FDC FINANCIAL DERIVATIVES COMPANY

WHISPERS

MARCH 18, 2025 | VOLUME 15 ISSUE 07

WHEN WE SPEAK, THE WORLD UNDERSTANDS

FDC LIMITED

CONTENTS

WHISPERS OVERVIEW

In this latest edition of Whispers, the FDC Think Tank takes a deep dive into recent economic developments and their impact on your business and corporate strategy.

Enjoy your read!

Happy statistics, unhappy people

Nigeria's macroeconomic dashboard is flashing green, yet the mood on the streets remains unmistakably grim. Official data suggests a remarkable turnaround: unemployment is down to 4% from a high of 33%, while inflation is now cooling sharply after hitting a three-decade high of 35% in December 2024.

In February, inflation moderated for a second consecutive month to 23.2%, following a data overhaul in January that brought it down by almost 11% to 24.5%.

Yet, the lived reality of most Nigerians tells a different story. Anecdotal evidence suggests that while inflation is slowing, the pace of moderation may not be as swift as official data implies. And let's be clear: decelerating inflation does not mean prices are falling—it simply means they are rising at a slower rate. Purchasing power remains at rock bottom, and corporate sales have yet to stage a meaningful recovery.

Consumer spending is rebounding in 2025

As Milton Friedman aptly put it, "Inflation is taxation without legislation." The past year has felt like an era of unlegislated taxes, with subsidy removals, currency devaluations, and excessive fiscal deficits pushing household budgets to the brink. According to the Economist Intelligence Unit (EIU), annual household income plummeted 17% in 2024 to $5,280, down from $6,380 in 2023. The impact on consumer spending was severe: consumption expenditure nearly halved, falling from $237 billion to $122 billion, while retail sales slumped 43.6%, leaving many corporates struggling to return to pre-pandemic levels.

But could there be a flicker of hope on the horizon? Consumer spending is showing early signs of recovery in the first quarter of 2025. In February 2025, consumers' confidence index showed a decrease in pessimism, rising from -23.5 index points in the previous month to -19.

The EIU projects a 4% rebound in retail sales in 2025, with consumer spending expected to recover modestly to $127 billion.

Where there is electricity, there is productivity

Nigeria's productivity crisis is, at its core, an energy crisis. A nation of about 230 million people operates on a power grid that barely musters 5,000MW, a fraction of its estimated 30,000MW requirement. Nigeria's electricity consumption per capita is 182kWh compared to 3,670kWh in South Africa, 3,430kWh in Brazil and 1,910kWh in Egypt.

Yet, Nigeria's power crisis is a paradox of scarcity in the midst of plenty. The country boasts of vast untapped renewable energy potential, with experts estimating that solar, wind, and hydro resources could generate over 60,000MW.

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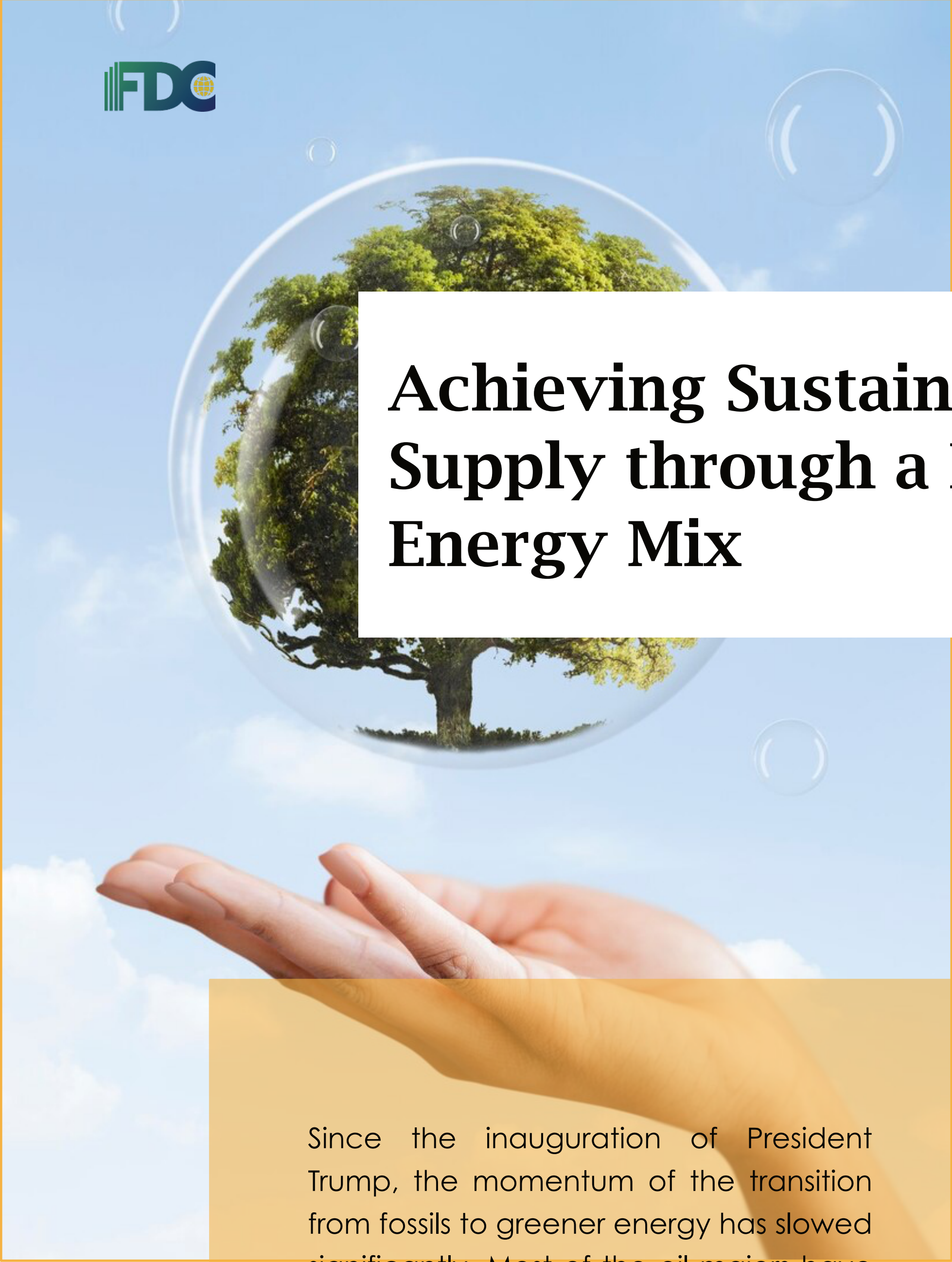
Volume 15 Issue 07



Achieving Sustainable Power Supply through a Balanced Energy Mix

Since the inauguration of President Trump, the momentum of the transition from fossils to greener energy has slowed significantly. Most of the oil majors have cut their budgets for renewable energy. Royal Dutch Shell has reduced its budget by 9% in 2024 to $2.1bn from $2.3bn in 2023.

Historically dominated by fossil fuels such as coal, natural gas, and oil, energy systems worldwide are gradually shifting toward a more diverse mix that includes renewable sources like solar, wind, hydro, and geothermal power.[1]

This transition is driven by the urgent need to combat climate change and the demand for sustainable energy solutions. However, energy transitions have historically been slow. Key sources like biomass, coal, and oil have dominated energy production for centuries due to their availability and reliability. Today, this legacy persists with fossil fuels still playing a critical role in meeting global energy demand.[2] In 2023, fossil fuel accounted for 82% of global energy mix.[3]

The rise of wind and solar power over the past two decades has surpassed expectations, with solar rising from 5GW in 2005 to 940GW in 2021. However, surging global electricity demand has outpaced clean energy growth, forcing coal and gas to bridge the gap.[4]

1.Hannah Ritchie and Pablo Rosado. 2024. "Electricity Mix". Our World in Data. https://ourworldindata.org/electricity-mix

2. Samantha Gross and Louison Sall. 2025. "How do China and America think about the energy transition?" Brookings. https://www.brookings.edu/articles/how-do-china-and-america-think-about-the-energy-transition

3.Martina Igini. 2024. "Fossil Fuels Accounted for 82% of Global Energy Mix in 2023 Amid Record Consumption". Earth.org. https://earth.org/fossil-fuel-accounted-for-82-of-global-energy-mix-in-2023-amid-record-consumption-report

4. Nadja Popovich. 2023. "How electricity is changing, country by country". The New York Times. https://www.nytimes.com/interactive/2023/11/20/climate/global-power-electricity-fossil-fuels-coal.html

Countries	Electricity Generated (TWH)	Population (mn)	Energy Mix (2023)	
			Fossil (%)	Clean (%)
China	9,456.40	1,420	65	35
USA	4,494.00	345	59	41
India	1,958.20	1,450	78	22
Russia	1,178.20	144	64	36
Japan	1,013.30	123	69	31

The above table highlights the most populous countries generating the most energy, primarily relying on fossil fuels. These industrialized nations are gradually transitioning to renewable energy while leveraging their abundant resources to meet growing demands. Unlike fossil fuels, renewable sources like wind and solar depend on weather conditions, leading to variability in power generation. This poses a challenge because power grids require a real-time balance between electricity generation, transmission, and consumption to maintain stability.[5]

The state of electricity in Nigeria

Nigeria is rich in natural energy resources, including 37 billion barrels of proven oil reserves and 206 Tcf of natural gas. It also has 650 million tonnes of coal (TCE) and 2.75 billion metric tonnes of inferred reserves. Additionally, Nigeria's renewable potential includes 600GW of solar, over 4,000MW of wind, and 14,120MW of hydro, which can generate over 50,800GWh of electricity annually. However, the country faces a severe energy crisis marked by frequent power outages and limited electricity access. According to the International Energy Agency, over 86 million Nigerians lack access to electricity, making the country home to the highest number of energy-deprived people worldwide.[6] The Nigeria Electricity System Operator reported a daily peak demand of 20 gigawatts (GW), surpassing Nigeria's 13GW installed capacity; the highest recorded generation is only 5.8GW.[7] Over 40% of Nigerian households own generators, and 80% of grid-connected users rely on alternatives, spending over $5bn annually on generator fuel.[8]

In 2024 alone, Nigeria's national grid collapsed 12 times due to aging transmission and distribution infrastructure. The collapses led to widespread blackouts, stifling economic growth, and deterring investment. The World Bank estimates these outages cost the nation $29 billion (bn) annually, highlighting the urgent need for a stable electricity supply.[9]

Natural gas and Nigeria's renewable energy

Natural gas is crucial to Nigeria's energy sector, leveraging its vast untapped reserves to support power generation. As a flexible, cost-effective, and cleaner alternative to coal and oil, it helps

5. Climavision. 2024. "Weathers role in the renewable energy transition". Climavision. https://climavision.com/blog/weathers-role-in-the-renewable-energy-transition
6. Tengi George Ikoli and Matteo Molieris. 2023. "Power to the people: Perspectives on Nigeria's energy transition plan" . NRGI. https://resourcegovernance.org/articles/power-people-perspectives-nigerias-energy-transition-plan
7. Nathan Williams, Tumise Raji, and Courage Ekoh. 2024. "Illuminating Nigeria:Bluring the lines between the grid and off-grid electricity". George Town University. https://gjia.georgetown.edu/2024/08/07/illuminating-nigeria-blurring-the-lines-between-the-grid-and-off-grid-electricity
8. Adebowale Adeniyi and Victor Ige. 2024. "Maximizing Nigeria's renewable energy potentials for sustainable growth and development". Andersen Digest. https://ng.andersen.com/maximizing-nigerias-renewable-energy-potentials-for-sustainable-growth-and-development
9.Isaac Anyaogu. 2024. 'Why Nigeria's power grid is failing". Reuters. https://www.reuters.com/world/africa/why-nigerias-power-grid-is-failing

meet peak electricity demands while advancing energy efficiency.[10] Despite holding 206 trillion cubic feet of proven reserves—the ninth largest globally—Nigeria struggles to harness its natural gas due to inadequate pipeline infrastructure, vandalism, and limited investment.[11]

Nigeria's energy mix is dominated by non-renewable sources, with thermal energy accounting for 81% of installed capacity. The European Union recognizes natural gas as a transitional fuel due to its lower emissions compared to coal.Countries with more extensive gas resources, like Russia and Iran, have adopted a more balanced mix, including hydro, coal, and nuclear power. Nigeria is committed to increasing renewables, leveraging its estimated 68,000 megawatts potential from solar, wind, biomass, and hydro. However, these renewables contribute minimally to the national grid, slowing progress toward a stable and diversified power supply. Nigeria is projected to need $410bn to fully transition by 2060, with an initial $10bn required to kickstart the Energy Transition Plan. Expanding off-grid solutions to commercial scale presents a significant opportunity, particularly for underserved regions.

Nigeria can achieve a balanced energy mix by expanding hydropower in the Niger and Benue rivers, harnessing northern solar potential, and utilizing coastal wind energy. To ensure stability, natural gas can serve as a transition fuel while strategic policies, incentives, and private investments drive diversification. However, renewable energy adoption remains slow due to financing challenges. Improving mechanisms like blended finance and microfinance will facilitate replacing diesel generators with solar systems and mini-grids. Strengthening the Renewable Purchase Obligation with clear targets and enforcement will further accelerate adoption, alongside expanding regulatory frameworks for decentralized renewable solutions. Modernizing the grid is essential for integrating large-scale renewables. Investments in transmission, intercity connections, and smart grids will help manage intermittent power while reducing electricity theft. A robust renewable energy database and structured procurement policies, including feed-in tariffs and auctions, will further drive investments and support Nigeria’s energy transition.

10. EMRC. 2024. “Natural Gas: Technologies and prospects for Nigeria’s Energy Future”. Energy Market and Rates Consultants. https://www.energymrc.ng/natural-gas-technologies-and-prospects-for-nigerias-energy-future

11. Isaac Anyaogu. 2023. “Natural gas is game-changer in Nigeria’s quest for energy security.” Business Day. https://businessday.ng/energy/article/natural-gas-is-game-changer-in-nigerias-quest-for-energy-security

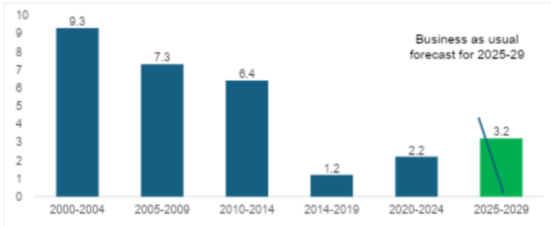
Volume 15 Issue 07

Rethinking investment-led growth strategy in a transition economy

"The best time to plant a tree was 20 years ago. The second best time is now."
Chinese Proverb

Investment is a fundamental driver of economic growth, particularly in transition economies. Like many developing economies, Nigeria faces the challenge of achieving accelerated and sustainable economic growth while transitioning from a resource-dependent economy to a produced-wealth economy.

Figure 1.A Nigeria's economic growth trajectory (%)



Source: IMF, FDC Think Tank

Nigeria's economic growth has stalled in the past decade due to structural impediments, productivity slowdown and global commodity price shocks. The nominal GDP (in dollar terms) plummeted to $200bn in 2024 from $570bn in 2014, reflecting weak growth and massive exchange rate depreciation. Our study shows a strong correlation between sustained economic growth and investments. This suggests that to achieve long-term growth and prosperity,

1.Central Bank of Nigeria (2010). Average Manufacturing Capacity Utilization. Real Sector Statistics. CBN Statistical Bulletin (2009). www.cbn.gov.ng
2. Afolabi Olaleye (2011). China-Africa Relations: The Northern Nigerian Textile Industry. https://digitalcommons.chapman.edu/cgi/viewcontent.cgi?article=1007&context=international_studies_theses & African Growth and Opportunity Act (2013)." Reviving Nigeria's ailing textile industry". https://agoa.info/news/article/5065-revivig-nigeria-ailing--textile-industry.html

Nigeria must refocus on an investment-led growth strategy. There must be a shift from the current investment approach, which is often superficial and fragmented, to a more strategic focus on capital deepening. By intensifying investments in critical sectors, Nigeria can catalyze industrial expansion, enhance productivity, and unlock its latent potential for accelerated and sustainable growth.

Nobel laureate Paul Krugman aptly noted, "Productivity isn't everything, but in the long run, it is almost everything."

Understanding Nigeria's Productive Investment Gap

Nigeria has a widening productive investment gap, especially infrastructure investments, foreign direct investment (FDI) inflows, and capital formation. According to the African Development Bank's latest 2024 infrastructure index reports, Nigeria ranks 24th on the continent, with an estimated infrastructure gap of about 75%. This underscores Nigeria's lag in regional competitiveness.

As shown in Figure 1.D below, infrastructure deficits are particularly pronounced in electricity (97.3%), transport (94.4%), and ICT (81.2%), reflecting systemic underinvestment and constrained productivity. Weak fiscal space, governance inefficiencies, inconsistent policies, and regulatory bottlenecks heighten underinvestment in infrastructure. Additionally, reliance on oil revenue has constrained capital allocation, while poor maintenance culture and the dearth of a clear infrastructure investment strategy further exacerbate the widening gap across key infrastructure sectors.

Figure 1.B Investment is strongly correlated with economic growth

Note: Y = Gross domestic product; C = consumption, I = investment, G = government spending, X-M = export (X) minus (-) import (M).

Figure 1.C Nigeria's rank on infrastructure stock on the continent.

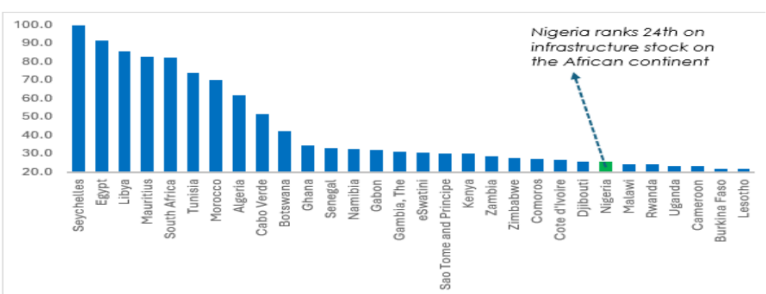
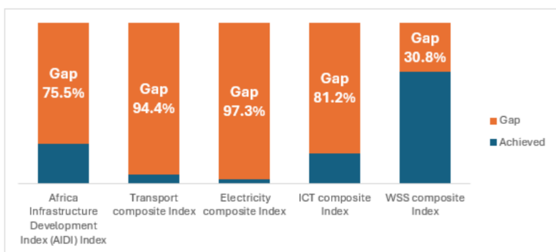


Figure 1.D Nigeria's Infrastructure Gap

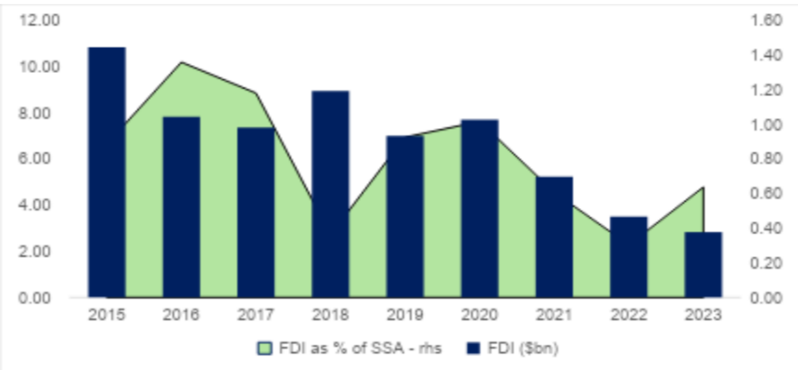


Source: AfDB; FDC Think Tank

Another albatross of chronic underinvestment in Nigeria is low FDI inflows. In capital-scarce economies like Nigeria, FDI is essential for supplementing domestic savings, financing infrastructure, and facilitating technological diffusion. However, Nigeria's FDI inflows have plunged to a multi-decade low, reaching just $380 million (4.8% of SSA's inward FDI) in 2023—down from a decade-high of $1.5 billion (6.7% of SSA's inward FDI) in 2015. At present, FDI accounts for merely 0.1% of nominal GDP.

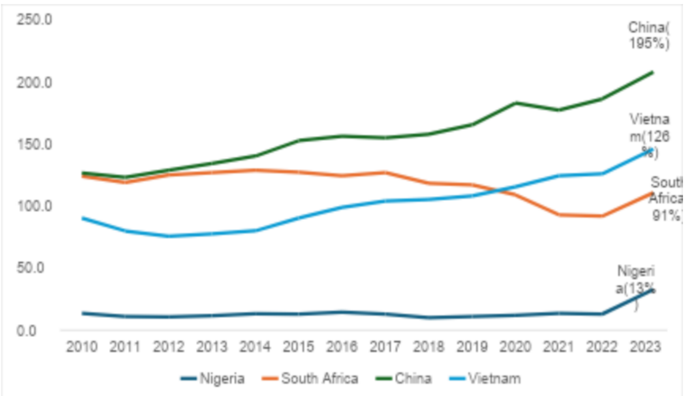
Low FDI inflows restrict capital formation, limit technology transfer, and stifle economic diversification, reinforcing dependence on volatile commodity exports, particularly oil, which accounts for nearly 90% of Nigeria's exports.

Figure 1.E FDI inflows now at a multidecade low



Source: UNCTAD, FDC Think Tank

Figure 1.F Nigeria's credit to the private sector (% of GDP) is very low



Source: World Bank; FDC Think Tank

Similarly, Nigeria's gross fixed capital formation (GFCF) has declined over the past decade, underscoring weak investment in productive assets. This suboptimal level of capital accumulation is largely attributable to constrained credit access and elevated borrowing costs. At 13% of GDP, Nigeria's credit to the private sector remains severely low — significantly lower than China (195%), Vietnam (126%), and South Africa (91%). The government's increasing dependence on the domestic loanable funds market further exacerbates the situation. Over the past five years, domestic credit to the government has constituted more than 30% of total credit extended by financial institutions, expanding at an annual rate of 35%, while private sector credit has grown at a much lower rate of 23% per annum. The result is that government borrowing crowds out private sector investments, leading to low GFCF, which further constrains industrial expansion, stymies technological advancement, and hampers productivity growth.

To break out of this low-investment trap, Nigeria must pursue a more deliberate investment-led growth strategy that prioritizes industrialization, infrastructure, and private-sector dynamism. How will Nigeria rethink its investment-led growth strategy?

To answer this question, we may need to examine a few countries that have walked this path. As Confucius aptly observed,

"When I am with others, they are my teachers. I can select their good points and follow them and select their bad points and avoid them."

The China model

In the early 1980s, China recognized that achieving rapid industrialization required an aggressive investment strategy. The government orchestrated a dual-track approach:

(i) Massive state-led infrastructure investments to build the backbone for industrial growth and

(ii) Policies that encourage private-sector participation and FDI inflows.

China fueled industrial expansion and productivity gains by maintaining an investment-to-GDP ratio consistently above 40%. Establishing special economic zones (SEZs) created an enabling environment for manufacturing investment, attracting global capital and technology transfer. China also fostered credit availability for productive investment by utilizing fiscal stimulus, preferential loans, and state-driven financing engineering that channelled credits to infrastructure and industry. This strategy catalyzed the rapid development of high-value industries, boosting exports and driving sustained GDP growth. Today, China accounts for 15% of global exports and a third of global manufacturing output

Vietnam investment model

The Doi Moi reforms of the late 1980s laid the foundation for an investment-friendly climate, emphasizing private-sector participation, trade liberalization, and institutional modernization. Vietnam adopted an FDI-driven industrialization strategy, leveraging its competitive labour costs and favourable business climate to attract multinational corporations. The government provided targeted incentives, including tax breaks and streamlined regulations, to facilitate manufacturing investment. Simultaneously, heavy human capital and infrastructure investments reinforced productivity growth, enabling the country to transition up the value chain.

By the early 2000s, Vietnam had become a major player in global supply chains, with its manufacturing sector contributing over 25% to GDP and exports rising to 99% of GDP ($424bn) in 2023 from 6% in 1986.

What next

Nigeria's current investment levels are inadequate to drive the structural transformation needed for sustainable economic growth. By rethinking its investment strategy and implementing bold institutional, economic and industrial reforms, Nigeria can replicate the successes of China and Vietnam in leveraging investment for industrialization and productivity enhancement. A strategic shift towards infrastructure expansion, industrial policy alignment, and deepening the financial sector is imperative to ignite industrial production, energize businesses, and propel the country towards a high-growth trajectory. Without such recalibration, Nigeria risks perpetuating its low-investment, low-productivity trap, hindering its aspirations for economic transformation.

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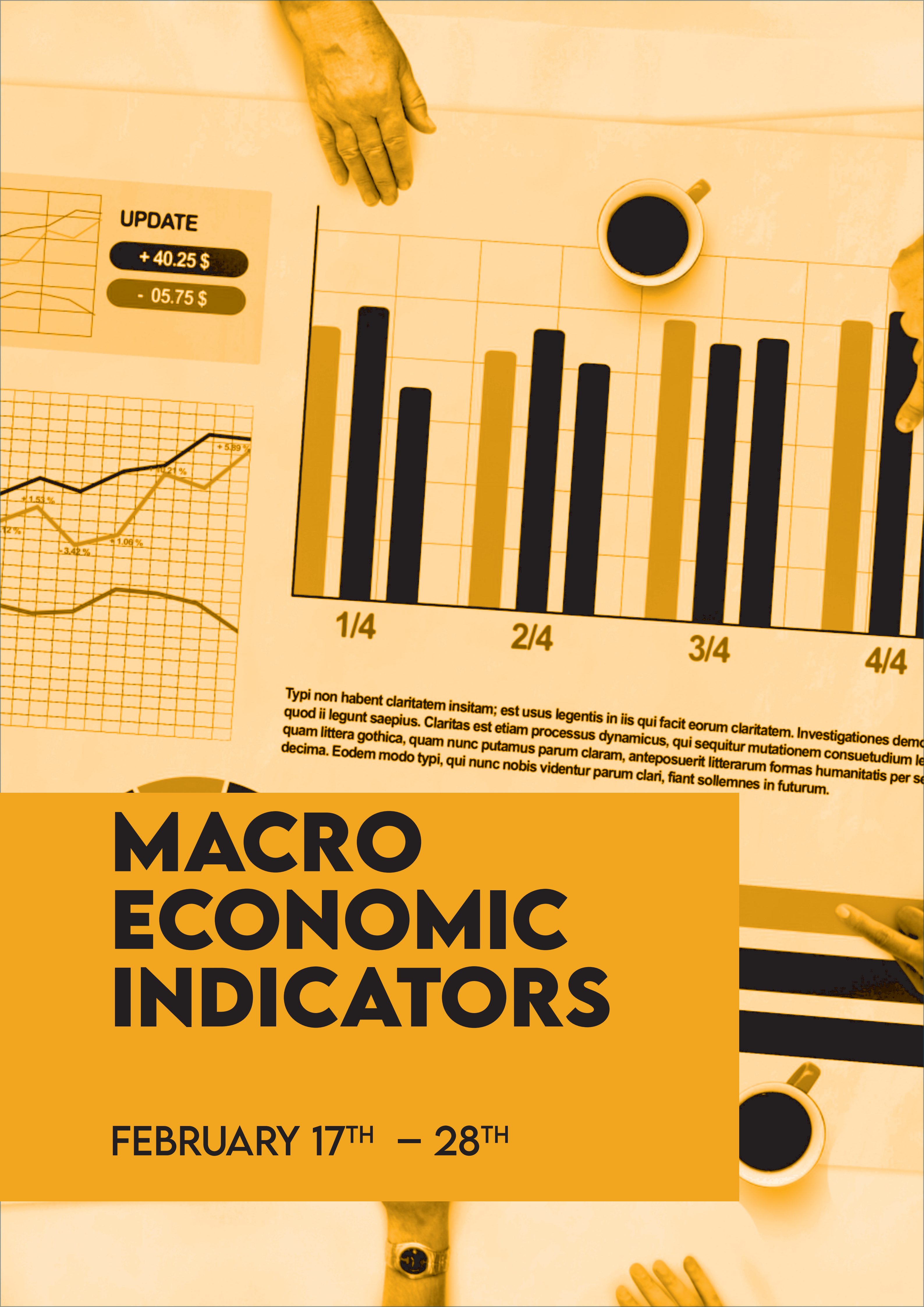


MACRO ECONOMIC INDICATORS

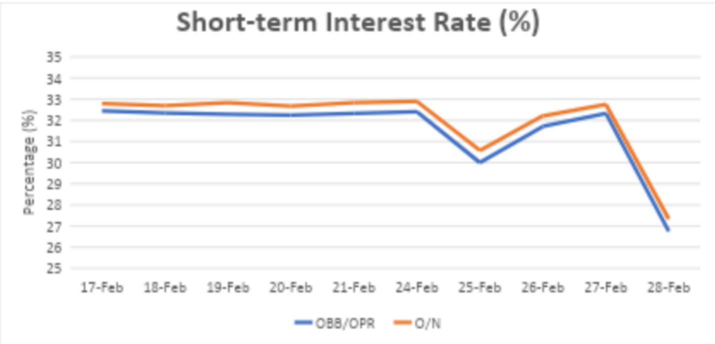
FEBRUARY 17TH – 28TH

MONEY MARKET

The bank's average position was negative in the second half of February, falling to N824.04bn. While there were no Open Market Operations (OMO) sales, two OMO repayments of N823.25bn were recorded in the second half of February. Meanwhile, short-term interbank rates—Open Purchase Rate (OPR) and Overnight (O/N) rate—averaged 31.72% per annum in the second half of February, reflecting a 225-basis-point increase from 29.47% per annum in January.

In the second half of February, two primary market auctions raised N1.685trn, a 24.13% increase from the N1.357trn in the second half of January. In contrast, five primary market repayments totaling N1.724trn were made in February, highlighting significant liquidity injections into the financial system.

Primary market rates fell across all tenors—91-day, 182-day, and 364-day—during the second half of February. The secondary market mirrored this trend, with yields declining across the same tenors-91-day, 182-day, and 364-day.



Source: FDC Think Tank

Tenor	Primary market (%) (Feb 5, 2025)	Primary market (%) (Feb 20, 2025)	Secondary market (%) (Feb 17, 2025)	Secondary market (%) (Feb 28, 2025)
91-day	18.00	17.00 ⟷	19.17	18.53 ▲
182-day	18.50	18.00 ⟷	20.00	18.08 ⟷
364-day	20.32	18.43 ⟷	19.15	17.90 ▼

Source: FMDQ, FDC Think Tank

Outlook and Implication

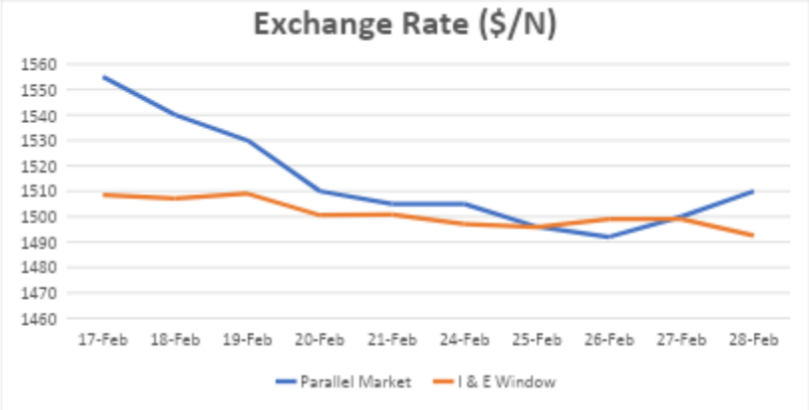
The CBN will likely maintain a tight monetary policy to manage liquidity pressures and raise interbank rates. Given the absence of OMO sales despite large repayments (N823.25bn), the CBN may reintroduce OMO auctions to absorb excess liquidity. Increased Treasury bill issuances could also moderate liquidity following significant market repayments (N1.724trn). Overall, the CBN will likely balance liquidity control with economic growth concerns, ensuring stability in the financial system.

FOREX MARKET

The forex market is undergoing reforms with the adoption of a "willing-buyer-willing-seller" model by the CBN, allowing the exchange rate to be influenced by demand and supply dynamics. Key factors affecting the exchange rate include balance of payments, capital inflows, and trade balance.

EXCHANGE RATE

In the NFEM window, the naira gained 1.08% against the US dollar, appreciating from N1,508.59/$ on February 17 to N1,492.48/$ by February 28. However, in the parallel market, the naira strengthened by 2.98%, closing at N1,510.00/$ on February 28 from N1,555.00/$ on February 17. The naira's gain is due to CBN interventions, and foreign inflows like remittances.



Source: FDC Think Tank

Outlook and Impact

The naira is likely to depreciate in the near term due to rising demand for the dollar, driven by travel for lesser Hajj (Umrah), combined with decline in global oil prices.

EXTERNAL RESERVES

The country's external reserves decreased by 1.08%, reaching $38.46 billion on February 28, down from $38.88 billion on February 17. The decline in external reserves (1.08%) is likely due to CBN's forex interventions to stabilize the Naira. Additionally, debt servicing obligations and lower oil revenues further contributed to the decline of the external reserve.

Source: CBN, FDC Think Tank

Outlook and Impact

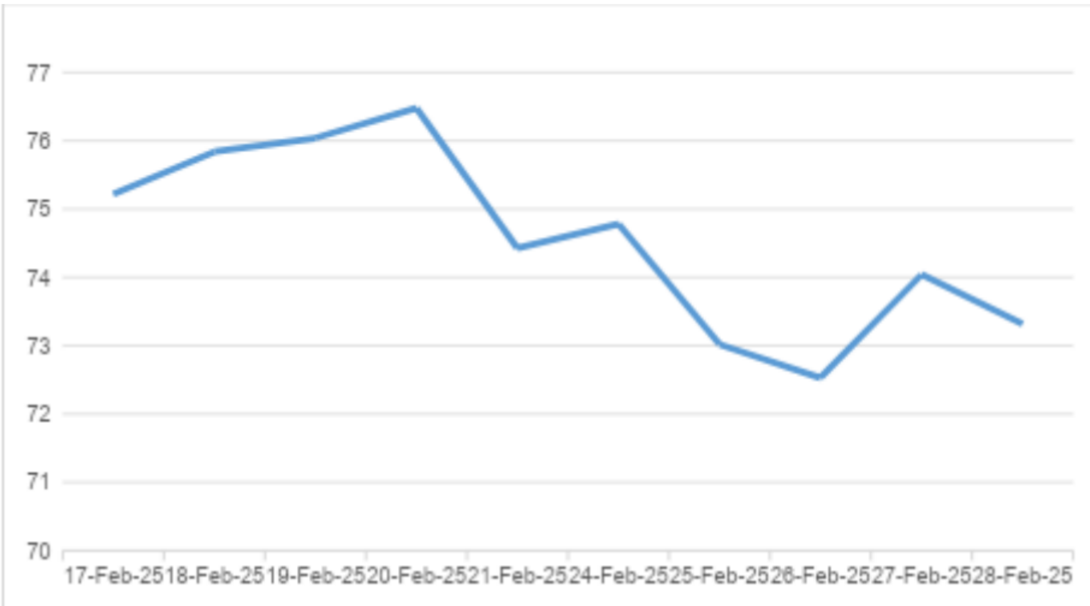
We expect external reserves to see a slight increase in the near term, as the government reduces forex interventions to maintain reserves above the $38 billion threshold. However, a drop in crude oil prices poses a significant risk, as lower oil earnings could limit forex inflows and weaken reserve stability. A decline in external reserves can weaken Nigeria's currency, increase inflation and reduce investors' confidence.

COMMODITY EXPORTS

Nigeria is an export-dependent economy. It derives over 80%-90% of its export revenue from crude petroleum and LNG.

OIL PRICES

During the first half of February, Brent's price declined by 0.42%, from $75.84pb on February 17 to $75.52pb on February 28. The decline was mainly attributed to improved prospects for a peace deal between Russia and Ukraine. The Energy Information Administration (EIA) also reported a larger-than-expected build in U.S. fuel stockpiles due to increased refining activity, further supporting the price decrease.



Source: Bloomberg, FDC Think Tank

Outlook

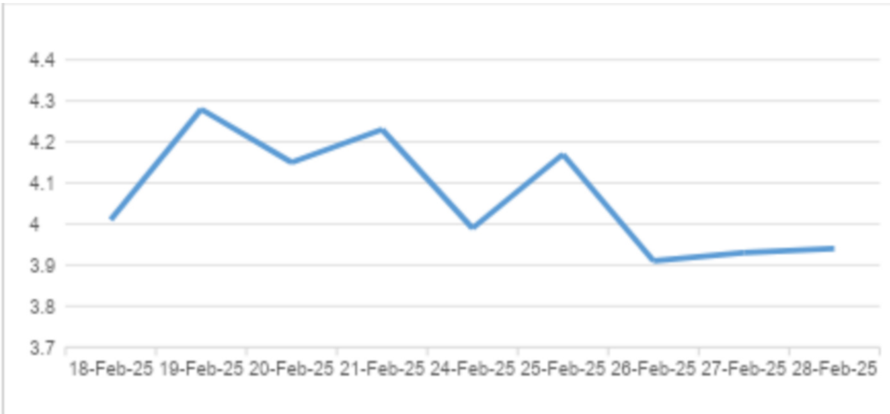
Oil prices are expected to decline in the near term following OPEC+'s decision to increase output by 138,000 barrels per day in April, thereby boosting global supply. Additionally, a potential Russia-Ukraine peace talks could further support prices downwards.

Implication

Lower crude oil prices will reduce Nigeria's oil revenue, deplete external reserves, and widen the budget deficit. However, it will reflect in lower PMS pump prices.

NATURAL GAS

During the second half of February, natural gas prices dropped by 1.75% to $3.94/MMBtu on February 28 from $4.01/MMBtu on February 17. The decrease was mainly driven by warm weather forecasts, which reduced gas-for-power demand in the U.S. Additionally, lower LNG imports in Asia influenced prices due to a milder winter.



Source: Bloomberg, FDC Think Tank

Outlook

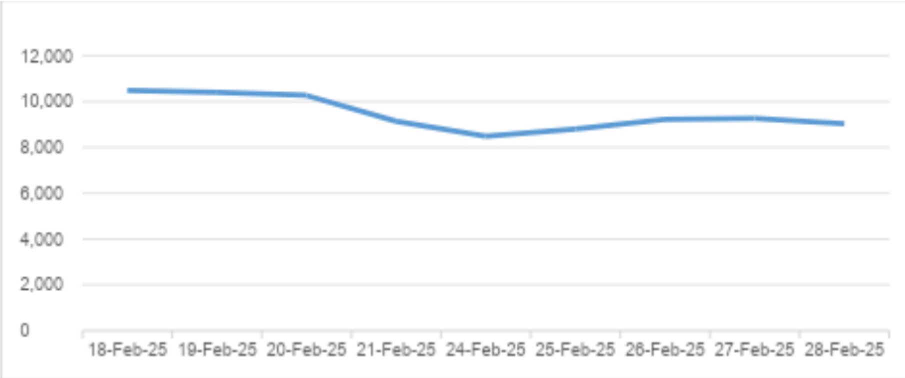
Natural gas prices are expected to increase in the near term due to depleted U.S. domestic inventories and a projected rise in LNG demand.

Implication

Increasing LNG prices will boost Nigeria's export earnings and support a stronger naira.

COCOA

Cocoa prices plunged 13.86% during the second half of February, from $10,491.00/mt on February 18 to $9,037.00/mt on February 28. The decline is driven by the liquidation of long positions and improved supply prospects from West African cocoa-producing countries. Higher cocoa shipments from Ivory Coast and better mid-crop conditions have also contributed to the downward price trend.



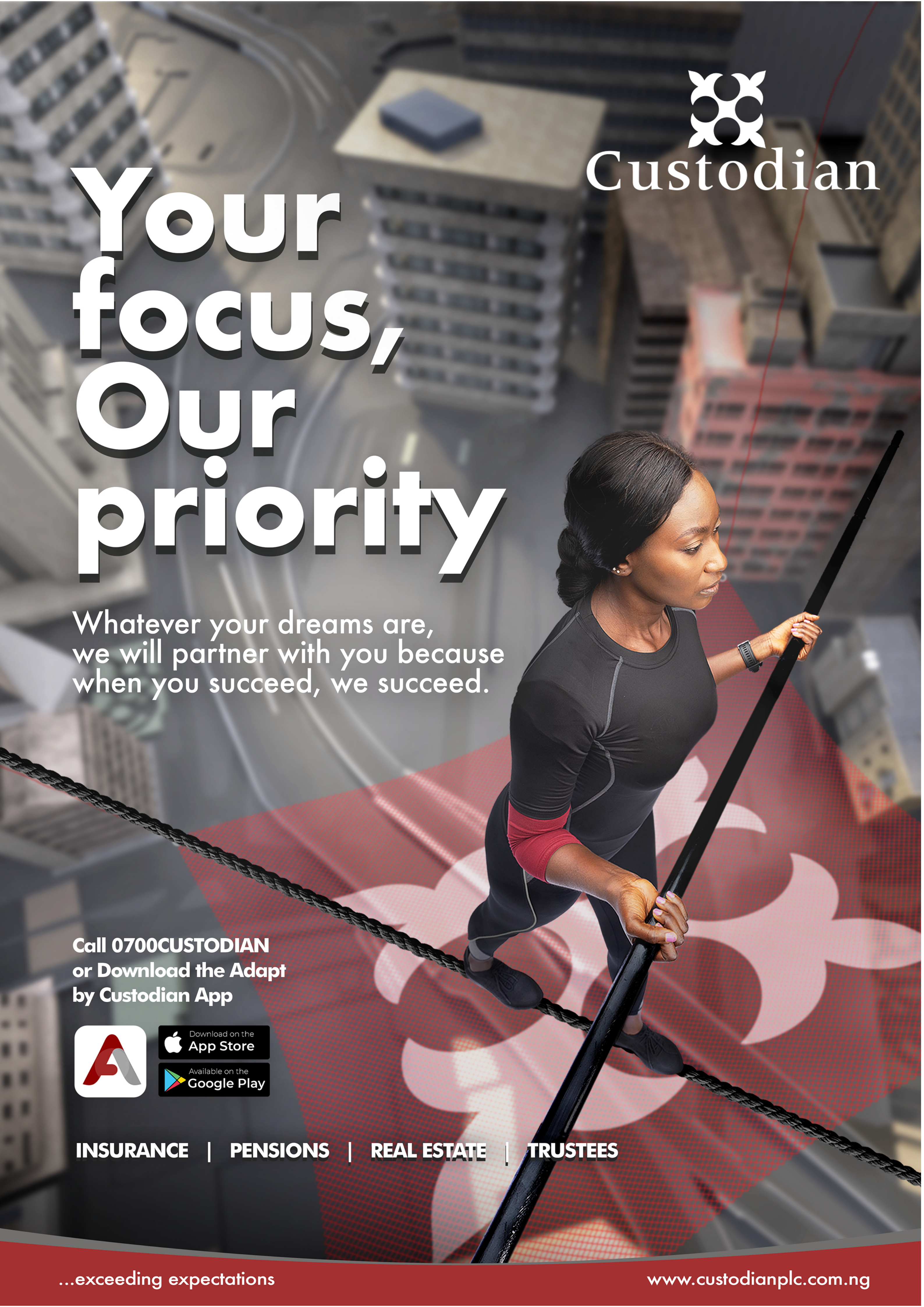
Source: Bloomberg, FDC Think Tank

Outlook

Cocoa prices are expected to decline, driven by improving supply prospects, as the International Cocoa Organization (ICCO) projects a supply surplus of 142,000 tons for 2024/25.

Implication

Lower cocoa prices will reduce non-oil export earnings and weaken government revenue.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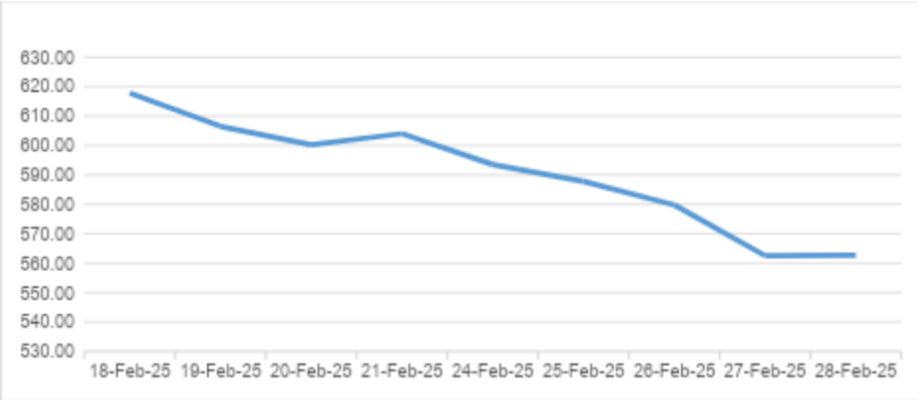
COMMODITY IMPORTS

WHEAT

The price of wheat declined by 8.90% during the review period from $617.75/bushel on February 18 to $562.75/bushel on February 28. The decline was driven by higher global wheat production from major suppliers like Russia, weak demand.



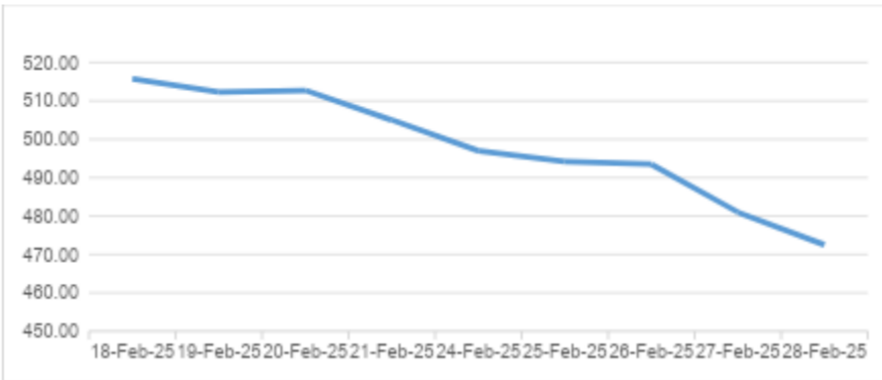
Source: Bloomberg, FDC Think Tank

Grains- Outlook

Grain prices are expected to decline further as South American output rises (Brazil, Argentina) and China imposes tariffs on U.S. wheat and corn.

CORN

In the second half of February, corn prices lost 8.39% from $515.75/bushel on February 18 to $472.50/bushel on February 28, driven by expectations of increased corn acreage in the U.S. due to improved weather conditions.



Source: Bloomberg, FDC Think Tank

Grains-Impact

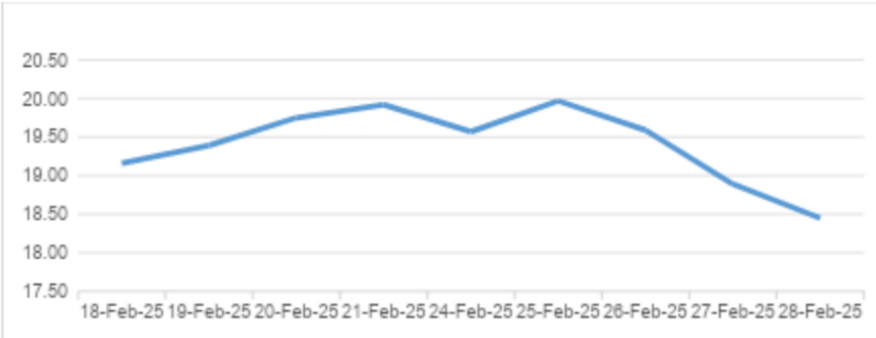
Decline in grain prices may lower the price of cornflakes, flour, and bread, potentially easing food inflationary pressures.

Terms of Trade

In the review period, imports increased by 8.71% compared to the export value of 16.76%. Nigeria's oil production remained unchanged in December at 1.49mbpd, below OPEC's quota of 1.5mbpd. Similarly, cocoa prices are trading above $11,000/mt, likely improving the trade balance.

SUGAR

The price of sugar dropped by 3.71%, falling from $19.16/pound on February 18 to $18.45/pound on February 28. The downward trend was driven by record-high sugar output projections in Brazil for the 2025/2026 season.



Source: Bloomberg, FDC Think Tank

Outlook

Sugar prices are expected to decline as Brazil's production for the 2025/26 season is projected to reach a record 43.6 million metric tons (MMT).

Implication

Lower sugar prices will likely reduce inflationary pressures as import costs fall.

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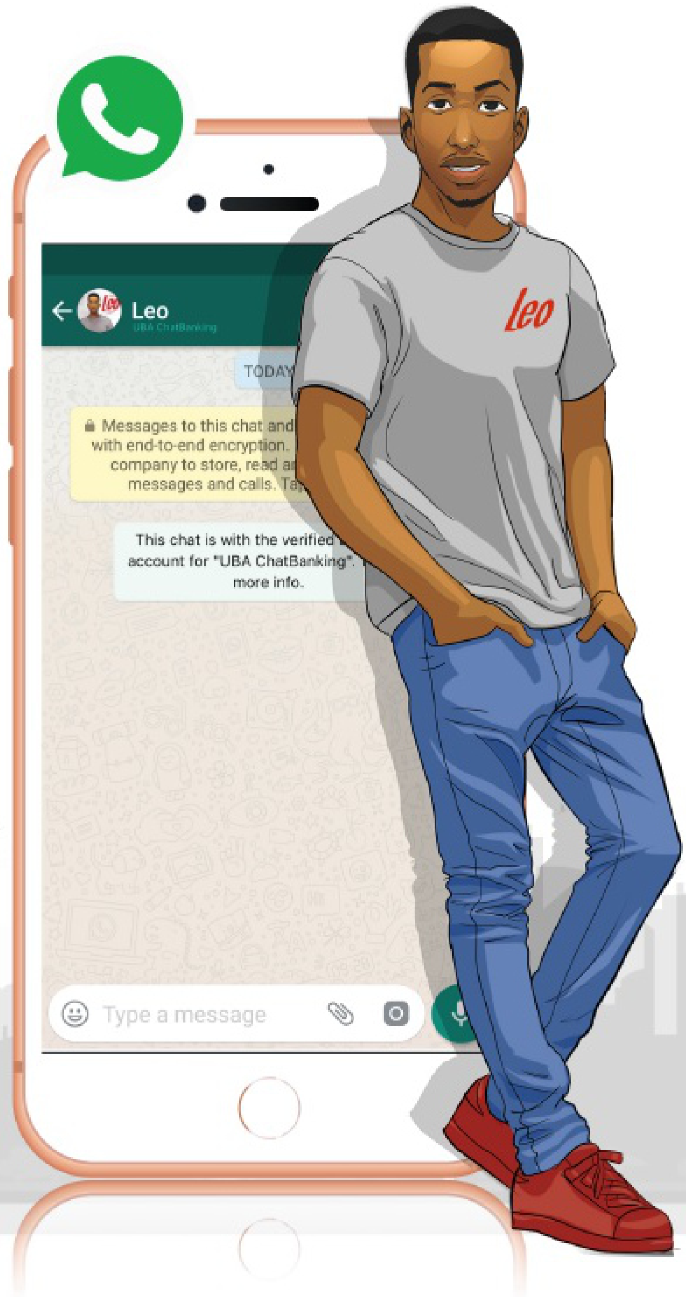

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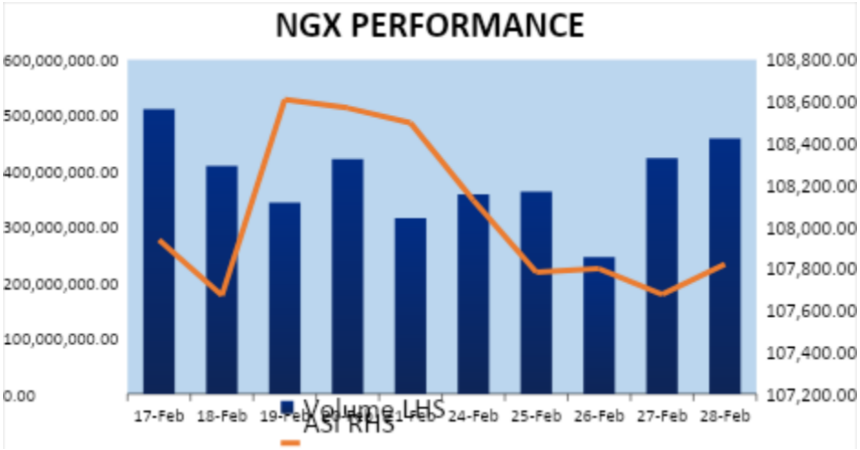
STOCK MARKET REVIEW

FEBRUARY 17TH – 28TH

The Nigerian Stock Exchange closed negatively during the second half of February, losing 0.11% to close at 107,821.39 points on February 28 from 107,937.74 points on February 17. Similarly, the market capitalization fell by 0.24% to N67.19 trillion from N67.35 trillion on February 17. The market's YTD return was 4.76% in the second half of February, while the breadth was positive at 0.44x, as 30 stocks gained, 55 remained unchanged, and 68 lost. Profit-taking activities across sectors largely drove the NGX's negative performance.

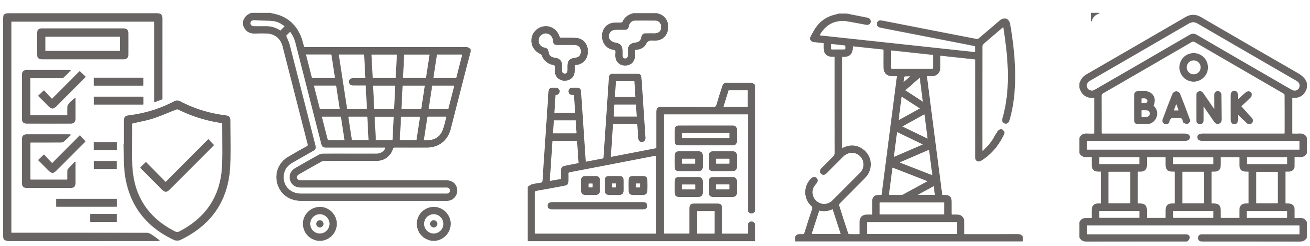


Source: NGX, FDC Think Tank

The market activity level was negative during the review period. The average volume traded decreased by 35.65% to 384.85mn units from 598.05mn units. Similarly, the average value of trades declined by 30.44% to N10.10bn from N14.52bn.

The performance of the sectors was largely negative as one sector gained while four lost. Consumer goods gained 4.75%, while the Banking (-5.82%), Insurance lost (-1.49%), Oil & gas sector (-1.23%) and the Industrial (-0.58%).

SECTOR PERFORMANCE



Insurance	FMCG	Industrial	Oil &Gas	Banking
-1.49%	4.75%	-0.58%	-1.23%	-5.82%

TOP 5 GAINERS

PZ Cussons Nigeria Plc, a manufacturer and distributor of consumer products such as detergent and toiletries, led the gainers' list with a 36.15% increase in its share price. This was followed by Wema Bank Nigeria Plc (27.68%), Caverton Offshore Support Group Plc (23.95%), Livestock Feeds Plc (23.83%) and UH Real Estate Investment Trust (20.90%).

TOP 5 LOSERS

Union Dicon Salt Plc, led the top losers with -33.74%. This was followed by Guinea Insurance Plc (-18.99%), EUNISEL Plc (-18.67%), International Energy Insurance Plc (-17.96%) and Cadbury Nigeria Plc (-17.81%).

TOP 5 GAINERS

Company	Feb-17 (N)	Feb-28 (N)	Absolute Change	Change (%)
PZ	26	35.40	9.40	36.15%
WEMABANK	5.6	7.15	1.55	27.68%
CAVERTON	2.38	2.95	0.57	23.95%
LIVESTOCK	6	7.43	1.43	23.83%
UHOMREIT	36.6	44.25	7.65	20.90%

TOP 5 LOSERS

Company	Feb-17 (N)	Feb-28 (N)	Absolute Change	Change (%)
UNIONDICON [DWL]	8.15	5.40	-2.75	-33.74%
GUINEAINS	0.79	0.64	-0.15	-18.99%
EUNISELL	12.05	9.80	-2.25	-18.67%
INTENEGINS [RST]	2.45	2.01	-0.44	-17.96%
CADBURY	32	26.30	-5.70	-17.81%

Outlook

We expect the Nigerian stock market to be bullish in the near term. This is driven by strategic positioning ahead of 2024 full-year dividend declarations, as investors evaluate valuation gains in equities with strong earnings performance.

WHISPERS OUTLOOK

- Due to a potential Russia-Ukraine peace deal, oil prices are projected to decline, trading between $68 and $71 per barrel. This deal would lead to the U.S. lifting sanctions against Russia, increasing the global oil supply.
- Given the declining external reserves, lower oil prices will be unfavourable for Nigeria's export earnings and could increase pressure on the naira. In the near term, we expect the naira to weaken marginally and trade between N1,530/$ and N1,565/$.
- Inflation is expected to moderate further in March to 22.72% (new method).

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