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## FLASHNOTE:

### NIGERIA'S CAPITAL IMPORTATION - Q3 2025



Cowry Research



## Nigeria's \$16.78bn Capital Surge: Structural Repricing Signalling Decisive Rebound in Cross-Border Capital Flows....

Nigeria attracted \$16.78 billion in total capital importation in the first nine months of 2025, representing a 132% year-on-year increase from \$7.23 billion recorded in the corresponding period of the previous year. The figures, obtained from the latest Capital Importation Report released by the Central Bank of Nigeria and published by the National Bureau of Statistics, signal a decisive rebound in cross-border capital flows into the Nigerian economy.

It is important to note that the capital importation report captures fresh inflows reported by commercial banks and excludes other components of foreign direct investment such as reinvested earnings.

Nevertheless, the \$16.78 billion inflow marks the highest level recorded post-COVID and in six years, reinforcing the narrative that Nigeria has regained relevance within frontier market allocation frameworks.

The surge in inflows is closely tied to Nigeria's high-interest-rate environment, strong capital market performance, and elevated returns across money market instruments. Persistent double-digit inflation prompted the Central Bank to raise the benchmark rate to a high level, thereby enhancing nominal yields and strengthening Nigeria's carry trade attractiveness relative to comparable markets. Investors have been particularly responsive to this yield premium, especially in an environment where global capital remains highly rate-sensitive.

In parallel, improved exchange rate stability has been a critical enabling factor. More coherent FX reforms by the CBN have narrowed the disparity between the official and unofficial markets, enhanced price discovery, and reduced convertibility risk. The resulting currency stability has helped restore investor confidence and reduce the perception of repatriation constraints, which historically discouraged foreign participation.

A breakdown of the \$16.78 billion total capital imported during the nine-month period reveals that portfolio investments overwhelmingly dominated the inflow composition. Portfolio investments accounted for 85% of total inflows, amounting to \$14.26 billion. This was largely driven by inflows into money market instruments valued at \$10.75 billion, reflecting strong appetite for high-yield short-term assets in a double-digit inflation environment.

Bond inflows amounted to \$2.92 billion, while equities attracted \$591 billion. On a year-on-year basis, total Foreign Portfolio Investment rose 225.6% to \$14.26 billion, compared to \$4.38 billion recorded a year earlier, underscoring the scale of the rebound in financial market participation.

Other investments, comprising loans and related claims, accounted for \$1.95 billion, representing 11.64% of total capital inflows. However, on a year-on-year basis, this segment declined by 24.89%, falling from \$2.60 billion in 9M-2024 to \$1.95 billion in 9M-2025. The contraction suggests a moderation in external credit exposures or a more cautious stance among foreign lenders and domestic borrowers.

Foreign Direct Investment recorded a 123.6% year-on-year increase to \$565 million, up from \$377 million in the comparable period of 2024. The growth was propelled by increased equity investment inflows of \$546.33 million and other capital investments totaling \$18.88 million.

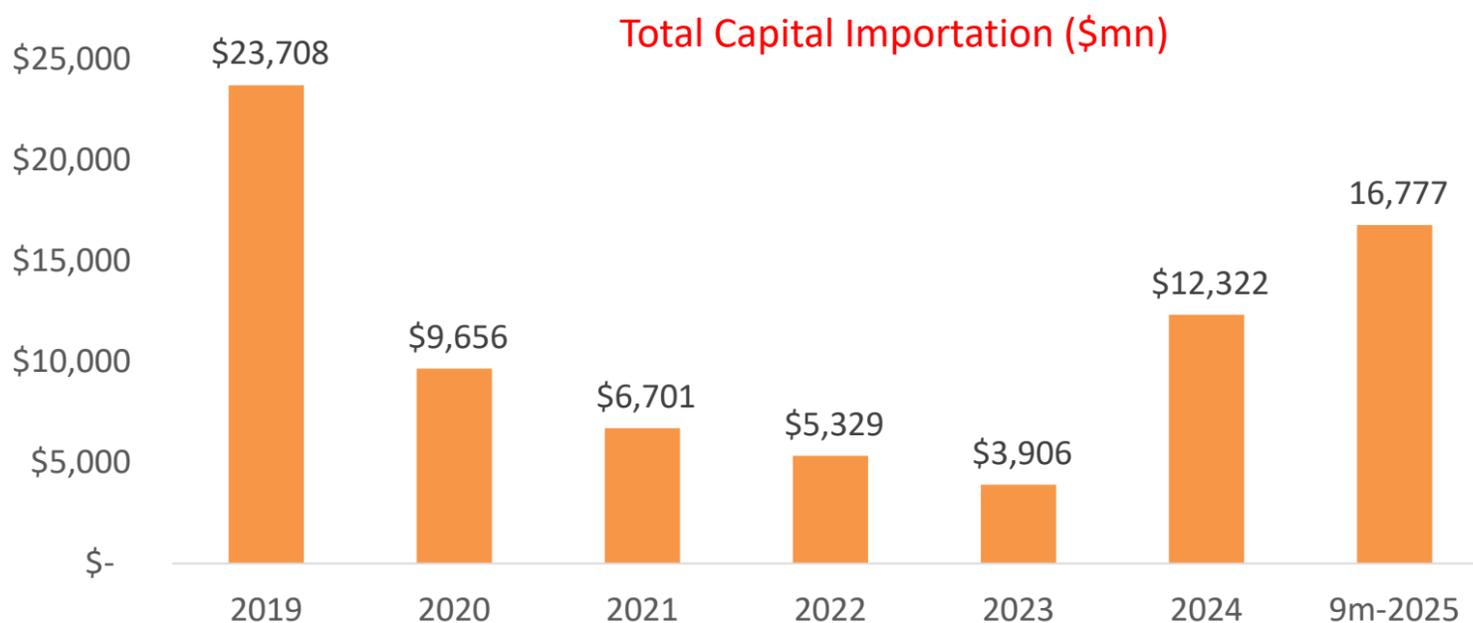
While the growth rate appears robust, the absolute level of \$565 million remains modest relative to overall capital importation, highlighting that long-term productive capital still constitutes a small share of the total inflow mix.

Sequentially, capital importation in Q3 2025 stood at \$6.01 billion, compared to \$1.25 billion in Q3 2024, representing a 380.16% year-on-year increase.

Relative to Q2 2025, when inflows amounted to \$5.12 billion, capital importation increased by 17.46%, indicating sustained momentum. Portfolio investment ranked highest in Q3 at \$4.85 billion, accounting for 80.70% of total inflows, followed by Other Investment at \$864.57 million, representing 14.37%. Foreign Direct Investment recorded \$296.25 million, accounting for 4.93% of total capital importation during the quarter.

Sectoral distribution shows a clear concentration in financial intermediation. The Banking sector recorded the highest inflow in Q3 2025 at \$3.14 billion, representing 52.25% of total capital imported during the quarter, and \$9.68 billion for the nine-month period.

The Financing sector followed with \$1.86 billion, representing 30.85% in Q3 and \$4.83 billion in 9M-2025. The Production/Manufacturing sector attracted \$261.35 million, accounting for 4.35% in Q3 and \$710 million over the nine-month period. The concentration of inflows in financial sectors further reinforces the yield-driven and liquidity-focused nature of the capital resurgence.

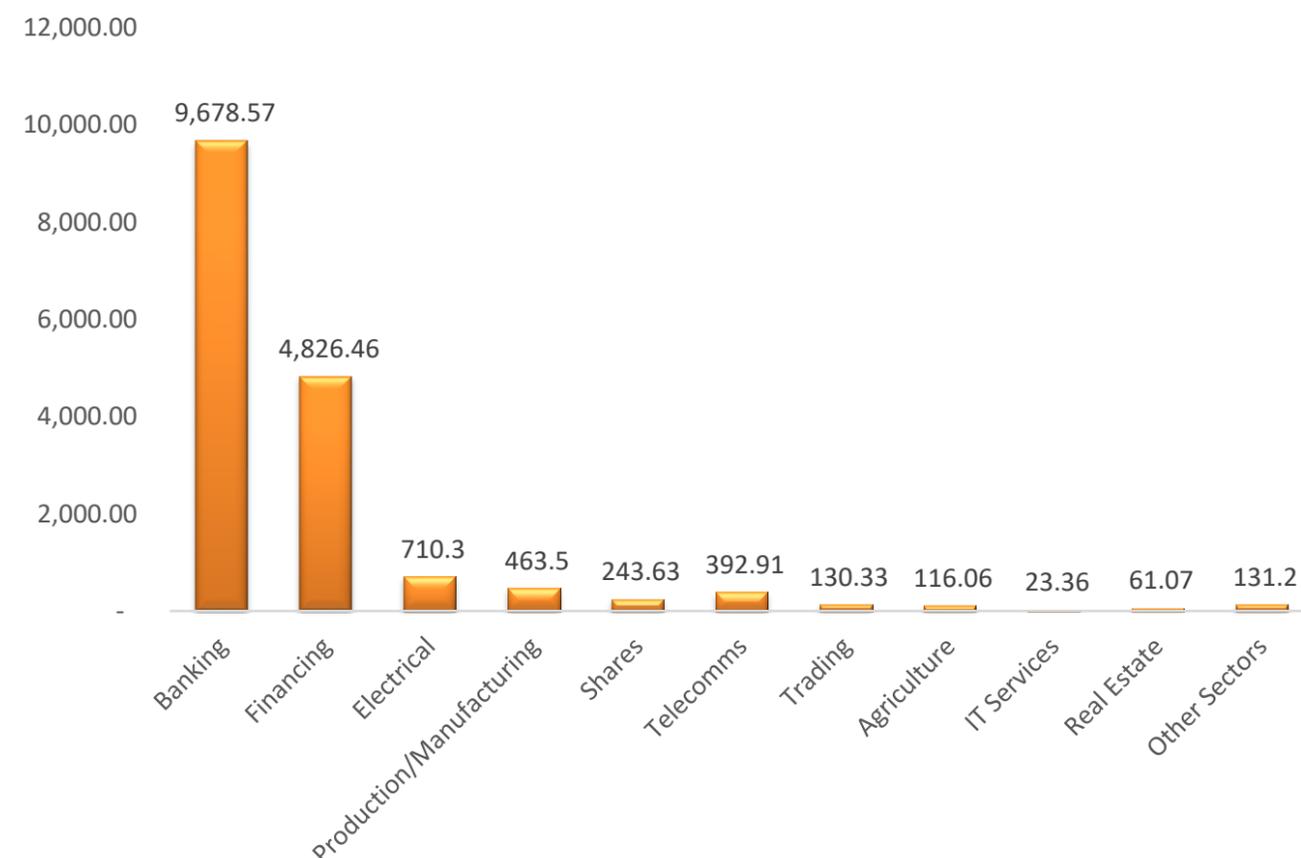


Geographically, capital importation in Q3 2025 originated largely from the United Kingdom, which contributed \$2.94 billion, representing 48.80% of total inflows.

The United States followed with \$950.47 million, accounting for 15.80%, while the Republic of South Africa contributed \$773.95 million, representing 12.87%. The dominance of established financial centers suggests that institutional portfolio capital is at the forefront of Nigeria's capital inflow revival.

Among financial institutions, Standard Chartered Bank Nigeria Limited received the highest capital importation in Q3 2025 with \$2.12 billion, representing 35.17%, followed by Stanbic IBTC Bank Plc with \$1.79 billion, accounting for 29.75%, and Citibank Nigeria Limited with \$561.40 million, representing 9.33%.

**Top 10 Sectors by Capital Importation in 9-Months 2025 (\$'mn)**



Cowry Research interprets the rebound in capital importation as evidence of improved macroeconomic sentiment. The convergence of stabilising FX rates, moderating inflation since January 2025, and policy reforms aimed at strengthening investor confidence have repositioned Nigeria as a viable destination for portfolio inflows. However, the overwhelming dominance of short-term capital flows (FPIs) underscores persistent structural fragility.

A sudden deterioration in global risk appetite, heightened geopolitical tensions, or intensified trade protectionism, particularly under President Trump's tariff regime, could reverse these gains. To sustain momentum and attract durable long-term capital, Nigeria must deepen structural reforms, address insecurity, and maintain a stable and credible macroeconomic environment.



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