

Executive Summary

IMF World Economic Outlook (October 2025)



- Global output is projected to grow by 3.2% in 2025, an upward revision from 2.8% in April 2025, reflecting moderate recovery despite trade and fiscal headwinds.
- Global inflation is expected to ease to 4.2% in 2025 and to 3.7% in 2026, supported by tighter monetary policy and stabilising commodity prices.
- World trade volume growth has been revised upward to 3.6%, from 2.5% in the April projection, aided by easing supply-chain constraints and a softer U.S. dollar.
- Oil price assumption lowered to US \$68.9 per barrel (2025) and US \$65.8 (2026), signalling stable but weaker price support for oil exporters like which may depreciate the Naira.
- World real long-term interest rate shows a decisive structural shift from the ultra-low era. rising sharply from – 1.3% (2023) to +1.2% in 2025, +1.4% by 2026, and stabilising near 1.5 percent through 2030.
- ***This marks a new global cost-of-capital baseline, increasing the cost of USD-denominated borrowing and debt-servicing burdens for sovereigns and corporates worldwide.***
- Nigeria’s GDP growth has been upgraded to 3.9% (2025) and 4.1% (2026), up from 3.0% previously projected in April, driven by improved oil output and FX market adjustments.
- Nigeria’s inflation is forecast to ease gradually to 23% in 2025, 22% in 2026, and 10% by 2030, as tight monetary policy and base effects take hold.
- Current account surplus projected at 5.7% of GDP in 2025, moderating to 3.6% in 2026, reflecting stronger oil exports, resilient remittances, and subdued import demand.
- **FX outlook:** The lower oil price assumption may moderate Nigeria’s FX inflows, potentially posing mild downside pressure on the naira if oil output and non-oil receipts do not strengthen as projected.

Global Economy in Flux, Prospects Remain Dim

Indicator	Apr 2025 (WEO)	Oct 2025 (WEO)	Direction
Global GDP Growth (2025)	2.8%	3.2%	▲ Up 0.4ppt
Global GDP Growth (2026)	3.0%	3.1%	▲ Slight
Global Inflation (2025)	4.3%	4.2%	▼ Down
World Trade Volume Growth (2025)	2.5%	3.6%	▲ Up
Oil Price Assumption	\$71/bbl	\$68.9/bbl	▼ Lower

Trade tensions from U.S. tariffs continue to weigh on activity.

AI-driven investment and resilient demand provide short-term support.

Growth still 0.2ppt below pre-tariff forecast (Oct 2024 baseline).

IMF warns of “dim medium-term prospects” as fiscal and geopolitical risks rise.

Mild growth, rising fiscal concerns

Economy	Apr 2025 Forecast	Oct 2025 Forecast	Direction
United States	1.8%	2.0%	▲
Euro Area	0.8%	1.2%	▲
China	4.0%	4.8%	▲

U.S. inflation trending higher; 10-year yield ~4.3% (prev. 4.1%). Fiscal expansion driving debt sustainability concerns.

Market still pricing a “higher-for-longer” interest rate stance.

Emerging Markets & Developing Economies

Indicator	Apr 2025	Oct 2025	Direction
EMDE Growth	3.7%	4.2%	▲
EMDE Inflation	5.5%	5.3%	▼
Sub-Saharan Africa Growth	3.8%	4.1%	▲

- Slight upward revision on stronger India and Brazil performance.
- Fiscal space narrowing; external financing pressures persist.
- IMF notes 9% annual drop in development aid in 2024 and 2025

IMF commentary for Nigeria

- Growth held back by exchange rate volatility and high interest costs.
- Reform momentum (subsidy removal, FX liberalisation) still constrained by weak institutional coordination.
- Fiscal consolidation and credible policy execution remain key to attracting capital inflows.

Implications

- Local yields to remain high as CBN maintains tight stance.
- Weaker dollar trend may relieve FX pressures short term.

Nigeria

Stable forecast amid domestic reforms

Indicator	Apr 2025	Oct 2025	Direction
Real GDP Growth	3.0%	3.9%	▲
Inflation (avg.)	30.0%	23%	▼
Sub-Saharan Inflation	13.3%	13.1%	▼

Strategic View

Banks should keep enough short-term liquidity to manage funding pressures, while concentrating investments in 1–3 year maturities that offer decent yield with flexibility to reprice when market direction becomes clearer.