CSEA
Centre for the Study of the Economies of Africa

Weekly Snapshot

February 6, 2026 . Issue4

Nigeria’s 2025 Inflation Trajectory Signals Macroeconomic Stabilization

According to data from the Central Bank of Nigeria (CBN), Nigeria’s inflation declined significantly in 2025, reflecting improved macroeconomic conditions. Headline inflation declined steadily from 27.61% in January 2025 to 15.15% by December 2025, reflecting a sharp reduction of over 12 percentage points within the year. This downward trajectory contrasts sharply with 2024, when inflation remained persistently elevated above 30%, peaking at 34.80% in December 2024. The sustained disinflation in 2025 was largely supported by the CBN’s tight monetary policy stance, including aggressive interest rate adjustments and enhanced liquidity management aimed at curbing demand-side pressures and anchoring inflation expectations. The moderation in inflation carries important implications for the economy, including gradual improvements in household purchasing power, easing cost pressures on firms, and a more predictable environment for investment and fiscal planning. Looking ahead to 2026, expectations are cautiously optimistic that inflationary pressures will continue to ease, albeit at a slower pace. This outlook is based on the continued CBN commitment to monetary tightening, improved exchange rate management, and the lagged effects of policy transmission from 2025. However, upside risks remain, particularly from food prices, energy costs, and potential exchange rate volatility. From a policy perspective, sustaining disinflation into 2026 will require maintaining monetary discipline alongside targeted fiscal and structural interventions to address supply-side constraints, ensuring that price stability gains translate into durable welfare improvements.

Naira Appreciates Against the US Dollar

According to recent data from the Central Bank of Nigeria (CBN), the naira recorded a modest appreciation at the Nigerian Foreign Exchange Market (NFEM), strengthening from ₦1,430.85 per US dollar on January 2, 2026, to ₦1,390.36 per US dollar by February 1, 2026. This improvement, while directionally positive, remains marginal and occurs against continued exchange rate volatility. The slight strengthening of the local currency offers some short-term relief by easing pressure on import costs and moderating inflation expectations, particularly for import-dependent items such as fuel and industrial inputs. However, the scale of the appreciation is not yet sufficient to significantly shift underlying macroeconomic conditions. Ongoing exchange rate instability continues to weigh on investor confidence, disrupt business planning, and influence pricing behaviour across the country. From a policy perspective, this development reinforces the need for sustained foreign exchange inflows and efficient external reserve management. Enhancing reserve buffers through higher oil output, improved non-oil export performance, increased remittance inflows, and continued reforms in the foreign exchange market is critical to consolidating recent gains. Furthermore, maintaining a credible and consistent monetary policy framework, alongside measures to deepen liquidity at the NFEM, is essential to stabilise the exchange rate and anchor market confidence.

Nigeria’s Crude Oil Price Rises Amid Geopolitical Risks

According to data gathered from the Central Bank of Nigeria (CBN), the price of Nigeria’s crude oil rose to US$75.03 per barrel on 29 January 2026, reaching the highest level since 30 September 2025. Prices gained over $4 per barrel, representing an approximate 5% increase, as Brent and other benchmarks extended gains for a third consecutive session. The surge was driven largely by rising fears over possible supply disruptions from the Middle East, particularly along strategic routes such as the Strait of Hormuz. The price spike has significant implications for Nigeria’s economy, given its reliance on oil revenues. Higher crude prices could bolster government revenue and foreign exchange inflows, strengthen reserve buffers, and provide fiscal space for public expenditure. However, ongoing geopolitical risks may also introduce volatility, affecting market stability and planning for oil-dependent sectors, which increases the need for diversification of the economy. From a policy perspective, maintaining prudent fiscal and reserve management is essential to maximise benefits from the rally while mitigating risks from potential price swings. Monitoring global oil markets and adjusting production and export strategies will be key to optimising gains.

ECONOMIC SNAPSHOT		
Quarterly Indicators	**'25Q1**	**'25Q2**
GDP Growth Rate (%)	3.13	4.23
Oil GDP Growth Rate (%)	1.87	20.46
Non-oil GDP Growth Rate (%)	3.19	3.64
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US $ Million)	126.29	NA
Portfolio Investment (US $Millions)	5204.61	NA
Other Investment (US $Million)	311.17	NA
External Debt (FGN & States- N'Trillion)	70.63	74.89
Domestic Debt (FGN + States & FCT N'Trillion)	78.75	70.63
Manufacturing Capacity Utilization (%)	62.4	62.6
Imports (N'Billion)	15.43	15.29
Exports (N'Billion)	20.598	22.75
Total trade (N'Billion)	36.025	38.037
Total trade (N'Billion)	5.17	7.46
Trade balance (N'Billion)	12.95	11.97
Crude oil Export (N'Billion)	7.64	10.78
Non-Crude Oil Export (N'Billion)	3.17	4.23
Monthly Indicators	**September 25'**	**October 25'**
Headline Inflation (%)	18.02	16.05
Food Sub-Index (%)	16.87	13.12
Core Sub-Index (%)	19.53	18.69
External Reserves (End Period) (US$ Billion)	42.4	43.17
Official Rate Approx. (N/US$)	1475	1422
BDC Rate Approx. (N/US$)	1485	1480
Manufacturing PMI	51.4	54.2
Non-Manufacturing PMI	54.7	55.6
Average Crude Oil Price (US$/Barrel)	70.2	66.5
Petrol (PMS-N/litre)	NA	NA
Diesel (AGO -N/Litre)	NA	NA
Kerosene (HHK -N/Litre)	1867.1	NA
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	6395.82	NA
MPR (%)	27	27
CRR of Deposit Money Banks (%)	45	45
T-Bill Rate (%)	15.17	15.07
Savings Deposit Rate (%)	7.32	7.43
Prime Lending Rate (%)	11.9	18.89
Maximum Lending Rate (%)	29.84	29.56
Narrow Money (N'Trillion)	39.11	39.35
Broad Money (N'Trillion)	117.78	119.037
Net Domestic Credit (N'Trillion)	96.685	99.199
Credit to the Government (Net) (N'Trillion)	24.16	24.79
Credit to the Private Sector (N'Trillion)	72.53	74.41
Currency in Circulation (N'Trillion)	4.95	5.056
FAAC (N'Trillion)	2.103	2.094

NA: Not Available

1. Nigeria's 2025 Inflation Trajectory Signals Macroeconomic Stabilisation report from:
https://www.cbn.gov.ng/rates/inflrates.html

2. Naira Appreciates Against the US Dollar report from:
https://www.cbn.gov.ng/rates/ExchRateByCurrency.html

3. Nigeria's Crude Oil Price Rises Amid Geopolitical Risks report from;
https://www.cbn.gov.ng/rates/DailyCrude.html