated that the trade surplus rose to US$2.20 billion, from US$1.06 billion in December 2024. Export receipts grew by 29.09 per cent to US$5.37 billion, from US$4.16 billion in the preceding month, reflecting increase in the export of both oil and non-oil products. Import bills also increased by 2.26 per cent to US$3.17 billion from US$3.10 billion in December 2024, due to higher importation of non-oil products.

Analysis of export by composition showed that crude oil and gas exports, accounted for 89.39 per cent of total export receipts, while non-oil exports, constituted the balance. In terms of import, non-oil imports accounted for 70.03 per cent, with oil import constituting the balance.

Figure 33: Export, Import and Trade Balance (US$ Billion)

Source: Central Bank of Nigeria

Crude Oil and Gas Export Earnings

Earnings from the export of crude oil and gas increased in January 2025, driven by increases in both crude oil price and domestic production. Provisional data showed that aggregate receipts from crude oil and gas export increased to US$4.80 billion, from US$3.62 billion in December 2024. The increase was on account of the rise both in crude oil prices to US$80.76pb from US$74.72pb in the preceding month and domestic crude oil production to 1.54mbpd, from 1.48mbpd in December 2024. A disaggregation indicated that crude oil export receipts rose to US$3.86 billion, from US$2.68 billion. Gas export earnings also increased to US$0.95 billion, from US$0.94 billion in December 2024.

Non-Oil Export

Non-oil export earnings increased in January 2025, majorly resulting from higher receipts from the export of agricultural commodities, as government initiatives continued to yield positive outturns. Non-oil export earnings rose to US$0.56 billion, from US$0.54 billion in the preceding month. The development was on account of the positive effects of government initiatives such as Export 35 redefined and the Go Global, Go for Certification.

Analysis by direction of trade revealed Netherlands as the major destination for Nigeria's non-oil export products accounting for 23.39 per cent of total. This was followed by Belgium (13.83%), Brazil (11.33%), India (9.47%), Germany (4.91%), and China (4.66%). By products, the major commodities exported were cocoa beans, which represented the largest share at 46.26 per cent, followed by urea (23.06%), sesame seeds (6.97%), cocoa products (4.59%), copper (1.93), and aluminium (1.71%).

Receipts from the top five non-oil exporters increased to US$0.33 billion, from US$0.25 billion in December 2024. By share, Indorama Eleme Fertilizer & Chemical Ltd, and Starlink Global & Ideal Ltd, with shares of 36.81 and 23.03 per cent, respectively, led with the exports of fertilizer and sesame seeds. Dangote Fertilizer Ltd. (17.83%) ranked third, with the export of urea, followed by Olatunde International Ltd. (12.34%) with the export of cocoa beans, and Agro Traders Ltd. (9.99%), with the export of cocoa products.

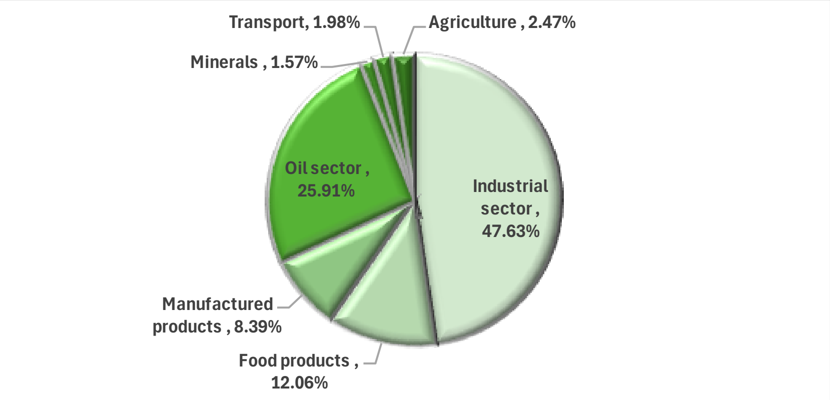
Import

Merchandise imports bills increased, due to growth in the import of non-oil products, particularly raw materials for the industrial sector. Provisional data showed that total import rose by 2.26 per cent to US$3.17 billion, from US$3.10 billion in December 2024. A disaggregation indicated that the import of non-oil products increased to US$2.37 billion, from US$2.26 billion in the preceding month. The increase was driven by growth in the import of raw materials as the industry sector restocked inventory following the festive sales. On the contrary, import of petroleum products, decreased by 3.61 per cent to US$0.80 billion from US$0.83 billion in the preceding month.

Sectoral Utilisation of Foreign Exchange

Analysis of sectoral utilisation of foreign exchange for visible import showed the industry sector as the largest user of foreign exchange with a share of 47.63 per cent, followed by the oil sector (25.91%), food products (12.06%), manufactured products (8.39%), agriculture (2.47%), transport (1.98%), and minerals (1.57%).

Figure 34: Import by Sector (Per cent)

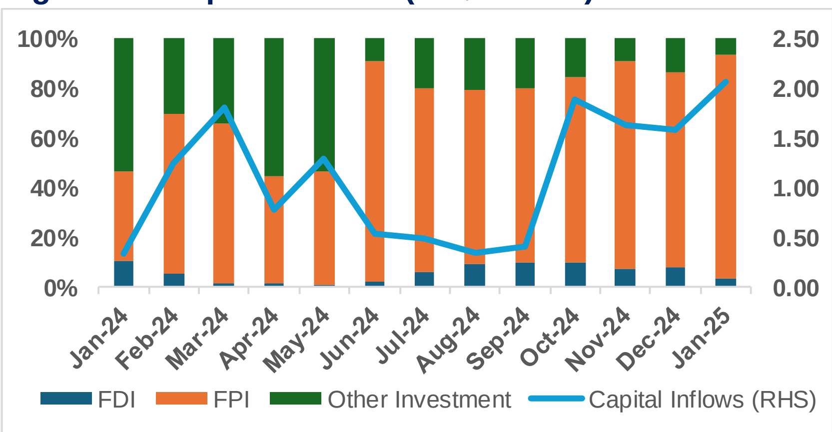


Source: Central Bank of Nigeria

Capital importation

Capital inflow increased due to favourable returns in the domestic financial market. Capital inflow rose to US$2.06 billion, from US$1.57 billion in December 2024. A breakdown by type of investment showed that portfolio investment inflow increased to US$1.85 billion, from US$1.23 billion due, mainly, to higher purchases of money market instruments. On the contrary, foreign direct investment declined to US$0.07 billion from US$0.12 billion in December 2024. 'Other investments', mainly loans, also decreased to US$0.14 billion, from US$0.22 billion in the preceding month.

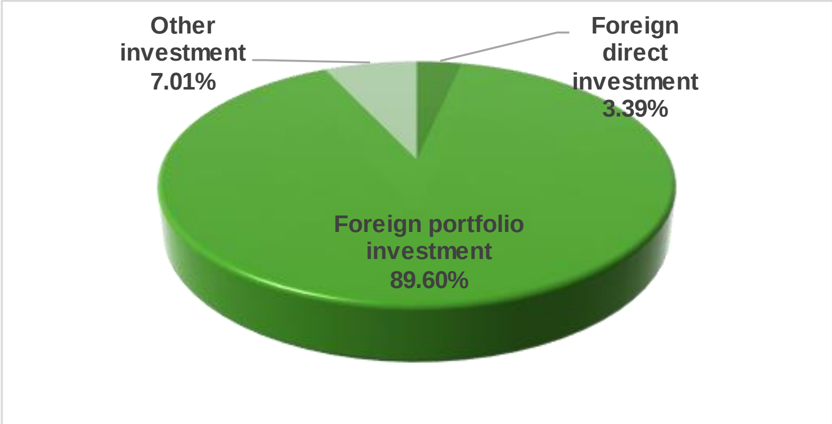
Figure 35: Capital Inflows (US$ Billion)



Source: *Central Bank of Nigeria*

In terms of share, portfolio investment inflow constituted 89.60 per cent, while 'other investment' and direct investment accounted for 7.01 and 3.39 per cent, respectively.

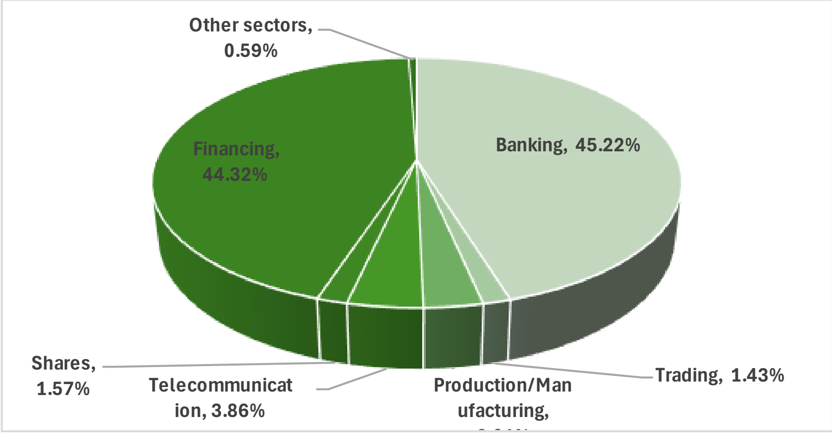
Figure 36: Capital Inflow by Share (Per cent)



Source: Central Bank of Nigeria

Analysis of capital importation by sector showed the banking sector as the highest recipient of foreign capital, accounting for 45.22 per cent of total inflow. This was followed by the financing sector (44.32%), telecommunication (3.86%), production and manufacturing sector (3.01%), shares (1.57%), and trading (1.43%), while other sectors accounted for the balance.

Figure 37: Capital Inflow by Nature of Business

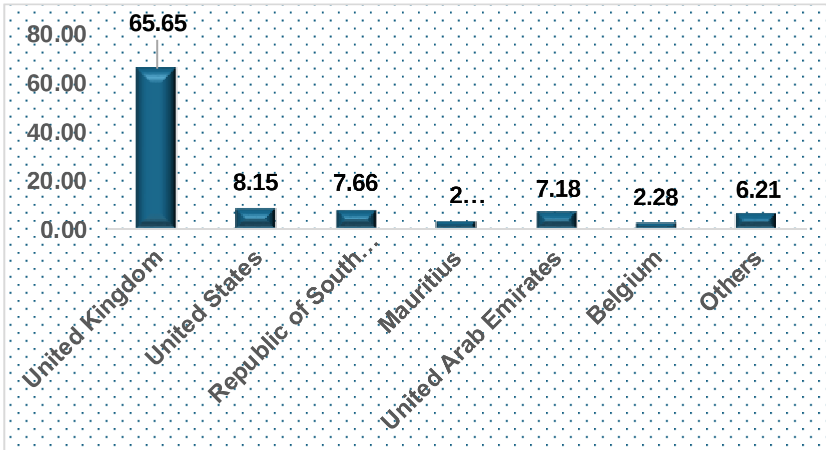


Source: Central Bank of Nigeria

Capital inflow by originating country showed that the UK was the major source of capital, accounting for 65.65 per cent of the total. This was followed by the United States (8.15%); Republic of South Africa (7.66%); United Arab

Emirates (7.18%); Mauritius (2.87%); Belgium (2.28%); and other countries accounted for the balance.

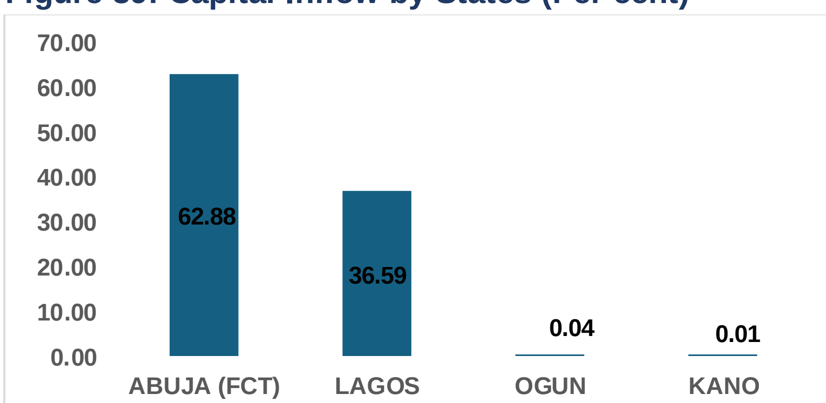
Figure 38: Capital Inflow by Originating Country (Per cent)



Source: Central Bank of Nigeria

Capital importation by destination indicated that the Federal Capital Territory was the highest recipient, with a share of 62.88 per cent of total inflow. This was followed by Lagos (36.59%), Ogun (0.04%) and Kano (0.01%). Other destinations accounted for the balance.

Figure 39: Capital Inflow by States (Per cent)



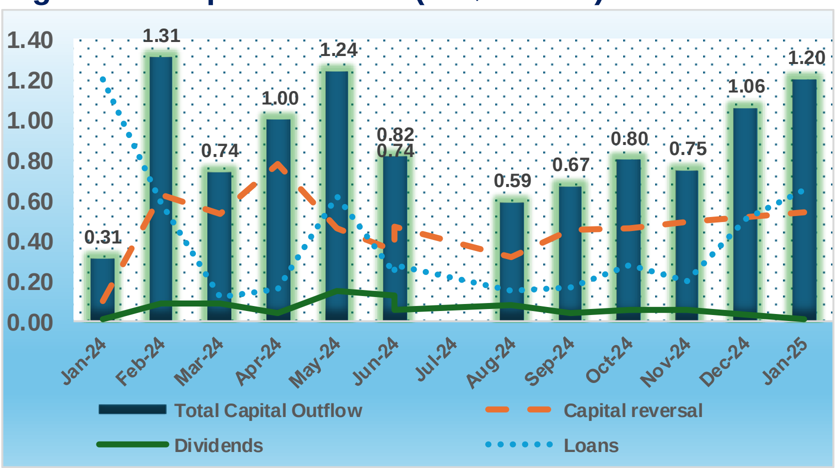
Source: Central Bank of Nigeria

Capital Outflow

Capital outflow increased in January 2025 driven by higher loan repayments and capital reversals. Capital outflow rose to US$1.20 billion, from US$1.06 billion in the preceding month. A disaggregation showed that loan repayments and capital reversals increased by 27.45 and 3.85 per cent, respectively, to US$0.65 billion and US$0.54 billion. Repatriation of dividends, however, declined by 66.67 per cent to US$0.01 billion.

In terms of share in total outflow, repayment of loans constituted 54.33 per cent, followed by capital reversals and repatriation of dividends at 44.81 and 0.85 per cent, respectively. Other forms of outflow accounted for the balance.

Figure 40: Capital Outflow (US$ Billion)

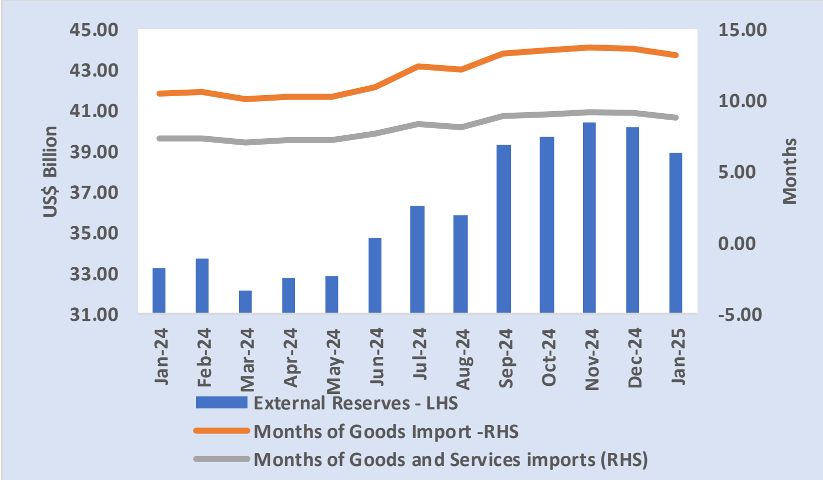


Source: Central Bank of Nigeria

2.4.2 International Reserves

The external reserves was above the international benchmark of three months of import cover. The external reserves stood at US$38.88 billion at end-January 2025, from US$40.19 billion at end-December 2024. This position could cover 8.82 months of import for goods and services or 13.20 months for goods only.

Figure 41: External Reserves and Months of Import Cover



Source: Central Bank of Nigeria

2.4.3 Foreign Exchange Flows through the Economy

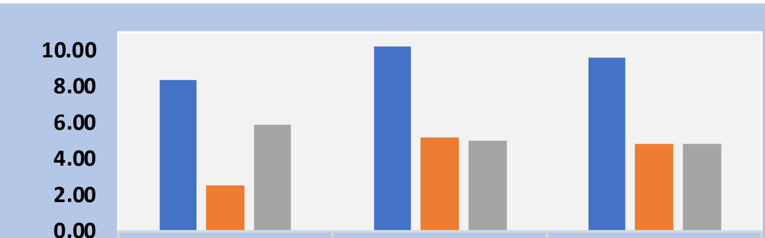
Foreign Exchange Flows through the Economy

The economy recorded a lower net foreign exchange inflow, on account of decreased inflow through the Bank. Foreign exchange flows through the economy amounted to a net inflow of US$4.79 billion, compared with US$5.01 billion in December 2024. Aggregate foreign exchange inflow declined to US$9.63 billion, from US$10.17 billion in the preceding month. Similarly, the foreign exchange outflow decreased to US$4.84 billion, from US$5.17 billion in the preceding month.

Foreign exchange inflow through the Bank declined to US$2.33 billion, from US$4.09 billion in the preceding month, while autonomous inflow increased to US$7.31 billion, from US$6.08 billion in the preceding month. Outflow through the Bank fell to US$3.80 billion, from US$4.16 billion in the preceding month, while autonomous outflow rose to US$1.04 billion, from US$1.01 billion in December 2024.

Consequently, the Bank recorded a net outflow of US$1.47 billion, compared with US$0.07 billion in December 2024, while a net inflow of US$6.26 billion was recorded through autonomous sources, compared with US$5.07 billion in the preceding month.

Figure 42: Foreign Exchange Flows Through the Economy (US$ Billion)



	Jan-24	Dec-24	Jan-25
Inflow	8.39	10.17	9.63
Outflow	2.51	5.17	4.84
Netflow	5.88	5.01	4.79

Inflow Outflow Netflow

Source: Central Bank of Nigeria

2.4.4 Exchange Rate Movement

Average Exchange Rate

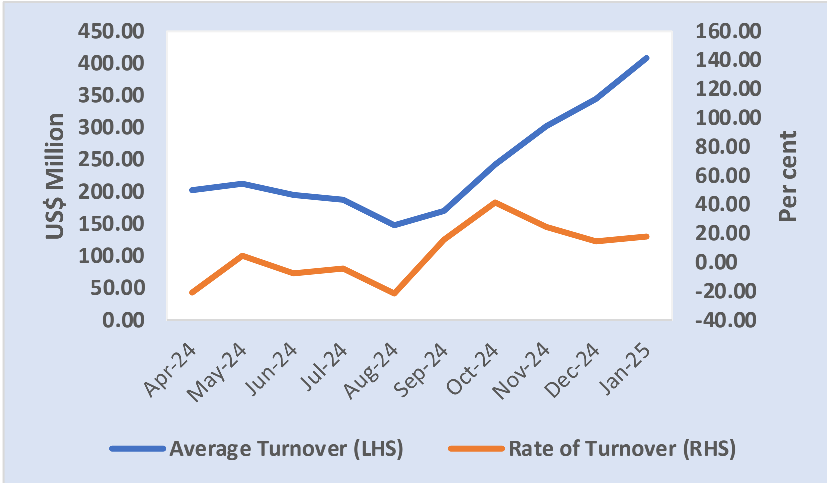
The naira appreciated against the US dollar at the Nigerian Foreign Exchange Market (NFEM) in the review period. The average exchange rate at the NFEM appreciated by 1.16 per cent to ₦1,535.94/US$, from ₦1,553.73/US$ in the preceding month. Similarly, the end-period NFEM rate appreciated by 3.90 per cent to ₦1,478.22/US$, from ₦1,535.82/US$ at end-December 2024.

2.4.5 Foreign Exchange Turnover

Foreign Exchange Turnover

The average foreign exchange turnover at the NFEM rose by 18.30 per cent to US$408.49 million, from US$345.30 million in December 2024.

Figure 43: Foreign Exchange Turnover



***Source**:* Financial Markets Derivatives Quotations

3.0 ECONOMIC OUTLOOK

3.1 Global Outlook

The global economic growth is projected to increase to 3.30 per cent in 2025 from an estimated 3.20 per cent in 2024. In AEs, growth projection is estimated at 1.90 per cent in 2025 from 1.70 per cent estimated in 2024. An anticipated strong growth in the US is expected to drive positive outlook for other AEs, especially in Europe. In the EMDEs, growth is projected to remain stable at 4.20 per cent in 2025, driven by improvement in China where the announcement of a fiscal package is expected to offset the property market lull and trade policy uncertainties. Other economies that could drive growth in EMDEs include India, Saudi Arabia, and Nigeria.

Global headline inflation is expected to moderate to 4.20 per cent in 2025, from an estimate of 5.70 per cent in 2024. The anticipated decline in price pressures is predicated on gradual cooling of labour markets, the resolution of supply chain disruptions, the lagged impact of restrictive monetary policies, and expected decline in energy prices. In AEs, headline inflation is, therefore, projected to fall toward central bank targets, especially in the US, but could be more subdued in the euro area. In EMDEs, however, low inflation is projected to persist but would remain above the levels in advanced economies, owing to structural and underlying factors such as delayed monetary policy transmission, exchange rate volatility, and commodity price sensitivity.

3.2 Domestic Outlook

The Nigerian economy is projected to experience moderate growth in 2025. The positive outlook is hinged on the implementation of significant policy reforms, especially in the oil sector and foreign exchange market. Potential risks to the outlook, however, include heightened insecurity, unlikely exchange rate volatility, and increasing costs of living.

Inflation pressures are anticipated to moderate in the near term, attributable to improved security in food-producing areas, lag impact of the policy rate hikes, stable PMS prices, and stability in the foreign exchange market. The downside risks to this outlook include exchange rate depreciation, growth in money supply, and escalating insecurity.

The fiscal outlook remains optimistic in the near- to medium-term, supported by ongoing reforms aimed at increasing revenue collections and reducing fiscal deficit. However, concerns persist due to the volatility in global crude oil prices and challenges in meeting international export targets, which could impact public financing needs.