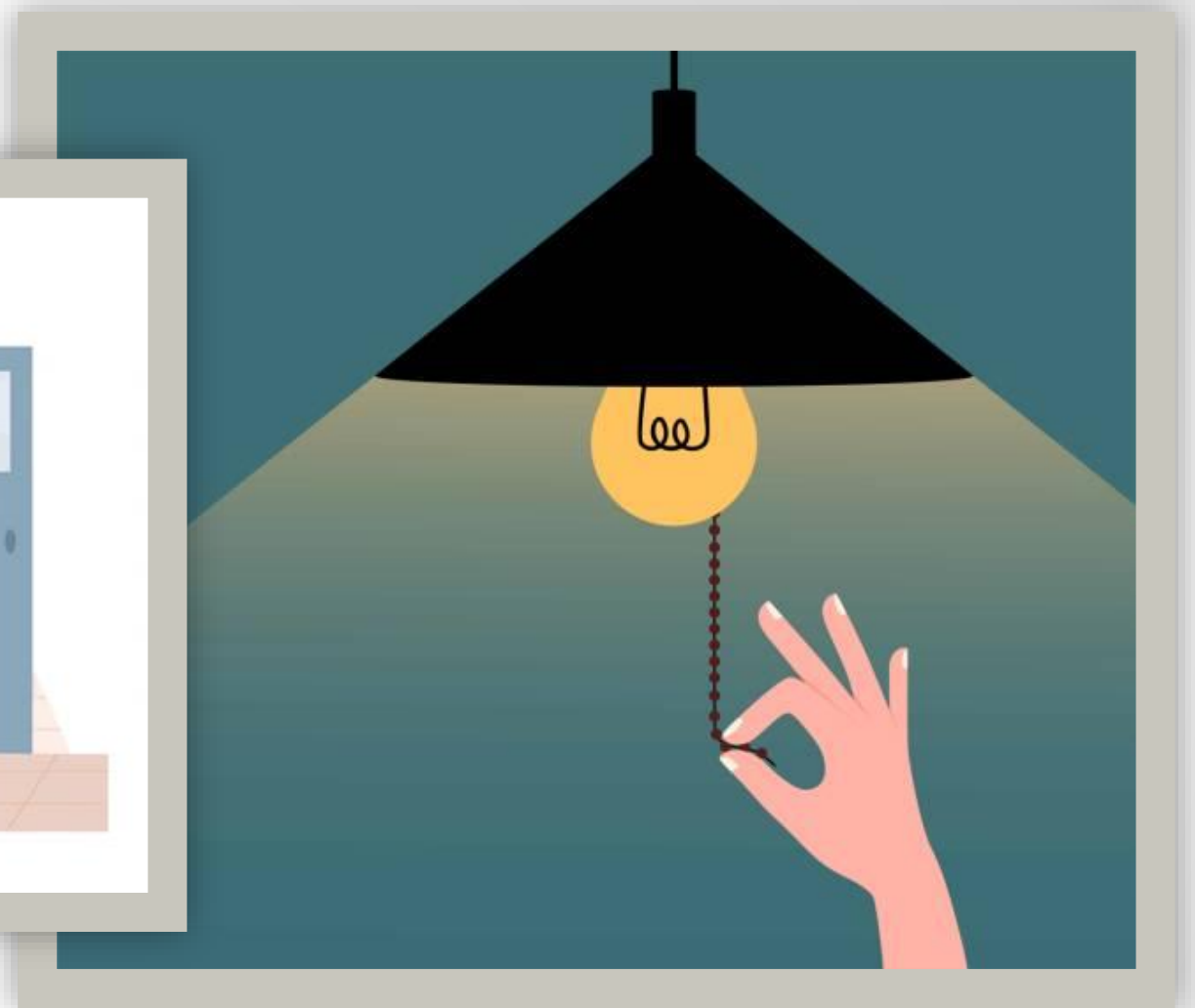


LBS BREAKFAST SESSION



NIGERIA: BAILOUT OR LIGHTS OUT?

Presented by Bismarck Rewane
September 3, 2025



OUTLINE

01

Projections Vs. Outcomes
(August 6, 2025)

04

A Global Asset Bubble??

02

Power Sector Bailout or Lights out

05

Proxies & the New Economy
(Detty December³)

03

Macroeconomic Scorecard & Outlook
(Looking good but not feeling good)

06

Politics & Outlook
(Data sycophancy and data integrity)

1

An illustration of a hand with an eye on the palm, surrounded by radiating lines and dotted patterns. The fingers are labeled with letters: A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z. The eye is detailed with eyelashes and a pupil.

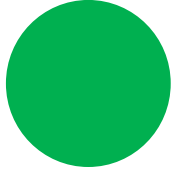
LBS BREAKFAST MEETING AUGUST 6
PROJECTIONS VS. OUTCOMES

PROJECTIONS Vs. OUTCOMES

PROJECTIONS

- 1 Inflation data will show a sluggish moderation to 22.03%
- 2 The T/bills rates will fall by 50bps in the auction this week
- 3 The price of brent will trade above \$65pb
- 4 Oil production will increase to 1.55mbpd in August
- 5 The naira will trade in the parallel market at ₦1,560 - ₦1,575/\$

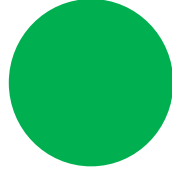
OUTCOMES

Inflation moderated to 21.88% in July 

T/bill remained flat for 91 and 182 days, while 364 days increased marginally by 0.2% 

Brent price is currently trading at \$67pb 

Oil production increased to 1.51mbpb in July 


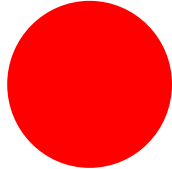
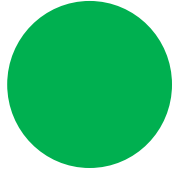
Naira traded at the parallel market at ₦1,543 - ₦1,560/\$ In August 

PROJECTIONS Vs. OUTCOMES

PROJECTIONS

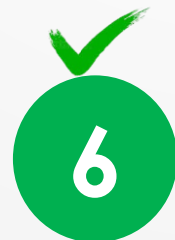
- 6** The price of PMS will remain flat at ₦865
- 7** Diesel will trade at ₦1,085 per liter
- 8** PMI will expand to 55.1 in August

OUTCOMES

- PMS pump price traded at ~~₦865~~ 
- Diesel price dropped to ~~₦1,085~~ ₦1,020 per liter 
- PMI expanded to 54.2 in July 

- Rising uncertainty led to the reversal of some projections
- While some trends align with our forecast, the figures differ
- Ultimately, it is the direction that matters more than the disparity in numbers

Score:



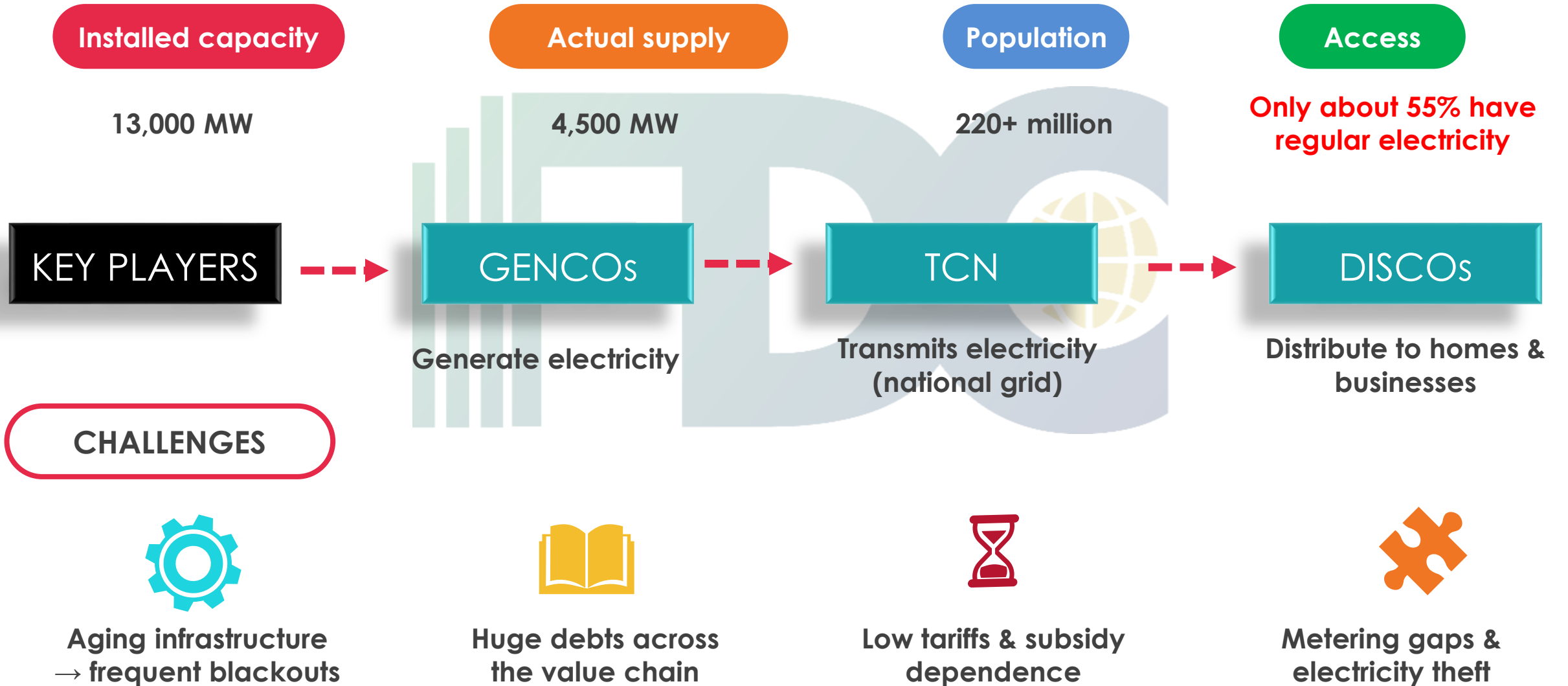
THE POWER SECTOR IN A FREE FALL



**POWER SECTOR
BAILOUT**

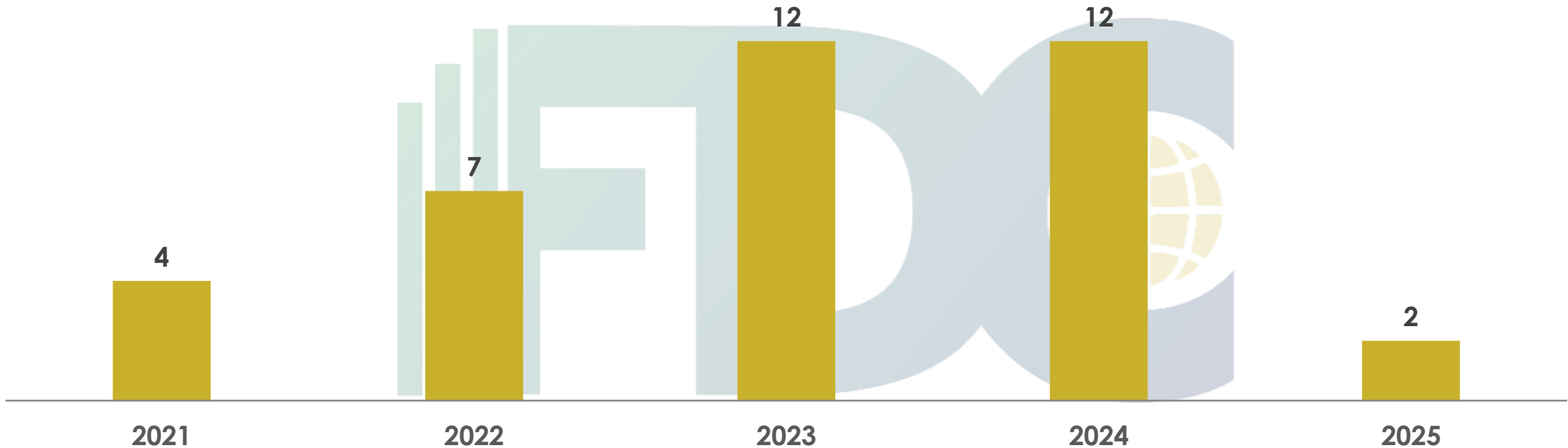


NIGERIA'S POWER SECTOR IN DECAY



GRID COLLAPSES ARE FALLING

Grid collapse



- Average electricity generation remained below 5000 megawatts
- Alternative power sources are taken over
- As people move towards renewable energy and other sources, reducing the load on the national grid

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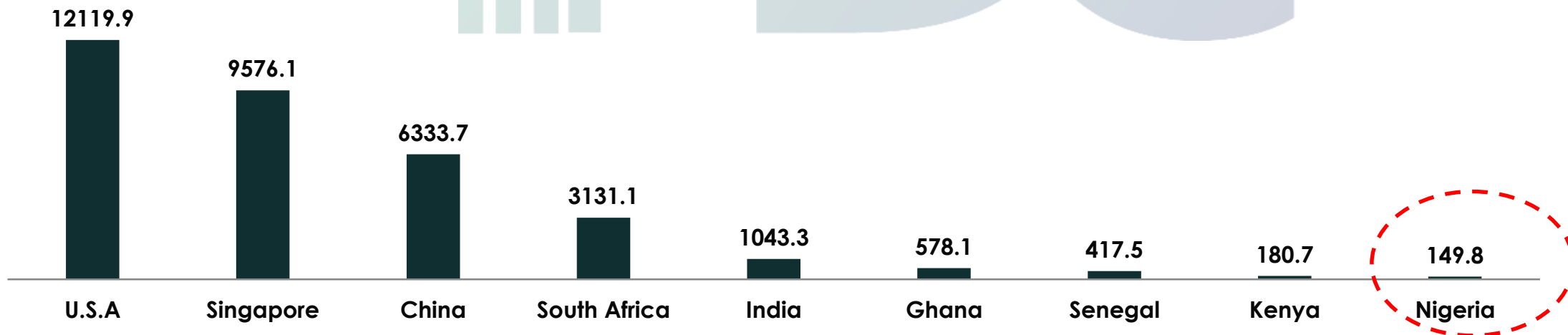
- You First -



NIGERIA AND ITS PEERS

- The president has promised to consider a financial bailout for the Gencos and Discos
- With a total indebtedness of ₦4.3trn to the banking system, the debt has shackled growth in the sector
- The sector's growth (10.92%), which includes other private power generation, is outperforming the national GDP of 3.1% in Q1 '25
- The average output from the grid in the last 20 years has been stuck at 5,000MW making Nigeria rank in the lowest percentile of electricity per capita in the world

Electricity Consumption per capita (kW, 2023)



QUOTES!



Ludwig von Mises
Austrian economist

Opposed financial bailouts, which he saw as interventionist policies that misallocate resources, prolong economic downturns, and shift losses onto taxpayers while creating false expectations.



Thomas Sowell
American economist

Bailouts transfer the burden of losses from private individuals or corporations to the public through taxation, effectively socializing losses while allowing private gains.

DEFINITION OF BAILOUT

Injection of money into a business or institution that would otherwise face an imminent collapse

- **Forms:** loans, subsidies, guarantees, equity injections
- **Purpose:** stabilize markets, protect jobs, restore confidence



GLOBAL OCCURRENCES OF BAILOUT

2008–09 Global Financial Crisis

US TARP Program (Toxic Asset Relief Program)

\$700bn to stabilize banks & auto companies

EU SOVEREIGN DEBT

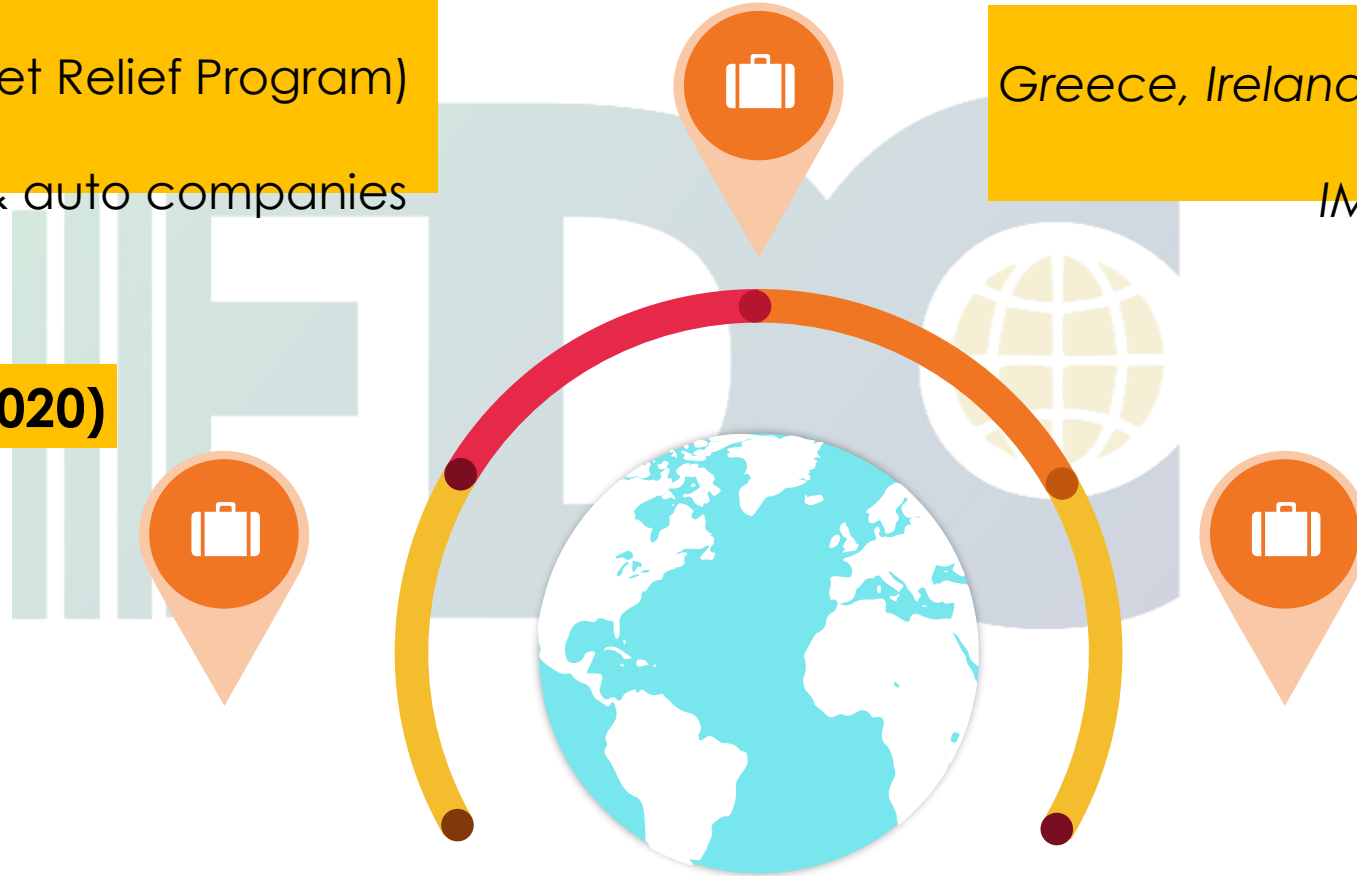
Greece, Ireland, Spain rescued by

IMF/EU

COVID-19 Pandemic (2020)

*Bailouts for airlines,
energy firms, SMEs*

worldwide



Result: Bailouts prevented collapse but raised public debt & moral hazard

NIGERIA'S SUCCESSFUL HISTORY OF BAILOUT

Banking Crisis (2009–2011) AMCON created

- absorbed ₦5 trillion toxic assets, stabilized banks
- Worked? Yes, banking collapse avoided

State Government Bailouts (2015–2017)

- FG released special funds to states during oil revenue slump
- Worked? Short-term relief, but states relapsed into fiscal stress

Power Sector Support (2017–2020)

- CBN Payment Assurance Facility (₦701bn + ₦600bn tranches)
- Worked? Temporarily eased liquidity, but debts resurfaced

WITHOUT BAILOUTS - COUNTERFACTUAL

2008 without TARP

- Major banks collapse
- Deeper global depression

Without State bailouts

- Public servants unpaid
- Social unrest

Without AMCON

- Banking system collapse
- Depositors lose savings

Without power sector bailouts

- GenCos/DisCos shutdown
- Nationwide blackout risk





WINNERS & LOSERS OF NIGERIAN BAILOUTS

	WINNERS	LOSERS
AMCON BAILOUT	Banks: offloaded toxic loans, survived collapse	Taxpayers: cost of absorbing ₦5tn+ bad assets
	Financial system: restored confidence	Accountability: weak risk management unpunished
	Depositors: funds protected	Borrowers: tighter credit later
STATE GOVT. BAILOUT	State governments: paid salaries/pensions	Taxpayers: national debt rose
	Civil servants & pensioners: payments received	Reform: states avoided tough reforms
	Short-term stability	Citizens: funds diverted from infrastructure

ECONOMICS OF BAILOUT

Classical / Free Market View (Adam Smith)

- Competition rewards the efficient, eliminates the weak
- Bailouts distort markets and keep bad firms alive
- Encourages moral hazard & risky behavior with taxpayer safety net
- Results in anti-competition, pro-monopoly outcomes

Keynesian / Interventionist View

- In downturns, government must step in to prevent collapse
- Bailouts protect jobs, incomes, and system stability
- Can buy time for reforms and restructuring
- Seen as a temporary measure, not a long-term market rule

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FAILED BAILOUTS

> South Africa (Eskom & SAA, 2019–2024)

Billions in bailouts failed; Eskom load-shedding peaked 2023, SAA rescue collapsed after 2024 sale attempt.

> Pakistan (Power Sector, 2023)

Fiscal injections couldn't stop circular debt surpassing PKR 2.6T in 2023; inefficiencies and governance gaps persisted.

> Italy (Alitalia, 2000s–2021)

Decades of state rescues ended with 2021 shutdown; EU ruled €400M aid illegal, privatization revived successor ITA Airways.

> Japan (1990s)

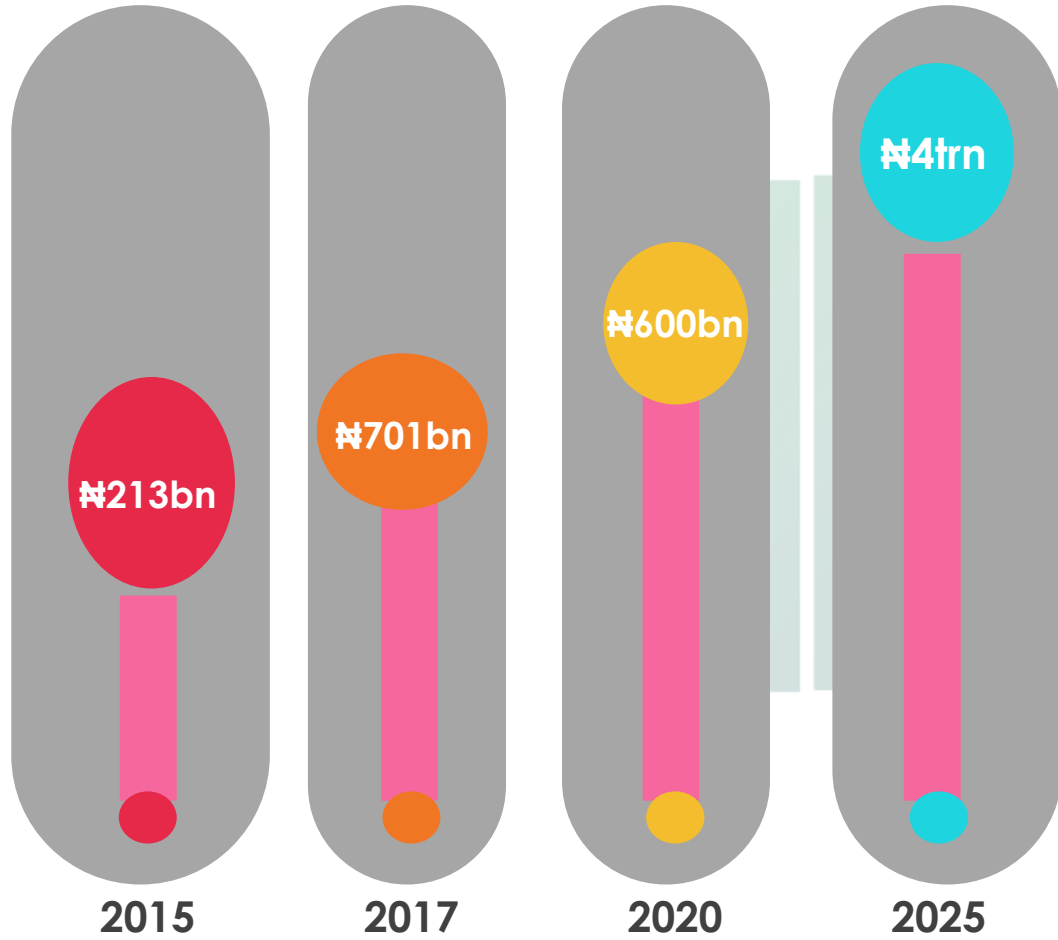
Bailouts prolonged zombie firms through the decade, suppressing productivity and investment due to weak restructuring measures.

> Ghana (Energy Sector, 2016–2024)

ESLA bonds (2016 onward) reprofiled debt, but arrears persisted; IMF flagged sector as a macro-critical risk by 2023–24.



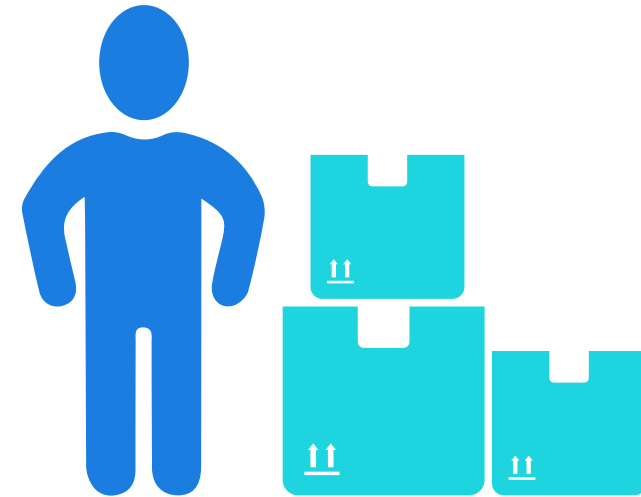
COST OF BAILOUTS – POWER SECTOR



Strains government finances

Crowds out spending on health & education

Raises Moral Hazard risk





EXPECTED OUTCOMES AFTER BAILOUT

If Nigeria's actual power generation rises from today's 4,500 MW to around 8,000–10,000 MW

Immediate Gains



Improved power generation & distribution capacity

More reliable electricity supply to homes & businesses

Cost reflective tariffs



Firms & Corporates



Firms can sell off non-core power assets (like diesel gen sets) → unlock capital

Revenues redirected into core operations & expansion

More predictable costs & financial planning



Telco Sector



Lower tower downtime

Cheaper running costs and stronger network outreach


Multiplier effect of better network coverage across the economy, aiding GDP growth





IMPACT OF BAILOUTS ON THE STOCK MARKET

- Nigerian companies are power dependent
- Energy cost makes up about 70% of the cost of operations
- Few of them have power plants
- Reduced backup fuel/maintenance costs for companies with cheaper alternative energy sources
- Could wheel or sell excess power to nearby industries or DISCOs, converting power plants from a cost center into a revenue stream

- 
- Any improvement in grid uptime cuts diesel & generator spend, a top opex line for telcos
 - Lower default risk on past-due power-sector exposures easing NPL and provisioning pressure
 - Government refinancing likely via bonds would keep obligors stressed
 - Change in behavior needs sustained grid improvement, not just a one-off bailout

BAILOUT AND GDP

BEFORE
BAILOUT

$$Y = C + I + G + X-M$$

\$250bn	\$151.6bn (60.64%)	\$64.5bn (25.8%)	\$9.8bn (3.92%)	\$24.1bn (9.64%)
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AFTER
BAILOUT

$$Y = C + I + G + X-M$$

\$356.9bn	\$216.2bn (60.64%)	\$95.6bn (26.8%)	\$10.4bn (2.92%)	\$34.4bn (9.64%)
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- According to the World Bank, a 1% increase in electricity consumption is associated with a 0.5 to 0.6% rise in GDP
- If power supply rises to 8000MW, from current 4500MW, the bailout shifts money from government into investment, raising consumption and productivity
- Due to multiplier effects, GDP could rise to \$357bn

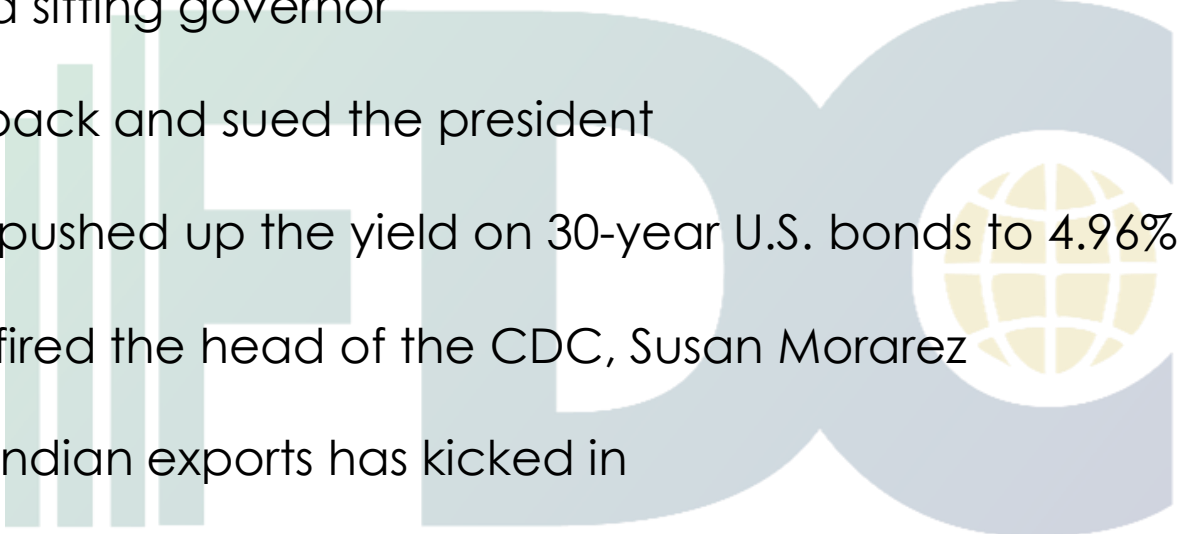
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GLOBAL & REGIONAL HIGHLIGHTS





GLOBAL HIGHLIGHTS

- Deglobalization and the return of protectionism are turning conventional logic on its head
 - Trump tried to fire Lisa Cook from the Federal Reserve Board — the first time a president has formally attempted to dismiss a sitting governor
 - Ms. Cook has fought back and sued the president
 - Trump's actions have pushed up the yield on 30-year U.S. bonds to 4.96%
 - The White House also fired the head of the CDC, Susan Morarez
 - A U.S. tariff of 50% on Indian exports has kicked in
 - The Congressional Budget Office estimates that the tariff will reduce the government's primary deficit by \$3.5trn over the next decade
 - Meanwhile, Nvidia reported another bumper revenue spike of \$46.7bn in Q2, up by 56%
- 



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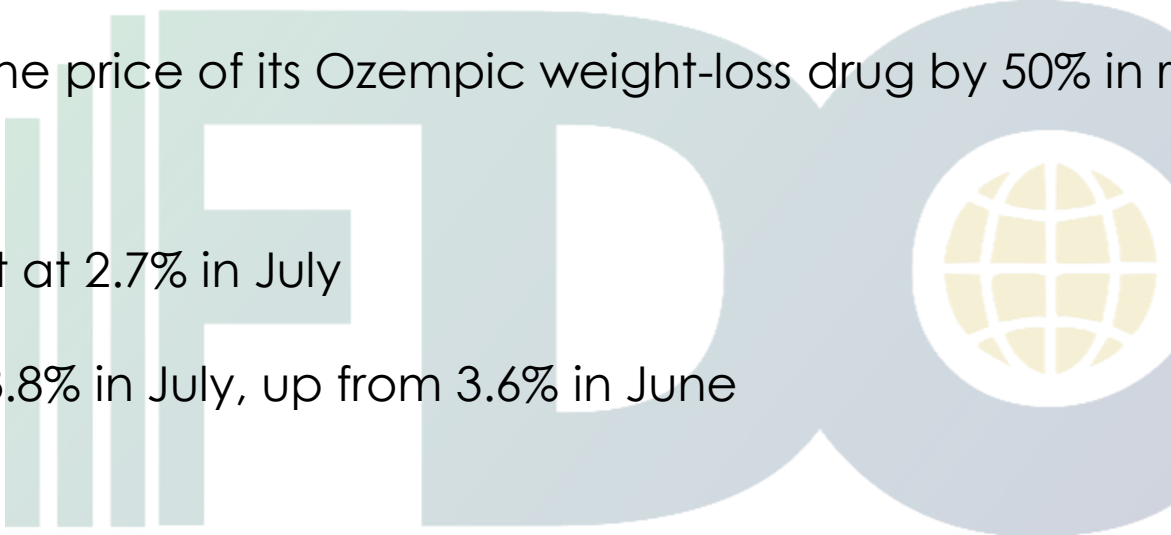
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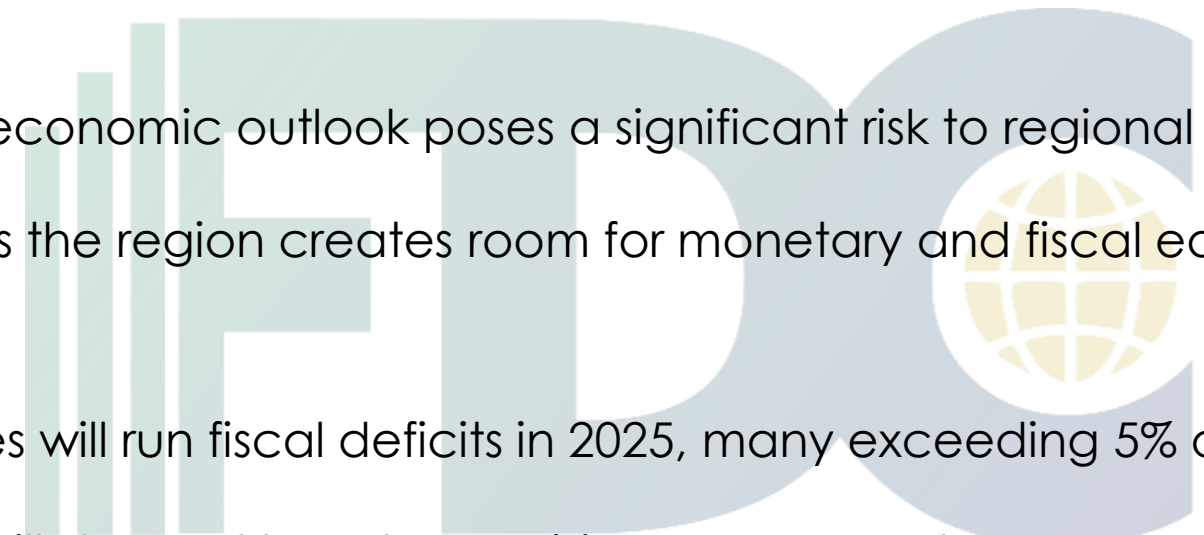


GLOBAL HIGHLIGHTS

- Keurig Dr Pepper, a U.S. soft drink company, bought JDE Peet's of the Netherlands, a global leading supplier of coffee and tea, for \$18trn
 - Novo Nordisk has cut the price of its Ozempic weight-loss drug by 50% in response to pressure from cheaper competitors
 - U.S. inflation stayed flat at 2.7% in July
 - British inflation rose to 3.8% in July, up from 3.6% in June
- 



RECENT REGIONAL DEVELOPMENTS

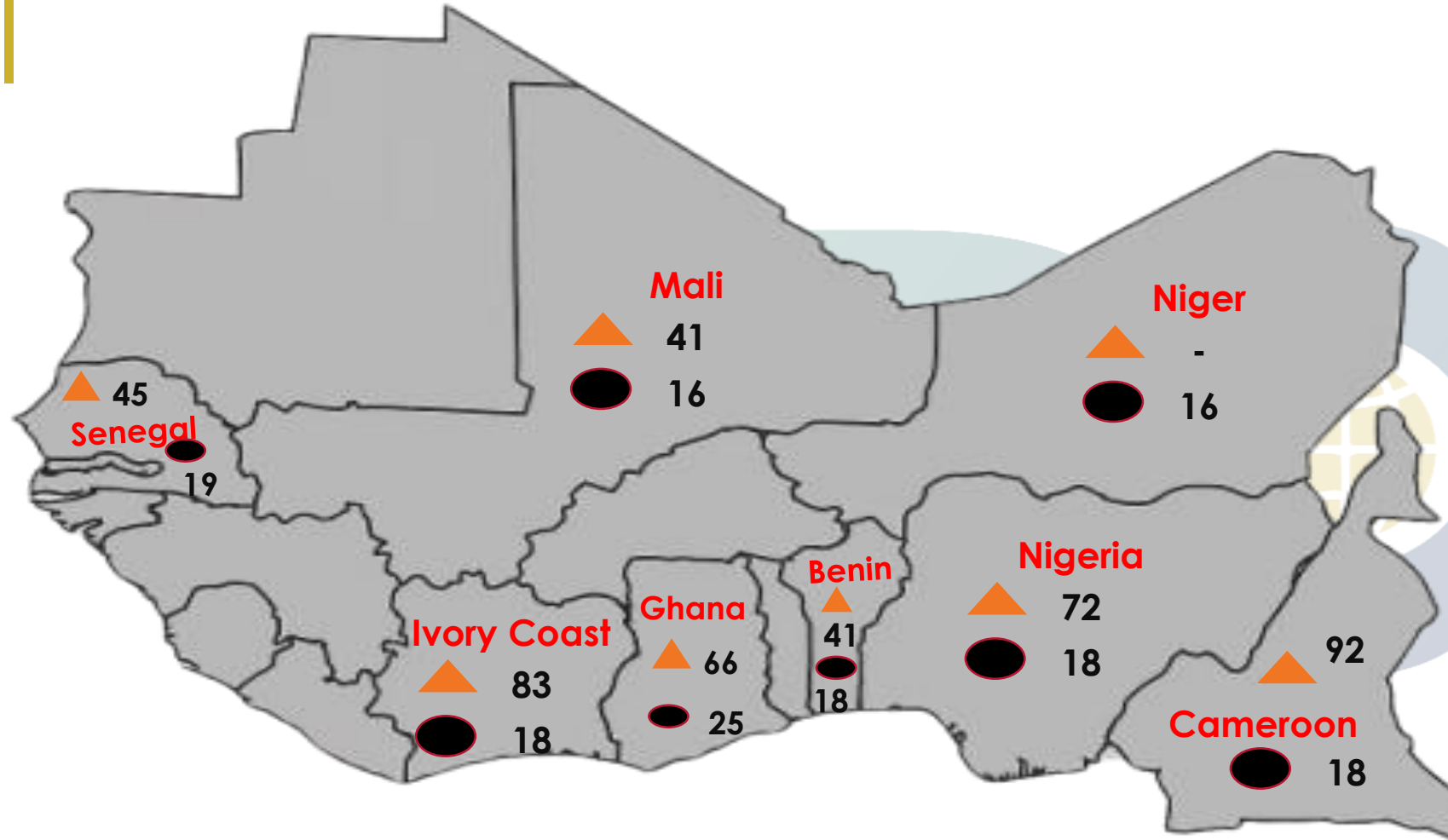
- Africa's real GDP growth is forecast at 3.5% in 2025, but risks are tilted to the downside
 - Domestic demand recovery will be a major growth driver and is expected to strengthen through 2025-26
 - South Africa's weak economic outlook poses a significant risk to regional growth averages
 - Falling inflation across the region creates room for monetary and fiscal easing to support this demand rebound
 - Most African countries will run fiscal deficits in 2025, many exceeding 5% of GDP
 - Fiscal consolidation will depend largely on raising government revenues
 - Nigeria plans tax reforms, but limited base broadening means higher VAT or corporate taxes are likely
 - Ghana is expected to raise taxes mainly on its formal sector
 - Kenya may pursue progressive tax increases targeting higher income groups
- 



RECENT REGIONAL DEVELOPMENTS CONT'D

- Uganda is focusing on broadening its tax base through formalization and digitalization
- Most African economies are expected to participate in IMF programs due to limited access to foreign funding
- The US is significantly reducing aid to Africa, heavily impacting countries where aid relative to GNI has been high
- The African Growth and Opportunity Act (AGOA), which offers duty-free access to the US market, is effectively nullified by a 10% baseline tariff and may not be renewed
- This will have limited economic impact as trade under AGOA is already low
- Reduced US aid is accelerating Africa's pivot towards China, especially in trade

AFRICAN LEADERS ARE MUCH OLDER THAN THE POPULACE



Average age of
Leaders = 60

Average median age
of populace = 19

Difference = 41 years

- The wide demographic gap between leaders and the population creates significant potential for political and social tension.
- With leaders averaging 41 years older than their citizens, the risk of political instability and public discontent is considerably high



3



MACROECONOMIC SCORECARD & OUTLOOK

MACROECONOMIC SCORECARD

Leading Indicators

	Jul'25	Aug'25	% Change	Sept'25*	Q4'25*
Exchange rate, official (₱/\$)	1,535	1,537	0.13	1,550	1,545
Exchange rate, parallel (₱/\$)	1,564	1,546	1.16	1,560	1600*
Money supply growth(%)	19.9 (May)	15.8 (June)	-4.1	14 (July)	16.0*
PMI	51.6 (June)	54 (July)	4.65	55.3 (August)	53*
MPR (%)	27.50	27.50	00	27.25	27.25*
365-day t-bills (%)	15.88	16.50	0.62	16.50	17.25*

Coincidental Indicators

GDP growth(%)	3.13 (Q1'25)	3.36 (Q2'25)	0.23	3.48(Q3'25)	3.99*
Oil production (mpbd)	1.505 (June)	1.507 (July)	1.32	1.55	1.70*
Brent Oil price (\$/bl) (EoP)	69.2	67.70	-2.17	65	69.23*

MACROECONOMIC SCORECARD CONT'D

Lagging Indicators

	Jul'25	Aug'25	% Change	Sept'25*	Q4'25*
Inflation (%)	22.22(May'25)	21.88(Jun'25)	0.34	21.32*(Jul'25)	22.10*
Gross external reserves (\$'bn)	39.27	41	4.41	41.58	45.8*
Stock market cap. (₺' trn)	85.06	88.78	4.37	86.45	90.23*

Risk Indicators

Power Outages	36 (hours)	189 (hours)	425	113(hours)
Terrorist Attack	1	2	100	1
Fatalities	459	85	81.5	53

Overall score:

11

3

1



SYNOPSIS

- The exchange rate has remained relatively stable, trading within the range of ~~N~~1,543–~~N~~1,560/\$
- This sustained stability is attributed to increased FPI inflows, triggered by higher interest rates
- Oil production rose to 1.51mbpd, meeting the OPEC+ quota of 1.5mbpd
- Gross external reserves have also continued to increase, reaching a four-year high of \$41bn
- Inflation has been decelerating, though at a slower pace
- Money supply growth declined to 15.8% following the CBN's monetary policy tightening
- The MPC is likely to cut rates by 25bps at its next meeting in September
- Stock market capitalization decreased by 0.87% to ~~N~~88.78trn, mainly due profit-taking in key stocks, and cautious investor sentiment



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POLICY CHANGES

1

Tax reform

Proposed tax reform to take effect by January 2026



2

Bank recapitalization

Banks' recapitalization exercise expected to end in March 2026



3

Budget recalibration

Likely budget revision



4

Eurobond

Nigeria is likely to issue a Eurobond in 2026



5

Power sector reform

Subnational to leverage the Electricity Act to ramp up power investment



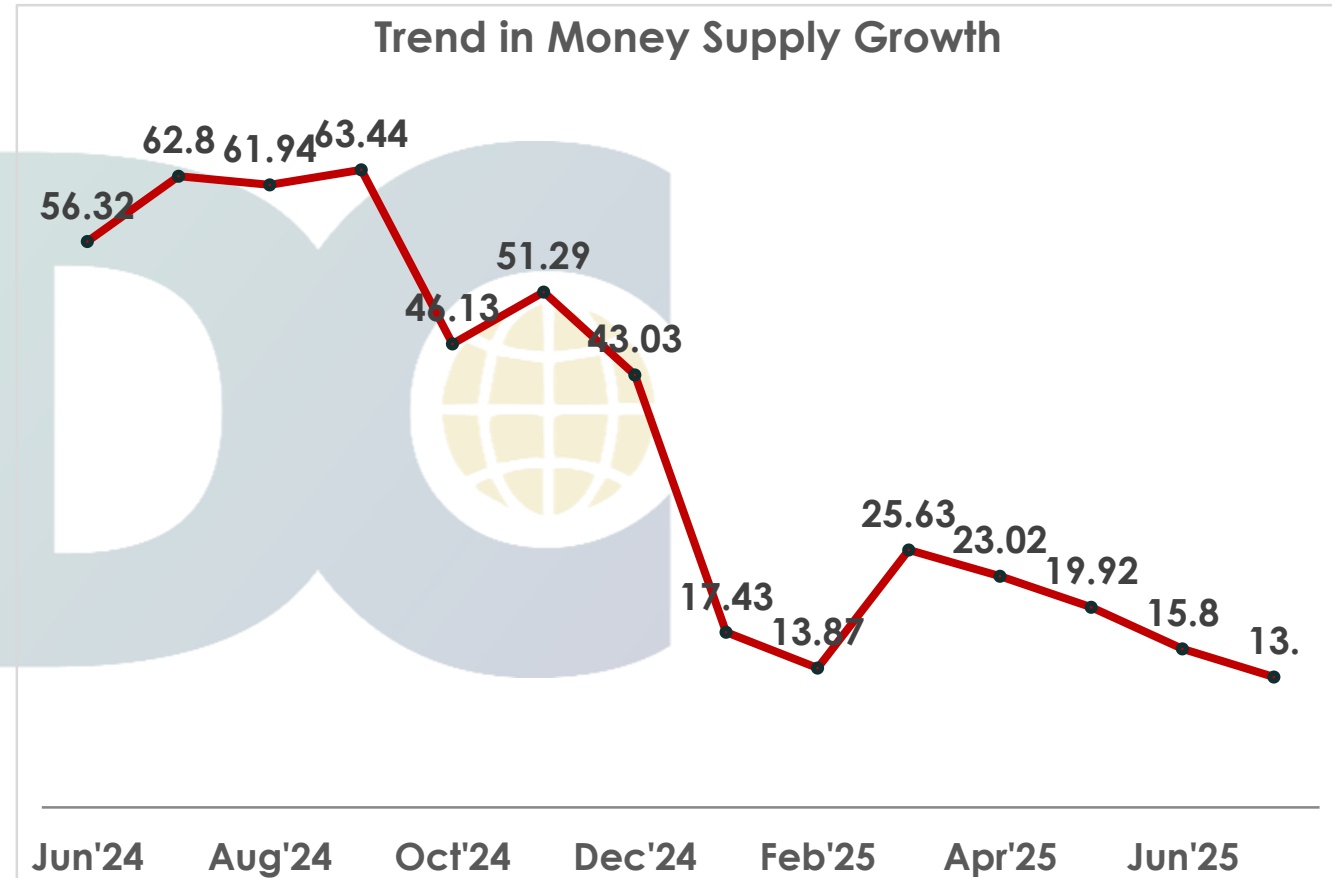


POLICY REACTIONS TO EXPECT

Policy Change	GDP Impact	Inflation Impact	Exchange Rate Impact
Tax Reform	Improved fiscal revenue	Slight upward pressure initially, followed by stabilization	Potential support for Naira stabilization
Bank Recapitalization	Increased lending capacity	Potential demand-driven inflation risk short term; productivity gains medium term	Indirect support via economic growth
Power Sector Reform	Reduced costs, increased productivity	Falling PMS price	Supports Naira with production cost reduction
New Eurobond Issue	Infrastructure financing	Inflation stable if managed; risk if monetized	Short-term FX inflow support

DECLINING TREND IN MONEY SUPPLY GROWTH TO PERSIST

- Money supply growth fell steeply to 17% in Jan'25,
- It showed a brief rebound in Mar'25 to 26%,
- But declined again from April (23%) through June 2025 (15%)



Money supply growth is likely to keep falling

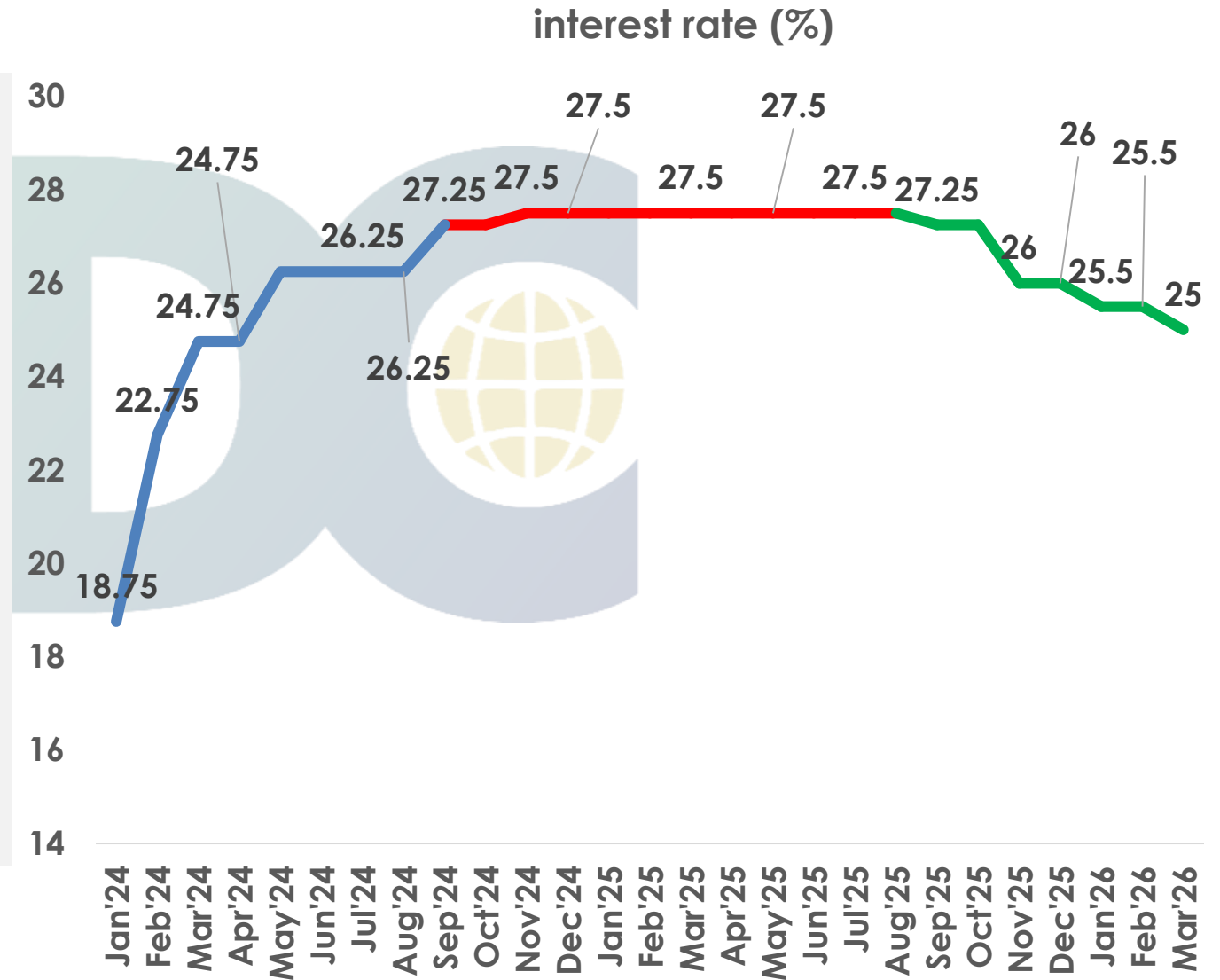
Key drivers:

- Monetary tightening (higher interest rates, reserve requirements)
- Inflation targeting and price stability focus
- Likely lower oil revenues
- External vulnerabilities affecting Naira stability



INTEREST RATE OUTLOOK - POSSIBLE POLICY SHIFT

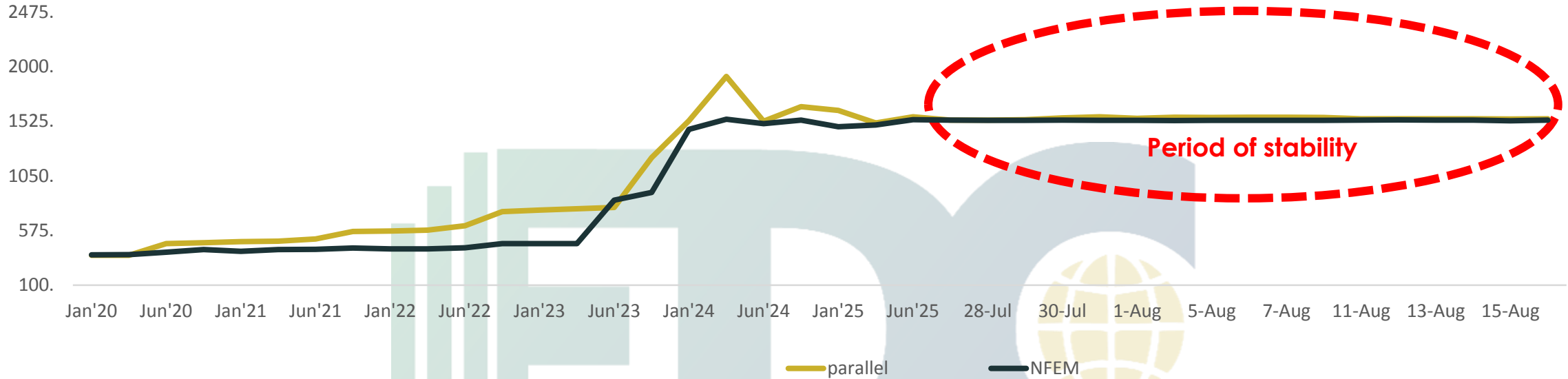
- MPC expected to begin easing in Sept with 25bps cut
- 70% probability of cut vs 30% status quo
- Further 100bps cut likely in November
- Easing cycle to extend into 2026 if inflation stays contained





EXCHANGE RATE TO REMAIN STABLE IN Q4'25

Parallel Vs NFEM exchange rate



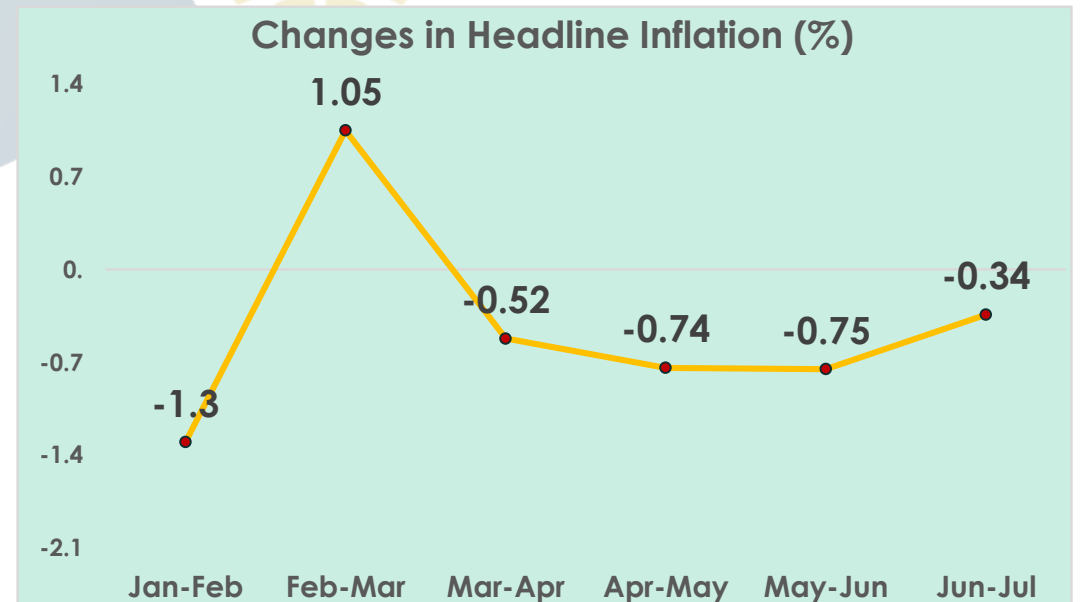
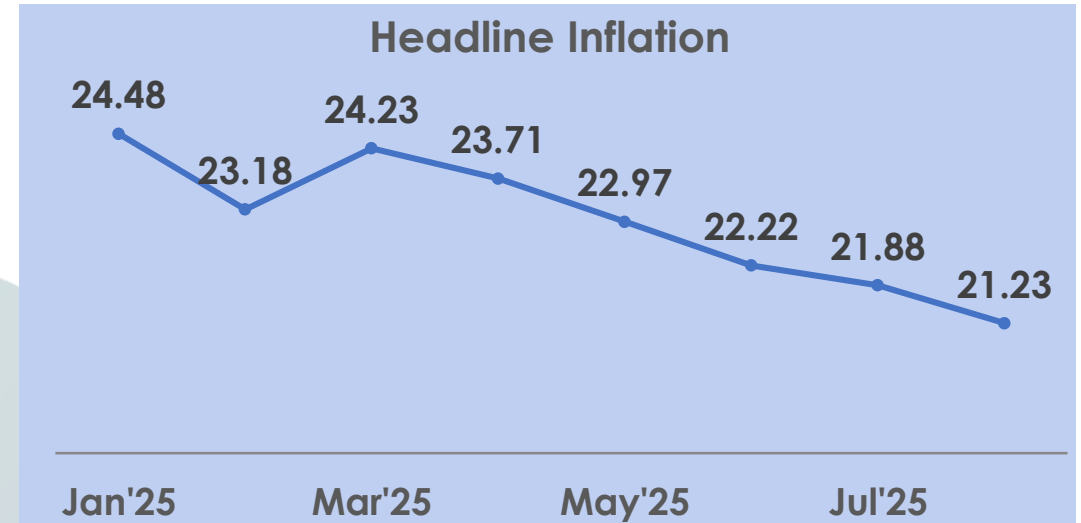
Factors driving naira stability

Variables	Jul'25	Aug'25	
Trade balance (\$)	2.25(Q4'24)	3.4 (Q1'25)	↑
Inflation (%)	22.22	21.88	↓
Gross external reserve (\$bn)	39.36	41	↑
Current Account Balance (\$bn)	16.22	11.94	↓
Oil prices (\$)	71.7	66.62	↓
Oil Production (mbpd)	1.5	1.51	↑

- EIU is forecasting that the naira will remain stable in 2025/26
- To average ₦1,591/\$ in 2025
- Lower global crude oil prices could put pressure on the naira
- Leading to low FX earnings

INFLATION OUTLOOK - DISINFLATION PROGRESSES AT A SLOW PACE

- Headline inflation moderated by 0.34% to 21.88% in July
- The rate of decline has slowed sharply
- Indicating that we can be approaching a point of inflection
- Inflation is more transient than structural
 - ❑ **Drawbacks**
 - ✓ Decrease in the price of oil
 - ✓ Fall in FPIs and revenue
 - ✓ Depreciation in naira
 - ✓ Depletion of gross external reserves



GROSS EXTERNAL RESERVES OUTLOOK

- Gross external reserves reached \$41 billion, the highest since December 2021

- Providing 9.5 to 10 months of import cover

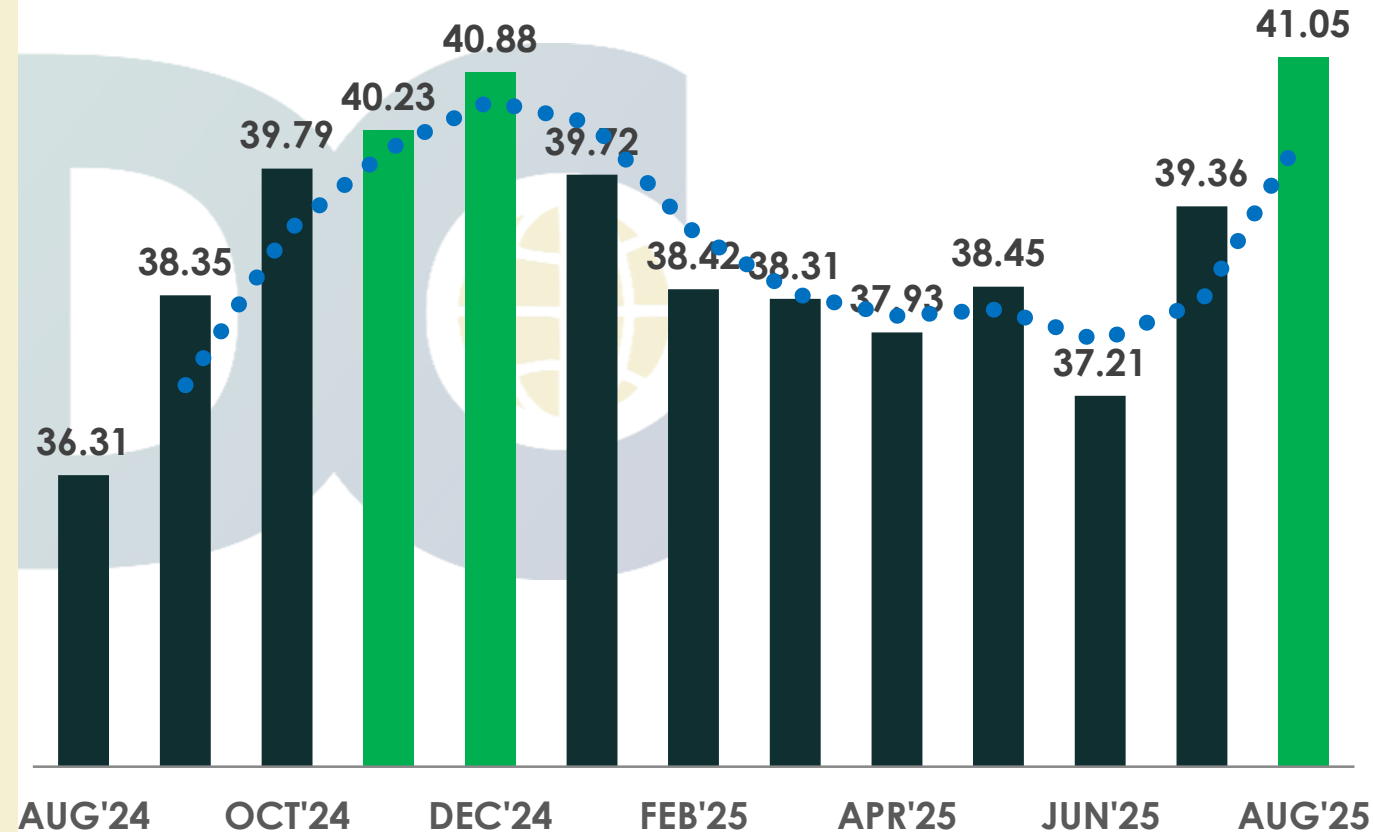
Underpinned by

- Exports up by 2.9% to N20.6 trillion and Imports down by 7% to N15.4 trillion in Q1'25

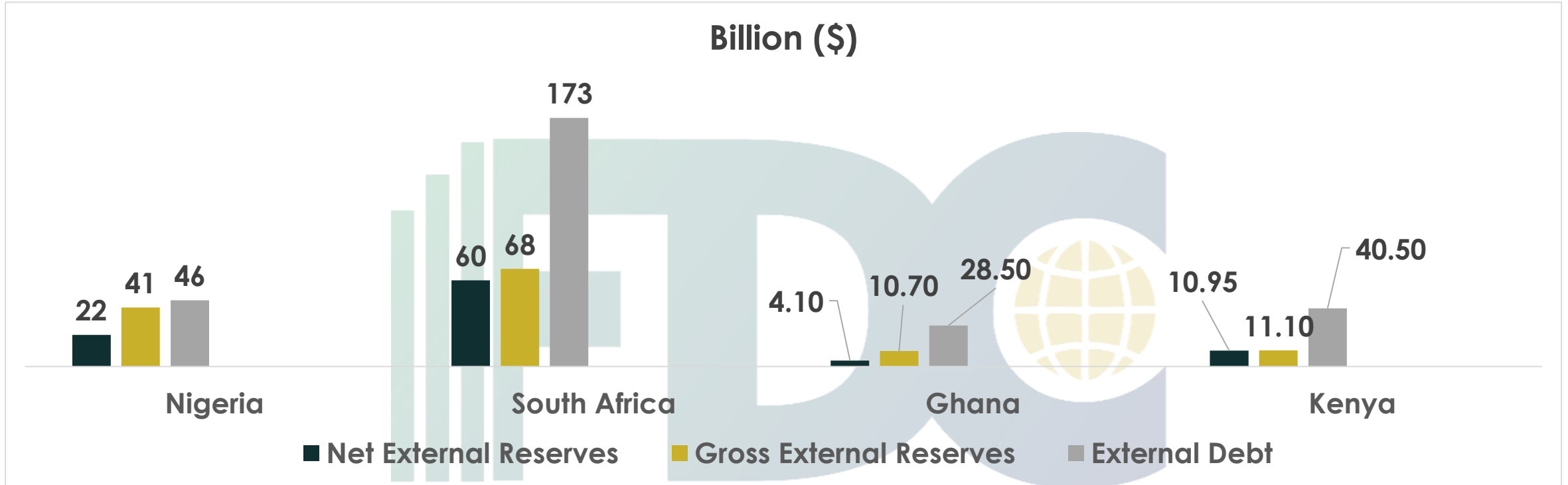
- Trade surplus hit N5.17 trillion

- Nonetheless, debt servicing obligations linked to Eurobond issuances pose some pressure on reserves

Nigeria's Gross External Reserves (\$'bn)



PEER GROUP COMPARISON

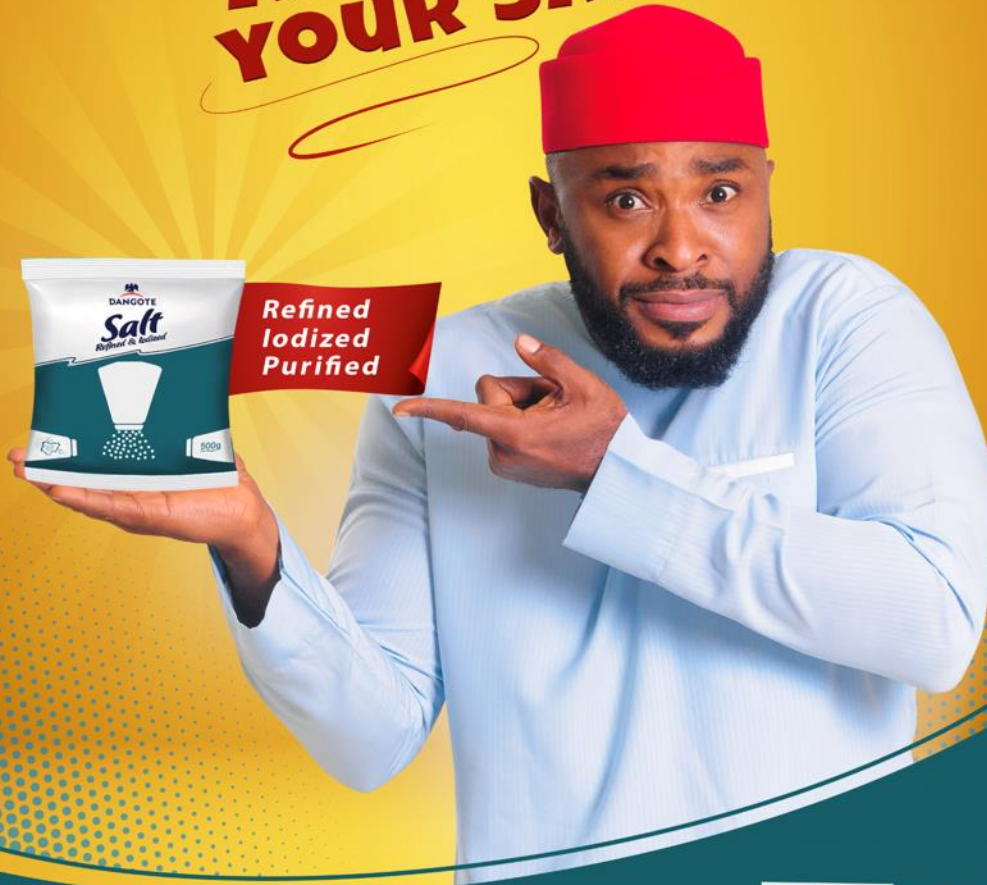


- Nigeria's Net reserve is \$22bn, while gross external reserves stood at \$41bn
- Level of external debt up by \$4bn to \$46bn
- For every \$1 of net reserve, Nigeria has \$2.06 of debt
- Making her less vulnerable to exogenous shock

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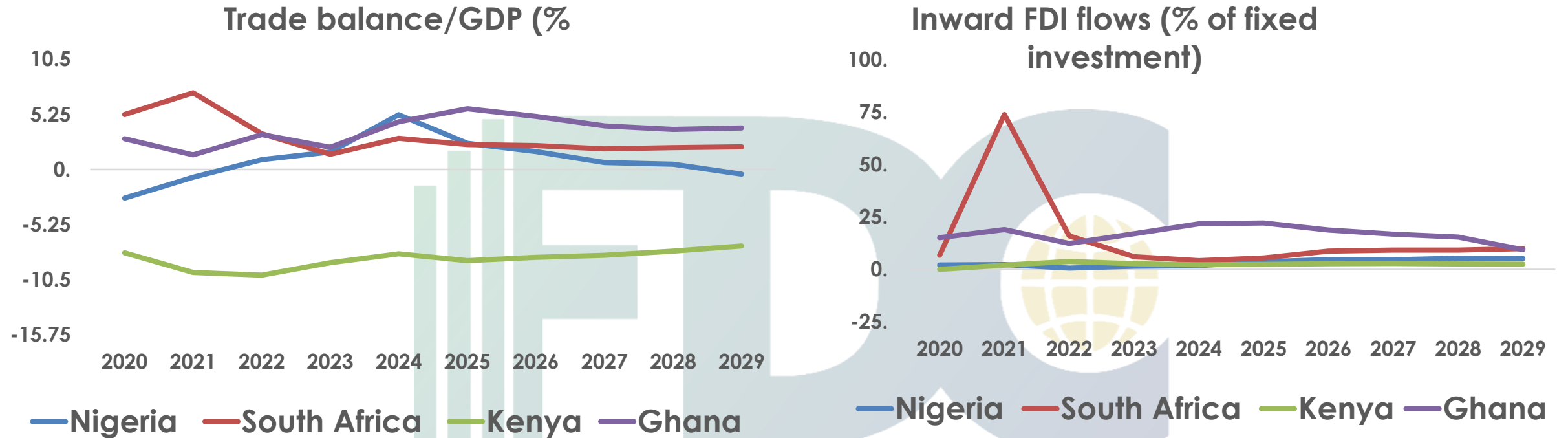
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EXTERNAL POSITIONS – COUNTRY COMPARISON



Source: EIU, FDC Think Tank

- The closer a country's external position is to equilibrium, the stronger its currency
- This stability also enables the country to successfully implement a flexible exchange rate system

WHAT-IF ANALYSIS

WHAT-IF HOT MONEY REVERSES

- FPI inflow in June was \$2.65bn, this influx was triggered by high interest rates (27.5%)
- With T-bill rates trending lower, markets expect a cut in the MPR



Capital flight – FPI inflows reverse

Foreign reserves weaken as CBN pays out dollars

FPIs typically park in OMO bills, bonds, equities

Withdrawals shrink system liquidity

CBN may raise interest rates further to defend the naira

CBN intervention in the FX market declines

Naira faces depreciation pressure

Higher import costs
Inflationary spiral worsens

High borrowing costs

Weak Naira + Renewed Inflation

Multiplier Effect

Exit of FPI → Naira depreciation → Inflation spike → Interest rate response → Slower growth → Higher unemployment → Weak consumer spending

WHAT-IF OIL PRICE FALLS AS PROJECTED



WHAT-IF

OIL PRICE FALLS TO \$60PB

- Reduced FX earnings
- Weaker naira trading between ₦1,600-~~₦1,700~~/
- Gross external reserves may shrink to \$35bn

- Reduce government fiscal space
- Increased government borrowing

OIL PRICE FALLS BELOW \$60PB

- Reduced FX earnings
- Fiscal deficit would widen significantly
- Weaker naira trading between ₦1,700-~~₦1,800~~/
- Gross external reserves may shrink to \$30bn

Falling oil prices → lower FX inflows → pressure on the naira → weaker corporate earnings → higher banking sector risk → rising NPLs



CALENDAR FOR SEPTEMBER



**August
inflation data
Sept.15**



**MPC Meeting
Sept. 22 & 23**



**OPEC
Meeting
September 7**



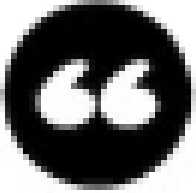
**U.S. FOMC
Meeting-
September
16-17**

4

A GLOBAL ASSET BUBBLE?



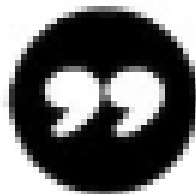
ASSET BUBBLES



Robert Kiyosaki

An author

A loser is a man who plans for only when he wins and a winner is a man who plans for when he loses.



ASSET BUBBLE

An asset bubble occurs when the price of a financial asset or commodity rises to levels that are well above either historical norms, the asset's intrinsic value, or both.

Source: Investopedia





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HISTORY OF ASSET BUBBLES - GLOBAL AND DOMESTIC

- There have been over 6 asset bubbles in the last 100 years
- Asset bubbles are typically caused by low earnings or endogenous shocks
- Tulip Mania (1630s, Netherlands) caused by speculation in tulip bulbs, seen as luxury and rare assets
- The collapse in 1637 led to massive losses for merchants and traders
- South Sea Bubble (1720, Britain), the South Sea company promised high returns from trade with South America
- Market crash wiped out fortunes, damaged confidence in financial markets, and triggered reforms in stock trading regulation
- Dot-com Bubble (1995–2000, U.S.) excessive speculation in internet-based companies without sustainable revenue models, fueled by venture capital and IPO frenzy
- NASDAQ lost nearly 78% of its value (2000–2002). Many startups collapsed
- Banking Sector Bubble (2004–2008), banking consolidation policy (raised minimum capital base to ~~N~~25bn) led to aggressive equity raising

EARLY WARNING SIGNS OF AN ASSET BUBBLE



Rapid Price Surge

Asset prices rise sharply within a short period, far outpacing historical trends or economic fundamentals



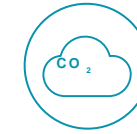
Speculative Frenzy

High trading volumes driven by hype, momentum trading, and fear of missing out (FOMO)



Easy Credit & Leverage

Increased borrowing to buy assets, with margin debt and speculative lending at record highs



Detachment from Fundamentals

valuations become excessive relative to earnings, cash flow, or intrinsic value



Disconnect from Macroeconomic Conditions

Asset prices climb even when growth, productivity, or earnings are weak



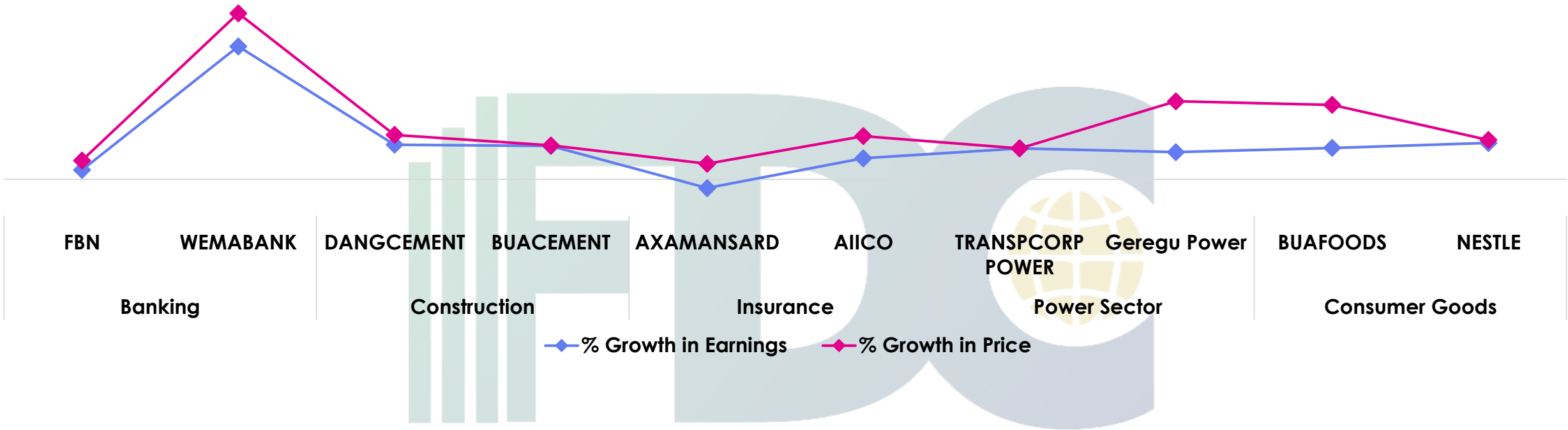
Volatility & Sharp Corrections

Frequent mini-booms and pullbacks, showing instability as the bubble nears its peak



EARNINGS RELATIVE TO STOCK PRICES

2 YEARS % GROWTH IN EARNINGS VS. 2 YEARS % GROWTH IN P/E RATIO



- Stock prices have grown faster than earnings in the past two years across sectors
- Market optimism or speculation is driving prices ahead of fundamentals
- If earnings don't eventually "catch up," prices may face a pullback

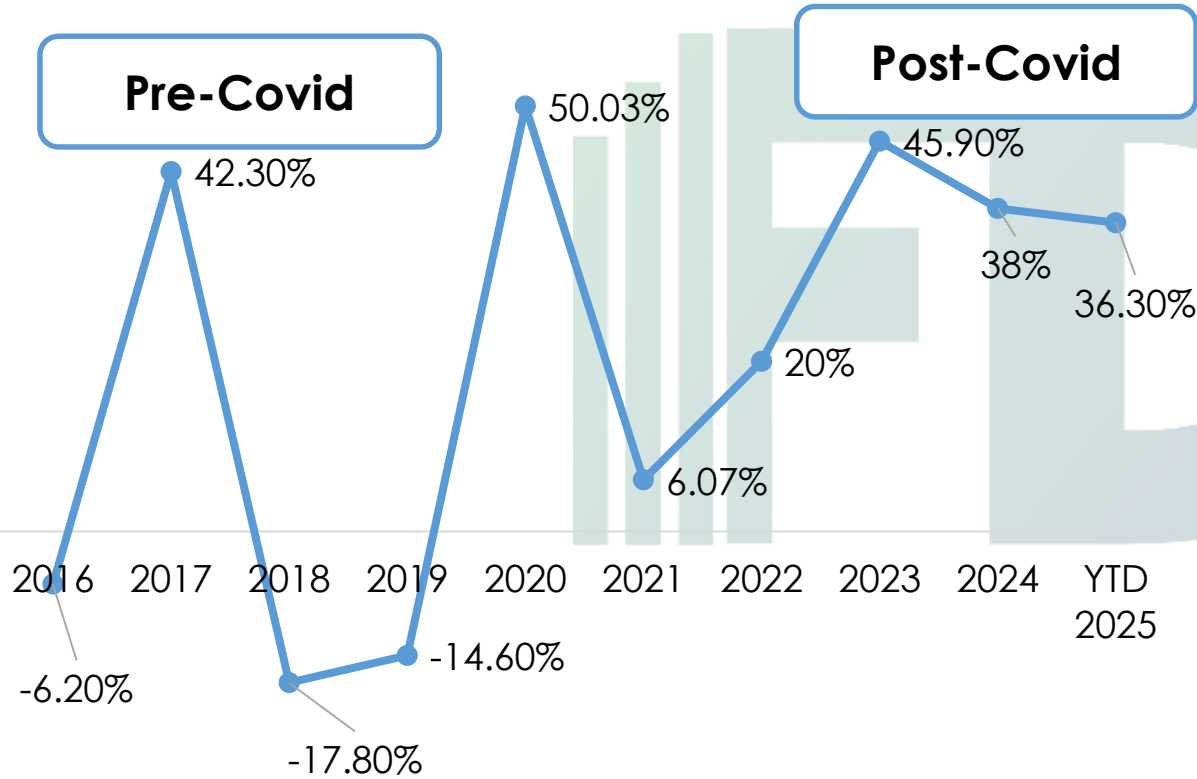
WHY TOP 10 NGX STOCKS REMAIN RESILIENT

- Some stocks are trading at P/E ratios higher than peers, suggesting overpricing
- Top 10 NGX stocks remain attractive, supported by,
 - Strong sector dominance
 - Power-supply sensitivity
 - Economies of scale advantage
 - Impressive earnings performance
 - Solid fundamentals
- Banking stocks may remain vulnerable due to extraordinary items



PEAKS AND TROUGHS (NGX)- PRECOVID AND POST COVID

NGX Performance



Is There a Bubble Post-COVID? Signs of a Bubble:

- Rapid multi-year gains (2020–2025 cumulative return >200%)

- High retail and speculative activity

□ Fundamentals that supported the rally:

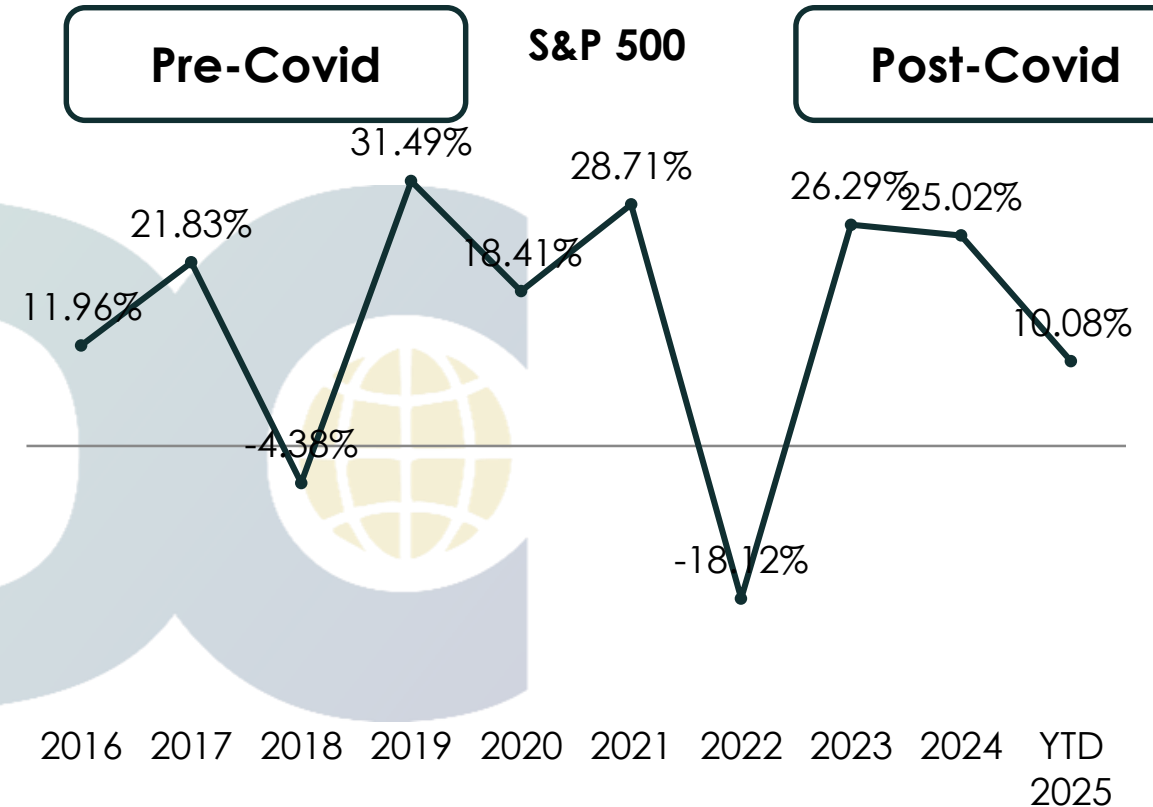
- Strong corporate earnings (especially in banking, oil, telecoms)
- Pension funds & institutional investors increasing allocations
- Domestic liquidity driving equities (foreign investors remain limited)
- Reforms (FX liberalization, subsidy removal) created optimism

PEAKS AND TROUGHS (S&P 500)- PRECOVID AND POST COVID

There are bubble-like elements post-Covid , but not a clear systemic bubble

Key points:

- Valuations stretched: Forward P/E rose above 22x in 2021 Some AI-related stocks remain elevated
- A handful of “Magnificent 7” tech stocks contributed disproportionately to gains, making the rally fragile
- Unlike pure bubbles, corporate earnings rebounded strongly post-COVID, justifying part of the rally
- Massive Fed liquidity and fiscal stimulus artificially boosted asset prices, raising concerns of overvaluation



IMPACT OF ASSET BUBBLE ON.....

Fund Managers

- Fund managers may initially benefit from rising asset prices
- Cautious managers may buy overpriced assets to avoid lagging peers
- Portfolios loaded with overvalued stocks may suffer heavy losses
- Sudden redemption pressures during a crash can force distressed selling

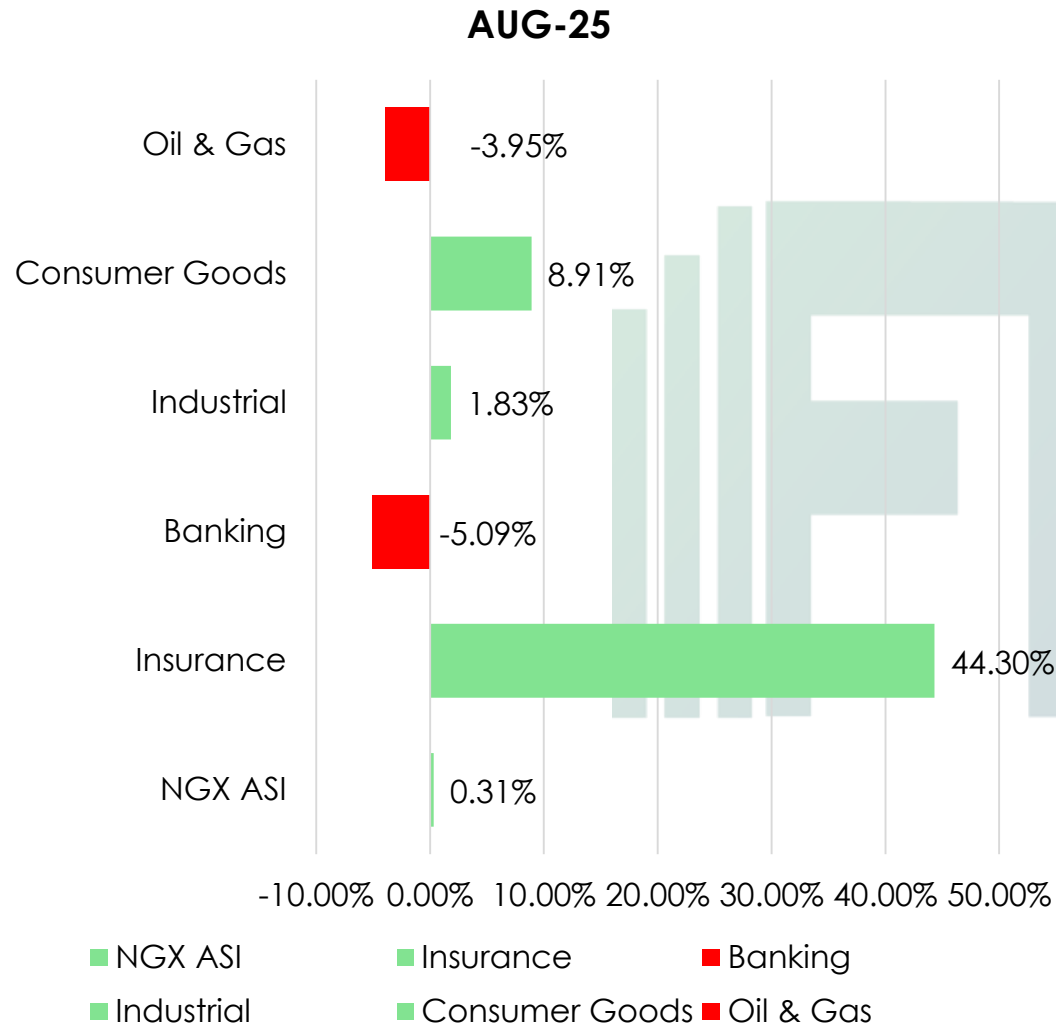
Individual Investors

- Rising asset prices create a sense of increased wealth
- Most retail investors enter late, buying assets at inflated prices
- Most retail investors lack protection, leaving them vulnerable to heavy losses
- Panic selling and delayed re-entry can erode long-term wealth

Equities Market

- Stock prices exceed fundamentals, breaking their link to performance
- As the bubble matures, sharp price swings increase, undermining market stability
- Resources flow into speculative, overhyped sectors instead of productive companies
- When the bubble bursts, sell-offs hit both weak and strong stocks, causing broad corrections
- Investor confidence may take years to recover, reducing market liquidity

INSURANCE SECTOR OUTPERFORMS OTHERS IN AUGUST 2025



- The NGX refrained from its highest monthly gain of 16.6% in July 2025 to 0.31% in Aug 2025
- Insurance sector topped gainers owing to renewed investor sentiment in insurance players amid impressive earnings
- The newly enacted Nigeria Insurance Industry Reform Act (NIIRA) 2024 also boosted investor sentiment
- Aims to tighten capital rules, adopt risk-based supervision, expand compulsory insurance, and drive digital transformation



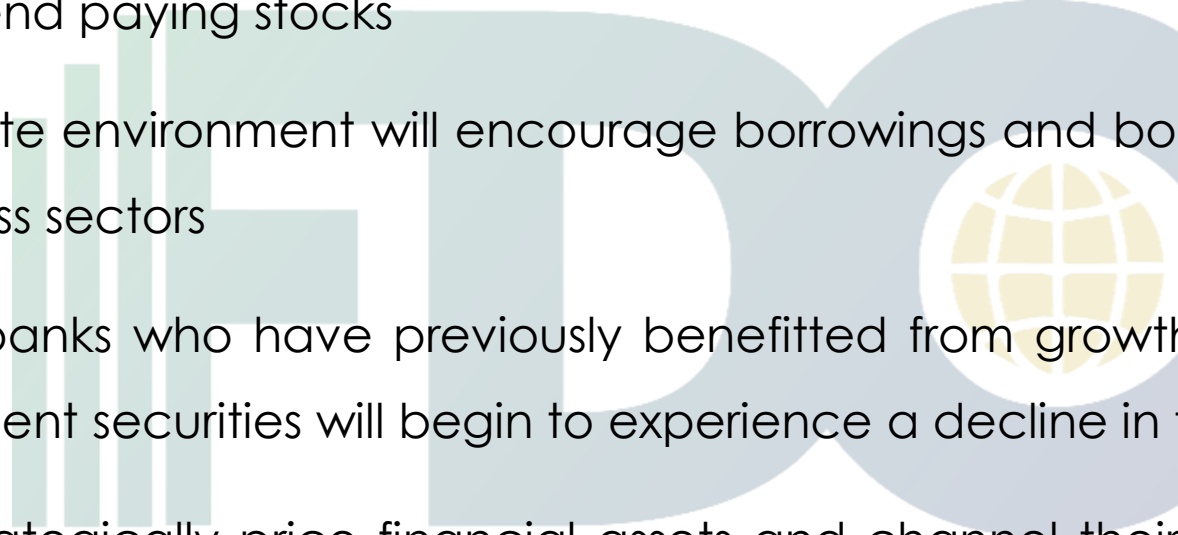
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NGX – CORRECTION COMING, OR BEAR MARKET LOOMING?

- The NGX likely to continue on a positive trajectory in H2'25 after a short-lived market correction
 - A reduction in tightening of monetary policy rate will force investors towards other attractive assets and high dividend paying stocks
 - A declining interest rate environment will encourage borrowings and boost capital expenditures and productivity across sectors
 - On the other hand, banks who have previously benefitted from growth in net interest income and growth in investment securities will begin to experience a decline in that aspect
 - Banks will need to strategically price financial assets and channel their concentration towards non-interest income
 - Further stability in FX will see to the influx of foreign investors and increased domestic participation
- 



5

PROXIES & THE NEW ECONOMY

***ECONOMIC ACTIVITIES ARE EXPANDING ALONGSIDE
IMPROVEMENTS IN KEY ECONOMIC INDICATORS***

An illustration on the left side of the slide shows two hands, one from the left and one from the right, holding a red and white target. On top of the target, two small figures of a man and a woman are standing and shaking hands. The background features a large, stylized upward-pointing arrow made of blue and white diamond shapes.

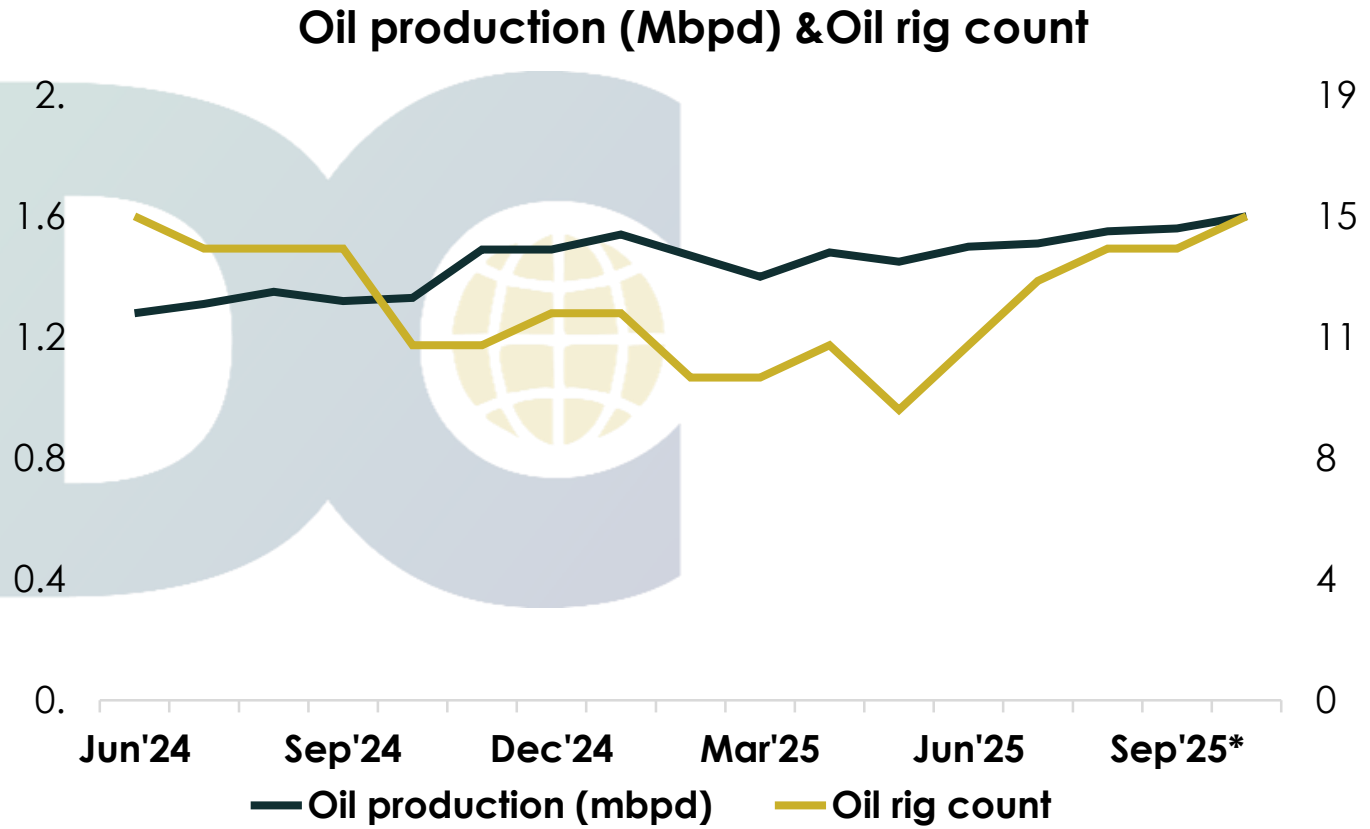
MARKET PROXIES - SNAPSHOT

Convergence ✓ Divergence ✗

Market proxies	July 2025	August 2025	% change	Impacted indicators
Oil production (mbpd)	1.5 (Jun'25)	1.51 (Jul'25)	0.67 ↑	Exchange rate gained
Oil Rigs	11 (Jun'25)	13 (Jul'25)	18.18 ↑	1.76% month-to-date ✓
FAAC disbursement (N'trn)	1.82 (Jun'25)	2.00 (Jul'25)	9.89 ↑	Money supply growth down to 15.8% from 19.9% ✗
PMI	54	54.2	0.37 ↑	Inflation rate declined to 21.88% from 22.22% ✓
Ships awaiting berth	19	22	15.79 ↑	Inflation rate declined to 21.88% from 22.22% ✗
Value of transaction (N'trn)	114.39	120.34*	5.2 ↑	GDP: 3.13% (Q1'25) ✓

OIL OUTPUT PROJECTED TO RISE IN AUGUST

- Oil production increased slightly above the OPEC quota and June output by 0.67% to 1.51mbpd
- Oil production is projected to rise in September to around 1.55mbpd
- Supported by the security conditions holding steady and improved local infrastructure investments

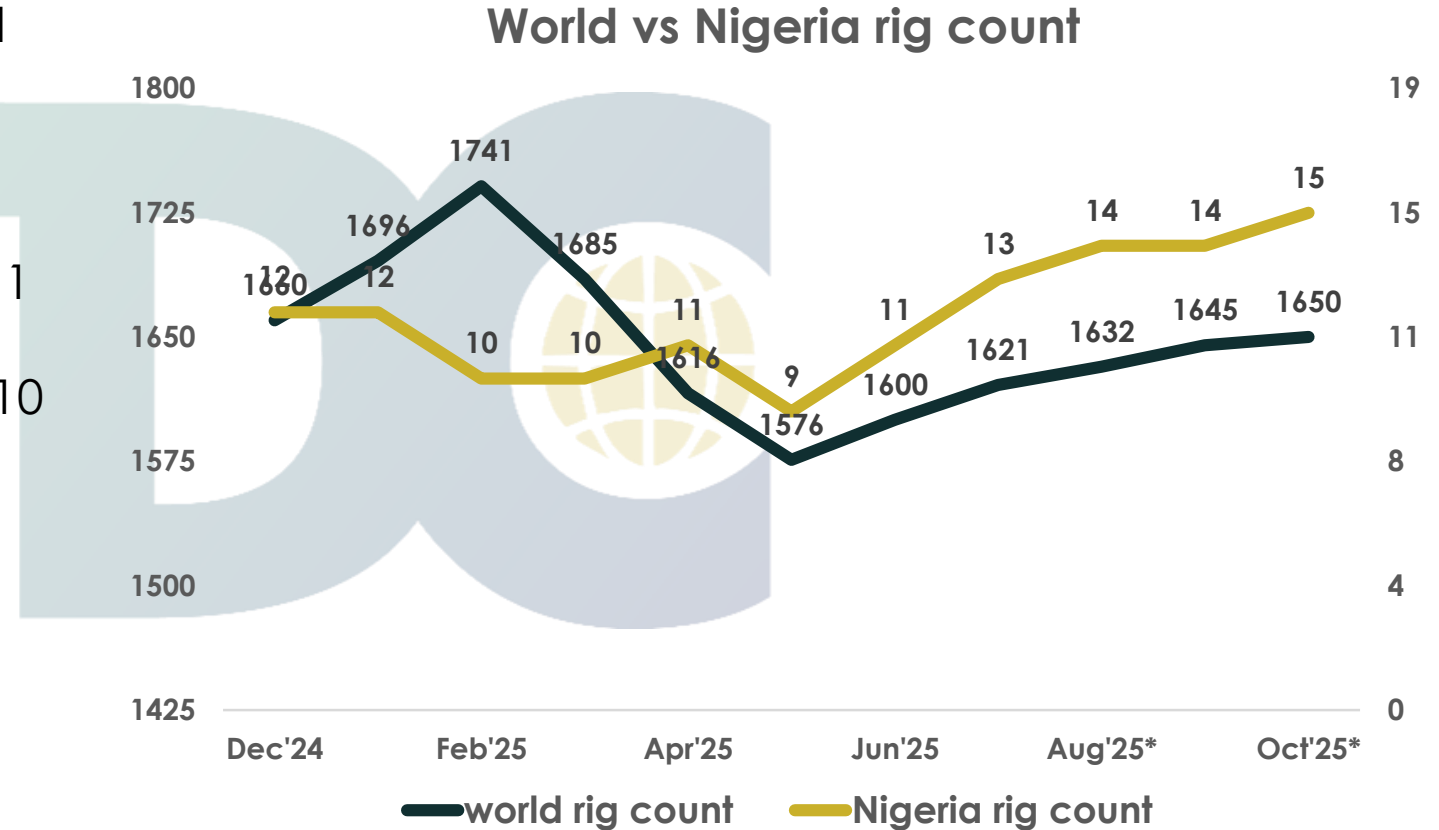


Source: OPEC, FDC think tank

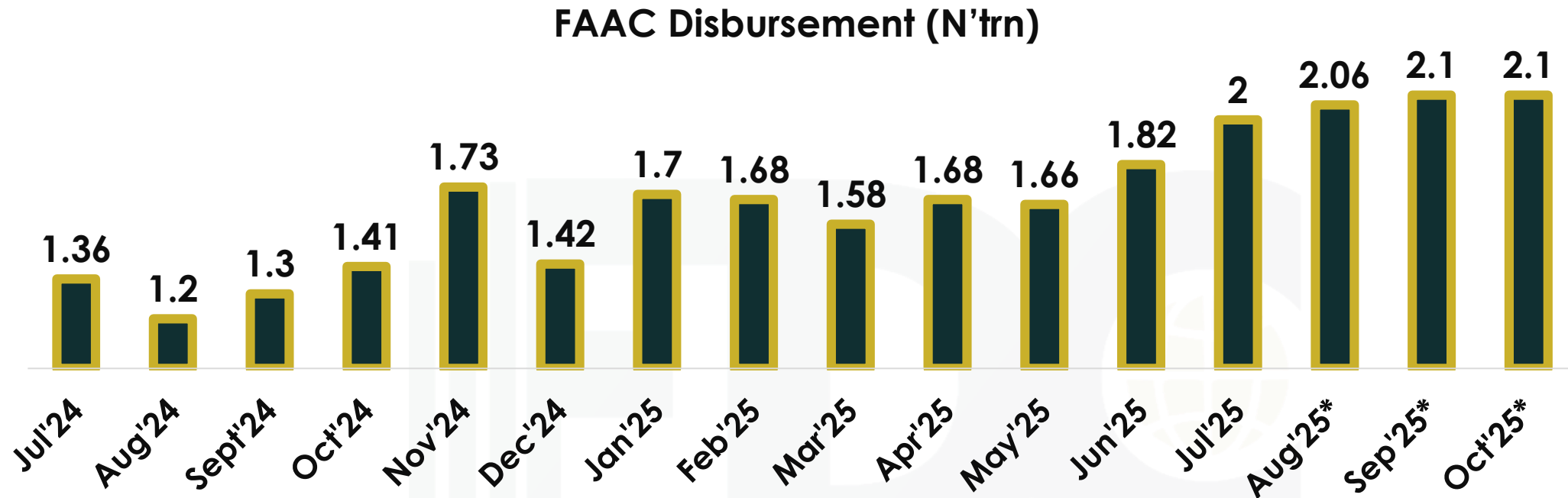


GLOBAL AND DOMESTIC RIG COUNT SHOWED IMPROVED INVESTMENT

- Nigeria's rig count followed the same trend as the global rig count in July
- Nigeria's offshore oil blocks increased from 1 to 2, while onshore (land) blocks rose from 10 to 11
- With oil prices trading between \$65pb and \$68pb, oil rigs might witness further improvement

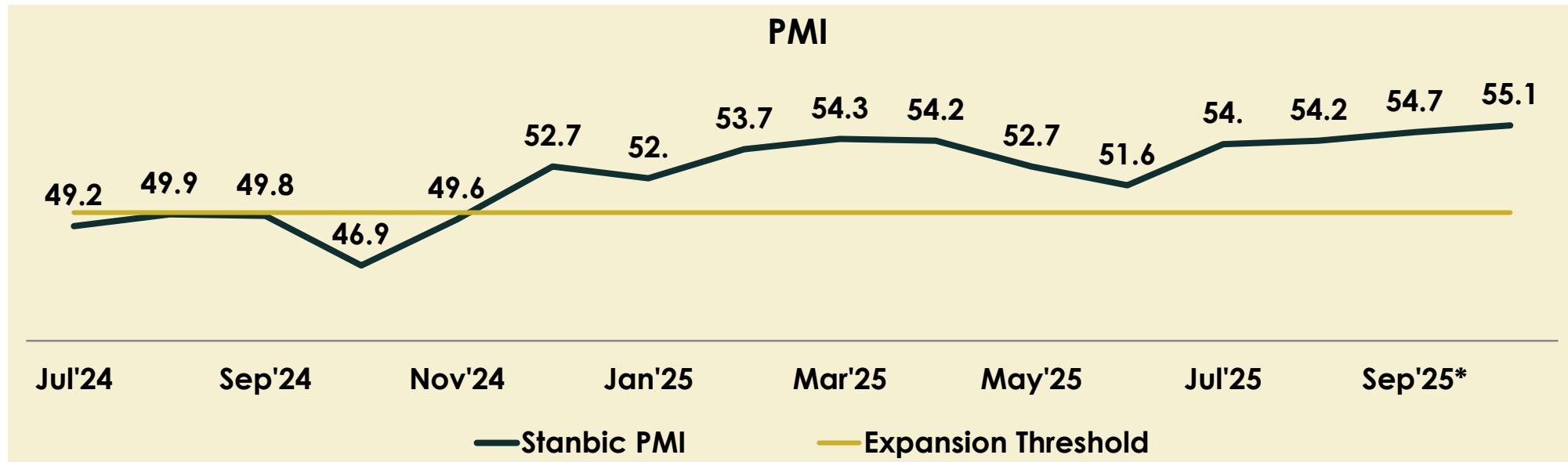


FAAC DISBURSEMENTS INCREASED TO N2 TRILLION



- FAAC disbursement surged by 9.89% in July to N2 trillion from N1.82 trillion shared in June
- Revealing the highest allocation in Nigeria's history
- The cost of collection surged to N156trn in July
- Annualized will exceed N2trn in 2025 – raising eyebrows as being very expensive

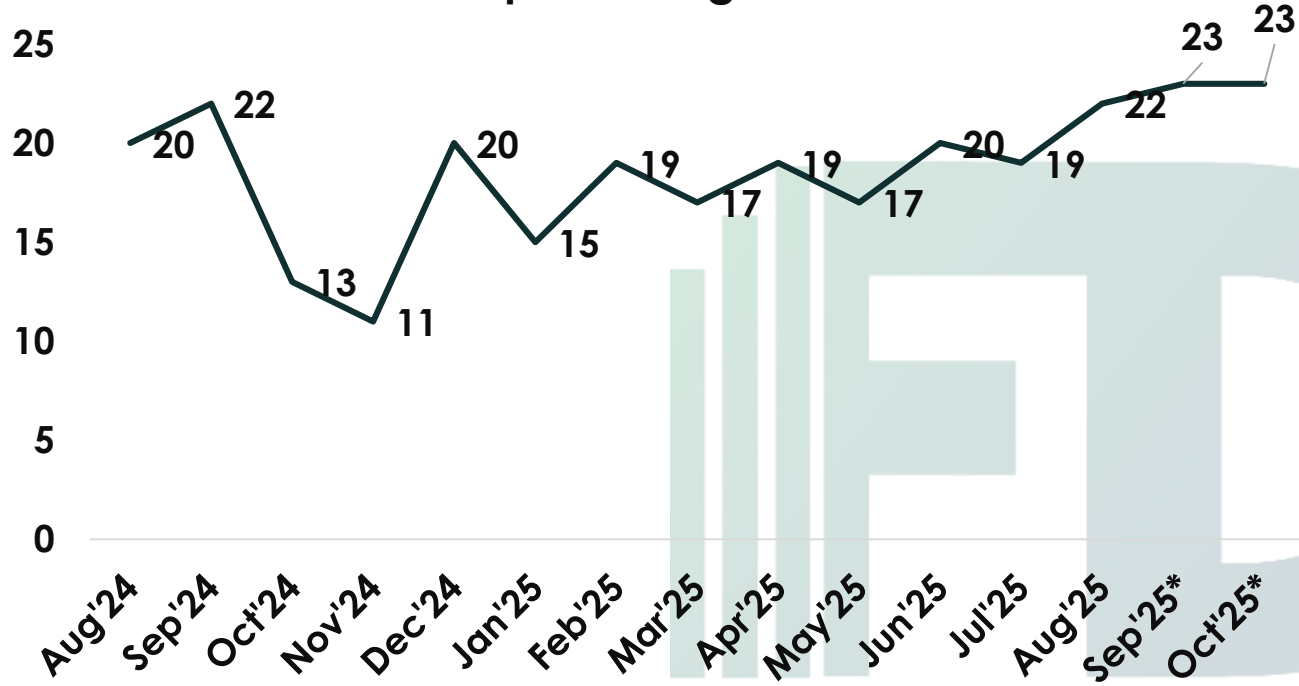
PMI EXPECTED TO CONTINUE THE UPWARD TREND IN Q4'25



- PMI rose slightly to 54.2 points in August, a 0.37% improvement from 54 points recorded in July
- Output and new orders expanded sharply, driven by stronger customer demand and improved commitment to new projects
- PMI is expected to rise further in Q4'25, driven by increased inventory accumulation as firms prepare for future seasonal demand

SHIPS AWAITING BERTH – SURGING AHEAD OF XMAS

Ship Awaiting Berth

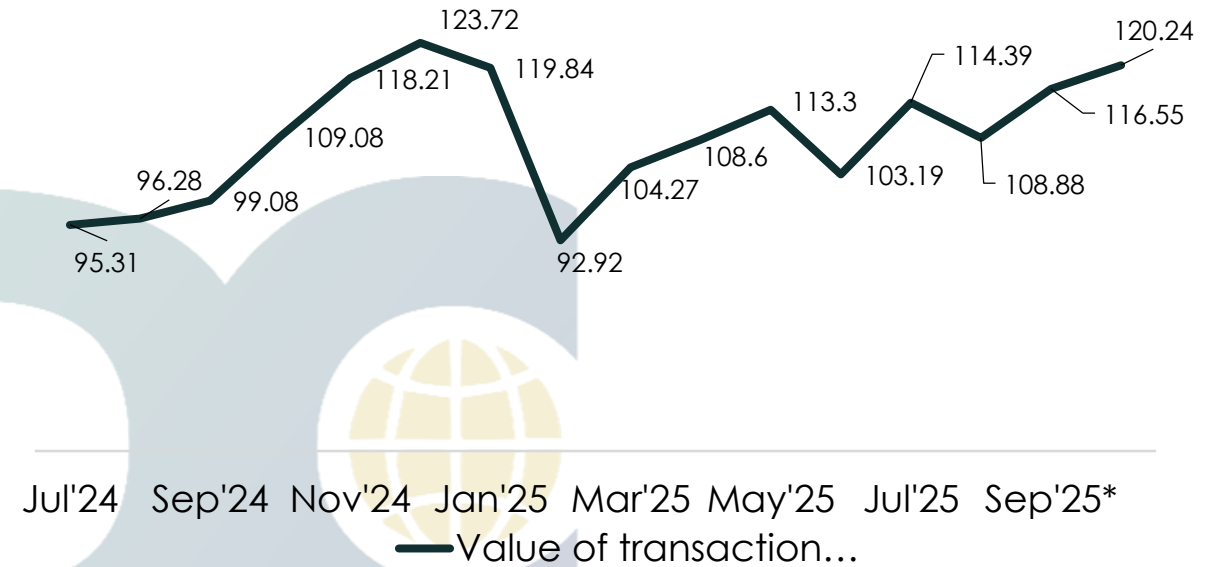


- Ships awaiting berth increased in August to 22
- A 15.79% rise from 19 recorded in July
- It is expected to increase further in Q4'25, as importers/traders stock up ahead of the festive season

	Lagos- Apapa	Lagos- Tincan	Calabar port	Warri port	Onne port	Rivers port	Lekki deep sea	Total
Aug'25	6	8	0	2	0	0	6	22
Sep'25*	6	7	0	3	0	1	6	23
Oct'25*	7	8	0	3	0	1	6	25

VALUE OF TRANSACTIONS

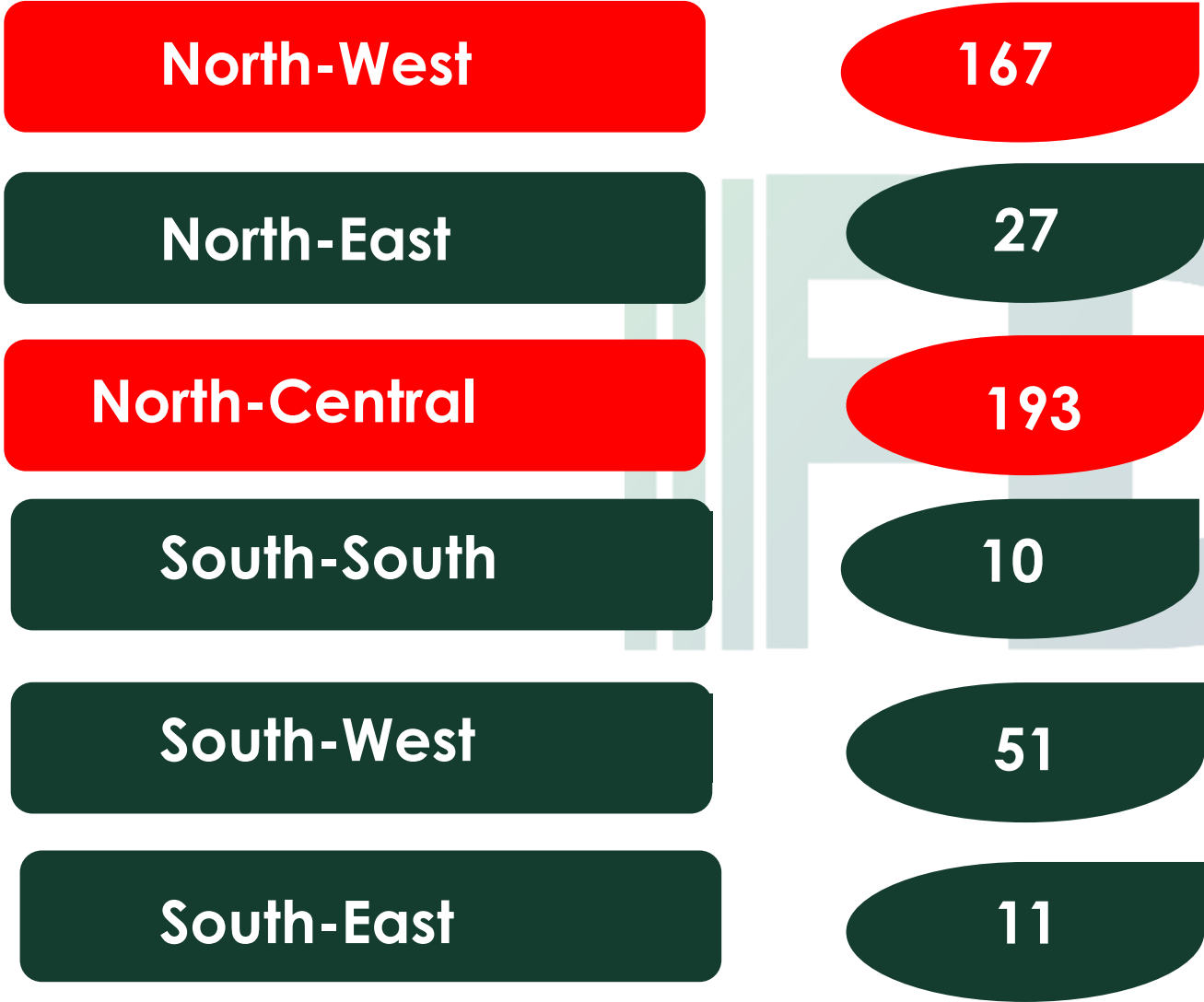
Mode of payment	Jul'25 (N'trn)	Aug'25* (N'trn)	Change (%)	Sep'25* (N'trn)
NIP	101.5	97.59	-3.85 ↓	104.01
POS	6.62	5.71	-13.75 ↓	6.19
NEFT	5.98	5.32	-11.04 ↓	6.06
CHEQUES	0.286	0.258	-9.79 ↓	0.291
Total	114.39	108.88	-4.62 ↓	116.55



- Value of transaction fell by 4.82% to N108.88 trillion in August from N114.39 trillion in July
- With all channels following the same direction, driven by constrained consumer spending
- However, value of transactions is expected to increase in the near term, supported by a rise in import activities,
- As importers ramp up purchases ahead of the festive season

TERRORISM BAROMETER - 459 FATALITIES IN JULY 2025

Geopolitical Zones



- The total fatalities in the month are 459 in 142 incidents
- Plateau had the highest fatalities in July, recording 118
- Without stronger socio-economic interventions, insecurity will continue to pose a significant risk to lives and livelihoods through the end of 2025
- South-south was the epicenter and now calm

Source: HumAngle Tracker

Aviation

AFRICA'S BUSIEST AIRPORTS – JULY 2025

- | | | | |
|-----------|--------------------------------------------------------------------|------------|-----------------------------------------------------------------|
| #1 | Johannesburg International Airport (South Africa): 249 flights/day | #6 | Houari Boumediene Airport (Algeria): 102 flights/day |
| #2 | Cairo International Airport (Egypt): 242 flights/day | #7 | Cape Town International Airport (South Africa): 102 flights/day |
| #3 | Addis Ababa Bole International Airport (Ethiopia): 190 flights/day | #8 | Murutala Muhammed Airport (Nigeria): 99 flights/day |
| #4 | Mohammed V International Airport (Morocco): 114 flights/day | #9 | Zanzibar International Airport (Tanzania): 92 flights/day |
| #5 | Jomo Kenyatta International Airport (Kenya): 108 flights/day | #10 | Dar Es Salaam International Airport (Tanzania): 84 flights/day |

- Murutala Muhammed Airport (Nigeria) has declined from 7th position in 2024 to 8th position in 2025
- It however remains the busiest Airport in West Africa reaching 46 destinations

AFRICA'S LEADING AIRLINES (2025 RANKINGS)

ONLY **7** OF AFRICA'S AIRLINES ARE IN THE WORLD'S TOP 100 AIRLINES 2025

Ethiopian Airlines

#1 in Africa & #38th Globally, 8th consecutive win, Vision 2035 expansion strategy

Air Mauritius

#2 in Africa & #63rd Globally, Strong Indian Ocean connectivity

Rwanda Air

#3 in Africa & #64th Globally, Best Regional Airline in Africa 2025

South African Airways

#4 in Africa & #67th Globally, (Ranked 46th Globally 2019)

EgyptAir

#5 in Africa & #68th Globally, Recognized for modernization and service.

Royal Air MAROC

#6 in Africa & #70th Globally

Kenya Airways

#7 in Africa & #89th Globally

NIGERIA'S AIR TRAVEL REBOUNDED IN 2025

- IATA estimates Nigeria's Air travel passengers grew 20% in Q1 '25
- Largely due to improved macroeconomic conditions such as naira stability
- This follows a 10% decline in 2024 to 11.5m passengers, owing to weak incomes and economic strain
- NCAA projects air passenger growth of 60%, from 15.9m in 2023 to 25.7m by 2029.
- This however would require an upgrade in airports, as well as expanded airline services



SUMMER AIR TRAVEL IN 2025 WAS STRONGER THAN 2024 - IATA

- Industry-wide Revenue Passenger Kilometers (RPK) increased 4.0% (YoY) in July, up from the 3.2% YoY growth in June
- The industry-wide Passenger Load Factor (PLF) was one of the highest on record for the month of July, at 85.5%
- Industry-wide international traffic expanded 5.3% YoY
- Global domestic traffic experienced a third consecutive month of deceleration, gaining 1.8% YoY.
- The number of passenger flights scheduled worldwide is expected to expand by 1.8% YoY in August and 2.0% in September.
- **Africa – Asia corridor remains the fastest-growing corridor off a relatively small base**



GLOBAL AND REGIONAL UPDATES

- Global air travel demand increased 4.0% (YoY) in July, up from the 3.2% YoY growth in June
- The industry-wide Passenger Load Factor was one of the highest on record for the month of July, at 85.5%
- The number of passenger flights scheduled worldwide is expected to expand by 1.8% YoY in August and 2.0% in September.
- Africa – Asia corridor remains the fastest-growing corridor off a relatively small base
- Ethiopia Airlines & Emirates Airlines are among the top Africa airlines gaining ground
- Top 100 airlines in 2025 include 7 African airlines with Ethiopia airlines leading and ranks 38th globally



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DOMESTIC UPDATES

- Air Peace has launched direct Lagos–Brazil flights (about 7 hours), cutting out long detours through Europe or the Middle East
- The service, backed by a Nigeria–Brazil air agreement, will run three times weekly, with plans to expand frequency and connect to other South American cities
- Nigeria and Colombia are in talks to start direct flights, following a bilateral meeting in Abuja
- Ethiopian Airlines will add three extra weekly evening flights from Abuja starting October 28, 2025
- United Nigeria Airlines has resumed Lagos and Abuja flights to Warri's Osubi Airport as of August 25, 2025
- The airline is also expanding with new routes: Lagos/Abuja–Ilorin, Abuja–Sokoto, and Lagos/Abuja–Accra (starting October 17, 2025)

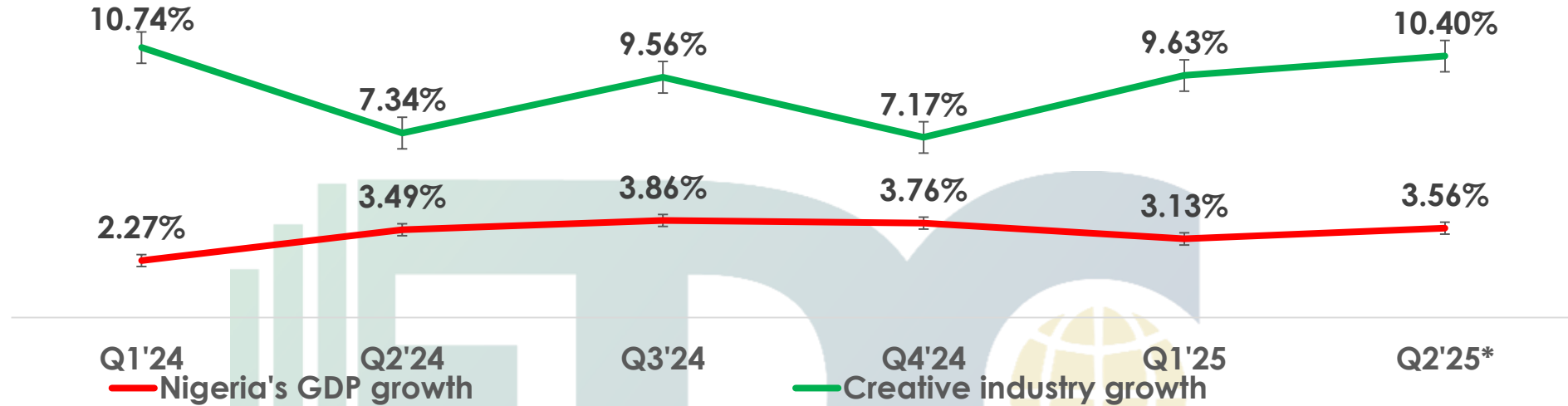
OUTLOOK

- Naira's appreciation is expected to bring discounted airfares in October and November
- Airfares are projected to rise in December due to seasonal demand
- December flights are already fully booked, driven by festive travel
- Ongoing airport renovations will enhance services and improve passenger experience



CREATIVE ART

OVERVIEW OF NIGERIA'S CREATIVE ECONOMY



- Second-largest employer in 2025 after agricultural sector- According to the Speaker of the House of Representatives of Nigeria
- We expect the sector to experience growth of 10.4% in Q2'25
- Nigeria's box office generated over ₦10 billion in ticket sales in 8 months
 - Due to Nollywood strength and traffic in cinemas
 - A 58% increase from ₦6.4 billion in 2024
- The sector is projected to contribute ₦5 trillion to the GDP in 2025
 - Supported by digital innovation, youthful talent pool, and a growing international audience

PROJECTED ECONOMIC IMPACT OF NIGERIA'S MUSIC INDUSTRY



- Revenue Generation** - Concerts, merchandise sales, and digital streaming expected to generate \$15 billion in revenue for the Nigerian economy.
- Job Creation** - Employment opportunities arise across event planning, security, marketing, media production, and hospitality sectors.
- Tourism Growth** - High-profile concerts attract international tourists, increasing demand for hotels, transport, and food services.
- Infrastructure Development** - Revenue from entertainment growth can spur investments in venues, transportation networks, and telecommunications infrastructure.

Artist & Venue	Attendance	Ticket Revenue
Burna Boy – London Stadium	80,000	£5M–£7M (~\$6.3M–\$8.8M)
Burna Boy – Paris La Défense Arena	36,585	\$2.86M
Burna Boy – Madison Square Garden	20,789	\$1.58M–\$1.6M

POTENTIAL INFLOWS FROM DETTY DECEMBER

- Concert events included Flytime Festival and other individual concerts like Olamide, Davido, Ayra Starr, and Rema Live in Lagos in December 2024.
- International artists like Chloe Bailey, Saweetie, and Tyla participated in these activities
- Injected over \$70 million into Lagos economy through tourism and entertainment
- We expect to see more influx of Nigerians from diaspora during festive seasons
- Due to increase in attendance in concerts, flights, and tickets
- Expected to generate \$15 billion in revenue in 2025- According to Mustard Insights & the creative brief



CREATIVE PULSE - NIGERIA'S TOP EVENTS IN Q'4 2025

Ige-Agba Festival (New Yam Festival), Benue State

Traditional festival celebrating yam harvest with music, dance, and rituals



Lagos Fashion Week 2025

Premier fashion B2B exhibition showcasing trends, networking, and industry opportunities

Art X Lagos 2025

Major art fair focusing on African artists, diaspora dialogues, and cultural narratives





Politics & Outlook



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POLITICS – ECONOMY MUST FEEL GOOD AND LOOK GOOD

- The 2027 election campaign has informally kicked off
- It is turning into a zero-sum game — heads I lose, tails you win
- A disorganized opposition field waiting for an economic unraveling
- The incumbents are hoping for a successful economic trajectory
- Not only data sycophancy but also data integrity will be crucial
- There is an aspiration for 7% GDP growth in 2026
- A reduction in the national poverty level
- Recently, there has been a rash of more balanced political appointments
- To placate disgruntled regions that previously felt alienated
- Some opposition critics are demanding for more



POLITICS – ECONOMY MUST FEEL GOOD AND LOOK GOOD CONT'D

- While others are saying too little, too late
- The real problem is ensuring that successful revenue growth translates into people's welfare
- The investment-led multiplier needs to be seen and felt
- Soundbites alone are not enough
- State and local government increased revenue has not translated into tangible results
- The aggregate demand from governance will translate into increased supply of good governance in 2026
- The regionalization of Nigerian politics is coming back in a big way
- In the end, mercenary considerations and the weaponization of poverty may be the dividing factors



OUTLOOK FOR SEPTEMBER

- Headline inflation will decline to 21.4%
- The price of PMS will fall to ~~N~~830 per litre
- Uniform pricing of gasoline will commence in October
- The President will approve a forbearance and a bailout of the power sector, Gencos & Discos
- This will strengthen the balance sheets of banks and increase credit to the private sector
- Many banks will issue IPO's for tier 1 capital raising to meet the new cap regulation
- The exchange rate will trade flat at ~~N~~1520 - ~~N~~1560/\$



OUTLOOK FOR SEPTEMBER CONT'D

- Gross external reserves will inch up to ~~N~~42 bn
- The stock market will trade flat in September before spiking in October after Q2 results are released
- The top 10 most capitalized stocks will rise sharply
- NGX Market capitalization will rise above ~~N~~90trn
- Look out for telco and building materials stocks
- Outbound aviation load factors will spike towards 90% in November
- The PMI will expand further to 54.7 in September, reflecting Christmas inventory and purchases



CORPORATE HUMOUR

Adam was the luckiest man in the world, he had no mother-in-law.

– *Unknown Author*

What is right is often forgotten by what is convenient

– *Bodie Thoene*

Faith is jumping into nothing and landing on something.

– *Unknown Author*



It is not the load that breaks you down but the way you carry it.

– *Raymond Smith*

There are only 3 things women need in life – Food, water and compliments

– *Unknown Author*

It is not a lack of numbers but a lack of holiness that hinders the church

– *Unknown Author*



Faith sees the invisible, believes the unbelievable and receives the impossible
– *Unknown Author*

Do not use a hatchet to remove a fly from your friend's forehead
– *Chinese Proverb*

A friend to everybody and to nobody is the same thing
– *Unknown Author*



I cross + 3 nails = 4 given, if you think no one cares if you are alive, try missing a couple of loan payments

– *Unknown Author*

Two people writing a novel is like three people having a baby

– *Evelyn Waugh*

Love is an ocean of emotions entirely surrounded by expenses

– *Lord Dewar*



Men always want to be a woman's first love and women want to be a man's last romance

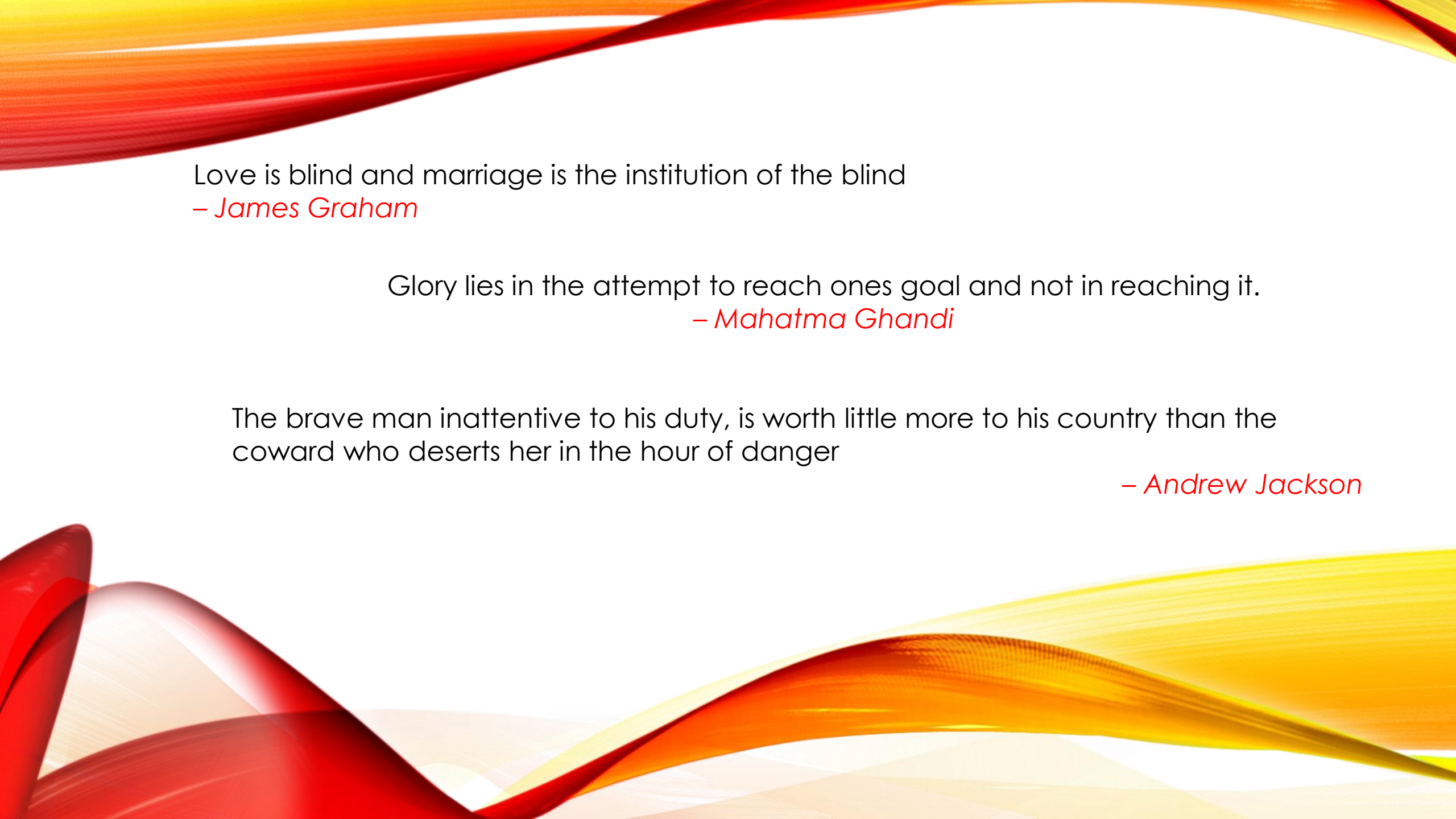
– *Oscar Wilde*

The true index of a man's character is the health of his wife.

– *Cyril Connolly*

A hen is only an egg's way of making another egg.

– *Samuel Butler*




Love is blind and marriage is the institution of the blind
– *James Graham*

Glory lies in the attempt to reach ones goal and not in reaching it.
– *Mahatma Ghandi*

The brave man inattentive to his duty, is worth little more to his country than the
coward who deserts her in the hour of danger

– *Andrew Jackson*



Happiness must not be sought for; when what disturbs passes away, happiness comes of itself.
– *The gospel according to Zen*

Enjoyment is not a goal, it is a feeling that accompanies important ongoing activity
– *Paul Goodman*

Happiness is like a cat. If you try to coax it or call it, it will avoid you. It will never come. But if you pay it no attention and go about your business, you will find it rubbing against your legs and jumping into your lap.

– *William Bennett*





Comparison more than reality makes men happy or wretched
– *Thomas Fuller*

The Jealous are troublesome to others but torment to themselves
– *William Penn*

The opposite of talking is not listening. The opposite of talking is waiting.
– *Fran Lebowitz*



The ideal client is the very wealthy man in very great trouble

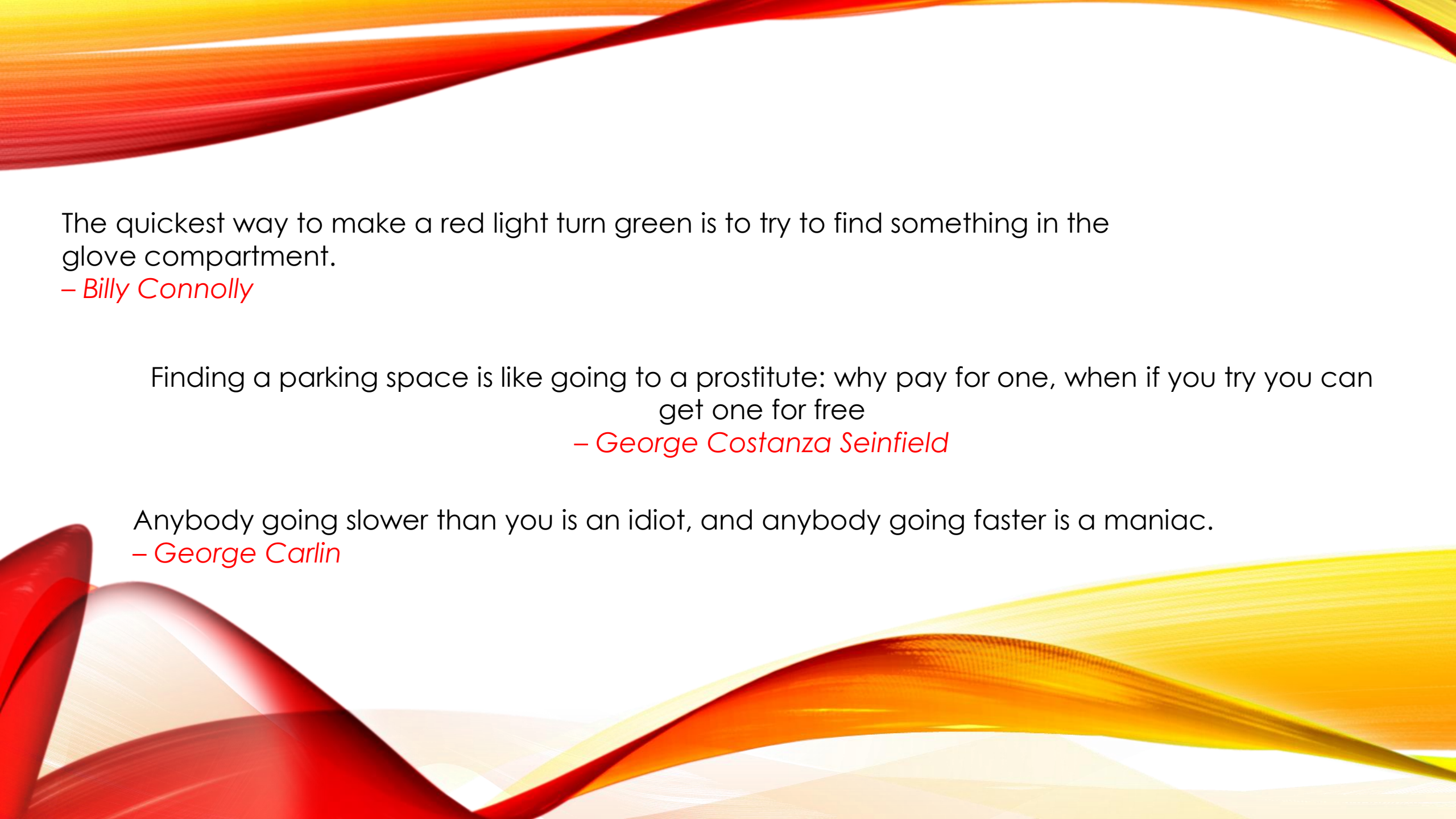
– *John Sterling*

Lawyers believe a man is innocent until proven broke

– *Robin Hall*

A jury consists of 12 persons chosen to decide who has the better lawyer.

– *Quentin Crisp*



The quickest way to make a red light turn green is to try to find something in the glove compartment.

– *Billy Connolly*

Finding a parking space is like going to a prostitute: why pay for one, when if you try you can get one for free

– *George Costanza Seinfeld*

Anybody going slower than you is an idiot, and anybody going faster is a maniac.

– *George Carlin*

A gossip talks about others, a bore talks about himself and a brilliant man talks to you about yourself

– *Lisa Kirk*

To cut a long story short, just see your boss walk in

– *Doris Lily*

An expert is a person who can take something you know already and make it sound confusing

– *Herbert Prochnow*



The neurotic builds castles in the air, the psychotic thinks he lives in them and the psychiatrist collects the rent

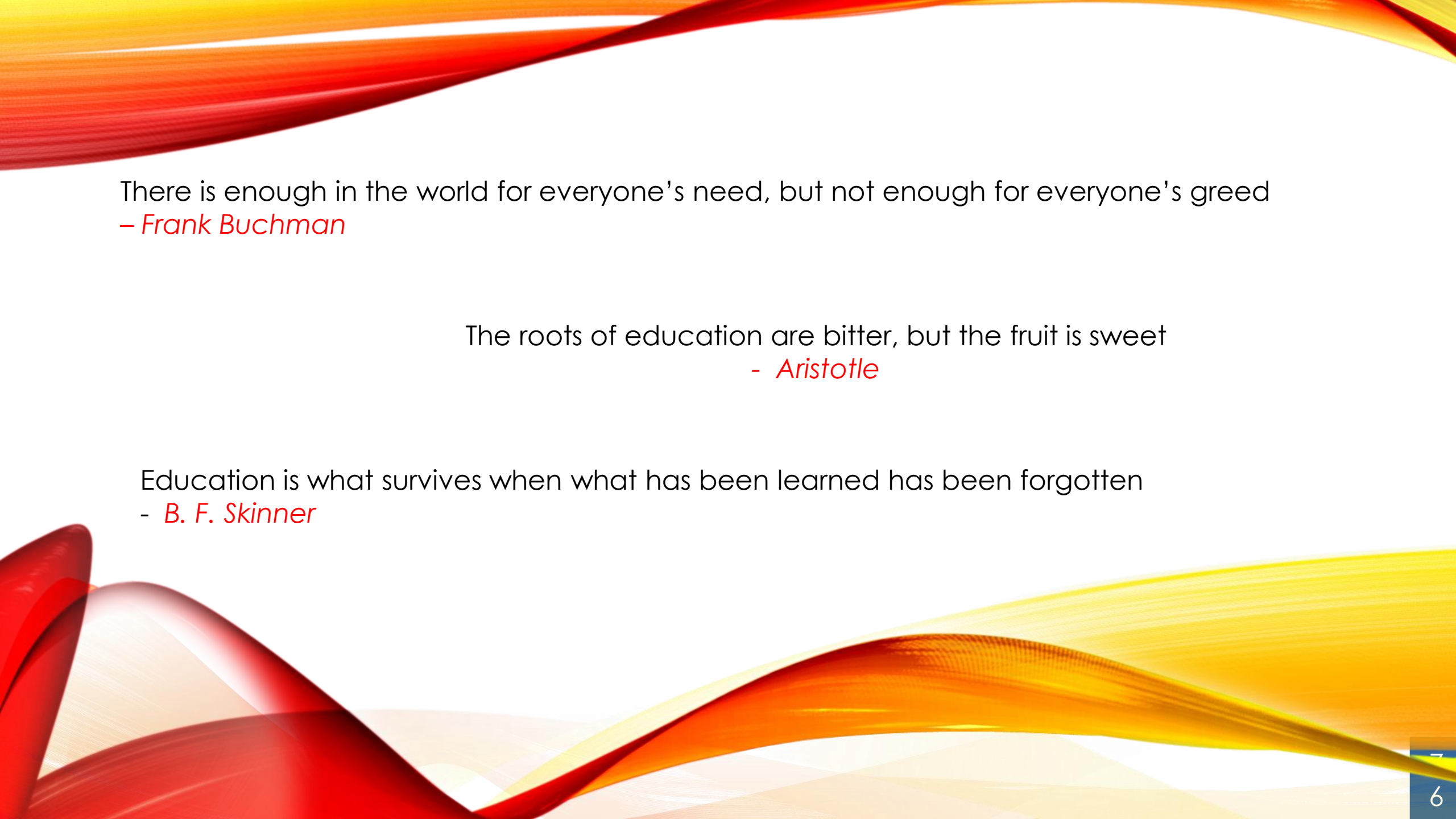
– *Jerome Lawrence*

Gardeners law: 87 percent of all people in all professions are incompetent

– *George Gardener*

A male gynaecologist is like a mechanic who has never owned a car.

– *Carrie Snow*



There is enough in the world for everyone's need, but not enough for everyone's greed
– *Frank Buchman*

The roots of education are bitter, but the fruit is sweet
- *Aristotle*

Education is what survives when what has been learned has been forgotten
- *B. F. Skinner*



A committee is a group of men who individually can do nothing but as a group decide that nothing can be done.

- *Fred Allen*

Wives are young men's mistresses, companions for middle age and nurses for old men

- *Francis Bacon*

A statesman is a politician who places himself at the service of the nation. A politician is a statesman who places the nation at his service

- *Georges Pompidou*



You cannot strengthen the weak by weakening the strong

- *William Boetcker*

Crime isn't a disease, it's a symptom. Cops are like a doctor that gives you aspirin for a brain tumour

- *Raymond Chandler*

The old believe everything, the middle-aged suspect everything and the young know everything.

- *Oscar Wilde*



Genius is only a greater aptitude for patience

- *Comte de Buffon*

Regular naps prevent old age, especially if you take them while driving.

- *Anonymous*

“Housewives” is a term I employ that means anybody who has ever had to clean up somebody else’s shit and not been paid for it.

- *Roseanne Barr*



A child's greatest period of growth is the month after you've purchased new school uniforms.

– *Anonymous*

The problem with marriage is that it ends every night after making love, and it must be rebuilt every morning before breakfast.

– *Gabriel Garcia Marquez*

Don't marry the person you want to live with, marry the one you cannot live without, but whatever you do, you'll regret it later.

– *Anonymous*





Laziness is nothing more than the habit of resting before you get tired.

– *Anonymous*

Marriage is give and take. You'd better give it to her or she'll take it anyway.

– *Anonymous*

A woman's mind is cleaner than a man's: she changes it more often

– *Oliver Herford*



They call our language the mother tongue because the father seldom gets to speak!

– *Anonymous*

It's funny when people discuss Love Marriage vs Arranged Marriage. It's like asking someone, if suicide is better than being murdered

– *Anonymous*

THANK YOU

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