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September 2026 FDC-LBS Breakfast Session Outlook: Stronger Indicators, Uneven Transmission and the Work Ahead.

FDC FINANCIAL DERIVATIVES COMPANY | LAGOS BUSINESS SCHOOL PAN ATLANTIC UNIVERSITY

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A Bell-Shaped Oil Curve and the Distance Between Relief and Reform.

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Bismarck Rewane and the FDC Think Tank place Nigeria's recent macroeconomic improvement within a longer record of lost scale, weak productivity and incomplete transmission to households. Their September 2026 LBS Executive Breakfast Session presentation combines firmer real growth, lower headline inflation, exchange-rate stability, stronger reserves and buoyant capital markets with persistent insecurity, high food costs, low income per head, power constraints and a widening gap between financial-sector performance and the productive economy.

The presentation's central contribution is its emphasis on economic linkages. Refining, power, food processing, logistics, telecommunications, and the creative economy can create broader gains when local suppliers, skills, infrastructure, and financing develop around large anchor investments. The proposed Dangote Refinery IPO and Nigeria's return to FTSE Russell's Frontier Index Series give this argument an immediate capital-market dimension, although listing scale and index eligibility do not, by themselves, establish productivity, liquidity, or household welfare.

The outlook is constructive but conditional. Inflation and foreign-exchange stability remain vulnerable to food supply, insecurity, fiscal liquidity, oil prices and global rates. Sustainable progress, therefore, depends on disciplined policy coordination, reliable power, deeper domestic production, and measurable transmission of stronger balance sheets and public revenue to jobs, real incomes, and service delivery.

Executive Commentary

The September presentation begins with a useful continental comparison. Nigeria remains one of Africa's largest economies and its largest population centre, but its share of sub-Saharan African output has fallen materially from its position a decade ago. Currency translation accounts for part of the decline in nominal US-dollar GDP, but the more consequential issue is the long period during which real output growth failed to move sufficiently above population growth. Aggregate expansion has therefore coexisted with weak gains in output and income per person.

The recent data are better than the preceding trend. The presentation records Q2 2026 real GDP growth of 4.43%, supported by oil refining and information and communications technology, alongside a moderation in headline inflation and renewed reserve accumulation. These are meaningful stabilisation signals. They do not yet amount to broad economic transformation because poverty, insecurity, electricity constraints, expensive credit and weak household purchasing power continue to limit demand and investment.

From Stabilisation to Productive Linkages

FDC's strongest analytical framing is the distinction between sectors that grow in isolation and sectors that transmit growth through supply chains. Refining can lower import dependence and support petrochemicals, packaging, transport, storage, trade finance and exports. Power investment can improve the economics of manufacturing, agriculture, mining, healthcare, telecommunications and hospitality. Food processing can connect farms to packaging, logistics, retail and export markets. The multiplier is created by these linkages, not by a project's headline size.

This framing aligns with Proshare's analysis in The Real Deal in Africa's Investment Matrix and the Work Beyond Anchor Investments, which assesses anchor investments by their ability to deepen domestic capabilities, retain value and improve welfare. The relevant scorecard covers supplier development, local technical capacity, export competitiveness, infrastructure spillovers, jobs, tax receipts and wider ownership.

The Dangote Refinery and Capital-Market Transmission

The refinery is the clearest test of the anchor-investment thesis. Since the presentation was prepared, the Securities and Exchange Commission has approved draft offer documents for a proposed 4.1 billion-share offer at N525 per share, with potential gross proceeds of about N2.15trn if fully subscribed. Regulatory clearance is an important milestone, but the offer timetable, final allotment, listing, liquidity and post-listing performance remain execution matters rather than completed outcomes.

The transaction can widen public participation in a nationally significant industrial asset and add scale to the NGX. Its developmental significance will depend on the use of proceeds, governance, disclosure quality, free float, domestic institutional participation and the extent to which refining capacity supports competitive downstream industries. An increase in market capitalisation is valuable, but investability also requires turnover, price discovery and reliable settlement.

Nigeria's scheduled return to FTSE Russell's Frontier Index Series from 21 September provides a second channel. Ten Nigerian equities were identified as newly eligible, subject to the review process. Eligibility can improve visibility and benchmark access, but actual foreign participation will still reflect foreign-exchange liquidity, repatriation confidence, free float, valuations and settlement performance.

Monetary Conditions and the Naira

FDC assigns the highest probability to a hold at the September Monetary Policy Committee meeting, while retaining a smaller probability of a modest rate cut. This is appropriately presented as a scenario, not a settled decision. Disinflation supports an eventual easing case, but food-price pressures, fiscal liquidity, money-supply growth, fuel costs and global financial conditions argue for caution. A positive ex-post real policy rate can attract portfolio inflows, although the comparison should not be treated as a complete measure of investable return because tenor, taxation, currency risk, inflation expectations and exit liquidity also matter.

The naira's improved stability has reduced an important source of risk for corporate planning. The official-to-parallel-market premium, however, remains a useful indicator of confidence. A sustained widening would indicate renewed segmentation and could weaken the outlook for reserves and portfolio flows. Stability will be more durable when supported by export earnings, autonomous inflows, transparent price discovery, and credible access to foreign exchange, rather than by administrative compression of demand.

Oil, Fiscal Space and the Bell-Shaped Risk Curve

The preferred title's bell-shaped oil curve captures a central asymmetry. Higher crude prices can improve export receipts, reserves and federation revenue up to a point. Beyond that point, higher refined-product and transport costs can lift inflation, weaken household demand and increase production costs. The net effect depends on domestic refining utilisation, crude supply arrangements, pricing, fiscal treatment, and the pass-through of energy costs to food and logistics.

Higher Federation Account Allocation Committee distributions can support activity and service delivery, but they can also intensify liquidity and inflation pressures when expenditure expands faster than productive capacity. The quality, timing and transparency of spending therefore matter as much as the amount distributed. Stronger revenue should be directed towards security, power, transport, health, education and other constraints that raise economy-wide productivity.

Markets, Companies and Households

The equities outlook is likely to become more selective following a broad-market advance. Banking, telecommunications, energy and companies with pricing power may remain resilient, while high financing costs and weaker real household demand will continue to differentiate earnings quality. The proposed refinery offer and FTSE re-entry could support sector rotation and institutional interest, but large transactions may also absorb domestic liquidity from existing counters.

For companies, the operational priorities are cash conversion, foreign-exchange exposure, working-capital discipline, energy efficiency and supply-chain resilience. Lower headline inflation does not immediately reverse the accumulated increase in input prices, and a stable exchange rate does not remove the balance-sheet effects of earlier depreciation. Strong revenue growth should therefore be assessed alongside volumes, margins, cash flow, leverage and capital expenditure.

Households remain the weakest transmission point. Lower annual inflation means prices are rising more slowly; it does not mean that the price level has fallen. Food, transport, rent, education and healthcare continue to absorb a high share of income. Durable recovery requires real wage growth, employment, improved security and more reliable public services. Without these gains, stronger GDP, reserves and market capitalisation will remain only partially visible in living standards.

What to Monitor Through H2 2026

Economy: monthly inflation momentum, food supply, official and parallel exchange rates, reserve quality, oil output and fiscal liquidity.

Sectors: refinery utilisation, power availability, agricultural logistics, port throughput, telecommunications demand and the depth of creative-economy exports.

Companies: volumes, margins, cash conversion, leverage, foreign-exchange exposure and the capacity to fund expansion without weakening returns.

Markets: final IPO documentation and timetable, free float and post-listing liquidity, FTSE-related flows, settlement performance, fixed-income yields and monetary-policy guidance.

Households: food and transport costs, employment, real wages, access to credit and the quality of public services.

Concluding Thoughts and Forward View

Nigeria enters the remainder of H2 2026 with stronger stabilisation indicators and more credible capital-market catalysts than it did at the start of the year. The next stage will be judged by consistency and transmission. The economy needs growth that outpaces population growth, sectors that build domestic supply chains, companies that convert pricing gains into productive investment, and public institutions that convert higher revenue into security and services.

Progress across those channels would move the recovery beyond statistical relief. Weak execution, renewed inflation, wider foreign-exchange segmentation or deteriorating security would slow that transition and leave households carrying a disproportionate share of the adjustment.

Editor's Data and Attribution Note

This review treats figures and probabilities in the FDC-LBS presentation as FDC estimates unless independently confirmed. Editorial reconciliation ensured that the presentation's 2025 African GDP table was not reproduced, as its displayed ranking does not align with the values shown; its Nigerian inequality measures were also not carried forward because two different coefficients appear in the same deck. The energy-consumption comparison was equally excluded because the displayed unit label and narrative description are inconsistent. These controls do not alter FDC's core argument but prevent provisional or internally inconsistent figures from being presented as settled fact. Thanks.

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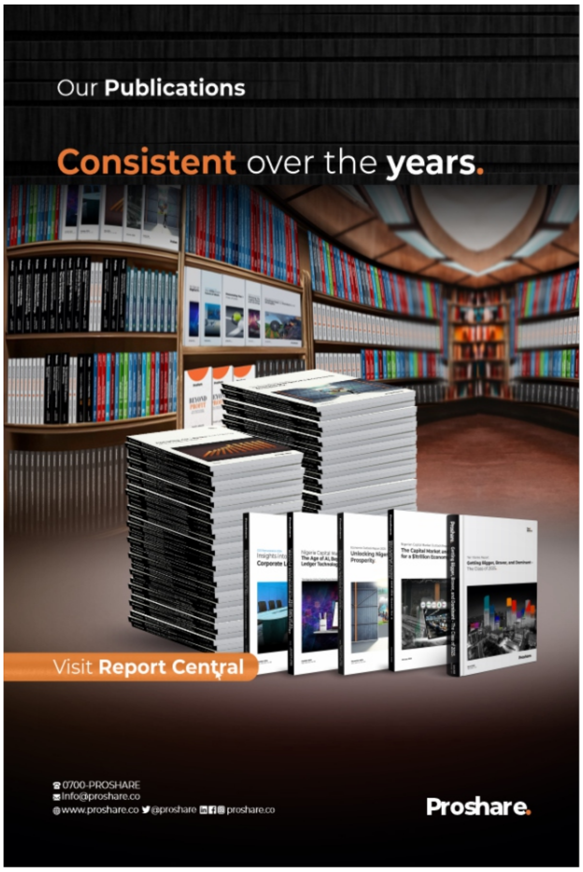

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