



# Nigeria Economic Update

**Weekly  
Snapshot**

## Rebasing of CPI leads to a drop in inflation

Data from the National Bureau of Statistics (NBS) reveal that year-on-year headline inflation dropped to 24.48% in January 2025, marking a decline of 10.4 percentage points from 34.80% in December 2024. Similarly, food inflation fell to 26.08% in January 2025, compared to 39.84% in the previous month. According to the latest inflation data, urban inflation also decreased by 6.38 percentage points, from 37.29% in December 2024 to 26.09% in January 2025, while rural inflation declined by 10.32 percentage points, from 32.47% to 22.15% over the same period. This drop in inflation is primarily attributed to the recent rebasing of the Consumer Price Index (CPI) by the NBS. The new structure adopts 2024 as a base year, replacing the 2009 reference base year. Additionally, the rebased CPI incorporates 194 new products into the inflation calculation, bringing the total number of product varieties to 934. Furthermore, the new rebased CPI introduces several composite indices, including the farm produce index (10.50%), energy index (8.91%), core index (10.87%), goods index (10.79%), services index (10.41%), and imported food index (11.47%). The rebased CPI is just a statistical adjustment of the product basket to better reflect the economic realities of the country. However, it does not necessarily indicate a significant improvement in the standard of living. Despite this, the rebased CPI is beneficial in providing a more accurate reflection of economic conditions. While the rebasing is a positive development, the government must prioritize citizens' welfare through comprehensive reforms.

## Central Bank Maintains the Monetary Policy Rate at 27.50

The Monetary Policy Committee of the Central Bank of Nigeria, at its 299th meeting held on February 19th and 20th, 2025, resolved to retain the Monetary Policy Rate (MPR) at 27.50% and maintain the asymmetric corridor around the MPR at +500/-100 basis points. The Cash Reserve Ratio (CRR) for deposit money banks and merchant banks was also maintained at 50% and 16%, respectively, while the liquidity ratio remained at 30%. The committee cited recent positive macroeconomic developments, including improvements in Nigeria's foreign exchange market and the stabilization of petroleum prices, as key reasons for its decision. Additionally, the recent rebasing of the Consumer Price Index (CPI) by the National Bureau of Statistics, aimed at reflecting current economic realities, provided the committee with updated insights on price stability, influencing its decision to hold rates steady. While maintaining the rates could support foreign exchange market stability and attract foreign investment, it also presents potential drawbacks. High borrowing costs may slow economic expansion, particularly for small and medium-sized enterprises. Therefore, while monetary tightening is essential for price stability, a gradual reduction in the Cash Reserve Ratio (CRR) is necessary to enhance liquidity for businesses, stimulate domestic investment, and drive job creation. Furthermore, the government should strengthen non-oil export sectors to reduce import dependency and sustain exchange rate stability.

## Money Supply increases by 1.85% in January 2025

In January 2025, the Central Bank of Nigeria reported a 1.85% increase in money supply (M3), rising from ₦108.96 trillion in November 2024 to ₦110.98 trillion in January 2025. The report also showed that net foreign assets stood at ₦35.39 trillion in January 2025, reflecting a 19% year-on-year increase from ₦29.73 trillion in January 2024. Similarly, net domestic assets grew by 16.5% year-on-year, from ₦64.87 trillion in the previous year to ₦75.59 trillion in January 2025. The rise in money supply (M3), which measures the total amount of money circulating in the economy, was driven by increased lending, higher spending activity, and a surge in foreign investment inflows. The increase in net foreign assets resulted from improved external reserves and a stronger trade balance. While this expansion in broad money supply can stimulate economic activity and investment through increased domestic credit and liquidity, it may also fuel inflationary pressures, especially if supply-side constraints persist. To mitigate these risks, policies should be implemented to strengthen domestic production in manufacturing, agriculture, and industrial output to meet rising demand and absorb excess liquidity. Additionally, the Central Bank of Nigeria should adopt a cautious monetary stance to balance economic growth with price stability.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'24Q2	'24Q3
GDP Growth Rate (%)	3.19	3.46
Oil GDP Growth Rate (%)	10.15	5.17
Non-oil GDP Growth Rate (%)	2.80	3.37
Unemployment Rate (%)	4.3	NA
Foreign Direct Investment (US \$ Million)	29.83	NA
Portfolio Investment (US \$Millions)	1404.70	NA
Other Investment (US \$Million)	1169.97	NA
External Debt (FGN & States- N'Trillion)	NA	NA
Domestic Debt (FGN + States & FCT N'Trillion)	NA	NA
Manufacturing Capacity utilization (%)	14.1	NA
Imports (N'Billion)	12.47	14.67
Exports (N'Billion)	19.41	20.48
Total trade (N'Billion)	31.89	35.16
Trade balance (N'Billion)	6.94	5.81
Crude oil Export (N'Billion)	14.55	13.40
Non-Crude Oil Export (N'Billion)	4.85	7.08
Non-Oils Export (N'Billion)	1.77	2.50
Monthly Indicators	November 24'	December 24'
Headline Inflation (%)	34.60	34.80
Food Sub-Index (%)	39.93	39.84
Core Sub-Index (%)	28.75	29.28
External Reserves (End Period) (US\$ Billion)	40.23	40.88
Official Rate Approx. (N/US\$)	1,670.78	1,553.73
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	49.3	49.8
Non-Manufacturing PMI	47.4	52.1
Average Crude Oil Price (US\$/Barrel)	75.44	74.72
Petrol (PMS-N/litre)	1,214.17	1,189.12
Diesel (AGO -N/Litre)	1,446.83	1,447.62
Kerosene (HHK -N/Litre)	2,042.93	2,056.38
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	7,088.16	7,177.27
MPR (%)	27.50	27.50
CRR (%)	50.00	50.00
T-Bill Rate (%)	18.00	18.00
Savings Deposit Rate (%)	6.56	7.51
Prime Lending (%)	18.39	18.56
Maximum Lending (%)	31.06	29.71
Narrow Money (N'Trillion)	36.27	NA
Broad Money (N'Trillion)	108.95	NA
Net Domestic Credit (N'Trillion)	115.58	NA
Credit to the Government (Net) (N'Trillion)	39.62	NA
Credit to the Private Sector (N'Trillion)	75.96	NA
Currency in Circulation (N'Trillion)	4.88	NA
FAAC (N'Trillion)	NA	NA
Overall Consumer Confidence Index	-41.4	-31.1

1. National Bureau of Statistics (NBS), Highlights of consumer price index rebasing, February 2025. Retrieved from:

<https://microdata.nigerianstat.gov.ng/index.php/catalog/154/download/1156>

2. Central Bank of Nigeria (CBN), Monetary Policy Communique No. 156, February 2025. Retrieved from:

[https://www.cbn.gov.ng/Out/2025/CCD/Central\\_Bank\\_of\\_Nigeria\\_Communique\\_No.156\\_20\\_February\\_2025.pdf](https://www.cbn.gov.ng/Out/2025/CCD/Central_Bank_of_Nigeria_Communique_No.156_20_February_2025.pdf)

3. Central Bank of Nigeria (CBN), Money and credit statistics. January 2025. Retrieved From;

[Cbn.gov.ng/rates/mnycredit.html](http://Cbn.gov.ng/rates/mnycredit.html)