The Macroeconomic Impact of the Dangote Refinery IPO Investment

Implications of and Opportunities in the Biggest IPO in Africa

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Context Setting

Where the Economy Was

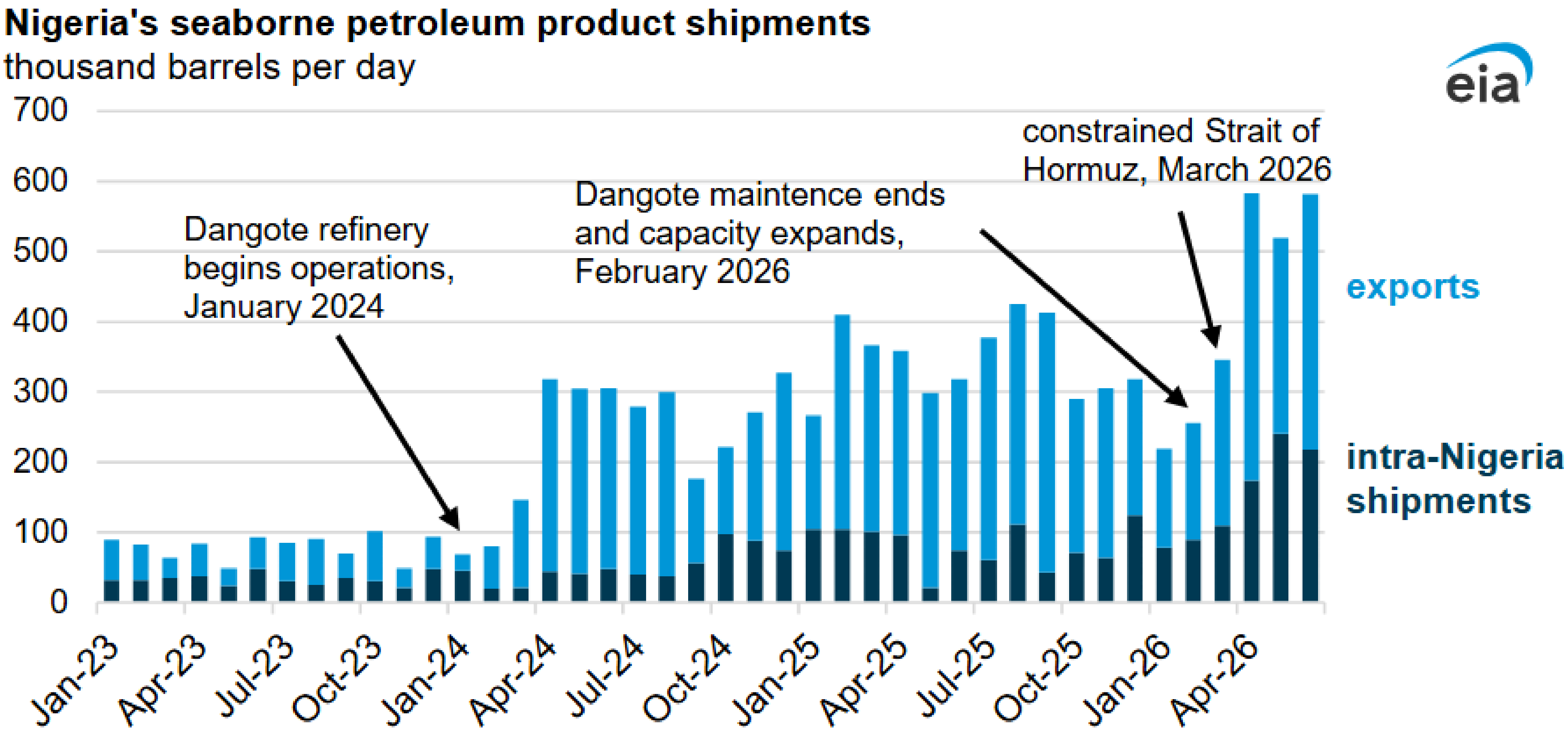
Premise

- Prior to the establishment and commencement of operation by the Dangote Refinery and Petrochemical Plant, Nigeria was energy insecure and suffering from external imbalance:
  - Top-10 producer of crude petroleum oil that depended on imported refined petroleum products, averaging 39% of merchandise imports.
  - Seasonal scarcity of refined petroleum products, disrupting domestic economic activities.
  - Unviable trade balance, reflecting poor terms of trade (relatively low-value exports), economic dependency and weak global competitiveness.
  - High vulnerability to external shocks and disruptions, and passthrough of rising global energy costs.

Implications for the Nigerian Macroeconomy

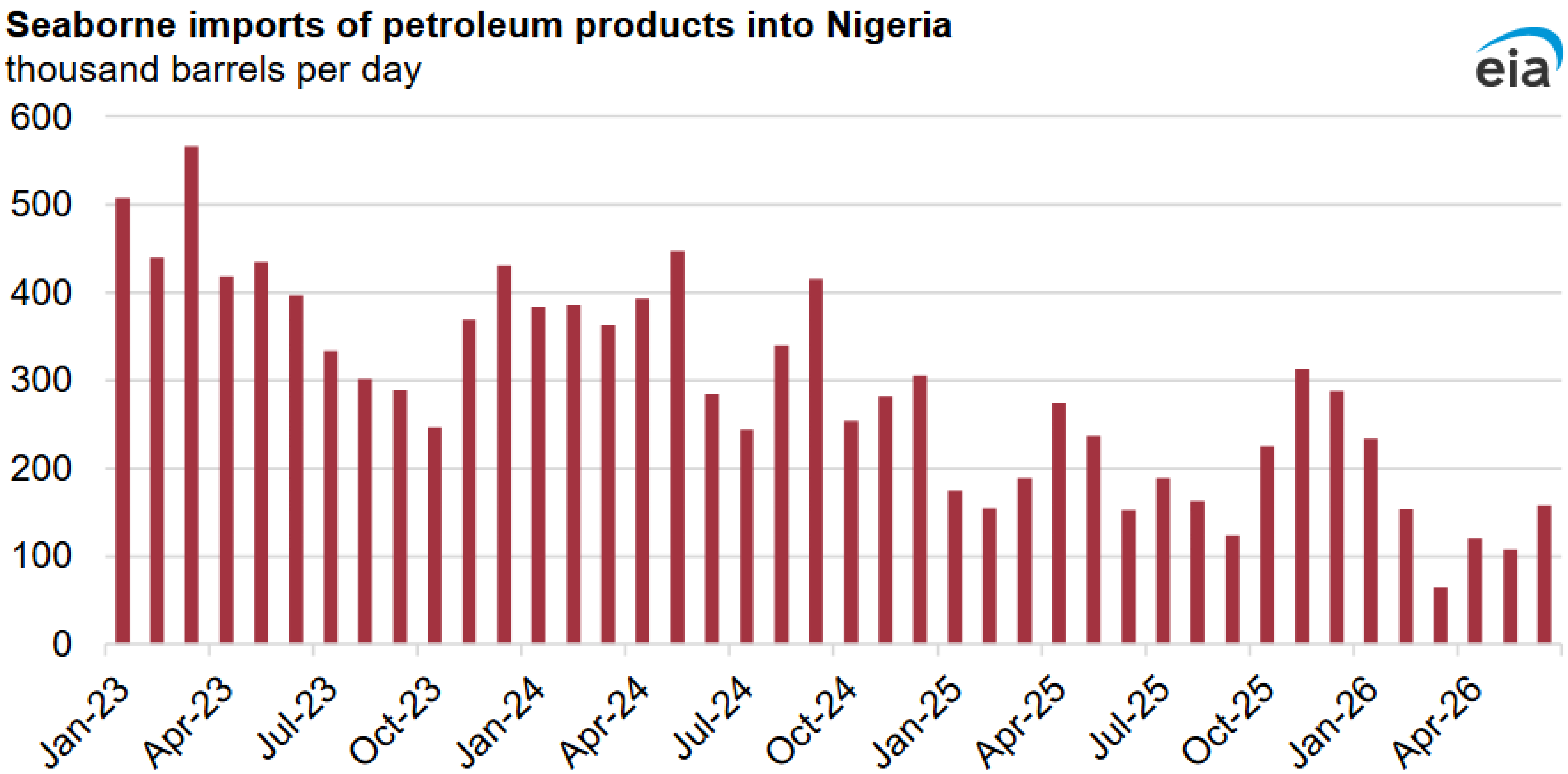
What it may Become

The Product Shipments



Data source: Vortexa Analytics
Note: *Intra-Nigeria shipments* are shipped between ports within Nigeria.

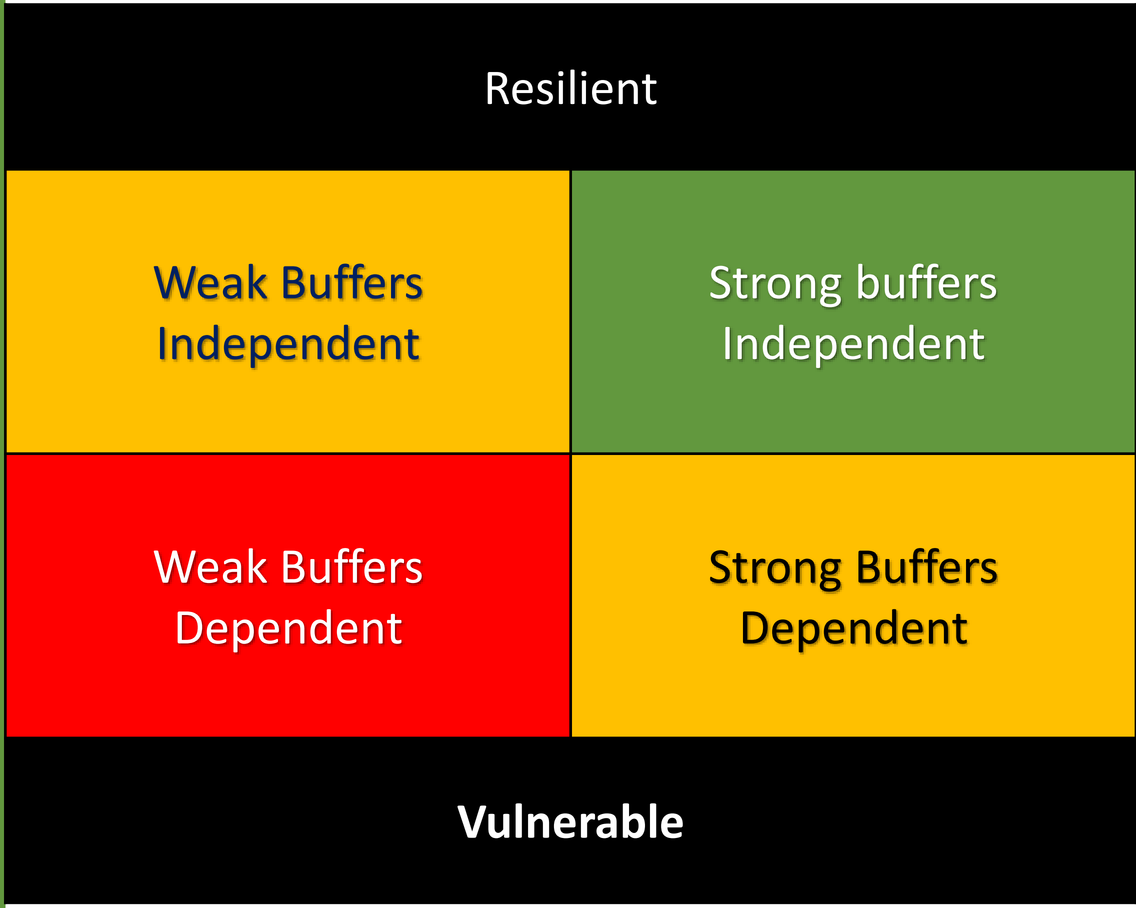
Petroleum Products Imports



Data source: Vortexa Analytics

Shock Absorber

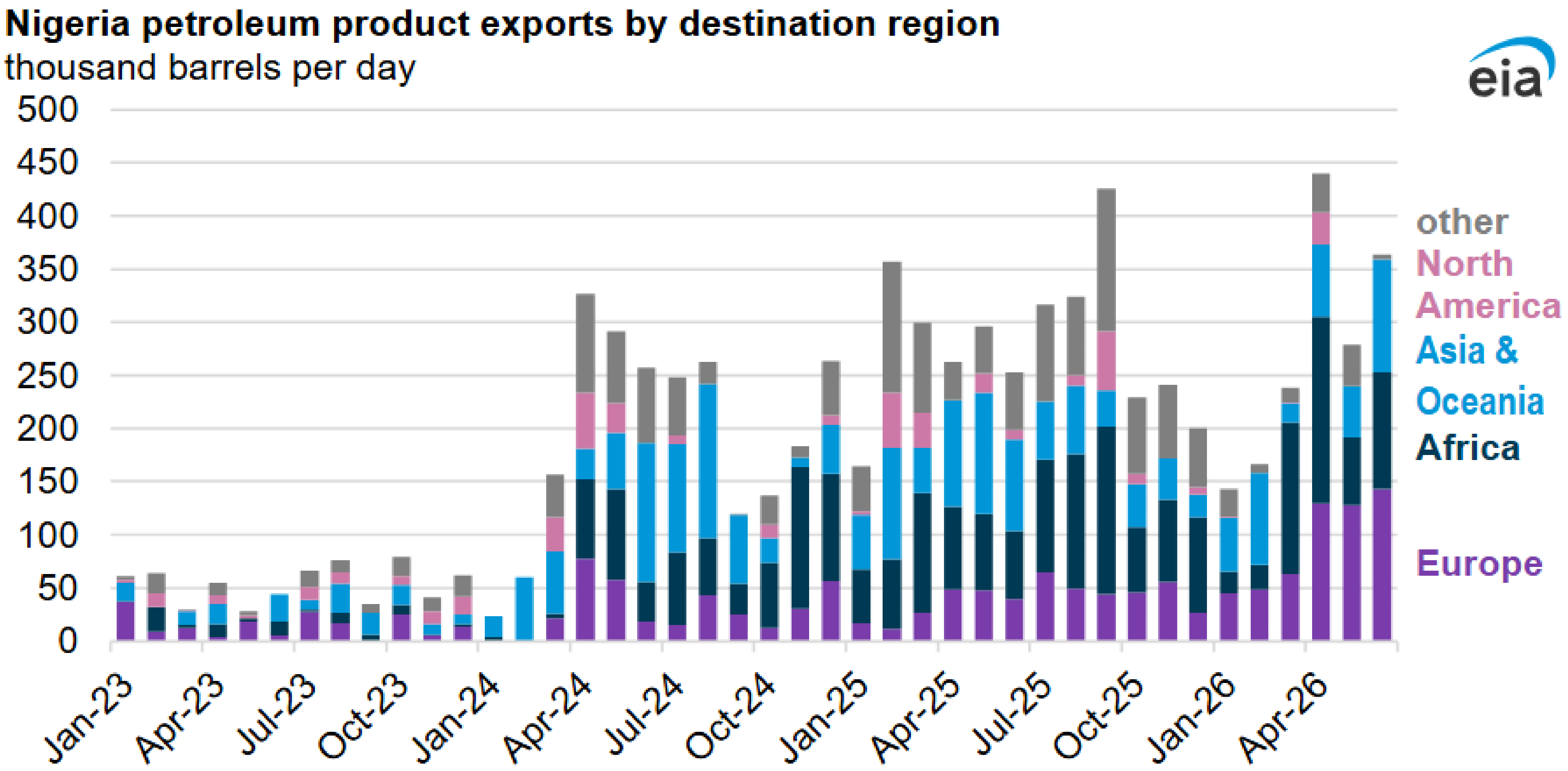
- When the **Middle-East conflict** began on 28th February 2026, the global energy and fertilizer markets were disrupted.
- Vulnerability was then measured by dependency on imported crude oil, refined petroleum products, LNG and fertilizers from the Middle-East.
- The DPRP was a major factor in Nigeria's ability to weather the storm, as dependence on imported white products has reduced significantly.
    - The completion of its maintenance and expansion in February 2026 coincided with the beginning of the Middle-East conflict.
    - Obviously, the refinery was a big factor in placing Nigeria in the green-coloured quadrant.



Stronger External Balance

- Changed **external trade** dynamics.
  - Percentage of crude in total exports dropping from 75.7% in 2021, 78.7% in 2022, 80.2% in 2023, 71.4% in 2024, 55.7% in 2025 and **50.4%** in H2’2026 (NBS trade data).
- **Export** of refined petroleum products and fertilizers have boosted foreign earnings.
  - Seaborne petroleum product exports from Nigeria have **grown seven-fold since 2023**!
- Improved **terms of trade** (along with elevated crude oil price), reflecting in strong trade balance (latest **₦20.15 trillion** in H2’2026).
- No doubt, a factor in steady **accretion to reserves** and stable **exchange value** of the Naira.
  - Tuesday 8th September, external reserves at **$54.823 billion** (13.7 months of merchandize imports).
  - Wednesday 9th September official FX rate at **₦1,329.21/$** (8.02% appreciation in 2026) and parallel market **₦1,390/$** (7.19% appreciation in 2026), implying premium of **4.57%**.

Its Market is Global



Data source: Vortexa Analytics

Industrialization Push

- Strong impetus for the creation of an **industrial ecosystem** around opportunities in the following sectors:
  - Petrochemicals
  - Plastics
  - Fertilizer (ongoing x3 capacity expansion, pushing for Nigeria to become a major player in the global fertilizer market by 2028)
  - Packaging
  - Chemicals
  - Logistics
  - Marine transportation
  - Storage
  - Engineering services
  - Maintenance
  - Manufacturing

Government Revenue Boost

- The Dangote Group is becoming a **revenue ecosystem**, promising significant contributions to:
  - Corporate taxes
  - VAT and other taxes
  - Royalties/sector-related revenues
  - Port and logistics activity
  - Employment-related taxes
  - Increased economic activity throughout the supply chain
- Beyond the enhanced revenue promise, the refinery should be seen and treated as **national security and structurally transformative asset** – it adds value to the nation and its stakeholders than to its visioner.
  - One risk that most analysts have identified is **crude supply**, which the Nigerian government should strategically commit to mitigate.

Employment and Skills Development

- The refinery is **job-rich** (100,000+ directly and over 2.2 million indirectly) and has great multiplier effect across diverse areas of:
  - Engineering
  - Operations
  - Transportation
  - Maritime services
  - Distribution
  - Maintenance
  - Manufacturing
  - Professional services (e.g., this IPO alone has 26 joint issuing houses with one as lead)

Capital Market Deepening

- Offer of 4.1bn shares @₦525/share : 10 million investors : N5,250 minimum for 10 shares.
- “At the indicated IPO price, the three companies would create a Dangote Trio related listed-equity cluster worth roughly ₦83.5 trillion, it is materially larger than one-third of the entire NGX after the refinery’s admission.
- The refinery alone would be about 28.9% ₦65.22 trillion of the enlarged exchange, Dangote Cement about 7.7%, ₦17.45 trillion and Dangote Sugar about 0.4%, ₦826.6 billion.
- Together, this would make the group’s market-cap concentration comparable to a systemically important block of securities likely affecting exchange liquidity, sector representation, index concentration and the portfolio construction of domestic pension funds, mutual funds and foreign frontier-market investors.
- In short this is a Landmark and Historic listing.”

Tilewa Adebajo, The CFG Advisory

End Notes

What should Matter

End Notes

- The impact of the refinery has been presented as a **chain**:
  - Refining → energy availability → lower production costs → increased manufacturing competitiveness → investment → employment → GDP growth (estimated increase in GDP growth rate by 2.06 percentage points).
  - We have been able to spotlight 20 major investment opportunities deriving from the refinery, making it a game changer indeed and the eagle that has arrived.
- A **summary** from Chat GPT states that:
  - "The Dangote Refinery could be one of the most consequential private-sector investments in Nigeria's economic history.
  - Its significance is not simply that Nigeria can now produce petrol locally.
  - Its deeper significance is the possibility of changing Nigeria's economic model:
  - From crude-oil exporter → refined-product producer → petrochemical producer → industrial economy."

Thank you

God bless you more

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