WHISPERS

JUNE 26, 2025 | VOLUME 15 ISSUE 16

WHEN WE SPEAK, THE WORLD UNDERSTANDS

FDC LIMITED

CONTENTS

WHISPERS OVERVIEW

Nigeria Enters New Tax Era as Tinubu Signs Landmark 4 Reform Bills into Law

President Bola Tinubu has signed four major tax reform bills into law, marking a significant overhaul of Nigeria's fragmented and inefficient tax system. The laws unify tax codes, streamline administration across federal, state, and local governments, and establish a more autonomous Nigeria Revenue Service in place of the current Federal Inland Revenue Service (FIRS).

The reforms aim to reduce multiple taxation, lower business compliance costs, and create a more predictable fiscal environment. With Nigeria's tax-to-GDP ratio still below 11%—well under Africa's 16% average—the goal is to broaden the tax base and increase revenue without raising marginal tax rates.

However, despite these reforms, Nigeria's tax structure remains dominated by indirect taxes based on the benefit approach rather than the ability to pay—placing the tax incidence disproportionately on the poor and making the system inherently regressive. Furthermore, while revenue may increase, higher collections alone do not guarantee economic growth. The real challenge lies in institutional reform and effective synergy between fiscal institutions and other arms of government.

Rethinking infrastructure as a future readiness factor

Nigeria's manufacturing sector is underperforming, contributing just 10.06% to GDP between 2010 and 2023—down from 20.23% in 1981. High operational costs, driven by poor infrastructure, make imports cheaper than local production. A major constraint to manufacturing output and productivity is the availability and quality of power supply, with the national grid generating less than 6,000 MW.

In the cement industry, independent power generation has made a difference. A notable example is Dangote Cement, which vertically integrated its operations by building its own power plants. This move cut energy costs, ensured operational stability, and helped Nigeria transition from a net importer to a net exporter of cement.

Today, digital infrastructure is emerging as the next strategic enabler. Internet penetration remains low at 39%, with fixed broadband access at just 0.05%. Expanding access could unlock productivity gains, improve market efficiency, and enable new business models across sectors.

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.


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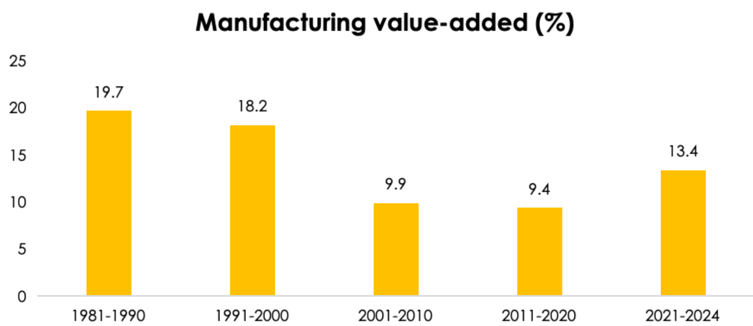
The Future of Manufacturing in Nigeria: Rethinking infrastructure as a readiness factor

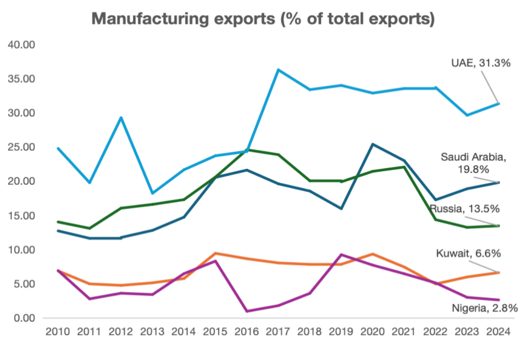
Global manufacturing undergoes a seismic shift, driven by technological advancements and a greater emphasis on cost efficiency. Nigeria's manufacturing sector, once seen as a potential driver of inclusive growth, has struggled to gain meaningful traction. Between 2010 and 2023, manufacturing's share of GDP hovered around average of 10.06% from 20.23% in 1981, despite rising urbanization and population growth.



Source: CBN; FDC Think Tank

Manufacturing accounts for just 3% of Nigeria's merchandise exports. This is well below that of most net oil exporters such as Saudi Arabia (19.8%), UAE (31.3%), Russia (13.5%), and Kuwait (6.6%).

This underperformance reflects a deeper misalignment. Traditional advantages, such as cheap labour and resource abundance, are no longer sufficient. Competitive



Source: WTO; FDC Think Tank

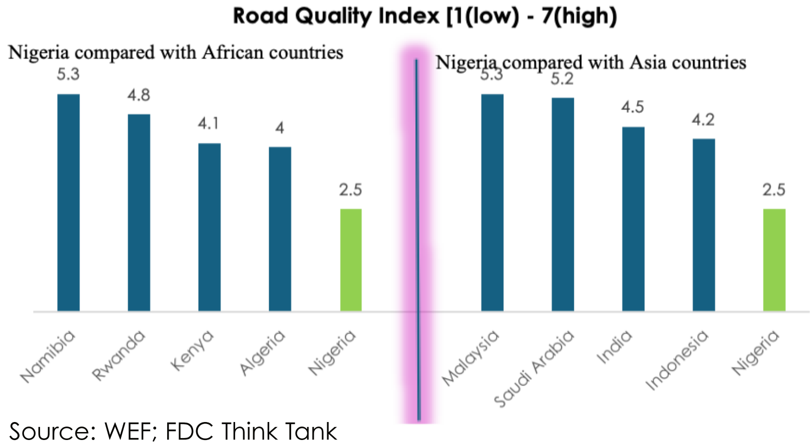
To reposition itself in the emerging manufacturing landscape, Nigeria must urgently recalibrate its strategy. This means investing not only in roads and power grids, but also in intelligent infrastructure such as broadband networks, data governance, and cybersecurity. It is the combination of manufacturing now demands advanced infrastructure, digital capability, and adherence to global sustainability norms.

Deconstructing Nigeria's Infrastructure for Manufacturing

Manufacturing in Nigeria remains uncompetitive due to persistently high operational costs. As a result, importing finished goods is often more economically viable than local production.

According to the Manufacturers Association of Nigeria (MAN), these elevated costs are primarily driven by inadequate public infrastructure. These structural deficiencies raise production expenses, reduce economies of scale, and constrain firms' ability to integrate into regional or global value chains.

Physical Infrastructure: The backbone of any thriving manufacturing ecosystem is its network of roads, ports, and railways, coupled with a reliable supply of essential utilities. In Nigeria, these elements present a mixed but challenging picture. Nigeria ranks 131st out of 141 countries on the global Road Quality

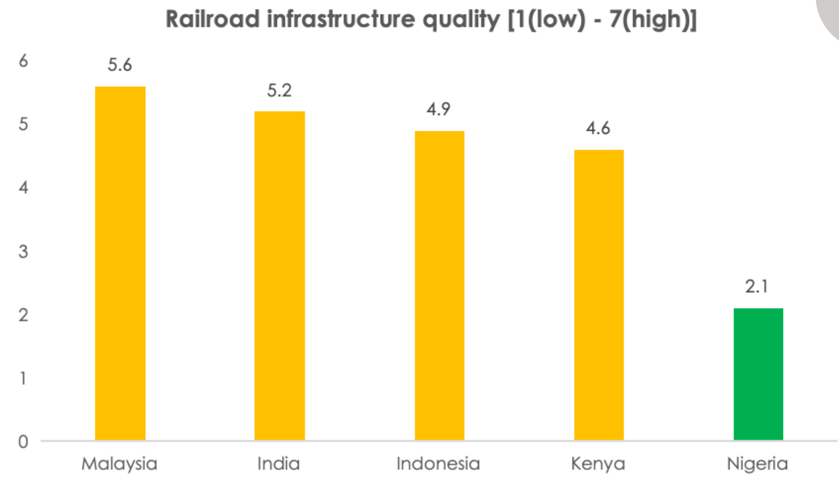


Source: WEF; FDC Think Tank

Index, with a score of 2.49, significantly below the global average of 4.10. This infrastructure gap places Nigeria behind not only major markets in Asia (such as Malaysia, 5.3; Saudi Arabia, 5.2; India, 4.5; and Indonesia, 4.2) but also key African comparators, including Namibia (5.3), Rwanda (4.8), and Kenya (4.1).

Nigeria ranks 97th out of 101 countries for railroad infrastructure quality (2023), far behind Malaysia (12th), India (28th), and Kenya (37th). Its port infrastructure also performs poorly on global benchmarks (122nd out of 139 countries).

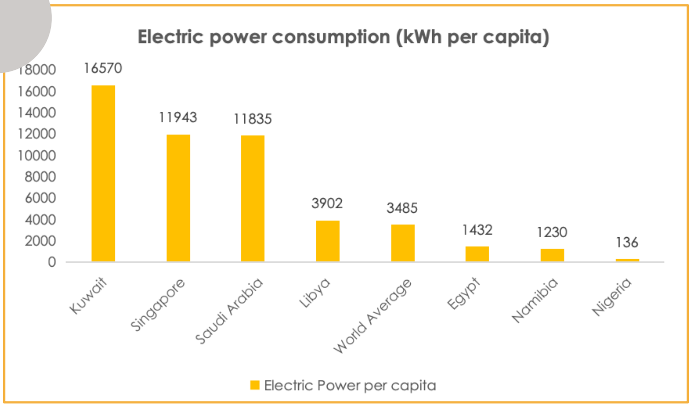
These deficits in transport infrastructure translate into elevated logistics costs, particularly for manufacturers moving raw materials and finished goods across the country and through ports. The result is reduced cost competitiveness and weakened supply chain efficiency.



Source: WEF; FDC Think Tank

Another infrastructure that poses the most critical constraint to manufacturing in Nigeria is energy. Nigeria's electricity consumption per capita stands at just 136 kWh, which is 4% of the global average of 3,485 kWh and 0.8% of Kuwait's 16,570 kWh. Only 60% of the population has access to electricity, with an average of 6 hours of supply per week. This places Nigeria at 164th globally in electricity access.

An unreliable national power grid forces the majority of manufacturers to rely on expensive and environmentally unfriendly diesel-powered generators. This not only inflates production costs but also undermines the competitiveness of Nigerian-made goods in both domestic and international markets. The shift towards more sustainable manufacturing practices globally further highlights the urgency of addressing Nigeria's energy deficit with a focus on renewable and reliable power sources.

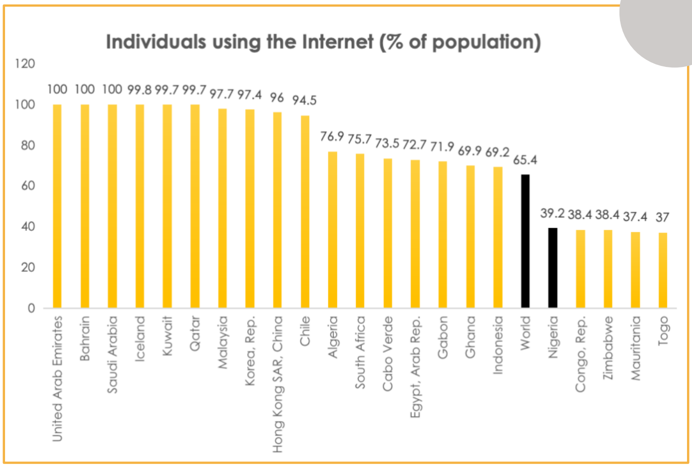


Source: World Bank; FDC Think Tank

Note: Electric power consumption refers to the total electricity produced by power plants and combined heat and power plants, minus losses from transmission, distribution, and transformation, as well as the energy consumed internally by these plants.

Intelligent Infrastructure: In the age of Industry 4.0, "intelligent infrastructure", which encompassing high-speed internet, data centers, and the integration of advanced technologies like AI and IoT, is as vital as physical infrastructure. While Nigeria has a dynamic and growing tech ecosystem, the digital infrastructure gap remains acute.

Only 39% of Nigerians have access to the internet, significantly below rates in Saudi Arabia (100%), Malaysia (98%), and South Africa (76%). Fixed broadband penetration is even more limited, at just 0.05%, compared to 44% in Saudi Arabia, 13% in Malaysia, and 3% in South Africa. Infrastructure deficits are also evident in data center capacity: Nigeria hosts just 11 data centers, versus 163 in Brazil, 152 in India, and 79 in Indonesia.



Source: World Bank; FDC Think Tank

Reliable digital infrastructure is a prerequisite for competitive manufacturing. Broader, affordable access to high-speed internet and secure data storage are essential for manufacturers to adopt digital tools that improve productivity and competitiveness. Yet Nigeria's digital readiness remains constrained by gaps in core infrastructure. In 2024, the country ranked 66th out of 67 countries on the IMD World Digital Competitiveness Index. Despite the resilience and adaptability of local firms, the absence of reliable public infrastructure continues to limit innovation, scale, and integration into global value chains.

Source: World Bank; FDC Think Tank

A Proactive Approach to Building a Future-Ready Infrastructure

To unlock the full potential of its manufacturing sector, Nigeria must adopt a proactive and integrated approach to infrastructure development, guided by a long-term vision. This requires a concerted effort from both the public and private sectors.

1.Public-private partnerships (PPPs): The scale of Nigeria's infrastructure deficit necessitates innovative financing models. PPPs offer a viable pathway to attract private capital and expertise into the development of critical infrastructure projects, from power plants and transmission lines to road and rail networks. Successful examples from other emerging economies can provide a blueprint for structuring effective and transparent PPP frameworks in Nigeria.

2.Integrated infrastructure planning: Infrastructure development should not be pursued in silos. An integrated national infrastructure plan that aligns the development of transportation, energy, and digital networks is crucial. This plan should be data-driven and responsive to the evolving needs of the manufacturing sector and the broader economy.

3.Policy and regulatory reforms: A stable and predictable policy and regulatory environment is essential to attract long-term investment in infrastructure. Streamlining approval processes, ensuring the sanctity of contracts, and creating a level playing field for all investors will be key to building confidence and unlocking the flow of capital.

The future of manufacturing in Nigeria is intrinsically linked to the quality and reliability of its infrastructure. By shifting the focus from mere policy announcement of intentions to a broader set of readiness factors, Nigeria can create a more attractive and competitive environment for both domestic and foreign investment in the manufacturing sector. This will require a sustained and collaborative effort from all stakeholders, but the potential rewards – in terms of job creation, economic diversification, and enhanced global competitiveness – are immense.

As the world rethinks the future of manufacturing, Nigeria has a golden opportunity to position itself as a key player on the global stage. The time to act is now.

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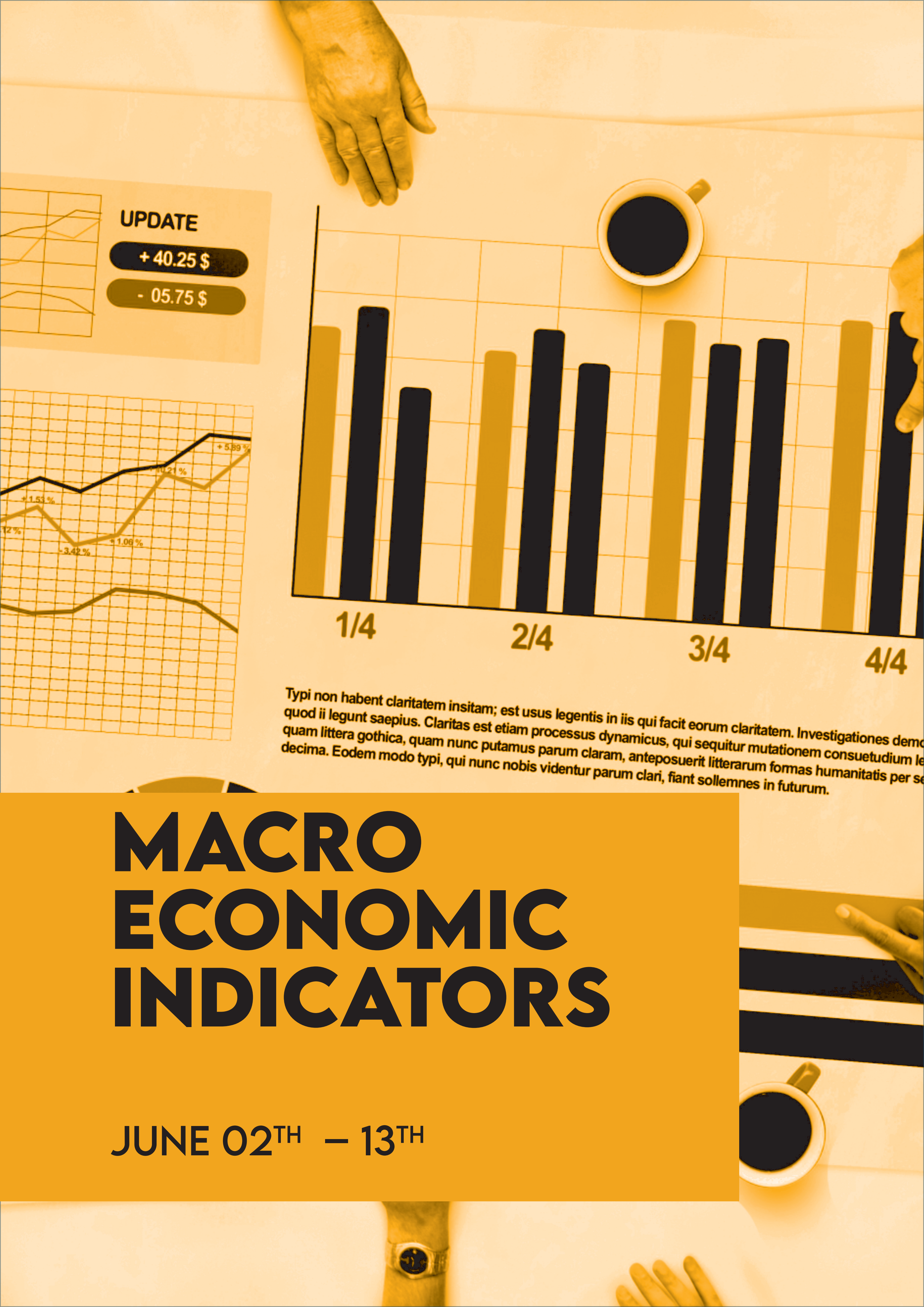


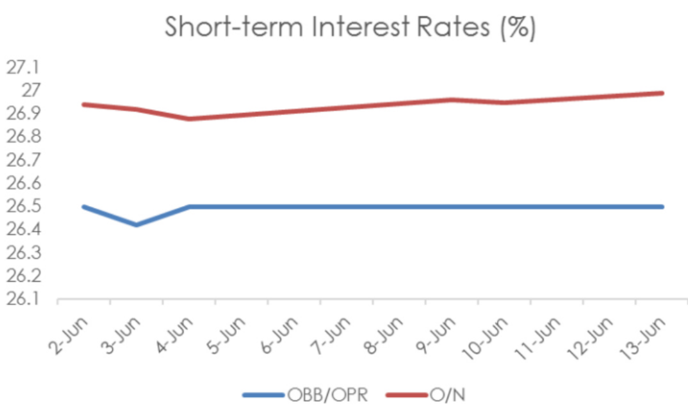
MACRO ECONOMIC INDICATORS

JUNE 02TH – 13TH

MONEY MARKET

The bank's average opening position was favorable in the first half of June, standing at N967.0bn long, representing a 40.71% increase compared to N687.24bn in the first half of May. One OMO bill was issued at N1.07trn, with one OMO repayment also recorded at N263.70bn. Short-term interbank rates (OPR, O/N) averaged 26.71% p.a. in the first half of June, down 46 bps from 27.17% p.a. in the first half of May.

One primary market auction was conducted in the first half of June, totaling N450.0bn, representing a 24.79% decrease compared to N598.33bn recorded in the primary market auction in May. Meanwhile, one primary market repayment was made in the first half of June, which amounted to N405.17bn. Primary market rates declined in the 91-day and 364-day tenors but remained unchanged in the 182-day tenor. At the secondary market, yields increased in the 91-day and 182-day tenors but decreased in the 364-day tenor.



Source: FDC Think Tank

Tenor	Primary market (%) (Mar 7, 2025)	Primary market (%) (June 04, 2025)	Secondary market (%) (Mar 14, 2025)	Secondary market (%) (June 13, 2025)
91-day	18.00	17.98 ▼	16.75	18.29 ▲
182-day	18.50	18.50 ⟷	19.20	19.43 ▲
364-day	19.63	19.35 ▼	19.30	19.15 ▼

Source: FMDQ, FDC Think Tank

Outlook and Implication

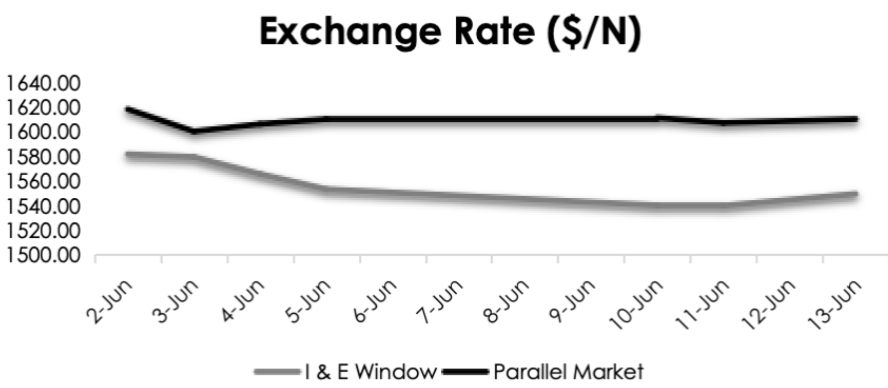
Interbank rates are expected to remain elevated in the near term as the MPC maintains its monetary tightening campaign to rein in inflation.

FOREX MARKET

In 2023, Nigeria started 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 2.08%, strengthening to N1,549.35/$ on June 13 from N1,581.59/$ on June 2. This appreciation was supported by dollar inflows from Foreign Portfolio Investors (FPIs) and non-bank corporates, creating an improved foreign exchange supply environment. Similarly, the naira gained marginally by 0.5% at the parallel market, closing at N1,610/$ on June 13 compared to N1,618/$ on June 2.



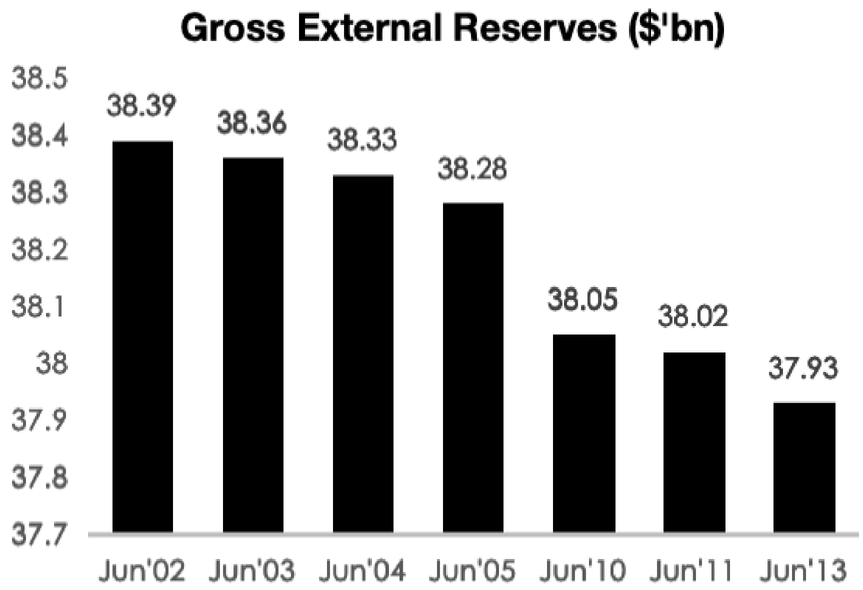
Source: FDC Think Tank

Outlook and Impact

Naira is expected to remain stable, likely appreciating in the near term due to high global oil prices, which will support the external reserves and enhance the CBN's capacity to continue intervening in the FX market.

EXTERNAL RESERVES

The country's external reserves fell by 1.2% to $37.93bn on June 13, from $38.39bn on June 2. The decrease was driven by the CBN intervention in the foreign exchange market to stabilise the naira, tapping reserves to meet demand and defend exchange rates.



Source: CBN, FDC Think Tank

Outlook and Impact

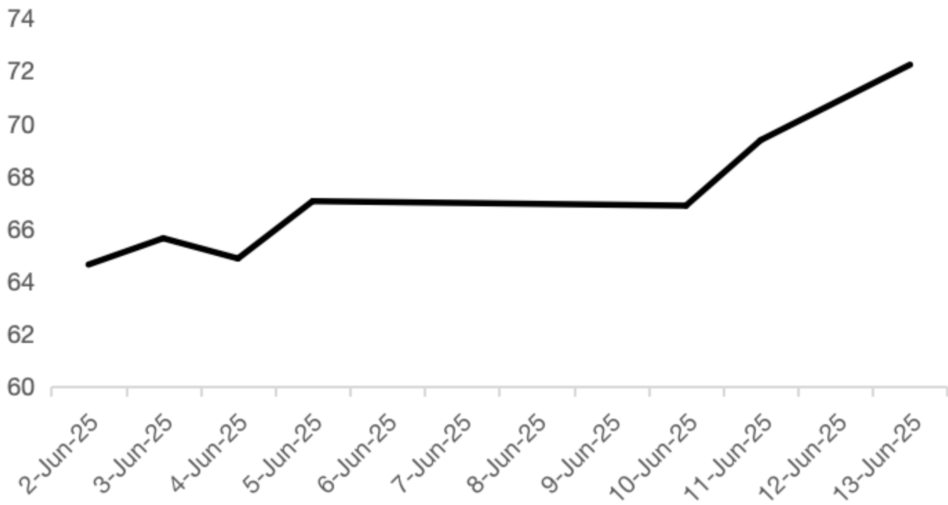
We expect the external reserve to increase in the near term due to higher global oil prices and stronger non-oil export flows. However, sustained forex intervention and continued external debt servicing obligations could exert pressure.

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 first half of June, Brent prices rose by 11.76% from $64.63pb on June 2 to $72.23pb on June 13. This price increase was attributed to disruptions in the supply of oil from Iran, the third-largest producer of oil in OPEC, caused by the ongoing conflict between Israel and Iran. Moreover, the depreciation of the dollar, driven by economic uncertainty under the Trump administration, has further contributed to the rise in oil prices.



Source: Bloomberg, FDC Think Tank

Outlook

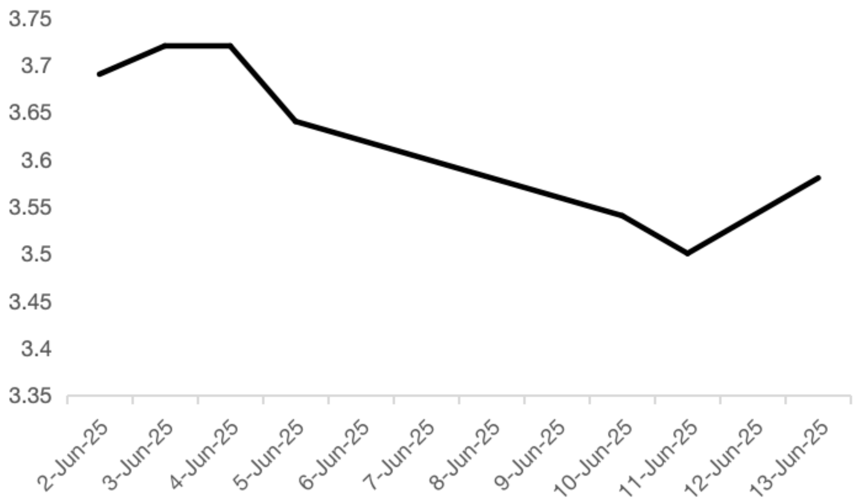
Brent oil is expected to remain volatile in the near term amid oversupply fears, as Saudi Arabia pushes for higher OPEC+ output in August and September by 411,000 barrels per day, and a recent price cut for Asian buyers signals weaker demand; however, escalating geopolitical tensions following Israel's strike on Iran in mid-June have driven prices up sharply, reflecting fears of supply disruptions in the Middle East and potential closure of the Strait of Hormuz.

Implication

A sustained fall in oil prices would lower Nigeria's oil earnings and reduce government revenue. Still, current geopolitical threats may provide intermittent price support and limit downside risks in the short term.

NATURAL GAS

Natural gas prices fell by 2.98% in the first half of June, from $3.69/MMBtu on June 2 to $3.58/MMBtu on June 13. The decline was driven by weakening demand in Asia, the world's largest LNG-importing region. Slowing economic growth and ongoing trade tensions with the U.S. contributed to a reduction in natural gas purchases across the continent.



Source: Bloomberg, FDC Think Tank

Outlook

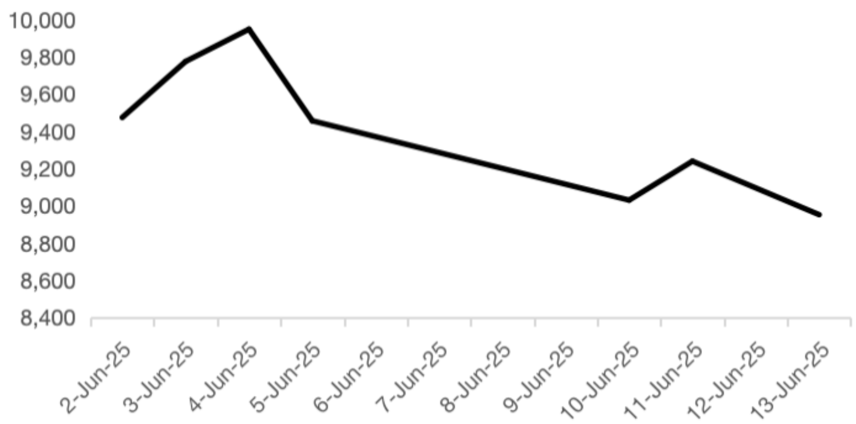
Natural gas prices may dip in the near term as warmer weather later in June reduces heating demand.

Implication

A prolonged heat wave could further weaken global LNG demand and drive prices lower. For Nigeria, this may mean lower export earnings and pressure on reserves. On the flip side, cheaper LNG could ease domestic cooking gas price

COCOA

Cocoa prices declined by 5.51% to $ 8,952/mt on June 13, down from $ 9,474/mt on June 2. The price decline was primarily due to improved production forecasts and easing supply concerns following earlier record highs driven by poor West African harvests and weather-related disruptions.



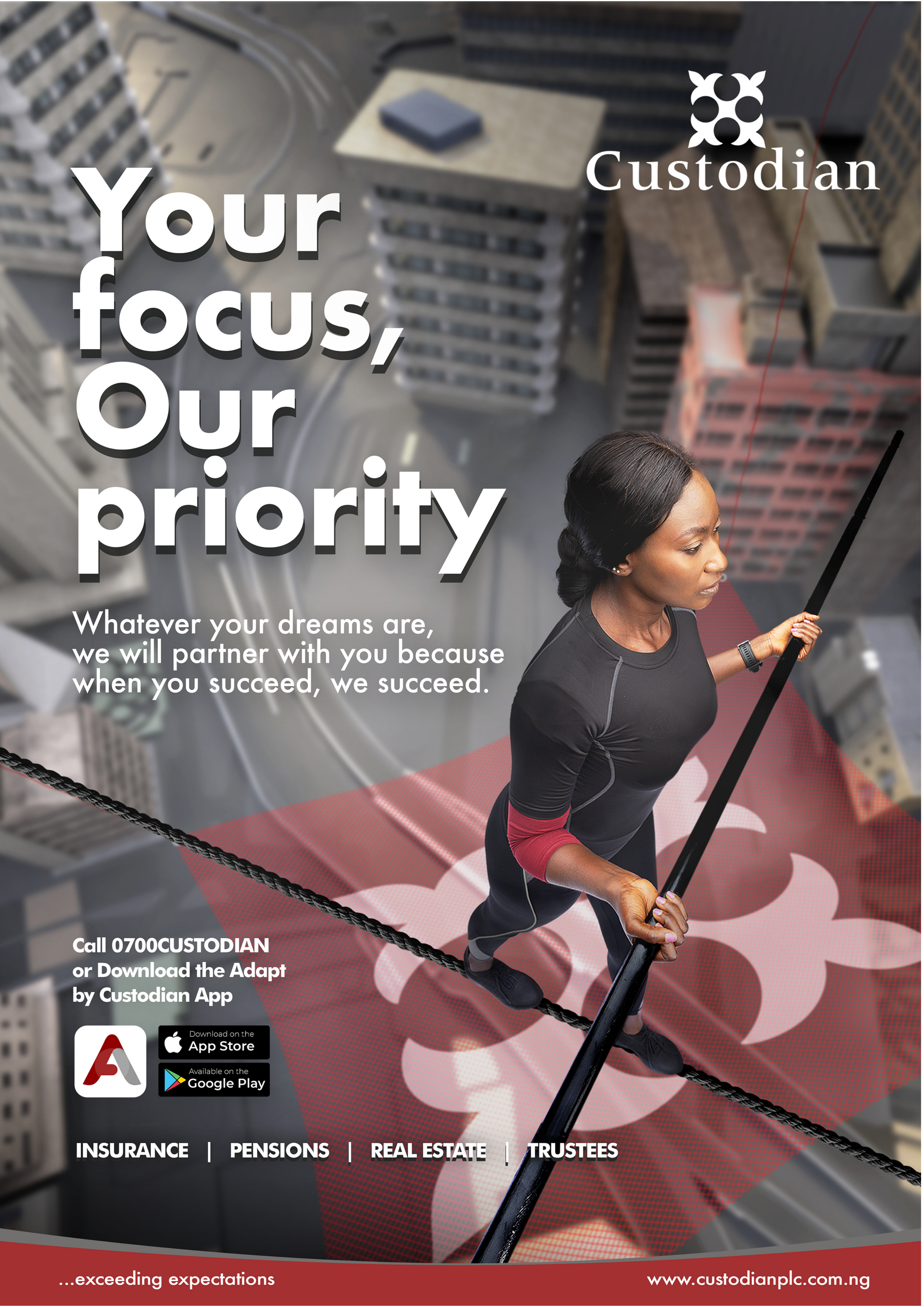
Source: Bloomberg, FDC Think Tank

Outlook

Cocoa prices will likely decline further in the near term, supported by improved weather conditions across West Africa. Recent widespread rains are expected to boost cocoa yields in the upcoming harvest, easing supply concerns.

Implication

A fall in cocoa prices will lower non-oil export earnings but reduce the production cost of chocolates.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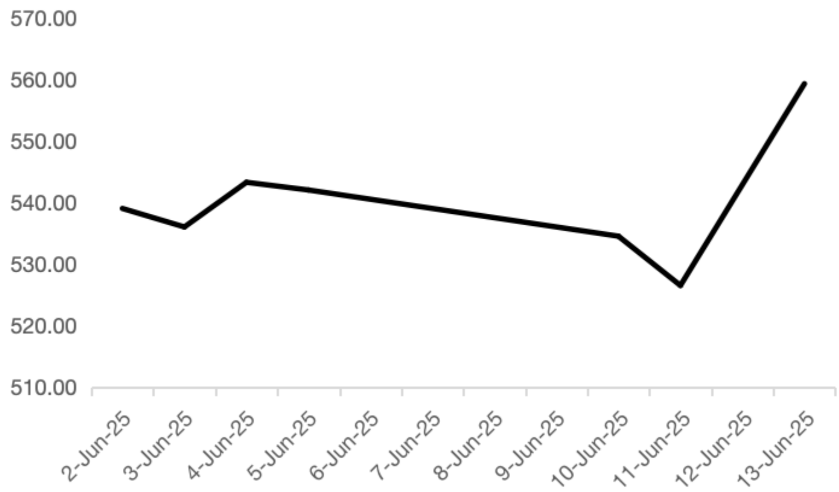
COMMODITY IMPORTS

WHEAT

Wheat prices rose by 3.77% in the second half of May, rising from $539.00/bushel on June 2 to $559.25/bushel on June 13. The increase was driven mainly by increased purchasing activity from importers, concerns about weather risks in key growing regions, and arid conditions in northern Europe that threatened potential yields.



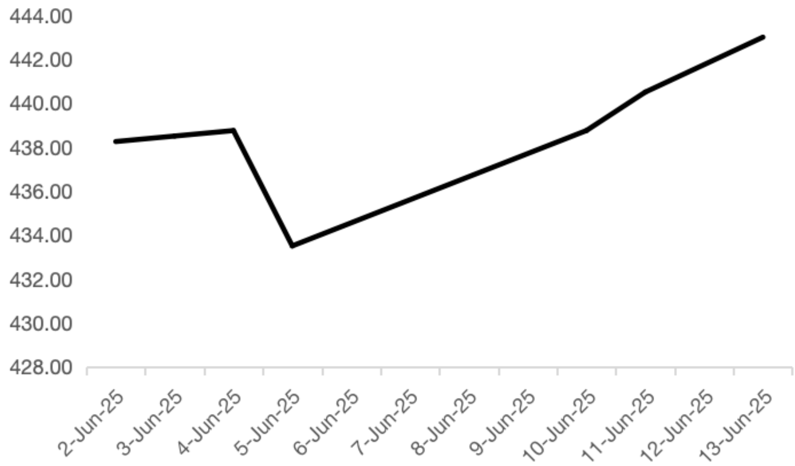
Source: Bloomberg, FDC Think Tank

Grains- Outlook

Grain prices are anticipated to be bearish in the near term, supported by improved U.S. crop conditions, weaker global wheat demand, and rising supply from Ukraine.

CORN

Corn prices rose by 1.08% in the first half of June, from $438.25/bushel on June 2 to $443.0/bushel on June 13. The increase was driven by favorable U.S. crop conditions and optimism around yields. However, geopolitical tensions also played a role: U.S.-China trade uncertainty influenced export expectations, while Middle East-related fuel price volatility raised production and transport costs. Together, these factors supported upward pressure on prices.



Source: Bloomberg, FDC Think Tank

Grains-Impact

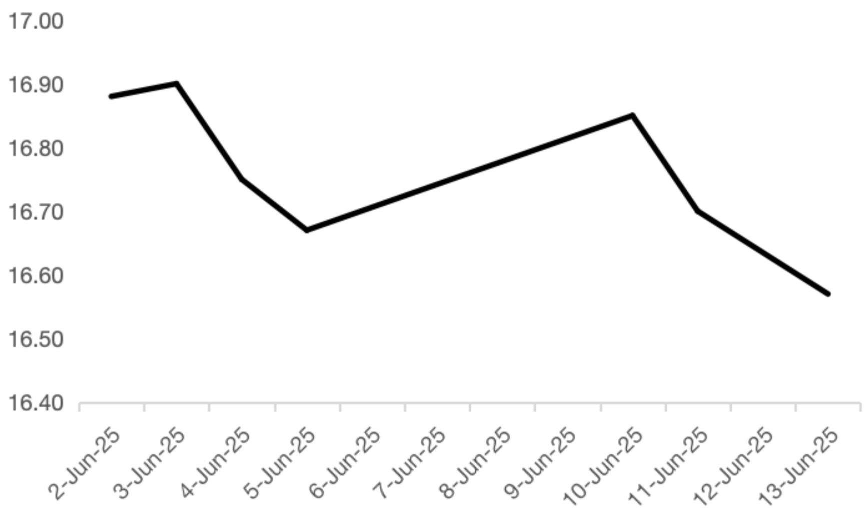
A decline in grain prices could lower import costs, making grain-based products like flour, bread, and other related goods more affordable for consumers.

Terms of Trade

In Q1'25, Nigeria's terms of trade improved, continuing the positive trend from 2024. In Q4'24, 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. This momentum carried into early 2025, with oil production increasing by 6.43% in April to 1.49 million barrels per day (mbpd), bolstering export earnings. Additionally, cocoa prices remained strong above $10,000/mt, further supporting Nigeria's external trade performance in Q1'25.

SUGAR

Sugar prices marginally declined by 1.83% in the first half of June, slipping from $16.88/pound on June 2 to $16.57/pound on June 13. Forecasts of strong sugar production in India and Brazil mainly drove the drop.



Source: Bloomberg, FDC Think Tank

Outlook

Sugar prices will likely trend lower in the near term, driven by India's projected sugar output of 35 million tons in the 2025/26 season, a 26% increase from the previous year, supported by favorable monsoon rains and expanded sugarcane planting.

Implication

The anticipated surplus is expected to reduce import costs for food and baking manufacturers and ease household expenses as prices of sugar-based products decline.

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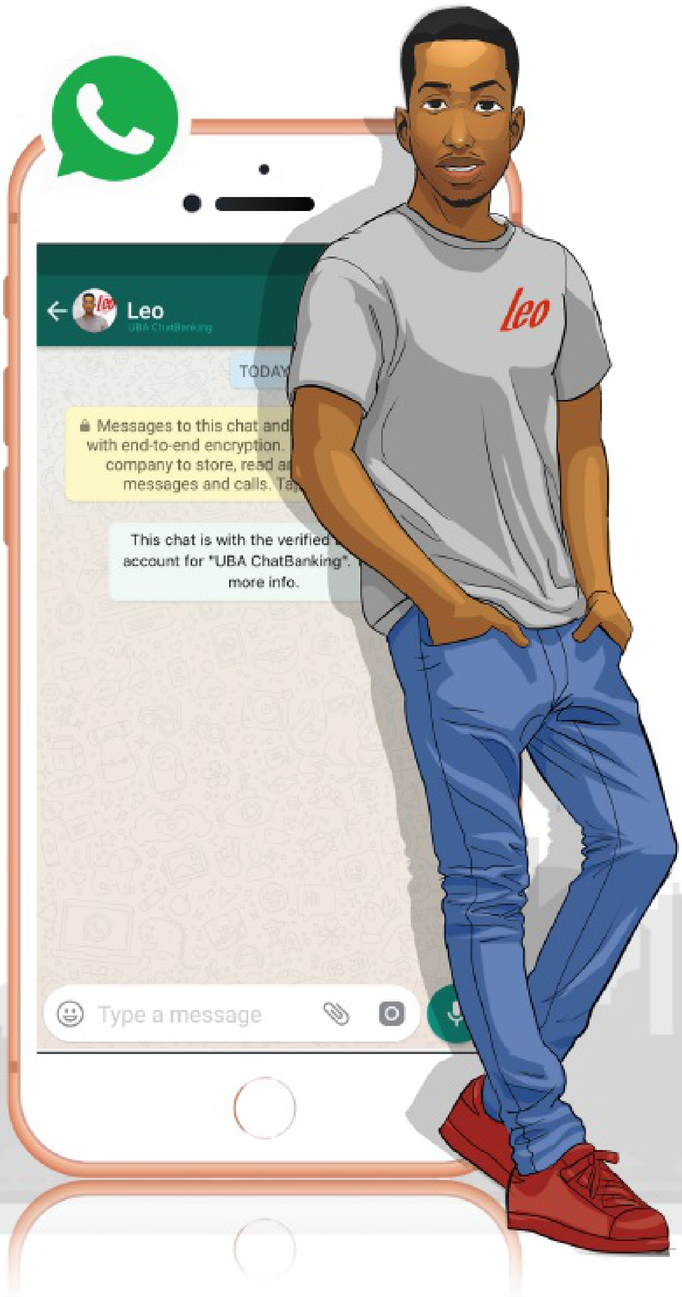

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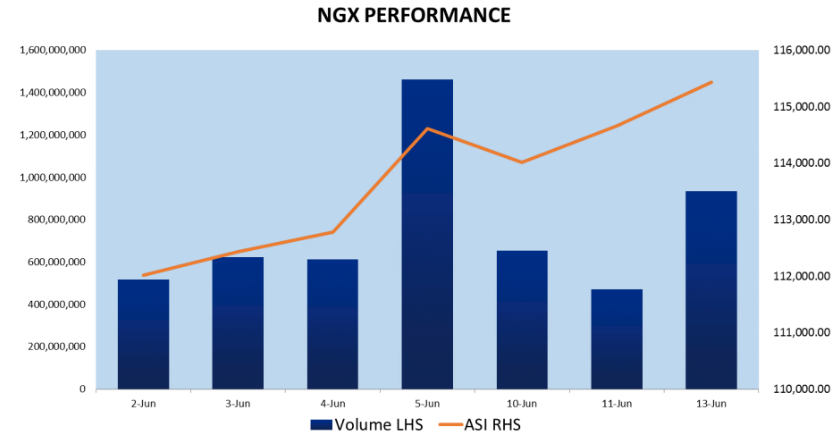
STOCK MARKET REVIEW

JUNE 02TH – 13TH

The Nigerian Stock Exchange closed positively in the first half of June, gaining 3.30% to close at 115,429.54 points on June 13 from 111,742.01 points on May 30. Similarly, the market capitalization rose by 3.04% to N72.79trn on June 13, relative to its close of N70.64trn on May 30. The market YTD return was 12.15% in the first half of June. The market breadth was positive at 1.55x, as 68 stocks gained, 35 remained unchanged, and 44 lost. Given the improving macroeconomic environment, the NGX recorded a positive performance, driven by increased investor confidence.

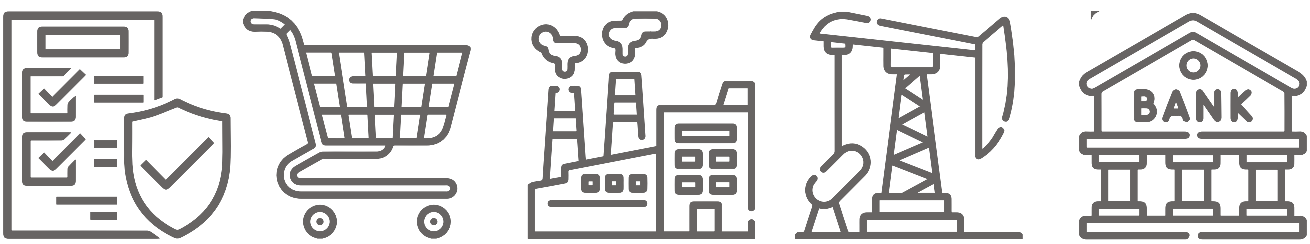


Source: NGX, FDC Think Tank

The market activity level was positive in the review period. The average volume traded increased by 39.63% to 753.0mn units from 539.28mn units. Similarly, the average value of trades rose by 23.41% to N18.19bn from N14.74bn in the first half of May.

The performance of the sectors was positive in the review period, as all sectors gained. The Banking sector gained 4.69%, followed by consumer goods (3.68%), insurance (3.24%), industrials (2.41%), and oil & gas (2.07%).

SECTOR PERFORMANCE



Insurance	FMCG	Industrial	Oil &Gas	Banking
3.24%	4.75%	2.41%	2.07%	4.69%

TOP 5 GAINERS

Oando Plc led the gainers' list with a 52.65% increase in its share price between May 30 and June 13. This was followed by Fidson Healthcare Plc (37.88%), Ellah Lakes Plc (33.23%), Berger Paints Plc (32.35%), and May & Baker Plc (30.51%).

TOP 5 LOSERS

Conoil Plc led the laggards with an 18.99% decline in its share price between May 30 and June 13. This was followed by Northern Nigeria Flourmills Plc (-18.97%), John Holt Plc (-18.42%), NCR Nigeria Plc (-16.29%), and DEAP Capital Management & Trust Plc (-15.24%).

TOP 5 GAINERS

Company	May-30 (N)	Jun-13 (N)	Absolute Change	% Change
OANDO	45.20	69.00	23.80	52.65
FIDSON	27.85	38.40	10.55	37.88
ELLAHLAKES	3.25	4.33	1.08	33.23
BERGER	20.25	26.80	6.55	32.35
MAYBAKER	11.80	15.40	3.60	30.51

TOP 5 LOSERS

Company	May-30 (N)	Jun-13 (N)	Absolute Change	% Change
CONOIL	298.10	241.50	(56.60)	-18.99
NNFM	138.90	112.55	(26.35)	-18.97
JOHNHOLT	7.60	6.20	(1.40)	-18.42
NCR	6.57	5.50	(1.07)	-16.29
DEAPCAP	1.05	0.89	(0.16)	-15.24

Outlook

We expect market performance to be bearish in the coming month. This is due to profit-taking activities following the market's positive performance in Q2'25.

WHISPERS OUTLOOK

- Oil prices are expected to trade around $68pb -$70pb after falling 6% as traders shifted focus from geopolitical tensions. However, with U.S. crude and fuel inventories falling significantly, and the U.S. driving season in full swing, demand is expected to increase, putting upward pressure on prices.

- Higher oil prices favors Nigeria's export earnings and currency stability. The naira in June appreciated by 3.38% to trade at N1,570/$. We expect the naira to continuously trade within N1,560/$- N1,600/$ on increased forex supply.

- The naira's appreciation and stability will be favourable for easing inflationary pressures.