LBS BREAKFAST SESSION

Nigerians Question the Data integrity:

Is the Economic Recovery for Real
or
Is it Just Smoke & Mirrors…

Presented by Bismarck Rewane
March 5, 2025

QUOTES!

"Data is not information, information is not knowledge, knowledge is not understanding, understanding is not wisdom"

Clifford Stoll
American astronomer, computer expert, and author

John Naisbitt
American author

"We are drowning in information but starved for knowledge."

QUOTES!

“Data isn’t units of information. Data is a story about human behavior – about real people’s wants, needs, goals, and fears. Never let the numbers, platforms, charts, and methodologies cloud your vision. Our real job with data is to better understand these very human stories so we can better serve these people.”

Daniel Burstein

Senior Director,
at MECLABS Institute

QUOTES!

"It's only when the tide goes out that you discover who's been swimming naked."

Warren Buffet
Chairman/CEO
Berkshire Hathaway

Alexander Pope
Senior Director,
at MECLABS Institute

"Too much information leads to the paralysis of analysis."

TRUMP'S ECONOCENTRIC MOVES

- Targets its three biggest trading partners: Canada, Mexico, and China
- 25% tariffs on almost everything
- The backlash to this is not posturing
- It will hurt the aggressor more than the rest of the world

PRES. TRUMP'S TARIFF FRENZY = BACKFIRE = A LOSER'S GAME.

SEVEN ISSUES THAT KEEP YOU AWAKE AT NIGHT

01

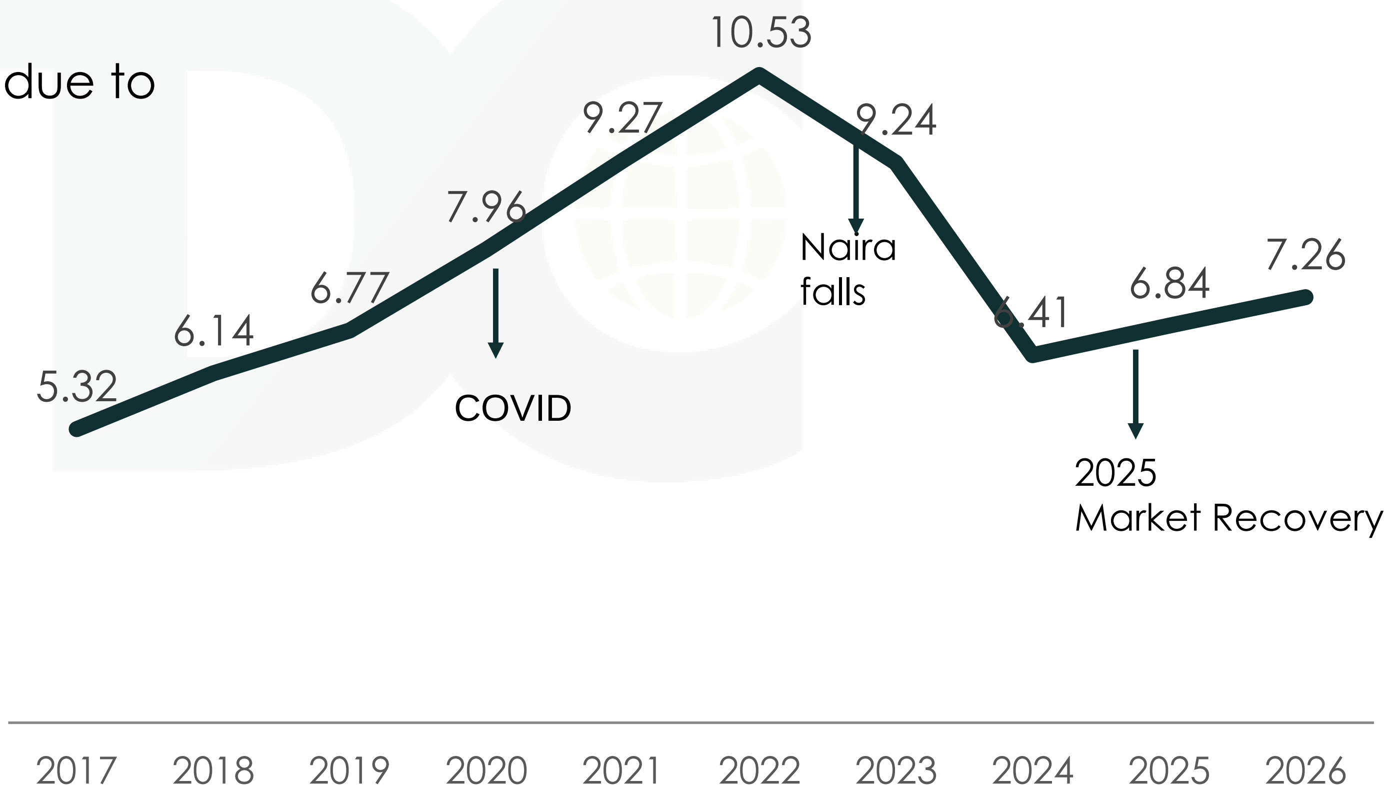
Despite falling inflation, exchange rate appreciation, and GDP expansion, my sales volume has continued to decline.

What exactly is going on?
When will the improvement in economic indicators reflect in higher sales?

CORPORATE SALES – VALUE UP AND VOLUME DOWN

- Average turnover for the top five companies showed that sales declined in real terms due to
  - Drop in disposable income
  - High inflation
  - Increased cost of goods sold
  - Squeezed margin

Total sales top five companies in Nigeria ($ mn) 2017 - 2024



MINIATURIZATION – ANSWER TO THE SALES STRUGGLE

- Consumers are down, buying value brands over premium
- The FMCGs experienced declining sales volumes as consumers downsize spending habits
- Miniaturization became the next option for FMCGs

- Shift from premium to budget brands
- Consumers choosing sachet-packaged products over larger packs
- Firms reduced product sizes (shrinkflation) to maintain affordability

QUOTES - “HAPPY PEOPLE”

“ *Happy people focus on what they have.*

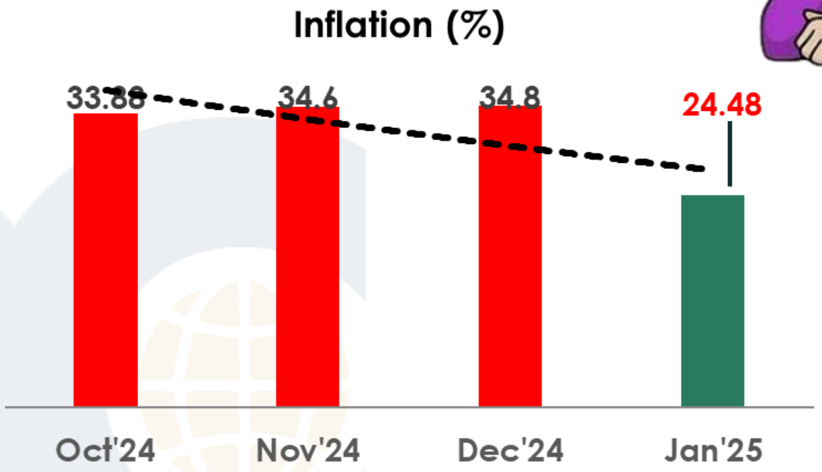
Unhappy people focus on what is missing. ”

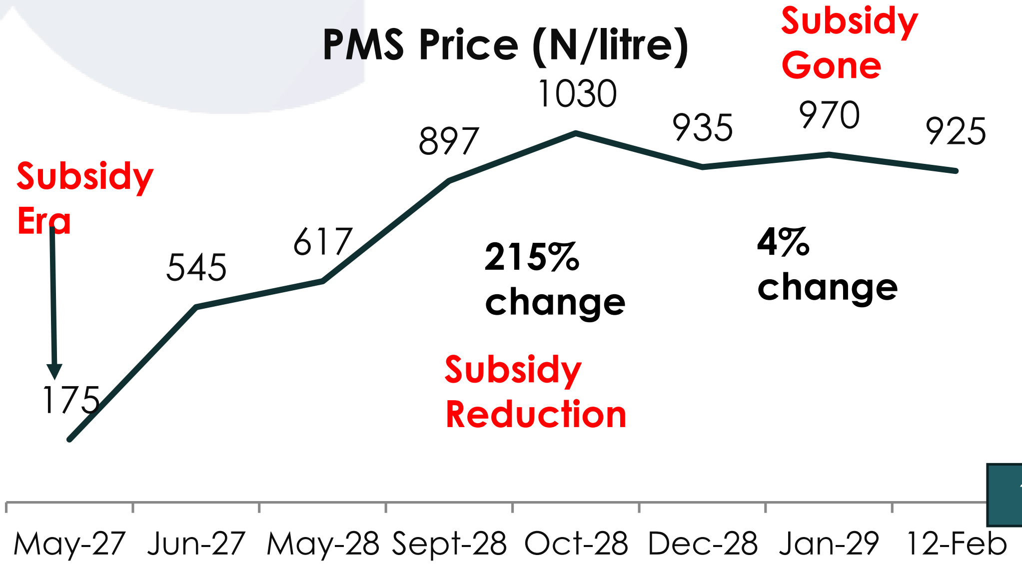
Andrew Matthews

Australian speaker and author

HAPPY STATISTICS AND UNHAPPY PEOPLE

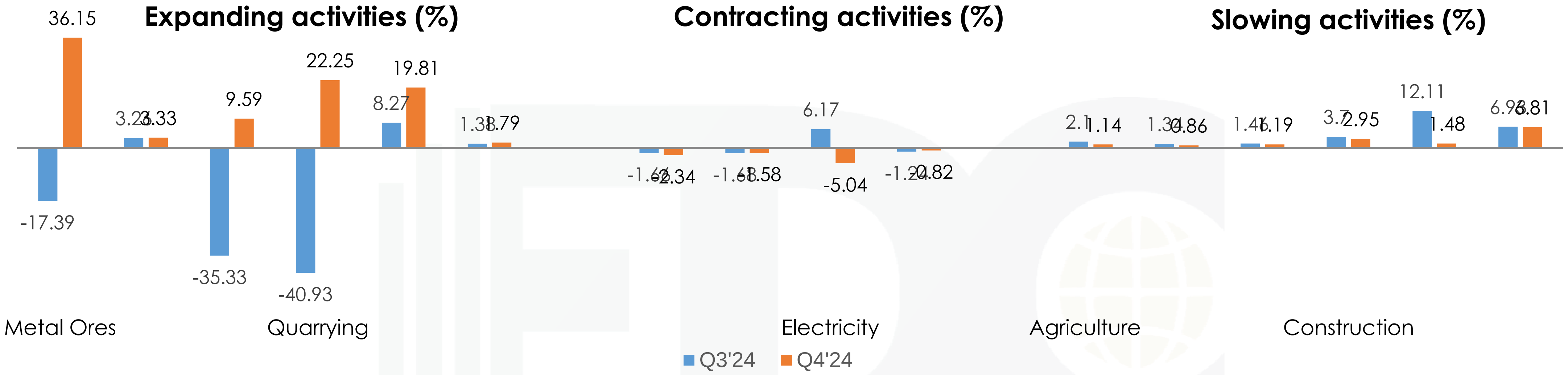
- After reaching a high of 34.8%, inflation declined recently to 24.48%
- Q4 2024, GDP expanded by 3.84% from 3.46% in Q3
- Petrol price declined further to N860/litre from N1,030/litre – due to competition dynamics and price war
- For now, the consumer is king
- Exchange rate appreciation between January and February
- PMI in February expanded to 53.7 from 52 in January
- Average income per capita 5 years ago was $2009.56 but now $ 905.2



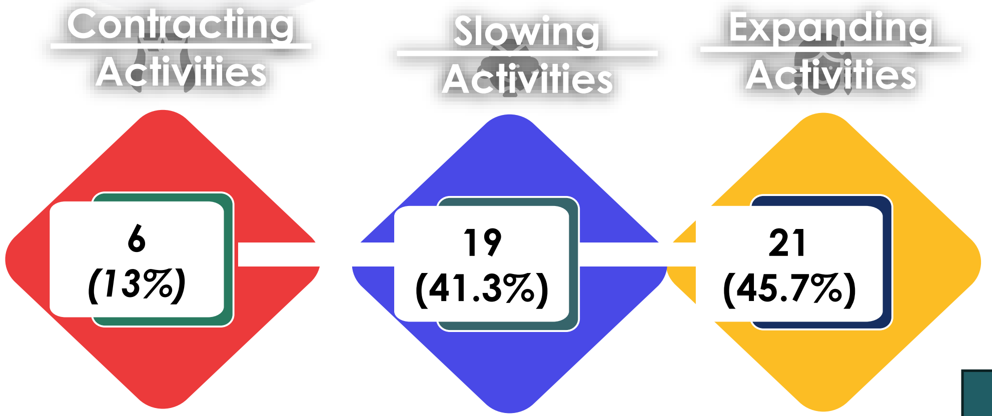


Official statistics paint a rosy picture that does not align with everyday struggles

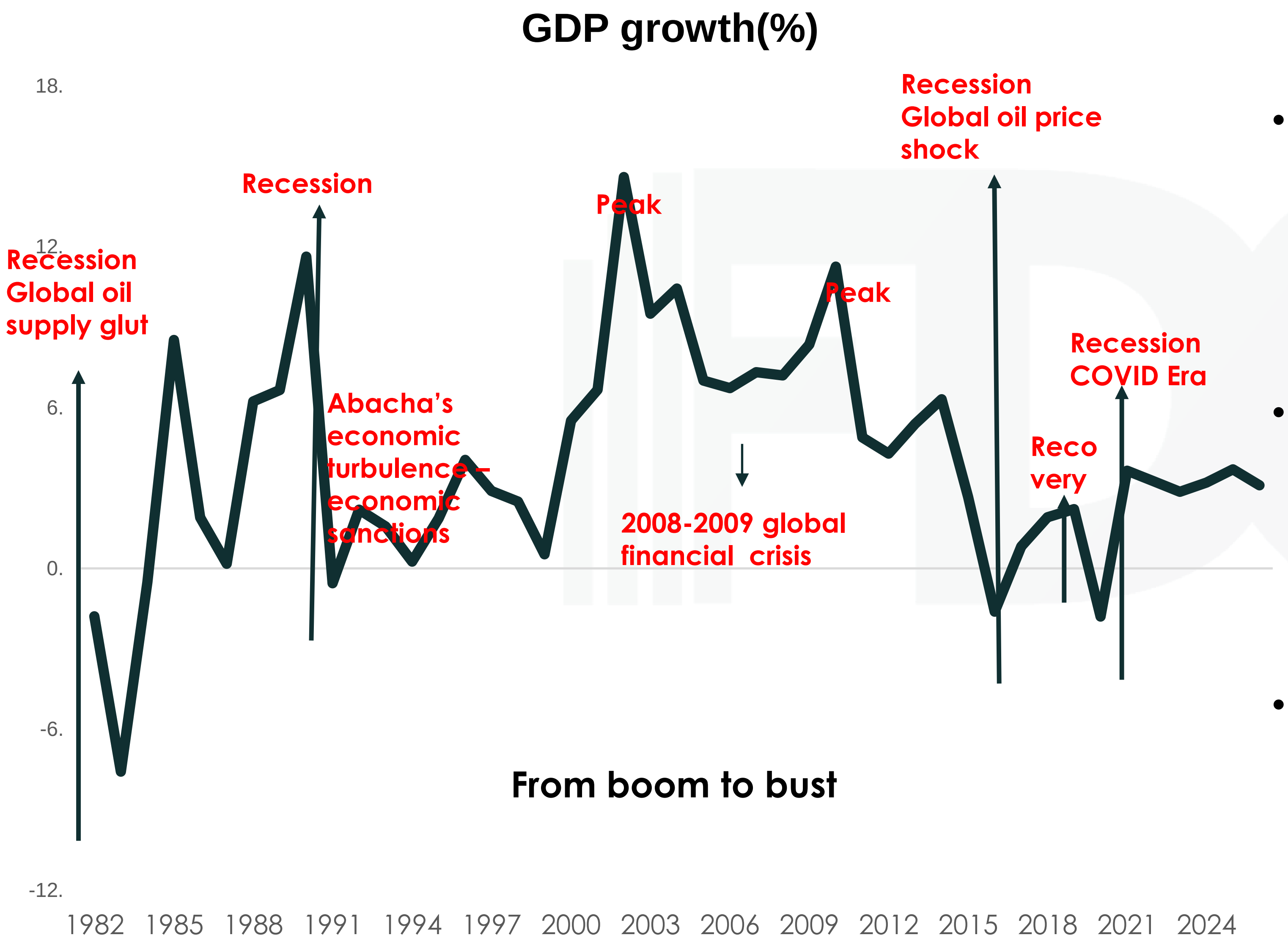
Q4 2024 GDP PARADOX- EXPANDING SECTORS, JOB INELASTIC



- GDP grew by 3.84% (year-on-year) in real terms in Q4'24
- Driven mainly by the Services sector
- Real GDP growth in 2024 remains strong at 3.40%
- Most expanding sectors are job inelastic, contributing negatively to employment



HISTORICALLY, ECONOMIES ARE CYCLICAL BY NATURE



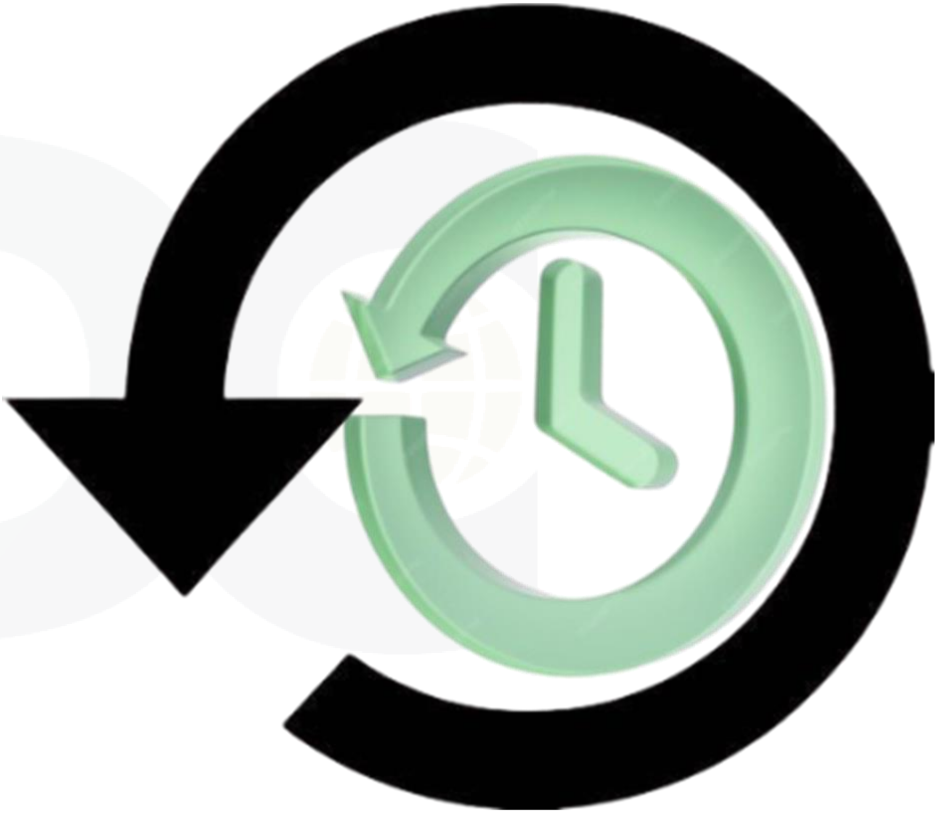
- In the last three decades, the global economy has witnessed three recessions and six economic crises
- The Nigerian economy has experienced four recessions since, and various slowdowns, and market crises
- Induced by exogenous shocks and internal factors

CORRECTIVE POLICIES ARE SOMETIMES COUNTERCYCLICAL

- The typical lag between recovery and when consumers feel the impact depends on the type of recovery and policy interventions
- Nigeria typically experiences a U-shaped or W-shaped recovery pattern

Recovery is by

- Fiscal Stimulus
- Monetary policy



OUTLOOK

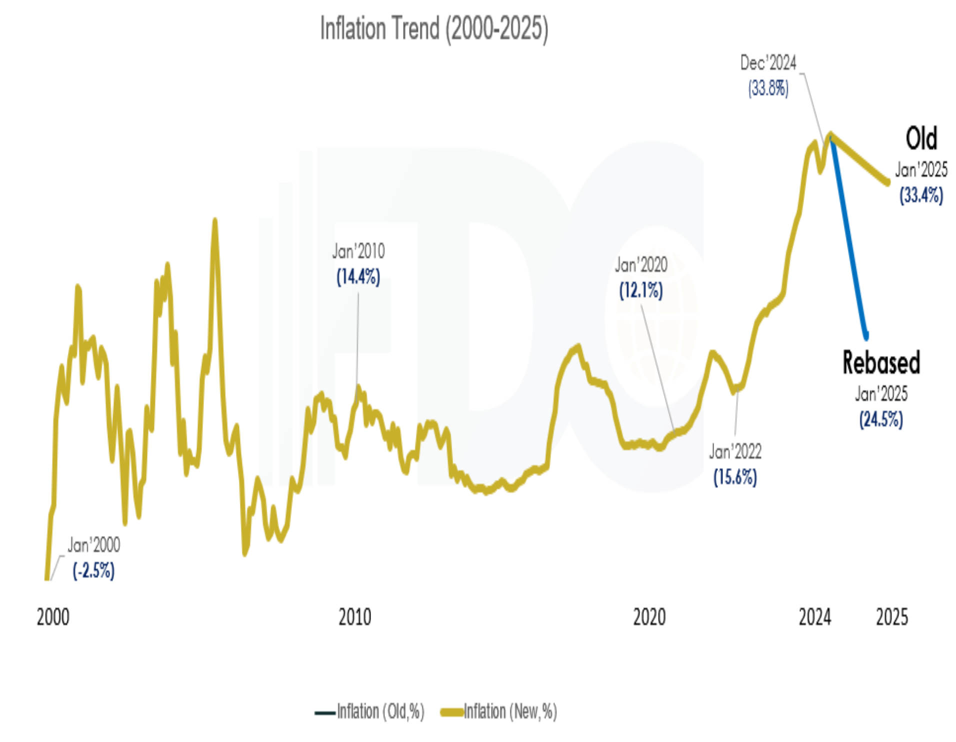
- For sales to increase, improved economic indicators must translate into higher disposable income and purchasing power
- If inflation cools to below 20%, consumers may feel less pressure to cut spending
- FX stability will lead to cheaper inputs, manufacturers may pass savings to consumers through lower prices – this will increase consumption
- But if macroeconomic conditions remain uncertain, recovery in consumer spending may take longer

02

Commodity prices are higher today than a year ago, yet official data indicates a sharp disinflation, with inflation declining by 10 percentage points to 24.5% in January’25 from 34.8% in December’24.

Is this a true reflection of reality, or is it merely cosmetic?

A CHAIN IS ONLY AS STRONG AS ITS WEAKEST LINK



Same data
+
2 different Methodologies
=
2 different results

- Inflation is taxation without legislation.
- To tame it, there are two options
  - Employ painful economic adjustments
  - Or rewrite the statistics
- After a 12 month of jumbo interest rates hikes, inflation peaked at 34.8% in December 2024
- Moderated mildly to 33.4% in January 2025 (**using the old method**)
- By the **new method**, it plunged to 24.5%
- Comparing the two results will be like comparing apples to oranges

FALLING INFLATION ISN'T FALLING PRICES—JUST SLOWER RISES

Jan'25 VS Jan'24 Prices

	Garri	Rice	Palm Oil	Yam	Egg
Jan'25	N38,000	N100,000	N9,500	N3,500	N6,500
	90%	43%	79%	40%	40%
Jan'24	N20,000	N70,000	N5,300	N2,500	N3,800

- Less heat doesn't mean the fire is out
- Prices stack up; inflation just measures the speed
- Moderating inflation means that prices are still rising, but at a slower pace
- The question of how slow or how fast may be difficult to answer with unclear methodology
- **Bad data is worse than no data; it misleads decisions rather than informing them." – Dean Abbott**

DATA RELEASES — THE STICKY ISSUES

- Releasing data is like a walk in the park
- Building trust in official numbers is like swimming upstream
- There are sticky issues that raise more questions than answers

- **Periodicity**
- **Punctuality**
- **Reliability**
- **Credibility**
- **Funding**

- **Availability:** Several data that are critical for business and policy decisions are not available
  - Monthly Consumer Credit
  - Monthly Inventory changes
  - Monthly Factory Orders
  - Monthly Personal Consumption Expenditure PCE
  - Non-farm Payroll/Hire
  - Building Permits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DELAYED DATA IS BETTER THAN NO DATA?

- Timeliness is the soul of data
- Outdated information may be as good as no information at all
- Nigerian data agencies (NBS & CBN) have made significant improvement in data punctuality
- CPI data frequency has moved from annual to quarterly and now to monthly
- The lag in reporting inflation data has narrowed to 15 days

"Reliable data must arrive on time—delayed statistics are like expired medicine, ineffective and even dangerous."

… **Dr. Pali Lehohla,** the former Statistician-General of South Africa

DATA PUNCTUALITY

One Year

⇩

One Quarter

⇩

One Month

⇩

15 Days

DATA RHETORICS AND QUESTION MARKS

- "There are known knowns... There are known unknowns... But there are also unknown unknowns—things we don't know we don't know." **— Donald Rumsfeld**

01

Census & Population

- Is Nigeria's population 227 million?
- When will the next census be conducted?
- Once conducted, will you believe the data?

02

Voters' Register

- Is Nigeria's voters' register a true reflection of the voting population?

03

Comparability

- Can you compare CPI of countries with different base year?
- South Africa changed its base year after 5 years
- Ghana changed its base year after 5 years
- Nigeria just changed its base year after 15 years

DATA OVERHAUL – COSMETICS OR NECESSITY

Frequently revised data

UNEMPLOYMENT	CPI	GDP

Areas of data revision

1. Reference/Base Year
2. Item Recognition
3. Weight Assignment
4. Item classification
5. Realigning with international benchmarks

CPI REBASING – THE ROAD TO HELL IS PAVED WITH GOOD INTENTIONS

- The CPI rebasing was long overdue – 15 years in the waiting
- Final outcome seen by many as a magician's sleight of hand

Price reference year moved from November 2009 to 2024 (average of 2024 prices)

Reweighted the baskets to reflect current expenditure patterns: **Food weight reduced to 40% from 51%**

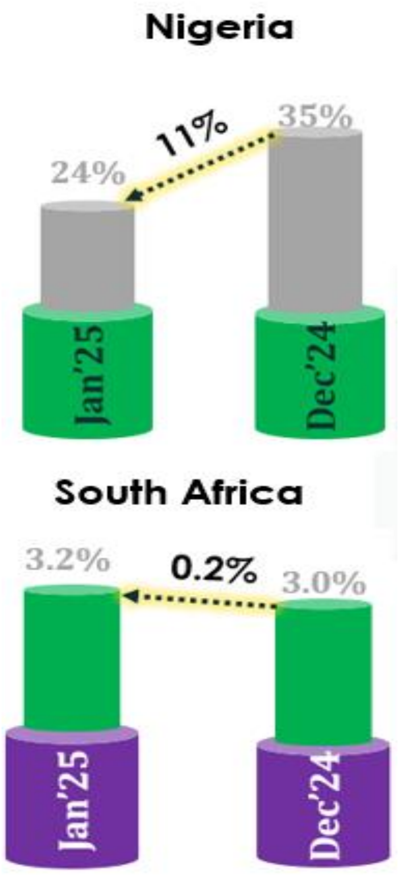
Items in the CPI basket increased to 934 from 740

Reassessed the methodology

	2009		2025
Pre-rebasing	12.4%	Pre-rebasing	34.8%
Post-rebasing	13.9%	Post-rebasing	24.5%

NIGERIA VS SOUTH AFRICA - SAME PROCESS, DIFFERENT OUTCOMES

Nigeria's opacity in data revision fuels distrust and uncertainty in economic data



Nigeria

Rebasing led to 11% fall in inflation

Nigeria did not release full information on data revamp

South Africa

Rebasing led to increase in inflation to 3.2% from 3%

South Africa published the computational detail of the new methodology

Disparities

- Nigeria had a 15-year gap in updating its base year.
- South Africa's data revision cycle is less than five years.

Credibility Maintained

South Africa maintained credibility through open communication and clear documentation.

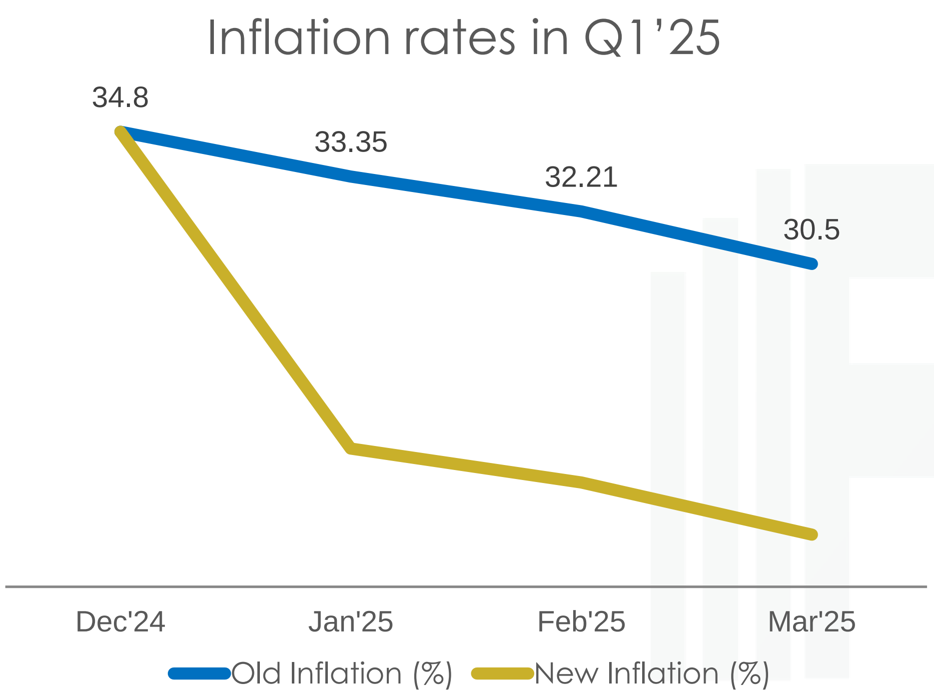
CHASING SOMEONE ELSE'S SHADOW

- Aligning Nigeria's unemployment definition with supposed international benchmarks now makes the data too good to be used

NIGERIA		SOUTH AFRICA
If you work 1 hour, you are employed	1	If you work less than 20 hours, you are unemployed
Unemployment rate revised sharply to 4% from 33%.	2 **Paradox**	Unemployment is currently at 31%
Each Nigerian produced goods worth \$800 in 2024	3	Output per head in South Africa in 2024 was \$6600

The disparity between anecdotal evidence and official data exacerbates concerns about the credibility of Nigeria's official statistics.

INFLATION OUTLOOK FOR Q1'25



- Old and new inflation methodologies offer different inflation rates
- As they say, what you see is what you get
- Whatever the method, inflation will taper further in February and March
- The moderation will be supported by
  - Base effects
  - Decline in money supply growth
  - Exchange rate stability
  - Steadiness in logistics cost

- Investors do not look at inflation in isolation; they also worry about
- Interest rates
- Productivity growth
- Policy shocks

03

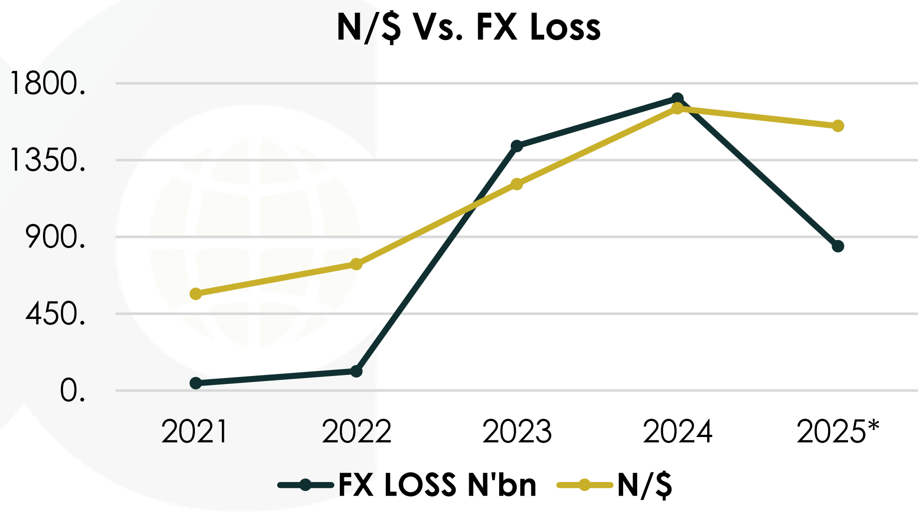
In 2023/2024, the naira depreciated by an average of 50%, resulting in an average FX loss of N2.2 trillion for the top ten Nigerian companies. In the last six months, the naira has appreciated by 11%.

Is this likely to result in exchange rate gains?
Should I take a position in the equities of those companies that are likely to benefit from FX gains?

TOP 5 COMPANIES REPORTED N1.7 trn FX LOSSES IN FY'2024

- The top 5 companies recorded an FX loss of N1.7 trillion in full year 2024, surpassing 2023
- The Naira dipped by an average of 50% in 2023/2024

	FX LOSS FY'2024 (N'bn)	FX LOSS FY'2023 (N'bn)
MTN Nigeria	925	740
Dangote Cement	249	164
Nigerian Breweries	153	157
Nestle	195	290
BUA Foods	188.67	81.8
Total	1,710.6	1,432.8

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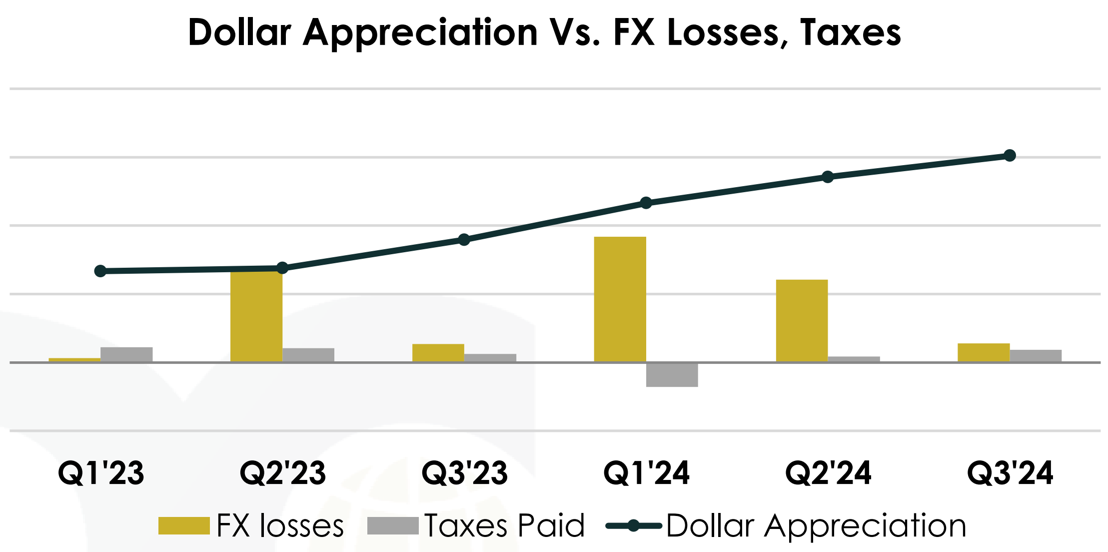
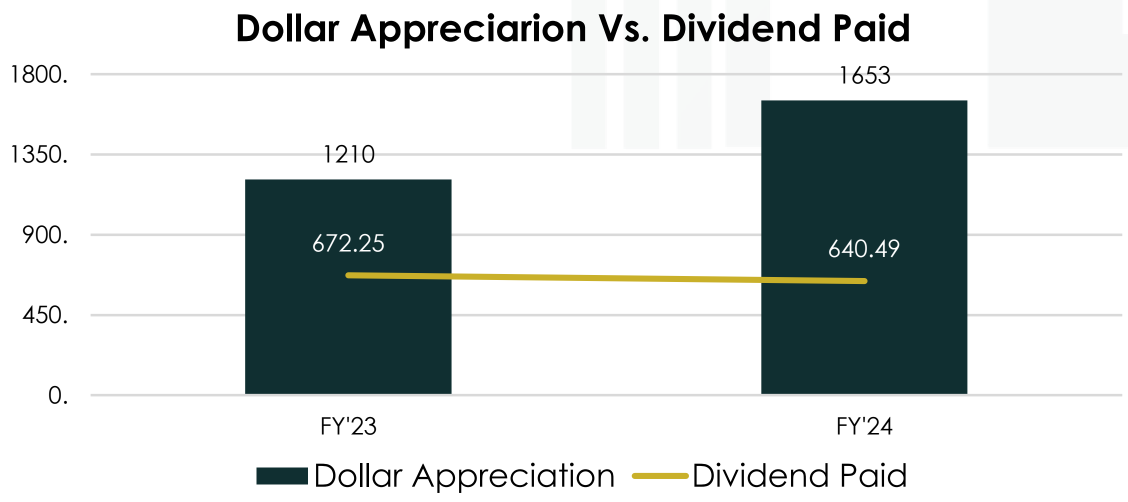
IMPACT OF FX LOSSES

- Profits shrink
- Dividend wiped out
- Taxes decline
- Government revenue declines



- Companies suffer massive FX losses with each dollar appreciation
- Heavy losses lead to lower taxes paid, with many firms receiving tax credits
- Weak bottom-line performance reduces shareholder value and dividend payouts



WEAK EARNINGS - MORE THAN JUST FX LOSSES

- Exchange rate depreciation, an extraordinary item, is just one of several factors contributing to poor corporate performance

High Inflation

- Increased costs of raw materials and operations reduce profit margins
- Erodes consumer purchasing power, leading to lower demand.

High Interest Rates

- Increased borrowing costs make debt servicing more expensive
- Companies struggle to finance expansion and operations.

Unstable Government Policies & Regulatory Risks

- Frequent policy changes create uncertainty in business planning
- Overregulation and excessive taxation can stifle growth

Supply Chain Disruptions

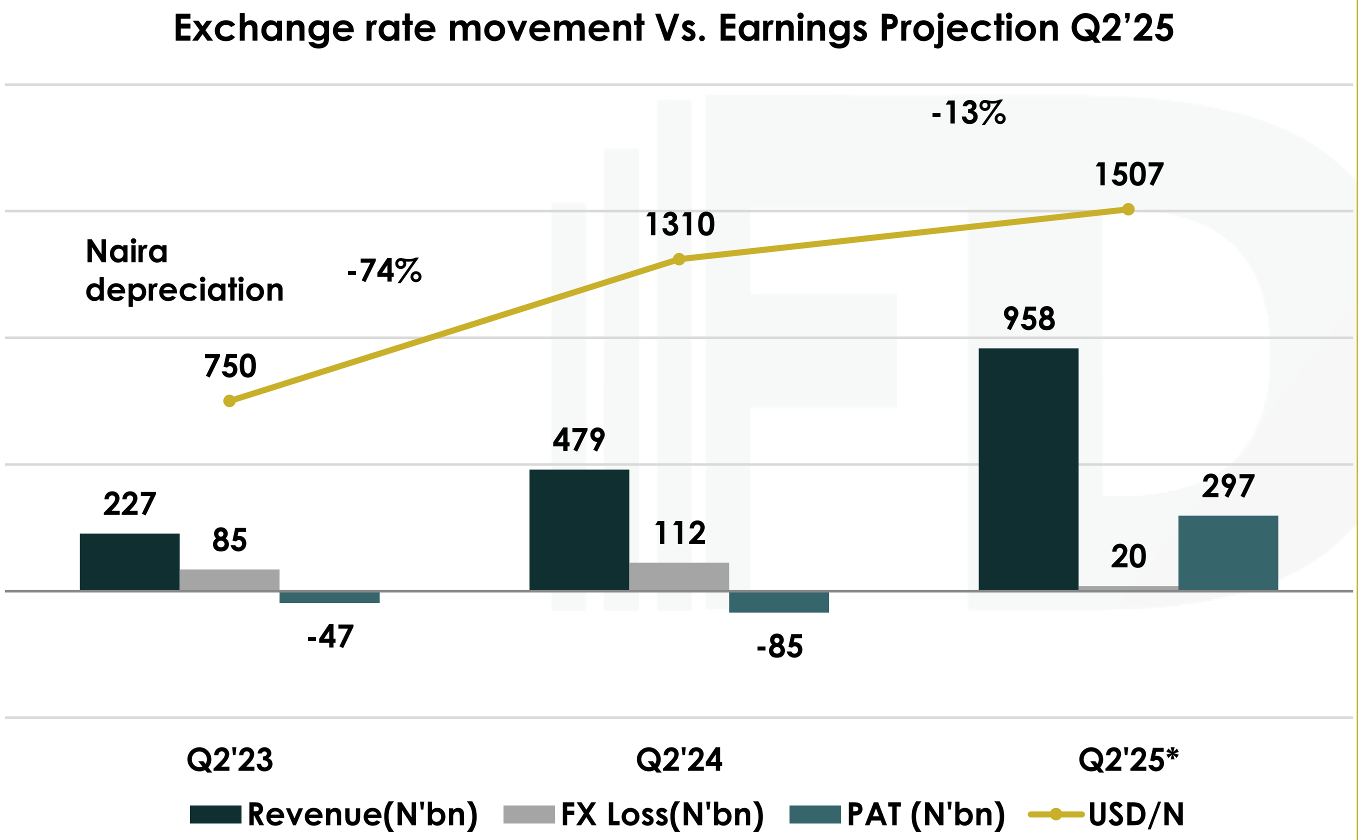
- Import restrictions, logistics issues, and global supply chain breakdowns delay production

Low Technological Adoption & Innovation

- Companies failing to invest in technology lose competitive advantage

" NAIRA REBOUNDS - CAN FX GAINS ERASE PAST LOSSES

Scenario Analysis: A Top player in the Manufacturing Sector -Q2'2025 Forecast



- Projected Revenue growth of 100% in Q2'2025
- Driven by Higher prices, increased innovation, and marketing
- Cost of sales growth will decline slightly
- Assuming FX exposure remains the same, the new FX loss will be N21 billion
- FX loss significantly reduced due to slower Naira depreciation
- Potential for higher profits if Naira strengthens further or costs managed efficiently

Q4'24 IS THE TURNING POINT FOR NIGERIAN COMPANIES

MTN

Subscribers up 1.6% to 80.9mn

Revenue

Up 42% to N990bn (N695bn in Q4'23)

EBIDTA

Up 53% to N453bn (N294bn in Q4'23)

FX LOSS

Down 92% to N20bn (N266bn in Q4'23)

PAT

Up 193% to N114bn (-N122bn in Q4'23)

Nestlé

Revenue

Up 95% to N293bn (N150bn in Q4'23)

EBIDTA

Up 88% to N66bn (N35.3bn in Q4'23)

Net Finance Cost

Down 71% to N23bn (N79.5bn in Q4'23)

PAT

Up 154% to N19.7bn (-N36bn in Q4'23)

SIMULATION- IF THE NEW 50% TELCOM TARIFF HIKE WAS IMPLEMENTED IN Q4'2024

MTN

Q4'2024 RESULT	Q4'2024 RESULT WITH 50% Tariff Hike
Revenue up 42% to N990bn	Revenue up 116% to N1.5 trillion
EBIDTA up 53% to N453bn	EBIDTA up 131% to N680bn
PAT up 193% to N114bn	PAT up 240% to N171bn

Target Price

- Nestlé → N1,020
- MTN → N285

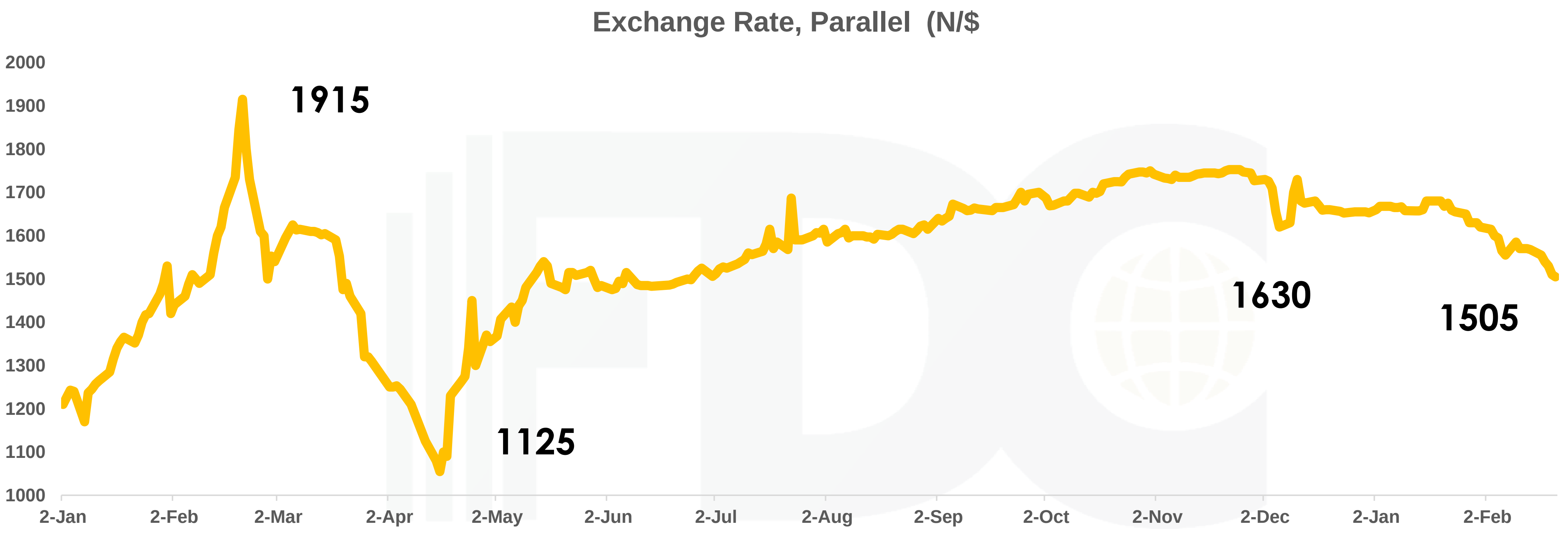
If all other factors remain unchanged, MTN Nigeria would have delivered a topline of N1.5 trillion if the 50% hike was implemented in Q4'2024.

NIGERIA'S STOCK MARKET – NAIRA OUTLOOK

Purchasing Power Parity			
		Feb-25	
	=N=	US $	PPP ('=N=/US$)
Bottle of Pepsi (50cl)	500	0.67	751.88
Heinekin Beer (60cl)	1,200	1.62	740.74
Hamburger (Burger King)	10,200	6.99	1459.23
Movie tickets (blockbuster)	8,000	9.99	800.80
HP Pavilion 14 X360 (12 gen, core i13, 512gb)	1,450,000	850.94	1704.00
Diesel Price (1 litre)	1,090	0.95	1147.37
Vegetable oil (5 litres)	19,500	37.75	516.56
Indomie (1 unit)	500	1.10	454.55
Nestle Bottled Water (60cl 1 unit)	250	0.28	892.86
Big Loaf Bread	1,800	4.35	413.79
Corrola (2023 Model)	50,000,000	21700.00	2304.15
Irish Spring Soap (3 bars)	3,645	3.51	1038
Chicken Breasts (1 kg)	5,500	2.00	2750.00
Trolley	2,500	6.02	415.28
Peak evaporated milk (pack of 24)	18,000	36.00	500.00
Uncle Ben's rice (5.44kg 1 pack)	29,000	21.85	1327.23
Eggs (30 large eggs)	7,200	23.50	306.38
Medicine (Panadol extra 50 caplets)	11,700	12.47	938.25
Andrex toilet paper (24)	41,850	16.88	2479.27
Average PPP			1102.15
Naira Price at NAFEM			1500.52
PPP (%)			
Decision: Naira is		Undervalued	-26.55%
Spot Rate (Parallel)			1505
Outcome: Compared to NAFEM rate of N1,500.52/$1, the Naira is undervalued by 26.55%			

- Nigerian companies will replenish eroded capital by new issues
- Exchange rate stability and naira strengthening will help profitability

THE NAIRA IN 2024/2025



- Increased Forex supply bolsters the value of the naira

04

We were told that Dangote refinery was the white knight and that when it starts working, there would be no more queues. Thank God the price of petrol and diesel have dropped, but recent events show there are not only queues but also questions about subsidies and quality.

What is the cause of this distortion, and when will it go away?

QUOTES!

"…nobody wins in a price war."
Anonymous

"*All is fair in love and war, but some battles leave no victor, only a trail of broken hearts that makes us wonder if the price the pay is ever worth the price.*"

Lady Whistledown

Thomas Sowell

"*One of the main problems of price control is to define the appropriate price of what is being controlled.*"

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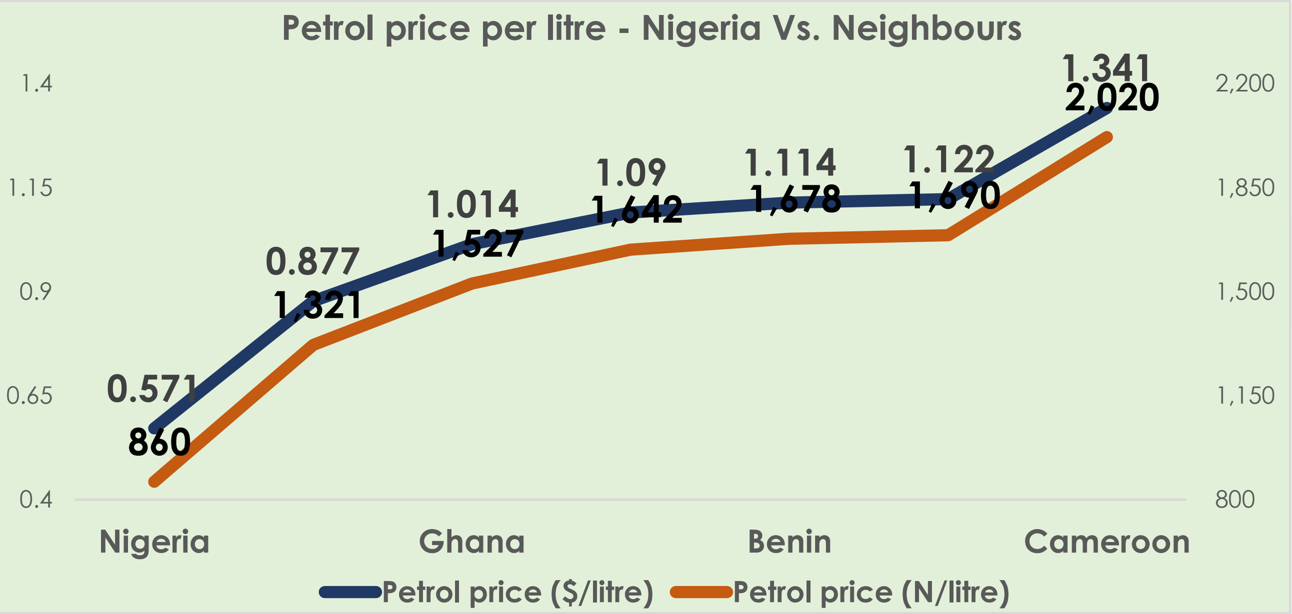
QUEUE-TASTROPHE - NIGERIA'S FUEL LINES STRIKE AGAIN

- The petrol industry is settling down
- But there are disruptions of:
    - Price war – to determine the price leader and the price follower
    - Volume war – to determine break-even point
    - Battle between modular refinery and big refinery
    - Battle between market efficiency and imperfect market

Wars upon wars - The endless battle of the petrol industry

REGIONAL PETROL PRICE DISPARITY

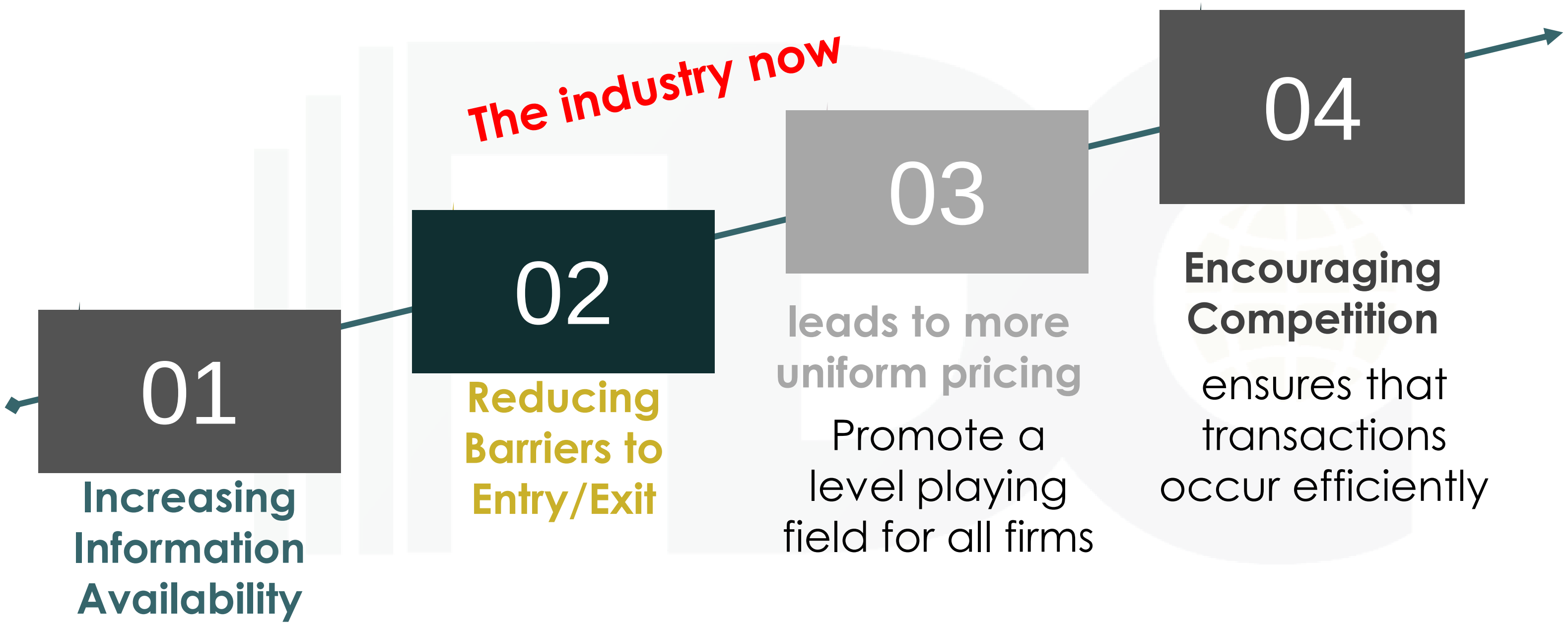


- Petrol price is lower in Nigeria than in neighbouring countries
- The current downstream crisis is a sort of price war
- The price war will lead to an equilibrium price of petroleum product
- The battle between the price leader and price follower

- Petrol queues resurfaced due to price differential
- An oligopolistic market – one player plans to outsmart the other
- Leading to short-term lower prices
- But long-term market inefficiencies - monopoly

MARKET EFFICIENCY – FROM OLIGOPOLY TO IMPERFECT COMPETITION

- The oil industry has moved from an imperfect market to a perfect market



- Under perfect markets, resources are ***allocated efficiently***, achieving both ***allocative efficiency***
- ***Intense rivalry and fierce competition***

PRICE LEADER – CONTROLLING OUTPUT & PRICE

The price leader's actions influence the pricing decisions of others

- The price leader often operates with economies of scale, allowing it to set prices competitively
- Dominant player
- Others adjust their prices based on the leader's pricing decisions

Price followers adjust their prices in response to changes set by the price leader

- They have less control over industry prices

OUTLOOK – H1'25

Scenario 1

- If global oil price drops to $65/litre per barrel
- We have lower petrol price
- Reduced government revenue
- Wobbling naira

Scenario 2

- If the global oil price stays at $75/litre per barrel
- Leads to higher petrol price
- More revenue for the government
- Stronger naira

- Between now and June, global oil prices are expected to decline
- Influenced by OPEC+ production levels, global demand, and supply dynamics
- These fluctuations will directly impact petrol prices
- The current price war will move the price of petrol closer to equilibrium

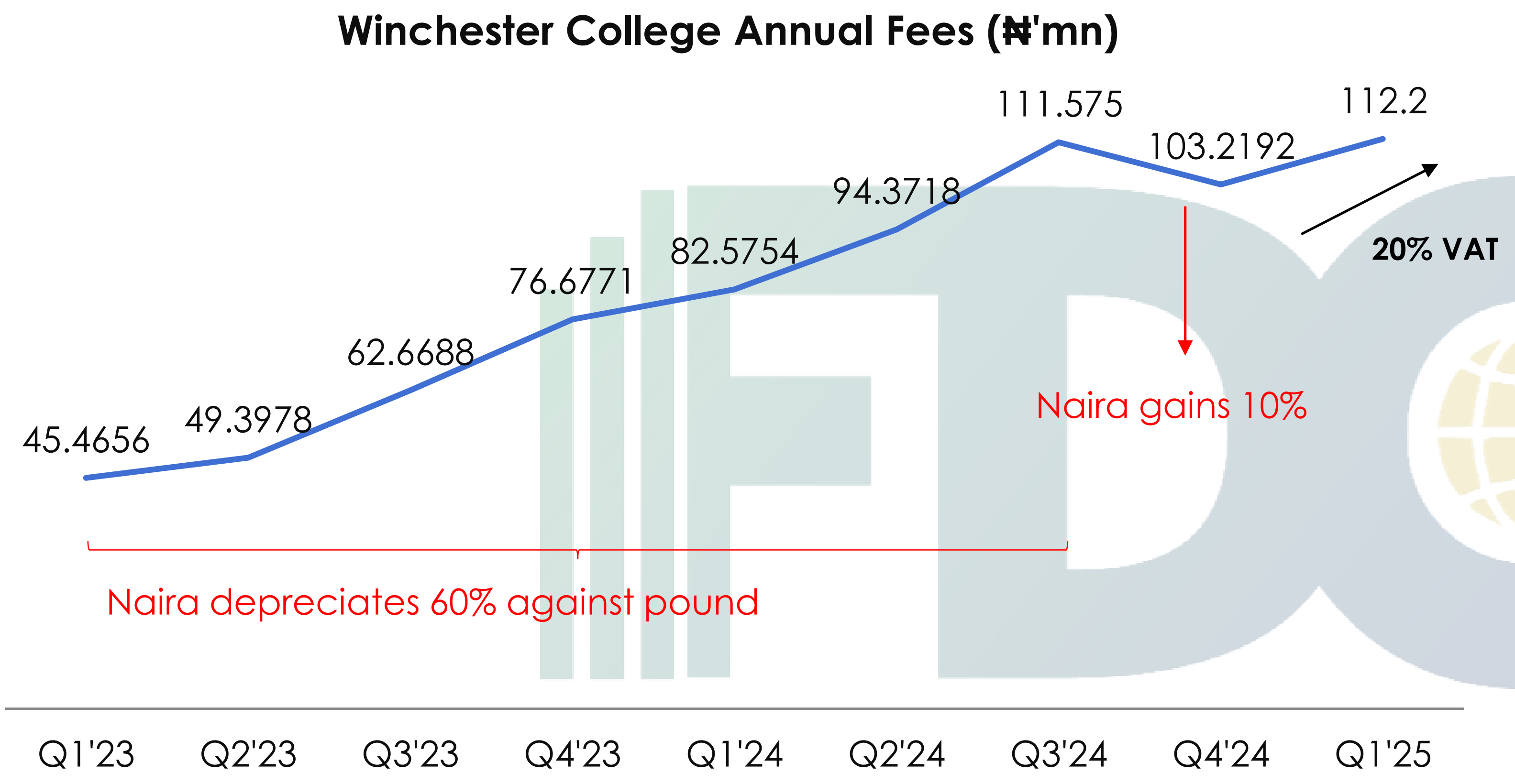
05

Nigerians have spent an average of $3bn annually on education tourism over the last decade. A significant share goes to UK private schools like Winchester College, Harrow School, and Eton College.

With the UK imposing a 20% VAT, Winchester College's annual fee has increased from £49,152 (₦91mn) to £60,000 (₦112mn), while Harrow School's fee has risen from £61,575 (₦115mn) to £73,900 (₦138mn).

What are the implications for Nigerians schooling abroad & the broader economy?

INTERNATIONAL SCHOOL FEES HAVE SURGED 150% IN 2 YEARS



- Annual school fees in the UK (Winchester College) is
- Up 150% to ₦112mn since 2023 largely due to weak naira

WHY THE U.K?

- Historical Ties & Familiarity
- English as Primary Language
- Aligned Curriculum
- Large Nigerian Community

COST OF HIGH SCHOOL - INTERNATIONAL VS LOCAL

WINCHESTER COLLEGE (LONDON)		BRITISH INTERNATIONAL SCHOOL (LAGOS)
₦112mn	TUITION	₦10mn
₦6mn	TRAVEL & VISA	₦0
₦8mn	LIVING EXPENSES	₦1mn
A+	EDUCATION QUALITY	A

NOT ALL THAT GLITTERS IS GOLD

BUILDING COMPETITIVE SERVICES IN NIGERIA

- There is a growing anti-emigrant stance globally
- This could push the need for improved infrastructures domestically
- Top international schools already see the market for quality education in Nigeria
- Charterhouse Lagos opened in 2024, aiming to provide British-style education
- Rugby School Nigeria offers sixth form program to support entry into universities worldwide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OUTLOOK

- Higher UK schooling costs to shift demand to top local schools
- International schools likely to establish more campuses in Nigeria
- Local institutions will improve to stay competitive
- Potential government incentives (e.g., tax breaks, infrastructure support) could encourage investment in the sector
- Strengthening local education reduces foreign exchange outflows
- And could position Nigeria as an education hub for West Africa

06

Tems' Grammy win and Ademola Lookman's CAF Player of the Year (2023) highlight Nigeria's growing global recognition in the creative sector. Yet, external reserves are depleting, the naira remains unstable, and the trade balance is negative.

Why isn't the sector driving foreign exchange inflows and economic stability, and how can this be addressed?

GROWING VISIBILITY, NO ECONOMIC GAINS – WHY?

Exchange rate volatility

Frequent currency fluctuations heighten financial risk and investment uncertainty.

Taxation

High tax burdens and double taxation, discourage creatives from remitting earnings to Nigeria, pushing them to keep funds abroad.

Intellectual Property Issues

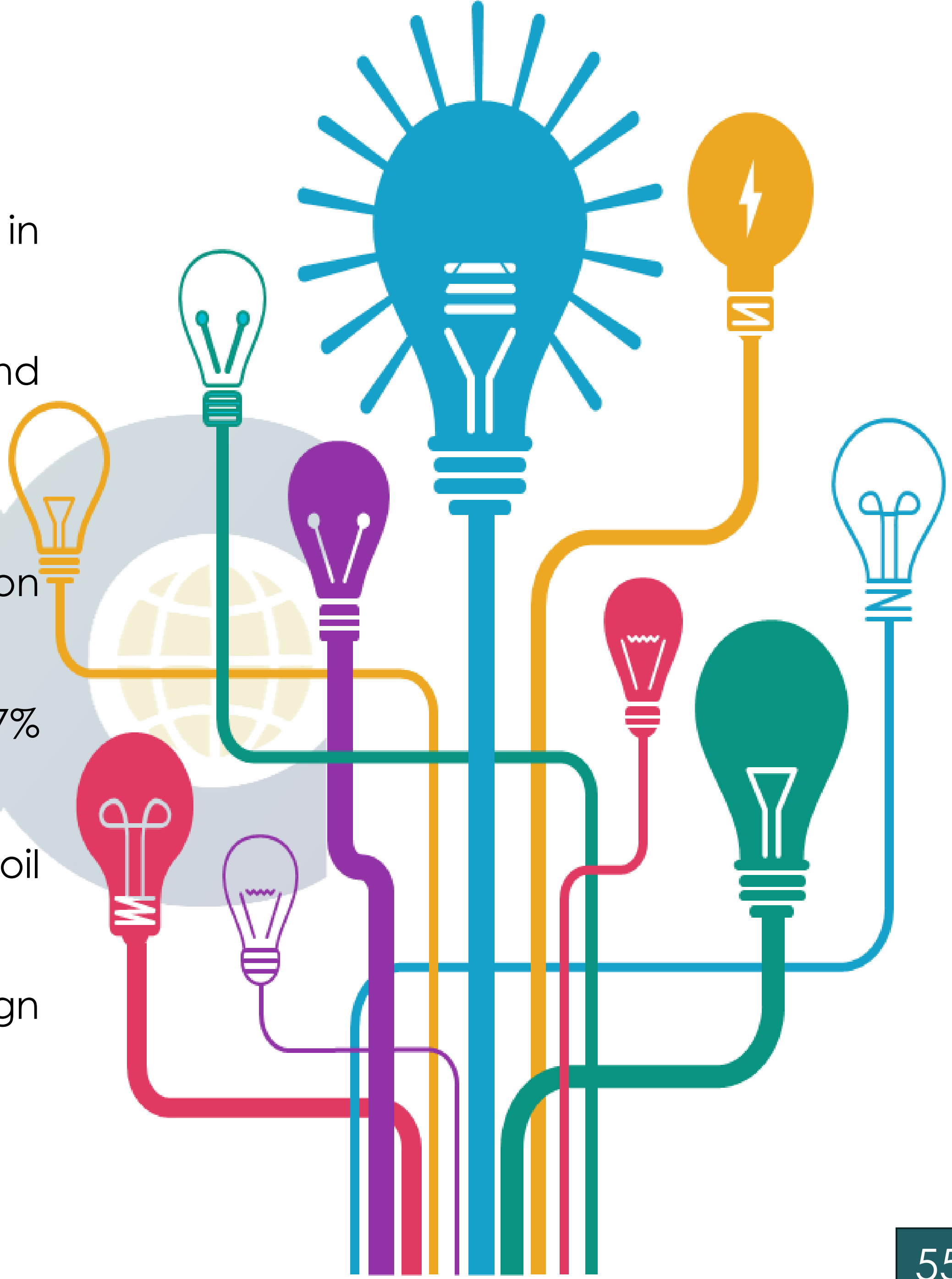
Weak IP protection and rampant piracy discourage creatives from repatriating earnings, as they risk revenue loss

It is important to note that…

- Diaspora remittances are different from diaspora earnings
- Unlike remittances, diaspora earnings do not always translate into local investments or economic impact
- To attract more diaspora inflows, Nigeria must implement policies that ensure a stable economic environment

NIGERIA'S CREATIVE INDUSTRY

- Nigeria's music industry revenue grew by 22%, reaching $44 million in 2023 (Statista).
- The Nigerian box office generated N19 billion between 2021 and 2023.
- Spotify paid Nigerian musicians N25 billion in royalties in 2023.
- Top 3 highest-paid Nigerian footballers earned $27.53 million combined in 2023.
- In Q3 2024, Nigeria recorded a trade surplus of N5.81 trillion, a 15.7% decline from N6.91 trillion in Q2 2024.
- Fluctuating trade surpluses and deficits show Nigeria's reliance on oil exports over a diversified base.
- The creative sector's service and talent exports can boost foreign exchange inflows and bridge the revenue gap.



CHALLENGES HINDERING SECTORS GROWTH

1. Lack of infrastructure
2. Funding Constraints
3. Intellectual Property Issues
4. Skill gap
5. Inconsistent Regulatory Frameworks

FOOTBALL: A GOLDMINE IN SOUTH AMERICA

ARGENTINA

- **$277 million** generated in 2023 from international player transfers.
- Football accounts for **2.2%** of GDP.
- Local clubs earn revenue through solidarity payments (e.g. Enzo Fernández's transfer to Chelsea generated **€35 million** in revenue for River Plate)
- Supports employment through **youth leagues** and **club operations**

BRAZIL

- **$315 million** earned in 2023 from international player transfers.
- Football contributes approximately **0.72%** to GDP
- Solidarity payments provide revenue for local clubs (e.g. Neymar's **€222 million** transfer to PSG generated millions for Santos FC)
- Created over **156,000 jobs** in the country

LESSONS TO LEARN FROM SOUTH AMERICA

Grassroots development

Invest in youth academies like Brazil's Escolas de Futebol and Argentina's youth leagues.

Provision of adequate infrastructure

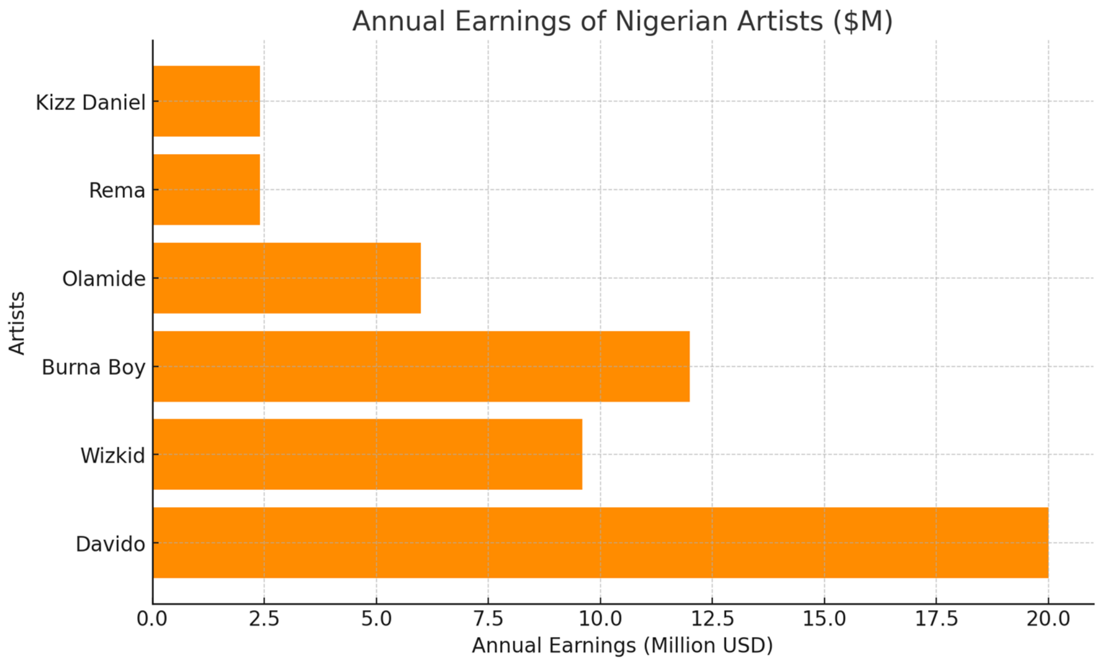
Build and maintain quality training facilities to develop talent and boost local leagues.

Leverage Talent Exports

By developing structured pathways for athletes to compete internationally while ensuring the country benefits through transfer fees, remittances, and global recognition.

- Nigeria is in a win-win position due to its strong presence in various sports
- The country has produced globally recognized champions in boxing, football, athletics, basketball, and table tennis
- Investing in sports infrastructure can attract foreign partnerships and boost sports tourism

CAN TALENT EXPORTS FIX NIGERIA TRADE DEFICIT?



- Players generate foreign revenue mainly through **salary, transfer fees**, and **endorsements**.
- Nigerian footballers earn in **euros, pounds, and dollars**, bringing foreign exchange into the country.
- Victor Osimhen earns **₦22 billion/year(10M euros)**, up from ₦390 million 7 years ago.
- Aid development via the **academy level** and the **grassroot** systems and infrastructure

- Foreign earnings come from **global streaming, concerts, and brand deals**.
- The entertainment sector contributes **1.45% to Nigeria's GDP**.
- Afrobeats' rise is boosting **cultural exports & forex inflow**.
- **NO** structured reinvestment system for artists

07

Adedibu once said that Nigerian politics is Amala politics and stomach infrastructure.

With the recent wave of political decamping, is that what is playing out?

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ALL POLITICS IS LOCAL … TIP O'NEILL

- The APC finally held its NEC and BOT meetings.
- After 2 years of pondering and sharing spoils
- The campaign for 2027 has come 24 months ahead of time
- The incumbent strategy has been to destabilize the opposition parties by planting surrogates
- And simultaneously opening their doors to frustrated members
- The litmus test is the Anambra State elections where a key labour party candidate has thrown in the towel

ALL POLITICS IS LOCAL … TIP O'NEILL

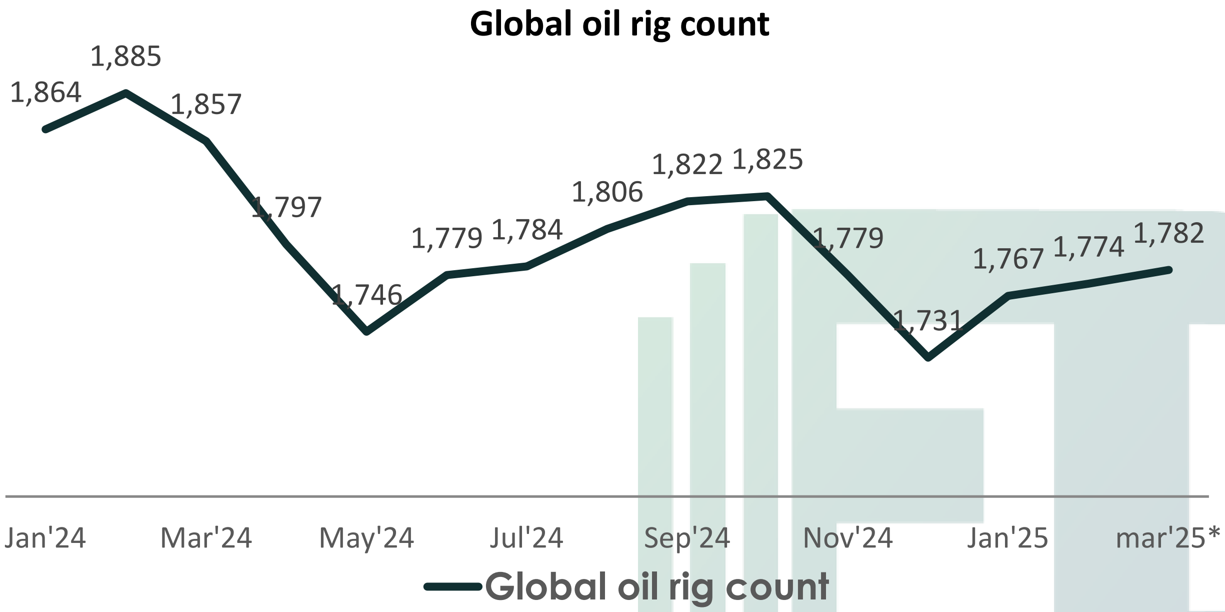
- The Anambra state race is down to 3 factors:
  - Zoning
  - Insecurity
  - Incumbency
- The Local Government Act makes the LGA chairmen independent *de jure*
- But lackeys of the governors *de facto*
- The issues of defecting legislators is critical to the possible impeachment of the Governor of River State
- All eyes are on the election petition tribunal in Edo State
- Judicial precedent suggests that they will not rock the boat

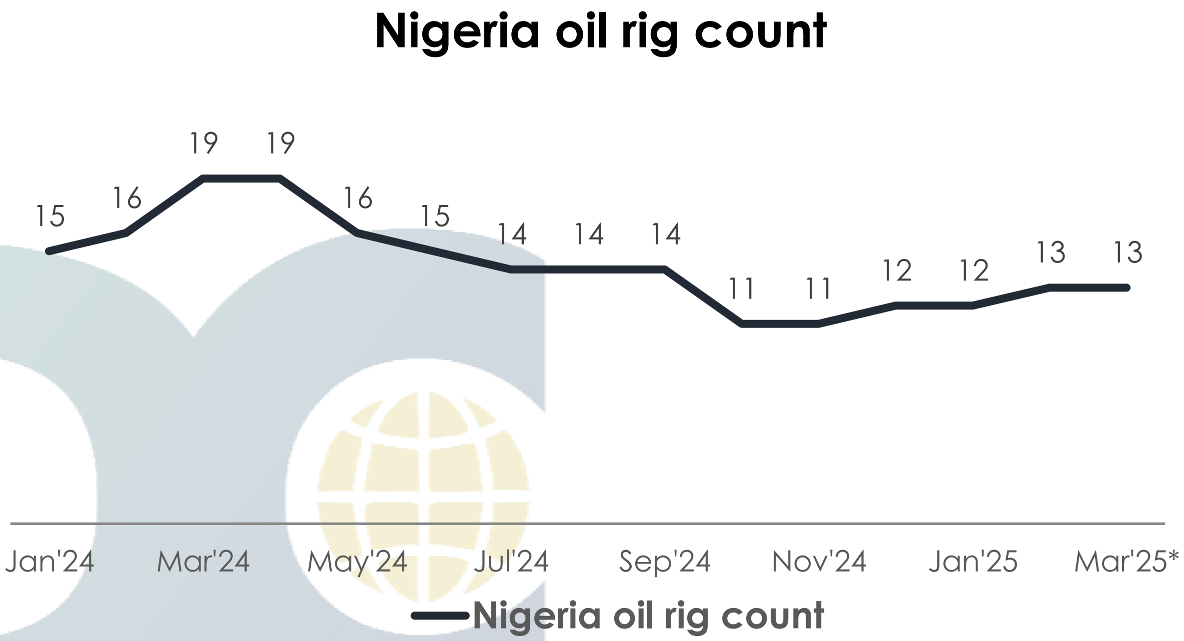
ALL POLITICS IS LOCAL … TIP O'NEILL

- The PDP will remain factionalized between the APC agents and the original members
- This should keep them distracted and unfocused in Q2 and Q3
- In a perverse way, will help accelerate coalition talks amongst strange bed fellows
- The coalition of the unhappy will have difficulty in picking a candidate
- The wide net of the APC is leading to major internal squabbles
- The Lagos State House of Assembly fracas was the first in a long list of potential struggles
- As we have always said, the success of the current political contest will depend on the economy
- If the economy grows sharply and the people feel it, the incumbent wins

WHAT'S HAPPENING ELSEWHERE

GLOBAL Vs. NIGERIA OIL RIG COUNT

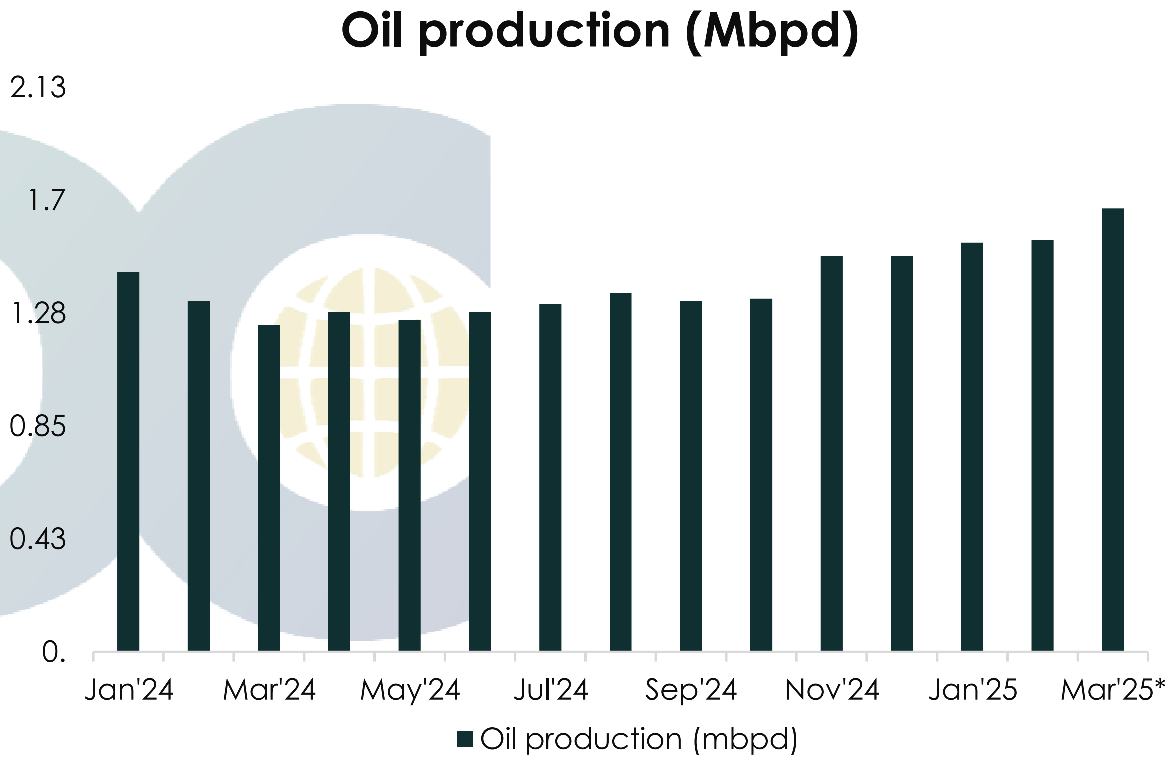




- Global oil rig count rose to 1,767 in January 2025, a 2.08% decline from 1,731 in December
- However, Nigeria's oil rig count remained unchanged at 12
- Nigeria oil rig count is expected to increase as the government intensifies efforts to boost production

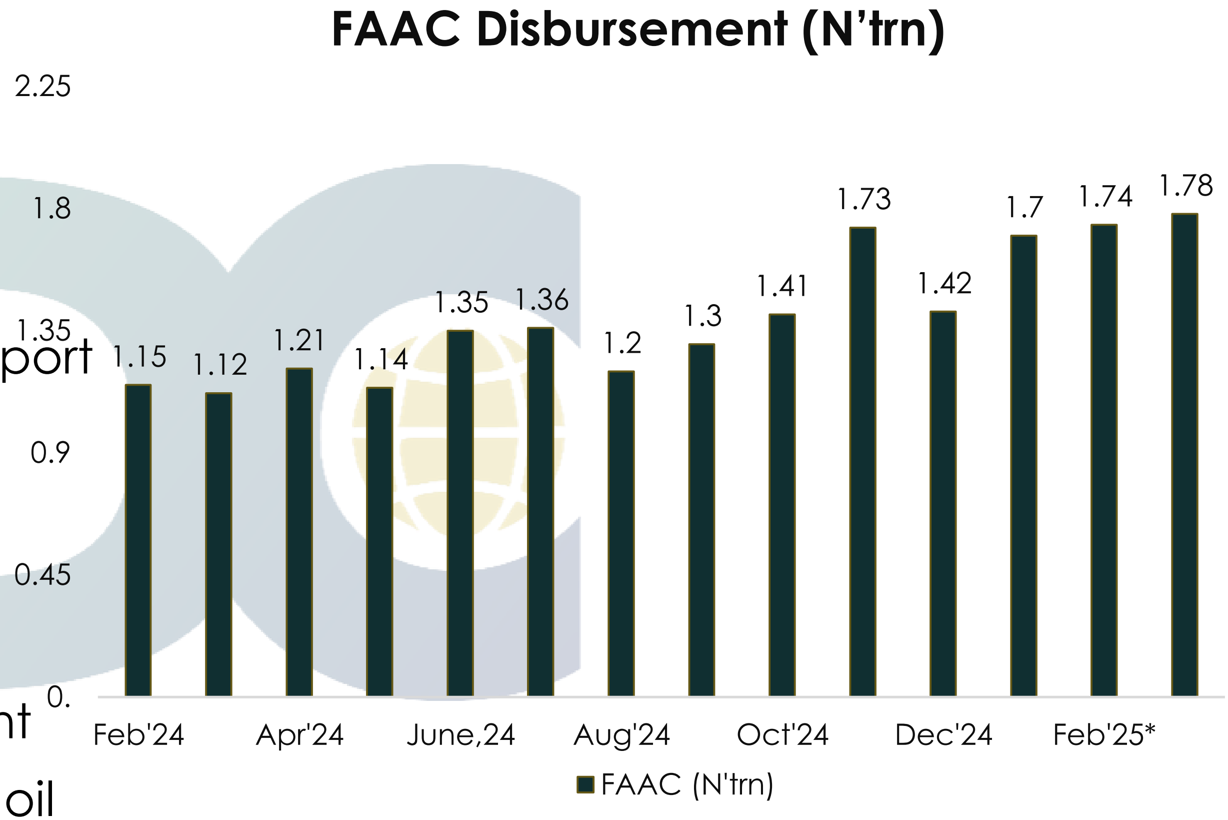
OIL PRODUCTION ROSE BY 3.36% IN JANUARY

- Oil production increased by 3.36% to 1.54mbpd in January from 1.49mbpd in December
- Driven by a 14.6% surge in output from the Escravos terminal
- Coupled with a 4.6% and 4.3% rise in production from Bonny terminal and Forcados terminal respectively
- Oil production is expected to rise further in February as security measures to combat oil theft and sabotage continue



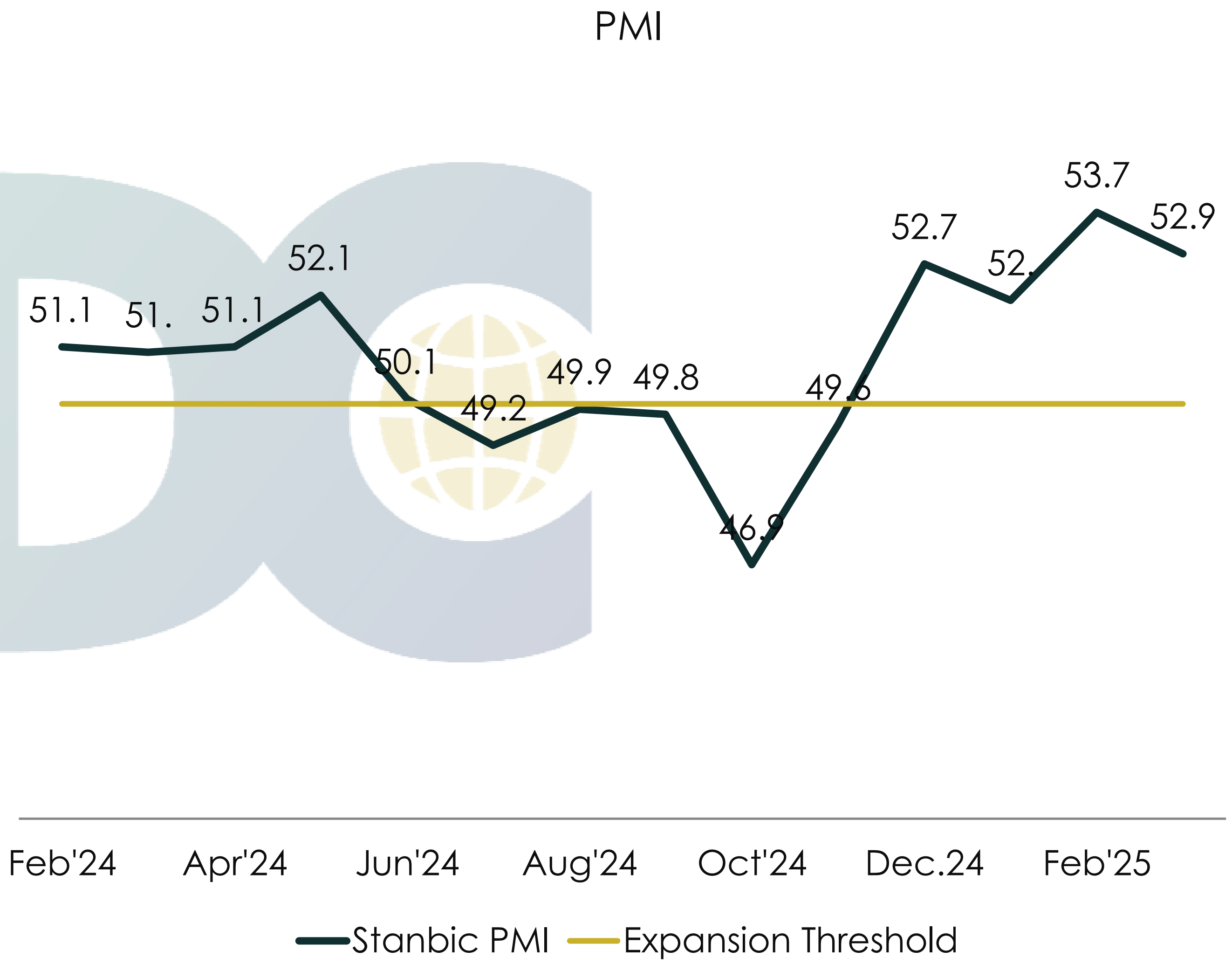
FAAC ALLOCATION ON THE RISE IN JANUARY

- FAAC disbursement in January surged by 19.72% to N1.70trn
- Up from N1.42trn recorded in December 2024
- Driven by the increase recorded in VAT, CIT, PPT, import and excise duty
- However, the disbursement was augmented by N214bn
- FAAC is expected to remain high as the government continue to strengthen security at oilfields to tackle oil theft and sabotage



MANUFACTURING PMI SEES THREE-MONTH GROWTH STREAK

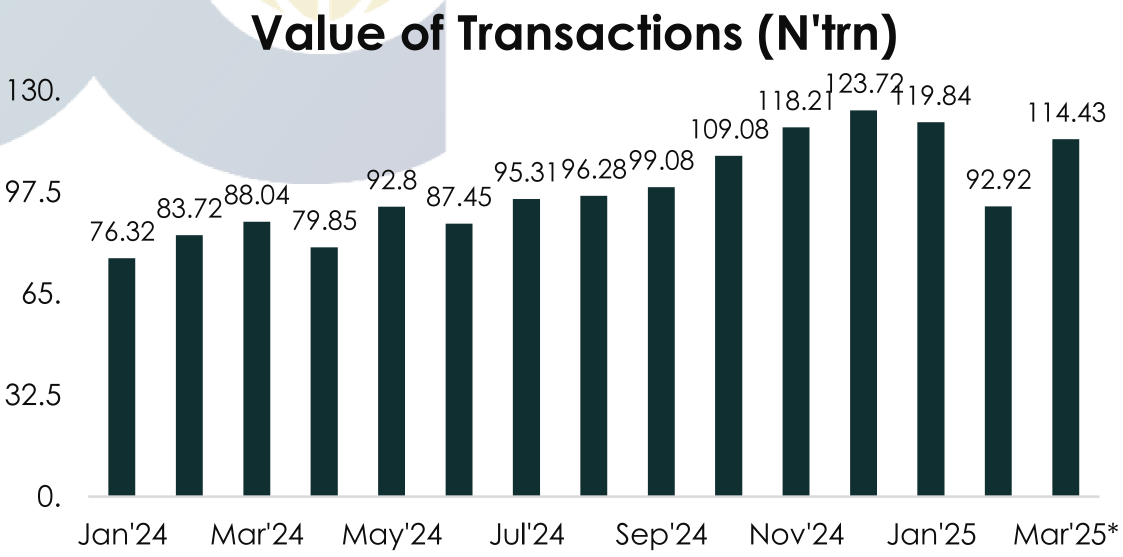
- PMI increased by 3.27% to 53.7 in February, from 52 recorded in January
- Marking the third consecutive month of improvement, as business activities continued to rise
- Composite PMI from 2014 till 2025 also averaged 52.78
- PMI is expected to increase further, driven by optimism for future output
- With firms planning new plant openings and increased exports



VALUE OF TRANSACTIONS DIPPED IN FEBRUARY

- Value of transaction for February plunged by 22.46% to N92.92trn in February from N119.84trn in January
- As transactions declined across all four tracked payment modes
- This may be partially attributed to the delay in FAAC disbursement encountered in February
- Notably, NEFT declined significantly by 72.35% to N4.25trn from N15.37trn in January

Mode of payment	Jan'25 (N'trn)	Feb'25 (N'trn)	Change (%)
NIP	100.06	85.19	-14.86
POS	4.10	3.17	-22.68
NEFT	15.37	4.25	-72.35
CHEQUES	0.312	0.301	-3.53
Total	**119.84**	**92.92**	**-22.46**



SHIPS AWAITING BERTH

	Lagos-Apapa	Lagos-Tincan	Calabar port	Warri port	Onne port	Rivers port	Lekki deep sea	Total
Jan'25	4	2	0	2	1	0	6	15
Feb'25	9	1	0	2	1	0	6	19
Mar'25*	7	1	0	2	1	0	7	16

- Total ship awaiting berth rose to 19 in February
  - 26.67% higher than 15 in January
- Fueled by the appreciation of the exchange rate, which created an incentive for increased imports.
- Coupled with the duty fee waiver
- Notably, Calabar and Rivers port recorded zero due to the poor road network

IMPACT OF PETROL ON ROAD TRAFFIC

- When petrol was at ₦1,030/litre, road traffic fell sharply by 25% in November
- As prices eased to ₦970/litre in January, the decline in vehicle count was milder at 8.7%
- By February, with petrol at ₦925/litre, the decline further reduced to 2.22%, implying that demand is stabilizing

Petrol Price N979/litre

Early Feb'25

Morning

Total vehicles counted = 2,200

Duration = 60 minutes

1 hr 8am-9am

Evening

Total vehicles counted = 2,300

Duration = 60 minutes

1 hr 4pm-5pm

Total = 4,500 vehicles

2.22% drop in two weeks

Petrol Price N925/litre

Late Feb'25

Morning

Total vehicles counted =2,100

Duration = 60 minutes

1 hr 8am-9am

Evening

Total vehicles counted = 2,500

Duration = 60 minutes

1 hr 4pm-5pm

Total = 4,600 vehicles

NIGERIAN AVIATION UPDATE

- The stable appreciation of the naira has been boon for the aviation sector
- The naira cost of international tickets has declined marginally
- The Lagos-London-Lagos discount fares are pushing customers to Qatar Airways
- Emirates have started a massive campaign of sponsorship on Channels TV Business morning program
- Load factors are much higher in the first and business class cabins, 70-80%
- In the premium economy and economy class, the average loan factors are 90%
- Delta Airlines has continued its daily frequencies to both New York and Atlanta
- It still does not provide internet services on board

- It has also provided non-stop services to Marrakech in Morocco and Accra, Ghana
- The daily Atlanta –Accra service is to commence December 2025
- The FAAN is likely to close the private wing of the Nnamdi Azikiwe Airport in Abuja temporarily
- These are allegations of it being a transit point for Narcotics
- The NCAA has approved five new carriers
- The total number of Air Operations Certificates (AOC’s) is now 44
- Nigeria witnessed a very high level of domestic flight cancellations in February

NIGERIAN AVIATION UPDATE

- Despite high load factors, carriers complained of high maintenance costs
- The regional flights to West and Central Africa are the most lucrative routes now
- The political crisis in Mal, Burkina Faso and Niger is shifting the demand for air travel
- B/A are offering a discount on the Lagos-London route
- Fierce competition from Turkish, Emirate and Qatar airways is forcing them to offer promos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OUTLOOK

OUTLOOK FOR MARCH /APRIL

- Inflation data is likely to show a decline of 1.24% to 32.11%, using the old methodology
- Broad money supply growth will taper again towards 15%
- The average primary and secondary market T-bill rates will hold steady at 17-19% p.a.
- OPEC will maintain its slight increase in output
- Nigeria's oil production will average 1.5mbpd
- Brent will trade at $65 - $70 pb
  - Putting Nigeria's external sector under pressure
- The naira will depreciate marginally from its current trading range towards N1,570 – N1,600 in May/June

OUTLOOK FOR MARCH /APRIL

- The average opening position of deposit money banks will increase to N700 – N800bn in April
- The pump price of petrol will fall marginally to N840/litre
  - Reflecting the drop in global oil prices
- The stock market will gain 2 - 3% as investors price in the new telco tariffs and the stable naira into the profit projections
- The next MPC meeting is likely to cur the policy rate by 25 basis points
- Real estate housing straits will pick up in Victoria Island, Ikoyi and Lekki segments of the Lagos metropolis
- The traffic congestion will increase by about 5% due to lower petrol prices and early rains in March/April

Prophecy is the most gratuitous form of error
-George Eliott

Life is a quest and love is a quarrel

- Edna St. Vincent

Never explain-your friends do not need it and your enemies will not believe you anyway.

- Elbert Hubbard

Men want the same thing from their underwear that they want from their women: a little bit of support, and a little bit of freedom.

- Jerry Seinfeld

Familiarity breeds attempt. **- Goodman Ace**

Religion is what keeps the poor from murdering the rich.

-Napoleon

The weak never forgive. Forgiveness is the attribute of the strong

-Mahatma Ghandi

Sex alleviates tension, Love causes it.

- Woody Allen

Get your facts first, then you can distort them as you please.

-Mark Twain

Any girl can be glamorous, all you have to do is stand still and look stupid. **-Hedy Lamarr**

Show me a good loser and I will show you an idiot.

- Leo Durocher

Copy from one it is plagiarism, copy from two it is research.

-Wilson Mizner

Sell a man a fish, he eats for a day. Teach a man to fish, you ruin a wonderful business opportunity.

– Karl Marx

Doing what is right is no guarantee against misfortune.

- William McFee

Old age is like a plane flying through a storm. Once you are on board, there is nothing you can do

-Golda Meir

The expression "it's a small world" is a euphemism for "I keep running into people I can't stand" **-Brock Cohen**

If you have never been hated by your child, you have never been a good parent . **- Bette Davis**

Experience is a hard teacher because she gives the test first, the lesson afterward **- Vernon Law**

Don't be pushed around by the fears in your mind. Be led by the dreams in your heart. **-Roy T. Bennett**

When you feel neglected, think of the female salmon, who lays 3,000,000 eggs but no one remembers her on Mother's Day.

- Sam Ewing

I do not think it is an exaggeration to say history is largely a history of inflation, usually inflations engineered by governments for the gain of governments. **- Friedrich August von Hayek**

The crisis of today is the joke of tomorrow. **-H. G. Wells**

Those who stand for nothing fall for anything.

- Alex Hamilton

Tell me and I forget. Teach me and I remember. Involve me and I learn. **- Benjamin Franklin**

Thank you

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