CSEA
CENTRE FOR THE STUDY OF THE ECONOMIES OF AFRICA

Weekly Snapshot

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Consumer Confidence Improves in August 2025

The Central Bank of Nigeria's (CBN) August 2025 Household Expectations Survey report revealed an increase in consumer confidence, with the overall index rising to -7.2 index points from -12.7 index points in July 2025. Although the index improved from July, consumers' sentiment remains pessimistic. The survey assessed consumers' sentiment across three key areas: economic condition, family financial situation, and family income.

The Economic Condition index (-4.3 index points) indicated pessimism about the broader economy; Family Financial Situation (-17.0 index points) was an improvement from -21.0 in July 2025, indicating a slight easing of pessimism among respondents regarding their household finances; and Family Income Sentiment (-0.3 index points) in August 2025, reflecting an improvement from -4.7 index points in July 2025, which suggests that respondents are becoming more optimistic about their income prospects. Looking ahead, consumers remain pessimistic for September (-0.2 index points) but optimistic for November 2025 (7.9) and February 2026 (14.9), signalling improved economic sentiment and stronger consumer activity ahead.

To sustain this gradual recovery in confidence, targeted policies should prioritise stabilising prices, ensuring steady income growth, and addressing structural challenges such as unemployment and limited access to credit, which directly shape household sentiment about the economy. There is also a need to cushion the effect of the rising cost of living on households through targeted social interventions, especially for the vulnerable, which will ease the burden on households.

Business Confidence Increases in August 2025

The Central Bank of Nigeria's (CBN) Business Expectations Survey report for August 2025 reflects optimism regarding the macroeconomic outlook. The Confidence Index increased to 28.9 index points in August 2025 from 21.4 index points in July 2025. All sectors expressed positive expectations for the business outlook, with Services leading at 29.7 index points, Industry at 28.5 index points, and Agriculture at 27.1 index points. This optimistic trend is expected to continue over the next six months, with Industry projected to rise to 59.9 index points, Agriculture to 52.8 index points, and Services to 55.1 index points. This, therefore, reflects growing business confidence in the Nigerian economy.

The Business Confidence Index (BCI) further highlights this positive sentiment, with Mining & Quarrying leading at 21.1 index points, followed by Agriculture at 17.5 index points, Non-Market Services at 16.8 index points, Market Services at 16.7 index points, Manufacturing at 8.5 index points, and Construction at 2.0 index points. These figures indicate strong confidence across sectors in the economy. However, despite the positive momentum, respondents identified the top three business constraints in the month under review, including Insecurity (71.2%), Insufficient Power Supply (69.5%), and High Interest Rates (68.6%), highlighting factors that continue to affect operational stability and profitability.

To maintain positive business confidence, the government should focus on targeted policies that address the key operational challenges, improve business conditions, and create a more supportive environment for investment and growth. Addressing insecurity is crucial, as well as driving investment in energy infrastructure to provide affordable and steady electricity to firms

Businesses and Households Perceive Inflation as High in August 2025

The Central Bank of Nigeria's Inflation Perception Index was 62.8 points in August 2025, with 70.6% of respondents viewing inflation as high, up from 66.2% in July 2025. This increase was mainly driven by households' perception, as their perceived inflation rose from 63.4% in July to 70.9% in August. Among different firm sizes, large businesses (76.9%) had the strongest perception of high inflation, followed by micro (72.8%), medium (68.3%), and small businesses (67.4%). Rural respondents (72.8%) reported a higher perception of high inflation compared to their urban counterparts (70.2%). Income analysis indicated that households earning between ₦30,001 and ₦100,000 had the highest proportion perceiving inflation as high.

Furthermore, households and businesses identified energy costs, exchange rate pressures, and rising transportation expenses as the main drivers of inflation perception. Conversely, natural disasters, middlemen activities, and infrastructural issues were considered less significant during this period. A high perception of inflation could, if not managed, discourage household spending and slow business growth, especially for micro and small enterprises that are more vulnerable to rising costs.

The government should enhance its efforts to stabilise the macroeconomic environment by ensuring a more predictable exchange rate and reducing input costs for businesses. Simultaneously, targeted measures for low-income households can ease inflationary burdens and strengthen demand in the economy.

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. Consumer Confidence Improves in August 2025 report from**:**
https://www.cbn.gov.ng/Out/2025/STD/August 2025 Household Expectation Survey report.pdf
2. Business Confidence Increases in August 2025, report from:
https://www.cbn.gov.ng/Out/2025/STD/BES Report_AUgust.pdf
3 Businesses and Households Perceive Inflation as High in August 2025 report from
https://www.cbn.gov.ng/Out/2025/STD/August 2025 Inflation Expectation Report.pdf