WHISPERS

MAY 26, 2025 | VOLUME 15 ISSUE 16

WHEN WE SPEAK, THE WORLD UNDERSTANDS

FDC LIMITED

CONTENTS

The Whispers Overview

Nigeria's new air trade route to boost intra African trade

Nigeria has launched a new air trade route in partnership with Uganda Airlines to connect Nigerian exporters with key African markets: Uganda, Kenya, and South Africa. The air corridor aims to cut export and logistics costs, including regulatory fees, by 50% to 75%, making it cheaper and easier for Nigerian businesses to trade.

This initiative is part of Nigeria's implementation of the African Continental Free Trade Area (AfCFTA), and is expected to boost local businesses, aiding revenue growth and supporting economic growth. In 2024, trade between Nigeria and other African countries totalled $7.34bn, representing 8% of Nigeria's overall trade volume.

However, poor infrastructure at Nigerian airports poses a significant risk. Most facilities lack the efficiency and capacity to handle increased export volumes, potentially negating the expected cost savings. Without urgent upgrades and streamlined operations, this promising initiative could fall short of its full potential.

Nigeria's economic growth agenda - prioritizing strategy over dreams

Nigeria has never lacked big visions—only the grit to deliver them. From Vision 20:2020 to the new $1 trillion GDP dream by 2030, ambition has consistently outpaced execution. With GDP currently at $188 billion before rebasing and expected to rise to $400–$450 billion after rebasing, reaching the $1 trillion target would require an annual growth rate of approximately 17.3%. This is nearly impossible without a radical shift in strategy.

The facts are humbling. Sixty years ago, Nigeria was at par in terms of GDP & income per capita with most Southeast Asian countries and ahead of its sub-Saharan African Peer Nations. Today, Nigeria has outstripped its peers in population growth (220mn) and has fallen behind as far as productivity and output is concerned. The result is an economy that needs a reset and badly needed institutional reforms.

To achieve global competitiveness, Nigeria must go past rhetoric and embark on aggressive energy plan, and a human capital development agenda.

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.

Nigeria's Economic Growth Agenda: Prioritizing Strategy Over Dreams

"Vision without execution is hallucination" ... *Thomas Edison, American inventor.*

Nigeria has never lacked ambition. From Vision 2010 to Vision 20:2020 and the ambition to become a $ 1 trillion economy by 2030, successive governments have articulated grand economic aspirations. Yet the chasm between ambition and execution remains stubbornly wide. Today, Nigeria's GDP stands at just $188bn (IMF, 2024), starkly contrasting the $ 1 trillion benchmark set for the decade's enddecade's end. The gap is not merely numerical; it is strategic. While the targets have grown more ambitious, the policy architecture remains vague, inconsistent, and often divorced from implementation capacity. In essence, Nigeria has been betting on dreams without building a bridge of strategy.

Nigeria is now dwarfed by its peers

In 1960, Nigeria, with a $4.2bn economy, stood shoulder to shoulder with countries like Indonesia ($4.4bn) and South Korea ($3.96bn). It was significantly larger than Thailand ($2.76bn), more than twice the size of Saudi Arabia ($1.75bn), and nearly six times that of Singapore ($0.70bn). All emerged from colonialism with comparable income levels, agrarian-based economies, and burgeoning populations.

But trajectories have since diverged sharply. South Korea's GDP today ($1.87trn) is 10 times larger than Nigeria's. Indonesia at $1.39bn is 7 times larger than Nigeria, while Singapore is 3 times larger than Nigeria.

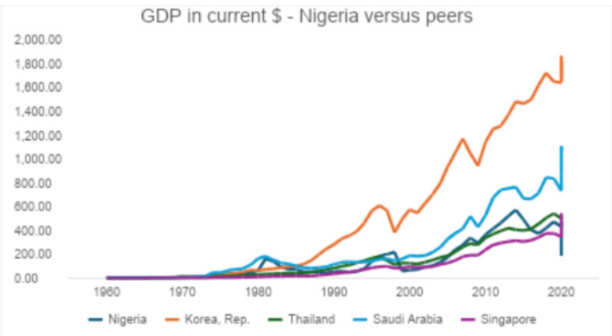
Table A.1 Nigeria's economy versus its peers in 1960 and 2024

Country	1960 GDP ($bn)	1960 Remarks	2024 GDP ($bn)	2024 Remarks
Nigeria	4.20		187.64	
Indonesia	4.4	Nearly the same size as Nigeria	1,396	Indonesia's economy is now 7 times larger than Nigeria's
South Korea	3.96	Almost the same size as Nigeria	1,869.71	Korea's economy is now 10 times larger than Nigeria's
Thailand	2.76	Thailand's economy was two-thirds the size of Nigeria's	526.41	Thailand's GDP is now nearly 3 times larger than Nigeria's
Saudi Arabia	1.75	Nigeria's GDP was more than double Saudi Arabia's	1,085.36	Saudi Arabia's economy is now almost 6 times larger than Nigeria's
Singapore	0.70	Nigeria's GDP was 6 times larger than Singapore's	547.39	Singapore's economy is now almost 3 times larger than Nigeria's

Source: WDI, IMF, FDC

The underperformance reveals a failure of economic governance, industrial planning, and human capital development. While peer countries leveraged export-led industrialization, Nigeria doubled down on oil dependence. For instance, oil exports accounted for less than 1% of Nigeria's total exports in 1960. By 1970, this had surged to 33%, climbed to 60% during the 1970s, and now hovers around 90%.

Where others prioritized education, technology, and trade competitiveness, Nigeria remained fixated on revenue-sharing formulas and rent extraction. The result is a nation rich in resources and potential but poor development outcomes.



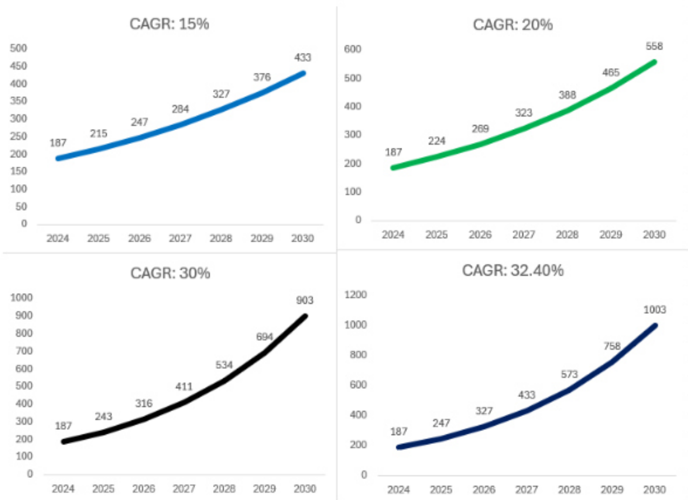
Nigeria's Unrealized Dreams

Nigeria's economic history is littered with abandoned blueprints and unfulfilled visions. Vision 2010, launched under General Abacha, promised a diversified economy and high living standards. It expired quietly. Vision 20:2020 aimed to place Nigeria among the top 20 global economies by 2020; it delivered neither structural transformation nor inclusive growth. Today, Nigeria ranks 58th globally by GDP size, almost twice as low as its 32nd position in 2009, when Vision 20:2020 was launched.

The National Economic Empowerment and Development Strategy (NEEDS), the Seven-Point Agenda, and the Economic Recovery and Growth Plan (ERGP) all promised reforms. Still, they were hobbled by weak political will, shifting priorities, and institutional inertia.

Today, the $1trn economy target by 2030, part of President Tinubu's Renewed Hope agenda, risks becoming the latest in this string of unrealized dreams. A compound annual growth rate (CAGR) of over 32.3% would be required for Nigeria's GDP (in current USD) to reach that figure within six years. This is a near-impossible target. With double-digit inflation, FX volatility unrelenting, infrastructure gaps widening, and oil production consistently below quota, the dream lacks a strategy and a foundation.

Figure A.2 Nigeria's GDP (current $) by 2030 based on different cumulative annual growth (CAGR) rates



Nigeria's Missed Opportunities

Nigeria is a tale of missed opportunities. Each missed opportunity has compounded the structural fragilities of the economy, making sustainable growth more elusive and investment less attractive. This includes

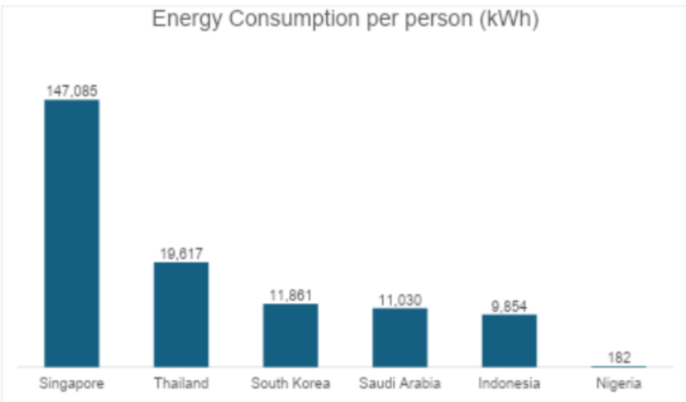
- The Oil Boom (1970s): Rather than channeling oil windfalls into industrial development or a sovereign wealth fund (SWF), Nigeria expanded the cost of governance and imported consumption, institutionalizing Dutch disease. Today, Nigeria's SWF stands at a paltry $3bn, dwarfed by peers like Norway ($1.78trn), Saudi Arabia ($1.07trn), and Kuwait ($978bn).
- Structural Adjustment (1986-1993): Though initiated with good intent, SAP faltered due to half-hearted implementation and poor sequencing. The failure to invest in export capacity left the economy vulnerable.
- The Mobile Telecom Revolution (2000s): While the sector grew rapidly, backward integration was minimal. Local handset assembly and component manufacturing were never scaled, missing an opportunity to create a tech hardware base.
- The 2010s Oil Price Surge: Instead of building fiscal buffers or investing in energy infrastructure, Nigeria ramped up consumption subsidies and ran procyclical budgets.

Strategy for Accelerated and Sustainable Growth

Nigeria must pursue a strategy anchored in realism, sequencing, and institutional coherence to move from dreams to results. Like Indonesia and South Korea, once our peers, Nigeria must shift from good dreams and fine talks to long-term result-providing growth strategies.

No energy, no sustainable growth: Nigeria must declare a national emergency in the energy sector. The UN rightly notes that "sustainable energy is the golden thread that connects economic growth, social equity, and environmental sustainability." At just 182 kWh per capita, Nigeria's energy consumption is among the lowest globally, woefully inadequate to power homes, industries, and innovation. Any growth agenda built on such a fragile foundation is a pipe dream.

The evidence is undeniable. Countries that have outpaced Nigeria economically, many of whom were once behind, did so partly through aggressive investment in energy infrastructure. Singapore now consumes 147,085 kWh per person, Thailand consumes 19,617, South Korea 11,861, Saudi Arabia 11,030, and Indonesia 9,864. Energy access is the bloodstream of industrialisation, competitiveness, and productivity.



Human Capital as Growth Engine: Education and health are not social expenses but growth multipliers. Yet Nigeria consistently underinvests in it. Government spending on education and health hovers around 7% of the national budget, far below Singapore's 20% and South Korea's 17%. These countries, once at par with Nigeria, have surged ahead by prioritizing skills, innovation, and workforce productivity. In contrast, Nigeria's neglect has stunted labour competitiveness and trapped millions in low-productivity sectors. Nigeria must reallocate resources toward human capital development to break free from this cycle. No country has grown rich without first investing in its people. Nigeria cannot be the exception.

Other critical areas for reform or policy refocus include massive investment in infrastructure, a comprehensive review of Nigeria's industrial policy, and far-reaching institutional reforms.

The race to $1trn is not a sprint. It is a marathon that demands strategic pacing, structural conditioning, and a willingness to break from old habits. Nigeria has the resources and the demographic dividend to achieve sustainable growth. It is not another vision, but a strategy anchored in execution.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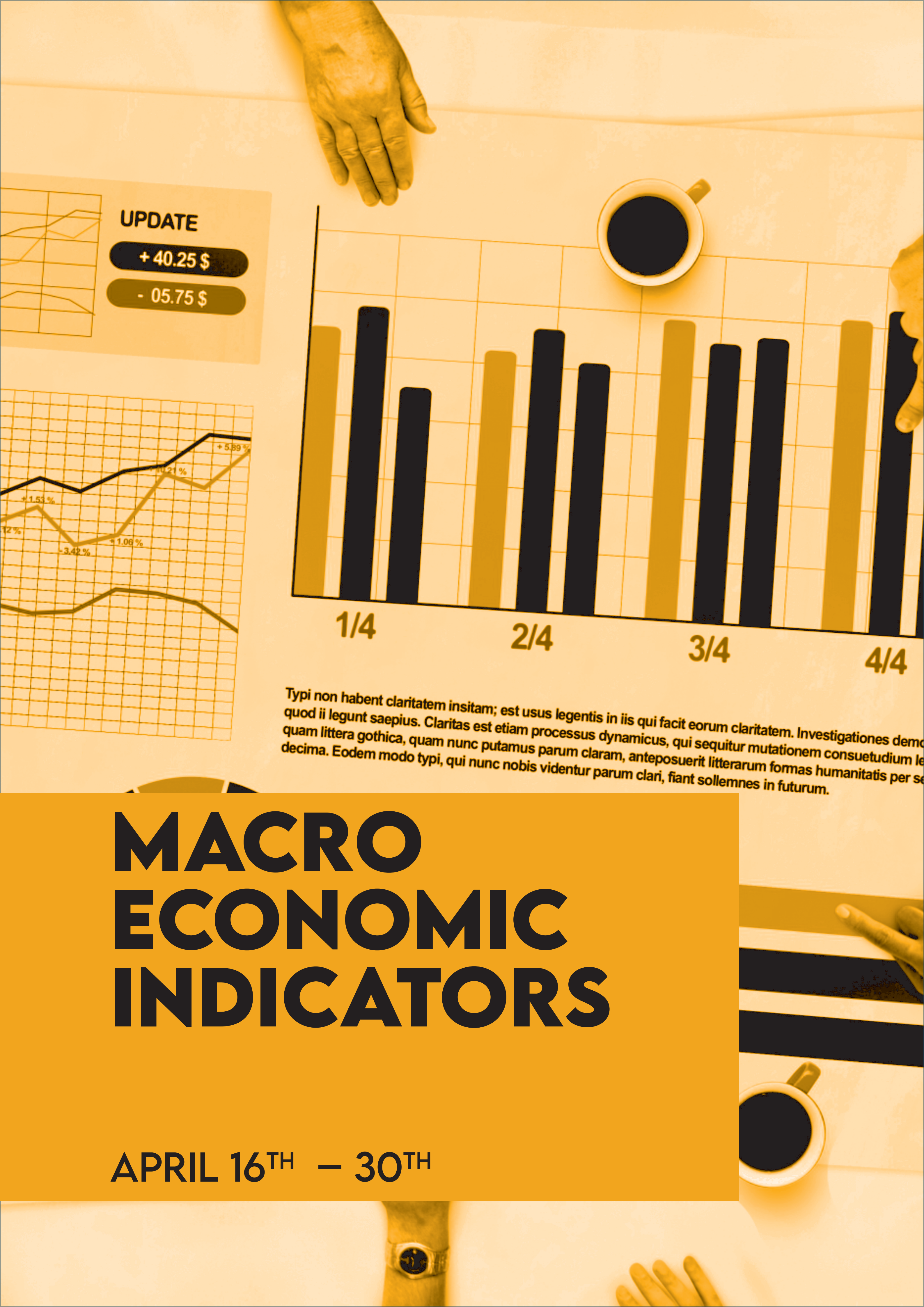


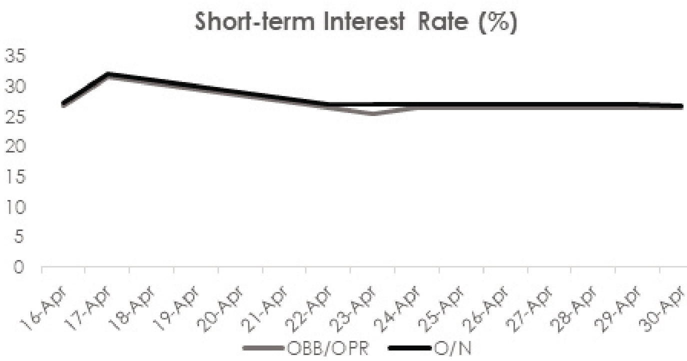
MACRO ECONOMIC INDICATORS

APRIL 16TH – 30TH

MONEY MARKET

The bank's average opening position was positive in the second half of April at N1.05trn long, compared to N822.40bn short in the second half of March. No OMO sales and repayments were recorded during the period. Short-term interbank rates (OPR, O/N) averaged 27.23% p.a. in the second half of April, down 1216bps from 31.00% p.a. in the second half of March.

One primary market auction was conducted, which stood at N714.37bn. This is 72.19% lower than N1.51trn in the previous primary market auction in March. On the other hand, two primary market repayments were made in the second half of April, which amounted to N629.74bn. Primary market rates remained unchanged in the 91-day and 182-day tenors, while they declined at the 364-day tenor. Similarly, yields increased at all tenors in the period under review at the secondary market.



Source: FDC Think Tank

Tenor	Primary market (March 26, 2025) (%)	Primary market (April 23,, 2025) (%)	Secondary market (March 30,, 2025) (%)	Secondary market (April 30,, 2025) (%)
91-day	18.00	18.00 ↔	16.80	17.39 ▲
182-day	18.50	18.50 ↔	17.06	18.51 ▲
364-day	19.94	19.60 ▼	18.20	19.20 ▼

Source: FMDQ, FDC Think Tank

Outlook and Implication

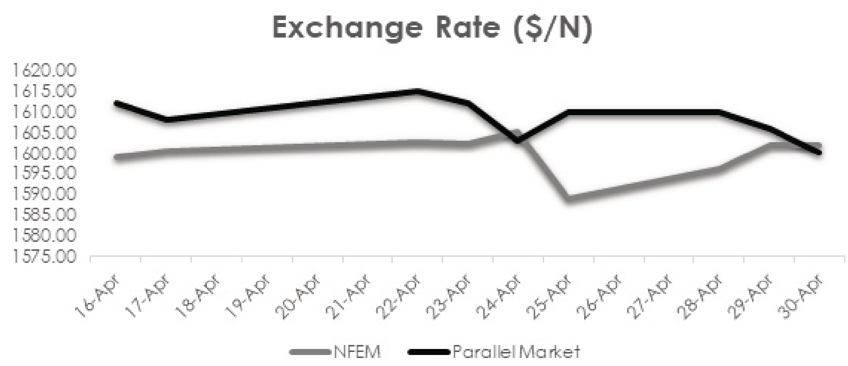
Interbank lending rates are expected to remain elevated, reflecting the Central Bank of Nigeria's (CBN) tight monetary policy stance. Elevated interbank rates increase borrowing costs for banks, which may lead to higher interest rates for consumers and businesses. This can dampen economic activity by reducing access to affordable credit.

FOREX MARKET

In 2023, Nigeria kicked off sweeping FX reforms—liberalising the market and scrapping multiple exchange rates. The naira was devalued by nearly 70% between 2023 and 2024. A new electronic trading platform (BMATCH) was introduced to improve price discovery and transparency. With a more credible monetary policy and a managed float regime, FX supply has improved and speculative pressure on the naira has eased—at least for now.

EXCHANGE RATE

At the Nigerian Foreign Exchange Market (NFEM) window, the naira appreciated by 0.19%, strengthening to N1,596.69/$ on April 30 from N1,599.80/$ on April 16. Similarly, the naira gained 0.75% in the parallel market, closing at N1,600/$ on April 30 compared to N1,612/$ on April 16. This appreciation is attributed to improved forex liquidity and reduced demand pressure, supported by continued interventions from the Central Bank of Nigeria (CBN).



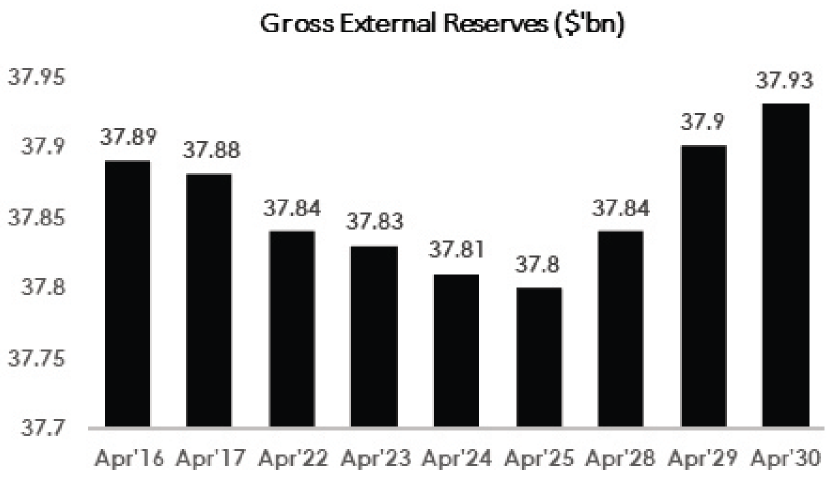
Source: FDC Think Tank

Outlook & Implication

The Naira is expected to weaken further in the near term, as it is pressured by rising individual and corporate demands to fulfill upcoming travel needs and import obligations, alongside declining oil revenues and reduced foreign portfolio inflows.

EXTERNAL RESERVES

The country's external reserves increased by 0.11%, reaching $37.93bn on April 30, up from $37.89bn on April 16. The increase was despite reduced oil revenue, a decline in foreign portfolio investment, and foreign debt servicing.



Source: CBN, FDC Think Tank

Outlook & Implication

We expect the external reserve to uptick marginally in the near term due to a reduction in foreign debt servicing and expectations of increased oil output and growth in non-oil exports.

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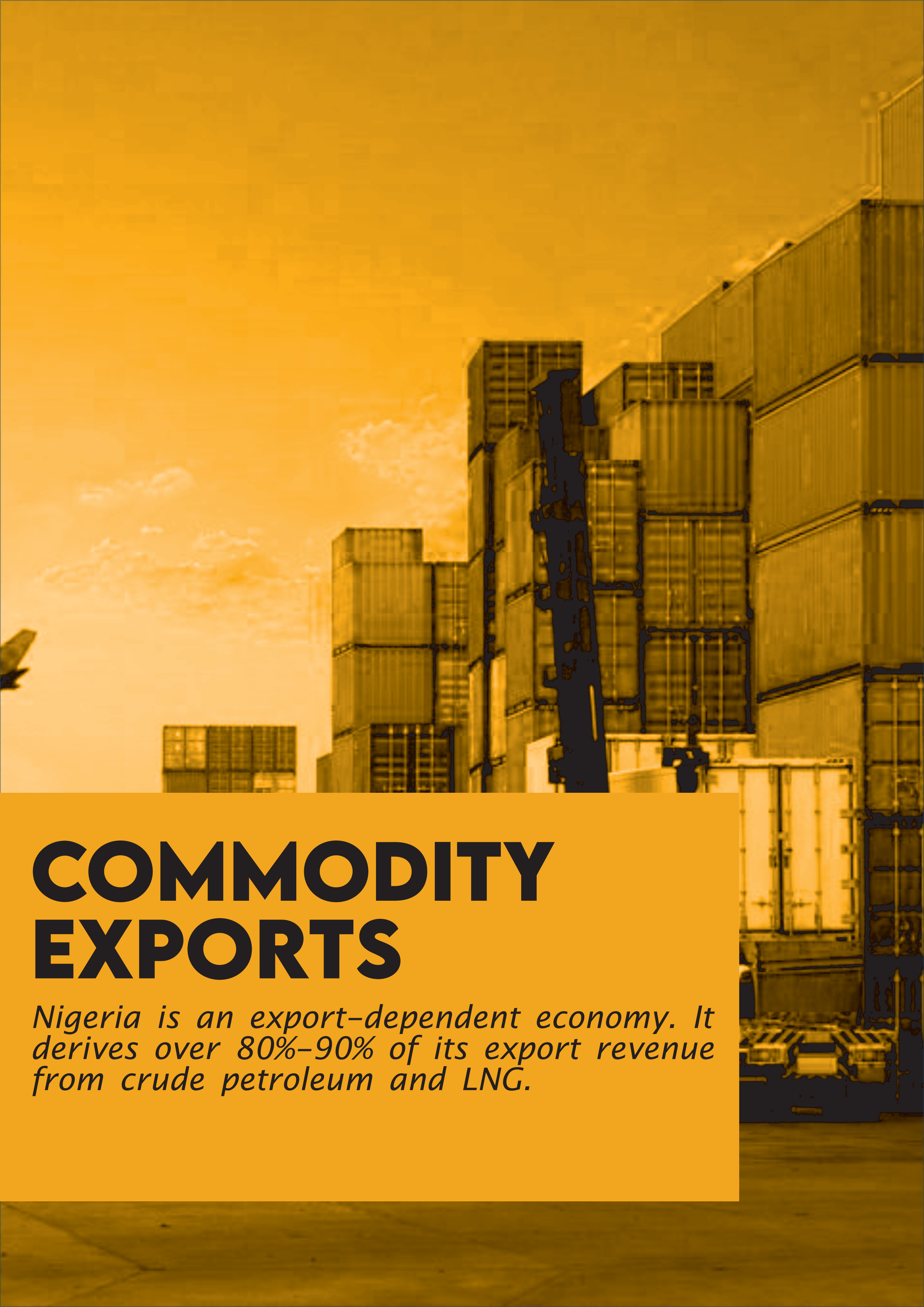
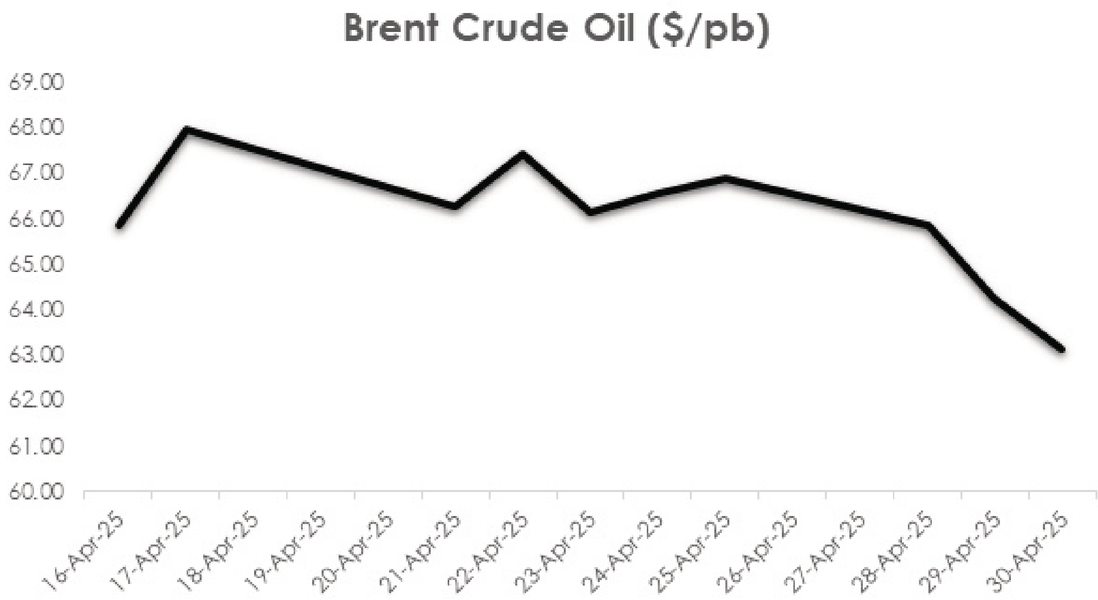


COMMODITY EXPORTS

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

OIL PRICES

In the second half of April, Brent prices declined by 4.15%% from $65.85pb on April 16 to $63.12pb on April 30. Expectations of oversupply drove the price decline, as OPEC+ weighed the possibility of another accelerated output increase in June. Furthermore, signs of progress in US-Iran negotiations also contributed to the downward pressure on prices.



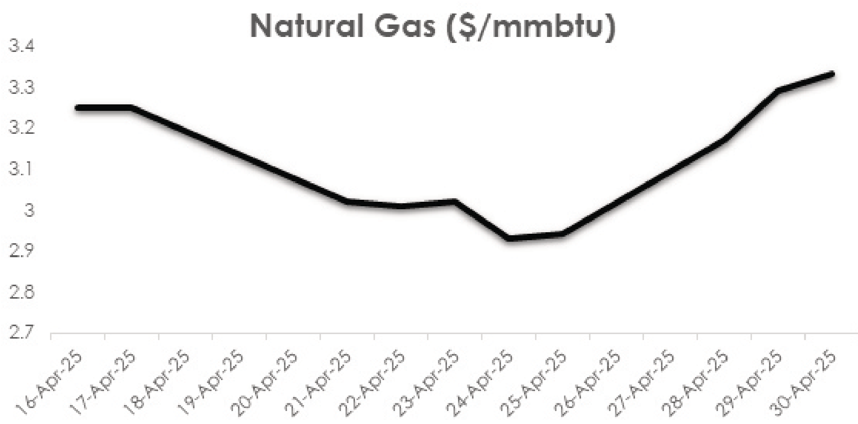
Source: Bloomberg, FDC Think Tank

Outlook &Impact

Oil prices are expected to fall in the near term, due to the potential for a U.S.-Ira deal and easing sanctions, which could increase oil supply. Lower oil prices will decrease Nigeria's oil revenue and further pressure the naira.

NATURAL GAS

Natural gas prices rose by 2.46%, rising from $3.25/MMBtu on April 16 to $3.33/MMBtu on April 30. The increase was due to tight U.S. storage levels, which remained below last year's figures and the five-year average. Additionally, increased demand from Europe and the halting of Russian supplies via Ukraine further increased gas prices.



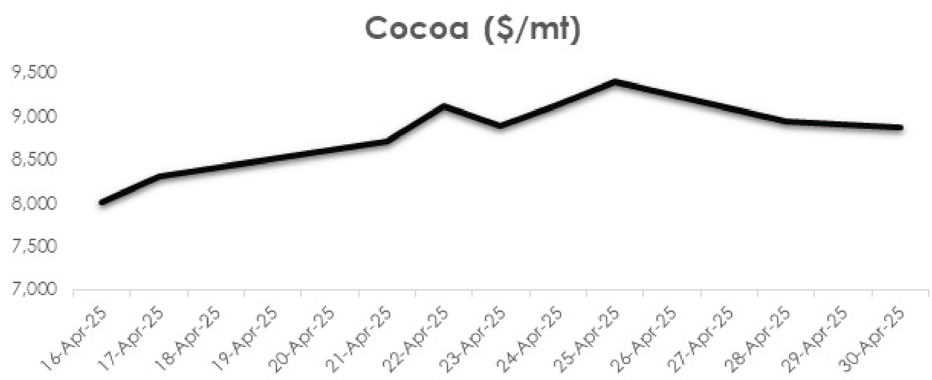
Source: Bloomberg, FDC Think Tank

Outlook & Impact

Natural gas prices are expected to trend bullish in the near term driven by a drop in output and strong LNG demand. An increase in gas prices will improve export earnings and attract investment in gas infrastructure.

COCOA

Cocoa prices surged by 10.79% to $8,870.00/mt on April 30, up from $8,006.00/mt on April 16, driven by supply concerns amid slowing exports from the Ivory Coast and stronger-than-expected global demand.



Source: Bloomberg, FDC Think Tank

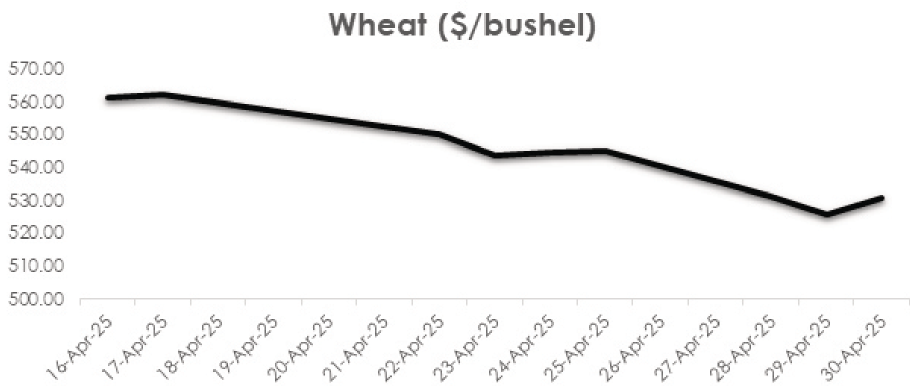
Outlook & Impact

Cocoa prices are expected to remain elevated due to ongoing supply constraints and robust global demand. Higher cocoa prices will boost Nigeria's export revenues, increase foreign exchange earnings, and improve farmers' incomes.

COMMODITY IMPORTS

WHEAT

Wheat prices fell by 5.39% in the second half of April from $561.00/ bushel on April 16 to $530.75/bushel on April 30. Improved U.S. winter wheat conditions and reduced imports from major buyers like China and Pakistan drove the decline. The price decline was further supported by a forecasted increase in global grain supplies by the International Grain Council (IGC).



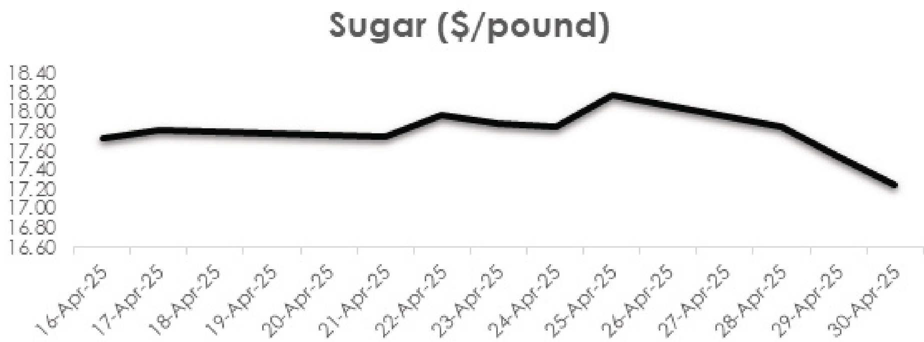
Source: Bloomberg, FDC Think Tank

Outlook & Impact-Grains

Grain prices are expected to decline in the near term due to the forecast of improved global supplies by the USDA and favourable planting conditions in the U.S. Lower grain prices will reduce import bills and could reduce the country's food inflation.

SUGAR

Sugar prices fell by 2.65%, dropping from $17.72/pound on April 16 to $17.25 on April 30. The decline was primarily driven by expectations of increased sugar production in Brazil and a rise in global supply, while concerns over weakening demand further pressured prices.



Source: Bloomberg, FDC Think Tank

Outlook

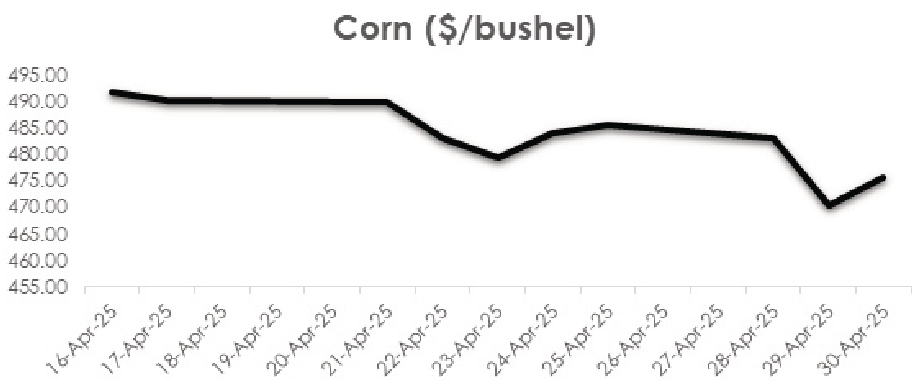
Sugar prices will likely stay bearish due to anticipated higher output from Brazil and other major producers.

Implication

This decline could lower production costs, reduce prices of sugary products, and contribute to easing inflationary pressures.

CORN

Corn prices declined by 3.30%, falling from $491.75/bushel on April 16 to $475.50/bushel on April 30, driven by the USDA's projection of record-high corn production for the 2025/26 season. Favourable planting conditions also contributed to the downward pressure on prices.



Source: Bloomberg, FDC Think Tank

Terms of Trade

In Q1 2025, Nigeria's terms of trade are expected to improve, continuing the upward trend seen in 2024. In Q4 2024, the terms of trade rose by 20.6%, supported by an 8.57% decline in imports to ₦16.59 trillion and a 2.55% increase in exports to ₦20.01 trillion, resulting in a trade surplus of ₦3.4 trillion. However, declining oil production—down 4.76% in March to 1.4mbpd, below OPEC's 1.5mbpd quota—alongside falling cocoa prices below $9,000/mt and oil below $70pb, could weaken the trade balance.

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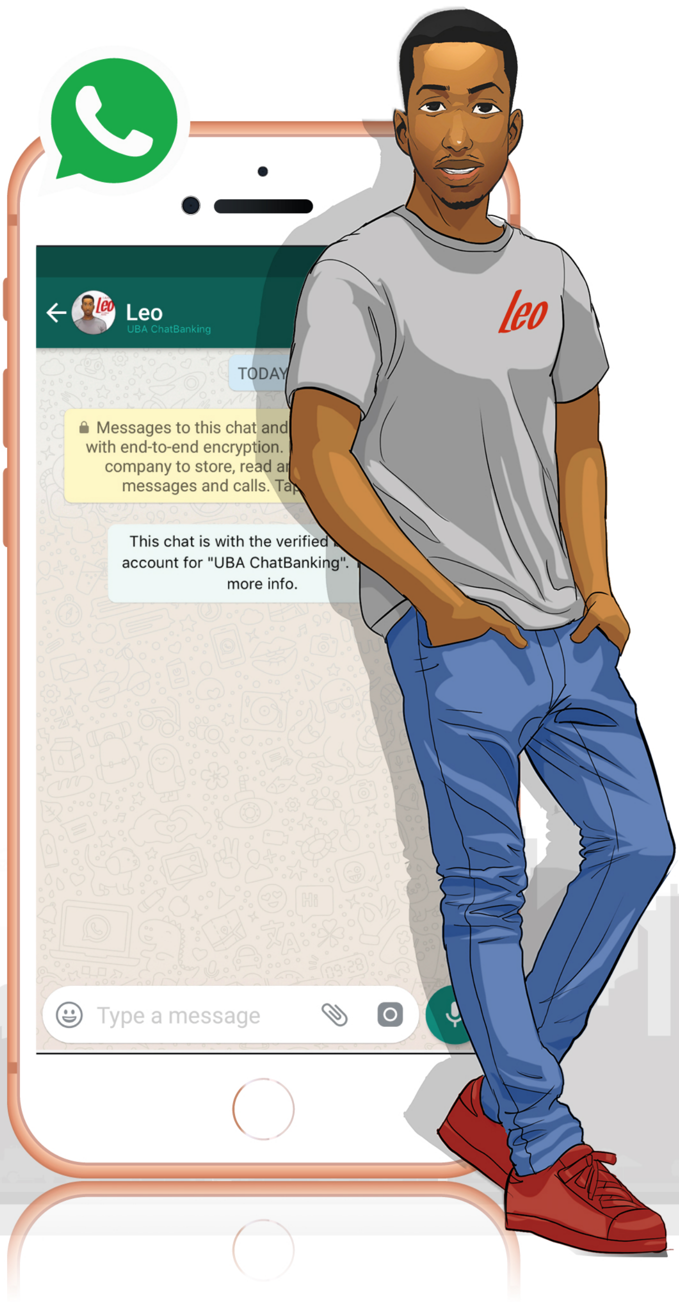

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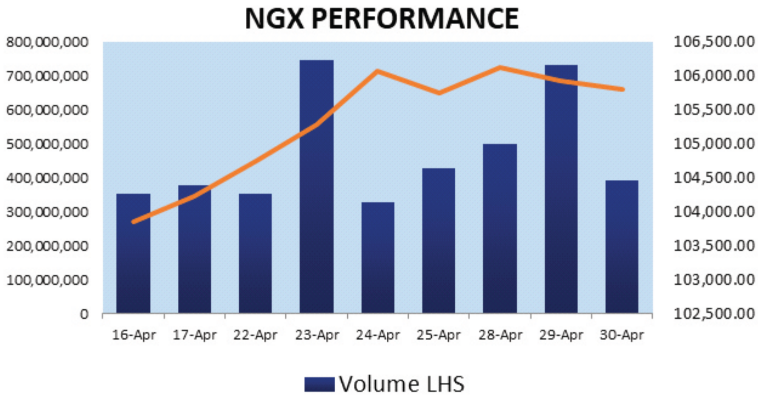
STOCK MARKET REVIEW

APRIL 16TH – 30TH

The Nigerian Stock Exchange closed positively in the second half of April. It gained 1.19% to close at 104,560.02 points on April 30, up from 104,560.02 points on April 16. Similarly, the market capitalization rose by 1.90% to N66.50trn on April 30, relative to its close of N65.26trn on April 16. The market YTD return was 2.79% in the second half of April. The market breadth was positive at 2.74x, as 74 stocks gained, 45 remained unchanged, and 27 lost. The NGX's performance was positive due to robust investor participation, reflecting strong market resilience despite economic challenges.



Source: NGX, FDC Think Tank

The market activity level was positive in the review period. The average volume traded decreased by 54.34% to 467.67mn units from 1.02trn units. However, the average value of trades surged by 36.41% to N15.51bn from N11.37bn in the second half of April.

The performance of the sectors was mixed in the review period, as three sectors gained while two lost. The consumer goods sector gained 10.84%, the banking sector 7.66%, and the insurance sector 4.83%. The oil & gas sector lost 2.37%, the industrial sector lost 0.71%, and the industrial sector

SECTOR PERFORMANCE

Industrial	FMCG	Banking	Oil &Gas	Insurance
-3.12%	10.83%	7.66%	-2.37%	4.83%

TOP 5 GAINERS

ABC transport Plc, a company that provides road transport services, led the gainers' list with a 58.46% increase in its share price. This was followed by Eterna plc (51.36%), Vitafoam Nigeria Plc (42.70%), International Breweries Plc (34.18%) and Nigeria Breweries Plc (30.50%).

TOP 5 LOSERS

The laggards were led by VFD Group Plc with -80.73%. This was followed by Johnholt Plc (-25.06%), Tripple Gee and Company Plc (-18.64%), Multiverse Mining and Exploration Plc (-18.50%) and Austin Laz & Company Plc (-18.18%).

TOP 5 GAINERS				
Company	Apr-16 (N)	Apr-30 (N)	Absolute Change	Change (%)
ABCTRANS	1.3	2.06	0.76	58.46%
ETERNA	33	49.95	16.95	51.36%
VITAFOAM	37	52.80	15.80	42.70%
INTBREW [BLS]	5.5	7.38	1.88	34.18%
NB	32.95	43.00	10.05	30.50%

TOP 5 LOSERS				
Company	Apr-16 (N)	Apr-30 (N)	Absolute Change	Change (%)
VFDGROUP	96	18.50	-77.50	-80.73%
JOHNHOLT	7.74	5.80	-1.94	-25.06%
TRIPPLEG	2.2	1.79	-0.41	-18.64%
MULTIVERSE	8.65	7.05	-1.60	-18.50%
AUSTINLAZ [RST]	2.09	1.71	-0.38	-18.18%

Outlook

The market is expected to remain bullish due to stronger corporate earnings. While optimism is returning, investor confidence remains cautious, hinging on naira stability, oil output recovery, clear policies, and a credible anti-inflation strategy.

WHISPERS OUTLOOK

- Oil prices are projected to remain bearish in the near term, trading within the range of $60-65pb. This is due to the potential for a U.S.-Iran deal and easing sanctions, which could increase oil supply and soften prices.

- Lower global oil prices are unfavourable for Nigeria's export earnings. This could hamper a rise in external reserves, stunting the CBN's ability to defend the naira. In May, the naira lost 0.74% to N1,612/$. We anticipate sustained pressure on the naira within the N1,600-1,650/$ range.

- In April, headline inflation declined to 23.71% partly due to lower logistic cost and relative exchange rate stability. If this trend continues, May's headline inflation number could show a sustained moderation.

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