

ACCESS QUARTERLY

Q2 2025



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Section 0.1

GLOBAL ECONOMY

Global Economic Momentum Softens Amid Heightened Geopolitical Tensions and Trade Frictions

The second quarter of 2025 was marked by elevated geopolitical tensions and persistent policy uncertainty, which further dampened global economic momentum. Escalating hostilities in the Middle East, renewed trade frictions from the United States and weakening macroeconomic indicators across major economies dominated the global landscape in the quarter.

A key flashpoint during the period was the sudden intensification of hostilities between Israel and Iran, which sent shockwaves through global markets. The heightened tensions triggered a flight to safety, with investors flocking to traditional safe-haven assets like gold and U.S. Treasuries. While a fragile ceasefire was brokered later in the quarter, geopolitical risks remain high, weighing on investor sentiment and destabilizing capital flows across international markets.

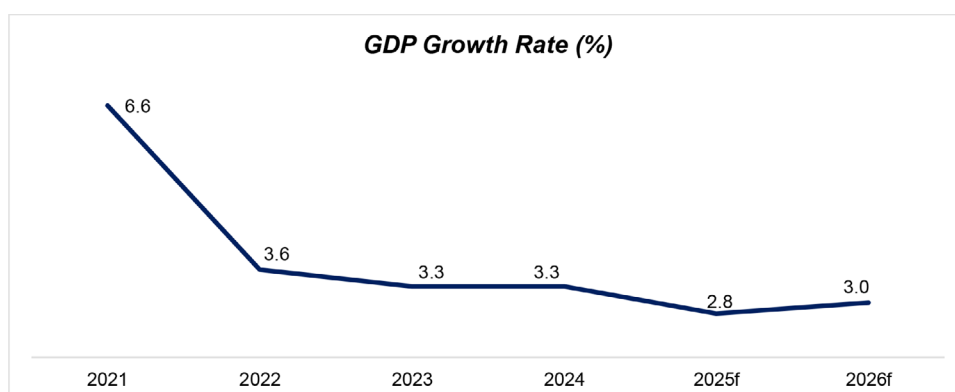
Monetary policy developments also took center stage. The U.S. Federal Reserve maintained its benchmark interest rate at 4.25% - 4.50% for the fourth consecutive meeting, citing sticky inflation and softening economic growth. The Fed downgraded its U.S. GDP growth forecast for 2025 to 1.4% (from 1.7% in March) and to 1.6% for 2026 (from 1.8%), while projecting that both inflation and unemployment would remain elevated, limiting the scope for near-term policy easing.

Despite the broad headwinds, global output showed mild improvement. The Global Composite Purchasing Managers' Index (PMI) rose to 51.7 in June 2025 from 51.2 in May, marking a second consecutive uptick from its 17-month low of 50.8 in April. This reflects strengthening activity across manufacturing and services sectors, particularly in advanced economies. Remaining above the neutral 50.0 threshold, the PMI signals a moderate expansion in global demand.

Commodity markets reflected geopolitical and economic uncertainty. The Organization of the Petroleum Exporting Countries crude oil reference basket briefly surged above \$77 per barrel before easing to \$68.35 by the end of the second quarter. The rally was primarily driven by heightened geopolitical risk, as markets priced in the possibility of supply disruptions following tension in the middle east.

The IMF's World Economic Outlook (April 2025) paints a sobering picture of the global economy, with growth now projected to slow to 2.8% in 2025, down from an earlier forecast of 3.3% for both 2025. The sharp revision reflects the ripple effects of sweeping new U.S. tariffs, which have pushed import duties to century-high levels and disrupted global trade flows, dampened investor sentiment, and strained supply chains. Financial markets have responded with heightened volatility, while growing policy uncertainty continues to erode business confidence and stall capital investment.

In summary, the first half of 2025 was shaped by intensifying geopolitical risks, resurgent protectionism and weakening global economic indicators. While central banks maintained cautious policy stances in the face of persistent inflation, the combination of softening private-sector activity, volatile commodity prices and subdued global trade continues to expose the fragility of the global recovery.



Source: IMF

f – Forecast

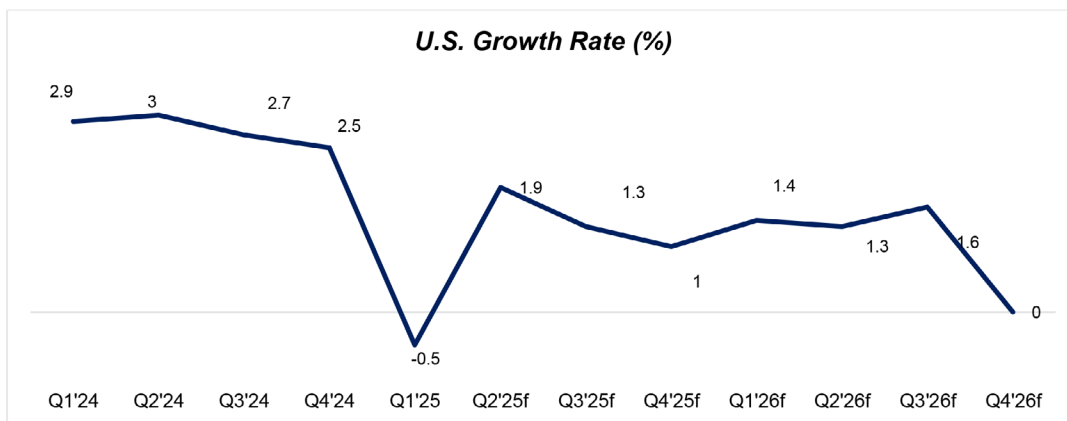
UNITED STATES/EURO AREA



According to the third estimate released by the U.S. Bureau of Economic Analysis, real gross domestic product (GDP) contracted at an annualized rate of 0.5% in the first quarter of 2025, a sharp reversal from the 2.4% expansion recorded in the preceding quarter. The contraction was primarily driven by a significant increase in imports, which can be largely attributable to front-loaded purchases ahead of tariff hikes, which exerted a substantial drag on net exports. Additionally, a decline in government spending, particularly at the federal level, further weighed on overall output. However, these negative effects were partially offset by continued growth in consumer spending and private investment, both of which signaled underlying resilience in domestic demand.

Inflation reversed its downward trend in June 2025, breaking a four-month disinflationary trend, as the Consumer Price Index (CPI) rose to 2.7% year-on-year, up from 2.4% in May, the highest reading since February. The acceleration was largely driven by a rebound in transport services inflation, which rose to 3.4% from 2.8%, alongside a modest uptick in food prices to 3.0% from 2.9%. While the contribution of tariffs remains difficult to quantify, emerging evidence suggests that recent trade duties are beginning to feed through to consumer prices, particularly in goods categories sensitive to import costs. Overall, June's data reflect a mixed but firming inflation environment, with headline pressures underpinned by both services and tariff-related goods inflation.

June 2025 labor market data pointed to continued stability, as the U.S. unemployment rate declined to 4.1% from 4.2% in May. The rate has remained within a tight 4.0% - 4.2% band since May 2024, underscoring the resilience of the labor market.



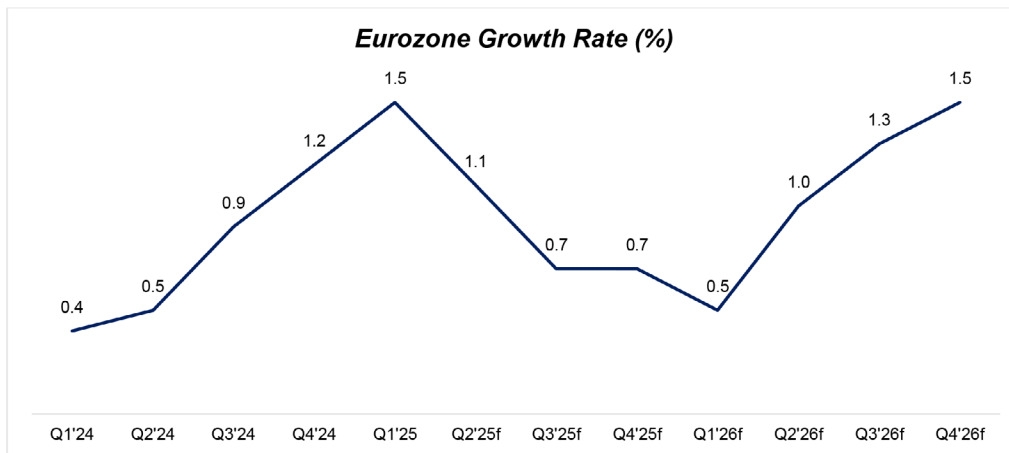
Source: Bloomberg
f – Forecast



Economic activity in the Euro Area gained momentum in Q1 2025, with GDP rising by 1.5% year-on-year, an upward revision from the initial 1.2% estimate and the strongest pace since late 2022. It follows a 1.2% rise in Q4 2024. Among the bloc's largest economies, Germany's economy stalled, robust performances were recorded in Spain with positive growth of 2.8%, the Netherlands recorded a growth of 2.5%, Italy 0.7%, and France 0.6%. Ireland's exceptional 18.3% expansion, driven by multinational activity, significantly lifted the regional average. The quarterly improvement was largely supported by stronger investment and net trade, though household consumption remained soft.

Euro area inflation remained broadly stable in June 2025, with headline harmonized indices of consumer prices (HICP) rising to 2.0% from 1.9% in May. The modest uptick was largely driven by an increase in services inflation, which rose to 3.3% from 3.2%, reflecting persistent price pressures in labor-intensive sectors. Energy prices continued to decline, though at a slower pace -2.7% from -3.6% in May, tempering the overall increase. In contrast, price growth moderated for non-energy industrial goods to 0.5% down from 0.6%. Core inflation, excluding food and energy, was unchanged at 2.3%, suggesting a gradual easing in underlying inflation dynamics. At the country level, inflation in Germany eased unexpectedly to 2.0%, France also saw a modest uptick to 0.9%, driven by service sector costs, while Spain's rate inched up to 2.2% and Italy's held steady at 1.7%.

Private sector activity in the Eurozone showed a mild improvement in June 2025, with the Composite Purchasing Managers' Index (PMI) rising to 50.6 from 50.2 in May. This slight uptick indicates a modest expansion, suggesting early signs of recovery and offering a glimmer of optimism amid persistent global economic headwinds.



Source: Bloomberg
f – Forecast



BRICS economies sustained their growth momentum, though with varying strength, with India emerging as the standout performer amid a broad global slowdown. India's GDP expanded by 7.4% in Q1, accelerating from 6.4% in the previous quarter and sharply above market expectations of a 6.7% rise, marking the strongest growth rate of the fiscal year. The expansion was driven by easing food and energy prices that lowered benchmark interest rates and spurred investment, while India's limited reliance on exports shielded the economy from global tariff shocks. China's economy expanded 5.2% yoy in Q2 2025, easing from 5.4% in the prior two quarters and marking the weakest pace since Q3 2024.

Brazil's economy grew by 2.9% year-on-year in Q1 2025, down from 3.6% in the previous quarter. The slowdown was mainly driven by weaker household consumption, lower government spending, and a slight dip in fixed investment. Although agriculture and utilities rebounded, their recovery was not enough to offset the broader decline in domestic demand.

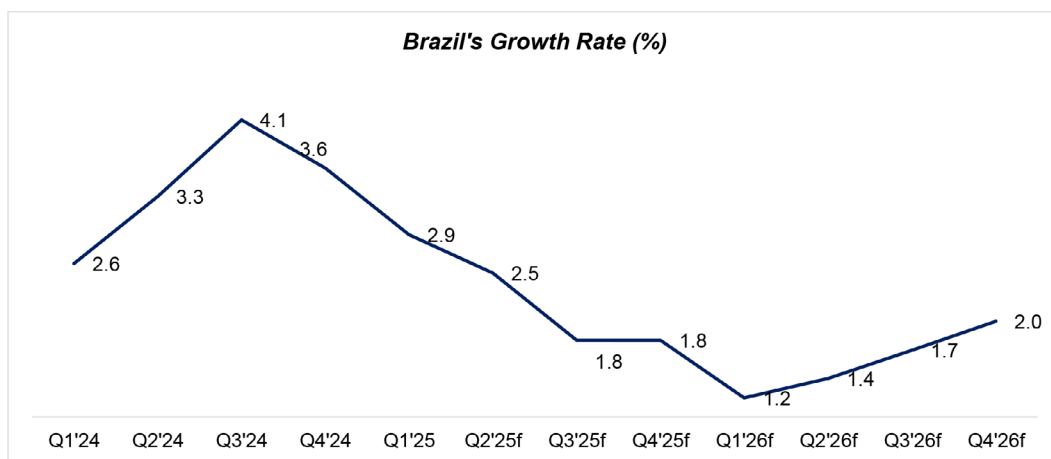
Inflation trends across the BRICS bloc in the first quarter of 2025 remained varied, highlighting the region's diverse economic dynamics. China continues to grapple with subdued inflationary pressures, with signs of deflation in specific sectors due to sluggish demand and overcapacity. In contrast, Brazil and Russia are contending with elevated inflation levels, fueled by currency volatility and energy prices. This divergence in inflation paths underscores the complex policy environment facing BRICS central banks, balancing growth imperatives with price stability in a fragmented global economic landscape.



Brazil's economy expanded by 2.9% year-on-year in Q1 2025, down from 3.6% in the previous quarter and below market expectations of 3.2%. Growth slowed in construction (3.4% vs 5.1%), services (2.1% vs 4.7%), the public sector (0.5% vs 1.7%) and industry (2.4% vs 2.5%). In contrast, agriculture rebounded sharply (10.2% vs -1.5%) after a year of declines, while utilities also recovered (1.6% vs -3.5%). On the demand side, household consumption decelerated (2.6% vs 3.7%), as did government spending (1.1% vs 1.2%) and fixed investment (9.1% vs 9.4%). Regarding net trade, exports advanced 1.2% (vs. -0.7% in Q4), while imports grew 14% percent (vs 16% in Q4).

Inflationary pressures in Brazil remained elevated in June 2025, with the annual rate inching up to 5.35% from 5.32% in May, marking the ninth straight month above the central bank's 4.5% target ceiling. The rise was driven by notable increases in categories such as transport, housing, communication, and clothing. Electricity prices were up by 2.96% - the highest contributor to monthly inflation while food prices declined by 0.18%, offering modest relief.

Meanwhile, private sector activity in Brazil weakened further in June 2025, with the Composite PMI falling to 48.7 points from 49.1 points recorded in May, the lowest since January. Both manufacturing and services contracted, driven by declining output and new orders. Job growth slowed to an eight-month low, while input costs rose but output prices increased more moderately, particularly in the services sector.



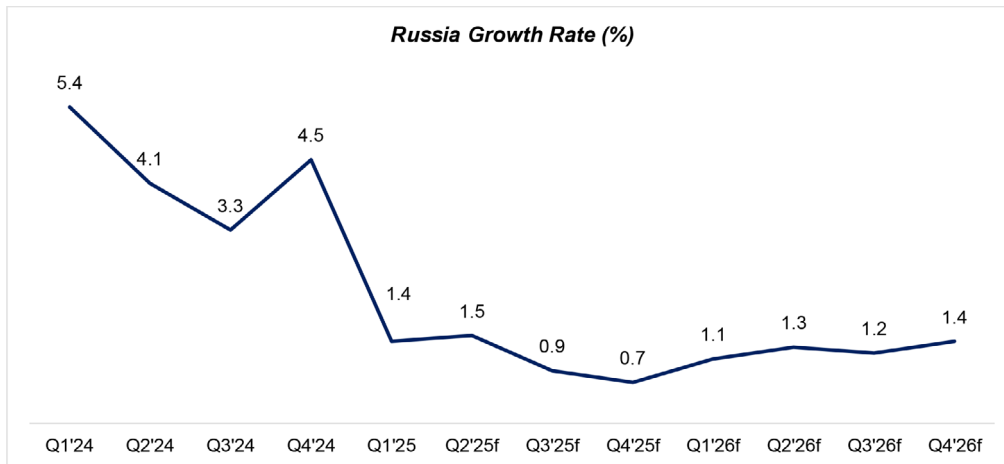
Source: Bloomberg
f – Forecast



Russia's post-crisis recovery lost momentum in early 2025, with GDP growth slowing to 1.4% year-on-year in Q1 from 4.5% in the previous quarter, the weakest expansion since the economy exited recession in mid-2023. The deceleration underscores the fading impact of the initial rebound following sanctions, as structural fragilities and external headwinds reassert themselves. While construction (+7.3%) and manufacturing (+4.5%) offered some support, key sectors such as mining (-4.0%), energy supply (-3.8%), and real estate (-1.6%) registered notable contractions.

On the price front, inflationary pressures in Russia showed tentative signs of easing, though they remain elevated. The annual inflation rate moderated for the third consecutive month to 9.4% in June 2025, the softest in seven months, down from 9.4% in May. The deceleration was broad-based: food inflation slowed to 11.9%, with a notable drop in fruit and vegetable prices (15.3% vs. 19.8%); services inflation edged down to 12.0% from 12.6%; and non-food goods inflation softened to 4.5% in June from 4.8% in May. Nevertheless, headline inflation remains well above the Central Bank's 4% target, maintaining pressure on monetary authorities and limiting the space for further easing despite recent rate cuts.

Private sector conditions in Russia deteriorated in June 2025, as the Composite PMI dropped to 48.5 from 51.4 in May—the lowest level since December 2022. This contraction reflects a downturn in both manufacturing and services amid weakening demand and tighter financial conditions.



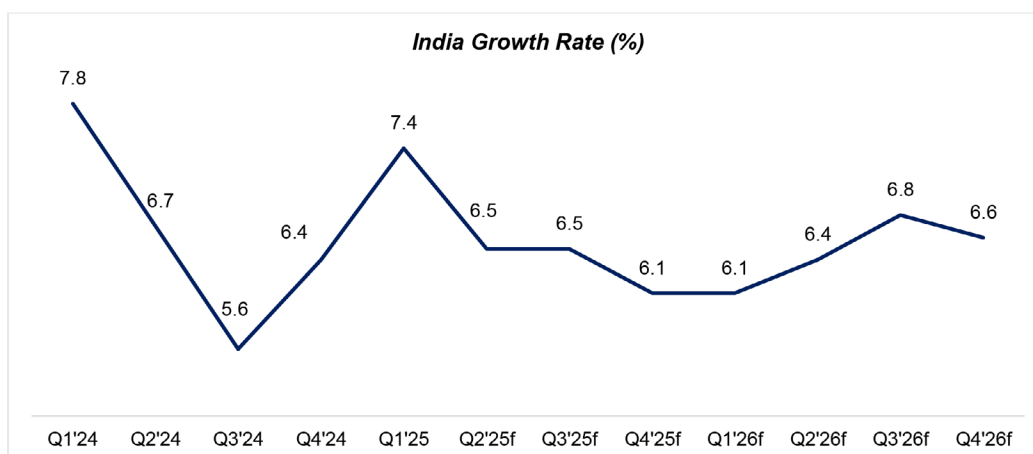
Source: Bloomberg
f – Forecast



Economic activity rebounded sharply in the final quarter of FY 2025, with India's real GDP growing 7.4% year-on-year, up from a revised 6.4% in the previous quarter and well above the 6.7% consensus estimate. The expansion was fueled by a 9.4% surge in gross fixed capital formation from 5.2% printed in prior quarter, the strongest in nearly two years, and a 6% rise in private consumption, reflecting improved domestic sentiment amid easing inflation. Net exports added to growth, as exports rose to 3.9% and imports contracted by 12.7%, helping offset external headwinds. Despite the strong Q4 outturn, annual GDP growth moderated to 6.5%, the slowest pace in four years, highlighting persistent structural bottlenecks and reliance on public investment.

Meanwhile, headline inflation continued to ease further in June 2025, falling to 2.1% year-on-year, down from 2.82% in May and marking the lowest reading since January 2019. The deceleration was primarily driven by a sharp correction in food prices, which contracted by 1.06% year-on-year down from 0.99% in prior month, the first annual drop since early 2019. With inflation easing well below the Reserve Bank of India (RBI's) 4% target, the apex bank cut the policy rate to 5.50% from 6.0% at its last meeting and marking 100 bps of cumulative easing since February. In its statement, the Monetary Policy Committee adopted a neutral stance, emphasizing a front-loaded response to weakening household demand while signaling a likely pause in rate adjustments.

Amid strong growth and cooling inflation, momentum in India's private sector remained firm in June. Composite PMI climbed to 61.0, a 14-month high, as both services and manufacturing posted solid gains. New business rose sharply, led by record export demand, though job creation slowed slightly.



Source: Bloomberg
f – Forecast



Amid mixed domestic signals, China's economy expanded by 5.2% in Q2 2025, from 5.4% printed in Q1 2025, indicating a decline in consumer momentum beyond market expectations. This growth was supported by robust industrial activity and export performance. While consumer spending and real estate investment softened, services, digital industries, and financial services remained resilient. Final consumption accounted for over half of GDP growth, with investment and net exports also contributing positively. Momentum in high-tech manufacturing and innovation-led sectors signal gradual progress toward structural transformation and long-term growth sustainability.

China's consumer prices rose by 0.1% year-on-year in June 2025, marking the first annual increase since January and reversing the 0.1% decline recorded over the previous three months. The modest uptick was supported by seasonal e-commerce promotions, increased government subsidies for consumer goods and easing trade tensions with the United States. Notably, non-food prices also edged up 0.1% following two months of stagnation, signaling tentative signs of recovery in the underlying domestic demand. While core inflation, excluding food and energy, edged up to 0.7% from 0.6% in the previous month, marking the highest reading in 14 months.

Labour market conditions marginally improved in June, as the surveyed urban unemployment rate dipped to 5.0%, down from 5.1% in May. Despite this modest progress, persistent slack, especially among youth, continues to reflect structural imbalances in the job market. The uneven pace of employment recovery poses headwinds to boosting consumer confidence and achieving a more durable, broad-based rebound in domestic demand.

Business activity gained momentum in June, as the composite Purchasing Managers' Index (PMI) climbed to 51.3, up from 49.6 in May, its highest level since March 2025. The improvement signals a return to expansion, supported by a rebound in new business activity, particularly in manufacturing, even as export demand remained subdued.



Source: Bloomberg

f – Forecast

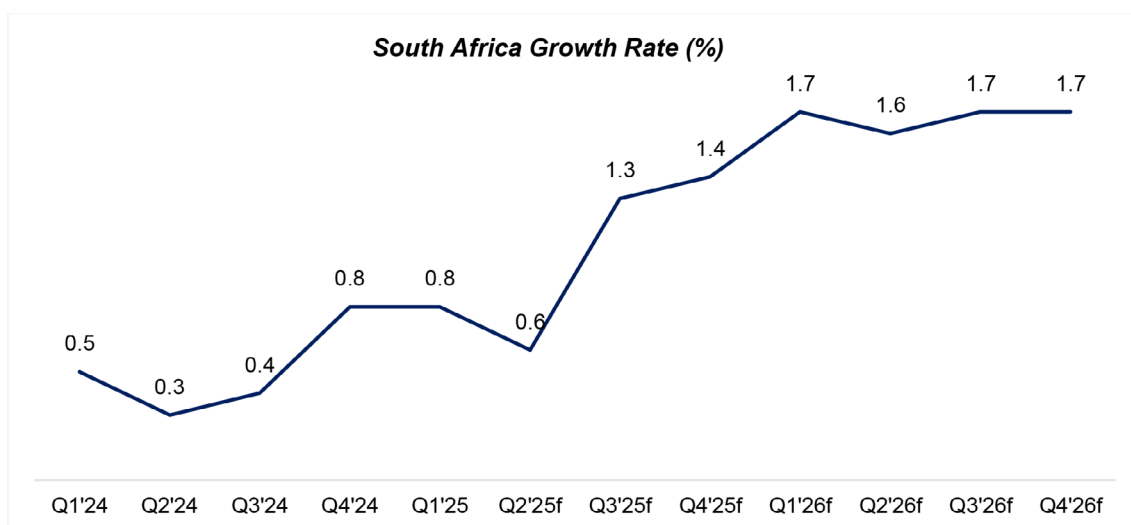


South Africa

South Africa's economy grew by 0.8% year-on-year in Q1 2025, maintaining the same growth rate recorded in Q4 2024. This stability underscores a modest but sustained recovery trajectory. The expansion was primarily driven by the agriculture sector, which surged by 15.8% and added 0.4 percentage points to GDP growth. Transport and finance sectors also supported the growth, rising by 2.4% and 0.2%, respectively, contributing 0.2 and 0.1 percentage points.

Conversely, the country's annual inflation remained steady at 2.8% in May 2025, unchanged from April and marking the lowest level in five years, reflecting continued disinflationary trends. The primary upward pressure came from food and non-alcoholic beverages, which rose by 4.8% year-on-year, accelerating from 4.0% in the previous month. Conversely, transport prices continued to decline, falling by 4.8%, deeper than the -3.9% recorded in April, reflecting easing fuel costs. Meanwhile, core inflation, which excludes volatile food and energy components, remained unchanged at 3.0%.

Despite this low-inflation environment and moderate GDP growth, private sector sentiment remained resilient, albeit with signs of deceleration. The Composite Purchasing Managers' Index (PMI) moderated slightly to 50.1 in June 2025 from 50.8 in May, signaling a marginal slowdown in growth momentum.



Source: Bloomberg

f – Forecast

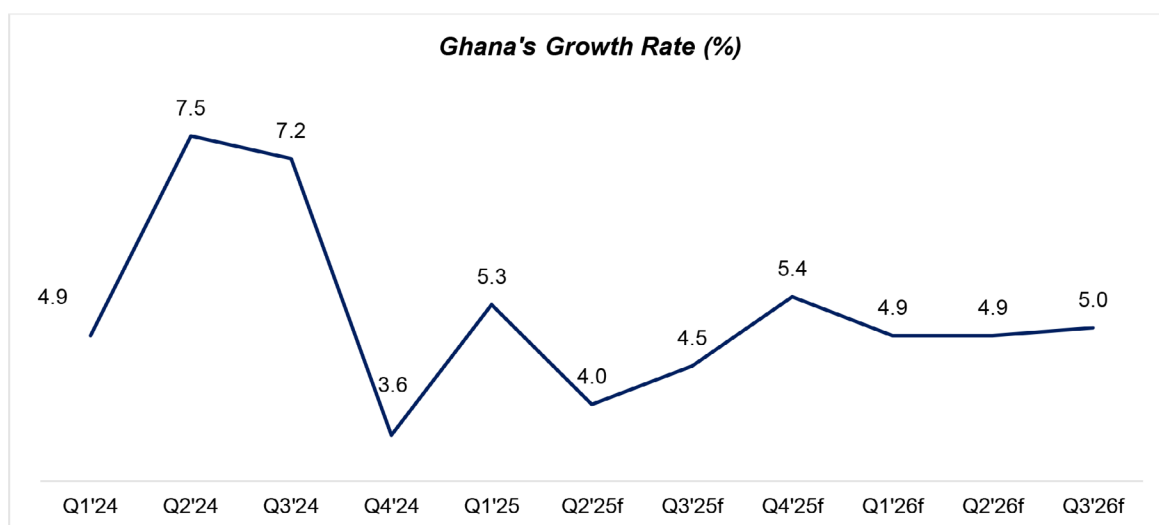
AFRICA



Ghana's economy posted a robust start to 2025, with real GDP expanding by 5.3% year- on-year in Q1, up from 3.6% in the previous quarter. This acceleration was largely underpinned by a rebound in industrial activities and sustained momentum in the services sector. Services remained the dominant contributor to output, accounting for 46.8% of GDP in the review period. On a sectoral basis, agriculture led growth with a real expansion of 6.6% y-o-y, supported by favorable weather and improved yields, while services and industry grew by 5.9% and 3.4%, respectively.

Inflationary pressures in Ghana continued to ease in June 2025, extending a six-month disinflation trend as headline inflation dropped to 13.7% from 18.4% in May, marking its lowest level since December 2021. The decline is largely attributable to a significant slowdown in food inflation, which dipped to 16.3% from 22.8%, alongside a softening in non-food inflation which cooled to 11.4% from 14.4%. Month-on-month, consumer prices declined by 1.2% in May down from 0.7% in the prior month. Despite this progress, inflation remains elevated relative to the Bank of Ghana's 8% medium-term target, suggesting a cautious policy approach remains warranted. At its last MPC meeting, the Bank of Ghana held its MPR at 28.0% reaffirming its commitment to price stability and the anchoring of inflation expectations.

Ghana's private sector maintained positive growth momentum in June 2025, as the Purchasing Managers' Index (PMI) registered 51.3, marking the fifth consecutive month above the 50.0 threshold that separates expansion from contraction. Although this represents a moderation from the seven-year high of 53.6 recorded in May, the latest reading signals continued resilience in business activity, supported by stable demand and improved operating conditions. However, the deceleration in June suggests that while the economy remains on a recovery path, it faces lingering challenges such as tight financial conditions.



Source: Bloomberg

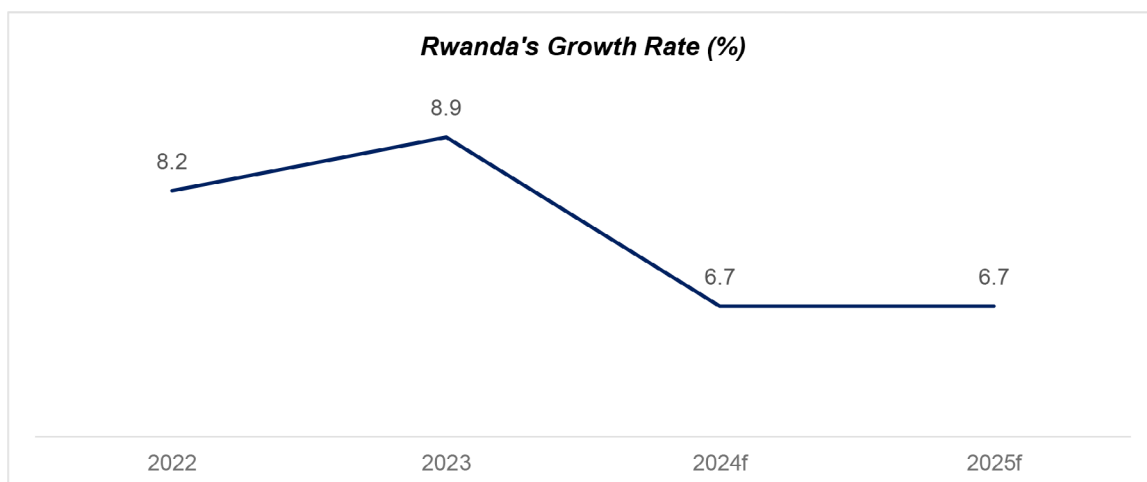
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Rwanda's economy grew by 7.8% year-on-year in Q1 2025, slightly below the 8.0% recorded in the previous quarter and representing the slowest pace of growth since Q3 2023. The slowdown was mainly due to weaker performance in the services and agriculture sectors, although the overall economic momentum remained strong. The services sector (Rwanda's largest contributor to GDP) expanded by 9.0%, down from 11.0% in Q4 2024, marking its softest growth in six quarters. This was largely driven by a sharp deceleration in wholesale and retail trade, which slowed to 14% from 23%, and in transport services, which eased to 4% from 8%.

Similarly, agricultural output slowed to 2.0% from 3.0%, the softest pace since Q2 2023, driven by a contraction in food crop production to -1% down from 2% in the prior quarter. Conversely, industrial activity accelerated to 9.0%, up from 7.0% in Q4, recording its strongest growth in three quarters. The improvement was underpinned by robust gains in manufacturing (7% vs. 3%) and construction (13% vs. 9%), reflecting sustained investment and infrastructure development. However, this was partially offset by a 3.0% contraction in mining and quarrying, reversing a 5.0% gain in the previous quarter.

Inflationary pressures in Rwanda edged higher in May 2025, with headline consumer inflation accelerating to 6.9% year-on-year, up from 6.3% in April, marking a moderate rise in price levels. The increase was largely underpinned by sustained cost pressures in food-related categories, particularly food and non-alcoholic beverages, which continued to register elevated price growth at 9.2%. Additionally, upward adjustments in transport costs (3.7%) and housing and utilities (3.3%) contributed to the overall inflation momentum, reflecting the impact of fuel price dynamics and broader cost pass-throughs.



Source: Bloomberg




f – Forecast



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Section 2

THE NIGERIAN ECONOMY

Nigeria's economy continued to demonstrate resilience amid persistent macroeconomic headwinds, buoyed by targeted policy interventions and improving market fundamentals. The Central Bank of Nigeria (CBN) sustained its prudent policy posture into 2025, holding the Monetary Policy Rate (MPR) steady at 27.5% during its July meeting, following a cumulative 875 basis points hike in 2024 aimed at curbing inflation and stabilizing the naira.

The stability of the exchange rate has been a key reflection of the effectiveness of CBN's sustained interventions in the FX market. Improved foreign exchange inflows and renewed market confidence helped anchor the naira within a managed range of ₦1,500 to ₦1,600 per US dollar in Q2 2025.

The Central Bank of Nigeria (CBN) projects real GDP growth of 4.17% for 2025, supported by ongoing structural, fiscal and monetary reforms aimed at stabilizing the economy. However, global institutions like the IMF and World Bank offer more modest forecasts, estimating growth at around 3.0% and 3.6% respectively. Their cautious optimism is based on improvements in national security, reform progress within NNPC and renewed investments in the oil and gas sector, which are expected to help sustain production and partly cushion the effects of low oil prices.

Overall, reform momentum, including progress in energy infrastructure, improved oil output and fiscal reforms is gradually improving the Nigerian economy stability. However, downside risks remain, particularly from global oil price volatility, domestic insecurity, global uncertainties and revenue mobilization challenges.

A snapshot of the domestic economy for Q2 2025 is presented below:

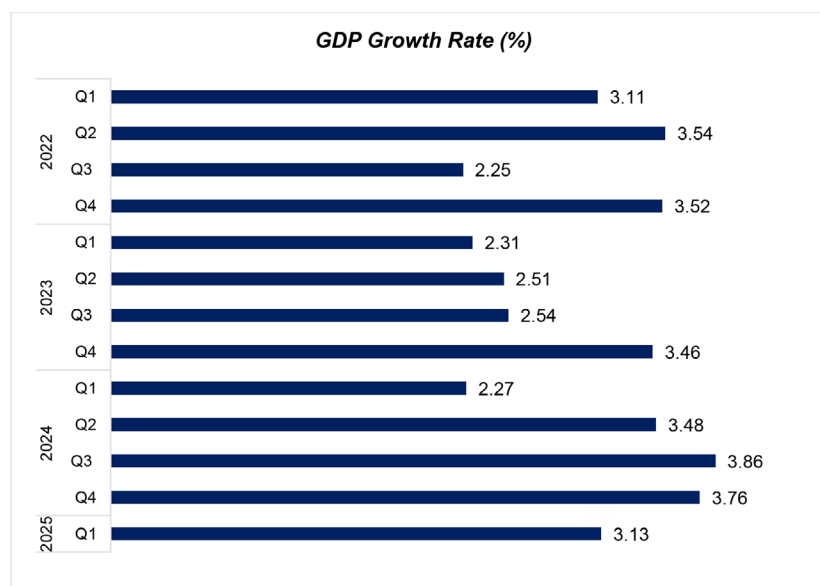
Real GDP softened to 3.13% in Q1 2025 compared to 3.76% in Q4 2024	Oil prices declined to \$68.35/b in June 2025 from \$76.25/b posted in March 2025	Exchange rate appreciated to ₦1,529.21/\$ in June 2025 from ₦1,536.32/\$ in March 2025
The ASI surged to 119,978.57 points in June 2025 from 105,660.64 points in March 2025	Reserves declined to \$37.21bn in June 2025 from \$38.31bn in March 2025	Inflation printed at 22.22% in June 2025 compared to 24.23% in March 2025
Composite PMI remained stable at 52.3 points in June 2025, unchanged from March	The MPR was held steady in July at 27.50%	Oil production increased to 1.51mbpd in June 2025 from 1.40mbpd in March 2025

2.1. GDP Growth

Following the rebasing of Nigeria's Gross Domestic Product (GDP) to 2019 to 2010, the real GDP expanded by 3.13% year-on-year in Q1 2025, easing from 3.76% in Q4 2024.

This revision offers a more realistic portrayal of the economy's current structure and sectoral weightings. The growth figure represents a lower rate from the 3.76% recorded in Q4 2024, reflecting a moderation in economic momentum in the period. Sectoral performance revealed continued resilience in the services sector, which expanded by 4.33% and contributed 57.50% to aggregate output, supported by strong growth in finance and telecommunications. The industrial sector also improved, growing by 3.42%, up from 2.49% in Q4 2024, largely driven by gains in manufacturing and construction.

The oil sector grew by a modest 1.87% year-on-year, down from 2.08% in the last quarter of 2024. The non-oil sector remained the key engine of growth, posting a 3.91% expansion in Q1 2025, up slightly from 3.80% in the previous quarter. Notably, Financial Institutions surged by 15.91%, while the Information and Communication sector grew by 7.82%, reflecting ongoing digital transformation and financial deepening. The Q1 GDP data reinforces the growing significance of non-oil activities in Nigeria's economic rebalancing and long-term resilience.

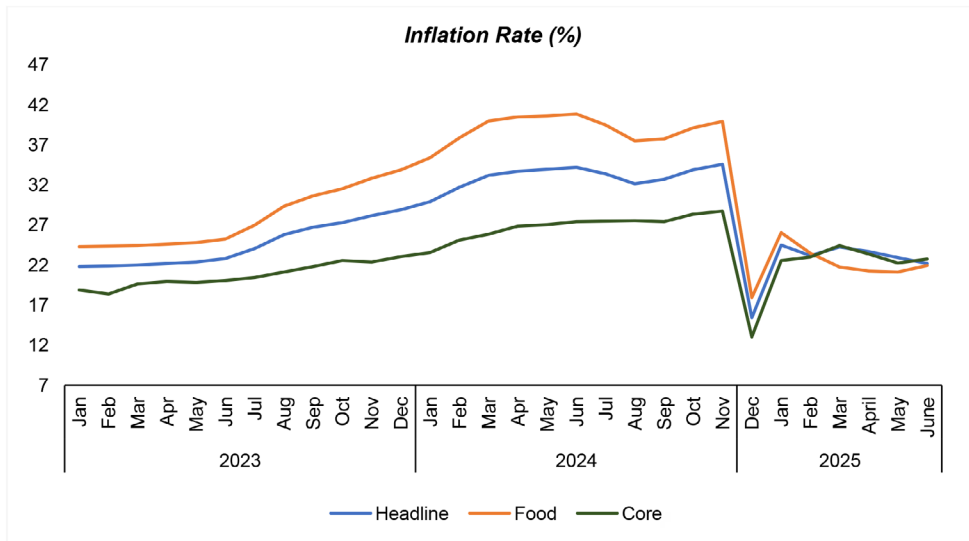


Source: NBS

2.2 Inflation

Nigeria's inflation trend showed further improvement, shaped by factors such as statistical rebasing, favourable base-year effects and a relatively stable macroeconomic environment. Headline inflation declined to 22.22% year-on-year in June 2025, down from 22.97% in May - its lowest level since April 2023. Although the drop was modest, it highlights the continued impact of the base effects and a more stable exchange rate, which have helped ease pressures from imported inflation.

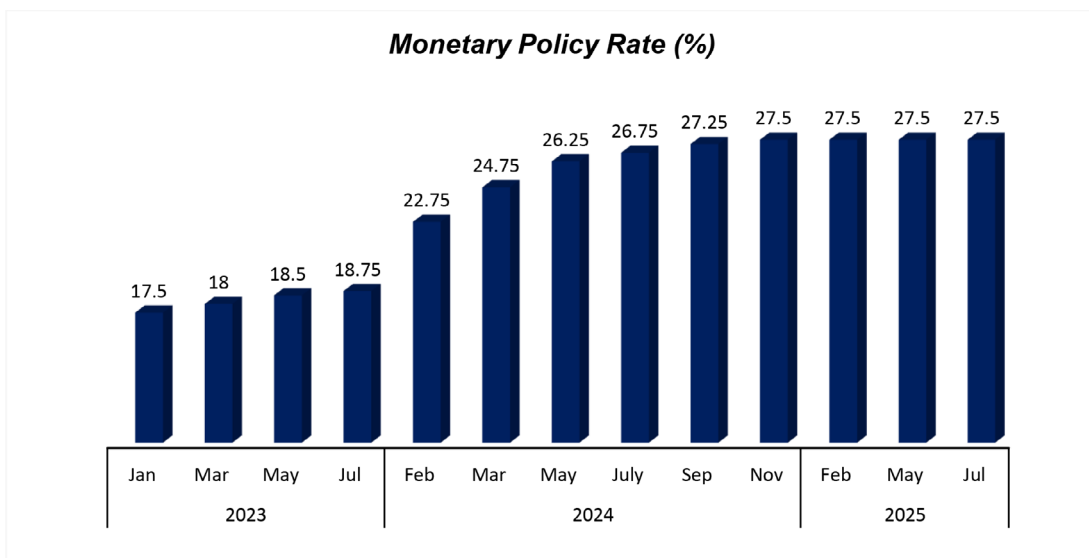
Notably, core inflation, excluding food and energy, remained elevated, driven by sustained pressures in housing, transport and utilities. Meanwhile, food inflation edged up slightly, partly reflecting increased demand during the Sallah festive period, which saw a temporary rise in livestock and commodity prices. Although the headline disinflation offers a measure of relief to households and policymakers, inflation risks remain skewed to the upside, with potential volatility stemming from elevated energy prices, global commodity price swings and exchange rate adjustments.



Source: NBS

2.3 Monetary Policy

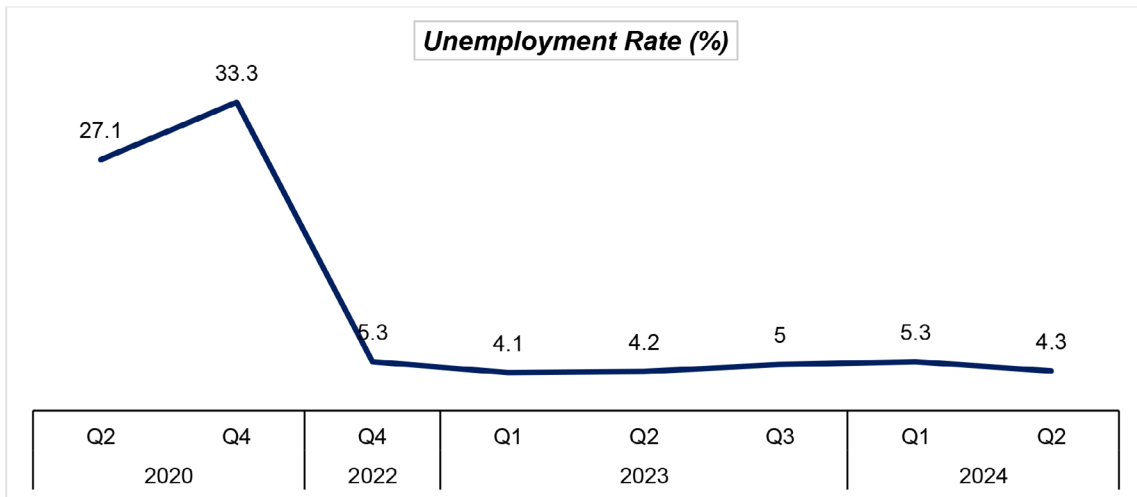
At its July 2025 meeting, the Central Bank of Nigeria's (CBN) Monetary Policy Committee (MPC) opted to retain the Monetary Policy Rate (MPR) at 27.50%, maintaining its policy stance for the third straight meeting in 2025, adopting a prudent and data-dependent stance amid lingering global and domestic uncertainties. The decision reflects a balance between supporting emerging macroeconomic stability and managing inflationary risks. The Committee acknowledged the decline in headline inflation in June 2025, the third consecutive month of deceleration. This was largely driven by the moderation in energy prices and stability in the foreign exchange market. The MPC also acknowledged the efforts of the Federal Government in improving security and its impact on food production. The MPC stated that given the persistent uncertainty in the policy environment and underlying price pressures, monetary policy will need to maintain its current stance until risks to inflation recede sufficiently.



Source: NBS

2.4 Unemployment

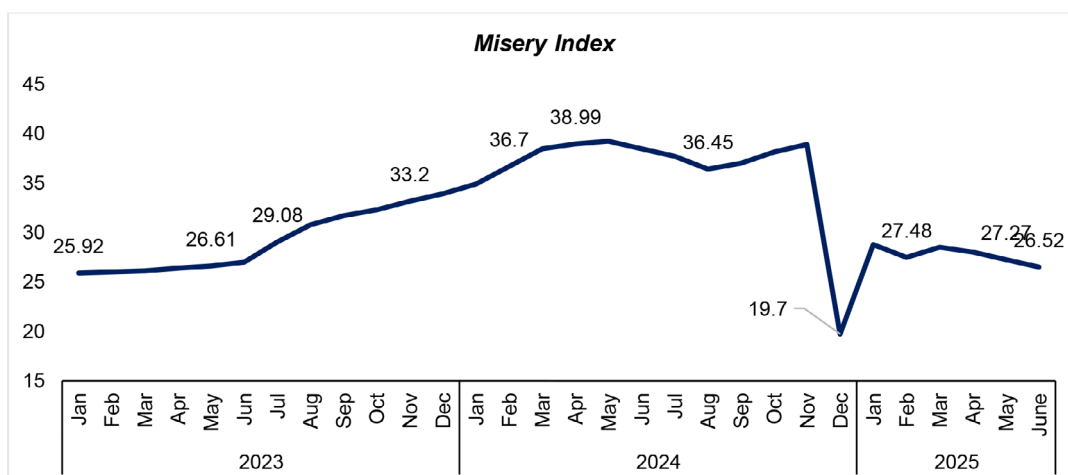
The Nigeria Labor Force Statistics report for Q2 2024 revealed that the unemployment rate decreased to 4.3%, down from 5.3% in Q1 2024. The youth unemployment rate decreased to 6.5% in Q2 2024, down from 8.4% in Q1 2024, reflecting a notable improvement in labor market conditions for this demographic. The report also highlighted that time-related underemployment, which measures the proportion of workers available for additional work hours, decreased to 9.2 per cent in Q2 2024 from 10.6 per cent in Q1 2024.



Source: NBS

2.5 Misery Index

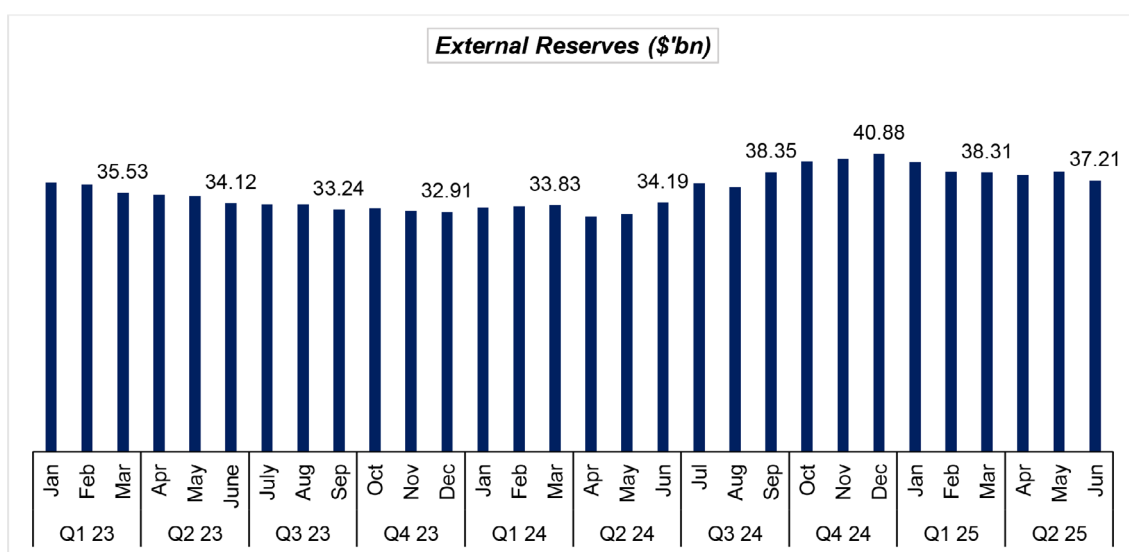
Marking a modest improvement in household welfare, Nigeria's Misery Index declined by 201 basis points to settle at 26.52% in June 2025, from 28.53% in March, reflecting the impact of the rebased Consumer Price Index (CPI) and easing inflationary pressures. This methodological refinement, alongside improved food supply and a relatively stable exchange rate, contributed to the decline in inflation and by extension, to the reduction in the Misery Index. Though underlying risks persist, the decline signals a modest improvement in macroeconomic stability and consumer sentiment.



Source: NBS

2.6 External Reserves

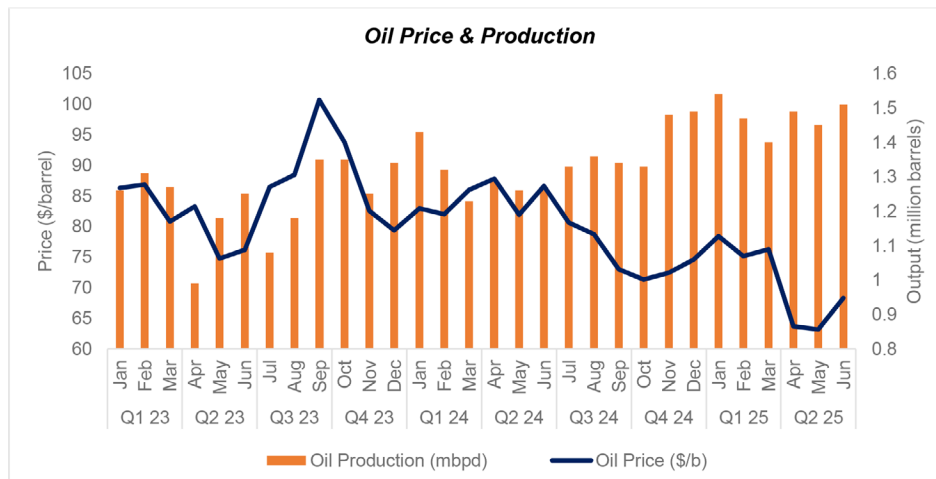
Nigeria’s external reserves declined to \$37.21 billion at the end of Q2 2025, down from \$38.31 billion in Q1 2025, underscoring mounting pressures on the country’s foreign asset position. This reduction reflects ongoing pressures from external debt servicing, volatile oil prices, and persistent foreign exchange (FX) market demand. Despite the decline, the Nigerian naira exhibited relative stability, supported by foreign portfolio inflows. Moreover, the CBN sustained foreign exchange interventions, aimed at containing volatility and supporting the naira, further weighed on reserve levels. These developments underscore the increasing trade-offs facing monetary authorities as they navigate the complex challenge of safeguarding reserve adequacy while maintaining exchange rate stability, against a backdrop of persistent external vulnerabilities and muted capital inflows.



Source: CBN

2.7 Oil Price & Production

Crude oil prices softened at the close of H1 2025, reversing earlier gains despite persistent geopolitical tensions in the Middle East, particularly around the Strait of Hormuz, a critical chokepoint for global oil shipments. While initial fears of supply disruptions had placed upward pressure on prices, market sentiment shifted as global demand concerns and increased supply from OPEC+ weighed heavily on prices. Consequently, Brent crude declined significantly, averaging \$63.35 per barrel in June 2025, down from \$76.25 per barrel recorded in Q1 2025. On the domestic front, Nigeria’s crude oil production recorded a marginal increase, rising to 1.51 million barrels per day (mbpd) in June 2025 from 1.45 mbpd in prior month. This uptick reflects the federal government’s ongoing initiatives to stabilize production, despite lingering challenges such as pipeline vandalism, oil theft, and aging infrastructure. Sustaining this upward trajectory will require deeper investments in upstream operations, improved security architecture in the Niger Delta, and resolution of operational bottlenecks within the sector.

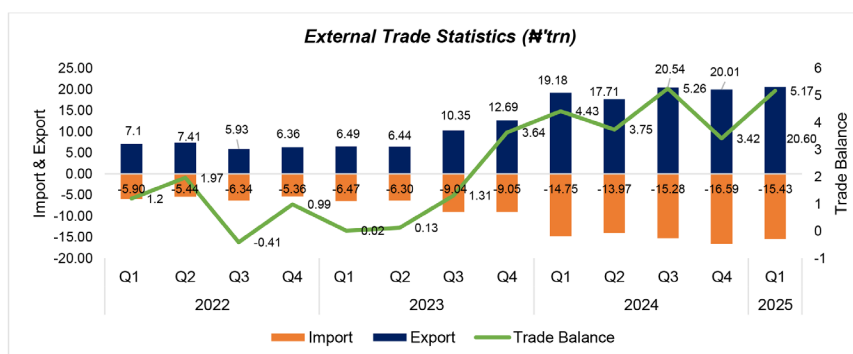


Sources: CBN, NUPRC

2.8 External Trade

Nigeria's trade balance surged in the first quarter of 2025 to settle at ₦5.17 trillion, according to the latest Foreign Trade in Goods Statistics from the National Bureau of Statistics (NBS), underscoring the resilience of external trade activity amid shifting global economic dynamics. The total value of merchandise trade reached ₦36.02 trillion, reflecting a marginal decline of 1.58% quarter-on-quarter and a significant 6.19% surge year-on-year compared to the first quarter in the corresponding period.

In the first quarter of 2025, Nigeria's export earnings rose by 2.92% to ₦20.60 trillion, accounting for 57.18% of total trade, up from ₦20.01 trillion in the previous quarter. Meanwhile, imports fell significantly by 7.02% to ₦15.43 trillion, reflecting subdued domestic demand and improved trade balance. Crude oil continued to dominate Nigeria's export profile in Q1 2025, accounting for ₦12.96 trillion which represents 62.89% of total exports. Non-oil exports, including agriculture, solid minerals, and manufactured goods, amounted to ₦7.64 trillion, representing 37.11%. This persistent concentration in oil exports underscores the structural fragility of the economy and the pressing need to intensify diversification efforts to cushion against external shocks, particularly volatile global oil prices.

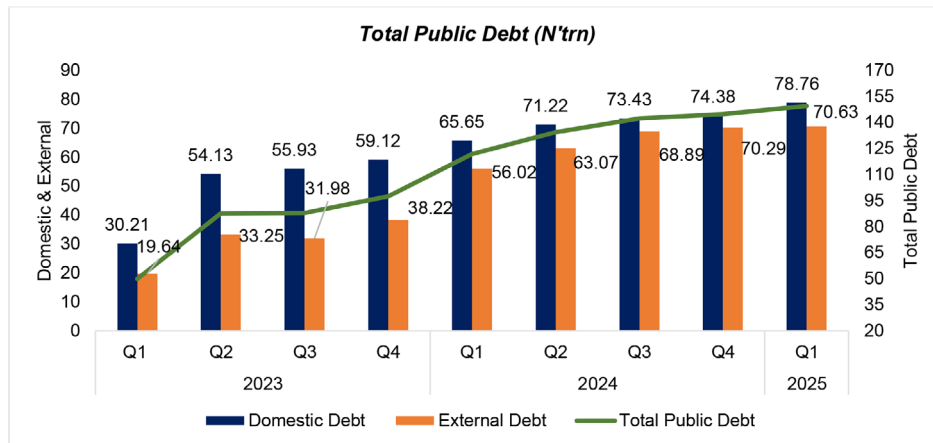


Source: NBS

2.9 Total Public Debt

According to the Debt Management Office (DMO), Nigeria's total public debt stock rose by 3.27% in Q1 2025, reaching ₦149.39 trillion (\$97.24 billion) from ₦144.67 trillion (\$94.23 billion) in Q4 2024. This increase reflects a combination of new borrowing and the impact of naira depreciation. The sustained upward trend in public debt underscores intensifying fiscal pressures, driven by persistent budget deficits, infrastructure financing needs, and macroeconomic challenges.

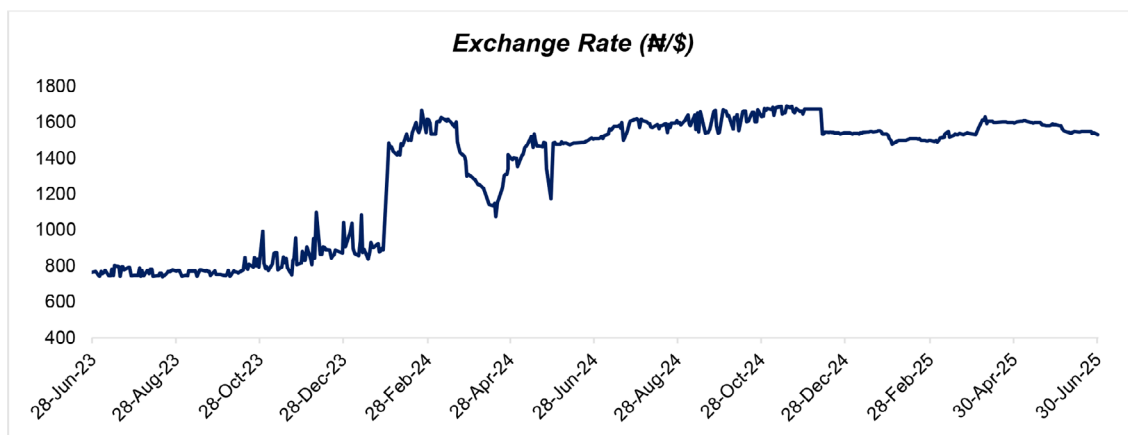
The debt composition reveals a near-balanced split between domestic and external obligations. Domestic debt, constituting 52.72% of the total, stood at ₦78.76 trillion (\$51.26 billion), while external debt accounted for 47.28%, equivalent to ₦70.63 trillion (\$45.98 billion).



Source: DMO

2.10 Exchange Rate

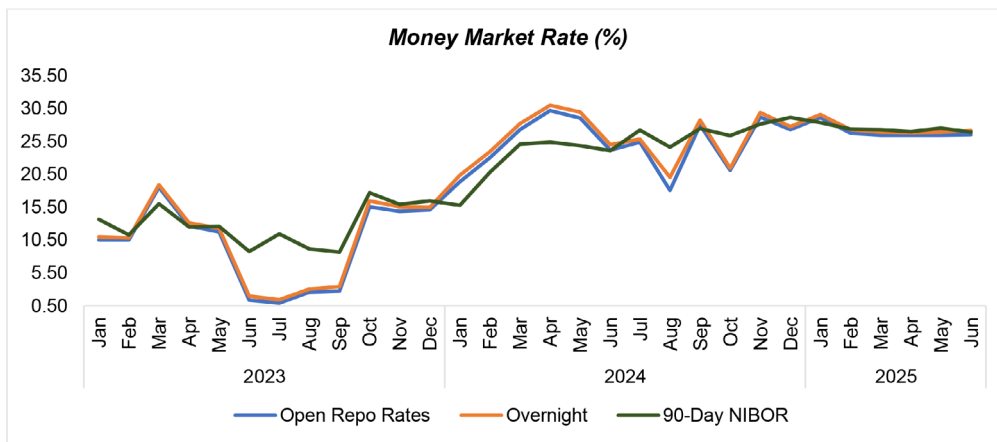
In the second quarter of 2025, the Nigerian naira exhibited relative stability, largely driven by the continued interventionist stance of the Central Bank of Nigeria (CBN), which actively supplied foreign exchange to authorized dealer banks at concessionary rates. Consequently, the naira strengthened slightly, appreciating to ₦1,529.21/USD by the end of Q2 2025 from ₦1,536.32/USD at the close of Q1 2025. This marginal gain signals improved FX supply-side dynamics and suggests an early, albeit fragile, return of investor confidence. External uncertainties continue to weigh on Naira as demand for the USD continues to rise.



Source: FMDQ

2.11. Money Market

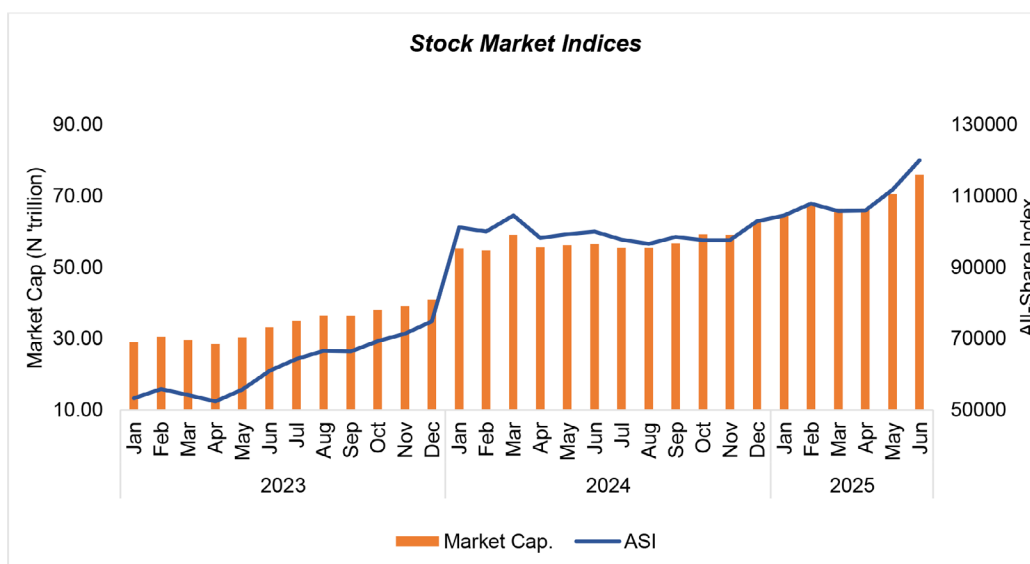
In Q2 2025, Nigeria's Open Repo Rate (OPR) and Overnight (ON) rate edged higher to 26.58% and 27.17%, respectively, compared to 26.50% and 26.96% recorded in prior quarter. The upward movement suggests sustained tightness in short-term funding markets, reflecting cautious liquidity management by CBN. Conversely, the 90-day Nigerian Interbank Offered Rate (NIBOR) eased to 26.91% from 27.27%, indicating marginal improvement in system liquidity over the medium term. The divergence across tenors' points to a complex liquidity environment, where short-term pressures persist even as some relief is observed in longer-dated interbank placements.



Source: FMDQ

2.12. The Stock Market

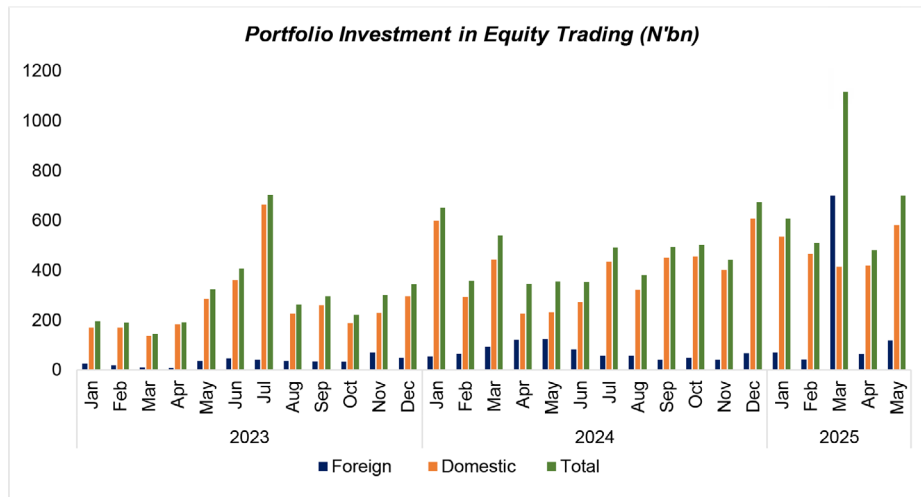
In Q2 2025, the Nigerian Exchange Group (NGX) extended its bullish run, with the All-Share Index (ASI) advancing by 14,317.93 points to close at 119,978.57 in June, up from 105,660.64 in March. This represents a robust 13.5% quarterly gain, reflecting sustained investor confidence in the equities market. Similarly, market capitalization surged to ₦75.95 trillion by end-June, up from ₦66.26 trillion at the end of Q1, underpinned by strong price appreciation in key large-cap stocks. The banking sector remained the primary driver of market performance, buoyed by heightened investor interest following the Central Bank of Nigeria’s (CBN) recapitalization directive, which has accelerated capital inflows into financial stocks. In contrast, the Industrial Goods, Oil & Gas, and Insurance sectors recorded moderate declines, largely due to profit-taking activities and lingering sector-specific headwinds.



Source: NGX

2.13. Portfolio Investment – NGX

Total equity transactions fell to ₦700.50 billion in May 2025, marking a sharp decline from ₦1.12 trillion in March, reflecting waning market activity. Domestic investors remained dominant, accounting for approximately 66% more transaction value than their foreign counterparts, while retail participation exceeded institutional activity by 16%, signaling sustained interest from individual investors despite overall market slowdown.



Source: NGX

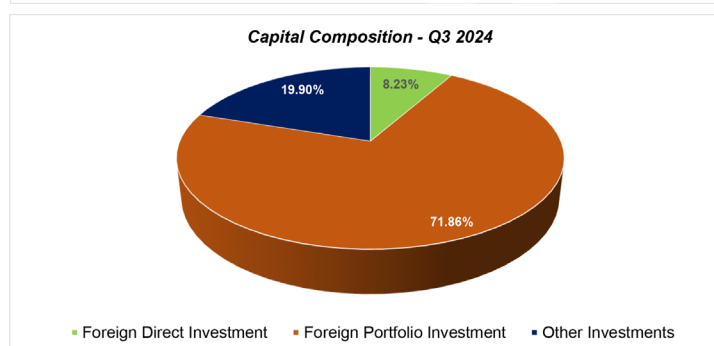
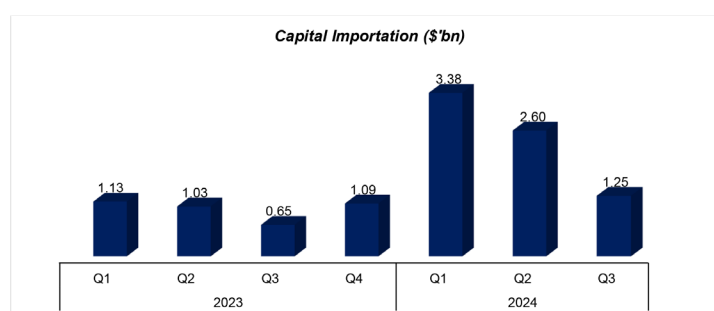
2.14. Capital Importation

In the third quarter of 2024, Nigeria's total capital importation rose significantly to US\$1.25 billion, marking a year-on-year increase of 91.35% from the US\$1.03 billion recorded in Q3 2023. However, on a quarter-on-quarter basis, capital inflows contracted sharply by 51.90%, down from US\$2.60 billion in Q2 2024.

Foreign Portfolio Investment (FPI) remained the primary driver of inflows, accounting for US\$0.90 billion or 71.86% of the total. This was followed by Other Investments at US\$0.25 billion (19.90%), while Foreign Direct Investment (FDI) constituted the smallest share at US\$0.10 billion, representing 8.23%.

Sectoral distribution showed the banking sector as the dominant recipient, attracting US\$579.48 million (46.26%), followed by the financing sector with US\$294.55 million (23.51%) and manufacturing at US\$189.22 million (15.11%).

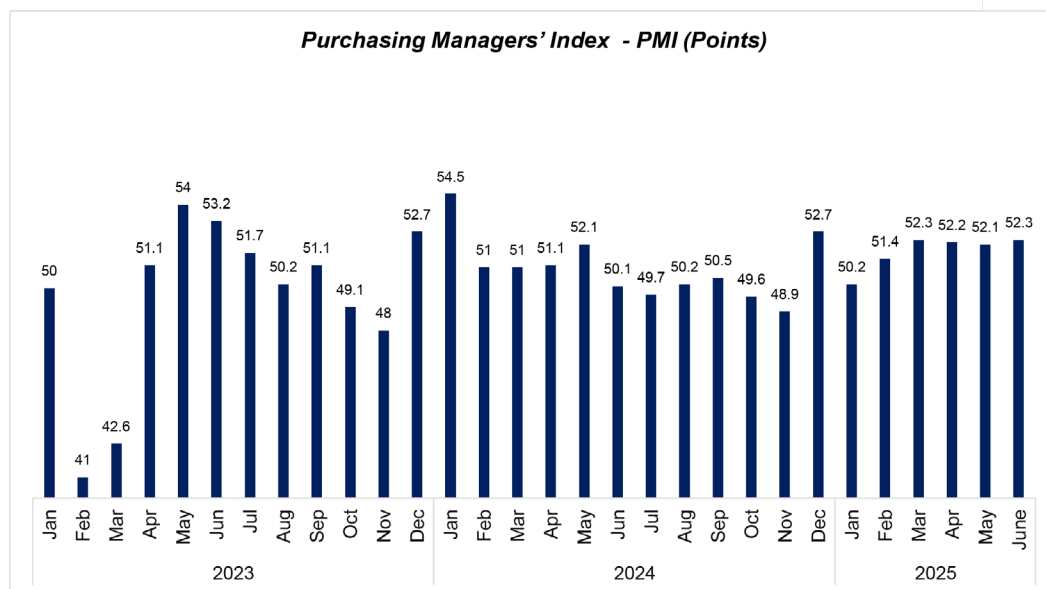
Geographically, Lagos State retained its position as the leading destination for capital inflows, drawing US\$650.41 million or 51.92% of the total, closely trailed by the Federal Capital Territory (Abuja) with US\$600.02 million, representing 47.90% of total capital imported during the review period.



Source: NBS

2.15. Purchasing Managers' Index

Nigeria's Purchasing Managers' Index (PMI) remained steady at 52.3 in June 2025, maintaining its position above the 50-point threshold for the seventh consecutive month. This sustained level indicates ongoing expansion in private sector activity, driven by resilient domestic demand, modest improvements in new orders, and increased output across key sectors such as agriculture, manufacturing, and services. Businesses, particularly in food processing, cement, and petroleum products, modestly increased production and employment in response to rising consumer activity. The positive momentum was further supported by improved business sentiment, buoyed by government capital spending and recent foreign exchange reforms, which enhanced operational efficiency. Despite persistent cost pressures and supply constraints, the broad-based expansion underscores a stable and modest recovery in economic activity, reflecting firms' adaptability in navigating a still-challenging macroeconomic environment.



Source: CBN

2.16. Credit Ratings

Moody's Investors Service upgraded Nigeria's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'B3' from 'Caa1', assigning a Stable Outlook. This rating action reflects material improvements in Nigeria's external and fiscal positions, supported by recent policy reforms aimed at restoring macroeconomic stability and investor confidence. Notably, the adoption of a more flexible exchange rate regime has facilitated improved balance of payments dynamics and strengthened foreign exchange reserves.

Moody's also highlighted the positive fiscal impact of fuel subsidy removal, which has eased budgetary pressures and enhanced fiscal space. Monetization the shift toward orthodox policy measures, such as sustained monetary tightening, cessation of deficit monetization and comprehensive tax and revenue reforms, has contributed to increased policy credibility and reduced macroeconomic distortions. While external risks remain, the Stable Outlook reflects Moody's view that Nigeria's reform trajectory will continue to strengthen institutional frameworks and improve resilience over the medium term.

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2.17. Socio-Economic Landscape

Nigerian Tax Reforms: The Nigerian government signed four key Tax Reform Bills into law: the Nigeria Tax Act (NTA), Nigeria Tax Administration Act (NTAA), Nigeria Revenue Service Act (NRSA) and the Joint Revenue Board Act (JRBA). These reforms are designed to boost economic growth, enhance revenue mobilization, streamline tax administration, and create a more business-friendly environment across all tiers of government.

Agricultural Development Initiatives: The African Development Bank launched the \$538 million first phase of the Special Agro-Industrial Processing Zones (SAPZ) across eight states in Nigeria. The initiative aims to boost food production, reduce imports, create jobs, and transform rural areas into productive economic hubs.

2.18. Financial Sector Developments

CBN Forbearance on COVID-19 Loans: The Central Bank of Nigeria (CBN) introduced a strict forbearance policy mandating banks under its regulatory oversight to suspend dividend distributions, defer executive bonuses and halt foreign investments. This policy is designed to preserve capital, enhance balance sheet resilience and ensure the financial system remains stable amid prevailing macroeconomic challenges.

Non-Resident Bank Verification Number (NRBVN) platform: The Central Bank of Nigeria (CBN) in collaboration with the Nigeria Inter-Bank Settlement System (NIBSS), has officially launched the Non-Resident Bank Verification Number (NRBVN) platform in May 2025. The NRBVN platform offers a secure, digital gateway that simplifies identity verification processes and promotes seamless integration into the Nigerian banking system. This innovation marks a significant step in enhancing financial inclusion for Nigerians in the diaspora by enabling them to remotely enroll for a BVN without needing to be physically present in Nigeria.

Section 3

OUTLOOK FOR Q4 2025 - Nigeria



GDP Growth

Nigeria's economic growth is projected to remain within the 3.0% to 3.5% range in 2025, supported by the sustained impact of structural reforms implemented by the government. These reforms are gradually restoring macroeconomic stability by improving fiscal discipline, enhancing investor confidence, and strengthening key sectors of the economy. Additionally, the easing of inflationary pressures and a decline in borrowing costs are expected to bolster domestic demand and stimulate private sector activity, reinforcing the growth trajectory over the medium term.



Foreign Exchange

The foreign exchange rate is projected to average between ₦1,400 and ₦1,500 in 2025, underpinned by improved market confidence and ongoing reforms aimed at enhancing transparency and efficiency in the FX market.



Crude Oil

Oil prices are projected to fluctuate within the \$65 to \$75 per barrel range, pressured by geopolitical dynamics, Middle East tensions and evolving supply-side factors. Notably, former U.S. President Donald Trump's stance on trade, characterized by tariff threats and protectionist rhetoric, continues to cast uncertainty over global demand expectations. Simultaneously, the anticipated increase in output from OPEC+ members is expected to amplify supply-side pressures, potentially limiting any sustained upward momentum in prices. These dynamics suggest a delicate balance between demand fragility and production expansion in shaping oil market trends through the year.



Monetary Policy

The benchmark interest rate is forecasted to decline to between 23% and 25% by the end of 2025, as the Central Bank of Nigeria (CBN) continues its efforts to manage inflation and stabilize the broader economy. In the second half of the year, rate cuts are anticipated to ease monetary conditions, supporting growth-focused policies. This adjustment aligns with Nigeria's broader economic strategy to foster sustainable growth and move closer to its \$1 trillion GDP target by 2030. Such measures reflect the CBN's commitment to balancing inflation control with long-term economic development, ensuring stability and progress in the country's economic trajectory.



Foreign Reserves

External reserve is expected to stabilize within the range of \$43.0 to \$45.0 billion, supported by oil receipts, continued multilateral inflows and prudent foreign exchange management by the Central Bank of Nigeria.



Inflation

Inflation in 2025 is projected to range between 16.0% and 18.8%, reflecting a period of relative stabilization. The subdued inflationary pressure is primarily attributed to the base effect, as well as the elevated policy rate and the recent rebasing of the Consumer Price Index (CPI). These factors are expected to contain the pace of price increases, providing some relief to the broader economy while still reflecting underlying inflationary challenges.

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