

LBS BREAKFAST SESSION

Q2'25

AN ECONOMIC LITMUS TEST FOR NIGERIA



QUOTES!

“ *The only thing that makes life possible is permanent, intolerable uncertainty: not knowing what comes next.* ”



Ursula K. Le Guin



Raghuram Rajan

“ *Uncertainty of any sort results in volatility, and Brexit will be no exception.* ”

”

OUTLINE

1

**Golba updates
Isolation Vs.
globalization**



2

**The Nigerian
Economy**

3

Stock Markets



4

**What's Happening
Elsewhere**

01

Isolation Vs. Globalization

Global Updates



QUOTES!

“ Protectionism is a seductive but dangerous policy – it makes people feel like their country is winning even when the economy as a whole is losing. ”



Paul Krugman

Modern Economist, Nobel
Laurette

QUOTES!

“ *Tariffs and restrictions keep down the people in those countries that impose them.* ”



Milton Friedman
Nobel Prize Winner



Peter Drucker
Management Thinker

“ *The greatest danger in times of turbulence is not the turbulence—it is to act with yesterday’s logic.* ”



GLOBAL HIGHLIGHTS – THE STAKES JUST GOT HIGHER

- Trump's 'Liberation Day' turns into 'Inflation Day' as the announcement of a comprehensive set of tariffs adds to global and political uncertainty, rattling markets
- Trump imposes sweeping tariffs on multiple countries, with Nigeria listed on the 'dirty 15 list' and hit with a 14% tariff on export to the U.S.
- Global stock markets tumble, with immediate negative impacts on financial markets
- Investors are not sure if this is bargaining or strategic move
- Markets are jittery and fears of a global slowdown are heightened
- The major trading blocks are preparing for a tariff war with no winners
- EU said it has a 'strong plan' to respond to Trump's tariffs
- Von der Leyen announced that 'all instruments are on the table' including hitting US services exports



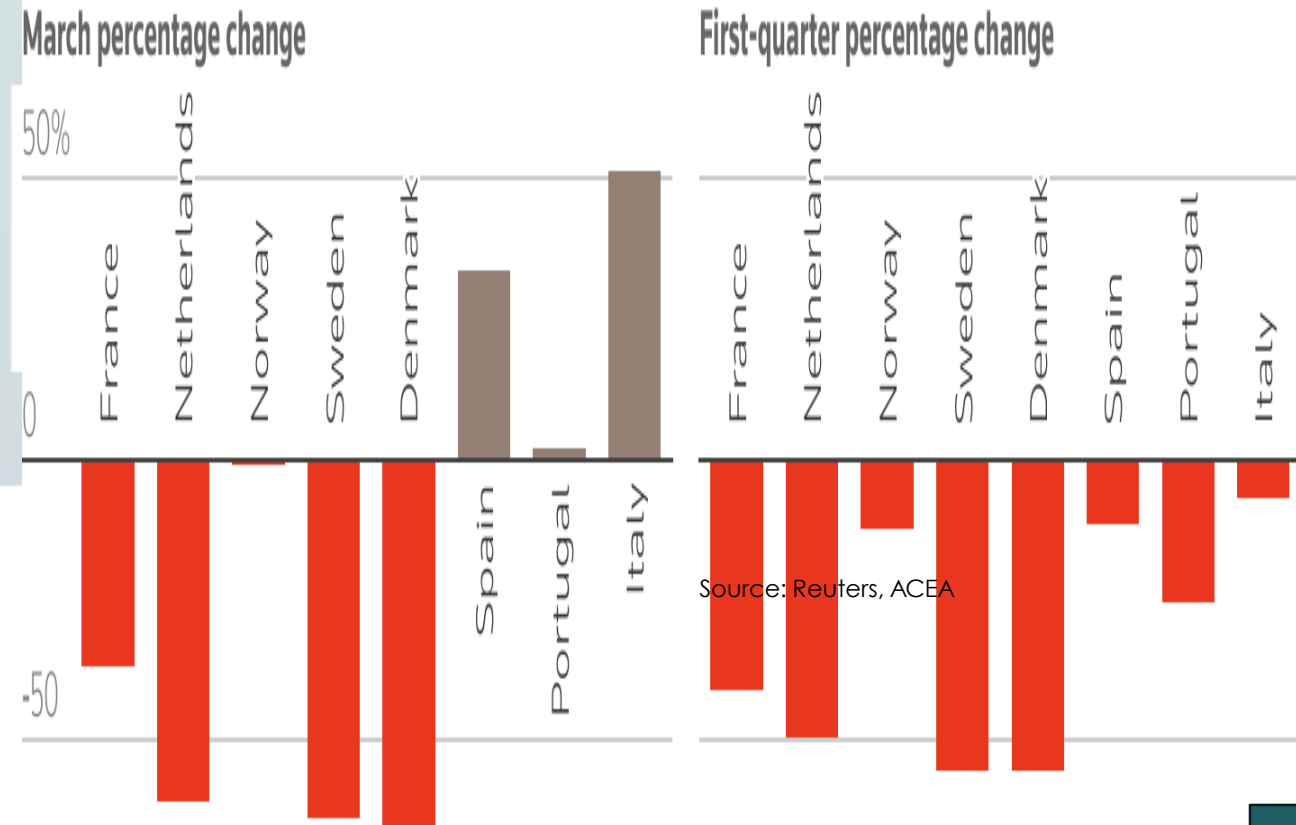
GLOBAL HIGHLIGHTS - FED REMAINS INDEPENDENT & STRONGER

- The US has a services surplus of €109bn and trade deficit of €157bn with the EU
- Global trade is estimated at \$33trn and could fall by 2.1%
- Global GDP, initially projected to expand by 3.3%, is now expected to grow at a slower pace of 2.4%.
- Gold, the safe haven for investors, has seen its price spike to a new all-time high of \$3,160 per ounce
- The Fed left interest rates unchanged at the last meeting
- It expects US GDP to expand by 1.7% in 2025, down from 2.1% earlier forecast
- Inflation is expected to average 2.7% in 2025, higher than the earlier forecast of 2.5%
- PCE unexpectedly surged to 2.8% in February, exceeding the 2.7% forecast.

GLOBAL HIGHLIGHTS – LOOK OUT FOR TARIFF BACKLASH

- There are signs that the global economy could contract sharply more from uncertainty than slow output
- The Bank of Japan (BoJ) kept interest rates on hold at 0.5%p.a.
- The governor gave no indication of when rates will increase again
- The BOE also kept interest rates on hold at 4.5%p.a., citing global uncertainty
- Tesla shares have tumbled, losing 35% YTD
- Tesla sales rout in Europe deepens amid anti-Musk protests

Tesla's car sales falling in most European markets





GLOBAL HIGHLIGHTS

- Tesla sales rout in Europe deepens amid anti-Musk protests
- Google's parent company, Alphabet, acquired Wiz, a cybersecurity startup, for \$32bn
- Wiz is a cloud computing company with customers like Amazon Web Services, Microsoft Azure, etc.
- Hyundai of South Korea has announced that it would invest \$21bn in the USA, including a steel plant in Louisiana
- Trump gave TikTok another 75-day lifeline as his administration searched for an American buyer.
- But ByteDance, the owner of TikTok, insists that its social app is not for sale
- TikTok has the highest average time spent per user among major social apps -34 hours per month
- The price of copper spiked by 25% on the fears of a Trump tariff on imports of the metal



GLOBAL HIGHLIGHTS – S.E. ASIA FEARS OF 1998 ARE BACK

- S.E. Asia is prone to financial contagion, and is raising investor eyebrows
- Indonesia's central bank intervened to support the Rupiah after it plunged to the 1998 Asian Financial Crisis level
- The 1998 crisis rocked the global financial markets.
- Asian investors said then: never again
- Nike, the sportswear giant, stock fell to a five-year low because of weak demand in China.
- Don't write off Nike. In fact, we are buying the stock
- Remember its mantra, "just do it".



GLOBAL HIGHLIGHTS

- The direct impact of Trump tariffs will be low relative to other regions
- Deep currency losses in 2023/24 will also provide support
- Share of big five economies in African GDP will continue to decline
- Now accounts for 43% of African GDP, down from 65% a decade ago
- Focus now shifts to tier 2 economies like DRC, Kenya, Ghana, etc
- South Africa faces higher volatility due to exposure to Trump's trade policies.
- South Africa's growth is projected to be 1.2% this year
- The EIU expects SSA economic growth to expand by 3.9% in 2018
- Powered by lower inflation, interest rate cuts and benefits of market reforms

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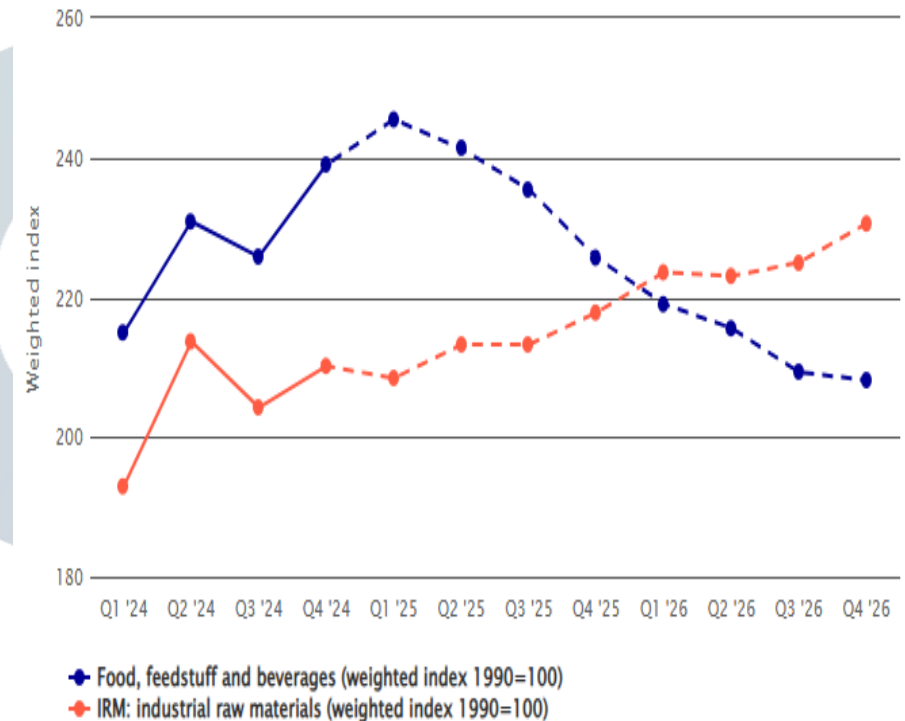
GLOBAL HIGHLIGHTS – IMPACT ON NIGERIA

- Rising global commodity prices pose upside risk to inflation.
- Investors may delay commitments due to global economic uncertainties and interest rate shifts.
- Higher global interest rates could increase Nigeria's external debt burden.
- A global demand slowdown could weigh on Nigeria's non-oil exports, especially agriculture and manufacturing.
- Global economic trends impact remittances, a key source of forex for Nigeria.
- Nigerian stock and bond markets face contagion risk from the global financial markets
- Fluctuating global oil prices could impact Nigeria's foreign earnings and fiscal stability.
- Government revenue may fall short, straining budgets and public spending.

COMMODITIES OUTLOOK – NOBODY KNOWS WHAT NEXT

- US trade tension increases uncertainty in commodity prices.
- Agricultural commodities are the least affected by trade tensions.
- Food, feedstuffs and beverages (FFB) index expected to trend downwards in 2025-26.
- Cocoa and coffee prices to fall from record highs.
- Agricultural prices will average higher in 2025 than 2024.
- Lithium, cobalt, and graphite prices to rise in the medium-term.
- Strong demand and geopolitical risks to support crude oil prices.

EIU Commodity forecast (2025-26)



Source: EIU

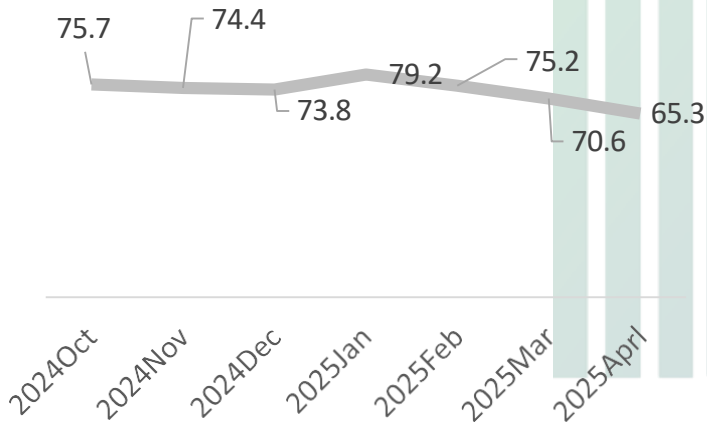
EXPORT COMMODITY PRICES TO REMAIN BEARISH IN APRIL

CRUDE OIL

\$65.3p

b

Crude oil prices (\$pb)

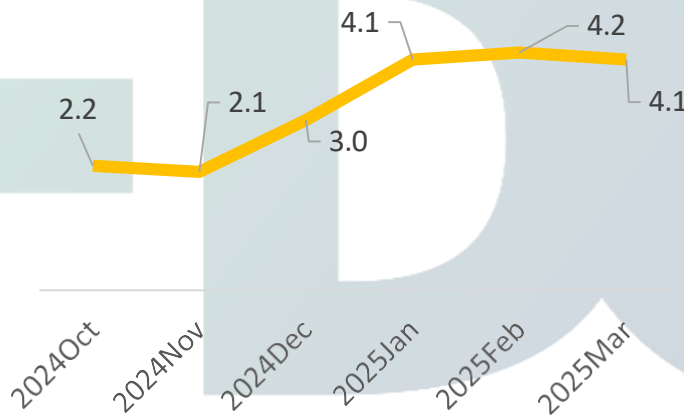


NATURAL GAS

\$3.9

mmbtu

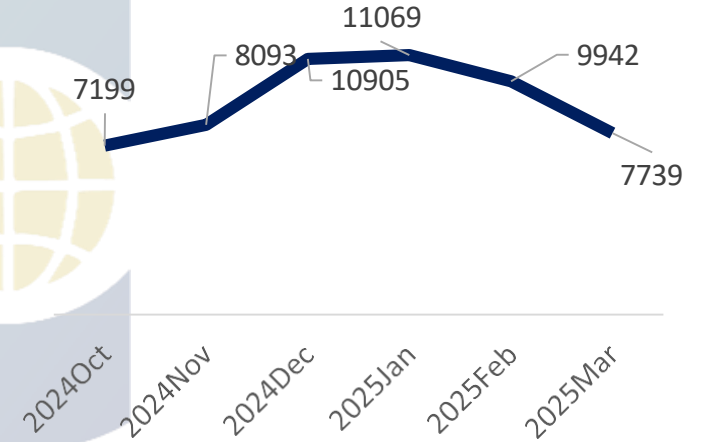
LNG (\$/mmbtu)



COCOA

\$8,177/mt

Cocoa (\$/mt)



- Crude oil price fell in March
- Expected to trade below \$75pb in April/May

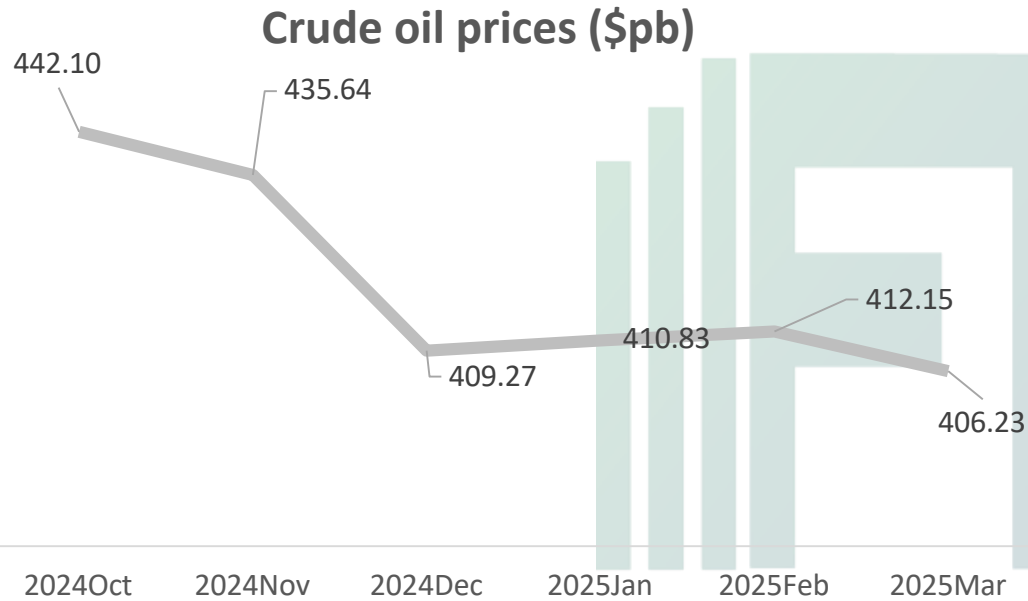
- Gas prices remain elevated in Q1
- Prices expected to peak in April due to milder weather

- Experienced a notable decline after reaching record highs in late 2024
- To fall further in April on increased supply



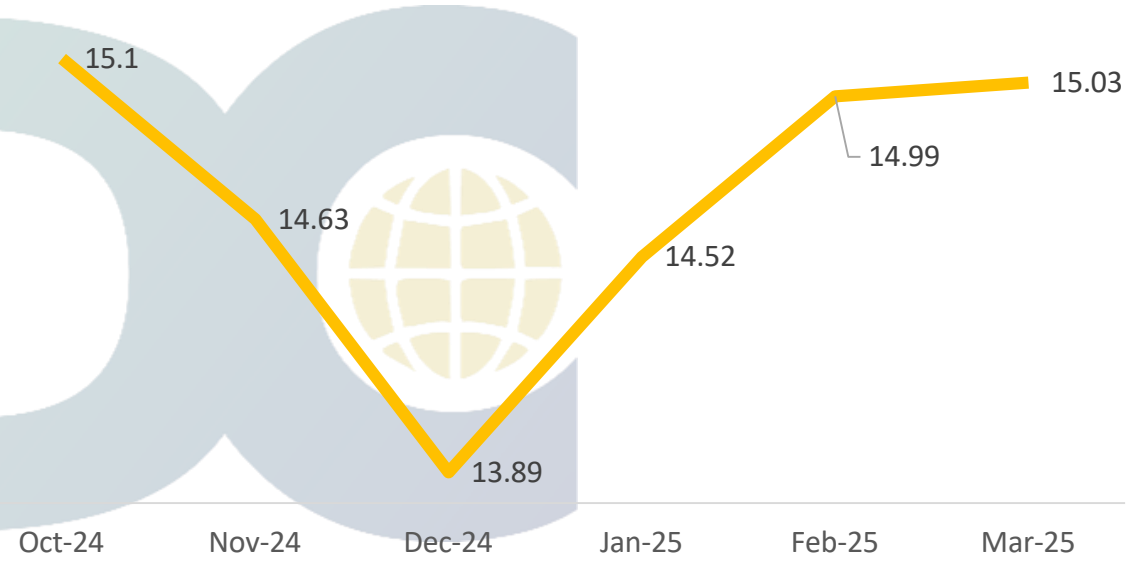
CASHEW EXPORTS

SOYBEANS



CASHEW

Cashew prices (\$/kg) to remain bullish in 2025

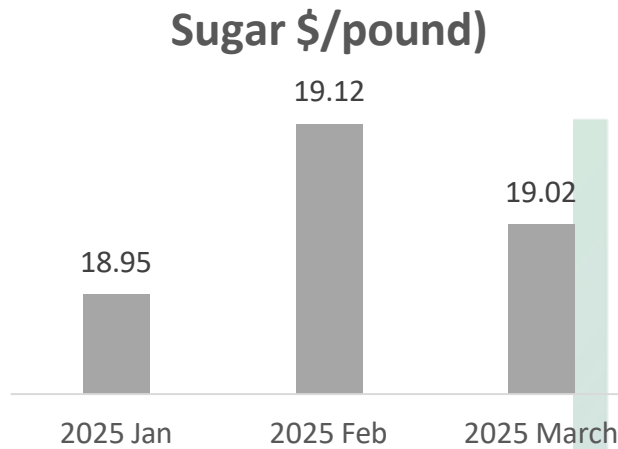


- EIU expects soybean prices to weaken in 2025
- Production will exceed consumption by 11.2m tonnes in 2025

- Africa's cashew production is increasing.
- Nigeria's cashew production to exceed \$500mn in 2025

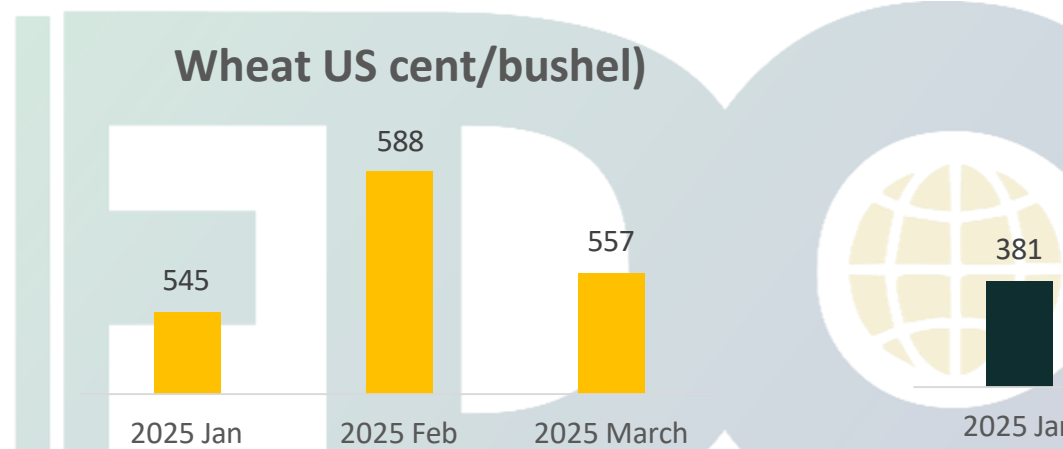
IMPORT COMMODITY PRICES WILL BE MIXED IN Q2

SUGAR



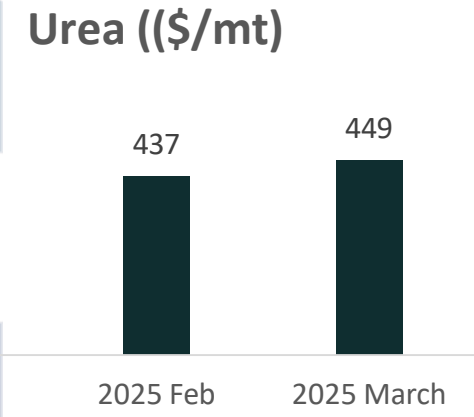
- Drop in Brazil, India cane yields drove prices up in February
- Increased production in Thailand is stabilizing prices

WHEAT



- Increase in China demand boost prices in February
- Black Sea tension poses upside risks to wheat prices in April

UREA



- Peak agricultural season demand pushing prices up
- High feedstock prices (gas) also supported price increases
- Prices will remain elevated in April

02

THE NIGERIAN ECONOMY

-

*A Sudden Twist in the Recovery
Story as NNPC Board is
Reconstituted*



QUOTES!

“When fundamentals are shaky, even the strongest recovery turns into a downturn overnight.”



Anonymous



Tommy Tuberville
American politician

“A government subsidized economic recovery, is not an economic recovery - it's an entitlement state.”



THE NIGERIAN ECONOMY – Q1 REVIEW & Q2 OUTLOOK

- The new NNPC board is energetic and professional
- Likely to complement the fiscal and monetary reforms
- The economy is currently flatlining but is expected to expand toward the end of 2025
- Growth remains positive at 3.84% in Q4, but is not inclusive
- GDP is expected to grow at 4.01% in Q1'25 and 3.72% in Q2'25, indicating a stronger economy.
- PMI is expected to remain above 50 points at an average of 51.5 points in Q2
- Headline inflation decelerated for two consecutive months to 22.18%
- But this trend could reverse upward to 23.48% as external factors beyond monetary policy control continue to grow



THE NIGERIAN ECONOMY – Q1 REVIEW & Q2 OUTLOOK

- Nigeria's net external reserve rose to \$23.11 bn
- Highest level in three years can cover six months of imports and payments
- The gap between the gross and net is \$15.22bn
- South Africa's net reserve is \$61bn
- The naira is trading at N1,555/\$ at the parallel market and is expected to remain stable, trading between ~~N~~1,547/\$ and ~~N~~1,600/\$ in Q2
- PMS pump price increased by 8% to N930/litre from N860
- The increase in PMS price will continue in Q2 until the crisis in the petrol industry is addressed
- Money supply growth (M3) declined further to 15.45% and is projected to drop to 12% in Q2



THE NIGERIAN ECONOMY – Q1 REVIEW & Q2 OUTLOOK

- Oil production fell by 4.55% to 1.47 mbpd in February and is projected to decline to 1.45 mbpd in March
 - This declining trend will continue in Q2, reaching 1.43 mbpd due to the crisis in Rivers State unless the government addresses the ongoing political instability
- The average opening position of banks in Q1 '25 stood at a negative ₦255.02 billion and is expected to dip further in Q2
- Consumer confidence improved from -31.1 in December 2024 to -19.0 points in February 2025
 - Will continue to improve, with a projected positive index by the end of Q2
- Investors' confidence improved from 17.0 points in December 2024 to 19.70 points in Q1
 - Will likely improve further in Q2, driven by sustained growth in Nigeria's private sector and positive market conditions
- Investor confidence in Q2 is likely to improve further, driven by sustained growth in Nigeria's private sector and positive market conditions



THE NIGERIAN ECONOMY – Q1 REVIEW & Q2 OUTLOOK

- Government expenditure totaled approximately ₦3.383 trillion in January and February 2025
 - Could rise to approximately ₦5.1 trn in the near term
- FAAC disbursement in February fell by 1.18% to ₦1.68 trillion, down from ₦1.70 trillion in January
- March disbursements might stabilize or slightly decrease from February levels, the next quarter's projections depend heavily on oil revenue
- The global oil price (\$74.5 per barrel) is trading below the budgeted crude oil benchmark of \$75 per barrel
- The total number of ships awaiting berth at the seven major ports in Nigeria declined to 17 from 19 in February and is projected to decrease further in Q2
- Imports have declined due to weak consumer demand
- The terms of trade may worsen if imports continue to decline due to economic weakness or forex scarcity, leading to lower overall trade activity



MACROECONOMIC QUARTERLY SCORECARD

6 GREEN

8 RED

1 AMBER

Leading Indicators	Q1' 25	Q2'25f	% Change	Scorecard
Exchange rate, official (N/\$ End period)	1540	1530*	-0.70	Green
Exchange rate, parallel (N/\$ End period)	1544	1571*	1.72	Red
Stock market cap. (N' trn)	66.23 (Mar'25)	65 (Apr'25)*	-1.86	Red
PMI Avg	52*	53.5*	2.88	Green
Average opening position (N'bn)	82.28	83.52*	1.51	Green
Coincidental Indicators				
GDP growth(%)	3.96*	4.01*	0.05	Green
Oil production (mpbd) Avg.	1.48 *	1.43*	-3.37	Red
Brent Oil price (\$/bl) Avg	74.77	70.52	-5.7	Red
FAAC (N'trn)	1.68(Feb'25)	1.65 (Mar'25)*	-1.79	Red

Source: NBS, CBN



NIGERIAN MACROECONOMIC DASHBOARD CONT'D

	Q1'25	Q2'25f	% Change	Scorecard
Lagging Indicators				
Inflation (%)	22.8 (Mar'25)	23.1 (Apr'25)*	0.3	
MPR (%)	27.50	27.50*	0.0	
365-day t-bills (%)	19.94	20.32 *	0.38	
Trade balance (N'trn)	3.2*	3.04*	-5.0	
Gross external reserves (\$'bn end period)	38.33 (Mar'25)	38.18*	-0.4	
Money supply growth (%)	15.45 (Feb'25)	13.20 (Mar'25)*	-2.25	



CHRONOLOGY OF EVENTS / DATA RELEASES IN Q2 2025

Global Events



World Bank & IMF
Spring Meetings
April 21–26

Meeting with
Central Banks



AfDB Annual
Meetings
May 26–30

New
President



OPEC
meeting
May 28

Decision on
output quota



U.S. Federal
Reserve Meetings
May. 6-7

Status quo



IMF Article IV
Briefing
April

New
Reports

Nigeria-specific Events



March inflation
data
April 15

22.8%



MPC Meeting
May 19 & 20

Status quo



Q1 '25 GDP data
May

4.01%

FOUR CRITICAL INDICATORS



EXCHANGE RATE



PETROL PRICE



INFLATION



GROWTH

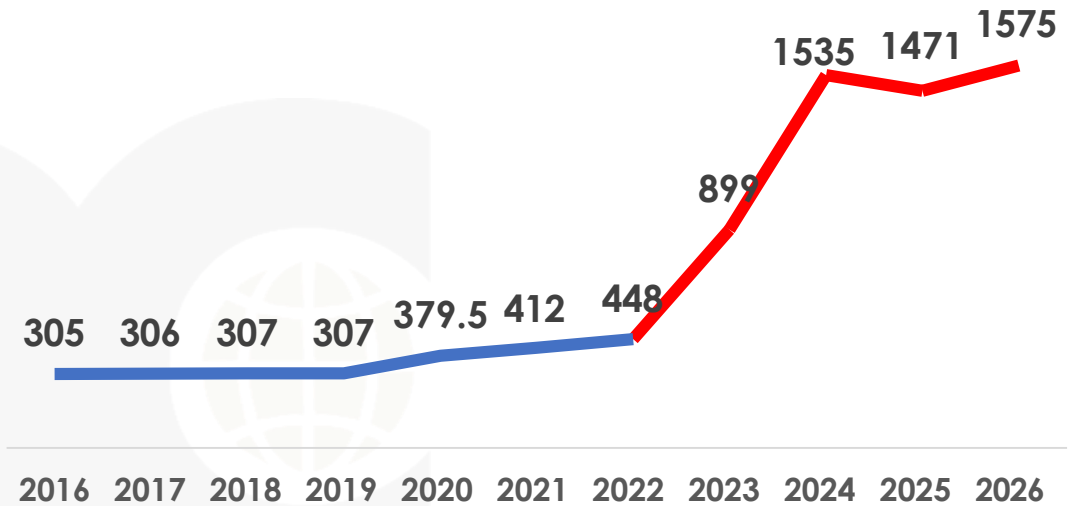


EXCHANGE RATE OUTLOOK – NAIRA CLOSER TO EQUILIBRIUM

Exchange rate determinant factors

Variable	2024	2025	Trend	Seasonalities
Brent Oil Price (\$/bl)	80.70	71.63	↓	Non-seasonal
Crude Oil Production (mbpd)	1.38	1.44	↓	Non-seasonal
Trade Balance (\$bn)	18.56	15.65	↓	Seasonal
Terms of Trade (1990=100)	27.0	25.8	↓	Non-seasonal
Current Account Balance (\$bn)	16.22	11.94	↓	Seasonal
Gross Foreign Reserves (\$bn)	40.58	38	↓	Non-seasonal
Remittances (\$bn)	21.11	21.85	↑	Seasonal

Exchange rate LCU:\$ (end-period)



- EIU is forecasting that the naira will remain stable in 2025/26
- To average N1,547/\$ in 2025
- Lower global crude oil prices could put pressure on the naira
- Leading to low FX earning

EXCHANGE RATE TRENDS – HOW ONE YEAR CHANGED EVERYTHING

Naira stable in Q1, supported by:

"it ain't over 'til the fat lady sings"

0 Increased interest rates

0 Increased investment inflows

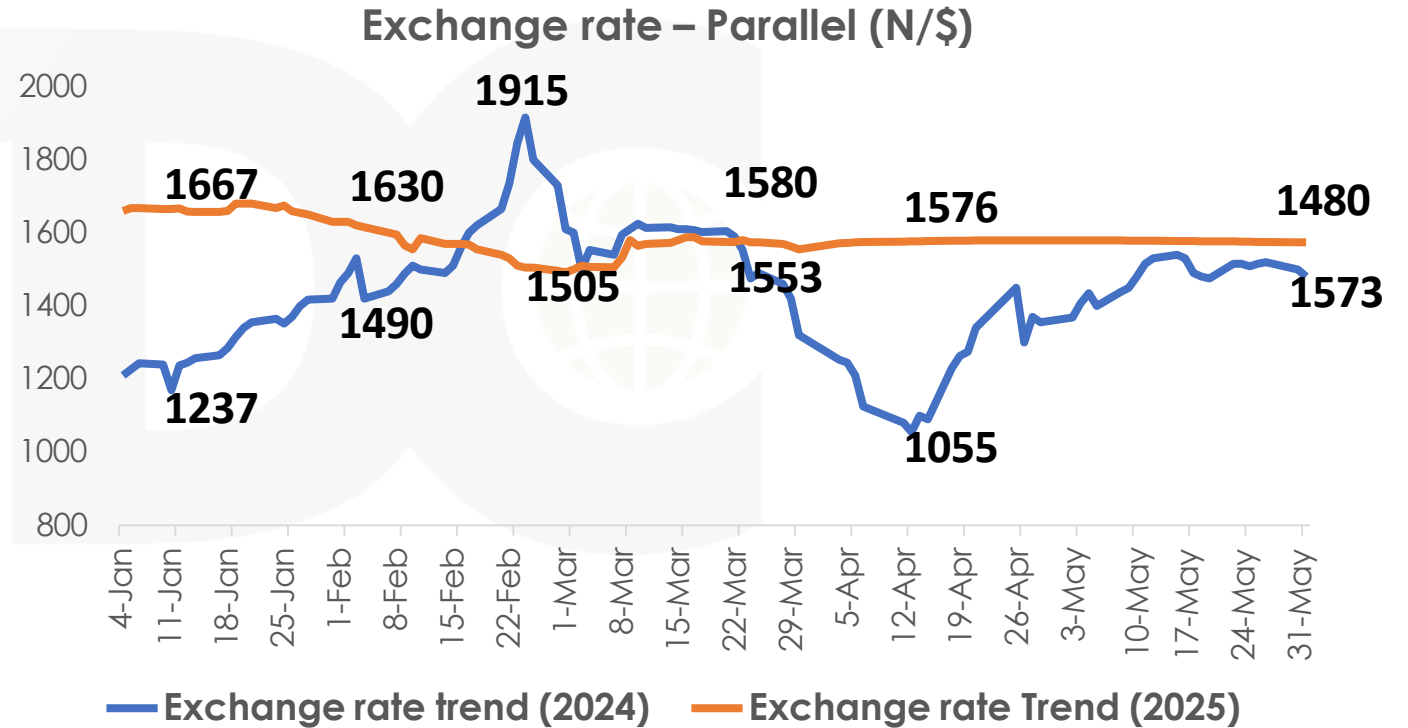
- Rose 267% to \$4.4bn in Jan – Feb 2025
- Compared to \$1.2bn in Jan – Feb 2024

0 Increased CBN intervention

- Injected \$800mn in Jan – Feb 2025
- Compared to \$400mn in Jan – Feb 2024

0 Increased trade balance

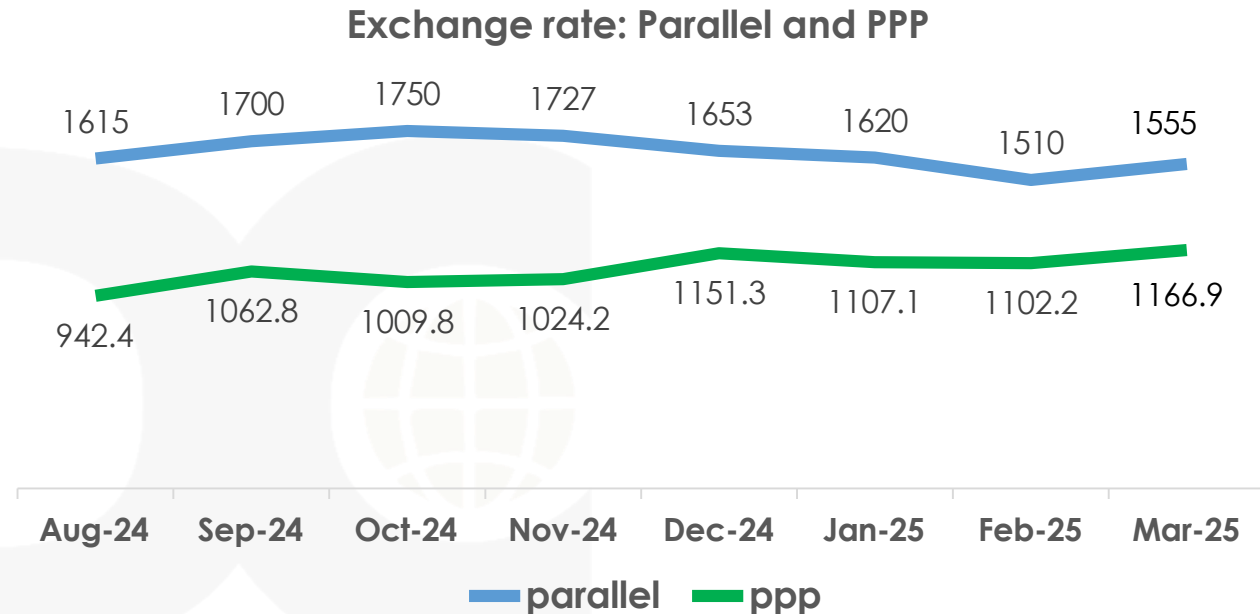
- Doubled to \$11.6bn in 2024
- From \$6.2bn in 2023



- In Q1 '25, the exchange rate is closer to equilibrium and more aligned with its real exchange rate

PPP Vs. PARALLEL

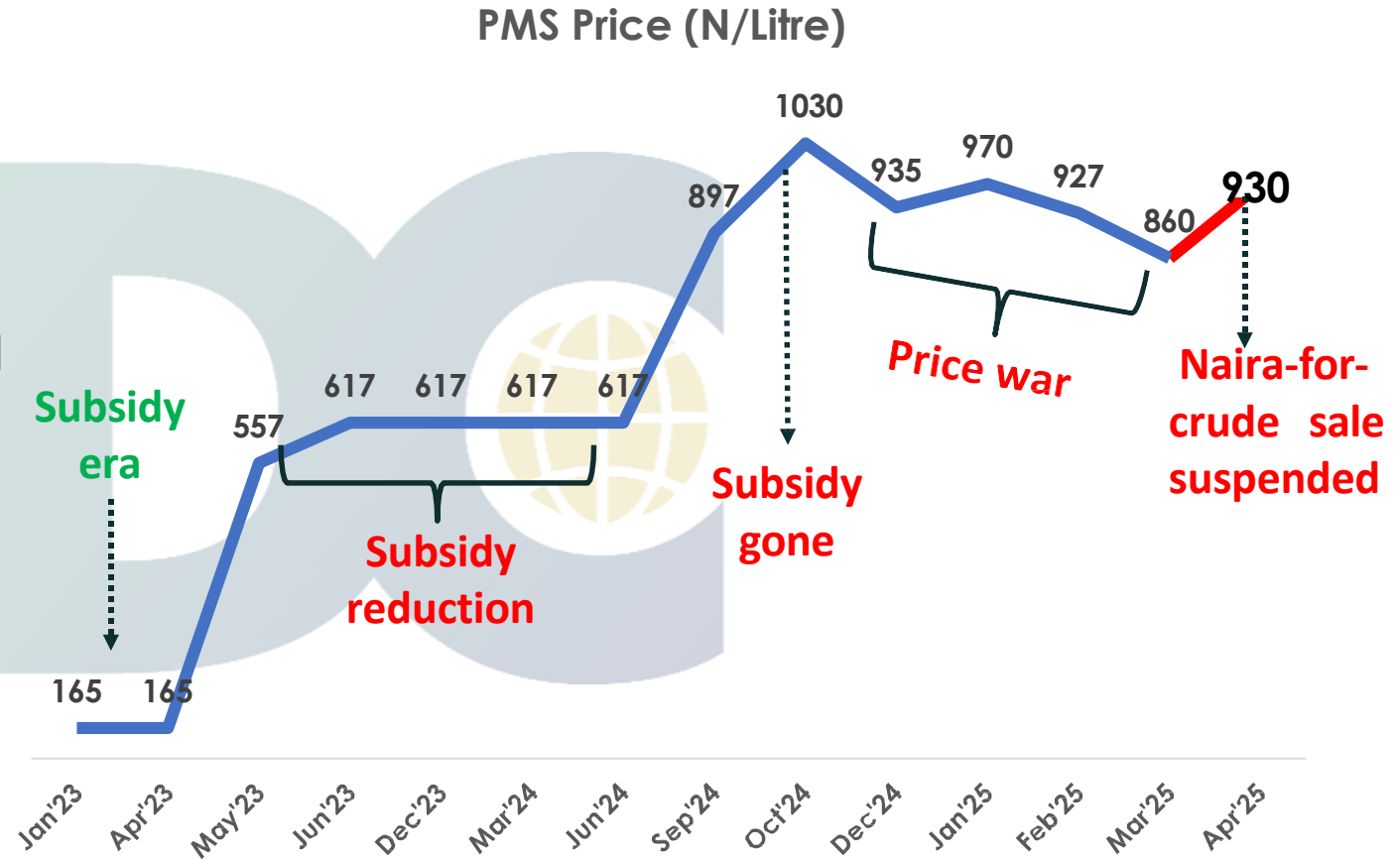
Purchasing Power Parity			
	=N=	Mar-25	
		US \$	PPP ('=N=/US\$)
Bottle of Pepsi (50cl)	500	0.67	751.88
Heinekin Beer (60cl)	1,200	1.62	740.74
Hamburger (Burger King)	18,000	6.69	2690.58
Movie tickets (blockbuster)	8,000	9.99	800.80
HP Pavilion 14 X360 (12 gen, core i13, 512gb)	1,450,000	850.94	1704.00
Diesel Price (1 litre)	1,090	0.95	1147.37
Vegetable oil (5 litres)	19,500	37.75	516.56
Indomie (1 unit)	500	1.10	454.55
Nestle Bottled Water (60cl 1 unit)	250	0.28	892.86
Big Loaf Bread	1,800	4.35	413.79
Corrola (2023 Model)	50,000,000	21700.00	2304.15
Irish Spring Soap (3 bars)	3,645	3.51	1038
Chicken Breasts (1 kg)	5,500	2.00	2750.00
Trolley	2,500	6.02	415.28
Peak evaporated milk (pack of 24)	18,000	36.00	500.00
Uncle Ben's rice (5.44kg 1 pack)	29,000	21.85	1327.23
Eggs (30 large eggs)	7,200	23.50	306.38
Medicine (Panadol extra 50 caplets)	11,700	12.47	938.25
Andrex toilet paper (24)	41,850	16.88	2479.27
Average PPP			1166.96
Naira Price at NAFEM			1539
PPP (%)			
Decision: Naira is		Undervalued	-24.17%
Spot Rate (Parallel)			1555
Outcome: Compared to NAFEM rate of N1,500.73/\$1, the Naira is undervalued by 24.13%			



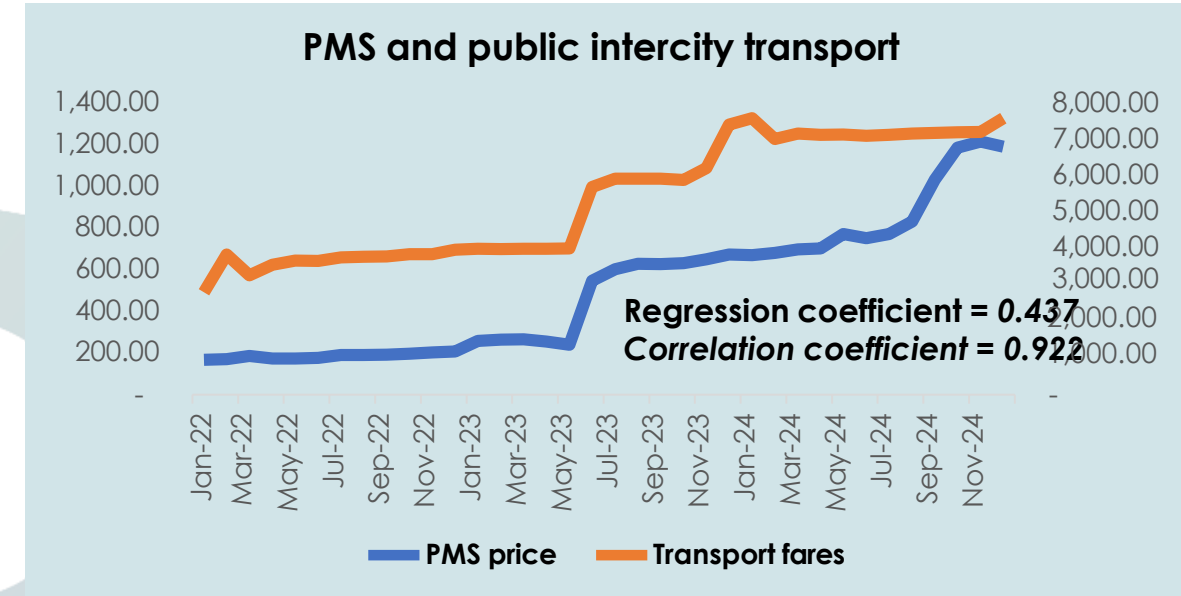
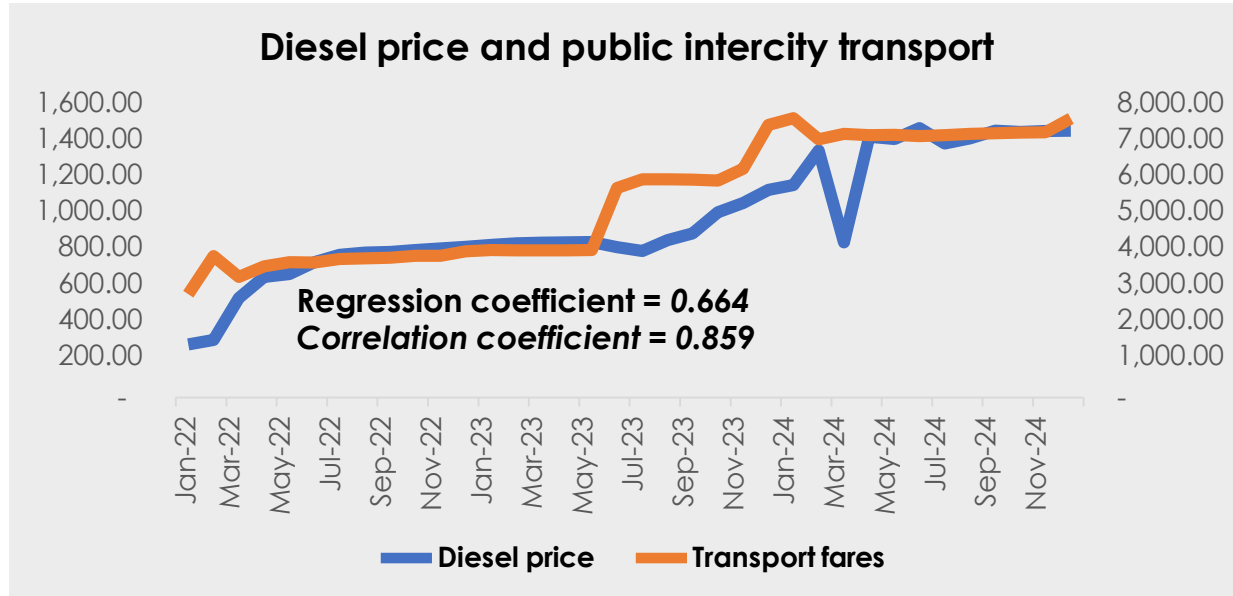
- The parallel market is further away from the PPP due to speculative pressure
- The average PPP has been appreciating as inflation now has a slower impact

CAN INFLATION FALL WHEN THE PRICE OF PETROL INCREASES? NO!

- The relationship between higher petrol prices and inflationary pressure is direct and significant
- The combination of increased PMS price and bad roads could be inflationary
- As transportation, production and logistics costs increase
- Causing a cost-push inflation



RISING PMS, RISING FARES - THE COST CONNECTION



- Both petrol and diesel prices have a significant positive impact on intercity transport fares
- A one percent increase in petrol price leads to a **0.437 percent** increase in transport fares
- A one percent increase in diesel price results in a **0.664 percent** increase in transport fares
- Strong positive correlation:
 - Correlation between petrol price and transport fares = **92.2%**
 - Correlation between diesel price and transport fares = **85.9%**



TRANSPORT FARE-INDUCED INFLATION GAINING MOMENTUM



PMS and inflation

Corr.: 92%
Reg.: 1.8%

- A 100% rise in PMS will increase inflation by 1.8% and vice versa
- Strong correlation at 92%
- Suggest that as petrol prices increase, inflation tends to rise as well, and vice versa



Diesel and inflation

Corr.: 93%
Reg.: 1.8%

- A 100% rise in diesel will increase inflation by 1.8% and vice versa
- Strong correlation at 93%
- Suggest that as petrol prices increase, inflation tends to rise as well, and vice versa

- Higher petrol prices lead to increased transportation costs, which in turn can drive up the prices of food and other essential goods
- exacerbating inflationary pressures

||| RISING PMS PRICE – IMPACT ON YOU

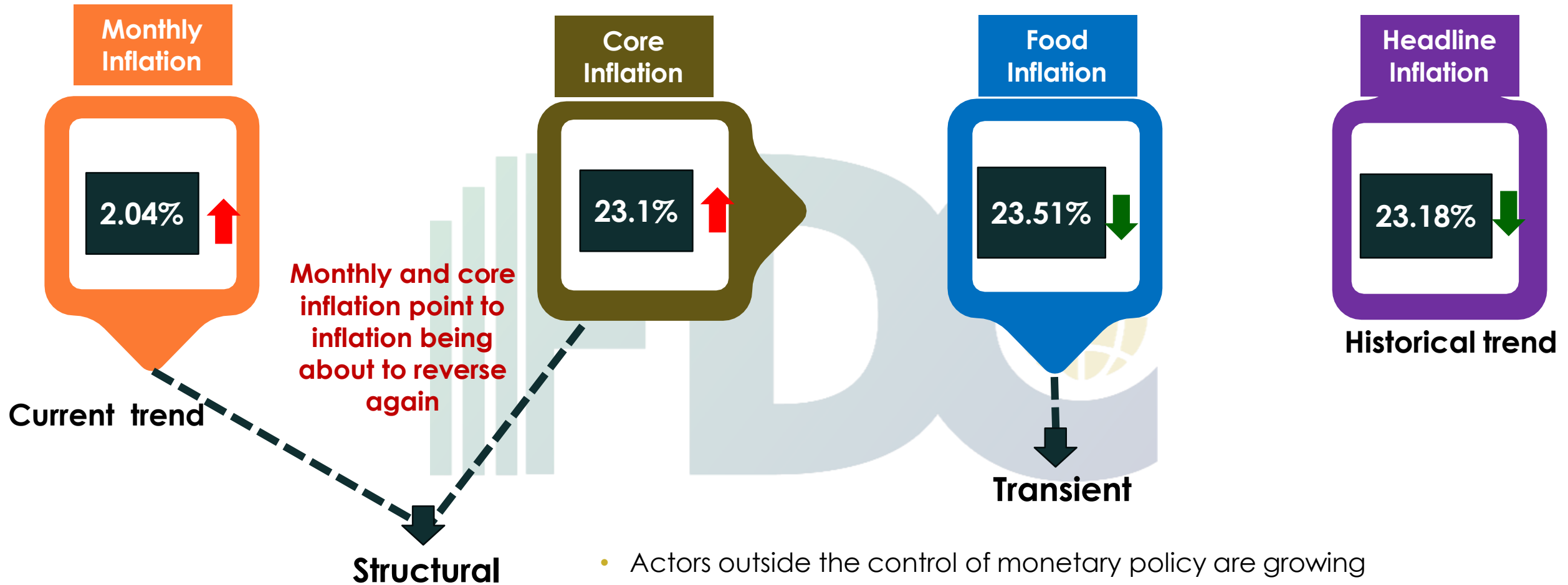


Petrol price from **N860/litre** → **N930/litre** difference **N70**

$$50 \text{ mn litres/day} = 50\text{mn} \times \text{N70} = \text{N3.5 bn}$$

- The additional cost to consumers per day is N3.5bn
- Increased petrol cost reduces consumers' disposable income
- Consumers have less money available for other purchases
- Increased transportation costs will disrupt supply chains, potentially leading to stock-outs, which can reduce sales
- Businesses will pass on increased petrol costs to consumers through higher prices

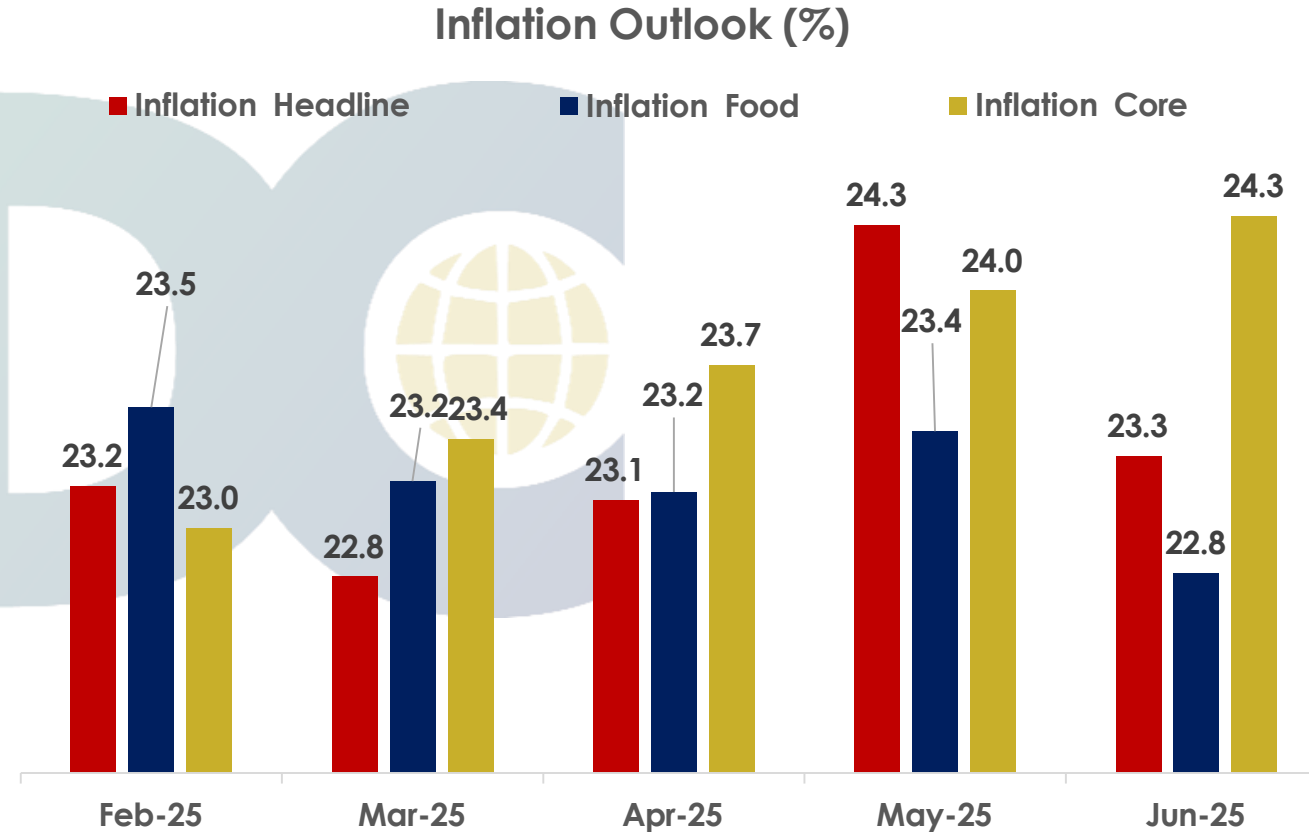
INFLATION MAY BE SLOWING – BUT NOT SUSTAINABLE



- Actors outside the control of monetary policy are growing
- Nigeria's inflation stems from deep-rooted structural factors rather than just temporary shocks

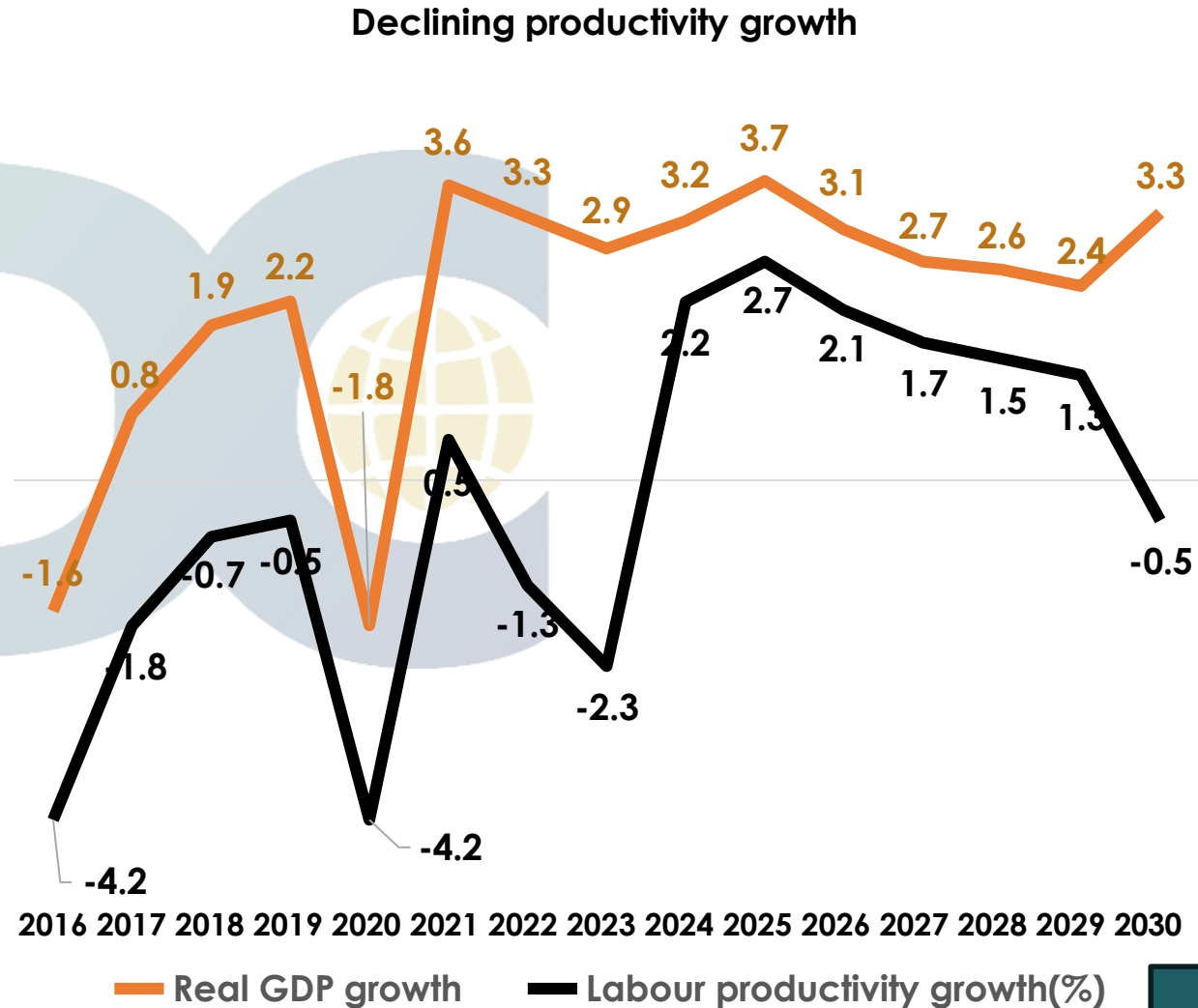
INFLATION OUTLOOK IN Q2'25

- Inflation is expected to trend downward in 2025, but could reverse itself
- Due to the increased PMS price
- Falling global oil price, which could weaken the naira
- Leading to FX scarcity as foreign earnings decline



REAL GDP Vs. LABOUR PRODUCTIVITY GROWTH

- Economic growth aligns closely with labour productivity movements
- Strong correlation coefficient of 0.87
- During periods of negative labour productivity (2016, 2020), GDP contracted
- In 2030, GDP growth jumps to 3.3%, despite negative labour productivity (-0.5%)
 - suggests that growth may be driven by factors like increased capital investment or government spending
 - rather than efficiency gains

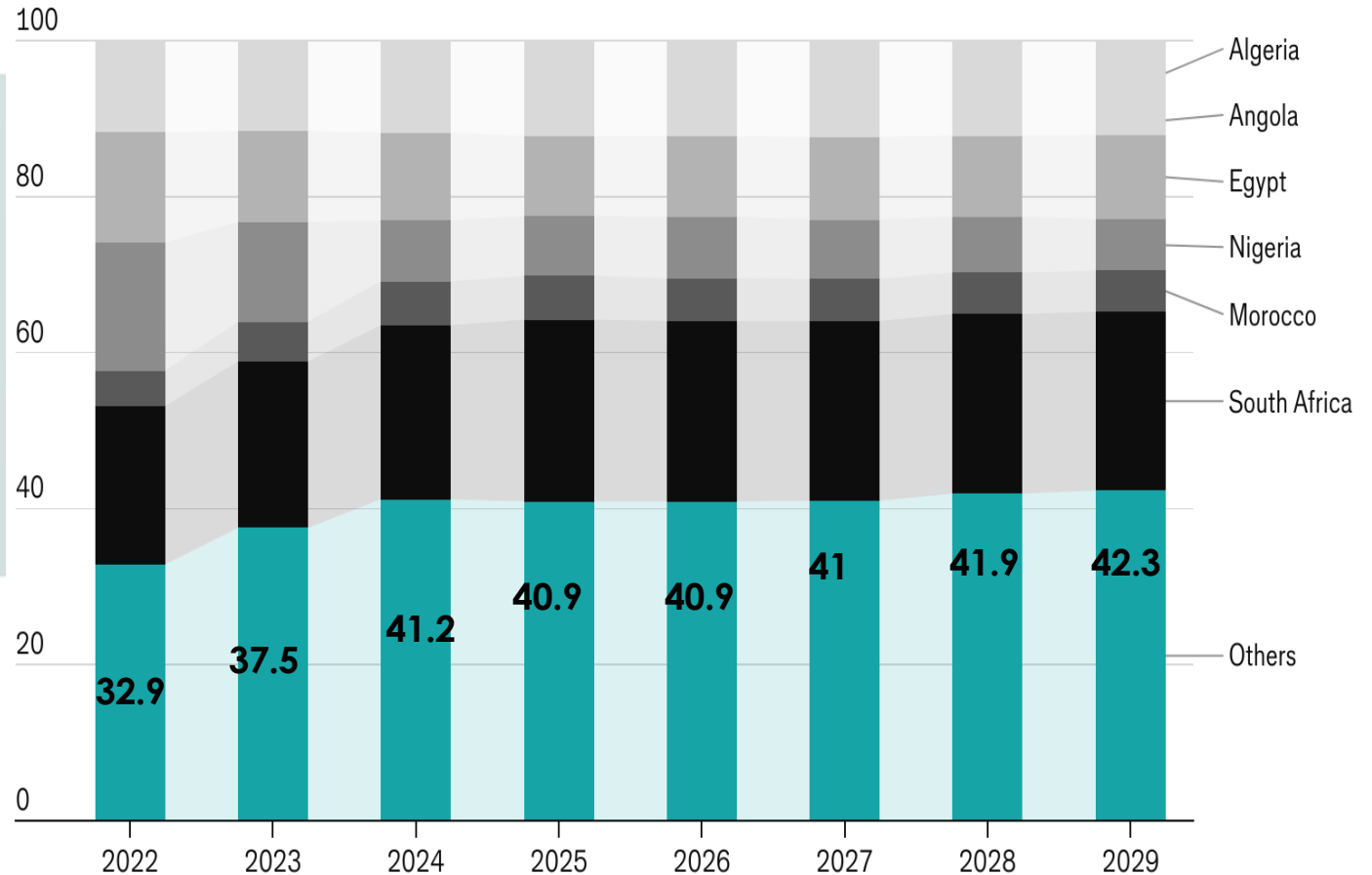


GDP OF TOP 5 AFRICAN ECONOMIES, INCLUDING NIGERIA, SHRINKS

- Smaller, "tier two" economies perform better than the top five of Algeria, Angola, Morocco, Nigeria and South Africa
- Rising stars include Botswana, the Democratic Republic of the Congo, Côte D'Ivoire, Tanzania and Zambia, among others

Rise of the tier-2 economies

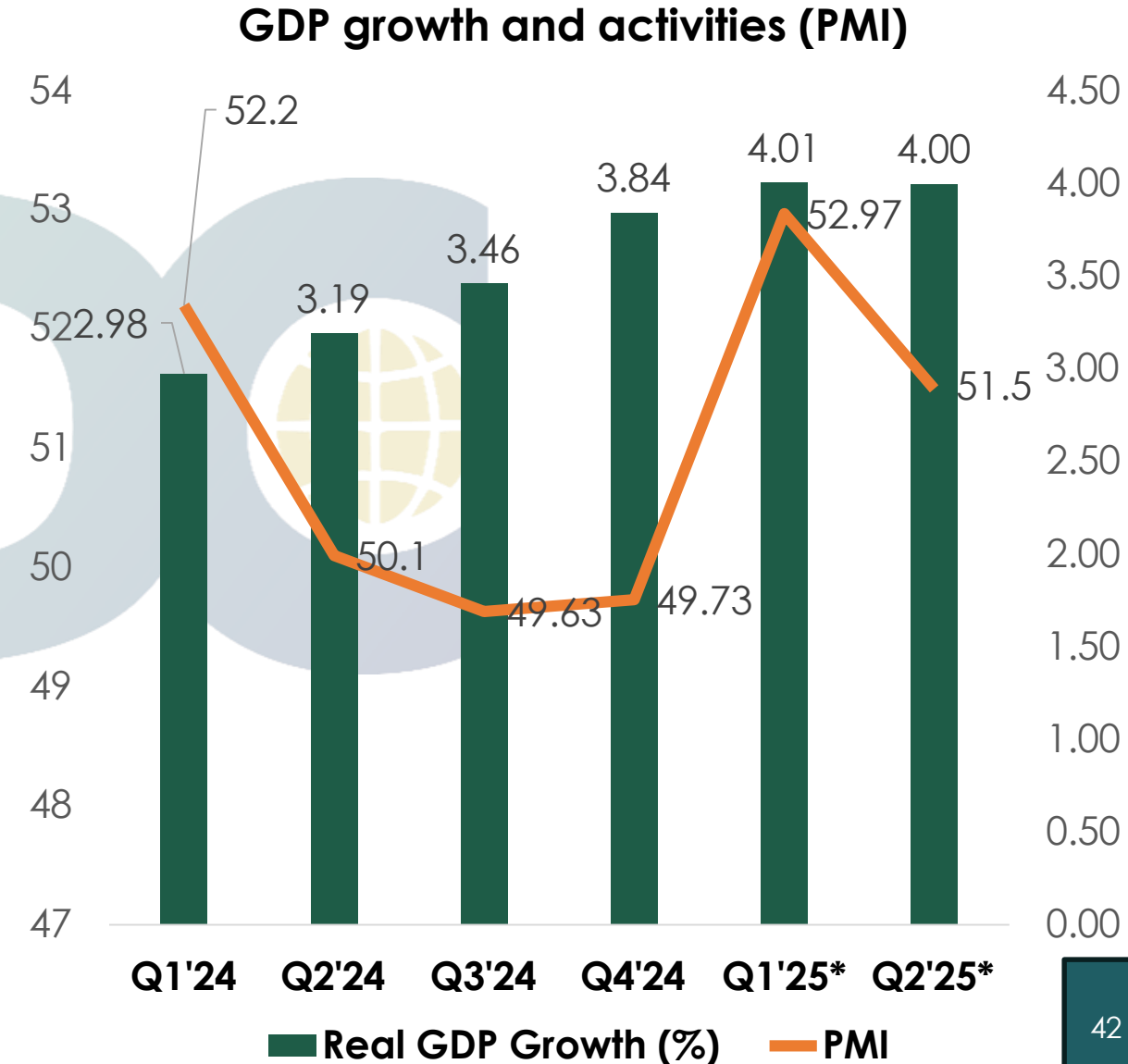
Share of big 5 economies in African GDP will continue shrinking.



Source: EIU

THE INTERPLAY BETWEEN GROWTH & ACTIVITY

- GDP is expected to grow at 4.01% in Q1'25 and 4.0% in Q2'25, indicating a stronger economy
- PMI to remain above 50 points at an average of 51.5 points in Q2
- The relationship **is not strictly linear** —GDP continued to rise despite PMI dipping below 50 in Q3'24 and Q4'24
- **Lag effects:** PMI reflects short-term business conditions, whereas GDP growth captures broader, longer-term trends



RECOVERY TO CHALLENGES - A SUDDEN SHIFT

All of a sudden, the economy is teetering



Month
1

- Petrol pump price at N970/litre
 - Naira deprecate to N1,620/\$
 - Oil production was 1.54mbpd
 - FAAC disbursement was N1.70trn
- Global oil price traded at approximately \$76.32 pbd



Month
2

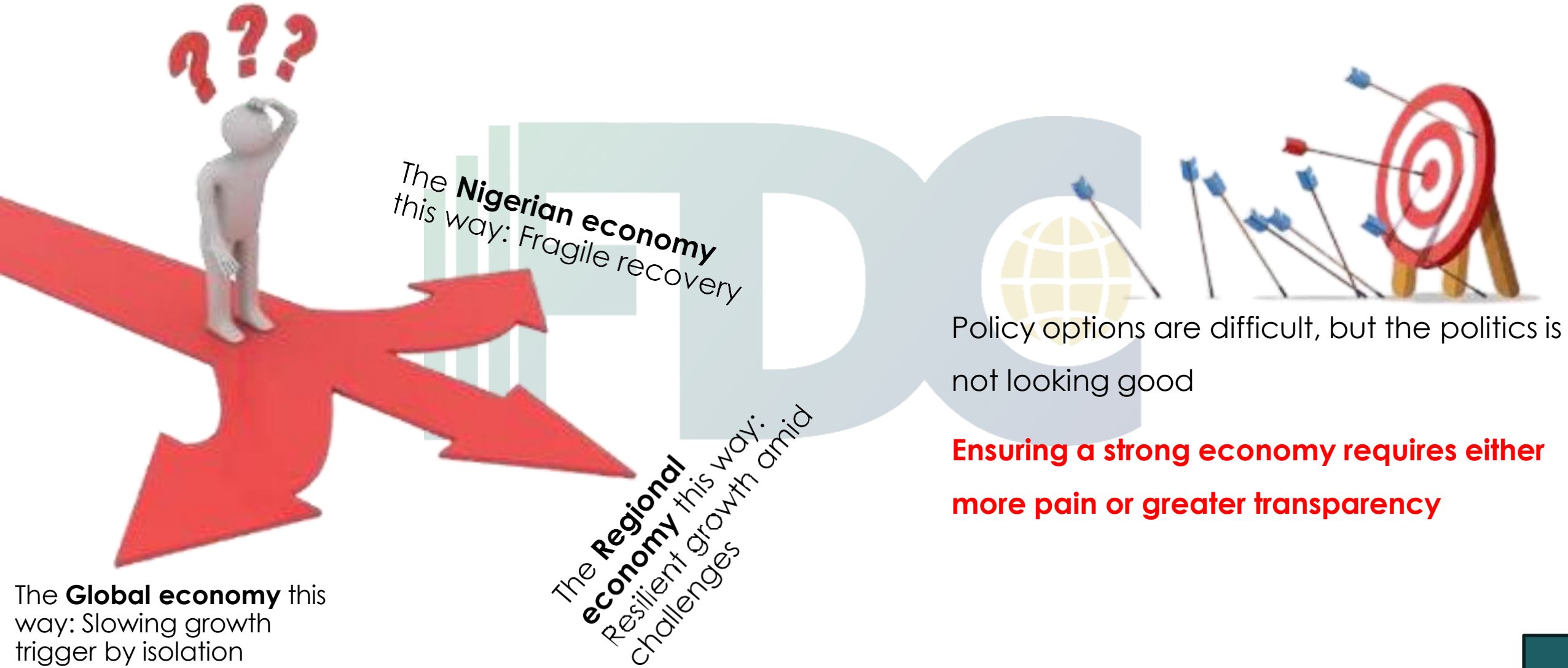
- Petrol pump price of N860/litre
- Naira appreciated to N1,492/\$
- Oil production declined to 1.47mbpd
- FAAC disbursement at N1.68trn
- Global oil price traded at approximately \$72.81 pbd



Month
3

- Petrol price increases to N970/litre
- Naira depreciated to N1,544/\$
- Oil production to dip further to 1.45mbpd
- FAAC disbursement projected to decline further to N1.65trn
- Global oil price traded at approximately \$71.97 pbd

NIGERIA AND THE WORLD – A GROWING DIVERGENCE





POLICY REFORM

Is the worst over?



OR

Is there policy fatigue?

The reform trap

Poor risk management = Policy exhaustion

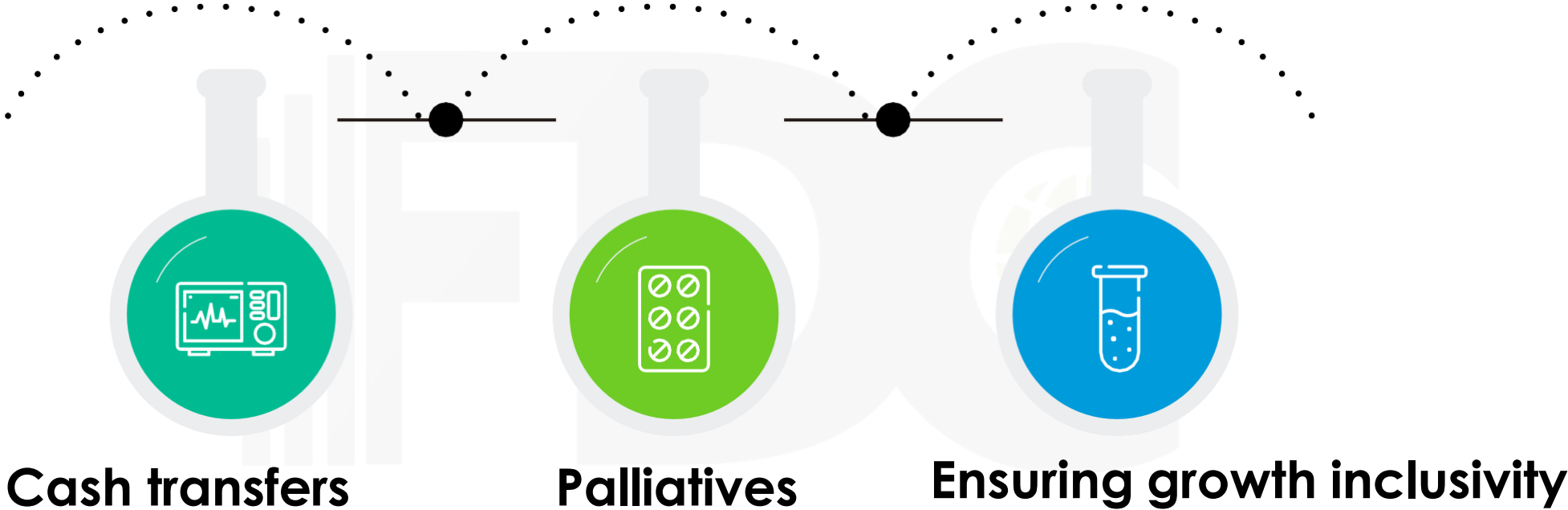
**Is there likely to be
backsliding?**



- Niger Delta civil war 2.0
- Vulcanization of Nigerian regions into states has made minority groups fighting super minorities
- Creating a new normal and extreme skepticism



WHAT NEXT?



FISCAL POLICY



FISCAL POLICY

Fiscal policy

01

Tax reforms

- Tax reform is in July after filing tax returns for 2024
- No relief till 2025/2026 fiscal year
- Corporate losses for 2024 to be wiped out in 2025



02

2025 Budget

- Total Budget: ₺54.99trn
- Deficit: 13.08trn (4% of GDP)








03

LG financing

- Local councils now have *de jure* financial autonomy



2025 BUDGET ASSUMPTIONS MAY NOT BE ATTAINED

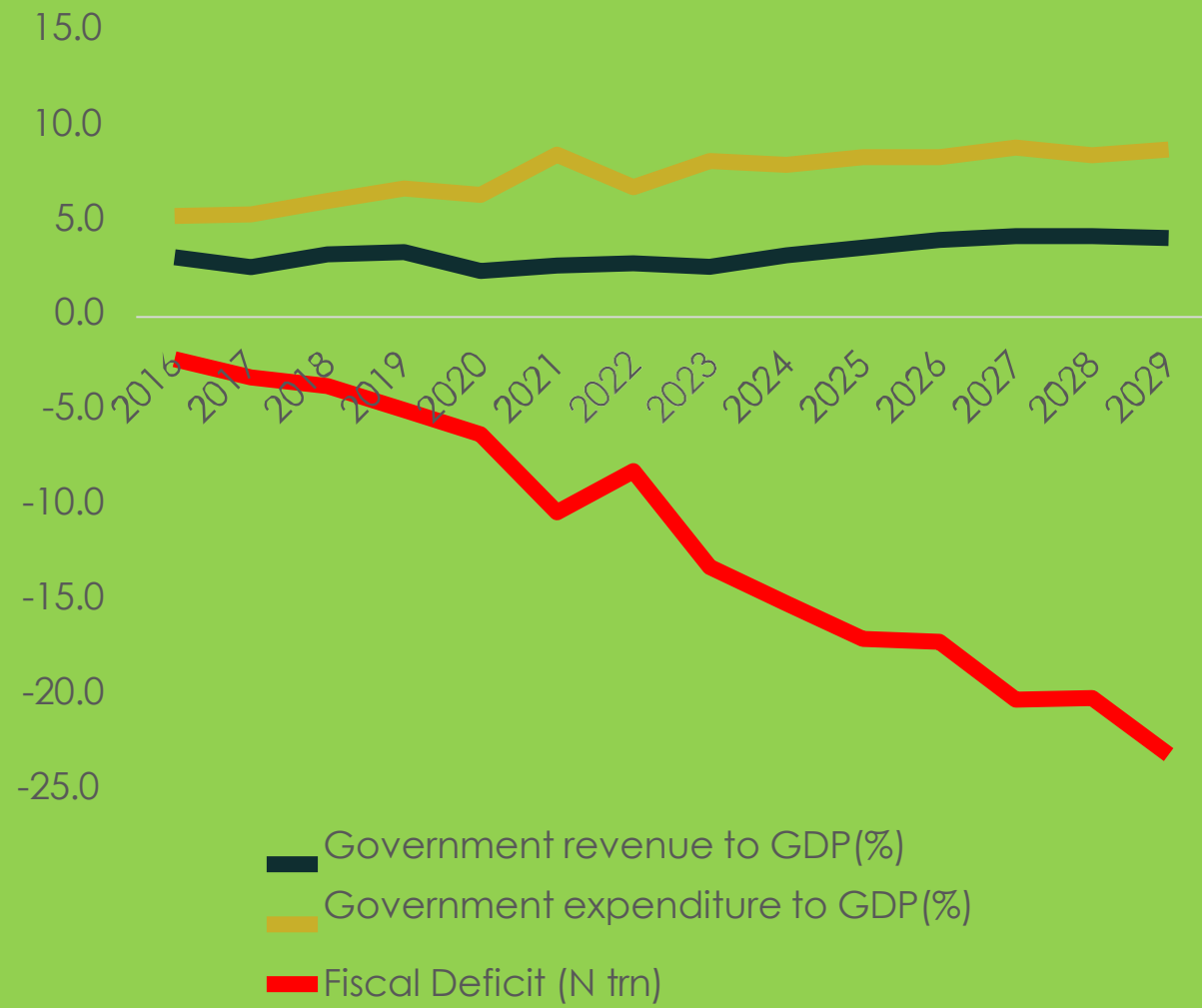
Benchmark	Indicators	Check	
4.6	GDP growth (%)		Realistic
75	Oil price (\$pb)		Unrealistic
2.06	Oil production (mbpd)		Unrealistic
1,500	Exchange rate (N/\$)		Unrealistic
15	Inflation (%)		Realistic

- Expected oil revenue: $\$75 \times 2.06\text{mbpd} = \154.50mn
- Actual oil revenue: $\$65 \times 1.46\text{mbpd} = \94.9mn
- Shortfall from oil revenue = $\$59.6\text{mn}$



GOVERNMENT SPENDING GROWING FASTER THAN REVENUE, WIDENING DEFICIT

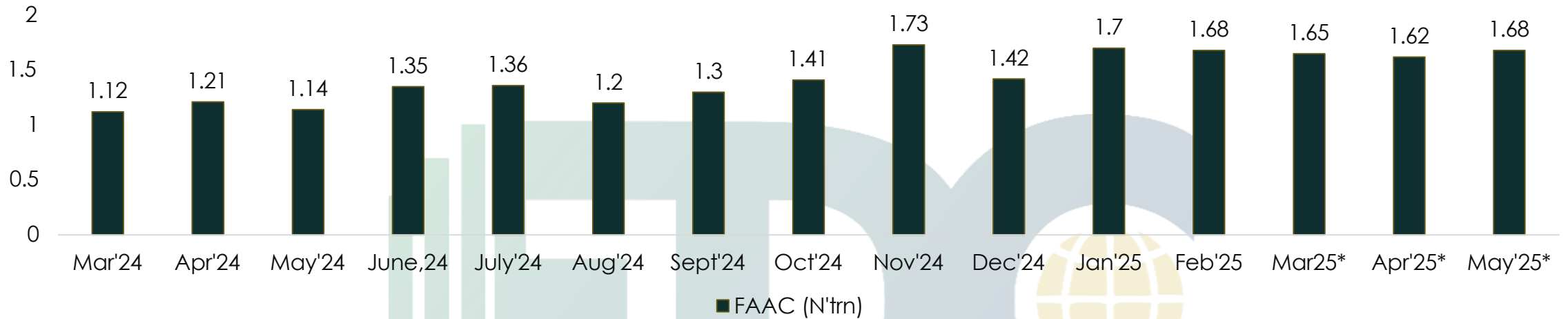
Fiscal deficit (N trn), Government revenue & spending to GDP (%)



- The combination of falling revenue and rising expenditure leads to widening fiscal deficits
- High borrowing to finance deficits increases the risk of a debt crisis
- Especially if revenue growth remains sluggish
- Hence, the revenue gap needs to be fixed by
 - tax reform
 - diversifying the economy
 - curbing inefficiencies

FAAC ALLOCATION TO DROP FURTHER IN MARCH

FAAC Disbursement (N'trn)



- FAAC disbursement in February fell by 1.18% to N1.68trn, down from N1.70trn in January
- Allocations will likely fall further due to the recent decline in oil production and potential shortfalls in non-oil revenues
- FAAC could pick up if oil production increases and tax revenues improve

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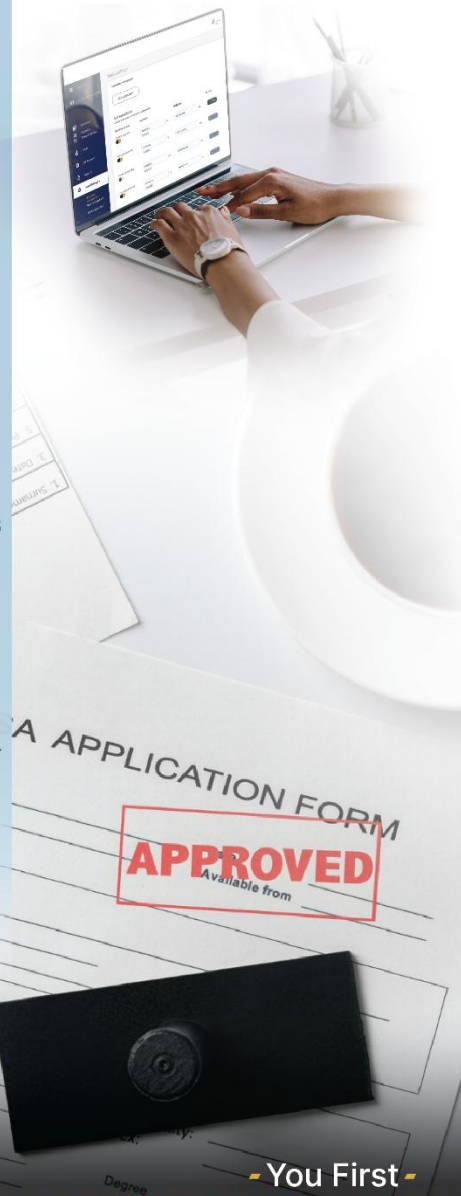
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EXPECTED FISCAL POLICY MEASURES IN Q2 2025

- Tax reform will commence in July i.e. Q3
 - Extension of the import-duty waiver
 - Adjustments to excise duties on luxury goods or single-use plastics
 - Renewal and expansion of the crude-for-naira sale policy to domestic refineries
- 

03

STOCK MARKET



NIGERIAN EQUITIES MARKET VS. PEERS IN Q1'2025

Stock Market

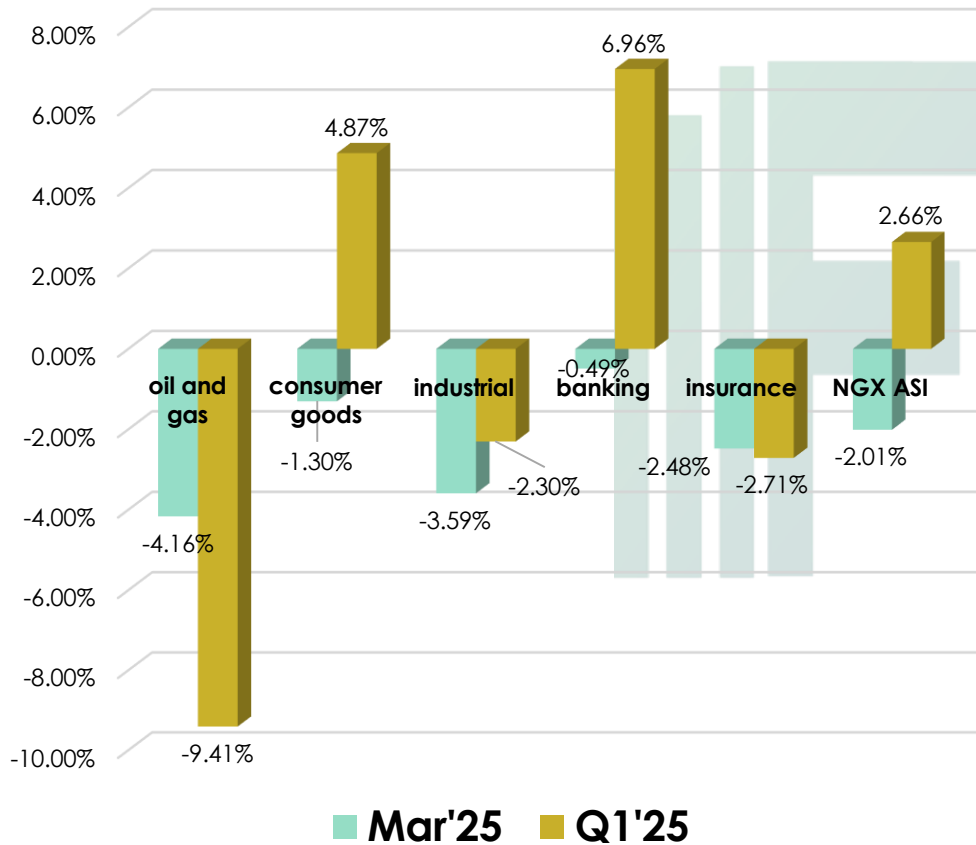
Q1'25 Return

Driver and Outlook

GSE 	 27.19%	<ul style="list-style-type: none"> Market performance is bolstered by sustained investor confidence in financial equities Driven by stronger earnings and improved balance sheets.
S&P 500 	 4.59%	<ul style="list-style-type: none"> Trump's policies, including tariffs, are increasing uncertainty in the U.S. economy and stock market Triggering sell-offs amid recession fears.
NGX 	 2.66%	<ul style="list-style-type: none"> Banking stocks benefited from recapitalization and high-interest rate environment Renewed investor confidence in telecom stocks
JSE 	 5.40%	<ul style="list-style-type: none"> New listings, multiple product launch, rising gold prices and safe haven demand supported performance Emerging markets like South Africa saw relative stability
NSE 	 5.94%	<ul style="list-style-type: none"> Robust FY'24 financial performance Kenya's economic landscape showed signs of stabilization, with declining inflation rates and enhanced fiscal management

NGX PERFORMANCE IN Q1'2025

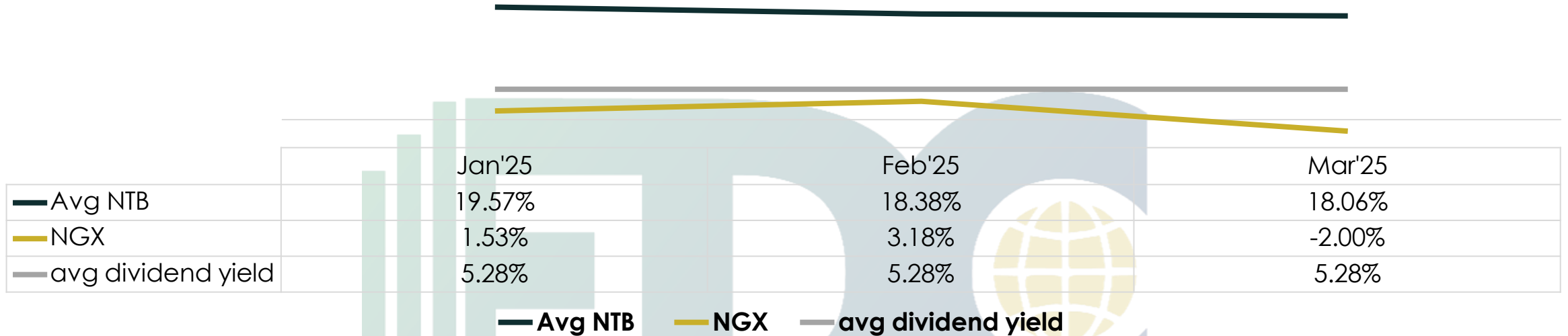
NGX ASI



- Despite the decline in fixed-income assets, the NGX recorded its first monthly loss in March 2025, shedding 2% in March 2025
- YTD return fell from 4.8% in February to 2.66%
- The banking sector recorded the highest gain for the quarter, thanks to recapitalization
- The oil and gas topped the laggards
- Owing to downward oil price movement

NGX Vs. NIGERIAN TREASURY BILLS

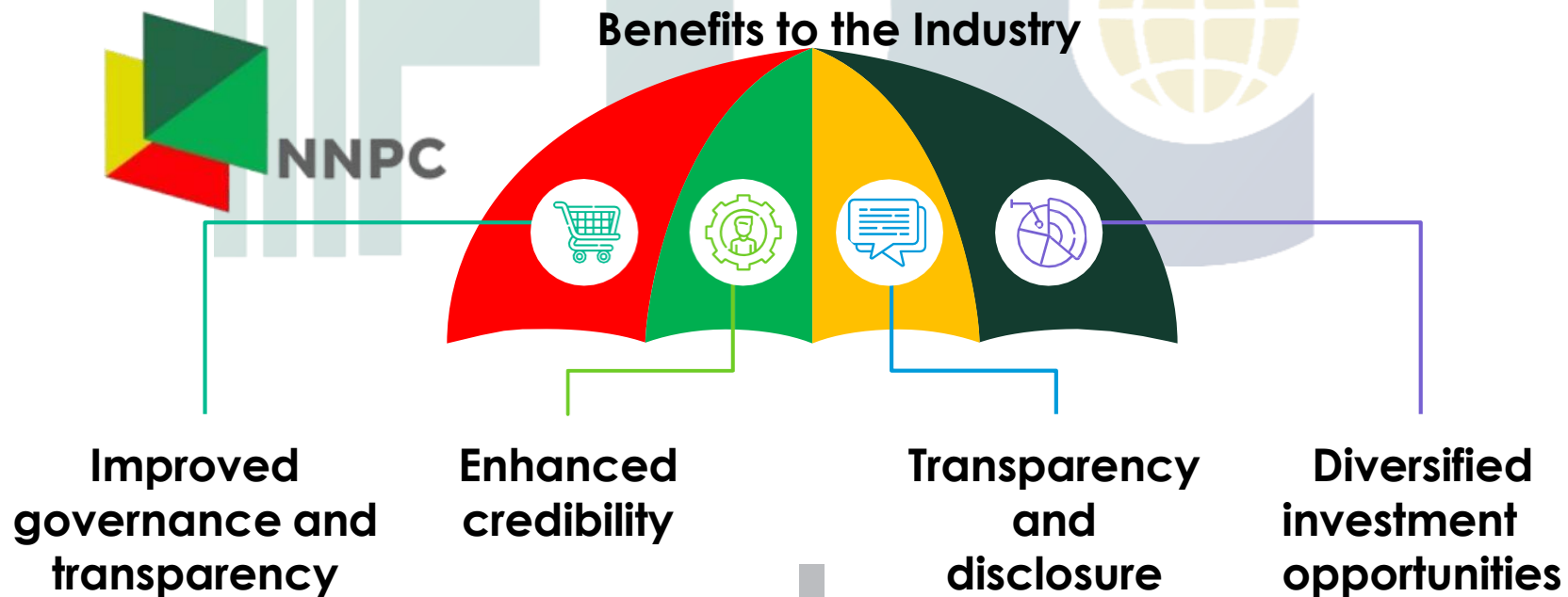
NGX VS NIGERIAN TREASURY BILL



- Despite a gradual decline in interest rates, investors continue to favor risk-free securities
- Meanwhile, fixed-income yields are decreasing as the MPC eases its monetary policy stance
- Dividend yield in the equities space is not attractive compared to double-digit yield on fixed income assets

NNPC'S LISTING: NOW YOU SEE ME, NOW YOU DON'T

- NNPC has been criticized as an opaque and mismanaged institution
- The petroleum economy is very important to Nigeria
- Listing NNPC on the NGX is aimed at improving transparency and accountability
- The impact this has on the economy and other sectors is what truly matters, particularly its massive effect on the public sector



MACRO-ECONOMIC VARIABLES, EARNINGS, AND STOCK PRICES

Foreign Exchange

- Gradual currency stability will lower borrowing costs and boost the profitability of Nigerian companies
- The reversal of past FX losses will drive EPS growth and enhance stock valuations



Interest Rate

- A steady shift away from hawkish monetary policy will push interest rates lower, encouraging investor inflows into the NGX for higher returns



Inflation

- Decline in inflation as naira stabilizes
- Lower cost of production and operations
- Growth in corporate margins and stock prices



Energy/Electricity

- Rising electricity tariffs and energy costs will drive up operational expenses
- Prompting companies to increase sales prices to offset higher costs
- However, the impact on profitability is expected to be minimal

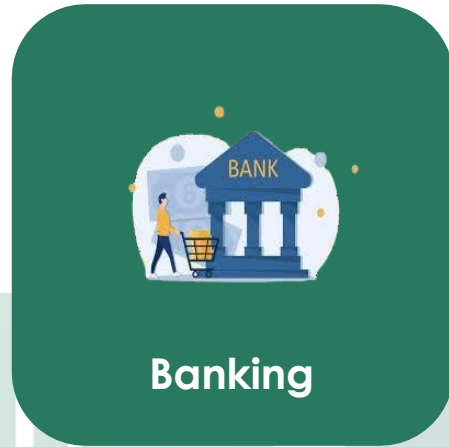


**RASH POLICIES AND
IMPACT ON COMPANIES
& THE NGX**

Q2'2025 SECTORAL EARNINGS EXPECTATIONS



- Increased tariff will strengthen revenue
- Increased demand for internet services will spur top line growth
- Stability in naira will lower finance cost and strengthen profitability



- Lower yields on investment securities may stall top-line growth
- However, increased digital services will offset possible declines
- Asset quality will benefit from lower borrowing cost
- Reduction in FX gains due to moderation in naira



- FMCGs are expected to benefit from increased production as inflation declines and the naira stabilizes
- FX losses are anticipated to fade as the currency stabilizes, no longer posing a threat to profitability



- Increased backward integration strategy will boost local production and turnover
- Effective cost cutting strategies will enhance net income growth



NIGERIAN STOCK MARKET OUTLOOK- Q2'2025

- Fluctuations in the effective interest rate could exert temporary pressure on Nigerian equities
- The decline in inflation will prompt the Monetary Policy Committee (MPC) to ease monetary policy
- As a result, interest rates across fixed income assets will taper
- Borrowing cost will however decline, boosting profit margins and elevating stock valuations
- Banking stocks that previously benefited from elevated interest rates on investment securities may take a hit
- Nigerian banks will focus on expanding their loan books and generating income from digital products to stabilize profitability
- Impressive corporate earnings and enticing bank dividends will attract the return of exited investors
- Anticipated listings of big names like NNPC will also wet investors' appetite

04

WHAT ELSE IS HAPPENING?



Good

Nigeria & Canada sign codeshare deal



Air Peace slashes airfare for Lagos-London route by ₦600,000



Dangote's jet fuel moves into US. & Saudi markets



Value of transactions is expected to increase



PMI to remain high in the month of March



Bad

Nigeria's oil rig count declined to 10 from 12 in January



Oil production fell by 4.55% to 1.47mbpd



Value of transactions declines sharply

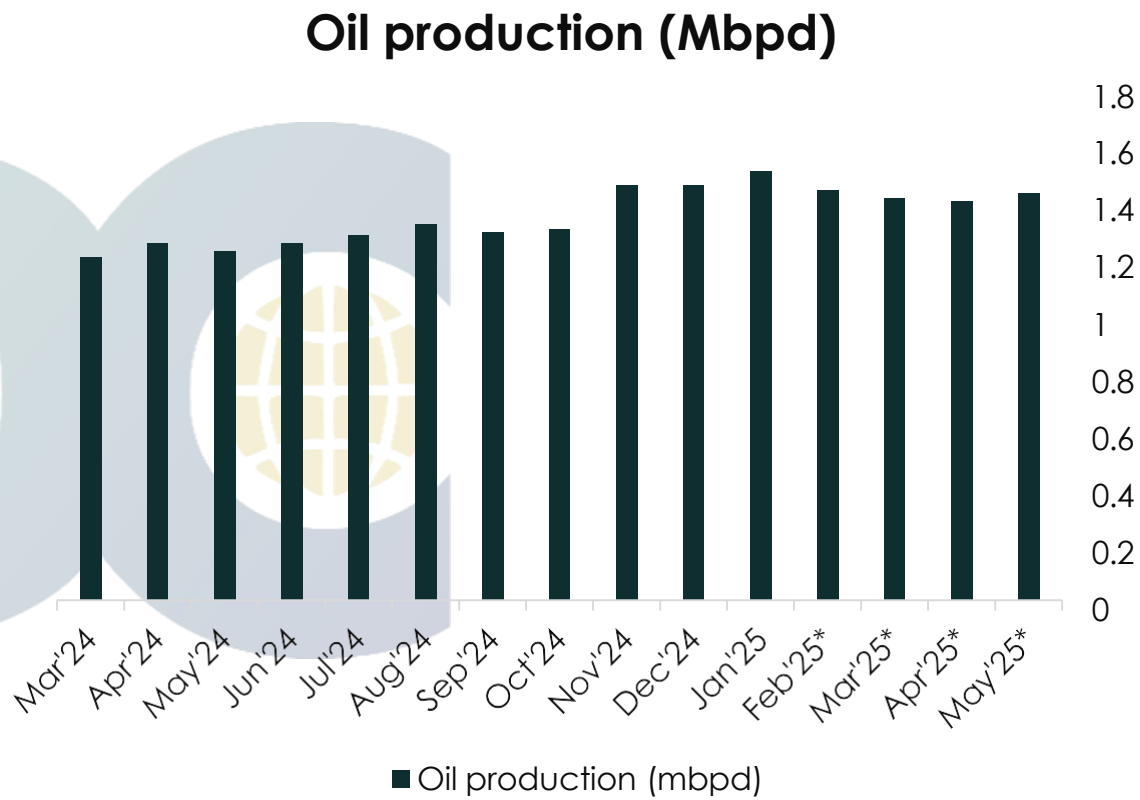


Ships awaiting berth reduced to 17 from 19 in February



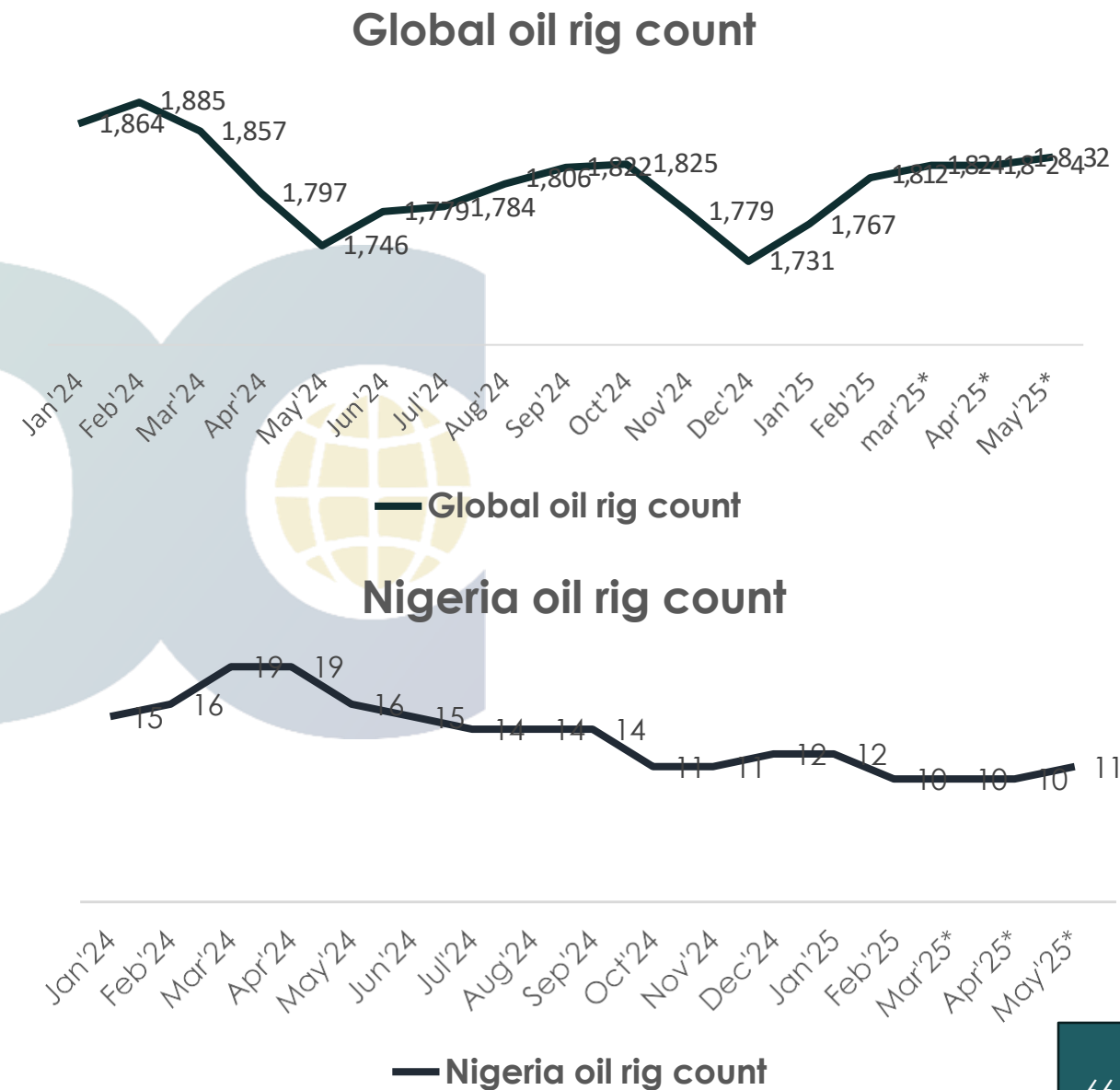
OIL PRODUCTION PLUNGED IN FEBRUARY, TO INCREASE IN Q2

- Oil production fell by 4.55% to 1.47mbpd in February from 1.54mbpd in January
- Attributed to the drop in production in First E&P's Anyala/Madu fields by 38.46%
- And Shell-operated Bonny terminal by 13.81%
- Oil production to decline further in March due to the maintenance of the Trans Niger pipeline to the Bonny terminal
- Coupled with a fire outbreak at one of the NNPC Ltd production evacuation points



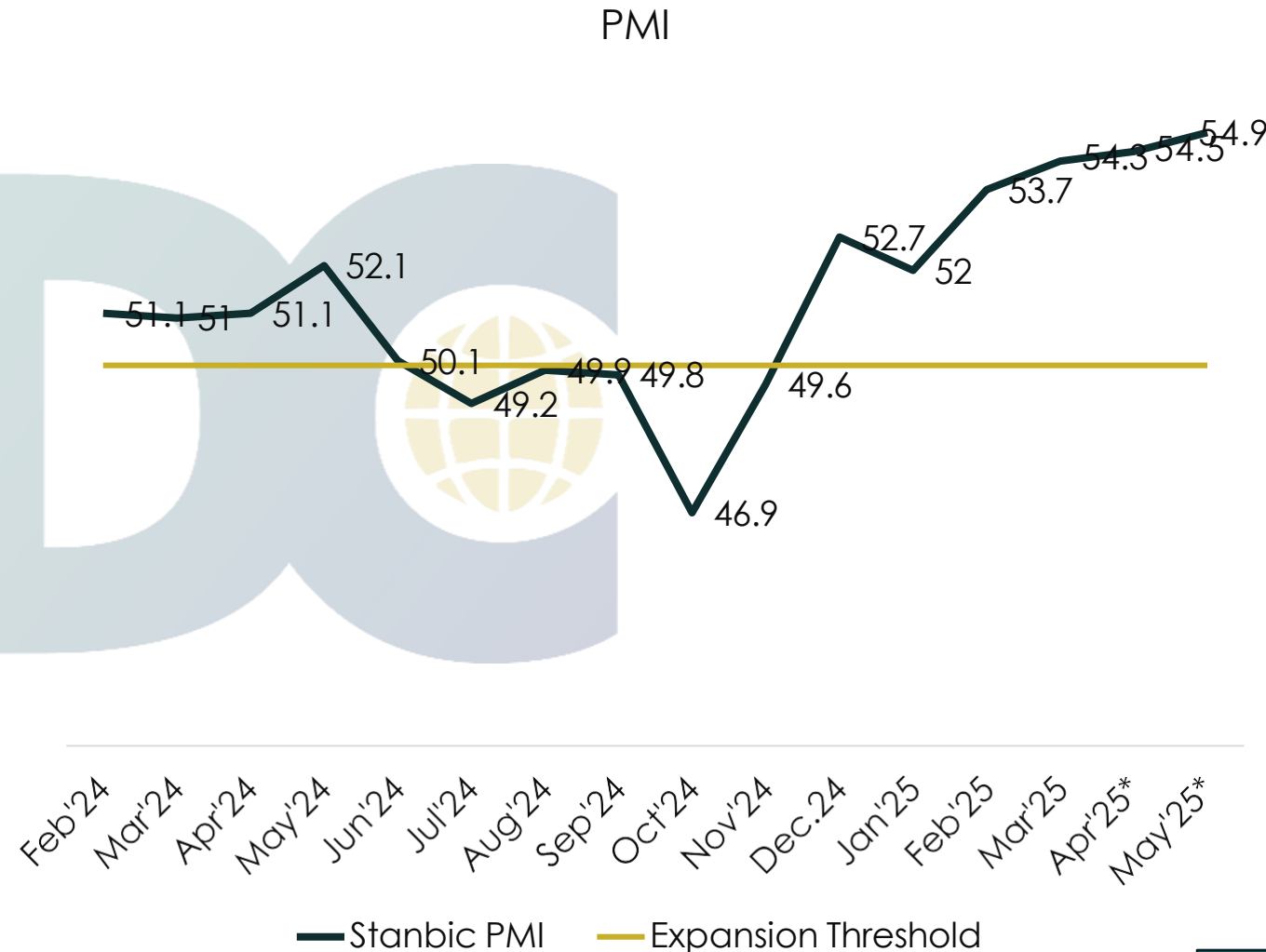
NIGERIA'S RIG COUNT DOWN BUT WILL PICK UP IN Q3

- Global oil rig count rose to 1,812 in February, a 2.55% increase from 1,767 in January
- Fueled by technological advancement and efficiency, like Russia's OFS, boosting oil wells
- Meanwhile, Nigeria's oil rig count declined to 10 from 12 in January
- Due to the transition of assets, which involves a period of reduced activity
- Shell assets sold and new investments in the deepwater
- Seplat announces new investments



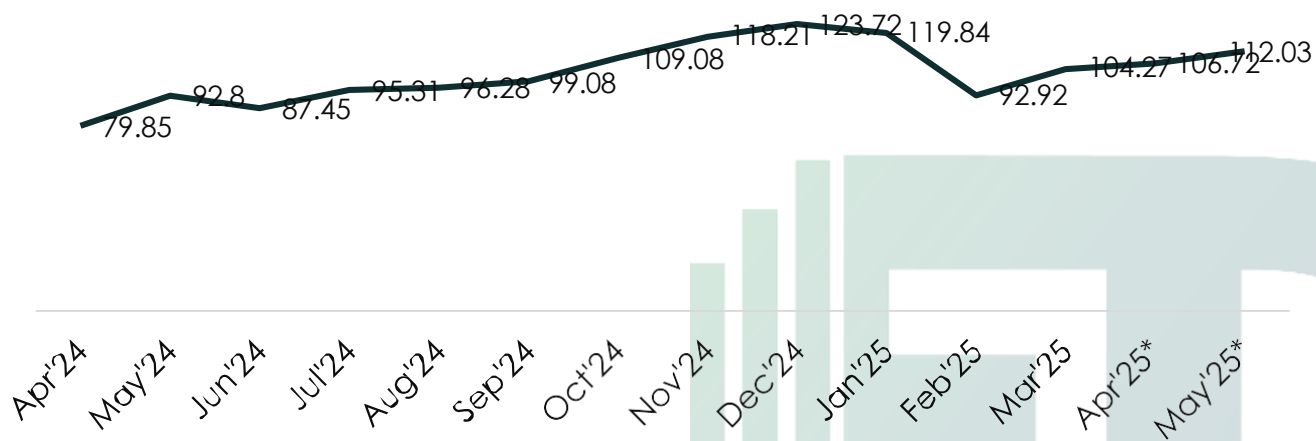
PMI EXPANDED IN MARCH

- PMI rose by 1.12% to 54.3 in March
- up from 53.7 recorded in February
- Driven partly by increased consumer spending due to Ramadan and Lent fasting
- Coupled with a rise in charitable donations (Zakat, Sadaqah)
- PMI is expected to rise further in April, driven by strengthening business confidence
- With CBN's forecasted confidence index increasing to 35.9 points from 25.2 in February.



VALUE OF TRANSACTIONS

Value of Transactions (N'trn)



Mode of payment	Feb'25 (N'trn)	Mar'25* (N'trn)	Change (%)
NIP	85.19	96.07	12.77
POS	3.17	3.22	1.58
NEFT	4.25	4.71	10.82
CHEQUES	0.301	0.273	-9.30
Total	92.92	104.27	12.21



- Value of transactions increased by 12.21% in March to N104.27bn from N92.92bn in February
 - Driven by increased spending on food and groceries during Ramadan
 - Coupled with rise in charitable donations (Zakat, Sadaqah), boosting digital transactions
- However, while March saw growth in transaction values, there were variations across different spending categories
- Value of transactions is expected to rise further in April due to increased festive demand (Easter)



SHIPS AWAITING BERTH

Ports	Jan'25	Feb'25	Mar'25
Lagos-Apapa	4	9	4
Lagos-Tincan	2	1	4
Calabar Port	0	0	1
Warri Port	2	2	2
Onne Port	1	1	0
Rivers Port	0	0	0
Lekki Deep Sea Port	6	6	6
Total	15	19	17

- The total ships awaiting berth at the seven major ports in Nigeria reduced to 17 in March 2025
- Down by 10.53% from 19 in February
- Due to improved port operations and reduced logistical challenges
- Ships awaiting berth are expected to reduce further as Nigeria upgrades port facilities to enhance regional trade competitiveness

GLOBAL AVIATION IN Q1'25

- The IATAA rate of exchange has appreciated by 1.8% to N1,537/\$
- Nana tickets are cheaper than 2024
- **Passenger Demand Surged**
 - Global passenger demand rose by 10% (yoy) in January 2025
 - Festivities and air travel peaked in January 2025 due to the Lunar New Year
 - Higher traffic is expected in April 2025 when compared to previous years
- **Heathrow Power Outage**
 - Major disruption impacted 200,000 passengers worldwide, raising energy resilience concerns.

N1,537/\$



IATA RATE (MARCH)

N1,565/\$

IATA RATE (FEBRUARY)



REVERSED PASSENGER TRAFFIC

More passengers are coming home than emigrating

Why British Boarding Schools Are Expanding in Nigeria

- **High Demand for Quality Education** – Nigerian families seek prestigious British education.
- **Economic Growth and Affluence** – More families can afford premium schooling.
- **Cultural and Historical Ties** – Nigeria's colonial history fosters preference for the British system

Implications for Nigeria and Balance of Trade

- **Economic Impact** – Reduces capital outflow spent on overseas education.
- **Knowledge Transfer** – Enhances local teaching standards and curriculum.
- **Increased Competition** – Encourages improvements in local education.

Opportunities for Nigeria

- **Forge Partnerships** – Collaborate with British schools for resource-sharing.
- **Regulate Quality** – Ensure compliance with national education standards.
- **Promote Accessibility** – Make quality education available beyond the elite.

RECENT HAPPENINGS IN NIGERIA'S AVIATION SECTOR

Nigeria signs landmark codeshare agreement with Canada



- Increases direct and seamless travel options between Nigeria and Canada and strengthens trade and investment ties
 - In Q4'24, Canada was Nigeria's 6th (6.85%) import partner

Air Peace celebrates first anniversary of Lagos-London operations



- Slash fare to London by #600,000
- Offered a 15% discount to students on its Nigeria-London flights

Nigeria emerges top African country in aviation industry ranking



- Signing of a Memorandum of Understanding with Boeing Airlines establishing a Maintenance, Repair, and Overhaul facility.
- Initiative will enhance aviation maintenance, cut airline costs, and create local jobs.

Dangote refinery breaks into the US and Saudi Arabia markets



- US imports 2 million barrels of jet fuel from Dangote refinery
- Refinery is exporting three jet fuel cargoes, totaling 130 million liters, to Saudi Arabia.

NIGERIA'S AVIATION OUTLOOK FOR Q2'25



- **Summer travel surge:** The onset of summer, towards the end of Q2'25, is expected to drive a significant increase in travel demand
- **Peak outbound travel for graduations:** Graduation ceremonies in May will contribute to higher outbound traffic from Nigeria as families and students travel for celebrations
- **Expansion in regional connectivity:** The launch of new airlines like Enugu Air reflects the growing emphasis on regional air travel and market expansion
 - Nigeria's domestic air travel sector remains strong, fueled by a large population and the continued preference for flights over road travel due to poor infrastructure

CREATIVE ECONOMY

QUOTES!

“ *Creative economy is a fuel of magnificence* ”



Ralph Waldo Emerson

American lecturer



SNAPSHOT OF Q1'25

- Festive & Post-Holiday Spending – Increased consumer spending from December festivities spills into early Q1.
- Marketing & Advertising Surge – Companies launch fresh campaigns, boosting content creation and influencer marketing.
- Award Season & Major Events – Film premieres, music releases, and celebrity engagements peak in Q1, attracting global attention.
- Digital & Streaming Growth – Higher streaming viewership and digital content production drive industry expansion.

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WHAT TO EXPECT IN Q2'25

- In Q2'25 growth is likely to slow down due to the following factors:
- **High-Intensity Rainfall:** The Nigerian Meteorological Agency forecasts heavier-than-usual rains in May and June, leading to event cancellations and fewer outdoor activities.
- **Household Spending Decline:** Households often cut back on non-essential spending after the festive period (December)
- **Easter & Salah Holidays:** Short-term spending boost followed by cautious spending post-holidays.



US TRAVEL DROP - OPPORTUNITY FOR NIGERIA'S CREATIVE SECTOR

- International travel to the US is projected to decline by 5%, influenced by US policies (Trumpism).
- Nigerian creatives who have traditionally hosted events in the US may consider shifting their focus to Nigeria.
- This shift will encourage more events to be hosted in Nigeria.
- Increased events will stimulate economic activity within Nigeria's creative sector.
- This surge in activity is expected to contribute positively to Nigeria's GDP.
- Nigerian creatives will have the opportunity to expand their reach beyond the US market.

ICT –POWERHOUSE BEHIND NIGERIA’S CREATIVE BOOM

- Nigeria's creative economy is thriving, driven by digital innovation.
- From Nollywood to Afrobeats, ICT is revolutionizing how content is created, distributed, and monetized

How ICT is Transforming the Creative Sector



Boosting Creativity & Innovation

AI and digital tools enhance storytelling and artistic expression



Expanding Global Reach

Platforms like Netflix, Boomplay, and YouTube showcase Nigerian talent



Creating Jobs & boosting income

The rise of streaming platforms is generating jobs and increasing income opportunities.

AYRA STARR MAKES HISTORY

- The MOBO Awards celebrate achievements in music of Black origin.
- Held on February 18, 2025, in Newcastle, England.
- Ayra Starr won the "Best African Music Act" award,
- Making her the first woman in 16 years to win.
- She also won the "Best International Music Act" title.
- Her wins put Nigeria's music industry on the global map.
- This recognition attracts foreign investment into Nigeria's entertainment sector.
- Increased global demand boosts revenue from music sales and streaming.
- Expanding opportunities for Nigerian artists in international markets





UPCOMING EVENTS IN THE CREATIVE SPACE



The Headies award
April 27, 2025



Wizkid's 2025 "Morayo
Tour"
May 21, 2025



BET awards
June 9, 2025

POLITICS & THE ECONOMY

QUOTES!

“ A strongman does not necessarily bring strength, but rather a concentration of power that weakens institutions. ”



Fareed Zakaria
Political analyst



James Bovard
Political commentator

“ Democracy must be something more than two wolves and a sheep voting on what to have for dinner. ”



POLITICS – BENEVOLENT DESPOTS OF WEST AFRICA

- West African political equation is changing
- The French Speaking Countries are slightly uncomfortable with the closeness of Nigeria to France
- Niger, Mali and Burkina Faso have imposed 0.5% tariff on imports from ECOWAS
- Nigerian APC is continuing its power consolidation process
- Opponents fear that it could lead to a party autocracy
- There has been a deluge of opposition party members flocking into the APC
- There are more volunteers than those being lured
- PDP members, Labour Party activists are jumping on the wagon for juicy appointments
- There are now more members in the APC than job opportunities



POLITICS – BENEVOLENT DESPOTS OF WEST AFRICA

- The politics of inclusion is what the president is preaching
 - The internal squabbling in the APC is turning into skirmishes
 - The Nigerian electorate is moving from indifference towards skepticism and deafening silence
 - They have lost confidence in the judiciary
 - The Rivers State fracas is a black eye
 - The time between political misunderstanding and violence is becoming shorter
 - The Anambra State election is looking more like an incumbent slam dunk
 - The security problems in the state are being tackled
- 



POLITICS – BENEVOLENT DESPOTS OF WEST AFRICA

- The Edo State election tribunal will rule today
- Based on the judicial precedents the party in power is the odd-on favorite
- There have been political justling to form a coalition of opposition
- The difficulty is selecting a candidate, and the regional, ethnic and religious differences will make it a daunting task
- The performance of the economy and its impact on people's welfare will be major determinant
- Demography and gender will be major political considerations of the electorates in 2027

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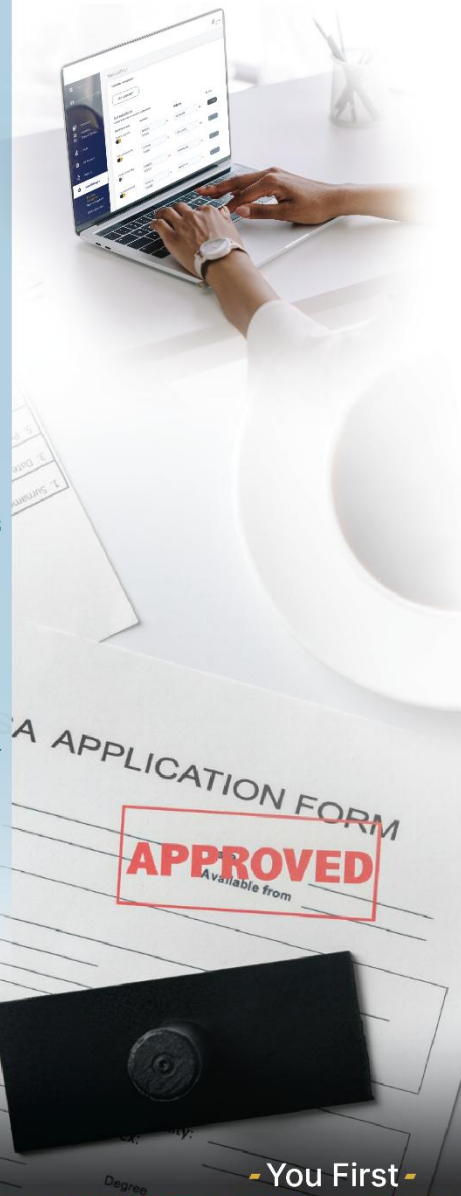
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OUTLOOK



OUTLOOK FOR APRIL/MAY

- Inflation numbers on the new methodology will show a very slight moderation towards 22.8%
- For ease of comparison, using the old basket and base year will show a reading of 31%
- The naira will appreciate marginally towards a floor of N1540 and a ceiling of N1600/\$
- With the new external reserves of \$23bn, the CBN will be emboldened to support the naira
- The new NNPC board will reorganize the corporation
- The production target of 2.06 million barrels per day is a tall order given the OPEC quota constraints
- The naira-for-crude deal will be renewed
- The price of PMS will remain at N970/litre through April
- NNPC will announce a listing on the stock market



OUTLOOK FOR APRIL/MAY

- The stock market will witness a bull run as companies report better earnings for Q1
- And give positive guidance for Q2
- The closure of the Independence Bridge in Victoria Island will be a major impediment to traffic and productivity
- Construction on the new concessioned roads in Benin-Asaba and Lagos-Abeokuta, will commence.
- Impact will start being felt by Q4 2025
- Power output will still be epileptic in April/May
- Increased rainfall will improve hydro output from the Kanji Dam
- Interbank and T/bill interest rates will increase by 100-150 basis points
- Q1 GEP data will be released using the new base year
- Expect the GDP to rise towards \$400-\$450bn

*Thank
you*



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