LBS Breakfast Session

Floods, Potholes, & Rain Doctors

The Nigerian Paradox

Presented by: Bismarck Rewane

August 05, 2026

QUOTES

“Floods are 'acts of God,' but flood losses are largely acts of man”

Gilbert F. White
Father of floodplain management

“We must build dikes of courage to hold back the flood of fear”

Martin Luther King Jr
American civil rights activist

QUOTES

> *"A Politician is someone who promises to build a bridge even where there is no river, and then blames a flood when the bridge washes away*

Anonymous

There is a tide in the affairs of men which, taken at the flood, leads on to fortune.

When omitted, all the voyage of their life is bound in shallows and in miseries.

Man has nothing to fear but death itself.

William Shakespeare

ENGLISH PLAYWRIGHT, POET, AND ACTOR

August Break

INTERLUDE

After the storm comes *the brightness*

1. Now, in the midst of my battles,
All hope was gone.
Downtown, in a rushing crowd,
I felt all alone.

2. And every now and then,
I felt I would lose my mind.
And then a small voice said,
"The storm is over,
And I can see the sunshine."

3. Sometimes beyond the clouds,
I can feel heaven.
Yeah, heaven is over me.
Come on and set me free.

R. Kelly
"The Storm Is Over Now"

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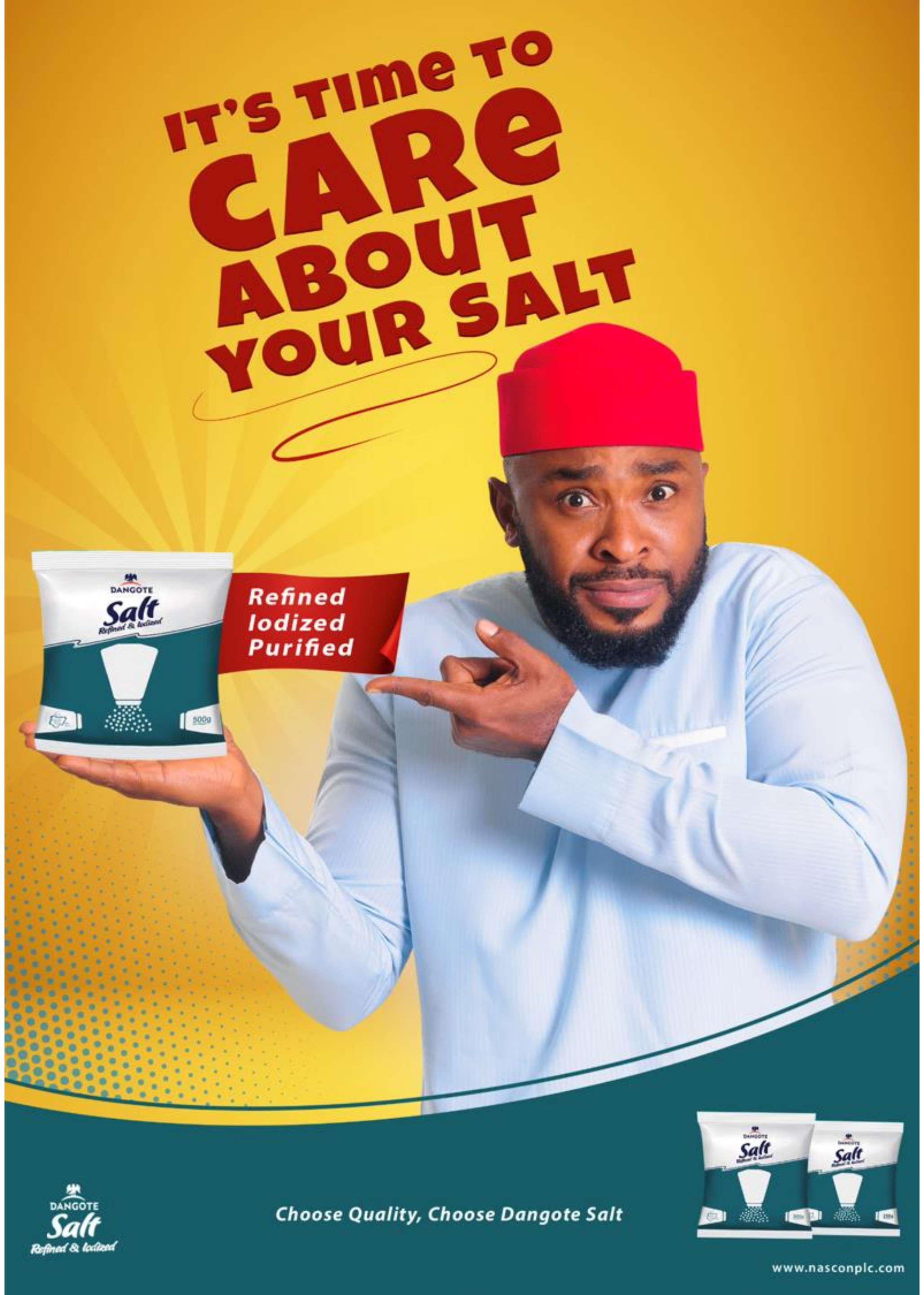
PART 01

Super El Niño flooding and its impact

01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WEATHER CHANGES

Floods & global forecasts

NIMET FORECAST FOR 2026

- Variable rainfall patterns
- Severe August break in some parts of the country
- Prolonged dry spells
- Generally warmer temperatures across Nigeria

MOST EL NIÑO CASUALTIES

Europe	At least 18,441
Africa	Over 3,000
Asia	Over 2,000

01

NiMet has been consistent

The Nigeria Meteorological Agency has been consistent with its weather forecasts

02

A global phenomenon

These forecasts are not confined to Nigeria alone, but are a global phenomenon

03

Driven by warming

Partly responsible for this is global warming

20 fastest-growing cities in Africa

1. Cairo, Egypt
2. **Lagos, Nigeria**
3. Luanda, Angola
4. Kinshasa, DR Congo
5. Dar es Salaam, Tanzania
6. Alexandria, Egypt
7. Johannesburg, South Africa
8. Khartoum, Sudan
9. Addis Ababa, Ethiopia
10. Abidjan, Côte d'Ivoire
11. Nairobi, Kenya
12. **Onitsha, Nigeria**
13. Accra, Ghana
14. Yaoundé, Cameroon
15. Kampala, Uganda
16. **Kano, Nigeria**
17. Cape Town, South Africa
18. Casablanca, Morocco

Nigeria has three cities among Africa's twenty fastest-growing — Lagos, Onitsha and Kano.

Global warming is not a hoax

Global warming *a gradual increase in the earth's temperature, caused by gases, esp. carbon dioxide, surrounding the earth — Cambridge Dictionary*

✓ EVIDENCE

- Over 97% of scientific articles find that global warming and climate change is real
- Climate, weather and water related losses cost between $3.79bn and $9.12bn in 2022
- Extreme heatwaves in Europe and Asia (between 35°C - 45°C)
- Lower temperatures in Nigeria
- High-emission scenarios project output declines of 12–27.8% for maize, 13.5–28.2% for wheat, and 22.4–35.6% for soybean

? CLAIM

“This 'climate change,' it's the greatest con job ever perpetrated on the world, in my opinion,”

“Paris Climate agreement is a scam.”

— US President Donald Trump

Most states in the south & Lagos are below sea level

State	Approximate elevation	Key low-lying areas
Lagos	0 – 5m above sea level	Victoria Island, Lekki, Ikoyi, Lagos Island, Badagry
Bayelsa	0 – 5m above sea level	Much of the Niger Delta wetlands
Ondo	0 – 10m above sea level	Ilaje coastal areas
Delta	0 – 10m above sea level	Warri, Forcados, Escravos
Rivers	0 – 10m above sea level	Port Harcourt and surrounding riverine communities

These states are highly vulnerable to flooding, storm surges, and sea level rise

Major causes of floods

HUMAN FACTORS

- Poor/Blocked drainage systems
- Unplanned urbanization
- Deforestation
- Inadequate flood control infrastructure
- Dam releases
- Soil erosion and sedimentation

NATURAL FACTORS

- Heavy rainfall
- River overflow
- Coastal flooding
- Topography

Flooding in Nigeria is more *human-driven* than natural

Nigeria ranks first in deforestation globally · one of the fastest rates of urbanization (63.78% in 2025)

The rainy seasons in Nigeria

1

APRIL – JULY

Rainy season

2

AUGUST

August break

3

SEPTEMBER – NOVEMBER

End of rainy season

The rainy season in Nigeria lasts roughly about 7 months. **However, things are changing, with August 2026 experiencing early rainfalls.**


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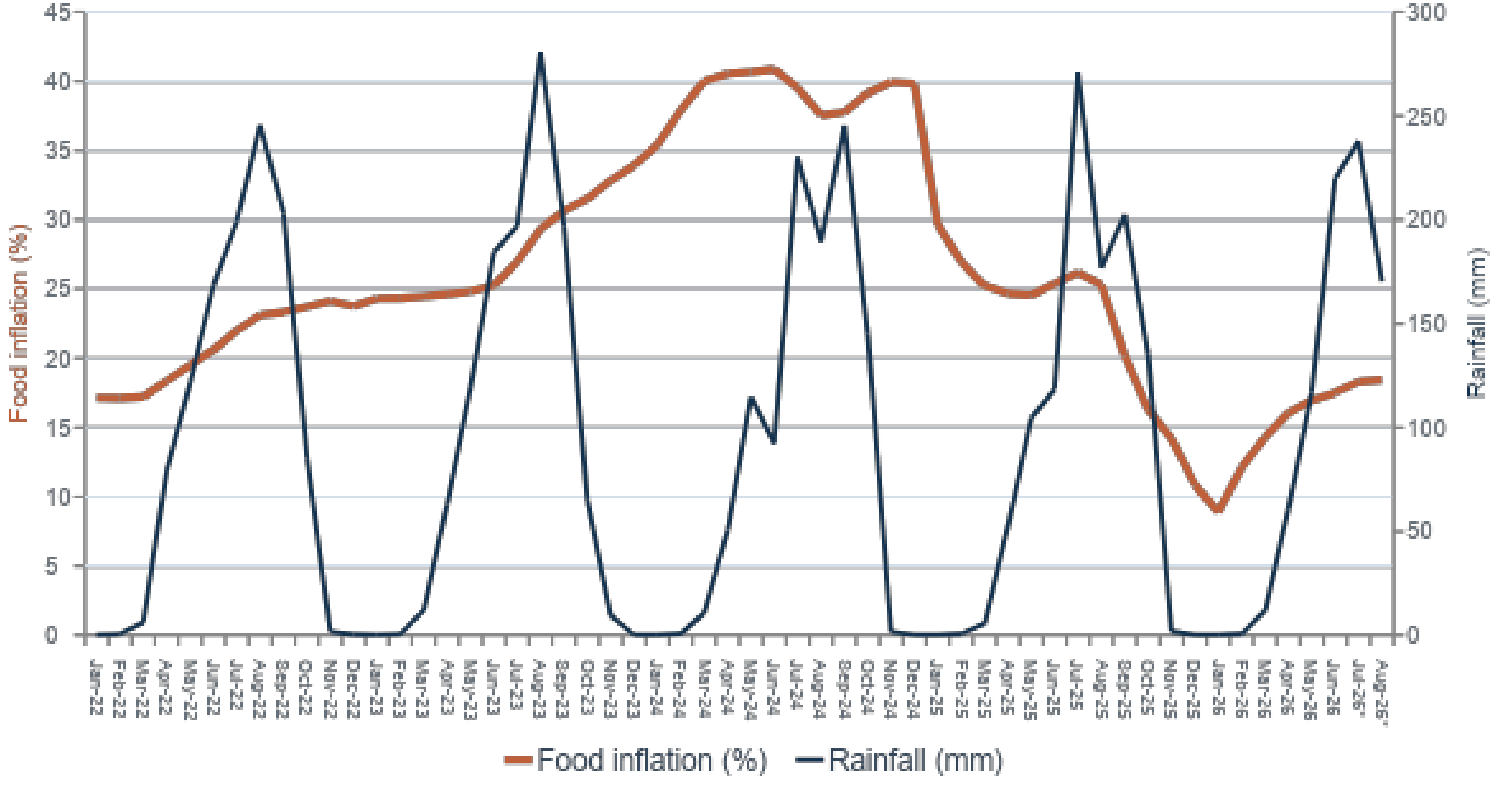
Floods increase inflation

Food inflation & average rainfall



Source: NiMet, NBS, FDC Think Tank

2022 FLOOD COST

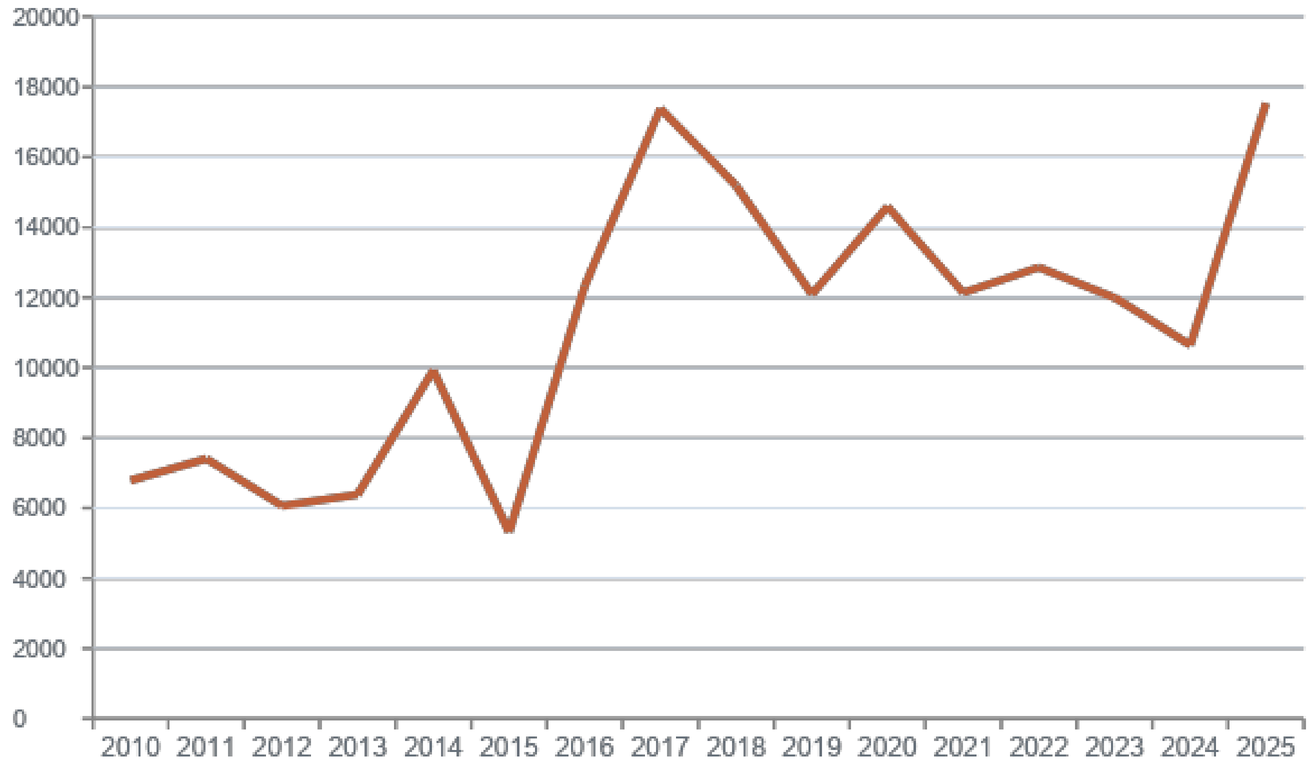
$3.79–9.12bn

Estimated economic loss from the 2022 floods

- Nigeria has witnessed at least 5 major flood cycles in the last 5 years
- There's been a positive correlation of 0.02 between flooding and food inflation from 2022 and 2026
- The 2022 flood is estimated to have cost Nigeria between $3.79bn and $9.12bn

Deforestation vs reforestation

Deforestation levels in Nigeria — tree cover loss (hectares)



Source: Global Forest Watch, FDC Think Tank

- Urbanization remains a leading cause of deforestation in Nigeria
- Nigeria lost over 17,000 hectares of forest resources to deforestation in 2025 alone
- Meanwhile, countries like China encourage their citizens to plant trees with rewards

GREEN PLANTING INCENTIVES

₦100m announced for the winning state in planting new trees — Enugu State is the current winner

Arid conditions in the Chad region

Lake Chad, 1960 (left) vs today (right)

LAKE CHAD SURFACE AREA

25,000 → 1,500 km²

Shrunk from 25,000km² in 1960 to 1,500km² today due to declining rainfall levels

- Lake Chad was 25,000km² in 1960
- Shrunk to 1,500km² due to rainfall levels
- Causing stronger arid conditions
- Grazing levels have increased in the northern parts of Nigeria

THE RECKONING

Economic & social costs of *flood disasters*

Consequences of burying our heads in the sand

- Higher government spending on damaged infrastructure repairs (₦880bn annually)
- Reduced agricultural production due to crop losses, farmland destruction, and soil erosion
- Higher transportation costs
- Rising cases of diseases like malaria, cholera, and pneumonia
- Displacement of people and communities
- Difficulty in movement for heavy distribution trucks
- Increased traffic jams

Benin-Ore road flood

Lagos – Lekki flood

Financial impact of the flood

- Lower agricultural income due to destruction of crops and livestock
- Higher housing and property repair and replacement costs
- Higher government spending of road repairs (₦880bn annually)
- Lower business revenue due to operational disruptions
- Higher food prices due to reduced agricultural output
- Higher vehicle repair costs due to flood damage
- High rate of building collapse

ROAD REPAIRS

₦880bn

Annual government spend on damaged road/infrastructure repairs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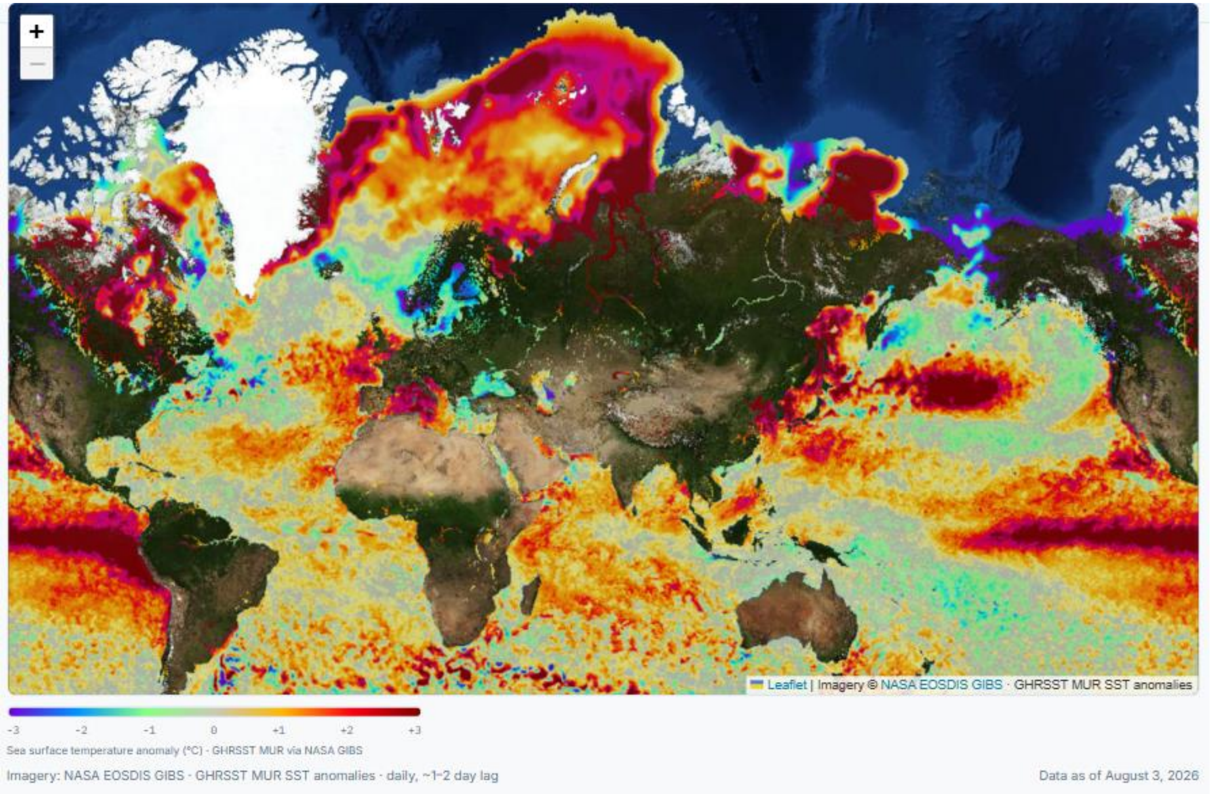
Impact of El Niño on Africa



The term El Niño (Spanish for 'the Christ Child') refers to a warming of the ocean surface — above-average sea surface temperatures in the central and eastern tropical Pacific Ocean. — USGS

West Africa
Erratic rainfall distribution

Latin America & the Caribbean
Dry spells, erratic rainfall distribution, extreme heat

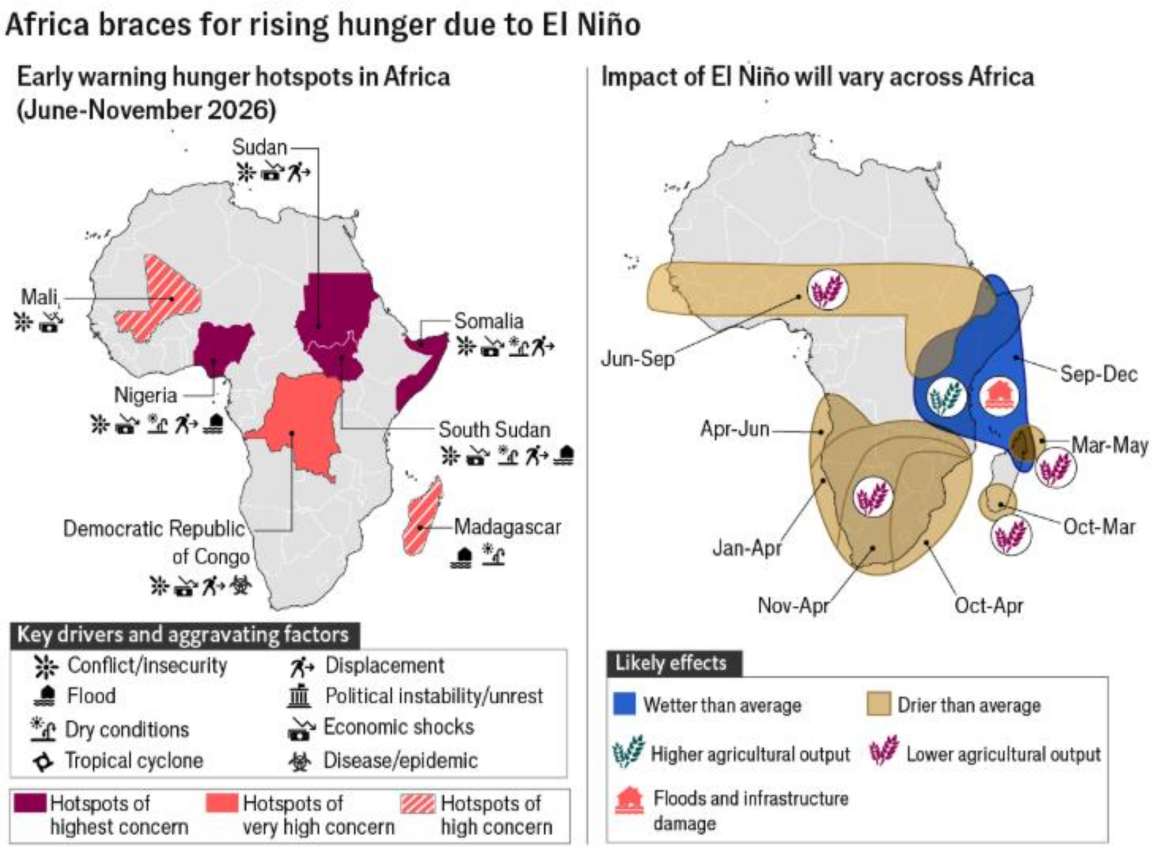
Southern Africa
Below-average rainfall and extreme heat

East Africa
Below-average rains in Ethiopia; flood risk in eastern Horn; extreme heat

Source: Famine Early Warning Systems Network

Africa braces for rising hunger — EIU

- Climate related risks are becoming important determinants of economic outlook
- In West and Southern Africa, there are significant downside risks to growth
- Could reduce agricultural production and weaken export commodities, prolonging food inflation
- This weather-related disruption comes at a time when the cost of fertilizer is at a record high ($500/tonne)



Source: EIU

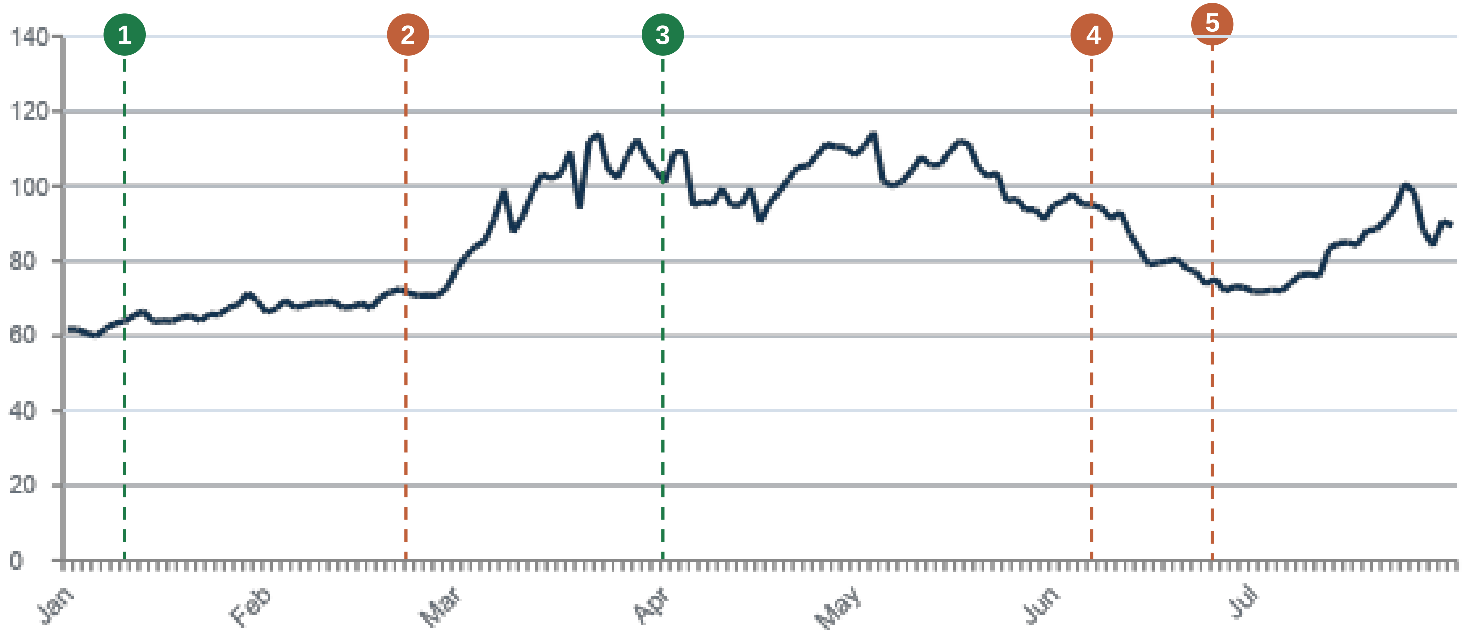
PART 02

Pause vs Ceasefire: Key differences

02

Geopolitical swings

Brent oil price ($/barrel) — 2026



1 Peace 2 War 3 First truce 4 MoU 5 Re-escalation

Political exigencies: Ukraine vs Russia; a new UK Prime Minister; India's protests.

Brent has swung sharply through 2026 — from the low $60s in January to a March peak above $114, then back toward the high $70s — tracking the war–peace cycle in the Gulf.

BRENT · LATEST

$79/pb

▼ −6%, easing as tensions cool

DM INFLATION — ABOVE 2% TARGET

United States	3.5%
Euro Area	2.9%
United Kingdom	2.6%

Each sits above the 2% central-bank target, keeping policy tight.

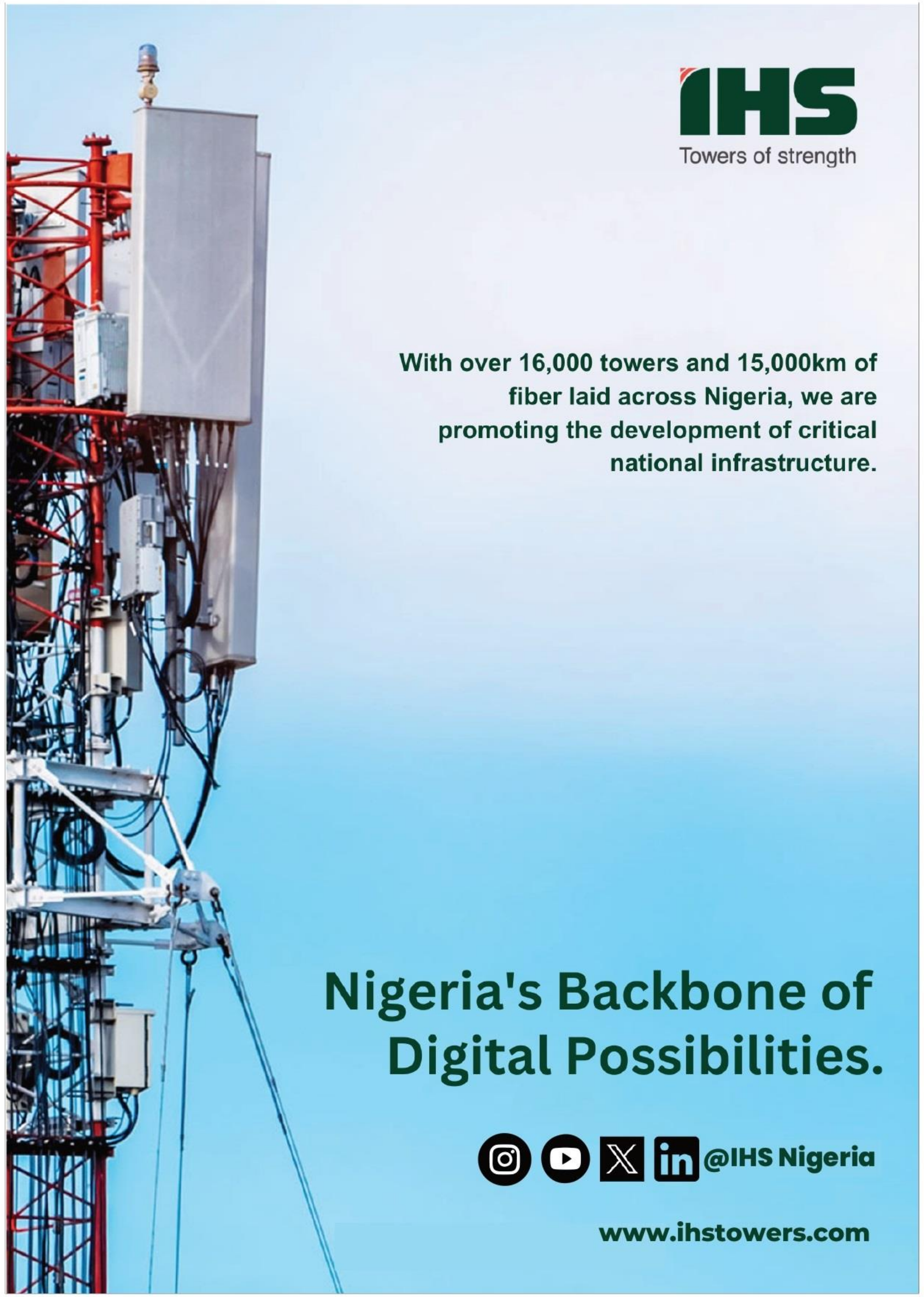
Source: EIA, FDC Think Tank

The swinging pendulum of Gulf War III

- The US made a renewed push to impose tariffs on most countries, including a threat to impose 50% tariffs on Canadian goods
- NOVO Nordisk is suing its rival Eli Lilly for making false claims in its adverts on weight loss
- Tesla has reported a surprise 17% decline in adjusted net profit in Q2
- Investors sold off shares of Alphabet after it announced increased capital expenditure on AI to $195bn
- Apple became the most valuable company for a few days when its market cap exceeded $5trn — the shares have lost 9% since it reported super earnings
- Investors were spooked by its guidance that shortages of chips will disrupt its Q3 sales

The swinging pendulum of Gulf War III

- Britain's annual inflation fell from 2.8% to 2.6% in June, a 15-month low
- The forecast for July is a spike to 3% as higher oil prices transmit into retail stores
- The US Fed held its main interest rate in the range of 3.5–3.75% p.a.
- 3 of 12 members voted to raise rates by 25bps to 4% p.a.
- Kelvin Warsh hinted that the Fed could raise rates if the inflation rate continues to remain high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PART 03

Domestic economic outlook

03

Macroeconomic snapshot

BRENT OIL · JUL '26
$93.07
▲ +27.58%

FAAC · JUN '26
₦2.55trn
▲ +10.87%

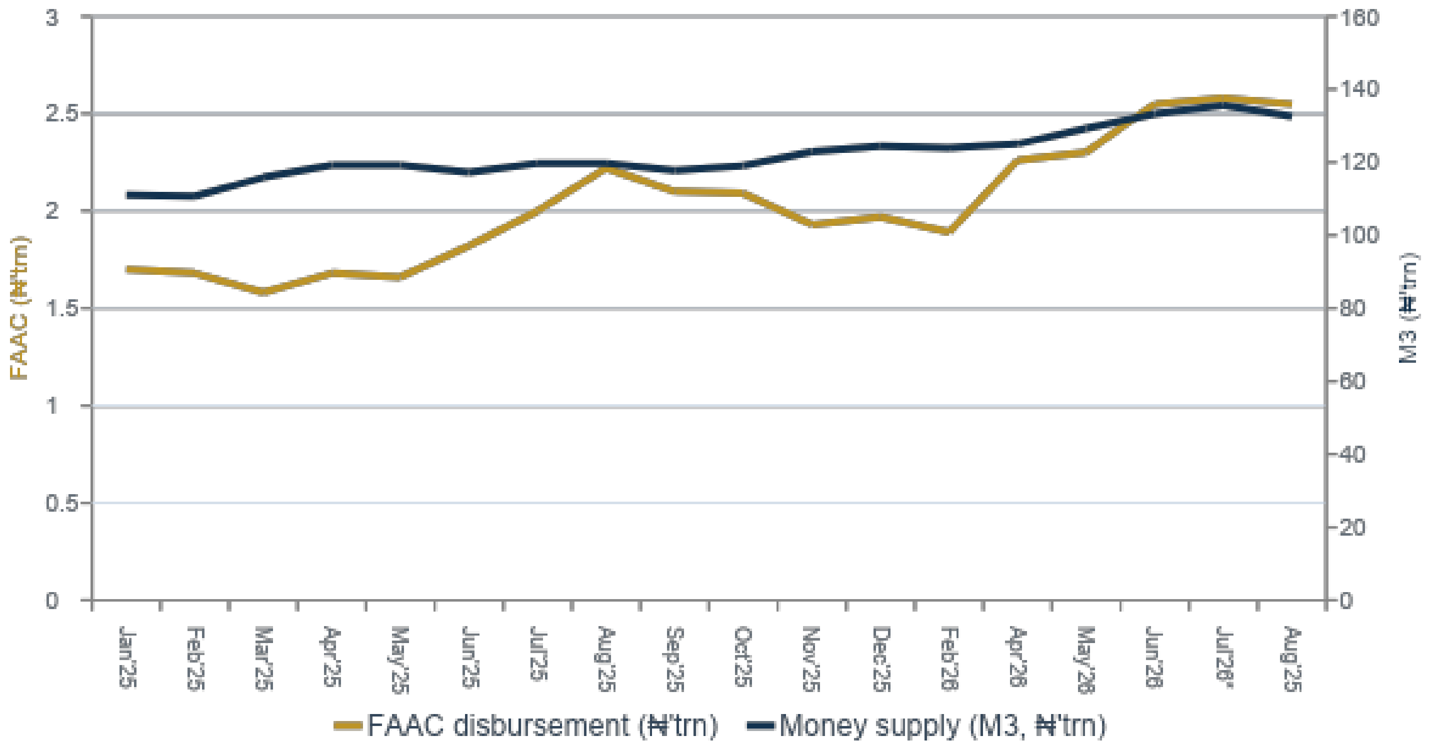
MARKET CAP · JUL '26
₦159.7trn
▲ +8.49%

Indicators	Jun 2026	Jul 2026	% Chg	Aug 2026*	Sep 2026*
GDP growth (%)	4.07 (Q4'25)	3.89 (Q1'26)	-0.18	3.56 (Q2'26)	3.64 (Q3'26)
PMI	49.6 (May'26)	50.1 (Jun'26)	+1.01	49.9 (Jul'26)	50.4 (Aug'26)
Inflation (%)	15.93 (May'26)	15.91 (Jun'26)	-0.02	16.08 (Jul'26)	15.89 (Aug'26)
Oil production (mbpd) avg.	1.53 (May'26)	1.56 (Jun'26)	+1.96	1.57 (Jul'26)	1.59 (Aug'26)
Brent oil price ($/bl) EOP	72.95	93.07	+27.58	75-85	83
Gross external reserves ($'bn)	51.46	52.02	+1.09	54.25	55.76
FAAC (₦'trn)	2.30 (May'26)	2.55 (Jun'26)	+10.87	2.58 (Jul'26)	2.60 (Aug'26)
Exchange rate, official (₦/$)	1,379.68	1,369.63	-0.73	1,375.79	1,378.45
Exchange rate, parallel (₦/$)	1,400	1,420	+1.43	1,420	1,450
Money supply growth (%)	3.13 (May'26)	3.38 (Jun'26)	+7.99	3.43 (Jul'26)	3.51 (Aug'26)
MPR (%)	26.50	26.50	0.0	26.50	26.50
364-day t-bills (%)	16.35	17.70	+1.35	17.77	17.83
Stock market cap. (₦'trn)	147.22	159.72	+8.49	163.54	166.34
Average opening position (₦'trn)	4.03	3.82	-5.21	4.56	4.77

* forecast · Source: NBS, CBN, OPEC, NGX, FDC Think Tank

Money supply growth in the next two months

FAAC disbursement vs money supply (₦'trn)



Source: CBN, FAAC, FDC Think Tank

- Government earnings have increased following the surge in oil prices
- The money supply has moved in tandem
- The money supply is expected to remain high as earnings from oil taxes remain elevated

CONSEQUENCES

- More liquidity
- Pressure in the FX market
- Inflationary pressure
- Higher interest rates

QUOTES

“ *Inflation is the parent of unemployment and the unseen robber of those who have saved*

Margaret Thatcher FORMER PRIME MINISTER OF THE UNITED KINGDOM

Inflation — the silent wallet thief

- Headline inflation still high at 15.91%
- Disposable income is under severe pressure
- With ₦70,000 minimum wage as a monthly income — here's what inflation has done to your money

2024

INFLATION (EOP)
34.80%

REAL INCOME
₦51,929

2026

INFLATION (EOP)
15.91%

REAL INCOME
₦60,392

−15.7% *The value of your ₦70,000 has fallen by 15.7% over the past two years, while the cost of living has continued to rise*

Why inflation matters — consumers are pressured

Commodity	2024	2026	% Chg
Garri (₦)	35,000	20,000	**-42.86%**
Hamburger (₦)	10,200	16,000	**56.86%**
Diesel (₦/litre)	1,050	1,600	**52.38%**
PMS (₦/litre)	935	1,300	**39.04%**
Bag of flour (₦)	65,000	54,000	**-16.92%**
Oil price ($/pb)	74.62	86.29	**15.64%**
Bread (₦)	1,600	2,300	**43.75%**
Cooking gas (₦/12.5kg)	15,060	18,000	**19.52%**
Rice (₦)	110,000	65,000	**-40.91%**
Eggs (₦/crate)	7,800	6,000	**-23.08%**

Source: FDC Think Tank

AVG COMMODITY PRICE CHANGE

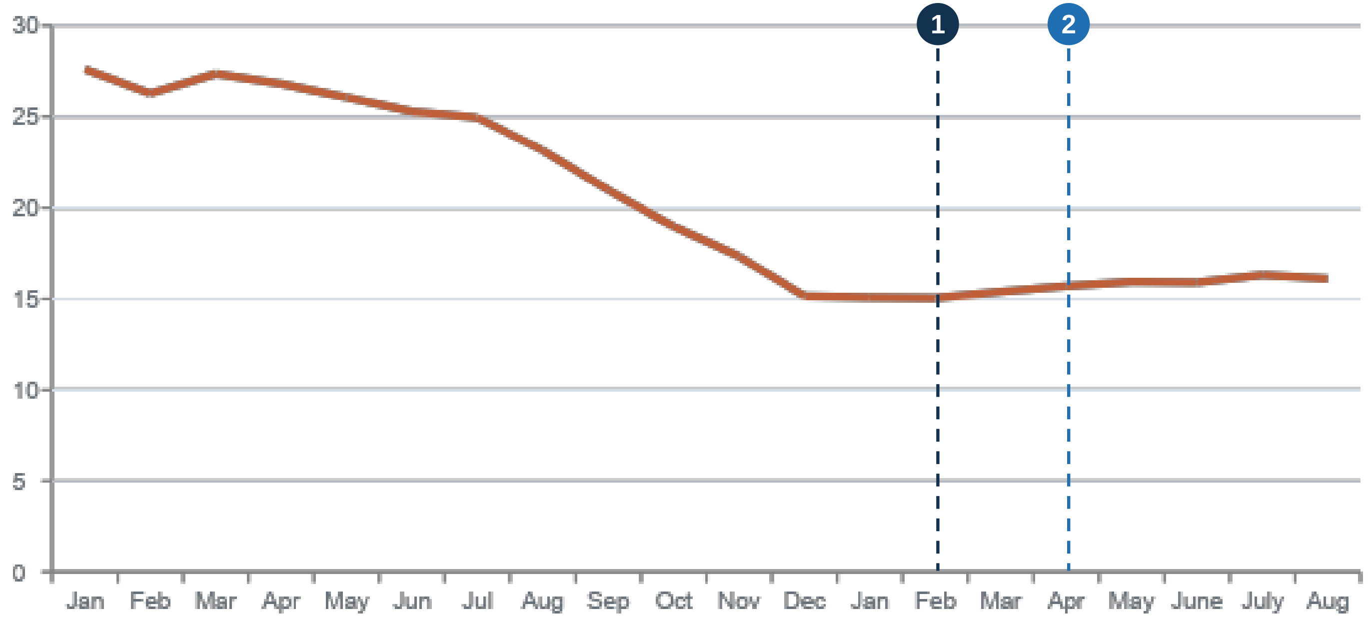
10.34%

while headline inflation is 15.91%

- Inflationary pressures extend beyond the commodities in this sample
- Nigerians are now buying less in quantity and lower quality
- The real incomes of fixed-income earners declined in the face of rising prices

Single-digit inflation expected in Q3 2027

Headline inflation (%), 2024–2026



① US–Iran conflict ② Brief ceasefire / re-escalation

Inflationary pressures will persist in July at 16.08%, moderating marginally in August to 15.89% on the harvest season.

JULY*

16.08%

AUGUST*

15.89%

DOWNSIDE RISKS

- Flooding, which will likely erode the benefits of the harvest
- Higher energy costs
- Money-supply saturation
- Heightened insecurity, disrupting supply chains
- Exchange-rate pass-through effects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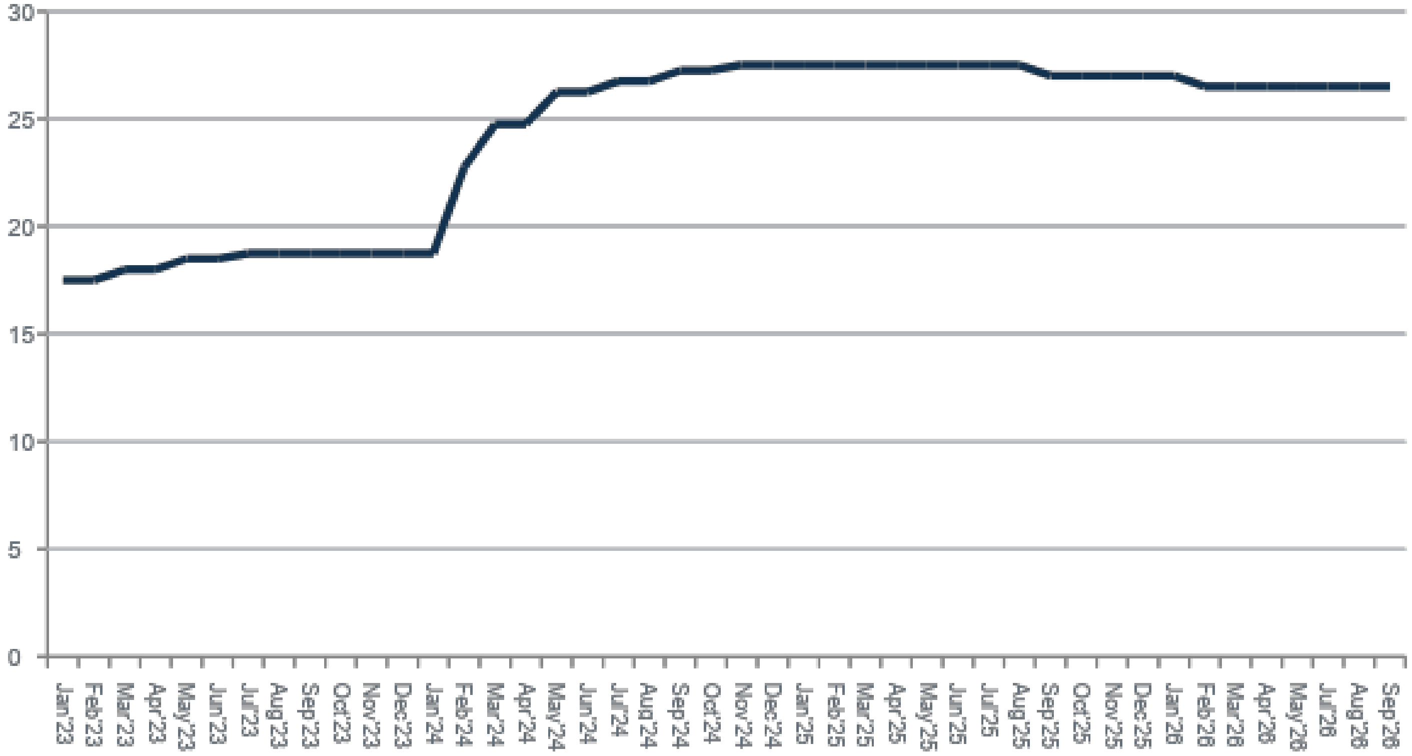
The MPC's next move — policy rate unchanged

Monetary Policy Rate (%)



Considerations: inflation, FX pressure, money supply, PMS price, global uncertainty

CURRENT MPR

26.5%

Next MPC meeting: September 21–22

STATUS QUO · 26.5% p.a. 90%

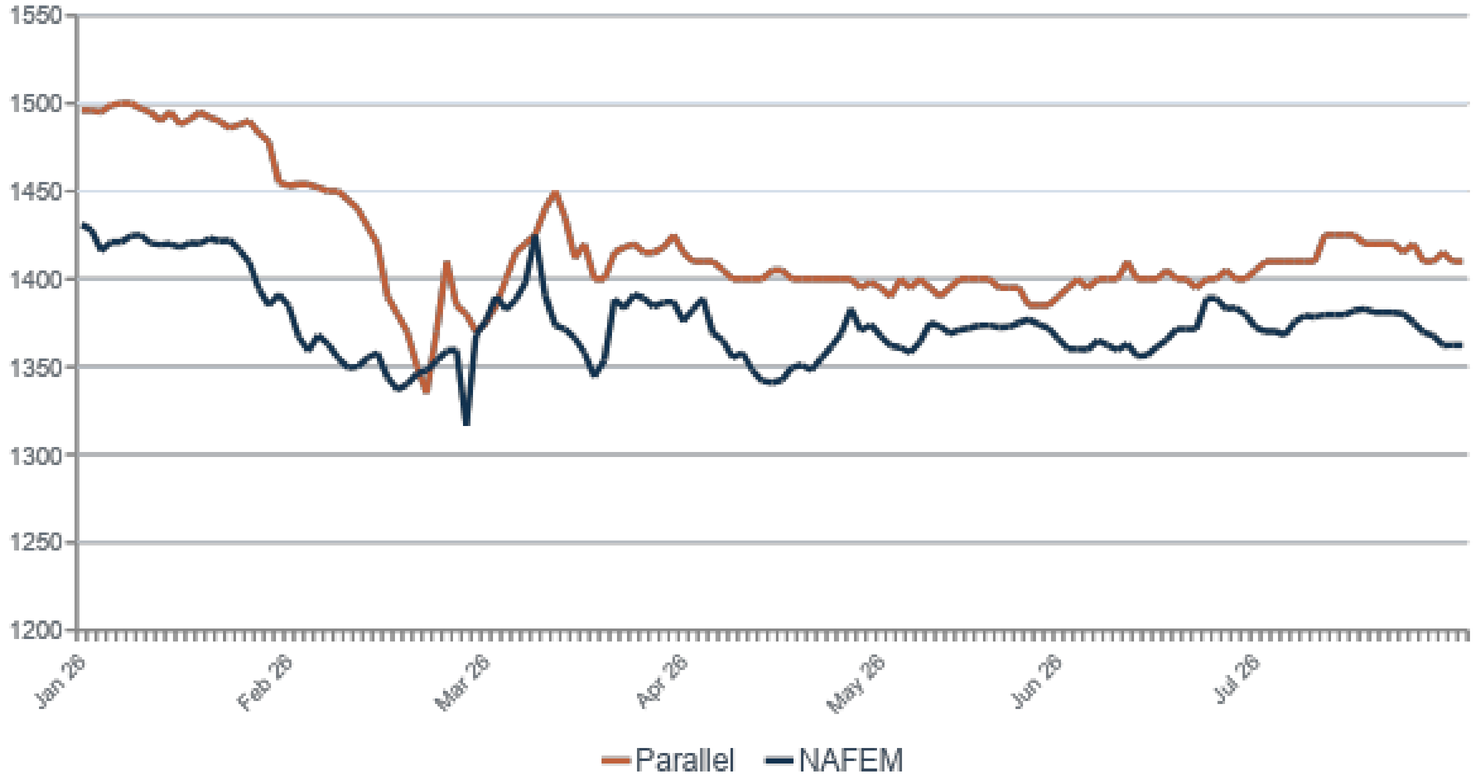
- In tandem with the global trend
- A huge disincentive to investment inflows

RATE HIKE · 27% p.a. 10%

- To taper inflation
- In tandem with the global trend

Exchange rate in the next two months

Exchange rate (₦/$) — parallel vs NAFEM



Source: FMDQ, CBN, FDC Think Tank

NEXT TWO MONTHS

₦1,400–1,450/$

The naira is currently signaling stability, not crisis

REASONS FOR STABILITY

- Expect the naira to depreciate to ₦1,400/$–₦1,450/$
- CBN will intervene occasionally to knock out speculators
- Inward investment up
- Surplus current account
- Gross external reserves up $51.96bn
- Banking sector running a sizeable positive net foreign-asset position

The naira is undervalued

Item (July 2026)	₦	US$	PPP ₦/$
Bottle of Pepsi (50cl)	500	0.72	696.09
Heineken Beer (60cl)	1,200	1.62	740.74
Hamburger (Burger King)	16,000	6.83	2,342.61
Movie tickets (blockbuster)	8,000	16.08	497.51
HP Pavilion 14 (i13, 512GB)	1,450,000	699.00	2,074.39
Diesel (1 litre)	1,990	1.50	1,326.67
Vegetable oil (5 litres)	16,000	29.95	534.22
Indomie (1 unit)	500	0.78	641.03
Nestlé Bottled Water (60cl)	250	0.81	308.64
Big Loaf Bread	2,300	3.34	688.62
Corolla (2023 model)	50,000,000	21,700	2,304.15
Irish Spring Soap (3 bars)	4,200	2.09	2,010
Chicken Breasts (1 kg)	6,000	7.94	755.67
Trolley	2,500	6.64	376.51
Peak evaporated milk (24)	28,000	19.99	1,400.70
Uncle Ben's rice (5.44kg)	30,000	26.54	1,130.37
Eggs (30 large)	6,500	6.45	1,007.75
Panadol extra (50 caplets)	11,700	12.84	911.21
Andrex toilet paper (24)	49,000	18.87	2,596.71

PPP basket, July 2026 · Source: FDC Think Tank

DECISION: THE NAIRA IS UNDERVALUED

−14.14%

vs the NFEM rate of ₦1,368.63/$

AVG PPP
₦1,176

NFEM
₦1,370

PARALLEL
₦1,410

OUTLOOK

The naira to stay within ₦1,400–₦1,450/$ over the next two months — signaling stability, not crisis, with the CBN intervening to knock out speculators.

Nigerian economic outlook

The federal government has approved a massive wage review for the Nigerian Army

LOWER RANKS	COLONELS → WARRANT OFFICERS	COLONELS → GENERALS	ARMED FORCES BILL
80%	50%	30%	₦924bn equivalent to $678.68mn

KNOCK-ON EFFECTS

- Will affect the rest of the public sector and the relativity factor for the private sector
- This will push wages higher without productivity
- Inflation is bound to increase by a minimum of 2–3%
- There must be a compensating review of all other security agencies and armed forces (the Police, Civil Defence, etc.)
- A ballooning of government revenue expenditure at all levels

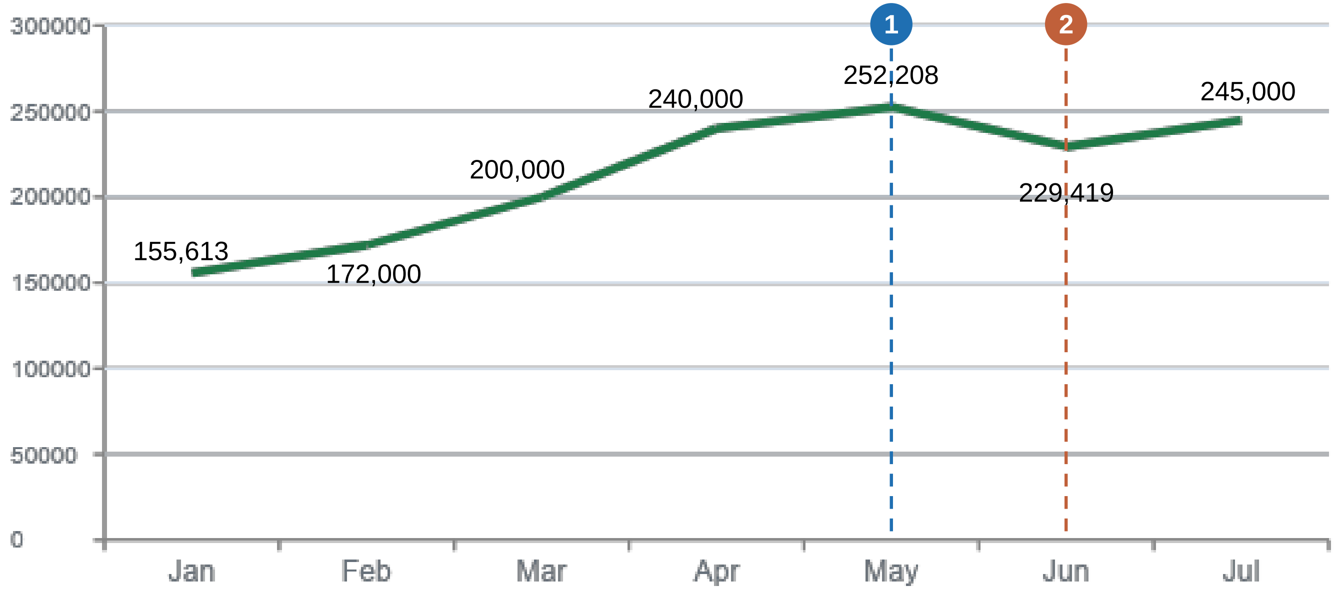
PART 04

Markets & new economy

04

The NGX — best-performing market in 2026

NGX All-Share Index (points), 2026



1 Index all-time high (May 13) 2 June correction: −₦13tn

Across 92 global exchanges tracked by Bloomberg, the NGX leads the world in 2026 in USD terms following July's recovery.

DRIVING FACTORS

- Index all-time high (May 13)
- FX management and naira strength
- June correction: −₦13tn
- PFA increase of equities limit
- Trading hours expanded
- T+1 settlement cycle
- Increased retail market

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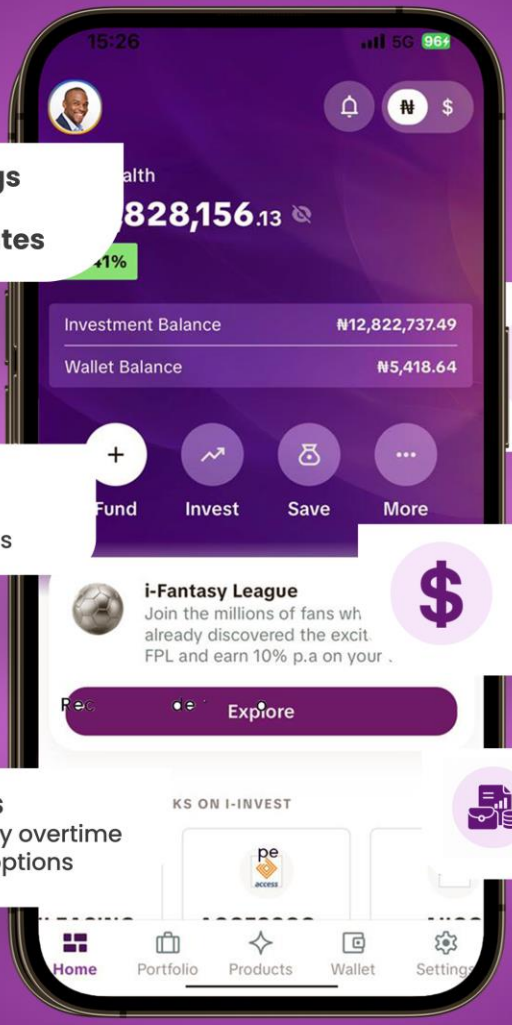

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A concentration concern

Company	Mkt cap (₦tn)
Airtel Africa	21.8
Dangote Cement	17.7
MTN Nigeria	17.0
BUA Foods	16.9
BUA Cement	11.5
Aradel Holdings	7.7
Seplat Energy	6.8
Lafarge Africa	5.3
Zenith Bank	5.3
GTCO	4.9
Total	**₦114.9tn**

CONCENTRATION

72%

The ten largest stocks account for 72% of the entire NGX

A heavily concentrated market means the index is highly sensitive to the fortunes of a handful of large-cap names — a small number of stocks can move the whole market.

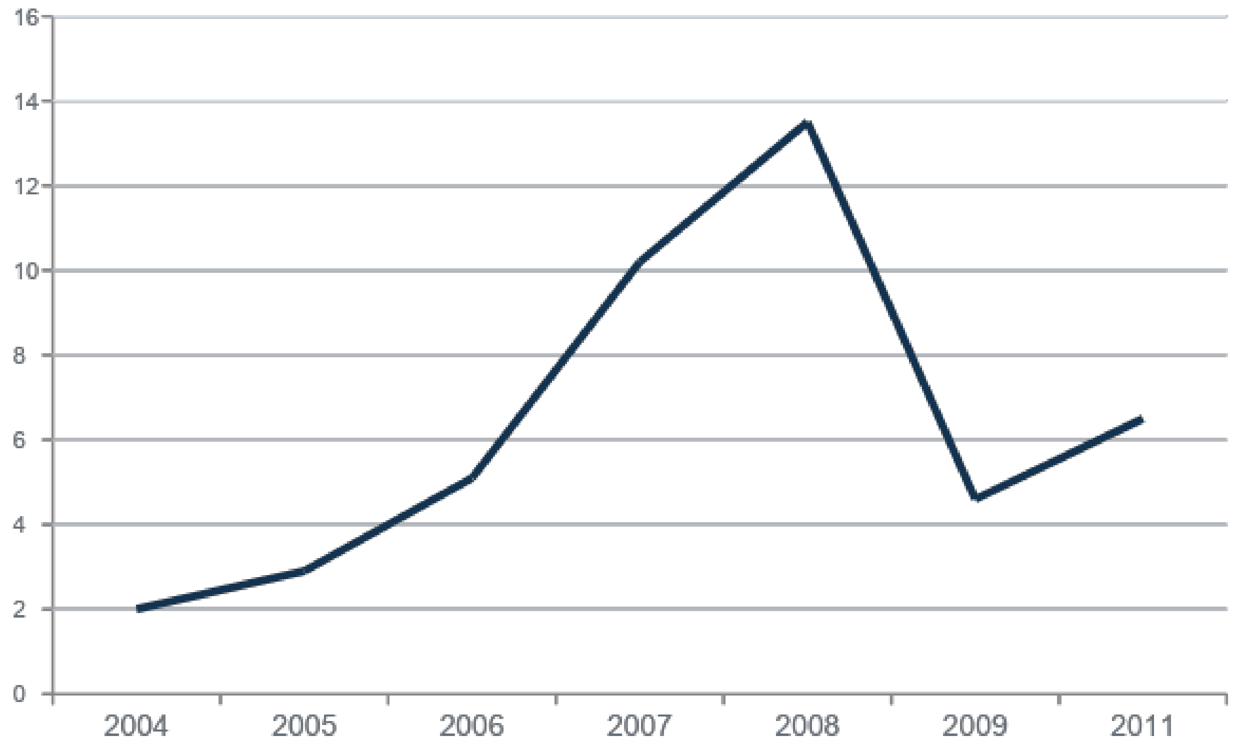
MARKET CYCLE

2026 so far: a boom, a correction & *another boom*

Are there bubbles in the markets?

The 2004–2008 boom & bust

NGX market capitalisation (₦’tn)



GENESIS · 2004 RECAPITALISATION

- Capital base was raised (₦2bn → ₦25bn)
- Bank IPOs were oversubscribed
- 89 banks became 25

LEVERAGE BUILD-UP

- Bank loans were used to buy bank shares
- Margin loans inflated prices 5× on weak fundamentals

THE RECKONING

- ASI crashed from 66,162 (Mar-08)
- Market cap fell from ₦13.5tn to ₦4.6tn
- AMCON absorbed ₦5tn+ of bad loans

Q1 2026 vs Q1 2025 sector performance

	ZENITH	GTCO	FirstBank	access
REVENUE	₦184.22bn ▲ +13.5%	₦108.44bn ▲ +51.8%	₦146.86bn ▲ +108.5%	₦1.07tn ▲ +8.2%
COST OF SALES	₦156.40bn ▲ +12.8%	₦100.35bn ▲ +64.9%	₦140.65bn ▲ +131.8%	₦1.00tn ▲ +4.2%
PBT	₦5.11bn ▲ +86.5%	₦1.57bn ▼ −62.6%	₦6.65bn ▲ +552.0%	₦44.53bn profit ▲ from ₦77.37bn loss
PAT	₦3.42bn ▲ +91.1%	₦1.25bn ▼ −67.9%	₦4.50bn ▲ +226.1%	₦1.38bn ▲ +61.0%

Q2 2026 vs Q1 2026 financials

TotalEnergies

REVENUE
₦184.22bn
▲ +13.5%
COST OF SALES
₦156.40bn
▲ +12.8%
PBT
₦5.11bn
▲ +86.5%
PAT
₦3.42bn
▲ +91.1%

Conoil RC 7288

REVENUE
₦108.44bn
▲ +51.8%
COST OF SALES
₦100.35bn
▲ +64.9%
PBT
₦1.57bn
▼ −62.6%
PAT
₦1.25bn
▼ −67.9%

eterna

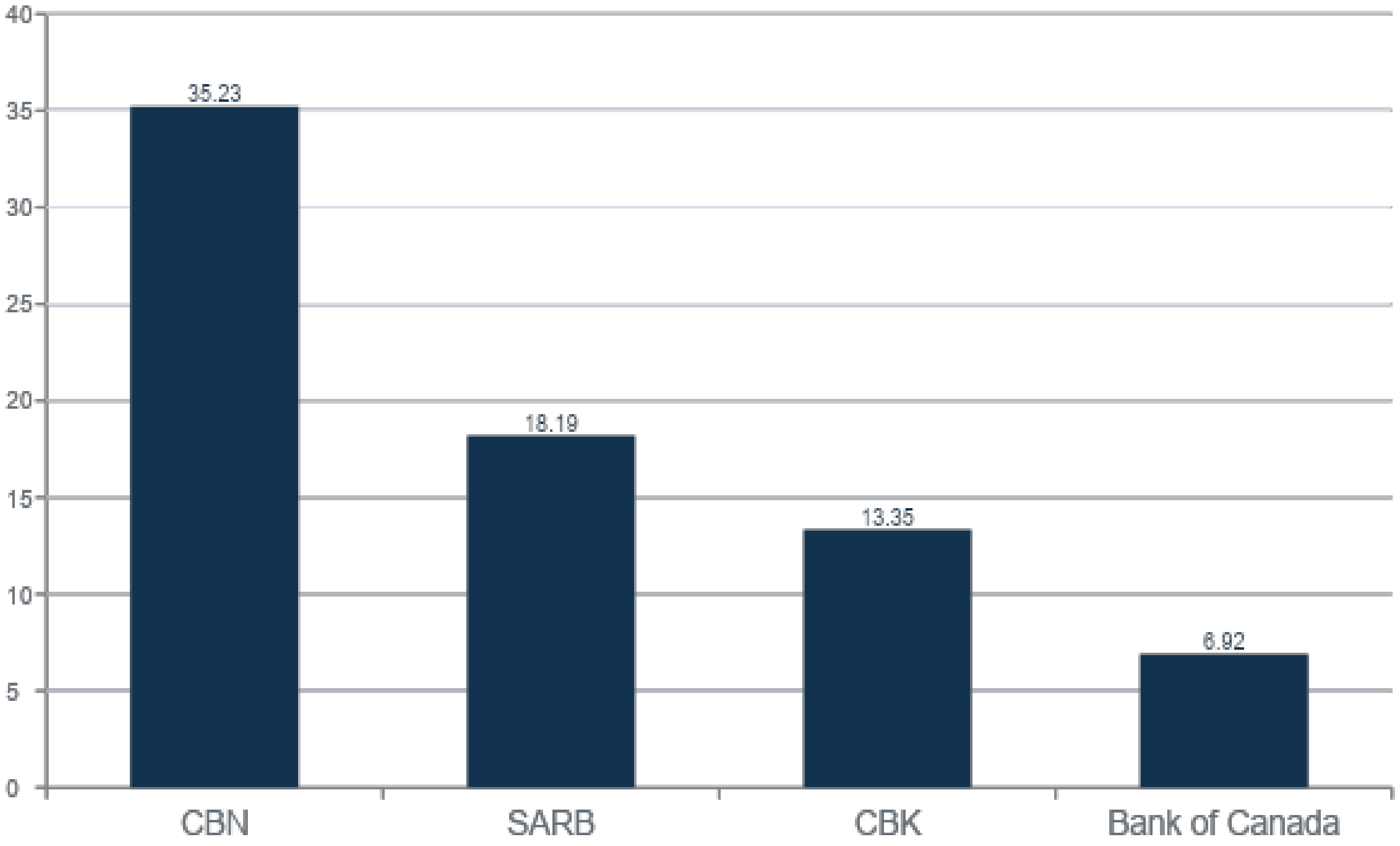
REVENUE
₦146.86bn
▲ +108.5%
COST OF SALES
₦140.65bn
▲ +131.8%
PBT
₦6.65bn
▲ +552.0%
PAT
₦4.50bn
▲ +226.1%

Oando

REVENUE
₦1.07tn
▲ +8.2%
COST OF SALES
₦1.00tn
▲ +4.2%
PBT
₦44.53bn profit
▲ from ₦77.37bn loss
PAT
₦1.38bn
▲ +61.0%

Sector challenges: competition, limited value add, and increased distribution cost caused by the flood.

Central bank balance sheet (% of GDP)



Central bank assets as a share of GDP (%)

Source: CBN, SARB, CBK, Bank of Canada, FDC Think Tank

CBN ASSETS

35.23%

of GDP — ₦151.93trn balance sheet

- The CBN will be proactive in maintaining banking-sector stability
- In Canada, South Africa and Kenya, the banking systems have remained stronger and more resilient
- In Nigeria, though there has been no direct intervention, measures such as bank recapitalization and stress testing are in place to strengthen the sector

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When quality lists, the market compounds

MTN NIGERIA

2019 · listed by introduction

Revenue >4× since listing

- Listed at $876m — the largest NGX listing of its day
- Now a ₦17tn heavyweight and perennial #1–3 by value
- Gave the ICT sector real index weight (20% of market cap)

DANGOTE CEMENT

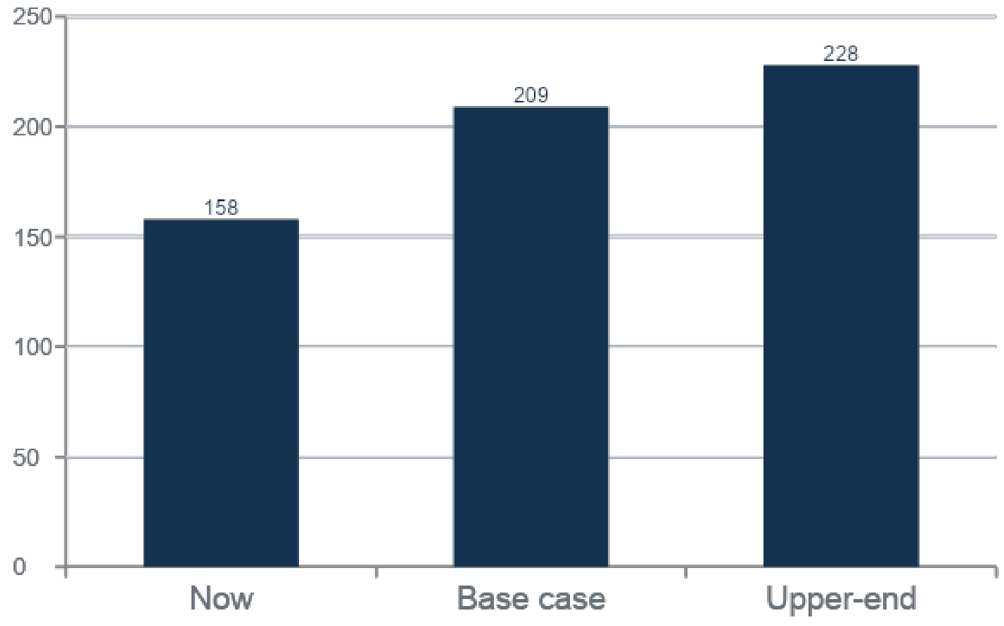
2010

+561% market cap since listing

- Listed Oct 2010 at ₦2.03tn; now ₦17.7tn in 2026
- 13% compound annual growth over 15 years
- First Nigerian company to cross the ₦10tn milestone

Post Dangote Refinery IPO

Potential NGX market cap (₦tn)



TO THE ASI
+25–30%

TO THE MKT. CAP
+30–40%

SHORT TERM — THE DIP BEFORE THE POP

- ASI likely falls as investors trim blue-chips to fund subscriptions
- We expect an oversubscription

MEDIUM TERM — A DEEPER, WIDER MARKET

- Fresh capital, potential cross-listing and pension flows broaden the base
- Possible S&P frontier upgrade

LONG TERM — A STRUCTURAL RE-PRICING

- NGX depth and global visibility
- Market stability led by dollar-dividend

Nigerian equities market outlook

- Strong H1 2026 earnings providing further support for equity prices
- Banking, telecoms, and oil & gas companies are expected to deliver resilient earnings despite high financing costs, supported by pricing power, efficiency gains, and stronger balance sheets
- Investors are likely to favour companies with strong revenue growth, expanding margins, solid cash flows, and attractive shareholder returns
- The market may shift from a broad rally to a fundamentals-driven phase marked by sector rotation and higher volatility
- If Dangote Refinery IPO occurs in Q3, it could significantly boost NGX market size and depth through a landmark listing

Nigerian equities market outlook — continued

- The IPO may trigger rotation into energy stocks from other sectors
- Long-term impact depends on profitability, utilisation, and dividends
- Rising Middle East tensions could increase market volatility, push energy prices higher, and slow global disinflation
- HoldCo reforms may raise bank operating costs, reduce ROE, and pressure valuation
- Future returns will depend more on earnings growth and selective stock picking than valuation expansion

SECTION

Risks

The NGX is better insulated in 2026 — but there are risks

IF THE US FED RAISES RATES BEFORE END-2026

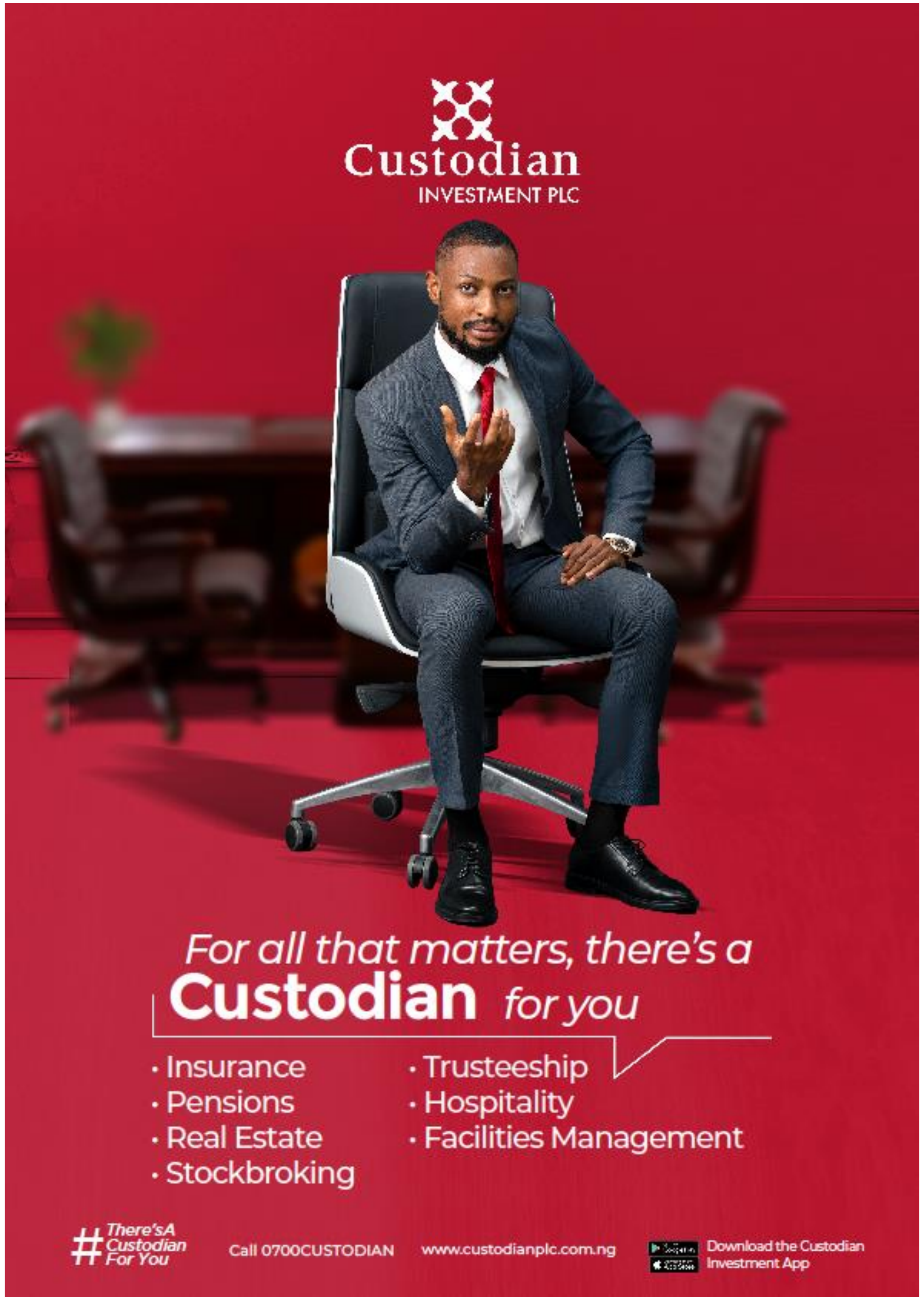
Capital flight to safe havens

A rate rise abroad pulls portfolio flows out of frontier equities into safer, higher-yielding assets.

MARGIN TRADES

Do not get carried away

Some investors are borrowing from banks to buy shares on the NGX — the same leverage that amplified the 2008 crash.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Real estate bubble — crash is imminent

- Construction costs up by 100% due to high prices of building materials
- Rental prices up by over 200% in Lagos
- Real estate market correction underway as demand and price disequilibrium persists

CONSTRUCTION COSTS

+100%

LAGOS RENTS

+200%

WHY A CORRECTION LOOMS

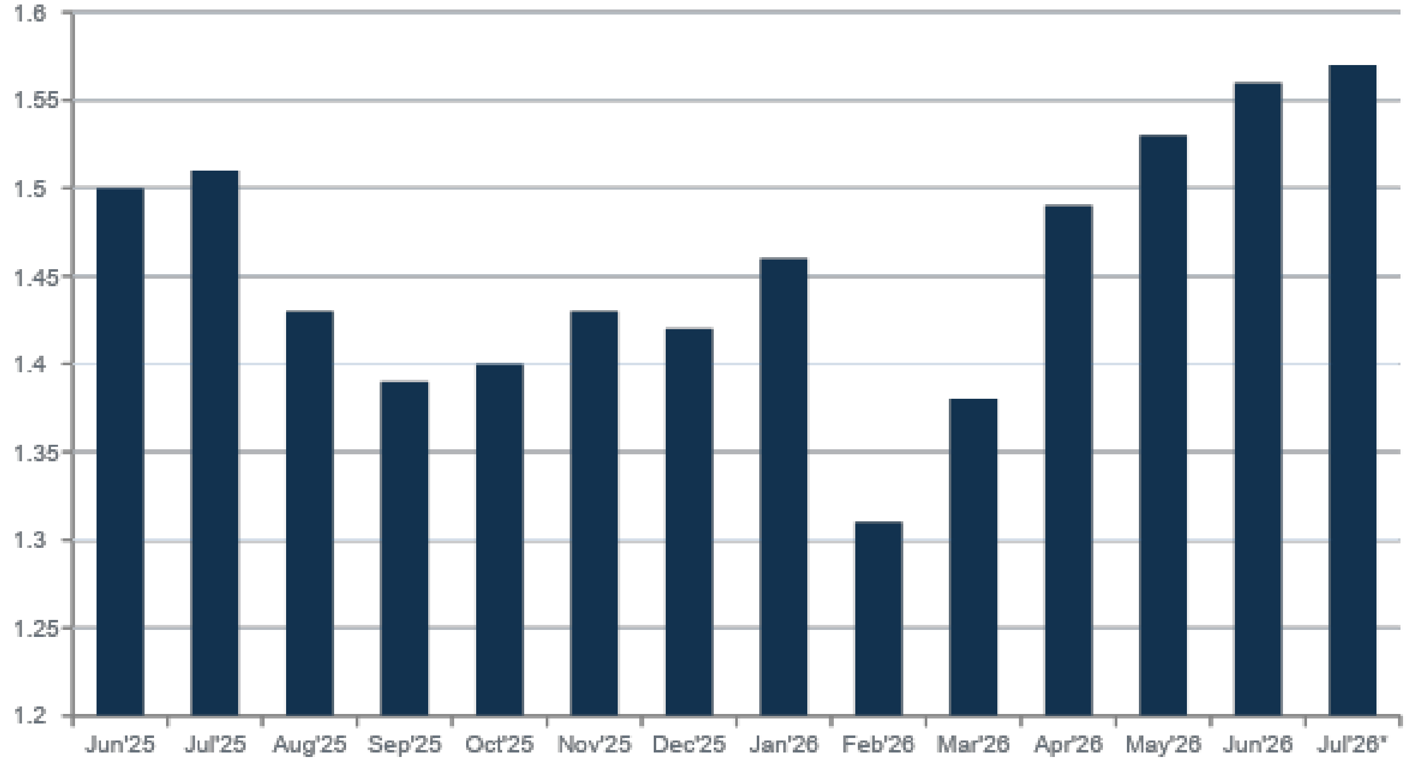
- Oversupply of properties from overbuilding
- Supply curve shifts right — excess inventory
- Rents keep rising, cutting affordability
- Rising delinquency and mortgage defaults
- Property prices fall sharply, triggering a crash

MARKETS & NEW ECONOMY

The *proxies*

Oil production to maintain upward momentum

Oil production (mbpd)



Source: OPEC, FDC Think Tank

JUN 2026 OUTPUT

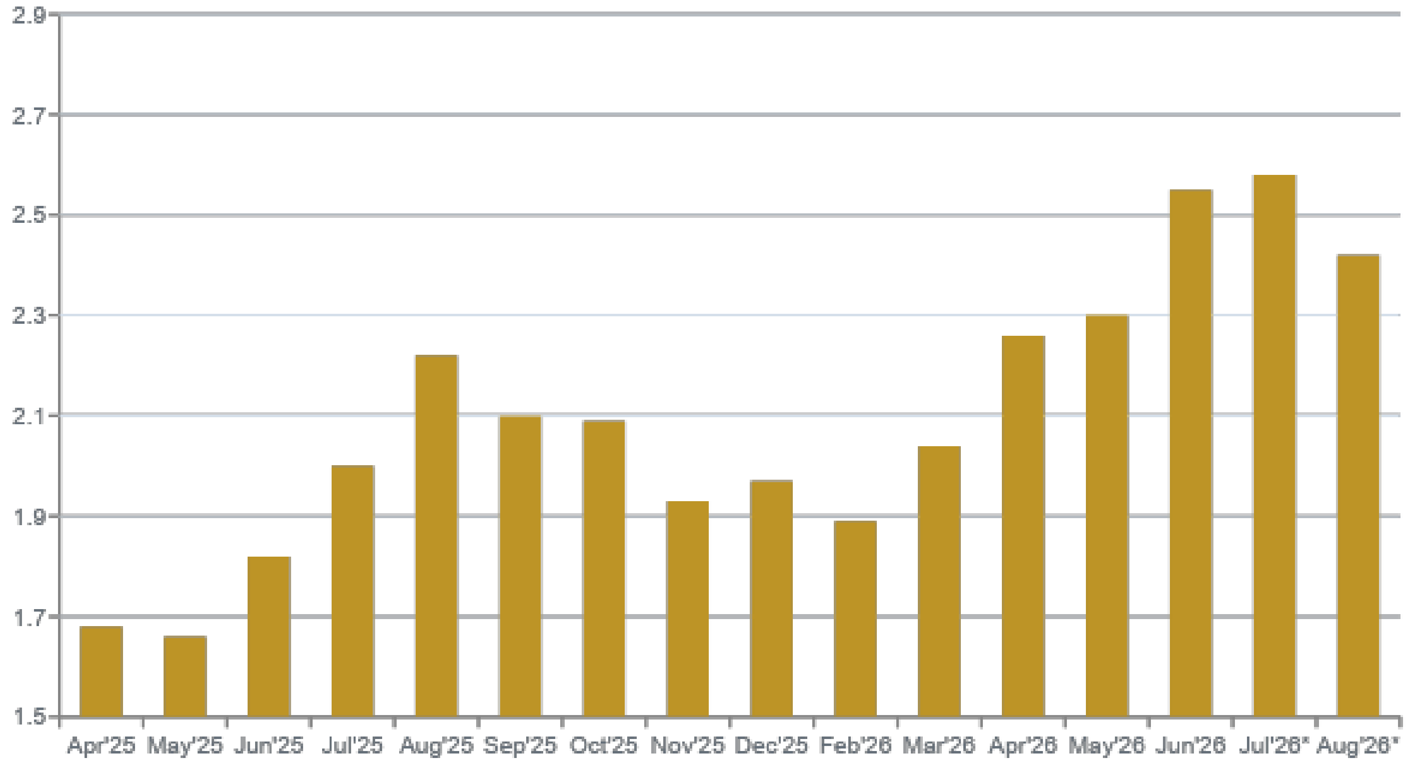
1.56mbpd

+1.96% — a 74-month high, best since April 2020

- Due to stable production across major producing assets and the absence of major pipeline outages
- Oil output will sustain its gradual recovery — supported by increased investment, improved upstream operations and higher asset utilisation

Stronger oil receipts support higher FAAC allocations

FAAC disbursement (₦'trn)



Source: FAAC, FDC Think Tank

JUN 2026 FAAC

₦2.55trn

+10.87% from ₦2.30trn in May

- Higher oil prices and production, companies' income tax and VAT drove the increase
- Allocations likely to stay elevated with a modest upward bias — supported by improved non-oil tax collections and higher oil production

Ships awaiting berth likely to increase further

Ports	Jun '26	Jul '26	Aug '26*
Lagos-Apapa	3	0	2
Lagos-Tincan	8	13	11
Calabar Port	0	0	0
Warri Port	6	6	8
Onne Port	0	0	0
Rivers Port	0	0	0
Lekki Deep Sea Port	6	6	6
Total	23	25	27

JULY 2026

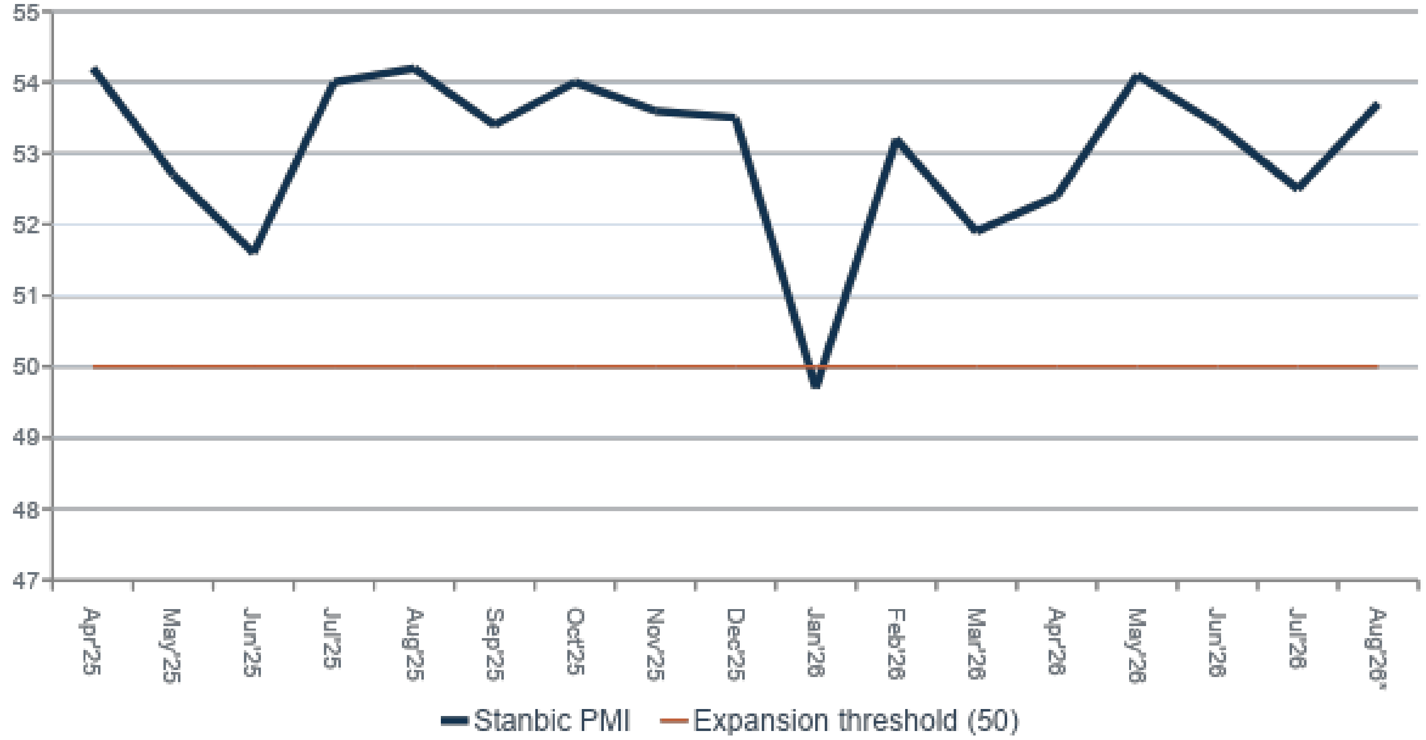
25 ships

+8.69% from June

- As businesses begin stockpiling for the Christmas festive season
- The number of ships awaiting berth is expected to increase further in August

Improved business confidence will support PMI

Stanbic IBTC PMI



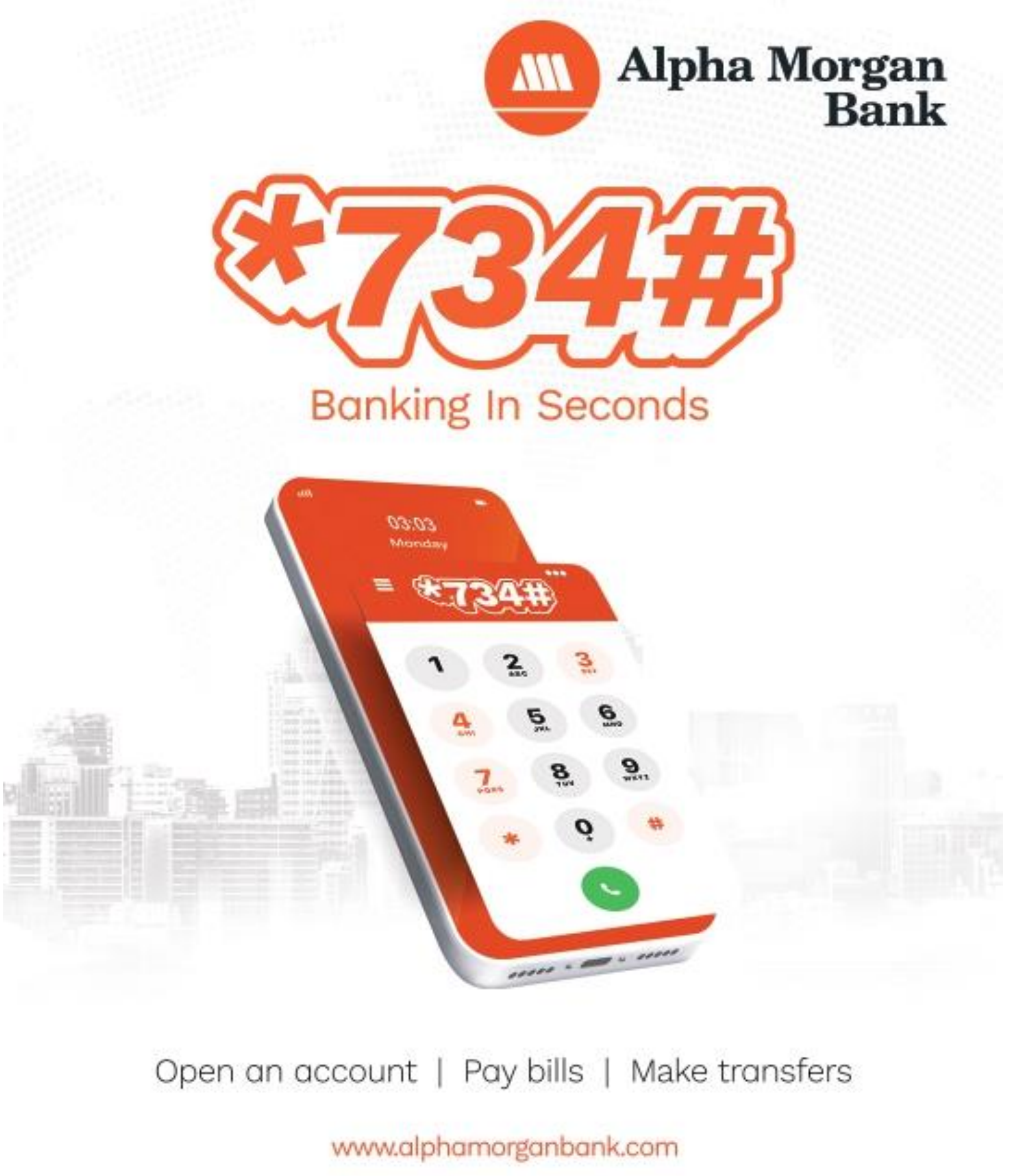
JULY 2026 PMI

52.5

Above the 50-point threshold; down from 53.4 in June

- Softening reflects a slower pace of growth in output and new orders
- PMI expected to stay in expansion — business confidence up to 24.1 in Q3'26 from 17.6 at end-Q2'26
- Supported by improved activity and stockpiling ahead of Christmas

Source: Stanbic IBTC, FDC Think Tank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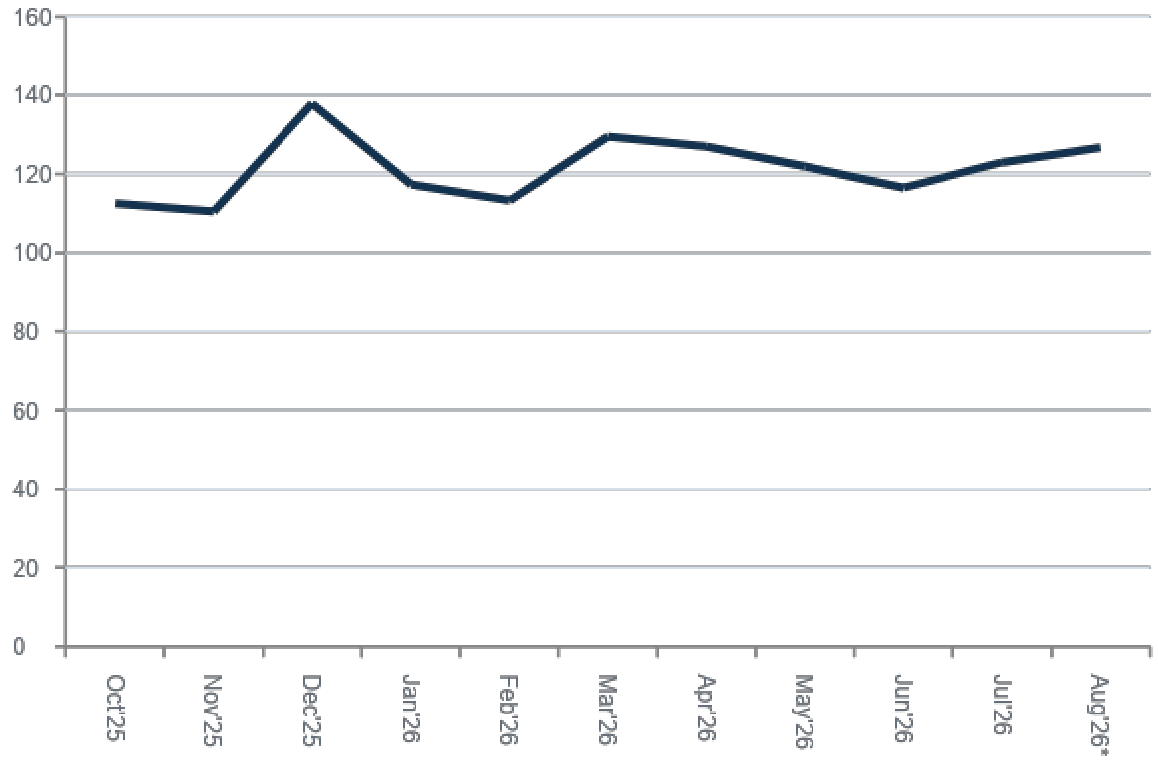
Seasonal spending to drive higher transaction values

Value of transactions (₦'trn)



Mode	Jun '26	Jul '26	% Chg	Aug '26*
NIP	104.48	109.59	4.89	112.21
POS	6.30	6.65	5.56	7.97
NEFT	5.49	6.48	18.03	6.29
Cheques	0.253	0.264	4.35	0.234
Total	**116.52**	**122.98**	**5.54**	**126.70**

Total transactions rose 5.54% to ₦122.98trn in July, led by NEFT (+18.03%); festive spending should push values higher into August.

Source: NIBSS, FDC Think Tank

MARKETS & NEW ECONOMY

Aviation

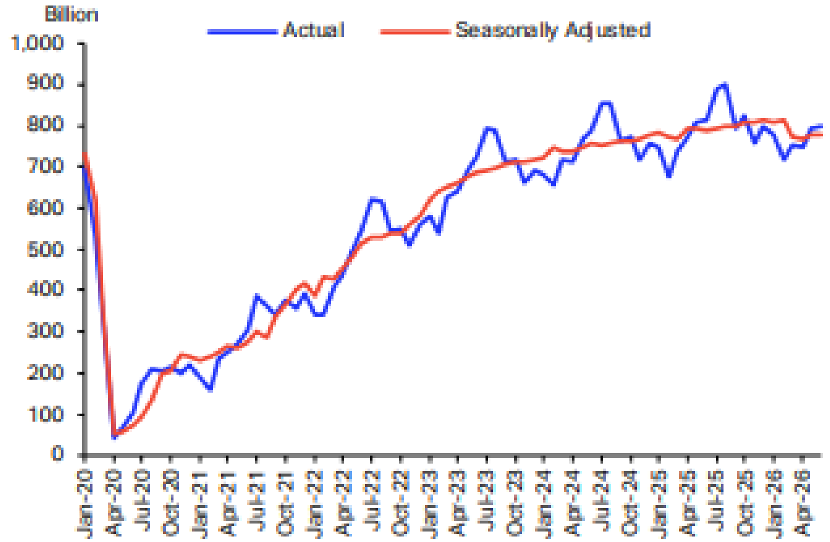
Air travel downturn eases amid middle east recovery

- Global passenger traffic contracted by 1.7% YoY in June, marking a slower pace of decline than the 2.2% fall recorded in May

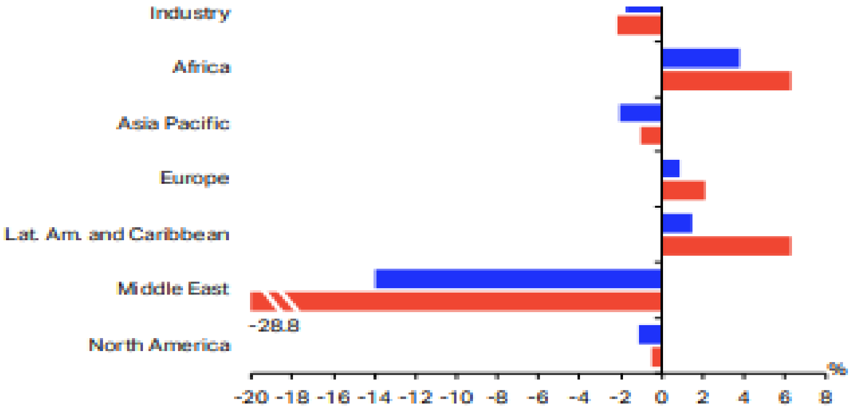
- Driven largely by the partial recovery of Middle Eastern aviation following the Iran ceasefire and easing flight restrictions

- Traffic carried by Middle Eastern airlines declined by 13.9% YoY, less than half the pace recorded in May

- African airlines remained the strongest-performing carriers globally, posting 3.8% YoY growth



Source: IATA Sustainability and Economics, IATA Information and Data - Monthly Statistics



Source: IATA Sustainability and Economics, IATA Information and Data - Monthly Statistics

Impacts of flooding on tourism

Impacts on domestic tourism

- Reduced domestic and international travel
- Damage to hotels and tourist attractions
- Cancellation of festivals and events
- Poor road access to destinations
- Lower spending by visitors

Economic effects

- Reduced occupancy rates
- Lower revenues for hospitality businesses
- Job losses
- Reduced foreign exchange earnings

Strengthening aviation & tourism against climate risks

01 Improve airport drainage systems

02 Invest in advanced weather forecasting

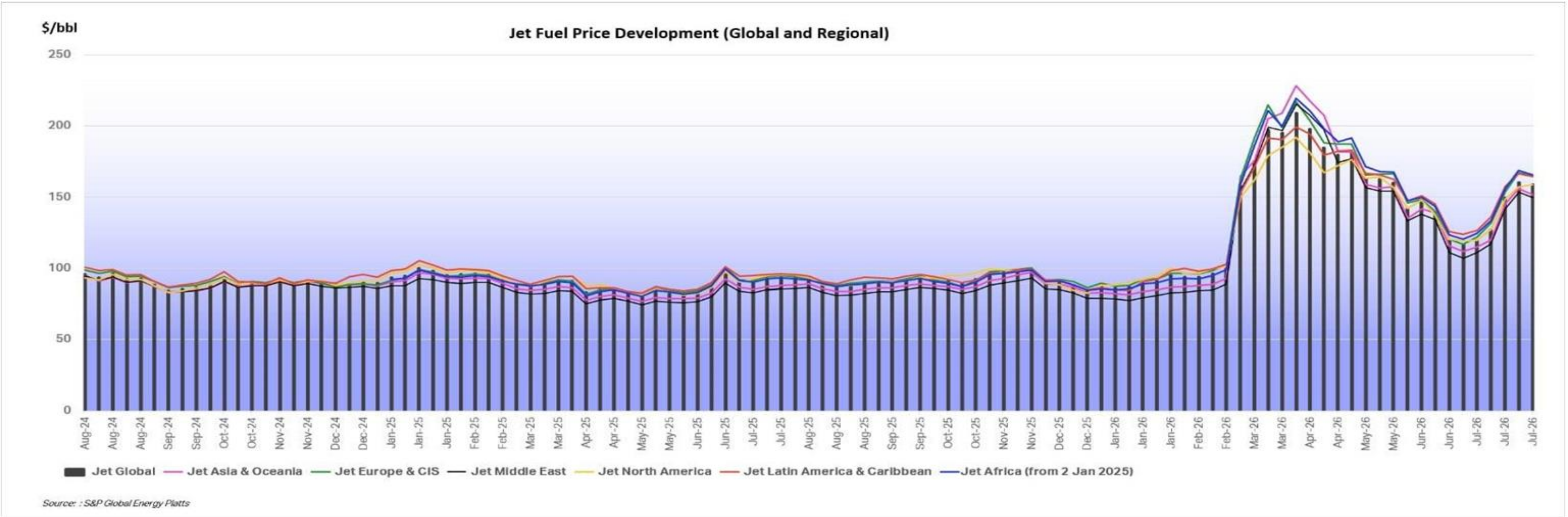
03 Enhance emergency response and business continuity planning

04 Promote sustainable tourism and climate adaptation

05 Upgrade climate-resilient transport infrastructure

06 Strengthen collaboration among government agencies, airlines and tourism operators

Global and regional jet fuel price



Jet fuel remains a dominant and volatile share of airline operating costs.

PRESSURE

Budget airlines under threat

Reduced profit margins

- Higher fuel costs significantly increase operating expenses
- Low-cost carriers have limited ability to absorb these costs
- Some airlines report lower earnings or losses when fuel prices are elevated

Route rationalization

- Airlines may suspend or reduce service on less profitable routes
- Capacity is shifted to routes with stronger demand or higher yields
- This can reduce connectivity to smaller or regional destinations

Higher airfares

- Budget airlines often introduce fuel surcharges or raise ticket prices
- As fares rise, the price advantage over full-service airlines narrows
- Higher prices can reduce demand among price-sensitive travelers

How budget airlines are adapting

Strategic Investment and Fleet Modernization

- Apollo Global Management to acquire easyJet for $7.7bn
- Acquisition expected to support easyJet's long term growth strategy
- Airlines are investing in fuel efficient aircraft such as the Embraer E2 and Airbus A220 to lower operating costs

Increase ancillary revenue

- Introduce or raise baggage, seat selection and onboard fees
- Diversify revenue beyond ticket sales to offset higher costs

Improve fuel efficiency

- Optimize flight planning and routing
- Reduce aircraft weight through operational efficiencies
- Minimize fuel burn during taxiing and ground operations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The economics of aircraft leasing

- Leasing avoids the high upfront cost of purchasing aircraft, preserving cash flow
- Enables airlines to operate more fuel-efficient models (Airbus A220, Embraer E2) without large capital investments
- Modern aircraft consume less fuel and generally require less maintenance
- Airlines can scale fleets up or down in response to seasonal demand or economic conditions
- Leasing transfers much of the aircraft's residual-value risk to the lessor, protecting airlines from depreciation

Updates in Nigeria's aviation sector

ON-TIME PERFORMANCE	On-time performance remains strongest among ValueJet, Ibom Air and Green Africa
INFRASTRUCTURE	Enugu Airport has been concessioned under a 30-year Public-Private Partnership (PPP) to Aero Alliance Limited
ROUTE EXPANSION	Air Peace has expanded its regional footprint with new routes to Conakry, Bamako, Douala and Libreville

World Cup delivers mixed results

- The anticipated tourism windfall largely failed to materialize, with overseas arrivals to the U.S. falling 1.8% YoY in June
- Despite the FIFA World Cup, high prices, visa delays and macroeconomic uncertainty discouraged some travellers
- Hotels emerged as the biggest winners, benefiting primarily from higher room rates rather than higher occupancy
- The World Cup created localized economic gains rather than a broad tourism boom
- This suggests mega-events redistribute travel demand more than they permanently increase it

CASE STUDY

Delta defies record fuel costs with a strong Q2

OPERATING REVENUE	PRE-TAX PROFIT	DEMAND
$17.7bn	$1.4bn	Double-digit
▲ +14% YoY (non-GAAP)	despite record quarterly fuel costs	revenue growth across segments

- Robust passenger demand across leisure, premium and corporate travel supported a positive full-year outlook
- Highest quarterly fuel costs on record did not derail profitability
- Operational excellence and customer-experience investments — including AI-powered services and fleet upgrades — reinforced Delta's competitive position

Aviation sector outlook

- Back-to-school travel is expected to support passenger traffic as students return after the summer break
- Peak rainy season may lead to more flight delays, cancellations and operational disruptions
- Persistently high jet fuel prices could keep airfares elevated, affecting price-sensitive leisure travel

MARKETS & NEW ECONOMY

The *New Economy*

Impact of heavy rainfall on the creative sector

Demand contraction

Higher travel costs and inconvenience reduce attendance at outdoor events, lowering ticket and vendor revenue

Production disruptions

Weather-related delays increase filming costs through rescheduling, idle labour and equipment downtime

Lower consumer mobility

This dampens demand for cinemas, live performances and other location-dependent entertainment

Demand substitution

Consumers shift leisure spending from outdoor entertainment to streaming and other digital platforms

Nigeria shines at the 2026 Commonwealth Games

MEDALS WON	GLOBAL RANK	IN AFRICA
24	7th	#1

Held in Glasgow, Scotland, 23 July – 2 August 2026

- Nigeria emerged as Africa's best-performing nation
- Improved global visibility could attract sponsorship and private investment
- Increased investment in the sports ecosystem could support tourism, job creation and broader economic growth

Emerging trends in the creative sector

01

Attention is becoming a monetizable asset, driving new creator revenue models

02

AI is lowering production costs while increasing content supply

03

Investment is deepening across the creative-economy value chain

04

Brands are shifting towards influencer-led marketing

Creative economy outlook

- Live entertainment to rebound during the August Break
- Cost pressures to remain elevated amid high transportation, energy and production expenses
- Digital platforms to sustain growth in content creation and distribution
- IP commercialization and creative-infrastructure investment to support long-term sector expansion
- AI adoption to improve production efficiency and reduce content-creation costs

Keep an eye on...

Summer blockbuster

In cinemas: July 31 – late August

Ed Sheeran

Loop Tour: Sep 4–5

Bruno Mars

The Romantic Tour: Aug 11–29

PART 05

Conclusion

05

What we expect

- The price of Crude Oil Brent will average $75–80/pb
- The Strait of Hormuz will be partially opened
- With Iranian partial levies and the US keeping some of the funding, FGN and state spending will increase sharply
- The fiscal deficit will rise to 5% of GDP
- Money supply growth will expand to 14%

- July headline inflation will rise to 16.5%
- The ban on campaigns will be lifted in August
- Massive spending by all the registered parties will affect money supply
- The MPC will leave rates unchanged at its September meeting
- The price of PMS will stay in the ₦1,100–₦1,180 per litre range

What we expect — continued

- Diesel will remain at about ₦1,600 per litre
- The Dangote Refinery IPO — the largest in African history — will transform the NGX
- Investors will sell their cash cows and dogs to buy the IPO
- The NGX will give up some of its gains in the next two weeks

- The naira will trade around ₦1,400–₦1,450 per US dollar
- The PMI will expand in August before falling in September–October
- Christmas orders and import demand have already started, putting pressure on the naira
- The political environment and contests will be more competitive than expected

The political calculus

Ethnic, zonal and religious factors will lead to strange coalitions and permutations

"

Twenty-four hours is a long time in politics.

— HAROLD WILSON, former British Prime Minister

LBS BREAKFAST SESSION · AUGUST 2026

Thank *you*

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The journey of a thousand miles begins with a single step, usually in the wrong direction, followed by checking your GPS

-**Mindy Kaling**

Failure is the condiment that gives success its flavor

- Truman Capote

Age is an issue of mind over matter. If you don’t mind, it doesn’t matter

- Mark Twain

If you had to identify in one word the reason why the human race has not achieved and never will achieve its’ full potential, that word would be ‘meetings’

- Dave Barry

Politics is the art of looking for trouble, finding it whether it exists or not, diagnosing it incorrectly, and applying the wrong remedy

- Ernest Benn

The most terrifying words in the English language are: I'm from the government and I'm here to help **- Ronald Reagan**

Instead of giving a politician the keys to the city, it might be better to change the locks

-Doug Larson

Regardless of how you feel inside, always try to look like a winner. Even if you are behind, a sustained look of control and confidence can give you a mental edge that results in victory

-**Diane Arbus**

Inflation is the parent of unemployment and the unseen robber of those who have saved

- Margaret Thatcher

New goals don't deliver new results. New lifestyles do. And a lifestyle is a process, not an outcome. For this reason, all of your energy should go into building better habits, not chasing better results

- James Clear

Never argue with stupid people, they will drag you down to their level and beat you with experience

- Mark Twain

To avoid criticism, do nothing, say nothing and be nothing

- Elbert Hubbard

Leaders think and talk about the solutions. Followers think and talk about the problems

- Brian Tracy

I cannot give you the formula for success, but I can give you the formula for failure-which is: Try to please everybody

- Herbert Bayard Swope

Business is the art of extracting money from another man’s pocket without resorting to violence

- Max Amsterdam

The problem with the world is that the intelligent people are full of doubts, while the stupid ones are full of confidence

- Charles Bukowski

You know you’ve reached middle age when you’re cautioned to slow down by your doctor, instead of by the police

- Joan Rivers

Employers are the happiest on Mondays. Employees are at their happiest on Fridays

- Mokokoma Mokhonoana

A thankful person is grateful under all circumstances. A complaining soul complains even if he lives in paradise

- Anonymous

Old age is like a plane flying through a storm. Once you are on board, there is nothing you can do

- Gola Meir

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