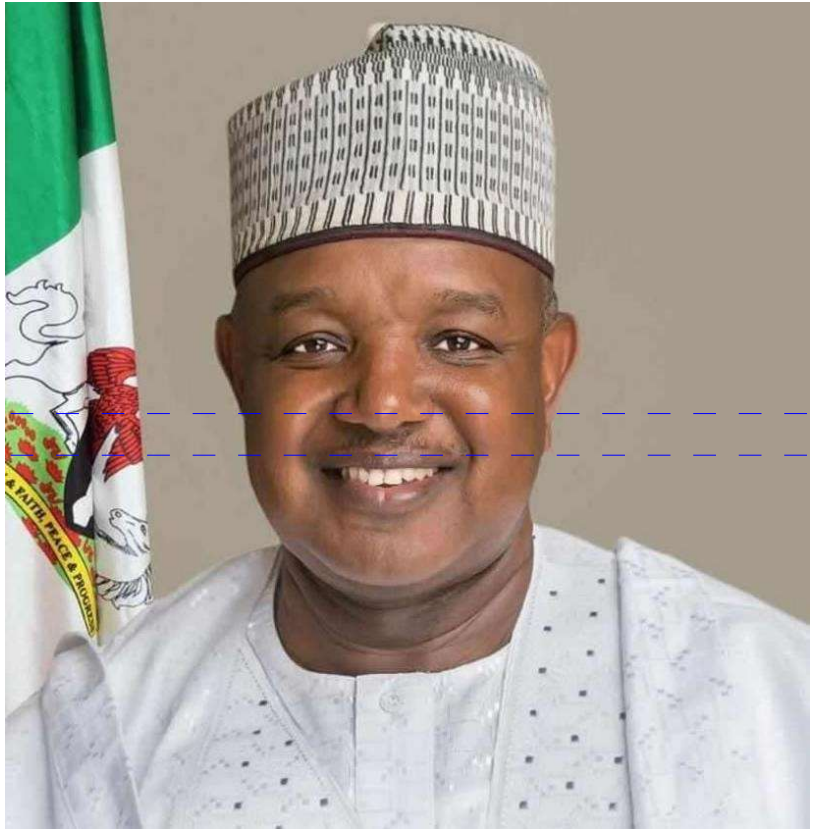


World Bank Retains Nigeria's Three-year Economic Growth Forecast at 3.6%

The World Bank has reiterated its projection that Nigeria's economy would record steady growth despite the shift in the global trade dynamics. In its Global Economic Prospects for June released on Tuesday, the bank predicted that Nigeria will have a three-year unbroken growth records at 3.6 percent in 2025, 3.7 percent in 2026 and 3.8 percent in 2027. "Growth in Nigeria is forecast to strengthen to 3.6 percent in 2025 and to an average of 3.8 percent in 2026-27," the report reads. "Following monetary policy tightening in 2024 to address rapid currency depreciation, inflation is projected to decline gradually. Domestic reforms have helped spur investment, supporting growth in the services sector, especially in financial services and information and communication technology. "Services activity will continue to be the main driver of growth, while the industrial sector will remain constrained by subdued crude oil production as last year's slight rebound wanes." However, in its report, the World Bank cut its forecasts for nearly 70 percent of all economies, including the United States, China, and Europe, as well as six emerging market regions, from the levels it projected just six months ago, before the United States President Donald Trump took office. The World Bank also downgraded its global growth forecast for 2025 by 0.4 percentage points to 2.3 percent, saying higher tariffs and heightened uncertainty pose a "significant headwind" for nearly all economies. The institution warned that global growth could be weaker than projected if global trade tensions escalate further.



'GLOBAL RISK OF TRADE WILL BE LIMITED IN SUB-SAHARAN AFRICA'

The report also said the global risks of the trade wars will be limited in Nigeria and the rest of sub-Saharan Africa. "The direct impact on SSA growth of further escalation in global trade tensions may be contained owing to the limited direct exposure to export markets in China and the United States, apart from commodity demand," the World Bank said. "The direct effects of the increased U.S. trade barriers on SSA economies are expected to be contained, as the region exports relatively few manufacturing goods to the United States. "However, should trade fragmentation increase further or lead to a sharper slowdown in global growth, the adverse effects on SSA economies could be considerable due to their dependence on commodity trade. "Indeed, a worse-than-expected economic slowdown in China would adversely affect the demand for minerals and metals. "Lower prices for these commodities, which are the main exports of several SSA countries, would have particularly negative effects on these countries through diminished economic activity and even tighter fiscal space." On the other hand, should global trade tensions subside, the growth outlook for SSA would benefit from improved global economic activity, lower export tariffs, higher demand for commodities, reduced uncertainty, and stronger global investors' risk appetite.

'VIOLENCE LEVELS REMAIN HIGH IN SUB-SAHARAN AFRICA'

The Washington-based organization also raised concerns about the vulnerability to violence and its impact on economic activities. "Levels of violence in SSA remain high, weighing on economic activity. While public debt-to-GDP ratios are expected to decline gradually, debt servicing costs remain elevated, limiting fiscal space in many SSA economies for development-promoting expenditures, especially given the recent rise in sovereign spreads," it said. "Further declines in official development assistance inflows risk worsening humanitarian and fiscal challenges. The share of the population affected by adverse weather events, which destroy crops and dampen economic activity, has increased sharply in recent years." The World Bank also stated that the per capita income in Nigeria and SSA is projected to expand by an average of 1.6 percent a year in 2025 to 2027, with growth in 2025 revised down by 0.4 percentage points. "These per capita income gains will remain inadequate for significantly reducing extreme poverty in the region, home to most of the world's poor," the bank added. In terms of living standards, the report said the region would fall even further behind other emerging markets and developing economies, excluding China and India.