

ADSR Nigeria Macroeconomic Outlook, 2025

# Turning Reform Pains to Citizens' Gains in the Mid-term Year



---

**Dotun Seyingbo**

Principal Economist

**Analysts Data Services & Resources Ltd.**

Seyingbo.av@adsrng.com; +234 (0) 8059437106

# Outline



## Introduction



## Key Reforms and Initial Adjustments



## Macroeconomic Environments and Impacts



## Global Events and Outlook



## Turning Reform Pains to Citizen's Gains

## Introduction

- 2024 was an exciting year witnessing several reform initiatives to improve the macroeconomic conditions of the people.
- However, not many Nigerians believe this to be true.
- Consequently, 2025 will mark an important year for the current administration to show the efficacy of these reforms before politics displace policies.
- As the administration advances beyond the mid-year, political considerations might limit the administration's policy choices.
- This might lead to possible policy/reform reversals and another missed opportunity to transform the Nigerian economy.



# Key Reforms

1

**Exchange Rates  
Harmonization/De  
valuation**

2

**Removal of Energy  
Subsidies (Petrol and  
Electricity)**

3

**New Recapitalization  
Benchmarks for Banks**

4

**Intensified Efforts to  
Curb Insecurity**

5

**Tax Reform  
(Proposed)**

6

**Direct Payment of  
FAAC to Local  
Government (LGs)**

7

**Social Welfare and Credit  
Policies –**

Palliatives to cushion the effect of subsidy removal  
Nigerian Education Loan Fund (NELFUND) and the  
Nigerian Consumer Credit Corporation

8

**Minimum Wage  
Policy**

9

**Presidential Initiative  
on compressed natural  
gas (CNG)**

# Initial Adjustments



**Increased energy prices & reduced purchasing power**



**Civic protest and unrests across the country**



**States fiscal capacity**



**Weaker Currency**



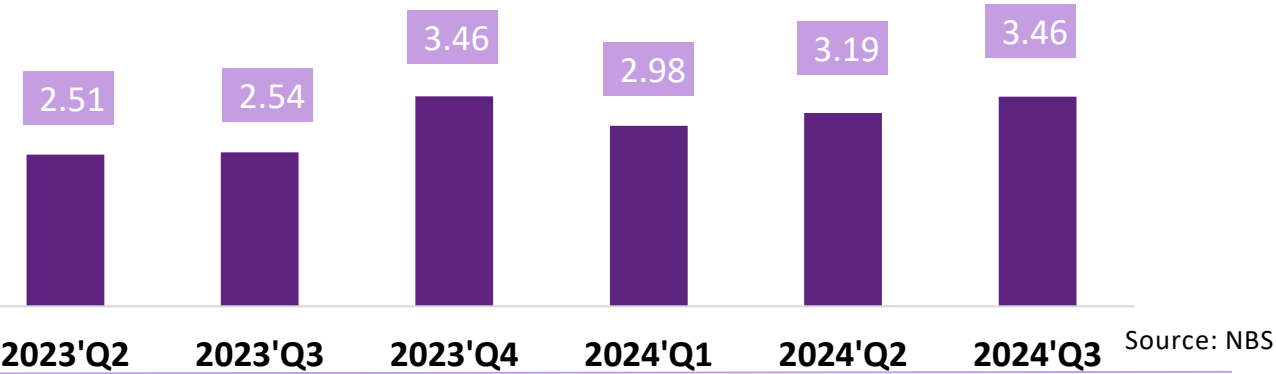
**Potential for friction between States and LGs**



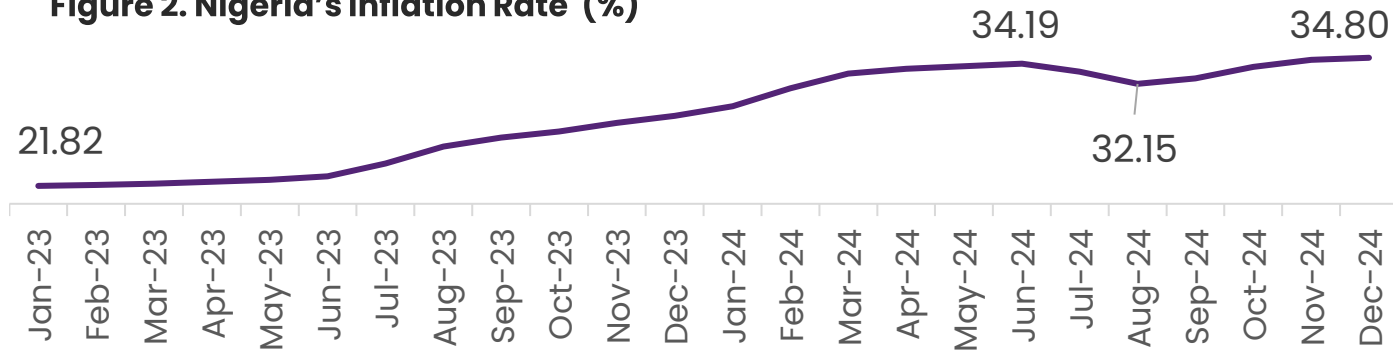
**Inflationary tendency**

# Macroeconomic Events and Impact

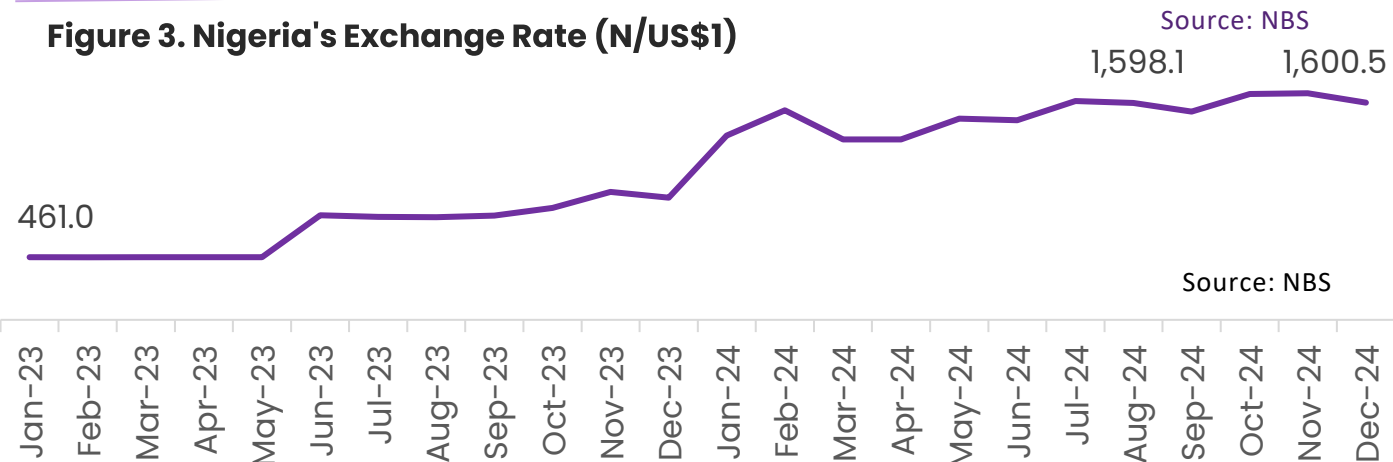
**Figure 1. Nigeria: GDP Growth Rate (%)**



**Figure 2. Nigeria's Inflation Rate (%)**



**Figure 3. Nigeria's Exchange Rate (N/US\$1)**



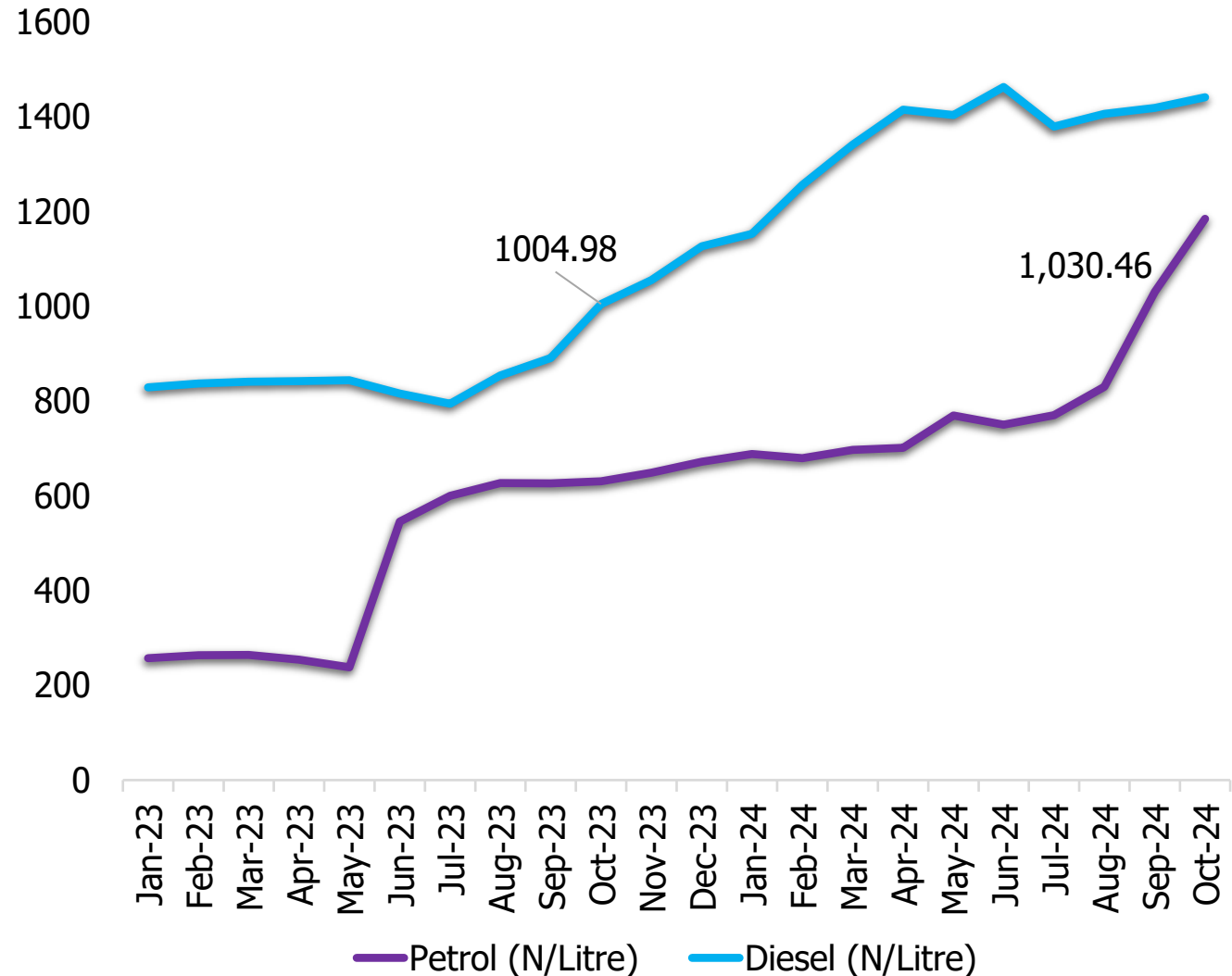
Nigeria's GDP growth is relatively resilient – rose to 3.46% in 2024'Q3 from 3.19% recorded in Q2.

- Price level rose significantly, from 21.82% in Jan 2023 to 34.19% in Jun 2024 and declined slightly to 32.15% in Aug 2024 before rising again to 34.60% in Nov 2024 and currently at 34.80% in Dec 2024 (yr/yr), driven mainly by food price inflation and loose financial conditions.
- Interest rate remains relatively high in response to inflation and economic instability.
- Naira depreciated by 71.15% between January 2023 and August 2024, rising from N461/US\$1 to N1,598.1/US\$, now around N1,600/US\$,
- Naira will likely continue to face gradual depreciation pressures due to trade imbalances and inflation.

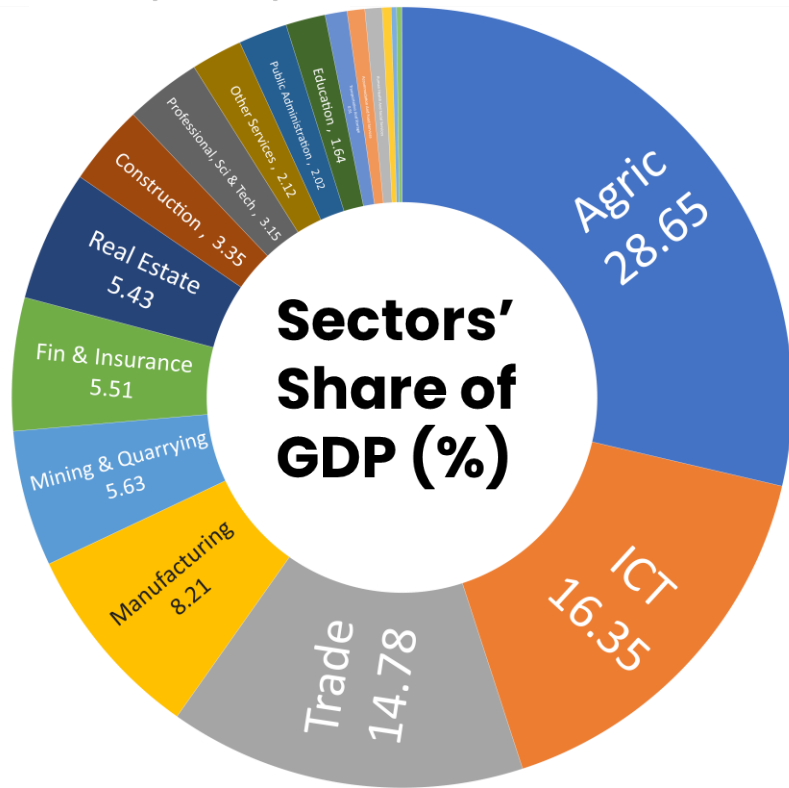
# Macroeconomic Events and Impact

Year	Minimum Wage (N)	1\$/N Rate	Minimum Wage (\$)
1981	124	0.61	204.92
1991	250	9.91	25.23
2000	5,500	102.11	53.86
2011	18,000	153.86	116.99
2018	30,000	306.08	98.01
2024	70,000	1,650.0	42.43

States	Approved Wage (N)
Lagos, Rivers	85,000
Akwa Ibom, Enugu, Oyo and Niger	80,000
Delta and Ogun	77,000
Ebonyi, Osun, Benue and Kebbi	75,000
Ondo	73,000
Kogi, Kaduna	72,000
Kano, Gombe	71,000
Other States	70,000



# GDP Sectors Performance



Sectors	Q3'2023	Q4'2023	Q1'2024	Q2'2024	Q3'2024
Agriculture	1.30	2.10	0.18	1.41	1.14
Mining & Quarrying	(1.96)	8.04	6.30	7.79	3.27
Manufacturing	0.48	1.38	1.49	1.28	0.92
Electricity, Gas, Steam And Air Conditioning Supply	1.91	6.17	(5.43)	5.96	3.23
Water supply, Sewerage, Waste mgt & remedication	11.93	7.44	6.95	8.20	9.78
Construction	3.89	3.70	(2.14)	1.05	2.91
Trade	1.53	1.40	1.23	0.70	0.65
Accommodation And Food Services	3.57	3.28	2.80	2.13	4.44
Transportation And Storage	(35.85)	(29.00)	3.33	(13.53)	12.15
Information and Communication	6.69	6.33	5.43	4.44	5.92
Arts, Entertainment and Recreation	4.45	4.13	4.44	1.79	4.74
Financial and Insurance	28.21	29.78	31.24	28.79	30.83
Real Estate	1.90	1.34	0.84	0.75	0.68
Professional, Sci & Tech	2.15	1.79	1.01	1.34	1.36
Administrative & Support Services	2.77	1.61	(1.53)	1.32	2.40
Public Administration	2.05	2.18	2.09	1.85	2.53
Education	1.45	1.60	1.62	1.92	2.29
Human health and Social Services	2.93	3.73	2.12	2.41	3.26
Other Services	0.63	0.05	(18.27)	(12.66)	0.47
<b>GDP at 2010 constant price</b>	<b>2.54</b>	<b>3.46</b>	<b>2.98</b>	<b>3.19</b>	<b>3.46</b>

Source: NBS, ADSR Research

- The leading contributors to Nigerian outputs are: Agriculture, ICT, Trade, Manufacturing.
- The Financial & Insurance Sector accounts for 5.51% of Nigeria's GDP,
  - but continues as the major driver of economic growth. It has remained the fastest growing sector in recent time

- Other fast-growing sectors are Transport and Storage (12.15%), Water supply (9.78%), ICT (5.92%) and Art, Entertainment & Recreation (4.74%).



# Stock Market Performance Across Sectors

INDICIES	2017	2018	2019	2020	2021	2022	2023	2024
NSE All Share Index	42.3	-17.8	-14.6	50.03	6.1	19.98	45.9	37.65
NSE 30 Index	46.14	-18.9	-16.9	39.25	5	6.98	51.44	33.57
NSE AseM	-8.6	-27	-7.41	-0.7	-8.1	-1.67	-3.01	147.6
NSE Banking Index	73.32	-16.1	-10.6	10.14	3.3	2.81	114.9	19.45
NSE CG Index		-17.3	-13.3	12.25	4.7	-0.12	73.05	24.06
NSE Consumer Goods Index	36.97	-23.3	-20.8	-3.29	2.8	-0.06	90.39	47.58
NSE Industrial Index	23.84	-37.3	-13.1	90.81	-2.1	19.67	12.86	31.35
NSE Insurance Index	10.36	-9.25	-0.52	50.61	4.5	-11.99	84.48	92.49
NSE Lotus Islamic Index	39.03	-12.8	-17.9	55.13	5.7	7.69	42.55	41.28
NSE Main Board Index	42.36	-16	-20	49.84	1.3	33.18	48.65	42.38
NSE Oil/Gas Index	5.76	-8.61	-13.1	-13.8	52.5	34.05	125.5	160.1
NSE Pension Index	70.33	-12.5	-12.7	31.74	17	10.37	0	-18.1
NSE Premium Board Index	51.23	-14.4	-3.59	64.01	20.1	13.14	53.26	30.86

**Performances differ across sectors stocks/indices.**

- **There were significant gains in various market and sectors**
- **Market is still positive at 36.65% in 2024.**
- **Major gainers being companies in the Oil and gas and financial services sector**

An aerial photograph of a city, likely San Francisco, with a prominent purple overlay. The image shows a dense urban landscape with various buildings, a large body of water in the background, and a circular helipad in the foreground. The text is overlaid on the left side of the image.

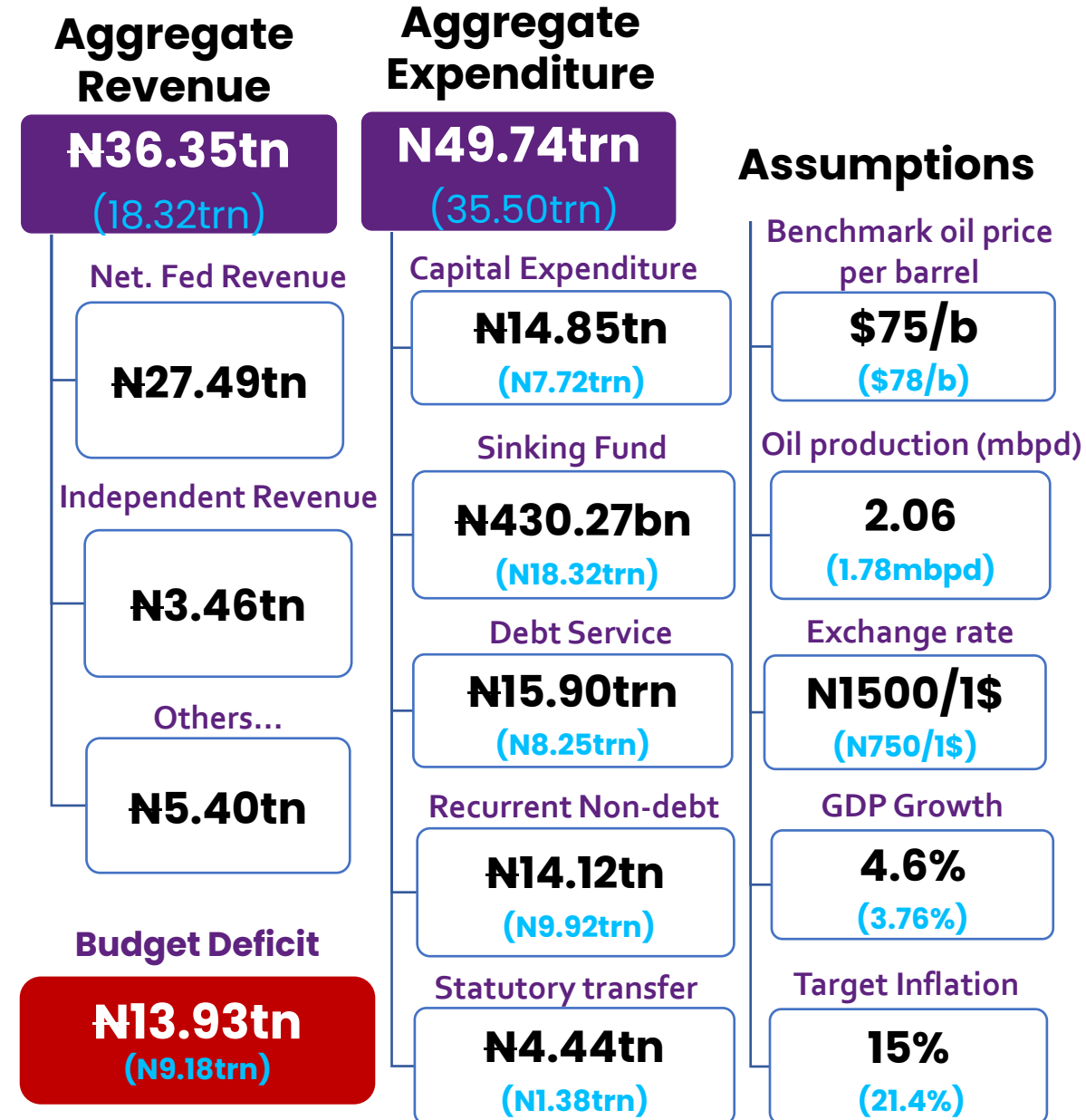
# Budgeting **FOR THE CITIZENS**

---



# Budgeting for the Citizens in 2025

- An aggregate of N49.7 trn was proposed as the budget for the year 2025 this is about 40.1% increase compared to the 2024 figure.
  - N13.93 trillion was proposed to finance the deficit with an expected revenue of N36.35*
- There was a significant increase in the key provisions except for capital expenditure in the 2025 budget proposal.
- Sectoral breakdown showed that the Defense sector takes the largest share of the budget (7.8%), followed by Education and Health with 5.1% and 3.9% respectively.
- Key assumptions underlying the budget proposal are quite ambitious, requiring bold steps to be taken by the government to achieve the set targets.



The background features a purple gradient with a faint illustration of a globe. A person is depicted on a surfboard riding a wave on the right side of the globe. In the bottom left corner, there is a faint line graph with a fluctuating line.

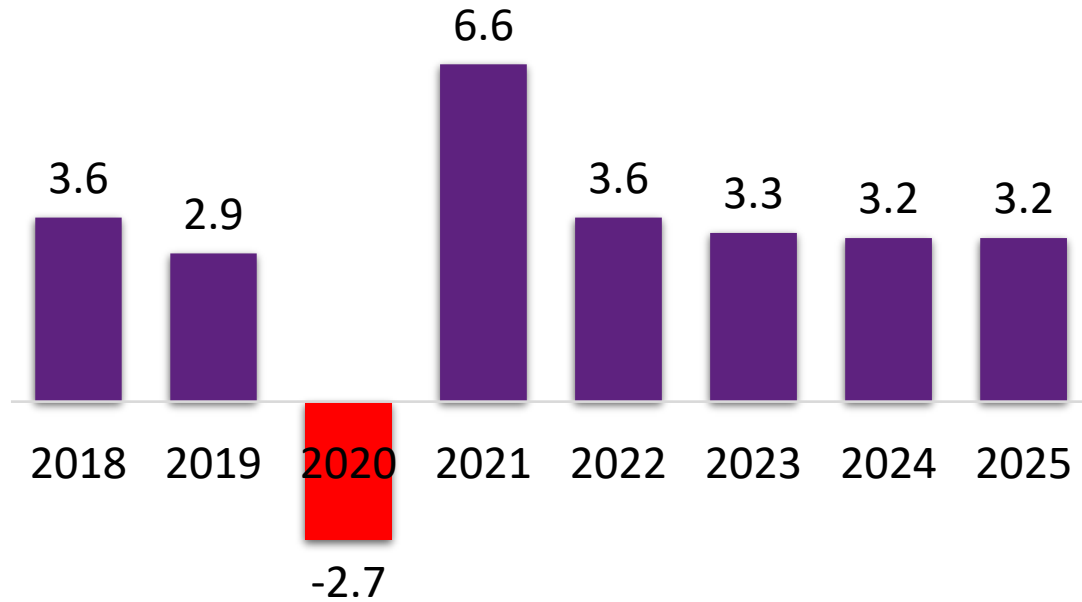
Global

# NOTABLE EVENTS



# Global Events and Outlook

## World GDP Growth and Projections



Inflation is declining in most economies.

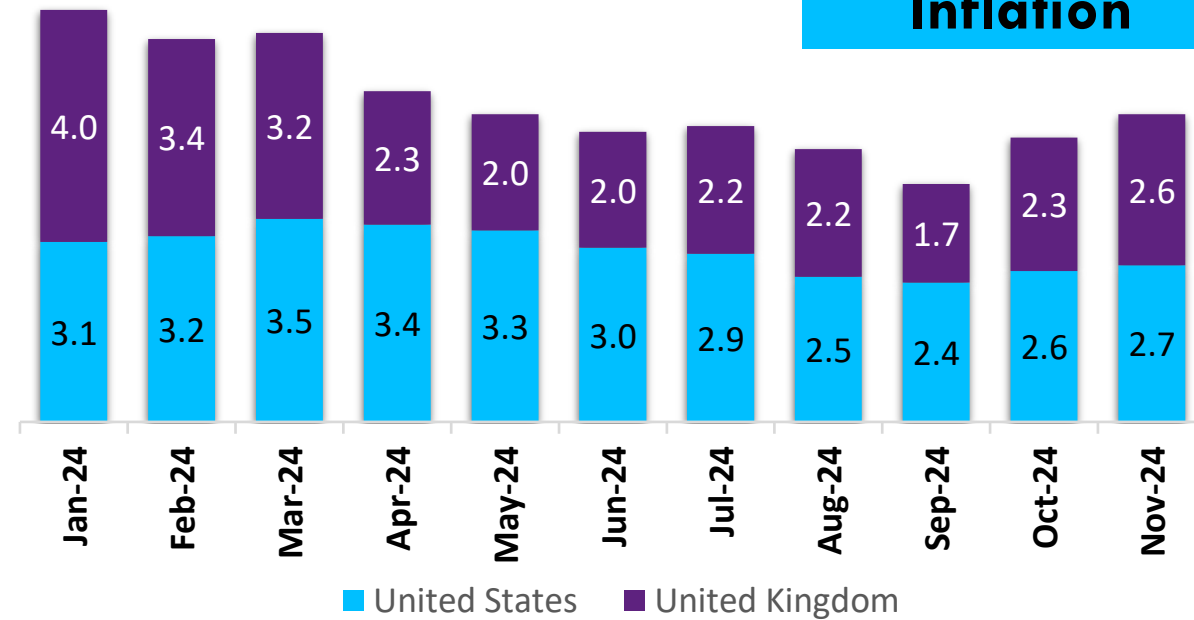
Growth performance

Geo-political tension – Russia-Ukraine; Isreal-Gaza, etc.

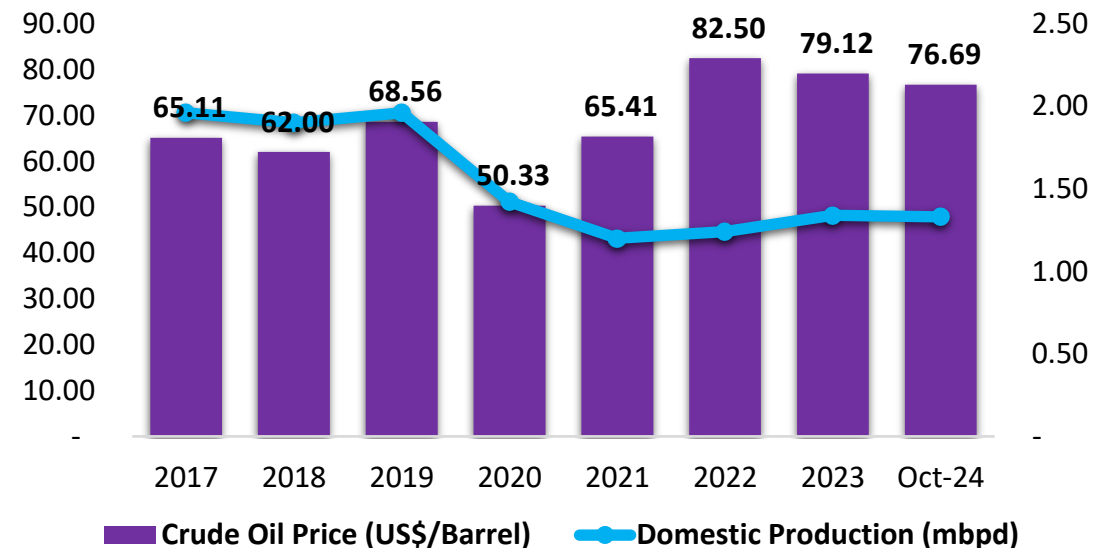
AI disruption

Protectionism – US elections

## Inflation



## Crude Oil Price





# Global and **Domestic Outlook, 2025** >

---

Country/Region	2020	2021	2022	2023	2024	2025
<b>World</b>	<b>-2.7</b>	<b>6.6</b>	<b>3.6</b>	<b>3.3</b>	<b>3.2</b>	<b>3.2</b>
Advanced Eco.	-4.0	6.0	2.9	1.7	1.8	1.8
Euro Area	-6.1	6.2	3.3	0.4	0.8	1.2
EMs & Developing	-1.8	7.0	4.0	4.4	4.2	4.2
<b>Sub-Sah. Africa</b>	<b>-1.6</b>	<b>4.8</b>	<b>4.1</b>	<b>3.6</b>	<b>3.6</b>	<b>4.2</b>
United States	-2.2	6.1	2.5	2.9	2.8	2.2
United Kingdom	-10.3	8.6	4.8	0.3	1.1	1.5
China	2.2	8.4	3.0	5.3	4.8	4.5
India	-5.8	9.7	7.0	8.2	7.0	6.5
Brazil	-3.3	4.8	3.0	2.9	3.0	2.2
South Africa	-6.2	5.0	1.9	0.7	1.1	1.5
<b>Nigeria</b>	<b>-1.8</b>	<b>3.6</b>	<b>3.3</b>	<b>2.9</b>	<b>2.9</b>	<b>3.2</b>

- Global growth not impressive, but resilient amidst global challenges:
  - *Not too strong growth in major Euro economies, Canada and China*
  - *Global tension persists*
  - *US dollars showed impressive recovery with low inflation, stronger currency and steady growth.*
- The International Monetary Fund (IMF)'s global growth projection remain at 3.2% in 2025. Same as growth in advanced economies.
- SSA countries – Growth steadied between 2023 and 2024, and is expected to rebound to 4.2% in 2025.
  - *Lower trading partner growth*
  - *Tighter financial and monetary conditions*
  - *Negative shift in the commodity terms of trade*
- It is expected that the Nigerian economy will end the year in the positive territory, at 3.2%.
- Growth in near terms continues to be weak, still half-way away from growth in 2021.



- **US growth momentum and rebound in Euro Areas?**
- **Trade wars – protectionist policies**
- **Political upheavals**
- **High commodities prices, especially agro commodities if war in Ukraine and Russia persists**
- **Price of crude oil will likely remain steady**
- **Climate change advancement might suffer some set-back, but increased global investment in climate finance might hold steady**
- **Technological Advancement (Artificial Intelligence), Renewable Energy, and Digital payments**



## **Governments – Markets Reforms and Business Competitiveness:**

- More transparency in the management of subsidy savings and product pricing
- Build foundation for long-term productivity and export-led growth to strengthen currency
- Couple financial sector growth with real sector expansion through adequate lending and advisory
- Rethink industrial policies to focus on linking micro and small enterprises with large firms for increased efficiency and productivity
- Monitor reform success for learning and to take bold decisions.
- Adopt relevant and effective means to eliminate insecurity problems
- Ensure States are more empowered to drive the administration's economic growth agenda

## **Governments – Governance, Institutions and Citizens Welfare**

- Devise a sustainable model of funding outside the budget and be ore transparent
- Well-targeted palliatives in the short run, and introduction of poverty reduction strategies in the long-run
- Build capacity and encourage transparency and efficiency at the grassroots level
- Pursue expenditure rationalization strategies
- More Collaboration, Effective Coordination and intense communication



# Opportunities for Businesses

**1**

Leverage the Export Markets

**2**

Look inward for materials

**3**

Explore growth opportunities in other sectors – tradable services

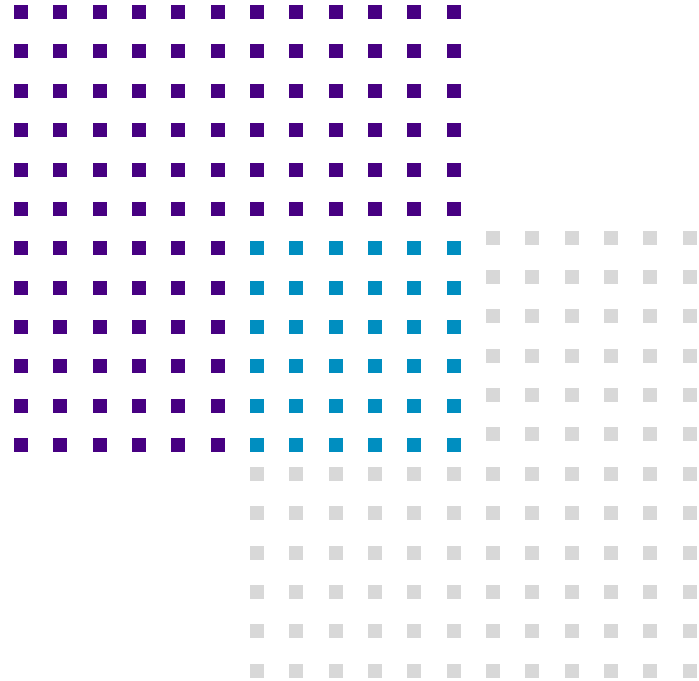
**4**

Focus on opportunities for cost-reduction – renewable energy

**5**

Take advantage of maturing commodities and sectors – oil and gas, real estate, etc.





*Thank You  
For Listening*

+234 7037470047  
info@adsrng.com, mail.adsr@gmail.com  
www.adsrng.com, www.adsranastat.com

Analysts' House,  
Opposite University of Ibadan 2nd Gate,  
Ibadan, Nigeria

 adsrng.com