

# Nigeria's 2025 Economic Forecast

## From Reform Fatigue Quagmire to Sustainable Growth

Nigeria's 18-month economic reform program has yielded mixed results, largely due to poor implementation and putting the cart before the horse. The program's biggest impact on the economy has been the devaluation of the naira from about 450-1700 Naira/US\$. The cost push effect of fuel subsidy removal worsened the situation in an economy already in stagflation with sharp increases in inflation trajectory. This led to reduced household purchasing power and higher interest rates for the firms and the economy. The social intervention program has also not made any impact failing to provide succour.

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To exacerbate matters, government borrowing has exceeded the US\$100 billion mark and debt service costs doubling from ₦8 trillion in 2024 to ₦16.3 trillion in the 2025 proposed budget. ₦16.3 trillion in debt servicing is not sustainable as it exceeds the defence, security, infrastructure, education, and health budgets combined at ₦14 trillion. The gains from the subsidy removal are now being used for debt servicing, instead of investment in capital expenditure that can create stimulus for economic growth. Money supply has also increased by 50% YOY, to ₦108 trillion, a historic high that subverted the CBN's ability to meet its 24% 2024-year end inflation target.

Nigeria GDP at US\$195 Billion has declined over the last decade losing over \$300 billion in value due to devaluation, low productivity and stagflation. The country is no longer the largest Economy in Africa, ranking fourth behind South Africa, Egypt and Algeria. This owing to prolonged policy inconsistency since the economy came out of post covid recession. The ongoing exercise to rebase GDP and CPI might therefore not yield the desired results.

To get the economy back on track, the government must reduce its debt burden, restore its credit rating to investment grade and tame inflation. This would reduce borrowing costs and provide stimulus for investment, sustainable growth, productivity, and employment. To accomplish this, FGN must restructure its capital structure and balance sheet. Selling down its JV oil assets will raise \$30-50 billion, that can be applied to reduce the debt burden, improve the foreign exchange regime, provide dollar supply for naira appreciation, restore credit rating and boost net reserves.

We see another year of high interest rates with inflation trajectory downwards to about 22% by year end, with effective rate cuts to sub 20% by Q1 2026.

The Naira position could be sub-1000/\$ or north of 2000/\$ depending on how government manages its debt profile, boost oil production and asset sales.

The oil and gas sector GDP grew by 10.2% with only US\$3 Billion investments in 2024.

Investment levels of US\$22 billion recorded in 2009 and 2014 must be emulated to sustain optimal production.

Ultimately, the success of this budget cycle, economic policies and reform strategies rests with the FGN. The sincerity and commitment to a coordinated monetary, fiscal, trade, industry and investment policy execution, the decisive factor.

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Nigeria 2025 Macro Economic Forecast

Region: Sub-Saharan Africa | West Africa



Country Highlights

Total Area	923,768KM <sup>2</sup>
Capital	Abuja
Population	200m
Currency	Naira (₦)
Exchange Rate Forecast	₦1,800/\$1 - ₦2,100/\$1
Ease of doing business ranking	131

Nigeria Headline Economic Forecast 2025

GDP growth (2025)	Population (2025)	Trade balance (2025)	Foreign reserves (2025)	Total debt (2025)
3%	200m	US\$ 5.5b	US\$ 40b	US\$ 120b

Source: CBN, NBS, DMO, Oxford Economics

Unemployment Rate (2025)	Inflation Rate (2025)	Monetary Policy OMO Rates (2025)
40.5%	24.50%	25.50%

Source: NBS, CBN

Nigeria accounts for **10%** of Sub-Saharan Africa's GDP, as well as **20%** of the region's population.

The Nigerian economy is still largely a monolithic economy dependent on crude oil exports for the majority of its foreign exchange earnings - **95%**

Sectoral contributions to GDP 2025

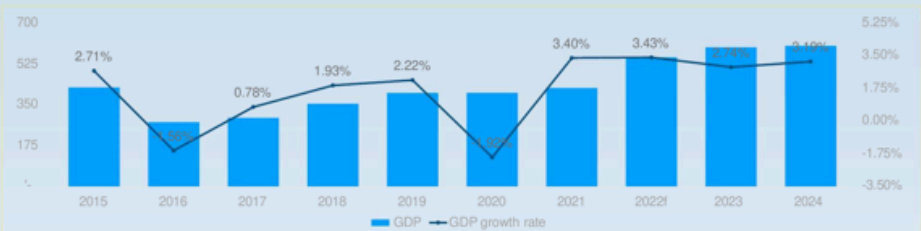


Source: The CFG Advisory Forecasts

Credit Rating

Moody's	Caa1	positive	Dec 08 2023
S&P	B-	stable	Aug 04 2023
S&P	B-	negative	Feb 03 2023
Moody's	Caa1	stable	Jan 27 2023

trend in nominal GDP (US\$'bn) vs. real GDP growth rate (%)

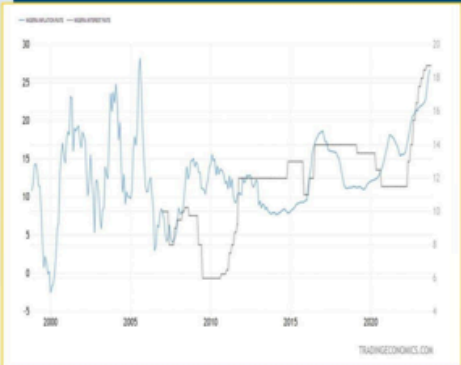


Source: IMF, Oxford Economics, CBN

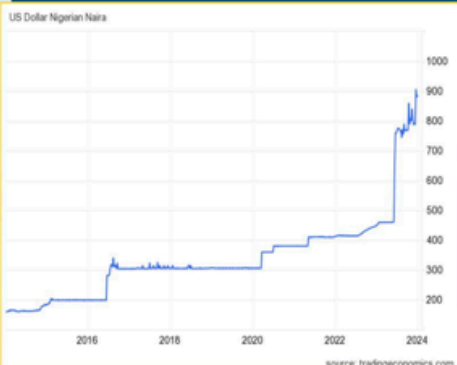
Total Public Debt June 2024

Debt Category	Amount Outstanding (US\$bn)	Amount Outstanding (₦Trn)	% of Total
Total External Debt	42.901	63.072	46.96%
Total Domestic Debt	48.446	71.224	53.04%
FGN Only	45.543	66.957	49.86%
States & FCT	2.902	4.267	3.18%
Total Public Debt (A+B)	91.347	131.297	100%

Inflation & Interest Rates (%)



NFEM Foreign Exchange Rate



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# From Reform Fatigue Quagmire to Sustainable Growth

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## State of the Nigerian Economy

- Economy still deep in Stagflation, after 18 months of reforms failing to achieve a sustainable growth trajectory.
- Reform Fatigue has led to an Economic Quagmire. The government put the cart before the horse with implementation.
- The outcome is a 300% currency devaluation, debt in excess US\$100 billion and an economy deep in stagflation. Household and firms are bearing the brunt of the reforms, with low purchasing power, low productivity, high interest rates and unfavourable exchange rates.
- Social intervention programs to cushion the effects have failed and mired in corruption.
- Money supply has increased by 50% YOY and peaked at an historic high of ₦108 trillion, subverting the CBN's ability to meet its 24% 2024-year end inflation target.
- While fuel subsidy is not accounted for in the 2025 Budget, debt service is now unsustainable and has doubled YOY from ₦8-16 trillion, negating any related savings from the fuel subsidy removal.
- NFEM introduction saw initial volatility which has abated with the narrowing of the gap between the parallel market with the introduction by the CBN, of a Bloomberg FX bid and offer portal for transparency.
- FDI at all time lows of under US\$29 million in H1 2024.
- Power transmission and distribution infrastructure still very poor, negatively impacting industrial productivity and economic growth.
- Plans to rebase GDP and CPI is of particular concern. Rebased unemployment numbers do not reflect the reality.
- Concerns with sub optimal budget performance, fiscal and debt management as three deficit budgets now running concurrently. Three years cumulative deficit of ₦36.07 trillion and 2025 budget allocation of ₦16.3 trillion for debt servicing is a bright red flag.
- Has anyone seen a giant? The macroeconomic situation has declined over the last 8 years with a loss of US\$300billion in GDP currently at US\$200billion. Nigeria now 4th largest economy in Africa behind Egypt, South Africa and Algeria.

## From Reform Fatigue Quagmire to Sustainable Growth

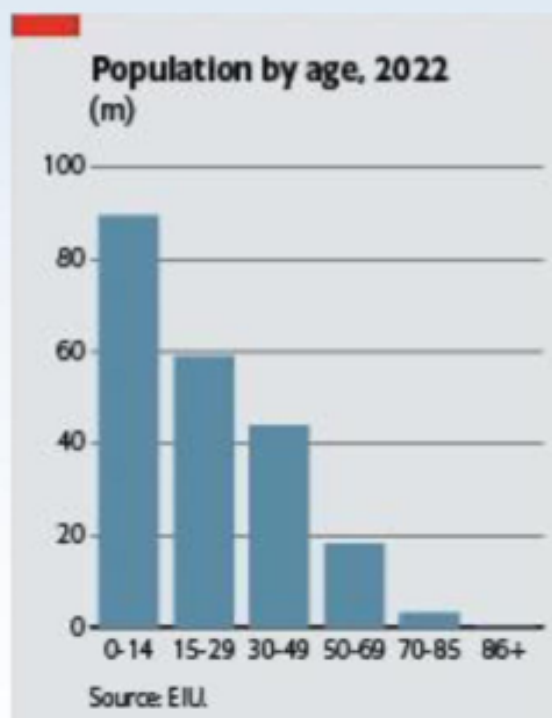
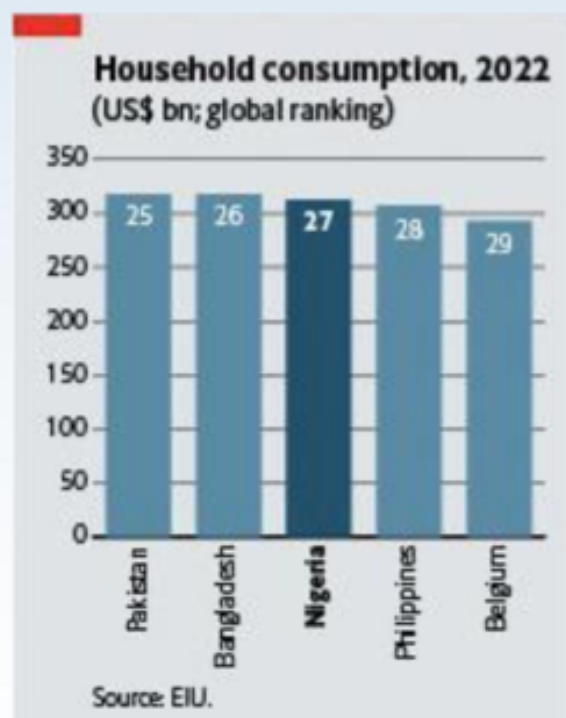
### Nigeria Macro Outlook

EIU Nigeria Projections						
Forecast summary (% unless otherwise indicated)						
	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
Real GDP growth	2.2	2.6	4.0	3.4	3.2	3.1
Industrial production growth	4.6	6.0	9.0	6.0	4.2	4.0
Petroleum production ('000 b/d)	1,239.4	1,316.4	1,371.4	1,381.4	1,393.4	1,410.4
Gross agricultural production growth	1.3	1.9	2.6	2.6	2.6	2.6
Consumer price inflation (av)	25.1	23.6	17.1	11.7	12.2	11.8
Consumer price inflation (end-period)	30.5	20.1	14.2	11.9	12.0	11.4
Commercial lending rate	20.0	24.0	15.7	13.0	12.5	12.0
Government balance (% of GDP)	-5.3	-5.0	-4.6	-4.7	-4.7	-4.8
Exports of goods fob (US\$ bn)	62.8	63.8	60.7	57.3	55.0	54.3
Imports of goods fob (US\$ bn)	50.7	46.9	43.7	45.7	48.2	49.1
Current-account balance (US\$ bn)	8.0	9.8	9.3	6.5	2.1	0.2
Current-account balance (% of GDP)	2.1	2.9	3.0	2.0	0.6	0.1
External debt (end-period; US\$ bn)	85.5	87.4	93.1	99.0	102.4	105.7
Exchange rate N:US\$ (av)	633.0	819.1	1,068.3	1,150.2	1,189.3	1,254.0
Exchange rate N:US\$ (end-period)	810.0	822.9	1,142.5	1,156.6	1,198.4	1,262.1
Exchange rate N:¥100 (av)	454.1	657.0	967.4	1082.6	1129.9	1195.7
Exchange rate N:€ (end-period)	874.8	934.0	1,342.5	1,370.5	1,438.1	1,514.5

<sup>a</sup> EIU estimates. <sup>b</sup> EIU forecasts.

### Nigerian Market Opportunities

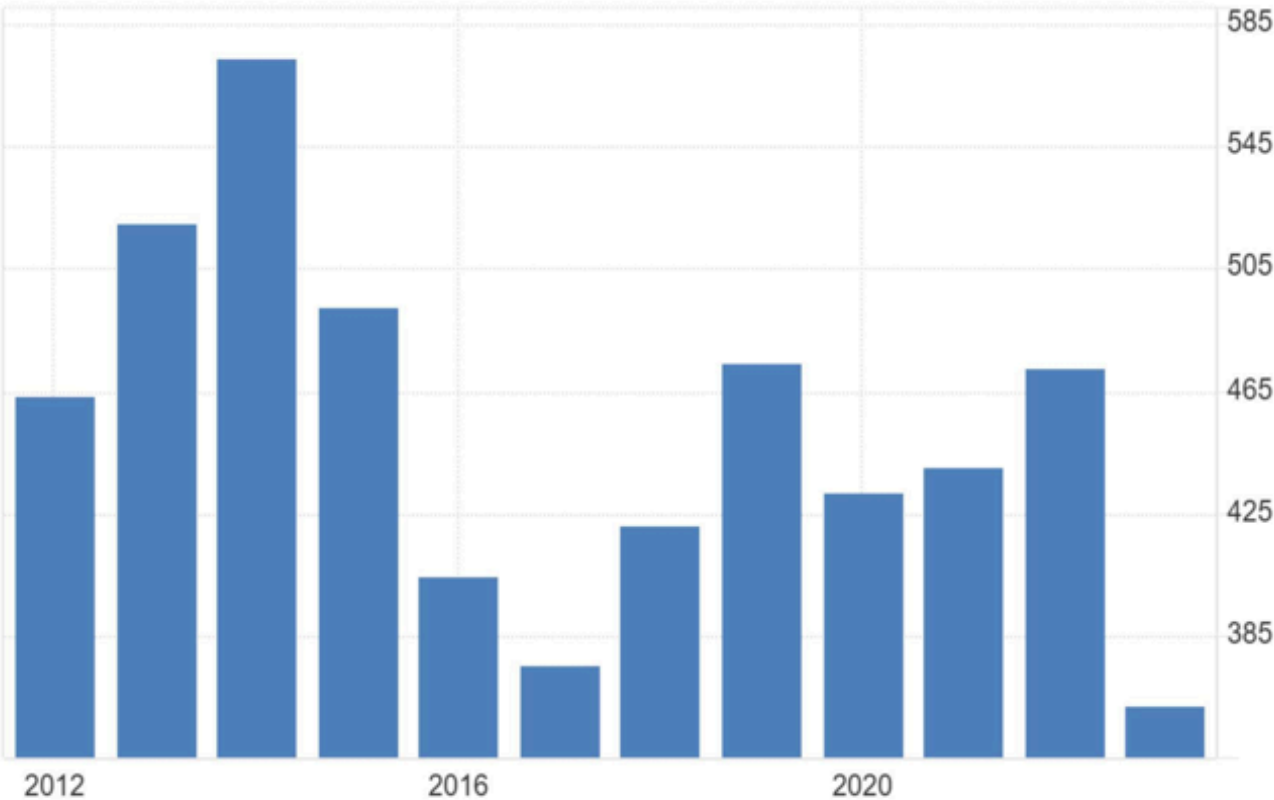
#### Market opportunities



# From Reform Fatigue Quagmire to Sustainable Growth

## Nigeria’s GDP

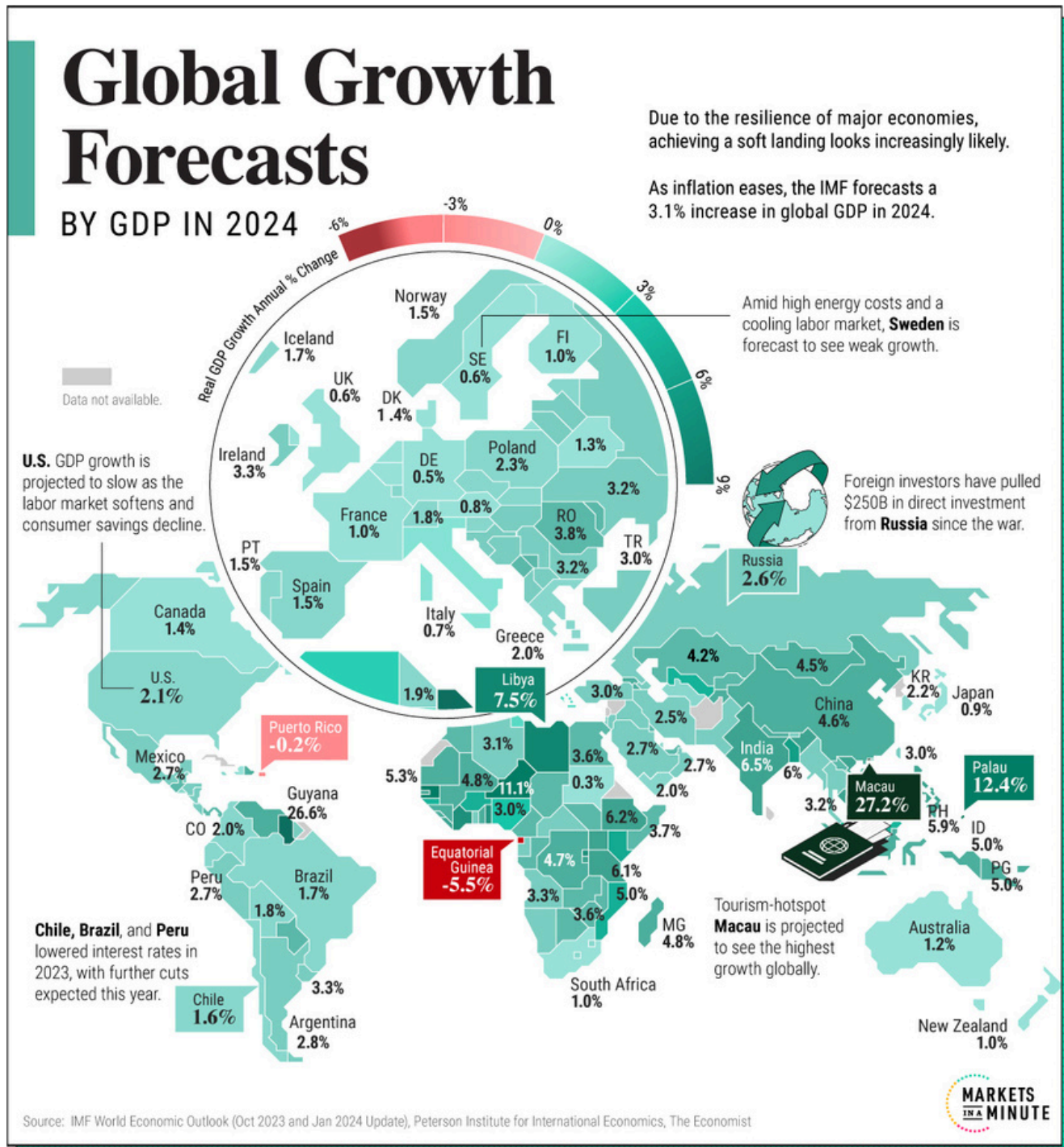
NG GDP - USD Billion





# From Reform Fatigue Quagmire to Sustainable Growth

## Global Growth Forecasts

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RESEARCH + WRITING Dorothy Neufeld | DESIGN VC



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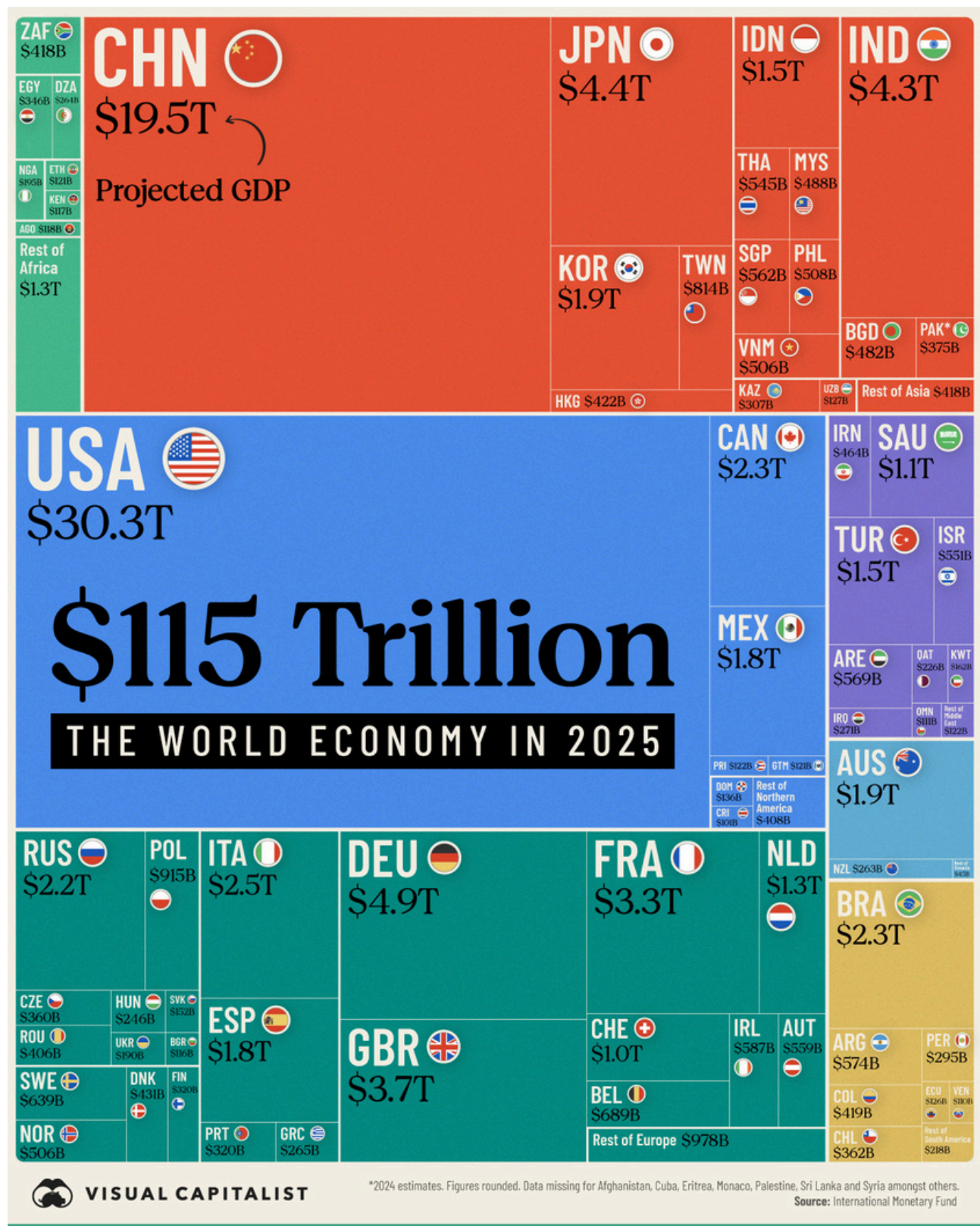
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From Reform Fatigue Quagmire to Sustainable Growth

Global GDP





# From Reform Fatigue Quagmire to Sustainable Growth

## Global Macro Outlook

EIU International Projections						
International assumptions						
	2023	2024	2025	2026	2027	2028
Economic growth (%)						
US GDP	2.0	0.8	1.8	2.0	2.0	2.2
Developed economies GDP	1.4	1.1	1.7	1.8	1.8	1.8
World GDP	2.3	2.2	2.7	2.7	2.7	2.7
World trade	0.7	2.7	3.4	3.6	3.7	3.7
Inflation indicators (% unless otherwise indicated)						
US CPI	4.1	2.5	2.3	2.3	2.4	2.4
Developed economies CPI	4.5	2.4	2.0	2.0	2.0	2.0
Manufactures (measured in US\$)	5.0	3.6	3.7	2.8	2.1	3.2
Oil (Brent; US\$/b)	83.8	84.8	79.8	73.0	67.7	63.9
Non-oil commodities (measured in US\$)	-14.7	-0.6	-0.3	-0.6	0.1	0.2
Financial variables						
US\$ 3-month commercial paper rate (av; %)	5.1	5.2	4.4	3.4	2.6	2.5
N:US\$ (av)	633.0	819.1	1,068.3	1,150.2	1,189.3	1,254.0

## NSE ASI

2024 =N= Returns 37.65% US\$ Returns (-19.56%)

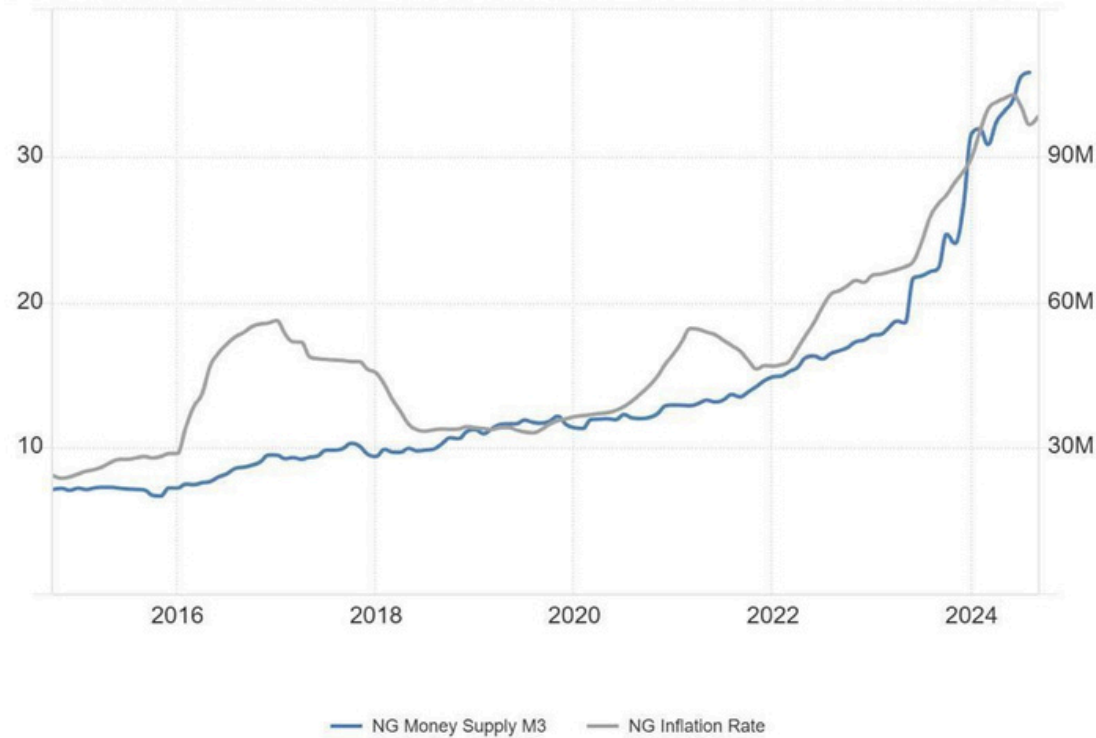




# From Reform Fatigue Quagmire to Sustainable Growth

Source: tradingeconomics.com

Chart I: Direct Correlation between Inflation and M3 Growth



Source: tradingeconomics.com

Chart II: Inverse Correlation between GDP Growth and Inflation



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## FGN Budget 2024-2025

