

LBS BREAKFAST SESSION

MID-TERM ECONOMIC

REVIEW



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★ SATISFACTORY



★ AVERAGE

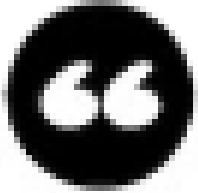


Presented by Bismarck Rewane
June 4, 2025



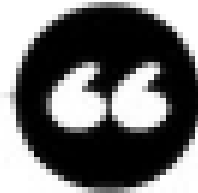
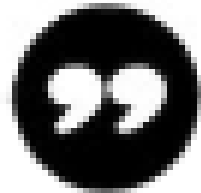
H2'25 FORECAST: THE CLAIRVOYANT ECONOMIST SPEAKS

QUOTES!



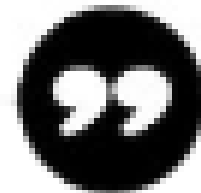
Howard Rheingold

A forecasting game is a kind of simulation, a kind of scenario, a kind of teleconference, a kind of artifact from the future - and more - that enlists the participants as 'first-person forecasters'.



Willard Scott

The only way to predict if there's a cloud on your horizon due to glaucoma is to get tested. No matter what the diagnosis, the forecast is for clear vision in the years ahead.



**Most economic reviews are
now political, and all politicians
have become economists;
objective analysis is now
scarce as gold dust.**



EVALUATION OF NIGERIA'S ECONOMY

PART 1



Orthodox and classical model

1

Contemporary-Current state assessment

2

The dynamic and competitive approach

3

In view of the acrimonious debates about economic outcomes, we have developed a model for evaluating economic performance and forecasting the future

Using three broad metrics for objective and evidence analysis;

**Orthodox and classical
model**

**Contemporary-Current state
assessment**

**The dynamic and
competitive approach**

FINDINGS

- The assessment clearly illustrates a three-dimensional diagnostic approach of Nigeria's economic health

ORTHODOX

Macroeconomic Score	51.5%
Social Indicators Score	40%
Total average score macroeconomic variables + social indicators Score	45.75%

45.75%



CONTEMPORARY

Macroeconomic Score	60%
Policies/Market-based score	72.1%
Total average score	66.05%

66.05%



FUTURE

Comparing Nigeria and its peers
Ghana: 54.23%
Kenya: 49.89%
South Africa: 46.96%
Nigeria: 36.96%

36.96%



FINDINGS

- In the orthodox mode, Nigeria performed averagely with a score of 51.5% but when HDI variables were added the performance dropped to 45.75%
- The average score of 66.05% was recorded for the contemporary model, reflecting a transitioning economy recovering
- Compared to a previous average of 45.75% from the orthodox model, there is measurable improvement, but it's neither deep nor broad enough
- The market is recovering faster than households, creating a “growth without welfare” dichotomy
- The dynamic model which shows comparison between Nigeria and its peers revealed that Nigeria is lagging

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TAKEAWAYS

- Judging strictly by traditional macroeconomic indicators, Nigeria appears to be performing relatively well
- However, once social indicators are factored in, the overall picture becomes bleak
- This divergence explains the persistent cost-of-living crisis and the disconnect between economic data and citizens' lived realities
- Under the contemporary model, policy-driven assessment that considers investor sentiment and structural reforms, Nigeria is making notable progress
- Recent policies are forward-looking
- When benchmarked against regional peers like Ghana and South Africa, Nigeria still lags.

WAY FORWARD

- Nigeria should maintain its current trajectory of structural and macroeconomic reforms
- These policies need to become more inclusive and targeted at improving human development indicators
- To remain competitive and relevant on the continental stage, Nigeria must also adopt and localize successful strategies from its peers, ensuring it doesn't fall behind in implementation speed or policy effectiveness

WHERE INVESTORS CAN FIND VALUE

Attractive Sectors

- **Power sector:** Massive supply gap (over 50% of demand unmet)
- **Telecoms:** Rising mobile and internet penetration
- **Agric sectors:** Growing demand for storage, mechanization, and processing capacity
- **Agribusiness & Food Processing:** Import substitution, food inflation hedge, growing domestic demand
- **Digital Infrastructure & Fintech:** Young population, mobile penetration, and CBN-led financial inclusion
- **Healthcare & Pharmaceuticals:** Rising demand, weak public infrastructure, and growing private sector need
- **Logistics & E-commerce Support Services:** Urban growth and consumer shifts driving the need

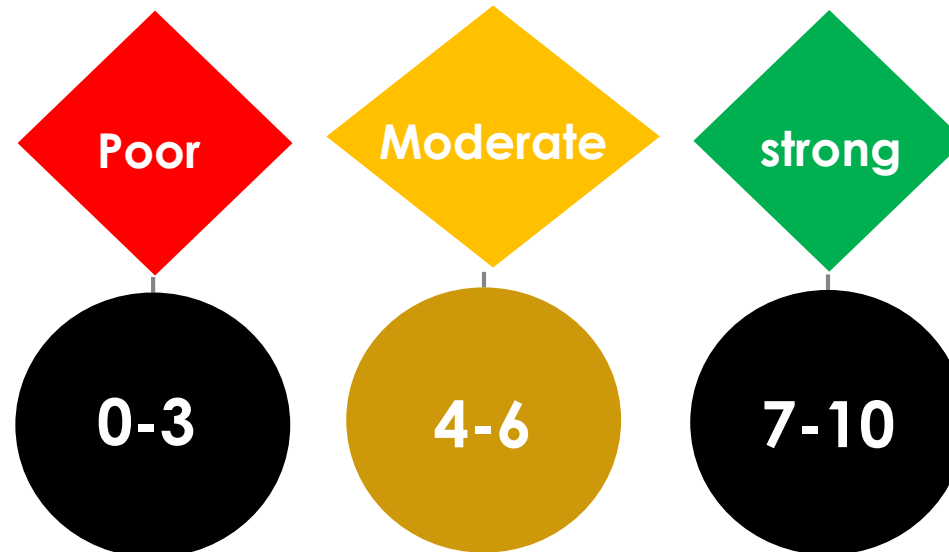
METHODOLOGY

- Weights were assigned based on the relative contribution of each variable

Weighting Methodology (in %)

- Each variable is scored based on current performance relative to historic trends, policy targets, and global benchmarks

Scoring logic (Scale of 0–10)



01



ORTHODOX
&
CLASSICAL MODEL



ORTHODOX AND CLASSICAL MODEL

- In evaluating the economy using the orthodox metrics, we broke it down into two categories
- Analysis was based on 5 years avg.(2019-2022) and 2023 & 2024 avg.
 - **Orthodox and classical model** : 70% weight
 - **Human Development Index (HDI)** : 30% weight



ORTHODOX APPROACH

Output (Total:16.5/30)

Monetary (Total:11.5/25)

Fiscal (Total:12/25)

External (Total:11.5/20)

Real GDP Growth (5/7)

Agriculture Sector
Growth (2/5)

Manufacturing Sector
Growth (3/5)

Construction Sector
Growth (3/4)

Oil Production (2.5/5)

Power Supply [Grid
collapse]
(1/4)

Headline inflation (1.5/6)

Core inflation (1/4)

Money supply growth
(2/5)

Interest rates
(3/5)

Private sector credit (4/5)

FAAC (4.5/5)

Fiscal Deficit (1/5)

Fiscal Deficit as % of
GDP (1.5/4)

Debt Servicing as % of
Revenue (1/6)

Ways & Means
(4/5)

Trade Balance (3.8/4)

Terms of Trade (1.2/3)

Exchange rate windows
gap (1.5/4)

Oil Prices (2/3)

External Reserves (1.5/3)

External Debt (1.5/3)



SOCIOECONOMIC INDICATORS

Socioeconomic Total (40/100)

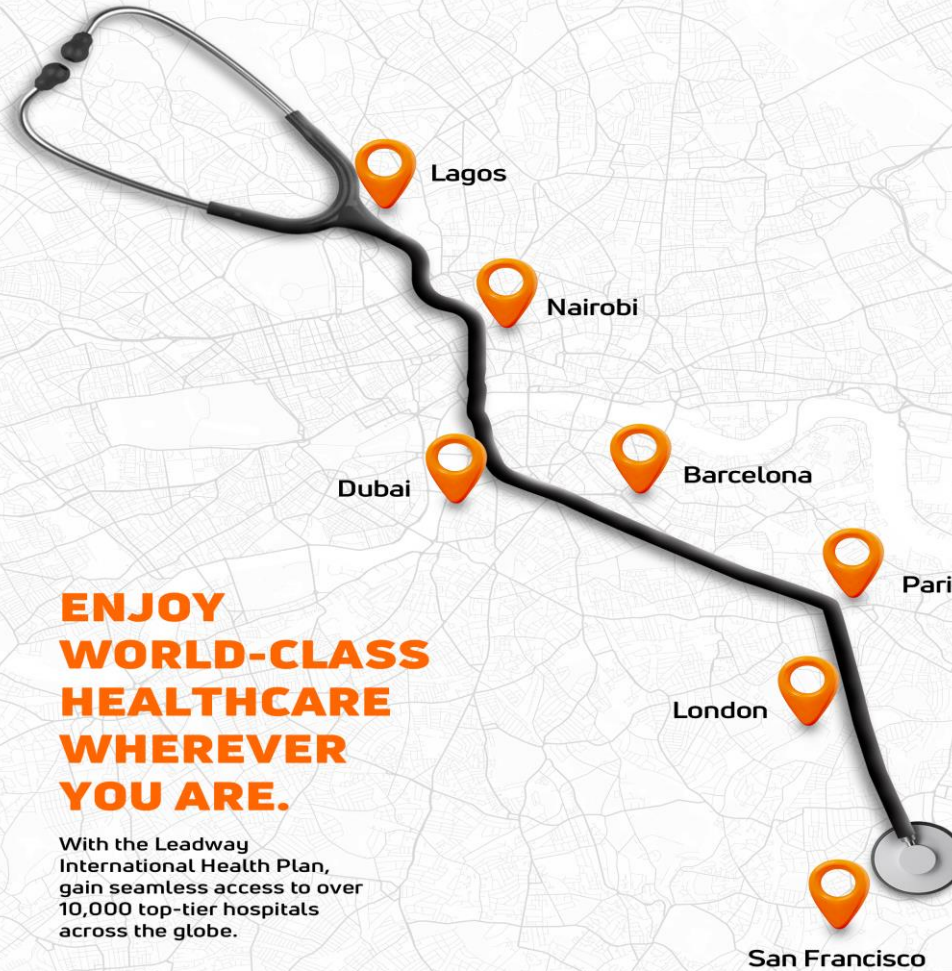
Gini Coefficient (6/15)

Poverty (3/25)

Children Out of
School (10/25)

Milk Consumption
(6/10)

Life Expectancy
(15/25)



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02



CURRENT STATE ASSESSMENT

THE HERE AND NOW ECONOMY



CURRENT STATE ASSESSMENT

- In assessing the new economy, the markets and corporate performance were assessed along with variables from the traditional economy
- The current economy is not just for policies but for investors as well
- It justifies that policies are not made for multilateral agencies or politicians alone, but also for the markets
- Analysis was based on Q1 '25 and Q2 '25 outcomes



CONTEMPORARY APPROACH

Macroeconomic Score (Total:60/100)

Real GDP (14/20)	Exchange rate, NFEM (7.2/12)	Crude oil price (6/10)	FAAC (4/8)
Inflation (9/18)	Exchange rate, parallel (4.2/12)	Oil production (6/10)	Money supply M3 (6/10)

Market-based Variables score (Total: 72.1/100)

PMI (12/15)	Stock market capitalization (10.8/12)	Diesel price (6/10)	Consumer confidence (5/10)	P/E ratio (5.6/8)
Corporates performance (10.5/15)	PMS price (7/10)	Investors confidence (9.6/12)	Pension savings (5.6/8)	



DOMESTIC COMMODITY PRICES – CURRENT STATE

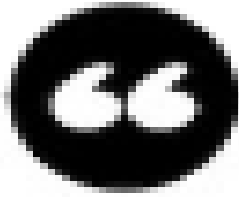
Commodity	Jan'2025 (₦)	May'2025 (₦)	% Change
Yam (3 tubers)	12,000	10,500	-12.5
Eggs (crate)	6,000	5,500	-8.3
Beef (1 kilo)	7,200	7,200	00
Beans (bag)	100,000	80,000	-20
Rice (50kg bag)	100,000	82,000	-18
Garri (50kg bag)	35,000	37,000	6.25
Tomatoes (basket)	35,000	70,000	100
Wheat Flour (10g)	14,000	12,000	-14.3

03



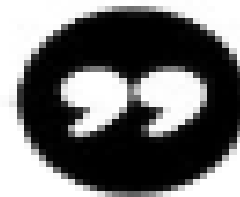
THE DYNAMIC & COMPETITIVE APPROACH

QUOTE!



Aidan Chambers

History dies without the present.
There is no future without the path made
to it by the past.





THE DYNAMIC AND COMPETITIVE APPROACH

- Beyond evaluating the economy through orthodox and contemporary model
- The next phase involves adopting a dynamic and competitive approach, which makes it important to compare our economy with others globally



DYNAMIC AND COMPETITIVE APPROACH

Macroeconomic variables

- Real GDP growth
- Inflation
- Per capita income
- Gross national savings
- Gross capital formation
- Internet penetration

***770**

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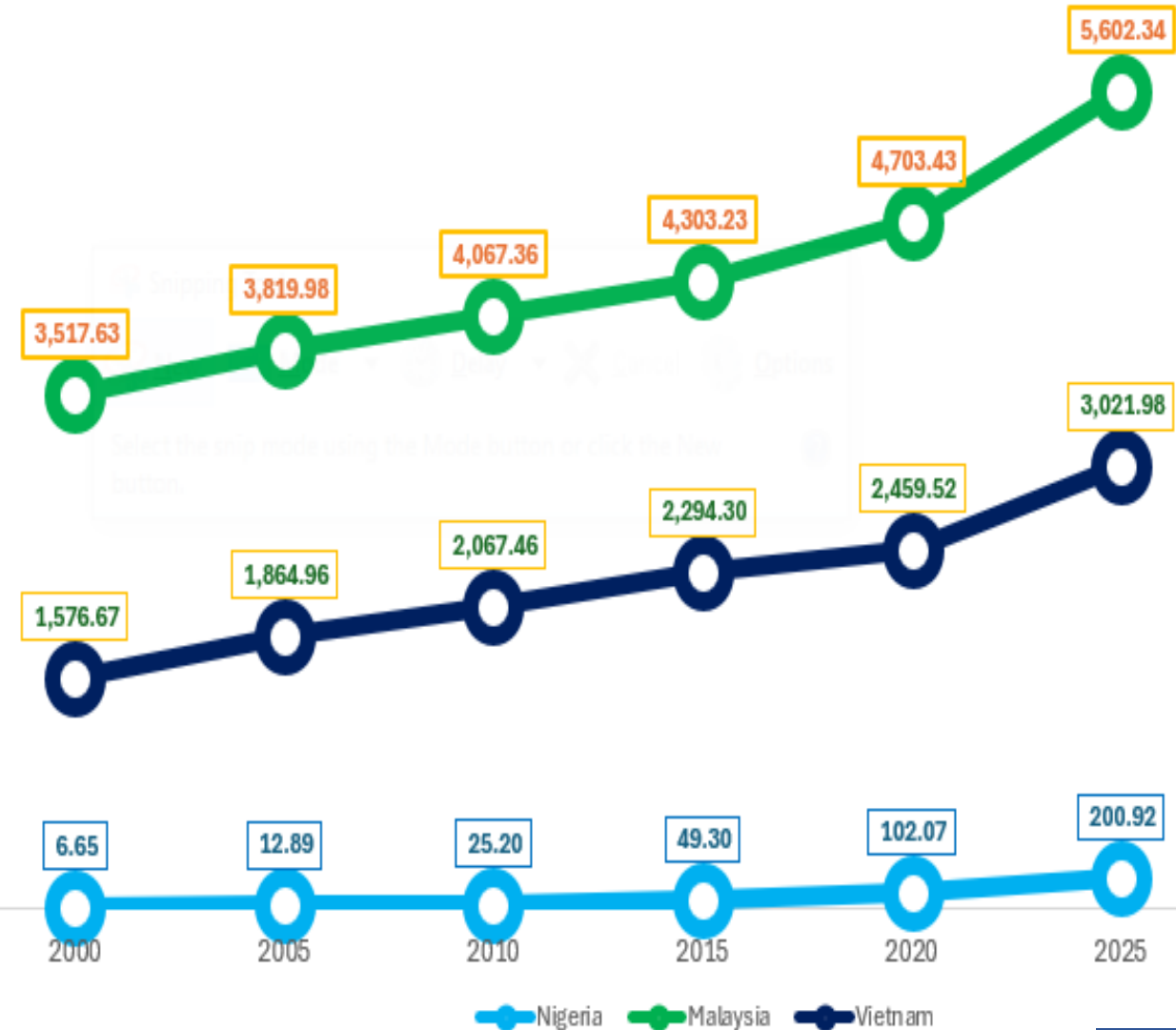
COMPETITIVE ANALYSIS – MACROECONOMIC INDICATORS

	NIGERIA AND SELECTED AFRICAN PEERS IN 2028				NORMALIZED AND WEIGHTED SCORES			
Nigeria and peers in 2028	Nigeria	Kenya	Ghana	South Africa	Nigeria	Kenya	Ghana	South Africa
Real GDP growth (%)	2.8	5.031	4.995	1.711	6.56	20.00	19.78	0.00
Per capita Income (\$)	921	2,501.01	2,750.93	6,792.45	0.00	4.04	4.67	15.00
Gross National Savings (% of GDP)	33.8	15.09	14.859	11.841	15.00	2.22	2.06	0.00
Gross Capital formation (% of GDP)	31.1	17.4	11.2	14	15.00	4.67	0.00	2.11
Inflation (%)	14.1	5	8	4.5	0.00	18.96	12.71	20.00
Internet Penetration (%)	68.9	68.1	97.8	87.6	0.40	0.00	15.00	9.85
	AGGREGATE SCORE				36.96	49.89	54.23	46.96

NIGERIA LAGS PEERS IN ENERGY SUPPLY

- No power, no productivity
- Nigeria's electricity consumption per capita is at a low of 200.92kWh
- Which is 15 times lower than Vietnam and 28 times lower than Malaysia
- Energy fuels factories, lights homes, drives GDP and job creation
- Businesses burn diesel, households stay in the dark
- Nigeria's future begins here!

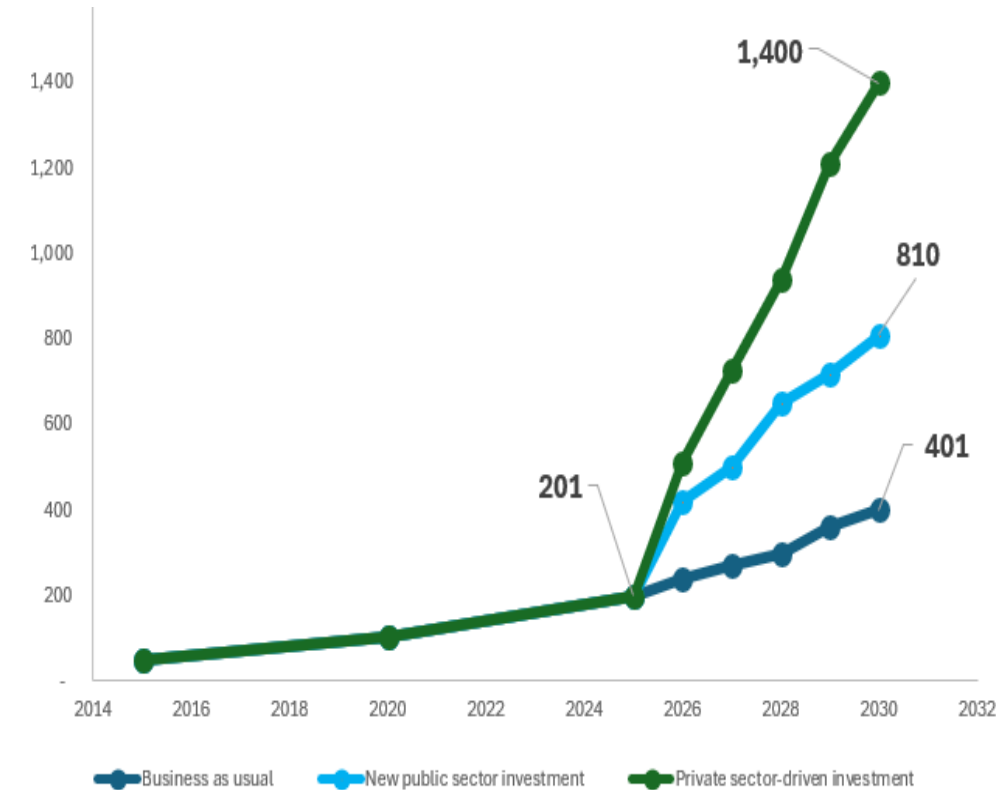
ELECTRICITY CONSUMPTION PER HEAD (KWH)



ENERGY INVESTMENTS – NIGERIA, VIETNAM & MALAYSIA

- Energy investment remains in the shadows
- Policy fog, FX risks, and tariff shortfalls scare off investors
- Business as usual will be a slow grind
- Ramping public-led investment offers a modest lift to 810 kWh per capita by 2030 from estimated 201kWh in 2025
- Private-led investment is a game changer
- Could lead to achieving consumption of 1,400 kWh per head by 2030
- Higher power access turbocharges productivity in SMEs and manufacturing

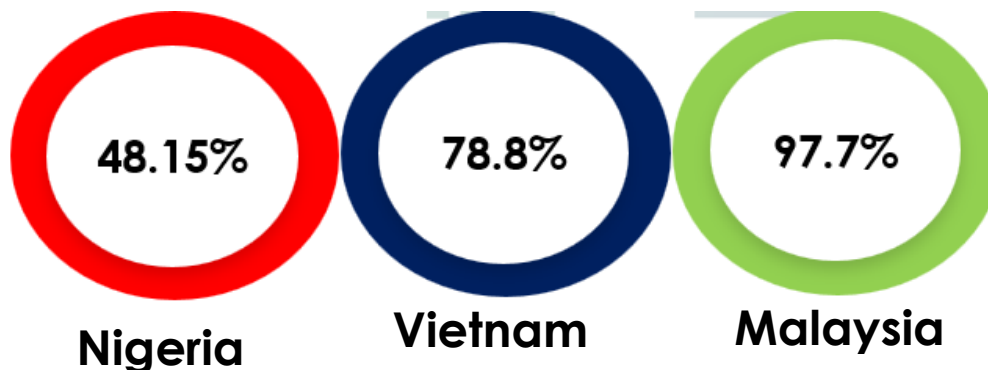
Electricity consumption per capita (kWh) under different investment options



THE FUTURE OF NIGERIA'S DIGITAL ECONOMY

- Digital Economy directly contributes 12.6% to GDP
- And another 10.2% via digitally enabled platform business models
- We estimate that 35% of new value created in the economy over the next 5 years will be based on digitally enabled platform business models
- Yet nearly half of Nigeria's population is not connected to the internet

Internet Penetration (% of population)



**i-GDP
(2024)**
(output through
digitally enabled
platforms)

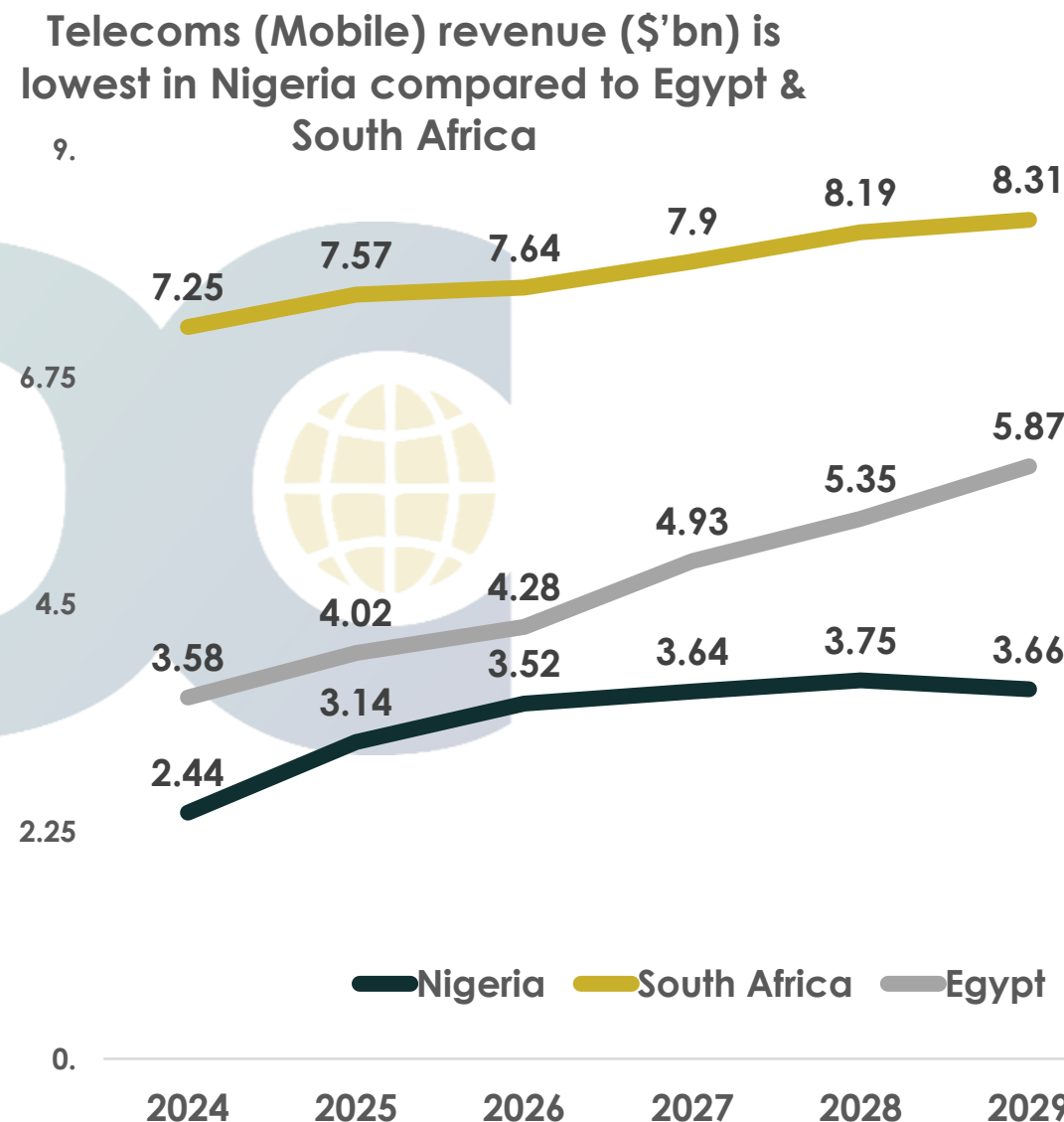
N61.49trn

**Direct i-GDP
N33.6trn**

**Indirect i-GDP
N27.89trn**

NIGERIA IS THE LARGEST TELECOM MARKET IN AFRICA

- Nigeria's telecom sector is projected to grow from \$9.52 billion in 2025 to \$11.97 billion by 2030
- A \$1 billion investment in network equipment is scheduled for delivery starting in July 2025
- Telecom ARPU in Nigeria has declined to approximately \$1.60–\$2.09 compared to Egypt's \$3.10, and South Africa's \$3.20
- Nigeria has the highest combined telecom subscription
- Revenue remains relatively low due to low-income level



USUAL PERSPECTIVE

PART 2



Global & Regional Highlights

1

The Nigerian Economy

2

What is Happening Elsewhere?

3

Economy & Politics

4

Outlook

5

01



GLOBAL & REGIONAL HIGHLIGHTS



GLOBAL HIGHLIGHTS

- Trump raises metal tariff to 50% - escalation restarts
- The global economy is now expected to underperform its pre-pandemic output level
- Mainly because of the uncertainty surrounding U.S. trade policy
- And the falling out between China, the U.S, and the EU
- Global growth is now projected at 2.9% in 2025/2026
- The U.S is now projected to achieve 1.65% growth in 2025, down from 2.8%
- U.S inflation is expected to rise due to the tariff effect, to 4% in 2025
- The Chinese economy is going to slow to 4.7%, down from 5%
- Japan will achieve 0.7% growth
- Global trade will fall from 2.8% in 2025 to 2.2% in 2026



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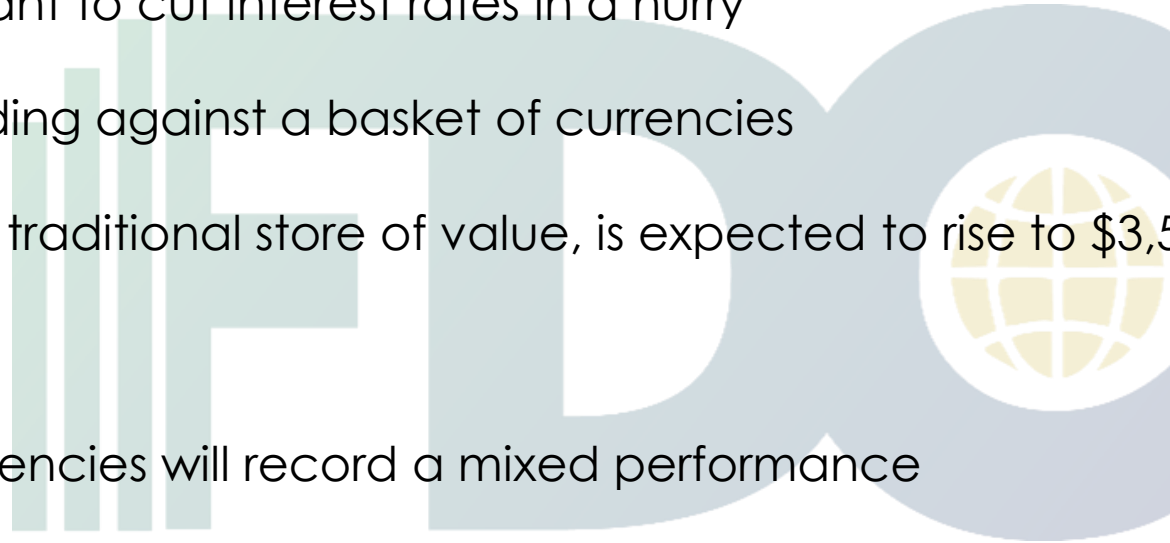
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GLOBAL HIGHLIGHTS

- Historically, elevated equity valuations will be extremely vulnerable to swings
- The Fed will be reluctant to cut interest rates in a hurry
- Leaving U.S. dollars sliding against a basket of currencies
- The price of gold, the traditional store of value, is expected to rise to \$3,500 per ounce
- Emerging market currencies will record a mixed performance





SUB-SAHARAN AFRICAN HIGHLIGHTS – EIU VIEW

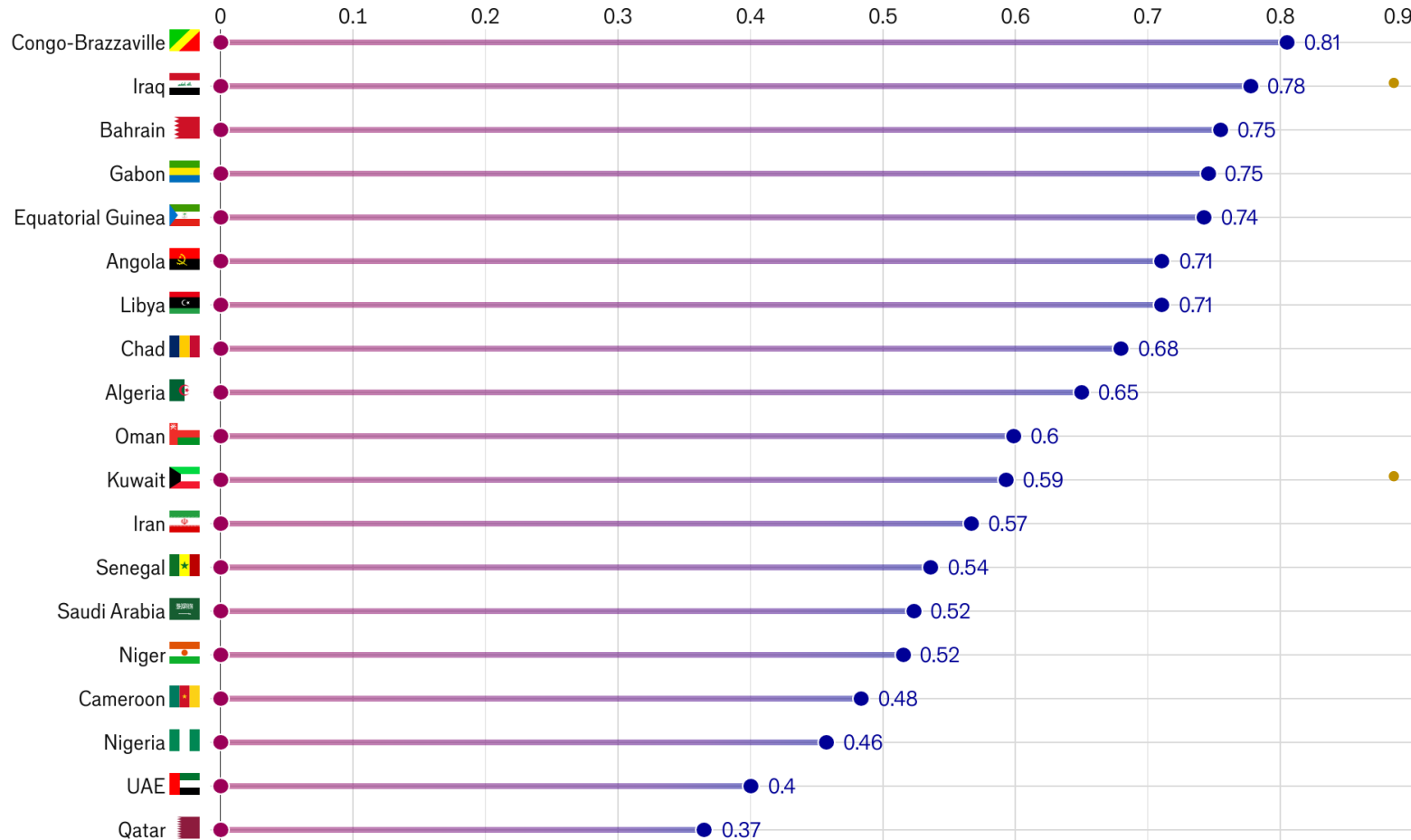
- Global trade tensions have killed any chance of 2025 being a strong year for African growth
- We forecast regional real growth of 3.7% in 2025, although risks are to the downside, particularly given uncertainty surrounding South Africa's outlook
- Behind mediocre growth, financing conditions could be problematic
- African currencies have undergone sizeable corrections since 2024, offering a layer of protection against emerging-market shocks
- Although Africa is more willing to embrace private investment, the continent will struggle to regain inflows that compare to the heydays of the 2010-14 commodity super-cycle, even in the longer run
- Owing to foreign funding constraints, we expect most of Africa's economies to be in some form of IMF programme



VULNERABLE FALLING OIL PRICE IS MOST PRONOUNCED IN AFRICA

Vulnerability to falling oil prices is most pronounced in Africa

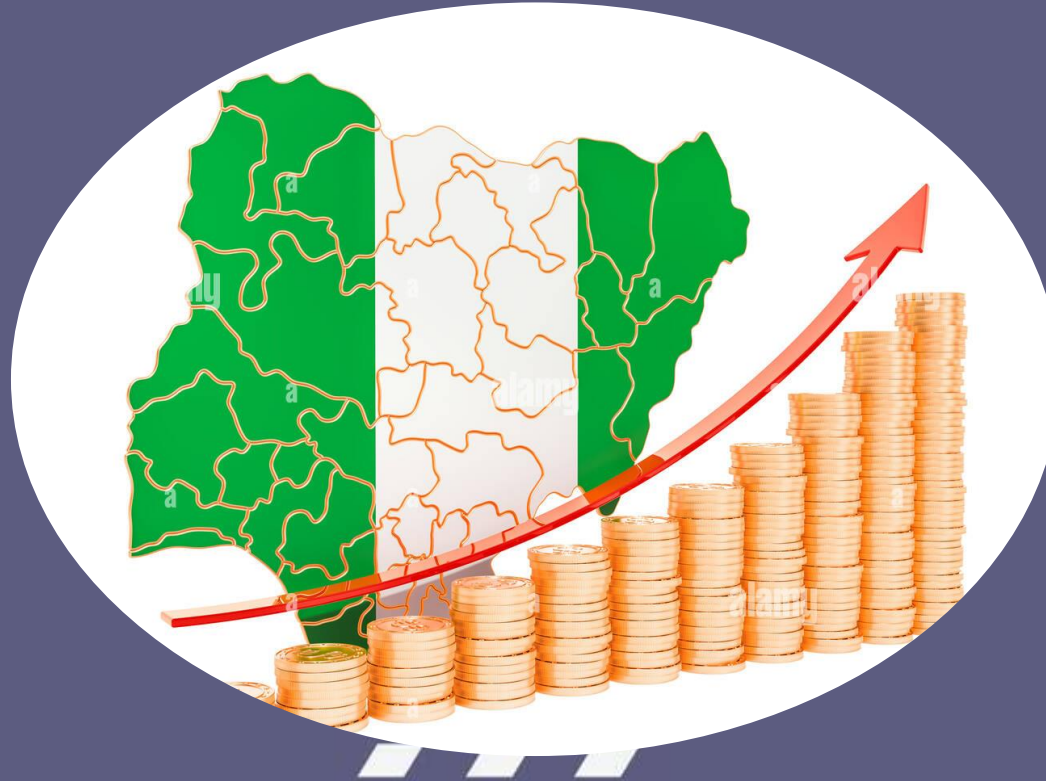
Oil price downturn vulnerability index among net oil exporters; vulnerability score (0-1, where 0 = least vulnerable)



The MEA region is more exposed to an oil price shock than any other global region

Higher resilience to oil price shocks in the Middle East is also underpinned by stronger financial buffers and greater borrowing capacity

02



THE NIGERIAN ECONOMY



DOMESTIC HIGHLIGHTS

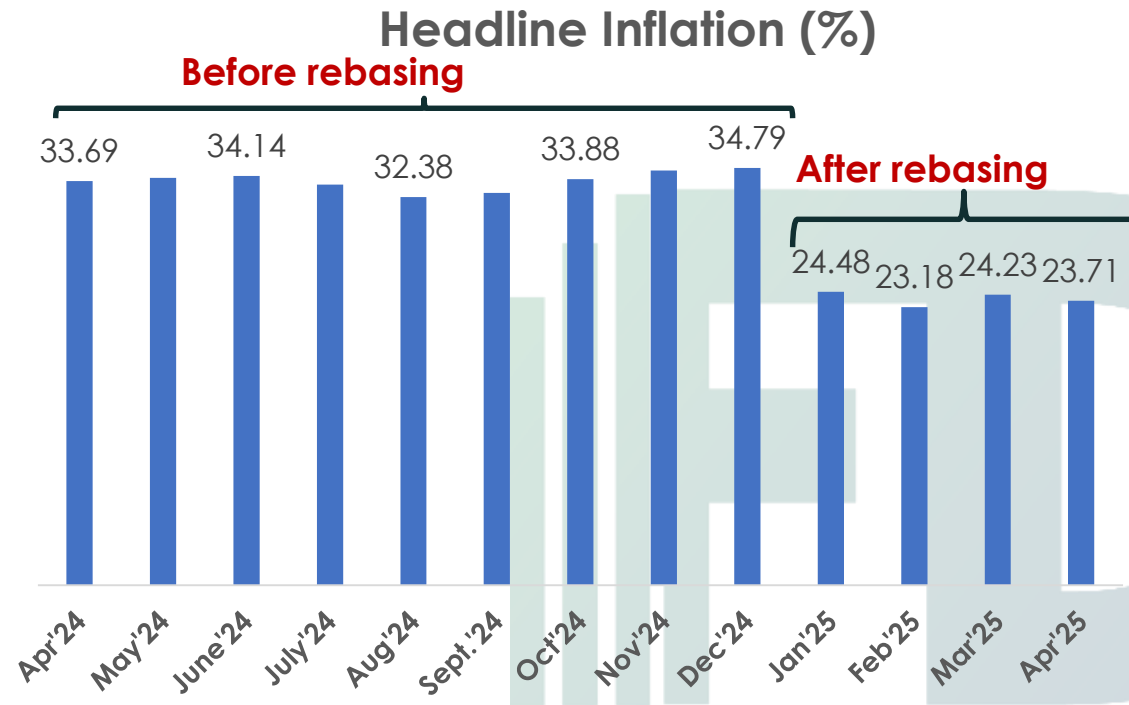
- Inflation may continue to moderate in the near term, at a gradual pace
- The fiscal deficit is expected to increase despite tax efficiency
- As a % of GDP, the fiscal deficit will reduce in 2025
- Every 1% increase in fiscal deficit will have a knock-on effect on inflation by 0.15%
- The official and parallel market rates have converged
- The spread is now within a N50 margin
- Meaning that the Naira is now fairly priced
- Crude oil price has remained low, trading below \$60- 65pb



DOMESTIC HIGHLIGHTS

- The average Brent price in May was \$65pb
- Gross external reserves is on a steady upward trajectory, currently at \$38.56bn
- Oil production rose by 5.71% to 1.48mbpd in April from 1.4mbpd in March
- FAAC disbursement climbed 6.33% to N1.68trn from N1.58trn in March
- PMI declined in May to 52.7, a 2.77% drop from 54.2 in April, reflecting pressure on business activity
- Money supply growth declined to 22.82% in April from 23.91%
- Most indicators show a mild recovery in business activities

INFLATION TO DECELERATE FURTHER IN MAY



- Headline inflation moderated to 23.71% in April
- Supported by exchange rate stability and easing logistic costs
- To moderate further in May to 23.2%
- Could reach about 20% in December 2025

All April sub-indices mirrored this downward movement

Headline inflation (down by 0.52%)

23.71%



Food inflation (down by 0.52%)

21.26%

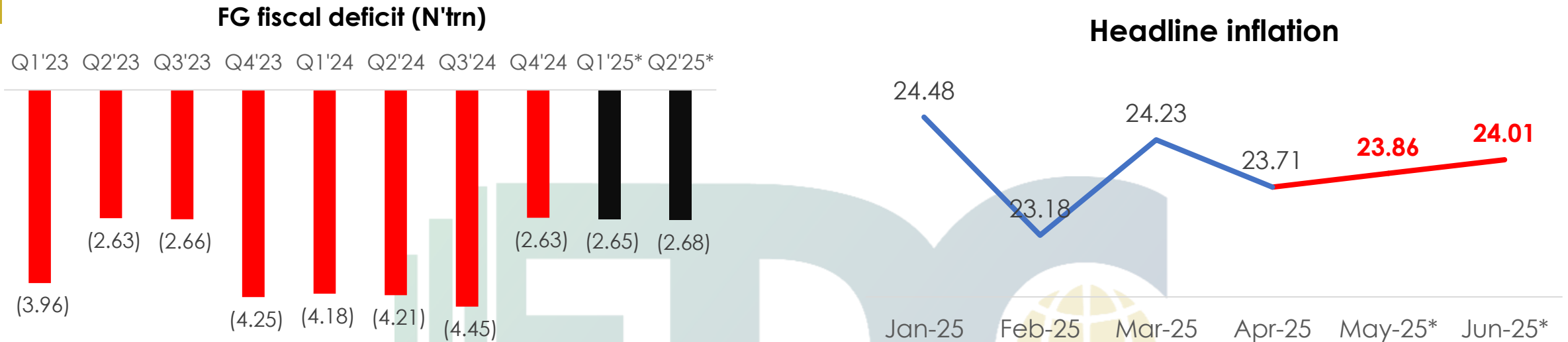


Core inflation (down by 1.04%)

23.39%



THE FISCAL DEFICIT-INFLATION LINK



Every 1% increase in fiscal deficit will raise inflation by 0.15 %

- More government spending increases demand and may drive prices up, especially when output is constrained
- If deficits are monetized (CBN prints money), inflation rises faster
- Higher deficits may weaken the naira, increasing imported inflation
- Fiscal deficits can change the narrative



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EXCHANGE RATES ARE CONVERGING

- The official and parallel market rates have converged more closely
- Now trading within a 1–3% margin
- A major improvement from the 50–70% gap observed pre-reforms



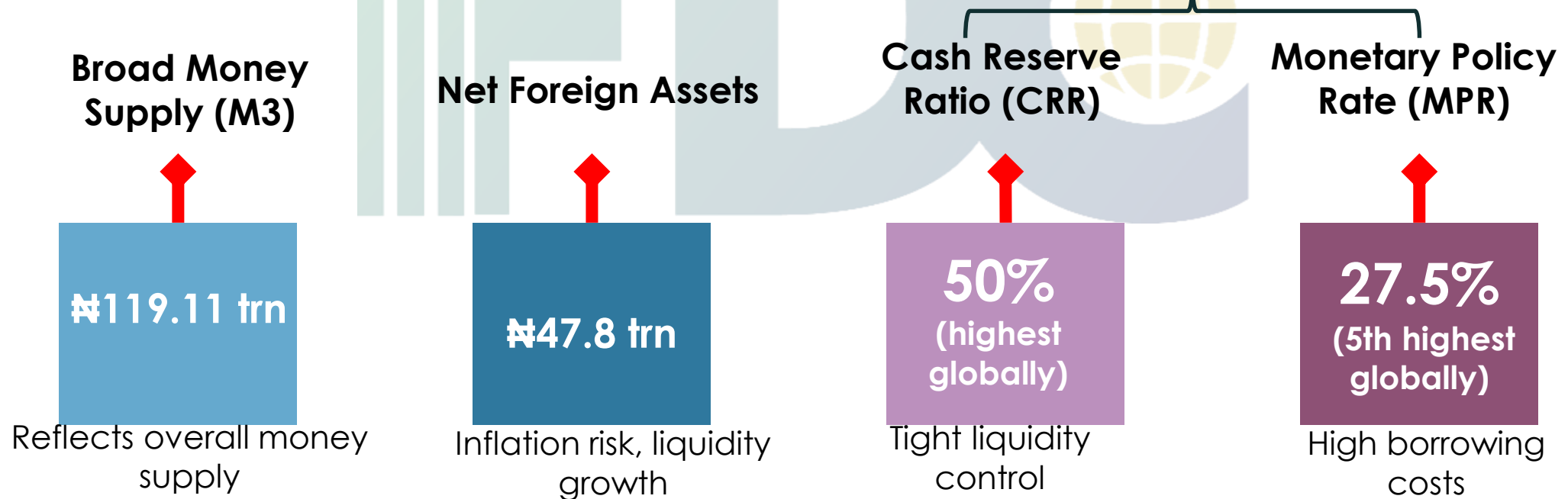
NAIRA REMAINS UNDERVALUED

- Naira remains undervalued by 26.82%
- Weakening dollar (8.7%, YTD) could support the naira
- Expected to remain stable throughout 2025
- External reserves rose marginally by 1.37% to \$38.45% in May

Purchasing Power Parity			
		May-25	
	=N=	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)	1,000	0.95	1052.63
Vegetable oil (5 litres)	17,500	37.75	463.58
Indomie (1 unit)	500	1.10	454.55
Nestle Bottled Water (60cl 1 unit)	250	0.28	892.86
Big Loaf Bread	1,800	4.35	413.79
Corrola (2023 Model)	50,000,000	21700.00	2304.15
Irish Spring Soap (3 bars)	3,645	3.51	1038
Chicken Breasts (1 kg)	5,500	2.00	2750.00
Trolley	2,500	6.02	415.28
Peak evaporated milk (pack of 24)	18,000	36.00	500.00
Uncle Ben's rice (5.44kg 1 pack)	29,000	21.85	1327.23
Eggs (30 large eggs)	5,500	18.74	293.49
Medicine (Panadol extra 50 caplets)	11,700	12.47	938.25
Andrex toilet paper (24)	41,850	16.88	2479.27
Average PPP			1158.50
Naira Price at NFEM			1583
PPP (%)			
Decision: Naira is		Undervalued	-26.82%
Spot Rate (Parallel)			1612
Outcome: Compared to NAFEM rate of N1,599.33/\$1, the Naira is undervalued by 27.08%			

MONEY SUPPLY GROWTH MODERATES IN APRIL

- Money supply growth moderates to 22.8% in April from 23.9% in March (YoY)
- Buoyed by net foreign assets (rose 66%, yoy) in April
- Monetary tightening campaign has tamed money supply growth from the 78% peak in May 2024

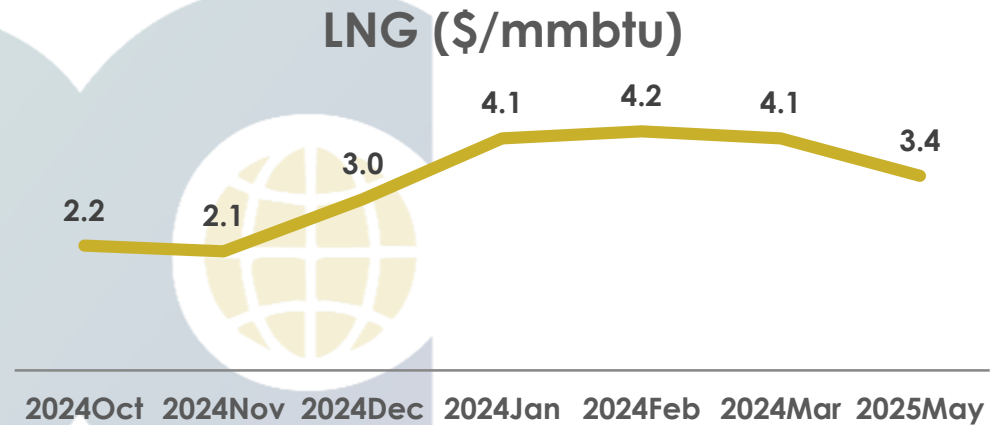
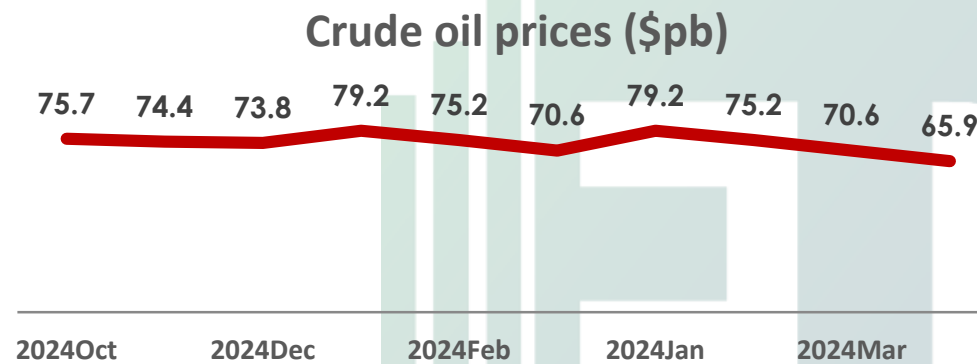




OIL EXPORTS RECOVER IN APRIL BUT RISKS PERSIST

CRUDE OIL \$65.40pb

NATURAL GAS \$3.71 mmbtu



- Crude oil price has remained between \$62-65pb since May
- Oil price defied TACO theory, rising to \$65.4pb on June 3

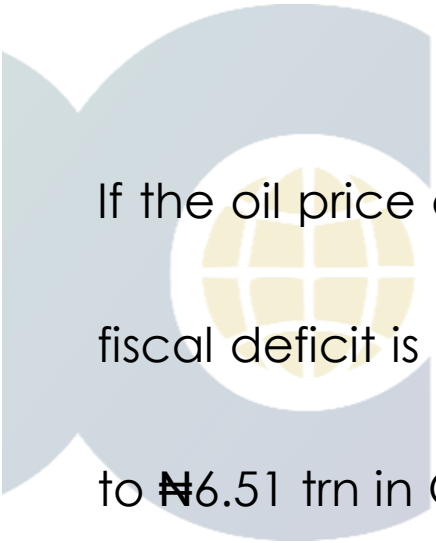
- LNG in a new rally, hitting \$3.71 mmbtu on June 3
- On increased demand and falling output
- Expected to moderate in the near term on milder weather



FISCAL DEFICIT & CRUDE OIL PRICE LINK

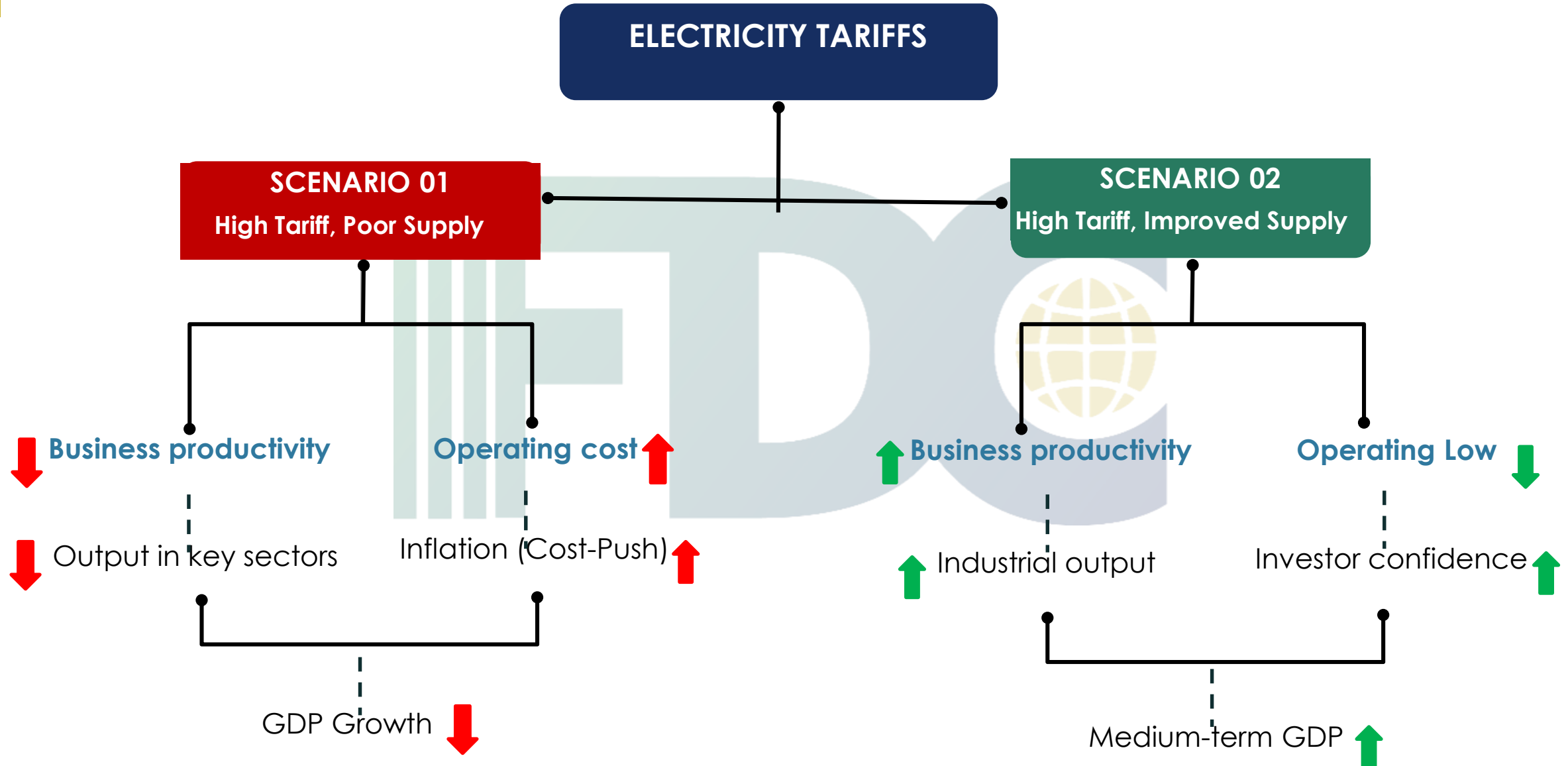
Assumptions & Key Data

Variable	Value
Budgeted production	2.06 million barrels/day
Benchmark oil price	\$75/barrel
Fiscal break-even price	\$60/barrel
• Current oil price	• \$64.18/barrel
• Oil price after 5% decline	• \$60.97/barrel
Jan oil production	1.54 mbpd
Feb oil production	1.47 mbpd
Mar oil production	1.40 mbpd
Avg Q1 oil production	1.47 mbpd
% of budgeted production (Q1)	~71.4%
Oil revenue share of total revenue (est.)	~50% (typical for Nigeria)



If the oil price declines by 5% to \$60.97, the fiscal deficit is projected to widen by 54.5% to ₦6.51 trn in Q2'25, and by 51.6% to ₦6.74 trn in Q3'25

ELECTRICITY TARIFF HIKE – QUALITY OF POWER VS. GDP GROWTH



Tariff electricity hikes without corresponding supply improvement are contractionary

FORBEARANCE FOR DisCos & GenCos

- Improves electricity supply, reducing reliance on expensive diesel and lowering energy-driven inflation
- Lowers production costs, easing cost-push inflation across goods and services
- Delays sharp tariff increases, preventing direct spikes in consumer price indices
- Supports continuous business operations, avoiding inflation from supply disruptions
- Encourages investment and output growth, which helps ease inflationary pressure through increased supply



STOCK MARKET



The advertisement features a large smartphone graphic on the left. A man named Leo, wearing a grey t-shirt with the 'Leo' logo and blue jeans, is leaning against the phone. The phone screen displays a WhatsApp chat interface with a contact named 'Leo'. The chat history shows a warning message about messages to this contact being sent to a group, and a note about chat history being linked to a UBA CreditBanking account. To the right of the phone, the text 'Leo on WhatsApp' is written in a large, stylized font. Below this, the chat number '+234-903-000-2455' is provided. Further down, four buttons are arranged in a staircase pattern: 'Check Account Balance?' (grey), 'Top up your airtime?' (green), 'Bank Transfers?' (grey), and 'Bills Payment?' (green). At the bottom of the phone screen, a bar contains the WhatsApp link 'https://m.me/ubachatbanking', the email 'Leo@ubagroup.com', and the phone number 'CFC (+234-1-2807400)'.

Leo
on WhatsApp
Chat on +234-903-000-2455

Check Account Balance?

Top up your airtime?

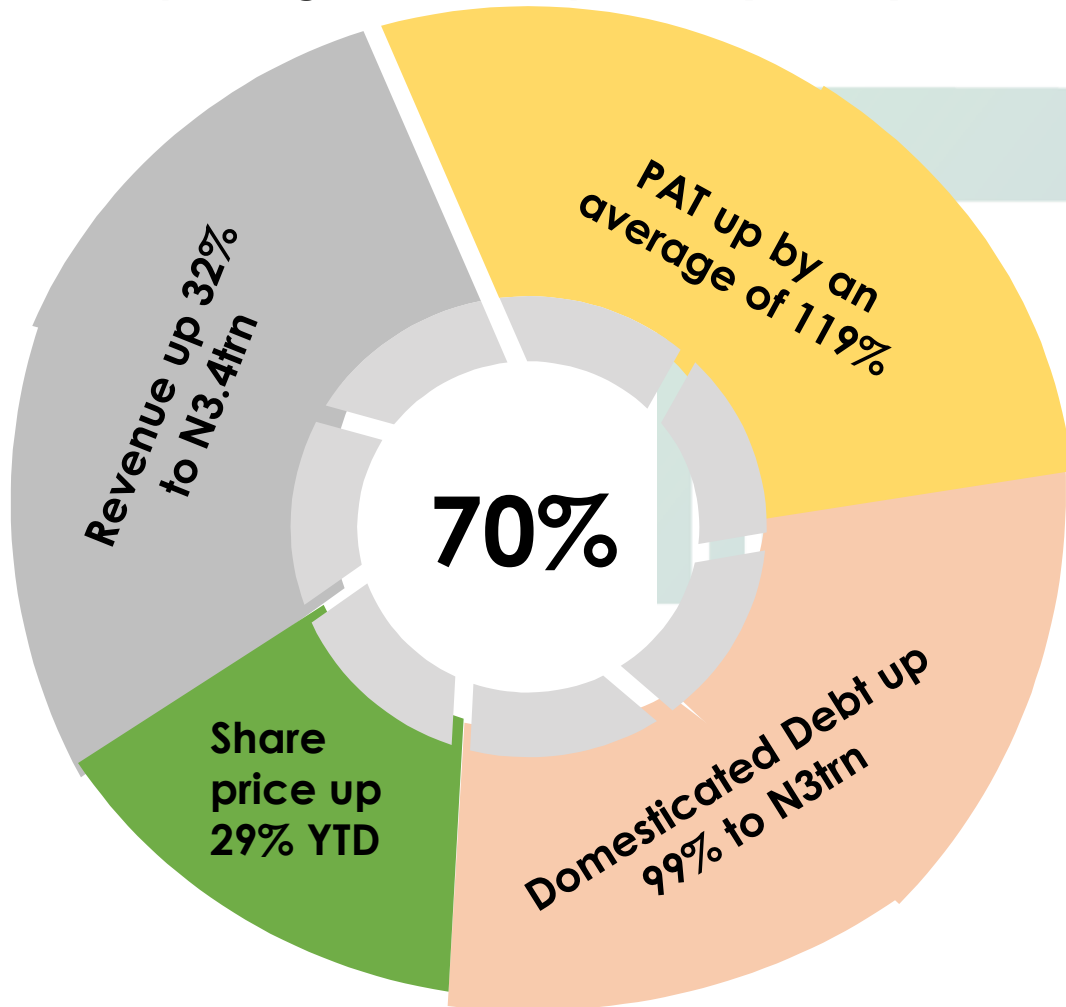
Bank Transfers?

Bills Payment?

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

CORPORATE PERFORMANCE

Performance Measurement Top 5 Nigerian Companies (Q1'25)



- Strong revenue and profit growth, reflecting robust business performance
- Higher domesticated debt, shields firms from naira devaluation risks tied to foreign loans
- Faster access to local funding, ideal for working capital and short-term needs
- Supports expansion and bridge financing through reliable domestic credit
- Share price up 29%, reinforcing investor confidence

CORPORATE PERFORMANCE – SCENARIO



CAPEX

\$274bn

MTN Nigeria churned out \$83.9mn in the quarter ended Mar'25
market share of 52% (subscribers base)

**MTN's aggressive investment signals
dominance intent**



CAPEX

\$64mn

Airtel Nigeria churned out \$38.4mn profit in the quarter ended Mar'25
market share of 33.9% (subscribers base)

**Airtel holds its ground with operational
efficiency**

Smaller players face steep challenges, requiring substantial capital to stay in the race

TAX REFORMS - IMPLICATIONS FOR NIGERIAN COMPANIES

CIT Reduction

- Proposed Rates of 27.5% and 25% in 2025 and 2026 respectively
- This reduction lowers the tax burden on businesses, potentially increasing after-tax profits and encouraging reinvestment

VAT Rate Adjustment

- Increased VAT may raise operational costs for businesses, particularly in consumer-facing sectors

Tax Exemptions for Small Businesses

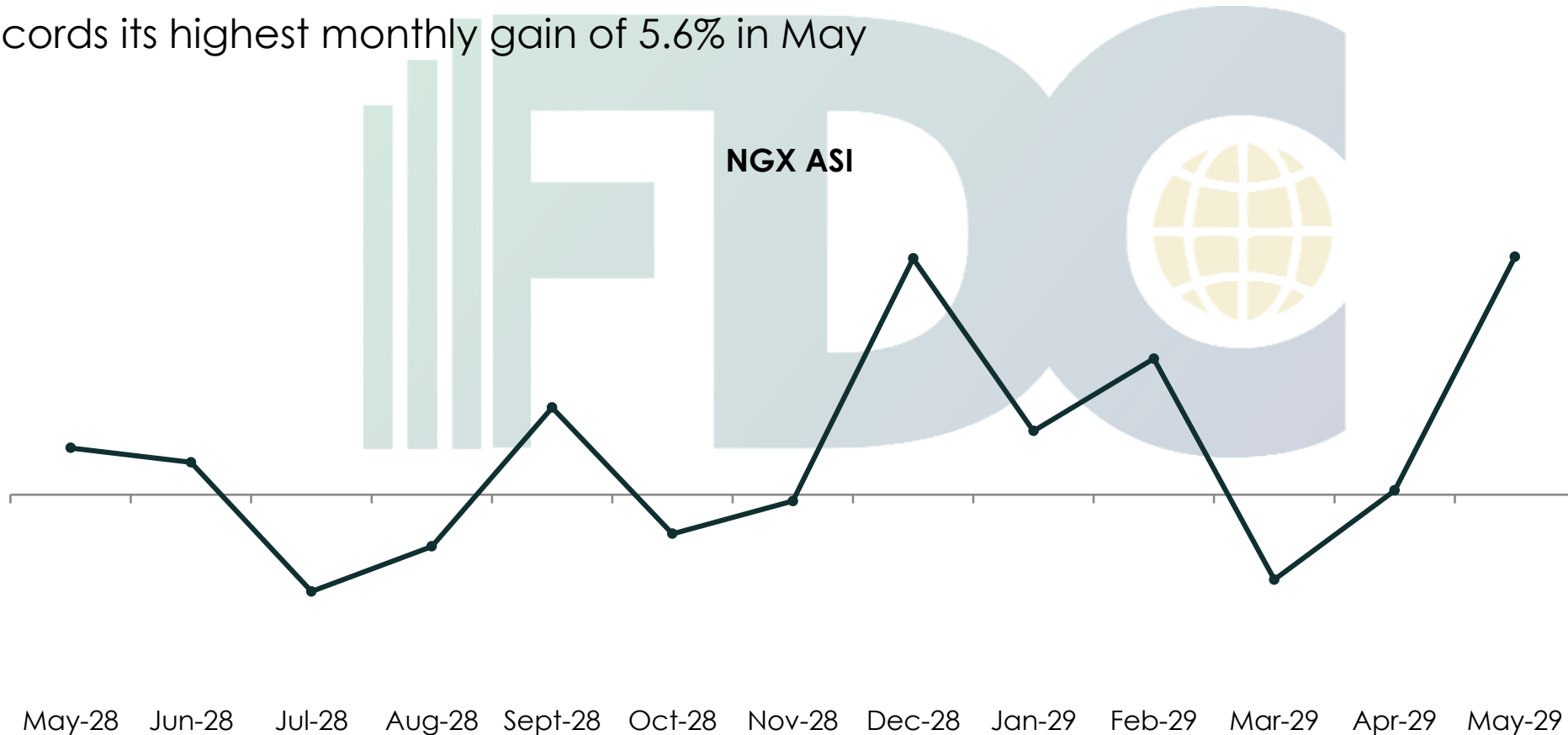
- Eligibility: Businesses with annual turnover below ₦50 million
- Exemption from Corporate Income Tax, reducing financial strain on SMEs and fostering entrepreneurship

Digital Transactions Tax

- 10% Capital Gains Tax on digital assets
- Businesses engaged in digital commerce or dealing in digital assets will face additional tax obligations

THE CAPITAL MARKET

- Frontier Market (by global standards), broadly part of Emerging Markets category
- The Nigerian stock market recorded a gain of 12.5% Year-on-Year
- Records its highest monthly gain of 5.6% in May





CORPORATES AND INVESTORS ARE NAVIGATING NIGERIA'S ECONOMIC SHIFT

- Cautious optimism, driven by a mix of positive reforms and persistent structural challenges
- Corporates are adapting by repricing, local sourcing, and digital transformation
- Investor sentiment is warming, fueled by forex reforms, policy clarity, and signs of macroeconomic stabilization
- Investors are showing renewed interest, particularly in banks, infrastructure, and energy, but are still watching the policy environment
- Portfolio investors are slowly returning, encouraged by higher yields, a more flexible exchange rate, and enhanced central bank transparency
- Promising reforms and digitalization are positioning the NGX for future growth, possibly to full Emerging Market status

03



WHAT IS HAPPENING
ELSEWHERE?

MARKET PROXIES



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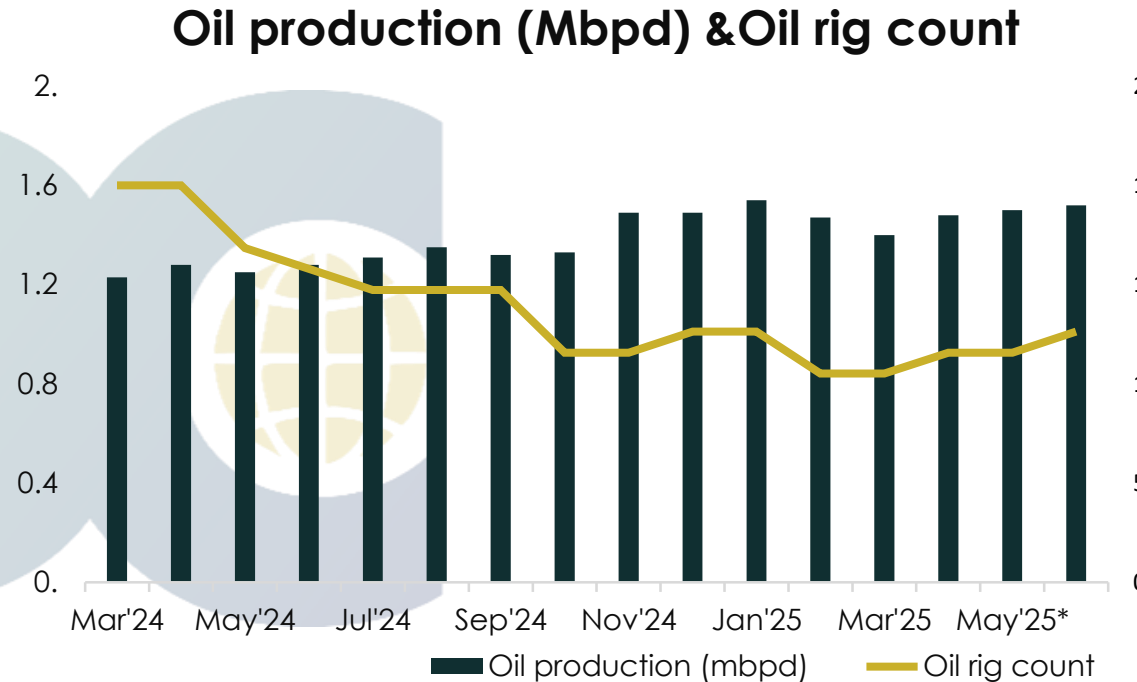
Start saving 99% today with IMDT

Sign up at www.infowarelimited.com/imdt

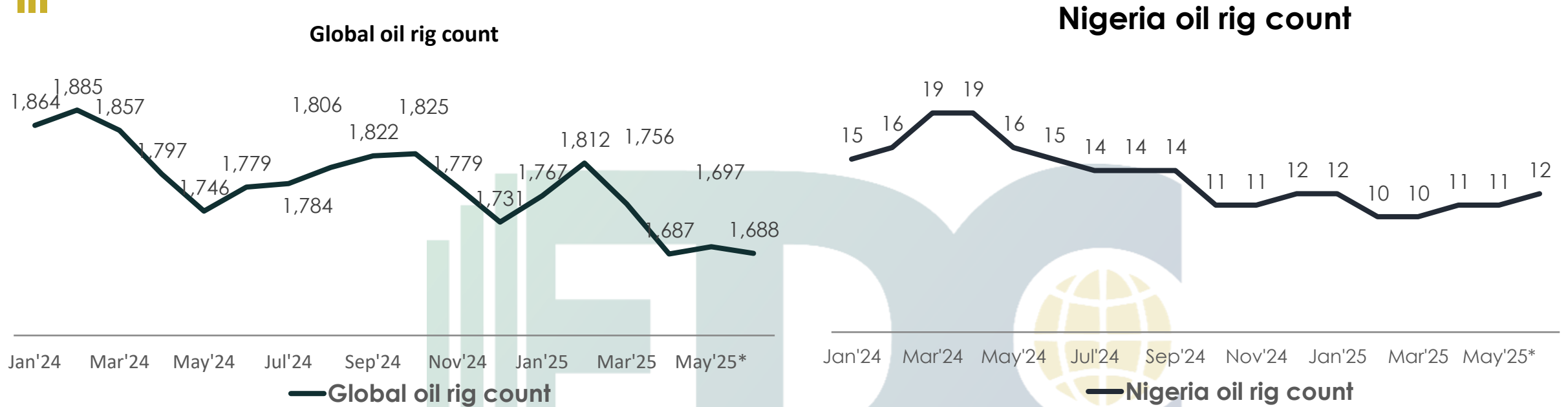
or email bizdevteam@infowarelimited.com to get started!

OIL PRODUCTION RECOVERED IN APRIL

- Oil production rose by 5.71% to 1.48mbpd in April from 1.4mbpd in March
- Driven by a 38.05% surge in the Forcados terminal to 9.36 million barrels from 6.78 million barrels
- And a 22.19% increase at the Qua Iboe terminal
- Oil output is expected to rise further, as Seplat Energy plans to triple production to 120,000 bpd by June 2025



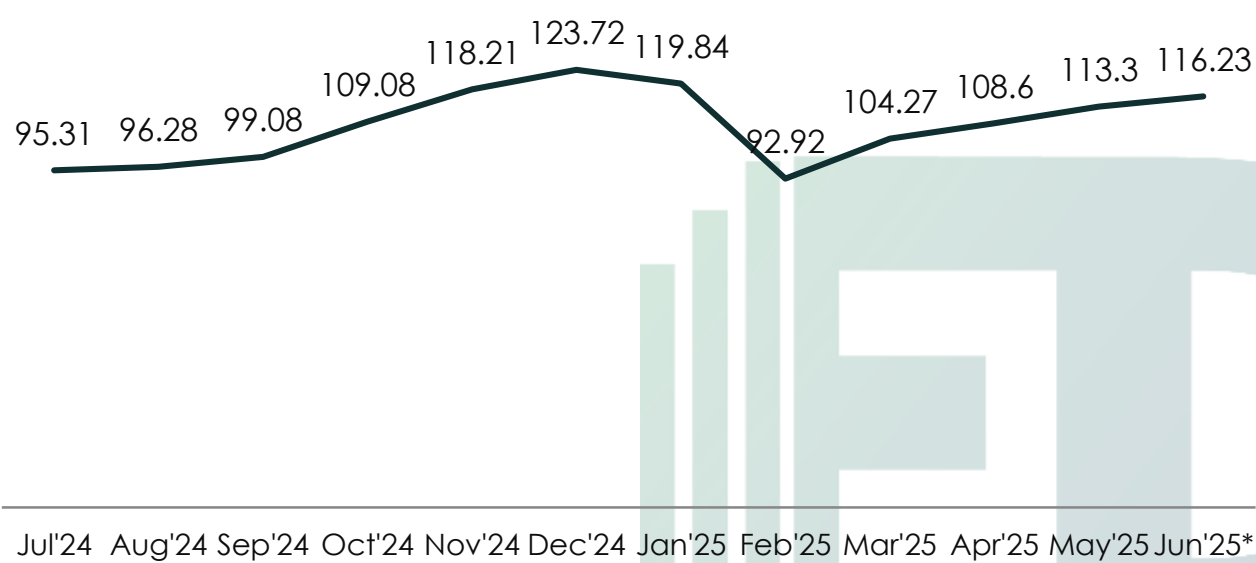
GLOBAL Vs. NIGERIA OIL RIG COUNT



- Global oil rig count declined to 1,687 in April, a 3.93% fall from 1,756 in March
- Likely due to scaled-back activity by non-OPEC producers amid OPEC's increase in output by over 400,000 bpd from May
- However, Nigeria's oil rig count increased to 11 in April from 10 in March
- The new fiscal incentives by the FGN will incentivize more upstream investors

VALUE OF TRANSACTIONS

Value of Transactions (N'trn)



Mode of payment	Apr'25 (N'trn)	May'25 (N'trn)	Change (%)	May'25* (N'trn)
NIP	98.32	103.72	5.49 ↑	99.43
POS	5.24	4.33	-17.37 ↓	7.14
NEFT	4.76	4.94	3.78 ↑	4.78
CHEQUES	0.287	0.298	3.83 ↑	0.291
Total	108.6	113.3	4.33 ↑	111.64

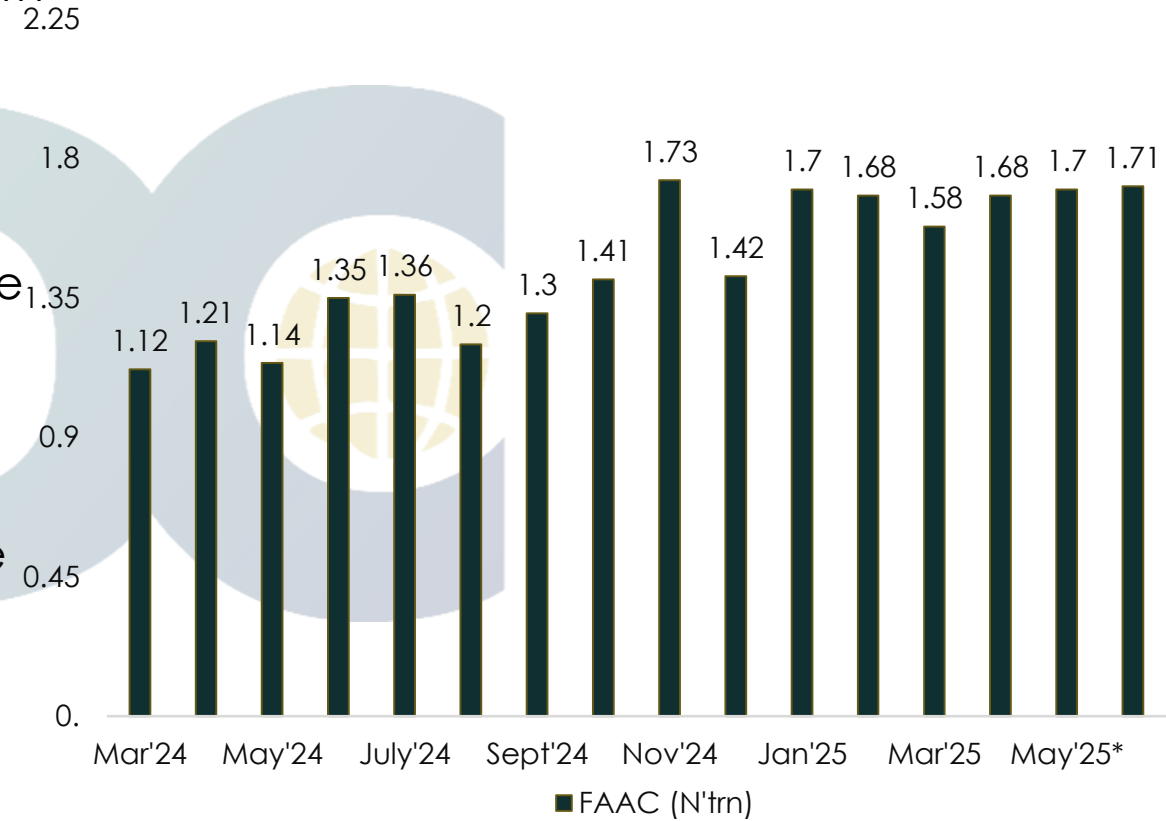
- Value of transactions increased across all payment systems in May
- There is a 17% drop in POS transactions to N4.3trn in May
- As consumers resist increased charges by POS operators
- Banks are now more aggressive in providing cash



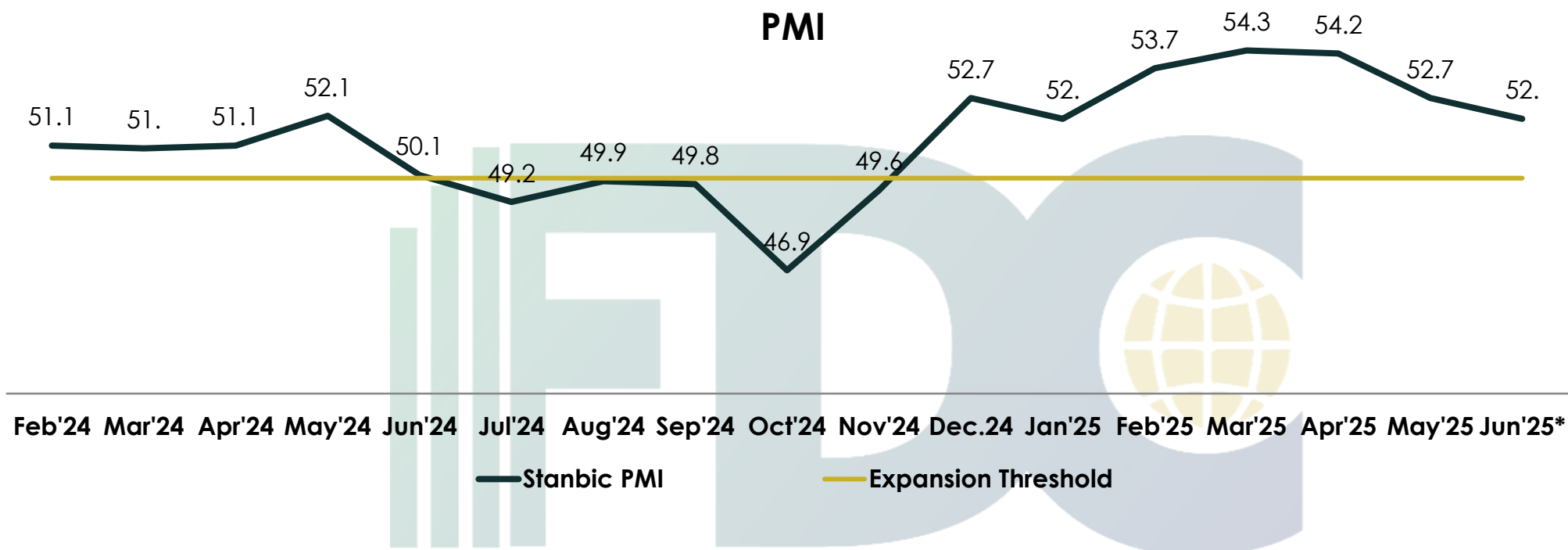
FAAC ALLOCATIONS MAINTAIN UPWARD TREND

- FAAC disbursement climbed 6.33% to N1.68trn from N1.58trn in March
- Gains from oil & non-oil revenues drove the increase
- Petroleum profit tax, oil and gas royalties, VAT, EMTL, excise duty, import duty, and CET levies all recorded significant growth
- Improved oil production and relatively stable oil prices are expected to boost FAAC distribution in the near term
- Coupled with an increase in non-oil export revenue

FAAC Disbursement (N'trn)



PMI EASED BUT HELD ABOVE EXPANSION THRESHOLD



- PMI declined in May to 52.7, a 2.77% drop from 54.2 recorded in April
- Reflecting pressure on business activity
- Rates of expansion in output and new orders eased
- While employment dipped for the first time in six months

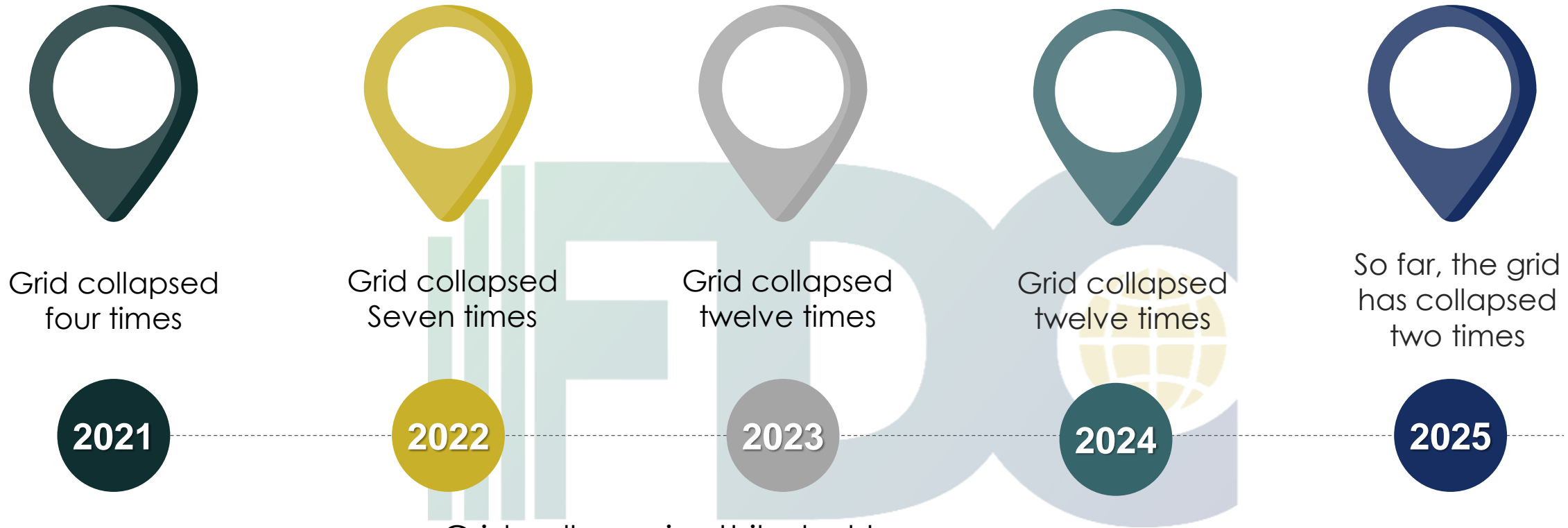
SHIPS AWAITING BERTH

Ports	Jan'25	Feb'25	Mar'25	Apr'25	May'25
Lagos-Apapa	4	9	4	4	7
Lagos-Tincan	2	1	4	7	2
Calabar Port	0	0	1	0	0
Warri Port	2	2	2	2	2
Onne Port	1	1	0	0	0
Rivers Port	0	0	0	0	0
Lekki Deep Sea Port	6	6	6	6	6
Total	15	19	17	19	17

- Ship awaiting berth declined by 10.53% to 17 in May from 19 in April
- The reduction is likely due to exchange rate depreciation, which led to a fall in port activities
- Coupled with a potential improvement in port operational efficiency and management



GRID COLLAPSE



Grid collapse is attributed to:

- Single national grid, making it vulnerable
- Inadequate gas supply
- Poor load management & ageing infrastructure
- Insufficient supply against growing demand



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AVIATION



AVIATION HIGHLIGHTS

- Ethiopian Airlines will start a second daily flight from Lagos beginning July 1, 2025
- The new flights increase baggage allowance for passengers traveling to Mumbai, Delhi, Hyderabad, Madras, and Dubai
- Ethiopian Airlines connects Lagos to over 140 global destinations and total weekly flights from Lagos will increase to 14
- IATA projects African air traffic to reach 345mn by 2043, more than doubling since 2023
- Average annual growth rate for African aviation expected to be 3.7%
- However, cost of doing business in Africa's aviation sector is among the highest worldwide
- Fuel prices are 17% higher than the global average, accounting for 40% of operating costs (compared to 25% globally)



AIRFARE WARS- STEALS, NOT DEALS

Fares are down over 30%, Lagos to London

Airline	Cabin Class	Dates (LHR Route)	Flight Info	Fare (USD)
British Airways	Business Class	07 Sep – 20 Nov	BA074: LOS–LHR 22:50 / BA075: LHR–LOS 10:10	\$3,425.20
British Airways	First Class	07 Sep – 20 Nov	Same as above	\$6,825.70
Virgin Atlantic	Premium Economy	02 Sep – 15 Sep	VS412: LOS–LHR 10:25 / VS411: LHR–LOS 22:30	\$1,709.00
British Airways	Premium Economy	02 Sep – 15 Sep	BA074: LOS–LHR 22:50 / BA075: LHR–LOS 11:55	\$1,967.00

Travel Period: 1st Sept – 10th Dec | Fares Subject to Change Until Ticketed

- Special fare deals are now available on the London route with Virgin Atlantic and British Airways
- Aided by exchange rate stability and clearing of FX backlogs

AIRLINE PERFORMERS – CANCELLATIONS & DELAYS

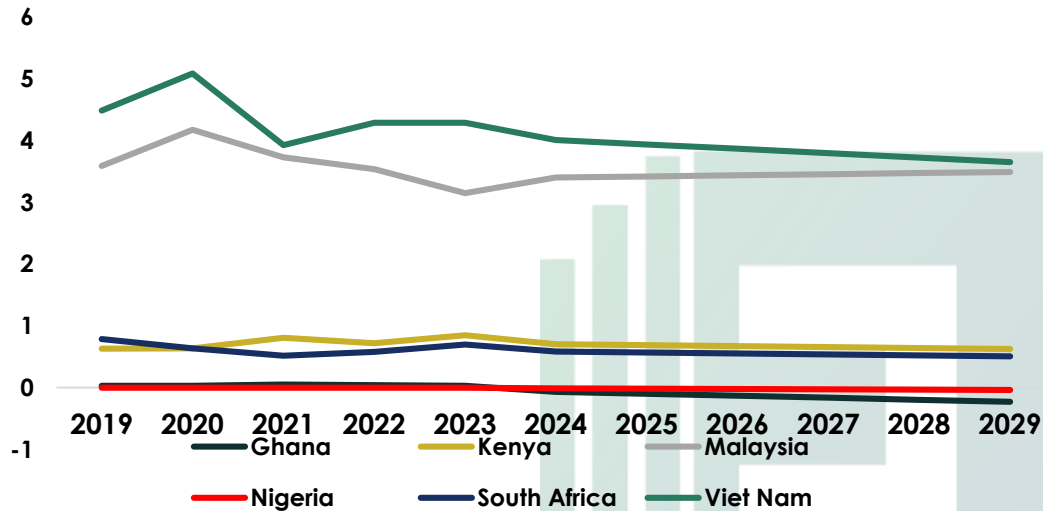
Airline	Delayed Flights	Cancelled Flights
Air Peace	7,619	333
Arik Air	5,027	215
United Nigeria	4,559	125
Max Air	2,961	58
Ibom Air	2,749	140
Overland	1,978	76
Aero	1,882	55



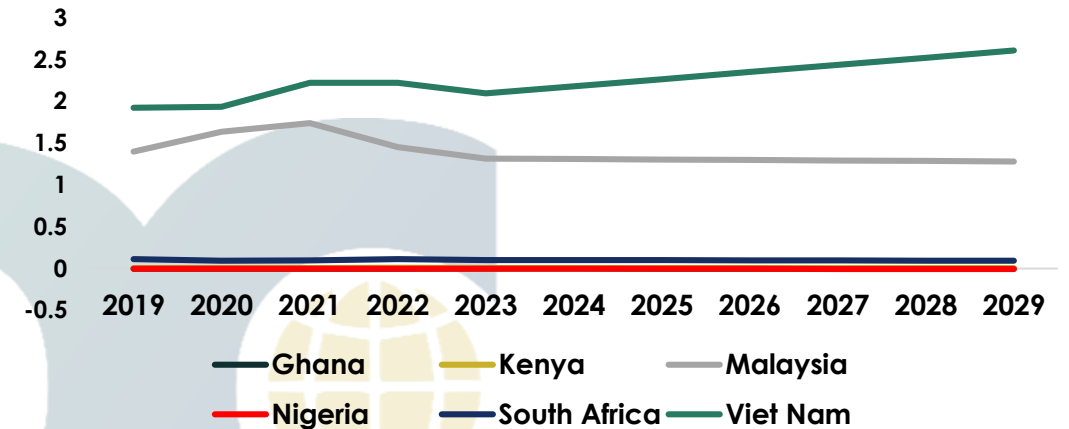
CREATIVE INDUSTRY

CREATIVE EXPORTS

All creative goods exports (% of total merchandise trade value)



All creative goods exports (% of total world value)



- Slow currency repatriation is making reported creative exports low
- Despite a thriving Nollywood, dominance in Afrobeats, and growing global visibility, the sector remains vastly underutilised
- Countries like Vietnam and Malaysia have scaled up, reaching 8% and 3–5% of their trade, respectively
- The reality is that Nigerian artists are earning serious money but are investing it offshore

WHAT NIGERIA CAN LEARN FROM THESE COUNTRIES



Vietnam

- Robust policy frameworks and intellectual property protection
- Expanded broadband, commercialized 5G, and launched digital infrastructure plan
- Leveraged cultural heritage and youthful, digital-savvy talent
- Built digital creative skills via international training and upskilling
- Encouraged investment from SMEs and banks into creative industries



Malaysia

- Grassroots arts support through public funding
- Established major creative hubs like Penang Art District
- Allocated RM100m (\$22mn), offered tax breaks, duty exemptions for creative enterprises
- Promoted automation and online trade through national digital economy initiatives

04



POLITICS



POLITICAL UPDATE

- More elected officials will defect to the ruling party
- The squabbling within the ruling party will intensify over appointments
- The coalition of opposition forces will continue to forge along
- The selection of a flag bearer will make it an arduous task for them
- The Anambra state election looks more likely to be won by the incumbent
- In most opposition states, the incumbents will seek to endorse the APC for the presidential race
- Local government primaries and elections may become a major problem for the ruling party
- The PDP National Convention will become a theatre for horse trading and absurdity

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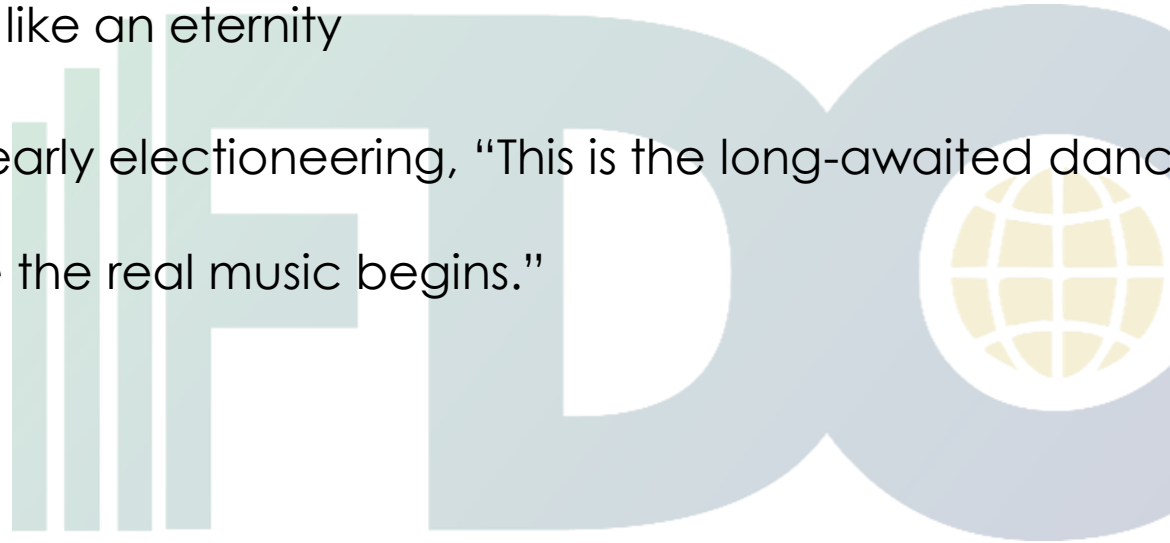
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POLITICAL UPDATE

- The general election is two years away, and the political calculations may be too early
- In politics, one week is like an eternity
- Azikiwe once said on early electioneering, “This is the long-awaited dance, but some chicken will break their legs before the real music begins.”



05



OUTLOOK

OUTLOOK – JUNE/JULY

- Inflation data will reveal a slight decline to 23.15%
- The real GDP growth for Q1'25 will come out at 3.4%
- The Naira will trade at about N1,600-N1,650/\$
- Brent will trade at \$60-\$63pb as OPEC plus increases output
- Nigeria's oil production will increase to 1.5mbpd
- The price of PMS will decline marginally to N845/litre
- Diesel will trade at N950/litre
- Corporate profitability in Q2'25 will increase as companies carry lower inventory
- FAAC allocation will be flat at N1.6trn as corporate income tax claw back reduces tax liabilities



OUTLOOK – JUNE/JULY

- The MPC will likely cut the policy rate by 50bp
- The new tax system will kick in with VAT going to the consuming states
- Nigeria will be mostly tariff-neutral in the global trade arena





Beware of the chef's special in a restaurant because it is yesterday's leftover **-FDC**

Inflation is taxation without legislation **-Milton Friedman**

If you live long enough, you'll make mistakes. But if you learn from them, you'll be a better person. It's how you handle adversity, not how it affects you. The main thing is never quit, never quit, never quit


-William J. Clinton



Life is a game - play it. Life is a challenge - meet it. Life is a dream - realize it. Life is a sacrifice - offer it. Life is love - enjoy it -**Sai Baba**

An ambassador is an honest man sent abroad to lie for his country
- **Sir Henry Wotton**

Some people are like trees, they take forever to grow up
-**Anonymous**





More is always better than less when you are receiving


-Anonymous

Knowledge is knowing a tomato is a fruit; wisdom is not putting it in a fruit salad

- Miles Kington

I don't make jokes. I just watch the government and report the facts

- Will Rogers



Have you ever noticed that anybody driving slower than you is an idiot, and anyone going faster than you is a maniac?

-George Carlin

There is only one thing in the world worse than being talked about, and that is not being talked about

- Oscar Wilde

Better to remain silent and be thought a fool than to speak out and remove all doubt

- Abraham Lincoln



Light travels faster than sound. This is why some people appear bright until you hear them speak


-Alan Dundes

Don't worry about the world coming to an end today. It is already tomorrow in Australia

-Charles Schulz

Age is an issue of mind over matter. If you don't mind, it doesn't matter

— Mark Twain



He knows nothing; he thinks he knows everything – that clearly points to a political career


- **George Bernard Shaw**

A woman is like a tea bag – you can't tell how strong she is until you put her in hot water

- **Eleanor Roosevelt**

Age is just a number. It's totally irrelevant unless, of course, you happen to be a bottle of wine

- **Joan Collins**



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

- **Lana Turner**

Good advice is something a man gives when he is too old to set a bad example

- **Francois de La Rochefoucauld**

Formula for success: rise early, work hard, strike oil - **J. Paul Getty**



Everybody who is incapable of learning has taken to teaching - **Oscar Wilde**

If at age 20 you are not a communist, then you have no heart. If at age 30 you are not a capitalist, then you have no brains. - **George Bernard Shaw**

Minds are like parachutes, they only function when they are open - **James Dewar**

*Thank
you*



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