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Q1 2025

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Table of Contents

Section 1

GLOBAL ECONOMY --Pg3

1.1 United States --Pg4

1.2 Euro Area --Pg5

1.3 BRICS --Pg5

1.4 Africa --Pg8

Section 2

THE NIGERIAN ECONOMY --Pg13

2.1 GDP Growth --Pg 14

2.2 Inflation --Pg 15

2.3 Monetary Policy --Pg 15

2.4 Unemployment --Pg16

2.5 Misery Index --Pg16

2.6 External Reserves --Pg17

2.7 Oil Price & Production --Pg17

2.8 External Trade --Pg18

2.9 Total Public Debt --Pg18

2.10 Exchange Rate --Pg19

2.11 Money Market --Pg19

2.12 The Stock Market --Pg20

2.13 Portfolio Investment-NGX --Pg20

2.14 Capital Importation --Pg21

2.15 Purchasing Managers' Index (PMI) --Pg22

2.16 Credit Ratings --Pg22

2.17 Socio-Economic Landscape --Pg24

2.18 Financial Sector Developments --Pg24

Section 3

OUTLOOK FOR Q2 2024 --Pg24

3.1 GDP Growth --Pg24

3.2 Foreign Exchange --Pg24

3.3 Crude Oil --Pg25

3.4 Monetary Policy --Pg25

3.5 Foreign Reserves --Pg25

3.6 Inflation --Pg25

Section 0.1

GLOBAL ECONOMY

Global Uncertainty Heightens Amid Escalating Trade Wars and Energy Price Volatility

The first quarter of 2025 ushered in a turbulent period for the global economy, marked by intensifying trade tensions, sharp declines in oil prices, and growing fears of a synchronized global slowdown. The return of Donald Trump to the U.S. presidency has introduced a new era of protectionist trade policy, reshaping the global economic landscape. Sweeping tariff measures - including a 10% baseline tariff on all imports and targeted hikes such as 145% on Chinese goods and 20% on EU exports - have provoked swift retaliatory actions. Notably, China has imposed a 125% tariff on U.S. imports, exacerbating disruptions across global supply chains, dampening trade volumes, and fueling inflationary pressures.

The reverberations have been immediate and far-reaching. Commodity markets, particularly oil, have been hit hard. Brent crude prices have fallen to a near four-year low, hovering between $60 and $65 per barrel, driven by fears of waning global demand and the announcement of an additional 411,000 barrels per day increase in production by OPEC+ scheduled for May. The outlook for Brent has been revised downward, reflecting concerns over demand destruction from escalating tariff burdens and weakening industrial activity.

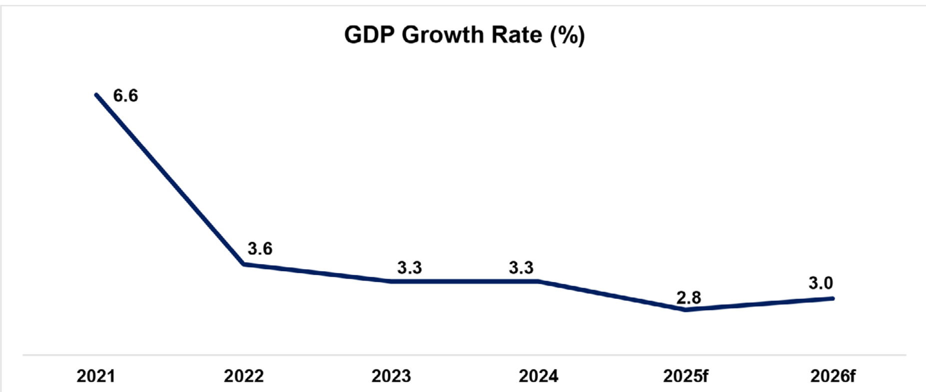
Inflation expectations are climbing in anticipation of higher input costs. This has placed the U.S. Federal Reserve in a delicate policy position. While rate hikes remain on the table to contain inflation, growing recession risks could force policymakers to pivot toward easing. U.S. Treasury yields have been volatile, reflecting deepening investor unease and shifting expectations for monetary policy.

Adding to the fragility of the global outlook are heightened geopolitical tensions, particularly in the Middle East and increasingly fragmented trade relations. Despite these headwinds, some green shoots of resilience have emerged. The Global Composite Purchasing Managers' Index (PMI) rose modestly to 52.1 in March 2025 from 51.5 in February 2025, suggesting continued expansion in global activity, albeit tepid. The growth was buoyed by a robust services sector.

The IMF in its latest report for April 2025 revised the global growth down to 2.8% in 2025 and 3.0% in 2026, amid trade tensions and policy uncertainties. Despite expected slowdown in global economy, growth is expected to remain above recession levels, however, the global estimate varies substantially across countries.

China's outlook, in particular, will play a pivotal role in shaping global trends. While Beijing may resort to policy stimulus to reignite momentum, structural impediments - ranging from an aging population to elevated debt burdens - are likely to limit the pace and durability of recovery. Furthermore, the latest round of U.S. tariffs adds renewed pressure to an already fragile economy.

In sum, the global economy finds itself at a critical inflection point. The re-emergence of aggressive trade policies, compounded by falling oil prices and geopolitical uncertainty, amplifies downside risks. As businesses, policymakers, and investors navigate this complex environment, the imperative for adaptive strategies, multilateral cooperation and long-term resilience has never been greater.



Source: IMF
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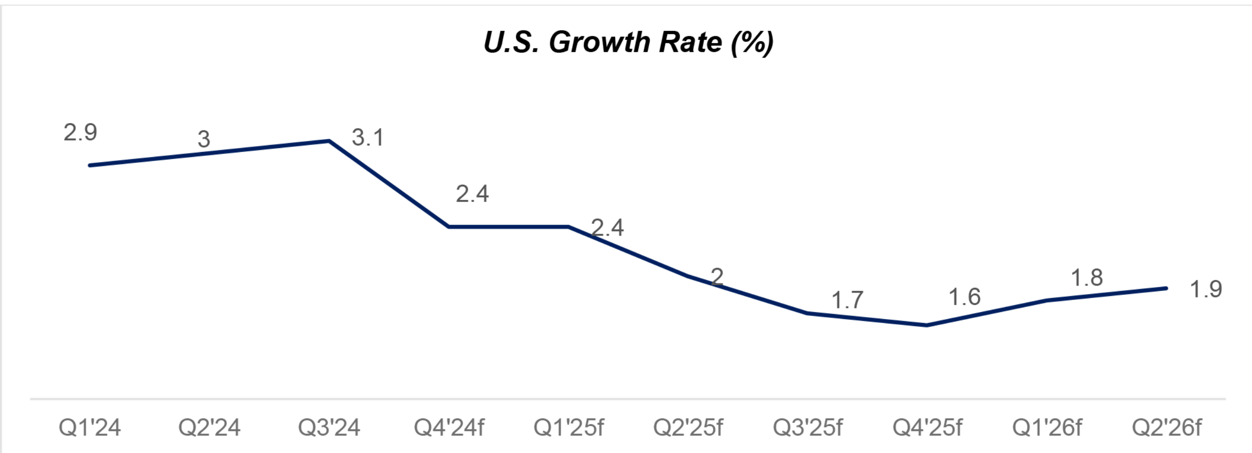
UNITED STATES/EURO AREA

United States

According to the U.S. Bureau of Economic Analysis, real GDP grew at an annualized rate of 2.4% in the fourth quarter of 2024, reflecting a moderation from the 3.1% expansion recorded in the third quarter. The growth momentum was largely sustained by robust consumer spending and increased government expenditure, though it was partly dampened by a notable decline in private investment. Imports, which subtract from GDP calculations, declined during the quarter, slightly offsetting the overall slowdown. The deceleration in GDP was primarily driven by downturns in investment and exports, underscoring external and domestic headwinds. For the full year 2024, real GDP rose by 2.8%, marginally lower than the 2.9% recorded in 2023. This performance was supported by gains in consumer activity, capital investment, government spending, and exports, although the increase in imports over the year weighed on net growth contributions.

Inflationary pressures eased significantly in March 2025, with headline inflation falling to 2.4% - the lowest since September - down from 2.8% in February and well below market expectations of 2.6%. The decline was primarily attributed to softer gasoline prices. However, there are growing concerns that President Donald Trump's aggressive tariff agenda and the threat of an escalating global trade war could undermine this progress in the months ahead. Core inflation, which excludes volatile food and energy prices, also moderated to 2.8% from 3.1%, marking its lowest level since March 2021 and suggesting a broader easing of price pressures.

Labor market data further underscored the economy's resilience. The unemployment rate inched up slightly to 4.2% in March from 4.1% in the prior month, a move seen as consistent with a stable and growing labor force. Importantly, the U.S. economy added a strong 228,000 jobs during the month, significantly outperforming consensus forecasts of 140,000 and indicating continued employer confidence. Business activity also gained traction, with the U.S. Purchasing Managers' Index (PMI) climbing to 53.5 in March from a 10-month low of 51.6 in February. This marked the strongest pace of expansion since December 2024, supported by rising demand and improved sentiment across key sectors.



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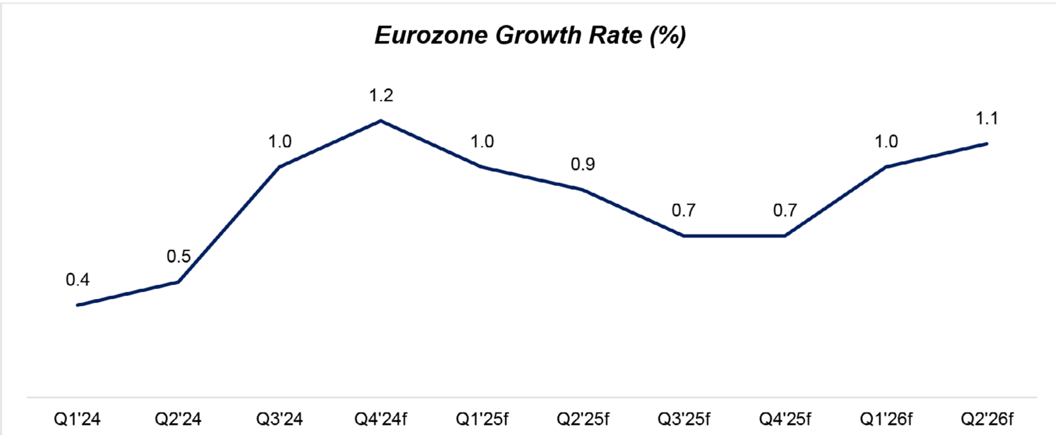
Euro Zone

The Eurozone economy expanded at an annualized rate of 1.2% in the fourth quarter of 2024, a slight improvement from the 1.0% growth recorded in the previous quarter. The uptick was primarily driven by steady increases in household consumption and government spending, both rising by 0.4% during the period. Among member states, Ireland led with a notable GDP expansion of 3.6%, followed by Denmark and Portugal, which posted growth of 1.6% and 1.5%, respectively. In contrast, the sharpest contractions were seen in Malta (-0.7%), Austria (-0.4%), while Germany and Finland both recorded declines of 0.2%, underscoring persistent divergence in economic performance across the bloc.

Inflation in the Eurozone moderated for the third consecutive month, easing to 2.2% in March from 2.3% in February, remaining within the European Central Bank's target of around 2%. This trend suggests a degree of price stability, although emerging risks from external trade frictions—particularly the U.S. administration's imposition of a 25% tariff on imported automobiles—could reintroduce inflationary pressures in the months ahead. Core inflation, which excludes food, energy, alcohol, and tobacco, declined to 2.4% from 2.6%, while services inflation, long a sticky component, fell to 3.4% in March from 3.7% previously, indicating a gradual unwinding of underlying price pressures.

Meanwhile, business sentiment across the region showed tentative signs of recovery. The Eurozone's Composite Purchasing Managers' Index (PMI) rose to 50.9 in March 2025, up from 50.2 in February, signaling a mild expansion in private sector activity and offering cautious optimism amid a complex global economic backdrop.



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BRICS+

BRICS economies sustained their growth momentum, with India emerging as the standout performer. India's GDP expanded by 6.2% in Q4, accelerating from 5.4% in the previous quarter, driven by resilient domestic demand and robust services sector performance. China also reported solid gains, with year-on-year GDP growth rising to 5.4%, up from 4.6% in Q3, reflecting gradual recovery in industrial output and consumer activity. Brazil posted a 3.6% growth rate for the quarter, although forward-looking projections indicate a slight moderation to 3.1% in Q1 2025, as external demand and credit conditions soften.

Inflation trends across the BRICS bloc in the first quarter of 2025 remained varied, highlighting the region's diverse economic dynamics. China and Russia continue to grapple with subdued inflationary pressures, with signs of deflation in specific sectors due to sluggish demand and overcapacity. In contrast, Brazil and South Africa are contending with elevated inflation levels, fueled by currency volatility, energy prices, and structural inefficiencies. 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.

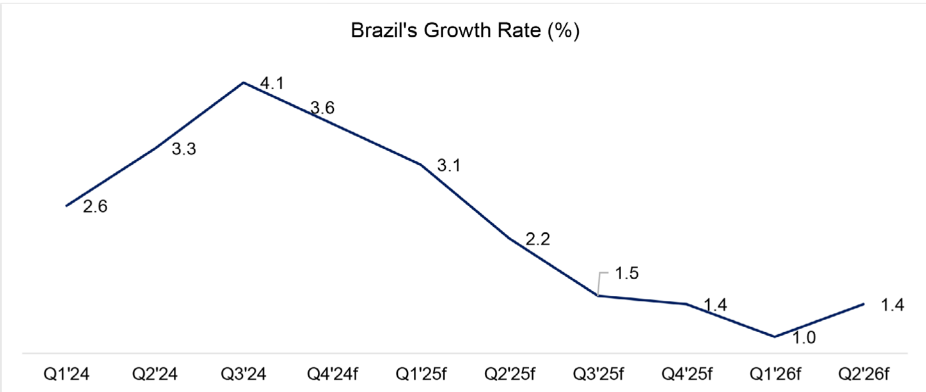
Brazil

Brazil's economy expanded by 3.6% in the fourth quarter of 2024, down from 4.1% in the previous quarter, as growth momentum softened across key sectors. The contraction in agriculture (-1.5%) and the oil, natural gas, and mining sector (-2.5%) weighed on overall output. However, for the full year, GDP rose by 3.4% in 2024, slightly up from 3.2% in 2023, marking the strongest annual growth since 2021. This performance was primarily supported by gains in the services and industrial sectors, which helped counterbalance the drag from agricultural output.

Inflationary pressures intensified in early 2025, with consumer prices climbing to 5.06% in February, up from 4.56% in January and marking the highest rate since September 2023. The spike surpassed market expectations of 5.0%, driven by renewed price increases in housing, utilities, food, beverages, and household maintenance services. Transportation inflation, however, eased marginally to 5.21% from 5.32%. With inflation accelerating above target, expectations are mounting for further monetary policy tightening in the coming months to rein in price growth.

Meanwhile, Brazil is not immune to shifting global trade dynamics. The U.S. administration's imposition of a 10% baseline tariff on all imports will affect Brazilian exports, despite the country accounting for just 1.3% of total U.S. imports. This development may strain external trade prospects and weigh on export-driven industries.

Nonetheless, Brazil's private sector continues to show signs of resilience. The composite Purchasing Managers' Index (PMI) rose to 52.6 in March 2025 from 51.2 in February, indicating a moderate expansion. Aggregate output increased for the second consecutive month, reaching a four-month high and reinforcing a cautiously optimistic outlook for the near term.



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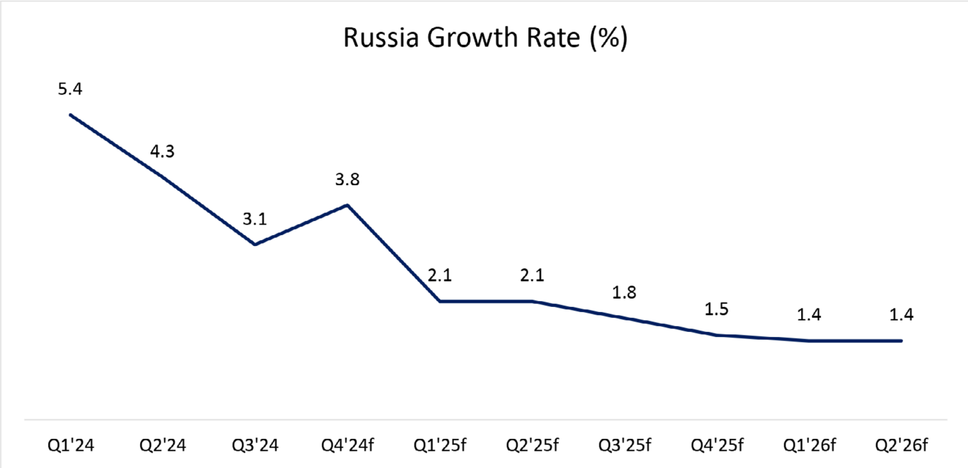
Russia

Russia's economy expanded by 4.5% in 2024, accelerating from 3.3% in the previous year, with growth underpinned by a sharp rise in government expenditure and sustained investment in military infrastructure amid the ongoing conflict in Ukraine. On a quarterly basis, GDP rose by 3.8% year-on-year in Q4 2024, up from 3.1% in Q3, reflecting continued fiscal stimulus and war-related production demand.

However, inflationary pressures remain acute. The annual inflation rate climbed for the fifth consecutive month to 10.3% in March 2025, up from 10.1% in February, and remains significantly above the Central Bank of Russia's 4% target. This marks the highest inflation reading since February 2023, driven primarily by surging food prices, with additional pressures from services and non-food goods. Despite aggressive monetary tightening, including raising the benchmark interest rate to a two-decade high of 21% in October 2024, the central bank has been unable to contain inflation effectively, with elevated borrowing costs further straining consumer demand.

Economic momentum also showed signs of weakening in the private sector. Russia's Composite Purchasing Managers' Index (PMI) declined to 49.1 in March 2025, down from 50.4 in February, signaling the first contraction in business activity since late 2022 and suggesting growing headwinds to broader economic resilience.



Source: Bloomberg
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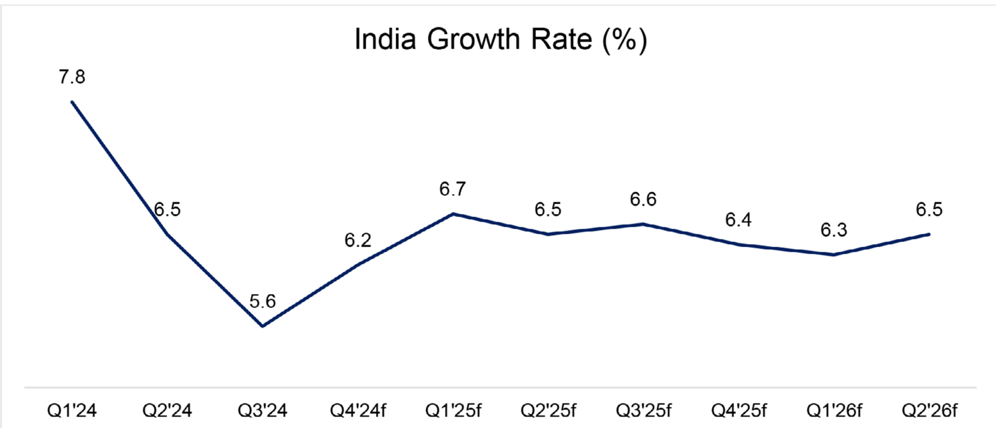
India

India's economy expanded by 6.2% in the October–December 2024 quarter, aligning with market expectations and reinforcing its position as the world's fastest-growing major economy. Growth in private consumption accelerated to 6.9% from 5.9% in the previous quarter, while public expenditure surged to 8.3%, up from 3.8% in Q3 2024. However, gross fixed capital formation edged slightly lower at 5.7% from 5.8%. Net external demand made a strong contribution to growth, as exports jumped 10.4% and imports declined by 1.1%, enhancing the overall GDP balance.

Inflation eased sharply to 3.34% in March 2025, below both expectations and the Reserve Bank of India's (RBI) 4% target, for the first time in over a year. This marked the lowest inflation reading since July 2024, largely driven by moderating food prices. Food inflation, a critical driver of India's consumer price index, fell to 2.69% from 3.75% in February, recording its lowest rate since November 2021. The softer inflation print has created space for monetary easing, especially as growth headwinds begin to surface.

Reflecting these dynamics, the RBI cut its policy rate by 25 basis points to 6% at its most recent meeting - the lowest level since September 2022. The central bank cited growing concerns over global economic uncertainty, particularly from rising tariff barriers, which it warned could weigh on both global and domestic growth prospects.

Meanwhile, India's composite Purchasing Managers' Index (PMI) rose to 59.5 in March 2025, up from 58.8 in February—its highest since August. This surge was underpinned by the fastest factory output growth in 20 months and sustained expansion in the services sector, underscoring the economy's underlying momentum.



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China

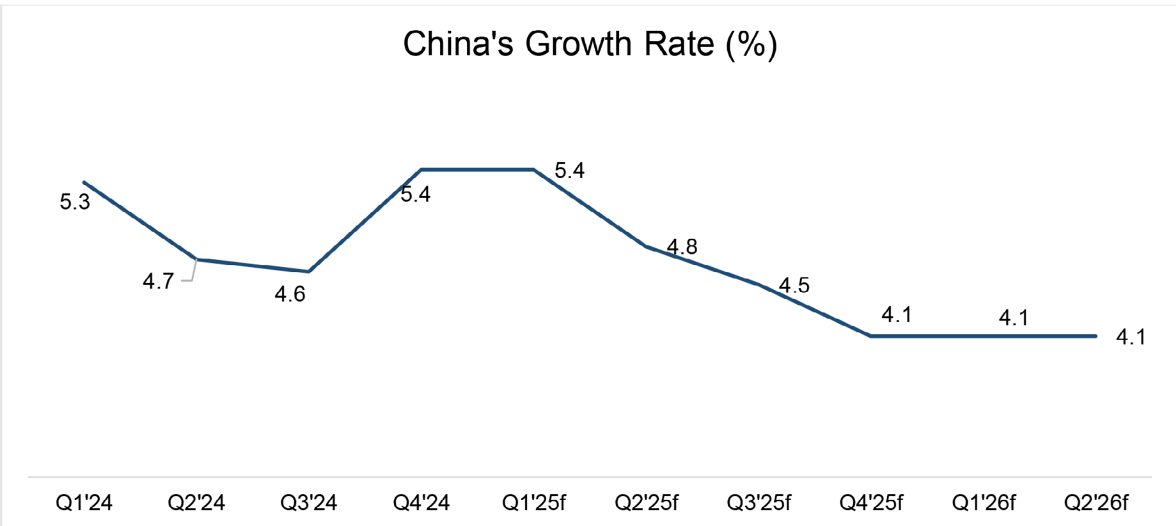
China's economy demonstrated resilience in the face of persistent global uncertainties and lingering domestic challenges. Data from the National Bureau of Statistics showed a 5.4% year-on-year expansion in real GDP during Q1 2025, surpassing market expectations. This stronger-than-anticipated performance was primarily driven by robust foreign trade activity. Exports surged by 6.9% year-on-year in the first quarter, with a remarkable 13.5% spike in March alone, underscoring the pivotal role of external demand in bolstering economic momentum.

Investor sentiment remained relatively upbeat, reflected in sustained increases in fixed asset investment across manufacturing, infrastructure, and high-tech sectors. Retail sales also registered a solid expansion, supported by a combination of fiscal incentives and the gradual recovery of consumer-facing sectors. Nonetheless, underlying domestic demand showed signs of fragility, as deflationary pressures continued to suppress consumer prices, pointing to more cautious household spending behavior.

In March 2025, the consumer price index (CPI) declined by 0.1% year-on-year, extending February's 0.7% contraction and reinforcing deflationary concerns. While core inflation, excluding food and energy, edged up to 0.5% from a 0.1% decline in the previous month, it remained below January's 0.6%, signaling weak price momentum. Heightened U.S.–China trade tensions have amplified fears of excess inventory among exporters, which could exert additional downward pressure on domestic prices.

Labour market stress has also resurfaced. China's surveyed unemployment rate ticked up to 5.4% in February, the highest since February 2023, driven in part by a second consecutive monthly rise in urban youth joblessness. This growing slack in the labor market adds further complexity to the government's goal of stabilizing consumption and sustaining inclusive growth.

Meanwhile, China's composite PMI rose to 51.8 in March from 51.5 in February, reaching its highest level since November 2024. The improvement reflects modest gains in both manufacturing and services activity, suggesting that while external trade remains the primary growth engine, domestic sectors are beginning to stabilize.



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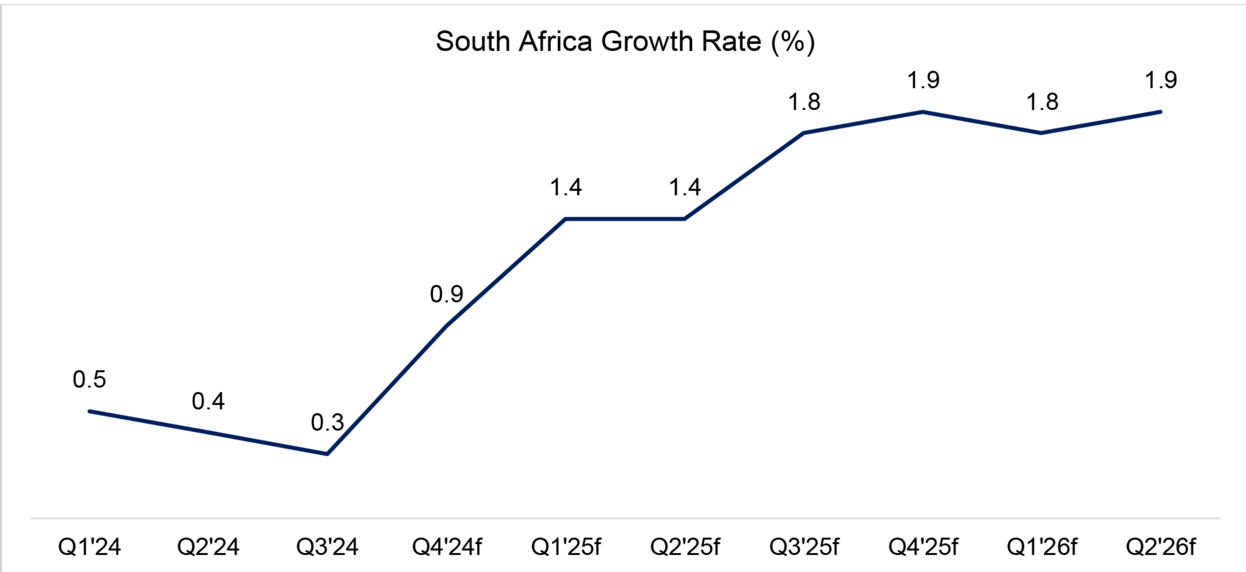
South Africa

South Africa's economy grew by 0.9% year-on-year in Q4 2024, rebounding from a revised 0.3% contraction in the previous quarter and narrowly avoiding a technical recession. Although growth came in slightly below expectations, the uptick reflected resilience in key sectors. Agriculture led the expansion with a robust 17.2% surge, followed by gains in trade (+1.4%) and finance (+1.1%). On the demand side, household consumption grew by 1.1%, underpinned by easing inflation and two interest rate cuts implemented in the latter half of 2024, offering much-needed support to domestic spending.

Conversely, government expenditure and fixed investment fell by 0.8% and 0.7% respectively, highlighting lingering structural challenges and weak investor sentiment. For the full year, GDP expanded by just 0.6% in 2024 - the slowest pace since the pandemic-hit year of 2020 - down from a revised 0.7% in 2023, underscoring the fragile nature of South Africa's economic recovery.

Inflationary pressures remained subdued. Annual consumer price inflation held steady at 3.2% in February 2025, unchanged from January, and comfortably within the South African Reserve Bank's target range. On a monthly basis, the CPI rose by 0.9%, with key upward contributions coming from housing and utilities, as well as food and non-alcoholic beverages.

However, the country's private sector sentiment weakened further. The composite PMI declined to 48.3 in March 2025 from 49.0 in February, marking a fourth consecutive month of contraction. Persistent demand weakness, coupled with elevated economic and political uncertainty ahead of elections, continued to weigh on business confidence and activity.



Source: Bloomberg
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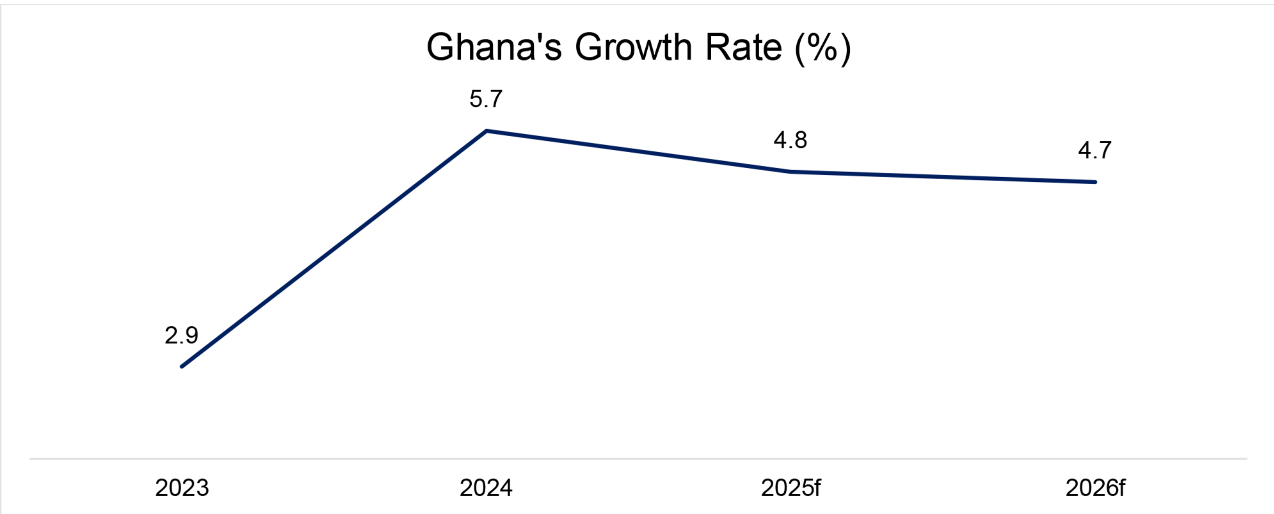
AFRICA

Ghana

Ghana's economic growth decelerated in the fourth quarter of 2024, reflecting a subdued industrial sector performance. The economy expanded by 3.6% year-on-year, a sharp slowdown from the revised 7.5% recorded in the third quarter. Despite the quarterly deceleration, full-year GDP growth stood at a solid 5.7%, underscoring the resilience of the broader economy amidst tightening global and domestic conditions. The services sector remained the primary engine of growth in Q4, expanding by 6.3% and contributing significantly to overall output. Agriculture also recorded a positive outturn, growing by 2.9%, while industry lagged, weighing on the momentum built in earlier quarters.

On the inflation front, consumer price pressures continued to ease for the third consecutive month, with headline inflation falling to 22.4% in March 2025—its lowest level in six months—from 23.1% in February. The moderation was largely driven by a deceleration in food inflation, which declined to 26.5% from 28.1% in the previous month, while non-food inflation inched down slightly to 18.7%. On a monthly basis, consumer prices rose by just 0.2% in March, the softest pace in seven months, down from 1.3% in February. However, inflation remains significantly above the Bank of Ghana's medium-term target range of 8%, reinforcing the need for continued monetary restraint.

In a proactive policy move, the Bank of Ghana raised its benchmark interest rate by 100 basis points to 28% in March- the first rate hike since July 2023 - signaling a renewed commitment to anchoring inflation expectations and maintaining macroeconomic stability. Meanwhile, business sentiment showed marginal improvement. Ghana's Purchasing Managers' Index (PMI) increased to 50.6 in March from 50.5 in February, indicating a modest expansion in private sector activity for the second straight month. The uptick was supported by slight gains in both output and new orders, alongside continued job creation across firms.



Source: Bloomberg
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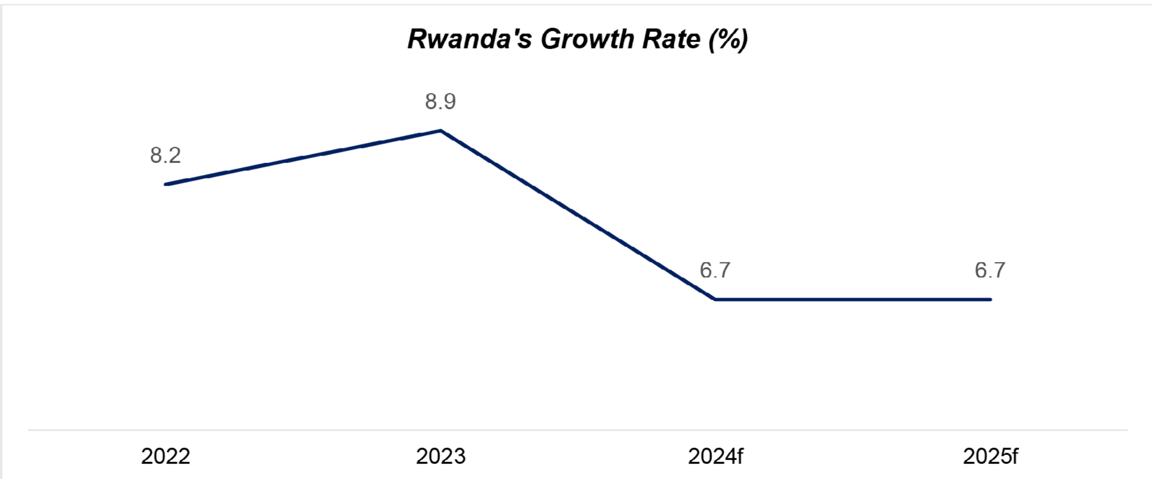
Rwanda

Rwanda's economy recorded strong growth in 2024, with real GDP expanding by 8% in the fourth quarter, following solid performances of 9.7% in Q1, 9.8% in Q2, and 8.1% in Q3. This culminated in an impressive annual growth rate of 8.9% for the year, underpinned by strong agricultural yields, resilient industrial output, and sustained momentum in the services sector.

The services sector remained the dominant driver of economic activity, contributing 49% to total GDP, supported by continued expansion in trade, transport, and a broad range of market-based services. Agriculture accounted for 24% of GDP, reflecting its critical role in livelihoods and food security, while industry contributed 20%, bolstered by gains in electricity generation, construction, and manufacturing. The remaining 7% was attributed to taxes less subsidies on products, highlighting the role of fiscal channels in GDP composition.

Notably, agricultural output rose by 5% in 2024, a significant improvement from the 2% recorded in 2023, driven by improved weather conditions and increased productivity. Industrial production maintained a robust growth pace of 10%, mirroring the previous year's performance. This was supported by a surge in electricity output and solid activity in the construction and manufacturing sub-sectors. Meanwhile, the services sector grew by 10%, a slight moderation from the 11% growth in 2023, yet still a key pillar of Rwanda's economic trajectory.

On the inflation front, consumer prices remained relatively contained, despite showing a modest uptick. The Consumer Price Index (CPI) rose by 6.5% year-on-year in March 2025, compared to 6.3% in February, reflecting mild inflationary pressures across key categories. Food and non-alcoholic beverages saw a 6.4% increase, housing and utilities rose by 2.6%, while transport costs surged by 12%, suggesting elevated fuel and logistics expenses.



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Section 2

THE NIGERIAN ECONOMY

Nigeria's economy exhibited strong resilience despite a turbulent macroeconomic landscape, supported by firm policy responses and improving economic indicators. In a significant statistical shift, the National Bureau of Statistics (NBS) rebased the Consumer Price Index (CPI) in January 2025, adjusting the inflation basket to reflect updated consumption patterns—particularly by reducing the weight of food items. This rebasing contributed to a marked decline in headline inflation, which fell from 34.80% in December 2024 to 24.23% in March 2025.

Economic activity showed encouraging signs of recovery, with growth strengthening for two consecutive quarters despite tighter monetary conditions. The Central Bank of Nigeria (CBN) maintained a hawkish stance throughout 2024, implementing six successive rate hikes totaling 875 basis points. In early 2025, it opted to hold the benchmark interest rate steady at 27.50%, following a final 25bps increase in November 2024.

Exchange rate stability has also been a key outcome of the CBN's interventions. The naira traded within a managed range of ₦1,500 to ₦1,600 per US dollar, reflecting improved liquidity and confidence in the FX market. By the end of Q1 2025, the naira appreciated slightly, closing at ₦1,536.32/USD, up from ₦1,538.23/USD at the end of the previous quarter.

Looking ahead, the Federal Government and the CBN project real GDP growth of 4.17% in 2025, driven by the anticipated impact of ongoing structural and fiscal reforms. However, global financial institutions - including the IMF and World Bank - maintain a more cautious outlook, forecasting growth at around 3.3%, citing persistent macroeconomic imbalances, fiscal vulnerabilities, and external risks, including uncertainty surrounding proposed U.S. trade policies under former President Donald Trump.

In sum, Nigeria's economic outlook is gradually improving, anchored by targeted reforms and monetary stability efforts, though sustaining momentum will require continued discipline and responsiveness to both domestic and global uncertainties.

A snapshot of the domestic economy for Q1 2025 is presented below:

Real GDP rose to 3.84% in Q4 2024 compared to 3.46% in Q3 2024	Oil prices rose to $75.9/b in March 2025 from $75.48/b posted in Dec 2024	Exchange rate appreciated to ₦1,541.67/$ in March 2025 from ₦1,549.00/$ in December 2024
The ASI rose to 105,660.64 points in Mar 2025 from 102,926.40 points in Dec 2024	Reserves declined to $38.31bn in March 2025 from $40.88bn in December 2024	Inflation printed at 24.23% in March 2025 compared to 34.80% in December 2024
Composite PMI improved to 52.3 points in March 2025 from 51.0 points in December 2024	The MPR was held steady in February at 27.50%	Oil production declined to 1.40mbpd in March 2025 from 1.49mbpd in December 2024

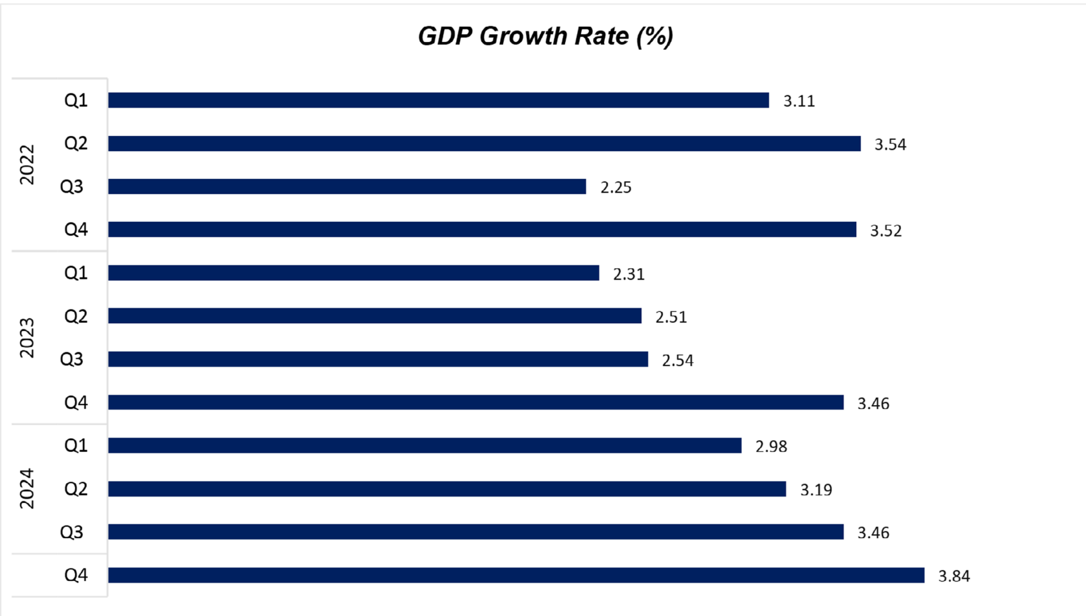
2.1. GDP Growth

Nigeria's real GDP grew by 3.84% year-on-year in Q4 2024, marking an acceleration from the 3.46% recorded in the previous quarter. The expansion was predominantly driven by the services sector, which grew by 5.37% and contributed 57.38% to total output, driven mainly by the robust performance in financial institutions and telecommunications.

The oil sector recorded a modest growth of 1.48% year-on-year in Q4 2024, marking a sharp deceleration from the 12.11% expansion observed in Q4 2023. This slowdown can be largely attributed to a slight decline in crude oil production, with average daily output falling to 1.54 mbpd from 1.56 mbpd in Q4 2023. Given the sector's strong dependence on production volumes, the contraction in output likely weighed on overall performance.

The non-oil sector posted a solid year-on-year growth of 3.96% in Q4 2024, marking an improvement from the previous quarter. This performance was largely underpinned by continued strength in the services sector, with significant contributions from Financial Institutions, which expanded by 28.47%, and the Information and Communication sector, particularly telecommunications, which grew by 6.81%. Meanwhile, the industrial and agricultural sectors recorded moderate growth of 2.00% and 1.76%, respectively, indicating a broad-based, though uneven, recovery across key non-oil segments of the economy.

With the planned rebasing of the GDP by the NBS, the current GDP is calculated with 2010 as the base year, while the proposed GDP base year is 2019. The rebasing exercise is expected to hold huge potential for the country in 2025 as the contribution of key sectors will see an upward adjustment. The rebased GDP is expected to capture new economic segments, such as the digital economy, activities of pension fund administrators, the National Health Insurance Scheme, the Nigerian Social Insurance Trust Fund, activities of modular refineries, domestic households as employers of labour, and coverage of illegal and hidden activities.

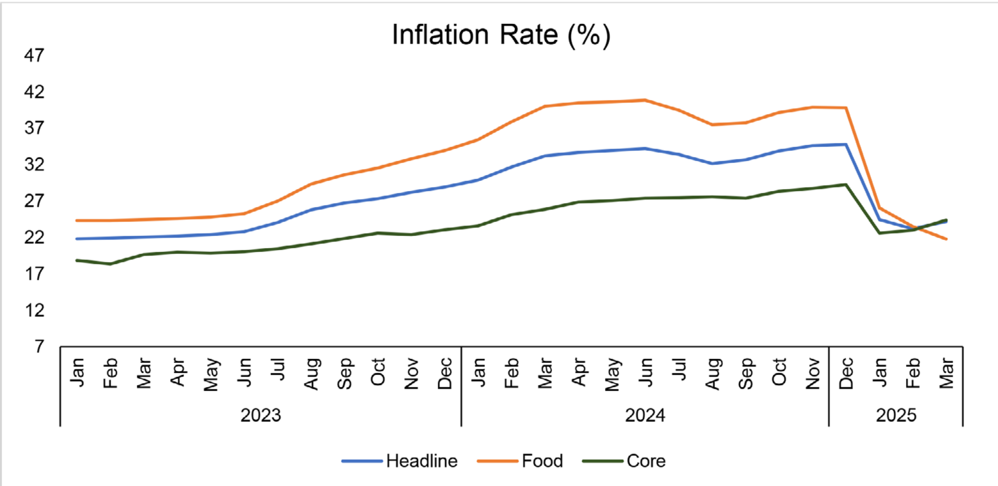


Source: NBS

2.2 Inflation

Nigeria's rebased Consumer Price Index (CPI), which shifted the base year from 2009 to 2024, marks a critical step in aligning the country's inflation metrics with current economic realities. The update improves methodological accuracy by revising the composition of the goods and services basket, adjusting item weights, and incorporating structural changes in consumer behavior. This recalibration ensures that inflation reporting more accurately reflects the modern consumption landscape.

The impact of this rebasing was immediately visible in headline inflation, which moderated sharply to 24.23% in March 2025 from 34.80% in December 2024. The drop reflects a recalibrated and more representative inflation basket. However, on a month-on-month basis, inflation ticked up modestly from 23.18% in February, primarily due to an uptick in core inflation, excluding volatile food and energy prices, which rose from 23.01% to 24.43%. In contrast, food inflation offered some reprieve, falling to 21.79% in March from 23.51% the previous month, easing pressure on household spending and offering a temporary cushion to consumers amid broader economic adjustments.

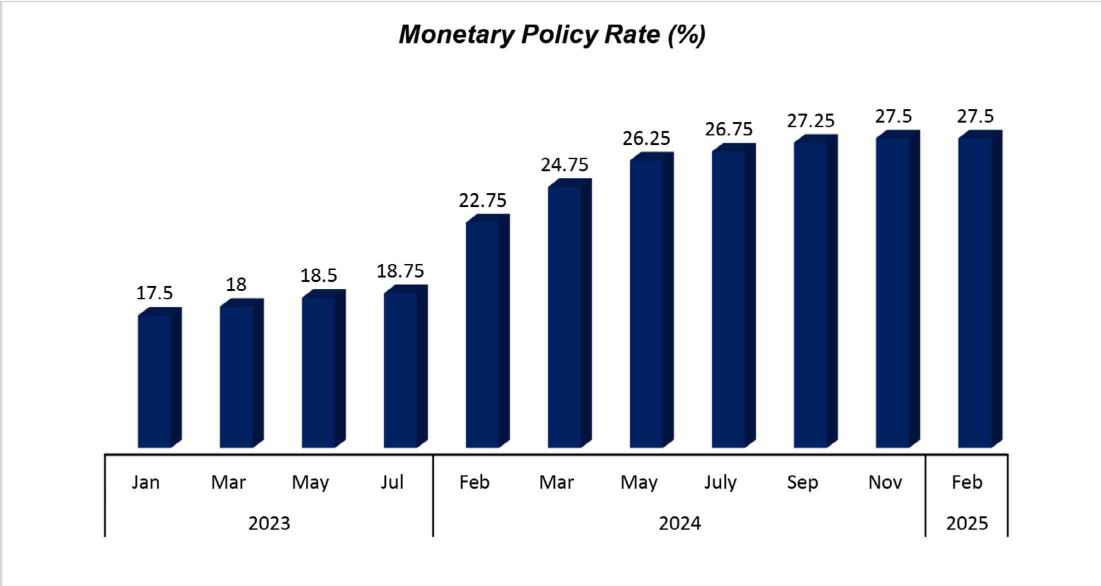


Source: NBS

2.3 Monetary Policy

At its February 2025 policy meeting, the Central Bank of Nigeria (CBN) decided to keep its benchmark lending rate unchanged at 27.50%, following a modest 25-basis-point increase in November 2024. This move marked a pause after an aggressive monetary tightening cycle throughout 2024, during which the rate was raised by a cumulative 875 basis points across six consecutive hikes. CBN Governor Olayemi Cardoso cited growing optimism within the Monetary Policy Committee (MPC), supported by improved macroeconomic indicators, including the relative stability in the foreign exchange market. The naira experienced modest appreciation against the U.S. dollar, and a gradual moderation in Premium Motor Spirit (PMS) prices added further support to the Bank's decision.

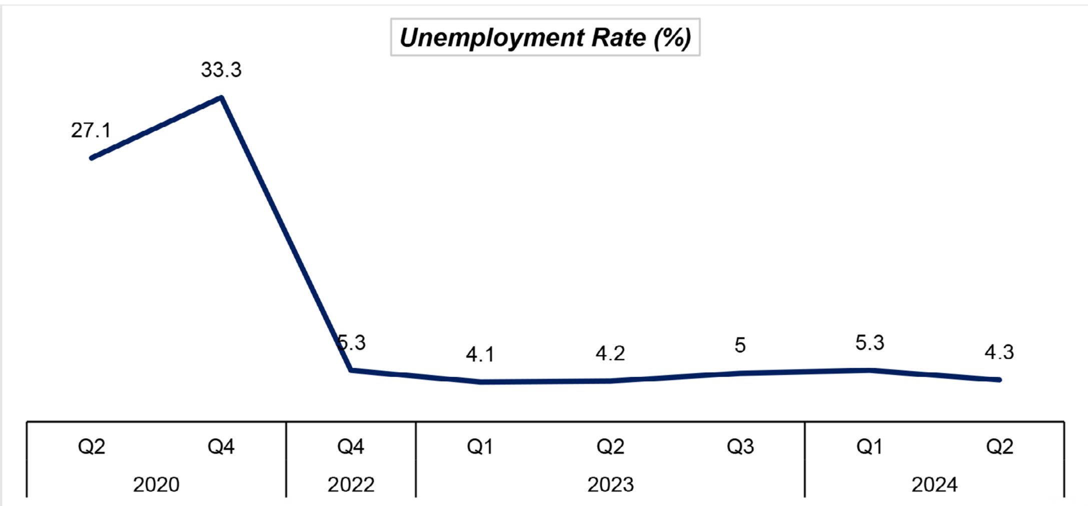
Despite these positive trends, Governor Cardoso emphasized the continued importance of closely monitoring inflation developments. He highlighted the recent rebasing of the Consumer Price Index (CPI) as a critical factor requiring careful analysis, given the changes in the basket composition and item weights that now more accurately reflect present-day consumption patterns. While the inflation rebasing has yielded encouraging headline figures, the CBN remains cautious, reaffirming its commitment to price stability and data-driven policy responses in the face of evolving domestic and global risks.



Source: NBS

2.4 Unemployment

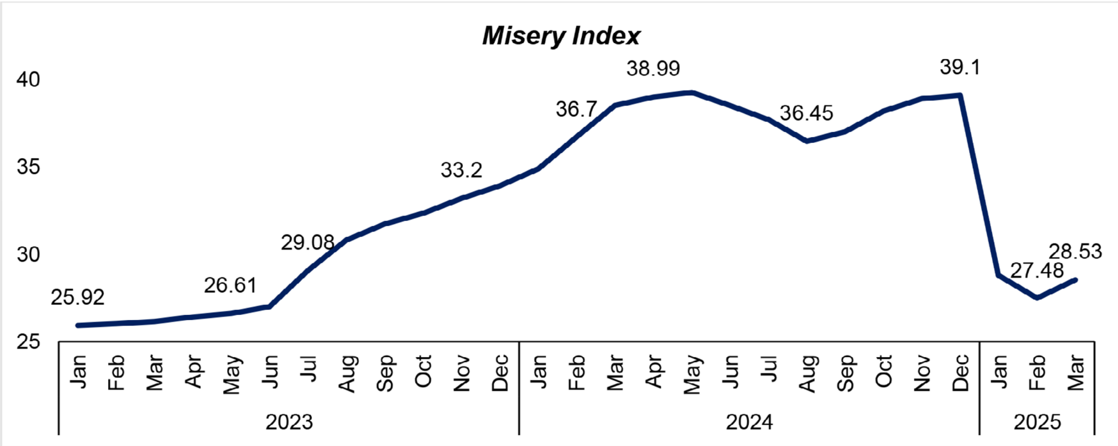
The Nigeria Labor Force Statistics report for Q2 2024 revealed that the unemployment rate decreased to 4.3%, down from 5.3% in Q1 2024. The youth unemployment rate decreased to 6.5% in Q2 2024, down from 8.4% in Q1 2024, reflecting a notable improvement in labor market conditions for this demographic. 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

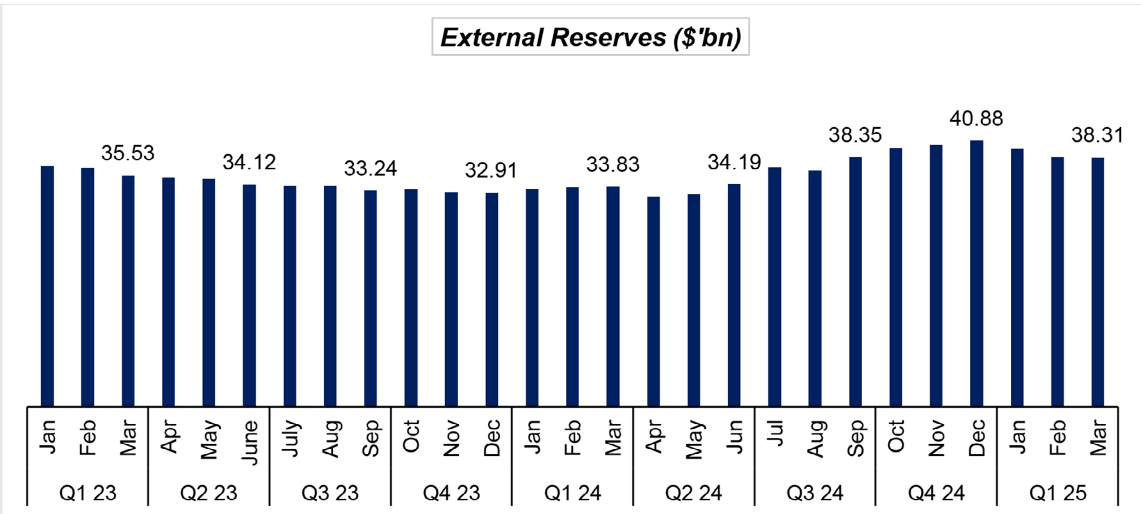
Nigeria's Misery Index—a composite measure combining inflation and unemployment rates—recorded a notable improvement in March 2025, dropping by 1,057 basis points to 28.53%, down from 39.1% in December 2024. This substantial decline underscores the positive impact of the recently rebased Consumer Price Index (CPI), which has helped to more accurately capture price movements in the economy. As inflation eased, the financial strain on households and businesses lessened, providing some relief in a previously high-cost environment and boosting overall consumer sentiment.



Source: NBS

2.6 External Reserves

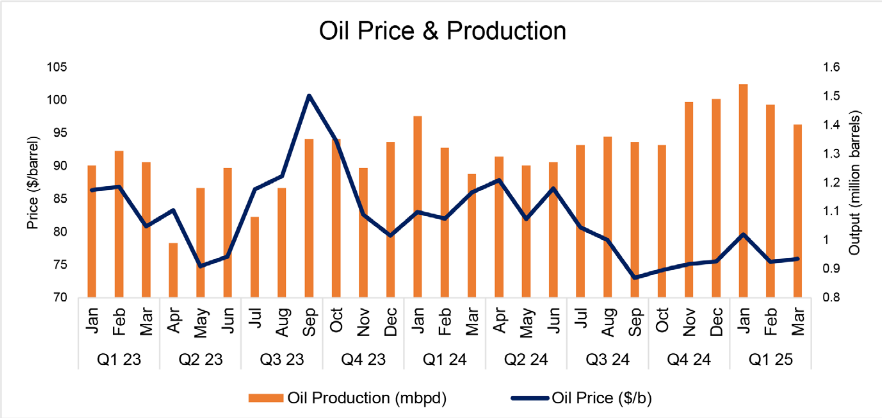
Nigeria's external reserves declined to $38.31 billion at the end of Q1 2025, compared to $40.88 billion at the close of Q4 2024, reflecting mounting pressures on the country's foreign assets. The drop was largely attributable to external debt servicing obligations, which have intensified amid tighter global financial conditions. Additionally, the CBN's sustained interventions in the foreign exchange market, aimed at cushioning the naira against persistent external shocks, further contributed to the depletion. These developments highlight the growing trade-offs between preserving foreign reserve buffers and maintaining currency stability, as Nigeria navigates an increasingly volatile global economic landscape.



Source: CBN

2.7 Oil Price & Production

In Q1 2025, Bonny Light crude oil prices experienced significant volatility, driven by a complex mix of economic and geopolitical factors. Prices surged in January, peaking at $84.48 per barrel, before declining by 11.86% to an average of $74.46 per barrel by March. This downward shift was primarily driven by market concerns over a potential oversupply, exacerbated by weakened demand, particularly from China. Additionally, persistent geopolitical tensions in the Middle East added to the uncertainty, fueling price fluctuations. On the supply side, Nigeria's crude oil production also faced setbacks, dropping to 1.40 million barrels per day in March, down from 1.49 million barrels per day in December 2024. This reduction of nearly 92,000 barrels per day underscores the ongoing production challenges in the sector.

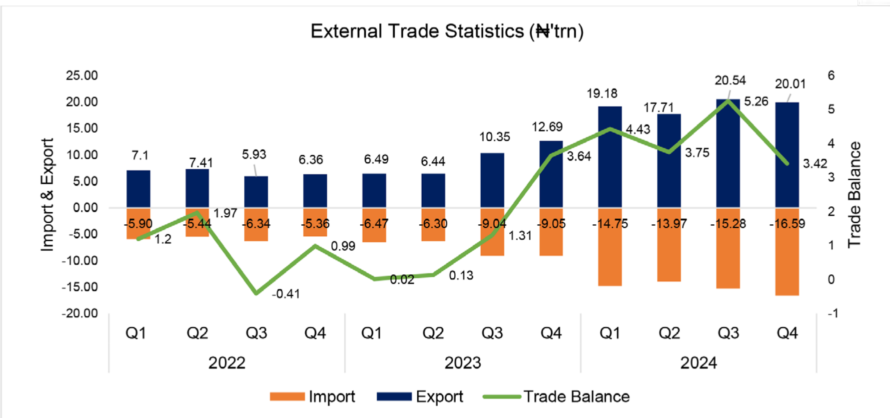


Sources: CBN, NUPRC

2.8 External Trade

Nigeria's trade balance remained positive at ₦3.42 trillion in Q4 2024, 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 ₦36.60 trillion, marking a 2.20% quarter-on-quarter increase and a notable 68.32% surge year-on-year compared to Q4 2023.

Exports accounted for 54.68% of total trade, amounting to ₦20.01 trillion, reflecting a 2.55% decline from ₦20.54 trillion recorded in Q3 2024. Conversely, imports rose by 8.57% to ₦16.59 trillion, up from ₦15.28 trillion in the previous quarter, signaling rising domestic demand for foreign goods. Crude oil remained the dominant export, contributing ₦13.78 trillion or 68.87% of total exports, while non-crude oil exports, including agriculture, solid minerals, and manufactured goods, stood at ₦6.23 trillion, representing 31.13%. This continued heavy reliance on oil exports highlights the urgent need for Nigeria to accelerate its diversification agenda to mitigate vulnerabilities linked to global oil price fluctuations.

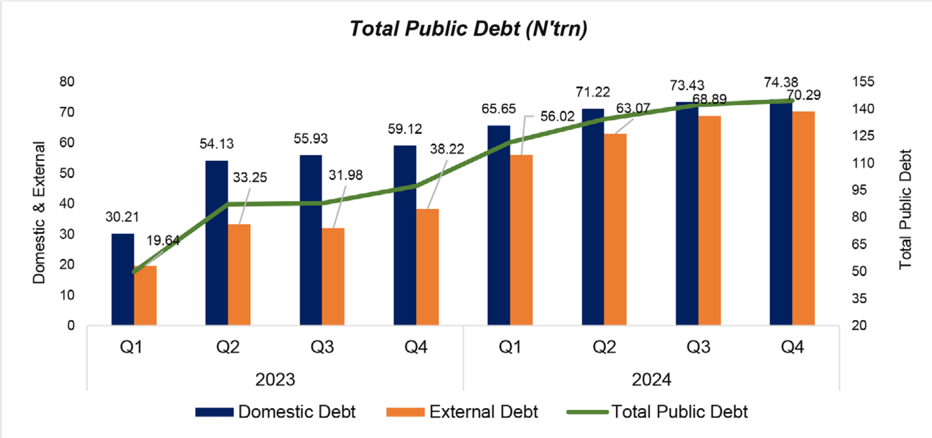


Source: NBS

2.9 Total Public Debt

The latest figures from the Debt Management Office (DMO) indicate a 1.65% increase in Nigeria's total public debt stock, rising from ₦142.32 trillion in Q3 2024 to ₦144.67 trillion in Q4 2024. When expressed in dollar terms, the debt expanded from $88.89 billion to $94.23 billion, reflecting not only increased borrowing but also the impact of further currency depreciation. This upward trajectory in debt levels underscores the mounting fiscal pressure faced by the government as it seeks to bridge widening budget deficits, finance critical infrastructure and navigate macroeconomic headwinds.

The domestic debt accounted for 51.41% of the total, standing at ₦74.38 trillion ($48.44 billion), while external debt made up the remaining 48.59%, amounting to ₦70.29 trillion ($45.78 billion). The near-equal split between domestic and external obligations highlights Nigeria's growing exposure to exchange rate volatility, reinforcing the need for more sustainable debt management strategies and structural reforms to boost revenue mobilization.



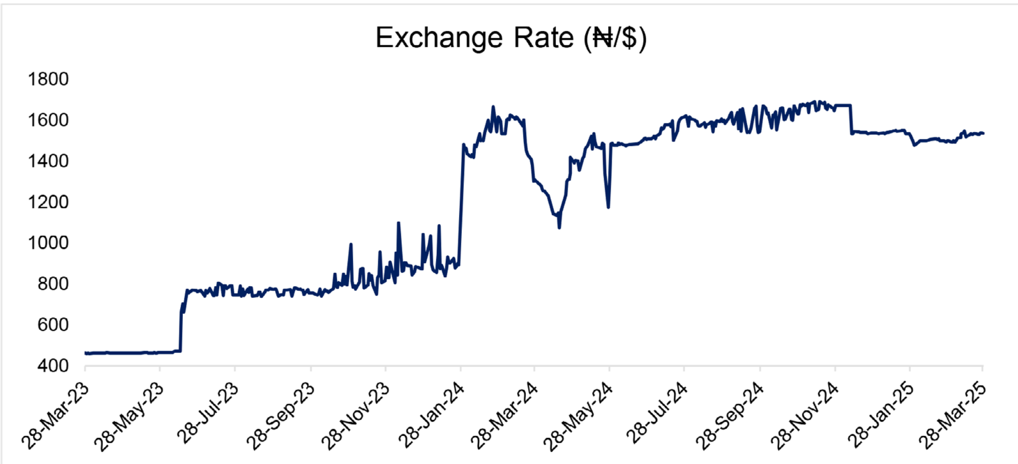
Source: DMO

2.10 Exchange Rate

At the end of the first quarter of 2025, the Nigerian naira exhibited notable volatility against the U.S. dollar, marked by intermittent phases of appreciation and depreciation. The Central Bank of Nigeria (CBN) undertook a series of policy actions aimed at enhancing transparency and stabilizing the foreign exchange market. Key among these was the introduction of a revised Foreign Exchange Code in January 2025, designed to curb speculative activities and strengthen regulatory oversight.

To further support market stability, the CBN injected liquidity by selling foreign currency to Bureau De Change (BDC) operators at favorable rates and temporarily waived licensing fees to incentivize broader, legitimate participation in the retail FX segment. Concurrently, high yields on Nigerian government securities attracted both foreign direct and portfolio investments, contributing to improved foreign exchange supply and providing upward support to the naira.

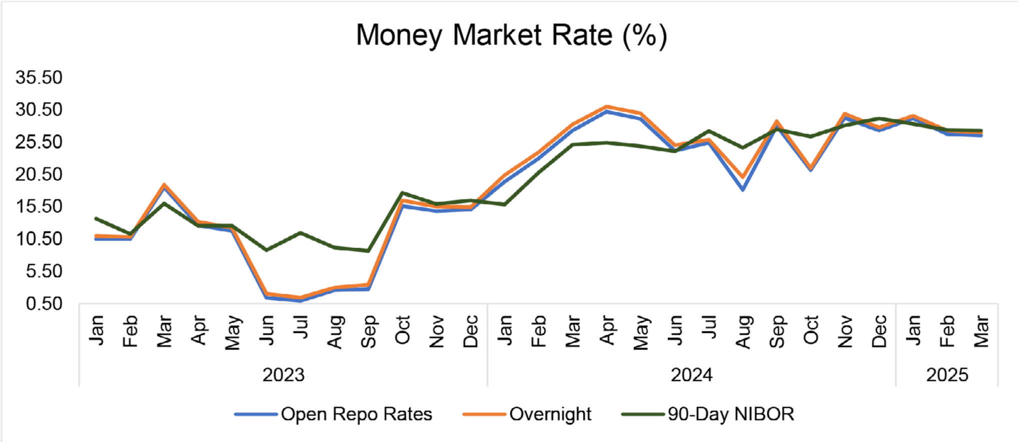
By the end of Q1 2025, the naira marginally appreciated, closing at ₦1,536.32/USD, an improvement from the ₦1,538.23/USD recorded at the end of Q4 2024.



Source: FMDQ

2.11. Money Market

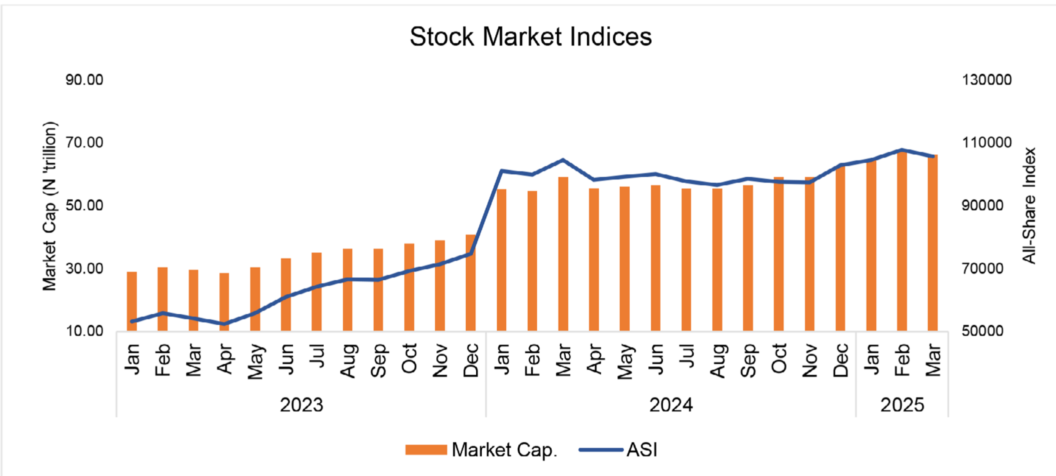
Market liquidity improved in the first quarter of 2025, prompting a decline in interest rates as bond maturities, coupon payments and FAAC inflows boosted liquidity in the financial system. The Open Repo Rate (OPR) and Over Night (ON) rates decelerated to 26.50% and 26.96%, respectively, compared to 27.30% and 27.80% in the prior quarter. The 90-day Nigerian Interbank Offered Rate (NIBOR) also declined to 27.27% from 29.16%, signaling improved liquidity conditions.



Source: FMDQ

2.12. The Stock Market

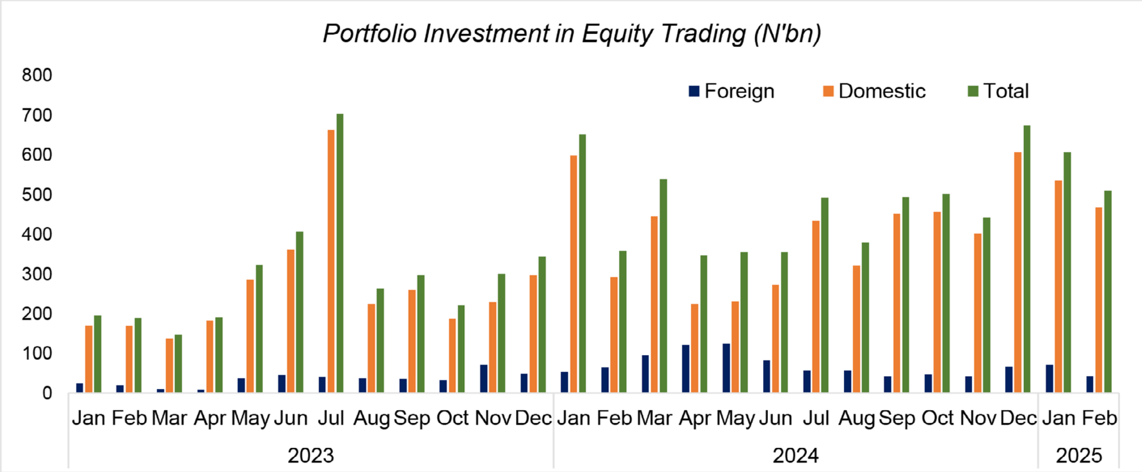
In the first quarter of 2025, the Nigerian Exchange Group (NGX) maintained its upward trajectory, as the All-Share Index (ASI) climbed by 2,734 points to close at 105,660.64 in March, up from 102,926.4 in December 2024. Market capitalization mirrored this momentum, rising from ₦62.76 trillion at year-end to ₦66.26 trillion by the end of March - an increase that underscores growing investor confidence. The banking sector emerged as the standout performer, fueled by strong investor interest linked to regulatory-driven recapitalization initiatives. However, gains were partially offset by contractions in the Industrial Goods, Oil & Gas, and Insurance sectors, where profit-taking and sector-specific challenges dampened performance. This mixed sectoral trend reflects a market in transition, balancing optimism in financial services with caution in other segments of the economy.



Source: NGX

2.13. Portfolio Investment – NGX

Total equity transactions declined to ₦509.47 billion in February 2025, representing a contraction from the ₦673.66 billion recorded in December 2024. In February 2025, the total value of transactions executed by Domestic Investors outperformed transactions executed by Foreign Investors by circa 84%. Institutional Investors outperformed Retail Investors by 8%.



Source: NGX

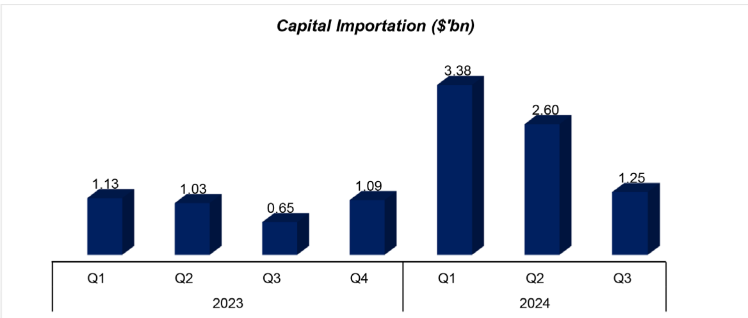
2.14. Capital Importation

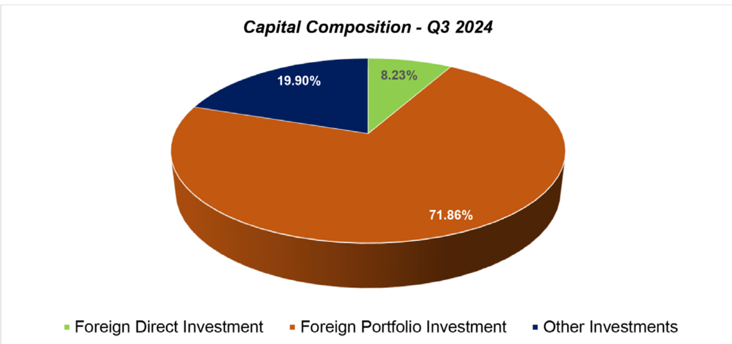
In the third quarter of 2024, Nigeria's total capital importation rose significantly to US$1.25 billion, marking a year-on-year increase of 91.35% from the US$1.03 billion recorded in Q3 2023. However, on a quarter-on-quarter basis, capital inflows contracted sharply by 51.90%, down from US$2.60 billion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



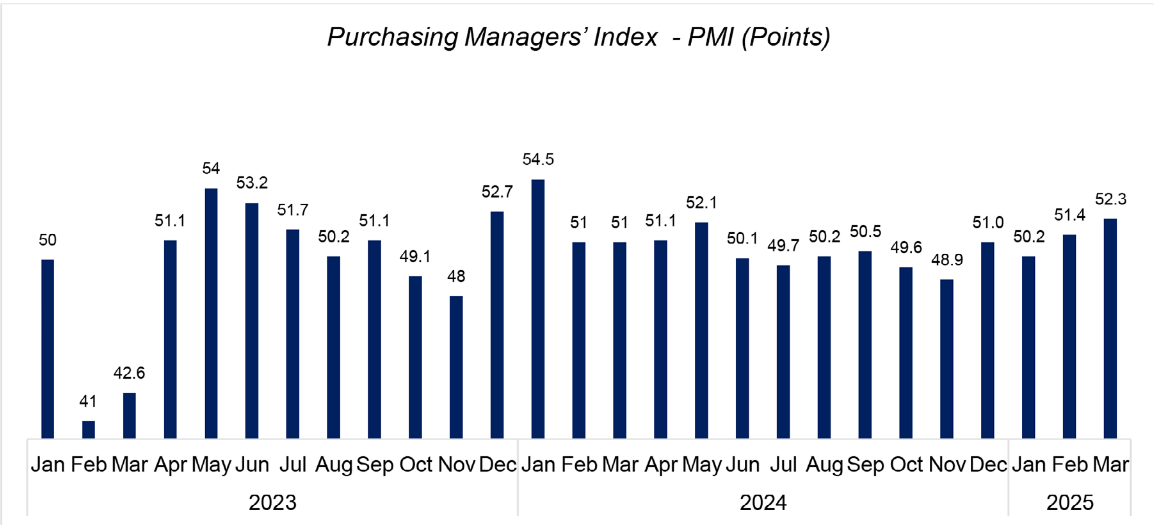


Source: NBS

2.15. Purchasing Managers' Index

Nigeria's Purchasing Managers' Index (PMI) climbed to 52.3 in March 2025, up from 51.0 at the close of 2024, marking the fourth consecutive month of private sector expansion and the strongest pace of growth since early 2024. This sustained momentum was underpinned by rising output, stronger demand, higher volumes of new orders, and improvements in employment and purchasing activity.

A key catalyst for this positive trajectory was the reduction in supplier delivery times, supported by quicker payments and enhanced road infrastructure, enabling businesses to operate more efficiently. At the same time, input cost inflation eased to its slowest rate since May 2023, offering much-needed relief to firms grappling with cost pressures. Consequently, output price inflation moderated for the third straight month, also reaching its lowest level since May 2023, further reinforcing the improving operating environment.



Source: CBN

2.16. Credit Ratings

Fitch Ratings upgraded Nigeria's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'B' from 'B-' with a Stable Outlook, signaling a renewed vote of confidence in the government's commitment to comprehensive economic reforms. This rating uplift reflects the progress made since the shift to orthodox policy measures in June 2023, including the liberalization of the exchange rate, sustained monetary policy tightening, the cessation of deficit monetization, and the removal of fuel subsidies. Collectively, these reforms have enhanced policy coherence and credibility, curbed economic distortions, and reduced near-term risks to macroeconomic stability. Despite an uncertain external environment, Nigeria's improving reform trajectory is seen as pivotal to strengthening resilience and rebuilding investor confidence.

2.17. Socio-Economic Landscape

Energy Security Measures: Nigeria announced plans to create a national strategic petroleum products stockpile in 2025 to shield its economy from global energy market disruptions. This reserve aims to reduce the country's frequent fuel shortages by enhancing energy security and leveraging increased domestic refining capacity, particularly from the newly operational Dangote Refinery and other local facilities.

Agricultural Development Initiatives: The African Development Bank (AfDB) mobilized $2.2 billion to establish agricultural processing zones in 28 Nigerian states. This initiative is designed to enhance food security, reduce post-harvest losses, and generate employment by bringing processing facilities closer to farmers.

2.18. Financial Sector Developments

Pension Fund Diversification: The National Pension Commission (PenCom) initiated plans to diversify Nigeria's $14.58 billion Retirement Savings Account by increasing investments in infrastructure and private equity. This move aims to address the country's infrastructure deficit, projected to reach $878 billion by 2040 and to seek higher yields amid inflation concerns.

Digital Transformation and Financial Inclusion: The CBN's Payment Systems Vision 2025 emphasizes the integration of digital tools into traditional banking frameworks. Fintech solutions and AI-driven personalization are redefining customer experiences, expanding financial inclusion, and driving innovation in the banking sector

Section 3

OUTLOOK FOR Q4 2024 - 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 $60 to $70 per barrel range, pressured by geopolitical dynamics 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 22% and 24% 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 reserves 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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