



Guaranty Trust Holding Company plc
RC 1690945

Easing Trade Tensions and
Dovish Policies Support a
Softer Global Inflation Path

2025

Macroeconomic Review

Outlook for 2026

TABLE OF CONTENTS

Overview of Global Economy	3
Inflation	4
Policy Rate	5
Crude Oil	6
Tariff War	6
Nigeria Macroeconomic Review	8
Gross Domestic Product	8
Inflation	9
Monetary Policy Rate	10
Currency	10
Foriegn Reserves	11
Crude Oil Production	12
Fiscal Operation and Public Debt	14
Financial Market Performance	16
Equities Market	16
New Capital Requirements for Banks	17
Fixed Income Market	18
Economic and Market Outlook for 2026	20
Global Economy	20
Domestic Economy	22
Equities Market	23
Fixed Income Market	23

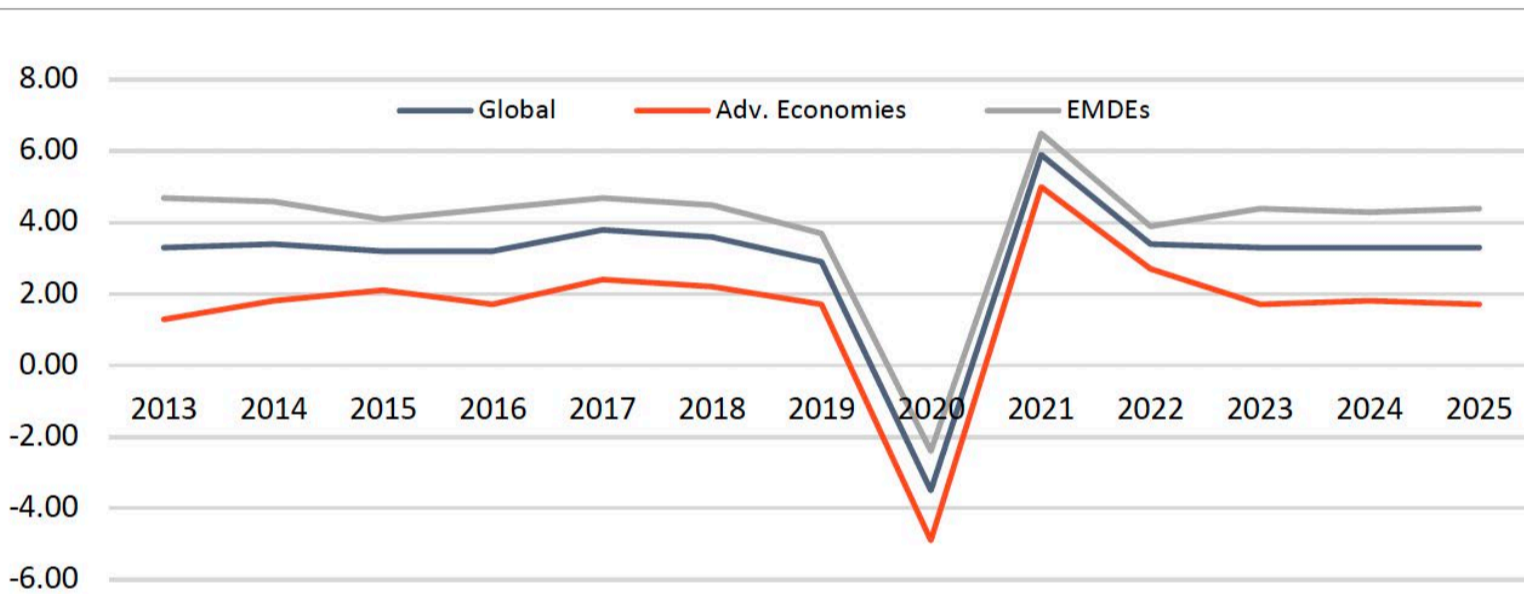
GLOBAL ECONOMY

Resilient global growth amidst tariff wars and geopolitical tensions

Global economic growth remained resilient in FY-2025 despite persistent geopolitical tensions, tariff uncertainties, and policy headwinds. The year began on a strong footing, supported by robust household spending and export-driven gains, particularly in Emerging Markets and Developing Economies (EMDEs). However, momentum moderated in the second and third quarters of the year as rising U.S. tariffs

and weakening consumer confidence weighed on economic activity. Following the U.S. – China trade agreement and the decision by most countries not to respond with retaliatory actions to U.S. tariff hikes in Q4 2025, the International Monetary Fund (IMF) estimated global economic growth to hold steady at 3.3% in 2025 – the same pace recorded in 2024.

Fig 1: Global GDP Growth Rate Estimates (%)

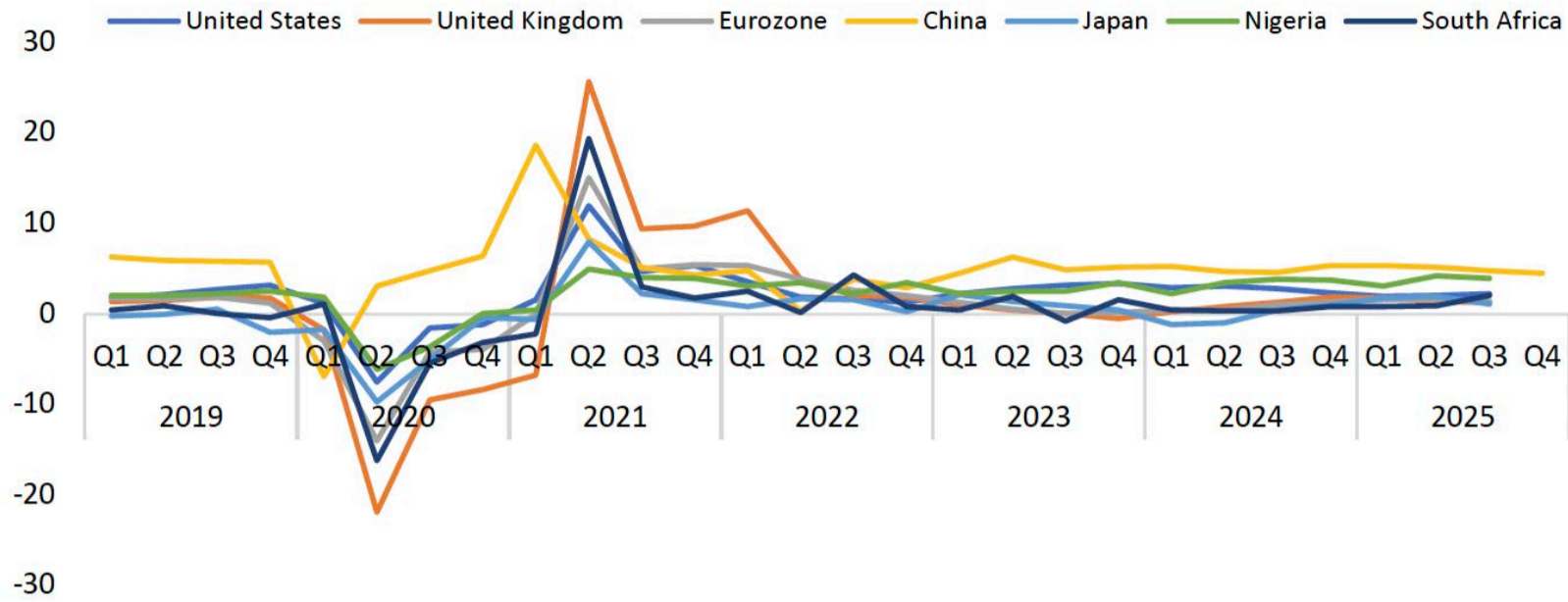


Source: IMF, GTCO

The IMF projects that economic growth in Advanced Economies will ease to 1.7% in 2025 (from 1.8% in 2024), largely due to the impact of U.S. trade policies. Growth in the United States, the world’s largest economy, is forecast to decline from 2.8% in 2024 to 2.1% in 2025. However, GDP growth in the Eurozone and the United Kingdom is expected to improve, rising from 0.9% and 1.1% in 2024 to 1.4% each in 2025. This uptick is attributed mainly to the mutually beneficial trade relations both regions maintain

with the United States. In EMDEs, economic growth is projected to rise from an estimated 4.3% in 2024 to 4.4% in 2025. This improvement is primarily driven by resilient growth in China (2025: 5.0% vs. 2024: 5.0%) – the world’s second-largest economy – along with India (2025: 7.3% vs. 2024: 6.5%), Saudi Arabia (2025: 4.3% vs. 2024: 2.6%), and Nigeria (2025: 4.2% vs. 2024: 4.1%).

Fig 2: GDP Growth Rate of Selected Countries (year-on-year %)



Source: TradingEconomics, NBS, GTCO

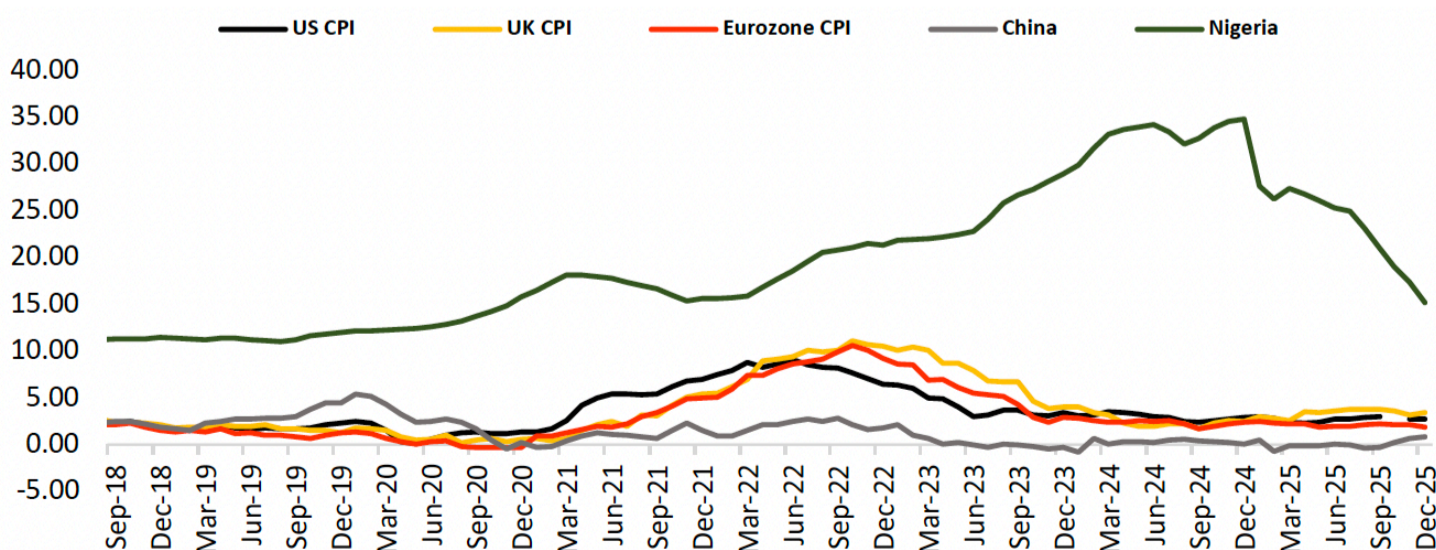
INFLATION

Global inflation slows as energy prices drop, despite tariff disputes

Despite upward pressure on prices from tariff hikes, global inflation eased in 2025, primarily driven by a sharp decline in energy costs. While tariff hikes led to price increases in some countries, particularly in the United States during Q3-2025, the overall impact was partially offset by falling energy prices. Consequently, the IMF estimated global inflation to decline to 4.1% in 2025, from 5.8% in 2024. Inflation moderated across most advanced economies. In the United States, average inflation fell to 2.7% in 2025 (2024: 3.0%), largely due to lower energy prices. The Eurozone recorded a decline in general prices, with average inflation easing to 2.1% in 2025 from 2.4% in 2024, supported by reduced borrowing costs and lower energy prices. Conversely, the

United Kingdom saw inflation rise to 3.4% in 2025 (2024: 2.5%), driven by higher regulated utility and household bills linked to energy and water price increases. Overall, the IMF expects inflation in advanced economies to average 2.5% in 2025, compared with 2.6% in 2024. Inflation also decelerated across EMDEs: In China, average inflation slipped to 0.1% in 2025 (2024: 0.2%) amid weak demand. India and Ghana recorded significant moderation, with inflation falling to 2.2% and 14.6%, respectively (2024: 5.0% and 22.9%), supported by stronger currencies and lower energy costs. Overall, the IMF projects inflation in developing economies to decline to 5.2% in 2025, from 7.9% in 2024.

Fig 3: Global Inflation Trend (%)



Source: TradingEconomics, NBS, GTCO

POLICY RATE

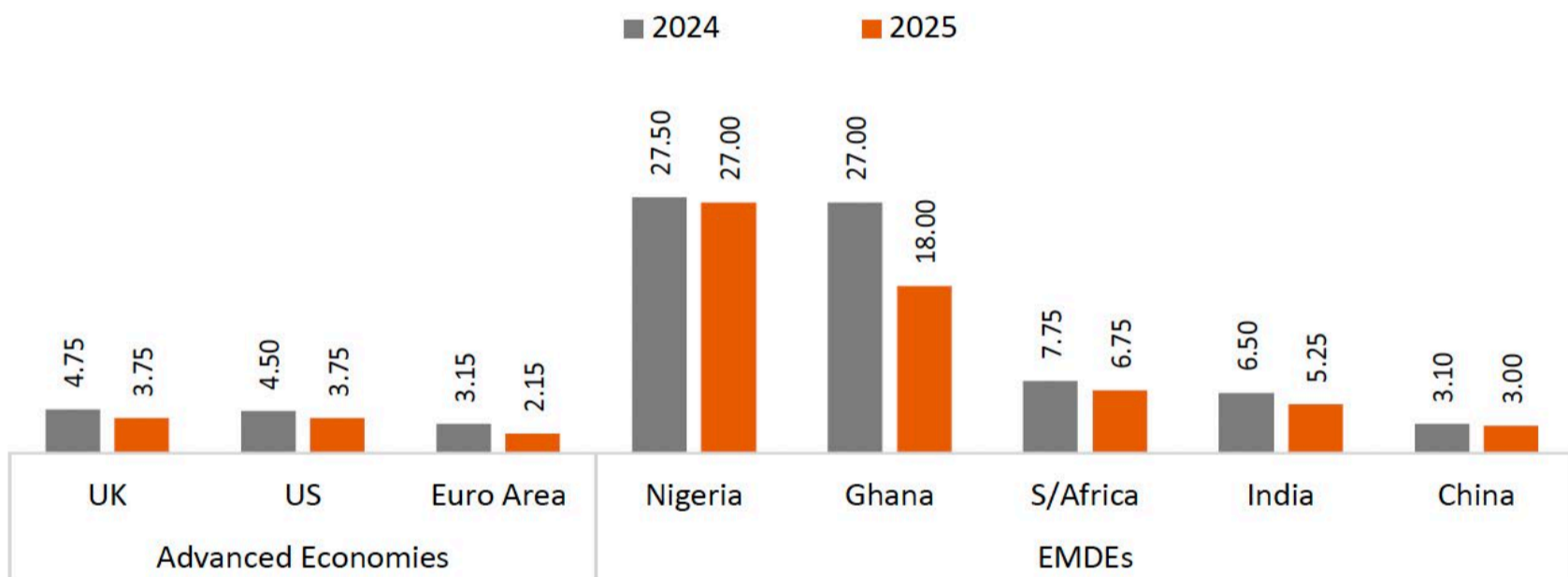
Central banks ease further as inflation moderates

Central banks maintained an accommodative stance in 2025 as inflation moderated across most countries. Weak economic indicators, including elevated unemployment and sluggish growth, also prompted monetary authorities to further reduce policy rates during the period.

In advanced economies, monetary policy eased across major jurisdictions in 2025 as central banks responded to moderating inflation and slowing growth. In the United States, the Federal Reserve reduced the federal funds rate three times by 25 basis point (bps) each, bringing the target range to 3.50%–3.75%. Similarly, the Bank of England implemented four consecutive 25 bps cuts, lowering its policy rate to 3.75%. In the Eurozone, the European Central

Bank also reduced its policy rate four times by 25 basis points each, resulting in a final rate of 2.15%. Across EMDEs, central banks pursued more pronounced easing to support domestic activity and ease financial conditions. In China, the People’s Bank of China cut the one-year loan prime rate by 10 bps to 3.00%. India’s Reserve Bank lowered the key repo rate by a cumulative 125 bps to 5.25% in 2025. In Africa, the Bank of Ghana implemented a substantial 900 bps reduction in its policy rate, bringing it down to 18%. The South African Reserve Bank also eased monetary policy, cutting its benchmark rate by 100 bps to 7.65%. In Nigeria, the Central Bank of Nigeria followed a similar path, reducing the policy rate by 50 bps to 27.00%.

Fig 4: Policy Rate (%)



Source: Trading Economics, CBN, GTCO



CRUDE OIL

Crude oil prices fall amid tariff hike and improved supply

The tariff hike initiated by the United States against major economies in 2025 significantly dampened global trade activity, leading to weaker demand for crude oil. This impact was particularly pronounced in China, the world’s largest consumer of crude oil, where industrial output and energy consumption slowed considerably.

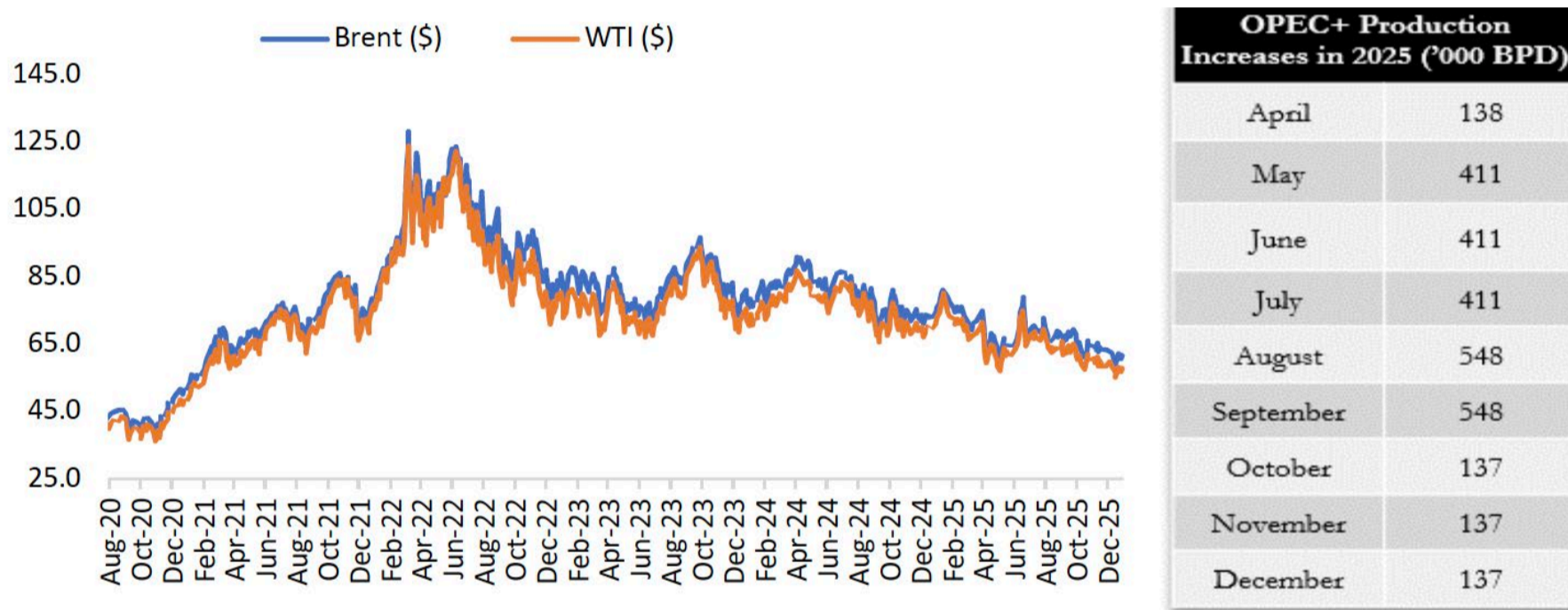
Compounding this demand-side weakness, the Organisation of the Petroleum Exporting Countries and its allies (OPEC+) pursued a strategy of production increases throughout 2025, starting in April and ramping up production aggressively in

subsequent months. In total, OPEC+ added approximately 2.88 million barrels per day to global supply over the course of the year.

This sustained increase in output, coupled with subdued demand, exerted downward pressure on crude oil prices and heightened volatility in energy markets.

Consequently, the average prices of Brent crude oil and WTI fell by 14.61% and 14.56% to \$68.19 and \$64.73 per barrel, respectively in 2025.

Fig 5: Trend in Brent Crude Oil Price (\$) and OPEC+ Production increases in 2025



Source: Bloomberg, OPEC, GTCO

TARIFF WAR

Tariff war: A drag on global trade and economic growth

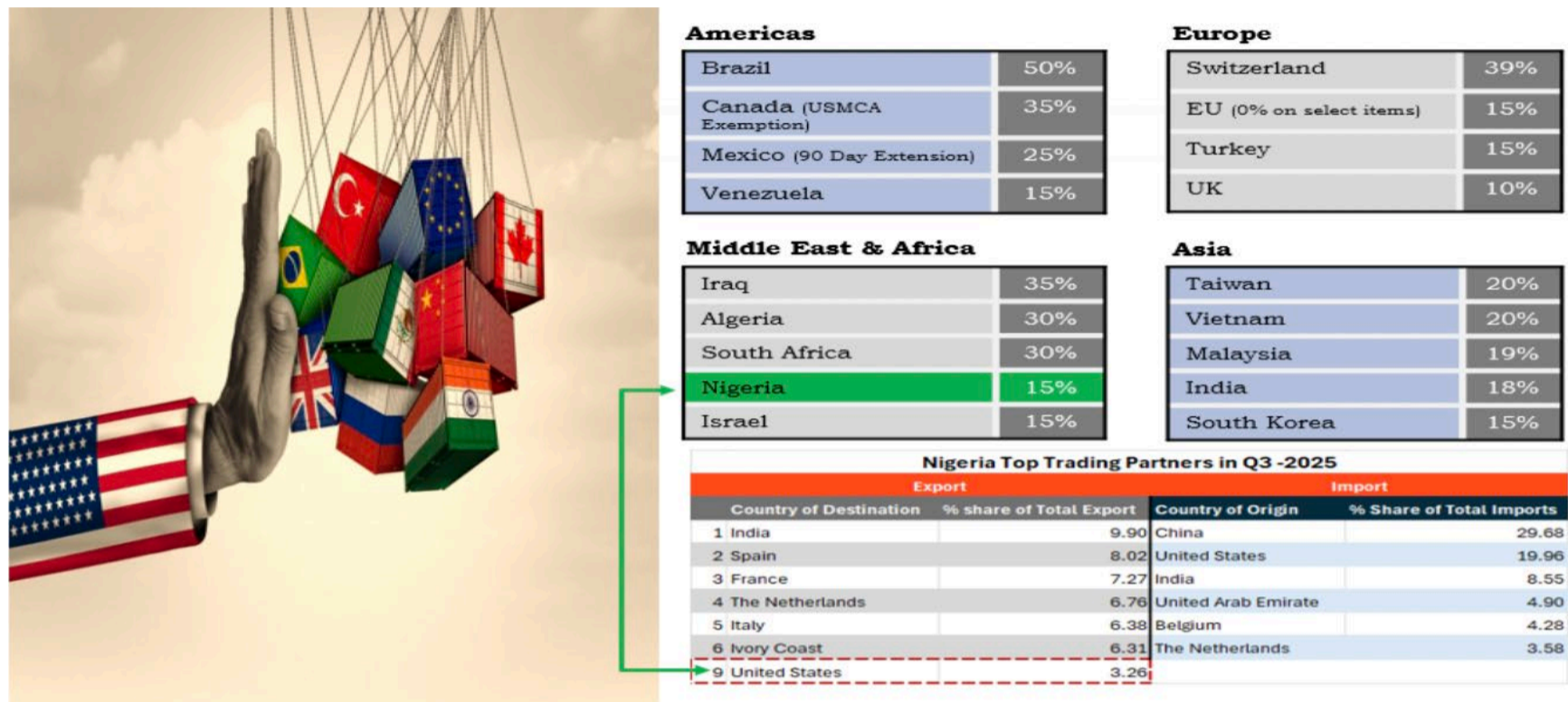
Global economic growth slowed across most countries, especially in the second half of the year, while inflation stayed above central bank targets in 2025, largely driven by escalating trade tensions. These tensions intensified following a U.S.-led tariff surge under President Donald Trump, initially targeting imports like steel, aluminium, automobiles, semiconductors, and agricultural goods from China, Mexico, Canada, and the EU. In response, China imposed tariffs up to 145%, while Canada and Mexico introduced 25% levies. Although the U.S. temporarily paused its hikes between April 10 and July 9, 2025 (excluding China), the overall strain on global trade persisted. On August 7, 2025, the U.S. launched its most comprehensive tariff policy, applying

reciprocal tariffs on over 70 countries and a wide range of commodities. Europe faced mixed impacts: Switzerland was hit with 39%, the EU with 15%, and the UK negotiated a lower 10% while Turkey settled at 15%. In the Americas, Brazil faced a steep 50% tariff due to BRICS ties and Russian crude dealings, while Canada saw 35%, and Mexico retained 25% after a temporary extension. Asia bore significant pressure: India received 50% (later reduced to 18% in February 2026), Taiwan and Vietnam 20%. China avoided a threatened 145% tariff as U.S.–China talks in October 2025 extended the trade truce for roughly one year, holding tariffs at existing levels and pairing them with a one-year pause on Beijing’s rare-earth controls and selected

U.S. export and port-fee measures. In Africa and the Middle East, Iraq faced 35%, Algeria and South got 30% each, and Nigeria bagged 15%. We do not expect any meaningful impact on Nigeria’s trade, given that crude oil exports are exempt, and the United States is not a major export partner for Nigeria. Africa got 30% each, and Nigeria bagged 15%.

the trade truce for roughly one year, holding tariffs at existing levels and pairing them with a one-year pause on Beijing’s rare-earth controls and selected U.S. export and port-fee measures. In Africa and the Middle East, Iraq faced 35%, Algeria and South Africa got 30% each, and Nigeria bagged 15%.

Fig 6: US tariffs on imports from selected countries




Source: Global Business, NBS, GTCO


Your GTBank Naira Card is **Global Again!**

\$6,000
Available for Online and POS Transactions

* Please note that the Dollar limit on your naira card is now **\$6,000** quarterly.



Guaranty Trust Bank Ltd
RC 152321



Terms and Conditions Apply.

NIGERIA

GROSS DOMESTIC PRODUCT

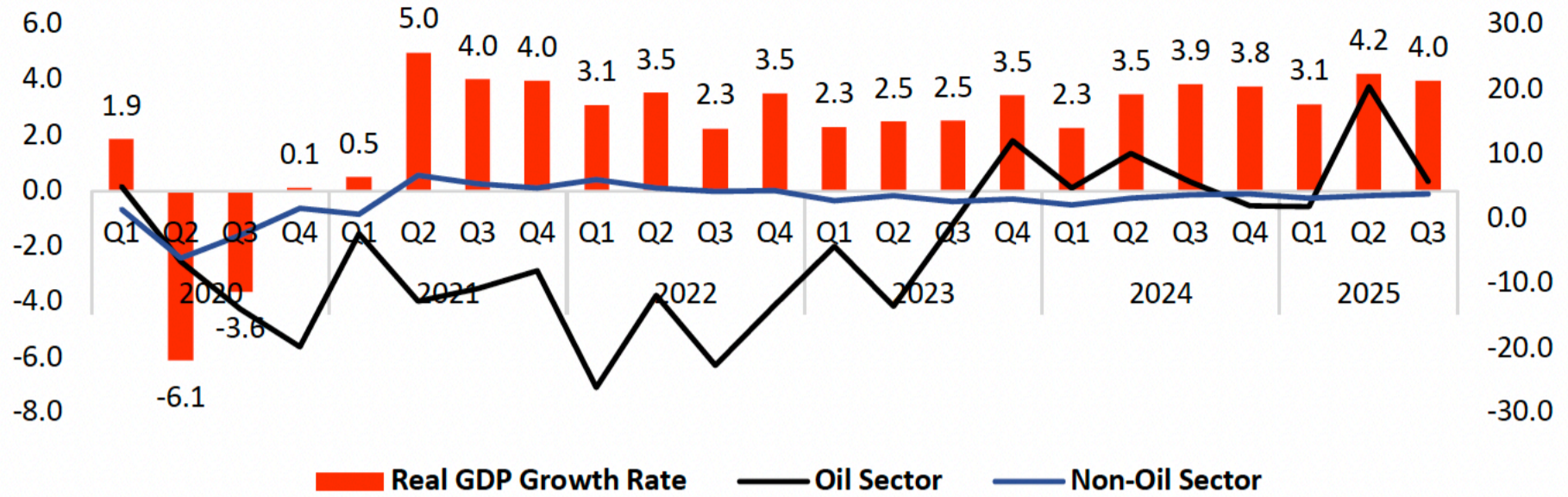
A long journey to a \$1 trillion economy despite strong post-rebasing GDP growth



Nigeria's economy recorded steady growth across the first three quarters of 2025, supported by the GDP rebasing exercise and strong performance across multiple sectors. In Q1-2025, real GDP grew by 3.13% year-on-year. Growth was driven mainly by the services sector, while agriculture returned to marginal growth and industry strengthened. Momentum accelerated in Q2-2025, with GDP expanding by 4.23%, the fastest pace in four years, supported by strong industrial output, a rebound in agriculture, and a surge in oil sector growth due to higher crude production. In Q3- 2025, GDP growth moderated to 3.98%, reflecting resilience in both oil and non-oil activities, particularly agriculture, trade, real estate, and telecommunications.

Overall, nominal GDP rose significantly each quarter, underscoring improving economic scale and activity. Nigeria's nominal GDP stood at ₦308.4 trillion (approximately \$215.8 billion) as of 9M-2025, representing an 18.5% increase over the ₦260.2 trillion (about \$169.4 billion) recorded in 9M-2024. Despite this resilience, the annualised nominal GDP estimate of ₦411.2 trillion (around \$287.7 billion) remains significantly below the country's \$1 trillion economy target by 2030. Achieving this ambition would require Nigeria to sustain double-digit nominal economic growth annually and/or experience a substantial and consistent appreciation of the naira before 2030.

Fig 7: Trend in Real GDP, Oil Sector & Non-Oil Sector Growth Rate (%)



Source: NBS, GTCO

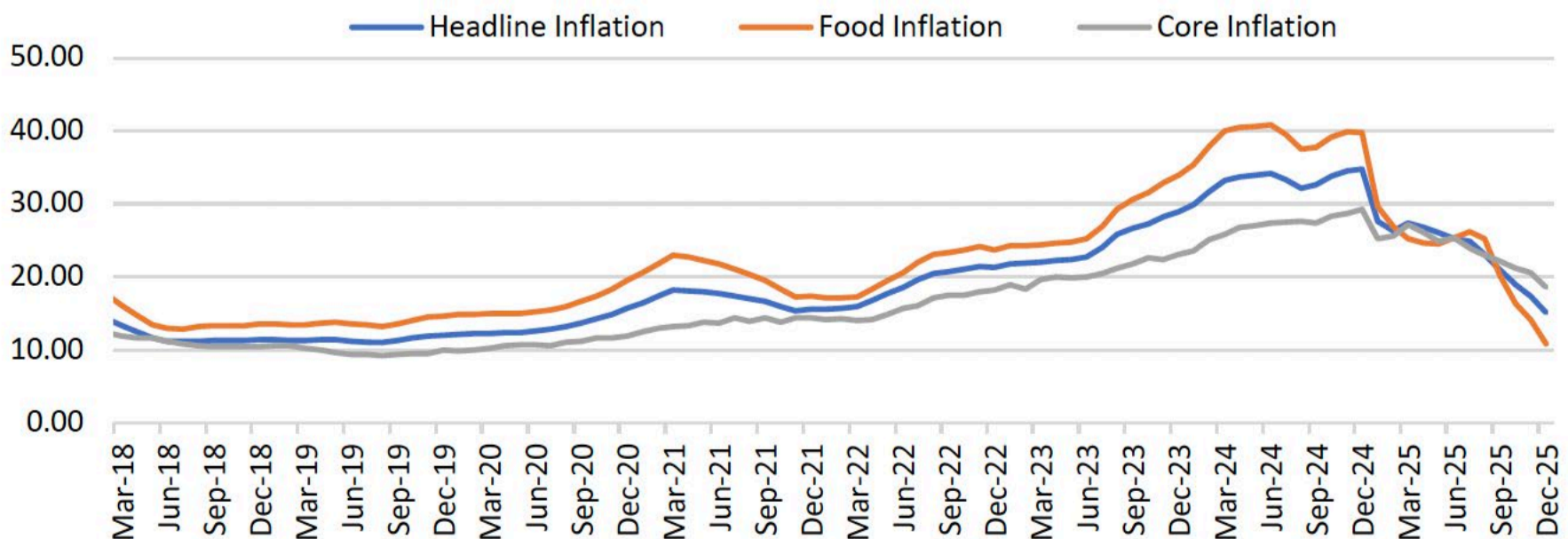
INFLATION

Nigeria’s inflation eases following CPI rebasing

Nigeria’s year-on-year headline inflation rate declined consistently from 34.80% in December 2024 to 15.15% in December 2025, translating to an average inflation rate of 23.3% in 2025 (2024: 33.2%) and coming in significantly above the Federal Government’s 2025 target of 15%. Average food inflation and core inflation also fell to 22.46% (2024: 39.10%) and 23.66% (2024: 27.06%), respectively. The decrease was largely driven by the rebasing of the Consumer Price Index (CPI) by the National Bureau of Statistics (NBS) to reflect changes in consumer spending patterns. The sharp drop in headline inflation, however, does not necessarily imply a broad reduction in price levels. It results from mainly technical adjustments -

including a change in the base year (from 2009 to 2024), revised item weights, and an expansion in the number of product varieties captured in the index (from 740 to 934). Beyond the rebasing exercise, lower petroleum prices, the strengthening of the naira in the foreign exchange market, and increased agricultural output, particularly in Q4-2025, also contributed to the downward trend in inflation in 2025. Across states, year-on-year headline inflation was highest in Abia (19.03%), Ogun (18.80%), and Katsina (18.66%), while Sokoto (8.61%), Plateau (9.05%), and Kaduna (10.38%) recorded the lowest increases in prices during the period.

Fig 8: Nigeria’s Inflation Trend (%)



Source: NBS, GTCO

MONETARY POLICY

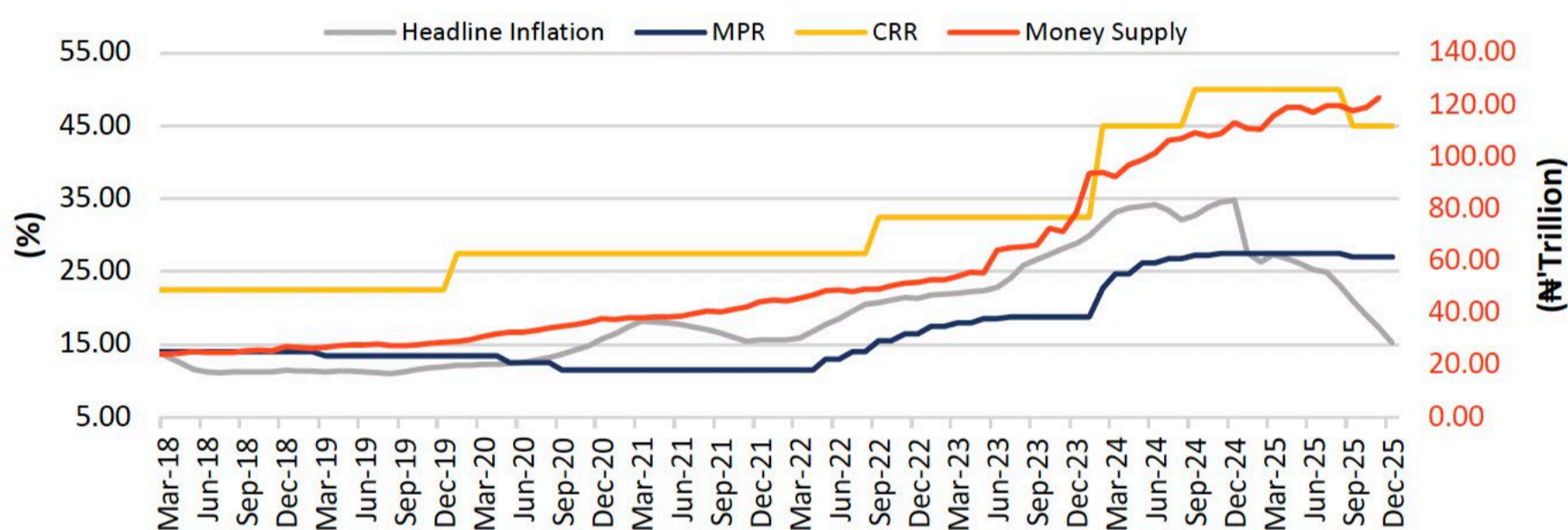
MPC adopts expansionary monetary policy; adjusts key policy parameters

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) met five times in 2025 and adopted a largely cautious stance, with a gradual shift to policy easing in the second half of the year.

During H1-2025, the MPC met once in each quarter and maintained all policy parameters despite a declining inflation. The Monetary Policy Rate (MPR) was held at 27.50%, Cash Reserve Ratio (CRR) at 50% for commercial banks and 16% for merchant banks, while the Liquidity Ratio (LR) remained at 30.0%. The Asymmetric Corridor was retained at +500/-100 bps around the MPR, reflecting the CBN's focus on maintaining a tight monetary environment,

target inflation and attracting investment flows in support of the exchange rate. In H2-2025, the MPC met three times, with the September meeting marking a dovish turn, with a 50 bps MPR cut to 27.0%, a 500 bps reduction in CRR for commercial banks to 45% and adjustment of asymmetric corridor to +250/-250 bps around the MPR. In addition, a new 75% CRR was introduced on non-TSA public sector deposits, while LR and merchant bank CRR were unchanged. In November, the MPC only adjusted the Asymmetric Corridor further to +50/-450 bps, reinforcing the effort of the CBN to lower the cost of borrowing and support economic growth.

Fig 9: Nigeria's Inflation, MPR, CRR (%) and Money Supply (₦ Trillion)



Source: NBS, CBN, GTCO

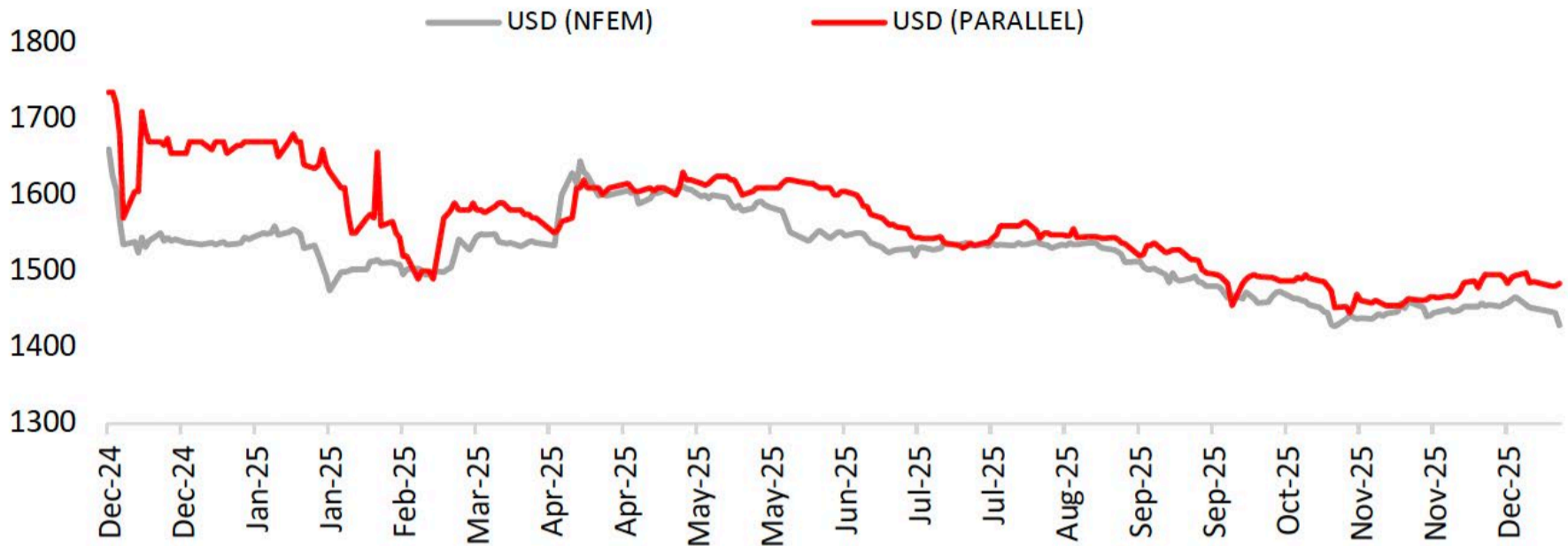
CURRENCY

Naira appreciates on improved FX inflows

The naira strengthened against the U.S. dollar in the official Nigerian Foreign Exchange Market (NFEM), appreciating by 6.91% to close at ₦1,429 per dollar, stronger than both the previous year's rate of ₦1,535 and the budget benchmark of ₦1,500/\$. This appreciation also extended to the unofficial market, where the naira appreciated by 10.78%, ending the year at ₦1,490 compared with ₦1,670 in

2024. The currency's performance across both markets was largely supported by increased FX inflows, particularly from diaspora remittances and foreign portfolio investments. Consequently, the premium between the official (NFEM) and the unofficial market exchange rates narrowed significantly in 2025, reflecting greater alignment across both markets.

Fig 10: Exchange Rate Trend (US\$/₦)



Source: CBN, AbokiFX, GTCO

FOREIGN RESERVES

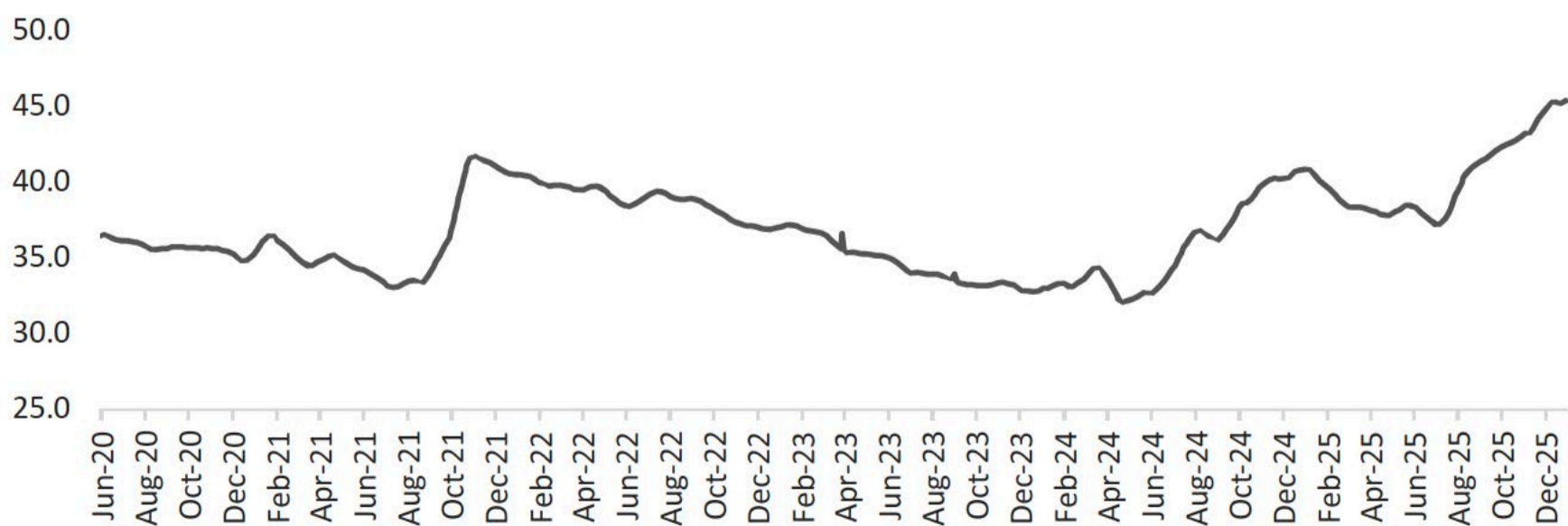
External reserves hit 7-year high at \$45.5 billion in 2025

Nigeria’s foreign exchange reserves reached a significant milestone in 2025, rising by 11.3% (equivalent to \$4.62 billion) from \$40.88 billion in 2024 to \$45.50 billion – the highest level recorded since 2018. According to the CBN, the reserve position at the end of 2025 was sufficient to cover 14.58 months of goods imports or 9.61 months of goods and services imports. This strong performance was

largely supported by higher foreign exchange inflows, driven mainly by improved export earnings and increased portfolio investments as our yields were attractive during the period. Additionally, a decline in FX demand – bolstered by the growth of domestic refining capacity, which reduced the need for frequent CBN intervention in the FX market – also contributed significantly to the buildup in reserves.

Fig 11: CBN Foreign Reserves Trend (\$Billion)

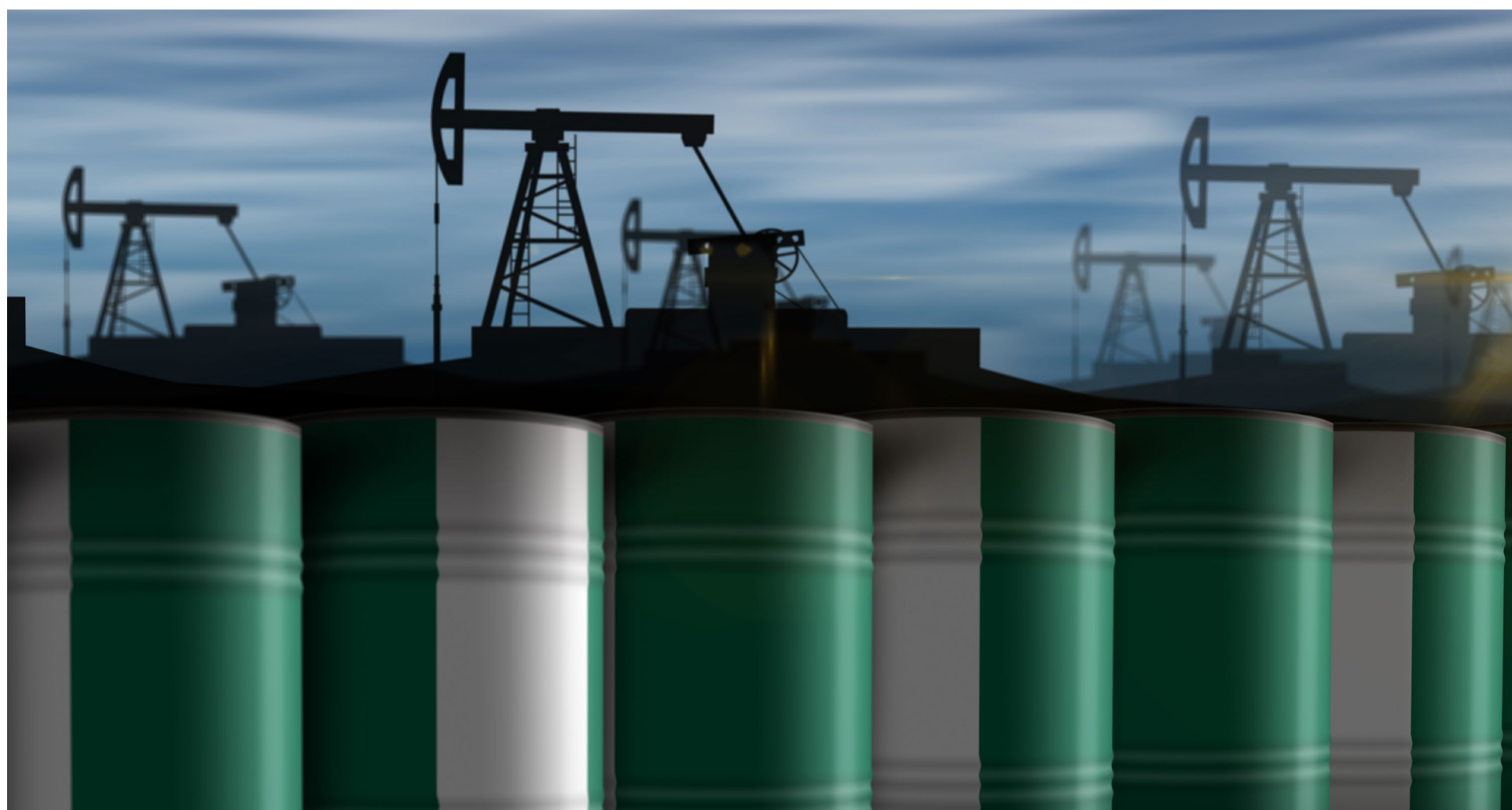
Fig 11: CBN Foreign Reserves Trend (\$Billion)



Source: CBN, GTCO

CRUDE OIL PRODUCTION

Oil production rises but remains below the OPEC quota and budget benchmark

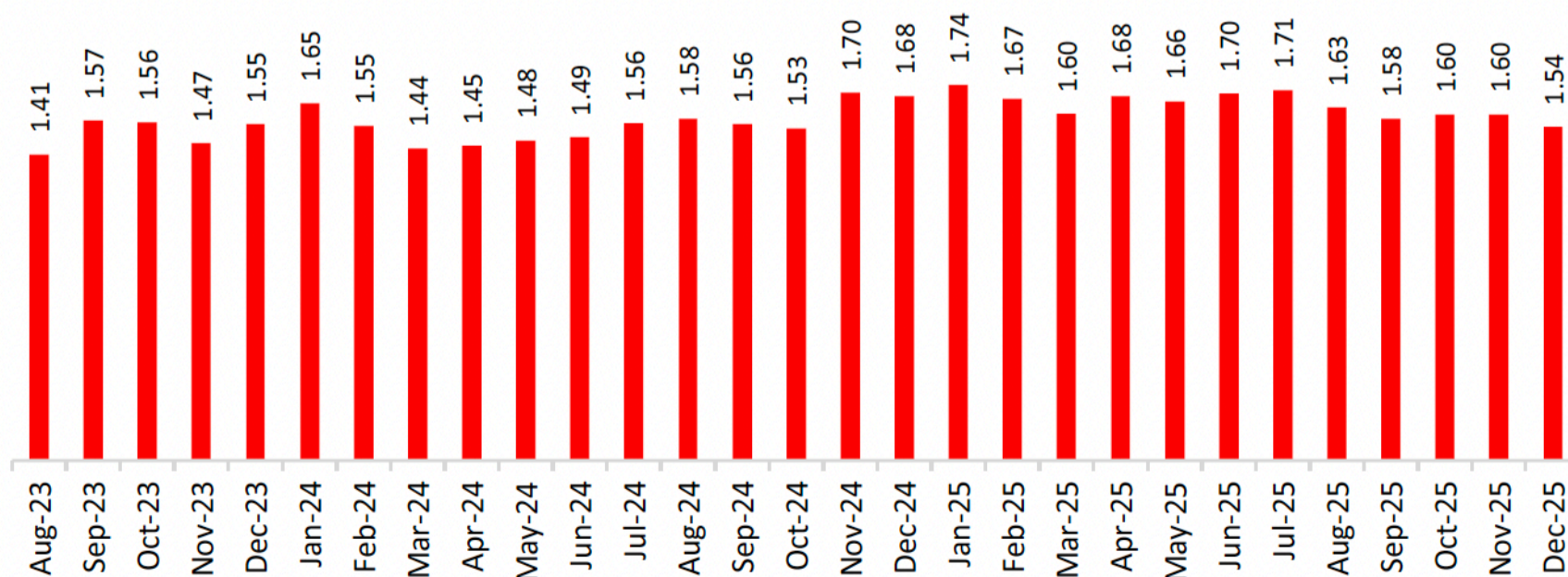


Average crude oil production, including condensates, increased by 5.5% in 2025, reaching 1.64 million barrels per day (mbpd), up from 1.56 mbpd in 2024. This growth was primarily driven by higher output from major terminals and enhanced security measures in the Niger Delta.

Despite the increase, the production figure in 2025 remains well below the 2025 budget benchmark of 2.12 mbpd. When condensates are excluded, average crude oil output

stood at 1.45 mbpd in 2025, which is about 50,000 bpd below OPEC’s quota of 1.5 mbpd. Given current production levels and crude oil prices falling below the budgeted benchmark of \$75 per barrel, the Federal Government of Nigeria is unlikely to meet its 2025 oil revenue targets. This is one of the reasons Nigeria had to borrow an additional ₦1.15 trillion in 2025 to cover the budget shortfall.

Fig 12: Oil Production Trend (Million Barrel Per Day)



Source: NUPRC, GTCO

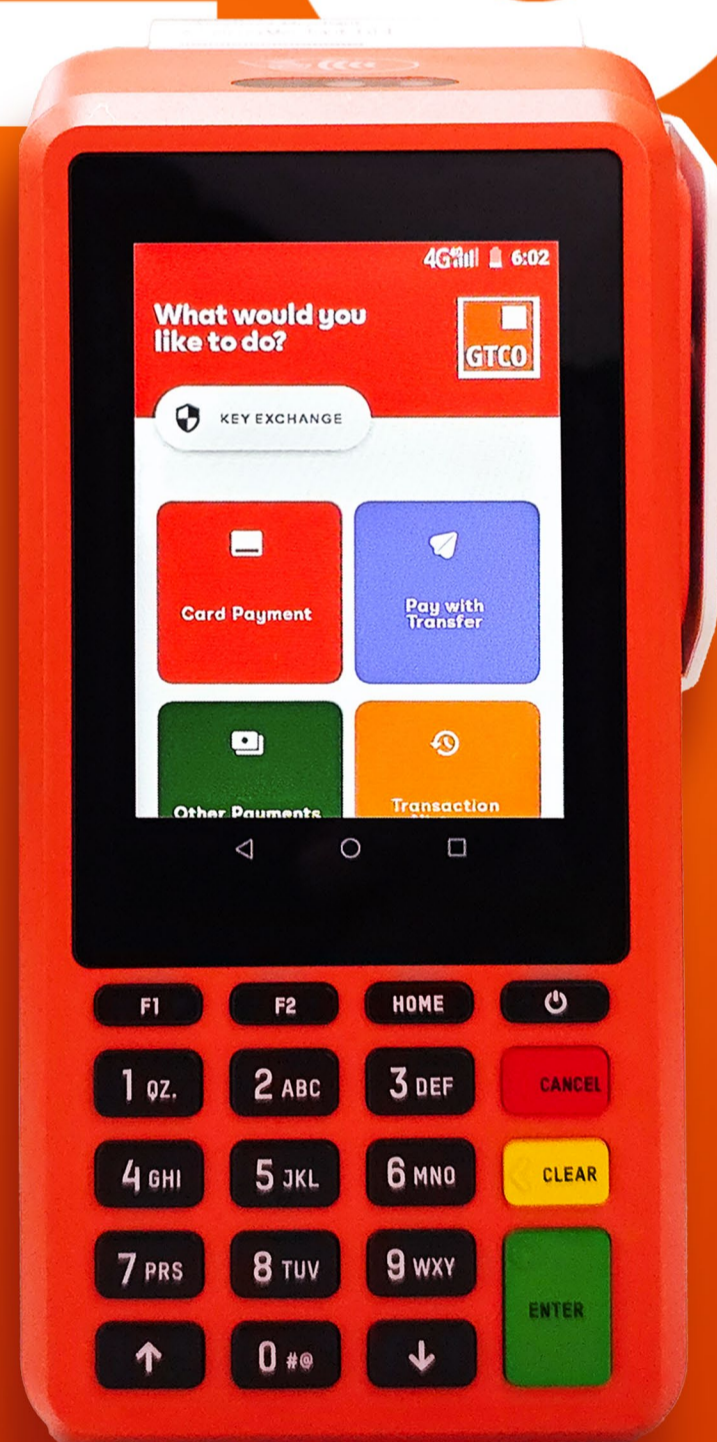


Guaranty Trust Bank Ltd
RC 152321

Zero

Processing Charges For Life on all GTBank Terminals

Get the full value of every payment you receive on your GTBank POS Terminal.



Terms and Conditions apply



+234 700 GTCONNECT (+234 700 482666328) | +234 904 000 2900 (WhatsApp only)
+234 201 448 0000 | +234 803 900 3900 | +234 802 900 2900

Connect with us



FISCAL OPERATIONS AND PUBLIC DEBT

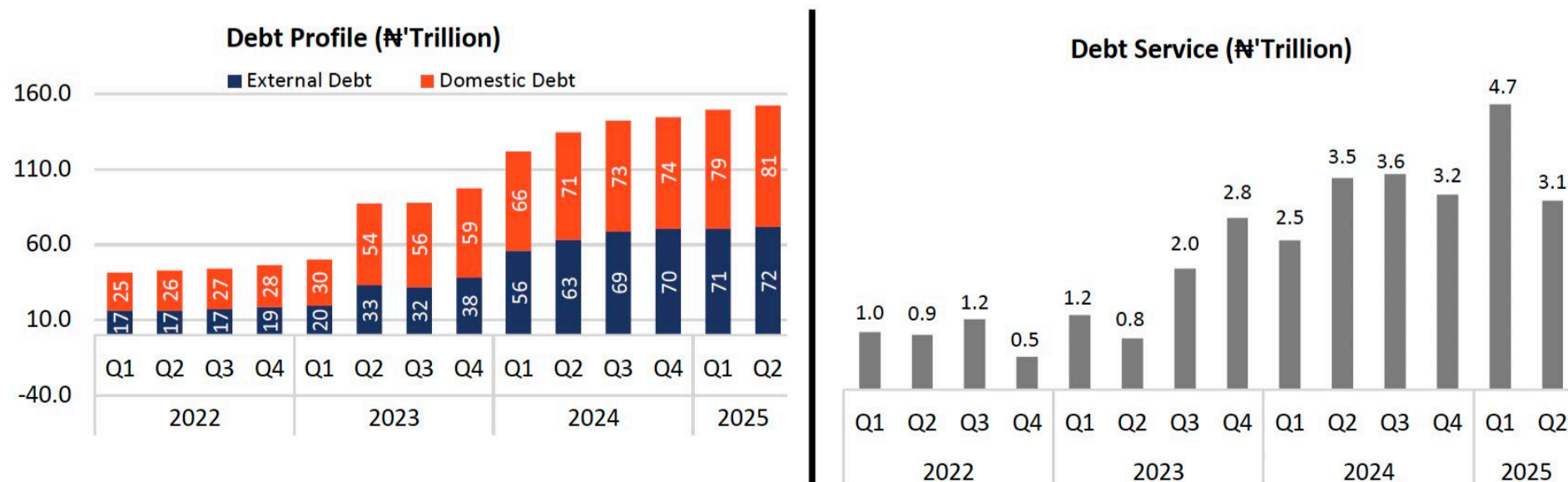
Total borrowing hits ₦152 trillion; Debt service surges to ₦7.9 billion



The latest data from the Debt Management Office (DMO) shows that Nigeria’s total public debt increased by 5.3% in H1-2025 to ₦152.4 trillion (or \$99.7 billion), (2024: ₦144.7 trillion), translating to ₦7.70 trillion total borrowing in H1-2025 – about 55% of the projected 2025 fiscal deficit of ₦14.10 trillion. The rise was primarily driven by additional borrowings to finance the 2025 budget. As a result, the estimated debt-to-GDP ratio for 2025 stands at about 39%, which remains below Nigeria’s ceiling of 40% and

well under the 70% limit set by the IMF’s Market-Access Country Debt Sustainability Framework (MAC-DSF). This is also aligned with the ECOWAS convergence threshold of 70%. The relatively moderate debt ratio suggests that Nigeria retains fiscal space to borrow further in 2026. Nigeria’s total debt-service obligations also increased significantly, rising by 31.4% to ₦7.9 trillion in H1-2025 (H1-2024: ₦6.0 trn), largely reflecting the impact of higher borrowings in previous years.

Fig 13: Debt Profile and Debt Service (₦’Trillion)



Source: DMO, GTCO

2026 fiscal deficit rises by 69% as FGN proposed a lower revenue

Nigeria’s President presented the 2026 budget, titled “Budget of Consolidation, Renewed Resilience and Shared Prosperity,” to the National Assembly on December 19, 2025. The Federal Government proposed total spending of ₦58.47 trillion for 2026, about 6% above the 2025 approved revenue of ₦54.99 trillion. Capital expenditure makes up the largest share at ₦26.08 trillion (45%), followed by ₦15.52 trillion for debt servicing (27%) and ₦12.97 trillion for non-debt recurrent expenditure (22%).

Projected revenue stands at ₦34.33 trillion, representing a 16.04% decline. This sharp drop widens the fiscal deficit to ₦23.85 trillion in 2026, up from ₦14.10 trillion in 2025, signalling a notably expansionary fiscal stance and a heavier reliance on borrowing. The budget is built on key assumptions including crude oil output of 1.84 mbpd, an oil benchmark price of \$64.85 per barrel, and an exchange rate of ₦1400/\$.

Table 1: FGN 2026 Proposed Budget

	2025	2026	Percentage Change
	(₦'TRILLION)	(₦'TRILLION)	
Expenditure	54.99	58.47	+6.33%
Capital Expenditure	23.38	26.08	+11.55%
Non-Debt Recurrent Expenditure	13.64	12.97	-4.91%
Debt Service & Sinking Fund	14.32	15.52	+8.38%
Statutory Transfer	3.65	4.10	12.33%
Revenue	40.89	34.33	-16.04%
Fiscal Deficit	14.10	23.85	+69.15%
BUDGET ASSUMPTIONS			
Crude Oil Production (mbpd)	2.06	1.84	-10.68%
Crude Oil Benchmark	\$75	\$64.85	-13.53%
Exchange Rate	₦1500/\$	₦1400/\$	-6.67%

Source: FGN, GTCO

FINANCIAL MARKET PERFORMANCE

EQUITIES MARKET

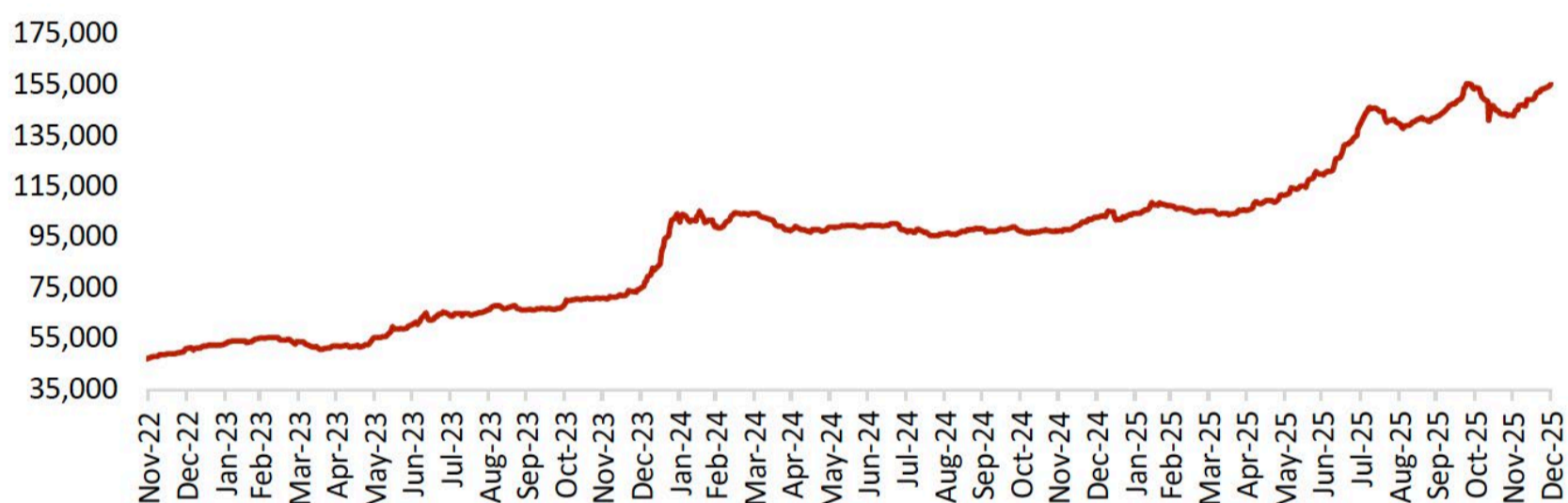
Bulls dominate the Nigerian stock market in 2025

The Nigerian bourse ranked among the world’s best-performing stock markets in 2025, as the NGX All-Share Index gained 51.2% to close at 155,613.03 points—marking the sixth consecutive year of positive growth since 2020. Market capitalization also expanded by 58.34% to ₦99.38 trillion, supported by positive investor sentiment toward ongoing government reforms and improving macroeconomic conditions.

Total equity transactions surged by 113% to ₦11.92 trillion in 2025 (2024: ₦5.59 trillion), with domestic and foreign investors respectively accounting for approximately 78% and

22% of this figure. Domestic investor transactions rose by 96% to ₦9.27 trillion (2024: ₦4.73 trillion), while foreign participation grew by 211% to ₦2.65 trillion (2024: ₦0.85 trillion). The Consumer Goods Index emerged as the top performer, driven by strong gains in Guinness Nigeria Plc (+398%), Vitafoam Plc (+300%), and Champion Breweries Plc (+267%), as the sector benefited from the appreciation of the naira, which supported profitability during the period. Conversely, the NGX ASEM Index was the weakest-performing index, weighed down largely by the decline in Juli Plc (-21.75%).

Fig. 14: NGX All-Share Index Trend



Source: NGX, GTCO

Table 2: Sector/Index Performance in 2025

S/N	INDEX	31-Dec-24	31-Dec-25	% CHANGE
1	NGX CONSUMER GOODS	1,731.67	3,975.48	129.57%
2	NGX LOTUS II	6,955.89	13,498.59	94.06%
3	NGX INSURANCE	718.00	1,189.32	65.64%
4	NGX PREMIUM	9,719.75	15,493.19	59.40%
5	NGX INDUSTRIAL GOODS	3,572.17	5,676.48	58.91%
6	NGX PENSION	4,521.13	7,118.07	57.44%
7	NGX 30	3,811.94	5,672.72	48.81%
8	NGX BANKING	1,084.52	1,515.85	39.77%
9	NGX OIL & GAS	2,712.06	2,670.24	-1.54%
10	NGX ASEM	1,583.71	1,392.88	-12.05%

Source: NGX, GTCO

NEW CAPITAL REQUIREMENT FOR BANKS

CBN recapitalization: Banks race to meet 2026 deadline

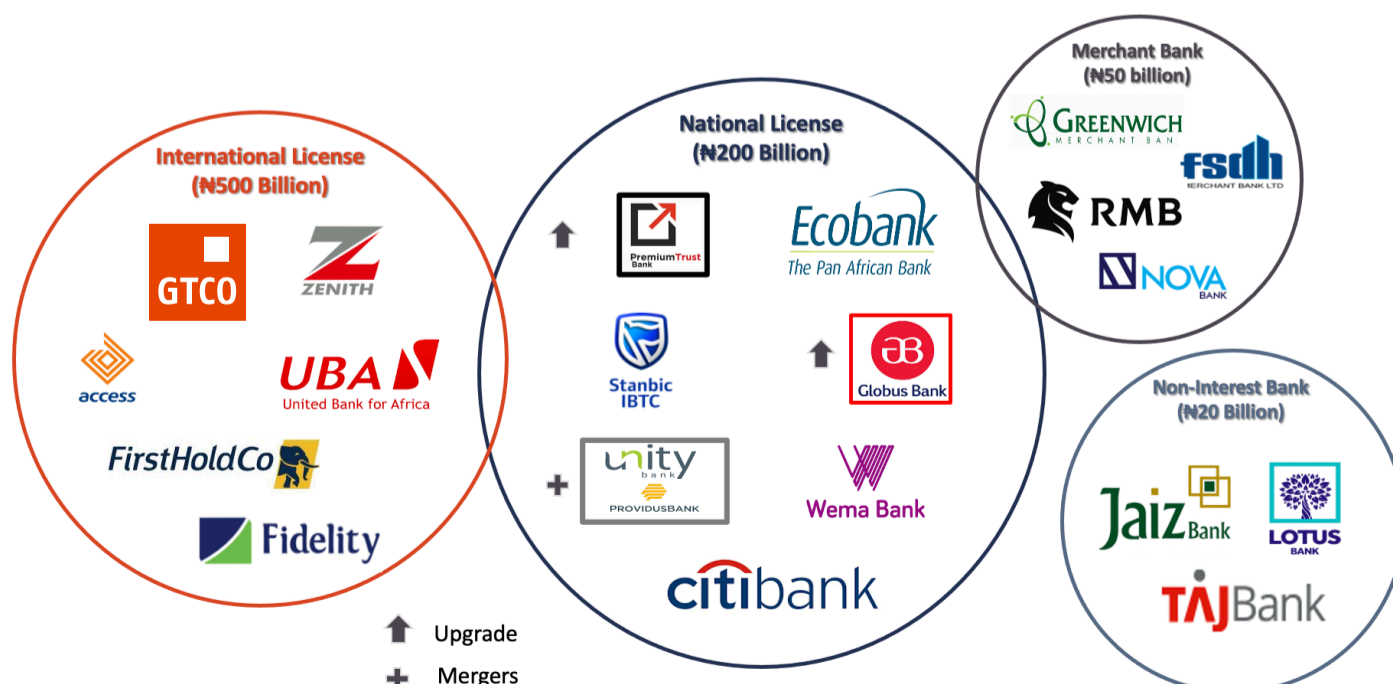


The Central Bank of Nigeria (CBN) announced new recapitalization requirements for commercial and merchant banks in 2024. Under the revised framework, commercial banks with international authorization must maintain a minimum capital of ₦500 billion, while those with national and regional authorization were required to hold ₦200 billion and ₦50 billion, respectively. Merchant banks were required to maintain a minimum capital of ₦50 billion. For non-interest banks, the minimum capital was set at ₦20 billion for national authorization and ₦10 billion for

regional authorization. Banks were expected to achieve full compliance by March 31, 2026.

In 2025, several banks continued their recapitalization plans through private placements, rights issues, or public offers. As of January 2026, about 20 banks have already met the new capital requirements. This number is expected to increase further before the deadline, although some mergers and acquisitions may occur as part of the industry's adjustment to the new standards.

Fig 15: Banks that have met the new capital requirements



Source: GTCO, Access, Zenith, Ecobank, Stanbic, Lotus, Jaiz, UBA, Providus, Greenwich, BusinessDay

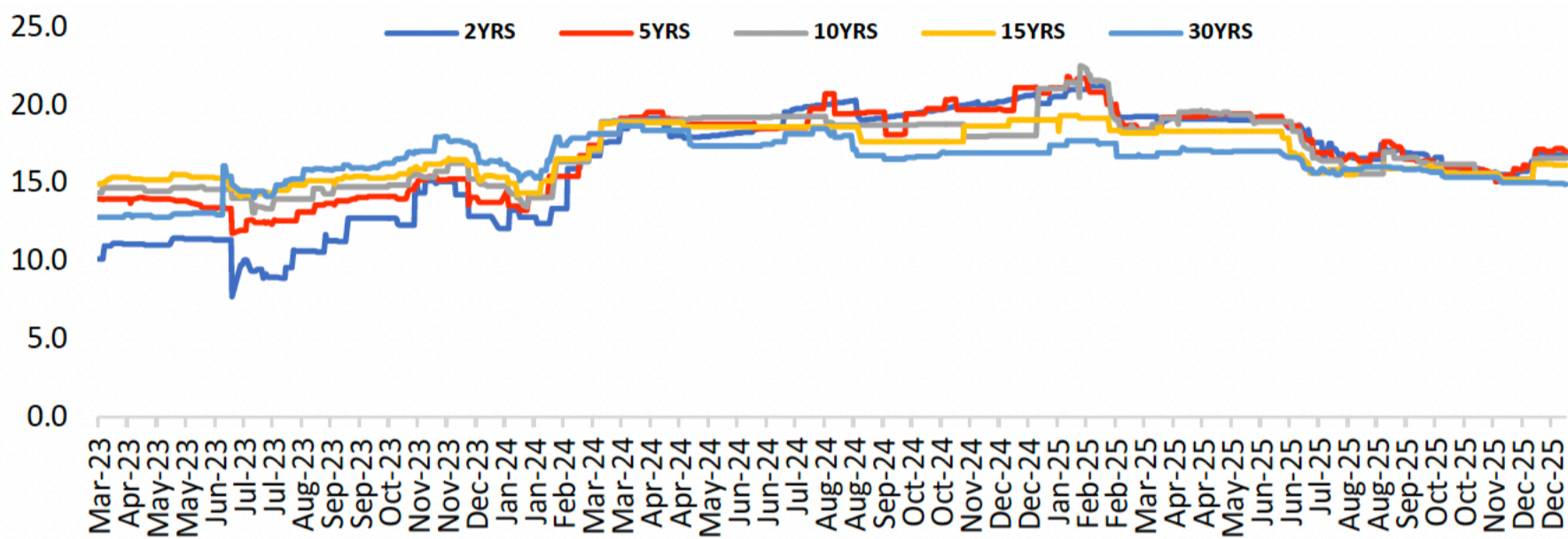
FIXED INCOME MARKET

Rates drop across the fixed-income market amid sustained disinflationary pressures

The average yield on FGN domestic bonds in the secondary market declined by 58 bps, settling at 17.51% in 2025 from 18.09% in 2024. This decline reflected investor response to easing inflation and a more dovish stance by monetary policy authorities. A similar trend was observed

in the primary market, where marginal rates at the final auction of the year were 17.20% for the FGN AUG 2030 bond and 17.30% for the FGN JUN 2032 bond, compared to marginal rates of 21.14% for the FGN APR 2029 bond and 22.00% for the FGN JUN 2031 bond in 2024.

Fig. 16: Movement in Bond Yields (Secondary Market)

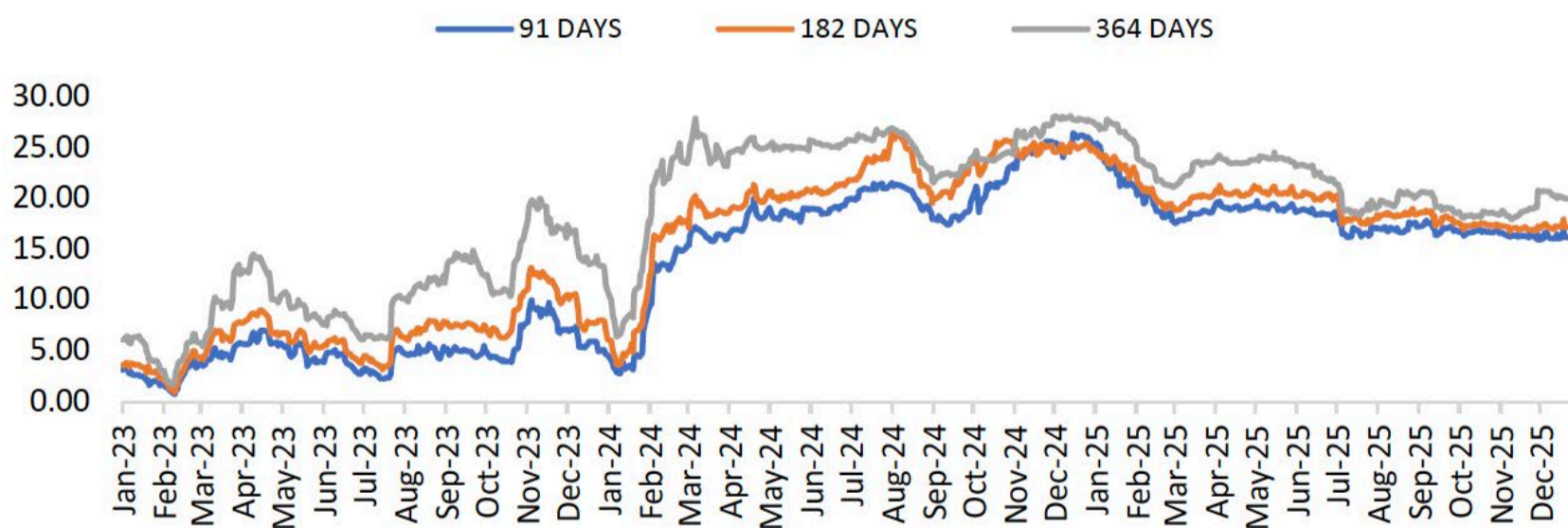


Source: Bloomberg (BGN), GTCO

The treasury bills secondary market also reflected key macroeconomic shifts in 2025, as the average yield declined by 83bps to 19.74% (2024: 20.56%). This downward movement was driven by moderating inflation, excess

liquidity in the financial system, a reduction in the monetary policy rate, and adjustments to other monetary policy parameters during the year.

Fig. 17: Movement in Treasury Bills Yields (Secondary Market)

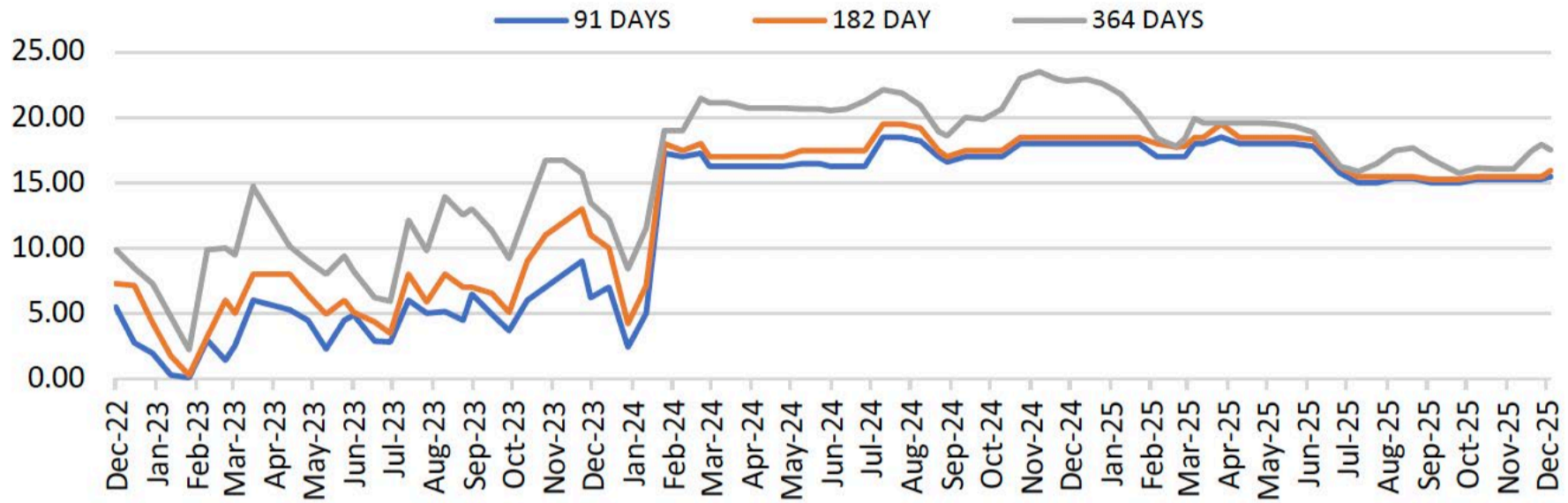


Source: Bloomberg (BGN), GTCO

In the primary market, Nigerian Treasury bill yields declined significantly in 2025, with the average stop rate dropping by 47 bps to 17.29%, compared with 17.77% in 2024.

This downward movement appeared more responsive to inflation dynamics, even as the Debt Management Office (DMO) increased the volume of bills offered.

Fig. 18: Movement in Treasury Bills Stop Rates (Primary Market)

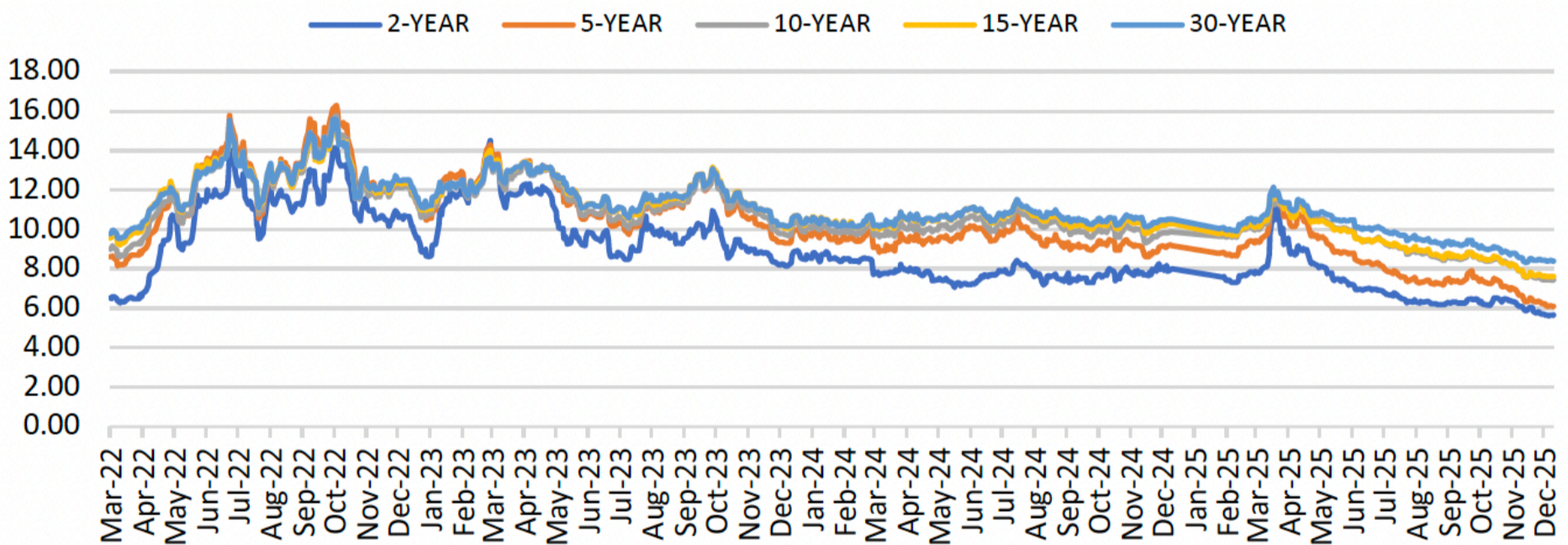


Source: CBN, GTCO

In the secondary market, the average yield on FGN Eurobonds declined by 103 bps to 8.66% in 2025 (compared with 9.69% in 2024). This drop was largely supported by stronger investor demand, following continued reductions in yields across advanced economies. In addition, improved external reserve levels strengthened investor confidence in FX liquidity, helping to sustain the downward trend

in Eurobond yields during the period. Meanwhile, in the primary market, Nigeria issued Eurobond once in 2025 which comprised a dual tranche of \$1.25 bn (10-yr) and \$1.10 bn (20-yr), totalling \$2.35 bn offered. Subscription was \$13 bn (about 400% oversubscription), with the full amount allotted. Final stop rates (coupons) were 8.63% for the 10-year & 9.13% for the 20-year bonds.

Fig. 19: Movement in Nigeria's Eurobond Yields



Source: Bloomberg (BGN), GTCO

ECONOMIC AND MARKET OUTLOOK FOR 2026

GLOBAL ECONOMY



- **Global economic growth** is projected to remain resilient in 2026, driven by the implementation of new policy measures aimed at stabilizing markets and fostering trade. For instance, the anticipated moderation in policy rates by most central banks is expected to lower borrowing costs and stimulate investment across major economies. In addition, trade tensions are expected to remain contained, as most countries had successfully negotiated favourable agreements with the United States, thereby avoiding reciprocal tariff escalations. These developments, combined with improved supply chain resilience, de-escalation of geopolitical tensions and renewed investor confidence, are likely to create a more productive environment for global commerce and industrial activity, leading to improved global GDP growth in 2026. The International Monetary Fund (IMF), in the January 2026 edition of its World Economic Outlook (WEO), forecasts global GDP growth at 3.3% in 2026, unchanged from its estimate for 2025. Supported by improved trade relations among advanced economies, growth in these economies is expected to edge up to 1.8% in 2026 from 1.7% in 2025. In contrast, growth in EMDEs is projected to moderate slightly to 4.2% in 2026, down from 4.4% in 2025, partly due to the expected adverse impact of U.S. tariff increases on China's economic performance. A key downside risk to the outlook is the potential escalation of global trade tensions, which could heighten uncertainty and weigh heavily on productivity. Also, rising domestic

political frictions or intensifying geopolitical conflicts may further dampen economic productivity in 2026.

- Global inflation** is projected to ease further in 2026, supported by expectations of declining energy prices, the absence of broad-based tariff retaliation, improved supply chain conditions, and the positive impact of expansionary monetary policies implemented by most central banks. However, advanced economies is unlikely to meet its 2% inflation target during the quarter, as inflation is expected to remain elevated in the United States and the United Kingdom. In contrast, the Euro Area may achieve its 2% target, aided by lower policy rates that continue to stimulate business activity and reduce prices. EMDEs are expected to benefit from lower energy costs, improved supply chains condition, and stable local currencies. Consequently, IMF expect inflation in advanced economies and EMDEs to decline to 2.2% and 4.8% in 2026, from 2.5% and 5.2% in 2025, respectively. Overall, global inflation is projected to slow down to 3.8% in 2026, from 4.1% in 2025.

- Expansionary monetary** policies may extend into 2026 due to expectations of a slowdown in inflation, fragile GDP growth, and weak labour market data across many countries. In advanced economies, particularly the United States, United Kingdom, and Eurozone, central banks are likely to maintain an accommodative stance, potentially implementing further rate cuts during the year. Similarly, we expect most EMDEs to extend accommodative monetary policies into 2026 in a bid to spur business activity and drive economic growth.

- In 2026, we anticipate an improvement in crude oil production by non-OPEC countries, along with increased supply from Venezuela into the commodity market following a partial lift of U.S. sanctions. Nevertheless, we anticipate that average Brent crude oil prices will remain above \$60 per barrel in 2026, as ongoing sanctions on Russian and Iranian oil, combined with OPEC’s decision to pause output increases in Q1-2026, are expected to offset the projected rise in supply from non-OPEC countries and Venezuela.



DOMESTIC ECONOMY

- Nigeria's **GDP growth** is expected to remain resilient in 2026, driven by anticipated improvements across both the oil and non-oil sectors. An increase in oil production, as outlined in the proposed 2026 budget, should sustain solid real growth in the oil sector throughout the year. Similarly, the non-oil sector is positioned for improved performance, driven by the proposed expansionary fiscal stance, rising private investment, and improved investor confidence. In addition, a possible decline in borrowing costs, a more stable domestic currency, and the multiplier effects of increased capital injections by Nigerian banks are expected to further strengthen non-oil sector growth. Both the IMF and the CBN anticipate stronger economic performance in 2026, projecting GDP growth of 4.4% and 4.49%, respectively—up from their 2025 estimates of 4.2% (IMF) and 3.89% (CBN).
- We expect headline **inflation** to continue moderating in 2026, driven by the combined effects of lower petroleum prices and easing food prices. In addition, a stable exchange rate and the anticipated shift toward an expansionary monetary policy stance should help reduce input costs, ultimately supporting lower price levels throughout the year. Although inflation may spike significantly in January 2026 (estimated between 18% and 19%) due to base effects, we expect a steady decline in subsequent months. Overall, the average inflation rate for 2026 is projected to fall within the 12%-13% range, aligning closely with the CBN's forecast of 12.94%.
- With inflation expected to moderate in 2026, we anticipate that the MPC will adopt a more expansionary monetary policy stance. In particular, we expect a reduction in the policy rate and adjustments to the asymmetric corridor during the year. However, we do not foresee a rate cut in Q1-2026, as the CBN may rely primarily on the January 2026 inflation figure, which is expected to remain elevated, when making its early-year policy decisions. Nevertheless, we still expect adjustments to other monetary policy parameters, especially the asymmetric corridor. Overall, we project that the MPC will pursue a gradual easing cycle in 2026, lowering the MPR by 500 - 700 bps during the year.
- We expect the local currency to remain stable in the **foreign exchange market** in 2026, supported by sustained foreign exchange inflows from capital importation, driven largely by the continued attractiveness of domestic yields compared to economies operating single interest rate environment. In addition, Nigeria's strong external reserves should enable the CBN to maintain its strategic interventions to support the naira in the FX market. The Federal Government's proposed 2026 budget adopts an exchange-rate benchmark of ₦1,400/\$, which is broadly in line with our projected range of ₦1,350/\$ to ₦1,450/\$.



EQUITIES MARKET

We expect the bullish momentum in the Nigerian stock market to remain strong in 2026, driven largely by anticipated portfolio shifts toward equities as interest rates moderate and policy environment becomes more accommodative. In addition, ongoing economic reforms and a stable domestic currency should help sustain foreign portfolio investor interest throughout the year. Despite the market's 51% gain in 2025, some stocks in the banking, telecommunications, and industrial goods sectors remain undervalued, creating attractive buying opportunities for investors in 2026.



FIXED INCOME MARKET

Rates in the fixed-income market are expected to ease in 2026, supported by anticipated decline in inflation and the possibility of monetary policy rate cuts. Also, strong demand from foreign portfolio investors could further push rates downward over the year. We, however, do not expect a sharp drop in rates. Increased issuances by the Debt Management Office (DMO) are likely to keep rates relatively elevated, driven by the sizeable proposed 2026 budget deficit of ₦23.85 trillion, which is significantly higher than

the approved ₦14.10 trillion deficit for 2025.

Nigeria's Eurobond yields are also projected to decline further in 2026, supported by stronger investor demand and healthier external reserves. Despite the expected moderation, the instruments should remain attractive, especially as yields in advanced economies are forecast to fall, positioning Nigeria's Eurobonds as appealing options for yield-seeking investors.





Proudly African

Truly International

TRADING ON THE LONDON STOCK EXCHANGE

COTE D'IVOIRE | GAMBIA | GHANA | KENYA
LIBERIA | NIGERIA | RWANDA | SIERRA LEONE
TANZANIA | UGANDA | UK

Proudly African, Truly International

Banking • Fund Managers • Pension Managers • Payments





www.gtcopl.com