



# ECONOMIC REFORMS 2023/ 2024

ECONOMY ON A MEND OR  
AT A BEND ??

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# BROAD MACROECONOMIC GOALS VS. POLICY CHANGE

## Economic Destination (Broad Macroeconomic Goals)

*In the Next 8 Years...*

GDP of \$1trn

Average annual growth rate of 7%

Single digit interest rates (9%)

Inflation rate of 9%

Exchange rate of N900/\$

Natural rate of unemployment

## Policy Direction



Eliminate (petrol) subsidies



Managed floating exchange rate in reality



Palliatives targeted at SMEs



Monetary policy tightening



Palliatives targeted towards consumption



Tax reforms

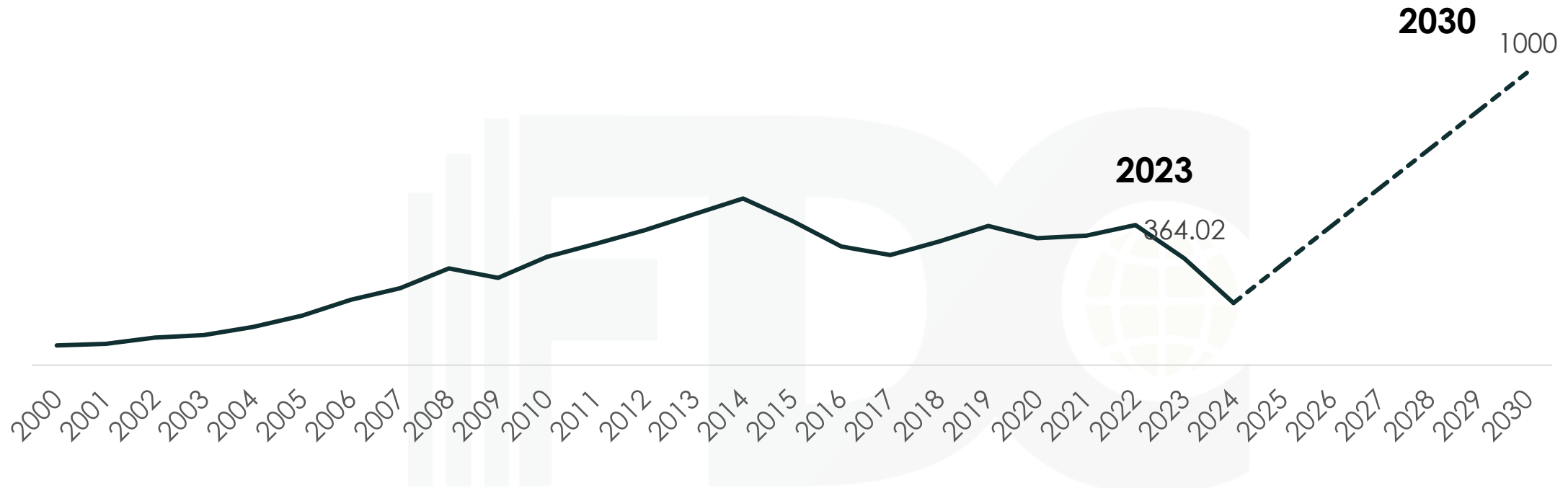


# EVIDENCE BASED MACROECONOMIC SCORECARD

	2023	2024*	% Change	2025*
Real GDP Growth (average; %)	2.86	3.2	0.34	3.6
Inflation (average; %)	24.7	33.2	8.5	27.7
Trade balance (\$bn)	3.5	13.78	70.54	14.31
Stock market cap (Ntrn)	39.56	58.3	51.92	62.4
Exchange rate (Official N/\$ ave. )	899	1603	43.92	1556
Total Debt (N'trn)	97.79	154	57.48	188

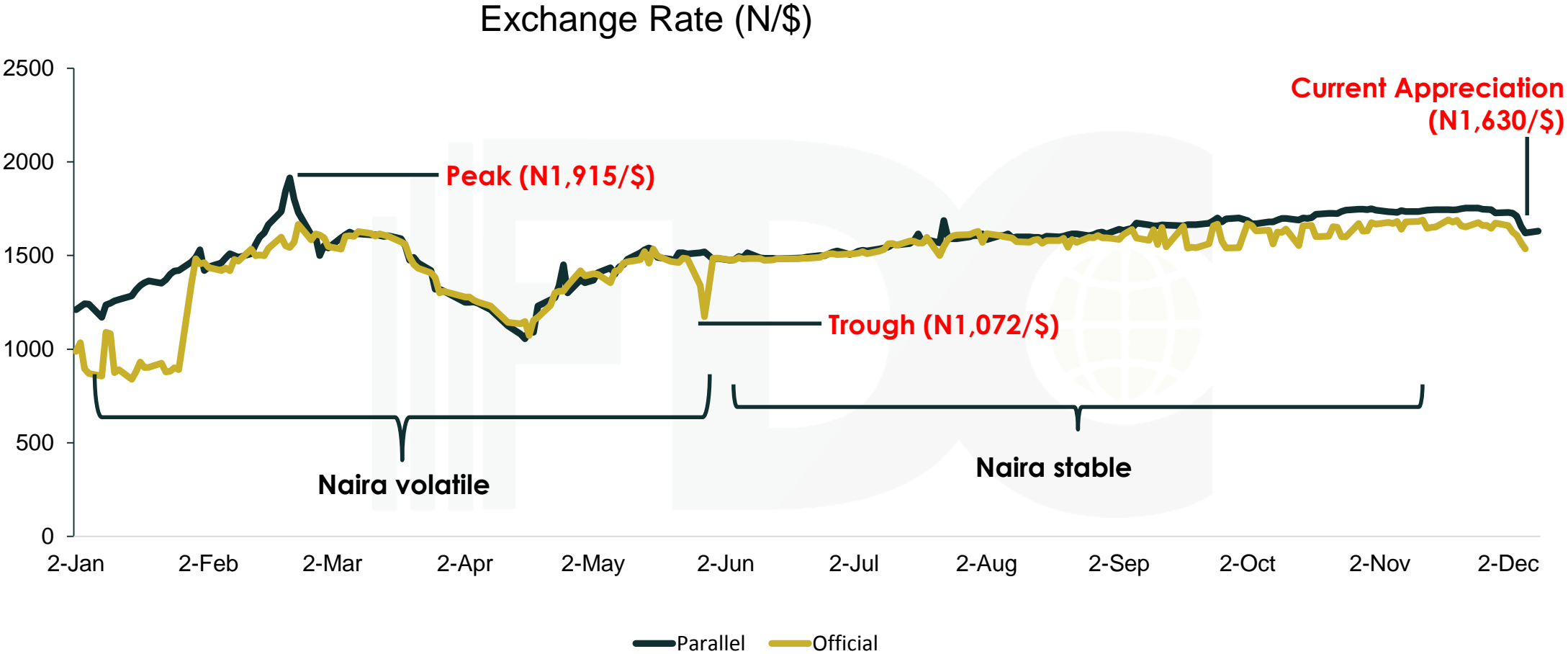
# A CLOSER LOOK AT GDP – PIE IN THE SKY

Nominal GDP (\$'bn)



- Nigeria's ambition of \$1trn GDP could be like aiming for the moon
- The absence of a clear development strategy could be a major drawback
- Reforms were initiated in search of economic redemption
- Policy credibility will be stretched at a high political cost

# A CLOSER LOOK AT THE EXCHANGE RATE



We expect the naira to trade at N1,550/\$ by February 2025

# EXCHANGE RATE - THE NAIRA WILL REMAIN STABLE BUT MISALIGNED

Purchasing Power Parity			
	=N=	Dec-24 US \$	PPP ('=N=/US\$)
Bottle of Pepsi (50cl)	450	0.67	676.69
Heinekin Beer (60cl)	1,000	1.37	729.93
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)	1,180	0.94	1255.32
Vegetable oil (5 litres)	23,000	37.75	609.27
Indomie (1 unit)	400	1.10	363.64
Nestle Bottled Water (60cl 1 unit)	250	0.28	892.86
Big Loaf Bread	1,600	5.29	302.46
Corrola (2023 Model)	50,000,000	21700.00	2304.15
Irish Spring Soap (3 bars)	4,200	3.49	1203
Chicken Breasts ( 1 kg)	5,200	1.81	2872.93
Trolley	2,500	6.02	415.28
Peak evaporated milk (pack of 24)	23,000	36.00	638.89
Uncle Ben's rice (5.44kg 1 pack)	29,000	21.35	1358.31
Eggs (30 large eggs)	7,800	13.85	563.18
Medicine (Panadol extra 50 caplets)	11,700	12.72	919.81
Andrex toilet paper (24)	48,000	17.12	2803.74
Average PPP			<b>1151.26</b>
Naira Price at NAFEM			1567
PPP (%)			
Decision: Naira is		Undervalued	<b>-26.53%</b>
Spot Rate (Parallel)			1620
Outcome: Compared to NAFEM rate of N1,567/\$1, the Naira is undervalued by 26.53%			

N1620/\$

**PARALLEL  
MARKET RATE**

N1567/\$

**NAFEM RATE**

N1151.26/\$

**FAIR VALUE**



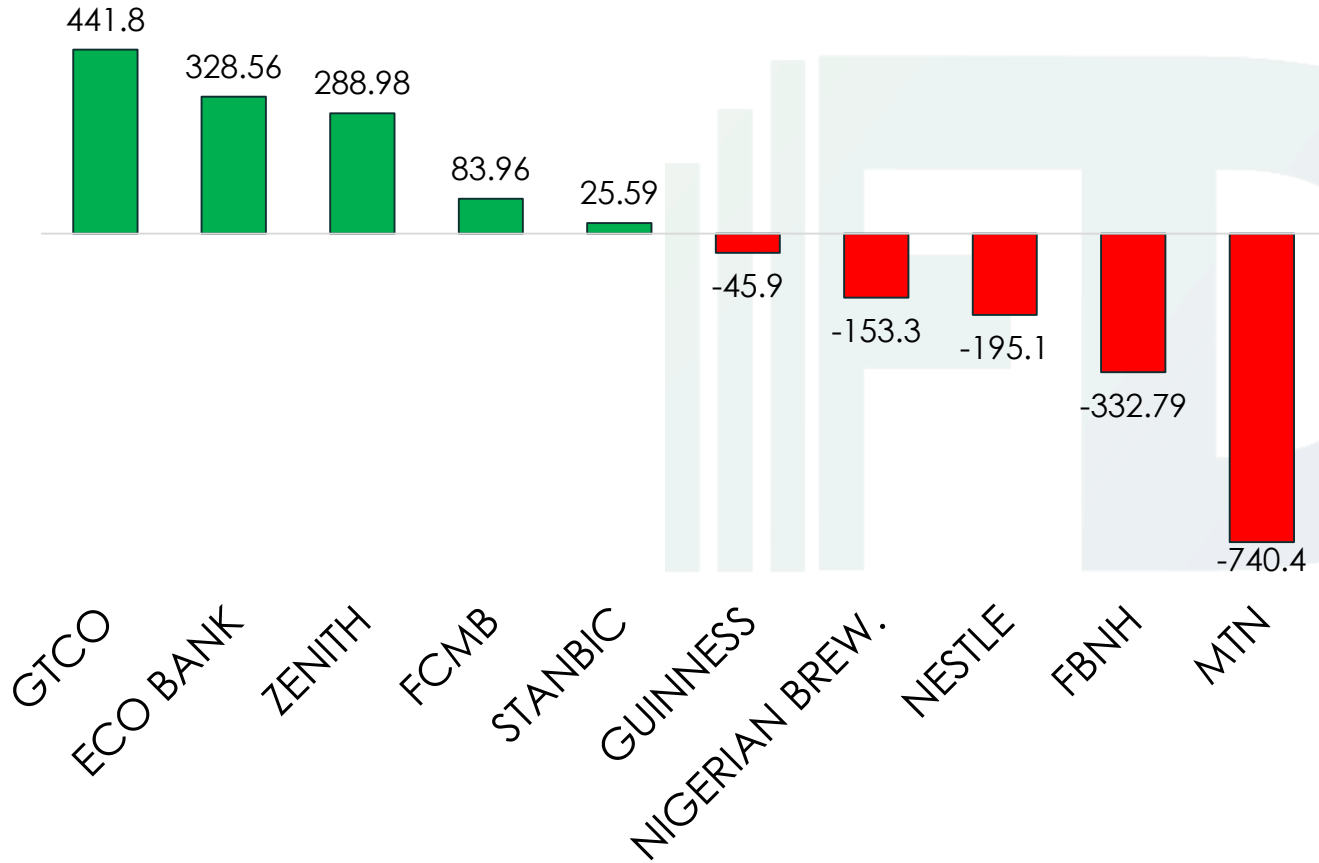
# IMPACT ON GOVERNMENT

	2023	2024	CHANGE
FAAC Allocation	N16.09trn	N23.07trn	43.38% ↑
Fiscal Deficit (% of GDP)	-5.4	-5.6	-0.2% ↑
Total Debt	N46.25trn	N134.29trn	190.35% ↑
External Reserves	\$32.88bn	\$40.2bn	22.26% ↑



# IMPACT ON CORPORATES

FX GAINS & LOSSES (N'bn)



TOP 10 FX LOSSES BY QUOTED FIRMS

N1.7TRN

N1.4TRN

TOP QUOTED BANKS FX GAINS

**NET FX LOSS = N-300BN**

2023

# IMPACT ON CONSUMERS

## Higher Inflation



**33.88%**

Official inflation estimate is based on the 2009 inflation basket



**52.3%**

This is based on FDC survey and reconstituted synthetic basket

## Increased Minimum wage



- Up 133% in Naira terms
- Down 34.56% in Dollar terms

## Transport Fare



## House Rent



# DANGOTE REFINERY – THE GAME CHANGER

- Cuts fuel import costs, easing forex pressure.
- Stabilizes fuel prices, reducing transport costs.
- Boosts forex earnings, strengthening the naira.
- Lowers production costs, reducing prices of goods.
- Creates jobs, driving economic stability.



# RECENT DEVELOPMENTS



Dangote Refinery – Lower price  
PH Refinery – Neither here or there



Orthodox Monetary  
Policy



FX Market Sanitization



Tax Reforms – Good Economics, Bad  
Politics



Foreign Investment  
Solicitation

# WHAT NEXT?

- November Inflation to reach 34.6%
- Naira to appreciate marginally before weakening
- Higher interest rate could lead to higher savings but also higher default rate
- Nigeria will maintain economic growth momentum in 2025, breaking away from a decade of tepid growth





**THANK  
YOU**