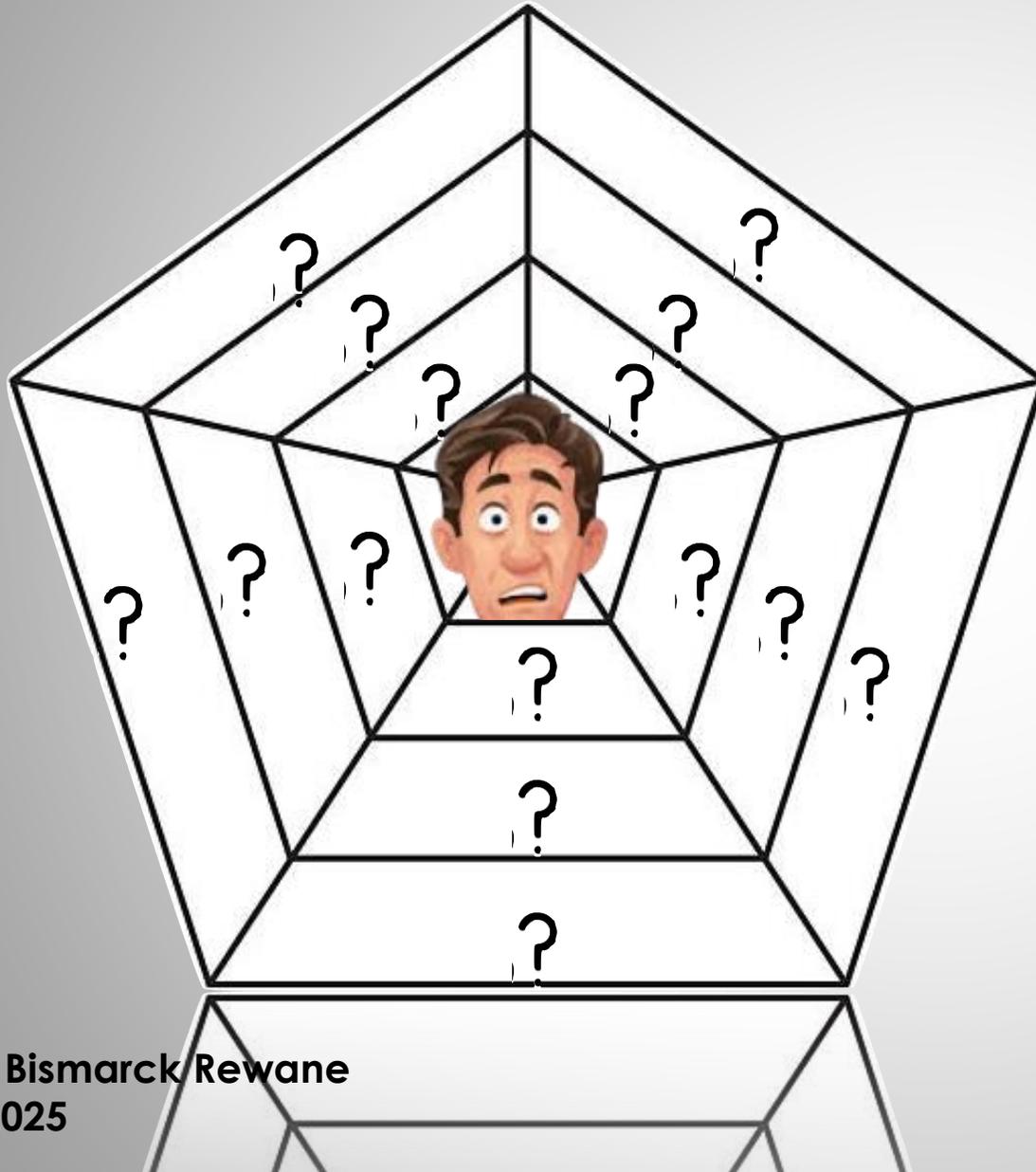


LBS BREAKFAST SESSION



IN NIGERIA,

**THE UNKNOWN
UNKNOWNNS SUPERSEDE
THE KNOWN UNKNOWNNS**



QUOTE!



Olivier Blanchard

Former IMF chief economist

“ *When unknown unknowns are in excess of the known unknowns, it is a scenario where the economic environment is so complex that risks are impossible to quantify, thus leading to extreme prudence, paralysis, and self-fulfilling crises* ”



CHRONOLOGY OF EVENTS IN Q1 2026

- ❖ AFCON played in Morocco
- ❖ Ash Wednesday Feb 18
- ❖ Ramadan starts Feb 18
- ❖ Nigerian MPC meeting: Feb 23-24
- ❖ Milano Cortina Winter Olympics: Feb 6–22
- ❖ Eid El-Fitr Mar. 20-21
- ❖ World Trade Organization Ministerial Conference: Mar. 26–29
- ❖ Next OPEC meeting: Feb. 11
- ❖ Next FOMC meeting: March 17-18

RECENT DEVELOPMENTS AND IMPACT

- Kevin Warsh has been nominated as the new Federal Reserve Chair
- Gold and silver will be a proxy for the investor fear factor
- After reaching a peak of nearly \$6,000, gold and silver have plunged and are expected to drop further
- Oil prices peaked at \$71 per barrel before dropping to \$64 per barrel, reflecting volatile supply dynamics and demand concerns
- The Federal Reserve has maintained the status quo on interest rates, prioritizing price stability
- The U.S has renewed the AGOA which gives trading opportunities to SSA
- Economic patriotism or economic diplomacy will shape Nigeria's fiscal, monetary, and investment policy
- Nigeria's exchange rate is appreciating, but the gap between the parallel and official markets continues to widen
- Nigeria is more integrated but also more vulnerable to shocks

IMPACT

- ✓ **Volatility in oil, gold, and Fed policy affects Naira stability and inflationary pressures.**
- ✓ **Oil price swings directly impact budgets and public investment capacity.**

RECENT DEVELOPMENTS AND IMPACT

- The market as the ultimate disciplinarian (market > politics > economics)
- The hegemony of economic output and the U.S. is being questioned
- Emerging economies falling in line or being whipped into conformity
- China benefiting from the fallout and executes corrupt officials
- The global banking and payment system – some things never change
- Regional integration and economies of scale will shape 2026/27
- Institutional checks, balances, and elections will determine the direction
- In SSA, the Francophone countries and military juntas will shape 2026/27
- Global warming has intensified

IMPACT

- ✓ **Market forces will increasingly dictate economic outcomes, meaning policy missteps will be costly**
- ✓ **Global shifts in power and economic influence create both opportunities and risks for trade, investment, and capital flows.**

2024 PROJECTIONS Vs. OUTCOMES

PROJECTIONS

- Real GDP Growth (average %): **2.45%**
- Oil production Avg.(mbpd): **1.45**
- Inflation (average; %): **23.71**
- Exchange rate (Official N/\$): **1,245**
- Gross external reserves (\$bn): **32.88**
- Total Debt (Ntrn): **113.42**
- Capital importation (\$bn): 4.56
- Stock market cap (Ntrn): **39.56**

OUTCOMES

- Real GDP Growth (average %): **3.40%**
- Oil production (mbpd): **1.55**
- Inflation (average; %): **33.2%**
- Exchange rate (Official N/\$): **1,535**
- Gross external reserves (\$bn): **37.08**
- Total Debt (N'trn): **N144.67**
- Capital importation (\$bn):
- Stock market cap (Ntrn): **62.76trn**

- **While these projections may not be entirely accurate due to prevailing uncertainties, what matters most is the direction**



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2025 PROJECTIONS Vs. OUTCOMES

PROJECTIONS

- Real GDP Growth (%Q3):**3.96%**
- Oil production (mbpd EoP) : **1.53**
- Inflation (average; %): **27.7%**
- Exchange rate (Official ₦/\$ EoP): **1,586**
- Gross external reserves (\$bn):**36.21**
- Total Debt (₦'trn):**189.51**
- Price of Petrol (end period ₦/litre): **900**
- Stock market cap (₦trn): **58**
- Avg. PMI (Points): **51.7**

OUTCOMES

- Real GDP Growth (%Q3):**3.98%**
- Oil production (mbpd EoP) : **1.42**
- Inflation (average; %): **23.33**
- Exchange rate (Official ₦/\$ EoP): **1,435**
- Gross external reserves (\$bn):**32.91**
- Total Debt (N'trn):**152,39 (Oct.)**
- Price of Petrol (end period ₦/litre): **739**
- Stock market cap (₦trn): **99.38**
- Avg. PMI (Points): **53.3**

- **While these projections may not be entirely accurate due to prevailing uncertainties, what matters most is the direction**

THE DIFFERENCE BETWEEN PROJECTIONS & PREDICTIONS

Projections

- Projections are made by analysts
- They show what would happen if certain conditions are met
- It is conditional and scenario-based
- It does not claim certainty but likelihood



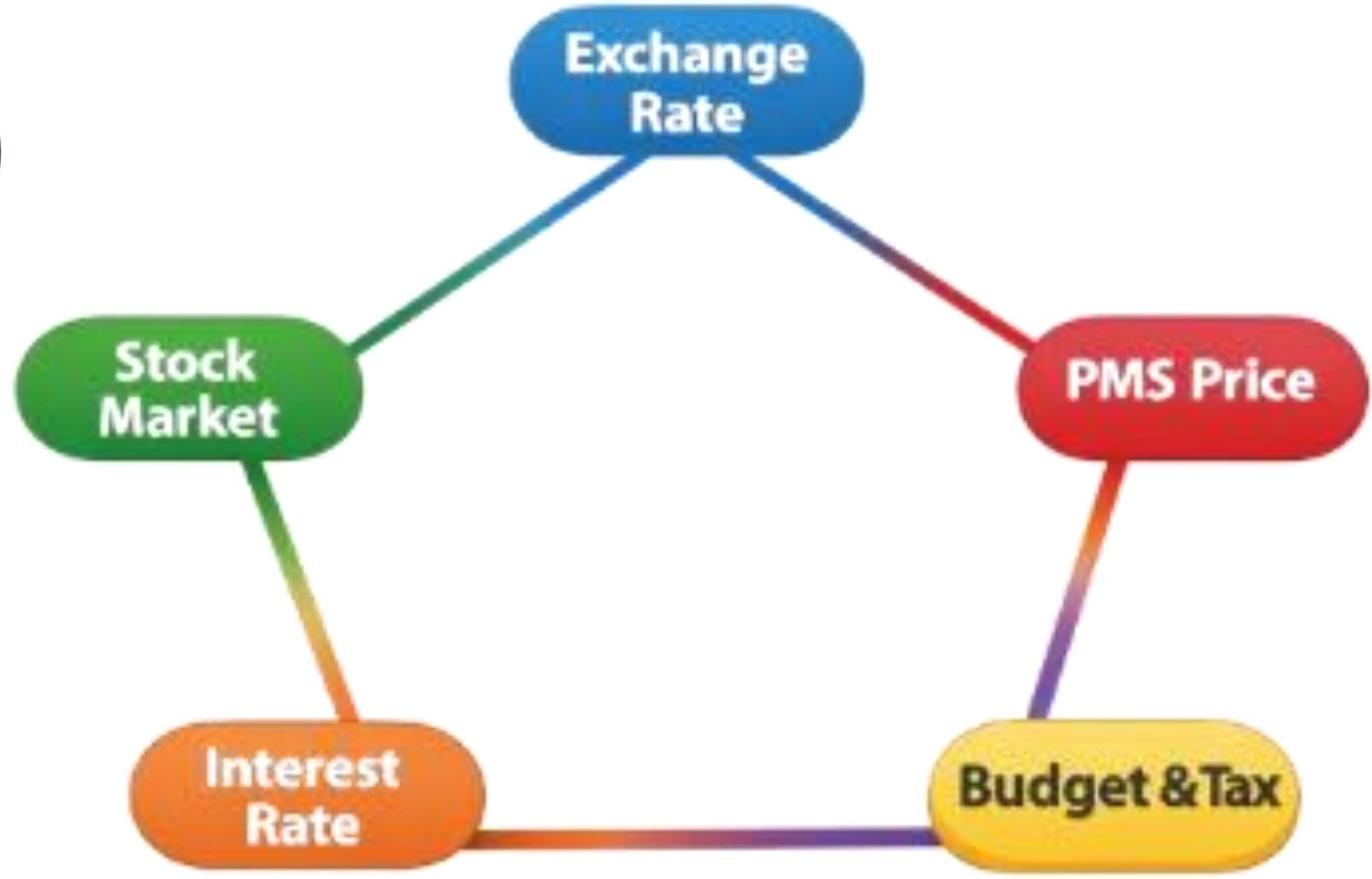
Predictions

- Predictions are statements about what is expected to actually happen
- Predictions are made by clairvoyant people or sooth-saying
- They are more definitive and outcome-oriented



THE FIVE PROMINENT UNKNOWNNS

How many things are we going to be worrying about?



NATIONAL INCOME IDENTITY

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

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

The national income identity reflects that growth is driven by consumption (61%), investment (26%), and net exports (10%), reflecting growth led by the private sector amid constrained government spending (4%)



Analysts say 'based on projections'; markets say 'lol'; history says 'I told you so.'

-FDC

Economists make projections, politicians make promises, and reality makes a joke of both — yet we keep paying for the charts anyway.

-Keith Schnakenberg

Forecasts are like weather reports for the economy: everyone checks them, nobody believes them, and everyone still complains.

- Jean-Paul Kauffmann

01

EXCHANGE RATE (\$/₦)

-

What is likely to happen to the Naira in the FX market in February and March 2026, and why?



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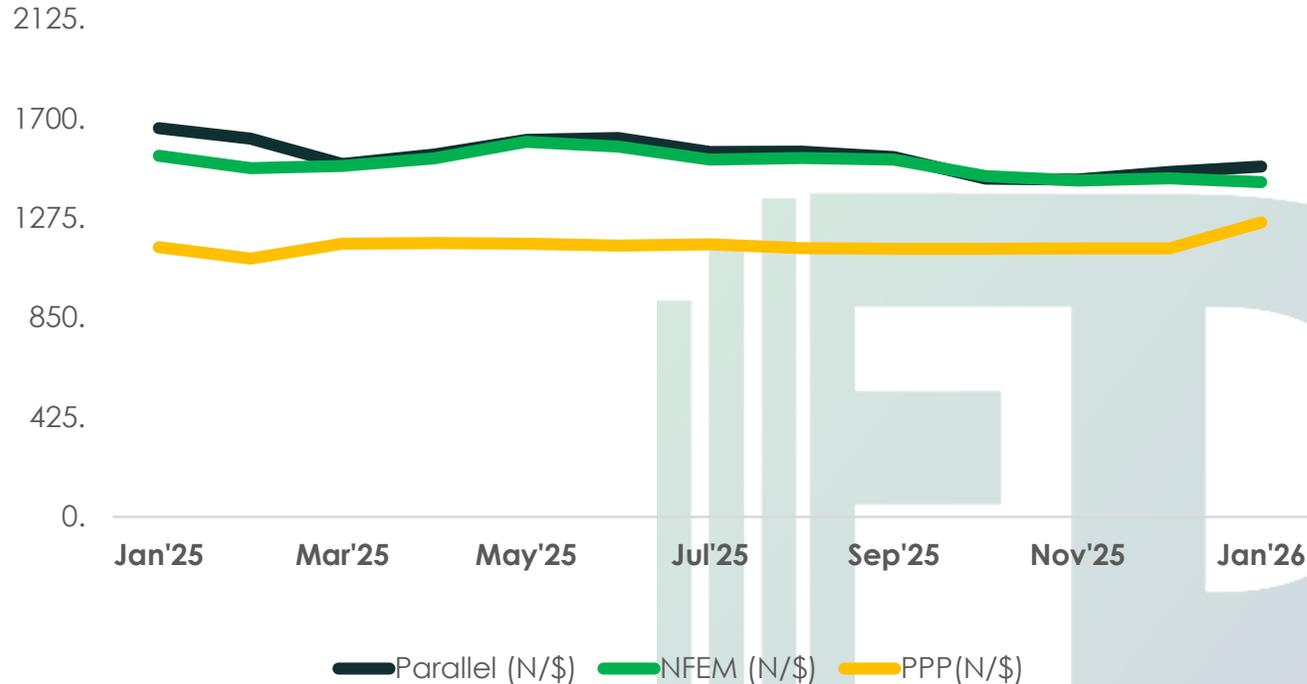
WHAT WILL LIKELY HAPPEN TO NAIRA AND WHY?

- Nigeria's external sector remains vulnerable to both exogenous and endogenous shocks
 - The value of the naira in the forex market is determined by a variety of factors:
 - The price of Brent and the production quota of OPEC
 - Disruptions to pipelines and vandalism
 - Nigeria's terms of trade – the price relativity of its exports to imports
 - The inflation/interest rate differential and MPC decisions
 - Global uncertainty and geopolitical risks
 - Accretion or depletion of external reserves
 - The level of FPIs and diaspora remittances

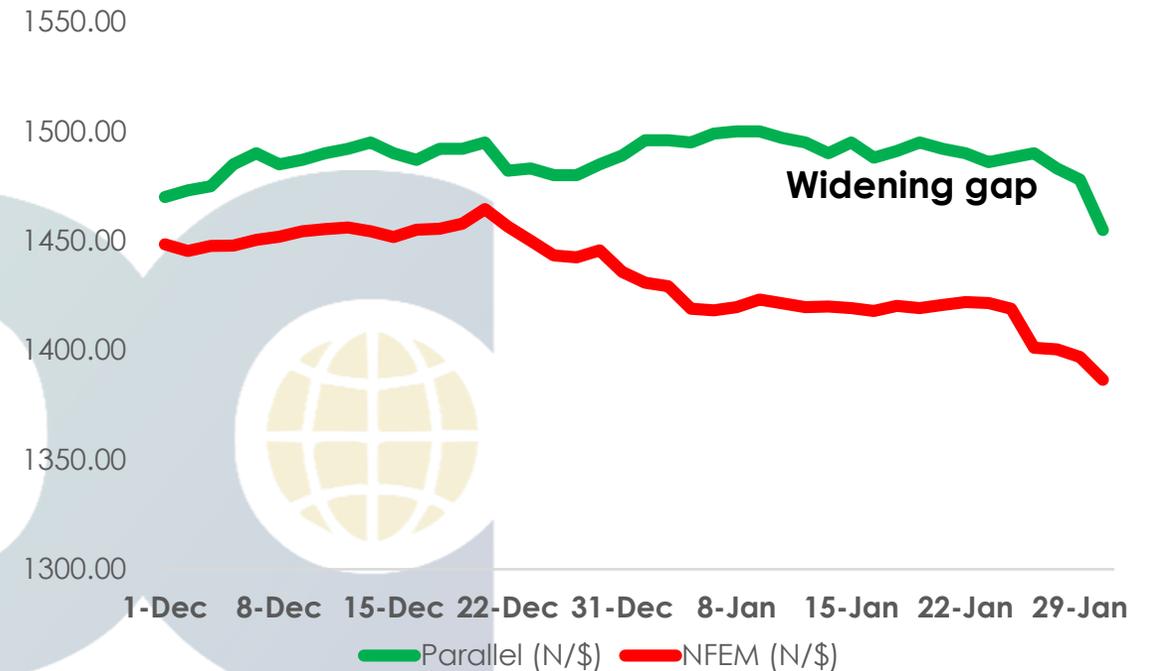


NAIRA GAP TO WIDEN, BUT STABILITY WILL REMAIN

Exchange rate (N/\$)



Parallel Vs. Official

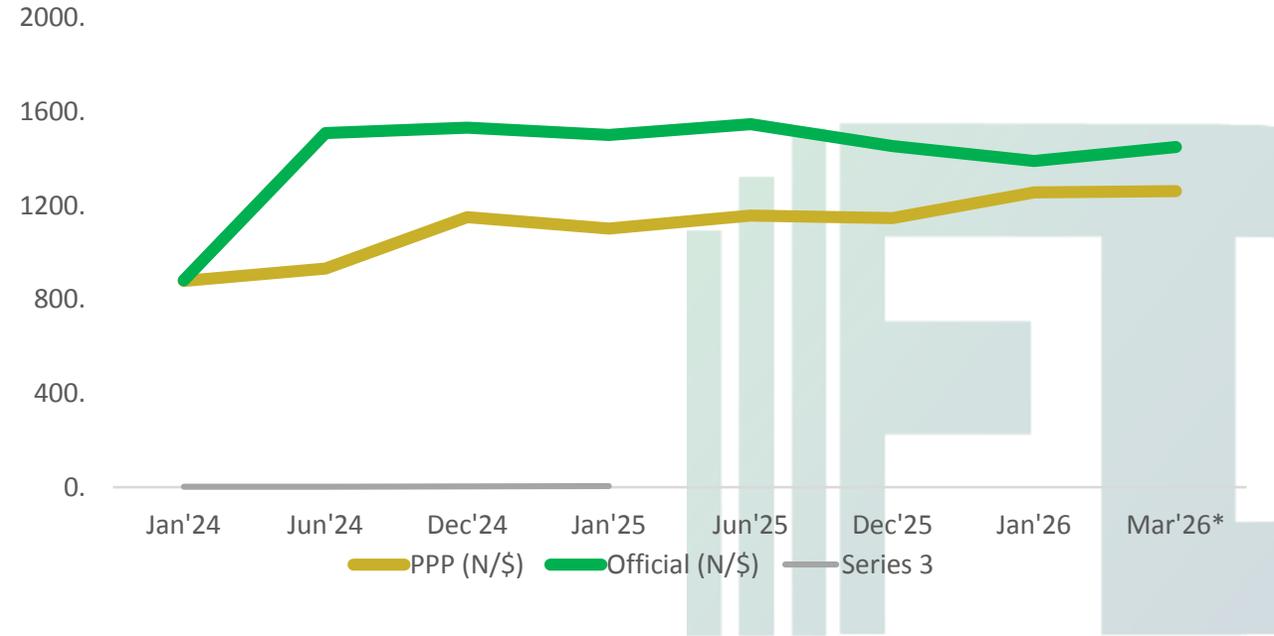


- Typically, currencies move towards their PPP value over a number of years
- The closer the official rate is to the PPP, the more the currency is aligned with fair value
- Where the official rate, the PPP value, and the parallel rate are converging, the currency is closer to equilibrium



PPP VALUE: THEN, NOW AND THE FUTURE

PPP Vs Official Exchange rate



- The Naira undervaluation has fallen from 46.84% in January 2024 to 9.61% in January 2025
- The narrowing gap between the official rate and PPP suggests improved alignment

Purchasing Power Parity			
		Jan,2026	
	=N=	US \$	PPP ('=N=/US\$)
Bottle of Pepsi (50cl)	500	0.72	696.09
Heinekin Beer (60cl)	1,200	1.62	740.74
Hamburger (Burger King)	18,000	6.69	2690.58
Movie tickets (blockbuster)	8,000	11.50	695.65
HP Pavilion 14 X360 (12 gen, core i13, 512gb)	1,450,000	789.00	1837.77
Diesel Price (1 litre)	990	0.91	1087.91
Vegetable oil (5 litres)	17,000	29.99	566.86
Indomie (1 unit)	500	0.82	609.76
Nestle Bottled Water (60cl 1 unit)	250	0.81	308.64
Big Loaf Bread	2,000	3.34	598.80
Corrola (2023 Model)	50,000,000	21700.00	2304.15
Irish Spring Soap (3 bars)	3,450	1.04	3317
Chicken Breasts (1 kg)	4,800	2.00	2400.00
Trolley	2,500	6.64	376.51
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)	6,000	14.87	403.50
Medicine (Panadol extra 50 caplets)	11,700	12.47	938.25
Andrex toilet paper (24)	41,850	16.88	2479.27
Average PPP			1256.79
Naira Price at NFEM			1390.36
PPP (%)			
Decision: Naira is		Undervalued	-9.61%
Spot Rate (Parallel)			1483
Outcome: Compared to NFEM rate of N1,420.50/\$, the Naira is undervalued by 11.52%			

TRUE VALUE OF THE NAIRA - OTHER CRUDE METHODS

Nigeria as a Liquidated Entity

Adjusted Money Supply
External Reserves

N124.41trn

\$46.28bn

= ₦2,570/\$

Adjusted Money Supply
Total Exports

Nigeria as a Going Concern

N124.41trn

\$42.91bn

= ₦2,779/\$

Adjusted Money Supply
External Reserves + Total Exports

N124.41trn

\$89.19bn

= ₦1,334/\$

Hamburger index

₦2,690.58

PPP

₦1,256.79



MONEY SUPPLY SATURATION & NAIRA ANALYSIS VALUATION

$$\frac{\text{Adjusted Money Supply}}{\text{External Reserves} + \text{Total Exports}} = \frac{\text{N124.41trn}}{\$88.95\text{bn}} = \text{₦1,334/\$}$$

$$\text{PPP} = \text{₦1,256.79/\$}$$

$$\text{Official exchange rate} = \text{₦1,390.36/\$}$$

- The naira has adjusted significantly, with the official rate converging toward its PPP fair value
- **The naira is expected to trade between N1380 – N1,490/\$ at the end of Q1'26**

Exchange rate fundamentals	Projection (March 2026)
Global price of oil (\$'pb)	61 - 64
Interest rate	26.5%p.a
Oil production	1.38
Gross external reserve	\$46.54bn

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POLICY INDEPENDENCE, AUTONOMY, AND AUDACITY

Exchange rate management

Policy independence

- CBN sets policy without interference
- Act without political pressure

Autonomy

- Control FX & interest rate
- Regulate currency market

Audacity

- Innovative reforms
- Bold & daring actions

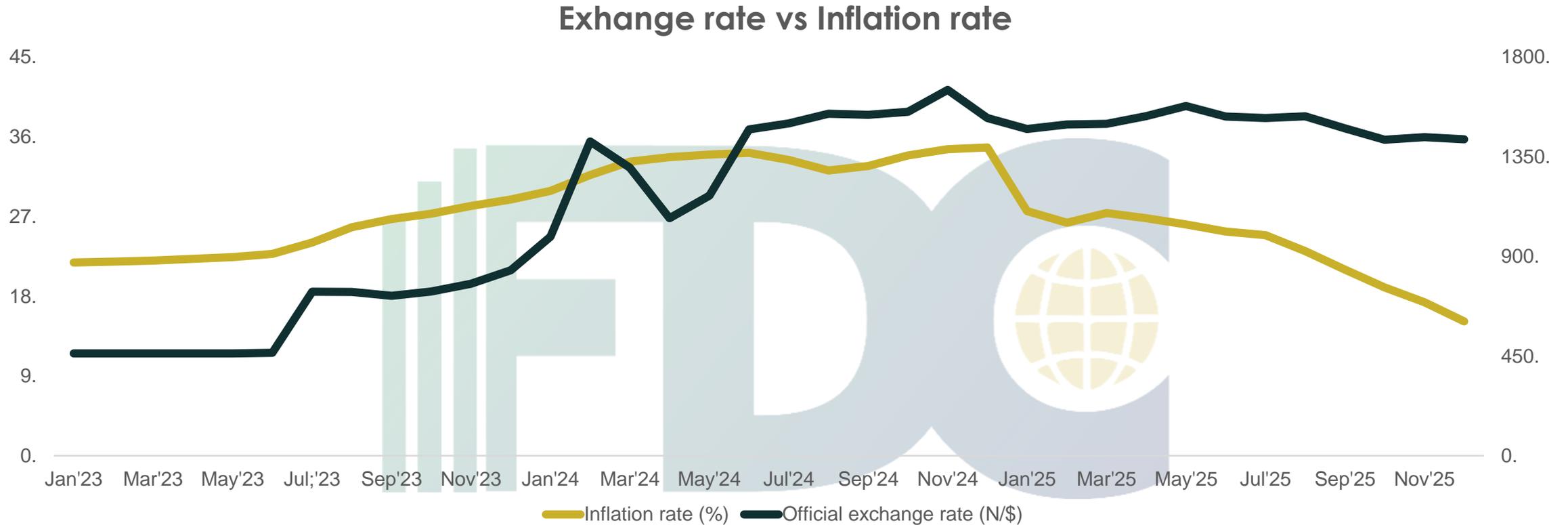
Naira Stability & Impact

Stable naira-
official rate stability

Market confidence
Positive sentiments

Risk & volatility
Parallel market gap

EXCHANGE RATE MOVEMENTS AND INFLATION DYNAMICS



- A 1% appreciation in the exchange rate significantly reduces inflation rates by **0.038%**
- The impact is small, highlighting limited FX pass-through in Nigeria

KEVIN WARSH, NEW FED NOMINEE - IMPACT ON NIGERIA

- He is a Stanford graduate of economics and a Harvard-trained lawyer
- He is married to Jane, the heiress of the Lauder family
- Estée Lauder is a leading beauty and hair-care producer
- Owners of Aveda, Origins, and Clinique
- Senate confirmation is due in Q2

Impact of lower fed rate on Nigeria

- Further easing of pressure on the naira (dollar lost about 10% relative to the naira in 2025)
- Support high commodity prices (export commodities), improving the external balances
- Potential boosting of portfolio inflows
- Nigeria could see lower external borrowing cost





Expecting the world to treat you fairly because you are a good person is a little like expecting the bull not to attack you because you are a vegetarian.

-Dennis Wholey

The stock market is filled with individuals who know the price of everything but the value of nothing.

- Philip Fisher

Economics is the only subject where two people can get a Nobel Prize for saying opposite things

- Anonymous



02



PMS PRICE

-

Is the price of PMS likely to fall again? - Yes!

Is the price war over? - No!



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PRICE LEADERS AND FOLLOWERS IN EVERY INDUSTRY

- Price leaders are firms in an industry that set the benchmark price for goods or services
- Other firms, called price followers, adjust their prices in response to the leader's pricing decisions
- This phenomenon is most common in oligopolistic markets

□ Price Leadership Models

- Dominant firm price leadership
- Barometric price leadership
- Collusive price leadership



PMS PRICE WAR – WHO WILL LEAD THE PRICE?

- Price war occurs when there is volatility in PMS prices

□ Who Can lead the price?

The company that;

- Has the lowest cost of supply
- Can leverage economies of scale
- Controls market distribution networks
- Has financial resilience to sustain lower margins for longer



The winner is likely to be the largest, most financially resilient marketers with strong supply chains and the ability to absorb short-term losses – these players will set the price and become the market leader

FOUR MAJOR DETERMINANTS OF PMS PRICE

- ❑ Global oil price = \$66.43pb
- ❑ Exchange rate = ₦1,390
- ❑ Refining/landing cost
- ❑ Distribution cost

PMS price Feb–March 2026

Scenario 1	Oil Price	PMS Price Estimate
Oil rises	\$75	₦890–₦900

Scenario 2	Oil Price	PMS Price Estimate
Oil rises	\$58	₦790–₦800

These determinants heavily influence PMS price



IS NIGERIA'S PETROL CONSUMPTION REALLY 70 MN LITRES?

DECREASED 9 TIMES

DATE	DIRECTION	PRICE (₦/L)
Nov-24	↓	990 → 970
Dec-24	↓	970 → 899
Feb-25	↓	950 → 890
Feb-25	↓	890 → 825
Apr-25	↓	880 → 865
Apr-25	↓	865 → 835
Jul-25	↓	880 → 840
Aug-25	↓	850 → 820
Dec-25	↓	820 → 739

INCREASED 4 TIMES

DATE	DIRECTION	PRICE (₦/L)
Jan-25	↑	899 → 955
Mar-25	↑	825 → 880
Aug-25	↑	840 → 850
Jan-26	↑	739 → 839

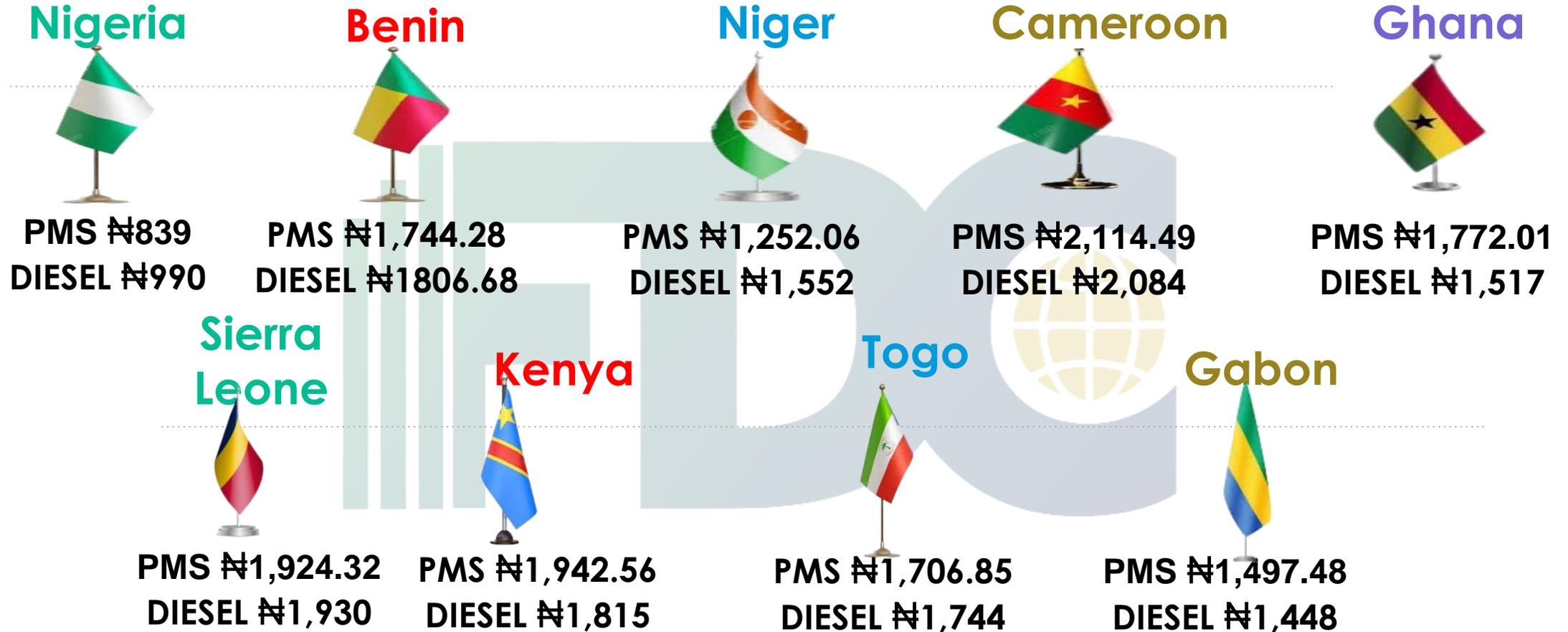
- According to NMDPRA daily consumption of petrol is 50m litres
- Surged to 63.7mn litres in December 2025
- This increase reflects rising car importation, with Toyota vehicles—particularly Hilux models—accounting for about 54% of Toyota car imports
- The trend signals heightened demand for rugged and durable vehicles, largely driven by security operations
- As the Toyota Hilux dominates police and military fleets
- Dangote Petroleum Refinery has reaffirmed its capacity to supply 75mn litres of PMS daily



IMPLICATION OF HIGHER PMS PRICE ON LOGISTICS & INFLATION

- Higher petrol prices increase fuel expenses, which directly raise logistics costs per km or per ton of goods transported
- higher prices of goods, contributing to cost-push inflation
- Companies may reduce fleet usage or delivery frequency to cut fuel expenses
- High logistics costs may discourage business expansion into remote areas
- Higher PMS prices → higher logistics cost → higher prices for goods → inflationary pressure
- Sectors most affected: agriculture (transporting food), manufacturing, retail, and distribution-heavy industries.

PMS PRICE DISPARITIES – NIGERIA Vs. NEIGHBORING COUNTRIES



- PMS equilibrium price using based on these neighboring countries is **₦1,176**
- At a selling price of **₦839**, there is a significant **40%** incentive to smuggle PMS out of Nigeria

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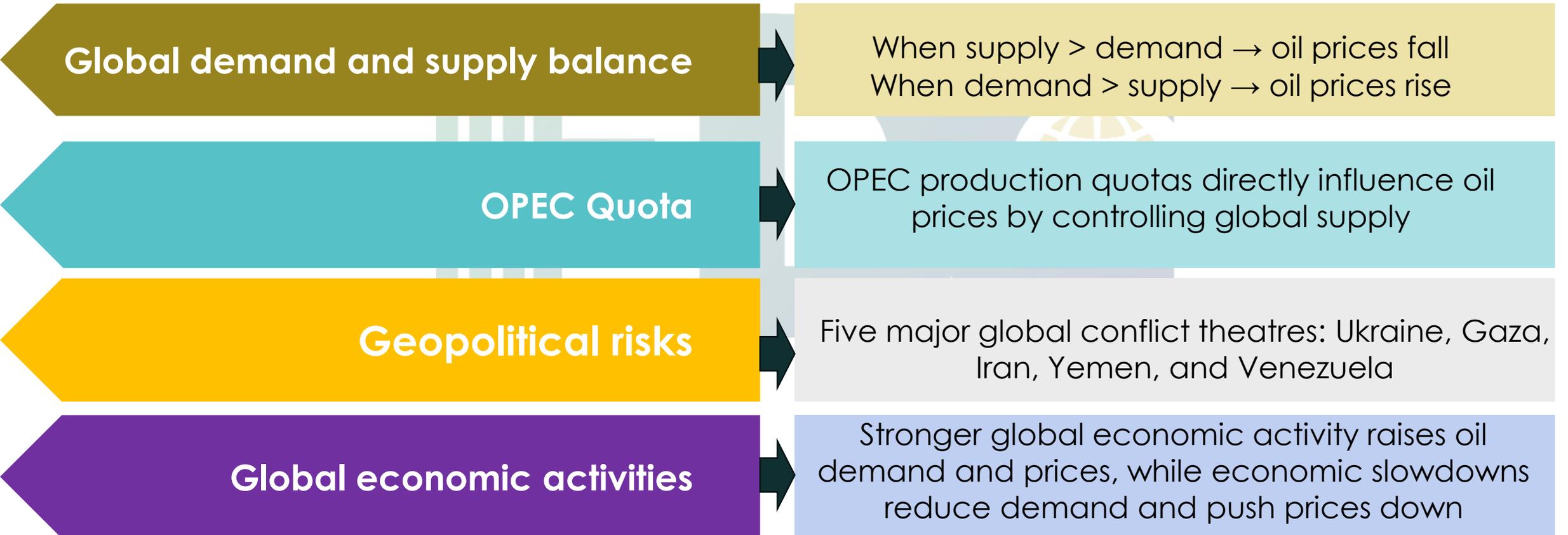


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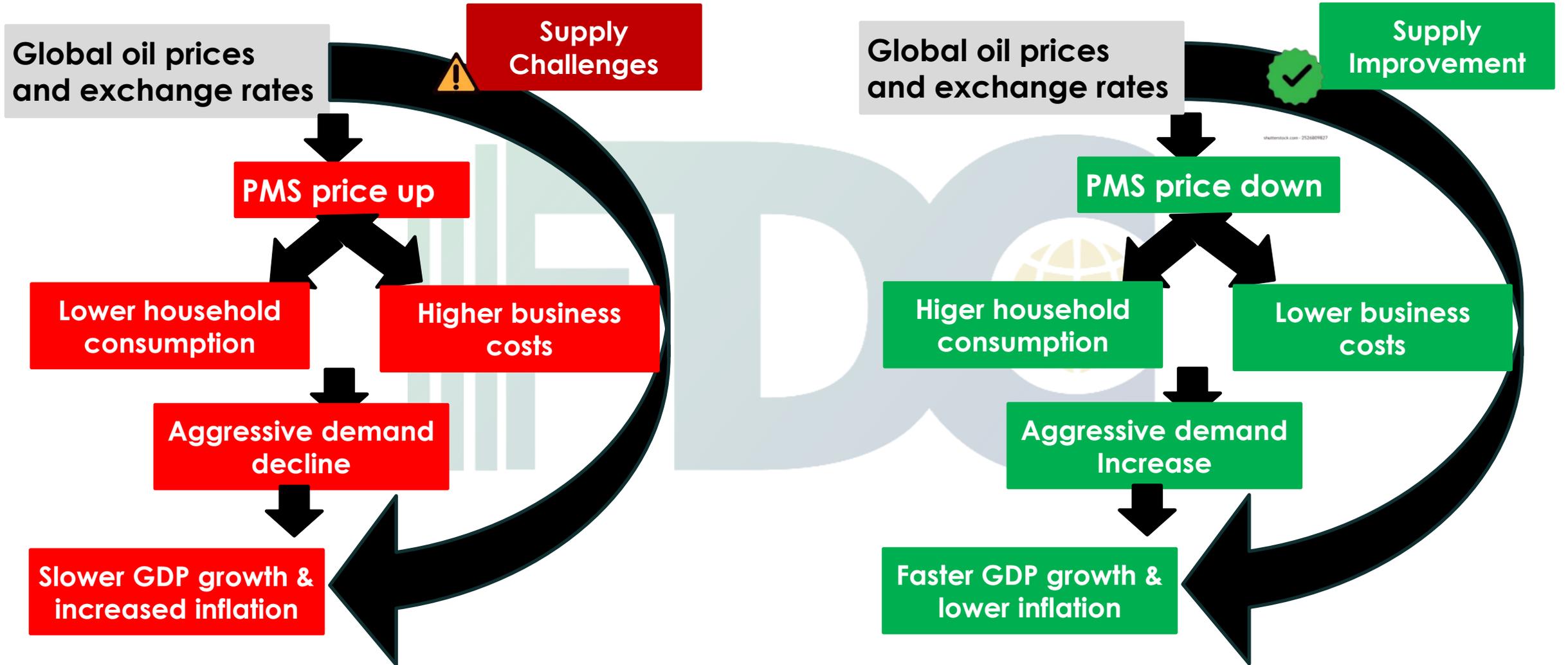
OIL PRICE VOLATILITY IS A CONSTANT

Brent price plunges 7% in one day and rises 5% the next day

Key factors driving global oil prices



PMS PRICE DYNAMICS AND GROWTH OUTCOMES



PMS prices act as a key transmission mechanism affecting multiple components of GDP

GDP growth is like a roller coaster , everyone enjoys the ups, despises the downs, and nobody knows who's driving.

- Anonymous

I was thinking about how people seem to read the Bible a whole lot more as they get older; then it dawned on me – they're cramming for their final exam.

- George Carlin

Governments assure us the system works; investors assure us the system works; yet somehow my rent is still higher than my paycheck

- Anonymous

If you want your children to listen, try talking softly to someone else.

- Ann Landers

A bank is a place that will lend you money if you can prove that you don't need it.

- Bob Hope

Originality is the fine art of remembering what you hear but forgetting where you heard it

- Laurence J. Peter

03

BUDGET

-

Budget size, deficit, and the new tax law





- **It is 250 years after Adam Smith wrote *The Wealth of Nations***
- **Countries are still grappling with the canon of taxation**

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FOUR CANONS OF TAXATION - ADAM SMITH

- The four canons of taxation are basic principles that explain what a good tax system should look like



1

Canon of Equity (Fairness)

- Taxes should be fair
- People should pay taxes according to their ability to pay



2

Canon of Certainty

- No confusion or surprise taxes



3

Canon of Convenience

- Taxes should be collected at a time and in a way that is easy for the taxpayer



4

Canon of Economy

- Government should not spend too much just to collect taxes

KEY TAX REFORM

Tax Type	Key Changes Under NTA 2025
Corporate Income Tax (CIT)	Exempts small companies (turnover ≤ ₦50-100m, assets ≤ ₦250m) at 0%; others at 30%. Replaces variable capital allowances with uniform 10-25% annual rates; introduces 2% monthly minimum tax on gross revenue for non-residents.
Personal Income Tax (PIT)	Progressive rates 0-25%; exempts incomes ≤ ₦800,000/year. Expands residency to include economic/family ties; worldwide income taxation for residents; higher relief for job loss (up to ₦50m)
Development Levy	4% on assessable profits replaces multiple levies (e.g., TETFund, Police Trust Fund)
VAT and Others	Retains 7.5% VAT with expanded zero-rating (food, books); full input VAT deductibility. CGT aligns with CIT at 30% (from 10%), taxing digital assets and indirect transfers

IMPLICATIONS FOR INDIVIDUALS & INVESTMENT



INDIVIDUALS

- Reduces take-home pay, especially for middle-income earners
- Increases cost of compliance and reporting for taxpayers
- Encourages tax planning or migration to informal activities
- May lower household consumption and savings rates



INVESTMENT

- Reduces after-tax returns, especially for non-residents and large firms
- Raises cost of capital, slowing new project financing
- Encourages restructuring or shifting investments offshore
- Could slow business expansion and job creation in key sectors

- In a high-inflation, high-interest-rate environment, excessive taxation compounds pressure on households and undermines investment confidence

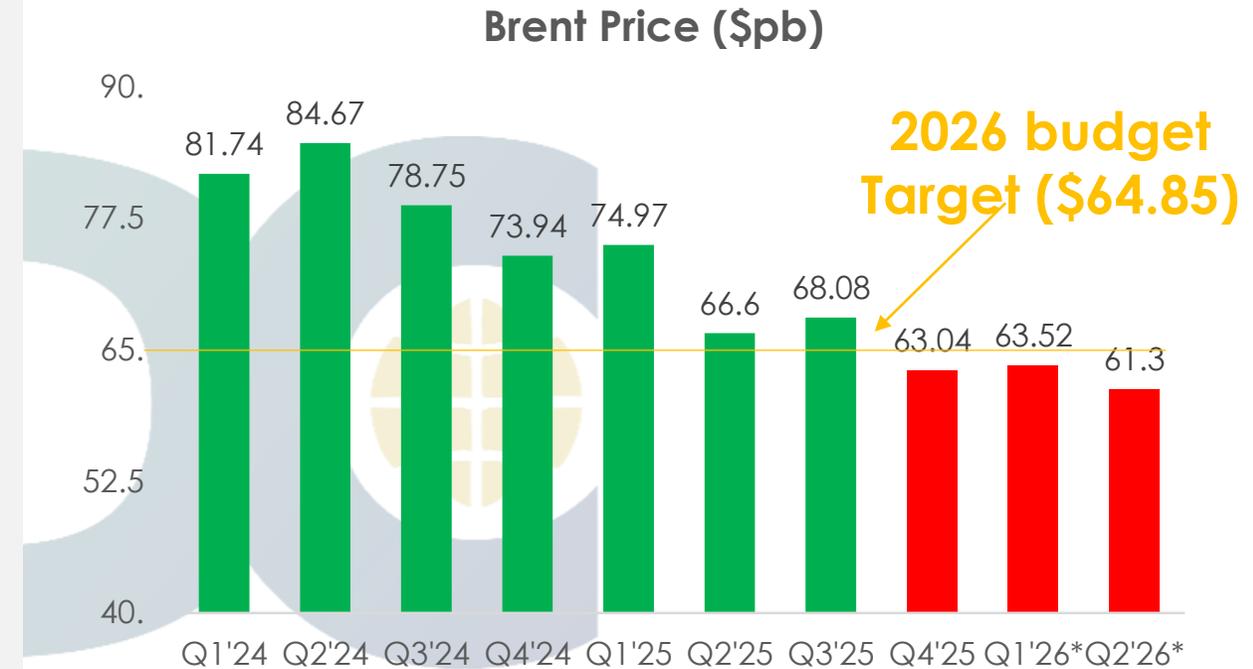
PAST BUDGET ASSUMPTIONS VS ACTUAL

	2024			2025			2026		
	Target	Actual	% Change	Target	Actual	% Change	Target	Forecast	% Change
Real GDP Growth (%)	3.88	3.38	-0.5 ▼	3.68	3.9	0.22	4.68	4.2	-0.48
Inflation (%)	21.4	33.18	-11.29	15	20.78	-5.78	16	12.7	-20.63
Exchange rate (N/\$)	800	1485.36	-46.14	1500	1519.28	-1.26	1400	1413	-0.92
Oil production (mbpd)	1.78	1.34	-24.72	2.06	1.45	-29.61	1.84	1.5	-18.47
Crude oil price(\$/pb)	77.96	79.71	2.24	75	68.12	-9.17	64.85	56	-13.47

- Nigeria has a history of overshooting estimates
- Leading to revenue shortfalls and increased debt

GLOBAL OIL PRICE Vs. 2026 OIL PRICE TARGET

- Oil prices weakened in 2025 as U.S. trade policy fears and faster supply growth weighed on demand
- Geopolitical risks offer limited support, mainly from Iran and Venezuela
- The market remains oversupplied, with supply continuing to outpace demand.
- **2026 outlook is bearish, with prices seen around \$61pb, with downside risk toward \$55pb**



- **Does this mean Nigeria's budget is now secure? No**
- **Once there is a ceasefire across the five theatres, oil prices are likely to crash**

GOVERNMENT SPENDING UP AS REVENUE FALLS

THE 2026 BUDGET

BUDGET SIZE

EXPENDITURE

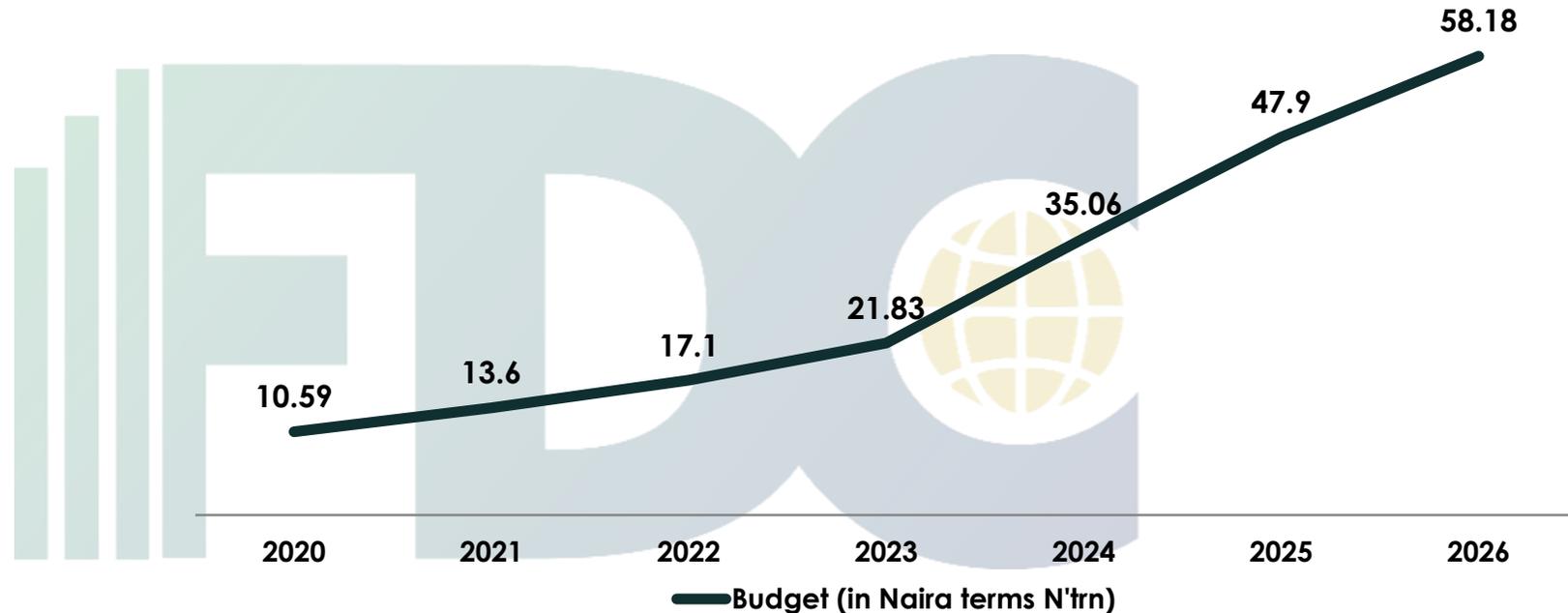
N58.18trn
Up 16.97%

REVENUE

N34.33trn
Down 5.56%

DEFICIT

N23.85trn
Up 78.12%



- The 2026 budget is up 17% at N58.18trn
- Fiscal deficit is 4.3% GDP, up from 3.96% in 2025

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IMPACT OF LOW REVENUE IN A PRE-ELECTION YEAR

- Tax reforms passed in 2025 should improve medium-term revenue collection by enhancing efficiency, but low impact in the short term
- A pre-election year often increases the likelihood of a supplementary budget due to increased government expenditure
- High inflation will necessitate continued safety-net spending in the short to medium term, adding further fiscal pressure.
- Increased spending will help bolster economic activity, which could stoke inflationary pressures
- Nigeria's debt as % of GDP is expected to increase to 40.77% in 2026 from 38.21% in 2025, increasing debt servicing cost and hindering capital spending



GDP growth is like a roller coaster , everyone enjoys the ups, despises the downs, and nobody knows who's driving.

- **Anonymous**

I was thinking about how people seem to read the Bible a whole lot more as they get older; then it dawned on me – they're cramming for their final exam.

- **George Carlin**

Governments assure us the system works; investors assure us the system works; yet somehow my rent is still higher than my paycheck

- **Anonymous**

04

INTEREST RATES

-

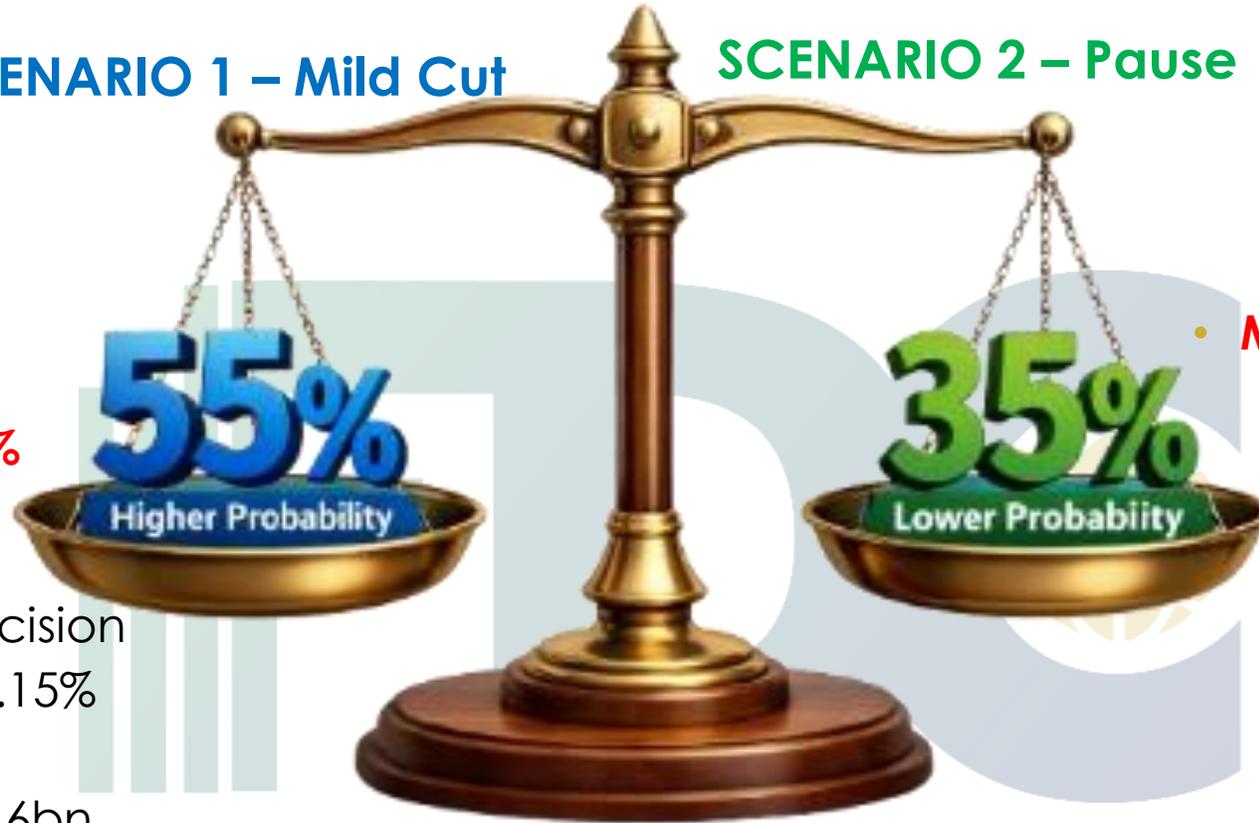
Will there be a policy rate cut, and what factors will drive it?



INTEREST RATE DECISION - SCENARIOS

SCENARIO 1 – Mild Cut

SCENARIO 2 – Pause



• 25-50 bps to 26.75-26.5%

□ Major Drives

- ✓ Fed interest rate decision
- ✓ January Inflation: 15.15%
- ✓ Food inflation 10%
- ✓ Reserves exceed \$46bn
- ✓ GDP to hit 4.4% (IMF)

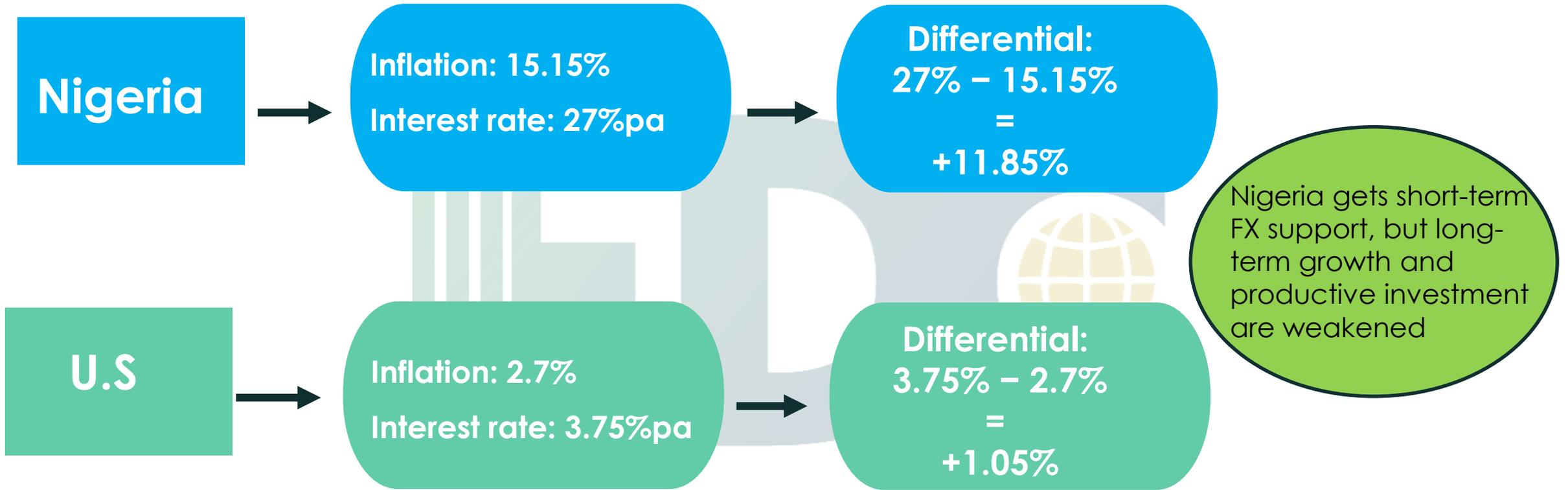
• MPR at 27%

□ Major Drives

- ✓ Inflation eases to 14.5-15.5% but core sticky at 18%
- ✓ Renewed excess liquidity
- ✓ CBN needs 2 consecutive months to monitor the new trend

- With the U.S. Federal Reserve maintaining its status quo on interest rates
- The MPC is likely to implement a mild cut of between 25–50 bps (55% probability)
- Or retain the Monetary Policy Rate at 27.0% (35% probability), mirroring the November 2025 decision

INFLATION-INTEREST RATE DIFFERENTIAL – NIGERIA Vs. U.S



- The wide differential attracts hot money/portfolio inflows (carry trade), increasing foreign portfolio investment (FPI) into Nigerian assets
- This supports short-term naira stability or appreciation in the official market

05



STOCK MARKET INVESTMENTS & ALTERNATIVE ASSETS

-

Q1 Stock Market: Rally or Correction?





WHAT INVESTORS SHOULD EXPECT IN Q1'26

- ❖ Strong FY'25 earnings and attractive dividends will shape investor sentiment
- ❖ Interest-rate-sensitive stocks may reprice their investment portfolios
- ❖ Exchange-rate-sensitive stocks could see earnings pressure, weakening sentiment
- ❖ Overvalued stocks may experience price corrections
- ❖ Falling alternative-asset prices may redirect investors away from equities



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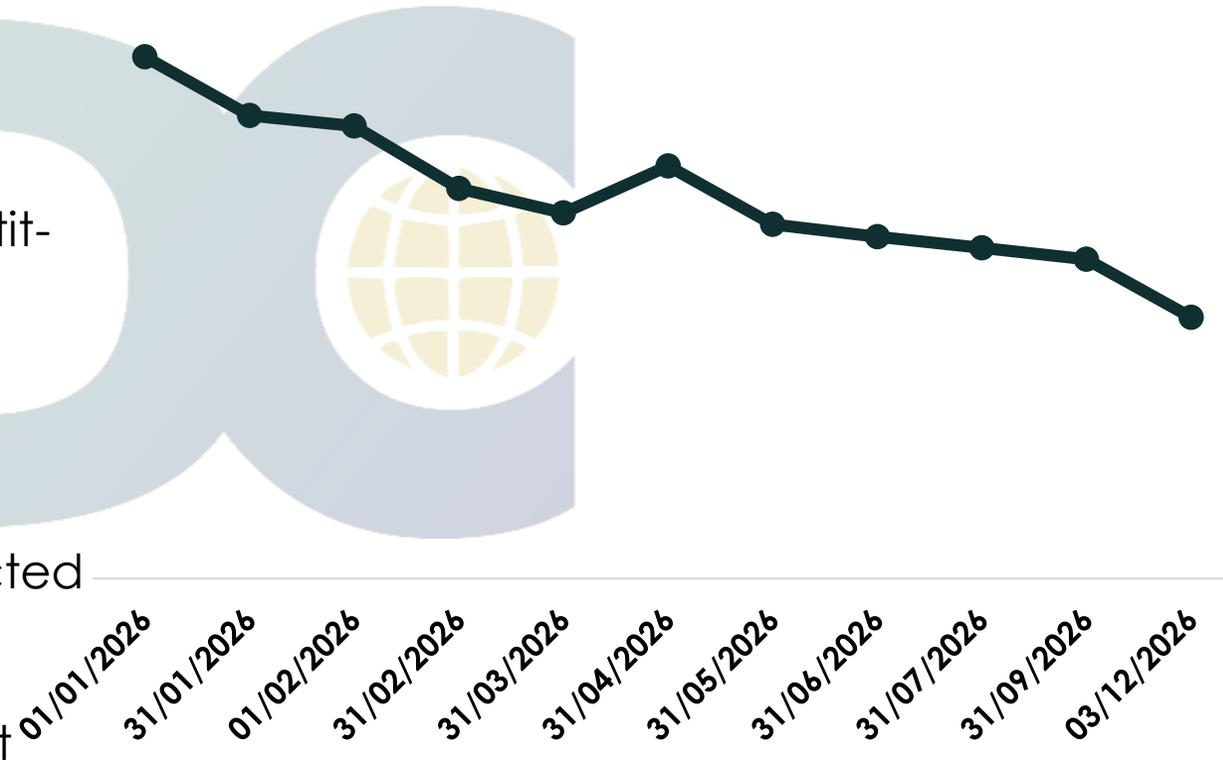
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WHAT INVESTORS SHOULD EXPECT IN Q1'26

Bitcoin 2026 Projection (Worse Case)



- The Nigerian stock market in Q1 2026 will be a roller coaster, with high volatility, both globally and domestically
- Global markets will be driven by tariff reciprocity or tit-for-tat measures
- Investors are likely to remain tentative as a flight to safety dominates sentiment
- The plunge of Bitcoin and cryptocurrencies is expected to continue
- Walmart has finally joined to the trillion-dollar market capitalization stocks



WHAT INVESTORS SHOULD EXPECT IN Q1'26

- Gold and silver will be a proxy for investor fear factor
- After reaching a peak of nearly \$6,000, gold and silver has plunged and will drop further
- This reflects the temporary use of the US dollar in the forex markets
- In Nigeria, we will witness a market driven by earnings and price inelasticity of demand
- The companies that will outperform the market and expectations will be
 - Cost efficient companies
 - Companies whose growth will exceed GDP and sector growth
 - The companies that produce goods and services that are necessities
 - Companies that are not forex sensitive
 - Those that benefit from a lower interest rate environment

OUR STAR PERFORMERS

DANGOTE CEMENT



- The industry is consolidating
- Revenue growth of 23% compared to sector growth (4.68%) and GDP growth (3.98%)
- The product is relatively price inelastic
- Dominant player in a fast growing industry
- EBIDTA is expected to rise from N1.38 trillion to N2.17 trillion
- It is a major player in SSA
- Will benefit from power sector forbearance and sale of power assets
- Target share price of N670, up 12% from its current price

MTN NIGERIA



- The industry is consolidated
- The product is price inelastic
- The company will benefit from domestication of international obligations
- Company's revenue growth of 57%, outperforming sector growth (6.14%) and GDP growth (3.98%)
- Cost efficiencies
- Target share price of N702, up 23% from its current price

OUR STAR PERFORMERS

OKOMU OIL



- Active Expansion and Investment
- Government policy support
- Dominant market position
- Diversified operations (palm oil and Rubber)
- Company's revenue growth of 67%, outperforming sector growth (3.79%) and GDP growth (3.98%)
- Target share price of N1,320, up 9.40% from its current price

BUA FOODS



- Nigerian staple food industry is moderately consolidated
- Defensive Business Model (Staple Foods)
- Vertical Integration & Cost Efficiency
- Market Scale & Competitive Strength
- Expanded processing capacity and export opportunities
- Company's revenue growth of 28%, outperforming sector growth (1.97%) and GDP growth (3.98%)
- Target share price of N857, up 7.27% from its current price

THE STOCK MARKET RALLY WILL NOT LIFT ALL STOCKS

First HoldCo & Stanbic IBTC | Conoil & Total Energies)



- Gross earnings up 4.8% to ~~N~~896bn
- PAT Up 69% to ~~N~~380.8bn



- Gross earnings up 8.8% to ~~N~~3.4trn
- PAT down 93% to ~~N~~44.9bn



- Revenue down 6.6% ~~N~~301bn
- PAT down 77% to ~~N~~2.01bn



- Revenue down 26% ~~N~~767bn
- PAT down 162% to (~~N~~17bn)

Key Insights

- Divergent outcomes, as downstream oil marketers navigated PMS price competition
- Banks absorbed the impact of elevated non-performing loans
- First HoldCo's ~~N~~748 billion legacy debt write-off, while positioned as a strategic clean-up, raises questions around historical asset quality and execution risk- Are there cobwebs?



When a man opens a car door for his wife, it's either a new car or a new wife

- **Prince Philip, Duke of Edinburgh**

If you want to kill any idea in the world, get a committee working on it

- **Charles Kettering**

When a man opens a car door for his wife, it's either a new car or a new wife

- **Prince Philip**



WHAT'S HAPPENING ELSEWHERE





MARKET PROXIES

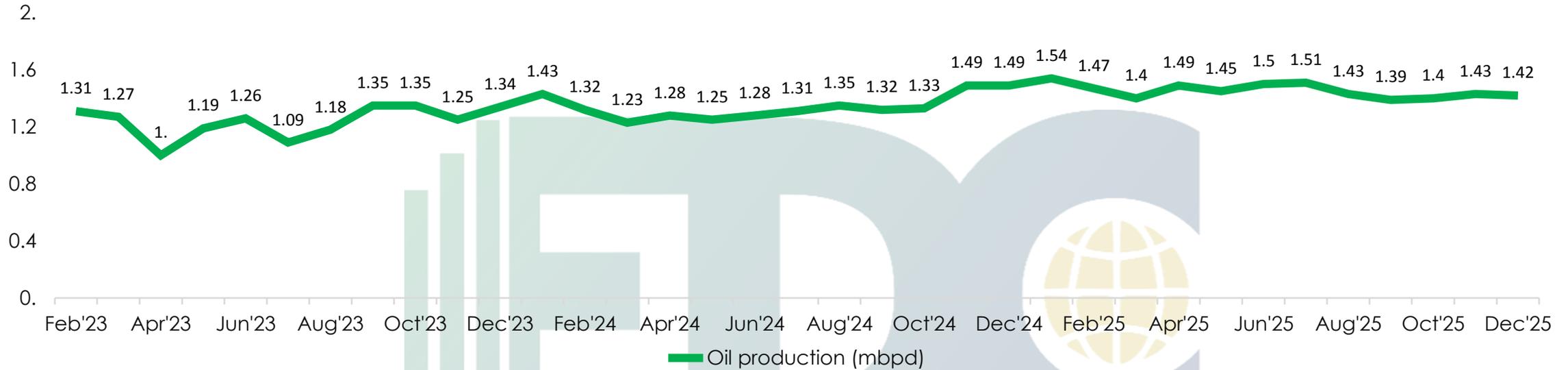
POSITIVE DATA, BUT DECLINING ACTIVITIES

Market proxies	January 2026
Oil production (mbpd)	1.42 (Dec '25) 
FAAC disbursement (N'trn)	1.97 (Dec '25) 
PMI	49.7 
Ships awaiting berth	25 
Value of transaction (N'trn)	117.31 

The direction of the economic activities signals slowing momentum in production, trade, and consumption

SHARP CUTBACK COULD WEAKEN OIL PRODUCTION

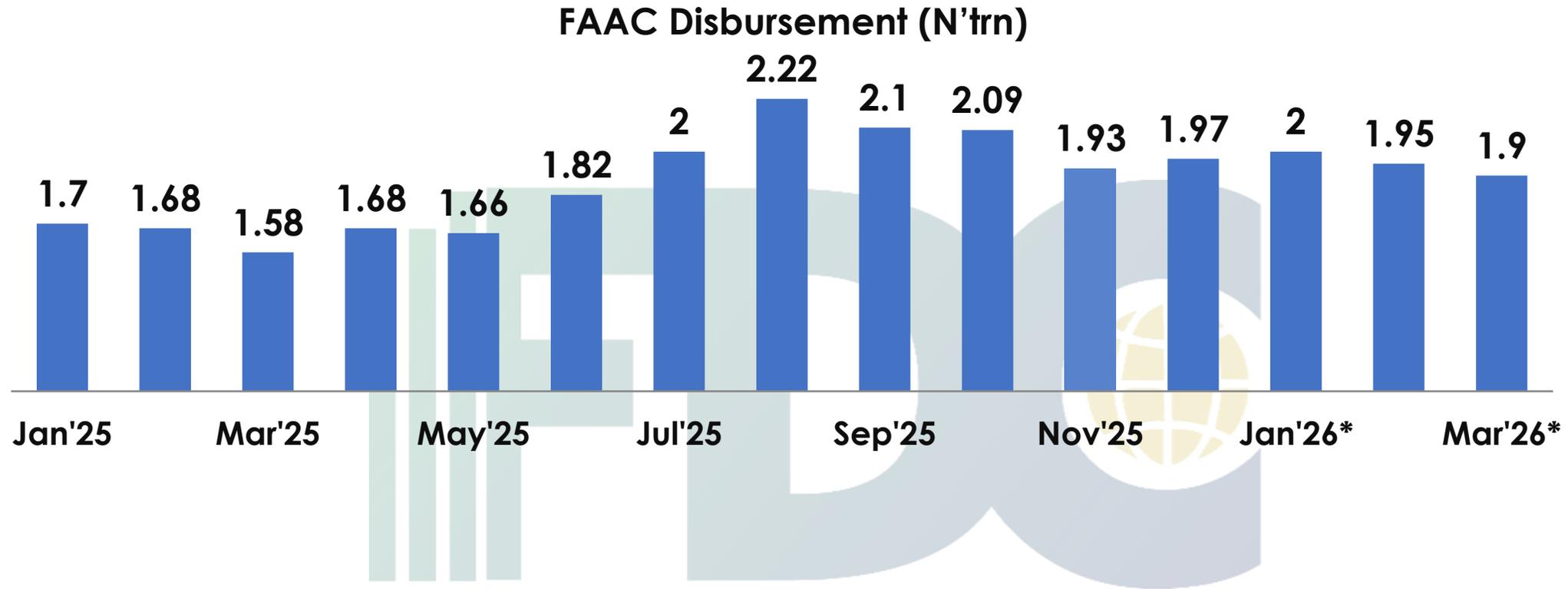
Oil production (Mbpd)



- Theoretically, trend revealed output increases in January
- But a drop in February and March is expected
- Driven by Shell's shutdown of 225,000bpd Bonga facility for maintenance in February
- And an expected 56% drop in Bonga crude loadings and 23% decline in Forcados exports in March

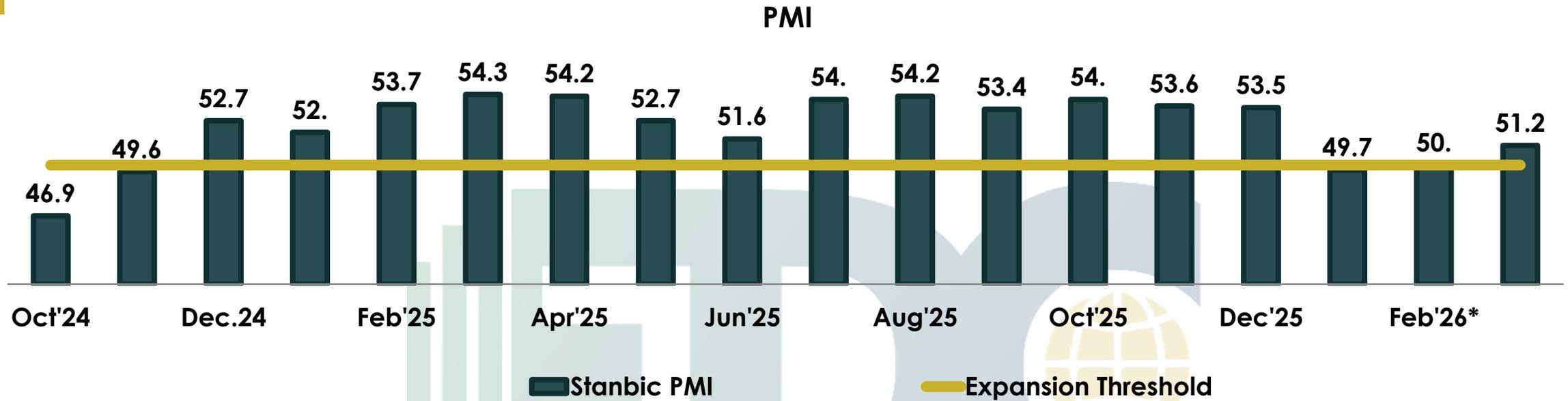
Month	Projections (mbpd)
January 2026	1.45
February 2026	1.41
March 2026	1.38

FAAC WILL LIKELY FALL IN FEBRUARY AND MARCH



- Expected increase in oil production and higher oil prices will raise FAAC distribution in January
- March could witness a plunge driven by a 14% export cut to 793,000bpd from 922,000 bpd

PMI IS LIKELY TO REBOUND IN FEBRUARY AND MARCH



- PMI slowed in January to 49.7 due to post festive stagnation in new order and output
- An improvement is projected for February and March as seasonal factors fade and business activity normalizes
- PMI is expected to average 51.7 points at the end of Q1'26

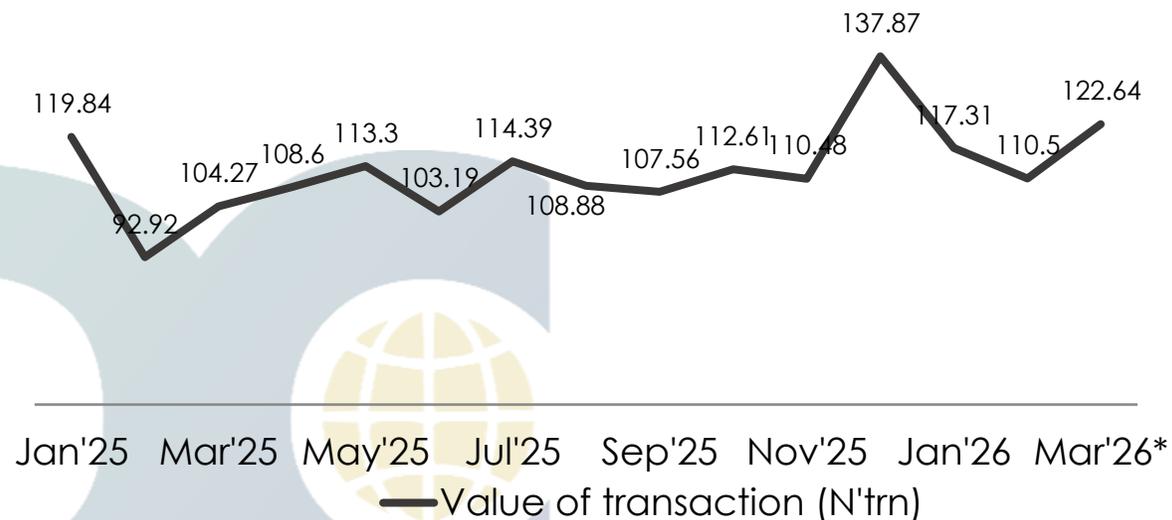
SHIPS AWAITING BERTH

	Lagos-Apapa	Lagos-Tincan	Calabar port	Warri port	Onne port	Rivers port	Lekki deep sea	Total
Jan'26	8	4	1	6	0	0	6	25
Feb'26*	8	7	1	5	0	0	6	27
Mar'26*	6	8	1	7	0	0	6	28

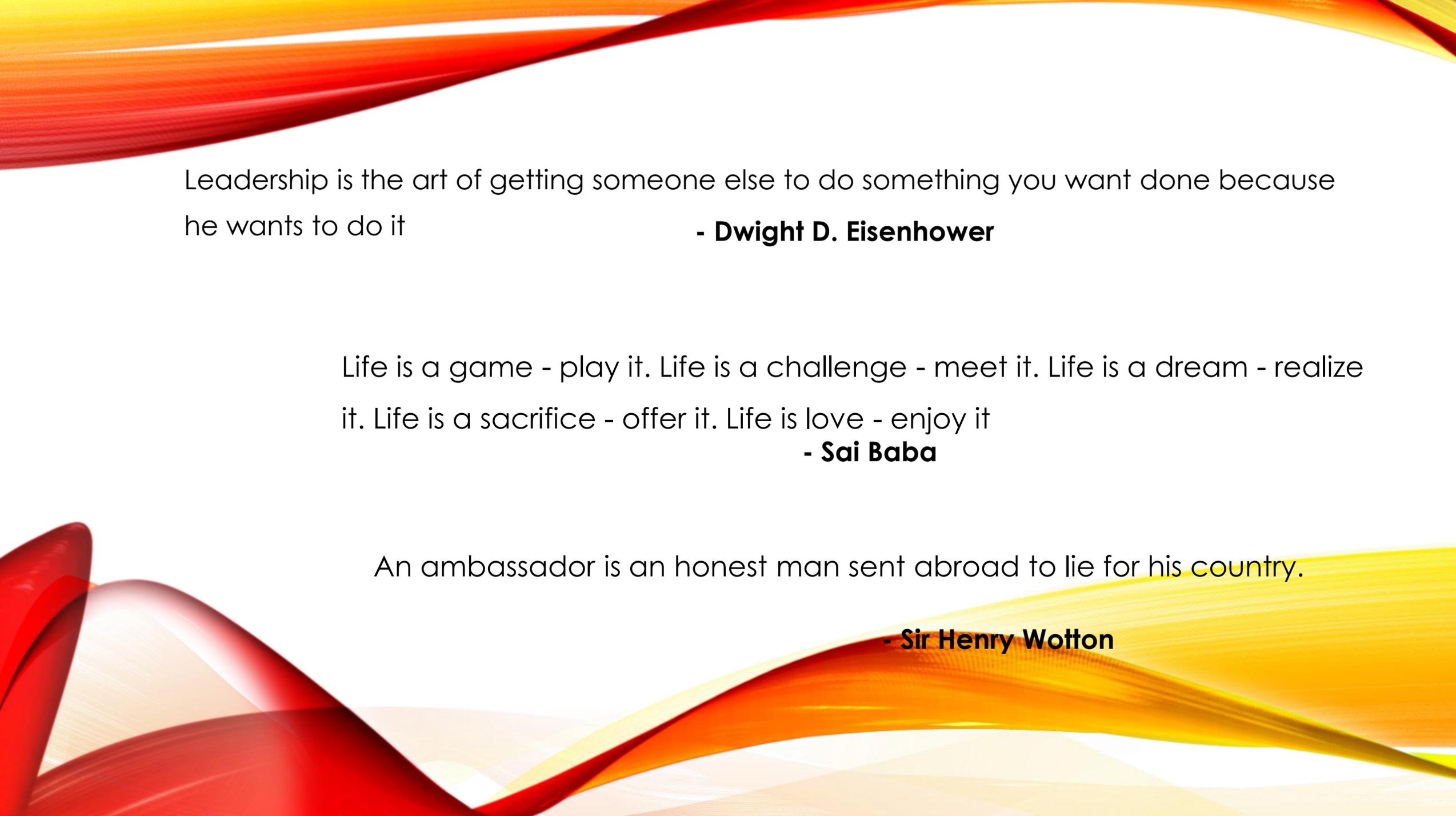
- Lower global commodity prices will likely increase the number of ships awaiting berth
- As cheaper prices encourage firms to import more, stocking up on raw materials

SLIGHT IMPROVEMENT IS EXPECTED IN THE VALUE OF TRANSACTIONS IN Q1'2630

Mode of payment	Dec'25 (N'trn)	Jan'26 (N'trn)	Change (%)	Feb'26* (N'trn)	Mar'26 (N'trn)
NIP	124.74	105.69	-15.27 ▼	99.78	110.09
POS	5.81	6.08	4.65 ▲	4.89	6.43
NEFT	6.97	5.29	-24.10 ▼	5.62	5.77
CHEQUES	0.339	0.245	-27.73 ▼	0.214	0.352
Total	137.87	117.31	-14.91 ▼	110.50	122.64



- Value of transactions witnessed a 14.91% decline in January 2026 reduced consumer spending after December festivities
- February and March will likely see a slight improvement as economic activities pick up and businesses regain momentum
- While fasting (Lent and Ramadan) may bring down transaction value by 6%, Eid-el-Fitr and Easter festivities will likely boost by about 11%



Leadership is the art of getting someone else to do something you want done because he wants to do it

- **Dwight D. Eisenhower**

Life is a game - play it. Life is a challenge - meet it. Life is a dream - realize it. Life is a sacrifice - offer it. Life is love - enjoy it

- **Sai Baba**

An ambassador is an honest man sent abroad to lie for his country.

- **Sir Henry Wotton**



CREATIVITY

NETFLIX LIKELY TO WIN THE BID FOR WARNER BROS

- Netflix leads the bid for Warner Bros with an all-cash \$82.7bn offer
- Warner Bros is expected to hold a shareholder vote in March 2026 on the Netflix deal

- **Impact:**

- Monopoly risk
- Cable TV decline
- Expanded content library and global streaming growth
- Watching movies from the comfort of your home





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AI INNOVATIONS IN THE CREATIVE INDUSTRY



Spotify's AI DJ curates playlists and commentary for a personalized music experience.



Starbucks is using AI to assist staff and improve operations, including AI-powered chatbots for personalized ordering.



EFFECTS OF AI IN THE CREATIVE INDUSTRY



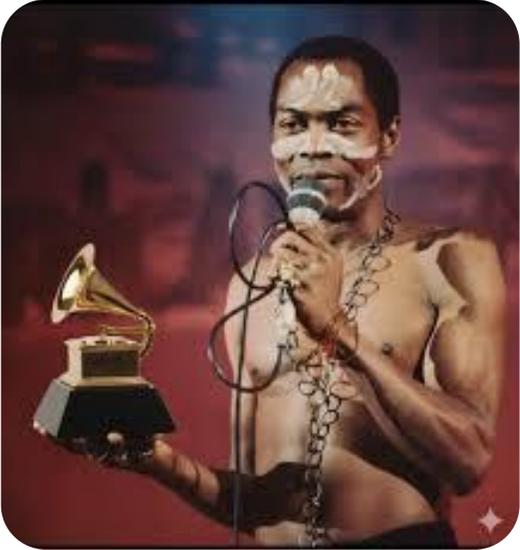
PROS

- Increased creative output and efficiency
- Democratization of creativity and wider access
- Enhanced collaboration between humans and AI

CONS

- Job displacement
- Loss of originality
- Overreliance on technology

2026 HIGHLIGHTS THUS FAR



Fela Kuti Grammy Award

Late Afrobeats icon earns posthumous Grammy recognition



AFCON 2025

Super Eagles win AFCON 2025 bronze medal in Morocco



Funke Akindele's Box Office Record

She is the first filmmaker with three films crossing the ₦1bn box office mark

UPCOMING EVENTS FOR Q1'26



Winter Olympics 2026

It will be held in Italy from February 6 to
February 22, 2026



Oscars Award 2026

The 98th Academy Awards (Oscars) ceremony is
March 15, 2026, at the Dolby Theatre in
Hollywood, Los Angeles



If you want your children to listen, try talking softly to someone else.

- Ann Landers

A bank is a place that will lend you money if you can prove that you don't need it.

- Bob Hope

Originality is the fine art of remembering what you hear but forgetting where you heard it

- Laurence J. Peter





AVIATION

What is the impact of recent U.S. visa restrictions on international travel?

U.S. VISA COSTS SURGE FOR NIGERIANS

Cost Component	United States (B1/B2)	United Kingdom (6-mo Visitor)	Schengen Area (Short-Stay Tourist)
Base Application Fee	\$185	\$175	\$95
Additional Fees (biometric/service/etc.)	\$20–\$30	\$50–\$100	\$25–\$75
Bond / Special Requirement	\$5,000–\$15,000 (refundable)	None	None
Total Estimated Cost	\$5,205–\$15,215	\$225–\$275	\$120–\$170

- The U.S. introduced new visa restrictions for Nigerians, and 18 other countries, adding a possible \$5k–\$15k refundable bond.
- These changes increase the upfront cost and complexity of obtaining a U.S. tourist or business visa, making UK and Schengen visas cheaper alternatives.
- This could reduce U.S. travel from Nigeria and shift demand to Europe/UK.



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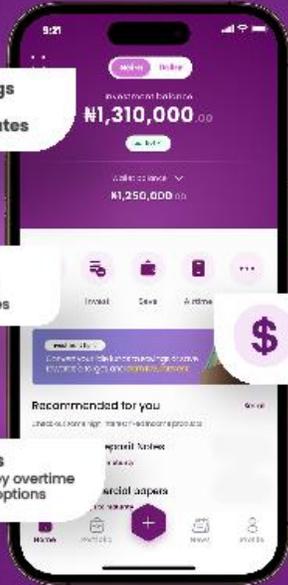
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U.S. BUSIEST AIRPORT SHIFTS BACK TO CHICAGO O'HARE

- Chicago O'Hare became the busiest U.S. airport in 2025, overtaking Atlanta for the first time since 2019
- Flight activity at O'Hare rose 10.5% year-on-year to about 857,000 takeoffs and landings
- Atlanta ranked second, followed by Dallas-Fort Worth and Denver, showing strong but slower growth than Chicago
- This shift likely reflects stronger domestic travel activity boosting Chicago relative to Atlanta

Rank	Airport	Takeoffs & Landings (2025)
1	Chicago O'Hare International Airport	857392
2	Hartsfield-Jackson Atlanta International Airport	807625
3	Dallas-Fort Worth International Airport	741286
4	Denver International Airport	707268
5	Harry Reid International Airport (Las Vegas)	586821



WORLD'S BEST FIRST-CLASS AIRLINES - 2025

Rank	Airline	Home Country	Operates in Nigeria
1	Singapore Airlines	Singapore	NO
2	Emirates	UAE	YES
3	Air France	France	YES
4	Cathay Pacific Airways	Hong Kong	NO
5	Lufthansa	Germany	YES
6	ANA All Nippon Airways	Japan	NO
7	Japan Airlines	Japan	NO
8	Swiss International Air Lines	Switzerland	YES
9	Qatar Airways	Qatar	YES
10	British Airways	United Kingdom	YES

- About 60% of world's top first-class airlines serve in Nigeria
- European carriers dominate Nigeria access (UK, France, Germany)
- Asia's top premium airlines are largely absent, despite global dominance

EMIRATES EXPANDS WEST AFRICA NETWORK VIA AIR PEACE PARTNERSHIP

- Emirates signed a new interline agreement with Nigerian carrier Air Peace, expanding connectivity between the UAE and Nigeria
- Nigerian travellers can now fly to 13 domestic cities via Lagos, including Abuja, Kano, Port Harcourt, Enugu, Calabar, and others
- The deal also opens up West African destinations beyond Nigeria: Gambia, Senegal, Sierra Leone, and Liberia via regional hubs
- West African passengers gain better access to European gateways like London Heathrow, Gatwick, and Stansted, and broader global connections via Emirates' network



OUTLOOK

- Post-Yuletide, many flights are expected to operate under 50% capacity, leading to short-term revenue shortfalls.
- High operating costs from fuel, maintenance, crew salaries, wet-leases, and debt servicing are expected to keep airfares elevated.
- Even flights at 75–80% capacity are expected to struggle to break even, though gradual recovery is expected as domestic and regional travel picks up.
- Airlines are expected to benefit from network partnerships and route optimization, supporting stronger connectivity across West Africa.



POLITICAL UPDATE





POLITICAL UPDATES

- The APC has continued its consolidation of political forces across all regions
- It now has 29 governors or 81% of the states
- The new converts are already scrambling for spoils
- The incumbent governors, legislators and office holders are all seeking automatic return to office
- It is only after the party congress and conventions in Q2 that the picture will be clearer
- Based on the current levels of controls, resources, patronage and clouds, the incumbent appears to be in the driver's seat
- We expect ministers, commissioners, and MDA heads to quit their positions this quarter, as congresses and primaries open



POLITICAL UPDATES

- This means that businesses will have to conclude all public sector transactions in early Q2
- Cabinet reshuffling and rotation of appointments will be problematic in some sectors of the economy
- The economic impact of the reform must translate into greater prosperity for political success
- There will be major political realignments after the first party holds its primaries
- There are also personality, interparty and financial sweetheart deals

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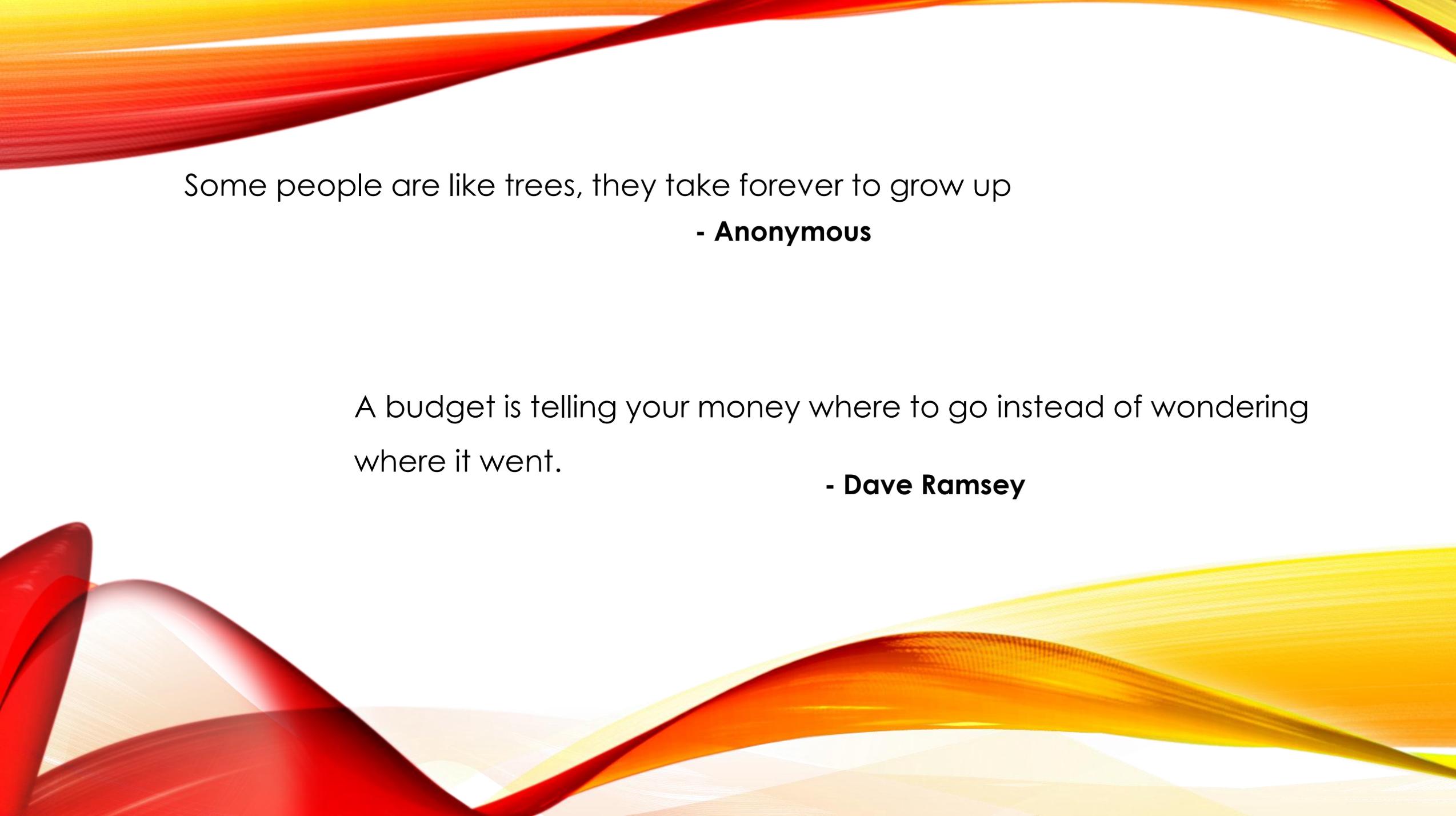
OUTLOOK





FEBRUARY/MARCH OUTLOOK

- Headline inflation for the month of January will come in at 13.35%
- This is based on the new methodology
- The MPC is likely to cut the MPR by 100 basis points to 26% p.a
- The Naira will trade horizontally in the N1,450–N1,500 range in February
- The gross external reserves will climb marginally to \$47 billion
- Oil production will continue at 1.5 mbpd
- Brent will fall towards \$60pb as Iran & the US reach a nuclear agreement
- Stock market capitalization will increase marginally as corporate results are published
- Almost all the banks will meet the new capitalization requirement
- The forbearance for Gencos will kick in
- It will have limited impact until the transmission business is privatized
- National grid collapses will continue to undermine the growth agenda



Some people are like trees, they take forever to grow up

- **Anonymous**

A budget is telling your money where to go instead of wondering where it went.

- **Dave Ramsey**

*Thank
you*



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