

LBS BREAKFAST SESSION



INFLATION SURGE

EXTERNALLY INDUCED

INTERNALLY MAGNIFIED

TABLE OF CONTENTS

1

**Six-dimensional
Impact Analysis**

2

**Nigeria Insulated,
Trading Partners Isolated**

3

**Policy Reaction &
Effects**

4

**Economy Expanding,
Proxies Shrinking**

5

**The New Economy
Ever so Resilient
Aviation & Tourism
The Morning After**

6

Outlook



QUOTE!



Thucydides of Athens
An Athenian historian and general

“

Might is right; the strong do no
wrong.

”

QUOTE!

Long-run equilibrium is an economic state where all adjustments have taken place and the economy (or a market) is stable with no forces pushing it to change



In the long run we are all dead

John Maynard Keynes
An English economist

Policymakers should not ignore short-term problems while waiting for long-run equilibrium



SIX-DIMENSIONAL IMPACT ANALYSIS



SIX-DIMENSIONAL IMPACT ANALYSIS

- Energy-induced shock jolts the global economy
- In fact, it's more than all previous Gulf wars combined
- We are taking a six-dimensional approach to the impact analysis
- We are diving deep into the impact on the six stakeholders
- We asked stakeholders what they expect in a 45-day and war scenario
- Almost all agreed that the global impact of this conflict will be more than the combined impact of previous wars:
 - Yom Kippur War of 1973
 - Iran–Iraq War of 1980-88
 - Gulf War in Kuwait of 1990-91
 - Gulf War 2 in Iraq



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- Gulf War III USA/Israel vs. Iran
- You win by not losing and you lose by not winning
- How long is the war?
- Scenario A: 45 days
- Scenario B: 90 days
- Scenario C: Indefinite





THE SIX STAKEHOLDERS

-  A salaried employee earning 900k monthly, with a side hustle generating ₦300,000, living in uptown Lagos, married with one child
-  A trader
-  State government - Kaduna State
-  Oil militant in the creek economy
-  Manufacturer
-  Artist

STAKEHOLDER 1 - URBAN WORKER IN LAGOS (₦900K SALARY)

Mid-level professional, commutes daily, supports family

JANUARY

Salary (₦): 900,000

Expenses (₦):

- Rent (monthly): 150,000
- Food: 200,000
- Petrol: 120,000
- Data: 30,000
- Utilities (power): 50,000
- School fees: 100,000
- Misc: 100,000

Total : 750,000
Savings: 150,000

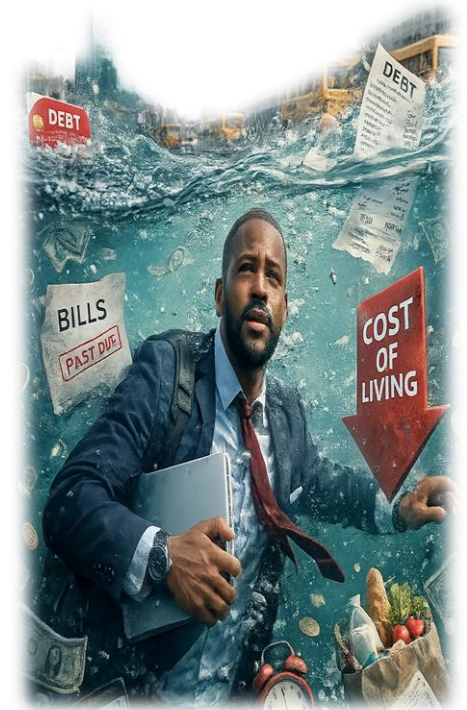
APRIL

- Petrol: +100%
- Food: +30–40%
- Rent: +40%

New monthly reality (₦)

- Rent: 210,000
- Food: 280,000
- Petrol: 240,000
- Utilities: 50,000
- Others: 230,000

Total : 1,010,000
Deficit: -110,000



**This guy is
underwater**

URBAN WORKER – OUTLOOK

Mid-level professional in Lagos, commutes daily, supports family

45-DAY OUTCOME

- Savings decline significantly as expenses outpaces income
- Discretionary spending reduces sharply
- Changing patterns of consumption

90-DAY OUTCOME

- Cuts savings to zero
- Starts borrowing / using credit
- Cuts food quality - down trading
- Reduces visits to family and friends
- Cuts discretionary spending
- Car pooling



Middle class gets financially squeezed into fragility

Consumption drops, feeding directly into economic slowdown

STAKEHOLDER 2 - TRADER

Imports or buys goods wholesale, sells in local market

JANUARY



- Monthly revenue:
₦2,000,000
- Cost of goods:
₦1,400,000
- Logistics: ₦200,000

Profit: ₦400,000

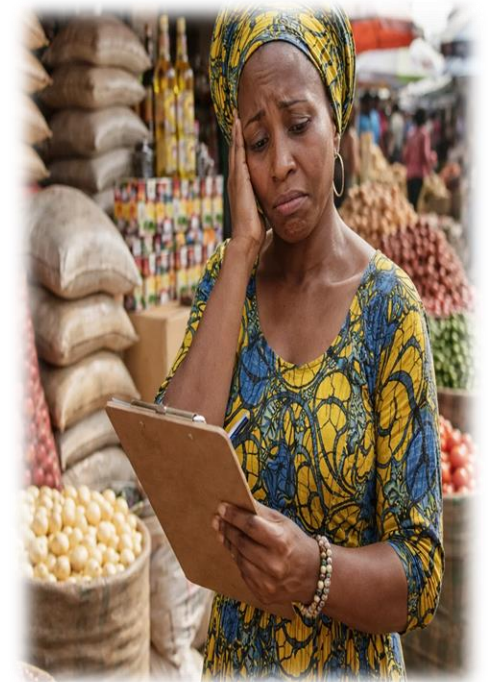
APRIL

- Logistics: +80–100%
- Supplier prices: +25–40%
- Customer demand: ↓ 20–30%

New reality (₦)

- Revenue : ₦1,000,000
- Cost of goods rises by ₦850,000
- Logistics cost: 350,000

Loss approx. : ₦200,000



TRADER - OUTLOOK

Imports or buys goods wholesale, sells in local market

45-DAY OUTCOME

- Inventory turnover slows
- Cash flow tightens, but business still operating normally
- Profit margins shrink significantly as costs rise faster than prices

90-DAY OUTCOME

- Reduces inventory
- Lays off staff
- May exit business or switch commodities
- Informal credit increases



SMEs get hit from both sides of rising costs & falling demand

Leading to a rise in unemployment

STAKEHOLDER 3 - STATE GOVERNMENT

Q1'26

Case study: Kaduna State

- FAAC monthly: ~~₦~~28bn
- IGR: ~~₦~~9bn
- Total revenue: ~~₦~~37bn
- Expenditure: ~~₦~~65bn

Deficit: ~~₦~~28bn

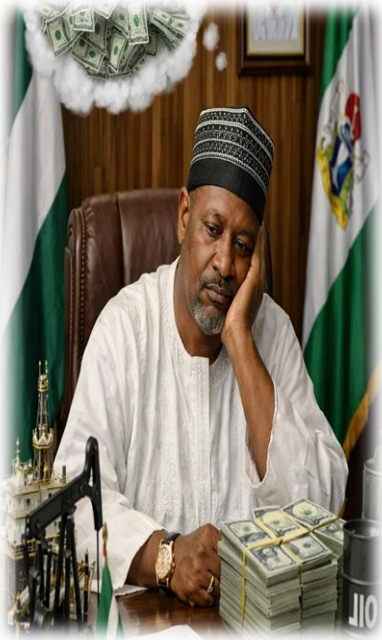
Q2'26

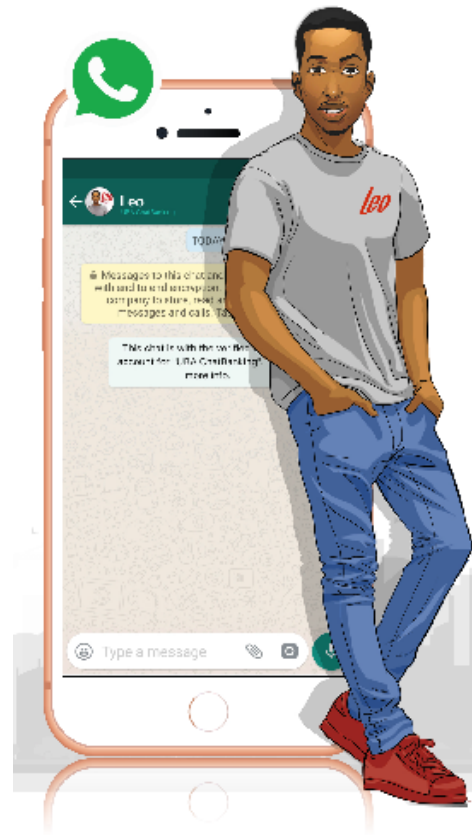
- Oil price surge → FAAC
+30–50%

New reality (₦)

- FAAC rises to: ~~₦~~40bn
- Total revenue: ~~₦~~49bn

Deficit declines to ~~₦~~16bn





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STATE GOVERNMENT - OUTCOME

45-DAY OUTCOME

- Higher FAAC inflows reduce fiscal deficit & improve cash position
- State meets salary and debt obligations more comfortably
- Short-term liquidity improves with less reliance on borrowing/overdrafts

90-DAY OUTCOME

- **Path A (productive):**
 - Invest in infrastructure
 - Pay contractors
- **Path B (common risk):**
 - Increase recurrent spending
 - Political spending rises



Politicians

- Anywhere the bellies face
- Government spending spikes
- Subsidies reintroduced for the short term

Government revenues improve, but efficiency determines outcome

STAKEHOLDER 4 - OIL MILITANT (CREEK ECONOMICS)

Incentive to bunker oil in the illicit market increases

JANUARY

Scenario A

- Oil price at \$64pb
- Barrels diverted: 100,000mbpd
- Discounted Price: \$30pb

Illegal Revenue: \$3 million per day

Alternative – Provide security for government at \$50m per month

APRIL

Scenario B

- Oil price now \$110
- The incentive for vandalism and theft increases

New reality

- Barrels: 200,000mbpd

Price: \$110

Discounted Price: \$80pb

Illegal Revenue: \$16 million per day

136.8% increase

No longer interested in security contract



OIL MILITANT (CREEK ECONOMICS) - OUTLOOK

45-DAY OUTCOME

- Increase profitability of illegal diversions
- Early uptick in small-scale pipeline breaches
- and bunkering activity

90-DAY OUTCOME

- Increased pipeline vandalism
- Higher security costs for govt
- Production losses escalate



Higher oil prices can worsen leakage and insecurity
Not all oil gains translate to national benefit

SCENARIO 5: MANUFACTURER

2025

Case study: Guinness Nigeria

- Revenue – ~~₦~~299.49bn
- Raw materials - ~~₦~~149.02bn
- Logistics – ~~₦~~3.76bn
- Power cost- ~~₦~~11.82bn
- Others - ~~₦~~109.42bn

Profit: ~~₦~~25.41bn

2026

- Diesel: +80–100%
- FX pressure → costlier imports
- Demand falls

New reality

- Revenue – ~~₦~~310bn
- Raw materials - ~~₦~~165.7bn
- Logistics – ~~₦~~5.4bn
- Power cost- ~~₦~~17.3bn
- Others - ~~₦~~110.8bn

Profit falls to ~~₦~~10.8bn



MANUFACTURER - OUTLOOK

45-DAY OUTCOME

- Rising input and energy costs significantly compress profit margins
- Inventory levels start to build as sales slow
- Working capital pressure increases, but operations continue

90-DAY OUTCOME

After government intervention

- Using Price stability
- Production recovery
- Layoffs
- Some shutdown lines restored

Cost-push inflation erodes industrial margins quickly



STAKEHOLDER 6 - ARTIST



Funke Akindele (Movie)

METRIC	BEFORE	AFTER	CHANGE
Production cost (blockbuster)	₦250mn	₦500mn	↑ 100%
Marketing budget	₦50mn	₦70mn	↑ 40%
Ticket Price (range for regular)	₦8,500- ₦9,000	₦12,000- ₦15,000	↑ 42%
Cinema attendance	450,000	200,000	↓ 55%
Box Office Sales	₦2.1bn	₦1bn	↓ 52%



Davido (Music)

METRIC	BEFORE	AFTER	CHANGE
Concert ticket price (standard)	\$50-\$90	\$70-\$120	↑ 40%
Attendance (estimate)	300,000+	150,000+	↓ 50%
YouTube subscribers	4.95mn	8mn	↑ 62%
Spotify monthly listeners	9.2mn	15mn	↑ 63%



ARTIST - OUTLOOK

45-DAY OUTCOME

- Reduction in discretionary spending
- Gradual increase in online streaming as consumers
- Immediate decline in marketing and operational budgets; short-term layoffs or contract renegotiations

90-DAY OUTCOME

- Moderate growth of 3–4% expected in Q1'26,
- Further rise in the shift from physical to digital consumption, as consumers prioritize affordability and safety
- Fewer concerts , less capital-intensive storylines and increased use of YouTube as a cost-efficient distribution channel

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2

**NIGERIA INSULATED, TRADING
PARTNERS ISOLATED**

24 HOURS IS A LONG TIME IN TRUMP'S WORLD

- ✓ The price of Brent crude has oscillated between \$64pb and \$120pb over the past 30 days
- ✓ Not only oil, but also gas, fertilizer, energy, and other commodities
 - ❖ PMS price increased by 49.8% to ₦1,257/litre from ₦839/litre
 - ❖ Diesel price rose by 82.5% to ₦1,807/litre from ₦990/litre
- ✓ Exchange rate expected to remain relatively stable, but under pressure
- ✓ New wave of inflationary pressure likely – energy induced
- ✓ Transportation and logistics costs up by 35%, expected to trigger food inflation

ENERGY PRICE SHOCK INTENSIFIES RECESSION FEARS

- **Oil prices remain elevated**

- ✓ Brent crude trades above \$110 per barrel, driven by geopolitical tensions and supply risks

- **Energy costs are fueling inflation**

- ✓ Higher oil and gas prices are raising global input costs and headline inflation

- **Monetary tightening to add pressure**

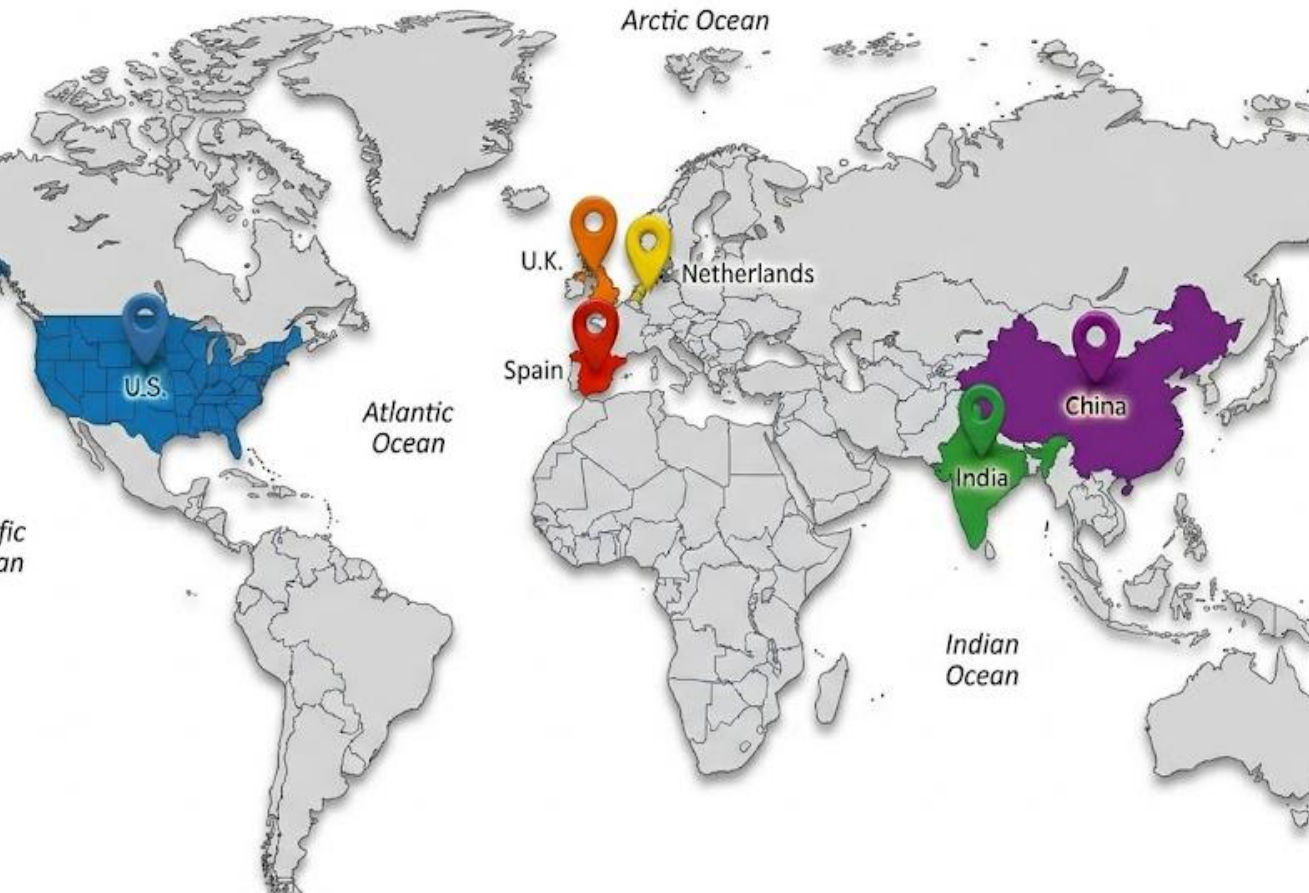
- ✓ Major central banks are expected to increase or maintain interest rates

- **Growth outlook is weakening**

- ✓ Global growth to slow to 2.5–3%, increasing recession risk

Energy prices ↑ → Inflation ↑ → Demand ↓ → Recession risk ↑

IMPACT ON NIGERIA'S TRADING PARTNERS



Most Impacted

➤ United Kingdom

- Energy price surge → inflation spike
- Weak growth outlook → stagflation risk

➤ United States

- Rising fuel costs → inflation pressure
- Increased fiscal & military spending

➤ Spain

- Energy shock across Europe
- Trade & geopolitical tensions



Moderately Impacted

➤ India

- Higher oil import bill → inflation
- Remittance risks from Middle East

➤ Netherlands

- Gas price exposure in Europe
- Industrial cost pressures



Least Impacted

➤ China

- Mild growth slowdown
- Strong reserves cushion impact

TRANSMISSION OF EXTERNAL SHOCKS INTO DOMESTIC ECONOMY

- Output and unemployment
- Resurgent inflationary pressures
- Exchange rate
- Corporate profitability and earnings
- National savings

- **Even though Nigeria is among the beneficiaries of the oil price revenue, external shocks continue to impact the economy, as the country is increasingly integrated with global markets.**

FROM INFLATION TO STAGFLATION?

Stagflation occurs when an economy experiences stagnant growth combined with high inflation, challenging the traditional trade-off between unemployment and inflation

Paul Samuelson
An American economist



Stagflation shows that inflation can persist even with high unemployment, emphasizing that monetary factors, not just labor shortages, drive inflation in the long run

Milton Friedman
An American economist



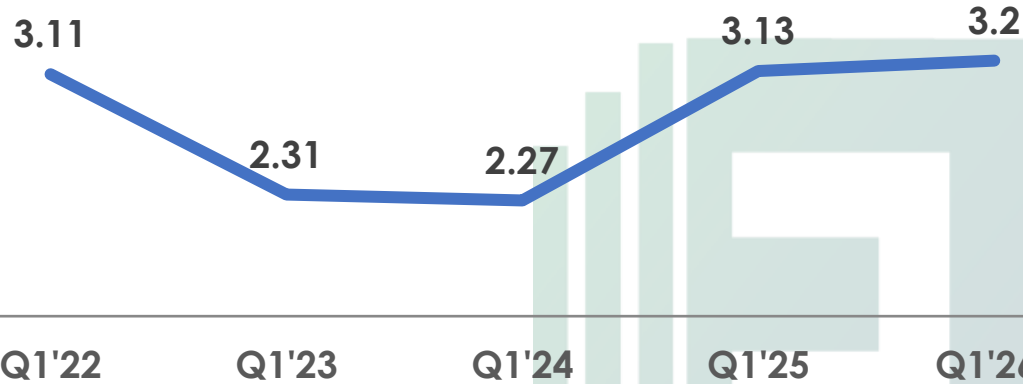
Stagflation is defined as a period where inflation is high, output growth is slow or negative, and unemployment rises simultaneously, often triggered by supply shocks

OECD



OUTPUT GROWTH Vs. EMPLOYMENT

Real GDP Growth (%)



$$Y = C \downarrow + I \leftrightarrow + G \uparrow + (X - M)$$

\$250bn
\$151.6bn
\$64.5bn
\$9.8bn
\$24.1bn

- Q1 2026 GDP growth is projected to come in at 3.8% in base scenarios, with oil shock risks potentially trimming it to 3.2%
- Squeeze margins, private sector layoffs despite government revenue gains
- **Net employment decline**

- Government revenue rises as the oil windfall increases
- Consumption declines due to falling real incomes
- Investment remains flat, showing limited private-sector response
- Exports increase thanks to higher oil earnings
- Marginal propensity to import decreases



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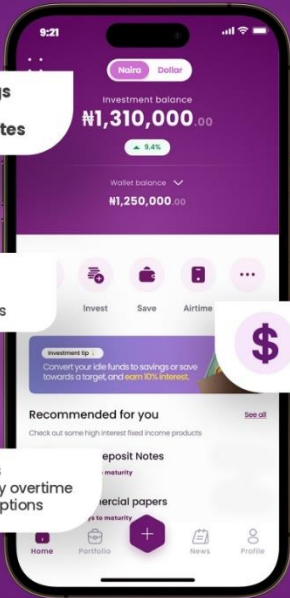
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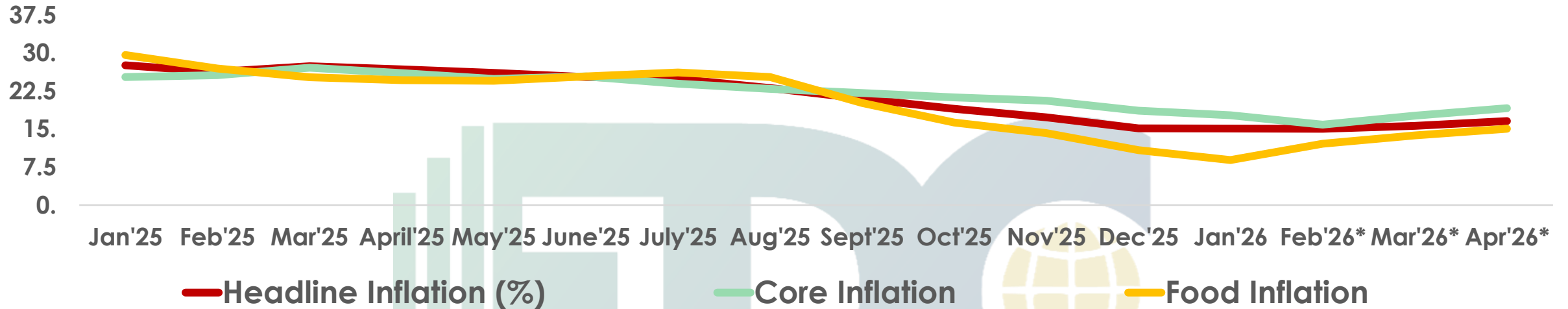


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RESURGENCE OF INFLATION: ENERGY-SHOCK

Inflation rates (%)



- Wage inflation remains muted
- Price inflation is high
- Marginal propensity to import decreases
- Production costs for businesses go up
- **Result:** Rising inflation, squeezed incomes

Expected Outcome

- Headline Inflation = 15.85%
- Food Inflation = 14.94%
- Core Inflation = 14.35%

Inflation is always and everywhere

IMPACT ON PURCHASING POWER & POVERTY

- Households would face a 15-20% drop in real purchasing power as transport costs surge, inflating food and commodity prices by 15-30%
- Low-income families, spending 40-60% of income on basics, would cut staples and healthcare, mimicking 2023 subsidy removal effects where inflation hit 34%

Multidimensional Poverty Across Nigeria's Geopolitical Zones



- Rising fuel costs act like a multiplier, worsening both monetary poverty and non-monetary deprivations, and pushing more people into chronic multidimensional poverty

IMPACT ON SOCIAL WELFARE

- Higher transportation costs lead to higher food prices, making staples less affordable
- Poor households face increased hunger or malnutrition risk
- Poor households face increased hunger or malnutrition risk
- The most vulnerable populations will be disproportionately affected, widening inequality

The big question now: how much more can consumers really absorb?



- 35 million Nigerians are facing food insecurity, driven by conflict, climate shocks, displacement and the systemic collapse of local food systems
- According to World Food Programme (WFP), 5.8 million people face severe food insecurity in 2026

FUEL UP, COMMODITIES UP

Knock-on Effects on Commodity Prices



N839 to N1,257/l

PMS price up
by **49.8%**



N990 to N1807/L

Diesel Price up
by **82.5%**

Immediate transmission



Transportation up
By **35%**

Commodities	Prices Jan.	Current Prices	% Change	
Garri (50kg) Yellow	₦20,000	₦19,000	-5.0%	▼
Rice (50kg) long grain	₦63,000	₦65,000	+3.2%	▲
Flour (50kg)	₦62,000	₦64,000	+3.2%	▲
Beans (Oloyin)(50kg)	₦55,000	₦85,000	+54.5%	▲
Cement (50kg)	₦10,500	₦11,500	+9.5%	▲
Tomatoes (Basket)	₦40,000	₦55,000	+37.5%	▲
Pepper (big bag)	₦40,000	₦80,000	+100.0%	▲
Onions (bag)	₦100,000	₦90,000	-10.0%	▼
Vegetable oil(5L)	₦17,000	₦17,500	+2.9%	▲
Eggs (1 crate)	₦5,500	₦6,500	+18.2%	▲
Yam (3 tubers)	₦7,500	₦10,500	+40.0%	▲
Sugar (50kg)	₦82,000	₦79,000	-3.7%	▼

HIGHER GLOBAL COMMODITY PRICES

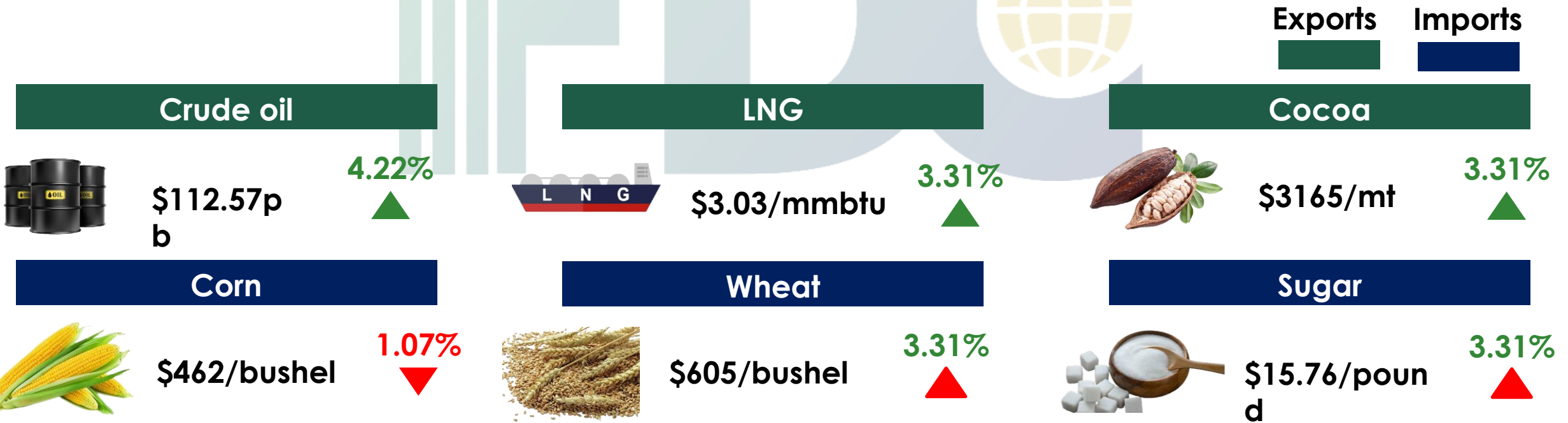


Fertilizer prices rose 30–35% to \$420–\$550 per tonne since start of conflict, supported by supply disruptions, and export constraints from key producing regions



Gold prices have rose by 2.7% to about \$4,494 per pound, driven by safe-haven demand and supply concerns amid escalating geopolitical tensions

Silver also rose by 2.74% to \$69.80 per pound



CORPORATE PROFITABILITY AND EARNINGS

- Energy price spikes increase production and operational costs for companies, especially in energy-intensive sectors
- Firms with strong pricing power may raise prices to maintain margins, but in an inflationary environment, consumers may cut back on demand
- Energy shocks and inflationary pressures drive companies to miniaturize products, offering smaller, affordable units to maintain sales and revenue

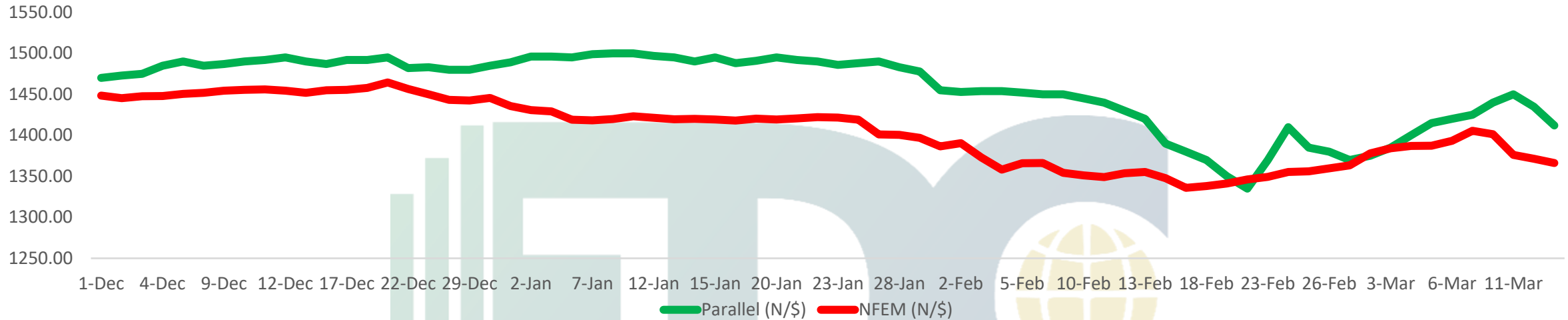


Miniaturization – the way out for producers and consumers



EXCHANGE RATE FACES RESISTANCE

Parallel Vs. Official



- Rising geopolitical uncertainty increases global risk
- Investors move funds to safe-haven currencies like the US dollar
- Capital outflows from emerging markets like Nigeria increase
- Demand for foreign exchange rises and the naira weakens
- **Result:** Exchange rate pressure intensifies

Expected Outcome

- Naira to remain stable as the CBN cushions the impact
- **Base case:** ₦1450 – ₦1475 in April
- **Worst case:** ₦1,450 – ₦1,500/\$



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THE CONCEPT OF SUBSIDIES

“Subsidies are reverse taxes”

- Before now, subsidies in Nigeria existed in several key sectors. The most prominent ones included

- Fertilizer Subsidy
- Exchange rate Subsidy
- Fuel Subsidy
- Electricity Subsidy

Most taxes in Nigeria are either

Indirect taxes

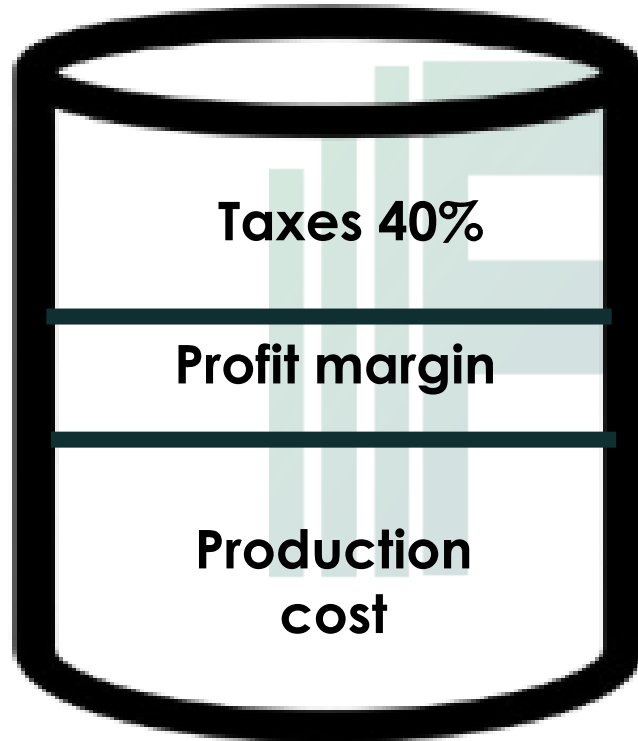
OR

Benefit taxes

Rather than the ability to pay

Typically, two years after policy changes, reform fatigue sets in, often followed by ideological backsliding

TYPICAL COSTING OF ESSENTIAL GOODS



- Taxes on oil products and essential goods can account for a significant share of the final retail price — sometimes close to 40% when combining multiple levies such as VAT, excise duties, regulatory fees
 - When prices rise
 - Taxes increase automatically
 - Traders pass costs forward
 - Real incomes remain weak
- ❑ Consumers face double pressure
 - Higher production costs
 - Higher tax burden embedded in prices

COUNTRIES OFFER RELIEF AND SUPPORT TO CITIZENS



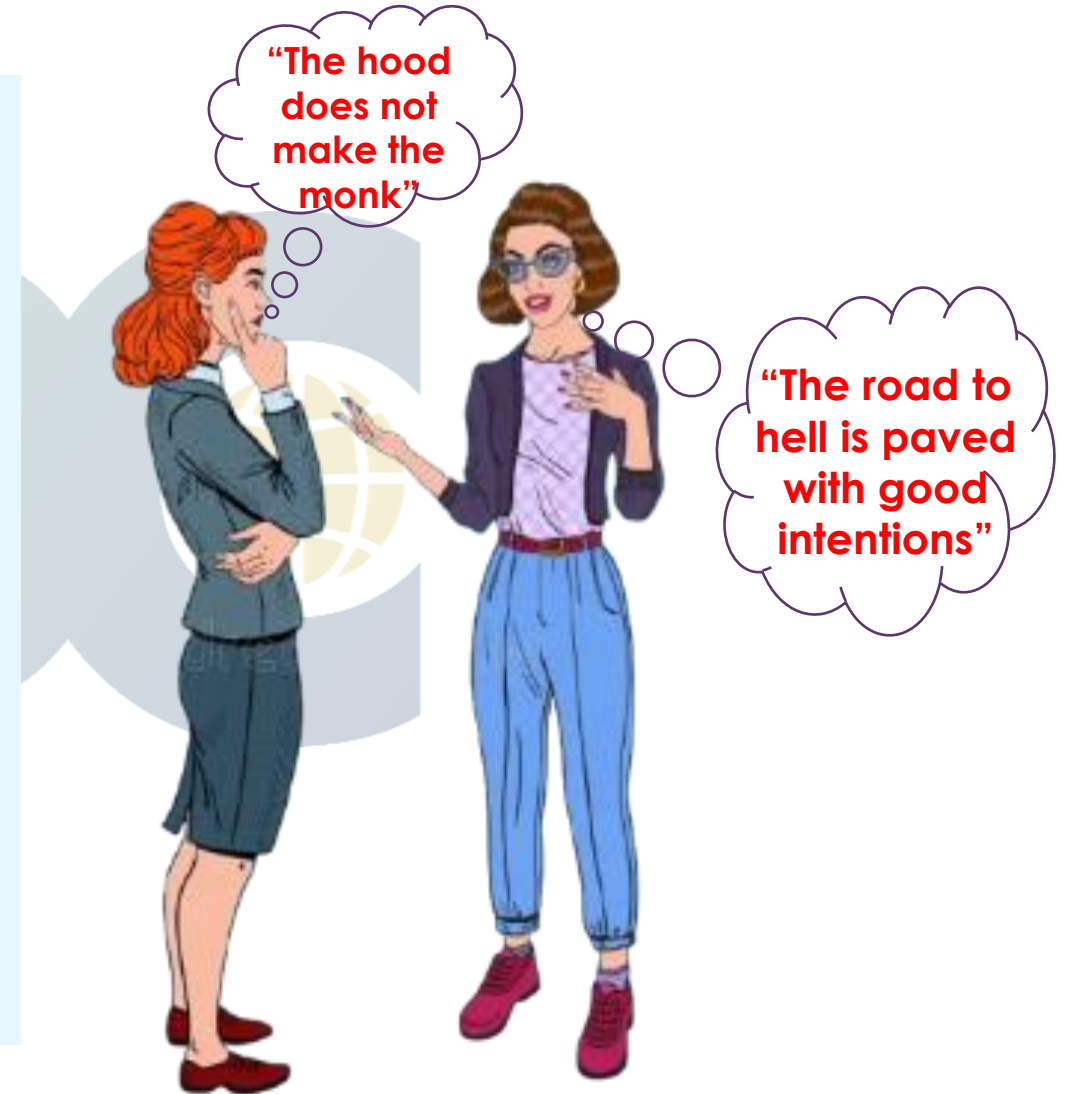
- ✓ China
- ✓ Spain
- ✓ Taiwan
- ✓ Namibia
- ✓ Brazil
- ✓ Vietnam
- ✓ Japan
- ✓ Greece
- ✓ Morocco
- ✓ Egypt
- ✓ Australia, e.tc.



- Following the U.S.–Israel–Iran energy shock, countries are providing succour through fuel tax cuts, subsidies, cash transfers, and targeted support to cushion households from rising energy costs

NIGERIA – NO BUFFERS & POOR MECHANISM

- Government receives the oil windfall
- Recycling the income to reach consumers becomes a Herculean task
- There are no proper mechanisms to ensure that the support provided actually reaches the intended beneficiaries, avoiding leakages
- However, in the short run, subsidies can be given directly to producers or refiners, who can then pass the benefit on to consumers





THE NIGERIAN ECONOMY ON MAY 1



MACROECONOMIC SNAPSHOT

	March	April*	May*
GDP growth(%)	4.07(Q4'25)	3.2(Q1'26)	3.2(Q1'26)
PMI	53.2(Feb'26)	52 (Mar'26)	50 (April'26)
Inflation (%)	15.06(Feb'25)	15.85(Mar'26)	16.53(April'26)
MPR (%)	26.50	26.50	26.50
364-day T-bills (%)	15.9	15.00	15.00
Exchange rate, official (N/\$)	1,383	1,380-1,430	1,350-1,410
Exchange rate, parallel (N/\$)	1,418	1,400 – 1,460	1,390 – 1,450
Gross External reserves (\$'bn)	49.8	48.72	48.58
Money Supply	11.03	12.44	12.44
FAAC (N'trn)	1.89(Feb'25)	2.05(Mar'26)	2.07(Mar'26)
Oil production (mpbd) avg.	1.31 (Feb'25)	1.34(Mar '26)	1.39(Mar '26)
Brent Oil price (\$/bl) avg.	104	90-100	85-90
Stock market cap. (N'trn)	129.45	132.50	135.50
Average opening position (N'trn)	6.31	5.47	5.88

3

POLICY REACTION & EFFECTS

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POSSIBLE POLICY REACTIONS

➤ Monetary policy response

➤ Fiscal policy response

➤ Trade liberalization

➤ Investment policy

MONETARY POLICY RESPONSE

To use the Monetary Policy Rate (MPR) and liquidity tools to anchor inflation-expectations

Interest Rate Hikes

Raise policy rates to make borrowing more expensive and cool demand



T/Bill Rates

Increase Treasury bill rate to encourage investment



Open Market Operations

Sell government bonds to mop up liquidity from the system



Open Market Operations

Cash Reserve Ratio

Increase bank reserve (CRR) requirements to restrict lending



Reserve Requirement Increase

Raise bank cash reserve ratios

FISCAL POLICY RESPONSE

- Oil revenue and LNG increased by 40-50%
- Increase borrowing \$5bn

Unconditional cash transfer

Reduce fuel levies

Subsidies to refiners to cap petrol price

Targeted palliative measures

Import-duty waiver

Mechanism that would absorb some percentage of fuel-price increases



4

**ECONOMY EXPANDING,
PROXIES SHRINKING**



THE STOCK MARKET



STOCK MARKET ON AN UNPRECEDENTED RALLY



Stock market delivered 90% returns in 12 months and 28.33% returns in Q1 '2026 alone



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12 MONTHS EARNINGS HIGHLIGHTS OF 2025



PAT grew 102% to ~~₦~~1.01 trillion



From ~~₦~~400.44 billion loss to ~~₦~~1.11 trillion profit



PAT grew 91% to ~~₦~~507.73 billion



From (~~₦~~145.00 Billion) loss to ~~₦~~99.20 billion profit

MOST STOCKS WILL GO FROM BUY TO HOLD

Dangote Cement reported a 38.5% revenue growth from Q2'2024 to Q2'2025
Analysts made projections of 30% growth in Q2' 2026 sales

But 2024 and 2025 financials show:

Fuel & Power Consumed
accounted for 77% and 29.7% of production cost of sales in 2024 and 2025
respectively

Haulage expenses (Transportation) accounted for 88.79% and 73.24% of Selling
and distribution expenses in 2024 and 2025 respectively



**Relatively Inelastic
Product**

Revenue forecast	+35%
Cost of Production forecast	+60%
Selling and distribution expenses	+75%

MOST STOCKS WILL GO FROM BUY TO HOLD



Inelastic Product

Analysts projected 30% growth for Q2'2026 sales anticipating synergies from the IHS purchase and Technology adoption

But with diesel almost doubling, the cost of powering base stations have increased

Revenue forecast	+30%
Cost of Production forecast	+40%
Outcome	Reduced Earnings



Elastic Product

Analysts projected a 10% sales growth following the reduced disposable income from the new tax reforms

This led to its very moderate price gain of 6.175% from ₦75.30 to ₦79.95 in early 2026 rally when BUA foods grew 15%

Revenue forecast	+10%
Cost of Production forecast	+40%
Selling and distribution expenses	+40%
Outcome	Reduced Earnings



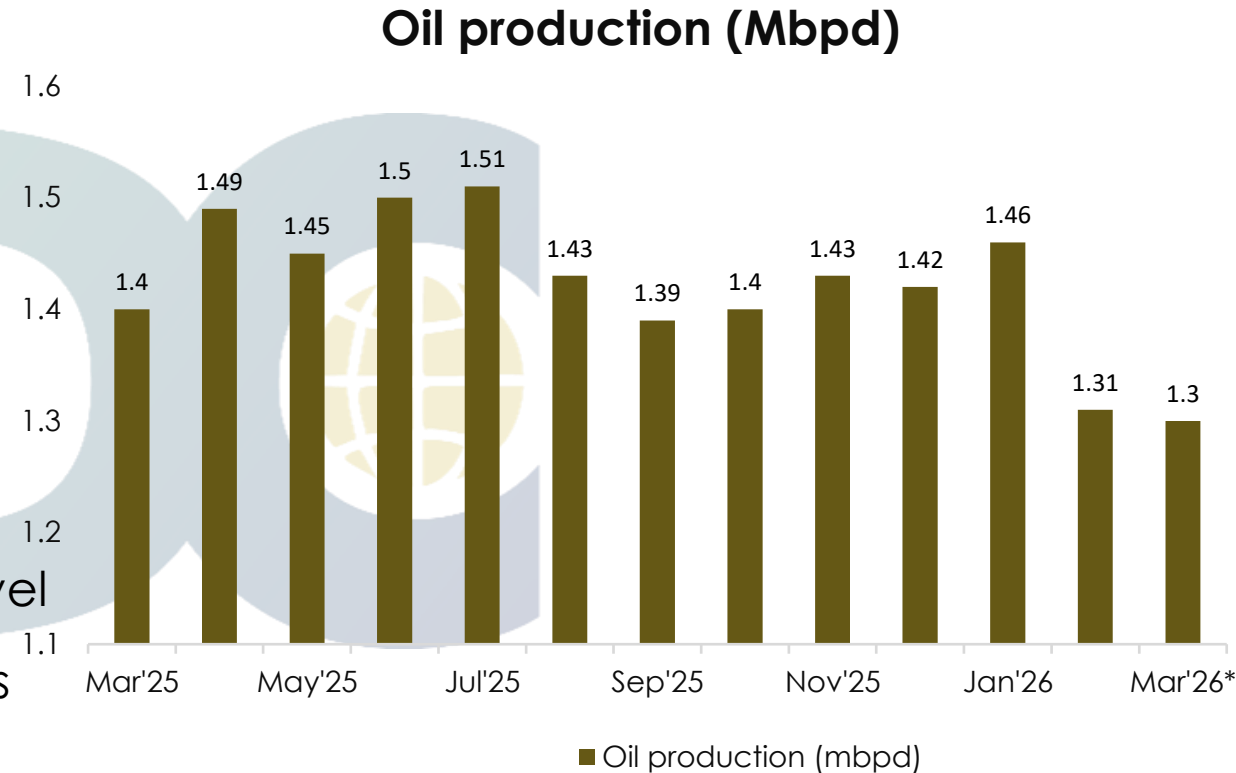
MARKET PROXIES



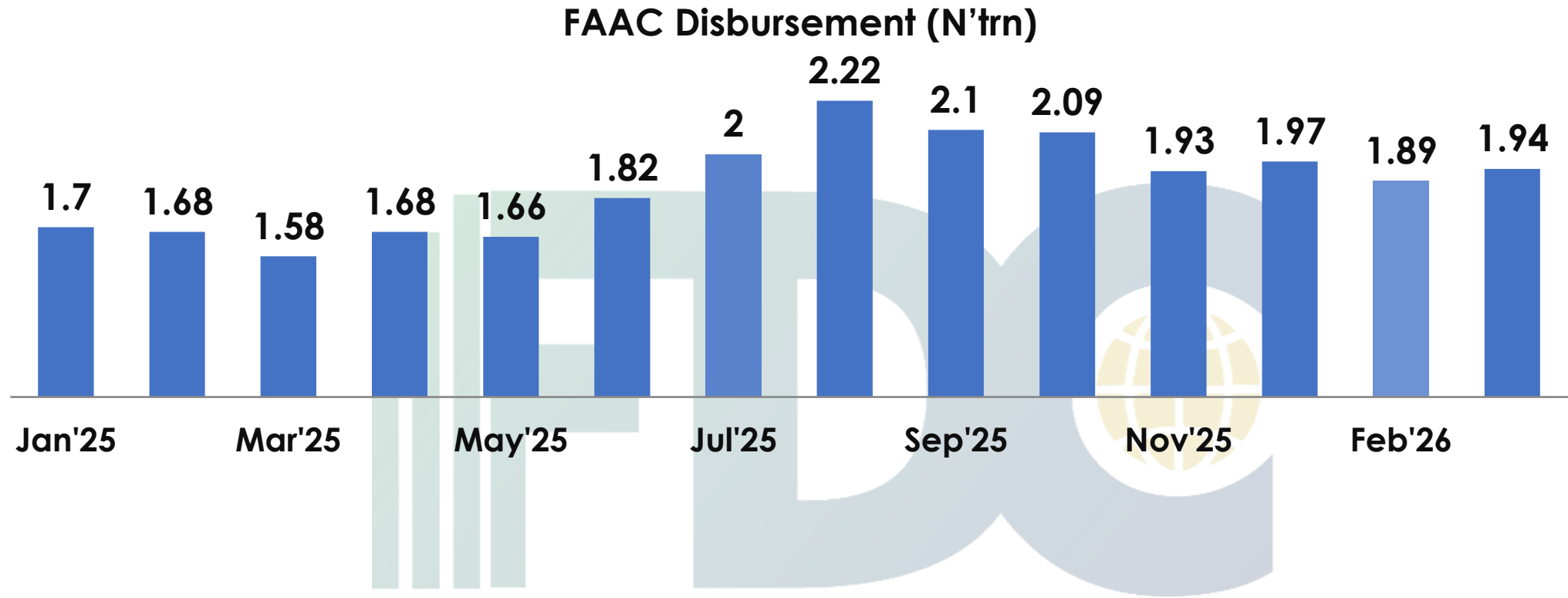


OIL PRODUCTION WILL LIKELY REMAIN AT CURRENT LEVELS

- Oil production plunged in February to 1.31mbpd , a 10.27% fall from 1.46mbpd in January 2026
- Driven by a turnaround maintenance (TAM) at the Bonga field
- And repairs on segment of the Trans Niger Pipeline leading to the Bonny terminal
- Oil production is expected to remain at the current level in March and April due to the economics of the creeks
- This will undermine actual production and limits the country's ability to fully benefit from the oil market



FAAC IS PROJECTED TO RISE IN MARCH AND APRIL



- Oil prices are expected to raise FAAC distribution in March and April
- Additionally, increased transparency from the policy mandating full remittance of oil and gas revenues into the Federation Account will support the increase
- Election spending is expected to rise

MODEST RISE IN SHIPS AWAITING BERTH IS EXPECTED

	Lagos- Apapa	Lagos- Tincan	Calabar port	Warri port	Onne port	Rivers port	Lekki deep sea	Total
Feb'26	6	2	1	6	0	0	6	21
Mar'26	4	3	0	6	0	0	6	19
Apr'26*	6	4	0	5	0	0	6	21

- Ships awaiting berth declined in February to 19, a 9.52% drop from 21 in February
- Global rerouting and shipping delays caused vessels from Asia and Europe take more days
- Moderate increase in ships awaiting berth is expected in April due to arrival bunching effect


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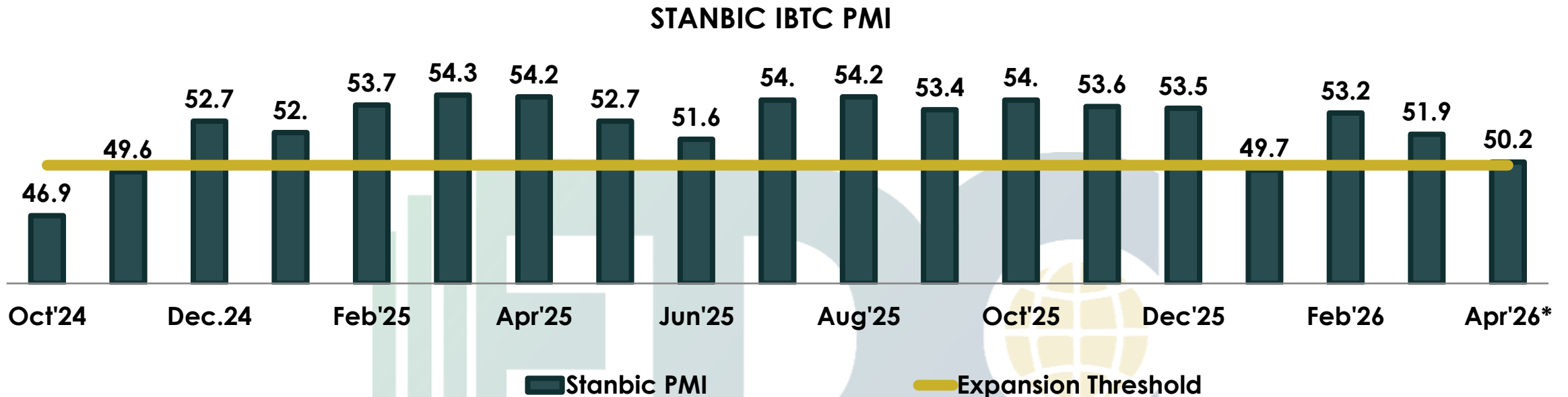
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PMI SLOWED BUT REMAIN IN THE EXPANSION REGION

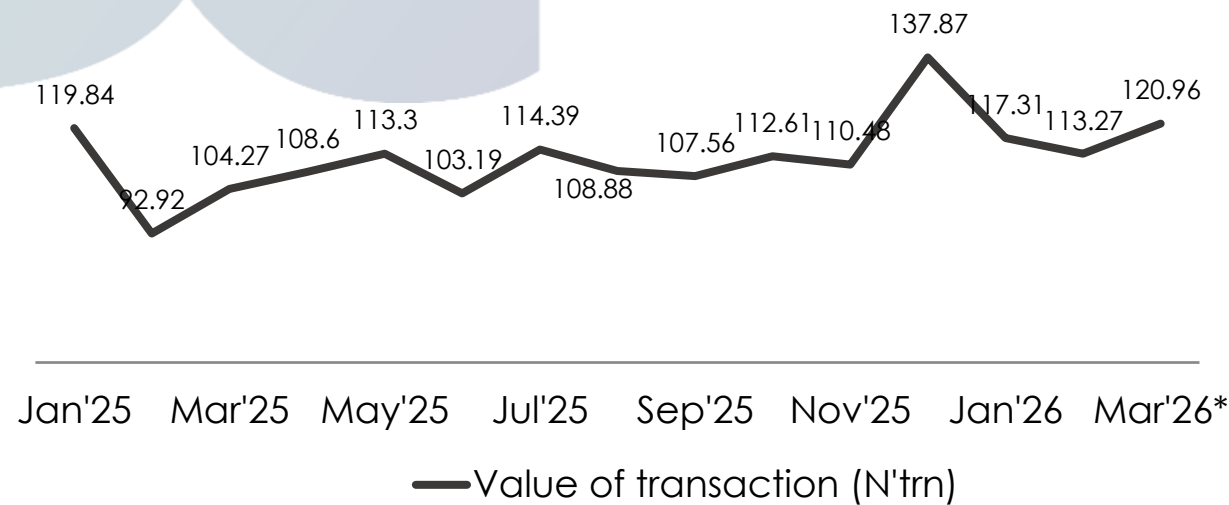


- Energy-induced inflation reversed February's PMI gains, slowing to 51.9 in March
- And will likely push PMI toward stagnation, or mild contraction, in April
- New orders which contribute 30% of PMI is expected to fall due to higher prices of goods and services and lower real income
- Output (contribute 25%) growth will also moderate as firms face higher energy & logistics costs

VALUE OF TRANSACTIONS MIGHT WITNESS MODERATE RISE

- March is anticipated to witness higher transactions
- Driven by Ramadan/Eid and Easter spending, lifting retail and transfer activities
- NEFT could see strong rise due to end-of-quarter business settlements in March
- Energy-induced inflation might affect the expected increase in April,
- Reducing discretionary and retail spending, therefore, POS and NIP growth may slow

Mode of payment	Feb'26 (₹'trn)	Mar'26* (₹'trn)	Change (%)
NIP	101.37	107.32	5.87 ▲
POS	6.58	6.12	-6.99 ▼
NEFT	5.08	7.23	42.32 ▲
CHEQUES	0.242	0.251	3.72 ▲
Total	113.27	120.96	6.79 ▲



FINTECH SECTOR: PERFORMANCE AND OUTLOOK

- Africa recorded \$108 billion investment in fintech in 2025
- With 37% of investment in fintech in Africa comes to Nigeria
- Moniepoint contribute 82% of acquiring payment (SMEs), while Opay controls 61% (40 million) of transactions in Nigeria
- \$200 million was raised by Moniepoint in 2025
- Moniepoint and OPay record daily transaction volumes of ₦1.2 trillion and ₦2.5 trillion, respectively
- Fintech is expected to contribute \$6 billion (about ₦8.51 trn) in 2026



ZERO-FEE BANKING MAY BE DRIVING PRICE WARS

- The financial landscape of bank transfers is changing
- With traditional banks like Sterling Bank and GTB offering zero-fee transfer
- And fintechs like OPAY, PalmPay etc., sparking price wars
- This implies that:
 - Banking is becoming a low-cost, high-volume business
 - Increase efficiency and inclusion in the economy
 - More people enter the formal financial system
 - Lower transaction costs → higher economic activity



NAIRA SETTLEMENT ACCOUNTS AND IMPACT

- All diaspora money coming into Nigeria must pass through regulated naira accounts within the banking system

Exchange Rate (₦)

- The policy forces remittance inflow into the official FX market, which means:
- Increased FX supply (inflows now captured formally)
- Better rates transparency
- Naira appreciation or stabilization
- Narrower gap between official and parallel market rates

Banking System Liquidity

- This will have strong positive impact on liquidity
- Creating higher deposit (liquidity injection)
- And more fund for lending and treasury investment
- Downward pressure on short-term rates (e.g., OPR, interbank rates)

Inflation rate (%)

- Inflation may moderate slightly over time, not immediately
- Stronger naira → cheaper imports
- Improved FX access for businesses
- However, if remittance declines, FX scarcity might return, resulting in higher imported inflation

VACANCY FACTOR BY LOCATION AND SEGMENT

Axis / Segment	2025 Vacancy Factor	2026 Vacancy Factor (est.)	Notes
Lekki – mid-market rentals	8–12%	5–10%	Tight demand, quick letting for well-priced units
Lekki – luxury/high-end units	10–18%	10–18%	Smaller tenant pool, high asking rents
Victoria Island – Grade-A/prime office & top-end res.	10–18%	10–18%	Tenants resisting high rents, some migration to cheaper areas
Victoria Island – older/more modest stock	High single digits–low teens	9%	Lettable if competitively priced, but costs (diesel, service charge) bite
Ajah – planned/better estates	8–15%	8–15%	Similar to Lekki for good locations with access and services
Ajah – weaker/marginal locations	Higher than 15% often	Higher than 15% often	Flooding, access, title or infrastructure issues raise vacancy



5

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ENERGY INDUCED INFLATION Vs. THE CREATIVE SPACE

CONSUMERS

- Squeezed disposable income
- Lower discretionary spending
- Shift to digital platforms
- Selective participation
- Price sensitivity

CREATIVES

- Higher operational costs
- Increased logistics & material costs
- Tighter budgets for projects (albums, music videos, movies)
- Limited resources for promotions and marketing



Aviation & Tourism The Morning After



ENERGY PRICE SHOCK TO DAMPEN AIRLINES PROFIT

- War in the Middle East has pushed jet fuel prices roughly 2x higher.
- Airlines' biggest operating cost, fuel, has spiked sharply, hitting margins immediately.
- **Margin pressure can force airlines to cut flights, raise prices, or delay expansion**
- Fuel accounts for roughly 20–30% of an airline's operating costs
- Some carriers are struggling to operate profitably on key routes
- Airlines may restructure networks to reduce fuel-intensive routes.
- We expect potential route cancellations or consolidation as airlines prioritize cost-effective operations



MIDDLE EAST CONFLICT DISRUPTS GLOBAL AVIATION HUBS

- War in the Middle East has forced airlines to cancel or re-route flights
- avoiding key hubs like Dubai, Doha, and Abu Dhabi
- **These hubs are central to the global hub-and-spoke airline model,**
- disruption affects international connectivity worldwide
- Passengers are avoiding the region due to safety concerns
- Reduced traffic through Gulf hubs could shift global flight patterns, benefiting other hubs in Europe and Asia.
- Major carriers like Emirates and Qatar Airways are operating a reduced schedule.
- Instability threatens revenue, efficiency, and brand reliability





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DISRUPTION OPENS NEW TRANSIT CORRIDORS THROUGH AFRICA

- Kenya Airways reached 99% load factor on routes to Europe, America, and Asia, unusually high for this period
- Airspace closures and airport shutdowns in the Middle East are forcing global passengers to reroute via Africa
- East African hubs (e.g. Nairobi, Addis Ababa) are emerging as alternative transit corridors
- **The airline expects to retain 40% of newly acquired customers, suggesting potential long-term demand shift**
- Operational risk remains as the airline has only 50 days of fuel reserves, prompting urgent search for alternative supply sources



IMPACT OF ENERGY INDUCED INFLATION ON DOMESTIC AIR TRAVEL

- Sustained increases in jet fuel prices, comprising 30–40% of operating costs, are expected to drive further fare increases and fuel surcharges
- Inflationary pressures are likely to weigh on passenger demand, particularly among price-sensitive domestic travelers
- Airlines to face declining load factors, with greater reliance on pricing strategies and promotions to sustain occupancy
- Capacity adjustments, including reduced frequencies and route rationalisation, are likely as carriers prioritise profitability
- Industry margins are expected to remain under pressure, as cost escalation outpaces revenue growth

SHORT TERM OUTLOOK

War De-escalates / Ceasefire Achieved

- Oil prices ease → airfares stabilise, travel becomes more affordable
- Flight schedules return to normal, fewer reroutes and delays
- International and domestic travel demand rebounds modestly
- Hospitality occupancy improves as postponed trips and events resume

War Persists / Escalates

- High fuel costs continue, pushing fares up and squeezing airline margins
- Airlines reduce frequencies and rationalise routes to manage costs
- Travel demand remains weak, especially for international and discretionary trips
- Hospitality sees lower occupancy, cancellations, and shorter stays



OUTLOOK

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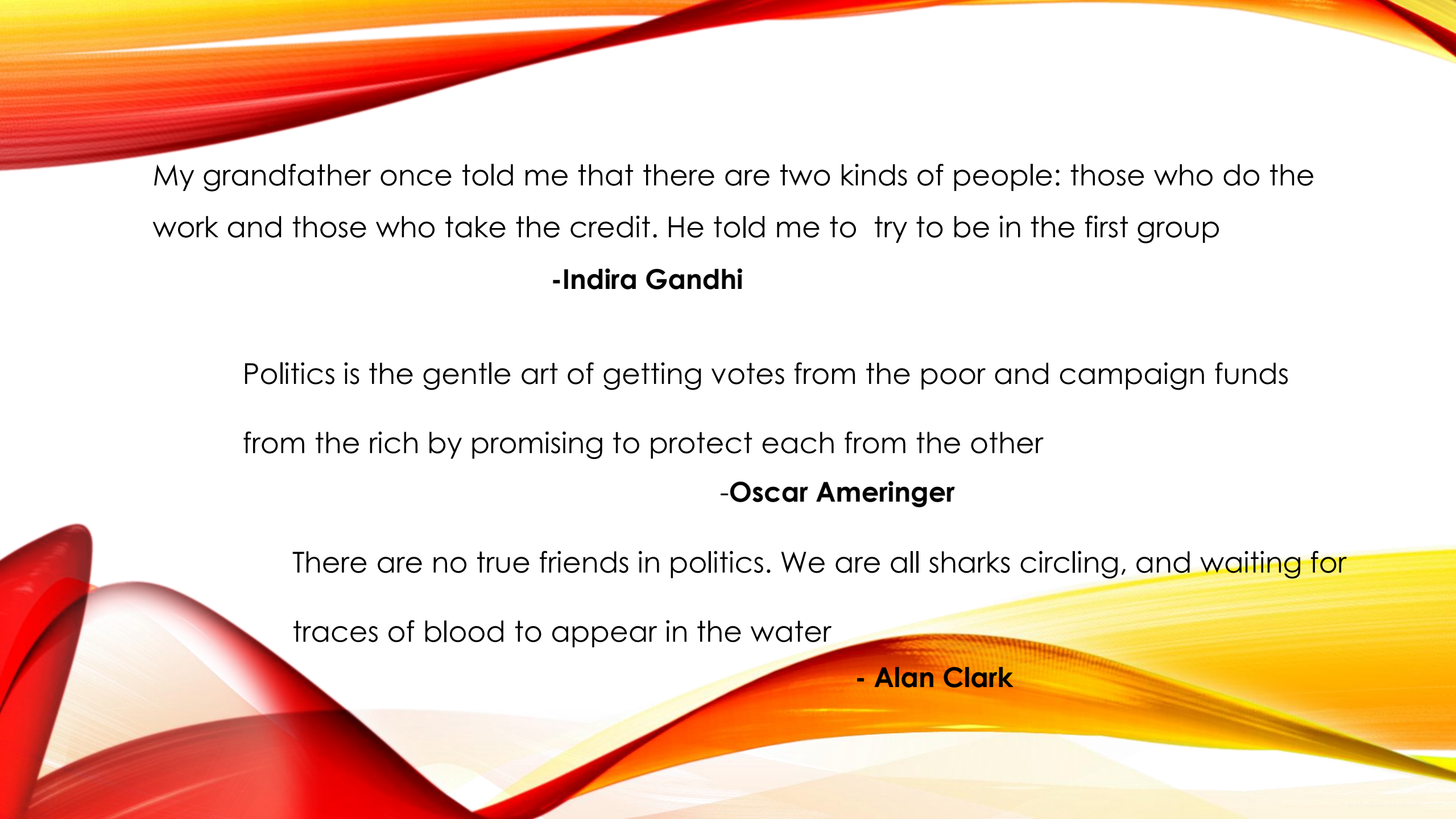
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OUTLOOK

- Easter celebration will be dampened
- Very few pilgrims to Bethlehem
- Naira will trade at ₦1450 – ₦1475 at the parallel market
- Brent will stabilize at \$95pb
- We expect de-escalation of the conflict but no cessation of hostilities
- Sharp increase in government spending in April/May
- T/Bills rates will remain at the current levels
- Inflation in the U.S. & E.U. will increase to 4% from 3% in March
- Global growth will fall sharply with divergent performance across continents
- Nigerian stock market will give back some of its earlier gains
- Q1 revenues will fall as sales squeeze takes effect
- Petrol price will fall towards ₦1,100 per litre with the Government intervention and support



My grandfather once told me that there are two kinds of people: those who do the work and those who take the credit. He told me to try to be in the first group

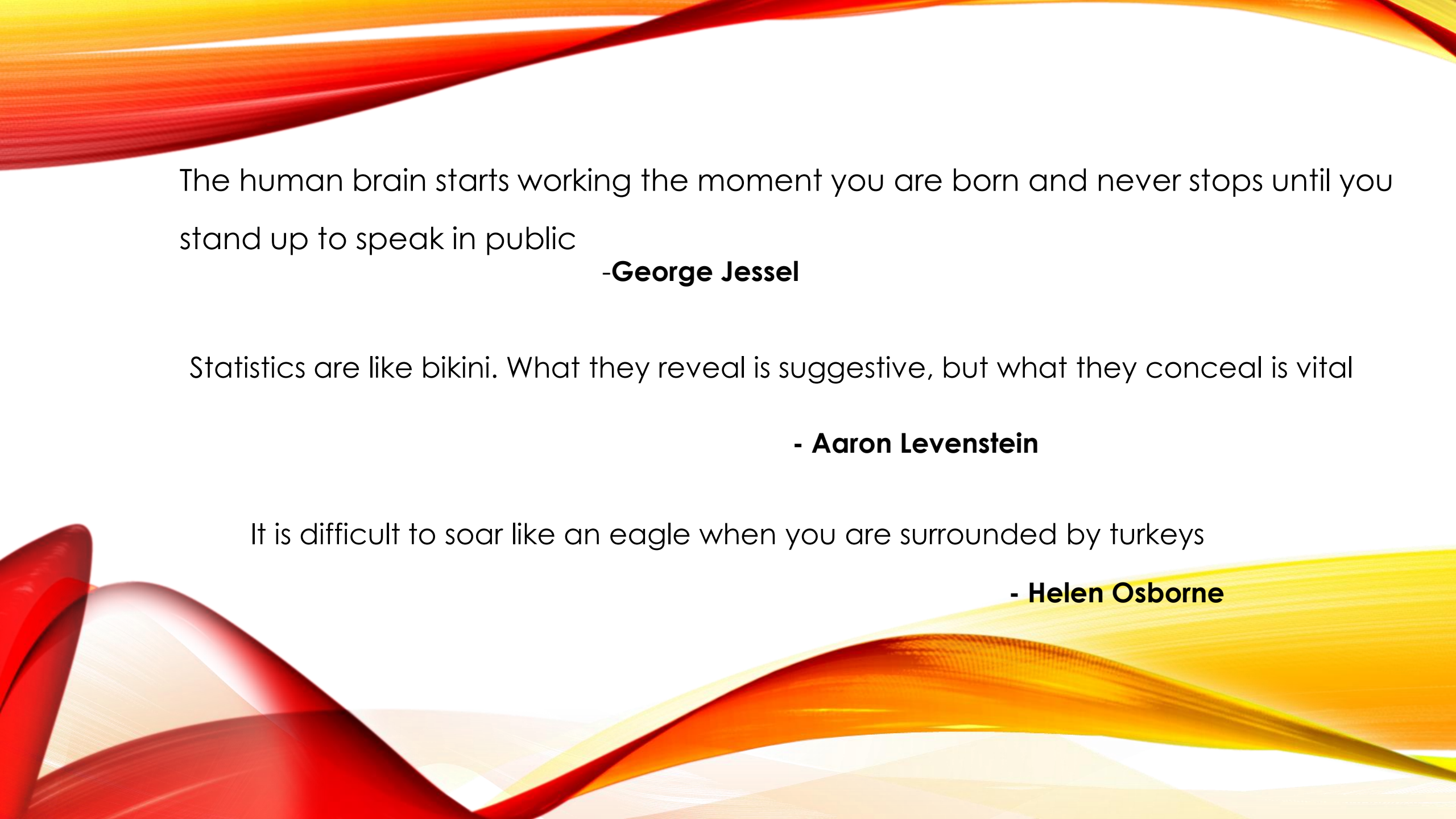
-Indira Gandhi

Politics is the gentle art of getting votes from the poor and campaign funds from the rich by promising to protect each from the other

-Oscar Ameringer

There are no true friends in politics. We are all sharks circling, and waiting for traces of blood to appear in the water

- Alan Clark



The human brain starts working the moment you are born and never stops until you stand up to speak in public

-George Jessel

Statistics are like bikini. What they reveal is suggestive, but what they conceal is vital

- Aaron Levenstein

It is difficult to soar like an eagle when you are surrounded by turkeys

- Helen Osborne



The quickest way of ending a war is to lose it

- **George Orwell**

If A is a success in life, then A equals x plus y plus z. Work is x; y is play; and z is keeping your mouth shut

- **Albert Einstein**

Insanity is hereditary. You can get it from your children

- **Sam Levenson**





Facebook is for people who can't face books

- **Madeleine Beard**

Money is like manure. If you spread it around it does a lot of good, but if you pile it up in one place it stinks like hell

- **Clint Murchison**

Meetings are rather like cocktail parties. You don't want to go, but you're cross not to be asked

- **Jily Cooper**





If you have never been hated by your child, you have never been a parent

- **Bette Davis**

Most people die without ever having lived. Luckily for them, they don't realize it

- **Henrik Ibsen**

Genius is one percent inspiration, ninety-nine percent perspiration

- **Thomas Alva Edison**

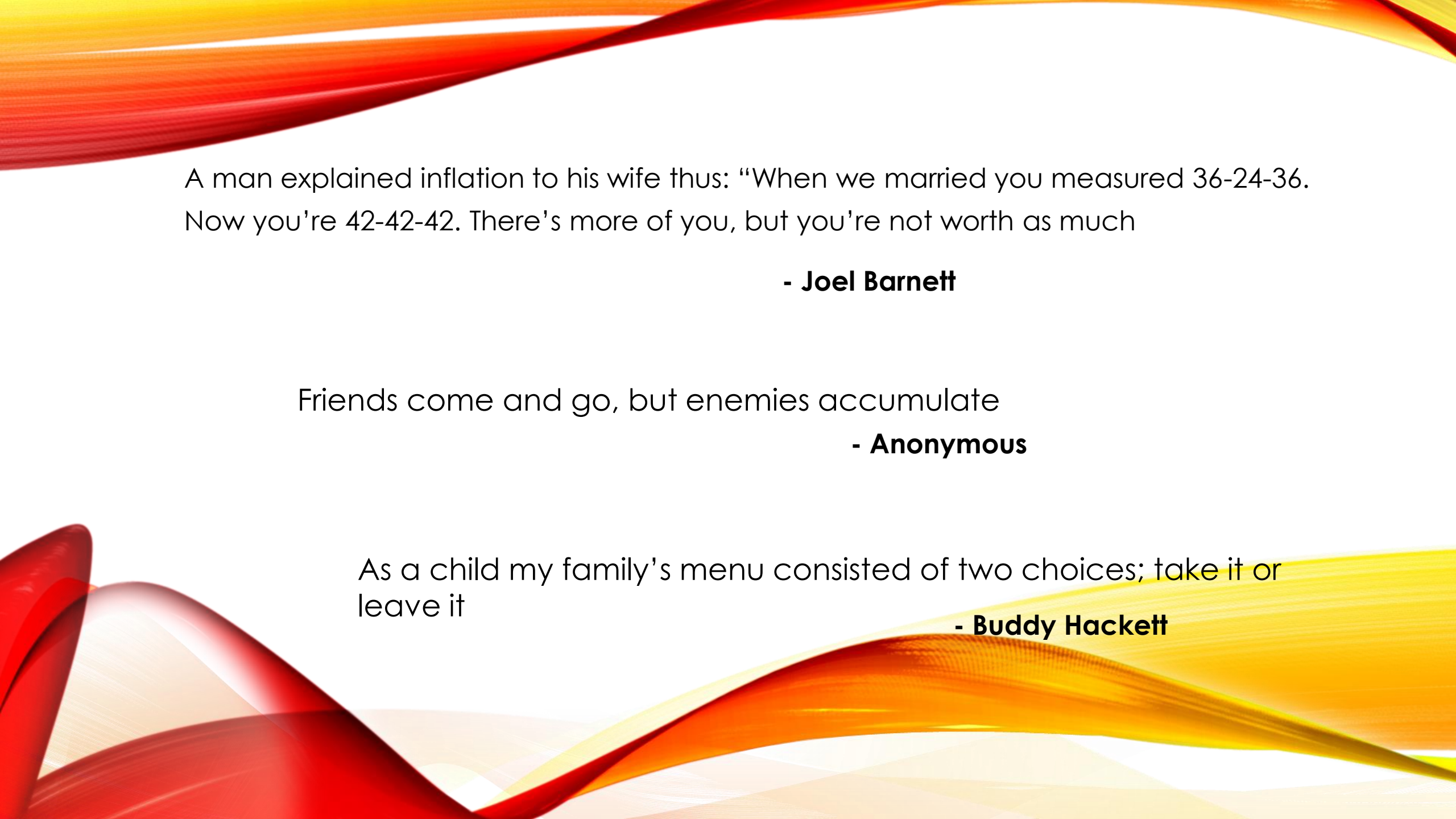


Life is like riding a bicycle. To keep your balance, you must keep moving

- **Albert Einstein**

People go to casinos for the same reason they go on blind dates: hoping to hit the jackpot. But mostly, you just wind up broke and alone in the bar

- **Candace Bushnell**



A man explained inflation to his wife thus: “When we married you measured 36-24-36. Now you’re 42-42-42. There’s more of you, but you’re not worth as much

- **Joel Barnett**

Friends come and go, but enemies accumulate

- **Anonymous**

As a child my family’s menu consisted of two choices; take it or leave it

- **Buddy Hackett**

Thank You

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