



Nigeria's Economic Outlook for 2026

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CRITICAL INDICATORS



CRITICAL INDICATORS

- **Stock Market**
- **Interest rate**
- ***Inflation***
- ***Exchange rate***
- **Real GDP**





STOCK MARKET CAPITALIZATION & CORPORATE PROFITABILITY

Variable	2026F	2027F	2028
NGX Market cap (N'trn)	262	393	590

- Nigerian stock market capitalization expected to reach N262trn in 2026, up 191% from the current market cap of N90trn
- Will make up about 72% of Nigeria's GDP
- Key drivers will be listings of Dangote refinery NNPC, and other big players
- Robust earnings from top players across sectors will also boost investor confidence

Corporate Earnings	Impressive performance
Interest Rate	Decline and moderation in Interest rate
Inflation Dynamics	Move to targeted range
New Listings	Boost in market liquidity



INTEREST RATE OUTLOOK – MEDIUM-TERM FRAMEWORK

Variable	2026F	2027F	2028
MPR (%p.a)	23	18-20	15-17

- The CBN will implement gradual rate cuts in response to disinflation while ensuring liquidity control through CRR and liquidity ratios
- Before the Central Bank of Nigeria (CBN) implements interest rate cuts, several critical considerations will guide the decision

Inflation Dynamics	Move to targeted range
Exchange rate	Stability in the FX market
Money supply growth	Remain below 10%
Global oil price	Above \$65bp



INFLATION OUTLOOK – MEDIUM-TERM FRAMEWORK

Variable	2026F	2027F	2028
Inflation	12.7	15.33	13.8

- Inflation will continue its downward trend in 2026
- Food and core inflation are projected at 20% in 2026
- Sustained disinflationary monetary policy with expected further cuts in the benchmark Monetary Policy Rate (MPR) to stimulate credit expansion and boost production will help bring down inflation

Money Supply Growth	10.5%
PMS Prices	N900
Diesel Prices	N1000
Exchange Rate	N1500
Food Inflation	20%
Core Inflation	20.05%



EXCHANGE RATE OUTLOOK – MEDIUM-TERM FRAMEWORK

Variable	2026F	2027F	2028
Inflation	1,579	1,698	1,811



- The exchange rate is projected to appreciate and hover around N1450 to N1500/\$
- Foreign reserves expected to boost FX supply and reduce pressure on the naira
- Inflation–interest rate differential driven by elevated policy rates

Global Oil Price	\$70-Affects FX inflows and revenue
CBN Intervention	\$250m Supports Fx market
Foreign Reserve	Above \$45bn
Remittances	To supports FX inflows and reserves
FPI	Reduces pressure on the naira



REAL GDP GROWTH OUTLOOK – MEDIUM-TERM FRAMEWORK

Variable	2026F	2027F	2028
Inflation	4.1	3.3	3.22

- GDP growth will maintain a positive momentum in 2026 at 4.1% p.a
- Nigeria will experience positive but moderate GDP growth, driven by expanding business activity, productivity gains, and supportive investment sentiment if our projections are correct
- Expansion of private sector investment through credit access, infrastructure upgrades, and industrial policy execution will aid this

Total Factor Productivity	1.3%
Potential GDP	4.1%
Real GDP	4.1%
PMI	53
Growth of Real Capital Stock	5.08%
Investors Confidence	53

STRUCTURE OF THE NIGERIAN ECONOMY



NATIONAL INCOME IDENTITY

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

\$250bn	\$151.6bn	\$64.5bn	\$9.8bn	\$24.1bn
	(61%)	(26%)	(4%)	(10%)

2025 national income identity reflects resilient GDP growth of 4%, with consumption subdued by high inflation, investment rising via FGN bonds, government spending surging to ₦49.7trn, exports boosted by oil/gas earnings, and imports constrained by FX pressures

LEADING SECTORS IN 2026

Creative Sector

Projected earnings in 2026

• **₦7.23 trillion**

Drivers

- Largest youthful population in Africa driving strong consumer demand
- Rapid digital adoption
- Nigeria's digital creativity and local content creation
- Expansion of internet advertising & streaming platforms

Technology & Fintech

Projected earnings in 2026

• **₦2.97 trillion**

Drivers

- Increasing digital penetration and demand for digital services
- Expanding financial inclusion through digital banking, thereby making finance more accessible for individuals and SMEs
- Growing mobile connectivity

LEADING SECTORS IN 2026

Manufacturing

Projected earnings in 2026

- **₦38.25 trillion**

Drivers

- Disinflation, supporting consumer purchasing power and demand
- Increased Dangote's oil refining capacity
- Electricity forbearance, thereby reducing their burden
- Regional trade dynamics (e.g. AfCFTA)

Real estate & construction

Projected earnings in 2026

- **₦72.41 trillion**

Drivers

- Increasing demand for housing and commercial/urban infrastructure
- Expanding middle class fueling demand
- Rapid urbanization and population growth

LEADING SECTORS IN 2026

Telecommunication

Projected earnings in 2026

- **₦41.07 trillion**

Drivers

- Growing subscriber base and data demand
- Broadband Penetration reached 49.34% in Q3'25, could increase to >60% in 2025
- Infrastructure investments (4G/5G expansion, fiber rollout, improved coverage)

Agriculture & Agro-processing

Projected earnings in 2026

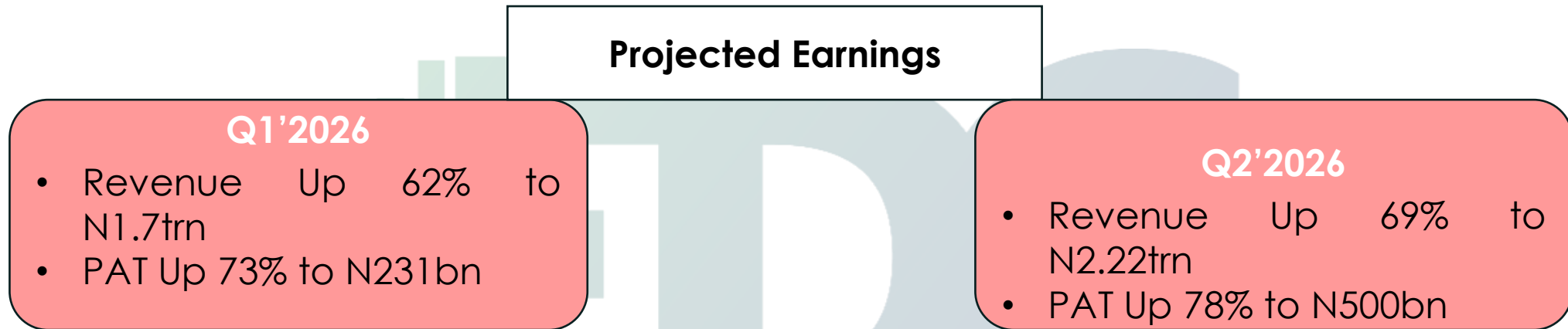
- **₦104.64 trillion**

Drivers

- Expanding export opportunities (AfCFTA and global markets)
- Backward integration by large corporations
- Special agro-industrial processing zones

EARNINGS FOR SELECTED NIGERIAN COMPANIES IN 2026 -TELCOS

- Major players include MTN Nigeria, Airtel Africa and Glo
- Our stock pick here is MTN Nigeria



- ❑ Revenue diversification
 - Data, Voice, SMS, digital
- ❑ Element of Profitability
 - Cost Control
 - Transition to heavier data usage
 - Tariff Adjustment
 - Heavy CapEx and infrastructure expansion to support demand
- ❑ Risk to Performance
 - Forex Exposure reduced
 - Power Supply Effect

EARNINGS FOR SELECTED NIGERIAN COMPANIES IN 2026- INDUSTRIAL

- Major players include Dangote Cement, BUA Cement, Lafarge
- Our stock pick here is Dangote Cement



- Will leverage on clinker export
- Government-led or policy-backed infrastructure and real estate projects will push demand for cement
- Increased expansion



NIGERIAN BANKS STABILITY IN 2026

- Modest economic growth (3–4%) will support credit demand and lower default risks, enhancing asset quality
- If headline inflation stabilizes around or below the Central Bank of Nigeria (CBN) targets (12–14%), it will support lending and reduce pressure on banks' real returns
- A relatively stable Naira, especially in the official and BDC markets, reduces FX risk exposure for banks with foreign-denominated liabilities
- Policies encouraging digital banking, reduced NPLs, and adoption of international reporting standards (IFRS 9) enhance transparency and risk management
- Exposure across multiple sectors (agriculture, manufacturing, fintech) lowers the risk of sector-specific shocks
- Banks that meet up with the capital raise are better positioned for growth and risk absorption

PLAYERS SET TO DOMINATE NIGERIA'S BANKING SPACE IN 2026

Nigerian banking landscape will be dominated by a combination of:

**Traditional tier-1
banks**

**Tech-savvy
emerging banks**

**Fintech
disruptors**

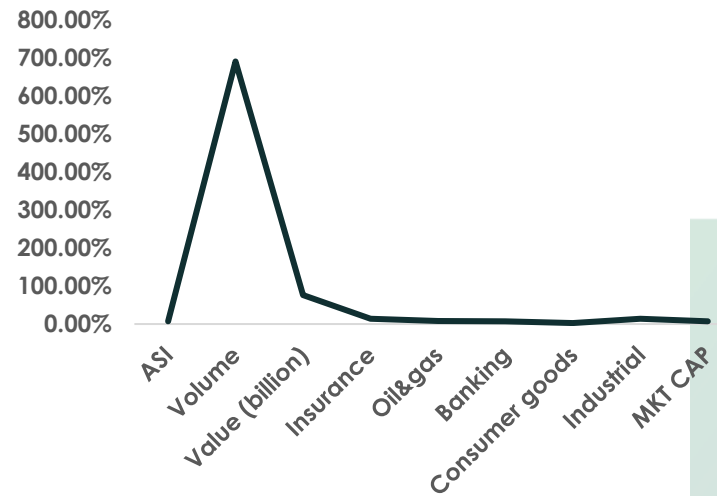
**Digital payment
platforms**

- Banks with large capital base, branch networks, and corporate/institutional client coverage will dominate deposits, corporate lending, and treasury operations
- Fintechs will continue to disrupt traditional banking by offering faster, cheaper, and more accessible digital solutions



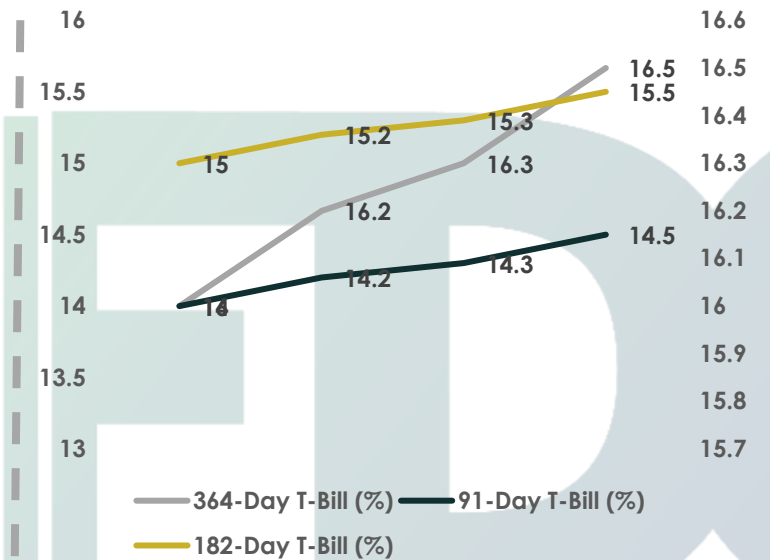
NIGERIAN CAPITAL MARKET OUTLOOK (2026)

EQUITY OUTLOOK



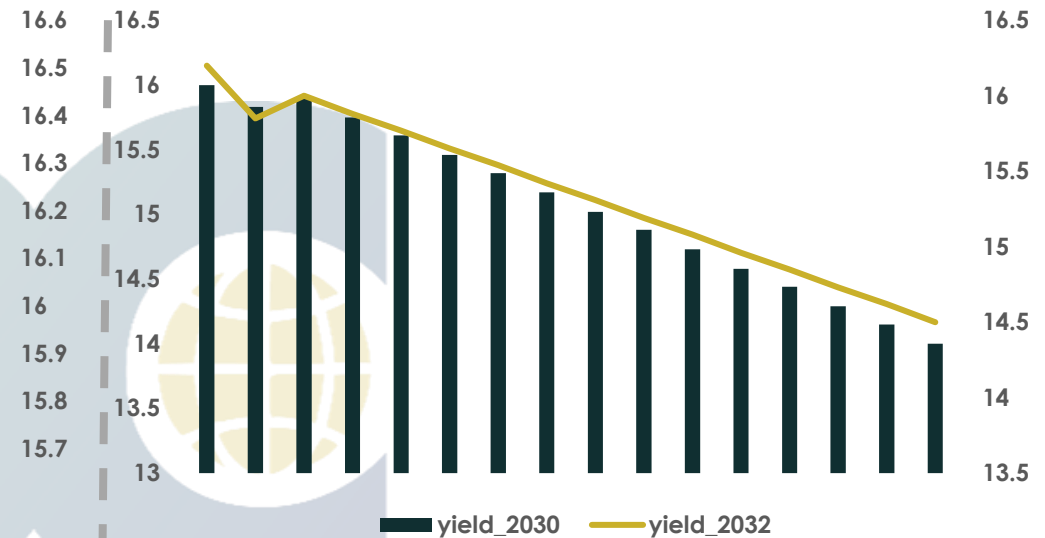
- A stable MPC rate will support broad market growth
- Investor focus will shift toward long-term holdings due to the new capital gains tax
- Robust earnings will boost investor confidence
- New Listings

TREASURY BILL OUTLOOK



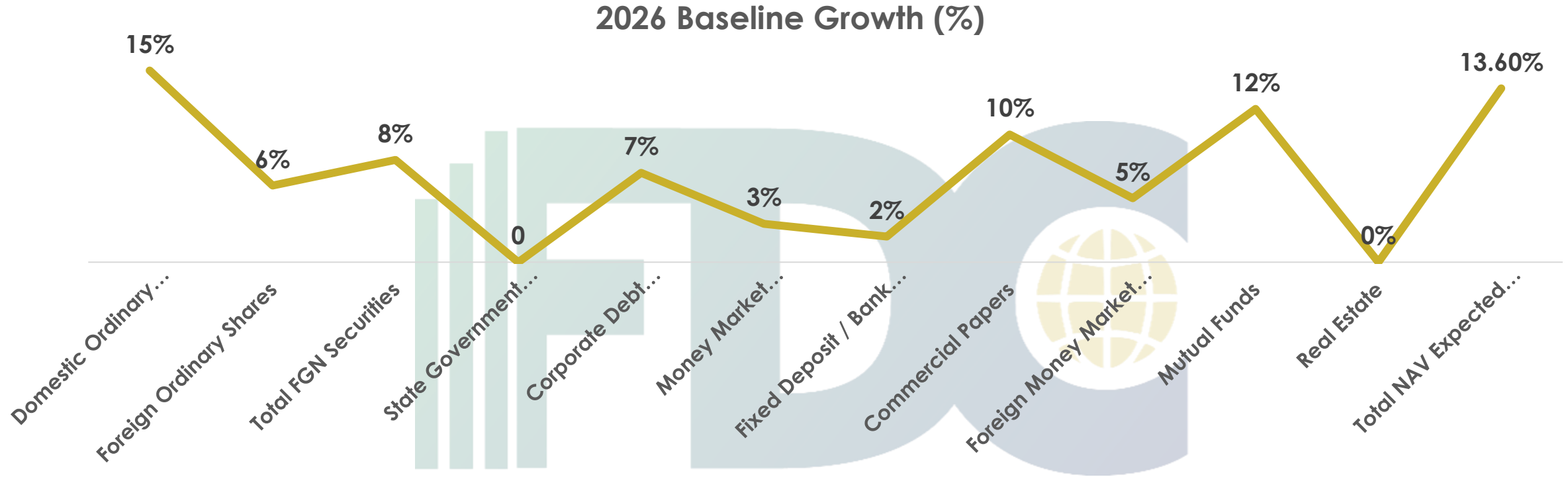
- T-bill yields are expected to gradually compress across all tenors due to moderating inflation and improved liquidity
- 91-day bills around 14–15% and 364-day bills around 16–17%

BOND OUTLOOK



- If disinflation persists with the CBN maintenance of the measured policy stance, FGN 2030/2032 yields are likely to compress from 16% in late-2025 toward 12.5–15.5% by the end of January 2026

PENSION FUND PERFORMANCE IN 2026



- 2026 will be a transition year where so many shocks will drive short-term flight to safety, but the combination of post-election stability and full bank recapitalisation should fuel a strong rebound in equities, corporate debt, and overall NAV growth by year-end
- The portfolio is expected to expand by 12–15% in January 2026, led by domestic equities and FGN securities as political risk fades and liquidity improves

2026 GLOBAL INVESTMENT OUTLOOK

SECTOR	2026 OUTLOOK	Rationale
Banking & Financial Services	Bullish	<ul style="list-style-type: none"> Bank recapitalization, stronger balance sheets, higher lending capacity, improved risk buffers, digital banking expansion, etc.
Telecommunications & Digital Infrastructure	Strong Growth	<ul style="list-style-type: none"> Surge in data consumption, AI-driven network optimization, 5G rollout expansion, cloud adoption by corporates, etc.
Technology / Fintech / AI Services	High Growth	<ul style="list-style-type: none"> AI adoption across enterprises, demand for Nigerian data centres, government push for the digital economy
Oil & Gas (Upstream & Midstream)	Stable–Moderate Growth	<ul style="list-style-type: none"> Higher oil lifting from new refineries, improved pipeline security
Oil & Gas (Downstream / Refining & Petrochemicals)	Expansion	<ul style="list-style-type: none"> Local refining output reduced import dependence
Consumer Goods (FMCG)	Gradual Recovery	<ul style="list-style-type: none"> Disinflation trends + rising real incomes; improved distribution networks; demand normalization after 2024–2025 inflation squeeze

2026 GLOBAL INVESTMENT OUTLOOK

SECTOR	2026 OUTLOOK	Rationale
Real Estate & Construction	Selective Growth	<ul style="list-style-type: none"> Housing demand increases, infrastructure spending ahead of 2027 elections, inflation moderates → improved project financing
Industrial & Manufacturing	Recovery Mode	<ul style="list-style-type: none"> FX reforms reduce high import costs; AfCFTA supports export-led manufacturing; energy reforms stabilize factory operations
Transport & Logistics	Improvement	<ul style="list-style-type: none"> Ports modernisation, rail expansion, clearing process digitisation, regional trade flow improvements
Insurance	Accelerating	<ul style="list-style-type: none"> Mandatory insurance enforcement, higher premiums post-recapitalization, growing retail penetration via digital channels
Healthcare & Pharmaceuticals	Growth	<ul style="list-style-type: none"> Local drug manufacturing support, digital/AI health tools, new clinics/hospitals



TOP INVESTMENT ASSETS TO WATCH IN 2026

Portfolio mix will be determined by risk threshold

GOLD

Inflation hedge, safe haven, portfolio diversification

EQUITIES

Economic growth play, dividend income, inflation hedge

TREASURY BILLS

Capital preservation, liquidity, attractive yields

REAL ESTATE

Rental yields, capital appreciation, diversification

NATIONAL INCOME IDENTITY – END OF 2026 (CETERIS PARIBUS)

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

\$261.25bn	\$159.4bn	\$67.93bn	\$10.45bn	\$26.13bn
	(61%)	(26%)	(4%)	(10%)

By end-2026, stronger sector-driven growth projects Y expansion to 4.5%, with C recovering, I accelerating via infrastructure, G stabilizing post-reforms, X further lifted by 2mbpd oil targets, and M moderated by trade policies

What Could Change Our Projections



FACTORS THAT COULD CHANGE OUR PROJECTIONS

Price of oil falls below \$60pb as projected

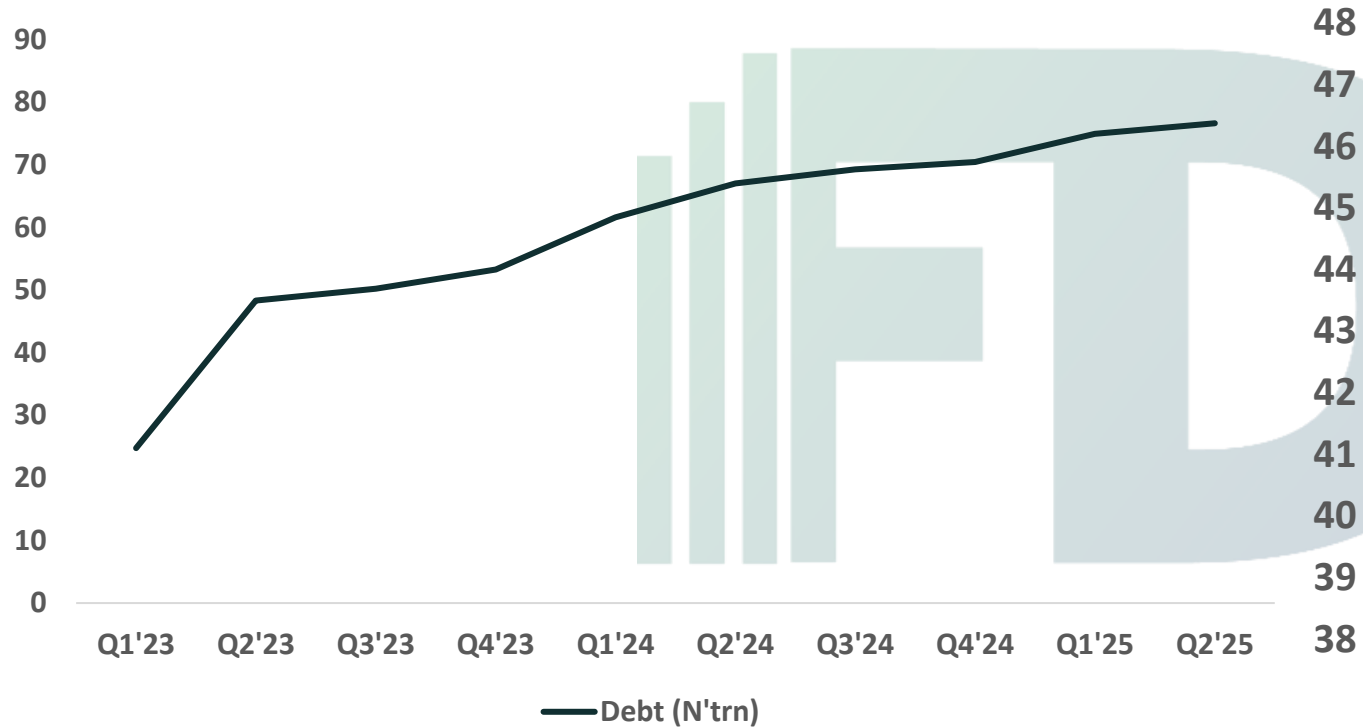
Heightened insecurity in the food-basket states can lead to higher food inflation

Increased election spending in 2026

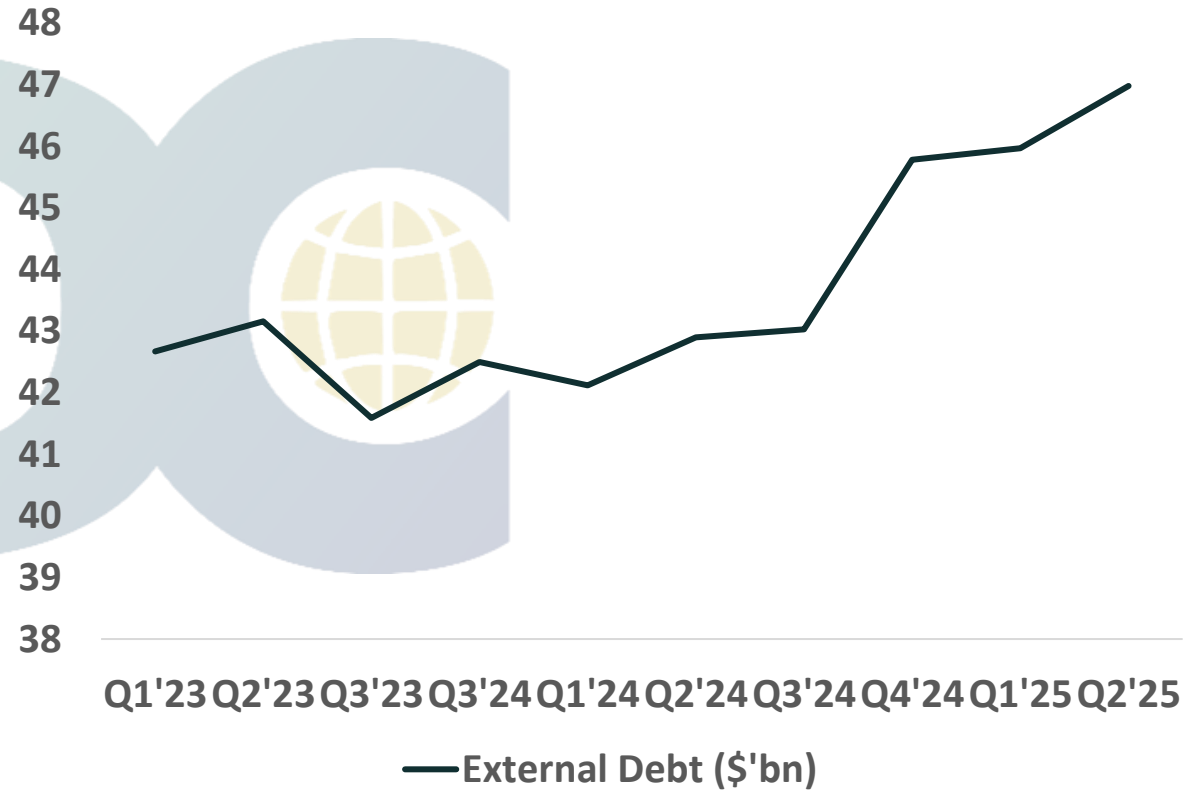
Global commodity prices (cocoa) may decline sharply if Ukraine and Russia reach a truce

DOMESTIC AND EXTERNAL DEBT

Domestic Debt (N'trn)

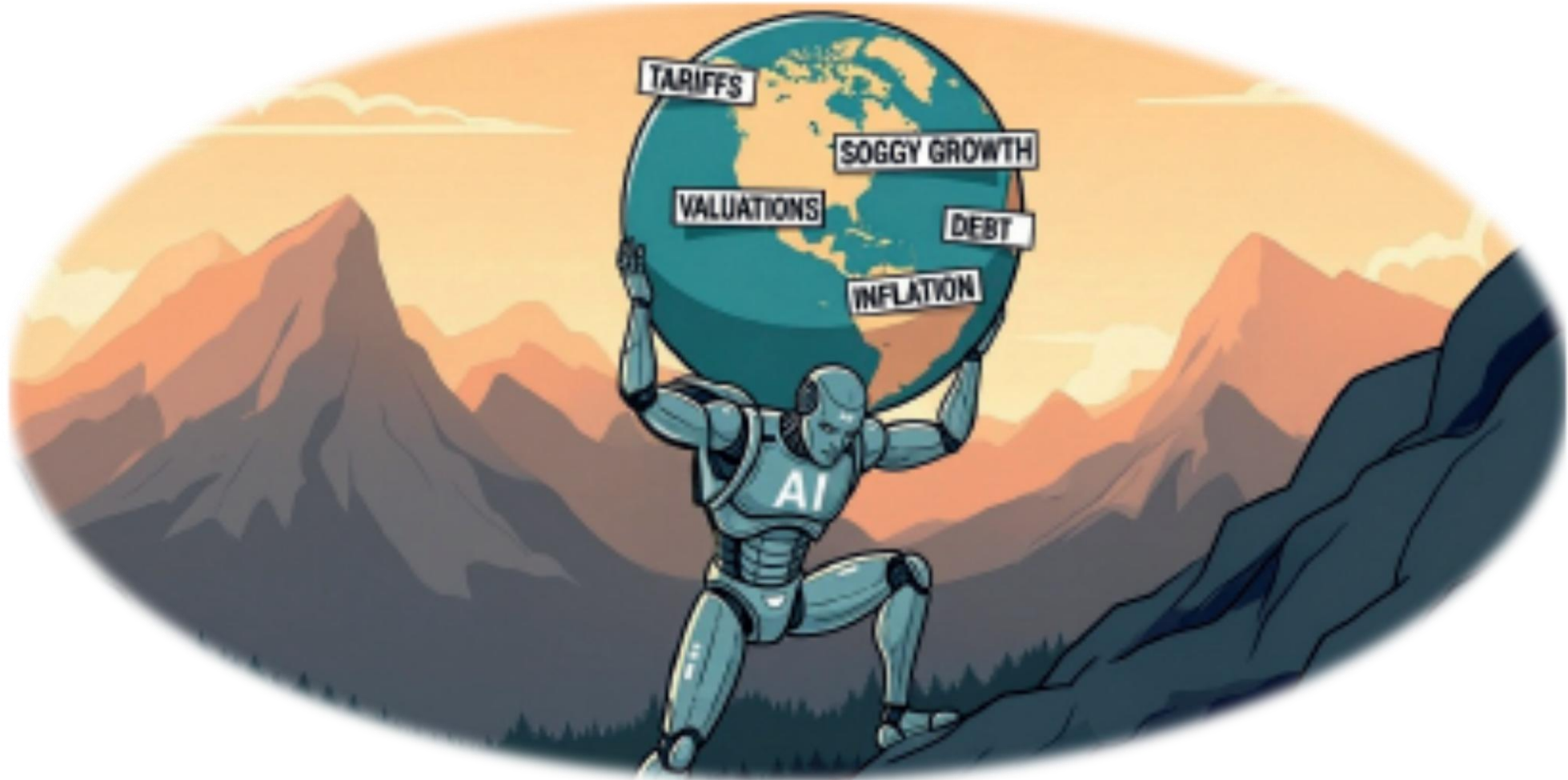


External Debt (\$'bn)



GLOBAL TREND & HOT-SPOTS IN 2026- IMPACT ON THE MARKETS





THE WORLD AHEAD IN 2026

GLOBAL TREND & HOT-SPOTS IN 2026

Economic worries

So far America's economy is proving more resilient than many expected to Mr Trump's tariffs, but they will dampen global growth. And with rich countries living beyond their means, the risk of a bond-market crisis is growing



China's opportunity

China has its own problems, with deflation, slowing growth and an industrial glut, but Mr Trump's "America First" policy opens up new opportunities for China to boost its global influence.



Debt overhang

High debt-to-GDP ratios will compel fiscal and structural reforms, particularly in Southern and North Africa, where debt burdens and reform urgency are intensifying



Concerns over AI

Rampant spending on infrastructure for artificial intelligence may also be concealing economic weakness in America. Will the bubble burst?



GLOBAL TRENDS — IMPACT ON MARKETS

Global trends	Impact	Likely market winners	Likely market losers
Economic worries	● Negative —Slower growth reduces corporate earnings	Safe-havens (gold, high-grade govt bonds), cash, defensive sectors	Cyclicals (industrial, discretionary), EM equities, high-yield credit.
China's opportunity	● Mixed—industrial stimulus lifts global demand for commodities and supply-chain activity, risks include policy uncertainty & competition	Commodities (metals, oil), Asian exporters, industrials, luxury goods	Some developed-country exporters facing competition; sectors exposed to China regulatory shifts
Debt overhang	● Negative —High public/private debt raises default/sovereign risk, forces fiscal consolidation	Short-dated safe assets, distressed/credit-specialist funds, restructuring advisers.	Long-duration gov/corporate bonds if yields rise, risky credit, highly levered corporates, fiscal-sensitive EMs
Concerns over AI	● Mixed—AI drives productivity and revenue for winners but raises regulatory, and social-risk that can trigger volatility	Large-cap AI leaders, software/cloud, automation & semiconductor suppliers, productivity tools	Low-skill service sectors (risk of disruption), high labor displacement risk

THINGS THAT WILL SHAPE NIGERIA IN 2026



KEY FACTORS THAT WILL SHAPE NIGERIA IN 2026

▪ Elections

Huge spending
& Inflation later

▪ Debt Service

- Down by 4%
- Savings of N500bn

▪ Market Cap

N263trn
Dangote & NNPC
listing

▪ 2026 Budget

To be more realistic
Down by 10%

▪ Price of oil
below \$60pb

▪ Insecurity

▪ Tax reform bills
implementation

▪ 15% Import
Duty on Fuel
importation

KEY FACTORS THAT WILL SHAPE NIGERIA IN 2026

- Artificial intelligence adoption will accelerate across sectors

- Digital and social commerce will expand

- Economic growth to improve moderately around 3.2% to 3.4%

- Inflation to remain a challenge



POLICY ACTIONS

1

- Government may revise the budget
- CBN may raise MPR to contain inflation and currency pressures

2

Elections - Huge spending & Inflation later

- Tightening Monetary Policy
- Fiscal Consolidation

3

Insecurity

- Enhanced Joint Security Operations

4

Tax reform bills implementation

- Streamlined and Unified Tax System

5

15% Import Duty on Fuel importation

- Corrective step to align import costs with local production realities, helping domestic refineries

6

Inflation to remain a challenge

- Combination of monetary, fiscal, and regulatory policy actions

7

Digital and social commerce will expand

- Updates to tax, regulatory, and digital economy policies

Thank You