

LBS BREAKFAST SESSION



NIGERIA  **IN 2025**

BREAKTHROUGH

OR

FALL THROUGH

February 5, 2025

Presented by Bismarck Rewane



Break through

A breakthrough in Nigeria in 2025 would represent the country's ability to overcome deep-rooted challenges and emerge stronger and more successful

OR

Fall through

A fall through in Nigeria in 2025 would represent the country sinking deeper into its challenges without sufficient mechanisms or opportunities to recover

A defining moment in Nigeria's economic future – Q1'25

OUTLINE

1

Global Dynamics

2

The Nigerian
Economy

3

Markets

5

Aviation & Tourism
Creative Economy

4

Political Updates &
Outlook

QUOTES!



Mark McKinnon
American political advisor
& reform advocate

As history has repeatedly proven, one trade tariff begets another, then another - until you've got a full-blown trade war. No one ever wins, and consumers always get screwed.

“

Virtually all economists think that the impact of the tariffs will be very bad for America and for the world.

”



Joseph Stiglitz
Economics Professor, Columbia University
Nobel Prize winner (2001)

ECONOMIC HIGHLIGHTS — GLOBAL & REGIONAL



HE WHO SEEKS REVENGE MUST DIG TWO GRAVES

- Trump: deporter, disruptor and deviant
- Caught between the Monroe doctrine and global trade
- Isolationism and globalization
- Transactional approach to geopolitics
- Bullying as a bargaining tool
- Alienating most allies and irritating the foes



HE WHO SEEKS REVENGE MUST DIG TWO GRAVES – CONT'D

- The geopolitical strategy is to de-escalate areas of global tension
- Bring down commodity prices and
- Enhance the value of the U.S. dollar
- The Chinese DeepSeek AI response is a fraction of America's Meta Llama 3.1 and OpenAI production costs
- Puts Silicon Valley at a cost disadvantage
- US tech companies lost over \$1 trn in one day
- Led by Nvidia which lost 17% of its market capitalization



TRUMP DOCTRINE - THE NEW GLOBAL DISORDER

- Negotiating as a bully from a position of strength
- 95% of economists believe that tariffs will cause inflation
 - Larry Summer
- The separation of powers means barking most times but not biting all the time
- Possibly falling into a lame duck status prematurely
- Mid-term elections will be the underbelly of the Republican party



TARIFFS AND THE RISK OF TRADE WARS

- The US is the world's 2nd-largest trading nation, behind China
- US has trade relations with over 150 countries, regions, and economic blocs
- Ceasefire in Gaza will reduce oil prices
- Truce in Ukraine will reduce global commodity prices
- Trump has delayed tariff implementation for 30 days for Canada and Mexico
- China has posed tariffs on the US goods, effective from Feb. 10
- Trump wants a telephone meeting with China's Xi Jinping

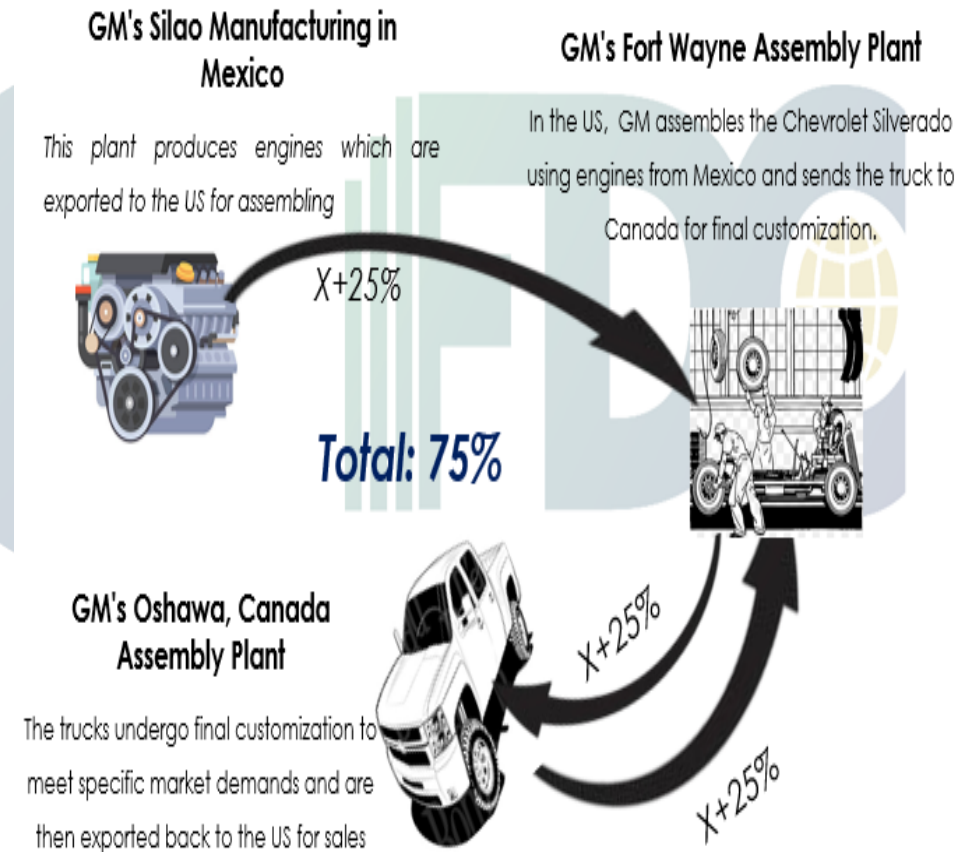
US trade with economic blocs

- **OECD** **\$3.5trn**
- **GCC** **\$200bn**
- **BRICS** **\$700bn**
- **OPEC** **\$400bn**

THE CHINESE ARE IN NO HURRY

- The North American Free Trade Agreement (NAFTA) integrated the US, Canada, and Mexico supply chain.
- The Chinese are fighting on multiple fronts
 - *Intellectual property*
 - *Tariffs war*
 - *Competitive devaluation*
 - *Influence in Africa and emerging markets*
- *The Fed is truly independent*
- *Jerome Powell ignored the call for lower interest rates*
- *US. Banks are maintaining a fair distance from the White House*

How tariffs work – a case of intertwined trade



***Connect Everything,
Everywhere within
one ecosystem***

Power your digital transformation strategy with secure, high performance interconnections, seamless connectivity to cloud providers, and lower latency for critical services and applications over the MainOne network across West Africa using Equinix Fabric.

Get connected today, visit www.mainone.net or email info@mainone.net

TRUMP COULD BE THE TRIGGER THAT AFRICA NEEDS

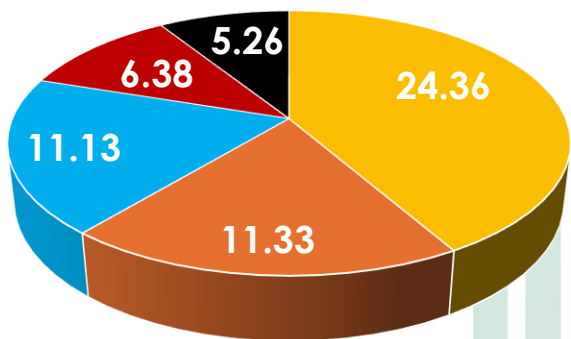
- Africa is a continent of more people, less output
- Africa accounts for 30% of global natural resource endowment
- And 18.6% of global population
- But only 2.4% of global output
- To be resilient, Africa must prioritize productivity growth and leverage the AfCFTA

AFRICA'S SHARE OF GLOBAL OUTPUT, TRADE AND POPULATION



U.S. IS AMONG NIGERIA'S TOP 5 TRADING PARTNERS

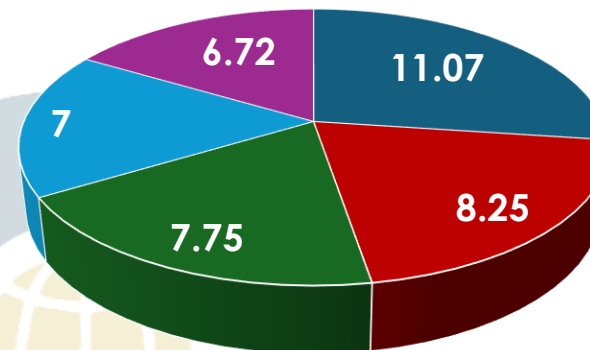
Nigeria's Import - Share of World Trade (%)
Q3'24



■ China ■ India ■ Belgium ■ U.S. ■ Malta

Source: NBS

Nigeria's Export - Share of World Trade (%)
Q3'24



■ Spain ■ U.S. ■ France ■ Netherlands ■ Italy

Source: NBS

- Nigeria's trade with the U.S is valued at \$8bn (Q3'2024)
- Nigeria buys wheat and military hardware from the US
- There is a greater opportunity now to build a resilient domestic economy and
- Reverse the Japa syndrome

THE NIGERIAN ECONOMY

No option but resilience!



NIGERIA'S MACROECONOMIC SNAPSHOT - Q1'25

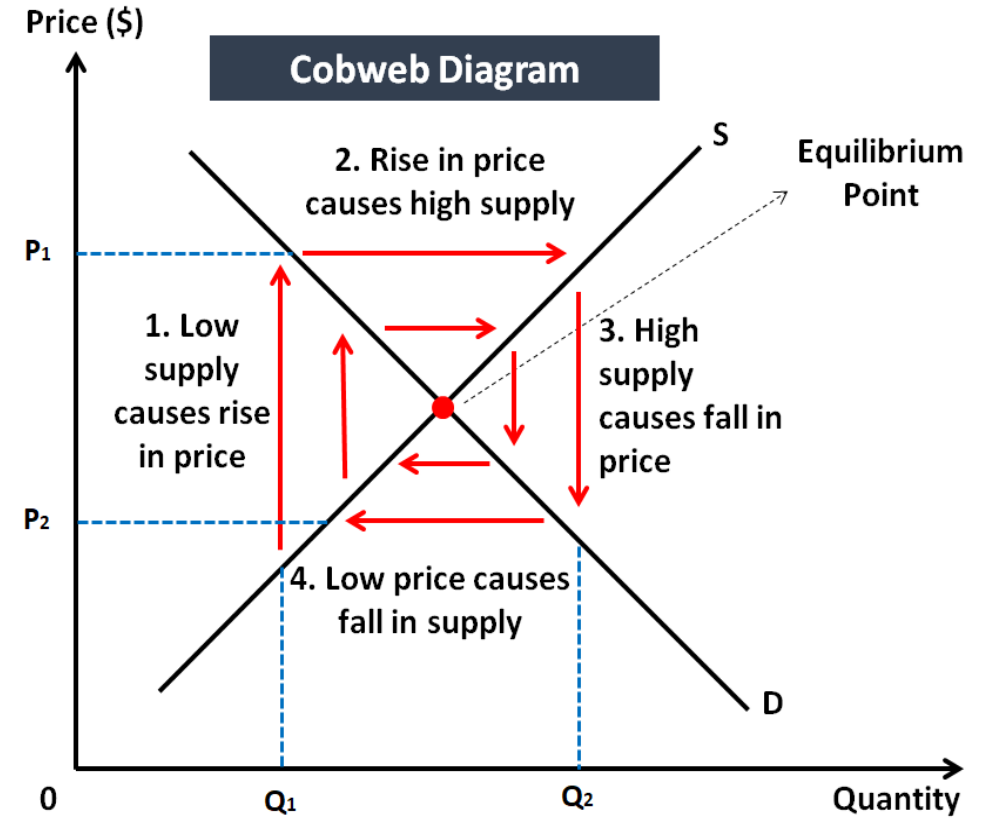
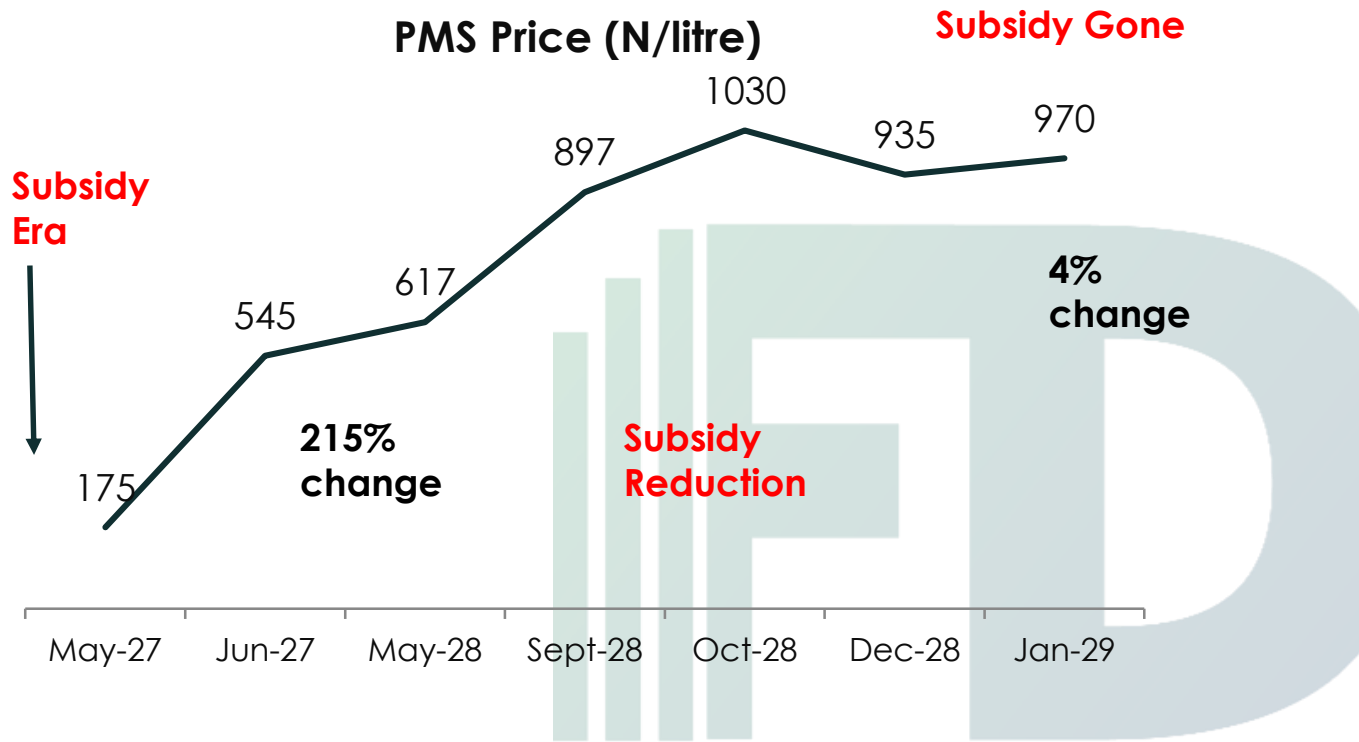
Variables	Q4 2024	Q1 2025*	% change	Reasons
GDP growth(%)	3.8*	3.6	-0.2	<ul style="list-style-type: none"> GDP growth to decline due to reduced post-festive spending and the typical lull in agricultural activities
Inflation (%)- end period	34.8	33.12	-1.68	<ul style="list-style-type: none"> Supported by the basket reconstitution and a stable naira
Exchange rate, official (end period)	1,535	1,400	9.64	<ul style="list-style-type: none"> Sustained CBN interventions to support the naira
Stock market capitalization (N'trn)	62.76	65.45	4.29	<ul style="list-style-type: none"> A stable interest rate environment to bolster stock market performance
PMI	52.7	53.0	0.57	<ul style="list-style-type: none"> Lower inflation and stable interest rates to improve business activities

Source: NBS, CBN, *FDC Forecasts

NIGERIA'S MACROECONOMIC SNAPSHOT – Q1 '25 (CONT'D)

Variables	Q4 2024	Q1 2025*	% change	Reasons
MPR (%)	27.25	27.25	00.00	<ul style="list-style-type: none"> Lower inflation and positive real GDP growth will reinforce the MPC's decision to maintain a status quo
Gross External reserves (\$ bn)	40.88	42.20	3.23	<ul style="list-style-type: none"> Higher oil production will boost export earnings
Crude oil production (mbd) avg.	1.43	1.48	3.50	<ul style="list-style-type: none"> Sustained efforts by the government to tackle oil theft and pipeline vandalism
Crude oil price (\$/bpd, avg)	73.94	75	1.43	<ul style="list-style-type: none"> Trump's tariffs could cause potential disruptions in crude supply from Canada and Mexico, the two largest oil suppliers to the US
Trade balance (N trn)	5.81*	4.93	-15.15	<ul style="list-style-type: none"> A possible extension of the import duty waiver will increase imports and in turn, reduce the positive trade balance

PRICE VOLATILITY OF REFINED PRODUCTS



- The market structure in Nigeria's oil industry has transitioned
- From monopoly to oligopoly and is moving toward a more competitive market

The price of PMS is buoyed by

- Global oil prices
- Logistics cost
- Exchange rate

PRICE LEADERS Vs. PRICE FOLLOWERS – THE TUG OF WAR

A petrol price war between:

Price leaders

NNPC vs. Dangote

Price followers

Independent Marketers vs. Major Oil Marketers



In the end, the business is high volume – low margin!

FEBRUARY 4, 2025

N980/litre, no queue



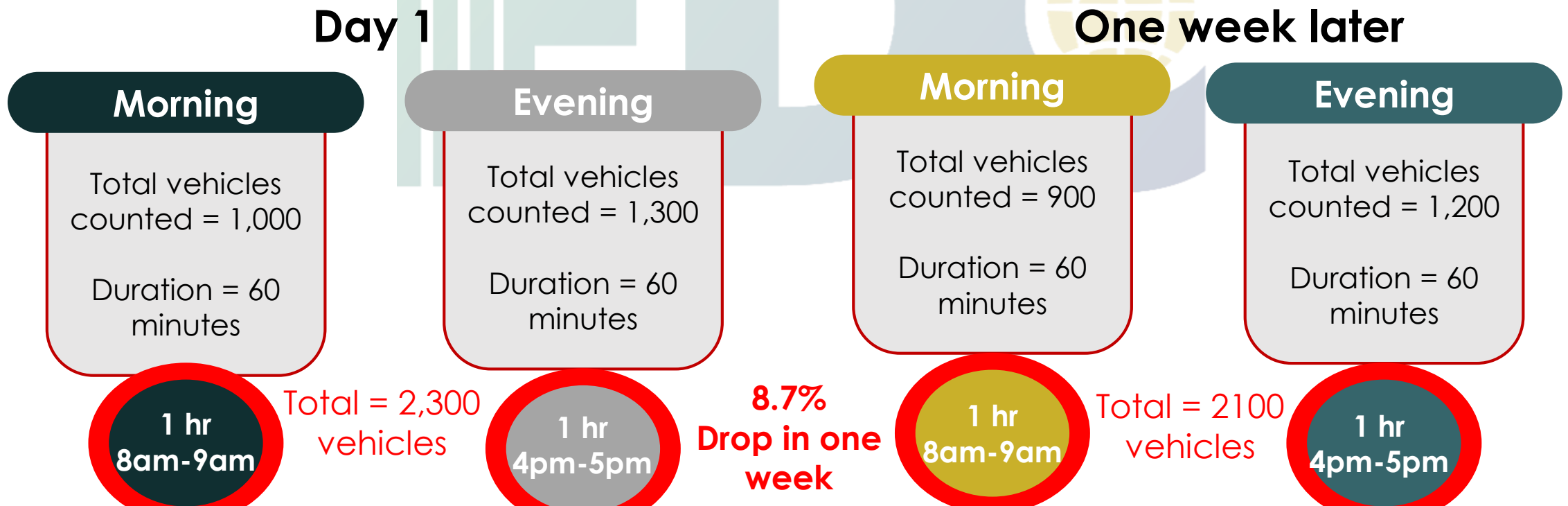
N970/litre, long queues



₦10/litre makes a big difference

HIGHER PRICES & FALLING DEMAND

- Vehicular count dropped by 8.7% in one week
- As petrol prices declined by 4% in January 2025 from November 2024
- Consumers are highly responsive to fuel price fluctuations
- Nigeria does not use 70mn litres of PMS daily
- Demand is falling closer to 28-30mn litres per day





Don't Let High Data Costs Hold You Back

Choose IMDT and Save Big. With **InfoWARE Market Data Terminal (IMDT)**, you get all the data you need for a fraction of the cost:



Full Data Access



Pay As You Go



Over 10 Years of
Historical Data



Research Reports
& Analytics

Start saving 99% today with IMDT

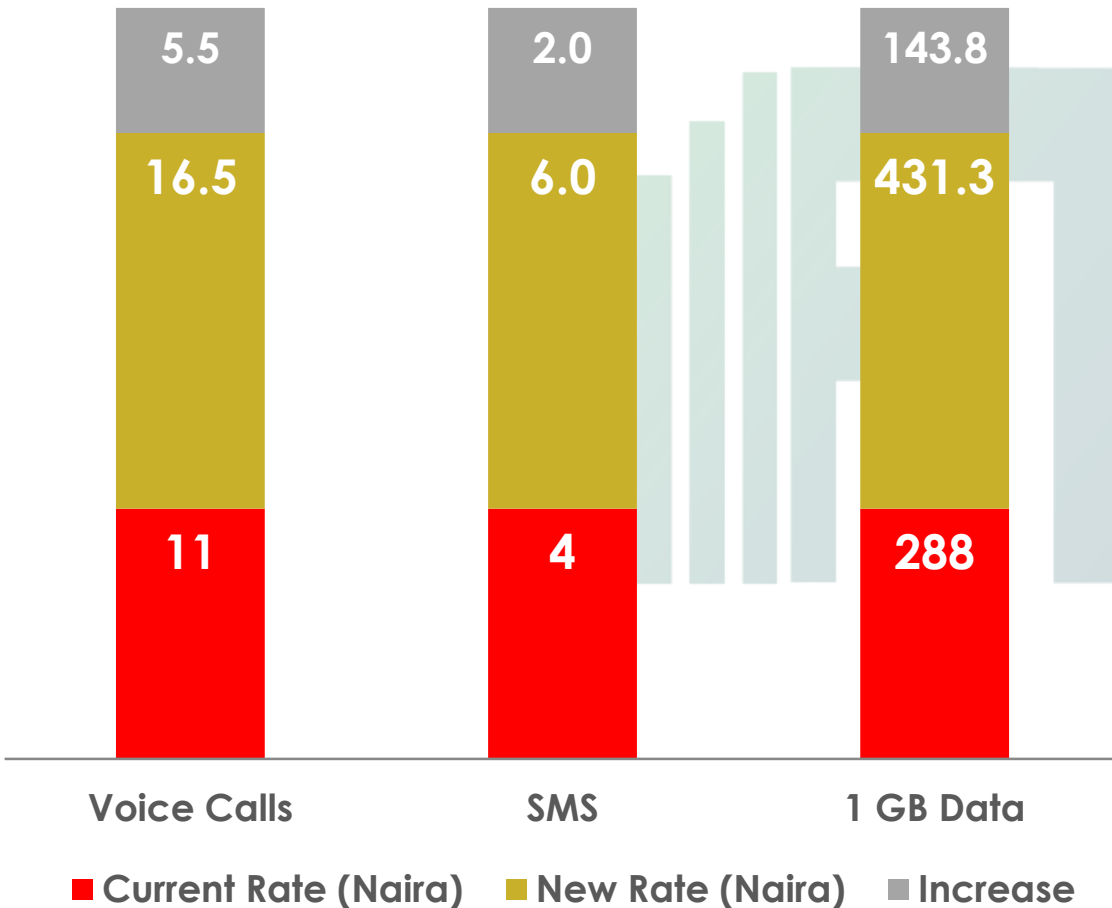
Sign up at www.infowarelimited.com/imdt

or email bizdevteam@infowarelimited.com to get started!



TELECOMS ARPU DOWN, COSTS UP

Breakdown of New Telecoms Tariff (Naira)



- NLC is calling for a telecoms boycott
- Impossible to implement
- Telecoms are allergic to brown envelopes

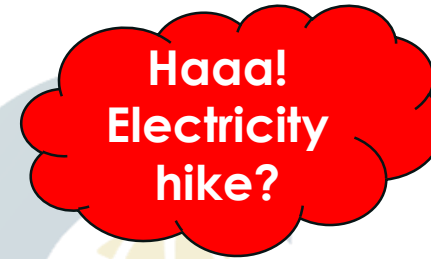


ELECTRICITY 65% TARIFF INCREASE

- Nigeria still generating 5000MWs
- Grid collapse increased but is less during harmattan and low temperatures
- The focus remains on improving the electricity supply
- Through better services and infrastructure

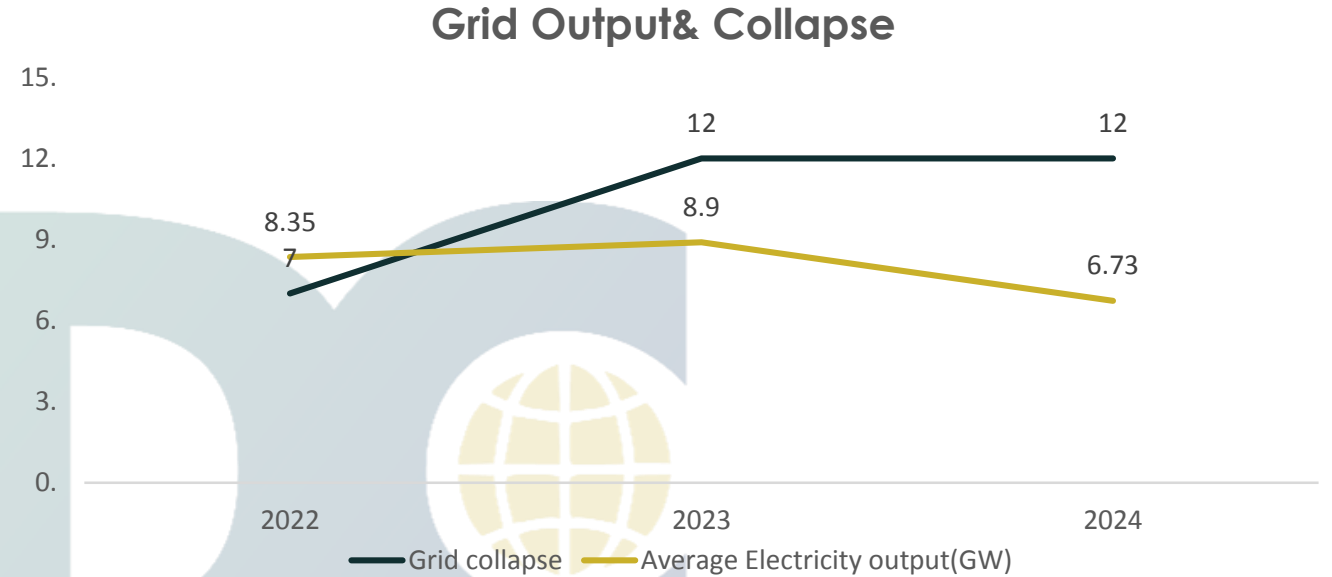
If another tariff hike is implemented it will lead to

- High electricity costs from approximately ₦116.18 to ₦193.63 per kilowatt-hour
- Increasing living costs and potential energy poverty for many Nigerians



ELECTRICITY OUTPUT VERSUS GRID COLLAPSE

2024	No of times grid collapsed
February	1
march	1
April	1
June	1
October	1
November	4
December	2



- The average electricity output remained lower than the installed capacity
- With transmission network being the key bottleneck
- The highest monthly grid collapse was recorded in November 2024 (4 times)
- Driven by rising pressure from increased company production ahead of the festive season
- Coupled with seasonal variations

FOOD COMMODITIES - MIXED PRICES



Garri

50kg ↑

Current Price: N38,000
Dec. 2024: N35,000

UP BY 8.57%

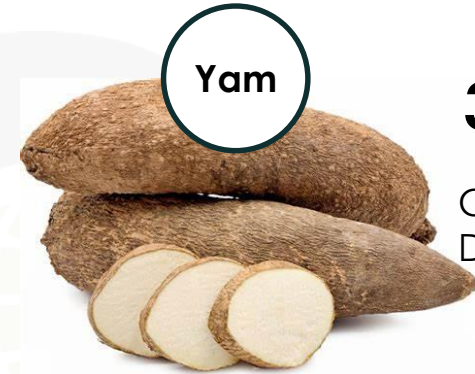


Noodles

1 Carton ↑

Current Price: N9,600
Dec. 2024: N7,600

UP BY 26.32%



Yam

3 Tubers ↔

Current Price: N10,500
Dec. 2024: N10,500



Beans

1 Bag ↔

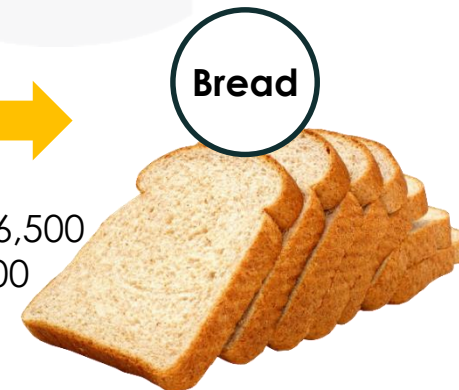
Current Price: N100,000
Dec. 2024: N100,000



Egg

1 Crate ↔

Current Price: N6,500
Dec. 2024: N6,500



Bread

1 Loaf ↔

Current Price: N1,600
Dec. 2024: N1,600

FOOD COMMODITIES - MIXED PRICES



Rice

1 Bag ↓

Current Price: N100,000
Dec. 2024: N110,000

DOWN BY 9.09%



Wheat

50kg ↓

Current Price: N63,000
Dec. 2024: N72,500

DOWN BY 13.10%



Palm oil

5 Litres ↓

Current Price: N9,500
Dec. 2024: N11,000

DOWN BY 13.64%



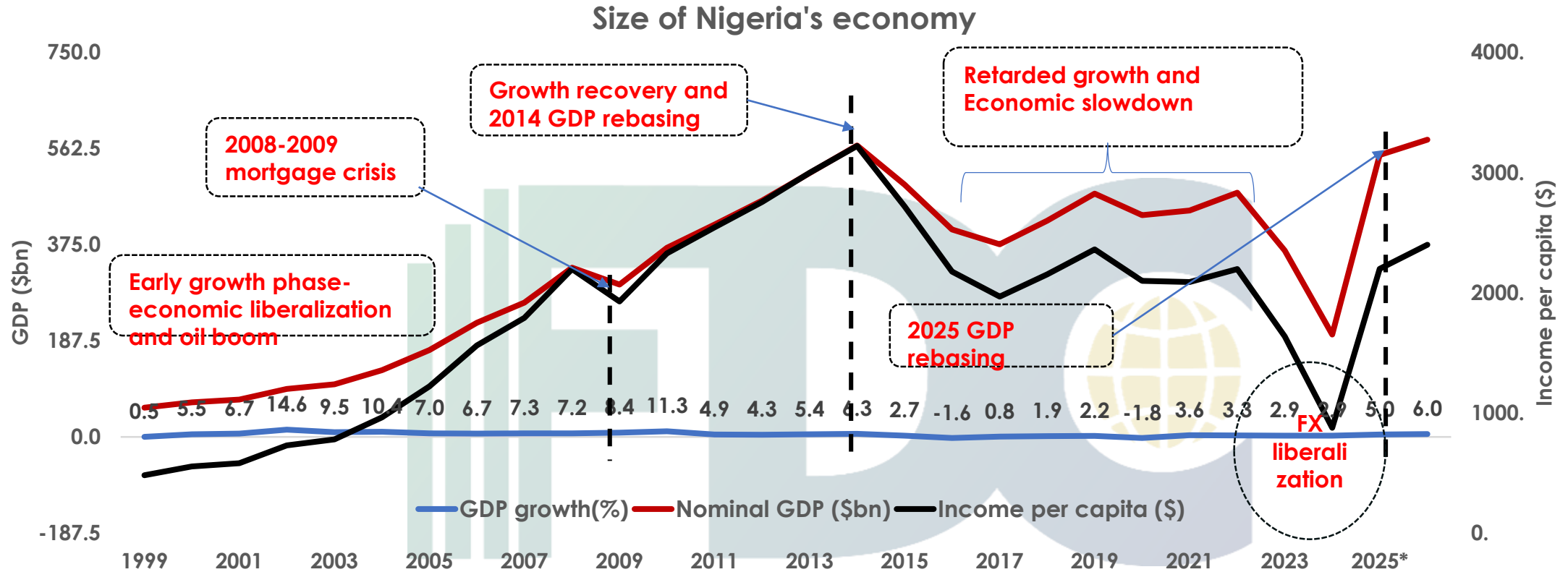
Tomato

1 Bag ↓

Current Price: N25,000
Dec. 2024: N45,000

DOWN BY 44.44%

GDP REBASING – A HISTORICAL PERSPECTIVE



- Rebasing is good for comparative analysis
- As the naira falls GDP in dollars term decline

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

Playing with mirrors

- Investment and net exports is the key to the 2025 outlook



DATA INTEGRITY AND REPUTATION RISK

- Data integrity refers to the accuracy, consistency, and reliability of data throughout its lifecycle
- It ensures that data remains complete, unaltered, and trustworthy



**Key Integrity Concerns
in GDP Rebasing**

Data Coverage

Consistency Across Sectors

Methodology & Transparency

Possible Data Distortions



**Key Integrity Concerns in
Inflation Rebasing**

Basket Composition Accuracy

Weighting of Items

Data Collection Methods

Politically or Institutionally Manipulated



***The world is eager to
see the numbers!***

BUREAUCRACY IS A KILLER OF GROWTH



- The change trajectory has momentum
- Changes take place because we have no choice
- So many changes have taken place because we have no choice

THE REFORM AGENDA – THE WINDOW IS CLOSING

- **Bold reforms** → fiscal & monetary fixes, cutting waste, 2025 focus on growth
- **Election cycle approaching** → policy inertia looms
- **Act now or risk stagnation** → time for delivery is running out





Alpha Morgan Capital

**Growing
Your Wealth**

FUNDS MANAGEMENT

INVESTMENT BANKING

FINANCIAL ADVISORY



Head Office (Lagos)

Union Bank Building (2nd floor)
Plot 1668b, Oyin Jolayemi
Street, Victoria Island, Lagos.
081 51 71 71 71

Abuja Branch

Phase 1, 5th Floor, Suite F5. 1
Rivers House, Plot 83 Ralph
Shodeinde Street, CBD, Abuja.
+234 09 292 5164

 www.alphamorgan.com
 info@alphamorgan.com

THE GLOBAL SHIFT – THE “TRUMP EFFECT”

- **"America first"** → global economic shift
- **Stronger dollar, capital flight** → harder to attract investment
- **Nigeria must move fast** → secure funding & reform before global headwinds hit





ROADS DRIVE GROWTH & INFLATION CONTROL

- **Agriculture** → Poor roads = Post-harvest losses = higher prices.
- **Manufacturing** → Delays = higher logistics costs = expensive goods + Stock Outs.
- **Retail & Consumers** → High transport costs = inflation spiral.

30-40%

Post-Harvest Losses of perishable produce wasted due to poor logistics and storage infrastructure. (FAO)



50% Manufacturing & Logistics Costs higher on poorly maintained routes.



THE COST OF INACTION – DELAYS ARE EXPENSIVE

- **Delays** → **Inflation** = Higher costs tomorrow
- For every year a project is delayed, costs escalate by 20-30%
- **Slow Transport** → Nigeria: 55 km/h vs Côte d'Ivoire: 78 km/h. (Source: IMF)
- **Productivity Losses** → ≥ \$29 billion lost annually (World Bank)

Studies show a 1% increase in the infrastructure stock can lead to a ~1% boost in GDP over the long run (World Bank's Africa Infrastructure Diagnostic)

55 km/h

Mean speed is an indicator of road quality and so productivity.

78 km/h

Inflation waits for nobody.
Costs of key materials have surged by 120%-400% since 2018, driven by import dependencies and Naira depreciation.

CASE STUDY- HIGHWAY DEVELOPMENT AND MANAGEMENT INITIATIVE (HDMI)

HDMI was launched in 2021 by the APC-led government to concession 12 major highways through Public-Private Partnerships (PPPs). By 2023, FEC approved 9 road corridors, aiming to unlock ₦11.54 trillion in private investment over 25 years

- **2021 – Bid Submission**
March – RFQ issued (75 applicants)
October – RFP issued (18 bidders prequalified)
- **2022 – Negotiation Phase**
June – Terms of concession agreements finalized
- **2023 – FEC Approval & Agreements Signed**
January – FEC approved 9 road corridors (1,374 km, ₦11.54 trillion revenue potential)
May – Concession agreements signed for 9 roads
- **2023 – Risk Mitigation & Delays Begin**
November – Put/Call Option Agreement (PCOA) signed for risk protection
- **2024 – Renegotiation & Bureaucratic Delays**
January – Concessionaires request renegotiation due to inflation, FX volatility
December – FMW invites sign-off on revised addendum
- **2025 – More Delays**
January – Govt requests consolidation of original agreements & addendum
- **Outcome: 3+ years of delays, stalled ₦11.54 trillion investment, inflation-driven cost increases**



CASE STUDY - HDM

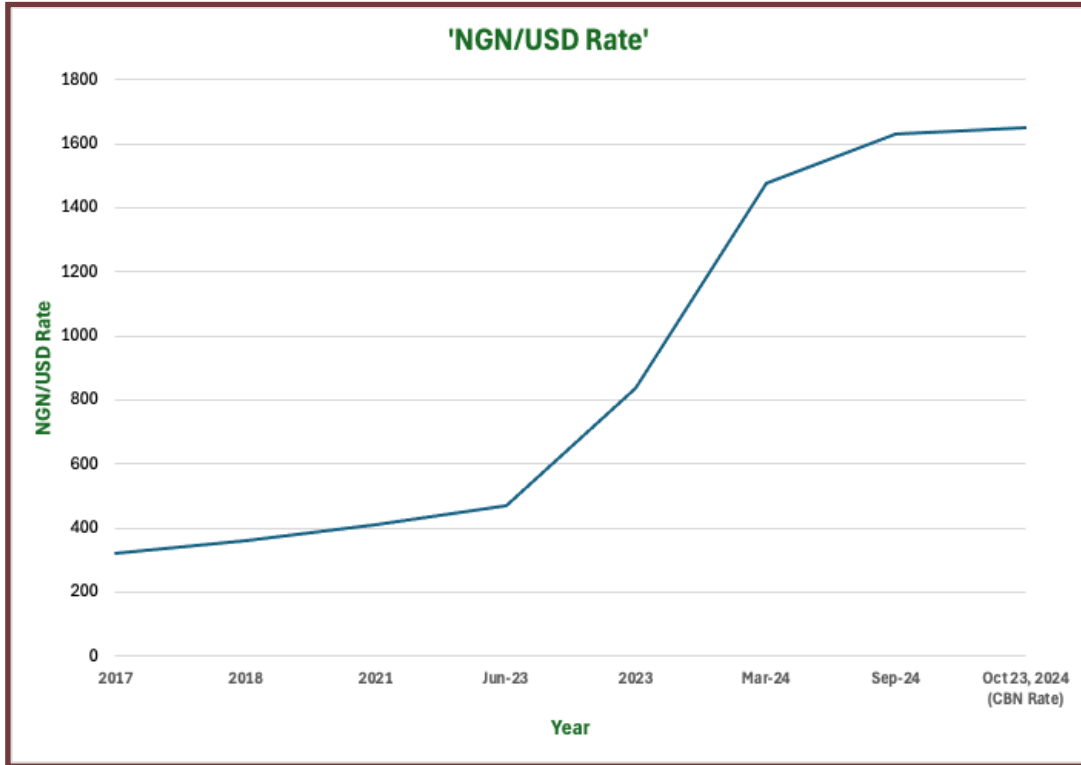
- **₦11.54 Trillion in Private Investment Stalled** → Launched in 2021 to shift highway development to concessionaires, but bureaucratic delays and renegotiations have blocked progress
- **Policy Instability is Eroding Investor Confidence** → Multiple contract revisions since 2021, with another restructuring planned for 2025, making infrastructure financing riskier
- **Inflation is Driving Costs Up** → Rising costs force endless renegotiations, delaying execution and weakening project viability
- **A Risky Cycle for Infrastructure** → Uncertain project timelines → cost overruns → payment delays → legal disputes – the same challenges crippling Nigeria's construction sector
- **A Critical Test for PPPs** → If HDM fails, private capital will avoid future infrastructure projects in roads, power, ports, and rail. We are still recovering from the Lekki-Epe Concession failure—Nigeria cannot afford another high-profile loss







CASE STUDY: ABUJA-KADUNA-KANO ROAD



- **2018** – Contract awarded for rehabilitation at ₦155 billion, construction begins
- **2021** – Scope upgraded to full reconstruction. Cost rises to ₦797 billion
- **2022** – Security incidents (train attacks, kidnappings) delay work on the Abuja-Kaduna section
- **2024 (May)** – Work suspended due to financing challenges, and delayed funding approvals
- **2024 (June)** – Contractors remobilize after funding assurances, but reports suggest uncertainty
- **2024 (Oct)** – Work halted again, unresolved funding issues, unilateral decisions by FMW
- **2024 (Nov)** – Final termination notice issued. Contractors ordered to vacate site
- **2024 (Dec)** – Contracts terminated. FG declares ₦640 billion in cost savings by shifting to concrete roads

THE COST OF INACTION – DELAYS ARE EXPENSIVE



Material	2018 Price (₦)	2022 Price (₦)	2024 Price (₦)	% Change
 Diesel (₦/ltr)	268	350	1,370	411.19
 Cement (₦'000/tonne)	49,000	76,000	141,000	187.76
 Reinforcement (₦'000/tonne)	290	420	1,150	296.55
 Bitumen 60/70 (₦'000/tonne)	280	395	1,333	376.07
 Bitumen PMB (₦'000/tonne)	339	460	1,469	333.33
 Labour (Minimum wage)	30,000	30,000	70,000	133.33

Every day of delay makes projects more expensive. Costs of key materials have surged by 120%-400% since 2018, driven by import dependencies and Naira depreciation

DELAYS ARE EXPENSIVE - SOVEREIGN REPUTATION & INVESTOR RISK PERCEPTION

- **Uncertain investment climate:** Frequent contract renegotiations, delayed payments, and unilateral project changes undermine investor confidence
- **Risk premium on Nigerian infrastructure projects:** Investors demand higher returns due to policy unpredictability, leading to costlier financing for future projects
- **Missed foreign direct investment (FDI) opportunities:** Infrastructure funds and development finance institutions (DFIs) hesitate to commit capital where government inconsistency is high.
- **Capital is highly mobile and investors have other options**



BETTER ROADS, HIGHER PRODUCTIVITY

• The Findings

- A 1-standard-deviation improvement in road quality (mean speed) can raise Total Factor Productivity (TFP) by 0.3–0.5 percentage points. (IMF)
- **Translation:** Going from 55 km/h average speeds to ~72 km/h (fewer potholes, less congestion, more efficient freight movement.) will lead to 0.3-0.5% improvement in TFP.

• Why This Matters?

- Faster Transport → **Lower Costs:** Businesses spend less on fuel, maintenance, and delays.
- Agriculture Benefits: **Post-harvest losses**, more goods reach processing zones and markets.
- Manufacturing & Retail: Fewer stock-outs, cheaper logistics → **More competitive pricing.**



*770#

Start now. Dial *770#



Contact Us: trueserve@fidelitybank.ng



Fidelity Bank Plc
INC 1030027

FOLLOW US: 
www.fidelitybank.ng

INVESTOR CONFIDENCE IS ERODING

- **Policy Flip-Flops** → Frequent contract renegotiations, delays, expensive disputes, costly contract terminations
- **Delayed Contracting and Payments** → Private sector absorbing financial risks
- **High-Risk Perception** → Nigeria increasingly unattractive for investment



THE TIME IS NOW!!!

- **Make roads a core economic priority** – Not just a sub-category of the infrastructure
- **Accelerate project execution** – No more delays
- **Fix contract certainty** – Investors need trust
- **The next 6 months are critical** – Act before elections slow progress



Every delay costs more. Every missed opportunity weakens our resilience. Roads are the backbone of economic growth—let's get it right, now.

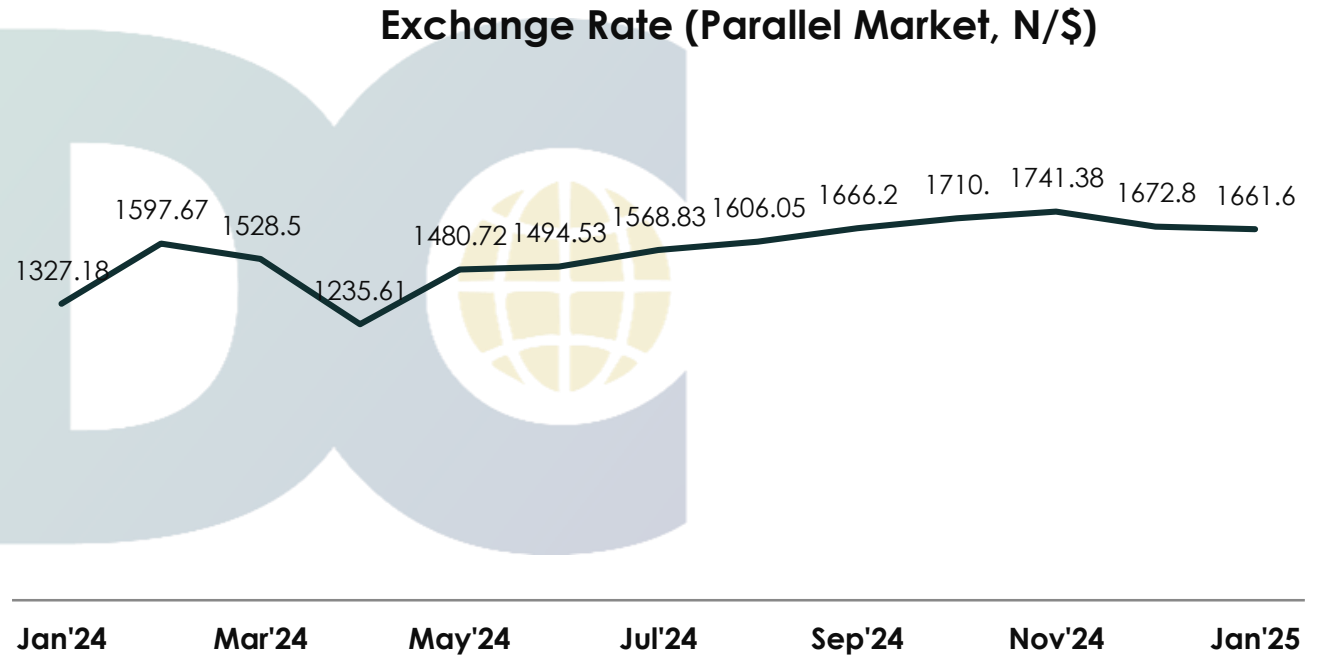


EXCHANGE RATE OUTLOOK – STABLE IN Q1

- The naira is likely to remain stable at N1,550/\$-

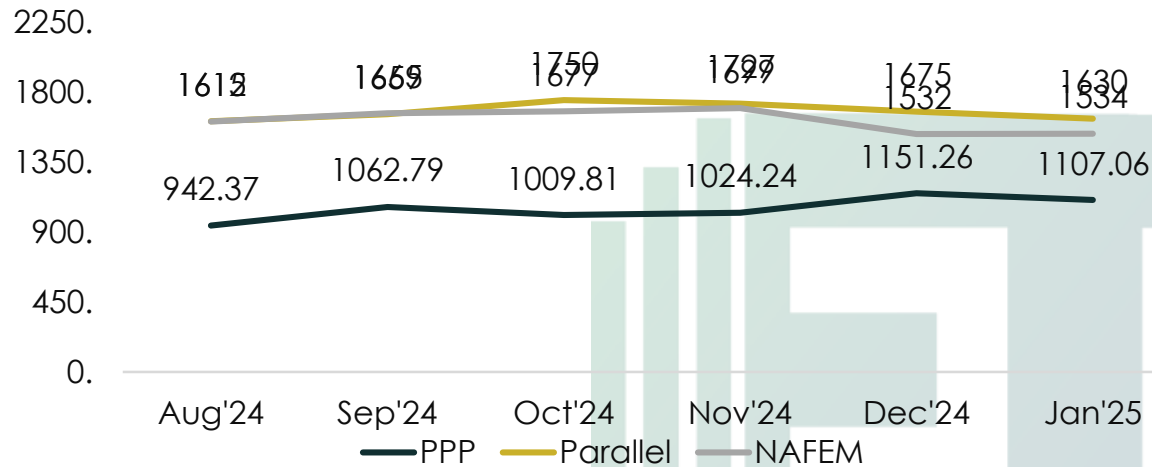
N1,600/\$ at the parallel market in Q1 2025

- Balance of trade will improve as imports fall
- Terms of trade will deteriorate marginally



NAIRA MISALIGNMENT NARROWING

PPP, Parallel & NAFEM Comparison (N/\$)

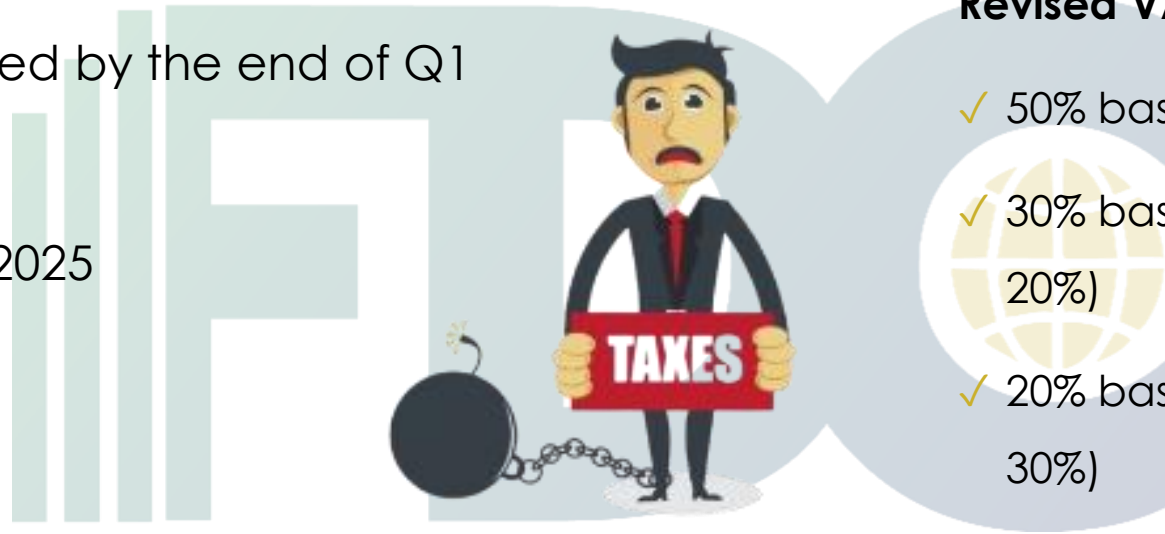


- The level of misalignment continues to narrow
- The naira is undervalued by 27.81%

Purchasing Power Parity			
	=N=	Jan-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)	10,200	6.99	1459.23
Movie tickets (blockbuster)	8,000	9.99	800.80
HP Pavilion 14 X360 (12 gen, core i13)	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	18.01	399.78
Medicine (Panadol extra 50 caplets)	11,700	12.47	938.25
Andrex toilet paper (24)	41,850	16.88	2479.27
Average PPP			1107.06
Naira Price at NAFEM			1533.5
PPP (%)			
Decision: Naira is		Undervalued	-27.81%
Spot Rate (Parallel)			1630
Outcome: Compared to NAFEM rate of N1,533.5/\$1, the Naira is undervalued by 27.81%			

TAX REFORM DEBATE – OUTCOME

- The tax reform process continues to evolve, with ongoing debates and negotiations
- Tax Reform Bill to be enacted by the end of Q1 2025
- Effective date is 1st of July 2025
- You cannot tax losses
- CIT will fall due to forex losses
- Benefit taxes that are regressive will increase
- Total tax collected will increase



Revised VAT sharing formula breakdown

- ✓ 50% based on equality (unchanged)
- ✓ 30% based on derivation (increased from 20%)
- ✓ 20% based on population (reduced from 30%)

NIGERIA'S 2025 BUDGET INCREASED TO ₦54.2 TRILLION

- Nigeria's proposed budget for 2025 from ₦49.7 trillion to ₦54.2 trillion
- Does this mean higher allocations to infrastructure, social programs, and critical sectors?

Economic Implications

Positive

- ✓ a more robust fiscal framework
- ✓ If well managed may lead to improved service delivery and accelerated growth in key sectors

- ✓ Increased government spending, if not backed by sufficient revenue, could fuel inflation
- ✓ debt burden may increase if the additional budget is financed by loans

Negative

POLICY CHANGES AND IMPACT

Further reduction of petrol subsidies & more efficient pricing of products



Telecoms tariff hike

Electricity tariff hike

2025 Budget
More CAPEX
and monitoring

Tax reform bills
implementation
July

Extension of
duty waivers



IMPACT OF POLICY REFORMS (1/3)

Local government financing

Positive

- Every local government will have a budget
- Auditors will be needed for the 774 LGAs

- Risk of fund mismanagement due to weak financial controls
- Potential conflicts between state and local governments over revenue allocation

Negative

Telecoms tariff

Positive

- Optic fibre Backbone connectivity
- ISP's will benefit

- Additional strain on consumer's pocket
- Resulting in reduced usage from consumers

Negative

Q1'25 – WHAT TO EXPECT

Events

inflation Data

MPC Meeting

GDP Numbers (Q4)

Date

15 Feb.

16-17 Feb.

Feb. 25

Impact

- Numbers will influence MPC decision

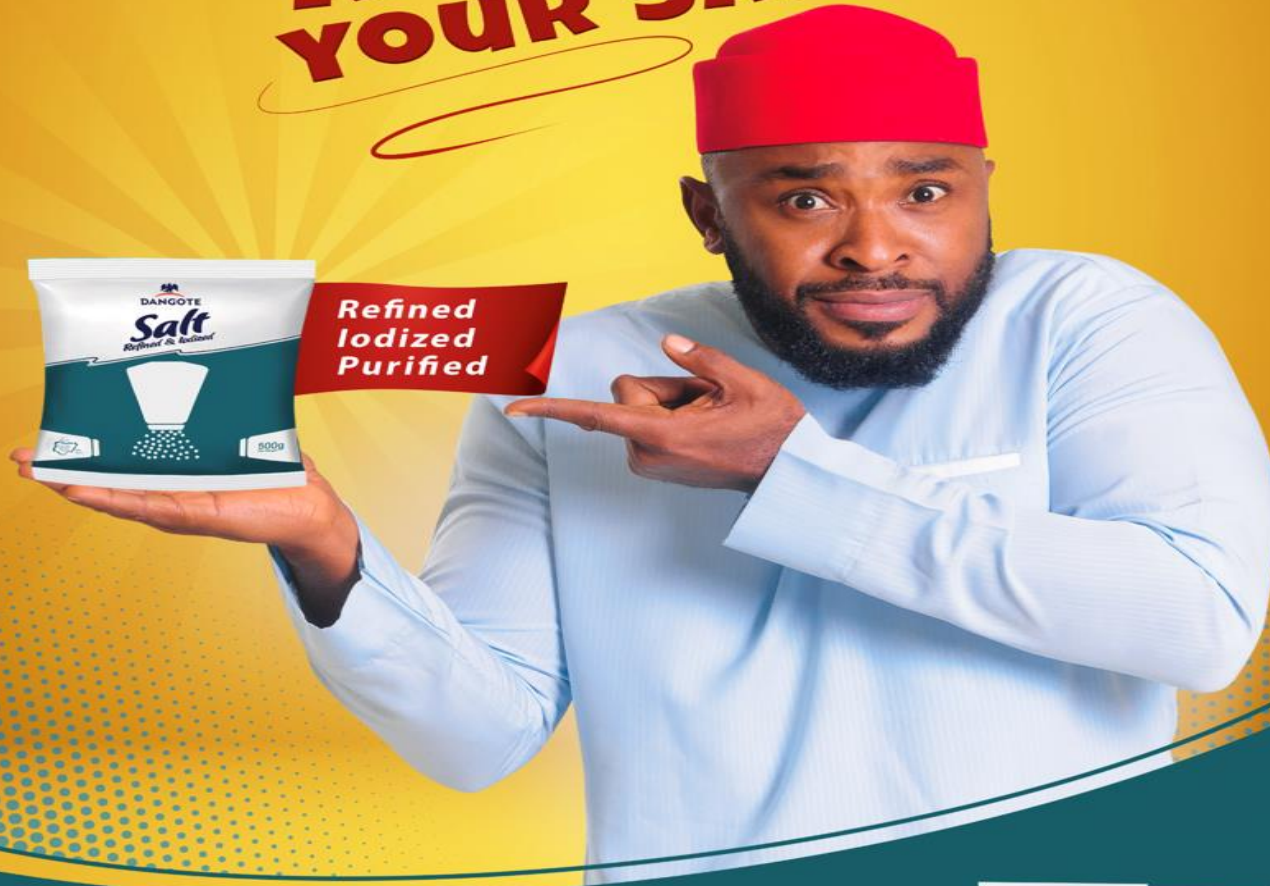
- MPC likely to maintain status quo

- IPMI to slow expansion

IT'S TIME TO
CARE
ABOUT
YOUR SALT



Refined
Iodized
Purified

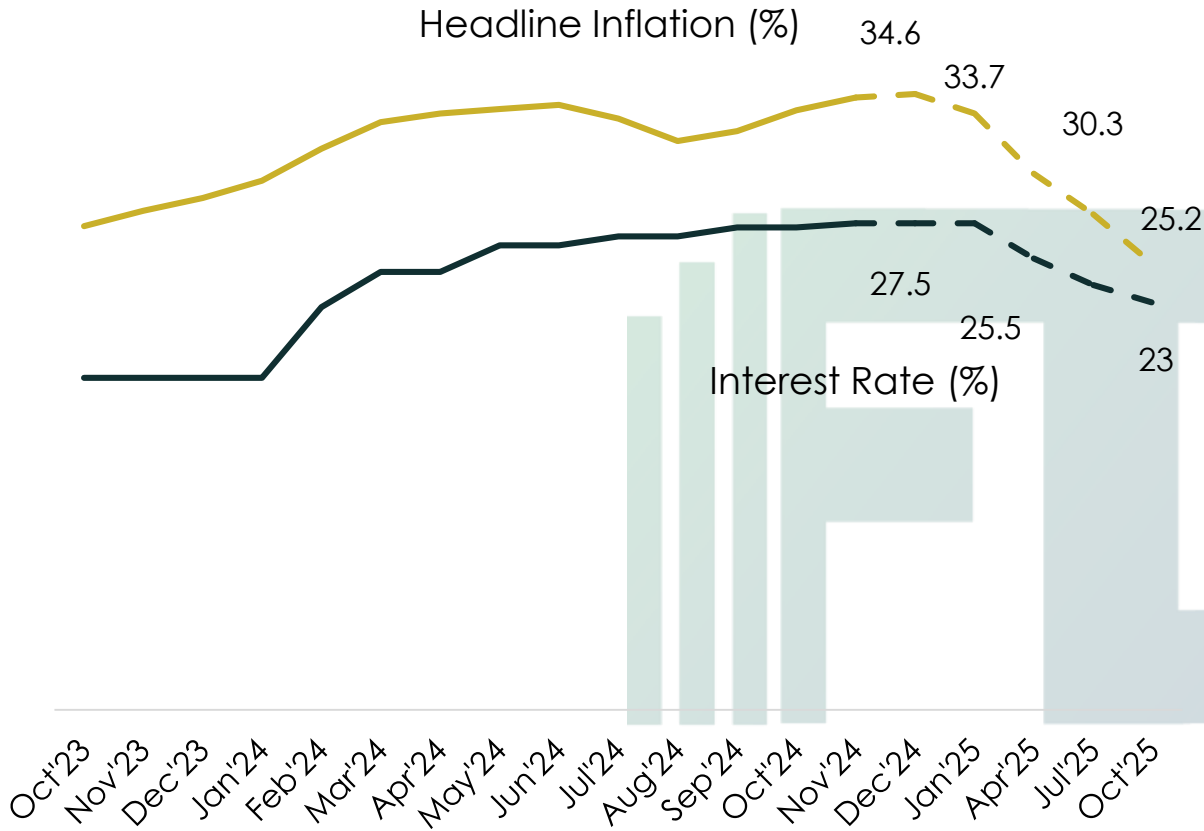


Choose Quality, Choose Dangote Salt



www.nasconplc.com

MPC TO HOLD RATES STEADY AT FEBRUARY MEETING



- Inflation rate will decline marginally
- Interest rates may stay at 27.5% p.a. in February
- with policy easing by mid-2025 as inflation moderates
- Primary focus of CBN is price stability
- But interest rates will remain above 20% in the

- Lower interest rates ease debt servicing cost
- And lower borrowing cost for expansion activities

Jan 2025

MPR
27.50%

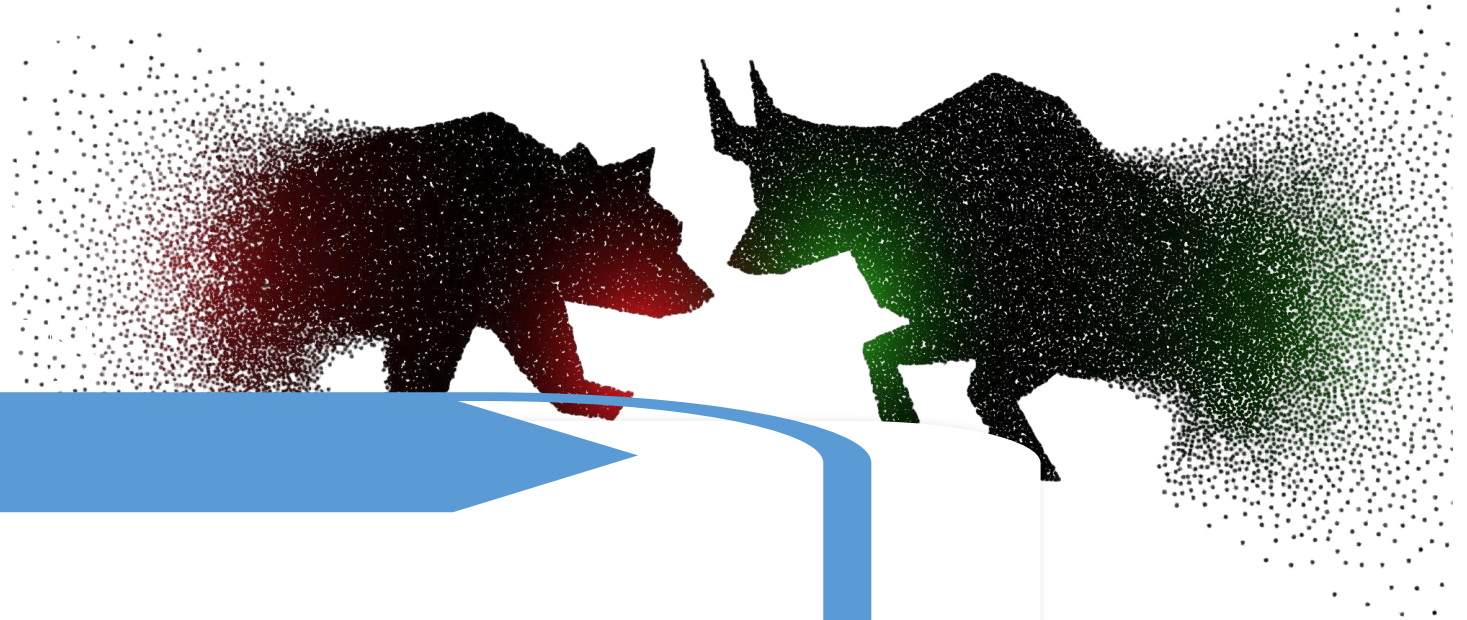
THE MARKET – DISCIPLINARIAN OF POLICY MAKERS

- Markets act as a reality check for policymakers
- No government is immune to market discipline
- OPEC can say what they like
- Trump can say what he likes



- The market can say otherwise.
- The market is driven by real-time behavior, sentiment, and often unpredictable factors

MARKETS

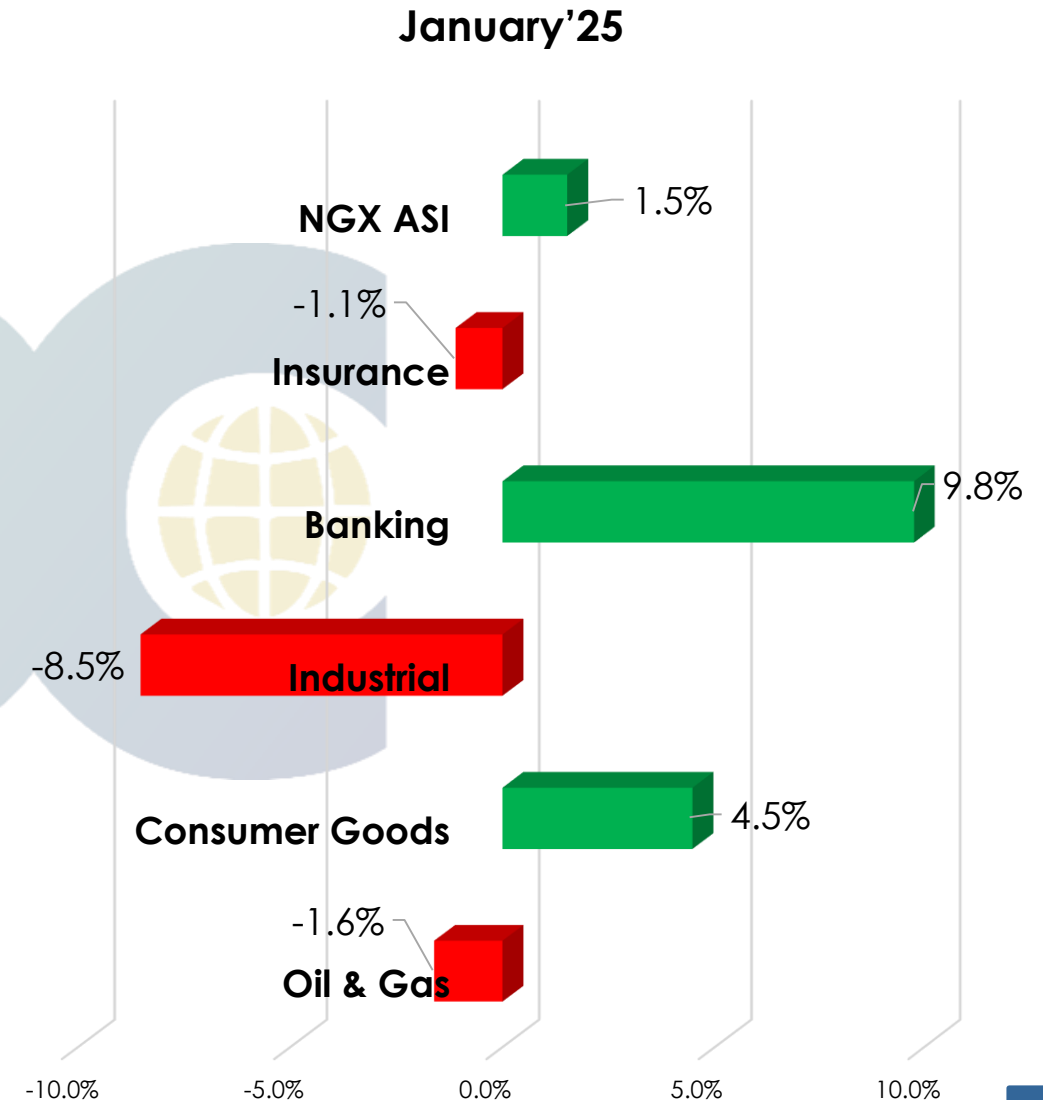


STOCK MARKET



NGX IN JANUARY 2025

- NGX gains 1.5% in January 2025
- Supported by gains in the banking space and a bounce back of MTN Nigeria shares
- MTN shares inched up by 25% in January
- The increase in telecom tariff has generated positive sentiment due to its favorable impact on revenue and earnings per share
- The fall in the price of Dangote cement weighed on the performance of the industrial sector



EROSION OF CAPITAL ACROSS NIGERIAN COMPANIES

- Shareholders' funds of the companies in our dashboard declined by 219% from N731 billion in 2022 down to a negative N873bn in 2024

Companies	Shareholders' Fund 2022	Shareholders' Fund 2023	Shareholders' Fund 2024	Diff btw 2024 and 2022
MTN Nigeria	N261bn	(N45.4bn)	(N573bn)	(N834bn)
Guinness Nigeria	N89.9bn	N56.4bn	N1.85bn	(N88.05bn)
Nigerian Breweries	N179bn	N63.2bn	(N85.2bn)	(N264.2bn)
Nestle	N30.2bn	(N78bn)	(N112bn)	(N142.2bn)
Dangote Sugar	N171bn	(N79.2bn)	(N105bn)	(N276bn)

- Triggered by huge FX losses
- Impacted profitability and taxes paid
- Shareholders' fund eroded and impacted dividend payout

A NEED TO REPLENISH THE CAPITAL EROSION

- FX losses necessitate new financing strategies
- Companies looking to offset FX-related losses

- Need to stabilize financials and improve liquidity
- Attraction of investors through capital market instruments



- Higher cost of imports and foreign-denominated debt
- Reduced profitability and declining stock prices

Investor confidence weakens

- Enables business expansion and financial recovery
- Reduces dependency on expensive foreign loans
- Improves market confidence and stock valuation.

- Companies issuing new shares to attract investors
- Raising debt through corporate bonds at competitive rates
- Offering existing shareholders the opportunity to buy more shares

- Improved stability & investor confidence



NIGERIAN COMPANIES EARNINGS OUTLOOK- Q4&FY'24

Stable Revenue Picture

- No forex shortage
- Inventory carrying cost will fall



Net Income

- High borrowing cost will put more pressure on bottom line growth



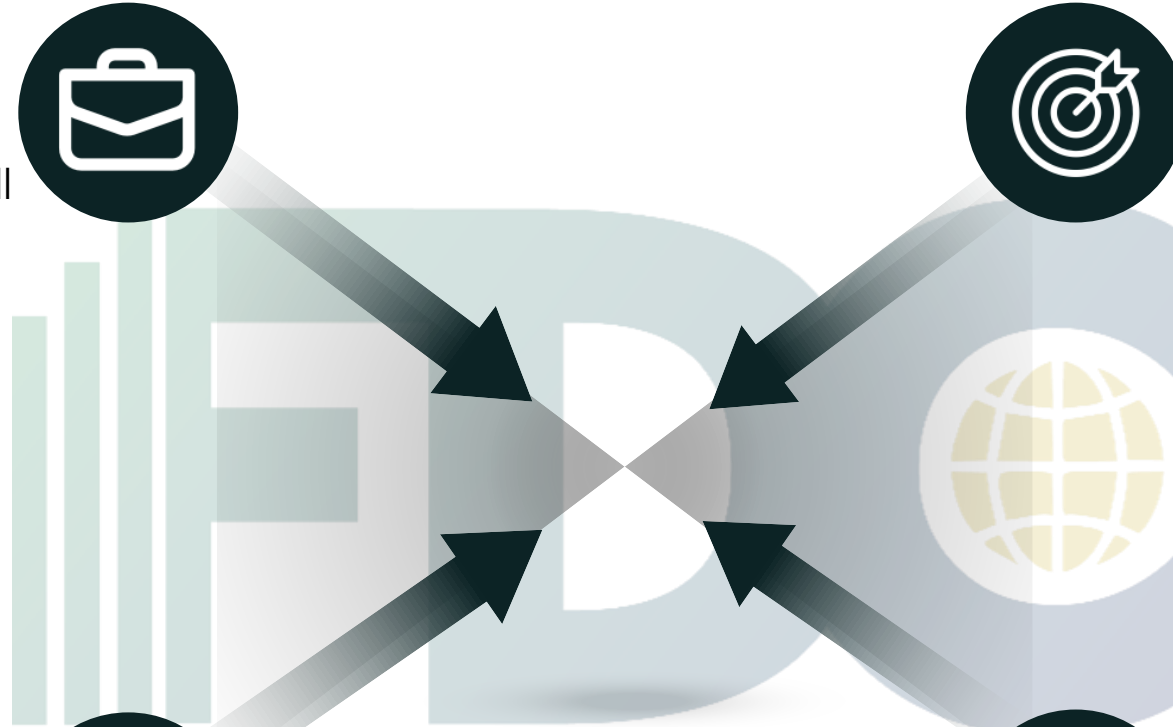
Operating Income

- Cost efficiency and reducing costs will improve margins
- Cost of diesel and petrol are stable
- Lay offs
- Outsourcing



Share Price/ Dividend

- Lower EPS could impact share price valuation
- Operating income is positive
- Carry over of prior losses to be financed by capital raising





NIGERIAN STOCK MARKET OUTLOOK- Q1'2025

Dividend Yield/ Fixed Income Yield

- An average dividend yield for top Nigerian companies is 7%
- The average yield on 364-Day Nigerian Treasury Bill is 22%
- The DMO lists FGN savings bond at an average of 17%
- Investors expected to hunt for less risky and attractive return on their investment

Capital Raise and Accumulation

- Cautious optimism for price rebound in specific stocks
- More companies expected to raise capital to shove previously eroded shareholders' value
- Leading to an increase in the supply of shares and a possible decline in prices



Leo

on WhatsApp

Chat on +234-903-000-2455

Check Account Balance?

Top up your airtime?

Bank Transfers?

Bills Payment?

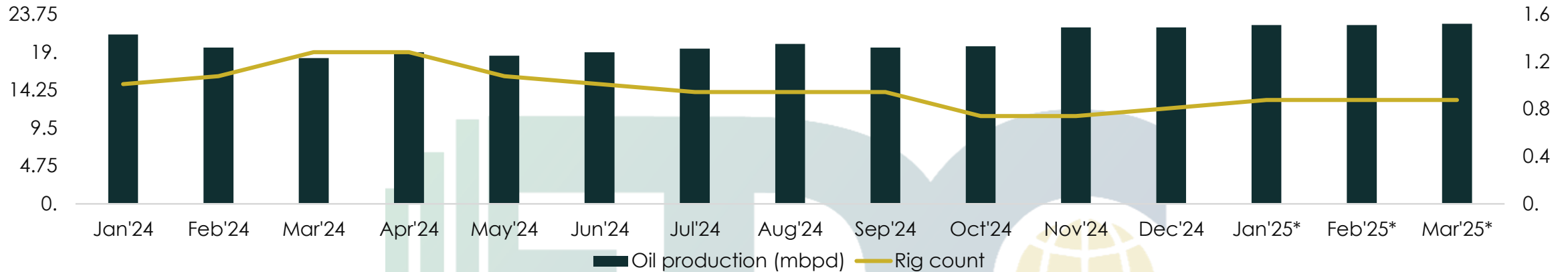
 <https://m.me/ubachatbanking>
 Leo@ubagroup.com
 CFC (+234-1-2807400)

MARKET PROXIES



OIL PRODUCTION TO RISE in Q1'25 AS OIL RIGS STAY ELEVATED

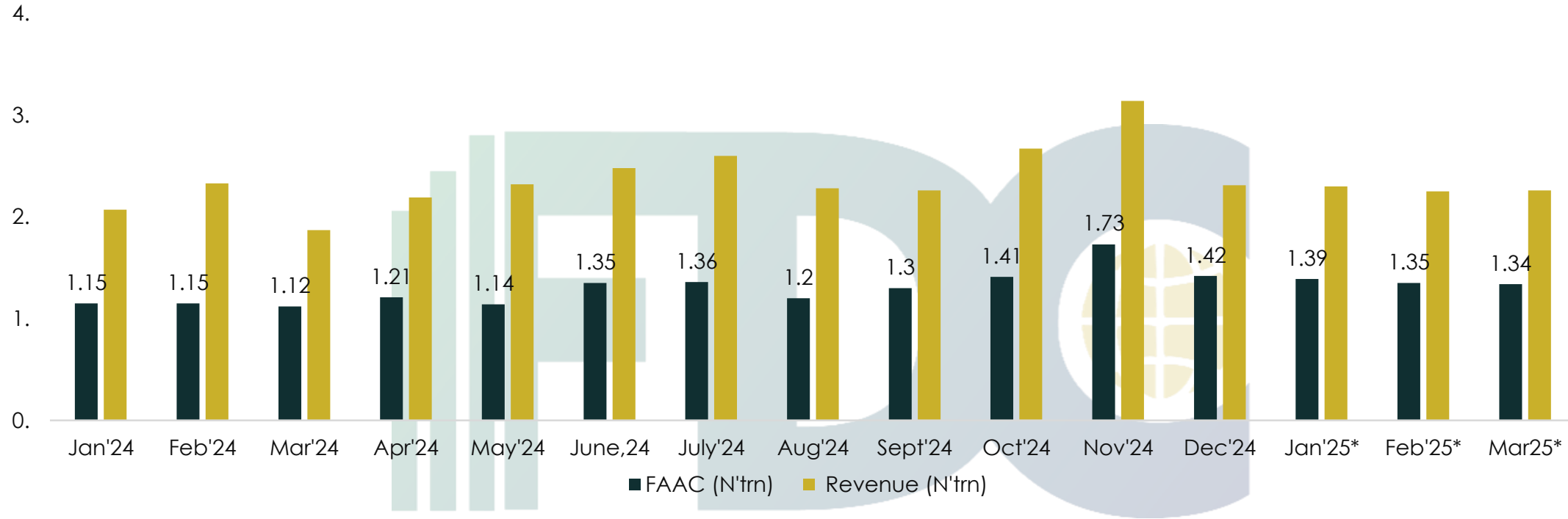
Oil production & oil rig count



- Rig count expected to increase to an average of 13 rigs in Q1'25
- Will support the expected increase in oil production to an average of 1.51mbpd in Q1'25 from 1.43mbpd in Q4'24
- Security measures aimed at curbing oil theft & sabotage will be sustained
- Higher oil production to boost oil earnings and improve the country's fiscal space

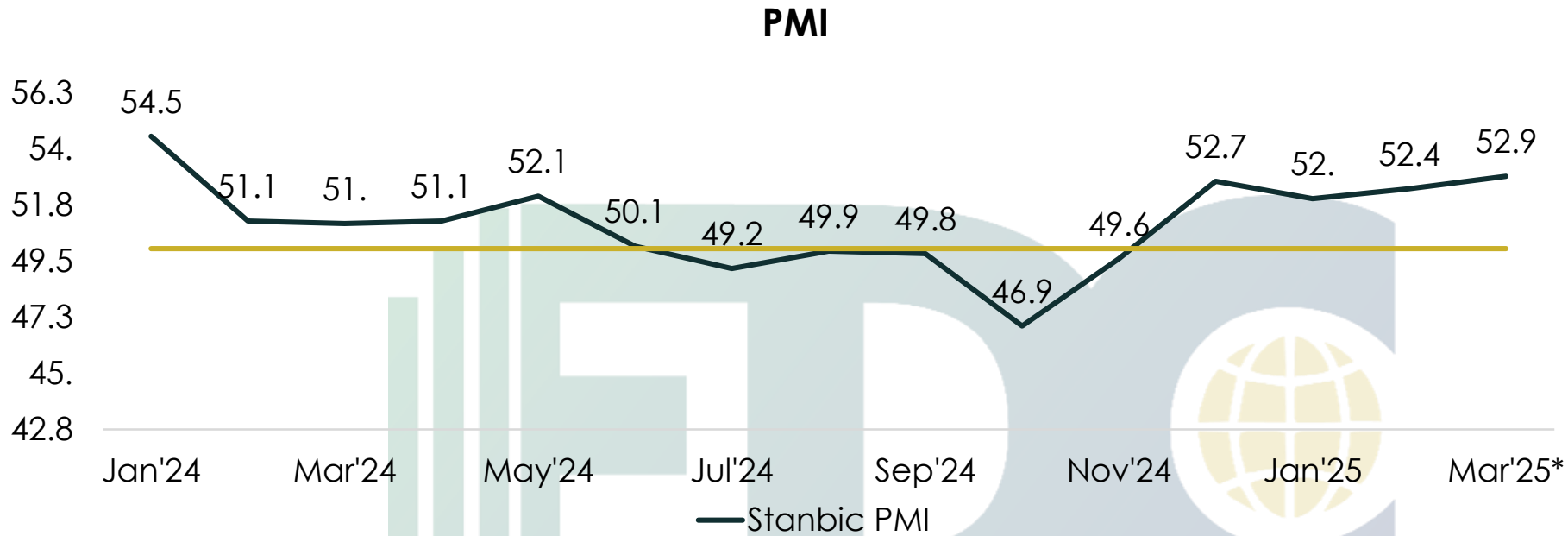
FAAC ALLOCATION TO INCREASE IN Q1'25

FAAC revenue & Disbursement (N'trn)



- Nigeria's oil revenue is more responsive to changes in oil production than prices
- Therefore, the expected increase in oil production in Q1'25 will support FAAC revenue
- This will be supported by improvement in VAT, PPT and oil & gas royalties

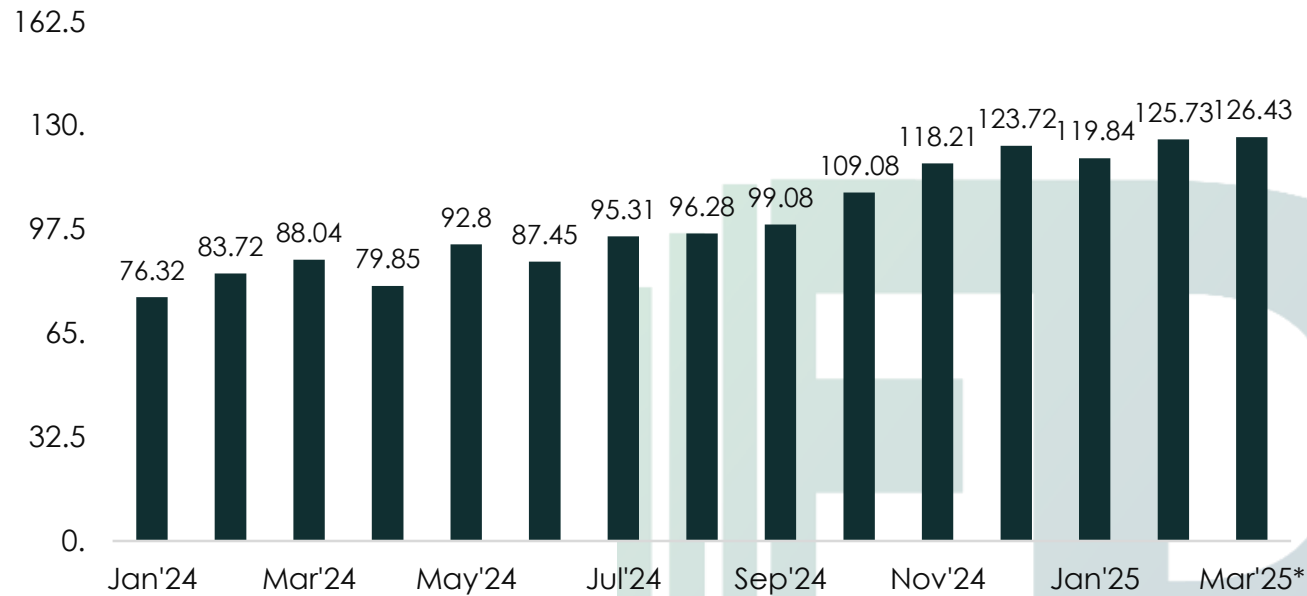
2025 TO SEE HIGHER PMI IN Q1'25



- We expect PMI to expand to 53 in March
- As a carry over from 2024
- Inventory to buildup on a stable Naira
- Lower logistics costs and flat interest costs to support output

TRANSACTIONS VOLUME TO SPIKE IN Q1'25

Value of Transactions (N'trn)



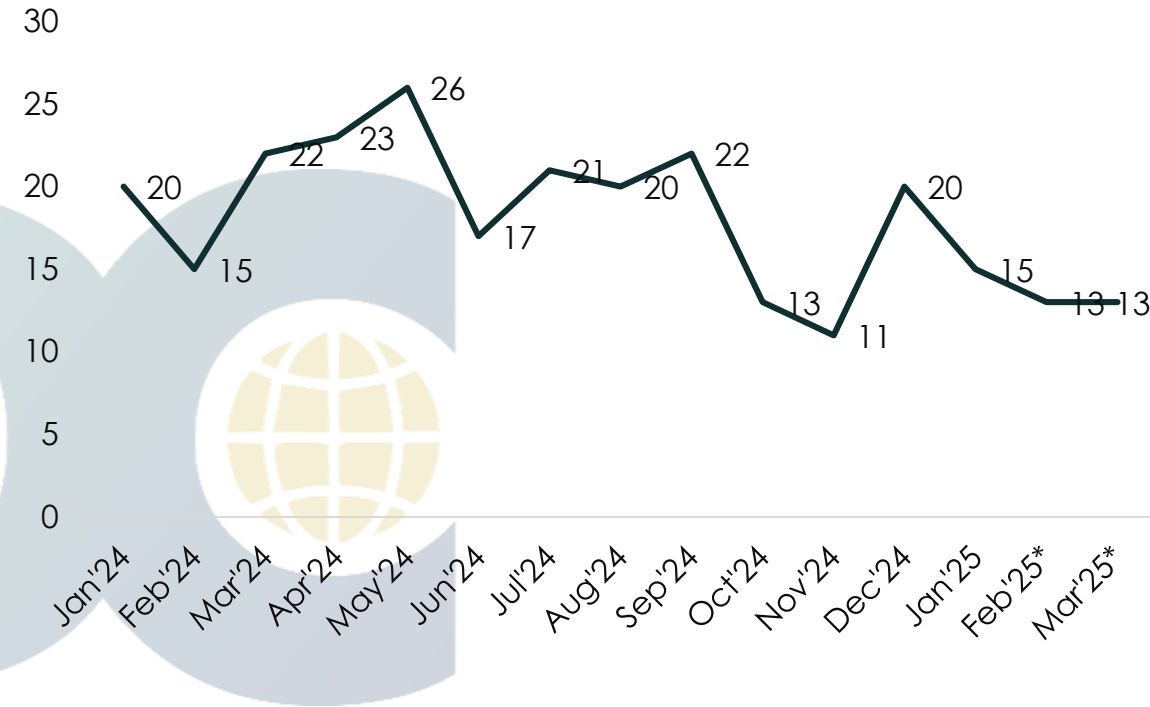
Mode of payment	2023 (N'trn)	2024 (N'trn)	Change (%)
NIP	600.36	1,078.54	79.65
POS	10.73	18.09	68.59
NEFT	26.97	49.82	84.72
CHEQUES	3.24	3.42	5.56
Total	641.30	1,149.87	79.30

- Total value of transactions declined by 3.14% to 119.84 trn in January 2025
- In Q1'2025 e-payment transactions will be buoyed by:
 - *Payment system efficiencies*
 - *Delay of the cyber tax*
 - *Less cash and more transfers*
 - *Velocity of circulation to increase*

SHIPS AWAITING BERTH

- Ship awaiting berth decreased by 25% to 15 from 20 in December 2024
- Faster turnaround times and reduced vessel backlog is expected in Q1 '25 as the port authority improve port efficiency
- Additionally, the approved road concessioning of critical road corridors
- Enable faster cargo evacuation and smoother port-to-inland transport

Ship Awaiting Berth



	Lagos-Apapa	Lagos-Tincan	Calabar port	Warri port	Onne port	Rivers port	Lekki deep sea	Total
Jan'25	4	2	0	2	1	0	6	15
Feb'25*	3	2	0	1	1	1	5	13

ACCIDENTS AND FATALITIES IN 2024

- Nigeria recorded a reduction in road crashes and injuries in 2024
- A 9.86% decrease to 9,570 in 2024 from 10,617 recorded in 2023
- However, the total number of people involved in accidents rose by 0.62% to 70,530 in 2024 from 70,092 in 2023

Number of death

2023

5,081

2024

5,421

6.69% increase ↑

Injured victims

2023

31,874

2024

31,154

2.26% decline ↓

Notably, fuel scooping from fallen tankers caused 411 deaths in 2024.

NIGERIA'S CRIME INCIDENCE IN 2024

Geopolitical Zones

Reported incidence (in millions)

North-West

14.4

North-East

7.9

North-Central

8.8

South-South

7.7

South-West

6.9

South-East

6.2

- An estimated 51.9 million crime incidences were experienced in 2024
- South-East recorded the lowest crime incidents, while the North-West had the highest
- Crime rate is expected to decline in 2025, driven by:
 - Drone technology & increase investment in capex
 - Remote monitor system
 - Proposed 2025 budget allocates ₦6.57 trillion for defense and security.

KIDNAPPING FOR RANSOM

- NBS estimated kidnapping incidence between May 2023 and April 2024 at 2.2 million
- Northwest was particularly affected, accounting for 63.5%
- The average amount paid as ransom was N2.7 million per incident
- With an estimated total ransom of N2.23 trillion paid within the reference period





Your focus, Our priority

Whatever your dreams are,
we will partner with you because
when you succeed, we succeed.

Call **0700CUSTODIAN**
or Download the Adapt
by Custodian App



INSURANCE | PENSIONS | REAL ESTATE | TRUSTEES

...exceeding expectations

www.custodianplc.com.ng

AVIATION &
TOURISM

CREATIVE
ECONOMY

A white commercial aircraft is shown in flight, banking upwards and to the right. The aircraft has a blue and yellow tail. The background is a light blue sky. The aircraft is framed by a white, angular shape that resembles a stylized arrow or a window frame.

AVIATION & TOURISM

GLOBAL AVIATION

- IATA is forecasting improved airline profits for 2025
- Fuel cost relief and booming trade will be the catalysts
- IATA now expects a global net profit of \$36.6bn
 - 2024 profit: \$31.4bn
 - 2023 profit: \$35.2bn
- All regions in the world are expected to be profitable
- There is an expectation of increased travel and dollar strengthening
- The major alliances will continue to drive traffic
- Star Alliance is likely to dominate flows from emerging to advanced economies
- African airlines will achieve a margin of 1%
- Whereas Middle East will achieve 7.7%



NIGERIAN AVIATION

- The CBN claims to have cleared the backlog of airlines transfers
- More carriers are expanding the frequency to Lagos
- Delta added a daily frequency to New York in addition to Atlanta
- There has been no internet service on the Atlanta flights
- Eleven hours without internet is a killjoy
- The New York extra flights is likely to stop this month



NIGERIAN AVIATION CONT'D

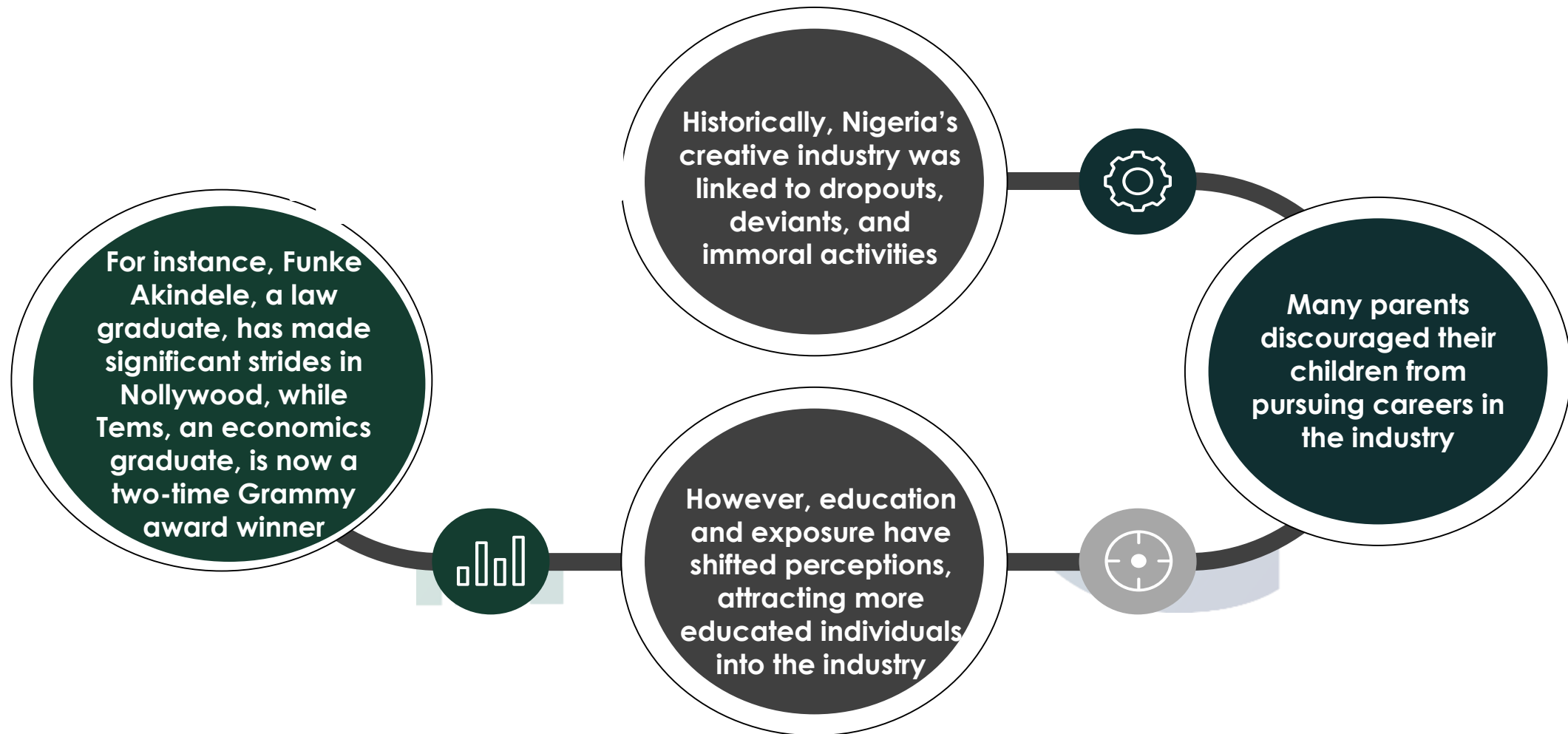
- Emirates flights are enjoying load factors in excess of 75% on the Lagos – Dubai route
- Qatar Airways is offering discounts in the transatlantic routes
- United Airlines is in direct competition with Delta Airline in the US direct flights
- Expected visa restrictions may affect passenger traffic in the US
- Nigeria may want to review the airport concession agreements signed with the Buhari administration
- It will be a major black eye for Nigeria





CREATIVE ECONOMY

NIGERIA'S CREATIVE INDUSTRY THE GAME CHANGER



- Nigeria's creative industry is at early growth stages
- With expanding opportunities for innovation and investment
- The industry is set to drive economic growth through job creation, tourism, and international partnerships

THE VALUE CHAIN OF THE CREATIVE INDUSTRY

- Nigeria's creative industry has a narrow value chain because it primarily focuses on talent
- However, behind every **successful talent**, there are many **key players** who contribute to making it a **big deal**



Songwriters & Composers



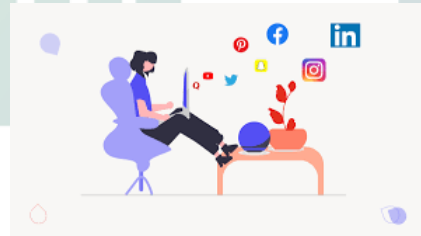
Producers & Sound engineers



Videographers & photographers



Stylist



Social media manager



Artiste

- The industry creates employment opportunities
- This encourages economic diversification
- As a result, it boosts economic activities and output
- Fostering economic growth

TEMS MAKES HISTORY

- Tems won the 67th Grammy Awards
- As the **Best African Music Performance** award for her song "**Love Me Jeje**"
- This marks her first Grammy as a lead artist and second Grammy overall
- Making her the most-awarded Nigerian-based artist in Grammy history
- Tems' win highlights the growing global recognition of African music
- Showcasing its expanding influence across international platforms and breaking barriers for artists from the continent



NIGERIANS NOMINATED IN THE GRAMMY



TEMS



WIZKID



BURNA BOY



DAVIDO



YEMI ALADE



ASAKE

- Grammy recognition boosts international interest in Nigerian music, increasing streaming revenue and global collaborations
- This drives forex inflows and supports naira stability
- Nigeria's global music influence attracts tourists, benefiting the hospitality sector

CREATIVE INDUSTRY A GOLDMINE

- Nigeria's creative industry is growing rapidly, expanding by approximately 15% over the past five years
- Unofficial estimates put industry earnings at \$5 billion, with projections reaching \$10–\$20 billion by 2027 due to its increasing global influence
- In Q3 2024, Nigeria recorded a trade surplus of N5.81 trillion, a 15.7% decline from N6.91 trillion in Q2 2024
- The creative industry can help bridge this shortfall through revenue from performances, streaming royalties (e.g., Spotify), and advertisements
- These inflows could contribute to naira stability



MACROECONOMIC IMPACT



Naira stability

Income realized from the creative space could help reduce the pressure on the naira



Create job opportunities

Nigeria's creative industry, with its diverse value chain, projected to generate an additional 2.7 million jobs by 2025



Increase in GDP

The rise in job opportunities will boost economic activity and increase GDP

It is important to note that...

- Nigerian musicians, actors, and actresses are in high demand globally
- Proper financial management is crucial to prevent bankruptcy as seen in cases like Mike Tyson and Toni Braxton
- Additionally, an artist's shelf life in the creative industry is often ephemeral

FUNKE AKINDELE DOES IT AGAIN



- She holds the record for the highest-grossing Nollywood films of all time
- Her latest movie, *Everybody Loves Jenifa*, has earned **N1.6 billion** locally
- Internationally, it has grossed **\$317,399 (N473,876,707)**
- This brings her total revenue from the movie so far to **N2,073,876,707**
- This highlights the potential of Nigeria's creative industry and its growing impact on the economy.

Everyday is a Celebration!

For over 3 decades, we have let our brands do the talking as we have continually delivered first choice quality drinks, all leaders in their various categories, for your utmost satisfaction.



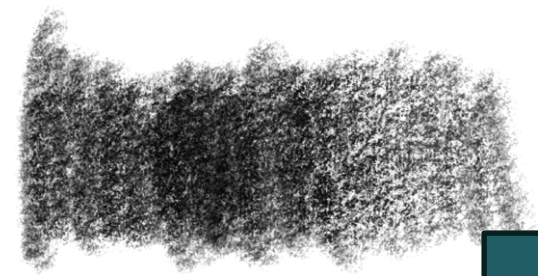
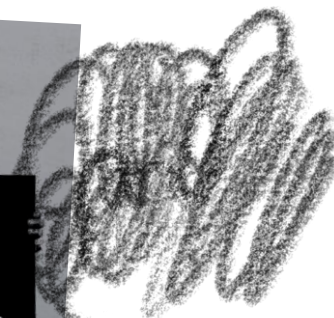
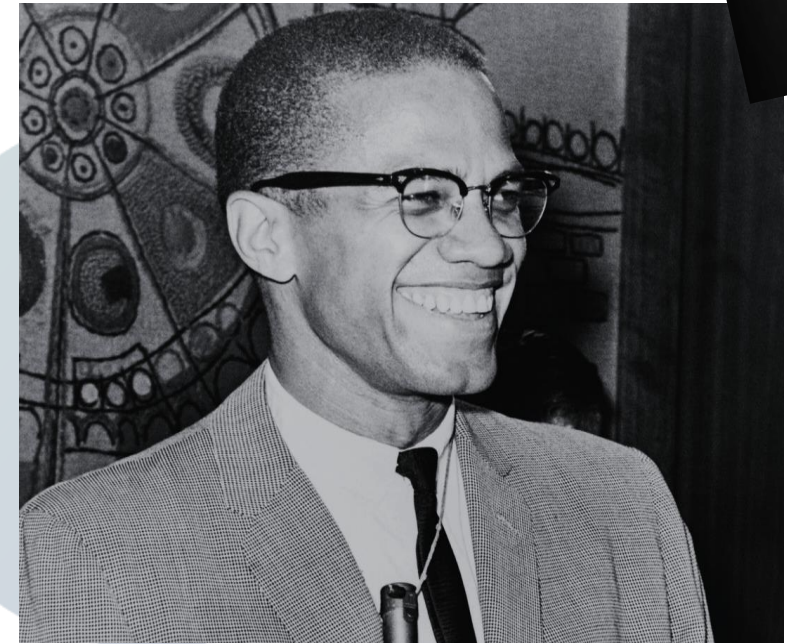
CUSTOMER CARE LINE: 07031083733



**INTERCONTINENTAL
DISTILLERS LIMITED**
first choice quality drinks

BLACK HISTORY MONTH

- It is an annual observance celebrating the contributions, culture, and history of Black people across the world
- The month provides an opportunity to reflect on the ongoing struggles for racial equality
- And honor the resilience and achievements of the Black community
- Founded by Carter G. Woodson in 1926 as Negro History Week
- It expanded to a month-long celebration in 1976



POLITICS & THE ECONOMY OUTLOOK



POLITICAL CALCULUS

- 2027 political maneuvering has commenced
- The President has started campaign stops in the Southeast
- An aggressive schedule of working visits to the states are expected in 2025
- The party machine of the ruling party is being overhauled
- We expect a flurry of appointments to key positions in the administration
- The tussle between technocrats and politicians will intensify



POLITICAL CALCULUS ... CONT'D

- The political warlords will emphasize the need to preempt coalition efforts
- The technocrats will say the economy is the key to electoral success
- The Anambra election is the next litmus test
- Incumbency is a major factor in the state
- It will be a tough battle, but the incumbent is an odd on favorite at this time
- There is a security problem in Anambra which could be major problem for the incumbent



OUTLOOK FOR FEBRUARY

- Valentine day celebration will be an extension of Dettu December
- It is going to be more-low key this year ahead of the fasting
- Inflation for January will come slightly lower than December
- Consumer resistance and changing demand patterns are driving prices marginally lower
- PMS retail prices will stay flat at N950 per litre and diesel at N1,050 per litre
- MPC will most likely maintain status quo on the policy rate



OUTLOOK FOR FEBRUARY CONT'D

- Stock prices will fall in February to reflect the new shares of bank recapitalization
- Treasury Bill rates will remain flat at the current levels of 18%p.a. for 90 days
- The 2025 budget will be passed before February 20
- Airline fares will fall as winter demand drops
- The Naira will trade horizontally in the parallel market at N1,600/\$ - N1,650/\$





Your job is safe until AI learns how to attend pointless meetings.

-Anonymous

Leadership is the art of getting someone else to do something you want done because they think it was their idea

- Dwight D. Eisenhower

The quickest way to double your money is to fold it in half and put it back in your pocket.

- Kin Hubbard



A successful man is one who makes more money than his wife can spend. A successful woman is one who can find such a man.

- **Lana Turner**

The four most beautiful words in our common language: "I told you so".

- **Dorothy Parker**

There's no such thing as a free lunch...unless you're a consultant on an expense account.

-**Scott Adams**



Job interviews are like first dates. Good impression, awkward small talk, and a strong chance you'll never hear back.

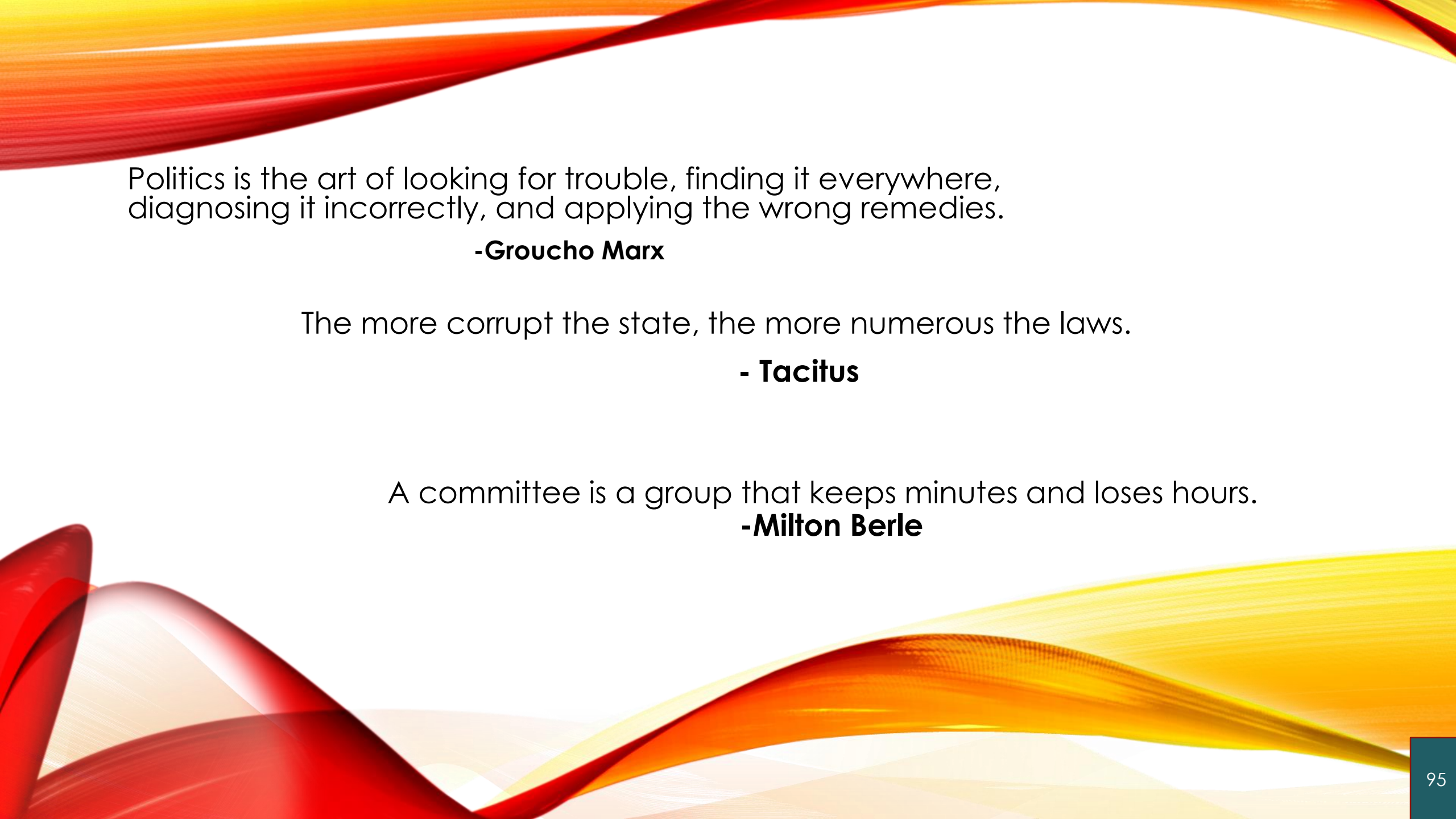
-Anonymous

Obstacles are those frightful things you see when your eyes are off your goal.

- Henry Ford

The elevator to success is broken. You'll have to take the stairs.

-Joe Girard



Politics is the art of looking for trouble, finding it everywhere,
diagnosing it incorrectly, and applying the wrong remedies.

-Groucho Marx

The more corrupt the state, the more numerous the laws.

- Tacitus

A committee is a group that keeps minutes and loses hours.

-Milton Berle



Either you run the day or the day runs you.

– **Jim Rohn**

No man has a good enough memory to be a successful liar.

- **Abraham Lincoln**

One advantage of talking to yourself is that you know at least somebody's listening

-**Franklin P. Jones**



I am like old wine. They don't bring me out very often – but I'm well preserved
-Rose Kennedy

The opposite of courage in our society is not cowardice, it is conformity.
- Rollo May

The development of full artificial intelligence could spell the end of the human race. But hey, at least we'll have smart robots to keep us company!
- Stephen Hawking

If you want to kill any idea in the world, get a committee working on it.
- **Charles Kettering**

If you put the federal government in charge of the Sahara Desert, in 5 years there'd be a shortage of sand. - **Milton Friedman**

Those who stand for nothing fall for anything.
- **Jeff Rich**

*Thank
you*



Bismarck J. Rewang, MD/CEO
Financial Derivatives Company Ltd.
Lagos, Nigeria
08148894309