

# NIGERIAN ECONOMY (Q3)

EXTERNAL UNCERTAINTIES

&

DOMESTIC VULNERABILITIES





# OUTLINE



## 01 GDP Growth & Rebasing

Big is Better

## 02 Exchange Rate Stability

Mirage or Sustainable

## 03 Inflation

The Trend must be your Friend

## 04 Outlook & Risks

Its never over till its over



## NEW REBASED GDP

***New rebased GDP = \$243 billion***

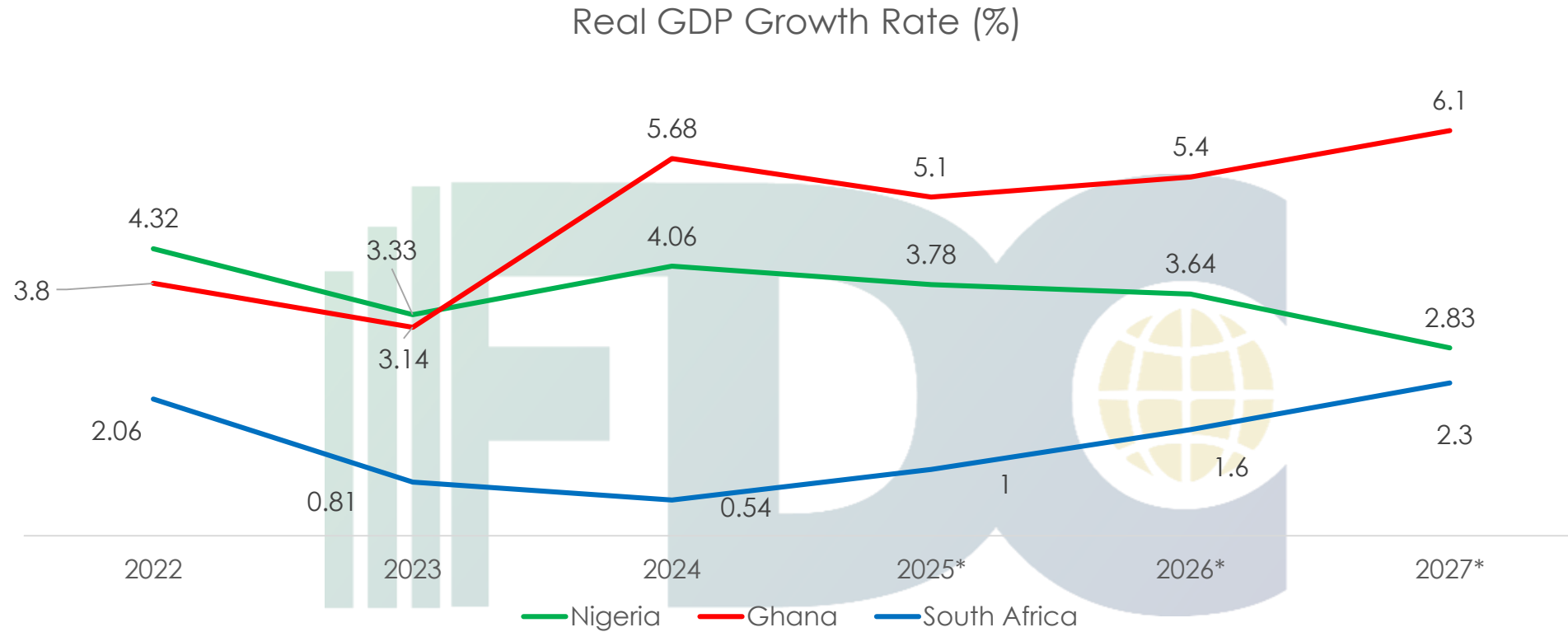
***Real GDP growth ( Q1'25) = 3.13%***

### □ Implications

- Lower tax-to-GDP ratio without revenue gains at **13.5%**
- Debt-to-GDP ratio appears more manageable, but the debt burden remains at **38.9%**
- However, fiscal vulnerability remained high and unchanged at **70%**



# GDP GROWTH RATE: NIGERIA AND ITS PEERS



- Nigeria's 2025 GDP growth rate is estimated at 3.78%, up from 3.38% in 2024
- This is below Ghana's estimated growth of 5.1% but higher than South Africa's 1%



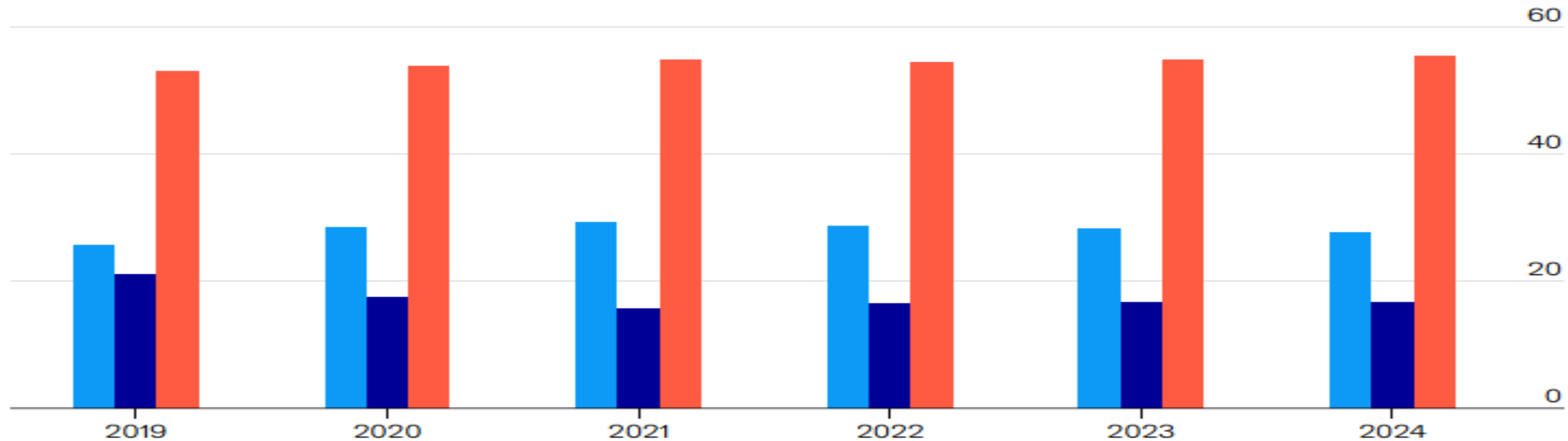
# SECTORAL PERFORMANCE OF THE GDP

Sectoral shares of Nigeria's GDP based on 2019 reference year

[Download](#)

%

Agriculture Industry Services



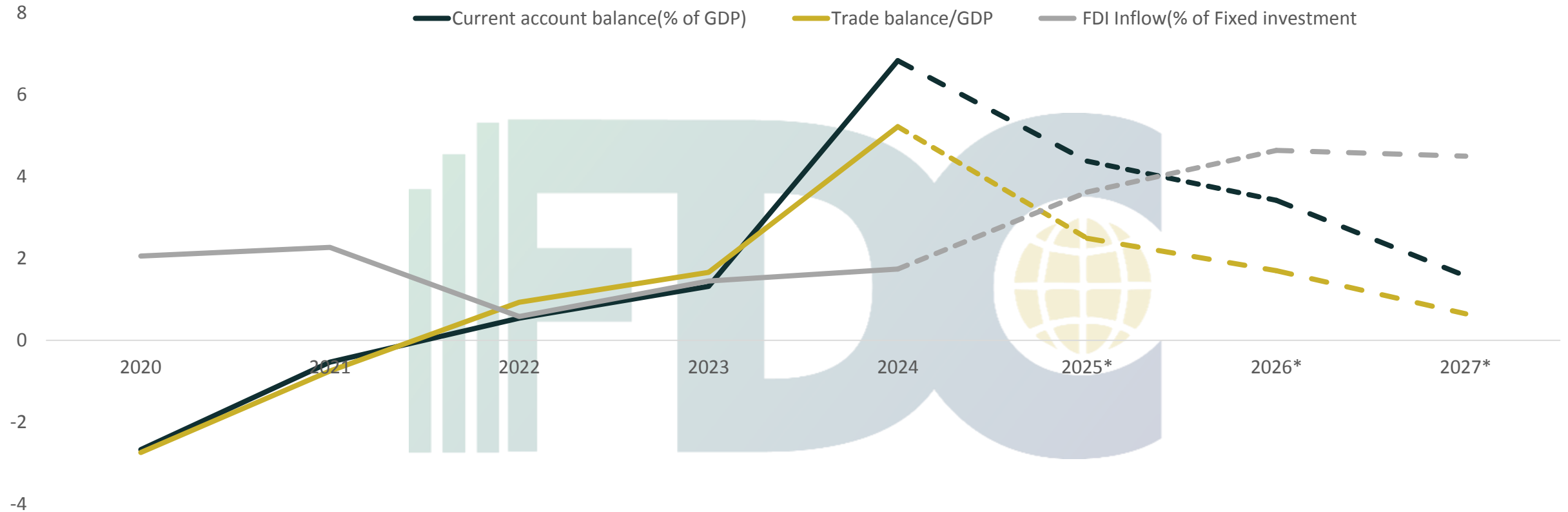
Source: National Bureau of Statistics; EIU.

Copyright © The Economist Intelligence Unit 2025. All rights reserved.

- 57.5% of the economy is formal, while 42.5% is informal
- With Agriculture (labour-intensive sector), less than 10%



# EXTERNAL BALANCE IMPROVEMENT COULD BE SHORT LIVED



- There will likely be some inconsistencies around trade openness as the government attempts to stimulate local industry, and keep consumer costs low

# IT'S TIME TO **CARE** ABOUT **YOUR SALT**

Refined, Iodized & Purified

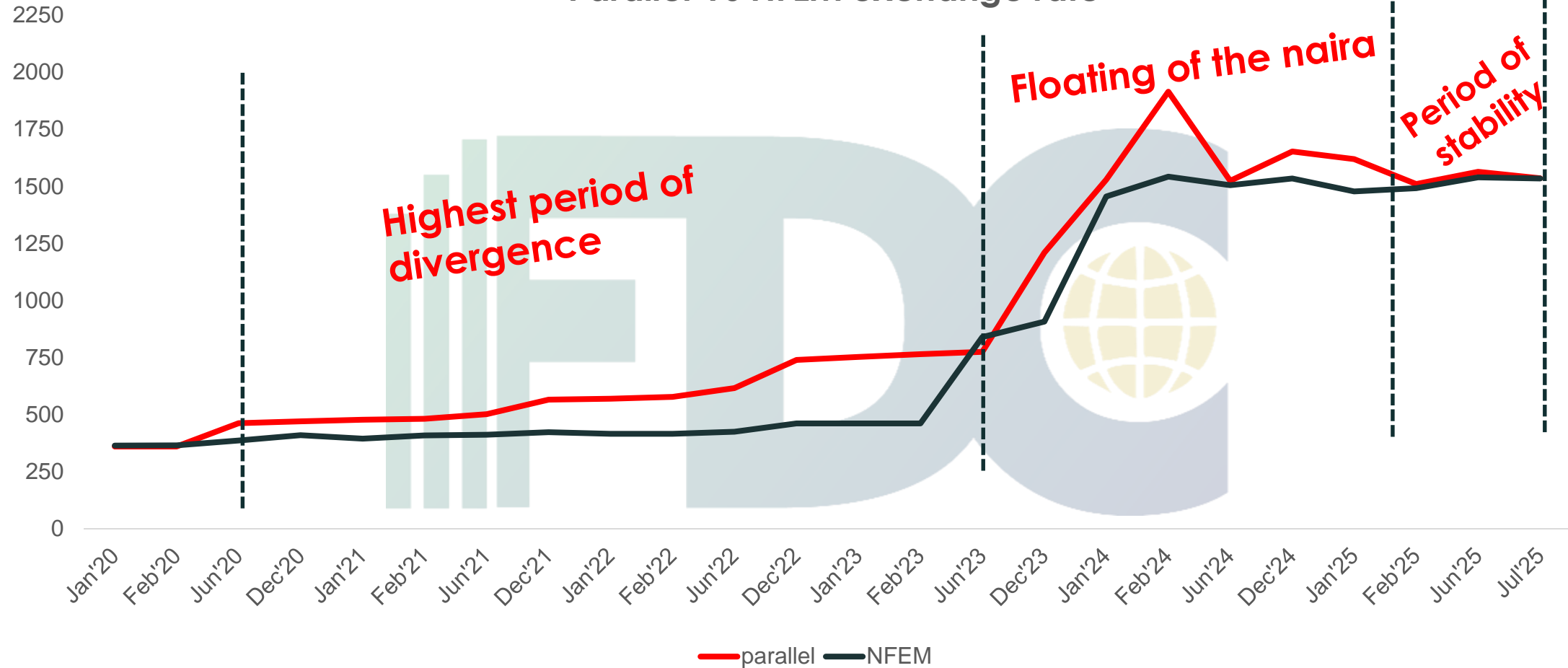


**CHOOSE QUALITY, CHOOSE DANGOTE SALT**

[www.nasconplc.com](http://www.nasconplc.com)

# NAIRA NOW ON A STABLE PATH

Parallel Vs NFEM exchange rate



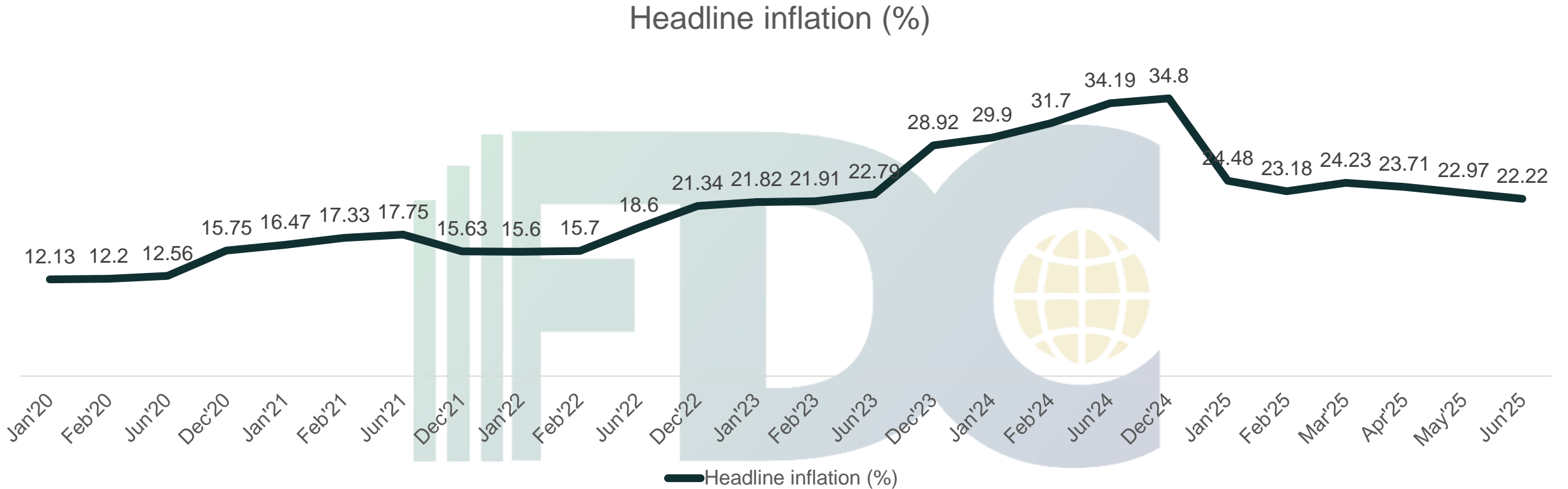
If oil prices fall below \$65pb, Naira will weaken



# KEY FACTORS DETERMINING CURRENCY STABILITY & SUSTAINABILITY

	2020	2025
Trade balance (\$)	379.25mn	3.4bn 
Level of inflation (%)	15.75	22.22 
Gross external reserve (\$)	35.37	38.63 
Inflation-interest rate differentials (%)	-4.25	5.28 
360-day treasury bills (%)	1.21	15.88 
Oil prices (\$)	51.34	69.75 

# INFLATION COOLS, BUT PRESSURES PERSISTS



## ➤ Headline Inflation has eased on:

- ❖ Naira appreciation (up 6% to N1,535/\$)
- ❖ Lower energy cost (down 4% to N865/litre)

## ➤ Inflation stoking factors remain:

- ❖ Money supply growth (19.92% in May)
- ❖ Supply chain disruptions increasing food prices



# FOOD INFLATION BASKET

7 ITEMS – 6 PRICES UP, 1 DOWN

## HIGHER PRICES



Rice

1 Bag

July 2024: N84,000  
Current Price: N87,000

UP BY 3.57%



Wheat

50 Kg

July 2024: N59,500  
Current Price: N65,000

UP BY 10.17%

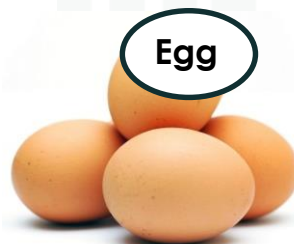


Chicken

1 Kg

July 2024: N4,500  
Current Price: N5,500

UP BY 22.22%



Egg

1 Crate

July 2024: N5,200  
Current Price: N5,500

UP BY 5.77%



Tomatoes

1 Basket

July 2024: N60,000  
Current Price: N110,000

UP BY 83.33%



Pepper

50 kg

July 2024: N60,000  
Current Price: N90,000

UP BY 50%

## LOWER PRICES



Garri

50kg

July 2024: N46,000  
Current Price: N33,000

DOWN BY 28.26%



# NON-FOOD BASKET

## 5 ITEMS – 4 PRICES UP, 1 DOWN

### HIGHER PRICES

#### Road Transport



##### Lagos to Benin

July 2024: N25,000  
Current Price: N28,250

**UP BY 13%**

#### Air Transport



#### Lagos to Abuja (Round Trip)

July 2024: N152,000  
Current Price: N200,000

**UP BY 31.58%**



#### Petrol (1 litre)

July 2024: N770  
Current Price: N865

**UP BY 12.21%**

#### Lonart Syrup



July 2024: N3,800  
Current Price: N4,600

**UP BY 21.05%**

### LOWER PRICES

#### Cooking Gas



July 2024: N15,060  
Current Price: N11,875

**DOWN BY 21.15%**



# OUTLOOK & RISKS

- Naira is expected to appreciate to N1,492/\$ (EIU) in 2025, driven by:
  - Domestication of corporate debt
  - Diaspora inflows and remittances
  - Likely Eurobond issuance
- Inflation is projected to decline to 21.3% in 2025 and further to 14.9% by 2026, driven by exchange rate stability
- Value-added tax is anticipated to increase to 15% by 2029, given the depth of the fiscal constraints
- Nigeria's stock market could be in a bubble with a market correction inevitable
- Risks include policy risk, political risk & external risk