



Nigeria

OUTLOOK 2026

www.intellinews.com



To subscribe to this report contact our sales team Email: sales@intellinews.com

A complete list of all our reports can be found at <http://pro.intellinews.com/reports>

Table of contents

- 1.0 Executive summary
- 2.0 Political outlook
- 3.0 Macro economy
- 4.0 Budget & debt
- 5.0 Real economy
- 6.0 Banking outlook
- 7.0 Energy & power
- 8.0 Markets outlook

1.0 Executive summary

Nigeria enters 2026 having completed the most far-reaching macroeconomic reset in decades. Fuel subsidies have been dismantled, foreign-exchange markets unified and central bank deficit monetisation halted, materially improving policy credibility and external resilience. Macro stability is strengthening and inflation is falling, but growth remains modest relative to Nigeria's demographics and development needs, while poverty and insecurity continue to weigh heavily on social outcomes.

The IMF's 2025 Article IV projects real GDP growth of about 3.2%, with medium-term growth stabilising around 3.5% if reforms are sustained. This represents an improvement on the pre-reform slowdown, but remains insufficient to deliver meaningful income gains or absorb Nigeria's fast-growing labour force. Upside risks depend on sustained oil-sector recovery, improved security and deeper structural reforms to unlock productivity.

President Bola Tinubu's administration has demonstrated strong reform resolve, pushing through politically costly measures early in the term. IMF staff assess these steps as having strengthened macro stability, reduced fiscal leakages and improved investor confidence. However, the short-term adjustment costs have been severe, and the benefits have yet to reach most households, contributing to eroding public trust and rising social pressures.

Politically, Tinubu retains firm control of the federal executive and the ruling All Progressives Congress (APC), with cabinet cohesion intact. Nonetheless, inflation fatigue, fuel price volatility and FX-related cost pressures are expected to sharpen political tensions within the ruling coalition as state-level actors begin positioning ahead of the 2027 election cycle. Insecurity in the North-West and Middle Belt remains a key downside risk to both growth and political stability.

Growth momentum improved to 3.4% in both 2024 and an estimated 2025, supported by recovering oil output and resilient services activity. Agriculture continues to underperform due to insecurity, climate stress and weak productivity. Q3 2025 GDP growth of 3.98% y/y underscores the increasing role of non-oil sectors, though gains remain uneven and concentrated in urban services.

Disinflation has been more pronounced than expected. After averaging about 31% in 2024 on the rebased CPI, headline inflation fell to 23.7% y/y in April 2025 and declined further to 16.05% by October, according to National Bureau of Statistics data. The Central Bank of Nigeria has maintained a restrictive stance, keeping the policy rate around 27% to anchor expectations. Gradual easing is likely in 2026, but real rates are expected to remain positive for much of the year.

Fiscal policy is shifting from crisis management towards consolidation. The medium-term fiscal framework approved in December envisages a 2026 federal budget of NGN54.5trillion (\$37.7bn), revenue of NGN34.33trillion and a deficit of 3.61% of GDP, with debt-service costs of NGN15.9trillion. The strategy hinges on aggressive revenue mobilisation, subsidy savings and tighter expenditure control, though execution risks remain high.

Public debt has risen rapidly, with debt-to-GDP estimated just above 50% in 2024, up from roughly 41–42% in 2023, reflecting naira depreciation and higher domestic borrowing. While still moderate by peer standards, debt affordability remains constrained by weak revenue. The

2024–27 Medium-Term Debt Management Strategy targets a 60:40 domestic-external mix, longer maturities and reduced refinancing risk.

Social indicators remain fragile. The World Bank’s Macro Poverty Outlook projects national poverty edging higher through 2026, potentially exceeding 50% of the population, before only gradually easing. This highlights the urgency of scaling up well-targeted social protection, labour-intensive growth and security-linked agricultural recovery to prevent reform fatigue.

Once viewed as a stabilising force between the wealthy and the poor, Nigeria’s middle class is shrinking amid persistent price pressures and rising living costs. The National Bureau of Statistics has classified 133mn people as multi-dimensionally poor.

The banking sector enters 2026 liquid, profitable and well capitalised, with capital adequacy ratios above prudential minimums. However, asset-quality pressures are expected to rise as regulatory forbearance is unwound. External analysts anticipate non-performing loan ratios drifting towards 6–7%, particularly among SMEs and FX-exposed borrowers, testing banks’ risk management but not systemic stability.

Energy remains both a stabilising anchor and a structural constraint. Oil output is recovering towards about 1.7mbpd in 2025–26, broadly aligned with OPEC quotas, aided by improved Niger Delta security. Power-sector reforms under the Power Sector Recovery Programme should gradually reduce fiscal risks, but grid fragility, tariff pressures and persistent outages will continue to weigh on manufacturing competitiveness and household welfare in 2026.

Overall, Nigeria’s outlook for 2026 is one of improving macro stability but incomplete recovery. The reform foundation is stronger than at any point in recent years, yet translating stabilisation into inclusive, jobs-rich growth remains the central challenge.

2.0 Political outlook

President Bola Tinubu’s administration enters the second half of its term in 2026, with the next presidential election scheduled for 2027. The central political challenge is to sustain reform momentum—particularly on taxation, energy pricing and foreign-exchange management—while managing widespread public discontent over elevated living costs, weak real wage growth and uneven social outcomes. Reform sequencing, communication and compensation mechanisms will be increasingly scrutinised as the political cycle tightens.

Policy continuity remains the baseline. Tinubu is expected to press ahead with fiscal consolidation, subsidy rationalisation and governance reforms at key economic institutions, areas where the IMF, World Bank and domestic policy analysts continue to advocate faster implementation. The administration has shown a willingness to absorb short-term political costs in pursuit of macro stability, but the tolerance of households and organised labour is becoming more limited as adjustment fatigue sets in.

Unpopular reforms are likely to trigger episodic protests, labour strikes and opposition mobilisation. The People’s Democratic Party (PDP) and Labour Party (LP) are expected to intensify pressure on cost-of-living issues, fuel pricing and perceived inequities in reform outcomes. Legislative–executive relations should remain broadly cooperative given the ruling All Progressives Congress’ (APC) dominance, but frictions are likely to rise over revenue allocation, tax legislation and security oversight as lawmakers position themselves for the 2027 cycle.

Reform ownership remains concentrated in the presidency and a small economic policy core, including the fiscal policy and tax reform committee. Implementation capacity across line ministries and sub-national governments remains uneven, creating execution risks. Key vulnerabilities include reform fatigue, resistance from vested interests in fuel distribution and FX markets, and limited fiscal space to scale up social transfers at a pace sufficient to cushion adjustment costs.

Security conditions continue to represent a major political and economic constraint. Insurgency and residual jihadist activity in the northeast, banditry and kidnapping in the northwest, farmer–herder violence in the Middle Belt and secessionist tensions in the southeast all weigh on agricultural output, logistics, investor confidence and state legitimacy. The baseline outlook assumes no nationwide security breakdown in 2026, but persistent localised violence is likely to continue disrupting food supply chains and rural livelihoods.

Communal violence in the Middle Belt, including attacks on predominantly Christian farming communities, remains a particularly sensitive issue. While Nigerian authorities characterise the violence as multi-causal—rooted in land pressure, climate stress, criminality and weak local governance—it increasingly intersects with religious and identity narratives domestically and abroad. The inability to decisively contain these conflicts risks further politicisation and social fragmentation.

Security dynamics also carry growing external implications. Under a second Trump administration, US policy discourse has placed renewed emphasis on religious freedom and the protection of Christian minorities globally. Nigeria is therefore likely to face heightened scrutiny in US congressional and policy circles over violence against Christian communities, even as Abuja continues to reject framing the issue as systematic religious persecution.

Although no formal sanctions, designation changes or aid suspensions are currently in place, increased attention could complicate Nigeria–US relations at the margins. Potential areas of sensitivity include security cooperation, arms transfers, and conditionality attached to certain forms of development or security assistance. The risks are primarily reputational and political rather than immediate policy shocks, but they add to the external constraints facing the Tinubu administration.

Regionally and internationally, Nigeria will continue to project itself as a key stabilising force within ECOWAS, while pursuing energy diplomacy and foreign direct investment inflows. Engagement with the IMF and World Bank is expected to remain strong, centred on surveillance, technical assistance and project financing rather than a new IMF lending programme. However, sustaining investor confidence and diplomatic capital will increasingly depend not only on macroeconomic reform delivery, but also on credible progress in addressing insecurity and social cohesion.

Overall, the political outlook for 2026 is defined by reform durability under pressure. The administration retains institutional control, but security challenges, rising political contestation and external scrutiny—particularly from the US—represent meaningful downside risks to reform credibility and policy execution as Nigeria moves closer to the 2027 election cycle.

3.0 Macro economy - overview

Nigeria’s macroeconomic outlook for 2026 is characterised by gradual stabilisation rather than rapid acceleration. Baseline expectations point to real GDP growth in the 3–4% range,

supported by recovering oil output, resilient services activity and improved macro policy coherence. While this represents a clear improvement from the pre-reform period, growth remains below potential and insufficient to deliver broad-based income gains or materially reduce poverty.

Disinflation is expected to continue through 2026 following the sharp price shock of 2023–24 triggered by fuel subsidy removal, FX liberalisation and naira depreciation. With inflation having peaked in 2024 and fallen steadily through 2025, price pressures should ease further as base effects fade, food supply conditions stabilise and monetary policy remains restrictive. However, inflation is likely to stay in the mid-teens, reflecting structural bottlenecks, energy costs and exchange-rate pass-through.

The external position has improved materially. Nigeria is projected to maintain a modest current-account surplus in 2026, supported by higher oil receipts, recovering crude production volumes and steady non-oil exports, particularly in agriculture, manufactured goods and services. Remittance inflows and reduced FX demand from subsidy removal also support the balance of payments, although vulnerability to oil price volatility remains a key downside risk.

Foreign-exchange dynamics are more transparent but not yet fully stabilised. The naira is now largely market-determined following FX unification, improving price discovery and reducing arbitrage. Nevertheless, the currency remains sensitive to shifts in confidence, portfolio flows and oil receipts. Periodic volatility is likely in 2026, particularly if global financial conditions tighten or domestic reform credibility is questioned.

Monetary conditions are expected to remain tight in the first half of 2026 as the Central Bank of Nigeria prioritises inflation control and FX stability. Gradual easing may follow if disinflation proves durable, but real interest rates are likely to remain positive, constraining credit growth and investment in the near term. This trade-off underpins the outlook for moderate rather than rapid growth.

Fiscal and monetary coordination has improved relative to the pre-reform period, reinforcing macro stability. The end of central bank deficit monetisation and greater reliance on market-based financing reduce inflationary risks, though high debt-service costs continue to crowd out productive spending. Execution risks remain, particularly at the sub-national level, where fiscal discipline and revenue mobilisation capacity vary widely.

Overall, Nigeria's macro framework entering 2026 is more coherent and resilient than in recent years, but remains exposed to shocks. Oil prices, security conditions, reform credibility and global financial sentiment will continue to shape outcomes. Absent a negative shock, the economy should consolidate recent stabilisation gains, but a transition to higher, more inclusive growth will require deeper structural reforms beyond macro adjustment alone.

3.1 GDP

Real GDP growth is projected to remain moderate through 2026, reflecting improving macro stability but persistent structural constraints. The IMF projects growth of about 3.4% in 2025 and 3.2% in 2026, with oil GDP expanding as crude output continues to recover and non-oil growth broadly stable at around 3.3%. The World Bank's Macro Poverty Outlook is more optimistic, projecting growth rising into the mid-4% range by 2026–27, contingent on stronger reform transmission, improved security and higher private investment.

The oil sector is expected to make a positive contribution after several years of underperformance. Improved security in the Niger Delta, higher investment activity and better pipeline surveillance is supporting output recovery towards OPEC-aligned levels. Oil GDP growth remains sensitive to operational disruptions, theft and global price dynamics, but the medium-term outlook has improved compared to the 2021–23 period.

Non-oil growth continues to be driven primarily by services, including trade, telecommunications, financial services and transport. Wholesale and retail trade benefit from population growth and urban demand, while ICT and digital services remain among the most dynamic segments. By contrast, manufacturing growth remains constrained by high energy costs, limited access to credit, FX-related input price volatility and infrastructure bottlenecks.

Agriculture continues to underperform relative to its potential. Insecurity in key producing regions, climate-related shocks, weak mechanisation and input affordability have limited productivity gains. As a result, agriculture's contribution to growth remains volatile and insufficient to offset food inflation pressures or deliver meaningful rural income growth.

Large-scale energy and industrial projects provide some medium-term upside. The ramp-up of the Dangote Refinery is expected to reduce fuel import dependence, improve FX dynamics and support downstream activity, while new and revived oil and gas investments could lift hydrocarbons output over time. However, the growth impact is likely to be gradual rather than transformational in the 2026 horizon.

Per-capita GDP growth remains modest, estimated at around 1.3%, reflecting high population growth. This underscores the challenge of translating aggregate expansion into improved living standards. Without faster productivity growth and job creation—particularly in agriculture, manufacturing and SMEs—headline GDP gains are unlikely to deliver broad-based welfare improvements.

Overall, the GDP outlook for 2026 points to stability with limited acceleration. Upside risks hinge on sustained reform credibility, improved security conditions and stronger private investment, while downside risks include renewed FX volatility, oil-sector disruptions and tighter global financial conditions.

3.2 Inflation

Inflation has shifted decisively from acceleration to disinflation following the sharp price shock of 2023–24. That surge was driven by the removal of petrol subsidies, foreign-exchange liberalisation, naira depreciation and severe food supply disruptions linked to insecurity and climate stress. By late 2024, these factors had pushed average headline inflation to about 31% on the rebased CPI, according to IMF estimates.

Price pressures eased markedly through 2025. IMF staff note that inflation fell to 23.7% y/y by April 2025, reflecting base effects, tighter monetary conditions and reduced FX pass-through. Disinflation accelerated in the second half of the year: National Bureau of Statistics (NBS) data show headline inflation declining to 16.05% y/y in October 2025 and easing further in November to the mid-15% range, the lowest levels recorded in nearly four years. Core inflation has also moderated, indicating that price pressures are no longer broad-based.

Monetary policy has been a key anchor of disinflation. The Central Bank of Nigeria has maintained a highly restrictive stance, keeping policy rates elevated and tightening liquidity conditions to contain second-round effects and stabilise inflation expectations. The end of

central bank deficit monetisation has further reduced structural inflationary pressure relative to the pre-reform period.

Looking into 2026, inflation is projected to decline further into the low-teens range, assuming continued policy discipline and no major external shocks. Slower increases in administered prices—particularly fuel and electricity tariffs—alongside improved FX market functioning and easing import-cost pressures should support further disinflation. However, the trajectory is likely to remain uneven.

Food inflation remains the principal upside risk. Insecurity in key agricultural regions, climate-related disruptions and high transport costs continue to constrain supply, while FX volatility can quickly transmit into imported food prices. Energy prices also remain a sensitivity if global oil prices rise or domestic tariff adjustments accelerate faster than expected.

Overall, Nigeria's inflation outlook for 2026 is materially improved compared with recent years, but price stability remains fragile. Sustaining disinflation will depend on consistent monetary–fiscal coordination, credible FX management and tangible progress in addressing structural food and energy supply constraints.

3.3 Monetary policy

Monetary policy has been the primary anchor of Nigeria's macro stabilisation since mid-2023. The Central Bank of Nigeria (CBN) has raised the policy rate to around 27% and tightened liquidity conditions aggressively to curb inflation, stabilise the foreign-exchange market and re-anchor expectations following the subsidy and FX liberalisation shock. Complementary measures, including higher cash reserve requirements, open-market operations and stricter liquidity management, have reinforced the tightening cycle.

The IMF judges the current stance to be broadly appropriate given Nigeria's inflation dynamics and credibility constraints. Staff assessments emphasise that premature easing would risk reversing recent disinflation gains, particularly in an economy with high exchange-rate pass-through and structurally elevated food inflation. The shift away from quasi-fiscal financing of government deficits by the CBN has been especially important in reducing inflationary pressures and restoring confidence in the monetary framework.

Transmission to the real economy has been uneven. While higher interest rates have supported FX stability and moderated price pressures, they have also constrained private-sector credit growth, especially for SMEs and manufacturing firms facing elevated borrowing costs. Commercial bank lending has increasingly favoured short-tenor, lower-risk instruments, reinforcing a cautious investment environment in the near term.

Looking into 2026, the baseline outlook is for cautious, data-dependent monetary easing as disinflation becomes more firmly entrenched. Most external analysts expect initial rate cuts to be gradual and limited in scale, with the CBN prioritising the preservation of positive real interest rates to avoid renewed FX pressure or inflation re-acceleration. Any easing cycle is therefore likely to be shallow and reversible, particularly in the first half of the year.

Foreign-exchange management remains closely linked to monetary policy. Improved FX price discovery following market unification has reduced distortions, but the naira remains sensitive to shifts in confidence and portfolio flows. The CBN is expected to continue balancing market flexibility with targeted interventions to smooth volatility, rather than defending specific exchange-rate levels.

Institutional credibility remains a central medium-term objective. Continued improvements in central-bank governance, transparency and policy communication are critical to anchoring expectations. The gradual articulation of a clearer inflation-targeting framework—supported by reduced fiscal dominance and stronger data quality—would further strengthen policy effectiveness over time.

Overall, monetary policy in 2026 is expected to remain restrictive by historical standards, even as headline rates begin to ease. The success of the stabilisation phase will depend on maintaining discipline, avoiding political interference as the election cycle approaches, and ensuring consistency between monetary, fiscal and FX policy objectives.

3.4 FX and external sector

Foreign-exchange reforms implemented since mid-2023 have materially reshaped Nigeria's external framework. The unification of FX windows, removal of most administrative controls and greater reliance on market-based price discovery have reduced distortions and narrowed the parallel-market premium. While naira volatility has been pronounced, particularly during periods of weak confidence or portfolio outflows, the FX system is now more transparent and responsive to underlying flows than in the pre-reform period.

IMF staff report a notable improvement in external buffers during 2024, supported by stronger oil receipts, improved FX inflows and tighter macro policies. Gross reserves have increased, enhancing Nigeria's ability to manage volatility, though reserve adequacy remains sensitive to oil prices and capital-flow dynamics. The current account returned to a solid surplus, driven primarily by hydrocarbons exports, with additional support from remittances and reduced fuel-import demand following subsidy removal.

Crude oil output is central to the external outlook. OPEC data and local industry sources indicate production averaging around 1.5–1.7mbpd during 2024–26, reflecting improved security conditions in the Niger Delta, better pipeline surveillance and incremental upstream investment. While still below historical peaks, this represents a meaningful recovery from earlier disruptions caused by theft and vandalism. Output remains vulnerable to operational setbacks, but the baseline assumes continued containment of large-scale losses.

Non-oil exports are gradually gaining traction, albeit from a low base. Agricultural exports, services—including ICT, financial services and creative industries—and some manufactured goods are contributing modestly to FX earnings. Structural constraints such as logistics costs, port inefficiencies and inconsistent power supply continue to limit faster diversification, but reform momentum and a more market-reflective exchange rate improve medium-term competitiveness.

Portfolio flows have shown tentative signs of recovery as FX transparency improves and domestic yields remain elevated in real terms. However, inflows remain highly sensitive to global risk appetite, US monetary policy and perceptions of reform durability. Foreign direct investment remains subdued, reflecting security concerns, infrastructure gaps and regulatory uncertainty, suggesting that capital-account support to the naira will remain uneven in 2026.

Looking ahead, the external outlook for 2026 is moderately positive but fragile. A current-account surplus is expected to be sustained under the baseline, supported by oil exports, import compression and gradual non-oil gains. Nevertheless, the naira is likely to remain exposed to swings in oil prices, global financial conditions and domestic confidence. FX policy

is therefore expected to prioritise flexibility, reserve accumulation when conditions allow, and targeted intervention to smooth excessive volatility rather than defend fixed levels.

Overall, Nigeria's external position is stronger than in recent years, but resilience remains conditional. Sustained FX stability will depend on maintaining reform credibility, improving security conditions and advancing structural measures to broaden the export base beyond hydrocarbons.

3.5 Labour and incomes

Labour-market conditions remain one of the weakest links in Nigeria's macro outlook. High-frequency and comprehensive employment data are limited, but available indicators point to continued labour-market slack, high underemployment and weak real income growth entering 2026. Rapid population growth continues to outpace job creation, constraining gains in per-capita income despite modest headline GDP growth.

The World Bank's Macro Poverty Outlook projects that national poverty will continue to edge higher through 2026 before only gradually easing, reflecting subdued per-capita growth, persistent food inflation and uneven reform pass-through. Food prices remain a critical determinant of real incomes, particularly for lower-income households, given the high share of food in consumption baskets and ongoing supply disruptions linked to insecurity and logistics constraints.

Real wages have been slow to recover following the inflation surge of 2023–24. While disinflation has begun to stabilise purchasing power, nominal wage growth in both the public and private sectors has lagged price adjustments. The burden of adjustment has therefore fallen disproportionately on households, reinforcing social pressures and heightening sensitivity to further increases in administered prices such as electricity tariffs or fuel-related transport costs.

The informal economy is expected to remain the dominant source of employment through 2026, absorbing the majority of new labour-market entrants. Informality provides a buffer against outright unemployment but is associated with low productivity, income volatility and limited social protection. Formal job creation remains constrained by high financing costs, energy bottlenecks, regulatory uncertainty and security risks.

Social protection will play a central role in mitigating adjustment costs. The scaling up and improved targeting of cash-transfer programmes are viewed by the World Bank and other development partners as essential to cushioning vulnerable households and sustaining political support for reforms. However, fiscal constraints and implementation capacity continue to limit coverage and adequacy relative to need.

Looking ahead, labour and income dynamics underscore the limits of macro stabilisation alone. Without faster, more labour-intensive growth in agriculture, manufacturing and SMEs, improvements in headline indicators are unlikely to translate into meaningful welfare gains. Addressing insecurity, reducing food price volatility and improving access to affordable energy and credit will be critical to improving employment quality and real incomes over the medium term.

4.0 Budget & debt – overview

Nigeria's fiscal strategy for 2026 is framed around consolidation without derailing a still-fragile recovery. The authorities aim to raise non-oil revenues, restrain primary spending growth and fully entrench the shift away from central-bank deficit financing, while accommodating elevated interest costs and growing social-protection needs. The trade-offs are increasingly acute as the 2027 election cycle approaches.

The 2026 federal budget framework approved in December envisages total expenditure of NGN54.5 trillion (\$37.7bn), up from an estimated NGN38–40 trillion in 2024–25, reflecting higher debt service, security spending and social outlays. Projected revenues stand at NGN34.33 trillion (\$23.7bn), implying a fiscal deficit of about NGN20.2trillion, equivalent to 3.6% of GDP. Financing is expected to rely predominantly on domestic and external market issuance rather than CBN support.

Revenue mobilisation remains the cornerstone of the adjustment. Federal government revenue is projected at roughly 7–8% of GDP, among the lowest globally, underscoring the scale of the challenge. Authorities are prioritising tax administration reforms, VAT efficiency gains, digitalisation and improved compliance rather than large increases in headline rates. IMF estimates suggest that closing compliance gaps alone could raise revenues by 2–3pp of GDP over the medium term, though near-term gains are likely to be more modest.

On the expenditure side, consolidation hinges on subsidy savings and tighter control of recurrent spending. Fuel subsidy removal has freed fiscal space estimated at 2–3% of GDP annually, though part of this has been absorbed by higher interest costs and FX-related spending pressures. Capital expenditure is budgeted at around NGN10–12trillion, but execution risks remain high given historical underspending and debt-service crowding-out.

Debt dynamics are the principal fiscal constraint. Public debt is estimated at just over 50% of GDP in 2024, up from around 41–42% in 2023, driven largely by naira depreciation and increased domestic borrowing. In nominal terms, total public debt exceeded NGN90trillion by end-2024. While the debt ratio remains moderate compared with peers, Nigeria's debt affordability is weak due to low revenues.

Debt-service costs are exceptionally high. The 2026 budget allocates approximately NGN15.9trillion (\$11.0bn) to debt servicing, equivalent to about 45–50% of projected federal revenues, according to IMF and government estimates. This severely constrains fiscal flexibility and limits space for capital spending and social programmes.

The government's 2024–27 Medium-Term Debt Management Strategy targets a domestic–external borrowing mix of roughly 60:40, compared with a heavier domestic bias in recent years. The strategy emphasises longer maturities, reduced refinancing risk and increased reliance on concessional and semi-concessional external funding to lower average borrowing costs. Eurobond issuance is expected to remain limited until macro stability and investor confidence strengthen further.

Fiscal–monetary coordination has improved materially. The effective end of Central Bank of Nigeria deficit monetisation has reduced inflationary financing and improved transparency, but it has also exposed the full scale of fiscal adjustment required under market-based borrowing conditions, where interest rates are materially higher.

Overall, Nigeria's fiscal outlook for 2026 is one of constrained but more credible consolidation. The policy framework has strengthened, but execution risks are elevated. Sustaining revenue

gains, containing debt-service pressures and scaling up targeted social protection without fiscal slippage will be central to preserving macro stability and reform credibility as political pressures intensify.

4.1 Budget balance and revenues

Nigeria's 2026 medium-term fiscal framework sets out an ambitious but tightly constrained consolidation path. Total federal government expenditure is budgeted at NGN54.5 trillion (\$37.7bn), while projected revenues of NGN34.33 trillion (\$23.7bn) imply an overall deficit of about NGN20.1 trillion, equivalent to 3.61% of GDP. The deficit is expected to be financed largely through domestic borrowing and limited external issuance, with no recourse to Central Bank of Nigeria deficit monetisation.

Debt-service obligations remain the dominant fiscal pressure. Interest and principal repayments are projected at NGN15.9trillion (\$11.0bn) in 2026, absorbing roughly 46% of projected federal revenues. This leaves limited discretionary space for capital expenditure and social spending, reinforcing the authorities' focus on revenue mobilisation rather than expenditure expansion.

The budget assumptions underpinning the framework are relatively conservative by recent standards. Oil is benchmarked at \$64.85/bbl, crude production at 1.84mbpd, and the exchange rate at NGN1,512/\$1. While these assumptions broadly align with IMF and market expectations, they leave the fiscal position exposed to downside risks from oil price volatility, production disruptions or renewed FX weakness. Each \$10/bbl decline in oil prices is estimated by analysts to reduce federal revenues by roughly 0.5–0.7pp of GDP, underscoring sensitivity to external shocks.

Revenue performance remains Nigeria's core structural weakness. Even under the 2026 framework, consolidated government revenues are projected at only 7–8% of GDP, among the lowest globally and well below the sub-Saharan Africa average of about 15% of GDP. Non-oil revenues account for the bulk of projected gains, reflecting limited scope for further oil-related windfalls under OPEC quota constraints.

To address this, the authorities are pursuing broad-based tax reforms focused on efficiency rather than headline rate hikes. Measures include strengthening VAT compliance and administration, rationalising exemptions, tightening excise duties, expanding the personal and corporate income-tax base, and accelerating digitalisation of tax collection. VAT currently yields less than 2% of GDP, compared with 5–7% of GDP in many peer economies, highlighting significant upside potential from improved compliance alone.

The government estimates that administrative reforms and base broadening could lift revenues by 2–3pp of GDP over the medium term, though near-term gains in 2026 are likely to be more incremental. Resistance from vested interests, weak sub-national capacity and political pressures ahead of the 2027 elections remain key execution risks.

Overall, the 2026 budget balance reflects a shift towards greater realism and transparency. While the deficit is contained at a moderate level by emerging-market standards, the composition of spending—dominated by debt service—limits fiscal flexibility. Sustained revenue mobilisation is therefore critical not only to deficit reduction, but also to restoring space for growth-enhancing investment and social protection.

4.2 Debt & debt sustainability

Nigeria's public-debt burden has risen rapidly since 2023, reflecting naira depreciation, higher domestic borrowing costs and widening fiscal deficits during the adjustment phase. The Debt Management Office's 2024–27 Medium-Term Debt Management Strategy (MTDS) estimates total public debt at about 52% of GDP in 2024, up from roughly 40–42% before the reform shock. In nominal terms, total public debt exceeded NGN90 trillion (\$62bn) by end-2024, with further increases projected in 2025–26.

The rise in the debt ratio has been driven more by valuation effects and interest costs than by primary spending expansion. Naira depreciation following FX liberalisation significantly inflated the domestic-currency value of external debt, while higher domestic interest rates raised the cost of new issuance. As a result, debt dynamics have deteriorated despite subsidy removal and fiscal consolidation efforts.

Debt composition remains a key focus of policy. Domestic debt accounts for roughly 60–65% of the total stock, largely in naira-denominated FGN bonds and Treasury bills, while external debt represents 35–40%, split between multilateral lenders, bilateral creditors and Eurobonds. The external share has increased modestly as authorities seek cheaper and longer-tenor financing, though market access remains constrained.

Debt-service indicators are the principal source of vulnerability. Debt service is projected at NGN15.9 trillion (\$11.0bn) in 2026, equivalent to around 45–50% of federal government revenues and over 90% of projected oil revenues. Independent analysts and IMF staff consistently identify the debt-service-to-revenue ratio—rather than debt-to-GDP—as Nigeria's most binding fiscal risk, reflecting the country's exceptionally low revenue base.

The MTDS, developed under a World Bank–IMF framework, targets a 60:40 domestic–external borrowing mix, longer average maturities and reduced short-term rollover risk. Key objectives include shifting domestic issuance toward longer-dated bonds, limiting reliance on short-tenor Treasury bills, and increasing concessional and semi-concessional external borrowing to reduce average interest costs. Eurobond issuance is expected to remain limited until macro stability and investor confidence improve further.

The IMF continues to classify Nigeria's overall debt risks as elevated but manageable, conditional on sustained revenue mobilisation, strict limits on quasi-fiscal financing and containment of contingent liabilities. The power sector remains the most significant source of potential fiscal slippage, with accumulated tariff shortfalls and legacy obligations posing ongoing risks if reforms under the Power Sector Recovery Programme stall.

Stress tests conducted by IMF staff show that adverse shocks—particularly a sharp oil-price decline, renewed FX depreciation or a slowdown in revenue reforms—could quickly push debt-service ratios into unsustainable territory. Conversely, even modest revenue gains of 2–3pp of GDP over the medium term would materially improve debt sustainability metrics.

Overall, Nigeria's debt position entering 2026 is not defined by excessive leverage but by weak affordability. The sustainability of public debt hinges less on headline ratios than on the credibility of revenue reforms, disciplined borrowing and the containment of off-balance-sheet liabilities. Failure to address these structural issues would leave fiscal policy highly vulnerable as political pressures intensify ahead of the 2027 elections.

5.0 Real economy

Nigeria's economy enters 2026 on a path of cautious stabilisation, underpinned by macroeconomic reforms that have eased inflation, strengthened external buffers and improved policy credibility after a period of intense adjustment.

Real gross domestic product is widely forecast to expand in 2026 as oil and non-oil sectors recover. The Central Bank of Nigeria projects 4.49% GDP growth for 2026, up from an estimated 3.9% in 2025, reflecting stronger crude oil output and broader non-oil sector performance. Headline inflation is expected to moderate to around 12.9%, down from elevated levels in 2024–25, supported by tighter monetary policy, improved foreign-exchange stability and supply-side improvements. Foreign reserves and a more market-reflective naira exchange rate should bolster external resilience.

Independent outlooks broadly align, with professional firms and analysts forecasting growth in the 3.5–4.5% range, contingent on oil production stability and continued policy consistency. Services — particularly ICT, finance, trade and construction — are expected to remain key growth drivers.

Sectoral Contributions & Structural Shifts

- **Oil & Gas:** Production gains are expected to support export earnings and FX inflows, while ongoing upstream reforms and private investment in mid- and downstream infrastructure (evidenced by recent transactions such as Afreximbank-backed stakes in gas infrastructure) could improve sector performance.
- **Non-Oil Sectors:** Services and telecommunications are anticipated to sustain expansion, underpinned by digital adoption and private sector activity. Agriculture and manufacturing will remain important for employment, though progress depends on energy reliability and logistics improvements.

Risks & Headwinds

- **Inflation & Cost of Living:** Although headline inflation is easing, food price pressures remain elevated, and household real incomes are squeezed, complicating inclusive growth. Tools like the Jollof index highlight food inflation's impact on consumers.
- **Fiscal Pressures:** Nigeria's 2026 budget targets a 4.28% fiscal deficit, reflecting the ongoing tension between developmental spending and revenue constraints. Oil revenue remains central to government finances and FX inflows. [Reuters](#)
- **Security & Food Insecurity:** Conflict-driven disruptions in northern regions could exacerbate food insecurity, with millions at risk of acute hunger, potentially damping rural productivity and economic inclusion. [AP News](#)
- **Structural Bottlenecks:** Energy supply constraints and logistics challenges continue to inhibit industrial expansion, requiring sustained reforms and infrastructure investment.

Policy & Investment Outlook

Nigeria's macro stance in 2026 remains anchored in:

- **Monetary discipline:** Cautious easing of interest rates as inflation stabilises.
- **Exchange rate management:** A more stable naira supports FX confidence and external balances.

- Fiscal reform: Continued efforts to broaden the tax base, improve revenue mobilisation and prioritise capital spending.

Taken together, these factors suggest that 2026 will be a year of consolidation, where improved economic stability provides a firmer basis for investment decisions, private sector growth and structural transformation — but where tangible gains for households hinge on sustained policy execution and improvements in employment outcomes.

5.1 Agriculture

Agriculture remains Nigeria's largest employer and a critical pillar for food security, accounting for about 23–25% of GDP and employing roughly 35–40% of the labour force, according to NBS and World Bank estimates. Despite its scale, sectoral growth has been persistently weak, averaging around 1.5–2.0% in recent years—well below population growth—reflecting insecurity, climate shocks, high input costs, and low mechanisation.

Insecurity in the North-West, Middle Belt and parts of the North-East continues to disrupt planting and harvesting cycles, while farmer–herder conflicts constrain access to arable land. Input costs have risen sharply since FX liberalisation, with fertiliser, improved seeds, and agro-chemicals increasingly priced at import-parity levels. Mechanisation remains limited, with tractor density estimated at fewer than 0.3 tractors per 1,000 hectares, compared with 1.5–2.0 in emerging-market peers.

Climate risks are intensifying. Flooding episodes in 2022–24 affected several million hectares of farmland, while rainfall variability continues to undermine yields. The IMF and World Bank both stress that boosting productivity through irrigation, extension services, storage infrastructure, and climate-resilient inputs is essential to reducing food inflation, stabilising rural incomes and slowing the rise in poverty. Without meaningful gains in agriculture, food prices are likely to remain a structural inflation risk.

5.2 Construction & infrastructure

Construction and infrastructure activity remains constrained by fiscal pressures, but selected projects continue under multilateral, bilateral and private financing models. The sector contributes around 9–10% of GDP, but growth has been uneven, reflecting high borrowing costs, delayed payments, and weak state-level fiscal capacity.

Federal capital expenditure is budgeted at roughly NGN10–12trillion in 2026, but execution risks remain high given debt-service crowding-out. Priority projects include targeted road rehabilitation, selected rail corridors, and port upgrades, often supported by the World Bank, AfDB, China Exim Bank and other partners. Major greenfield projects remain limited.

Over the medium term, improved debt management and higher revenues could support greater use of public–private partnerships (PPPs). Areas with the strongest potential include urban transport, housing, toll roads, logistics corridors, and ports. However, investor appetite remains sensitive to FX risk, contract enforcement, and regulatory stability, suggesting that PPP expansion will be gradual rather than rapid in 2026.

5.3 Retail & services

Services continue to be the main engine of growth, accounting for roughly 50–55% of GDP. Wholesale and retail trade, ICT, financial services, transport, and entertainment have all contributed positively to recent GDP growth, according to NBS national-accounts data. The

sector has benefited from urbanisation, population growth, and the expansion of digital platforms.

Retail and trade activity has been resilient but uneven. High inflation and FX volatility eroded real purchasing power in 2023–24, compressing discretionary spending. As inflation continues to fall and FX markets stabilise, 2026 should see a gradual recovery in real consumption, particularly in urban centres. However, household budgets are expected to remain under pressure from high food prices, transport costs, and energy tariffs.

Informality dominates retail and services employment, limiting productivity and tax collection. Formal-sector expansion is constrained by high financing costs and regulatory frictions, but services are likely to remain the most dynamic part of the economy over the forecast horizon.

5.4 TMT / digital

Nigeria remains one of Africa’s largest telecoms and digital markets, with a population of over 220mn, mobile penetration of about 85–90%, and internet penetration approaching 50%, according to regulator and industry data. The ICT sector contributes roughly 15–18% of GDP, making it one of the fastest-growing segments of the economy.

Telecommunications and data services continue to expand, driven by rising smartphone adoption and demand for mobile broadband. Fintech remains a key growth area, with Nigeria hosting some of Africa’s largest payments and digital-finance platforms. However, funding conditions have tightened since 2023, and profitability pressures are rising amid higher operating and FX-related costs.

Policy debates in 2026 are expected to focus on digital taxation, data protection, competition policy and fintech regulation, including crypto-assets. The IMF has urged stronger risk-based supervision to manage financial-stability risks while preserving innovation. Regulatory clarity will be critical to sustaining investment and preventing capital flight in the sector.

Overall, the real economy outlook remains uneven. Services and digital activity provide resilience, but agriculture and construction continue to underperform relative to their employment and development potential. Structural reforms, improved security, and lower financing costs are central to achieving more balanced, jobs-rich growth beyond 2026.

5.5 Manufacturing & industry

Manufacturing remains one of the weakest-performing segments of Nigeria’s real economy, constrained by structural bottlenecks that have intensified since macro reforms began. The sector accounts for roughly 8–9% of GDP and less than 12% of formal employment, according to NBS estimates, and has recorded low and volatile growth in recent years, often lagging headline GDP expansion.

Power unreliability remains the single largest constraint. Grid supply averages 4–5GW for a population exceeding 220mn, forcing firms to rely heavily on self-generation. Industry estimates suggest that energy costs account for 30–40% of manufacturing operating expenses, compared with less than 10% in many peer economies. Ongoing power-sector reforms may gradually reduce fiscal risks, but supply reliability is unlikely to improve materially in 2026, keeping cost pressures elevated.

Logistics and infrastructure bottlenecks further weigh on competitiveness. Congestion at major ports, poor road conditions and high inland transport costs raise input prices and extend

delivery times. FX volatility and elevated interest rates—policy rates around 27%—have also constrained access to affordable credit, particularly for SMEs and import-dependent manufacturers.

Despite these headwinds, the medium-term outlook has improved modestly. The ramp-up of large-scale downstream capacity, most notably the Dangote Refinery, is expected to reduce fuel-import dependence, improve energy availability and lower FX demand over time. While the immediate spillover to manufacturing is limited, downstream petrochemicals, plastics and fertiliser production could support industrial linkages over the medium term.

Agro-processing offers another area of potential. Nigeria's large agricultural base creates scope for value addition in food processing, beverages and consumer goods, particularly if logistics and storage infrastructure improve. Building materials, cement and light manufacturing linked to urbanisation and housing demand also present opportunities, albeit sensitive to interest rates and public-investment cycles.

Trade policy developments add further upside. Nigeria's participation in the African Continental Free Trade Area (AfCFTA) provides a framework for expanded regional trade, especially in processed foods, consumer goods, and light manufactures. However, realising these gains will require progress on customs efficiency, standards compliance and trade facilitation, areas where implementation has been slow.

Overall, manufacturing is unlikely to be a short-term growth driver in 2026. The sector's recovery depends on improvements in power reliability, logistics, financing conditions, and security. Without these, industrial growth will remain modest, but with them, Nigeria has scope to leverage its scale, downstream energy investments, and regional market access to support more durable industrialisation over the medium term.

6.0 Banking outlook

Nigeria's banking system enters 2026 from a position of relative strength following several years of balance-sheet repair and regulatory tightening. The IMF assesses the sector as resilient, liquid, and profitable, supported by higher interest margins, improved capitalisation and tighter risk management. Capital adequacy improved to about 15.3% at end-2024, up from 13.3% in 2023, comfortably above the 10%–15% regulatory minimums depending on bank classification. Liquidity ratios also remain well above prudential floors, reflecting conservative asset allocation and strong deposit growth.

Profitability has been buoyed by elevated interest rates, re-pricing of assets and higher yields on government securities. Net interest margins widened in 2024–25, while fee and trading income benefited from FX market activity and higher transaction volumes. These earnings have provided a buffer against rising credit risks and supported internal capital generation, even as operating costs increased due to inflation and FX-related expenses.

The principal near-term vulnerability is asset quality. A leading international ratings agency expects the system-wide non-performing loan (NPL) ratio to rise from about 4% at end-2024 towards 6–7% by mid-2025 as regulatory forbearance is unwound, restructured loans season and FX-related stresses crystallise. Sectors most exposed include SMEs, manufacturing, import-dependent businesses and households affected by the cost-of-living shock. Nonetheless, NPL ratios are expected to remain below the 5%–10% stress thresholds seen during earlier banking cycles.

Capital and provisioning buffers are expected to absorb these pressures. Loan-loss coverage ratios remain relatively strong, and stress tests conducted by regulators and external analysts suggest that even under adverse scenarios, system-wide capital adequacy would remain above minimum requirements. Concentration risk, however, remains elevated, particularly among tier-one banks with large exposures to oil and gas, power and sovereign-linked entities.

Sovereign exposure continues to shape balance sheets. Banks remain heavily invested in federal government securities, reflecting attractive risk-adjusted returns and limited private-sector credit demand. While this supports profitability and liquidity, it reinforces the sovereign-bank nexus and constrains credit transmission to the real economy. The high share of government paper also exposes banks to interest-rate and refinancing risks should fiscal conditions deteriorate.

Regulatory priorities for 2026 are focused on strengthening resilience ahead of the election cycle. Key areas include completing ongoing recapitalisation and capital-raising initiatives to support larger balance sheets and future credit growth; tightening supervision of consumer, retail and mortgage lending as these segments expand; and enhancing oversight of fintech, payments firms and crypto-related activities to manage systemic and conduct risks. The IMF has urged continued progress toward risk-based supervision and consolidated oversight across banking and non-bank financial institutions.

Progress on financial integrity has been a notable positive. Nigeria's exit from the Financial Action Task Force (FATF) grey list following improvements in Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) frameworks has reduced compliance risks and improved correspondent-banking relationships. Maintaining this status will require sustained enforcement and institutional capacity.

Looking ahead, credit to the private sector is expected to recover gradually in real terms in 2026 as inflation falls and nominal yields normalise. However, banks are likely to remain cautious, prioritising asset quality and capital preservation. Credit growth is therefore expected to lag GDP growth, with lending concentrated in larger corporates, energy, telecoms and trade-related sectors rather than broad-based SME expansion.

Overall, Nigeria's banking outlook for 2026 is stable but cautious. Strong capitalisation, liquidity and profitability provide resilience, but rising credit risks, heavy sovereign exposure and an uncertain macro-political environment argue against aggressive balance-sheet expansion. Sustained macro stability and regulatory discipline will be critical to ensuring the sector continues to support, rather than constrain, economic recovery.

7.0 Energy & power

Oil and gas remain central to Nigeria's external position, fiscal revenues and FX stability. IMF projections put crude oil production at around 1.7mbpd in 2025–26, broadly in line with Nigeria's OPEC quota, assuming continued progress in curbing theft and pipeline vandalism and modest new upstream investment. This represents a meaningful recovery from the sub-1.3mbpd levels recorded during periods of severe disruption in 2022–23.

Recent licensing-round activity has supported a more constructive medium-term outlook. Renewed interest from international oil companies, including Chevron and TotalEnergies, alongside continued investment by indigenous producers, suggests stabilisation in upstream capital expenditure after years of decline. However, production remains vulnerable to security

setbacks, regulatory uncertainty and oil-price volatility, limiting the scope for sustained upside beyond baseline assumptions.

The ramp-up of domestic downstream capacity is an important structural shift. The Dangote Refinery, with installed capacity of 650,000bpd, is expected to progressively reduce Nigeria's dependence on imported refined products, easing FX demand and improving fuel supply reliability over time. While the near-term fiscal impact is limited, downstream integration could strengthen energy security and improve trade balances over the medium term.

Domestic power supply continues to improve slowly from a low base. According to the Nigerian Electricity Regulatory Commission's Q1 2025 report, average available grid generation capacity stood at about 5,367MW, with actual generation averaging 4,700MW, well below installed capacity of over 12,000MW. For a population exceeding 220mn, per-capita electricity availability remains among the lowest globally, constraining industrial output and household welfare.

Power-sector inefficiencies remain a major fiscal and macroeconomic risk. Transmission constraints, high technical and commercial losses—estimated at 35–40% across distribution networks—and weak revenue collection continue to undermine sector viability. Manufacturing and services firms remain heavily reliant on self-generation, significantly raising operating costs and eroding competitiveness.

The Power Sector Recovery Programme (PSRP), supported by the World Bank, aims to restore financial sustainability through more cost-reflective tariffs, improved metering, loss reduction and better governance across generation, transmission and distribution. Implementation has delivered incremental gains, including tariff adjustments for higher-consumption bands and expanded metering. However, arrears and liquidity gaps persist along the value chain, posing ongoing fiscal risks and exposure for banks with power-sector lending.

Targeted subsidies for vulnerable consumers remain politically sensitive but fiscally unavoidable. Without continued tariff reform and improved collections, the government risks accumulating further quasi-fiscal liabilities, particularly through payment guarantees and intervention funds, complicating debt and banking-sector risk management in 2026.

Renewables remain a small but gradually expanding component of Nigeria's energy mix. IRENA data indicate incremental growth in installed solar capacity in 2024, largely through off-grid and mini-grid projects rather than large utility-scale additions. Solar and hybrid systems are increasingly used to serve rural communities and commercial users, reducing reliance on diesel generation. The medium-term potential is significant, but scaling up will depend on regulatory clarity, FX availability and concessional financing.

Overall, energy remains a double-edged driver of Nigeria's outlook. Oil and gas underpin external stability and fiscal revenues, while persistent power-sector weaknesses continue to weigh on productivity, inflation and public finances. Progress in upstream security, downstream integration and power-sector reform is critical to sustaining macro stabilisation and unlocking higher, more inclusive growth beyond 2026.

8.0 Markets outlook

Domestic capital markets will remain the primary financing channel for Nigeria's fiscal needs in 2026. With a projected federal deficit of about NGN20.1 trillion (3.6% of GDP), the government is expected to rely heavily on Treasury bills and FGN bond issuance. As inflation continues to

trend lower and monetary policy gradually normalises, nominal yields on government securities are expected to retreat further from the peaks seen in 2023–24, easing rollover pressures and debt-service costs at the margin. Nevertheless, the Central Bank of Nigeria is expected to maintain positive real interest rates, keeping yields elevated by historical standards and sustaining investor appetite for domestic paper.

The yield curve is likely to remain relatively steep. Short-dated Treasury bill rates should respond first to easing inflation and liquidity conditions, while longer-dated bond yields may remain sticky due to fiscal supply, term premia and election-related risk. Domestic banks, pension funds and asset managers will continue to dominate demand, reinforcing the sovereign–bank nexus but ensuring stable absorption capacity. Improved FX market functioning may gradually support increased participation by foreign portfolio investors, though flows are expected to remain selective and volatile.

The external markets outlook is more cautious. Nigeria’s Eurobonds trade at a discount relative to pre-reform periods, reflecting elevated global interest rates, high domestic borrowing costs and lingering concerns around revenue mobilisation and debt affordability. While the IMF acknowledges improved investor sentiment and a modest return of portfolio inflows, it expects Nigeria to remain largely sidelined from large-scale Eurobond issuance until debt metrics, ratings and external buffers strengthen further.

Limited, opportunistic external issuance remains possible in 2026 if global conditions are favourable, oil prices supportive and domestic reforms stay on track. Such issuance would likely be modest in size and focused on liability management rather than budget financing, aimed at smoothing maturities or extending duration. Multilateral and bilateral financing is expected to remain the dominant source of external funding, given more favourable terms and longer maturities.

Equity-market prospects are mixed. The Nigerian Exchange (NGX) remains one of Africa’s largest by market capitalisation, with a market value exceeding NGN60 trillion at times during 2024–25, driven largely by banks, telecoms and consumer goods companies. However, market depth and liquidity remain limited, with average daily turnover relatively low by emerging-market standards and foreign investor participation subdued.

Equity valuations are sensitive to macro stabilisation, FX clarity and sector-specific reforms. Banks stand to benefit from strong earnings and recapitalisation prospects, but face asset-quality and regulatory risks. Telecoms and ICT firms offer growth potential, though margins remain under pressure from FX costs and regulatory levies. Consumer-facing sectors are likely to see only gradual recovery as real incomes stabilise.

New listings and equity capital raising are expected to remain limited in 2026, reflecting cautious corporate sentiment and high financing costs. The equity market is therefore more likely to experience a year of consolidation rather than rapid deepening, with selective stock performance driven by earnings resilience rather than broad-based re-rating.

Overall, Nigeria’s markets outlook for 2026 reflects stabilisation rather than exuberance. Domestic debt markets will remain the workhorse of financing, external markets cautiously reopen at the margin, and equities consolidate amid improving—but still fragile—macro fundamentals. Sustained disinflation, FX stability and credible fiscal delivery will be critical to unlocking deeper capital-market development over the medium term.