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CIBN **MACROECONOMIC** **UPDATE**

Global Growth Slows, Local Confidence Grows



November 2025



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Executive Summary

Global growth slowed modestly in 2025 as the IMF revised its forecast from 3.3% to 3.2%, reflecting the drag from tighter financing conditions, weaker trade, and China's deceleration. Yet inflation eased to 4.2% from 5.9%, offering relief after years of cost pressure.

While growth in advanced economies, such as the U.S. 2.0% and the Euro Area 1.2%, cooled under high interest rates, emerging Asia, led by India 6.6% and China 4.8%, sustained global momentum, anchoring an increasingly two-speed recovery.

Across Africa, the pattern is similar, growth is holding up but remains uneven. Reform-driven economies such as Rwanda 7.1% and Ethiopia 6.6% continue to outpace peers through infrastructure expansion and sectoral diversification, while smaller, resource-based economies like Seychelles and Mauritius lead in income per capita.

Executive Summary

Nigeria's economy is steadily regaining stability. Evidence, for example, reflected in Real GDP, which expanded by 4.23% in Q2 2025. Meanwhile, inflation declined sharply from 24.48% in January to 16.05% in October 2025, and the Naira appreciated by 9%, supported by exchange-rate unification and stronger oil earnings.

Foreign reserves have risen to US\$43.05 billion, while market capitalisation has surged by 47% to ₦94.95 trillion, signalling renewed investor confidence. However, fiscal deficits and weak household demand remain notable headwinds.

To sustain progress, Nigeria must preserve policy implementation discipline, diversify its growth base, and channel reform gains into real improvements in living standards.

Global Insights

Global Insights

Global GDP in 2025 is led by Emerging Asia, with India at 6.6% and China at 4.8% as the main engines, supported by steady gains in the ASEAN-5.

Sub-Saharan Africa, anchored by countries including Rwanda and Ethiopia, which are growing at 7.1% and 6.6% respectively. This growth outpaces the global average.

By contrast, advanced economies, including the US 2.0%, the Euro Area 1.2%, and the UK 1.3%, contribute little, while Latin America is mixed, with Brazil resilient but Mexico stagnating

The Top Drivers of Growth

Emerging Asia

- **India** - 6.6% growth; fastest among large economies. Characterized by strong domestic demand.
- **China** - 4.8% growth; trade resilience and tariff relief are boosting momentum.

Sub-Saharan Africa

- **Rwanda** – At 7.1%, has the fastest growth in Africa, driven by heavy public investment in infrastructure and a fast-expanding services sector.
- **Ethiopia** – 6.6% growth fueled by a shift toward manufacturing and services, and strong agricultural output supported by ongoing economic reforms



What are the Implications?



For Consumers: Even a modest global slowdown can weaken job growth and wage momentum. For example, in August 2025, the U.S. recorded one of its softest labour reports in years, as hiring slowed and confidence in job prospects fell (Reuters, 2025). Such trends often make households more cautious with spending, especially on big purchases like homes, cars, and travel.



For Businesses: Likewise, slower global growth and renewed trade tensions are dampening exports and investor confidence. Many firms are scaling back expansion and focusing on efficiency and liquidity, a trend the OECD (2025) links to rising trade-policy uncertainty and weaker global demand.



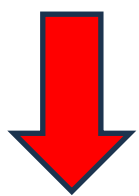
For Regulators (e.g., Central Banks)

For policymakers, a slower global economy and tighter financial conditions complicate the balance between supporting growth and containing inflation. The IMF (2025) notes that many central banks are maintaining cautious policy stances amid weak trade and persistent price pressures, emphasising financial stability and prudent liquidity management.



Global Output

3.3%



3.2%

Global growth is expected to cool albeit marginally to 3.2% in 2025. This is down from 3.3% in 2024.

The cooling is in part as a result of higher borrowing costs, slowing trade across countries and China no longer growing as quickly. Since China makes up such a big part of the world economy, its slowdown lowers the global average.

What are the Implications?



For Consumers: Easing inflation offers some relief on household budgets, with slower price increases for everyday goods and energy. However, as the IMF (2025) notes, much of this moderation stems from weaker global demand and tighter financial conditions, which may also limit job creation and wage growth. As a result, household spending power may stabilise rather than improve significantly.



For Businesses: Lower inflation is easing input and energy costs, but weaker global demand is weighing on sales. In mid-2025, manufacturers in Germany and South Korea saw slower export orders as disinflation met softer global activity (OECD, 2025).



For Regulators (e.g. Central Banks): For policymakers, easing inflation provides room to gradually reduce interest rates and support economic activity. However, persistent fiscal pressures and tariffs—especially in advanced economies—mean that regulators must act cautiously to avoid reigniting price instability while sustaining investor confidence.



Global Inflation

5.9%



4.2%

Global Inflation is set to decline in 2025 to 4.2% from 5.9% in 2024. This decline is driven by cooling demand for goods and services, lower energy prices, and the fading effects of earlier supply shocks.

However, tariffs and fiscal pressures keep inflation higher in some advanced economies, especially the United States.

Equity Performance

EQUITY MARKET PERFORMANCE — OCTOBER 2025

ASIA	US	EUROPE
Nikkei 225 ▲ 6.60%	Dow Jones ▲ 0,64%	FTSE 100 ▲ 3,60%
Hang Seng ▼ 0.73%	S&P 500 ▲ 2,19%	DAX ▲ 0,70%



Asia's Stock Markets Showed Mixed Results

Japan's stock market jumped 6.60% as a weaker Yen and stronger exports boosted investor confidence. In contrast, China's Hang Seng fell 0.73%, showing continued pressure from slow growth and property sector challenges.



The US Shows Steady Progress

Investors are still hopeful about the U.S. economy but are being careful because of inflation and uncertainty about future interest rates.



Europe Is Facing Pressure

Gains in the European Equity market mean that investors believe Europe's economy is stabilizing as inflation slows and central banks stop raising borrowing costs.



Global markets moved in different directions

Some regions rose while others declined, highlighting that each economy is being shaped largely by its own local challenges and opportunities.



The Euro Is Weaker

The Euro’s decline against both the USD (−0.92%) and GBP (−0.15%) signals investor caution toward the Eurozone economy, possibly due to slower growth or softer inflation.



Stronger US Dollar

The dollar rose sharply against the Japanese yen and slightly against the British pound. This means America’s economy is still attracting investors, making the dollar more valuable.



Mild British Pound Decline

The pound is falling due to weak UK growth and expected rate cuts. Importing firms face higher costs, but exporters benefit from cheaper prices overseas..

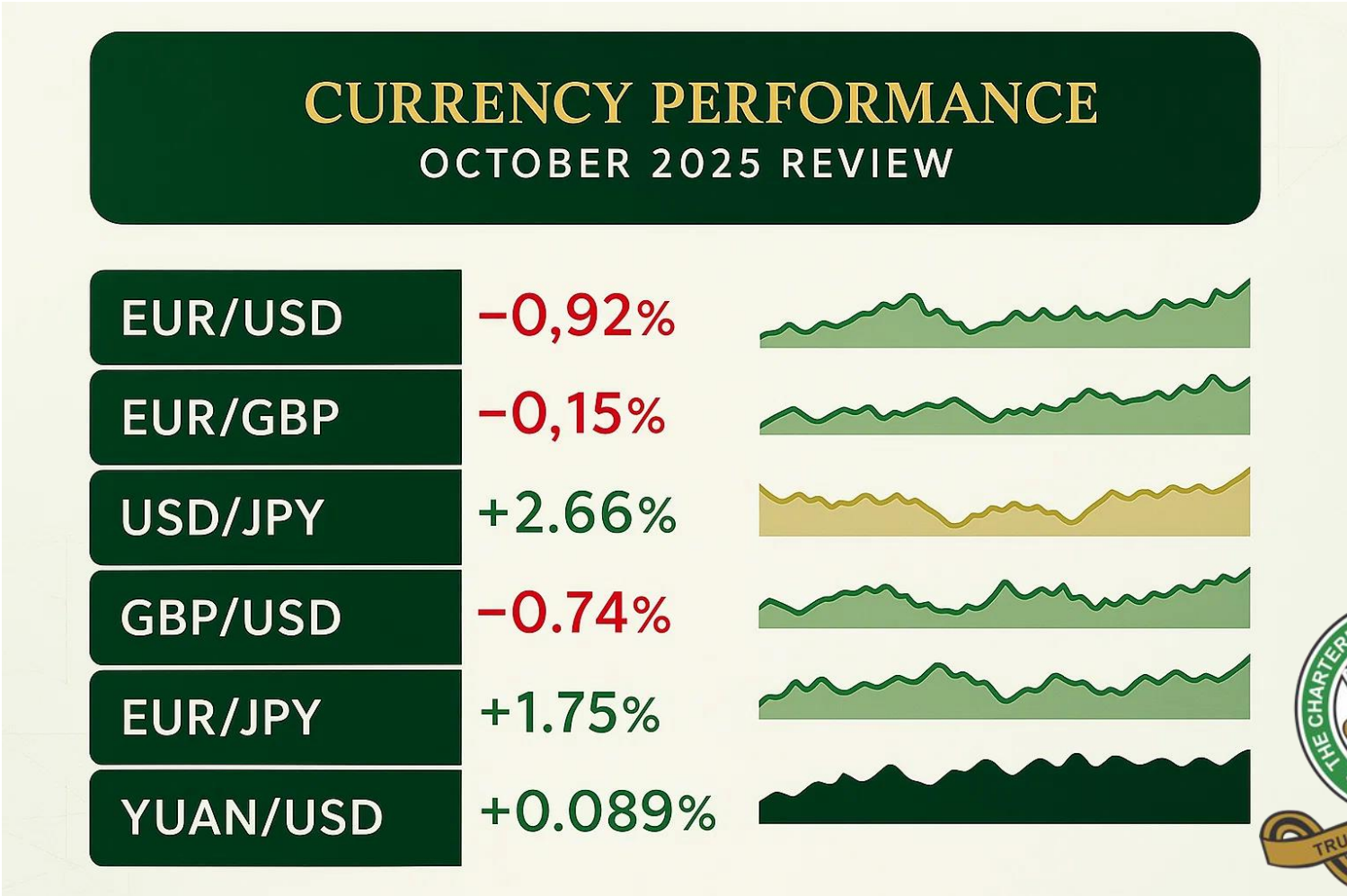


Currency Pressure for China & Japan

China and Japan are both under currency pressure, but for different reasons. Japan’s yen is weakening because its central bank keeps interest rates very low, while China’s yuan remains steady due to tight government management aimed at preventing sharp fluctuations and protecting exports.

Currency Performance

Global currency markets are shifting as investors respond to interest rate expectations, growth signals, and commodity prices. These moves create both challenges and opportunities for businesses worldwide.



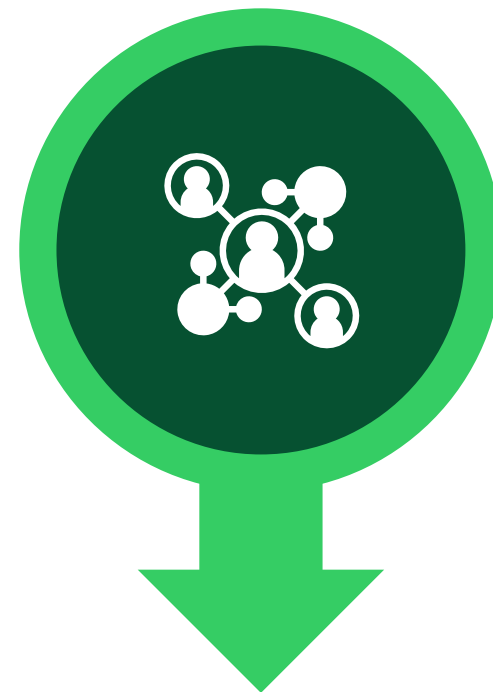
Key Global Risks To Watch Out For - Q4, 2025

Global markets are entering the final quarter of 2025 under renewed pressure. Trade tensions, volatile energy prices, extreme weather events, and rising digital costs are disrupting business plans and investment flows. These risks are redefining what resilience means for organisations that must now operate amid persistent uncertainty and shifting global priorities.



Rising Tariffs and Trade Disruptions

According to the WTO (Sept 2025), tariffs have caused “unprecedented disruption” to global trade rules as WTO-covered commerce fell to 72%. This surge in protectionism is driving supply bottlenecks and higher import costs, squeezing business margins and raising consumer prices.



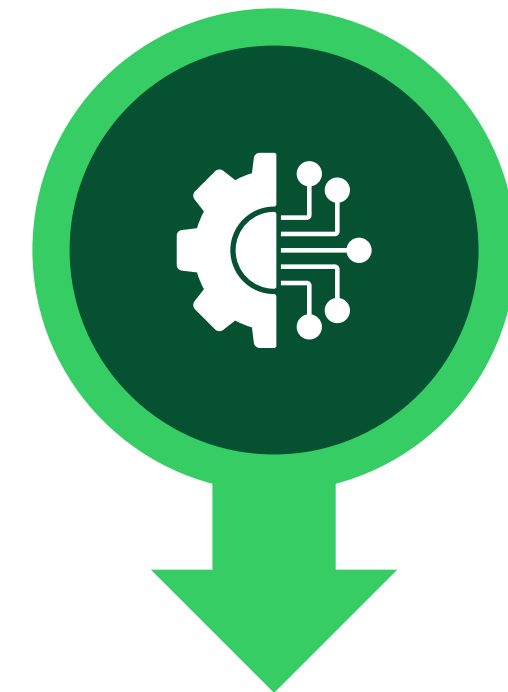
Geopolitical Instability and Energy Volatility:

Ongoing conflicts in Eastern Europe and the Middle East are disrupting energy flows and logistics, with oil prices fluctuating near \$95 per barrel (Reuters, Oct 2025). These tensions heighten transport costs and inflation risks, pressuring global supply chains and operating margins.



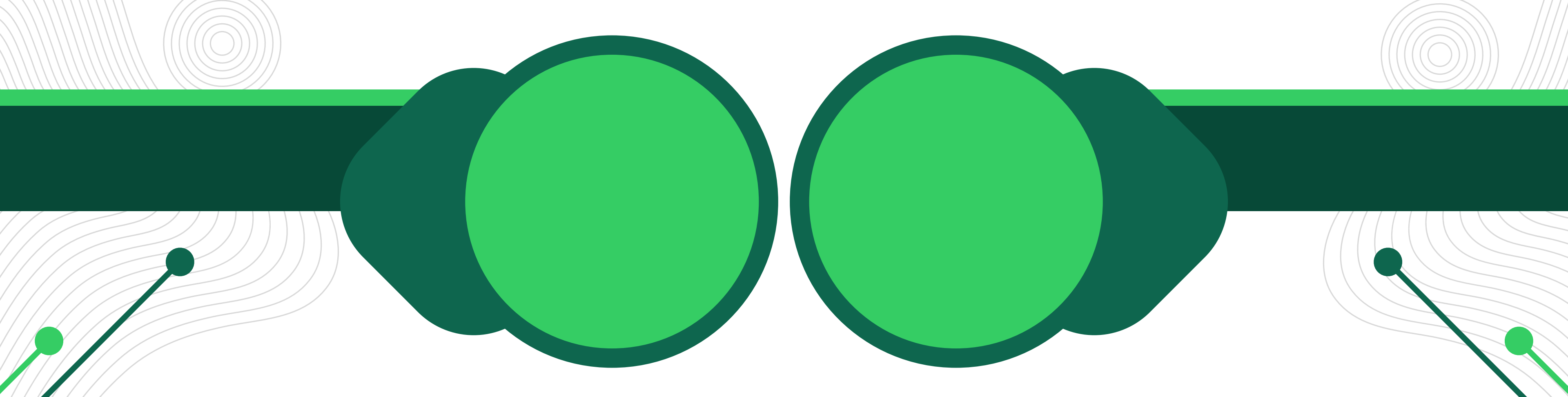
The ‘Software Subscription Shock’

Major tech providers like Microsoft have announced global price increases to offset the cost of AI and cloud investments, with similar hikes by Google and Adobe. These changes are driving up the cost of essential tools used daily by small and medium-sized businesses, quietly raising overheads, tightening cash flow, and making digital operations more expensive to sustain.



Global Economic Slowdown

The IMF (Oct 2025) reports global growth at 3.2%, warning of “persistent weakness in major economies.” Slower trade and investment are cooling demand, forcing businesses to cut expansion plans and consumers to curb spending.



What Are The Implications?

Currency markets showed varied movements in October 2025, as the U.S. dollar strengthened against major peers while the Euro and Yen weakened. These shifts reflect differing policy approaches among advanced economies, particularly between the U.S., Japan, and China..

The US Remains A Safe Bet

Steady gains in the dollar underscore investors' confidence in the resilience of the U.S. economy and expectations that interest rates will remain higher for a longer period.

Europe's Slowdown is deepening

The euro's decline reflects renewed concerns about sluggish growth and industrial weakness across major economies such as Germany and France.

African Insights

Africa's Economic Performance

Africa's economic outlook in 2025 reflects both resilience and divergence. While several countries led by South Sudan, Libya, and Rwanda are recording some of the fastest growth rates, wealth remains concentrated in smaller, resource-rich economies such as Seychelles, Mauritius, and Gabon. This contrast highlights the continent's two-speed trajectory: rapid output expansion in emerging economies on the one hand, and concentrated prosperity in a few high-income nations on the other.

AFRICA'S FASTEST-GROWING ECONOMIES, 2025

	SOUTH SUDAN	24.3%
	LIBYA	15.6%
	RWANDA	7.1%
	NIGER	6.6%
	UGANDA	6.4%

COUNTRIES WITH THE TOP GDP PER CAPITA IN AFRICA (2025)

	SEYCHELLES	\$42,110
	MAURITIUS	\$33,020
	GABON	\$24,740
	EQUATORIAL GUINEA	\$20,490
	BOTSWANA	\$19,050

Source: IMF World Economic Outlook, 2025

Implications

Uneven Prosperity

Rapid growth in some economies has not translated into widespread wealth, deepening income and development gaps across the continent.

Resource Dependence

High growth in countries like South Sudan and Libya reflects continued reliance on oil, exposing them to commodity price shocks.

Emerging Reform Leaders

Economies such as Rwanda and Niger show that policy stability and diversification can drive sustainable growth.

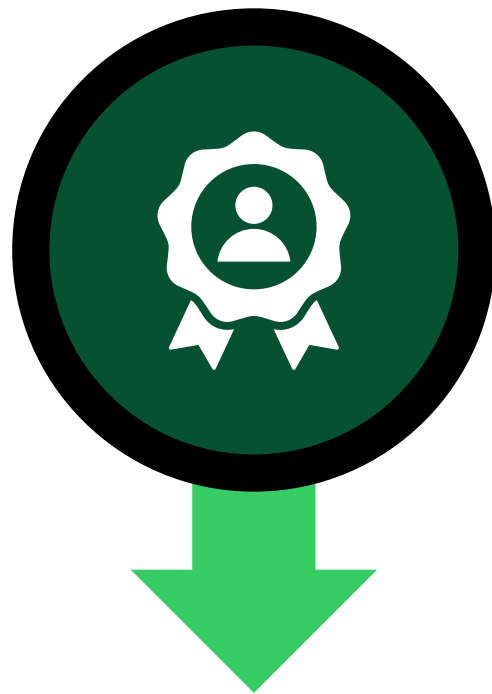
Policy Implications for Nigeria

Strong growth and rising incomes in select markets signal potential for targeted investment in infrastructure, energy, and services.

Nigerian Insights

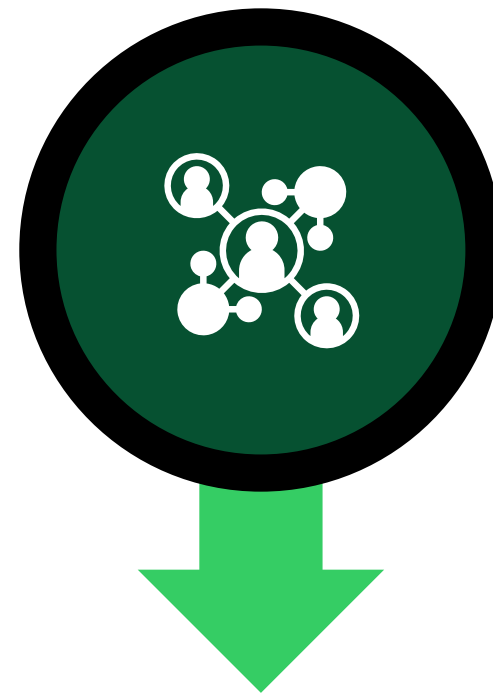
Socioeconomics

Nigeria's socioeconomic profile in 2025 paints a mixed picture of resilience and persistent inequality. While population growth and improved literacy reflect gradual social progress, high poverty levels and limited job opportunities continue to challenge inclusive development. These indicators highlight the importance of translating economic gains into real improvements in living standards and human capacity.



Population

237.5 Million
(UNFPA, 2025)



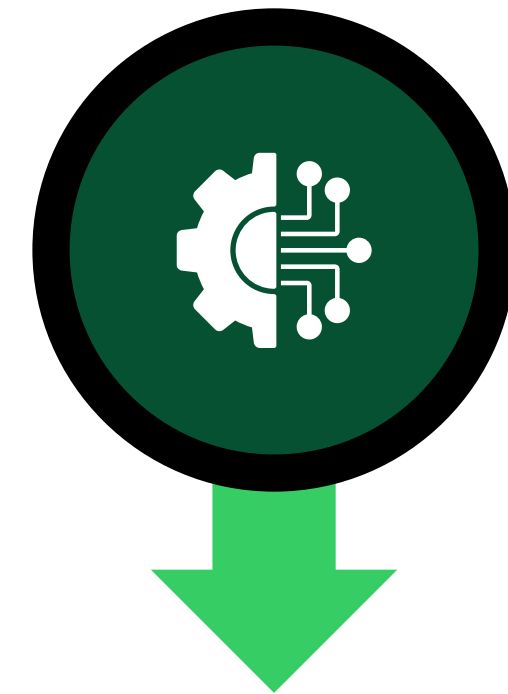
**Unemployment
Rate (%)**

4.3%
(NBS, 2024)



Poverty Rate (%)

61%
(World Bank Projection,
2025)



**Adult Literacy
Rate**

62%
(UNESCO, 2025)



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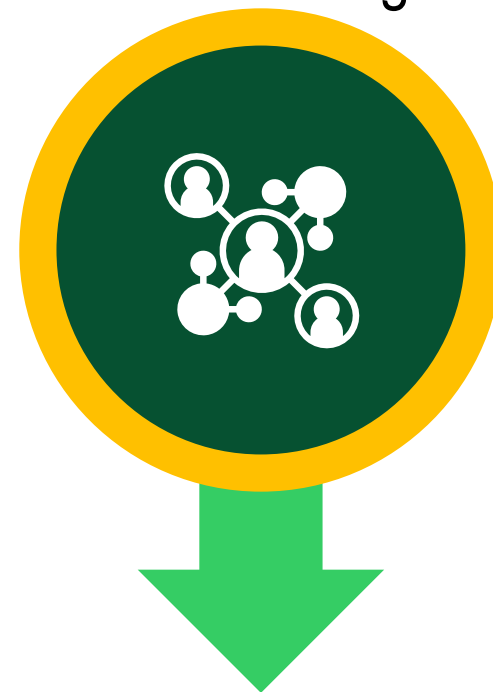
Macroeconomics

Nigeria's macroeconomic indicators in 2025 reflect a cautiously improving outlook supported by policy reforms and external earnings. Real GDP growth remains stable at 4.23%, while inflation, though still high at 16.05%, shows clear signs of moderation. A current account surplus of \$5.28 billion points to stronger foreign exchange inflows, even as a -4.7% fiscal balance underscores ongoing fiscal pressures. Together, these figures highlight an economy regaining stability but still navigating structural constraints.



**Real GDP
Growth (%)**

4.23%
(Q2, 2025)



Inflation (%)

16.05%
(Oct 2025)



**Current Account
Balance**

\$5.28 Billion
(Q2, 2025)



Fiscal Balance

-4.7%
(Q2, 2025)



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Implications for Businesses

- **Resilient but Uneven Growth** - While GDP growth of 4.23% signals gradual stability, high unemployment and poverty (61%) highlight that economic gains are not yet translating into broad welfare improvements.
- **Moderating Inflation, Limited Relief:** – The drop in inflation to 16.05% suggests policy progress, but households continue to face high living costs, keeping consumer demand subdued and inequality persistent.
- **Fiscal Pressure Amid Recovery:** A –4.7% fiscal balance indicates ongoing budget strain, limiting the government's ability to invest heavily in infrastructure and social programmes without increasing debt.
- **External Strength but Domestic Fragility:** A current account surplus and stronger reserves show improved external stability, yet weak domestic productivity and low literacy (62%) threaten long-term competitiveness and inclusive growth.



₦/US Exchange Rate

Currency	Date	Central Rate
2025	Oct	1447.71
	Sep	1474.85
	Aug	1531.07
	Jul	1533.05
	Jun	1529.21
	May	1585.65
	Apr	1596.19
	Mar	1536.32
	Feb	1491.99
	Jan	1477.72

- **Naira Recovery:** The steady appreciation of the naira—from ₦1,585.65 in May to ₦1,447.71 in October 2025—signals a gradual return of stability in the foreign exchange market. This 9% gain over five months suggests improved dollar liquidity and growing investor confidence in Nigeria’s economic management..
- **Policy Impact:** The consistent downward movement in the exchange rate reflects the positive impact of recent Central Bank reforms—including FX market unification, tighter monetary policy, and enhanced transparency. These measures are restoring market credibility, curbing speculation, and attracting genuine inflows from foreign investors and diaspora sources.
- **External Reserves and Market Confidence:** A firmer naira tends to ease pressure on Nigeria’s external reserves, as the Central Bank requires fewer interventions to defend the currency. This dynamic boosts foreign investor confidence, encouraging more portfolio inflows into government securities and equities. As stability persists, Nigeria’s risk premium could decline, improving access to foreign capital and supporting fiscal sustainability.



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Market Capitalization



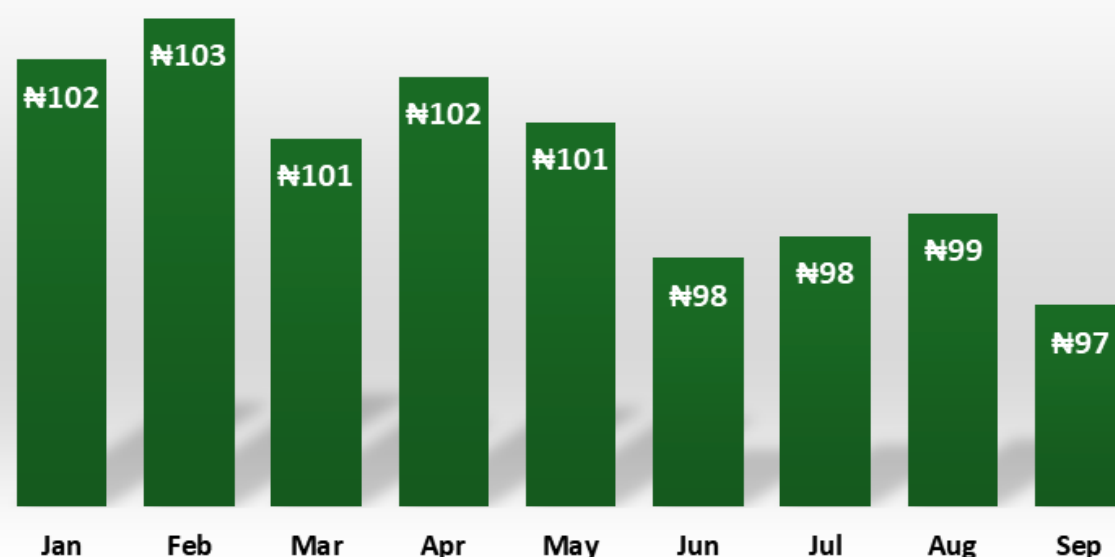
➤ **Rising Investor Confidence:** The consistent rise in market capitalization from ₦64.71 trillion in January to ₦94.95 trillion in October 2025 underscores a strong recovery in investor sentiment. This 47% year-to-date gain reflects renewed optimism and sustained participation in the Nigerian equities market.

➤ **Deepening Market Liquidity:** The expansion in capitalisation indicates heightened trading activity and greater liquidity across the NGX Exchange. Increased inflows from both institutional and retail investors have strengthened daily turnover and enhanced market depth.

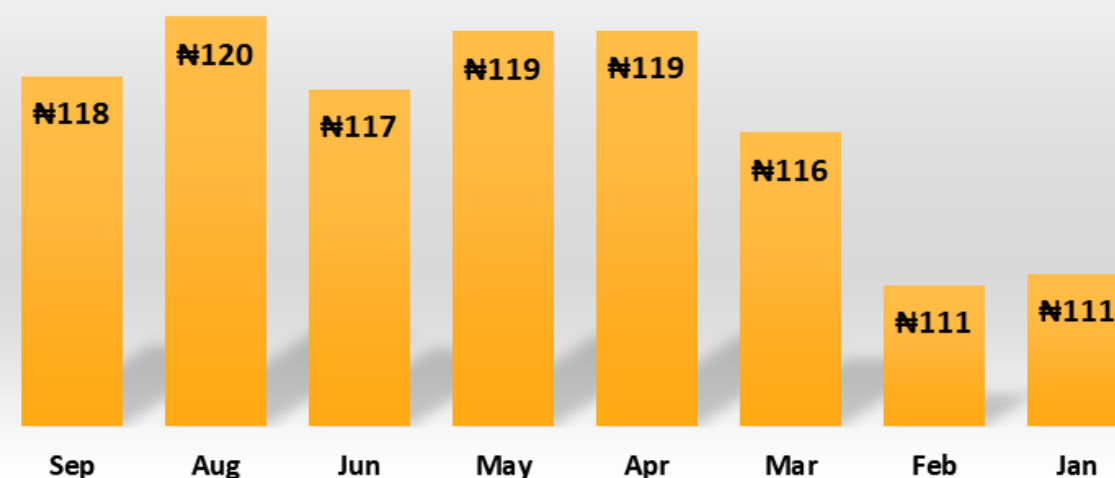
➤ **Improved Corporate Valuations:** The upward trajectory highlights stronger corporate earnings and improving outlooks for listed firms, supported by policy reforms, resilient profits, and expanding sectoral growth, particularly in banking, industrials, and telecommunications.

Monetary & Credit Statistics

Net Domestic Credit (Trillions)



**MONEY SUPPLY (M3) (₦ Trillions)
JANUARY - OCTOBER 2025**



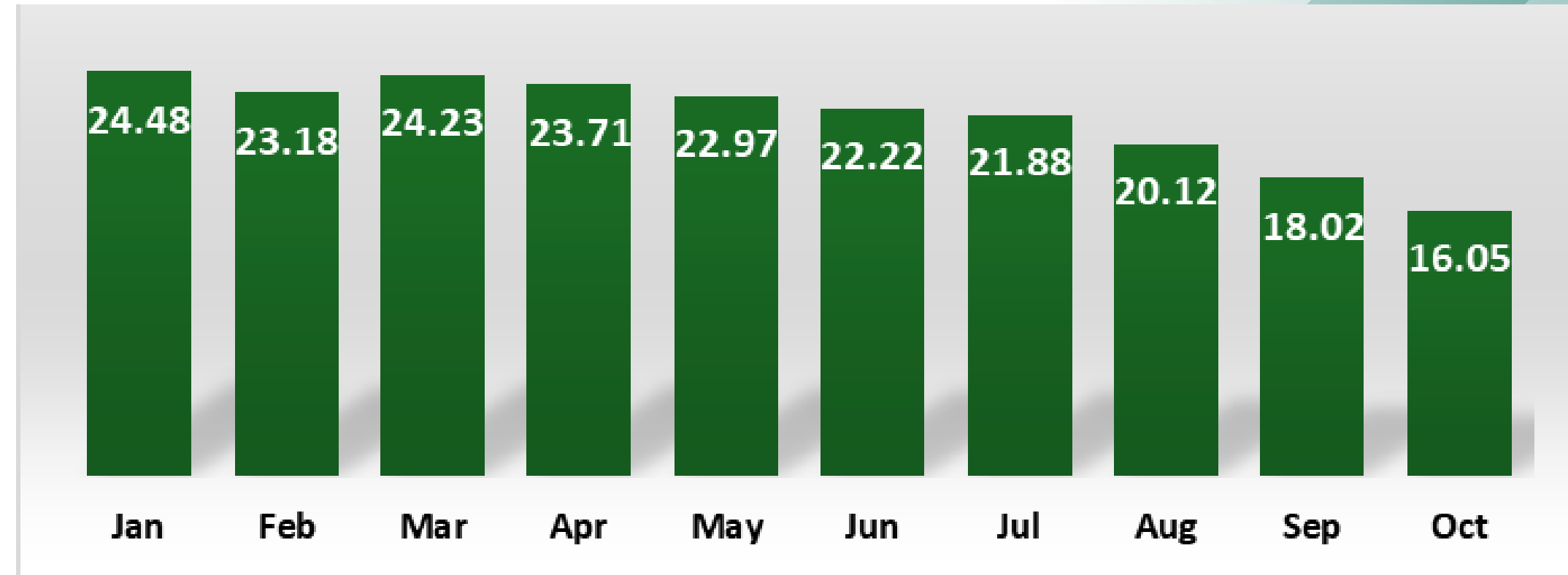
Implications

Tightening Credit Conditions: The steady decline in net domestic credit from ₦103 trillion in February to ₦97 trillion in September suggests reduced lending activity. This may reflect cautious bank behavior amid tighter monetary policy, limiting access to credit for businesses and households.

Controlled Liquidity Growth: Despite fluctuations, money supply (M3) remained within a stable range of ₦111–₦120 trillion, indicating effective liquidity management by the Central Bank. This restraint supports disinflation efforts but could also moderate economic expansion if sustained for too long.



INFLATION

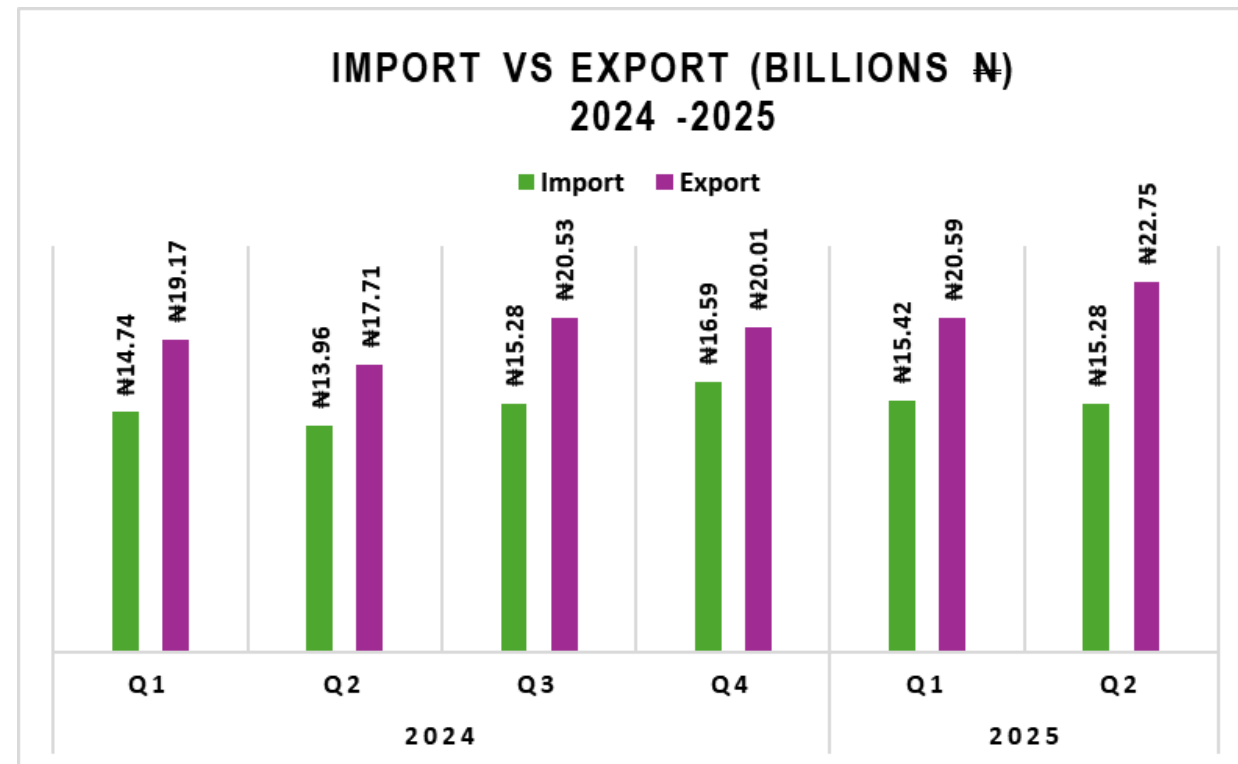


Implications

Easing Price Pressures: The steady decline in inflation from 24.48% in January to 16.05% in October 2025 indicates effective monetary tightening and improved supply conditions, suggesting that price stability is gradually being restored.

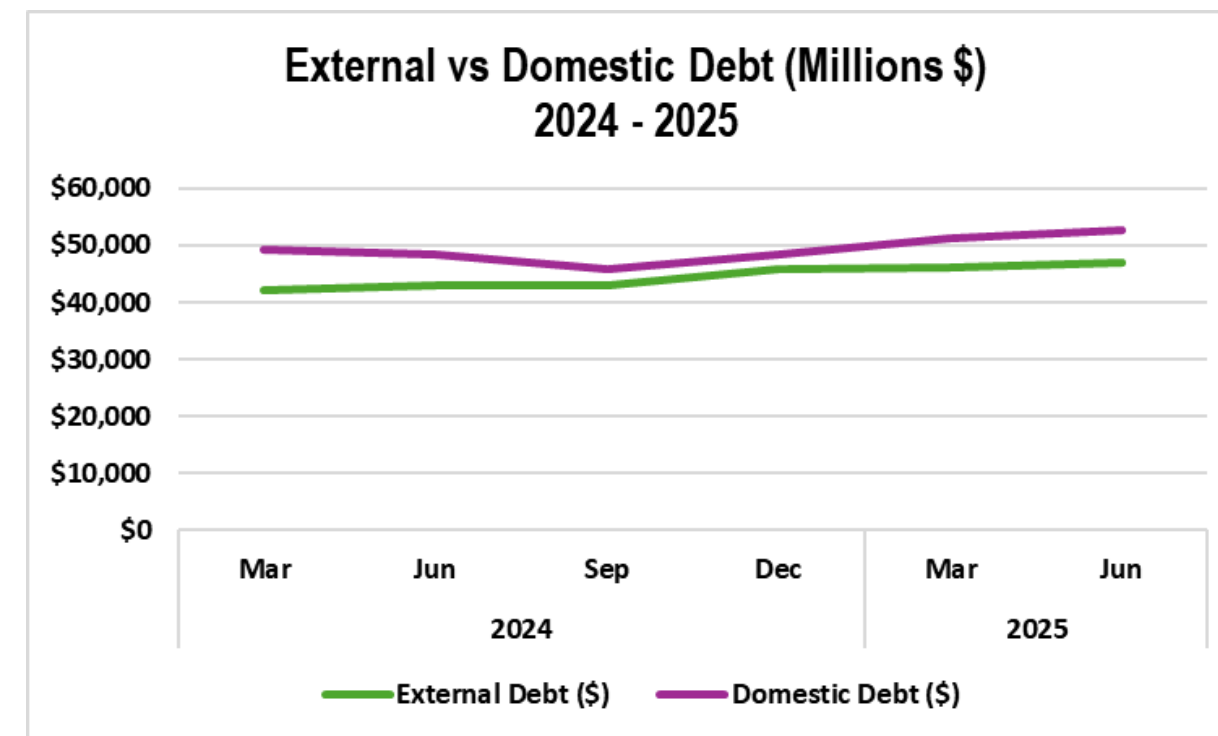
Improved Consumer Confidence and Policy Space: Lower inflation boosts real household purchasing power and gives policymakers room to support growth through targeted fiscal and credit measures without risking renewed price spikes.

Trade Performance & Debt



➤ Strong Export Growth

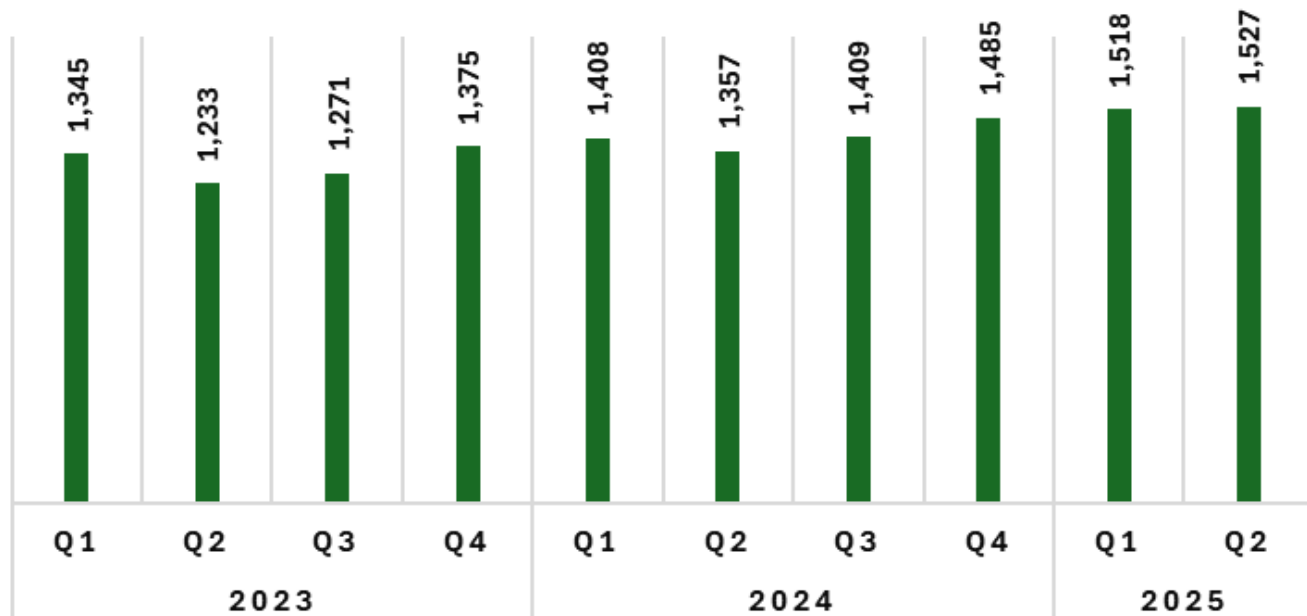
- Nigeria's exports consistently exceed imports, indicating a positive trade balance that can strengthen foreign reserves and support naira stability. However, sustaining this advantage depends on diversifying exports beyond oil and improving manufacturing competitiveness.



➤ Rise In Domestic Financing

- Nigeria's rising debt profile shows a heavier reliance on domestic borrowing, which helps reduce foreign-exchange risk. On the other hand, it could signal mounting fiscal pressure and the need for more sustainable revenue generation.

**OIL PRODUCTION (TB/D)
2023 - 2025 (THOUSANDS)**



OIL PRODUCTION

- **Gradual Output Recovery:** Oil production has risen steadily from 1.23 million bpd in Q2 2023 to 1.53 million bpd in Q2 2025, reflecting a sustained recovery in Nigeria's output capacity. This suggests improvements in infrastructure security, reduced crude theft, and better field operations.
- **Enhanced Revenue Potential:** The consistent growth in production implies stronger export volumes and fiscal revenue for government budgets heavily reliant on oil income. Higher output supports foreign exchange inflows, fiscal stability, and may help widen the margins of Nigeria's trade surplus.

➤ **Strengthening External Position:**

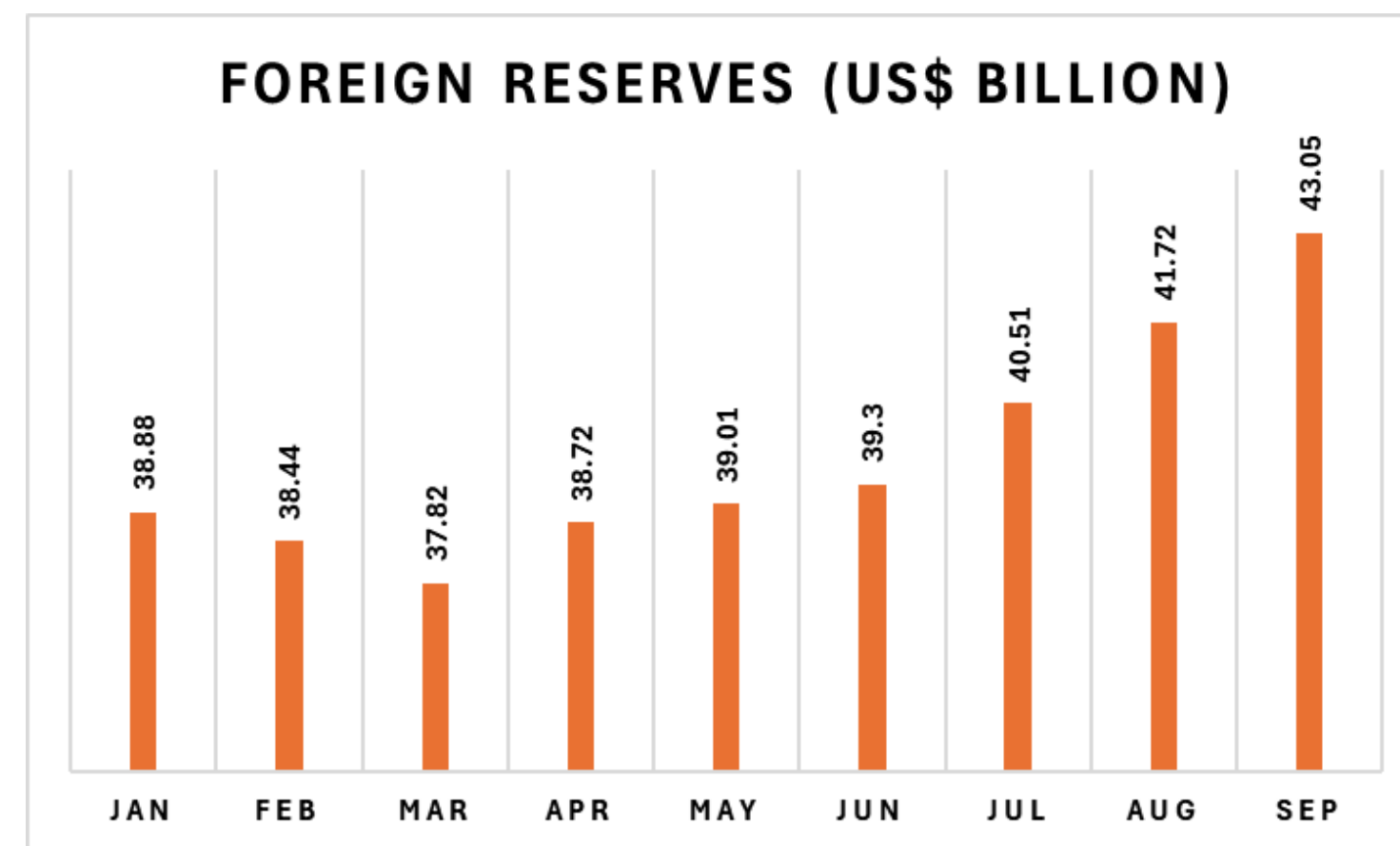
Foreign reserves rose steadily from US\$37.82 billion in March to US\$43.05 billion in September, indicating improved foreign exchange inflows from oil earnings, remittances, and possibly portfolio investments. This growth enhances Nigeria's capacity to defend the naira and meet external obligations.

➤ **Improved Investor Confidence:**

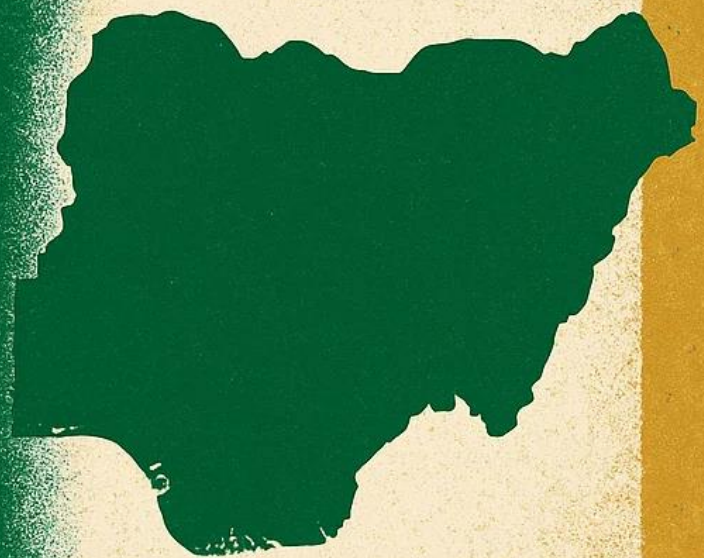
The upward trend suggests renewed confidence in Nigeria's macroeconomic management, likely reflecting reforms in the FX market and stronger oil export performance. Sustained reserve growth can help stabilize the exchange rate and attract further foreign investment.



FOREIGN RESERVES



NIGERIA EXITS FATF GREY LIST



Nigeria was added to the **Financial Action Task Force (FATF)** Financial Crimes grey list in 2023 and removed in October 2025, reflecting compliance with 40 FATF Recommendations.

■ Key Highlights

Renewed International Confidence: FATF's decision reflects Nigeria's strengthened anti-money-laundering (AML) and counter-terrorist-financing (CTF) frameworks, following comprehensive reforms by the CBN, EFCC, and NFIU. (FATF, 2025)

Enhanced Global Reputation: Nigeria's delisting improves its standing within the global financial system—reducing compliance risks for banks and facilitating smoother correspondent banking relationships. (IMF, 2025)

Positive Investment Signal: The removal is expected to lower transaction costs and risk premiums, attract more foreign portfolio inflows, and support naira stability as investor trust deepens. (World Bank, 2025)

Reform Milestones: Key improvements include tighter regulatory supervision by the Central Bank of Nigeria, enhanced data sharing between agencies, and strengthened financial intelligence processes.



Key Stats

26% of Nigerian adults remain financially excluded (CBN Governor, Annual Bankers Dinner, 2024)

The Central Bank of Nigeria (CBN) aims to ensure that 80% of adults are financially included by 2026 (CBN Bulletin, 2025)

Only 16% of Nigerian adults were considered “financially healthy” in 2023 (i.e., able to meet basic needs, recover from shocks, plan) — down from 28% in 2020. (EfINA, 2023)

78% of Nigerian adults could not raise the equivalent of NGN 75,000 in 7 days in the event of an emergency. (EfINA, 2023)

Only 47% of women accessed formal financial services in 2023, compared to 58% of men (EfINA, 2023)

FINANCIAL INCLUSION IN NIGERIA



Key Take Aways



Confidence Is Returning, but Growth Remains Uneven

The world economy is stabilizing after years of shocks, but recovery is highly uneven across regions. Advanced economies are cooling under the weight of high interest rates, while emerging markets, especially in Asia and parts of Africa, continue to drive momentum.



Policy Discipline Is Starting to Pay Off

In Nigeria, the combined effects of exchange-rate unification, tighter monetary policy, and fiscal restraint are stabilizing key macro variables. The sharp fall in inflation demonstrates that consistency in reform is what restores credibility and long-term stability.



Nigeria's Recovery Is Resilient but Not Self-Sustaining Yet

Higher oil production and export gains are lifting external earnings, but the country's dependence on hydrocarbons still exposes it to global shocks.





Thank You



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