Weekly Snapshot

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Nigeria's Debt Stock Increases by 3.27% in Q1 2025

Data from the National Bureau of Statistics (NBS) show that Nigeria's public debt stock, which includes external and domestic debt, stood at ₦149.38 trillion in the first quarter of 2025, indicating a growth of 3.27% quarter-on-quarter from ₦144.66 trillion in Q4 2024. Total external debt stood at ₦70.63 trillion, while total domestic debt stood at ₦78.75 trillion in Q1 2025. The share of domestic debt to total public debt recorded the highest percentage, standing at 52.72%, while external debt accounted for 47.28% of total public debt in Q1 2025. State-wise, Lagos State recorded the highest domestic debt at ₦874.03 billion, followed by Rivers with ₦364.39 billion. Meanwhile, Jigawa and Ondo states recorded the lowest domestic debt stocks at ₦1.06 billion and ₦11.76 billion, respectively. The increase in debt stock occurred as a result of the depreciation of the Naira, which inflated the values of local currency borrowing and new borrowings from the federal government, intended for funding public expenditure. Rising debt stock implies increasing debt servicing costs, which strain government finances, especially as Nigeria makes efforts to stabilise the Naira and improve foreign exchange liquidity. Furthermore, while heavy reliance on domestic borrowing may reduce external vulnerability, it can crowd out private investments and push up domestic interest rates. Therefore, there is a need for the government to enhance debt management frameworks and control borrowing at both the federal and state levels. Furthermore, borrowings should be channelled toward growth-enhancing and revenue-generating projects, especially in productive sectors such as energy and manufacturing.

CBN Data Shows ₦5.54tn SDF Uptake Amid Falling Bank Balances

Recent data from the Central Bank of Nigeria (CBN) suggests persistent liquidity strain in the banking system. Opening balances of banks and discount houses fell to ₦297.6 billion on September 30, down from ₦338.9 billion the previous day, reflecting tighter liquidity conditions. Furthermore, banks' reliance on the CBN's Standing Deposit Facility (SDF) rose sharply to ₦5.54 trillion, compared with ₦5.39 trillion on September 29 and ₦3.73 trillion on September 26.

Although the CBN injected ₦731.1 billion through maturing Open Market Operations (OMO), this measure failed to reduce dependence on overnight borrowing. The figures point to funding pressures across the financial system. Lower opening balances suggest that banks start each day with a weakened liquidity buffer, resulting in heavy use of the SDF. This sustained demand raises interbank rates, increasing the cost of funds and potentially translating into higher lending rates for households and businesses. The fact that a sizeable OMO repayment did not moderate borrowing points to structural factors driving liquidity stress, such as aggressive Cash Reserve Requirement (CRR) debits and the absence of statutory inflows from FAAC allocations. In light of these developments, the CBN could consider moderating CRR pressures or aligning liquidity injections more closely with periods of heightened demand. A recalibrated strategy would reduce reliance on emergency borrowing windows, stabilise short-term rates, and create space for credit to flow more efficiently to the real economy. Without such measures, liquidity shortages may continuously hinder financial intermediation and undermine monetary policy and stability.

Fiscal Resilience Improves as States Record 50.54% Growth in IGR

According to the latest figures from the National Bureau of Statistics (NBS), Nigeria's subnational revenue performance improved in 2024. The combined Internally Generated Revenue (IGR) of the 36 states and the Federal Capital Territory (FCT) rose to ₦3.65 trillion, up from ₦2.43 trillion in 2023, reflecting a ₦1.22 trillion or 50.54% increase year-on-year. This growth highlights improvements in digital systems and rising compliance levels across states. State revenues consist of Tax Revenues and MDAs' revenues, with taxes – including PAYE, Direct Assessments, Road Taxes, Stamp Duties, Capital gain tax, Withholding Taxes, Other taxes and LGAs revenues – being the dominant sources. Lagos (₦1.26 trillion), Rivers (₦317.30 billion), and the FCT (₦282.36 billion) recorded the highest IGR, while Yobe (₦11.08 billion), Ebonyi (₦13.18 billion), and Kebbi (₦16.97 billion) generated the least, reflecting persistent fiscal disparities. Within the tax category, PAYE contributed ₦1.88 trillion, or 69.96% of total taxes collected, underscoring the dominance of formal employment; however, Capital Gains Tax was lowest at ₦10.57 billion, indicating weak asset taxation. Overall, total taxes accounted for about 73.50% of the total IGR. This pattern reveals limited diversification and vulnerability to employment shocks, as low informal sector taxation constrains revenue resilience. There is also a wide disparity between the IGR of the top-performing states and the other states, which makes it necessary for low-performing states to strengthen their fiscal space by creating an enabling environment for businesses, attracting FDI, etc. Furthermore, to consolidate gains, states must broaden their non-PAYE tax bases, enhance its MDAs' revenue generation, and strengthen automation to improve fiscal stability and reduce dependence on federal allocations.There is also a wide disparity between the IGR of the top-performing states and the other states, which makes it necessary for low-performing states to strengthen their fiscal space by creating an enabling environment for businesses, attracting FDI, etc. Furthermore, to consolidate gains, states must broaden their non-PAYE tax bases, enhance its MDAs' revenue generation, and strengthen automation to improve fiscal stability and reduce dependence on federal allocations.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'24Q3	'24Q4
GDP Growth Rate (%)	3.46	3.84
Oil GDP Growth Rate (%)	5.17	1.48
Non-oil GDP Growth Rate (%)	3.37	3.96
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US $ Million)	103.82	NA
Portfolio Investment (US $Millions)	88.31	NA
Other Investment (US $Million)	249.53	NA
External Debt (FGN & States- N'Trillion)	69.23	56.02
Domestic Debt (FGN + States & FCT N'Trillion)	68.89	61.58
Manufacturing Capacity Utilization (%)	60.70	61.90
Imports (N'Billion)	14.67	16.56
Exports (N'Billion)	20.48	20.01
Total trade (N'Billion)	35.16	36.60
Total trade (N'Billion)	5.81	3.42
Trade balance (N'Billion)	13.40	13.78
Crude oil Export (N'Billion)	7.08	6.23
Non-Crude Oil Export (N'Billion)	2.50	2.84
Monthly Indicators	May 25'	June 25'
Headline Inflation (%)	22.97	22.22
Food Sub-Index (%)	21.14	21.97
Core Sub-Index (%)	22.28	22.76
External Reserves (End Period) (US$ Billion)	38.45	37.21
Official Rate Approx. (N/US$)	1,586.2	1549.8
BDC Rate Approx. (N/US$)	NA	NA
Manufacturing PMI	51.60	51.4
Non-Manufacturing PMI	51.70	51.3
Average Crude Oil Price (US$/Barrel)	65.90	73.50
Petrol (PMS-N/litre)	1,027.76	1,037.66
Diesel (AGO -N/Litre)	1,758.26	1,813.81
Kerosene (HHK -N/Litre)	2,175.29	2,192.63
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	8,167.43	8,323.95
MPR (%)	27.50	27.50
CRR of Deposit Money Banks (%)	50.00	50.00
T-Bill Rate (%)	19.07	17.90
Savings Deposit Rate (%)	7.53	7.52
Prime Lending Rate (%)	18.01	18.19
Maximum Lending Rate (%)	29.84	29.51
Narrow Money (N'Trillion)	40.38	39.92
Broad Money (N'Trillion)	119.01	117.50
Net Domestic Credit (N'Trillion)	102.90	99.86
Credit to the Government (Net) (N'Trillion)	25.07	23.73
Credit to the Private Sector (N'Trillion)	77.83	76.13
Currency in Circulation (N'Trillion)	5.01	5.0
FAAC (N'Trillion)	1.66	1.82

NA: Not Available

1. Nigeria's Debt Stock Increases by 3.27% in Q1 2025 report from:
..\AppData\Local\Temp\b3b68811-6a94-4eff-8428-4f7bb92bb6ad_Debt_Q3,Q42024-Q1_2025.zip.6ad\Debt_Q1_2025.pdf

2. CBN Data Shows ₦5.54tn SDF Uptake Amid Falling Bank Balances report from:
https://www.cbn.gov.ng/rates/FinancialData.html

3 Fiscal Resilience Improves as States Record 50.54% Growth in IGR report from
Leveraging Islamic Social Finance.pdf