Presented by Bismarck Rewane
January 11, 2024

ECONOMIC OUTLOOK 2024
INVESTMENT OPPORTUNITIES & RISKS
01 Capital Markets as Catalyst of Growth
02 Scorecard & Outlook – Challenges arising
03 Policy options & probabilities
04 Opportunities & Risks
05 Concluding Remarks
AUDIENCE ANALYSIS

- Pioneer market operator in Nigeria
- A self-regulatory organization
- Recently demutualized from a non-for-profit organization
- Largest investor in CSCS
- Other subsidiaries include
  - Nigerian Exchange Ltd
  - NGX Regulation Ltd
  - NGX Real Estate Ltd
GOALS OF AN EXCHANGE

- Mobilization of savings
- Debt & Equity Capital Market
- Public Ownership
- Collective Investor Scheme
- Ensures Corporate Governance & Best Practice
NGX – FROM A FRINGE PLAYER TO A DOMINANT PLAYER

- NGX has transitioned from a Lagos-based fringe player to a global player
- From a member-owned not-for-profit entity to a demutualized profit making entity

From one to three operating subsidiaries
- Nigerian Exchange Limited (NGX),
- NGX Regulation Limited (NGX REGCO),
- NGX Real Estate Limited (NGX RELCO),

From one to multiple asset classes
- Equities,
- Fixed income,
- Exchange traded funds (ETFs),
- Derivatives
- Green bonds
- Infrastructure bond, etc

From one to multiple indices
- All-Share Index (ASI)
  - NGX 30
  - NGX 50
  - NGX Banking
- NGX Consumer Goods,
- NGX Industrial, etc

From NSE to NGX
- Established in Lagos in 1961
- Changed from a member-owned not-for-profit entity to a demutualized profit making entity
THE ROLE OF THE CAPITAL MARKETS

- It also serves as a veritable engine of growth and expansion.

Securities
Provide centralized marketplace where buyers and sellers can trade securities

Price Discovery
Facilitates price discovery by matching buy and sell orders to determine fair market prices.

Capital
Stock exchanges play a vital role in facilitating capital formation for companies

Market Regulation:
Enforce rules and regulations to ensure fair and transparent trading practices
STOCK MARKET IS A MARKET FOR VALUE AND GROWTH

An investment platform for those who are risk-lovers

- Listed companies are more transparent (theoretically) than private companies
- Due to regulatory control
- Disclosure and governance requirements

- The stock price is the present value of future earnings
  - Dividend
  - Capital appreciation
  - Growth stock
  - Value stock
The stock market is a dynamic and complex arena where various players participate in buying, selling, and trading securities.

It helps create an environment that fosters trust, transparency, and efficiency within the market.
Nigerian Capital Market
COMPONENTS OF THE CAPITAL MARKET

• The capital market encompasses various entities and instruments that channel funds to productive sectors

- **Equities Market**
  - Companies raise capital by issuing shares to the public

- **Debt Markets**
  - Deals with the trading of bonds, debentures, and other fixed-income securities (corporate & government)

- **Commodities Market**
  - Eg futures, options, and swaps
NIGERIAN STOCK EXCHANGE – MARKET DEPTH IS SHALLOW

Listed Companies on NGX

155 companies

Total Market Capitalization

N43.95trn

Top 10 Companies on NGX

N30trn 70%

• This is indicative of high concentration power
• Heightens the market risk
• Lowers the investor confidence
### TOP FIVE STOCKS ON NGX

<table>
<thead>
<tr>
<th>Companies</th>
<th>Market Cap (N’trn)</th>
<th>PAT</th>
<th>Total Tax Paid</th>
<th>Dividend Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airtel Africa</td>
<td>N7.52trn</td>
<td>(N9.7bn)</td>
<td>N134.6bn</td>
<td>N92.5bn</td>
</tr>
<tr>
<td>MTN Nigeria</td>
<td>N6.19trn</td>
<td>N147bn</td>
<td>N85bn</td>
<td>N320.8bn</td>
</tr>
<tr>
<td>Dangote Cement</td>
<td>N5.74trn</td>
<td>N227.5bn</td>
<td>N127bn</td>
<td>N337bn</td>
</tr>
<tr>
<td>BUA Foods</td>
<td>N3.74trn</td>
<td>N105.6bn</td>
<td>N5.78bn</td>
<td>N81bn</td>
</tr>
<tr>
<td>BUA Cement</td>
<td>N3.45trn</td>
<td>N76bn</td>
<td>N9.68bn</td>
<td>N94.8bn</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>N26.64trn</strong></td>
<td><strong>N546.4bn</strong></td>
<td><strong>N362.06bn</strong></td>
<td><strong>N926bn</strong></td>
</tr>
</tbody>
</table>

- Top five capitalized stocks on NGX pay a huge sum of N362bn and N926bn as tax and dividend respectively.
- Top five stocks in the Johannesburg stock market have a total market cap of $93.2bn
### PEER COMPARISON - FIVE YEAR TREND

<table>
<thead>
<tr>
<th>Stock Exchange</th>
<th>5-year avg Growth</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td>16.17%</td>
<td>26.29%</td>
</tr>
<tr>
<td>Shanghai SE</td>
<td>4.46%</td>
<td>-3.70%</td>
</tr>
<tr>
<td>NGX</td>
<td><strong>20.37%</strong></td>
<td>45.90%</td>
</tr>
<tr>
<td>Johannesburg SE</td>
<td>8.33%</td>
<td>5.26%</td>
</tr>
<tr>
<td>Ghana SE</td>
<td>6.76%</td>
<td>28.08%</td>
</tr>
<tr>
<td>Nairobi SE</td>
<td>-2.68%</td>
<td>-10.44%</td>
</tr>
</tbody>
</table>

- Nigerian equities market outperforms others
- Performance boosted by new listings of capitalised stocks, policy reforms & lower interest rates
MARKET CAP IN THE LAST 5-YEARS – PEER COMPARISON

<table>
<thead>
<tr>
<th>Country</th>
<th>2019</th>
<th>2023</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>$35.81 bn</td>
<td>$67.82 bn</td>
<td>89.39</td>
</tr>
<tr>
<td>South Africa</td>
<td>$1.25 trn</td>
<td>$1.23 trn</td>
<td>-1.6</td>
</tr>
<tr>
<td>Indonesia</td>
<td>$522.63 bn</td>
<td>$662.08bn</td>
<td>26.7</td>
</tr>
</tbody>
</table>

- Nigeria’s market cap is small relative to its peers
- Primarily due to
  - Poor investment culture
  - Rent seeking subsidy-obsessive economy
INTEGRATION OF THE NGX TO THE NIGERIAN ECONOMY

- Stock market cap as a % of GDP is minimal
- The NGX is not well integrated with the economy
NIGERIA AND ITS PEERS

- Nigeria ranks 60th out of 67 global stock markets
- Ranks 8th out of 11 markets in Africa
- A well-integrated market shares in the prosperity of its economy

<table>
<thead>
<tr>
<th>S/N</th>
<th>Countries</th>
<th>Stock Market Capitalization (% of GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hong Kong</td>
<td>1,777%</td>
</tr>
<tr>
<td>2</td>
<td>Saudi Arabia</td>
<td>345%</td>
</tr>
<tr>
<td>3</td>
<td>South Africa</td>
<td>311%</td>
</tr>
<tr>
<td>4</td>
<td>USA</td>
<td>194%</td>
</tr>
<tr>
<td>5</td>
<td>Singapore</td>
<td>189%</td>
</tr>
<tr>
<td>6</td>
<td>Japan</td>
<td>133%</td>
</tr>
<tr>
<td>7</td>
<td>Malaysia</td>
<td>129%</td>
</tr>
<tr>
<td>8</td>
<td>China</td>
<td>83%</td>
</tr>
<tr>
<td>9</td>
<td>Kenya</td>
<td>21%</td>
</tr>
<tr>
<td>10</td>
<td>Nigeria</td>
<td>18%</td>
</tr>
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NIGERIA AND ITS PEERS

- Nigeria ranks 60th out of 67 global stock markets
- Ranks 8th out of 11 markets in Africa
- A well-integrated market shares in the prosperity of its economy

Market Capitalization as a % of GDP

- Hong Kong: 1777%
- Saudi Arabia: 345%
- South Africa: 311%
- USA: 194%
- Singapore: 189%
- Japan: 133%
- Malaysia: 129%
- China: 83%
- Kenya: 21%
- Nigeria: 18%
WHAT GROWTH STRATEGY?

Consumption-led strategy?

Export-led strategy?

Government-led strategy?

Investment-led strategy?

Nigeria in need of an investment-led strategy
LOW INVESTMENT AND LOW PRODUCTIVITY ARE TWO SIDES OF THE SAME COIN

LOW CAPITAL FORMATION

LOW INVESTMENT

LOW PRODUCTIVITY

LOW INCOME

01

02

03

04
At equilibrium, savings = investment

- A fundamental macroeconomic accounting identity is that planned savings equals planned investment.
- Savings is a function of income and interest rates.
- Total national savings is 20% of total GDP.

Low Savings ↔ Low Investment
Savings → investment → disequilibrium

Total National Savings
- 20% of GDP
- Savings in Depository Corporations: 15% of GDP
- Non-banked: 12% of GDP
- Suboptimal Investment
NO SAVINGS, NO INVESTMENT, NO GROWTH

- Countries with low savings are known for low investment and constrained growth

**Savings**
- Household savings
- Business savings
- Government savings

**Investment**
- Private investment
- Public investment

**Increased Productivity**
- Domestic production increases
- Export increases

**Macroeconomic Stability**
- Inflation moderates
- Exchange rate stabilizes

**Accelerated Growth**

Household savings
Business savings
Government savings
Private investment
Public investment
Domestic production
Export increases
Inflation moderates
Exchange rate stabilizes
Accelerated Growth
## CORRELATION – NATIONAL SAVINGS VS MARKET CAP

<table>
<thead>
<tr>
<th></th>
<th>Gross national savings (%)</th>
<th>Market Capitalization (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>23.094</td>
<td>1262</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>33.35</td>
<td>345</td>
</tr>
<tr>
<td>Singapore</td>
<td>40.097</td>
<td>189</td>
</tr>
<tr>
<td>China</td>
<td>44.046</td>
<td>83</td>
</tr>
<tr>
<td>Qatar</td>
<td>60.427</td>
<td>70.4</td>
</tr>
<tr>
<td>South Africa</td>
<td>13.53</td>
<td>311</td>
</tr>
<tr>
<td>USA</td>
<td>16.34</td>
<td>194</td>
</tr>
<tr>
<td>Kenya</td>
<td>12.91</td>
<td>14.9</td>
</tr>
<tr>
<td>Zambia</td>
<td>36.775</td>
<td>15.34</td>
</tr>
<tr>
<td>Nigeria</td>
<td>20.78</td>
<td>18</td>
</tr>
</tbody>
</table>

- National savings contribute to the pool of funds available for investment
- Developed economies typically have larger and more mature stock markets
INTEGRATION OF THE NGX TO THE NIGERIAN ECONOMY

- Positive correlation between Nigeria’s GDP, national savings and NGX market capitalization over the last 5 years
- Higher economic growth \( \uparrow \) = Higher stock market capitalization \( \uparrow \)
INVESTMENT CLIMATE IN NIGERIA

• Over the years, the gap between the rate of inflation and interest rates has been wide

• In the last 5 years

Average inflation rate: 16.57%
Average effective interest rates (T/bills): 8.13%
Average stock market return: 8.67%
Maximum lending rate: 29%
Microfinance lending rate: 36%
INVESTOR CONFIDENCE IS LOW

- Investment is dependent on the level of confidence in the economy
- Investor confidence in Nigeria is low
- Primarily due to
  - Low sovereign credibility
  - Poor foreign exchange market structure

### Share of portfolio investments in equities

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign (%)</th>
<th>Domestic (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>16.67</td>
<td>83.33</td>
</tr>
<tr>
<td>2023</td>
<td>11.22</td>
<td>88.78</td>
</tr>
</tbody>
</table>
HOW WILL INVESTMENT INCREASE?

Build confidence

Increase interest rates
Scorecard & Outlook – Challenges Arising
<table>
<thead>
<tr>
<th>Metric</th>
<th>2023e</th>
<th>2024f</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP Growth (%)</td>
<td>2.61</td>
<td>3.3</td>
<td>0.69</td>
</tr>
<tr>
<td>Potential GDP Growth (%)</td>
<td>-0.9</td>
<td>4.9</td>
<td>5.8</td>
</tr>
<tr>
<td>GDP Per Capita ($)</td>
<td>1755.33</td>
<td>1734.36</td>
<td>-1.19</td>
</tr>
<tr>
<td>Total Factor Productivity (%)</td>
<td>1.8</td>
<td>2.5</td>
<td>0.7</td>
</tr>
<tr>
<td>Metric</td>
<td>2023e</td>
<td>2024f</td>
<td>% Change</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>-------</td>
<td>-------</td>
<td>----------</td>
</tr>
<tr>
<td>Inflation (end period; %)</td>
<td>28.7</td>
<td>20.1</td>
<td>-8.6</td>
</tr>
<tr>
<td>Money Supply Growth (%; y-o-y)</td>
<td>27.6</td>
<td>10.1</td>
<td>17.5</td>
</tr>
<tr>
<td>MPR (%; p.a)</td>
<td>18.75</td>
<td>20.00</td>
<td>1.25</td>
</tr>
<tr>
<td>364-Day Bill (Average %; p.a)</td>
<td>10.40</td>
<td>15.50</td>
<td>5.1</td>
</tr>
</tbody>
</table>
# Snapshot of the Nigerian Economy

<table>
<thead>
<tr>
<th>Metric</th>
<th>2023</th>
<th>2024</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Deficit (% of GDP)</td>
<td>5.4</td>
<td>5.0</td>
<td>-0.4</td>
</tr>
<tr>
<td>External Debt ($bn, end period)</td>
<td>83.5</td>
<td>84.2</td>
<td>0.84</td>
</tr>
<tr>
<td>Current Account Balance ($bn)</td>
<td>8.0</td>
<td>9.8</td>
<td>22.5</td>
</tr>
<tr>
<td>Trade Balance ($bn)</td>
<td>12</td>
<td>16.9</td>
<td>40.83</td>
</tr>
<tr>
<td>Official Exchange Rate (N/$, end period)</td>
<td>848</td>
<td>950</td>
<td>12.92</td>
</tr>
</tbody>
</table>
KEY TAKAWAYS

• The Nigerian economy is growing below its potential

• Primarily due to the underutilization of its resources

• Structural bottlenecks and market inefficiencies are limiting economic growth

• High money supply saturation, naira depreciation and increased energy costs fueling inflationary pressures

• Policy inconsistencies supporting low investor confidence in Nigeria

• Naira depreciating despite a positive current account balance

• Mainly due to large encumbrances on the foreign reserves and constrained inflows

• Reduced fiscal pressures as subsidy reduction lowers fiscal deficit
SUB-OPTIMAL GDP GROWTH

- Positive GDP Growth but suboptimal
- Primarily due to
  - Structural bottlenecks & market inefficiencies
  - Policy inconsistencies and lags
  - Underutilization of resources
MONEY SUPPLY VS GDP GROWTH

- Money supply growth is outstripping GDP growth
- Leading to demand-pull inflation
- Credit expansion to private & government sectors supporting money supply growth
NIGERIA’S INFLATION IS ENTRENCHED

• Nigeria’s inflation is largely structural
• Price pressures have constantly increased amid policy rate hikes
• Pace of inflation heightened after policy changes
• Inflation expectations are more important than historical data
• Inflation expectations are unanchored due to monetary policy lag (recognition lag)

MPC meeting postponed twice in four months in 2023
CBN SHIFTING TO ORTHODOXY

- Effective interest rates were delinked from the policy rates
- Primarily due to increased money supply saturation
- CBN now employing orthodox monetary tools for liquidity management
  - Issued OMO three times in Q4’23 & one in January
  - Removed N2bn CAP on Standing Deposit Facility (SDF)
- Suspended all forms of intervention programs
STRUCTURE OF NIGERIAN FOREX MARKET

- The Nigerian forex market is characterized by:
  - Lack of transparency and clear policy direction
  - Lack of effective price discovery measure
  - Capital controls and inefficiency
  - High speculation & arbitrage activities
- Exchange rate converged after depreciation of the official exchange rate
- NAFEM-Parallel gap thinned out to as low as N4.75
- Naira has remained volatile in the parallel market primarily due to
  - Low interest rates
  - Naira speculation
  - Forex scarcity
- NAFEM-parallel gap now at N155.49
**WHAT IS THE TRUE VALUE OF THE NAIRA?**

### Official Market

<table>
<thead>
<tr>
<th>Item</th>
<th>Price (N)</th>
<th>Price ($)</th>
<th>PPP (N/US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottled Water (50cl)</td>
<td>100</td>
<td>0.76</td>
<td>394.74</td>
</tr>
<tr>
<td>Beer (60cl)</td>
<td>75</td>
<td>0.27</td>
<td>349.49</td>
</tr>
<tr>
<td>Hamburger (Burger King)</td>
<td>650</td>
<td>5.38</td>
<td>1226.77</td>
</tr>
<tr>
<td>Indomie (1 unit)</td>
<td>300</td>
<td>0.53</td>
<td>600.00</td>
</tr>
<tr>
<td>Nons Bottled Water (60cl 1 unit)</td>
<td>150</td>
<td>0.83</td>
<td>468.76</td>
</tr>
<tr>
<td>Big Leaf Bread</td>
<td>1,500</td>
<td>1.78</td>
<td>842.70</td>
</tr>
<tr>
<td>Coca-Cola (2013 Model)</td>
<td>3,000,000</td>
<td>25,000.00</td>
<td>1220.00</td>
</tr>
<tr>
<td>Irish Spring Soup (1.5c)</td>
<td>750</td>
<td>6.15</td>
<td>773.56</td>
</tr>
<tr>
<td>Chicken Breast (1 kg)</td>
<td>1,700</td>
<td>14.45</td>
<td>1061.22</td>
</tr>
<tr>
<td>Tofu</td>
<td>5,500</td>
<td>5.00</td>
<td>1100.00</td>
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<tr>
<td>Salt evaporation milk (pack of 1)</td>
<td>9,000</td>
<td>72.96</td>
<td>604.44</td>
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<tr>
<td>Uncle Ben’s Rice (5.62kg 1 pack)</td>
<td>15,550</td>
<td>126.68</td>
<td>850.58</td>
</tr>
<tr>
<td>Spaghetti (37 large egg)</td>
<td>3,000</td>
<td>3.20</td>
<td>937.50</td>
</tr>
<tr>
<td><strong>Average PPP</strong></td>
<td></td>
<td></td>
<td><strong>800.19</strong></td>
</tr>
</tbody>
</table>

**Naira Price at NAFEM**

<table>
<thead>
<tr>
<th>Rate (N)</th>
<th>PPP (N/US$)</th>
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<tbody>
<tr>
<td>N1089.51</td>
<td>800.19</td>
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**Decision: Naira is undervalued by -26.56%**

### Parallel Market

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<tr>
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<td></td>
<td><strong>800.19</strong></td>
</tr>
</tbody>
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**Naira Price at Parallel market**

<table>
<thead>
<tr>
<th>Rate (N)</th>
<th>PPP (N/US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>N1245</td>
<td>N800.19</td>
</tr>
</tbody>
</table>

**Decision: Naira is undervalued by -35.73%**

*Outcome: Compared to NAFEM rate of N1089.51/$, the Naira is undervalued by 26.56%.*

*Naira is undervalued by 35.73% at the parallel market rate of N1,245/$.
What Next?

Policy Options & Probability
BROAD MACROECONOMIC OBJECTIVES

Economic Destination by 2030

- GDP of $1trn
- Average annual growth rate of 7%
- Inflation rate of 13%
- Exchange rate of N550-N600/$
- Unemployment to fall to 17% from 33%
WHAT NEXT - POLICY SCENARIOS

Limp along

- Political soundbites and less action
- Oligarchy
- Low interest rates
- Fiscal cliff

Policy Reforms

- Institutional reform
  - Autonomy of the CBN
  - Transparency in NNPC
- Market reforms
  - Clear exchange rate management framework
    - Wholesale Dutch auction
- Fiscal consolidation
  - Gradual elimination of subsidies (PMS & Electricity)
  - Increase tax to GDP ratio
- IMF policy support program and rescheduling of external debt
- Minimum wage review
SCENARIO ANALYSIS - GDP GROWTH

SCENARIO 01
- Debottlenecking the economy
- Market-based policies

SCENARIO 02
- Entrenched structural bottlenecks
- Oligopolistic market structure
- Fiscal cliff

GDP Growth

2024
- GDP Growth: 3.5
- Capital Inflows: $7-8bn

2025
- GDP Growth: 4.5
- Capital Inflows: $12bn

2.3
$4.5bn
2.8
$3.1bn
### SCENARIO ANALYSIS - INTEREST RATE

**Scenario 01**
- Increase interest rates towards the level of inflation

<table>
<thead>
<tr>
<th>Year</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation (Average;%)</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Exchange Rate (N/$)</td>
<td>1050</td>
<td>900</td>
</tr>
</tbody>
</table>

- Real returns on investment: \(\uparrow\)
- Interest rate differential: \(\uparrow\)
- Investor confidence: \(\uparrow\)

**Scenario 02**
- Lower interest rates

<table>
<thead>
<tr>
<th>Year</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation (Average;%)</td>
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<td>20</td>
</tr>
<tr>
<td>Exchange Rate (N/$)</td>
<td>1350</td>
<td>1500</td>
</tr>
</tbody>
</table>

- Real returns on investment: \(\downarrow\)
- Interest rate differential: \(\downarrow\)
- Investor confidence: \(\downarrow\)
FX MARKET – SANITIZING THE MARKETS

- Removal of capital control and increased transparency in the FX market will strengthen the naira

**1ST SCENARIO**
- Remove capital controls/restrictions
- Increased transparency and confidence in the FX market
- Increased inflows (remittances, FDIs, FPIs, Invisibles)

**2ND SCENARIO**
- Continue with capital controls
- Loss of confidence/investor jitters
- Constrained foreign inflows

**2024**
- Exchange Rate: N900/$
- Foreign inflows: $8-10bn
- Foreign inflows: N1bn

**2025**
- Exchange Rate: N900/$
- Foreign inflows: N1530/$
- Foreign inflows: N1700/$

**2024**
- Exchange Rate: N900/$
- Foreign inflows: $900mn - 1.1bn

**2025**
- Exchange Rate: N900/$
- Foreign inflows: $800mn - 1.05bn
POLICY SCENARIOS - IMPACT ON CORPORATES

**Scenario One**  
*Market reforms*

- Reduce money supply & increase interest rates
- Efficient FX market
- Market-driven policies

**Impact**

<table>
<thead>
<tr>
<th>Impact</th>
<th>Short-term (2024)</th>
<th>Mid-Term 2025-2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing cost</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>Total Cost of operation</td>
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<td>Consumer demand</td>
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</tr>
<tr>
<td>Investment</td>
<td>↓</td>
<td>↑</td>
</tr>
</tbody>
</table>

**Scenario Two**  
*Business as usual*

- Increase money supply & lower interest rates
- Restrictions and capital control in the FX market
- Subsidy-based economy

**Impact**

<table>
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</tbody>
</table>
2024 GAME CHANGERS

Dangote Refinery
- Sale of refined petroleum to commence in January 2024
- Will increase the supply of refined petroleum
- Increased energy security and sector productivity

Road & Airport Concessioning
- Increased government road & airport concessioning to bridge the infrastructure gap

2023 Electricity Act
- Increased investment in electricity due to the 2023 electricity act
- Improved access to electricity
SECTORS THAT WILL THRIVE

Manufacturing & Trade

Why?

• Sale of Dangote refined petroleum products to boost growth in the manufacturing and trade sector
• Could drive productivity in other sectors due to improved energy security

Construction

• Government spending on infrastructure development will drive growth in the sector
• Increased private interest in infrastructure development through road & airport concessioning
SECTORS THAT WILL THRIVE

**Telecoms**

- Demand for telco services will remain strong
- Primarily driven by a growing youth population and the indispensability of the sector
- Growing technology
- Increased investment in Telco infrastructure

**Why?**

- Increased competition in the sector to drive fintech innovation
- Sector to benefit from high-interest rate environment
- Consolidation within the Nigerian banking space is imminent due to the need to shore up capital

**Financial services**
SECTORS THAT WILL THRIVE

Agriculture

Why?

- Storage facilities to reduce post-harvest losses and improve agricultural output
- Increase in the use of agricultural technology
- Backward integration and export promotion strategies
- Sector to benefit from growing financial technology
Concluding Remarks
CONCLUDING REMARKS

Options

• Do Nothing

• Do the wrong thing

• Do the right thing in small doses (sequencing)

• Do the right things all at once

Possible Outcomes

• Tough business environment in H1 2024
  • Bank recapitalisation rules to be changed
  • Stock Market correction in H1
  • Slight movement towards a friendly business environment in H2 2024

• Investment inflows increase in H1 2025

• Currency stability in H2 2024

• Slight currency appreciation in H1 2025

• Inflation easing in H1 2025
THANK YOU