



November FX Market Report

November Breaks Naira's 7-Month Appreciation Streak





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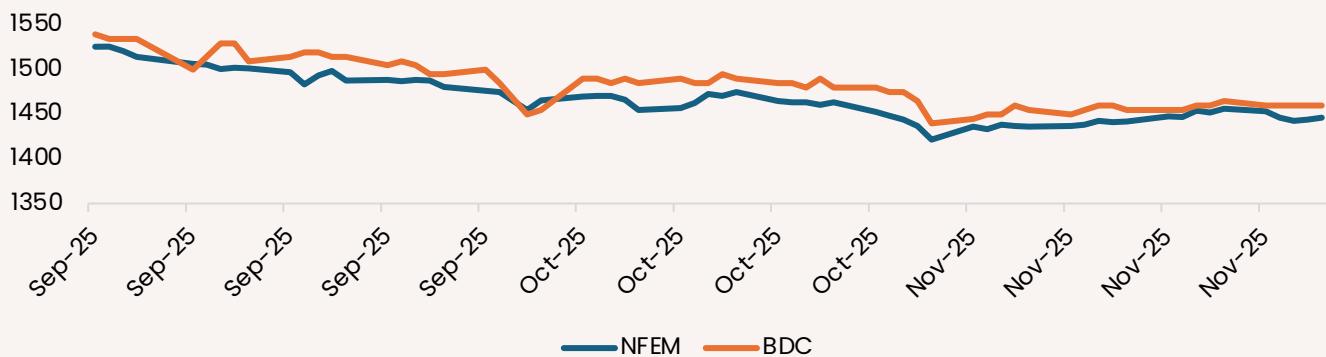


Highlights

- After seven (7) consecutive monthly appreciation, the Naira weakened in November at both the official and parallel markets. The depreciation appears to be triggered by heightened geopolitical uncertainty following President Trump's public comments on potential security intervention in Nigeria, as well as investor exit ahead of the capital gains tax scheduled for implementation in January 2026. By November 28, 2025, the Naira eased to N1,446.74/\$ at the official window and N1,460/\$ in the parallel market, compared with N1,421.73/\$ and N1,440/\$ respectively at the end of October.
- The steady accumulation of external reserves, rising to \$44.61bn by November 27, 2025, helped cushion the currency against a sharper decline. The stronger reserve position provided the Central Bank with sufficient buffers to manage volatility, even amid sizeable foreign-portfolio outflows worth N99.17bn in equity outflows in October, the highest level since March 2025.
- The spread between the official and parallel market narrowed sharply to N12.90k in November from N116.98k in January 2025. Notably, the spread became negative for twelve occasions, reflecting the relative stability of the parallel market possibly tied to the CBN's consistent intervention.
- In the second half of 2025, this is the first month-on-month depreciation and we believe it's a temporary setback that will reverse in December, driven by seasonal higher remittances and stronger demand for naira associated with end of the year festive activities (debt December). This outlook aligns with post COVID-19 historical December patterns, barring the emergence of new external shocks.

↑	1,446.74/\$	NFEM (Nov 28, 2025)
↑	1,460/\$	BDC Rate (Nov 28, 2025)
↓	1,456.72	Highest NFEM (Nov 2025)
↑	1,433.66/\$	Lowest NFEM (Nov 2025)
↑	\$44.61bn	Foreign Reserves (Nov 28, 2025)
↓	N11.72bn	Net Equity Foreign Inflows (Oct 30, 2025)

Exchange Rate Trend



Source: Team Analysis, CBN, NBS, FMDQ, Rate captain
Date: 01/12/2025

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November Breaks Naira's 7-month Consecutive Appreciation Streak



Anchors

CBN Actions

- Left MPR and other rates unchanged at Nov MPC meeting and adjusted Asymmetric corridor to +50/-450

FX Inflows

- FX Reserves grew by 3.37% to \$44.61bn on November 27, 2025.
- Trade Surplus of N7.46trn in Q2 2025
- Oil price (Brent) stayed above \$60/b in November 2025.

Payoffs

Lower Import-price shocks

- Slower price level increase as headline CPI dropped to 16.02% in October 2025.

Cheaper External Debt Servicing

- Naira appreciation will reduce the translation cost of external debt repayments.

Declining Investor Confidence

- Despite naira stability, other factors triggered significant outflows (equity) worth N99bn in October

Outlooks

Headwinds

- Foreign earnings vulnerable to volatile oil prices
- Trump's threats and Capital gain tax threatens FPI inflows
- Heightened insecurity can distort distribution and reverse downward inflationary trend.
- Increased defense spending increases fiscal deficits and reliance on borrowings.

Tailwinds

- Increased activity in Naira-Yuan Swap and Peer-2-Peer trade.
- Trade tariff negotiations might continue to weigh on dollar dominance and strength.
- CBN maintains timely intervention
- Sustenance of foreign reserves rapid accretion
- Huge seasonal remittance inflows due to festive period

In December, we expect the naira to regain some strength, supported by **higher remittances** and sustained CBN intervention. The cautious monetary policy direction should sustain foreign investor interest in fixed income instruments.

We expect naira to maintain a tight trading band in November 2025, averaging N1,420–N1,440/\$ at the official window (NFEM) and N1,440–N1,460/\$ at the BDC. Ongoing CBN interventions and reserve accretion should anchor market stability.

Source: Team Analysis, CBN, NBS.

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