

IMF Raises the GDP Growth Forecast for Nigeria: Implications

Bottomline: On 29 July 2025, the International Monetary Fund (IMF) revised upward its forecast for Nigeria's Gross Domestic Product (GDP) growth rate in 2025 by 0.4% to 3.4%. This follows the 3% projection in its April 2025 World Economic Outlook (WEO) report and the 3.2% forecast in the January 2025 WEO Update. Meanwhile, United Capital Research maintains a more optimistic outlook, projecting 4.1% GDP growth rate for 2025.

Benefits for Nigeria:

- **Stronger Investor Confidence:** The upward revision enhances Nigeria's appeal to both Foreign Direct Investors (FDIs) and Foreign Portfolio Investors (FPIs).
- **Capital Market Gains:** Increased portfolio inflows are expected to support the equity market and fixed-income securities. Equity prices are likely to rise, while yields on Nigerian Treasury Bills (NTBs) and bonds may ease further.
- **Foreign Exchange Rate Stability:** Improved sentiment could foster greater stability in the foreign exchange market, with potential Naira appreciation. United Capital Research projects the Naira to close 2025 in the ₦1,490 – ₦1,520/US\$1 range.

Benefits for the Nigerian People:

- **Job Creation and Rising Incomes:** A stronger growth outlook will spur business expansion, especially in agriculture, manufacturing, and services, leading to more jobs and improved household income.
- **Enhanced Access to Finance:** With investor confidence rising, banks may extend more credit to businesses and households, supporting entrepreneurship, housing finance, and small businesses.
- **Better Public Services:** Higher economic activity will expand government tax revenue, enabling greater spending on healthcare, education, and infrastructure, thereby improving citizens' welfare.

Benefits for Nigerian Firms:

- **Lower Borrowing Costs:** With reduced country risk perception, firms may access funding at lower rates.
- **New Investment Opportunities:** The positive outlook encourages firms to expand production capacity, boosting revenue and profitability.
- **Cost Efficiency for Import-Dependent Sectors:** Should the Naira appreciate as projected, firms in manufacturing and pharmaceuticals could benefit from lower import costs, supporting improved profit margins.

Concluding Remark:

United Capital Research believes a 4.1% GDP growth rate—or higher—is achievable in 2025 if key structural challenges are addressed. These include:

- Resolving insecurity in major food-producing regions.
- Reviving the electricity sector by tackling legacy debt issues.
- Sustaining ongoing reforms in the oil and gas sector.

If effectively implemented, these measures could position the Nigerian economy on a path toward sustained double-digit growth with single-digit inflation, fostering long-term prosperity.

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