CSEA
CENTRE FOR THE STUDY OF THE ECONOMIES OF AFRICA

Weekly Snapshot

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CBN Reopens FX Window to BDCs, Permits $150,000 Weekly Access

The Central Bank of Nigeria (CBN) has reinstated licensed Bureaux de Change (BDCs) in the official foreign exchange market, allowing each operator to purchase up to $150,000 weekly through authorised dealer banks at prevailing market rates. The directive applies to all duly licensed BDCs and represents a strategic shift from the previous restrictive stance adopted over concerns about speculation and transparency.Under the new framework, banks must conduct necessary know-your-customer (KYC) and due diligence checks before executing transactions. BDCs are prohibited from holding funds purchased from NFEM in their positions, and any unutilised funds must be resold within 24 hours. Transactions must be settled through authorised dealers, third-party dealings are disallowed, and cash settlements are capped at 25% of the transaction value.The policy is expected to improve dollar liquidity in the retail segment, particularly for personal travel allowances, school fees, and medical payments. By channelling more supply into formal retail markets, the measure could help narrow the gap between official and parallel market rates, improve price discovery, and reduce speculative pressures. However, its effectiveness will depend on strict compliance, adequate FX supply, and consistent monitoring.

To ensure effectiveness, the CBN should ensure transparent allocation processes, enforce compliance rigorously, and complement the policy with broader reforms that strengthen non-oil FX inflows and external reserves to stabilise the exchange rate market

LPG Prices Fall by 1.20% MoM, Over 22% YoY

According to the National Bureau of Statistics (NBS), the average retail price for refilling a 5kg cylinder of Liquefied Petroleum Gas (LPG) declined by 1.20% month-on-month, from ₦5,425.78 in November 2025 to ₦5,360.43 in December 2025, representing a significant 25.31% year-on-year decrease from ₦7,177.27 in December 2024. Similarly, the average price for a 12.5kg cylinder fell by 0.74% month-on-month to ₦13,438.90, reflecting a 22.20% annual decline from ₦17,274.16 in December 2024. Subnational disparities persist: Kaduna and Abia states recorded the highest average prices for 5kg and 12.5kg cylinders, respectively, while Katsina state consistently posted the lowest prices across both categories. Zonal analysis shows the South-East as the most expensive region for both cylinder sizes. The sustained year-on-year moderation suggests improved supply conditions, relative exchange rate stability, and easing distribution pressures compared to late 2024. Lower LPG prices provide marginal relief to household real incomes and may contribute modestly to cost of living reduction, particularly in urban consumption baskets. However, pronounced interstate and interzonal price differentials indicate structural inefficiencies in storage, transportation, and last-mile distribution networks. Policymakers should, therefore, prioritise strengthening domestic LPG processing capacity, expanding storage and transport infrastructure in high-cost zones, enhancing competition and market transparency, and leveraging current pricing moderation to accelerate clean cooking adoption nationwide.

Purchasing Managers' Index Decreases Slightly in January 2026

According to the Central Bank of Nigeria’s Purchasing Managers’ Index (PMI), business activities in Nigeria maintained an expansionary path, with the composite PMI standing at 55.7 points in January 2026. While the current index represents a decrease from the 57.6 points recorded in December 2025, the current record marks the fourteenth consecutive month of business expansion, as the index remained above the 50-point threshold. Key sectors of the economy experienced growth, leading to sustained increases in overall output. Specifically, the industrial sector stood at 56.0 points, the services sector at 54.5 points, and the agriculture sector at 54.2 points. Although input and output price indices reduced slightly during the month, input price indices remained higher than output prices across the sectors measured, indicating inflationary and cost pressures. Overall, this signals sustained growth early into 2026, but increasing inflationary pressures point to the need for policies that ease production bottlenecks, improve energy and transport infrastructure, enhance supply chain efficiency, and reduce cost pressures to sustain expansion. Therefore, government policies should focus on easing the constraints that raise production costs, particularly in power supply and access to affordable credit for manufacturers and agribusinesses. There is also a need for continued efforts to stabilise inflation and prevent cost pressures from eroding business confidence and slowing the pace of expansion.

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. CBN Reopens FX Window to BDCs, Permits $150,000 Weekly Access report from: https://www.cbn.gov.ng/rates/inflrates.html

2. LPG Prices Fall by 1.20% MoM, Over 22% YoY report from: https://www.cbn.gov.ng/Out/2026/CCD/Participation of Licensed BDCs in NFEM.pdf?__cf_chl_rt_tk=_PDtmbi7EyrhccBNFX8lhX5.sgyGHmpbED_Y._1LeRQ-1772458970-1.0.1.1-9sANl9KDC_A4la5S4FBxMQChujKtUFY5QREZ5qgIlF0

3. Purchasing Managers' Index Decreases Slightly in January 2026 report from; https://www.cbn.gov.ng/Out/2026/STD/PMI JAN 2026.pdf