

LBS BREAKFAST SESSION



CHAOS



**100
DAYS**

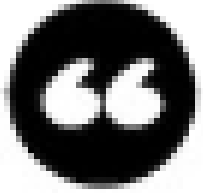
OR



GENIUS

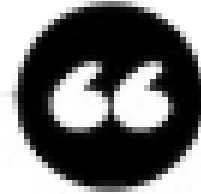
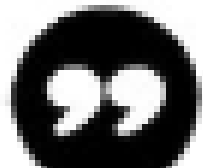
What a difference 100 days can make

QUOTES!



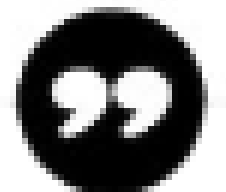
Beau Willimon

Checks and balances are a way to prevent government from either devolving into an autocratic tyranny or an autocratic mob mentality.



Gracie Allen

This used to be a government of checks and balances. Now it's all checks and no balances.



OUTLINE

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The World at a Glance

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Africa – Fringe player, parasite, or catalyst

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The Nigerian economy – 2027 election spending could undermine macroeconomic stability

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Economy & politics

01

THE WORLD AT A GLANCE (GLOBAL)

*Separation of powers and the limits of a
maximum ruler*



QUOTE!

There is no liberty if the judiciary power be
not separated from the legislative and
executive.



Baron de Montesquieu

French judge, historian, & political
philosopher.

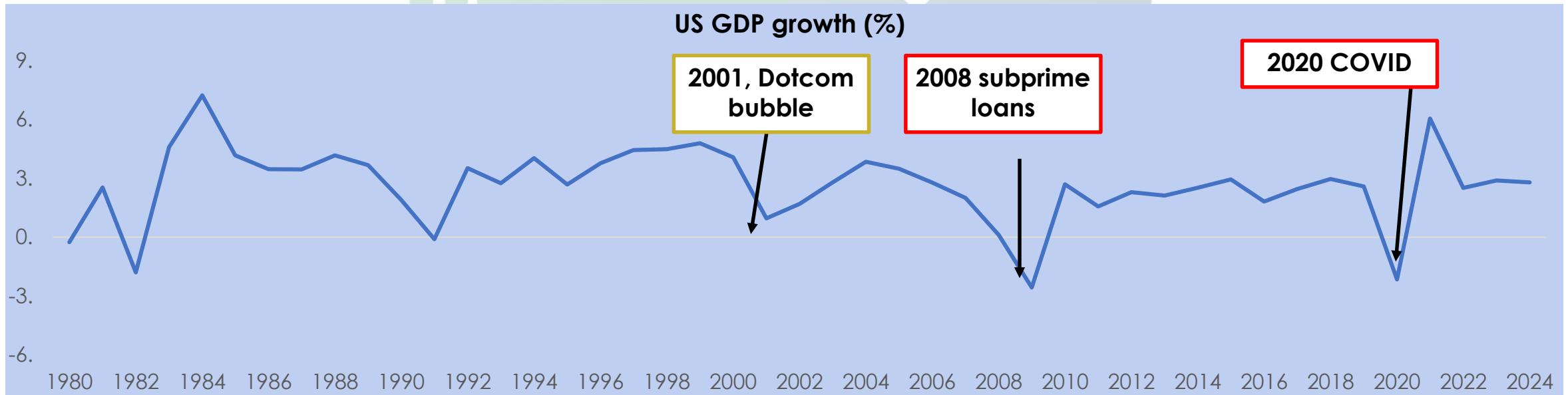
WHAT A DIFFERENCE 100 DAYS CAN MAKE

- 100 days of tumble, rumble and crumble
- Markets tumbled, losing 5-9%
- Investments and portfolios crumbled
- Global trade crumbled
- The US economy (GDP growth) went from 2.4% to -0.3%
- If there is one more quarter of negative growth
- The world's largest economy will be officially in recession



US RECESSION TREND

- In the last 30 years, the US economy has experienced 3 recessions



WHAT A DIFFERENCE 100 DAYS CAN MAKE CONT'D

- The global economic and political establishment has fought back against the disruption
- The effect of the tariff imposition was grossly exaggerated
- There were doomsday scenarios that expected a deep recession, market corrections, rising unemployment, and huge layoffs
- In reality, the markets oscillated
- The S&P 500 corrected and recovered
- The unemployment rate stayed flat at 4.3%
- The PCE inflation climbed to 3.6%
- Travels to the US slumped by 5%





GLOBAL MARKET REPORT STRONG EARNINGS

The following companies reported strong earnings:



All are cautious about the future and the impact of a trade war



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THE WORLD, MARKETS AND INSTITUTIONS REACT

- Rather than succumb, allies and foes all pushed back
- Canada, Mexico, China and Europe did not roll over
- In four elections, Trump allies lost heavily



Canada



Germany



Australia



Wisconsin

- Institutions stood up for their rights
 - The Fed refused to be bullied into lowering rates
 - Harvard and many others refused to be bullied



THE WORLD, MARKETS AND INSTITUTIONS REACT

- Global stock markets forced the unfriendly administration to back down on unfriendly policies

In 100 days, we saw that;

- Markets work and are efficient
- Strong institutions are the guardrails of democracy
- Democracy can become an autocracy if all the people succumb



A WEAK DOLLAR IS COMING

- The Mar-a-Lago accord is the real deal
- The tariff wars are only phase one of the package

The plan is to;

- Reshape global trade
- Boost U.S. manufacturing
- Reduce the budget deficit
- Get more countries to push up their currencies and devalue the dollar





SURPRISE! SURPRISE!!

- Steve Miran had outlined a range of options in the past
- Steve Miran is now the chairperson of the U.S. Council of Economic Advisers

- Steve Miran once said:

“At the end of the day, government has to raise revenue via taxation.

Better to take tariffs from low levels higher, than corporate or income

from already-high to even-higher.”—November 2024

- Goldman Sachs still bets that there is a 40% chance of recession
- J.P. Morgan says there is a 60% probability of a recession





GLOBAL DOMINANCE – A SHIFT FROM THE U.S. TO CHINA

China now dominates in trade

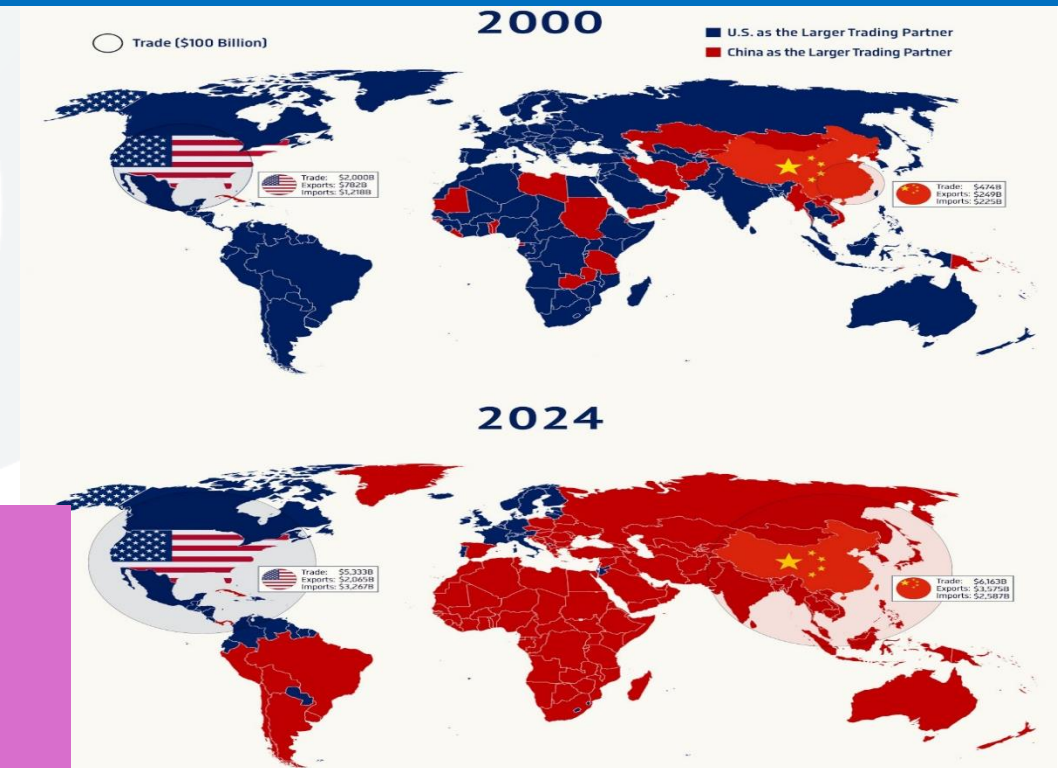
- Now accounts for 19% of global trade
- 30.2% of global manufacturing output.
- 70% of global smartphone production
- 62% of global EV sales
- 54% of global EV battery sales
- China sold 11mn EVs in 2024, up 25%

China dominates in rare earths

- Holds the world largest rare earth reserves
- About 49% (44mmt) of the world's 90 million metric tons (mmt)
- Accounts for over 69% of global rare earth production.
- Processes approximately 90% of the world's rare earth elements.

Global trade dominance has shifted in favour of China

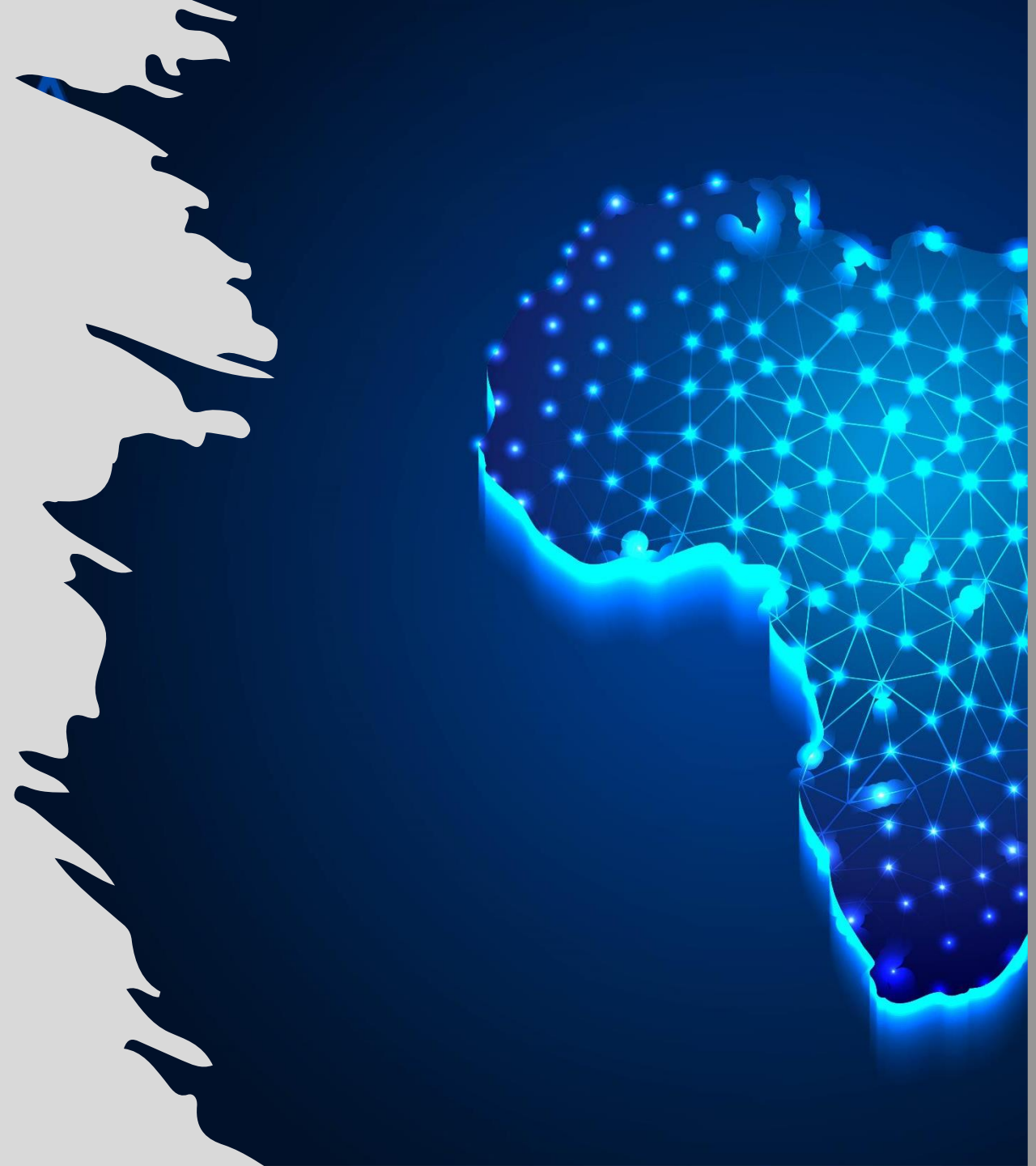
- China trade rose 1,200% to \$6.2trn in 2024 from \$474bn in 2000



02

Africa

Fringe player, parasite, or catalyst

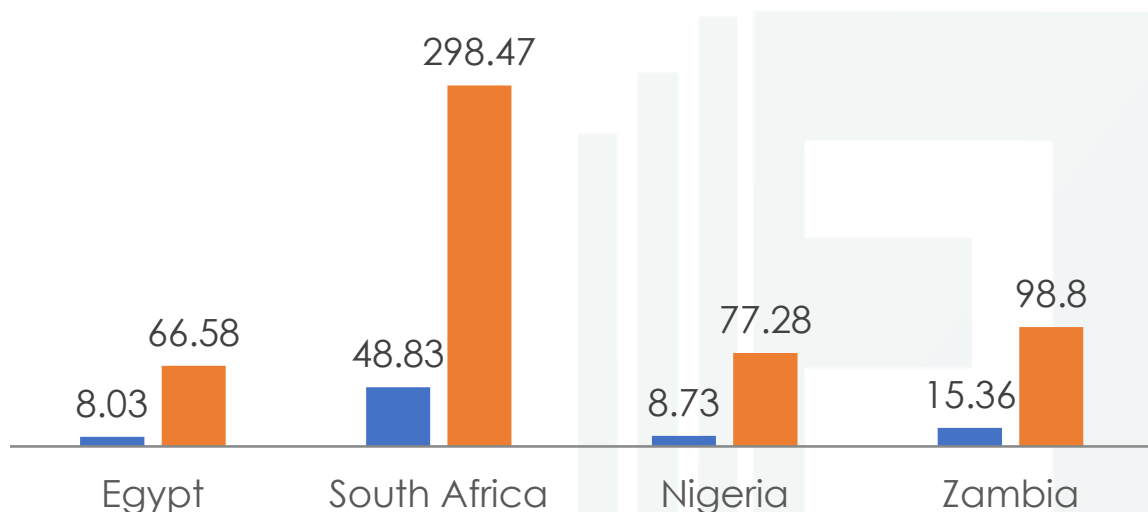




AFRICA'S ROLE IN THE GLOBAL ECONOMY – FRINGE PLAYER!

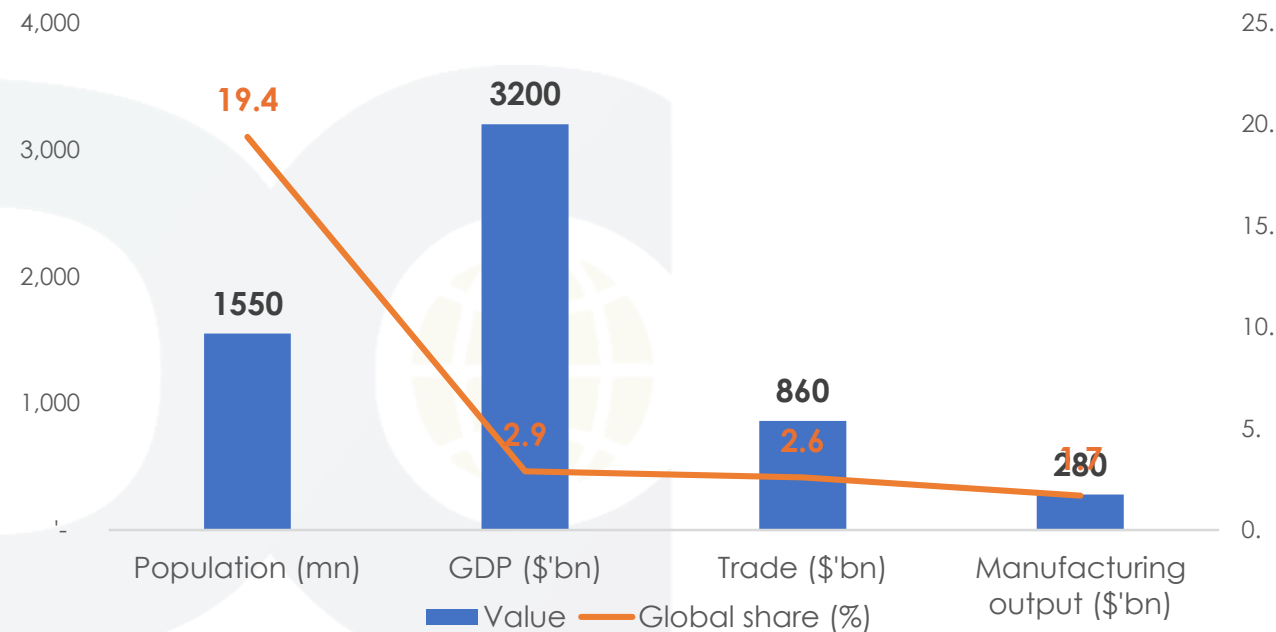
Africa's Peripheral Role in Global Trade and Economics

Africa's exposure to capital pullouts
(foreign portfolio liabilities)



Source: EIU ■ % of GDP ■ % of Foreign Reserves

Africa remain a fringe player in the global economy



- Africa accounts for less than 3% of global trade, underscoring its limited influence in the world economy
- The continent remains highly exposed to external trade shocks and global market shifts
- Escalating trade wars risk deepening Africa's economic vulnerability by disrupting critical exports
- Heavy reliance on foreign investment leaves Africa susceptible to global financial downturns



AUTOCRACY OR THE RETURN OF BENEVOLENT DESPOTISM IN SSA

African Countries Currently Under Military Rule

Countrys	Date of Coup	Current Military Leader	Status of Transition
Burkina Faso	Jan 2022	Captain Ibrahim Traoré	Elections postponed
Mali	Aug 2020, May 2021	Colonel Assimi Goïta	Elections promised, delayed
Niger	July 2023	General Abdourahamane Tiani	3-year transition proposed
Guinea	Sep 2021	Colonel Mamady Doumbouya	Civilian rule by end 2024 (pledged)
Sudan	Oct 2021	General Abdel Fattah al-Burhan	Ongoing conflict
Gabon	Aug 2023	General Brice Oligui Nguema	Transitional government
Chad	Apr 2021	Mahamat Idriss Déby	Transitional military council

- Benevolent despotism was an 18th-century phenomenon
- Frederick the Great of Prussia (1740-1786)
- Catherine the Great of Russia (1729-1796)
- Autocracy with fairness and kindness



DOES AUTOCRACY HELP ECONOMIC GROWTH?

Debate: Authoritarian efficiency vs. democratic resilience

Source: IMF 2024, FDC Think Tank

Rule by the military	GDP growth (%)	Income per capita (\$)	Inflation (%)	Rule by democracy	GDP growth (%)	Income per capita (\$)	Inflation (%)
Burkina Faso	4.45	1,005.5	2.49	Nigeria	3.43	824.02	33.24
Mali	4.40	945.6	3.22	Ghana	5.67	2,405.8	22.88
Niger	10.30	707.5	9.07	South Africa	0.58	6,331.91	4.43
Guinea	6.07	1,670.7	8.11	Kenya	4.51	2,305.3	4.50
Gabon	3.07	9,202.0	1.16	Ethiopia	8.05	1,320.2	21.75
Chad	1.52	1,034.8	5.71	Cameroon	3.56	1,800.6	4.51

- **Military:** average growth (5.30%), average income per capita (\$2,094.4), and average inflation (5.29%)
- **Democratic:** average growth (4.30%), average income per capita (\$2,497.5), and average inflation (15.72%)
- Military regimes often deliver higher short-term growth and price stability, potentially due to centralized decision-making, but at the cost of lower per capita income (excluding outliers)
- Democratic regimes perform better in raising income per person, indicating longer-term inclusive growth despite higher inflation volatility
- While military rule may temporarily boost growth and control inflation, democracy better supports sustainable, broad-based development, particularly when strong institutions and governance are in place



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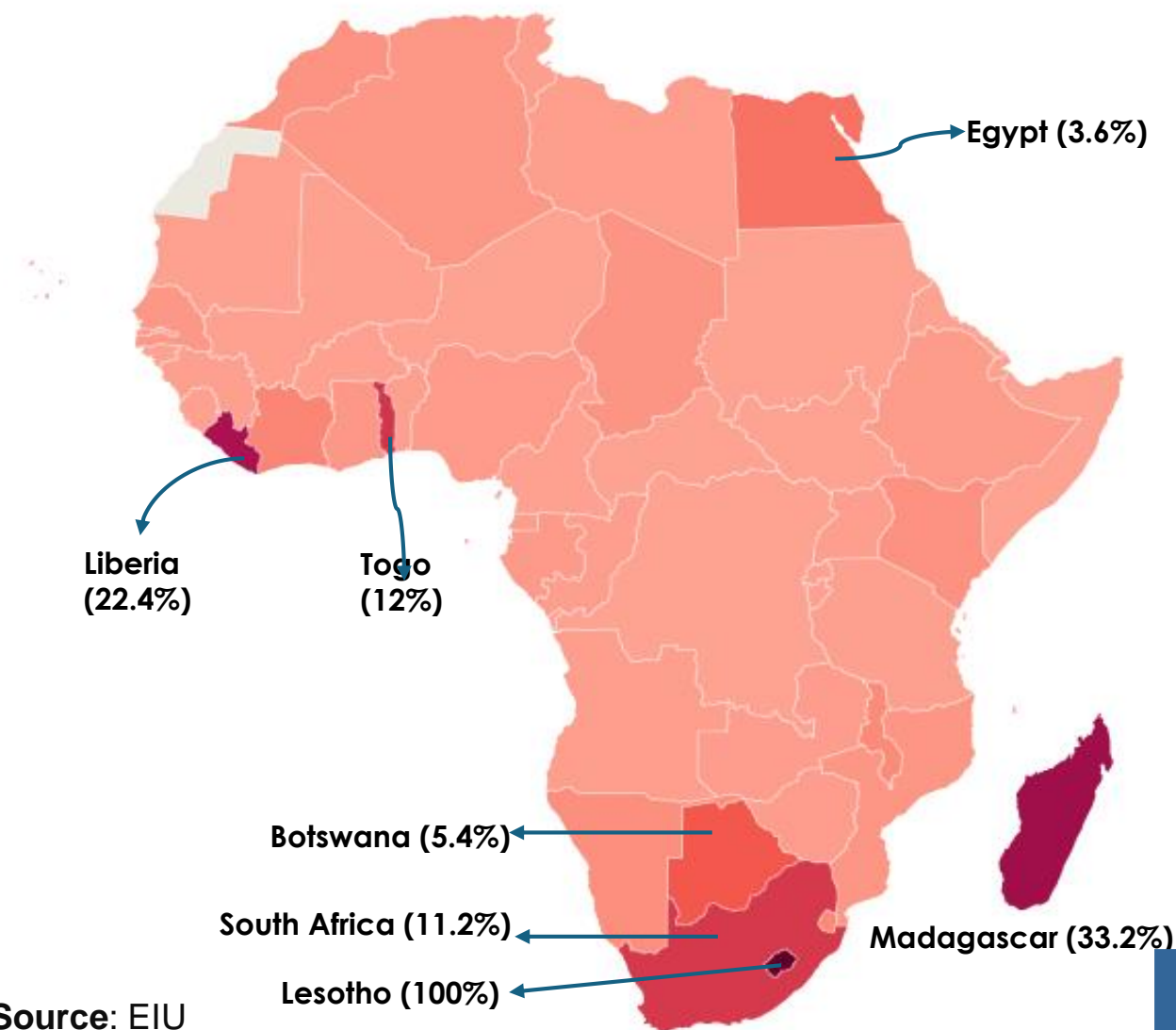
GLOBAL TRADE SHOCKS & AFRICA

(0=lowest impact, 100=highest impact)



Reciprocal tariff impact index for African GDP

- US tariffs and trade tensions are set to hurt Africa's growth in 2025
- South Africa and Lesotho are the hardest hit due to manufacturing and trade links
- SSA is not as vulnerable as others



Source: EIU



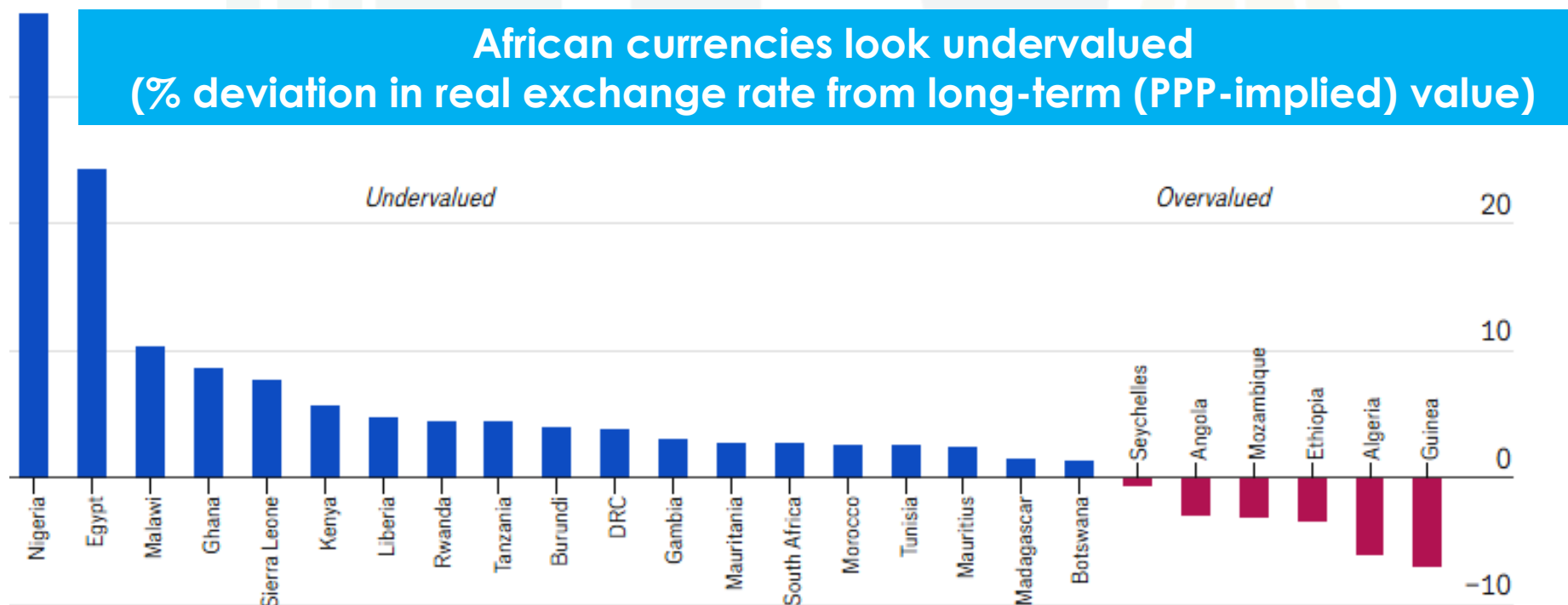
AFRICA'S MINERAL BARGAINING POWER

Commodity	Country	Global share of reserves (%)	Production, % of global output, 2023	Refined output, % share of production
Cobalt	DRC, Madagascar, Morocco	48	74	0
Manganese	Cote d'Ivoire, Gabon, Ghana, South Africa	48	65	1
Graphite	Madagascar, Mozambique	22	9	0
Copper	DRC, Zambia	6	15	70
Lithium	Zimbabwe	1	2	0
Crude oil	Libya, Nigeria, Algeria, Angola, others	7	8	38

Source: EIU, FDC Think Tank

AFRICA'S UNDERVALUED CURRENCIES

- The cedi, naira, and Egyptian pound are among several currencies that appear deeply undervalued relative to fundamentals
- Rising global uncertainty and a softer commodity market may weaken African currencies
- Currency crashes are unlikely, but downward pressure will lead to varying degrees of depreciation





IMF SUPPORT OR POISON CHALICE?

Success stories



Côte d'Ivoire

- The IMF support program for Côte d'Ivoire totals approximately \$3.5 billion over 40 months
- Includes a \$1.3 billion arrangement under the Resilience and Sustainability Facility (RSF)



Senegal

- \$1.8 billion was provided under an Extended Credit Facility (ECF) and Extended Fund Facility (EFF) in 2023
- Plus, an additional ~\$324 million under the Resilience and Sustainability Facility (RSF)



IMF SUPPORT PROGRAM: NOT SO GOOD



Zambia

- Provided \$1.3 billion under a 38-month Extended Credit Facility (ECF) arrangement in 2022
- In mid-2024, this amount was augmented by about 30% or \$385.7 million



Ghana

- The IMF support program for Ghana was a \$3 billion Extended Credit Facility (ECF) arrangement approved in May 2023

An IMF program is *not* a guarantee against default or economic failure

CHOOSING AFDB'S NEXT PRESIDENT



- The AfDB Group consists of three main entities
 - The AfDB itself
 - The African Development Fund (ADF)
 - The Nigeria Trust Fund (NTF)

TRANSITION
May 29, 2025



- The AfDB was founded in 1964, has 81 member countries, including 54 African countries (regional members) and 27 non-African countries (non-regional members)
- The voting power and shareholding are split approx. 60% to regional countries and 40% to non-regional countries
- Nigeria is the largest African shareholder, holding nearly 9% of the voting power
- A Nigerian has only been elected president once: in 2015
- The Ivory Coast has excluded itself from being the president as being its host

03

THE NIGERIAN ECONOMY

2027 election spending could undermine
macroeconomic stability





THE NIGERIAN ECONOMY – Q1 REVIEW & Q2 OUTLOOK

- Growth was positive at 3.84% in Q4
- GDP is expected to grow at 4.01% in Q1 '25 and 3.72% in Q2'25, indicating a stronger economy
- PMI remained in the expansion region at 54.2 in April and will likely remain above 50 points in Q2'25
- Headline inflation made a U-turn in March to 24.23% after a decline in February
- Money supply growth (M3) grew to 23.9% in March, and is expected to decline further
- Oil production fell by 4.76% to 1.4 mbpd in March and is projected to decline to 1.37 mbpd in April
 - Q2 forecast: 1.3 mbpd; due to attacks on oil facilities that caused damage and leaks at key terminals, e.g., Oando facilities
- PMS pump price fell in April by 4% to N890/litre, may drop further as global oil prices continue to fall



THE NIGERIAN ECONOMY – Q1 REVIEW & Q2 OUTLOOK

- The average opening position of banks in Q1 '25 stood at a negative ₦255.02 billion
- The naira is trading at ₦1,600/\$ at the parallel market and is expected to remain stable, trading between ₦1,600/\$ and ₦1,700/\$ in Q2'25
- FAAC disbursement in March fell by 5.95% to ₦1.58 trillion from ₦1.68 trillion in February
- The disbursement might fall further in Q2'25 as oil revenue drops due to lower global oil prices
- Consumer confidence was less pessimistic in March, easing to -8.1 points from -19.0 points in February
 - Expected to improve to 9.3 index points in Q2'25
- Investor confidence is rising as the overall business confidence improved, standing at 31.7 points
 - Will likely improve further in Q2'25, as all sectors expressed optimism about the macroeconomy

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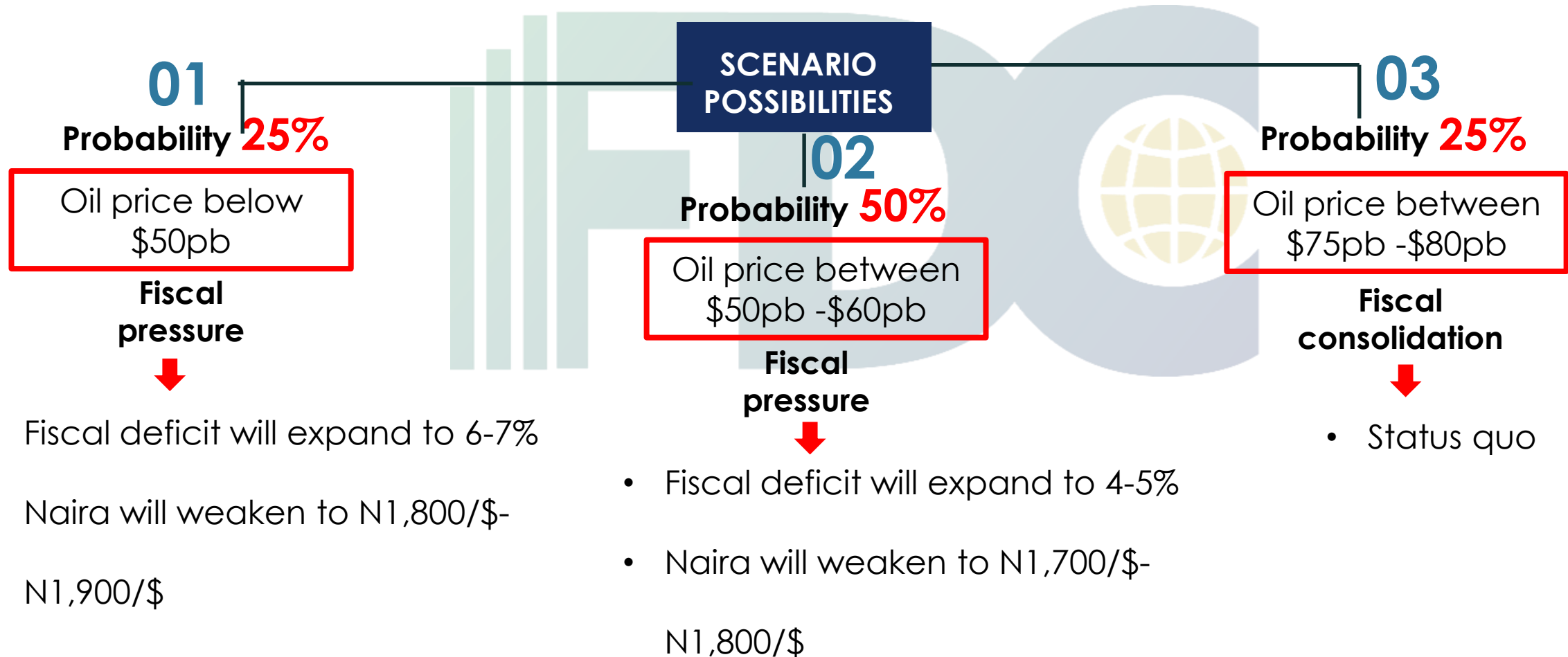
THE NIGERIAN ECONOMY IN Q2

The economy will face multiple challenges

- ✓ The possible scenarios of the oil price
- ✓ A currency that is buffered by limited external reserves
- ✓ A global tariff war that will have a neutral impact on macroeconomic stability
- ✓ A spillover effect of fiscal deficit on inflation
- ✓ The impact of the domestication of dollar debt by corporates

WHAT-IF ANALYSIS - THREE SCENARIOS (OIL PRICE)

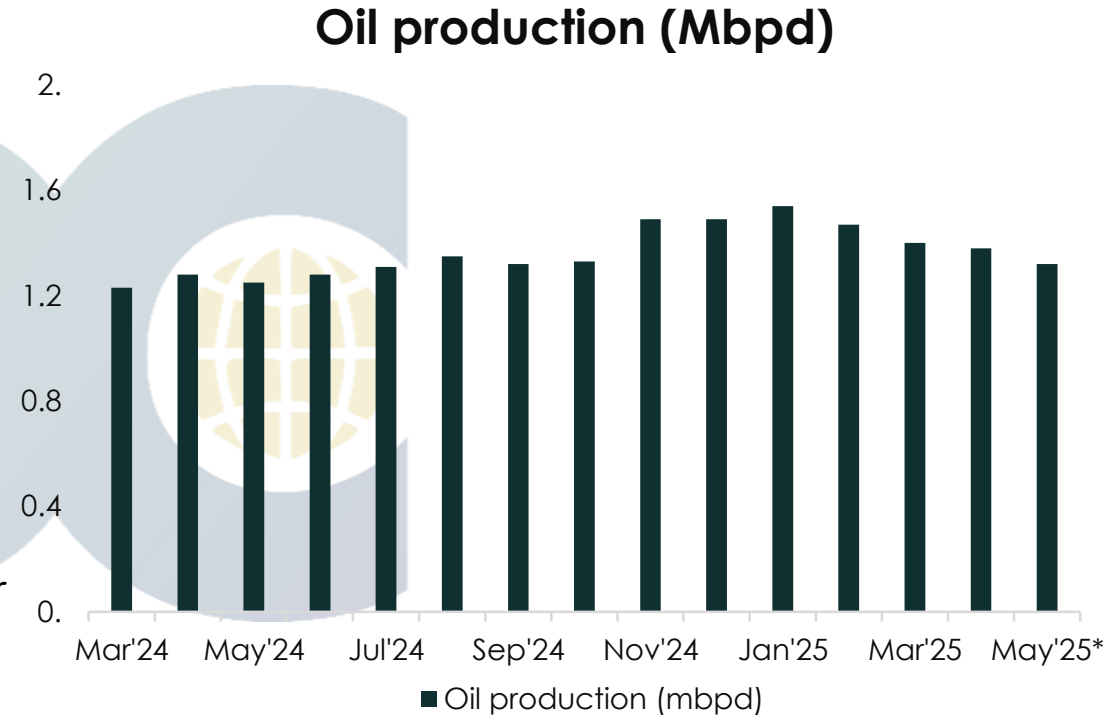
- **Fiscal Breakeven** - Price at which oil revenue = government spending
- **Nigeria's fiscal breakeven:** \$60pb





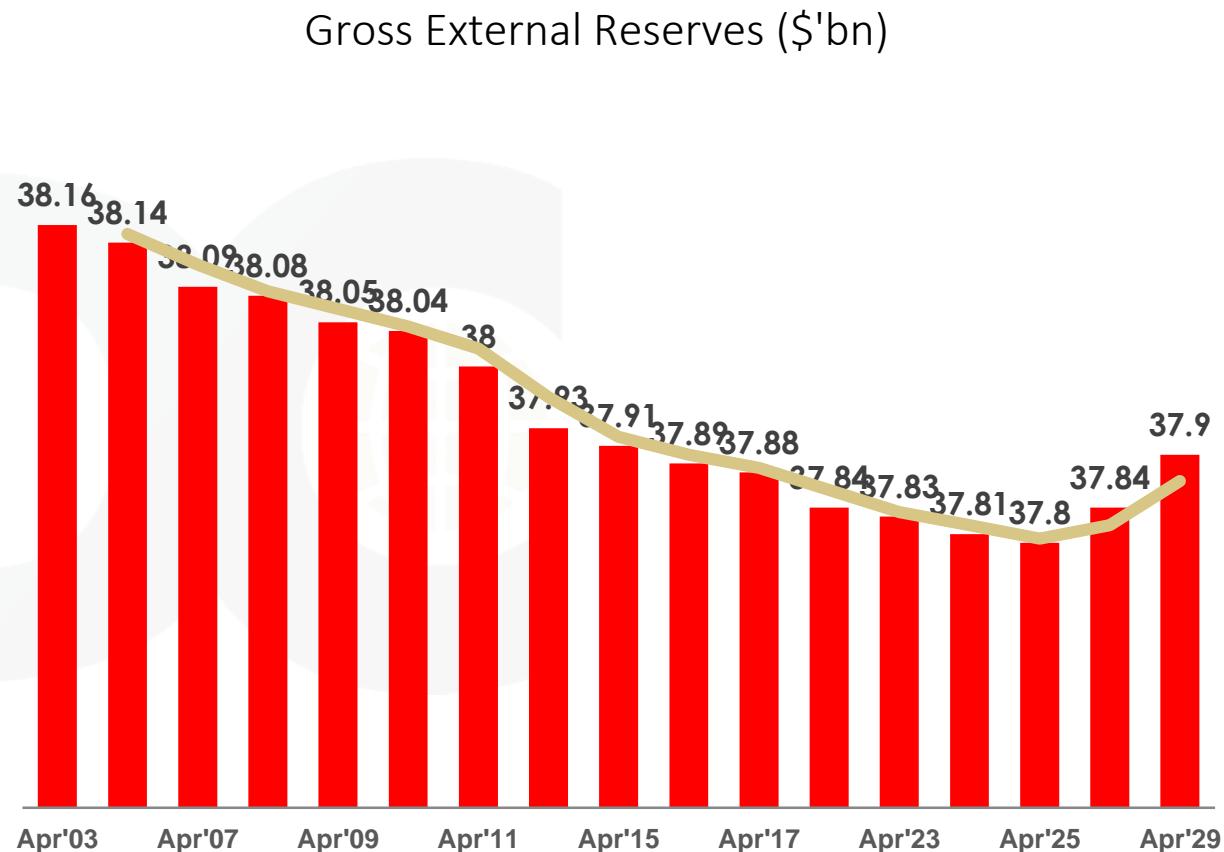
OIL PRODUCTION NIGERIA'S ACHILLES HEEL

- Oil production declined by 4.76% to 1.4mbpd in March
- 2025 budget estimates:
 - Oil production benchmark: 2.06mbpd
 - Oil price: \$75 pb
 - Revenue target: N36.35 trn, with 56% expected from oil sales (N20.36 trn)
- Actual production is below the budget benchmark by over 300,000 bpd
- Global oil prices also fell sharply, trading slightly above \$60pb in May 2025
- Nigeria's ability to meet its oil revenue targets is concerning



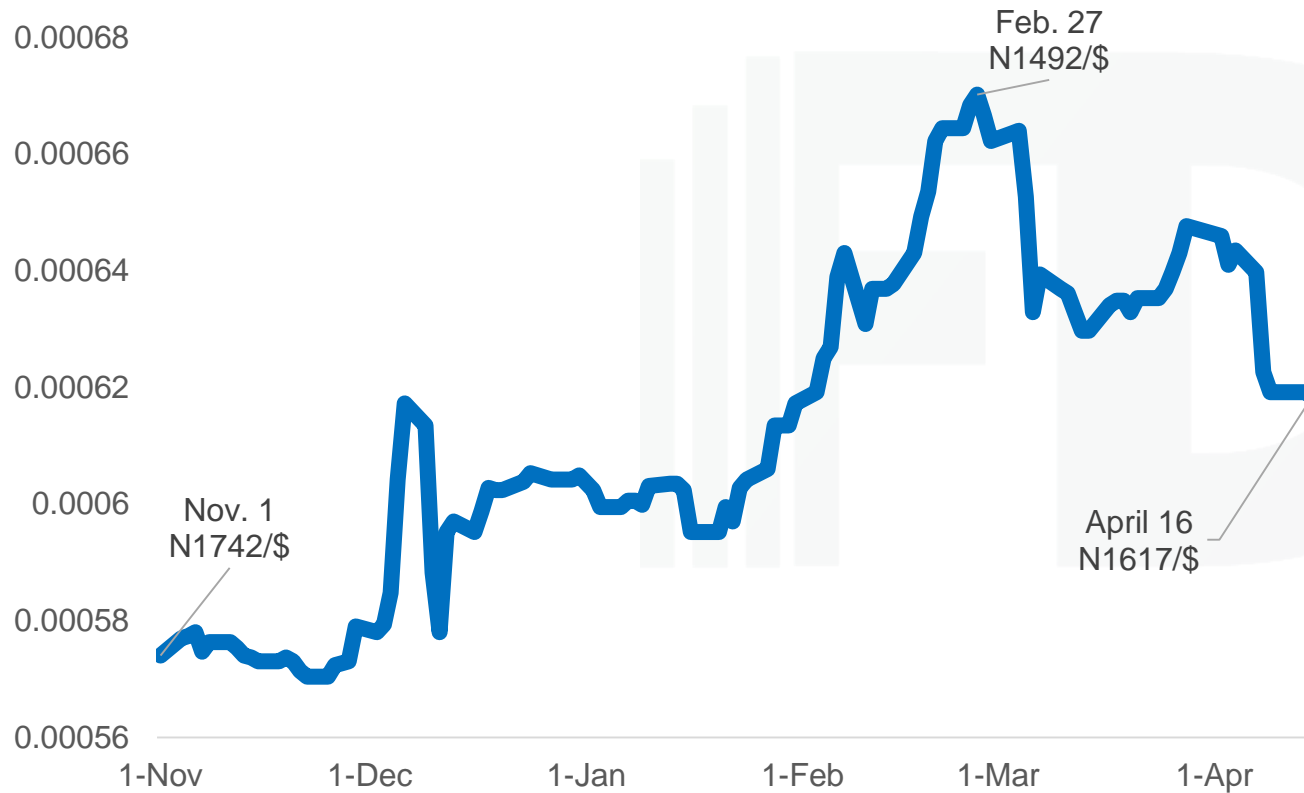
FALLING GROSS EXTERNAL RESERVES RAISE CONCERNS

- Gross external reserves declined by 7.27% to \$37.91bn in April from \$40.88 bn in December 2024
- The CBN has ramped up liquidity management efforts, selling short-term, high-yield securities to stabilize the currency
- However, concerns remain;
 - About the true size of Nigeria's external reserves
 - And the CBN's ability to sustain long-term currency stability



EXCHANGE RATE VOLATILITY

The future path of the naira remains uncertain



Drivers of Volatility

- Demand-supply imbalance
- Speculative activities
- Government payments and fiscal pressures
- Structural FX market issues

EXCHANGE RATE - SCENARIO-BASED FORECAST

- Nigeria's inflation is **24.23%**
- 364-day NTB rate is **19.60%**
- Parallel market exchange rate is **₦1,608/\$**
- PPP: **₦1,169/\$** → indicating the naira is undervalued by **27.17%**
- Inflation in the US is **2.6%**, and the interest rate is **4.25%**

Scenario - Simulation

Nigeria's inflation – U.S inflation

$$24.23\% - 2.6\% = 21.63\%$$

Future Exchange rate = Current PPP rate × (1+ inflation differential)

PPP Value = ₦1,421.25 /\$ if inflation persist

Purchasing Power Parity			
	=N=	May-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)	18,000	6.69	2690.58
Movie tickets (blockbuster)	8,000	9.99	800.80
HP Pavilion 14 X360 (12 gen, core i13, 512gb)	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	516.50
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	2304.13
Irish Spring Soap (3 bars)	3,645	3.51	1038.46
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)	6,500	18.74	346.85
Medicine (Panadol extra 50 caplets)	11,700	12.47	938.28
Andrex toilet paper (24)	41,850	16.88	2479.27
Average PPP			1169.08
Naira Price at NFEM			1605.30
PPP (%)			
Decision: Naira is		Undervalued	-27.17%
Spot Rate (Parallel)			1608.00
Outcome: Compared to NAFEM rate of ₦1,500.73/\$1, the Naira is undervalued by 27.04%			



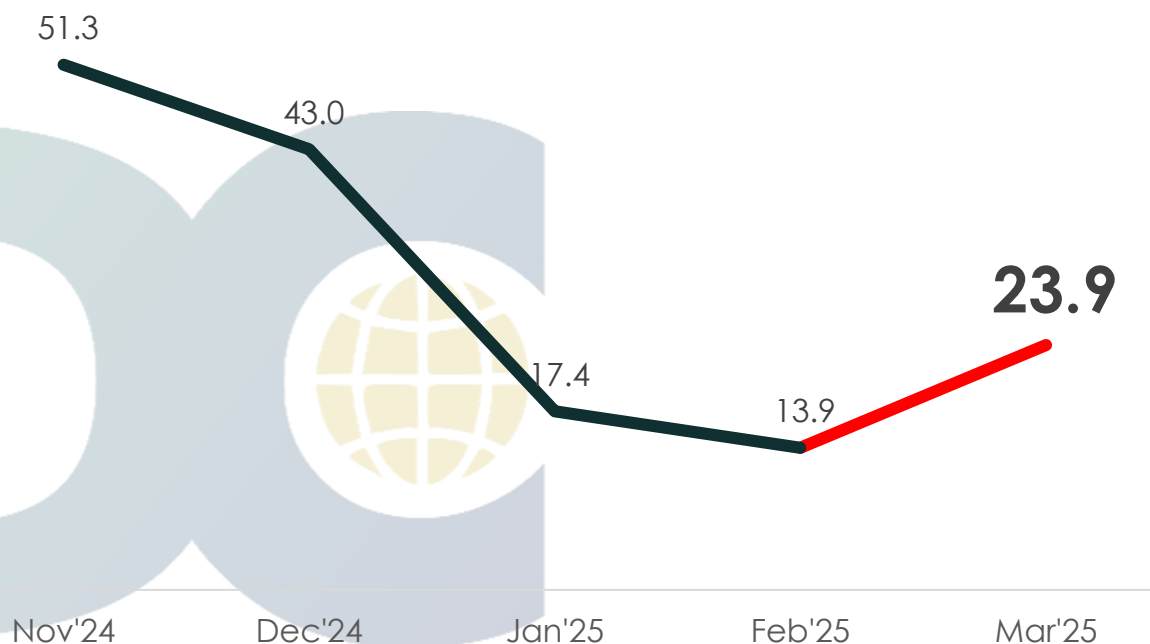
IMPACT OF INTEREST RATES & MONEY SUPPLY ON EXCHANGE RATE - OUTLOOK

- If interest rates remain below inflation (as they currently are: 19.6% vs 24.23%), real interest rates are negative, discouraging naira-denominated savings and fueling demand for dollars
- If money supply expands unchecked, inflation will rise further, weakening the naira and pushing the exchange rate to ₦1,650 – ₦1,700/\$.
- If tight monetary policy is pursued — raising interest rates above inflation — it may help stabilize the naira by attracting capital inflows and reducing speculative demand for dollars
- If inflation continues to outpace interest rates, the naira will remain under pressure and may depreciate further beyond the PPP-implied ₦1,169/\$ value

MONEY SUPPLY JUST SPIKED- MARCH SURPRISE

- The 23.9% jump in March money supply signals a fresh wave of liquidity strain
- Main culprits include;
 - Base money (43%)
 - quasi money (26%)
- Currency in circulation rose to 29% (YoY)
- Money growth is expected to moderate to 20% in April

Money supply growth (%)

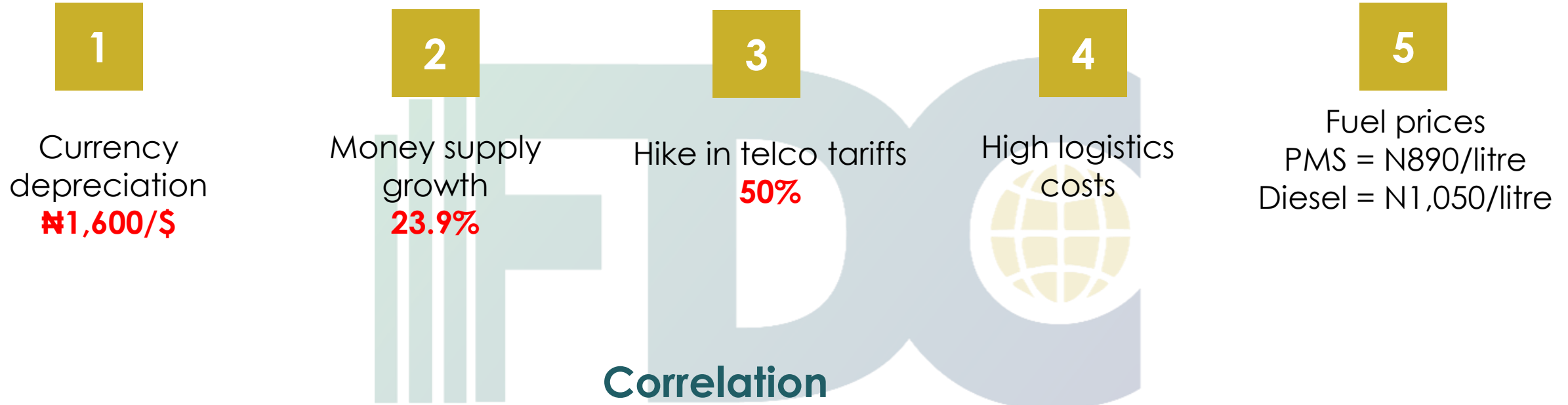


Selected Monetary Aggregates in March – Growth Rates (yoy)

Money Supply Growth (M3, %)	Quasi Money (%)	Demand Deposits (%)	Base Money (%)	Currency In Circulation (%)
23.91	26.62	18.85	43.37	29.29

INFLATION RISK PERSISTS – CAUSATION & CORRELATION

Causation



- Exchange rate depreciation to ₦1,600/\$ shows a strong inflationary link, with every 1%-naira depreciation associated with a 0.12% rise in inflation (correlation: 90%)
- Fuel prices remain a major driver, showing a 92% correlation with inflation. A 1% increase in fuel prices is estimated to raise inflation by 0.018%



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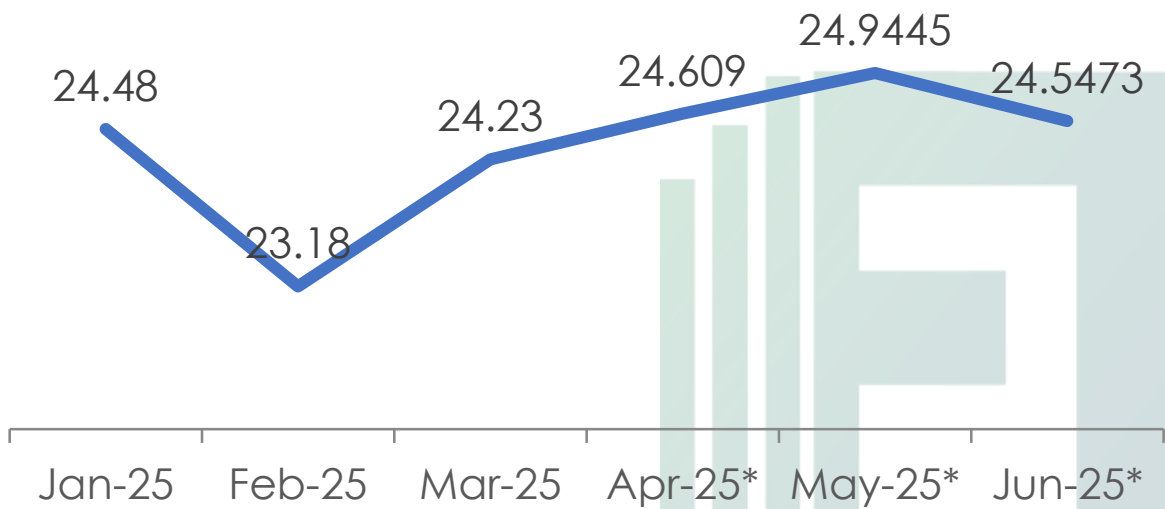
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INFLATION OUTLOOK

Inflation



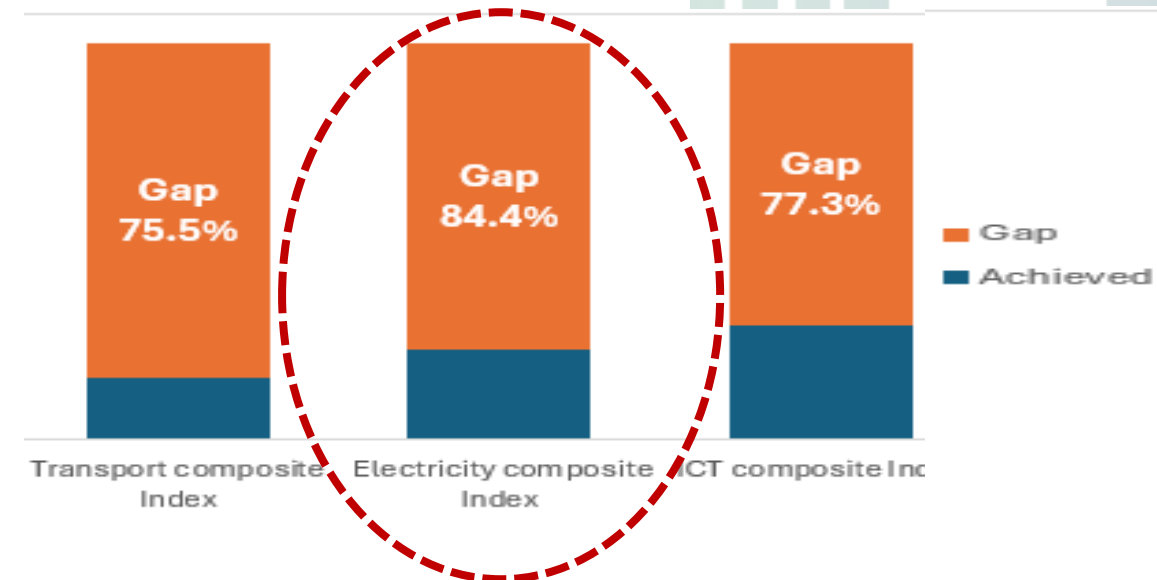
		Headline inflation	Food inflation	Core inflation	M/M inflation
		24.23%	21.79%	24.43%	3.9%
Month/Forecast	Drivers				
Apr-25 (24.61%)	M3 growth, depreciated naira, and high petrol prices feed in				
May-25 (24.94%)	High commodity prices, high M3, ongoing FX pressure, and lagged fuel impacts				
Jun-25 (24.55%)	Slight cooling due to expected drop in petrol prices and possible stabilization of food prices, though FX remains a threat				

- The pressure point has moved from food inflation to core inflation
- Potential offsets → Declining oil and fuel prices
- Risks → Prolonged naira weakness, global trade war and uncertainty, and insecurity-driven supply shock

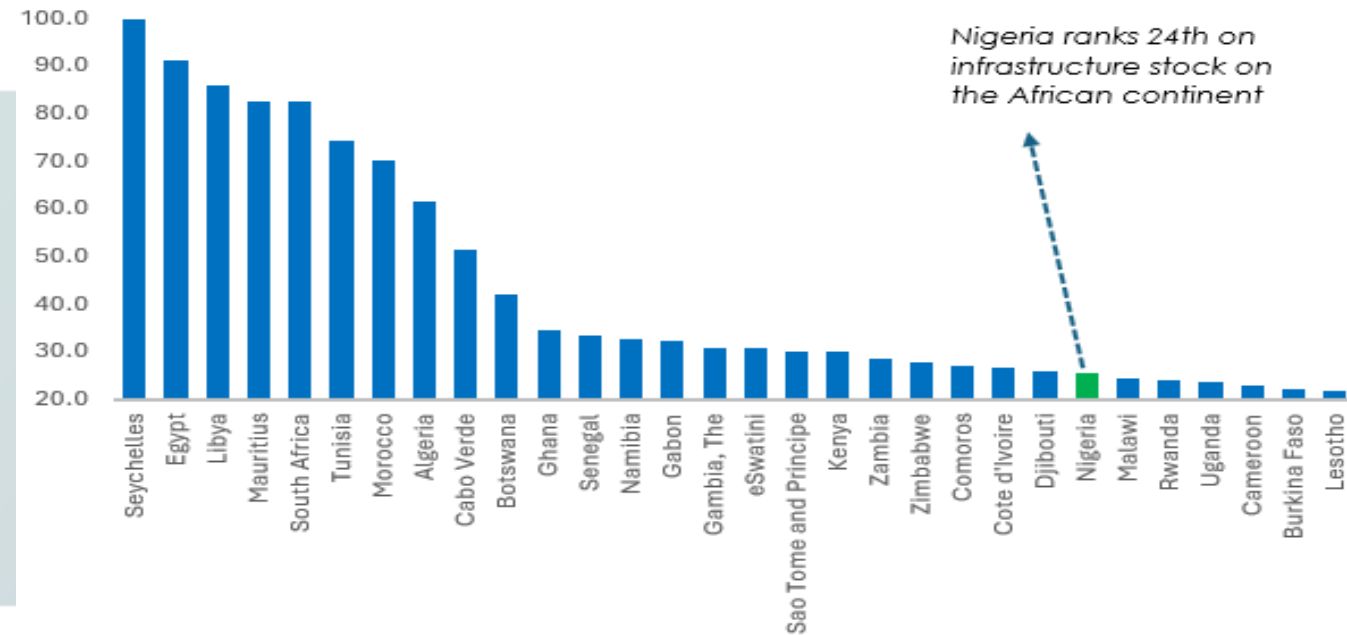
POWER SUPPLY CRISIS – INFRASTRUCTURE GAP

- Nigeria's power generation hit 6003MW in March 2025 – according to Minister of Power.
- Daily maximum energy output of 128,370.75 MWh
- Supply still falls far short of the country's actual demand.

Nigeria's infrastructure gap



Nigeria's ranking in Africa's infrastructure stock



- Nigeria has achieved only 26% of its infrastructure needs
- Lags behind most African countries – AfDB
- Nigeria needs \$3trn to close its infrastructure gap – World Bank



POWER SUPPLY FOR THE GRID NOW 6,000 MW

- Grid collapse has increased
- The government now says that electricity subsidies must go
- Disco debt forbearance now inevitable



04

**STOCK MARKET
&
CORPORATE
PERFORMANCE (Q1'25)**



QUOTE!

A market system is not a profit system, it's a
profit-and-loss system.



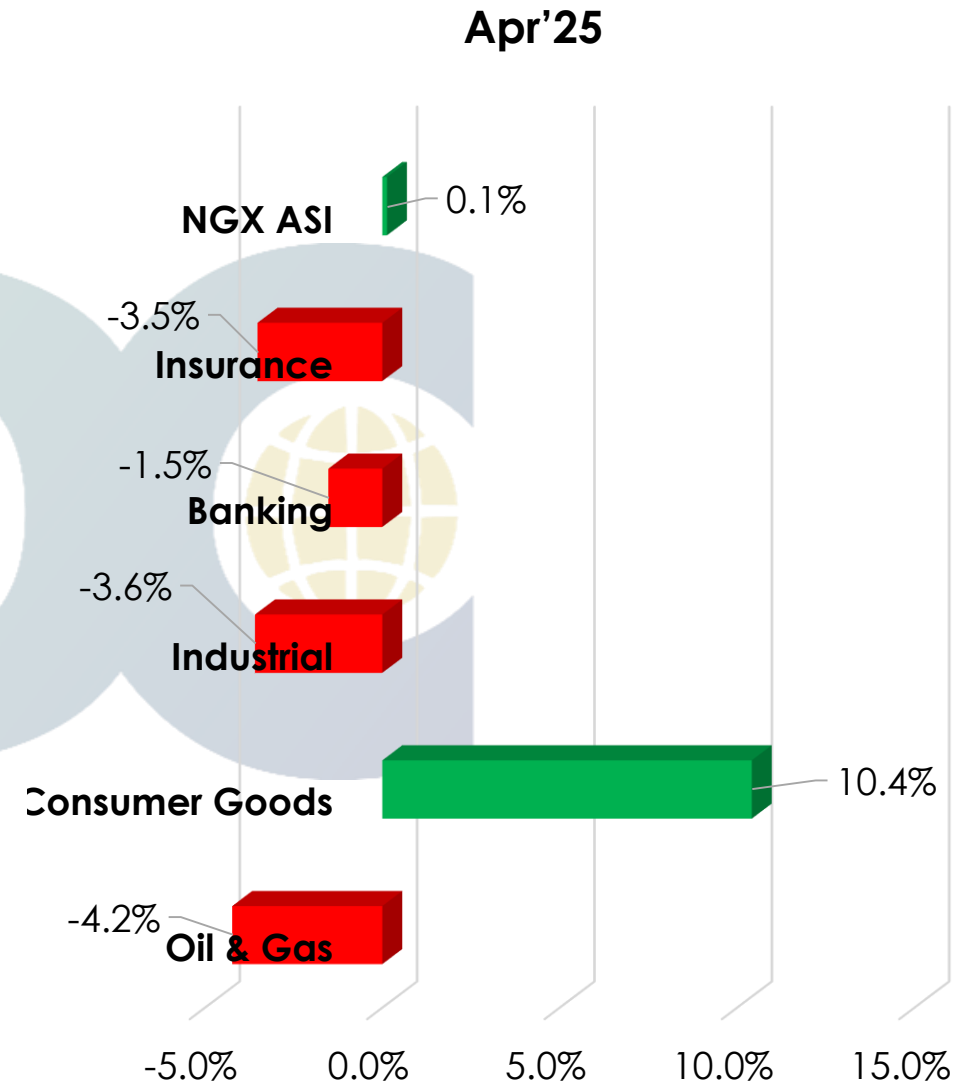
Charles Koch

Chairman and CEO of Koch
Industries



NGX IN APRIL 2025

- The NGX saw a modest gain of 0.1% in April 2025
- Majorly supported by gains in the consumer goods space
- Impressive earnings from consumer goods players drove their share prices up
- 2% M-O-M gain in MTN Nigeria also supported the NGX ASI
- Banking sector index declined despite attractive dividend from players
- Due to profit taking and stocks being marked down for dividend

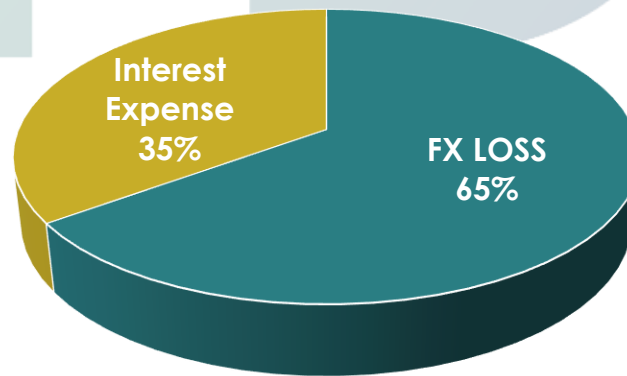




NIGERIAN COMPANIES – NET LOSSES

- Nigerian companies reported a total loss of ₦1.2 trillion in 2024
- FX losses were responsible for 65% of the total loss, representing extraordinary items that occur infrequently
- With the recent stability in the value of the naira, it typically takes two to three quarters for companies to recover and eliminate the accumulated losses

Key Drivers of Net Loss



■ FX loss ■ interest expense

Q1'2025 QUALITY OF EARNINGS

- Double-digit growth in revenue, thanks to higher prices, increased tariffs, sustained innovation and increased customer engagement
- Decline in fair value and trading gains weighed on non-interest income growth for some Nigerian banks
- Strong net income gains supported by a significant decline in FX losses
- Thanks to naira stability, financial restructuring, and cost-saving measures



Q1'2025 COMPANY EARNINGS-FROM LOSSES TO PROFITABILITY

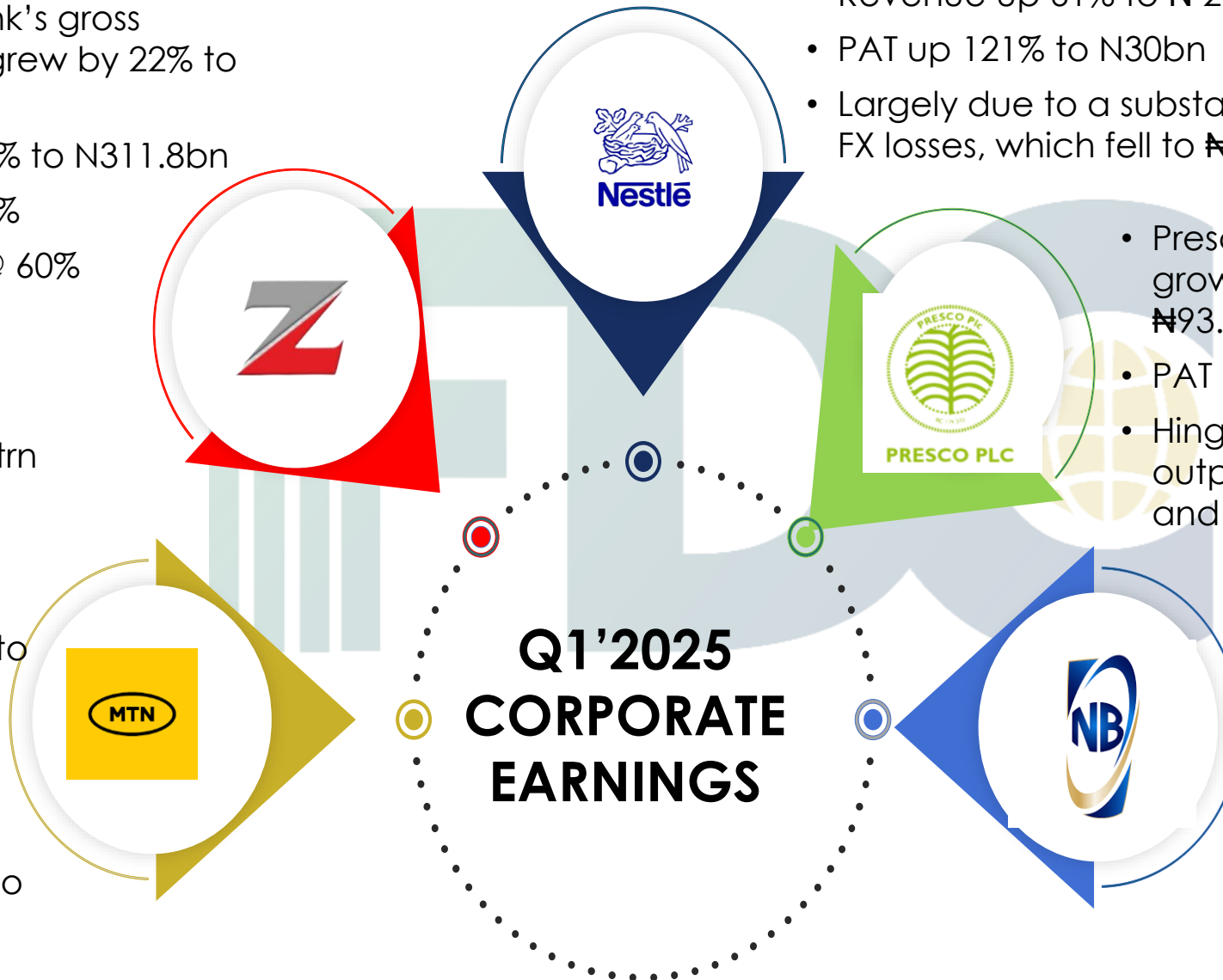
- Zenith Bank's gross earnings grew by 22% to N949bn
- PAT up 21% to N311.8bn
- CAR @ 24%
- Liquidity @ 60%

- Revenue up 61% to ₦ 294bn
- PAT up 121% to N30bn
- Largely due to a substantial decrease in FX losses, which fell to ₦163 million

- Presco posted a 120.4% growth in revenue to ₦93.8bn,
- PAT up 98% to ₦47.6bn
- Hinged on strong production output, operational discipline, and value creation.

- Nigerian Breweries revenue grew by 69% to N383bn
- PAT up 185% to N44.6bn
- Due to financial restructuring and cost-saving measures

- MTN Nigeria hits N1trn
- Crossed the N1trn mark in a single quarter
- Revenue up 40.5% to N1.05trn
- PAT up 134% to N133.6bn
- Total subscribers increased by 8.2% to 84.1 million





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DEBT PROFILE OF NIGERIAN COMPANIES



Inter-company Debt/% of Total Debt

Total Debt

N653.7bn

N209bn

N76.38bn

N65.3bn

N972bn

Total Debt

N369bn
56% of total debt

N4.88bn
2.3% of total debt

N60bn
78% of total debt

Nil

Nil

- Nigerian companies are reducing their reliance on foreign loans to manage financial risk
- Inter-company loans denominated in foreign currencies, increasing exposure to FX volatility
- Currency depreciation raises the cost of servicing foreign loans, straining company finances
- Domesticated (local currency) loans help shield firms from forex fluctuations



NGX BUY OPPORTUNITIES- STOCK PICKS

- Stock selections are based on attractive valuations (low P/E ratios), sectoral resilience, improved production, and strong potential for earnings growth

01

MTN NIGERIA

- Higher tariffs
- Back to profitability
- Decline in FX losses
- Expected to pay dividend at the end of 2025
- P/E ratio of 42.81x

02

WAPCO

- Increased production
- Strong bottom-line growth
- An interim dividend of N4
- P/E ratio of 8.90x

03

Guinness Nigeria

- Increased innovations
- Return to profitability
- Stronger net income growth
- P/E ratio of 13.57x



NIGERIAN STOCK MARKET – OUTLOOK CONT'D

- The Nigerian stock market is projected to exhibit a mixed performance in June 2025
- Following the typical “sell in May and go away” trend, June may present fresh buying opportunities
- Maintaining the current MPR or increasing it could prompt some equity investors to shift toward more attractive alternative asset classes
- A lot of companies will be marked down for dividends, trading at dividend-adjusted prices
- Creating short-term distortions but offering entry points for income-seeking investors





NIGERIAN STOCK MARKET – OUTLOOK CONT'D

- Nigerian banks are likely to face pressure on non-interest income, particularly from a decline in trading and fair value gains compared to the strong base year
- We expect impressive Q2'2025 corporate earnings as the naira stabilizes
- A ₦100 appreciation in the naira could lead to significant cost relief for manufacturers, driving better operating margins and performance
- Stronger bottom-line growth as FX losses moderate, reinforcing investor confidence in the second half of the year



05

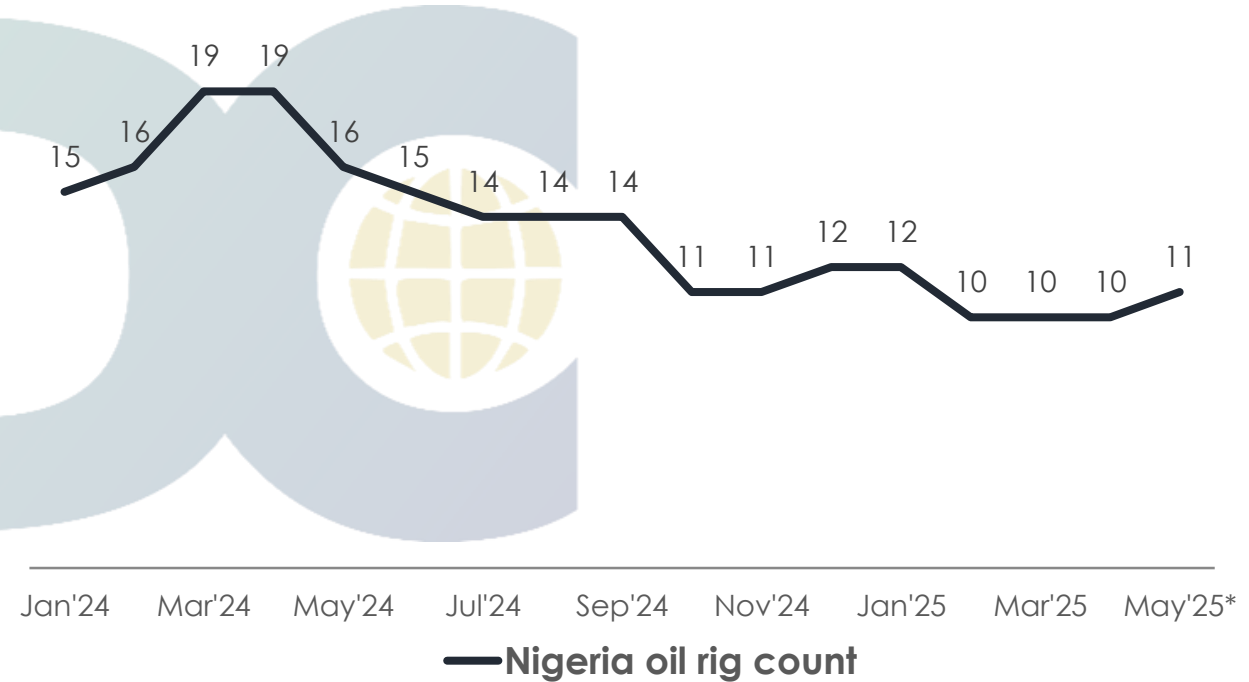
**WHAT IS HAPPENING
ELSEWHERE?**

MARKET PROXIES

NIGERIA'S OIL RIG COUNT REMAINED UNCHANGED

- Nigeria's oil rig count stayed flat at 10 in March
- As the sector continues its struggle with issues like
 - Underinvestment
 - Technical downtime
 - And operational bottlenecks
- However, it is expected to increase to 11 in Q2'25,
- Driven by the efforts of NUPRC to reactivate shut-in wells

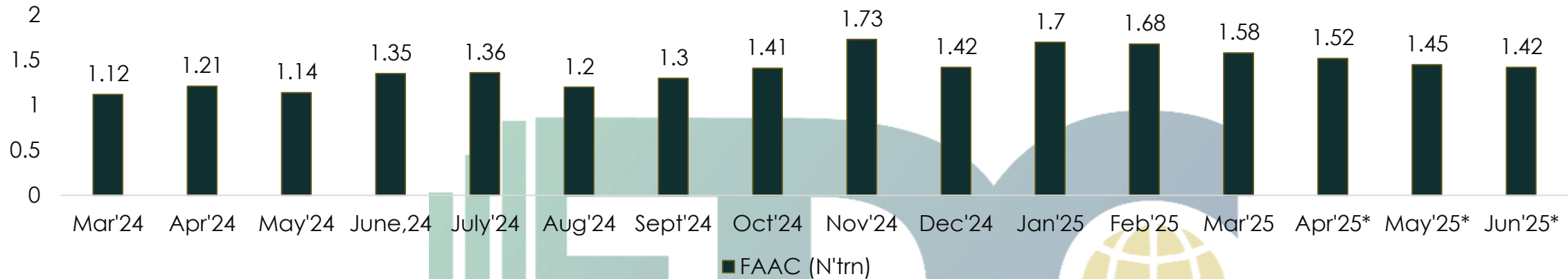
Nigeria oil rig count





FAAC ALLOCATION EXPECTED TO PLUNGE FURTHER IN Q2'25

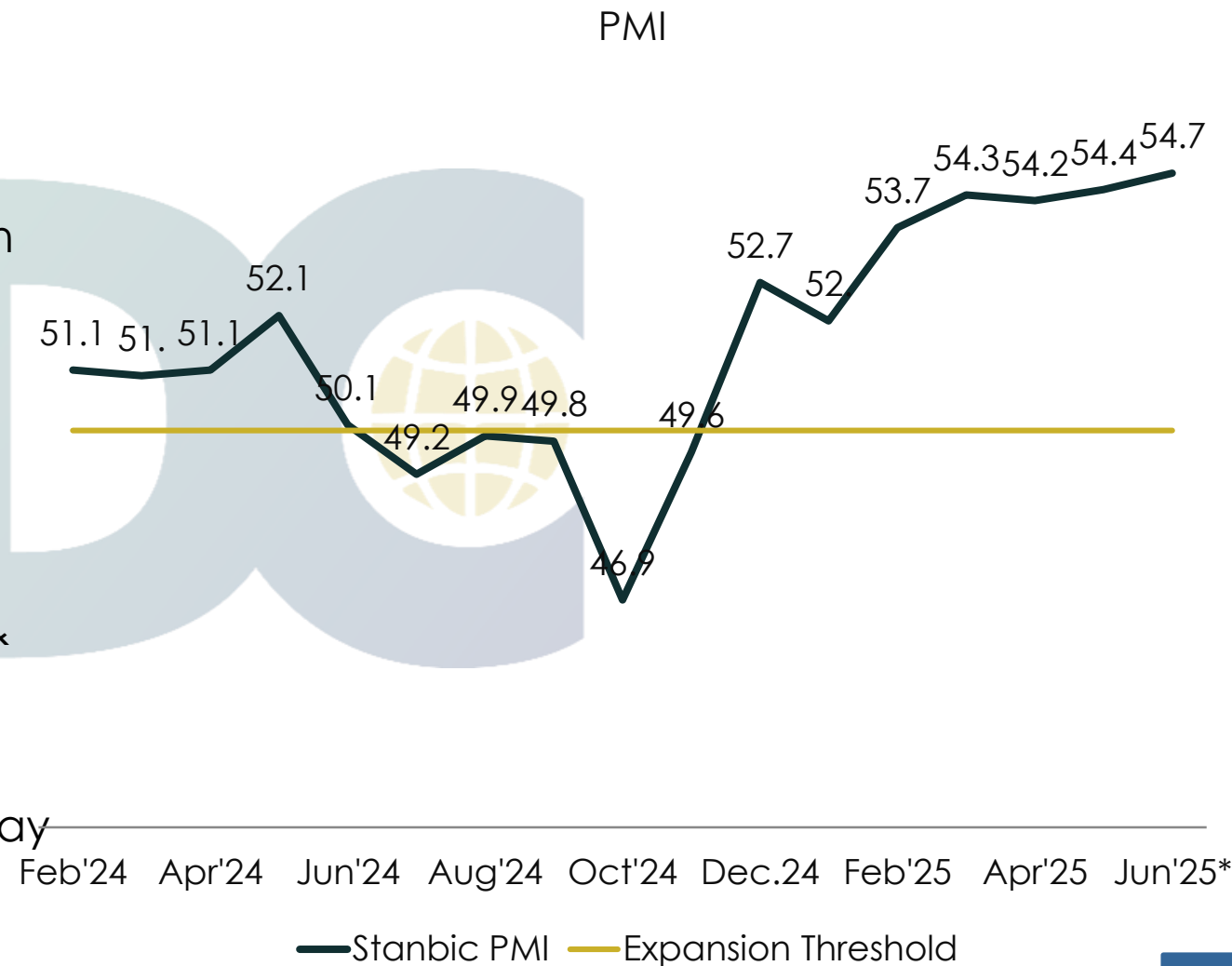
FAAC Disbursement (N'trn)



- FAAC disbursement in March fell by 5.95% to N1.58trn, down from N1.68trn in February
- Allocations partly fell due to the decline in oil production, coupled with the fall in global oil prices
- This is 0.59% of the 2024 GDP (full year)
- Fiscal deficit might worsen due to oil revenue constraints,
- FAAC is expected to decrease further in Q2'25 as government revenue falls
- However, an increase in non-oil export revenue could cushion the decline

PMI DECLINE SLIGHTLY IN APRIL

- PMI declined marginally by 0.18% to 54.2 in April from 54.3 in March
- Employment levels rose, reaching an eight-month high
- As firms responded to increased workloads, with efforts to meet increased demand
- However, input costs surged due to rising prices & currency depreciation
- PMI is expected to increase to 54.4 and 54.7 in May and June, respectively





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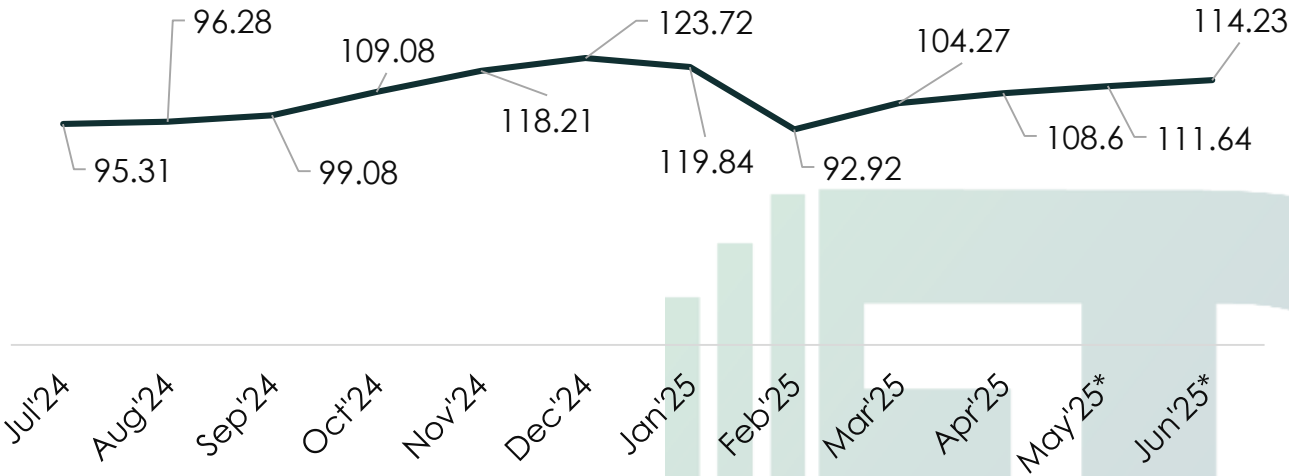
SHIPS AWAITING BERTH

- The total ships awaiting berth increased to 19 in April
- Up by 11.76% from 17 recorded in March
- This happened despite a 4% depreciation of the naira in April
- Import increase leading to more others

Ports	Mar'25	Apr'25
Lagos-Apapa	4	4
Lagos-Tincan	4	7
Calabar Port	1	0
Warri Port	2	2
Onne Port	0	0
Rivers Port	0	0
Lekki Deep Sea Port	6	6
Total	17	19

VALUE OF TRANSACTIONS

Value of Transactions (N'trn)



Mode of payment †	Mar'25 (N'trn)	Apr'25 (N'trn)	Change (%)	May'25* (N'trn)
NIP	96.07	98.32	2.34 ↑	99.43
POS	3.22	5.24	62.73 ↑	7.14
NEFT	4.71	4.76	1.06 ↑	4.78
CHEQUES	0.273	0.287	5.13 ↑	0.291
Total	104.27	108.6	4.15 ↑	111.64

- Value of transactions increased by 4.15% to N108.6trn in April from N104.27trn in March
- POS recorded a significant increase of 62.73% in April
- Driven by increased usage of POS in remote locations (underserved & rural areas)
- Value of transactions is expected to rise further in May and June, driven by the Eid-el-Kabir celebration

TOURISM AND AVIATION

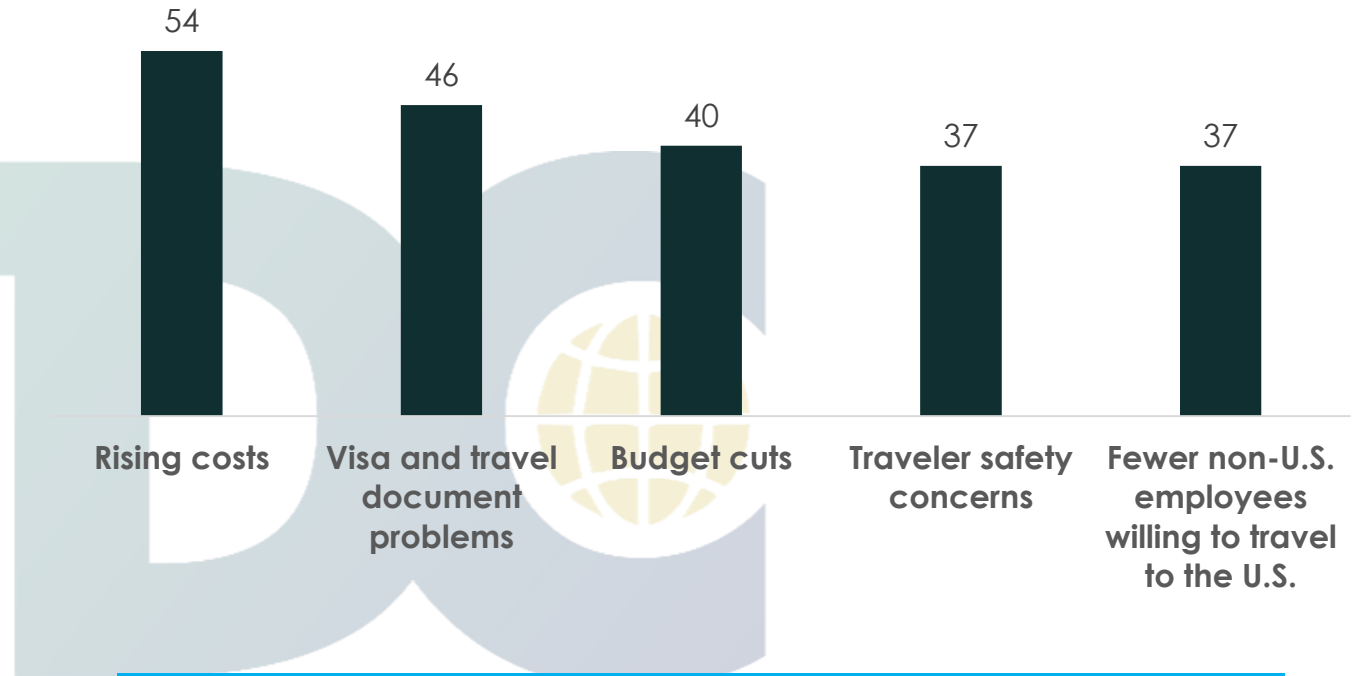


TRUMP'S POLICIES SLOWING GLOBAL BUSINESS TRAVEL

- According to a survey by the Global Business Travel Association (900+ travel professionals from 45 countries)

- 29% of travel managers expect business travel to drop in 2025, by about 21% on average.
- 37% of suppliers predict a revenue decline of about 18%.
- Just 25% of travel suppliers think their revenue won't be hurt.

Top Concerns for Travel Professionals (%)



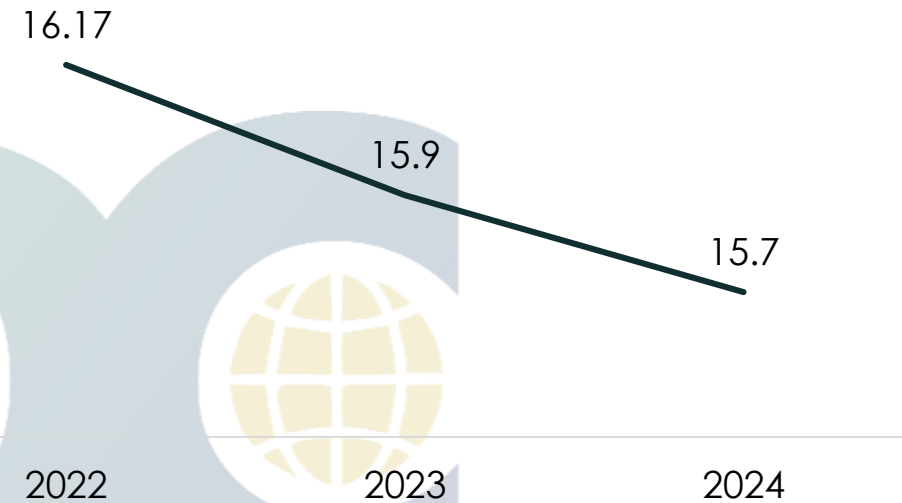
- In March, passenger traffic carried by North American airlines, measured in RPK, fell by 1.1%, following a 3.5% drop in February

Source: IATA

NIGERIA'S AIR PASSENGER TRAFFIC SUSTAINS DECLINE IN 2024

- Air traffic volume in Nigeria dropped by 1.3% in 2024 to 15.7mn from 15.9mn in 2023
- Total domestic passengers was down 4% to 11.5mn in 2024 from 12mn in 2023
- This was due to
 - High fares discouraging flying
 - Marginal improvement in road travel security
 - High inflation led people to use online services instead of traveling for business
- Air traffic to remain muted in 2025 as prevalent constraint persists

Nigeria's Air Passenger Traffic (mn)

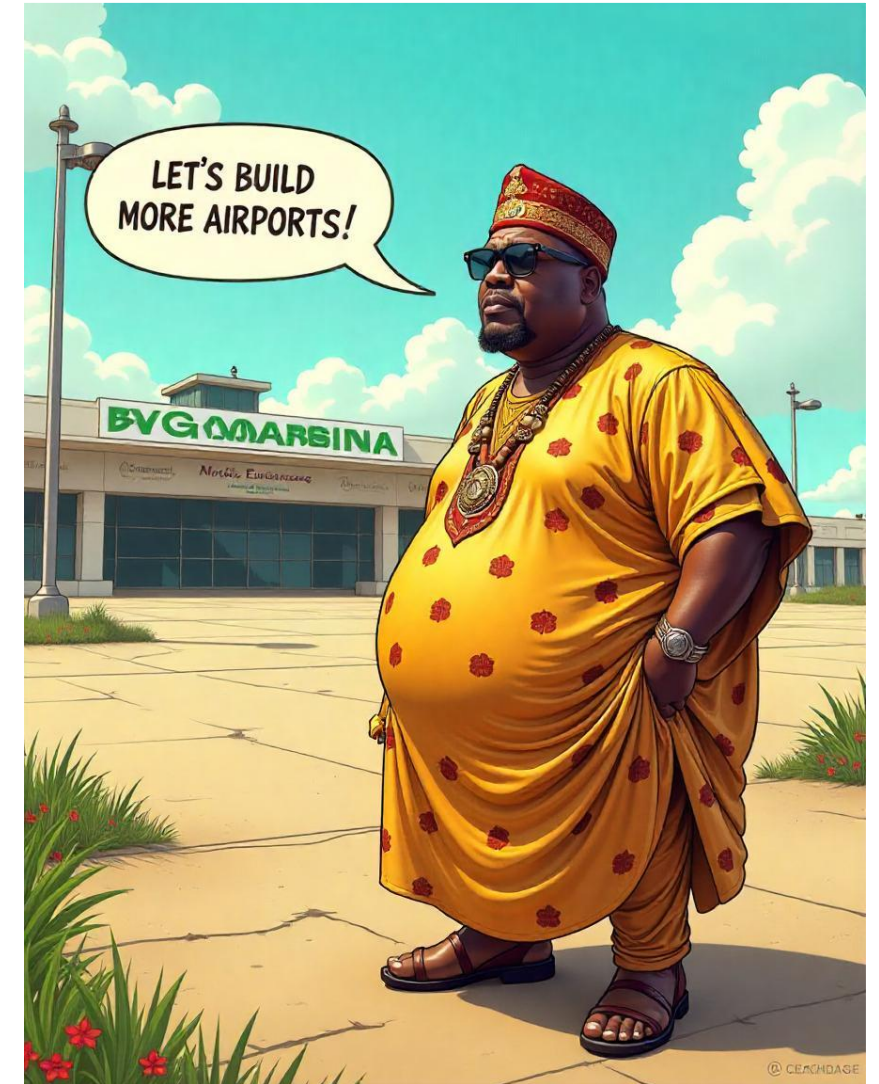


Airlines with Most Cancellations in 2024 (Domestic)

- **Air Peace:** 333 canceled
- **Arik Air:** 215 canceled
- **lbom Air:** 140 canceled

NIGERIA HAS TOO MANY UNDERUTILIZED AIRPORTS

- Nigeria with 36 states has;
 - 33 airports, 13 airstrips, 4 military airfields, and 128 helipads
- However, only 3 airports handle 92% of all traffic
- Only two airports are profitable
- Between 2017 – 2019
 - Katsina Airport earned ₦250.8mn, spent ₦1.58bn
 - Ibadan Airport earned ₦349.2mn, spent ₦1.39bn
 - Calabar Airport earned ₦540.8mn, spent ₦2.5bn



Many airports are financially unsustainable, necessitating their concession



OUTLOOK

No Concessioning + Further FX Depreciation

- Airfares surge further
- Passenger traffic continues to decline
- Airports stay inefficient, underfunded
- More flight cancellations, reduced frequencies
- Sector stability weakens

Concessioning + Naira appreciation

- Airfares ease slightly
- Airports attract investment, enhancing infrastructure and service quality
- Airlines benefit from better ground support and turnaround times
- Passenger volumes recover
- Profitability and growth outlook strengthen

CREATIVE ECONOMY

NIGERIA'S CREATIVE SPACE-A RISING EXPORT POWERHOUSE

- Nigeria's creative industry has become a powerful export engine, putting the nation on the global map in music, film and sport.

Key Export Areas



Music

- Nigerian artists earned ₦58bn from Spotify in 2024, a 132% increase from 2023.
- Nigerian music exports have grown by 49% over the past three years.
- The Nigerian music industry generates \$44 million in annual revenue.



Film

- Second largest film industry globally
- Box office revenue hit ₦3.48bn in Q1'25, a 54.7% increase from Q1'24.
- Netflix has invested over \$23.6 million in Nigeria, hosting 283 licensed Nigerian titles on its platform.



Sports

- Top 3 highest-paid Nigerian footballers earn \$27.53 million combined



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IMPACT OF 100% TARIFFS ON NON-US FILMS-NOLLYWOOD

- The U.S. contributes 5–15% of Nollywood's revenue, a 100% tariff could significantly reduce forex earnings.
- Higher prices or limited access could reduce Nollywood's loyal Nigerian diaspora audience in the U.S.
- Reduced foreign earnings could constrain Nollywood's ability to invest in production quality, and expansion.
- Producers may shift focus to Europe, Africa, and digital-first strategies to preserve international revenue and visibility.



NIGERIANS SHINE AT THE MET GALA 2025

- 2025 Met Gala held on May 5th at the Metropolitan Museum of Art
- Theme was “Superfine: Tailoring Black Style.”
- Celebrities like Tems, Burna Boy, Ayra Starr, and Chimamanda Ngozi Adichie were in attendance
- Their presence reflects the growing global influence of Nigeria's creative industry
- This recognition attracted foreign investment into Nigeria's entertainment sector
- Increased global demand boosts revenue from music sales and streaming.
- Expanding opportunities for Nigerian artists in international markets



UPCOMING EVENTS IN THE CREATIVE SPACE



The AMVCA award is scheduled to hold May 10th, 2025



David Oluropin's 2025 "5ive Tour" is set to kick off from July 3rd

07

**POLITICS
&
THE ECONOMY**

QUOTE!

The tyranny of a prince in an oligarchy is not so dangerous to the public welfare as the apathy of a citizen in a democracy.



Baron de Montesquieu

French judge, historian, & political philosopher.

POLITICAL UPDATES

- Chief Ozumba Mbadiwe did say on party defections when he dumped the Nigerian Dynamic Party, *“The NCNC members jumped to the Action Group and the Action Group members joined the NCNC, resulting in political jege jege.”*
- The party in power has been the beneficiary of many defections and cross-overs.
- The PDP has hemorrhaged most of its governors and legislators.
- It happened before when the NPC benefited in 1964.
- It happened to the NPN in 1982



POLITICAL UPDATES CONT'D

- It happened when all the parties adopted General Abacha as a sole candidate.
- Most decampees are crossing party lines for the sharing of spoils.
- Also, for protection from prosecution
- Previous decampees have been told to go and sin no more.
- The law of supply and demand for juicy appointments dictates that with the decampees, the demand for appointments has increased, and supply is static.
- Leading to massive squabbles and infighting
- The leader of the party in any state is the governor



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POLITICAL UPDATE CONT'D

- The short-term outlook is for the APC to wax stronger.
- The PDP will have an opportunity to reorganize or wither away.
- A coalition of strange bedfellows will find it difficult to select a flag bearer.
- Leading to huge voter apathy and low turnout in elections
- The political stability of Nigeria will depend more than ever on the economy.
- The Anambra state election is likely to be a slam dunk for the incumbent.



08

OUTLOOK

OUTLOOK FOR JUNE

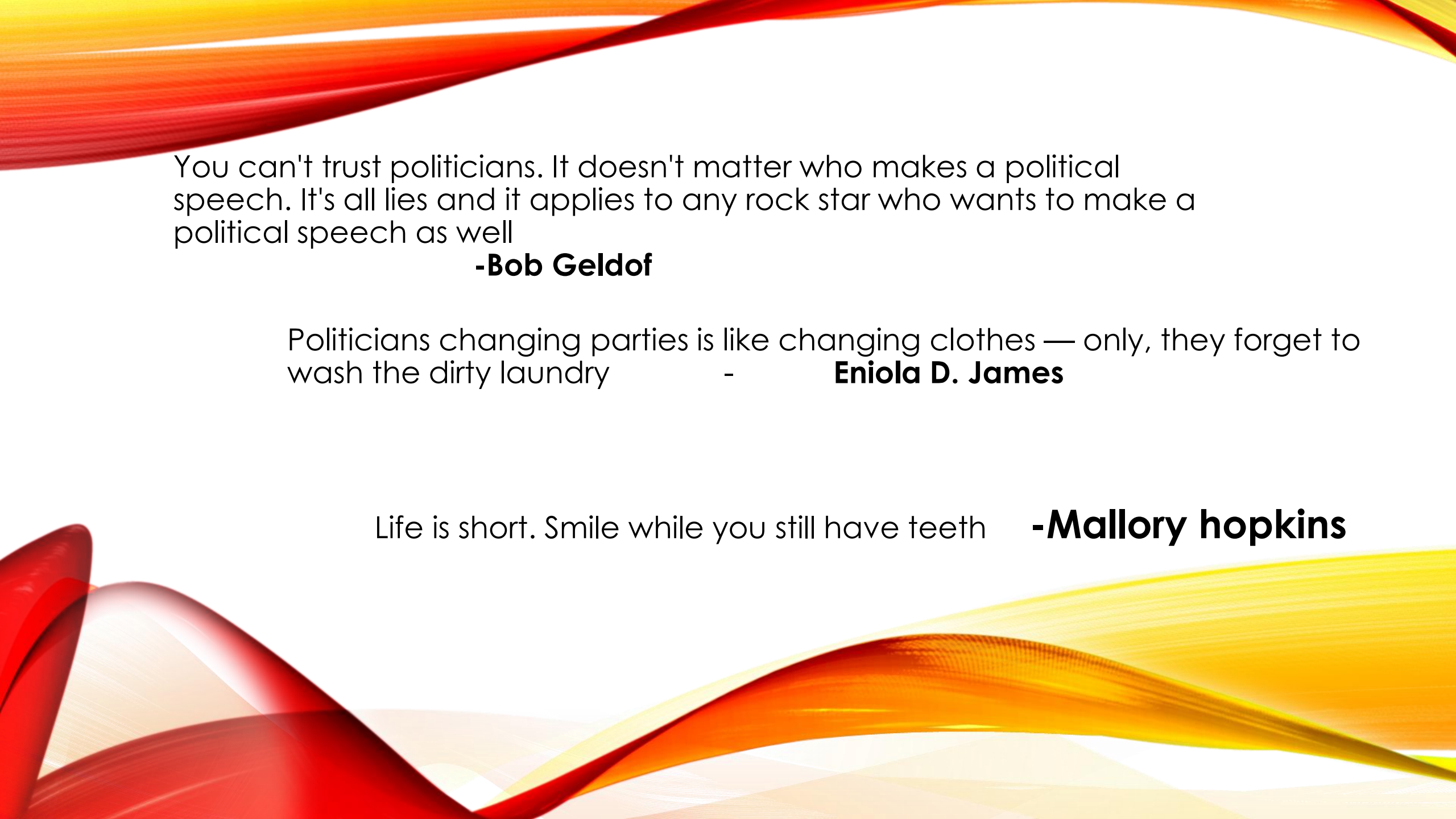
- April Inflation to quicken to 24.6%
- Month on month inflation will slow to 2.6% annualized at 36.1%
- Money supply growth will ease
- The naira will depreciate marginally in both the official and parallel markets to N1,650/\$
- The U.S dollar will fall against the basket of currencies by 1-2%
- Making the naira depreciation impact more pronounced
- Oil prices will trade at \$60pb in real terms.
- Exacerbating the fiscal deficit pressures.



OUTLOOK FOR JUNE CONT'D

- The CBN is likely to maintain the status quo at its meeting in May
- Some banks will issue CPs to avoid CRR debits
- The CBN will probably include C.P. proceeds as deposit liabilities.
- The stock market will gain from investor optimism on Q1 results
- There will be new Ponzi schemes every week as wonder banks mushroom
- Airline load factors will fall in the summer as Nigerians rationalize their travel habits
- The price of petrol will fall to N860/litre





You can't trust politicians. It doesn't matter who makes a political speech. It's all lies and it applies to any rock star who wants to make a political speech as well

-Bob Geldof

Politicians changing parties is like changing clothes — only, they forget to wash the dirty laundry - **Eniola D. James**


Life is short. Smile while you still have teeth **-Mallory hopkins**



I used to live on a budget. Now I just live on vibes and bank alerts -**Anonymous**

Courage is knowing it might hurt, and doing it anyway. Stupidity is the same. That's why life is hard - **Jeremy Goldberg**

Perseverance is not a long race; it is many short races one after the other
-**Walter Elliot**



Education is what remains after one has forgotten everything he learned in school

-Albert Einstein

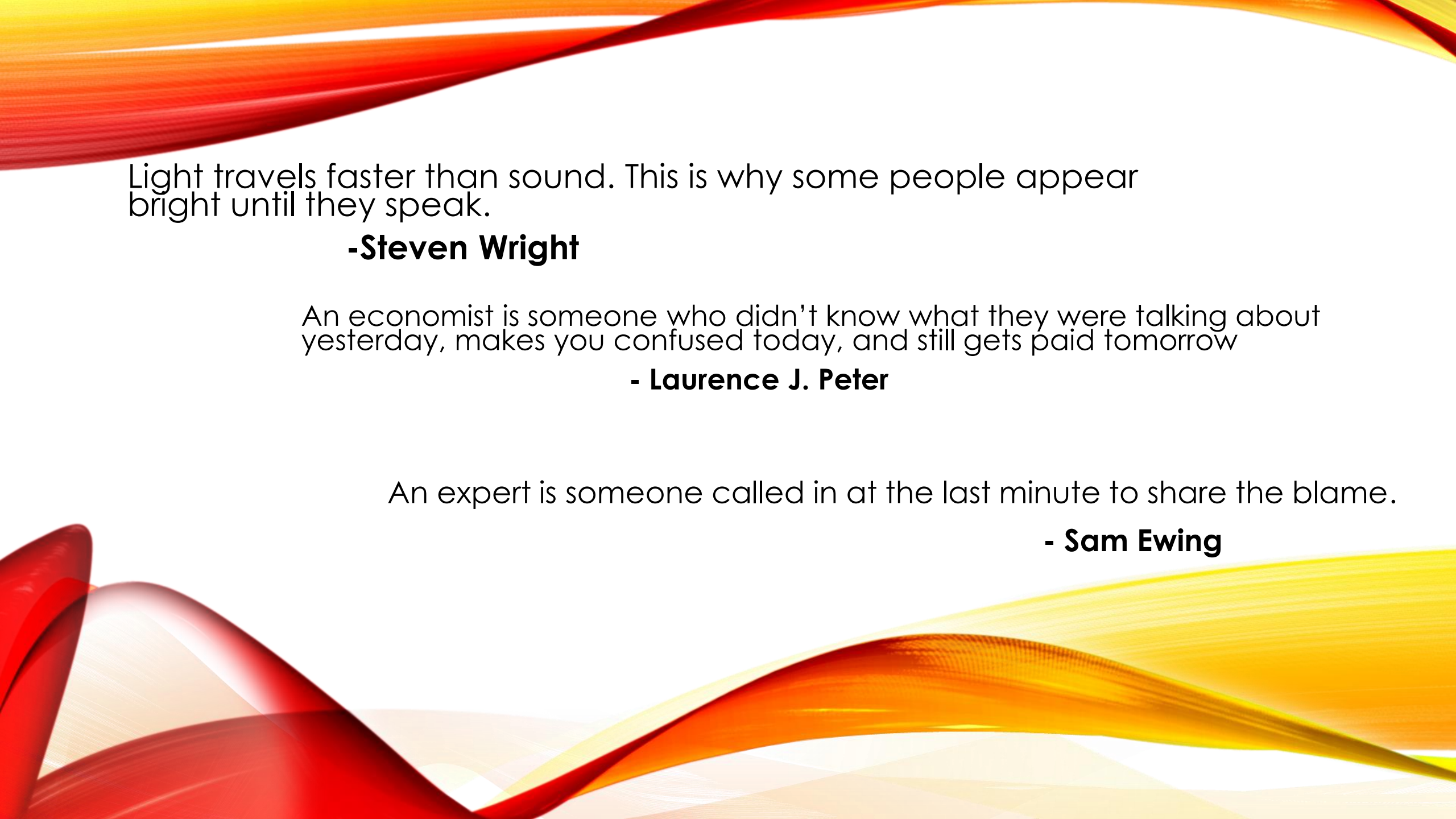
Giving money and power to government is like giving whiskey and car keys to teenage boys.

— P.J. O'Rourke

The government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. If it stops moving, subsidize it.

- Ronald Reagan





Light travels faster than sound. This is why some people appear bright until they speak.

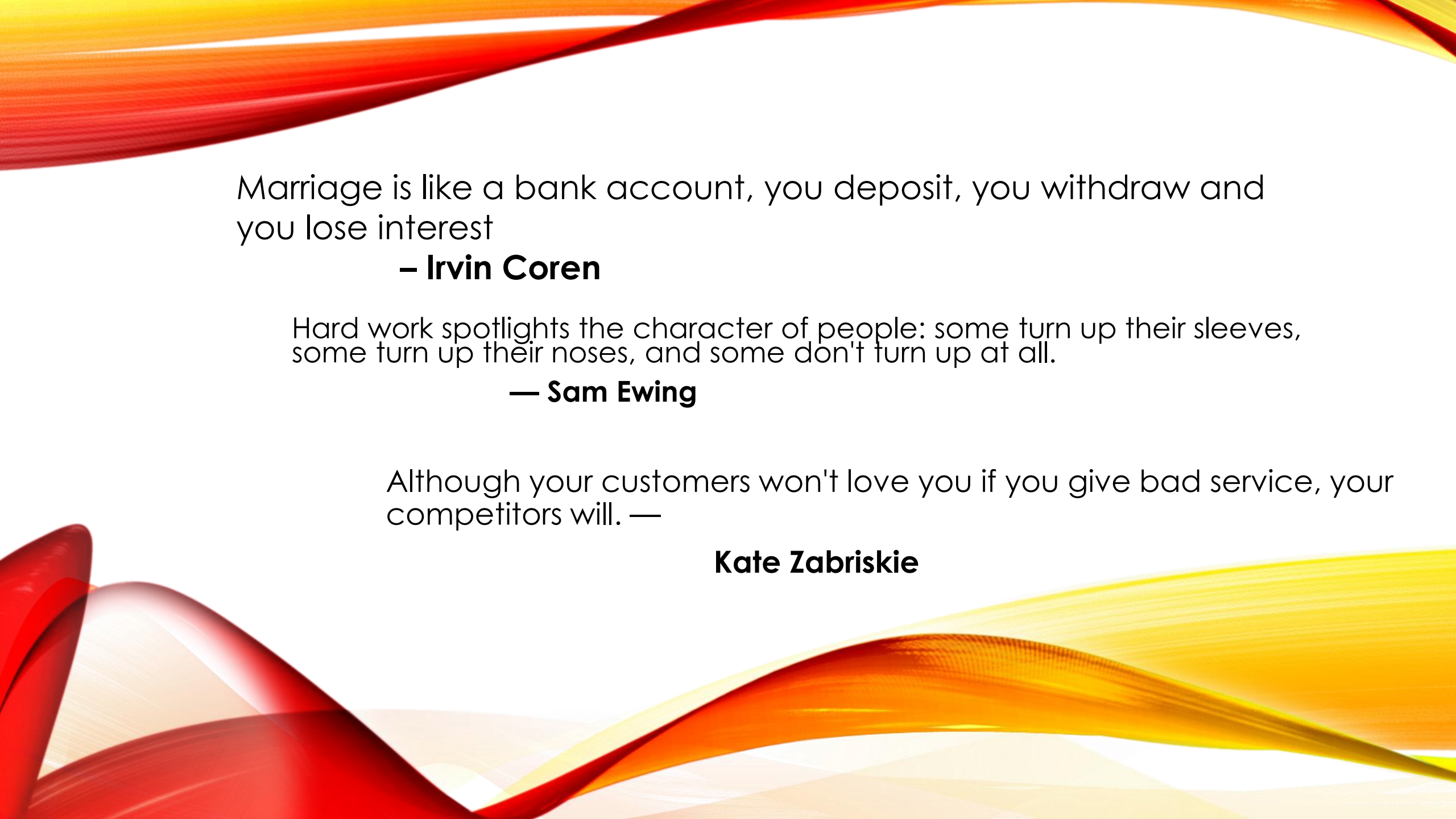
-Steven Wright

An economist is someone who didn't know what they were talking about yesterday, makes you confused today, and still gets paid tomorrow

- Laurence J. Peter

An expert is someone called in at the last minute to share the blame.

- Sam Ewing



Marriage is like a bank account, you deposit, you withdraw and you lose interest

— Irvin Coren

Hard work spotlights the character of people: some turn up their sleeves, some turn up their noses, and some don't turn up at all.

— Sam Ewing

Although your customers won't love you if you give bad service, your competitors will. —

Kate Zabriskie



Having knowledge but lacking the power to express it clearly is no better than never having any ideas at all

– Pericles

An honest politician is one who, when he is bought will stay bought

- Simon Cameron

Teach a parrot the terms demand and supply and you have got an economist.

- Thomas Carlyle



The difference between doctors and lawyers is that lawyers merely rob you while doctors rob you and kill you too.

- Anton Chekhov

The difference between a misfortune and a calamity is this: If Donald Trump fell into the Hudson River it would be a misfortune, and if someone rescued him, that would be a calamity

- Anonymous

There is no man more dangerous, in a position of power, than he who refuses to accept as a working truth the idea that all a man does should make for rightness and soundness, that even the fixing of a tariff rate must be moral.

- Ida Tarbell



The biggest single thing that has lifted people out of poverty is free trade.

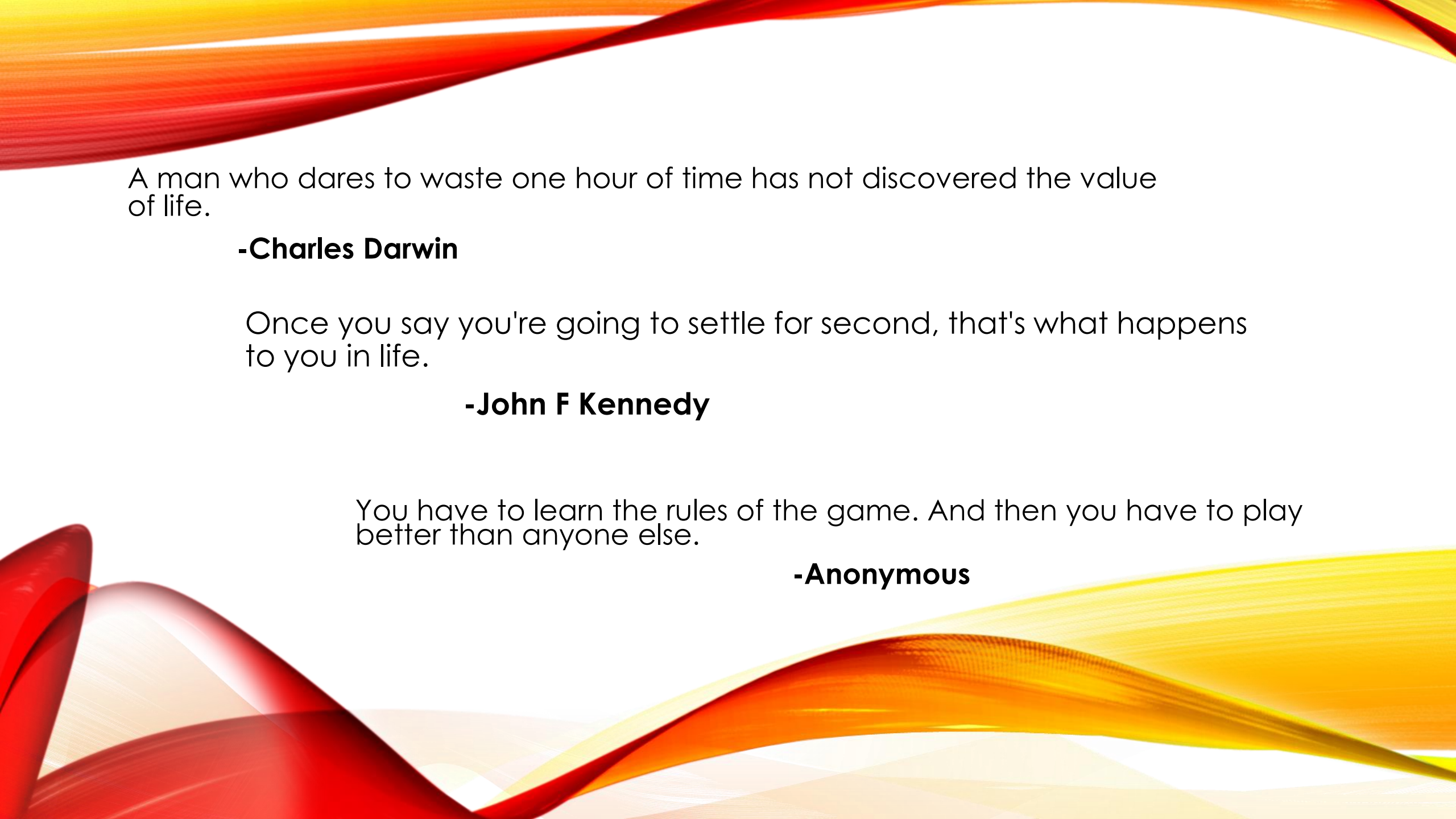
- **George Osborne**

Free trade, one of the greatest blessings which a government can confer on a people, is in almost every country unpopular.

- **Thomas Babington Macaulay**

It takes but one positive thought when given a chance to survive and thrive to overpower an entire army of negative thoughts.

-**Robert H Schuller**



A man who dares to waste one hour of time has not discovered the value of life.

-Charles Darwin

Once you say you're going to settle for second, that's what happens to you in life.

-John F Kennedy

You have to learn the rules of the game. And then you have to play better than anyone else.

-Anonymous



As you get older, three things happen. The first is your memory goes, and I can't remember the other two.-

Sir Norman Wisdom

Anyone can do any amount of work, provided it isn't the work he is supposed to be doing at that moment.-

Robert Benchley

Thank
you





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