

FY '2025 ECONOMIC REVIEW AND 2026 OUTLOOK

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OUTLINE

GLOBAL ECONOMY IN 2025

SUB-SAHARAN ECONOMY IN 2025

NIGERIA'S ECONOMY IN 2025

**OUTLOOK FOR THE GLOBAL AND NIGERIA ECONOMY IN
2026**



Global Economy in 2025

- In 2025, the global economy navigated an uneven resilience. While the year was initially clouded by fears of trade wars and high tariffs, it concluded with a surprise rally in nearly every asset class, driven by a resilient global consumer and the rapid integration of Artificial Intelligence (AI) into corporate operations. While growth slowed to its lowest rate since 2008, financial markets performed surprisingly well, as they were isolated from the geopolitical noise.



Also, it is important to highlight that while the early 2025 was rocked by a significant trade policy shifts by the US, the global economy avoided a full-scale recession, although growth remained historically subdued. The IMF and World Bank agreed that the global economy avoided a major recession, achieving what was term “Soft Landing” despite high interest rate.

- The IMF reported global growth holding steady at approximately 3.3%. While irrepressible, the growth rate remained below the historical average of 3.80%. The IMF emphasized that the great disinflation was largely successful, with global headline inflation falling significantly, allowing many central banks to begin easing monetary policy.
- However, the world bank offered a slightly more cautious outlook, noting that while the global economy was more stable than in previous years, it remained in a slow growth trap, thereby reporting a GDP growth ranging from 2.40% – 2.60% in 2026.

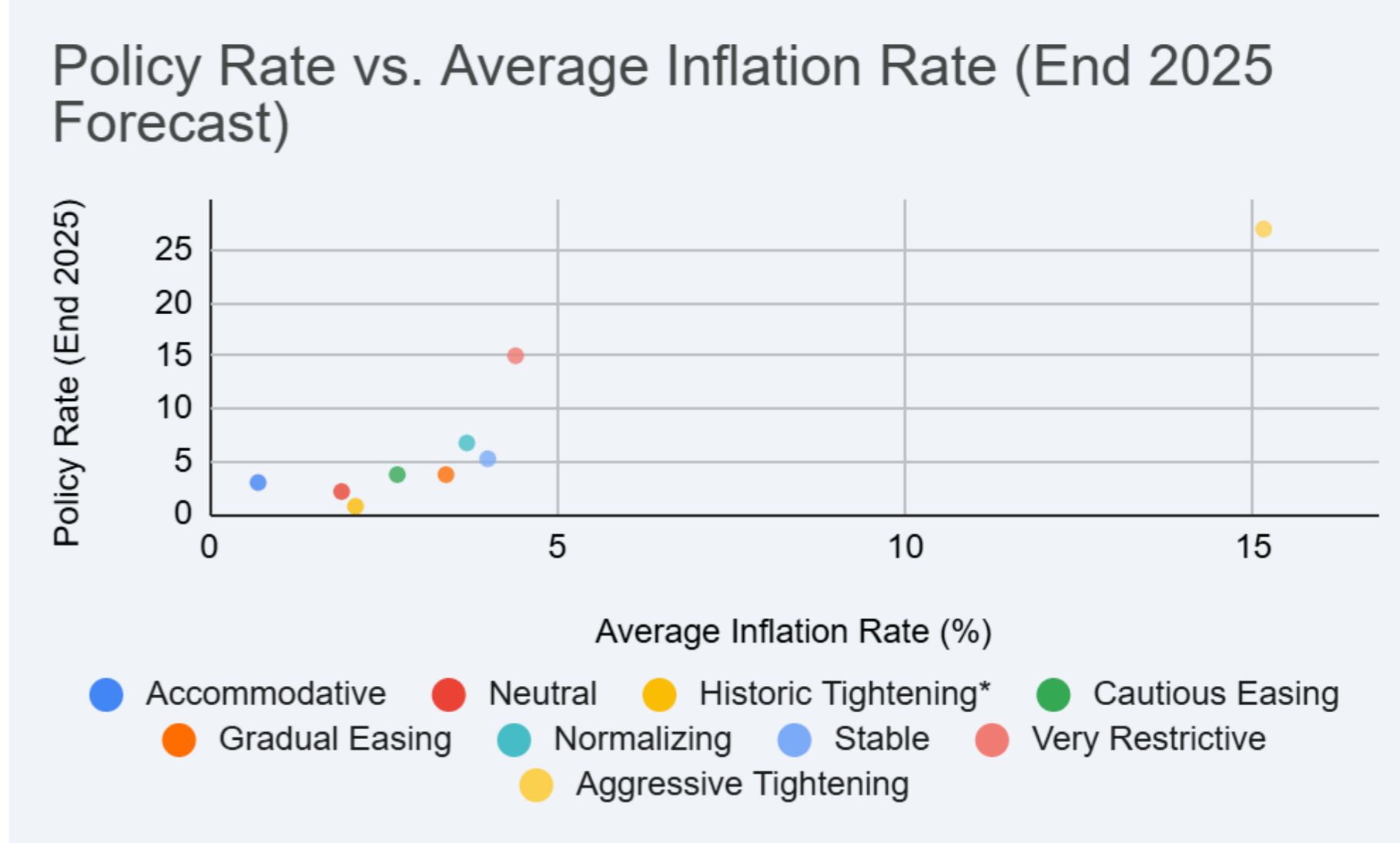
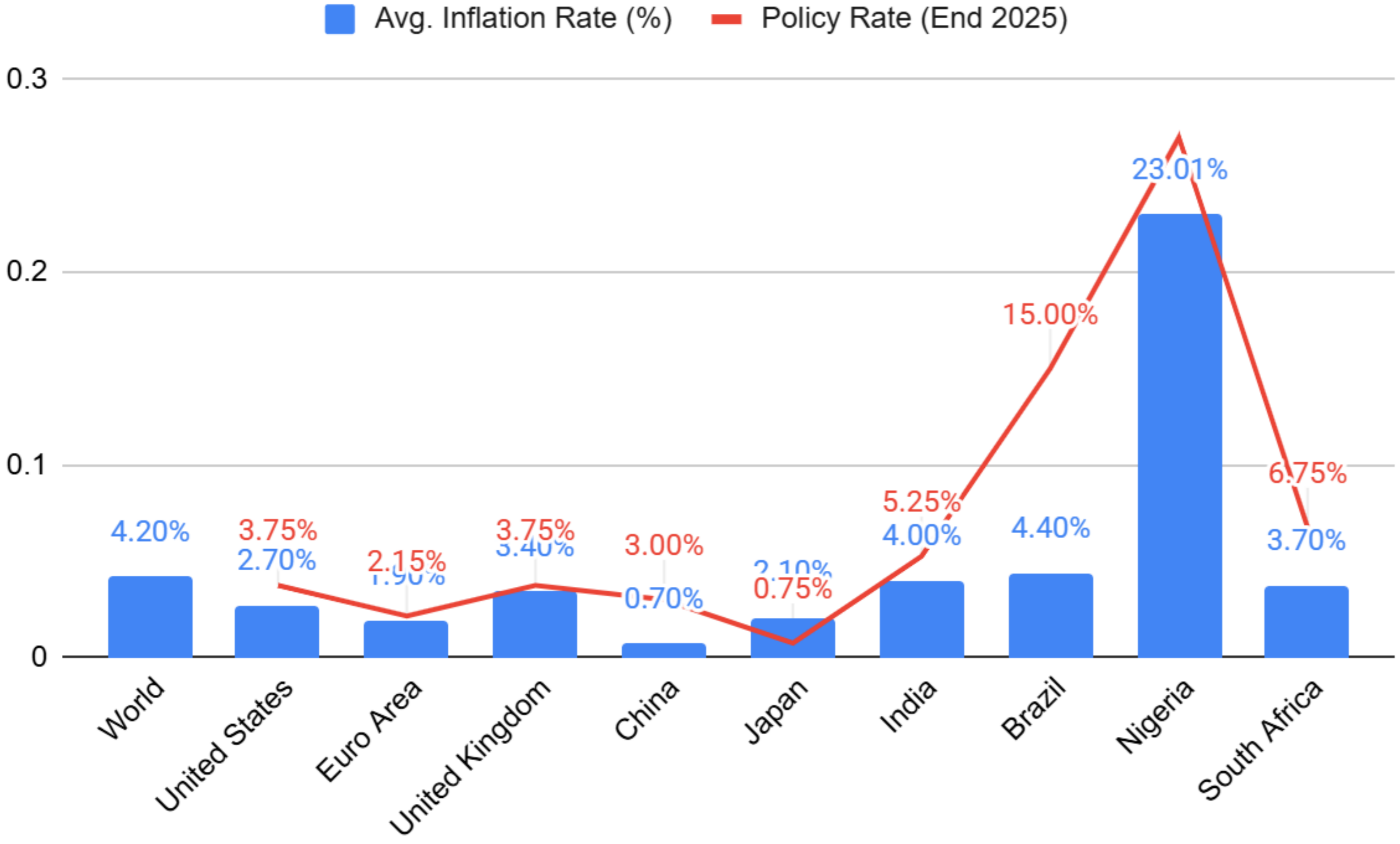
Source	2025 Global GDP Growth Forecast	2026 Global GDP Growth Forecast
IMF 	3.30%	3.30%
World Bank 	2.70%	2.60 %

Source: Reuters, Atlass portfolio

- Headline inflation continued its downward trajectory from the peaks of 2022 – 2023, though core inflation proved more persistent. Global headline inflation fell to approximately 4.40% - 4.50% in 2025, down from roughly 5.80% in 2024. Advanced economies moved closer to their 2% targets, majorly driven by labor markets and wage growth.
- U.S. trade policies and increased tariffs in 2025 introduced new upward pressure on goods prices. However, many corporations initially absorbed these costs, delaying the full inflationary impact until the latter half of the year.

Region/Country	Avg. Inflation Rate (%)	Policy Rate (End 2025)	Policy Stance
World	4.20%	N/A	Moderating
United States	2.70%	3.75%	Cautious Easing
Euro Area	1.90%	2.15%	Neutral
United Kingdom	3.40%	3.75%	Gradual Easing
China	0.70%	3.00%	Accommodative
Japan	2.10%	0.75%	Historic Tightening*
India	4.00%	5.25%	Stable
Brazil	4.40%	15.00%	Very Restrictive
Nigeria	23.01%	27.00%	Aggressive Tightening
South Africa	3.70%	6.75%	Normalizing

- 2025 marked the definitive end of the aggressive tightening cycle, as central banks transitioned towards neutral policy rates levels that neither stimulates nor restrict growth. After an 8-month period of holding rates steady, the U.S Federal Reserve initiated a mild easing cycle in the second half of 2025, delivering 3 consecutive 25bps cut, thereby ending the year with a target range of 3.40% - 3.75%. The European Central Bank took a more cautious approach compared to the Fed, while the emerging market central banks began easing as the US dollar weakened.



Source: Atlass portfolio

Equity Market Global Overview

- Global equities delivered strong returns in 2025. The FTSE World Index, covering developed and emerging stocks across the world, returned approximately 23.1% in USD terms, one of its best years in the last decade. This growth was fueled by successful disinflation and a pivot in central bank policies toward interest rate cuts.
- South Korea's KOSPI was the top global return leader in 2025. For the first time in years, the Asia and Emerging markets led the 2025 rally, significantly outperforming the American markets. Nevertheless, developed markets like the Western Europe and US also posted solid gains.
- Defensive industrials and energy sectors were volatile, reacting to the shifts in the US trade policy and ongoing conflicts in the Middle East and Ukraine. The market also shifted from the AI potential to AI productivity. Companies that provided the hardware backbone outperformed those still in the experimental software phase.

Region	Index	Full-Year 2025 Return (Local Currency)	Key Driver of Performance
Africa	NGX All-Share Index (Nigeria)	51.19%	Macroeconomic stabilization & falling inflation.
Asia-Pacific	Hang Seng (Hong Kong)	35.5%	Recovery in tech & Artificial Intelligence.
Europe	Euro STOXX 50	32.2%	Shift from expensive US tech to European value.
Europe	IBEX 35 (Spain)	32.0%	Surge in banking and tourism sectors.
North America	TSX (Canada)	28.3%	Resilience in energy and materials.
Asia-Pacific	Nikkei 225 (Japan)	26.2%	Corporate governance reforms and weak Yen.
Europe	DAX (Germany)	22.7%	Industrial recovery and defense spending.
North America	S&P 500 (United States)	17.9%	AI infrastructure and strong consumer spend.
North America	Nasdaq 100 (United States)	13.5%	Muted growth as mega-cap valuations peaked.
Europe	FTSE 100 (United Kingdom)	12.4%	Heavy weightings in defense and banking.
Asia-Pacific	BSE SENSEX (India)	9.1%	Higher starting valuations limited upside.

Equity Market Global Overview cont....

Source: Reuters, Atlass portfolio

Global Economy Cont. (Fixed Income)

- The global fixed income market recovered significantly in 2025, delivering its strongest annual returns in five years, prompted by a decisive shift in the central bank policies, with the Fed and other institutions pivoting from aggressive rate hikes to a series of strategic cuts.
- In the US, the Fed's rate movements and uncertain fiscal policies influenced global fixed income, anchoring long-term yields around the 4-5% range for benchmark sovereign debt.
- By mid-to-late 2025, several countries such as Japan began to normalize rates, thereby pushing local yields higher and triggering volatility.
- Emerging market yields exhibited significant dispersion, with frontier economies like Nigeria at higher fiscal-risk premiums.
- Corporate bond markets also rallied in 2025, with credit spreads tightening to historic lows in major markets, especially for investment grade bonds.

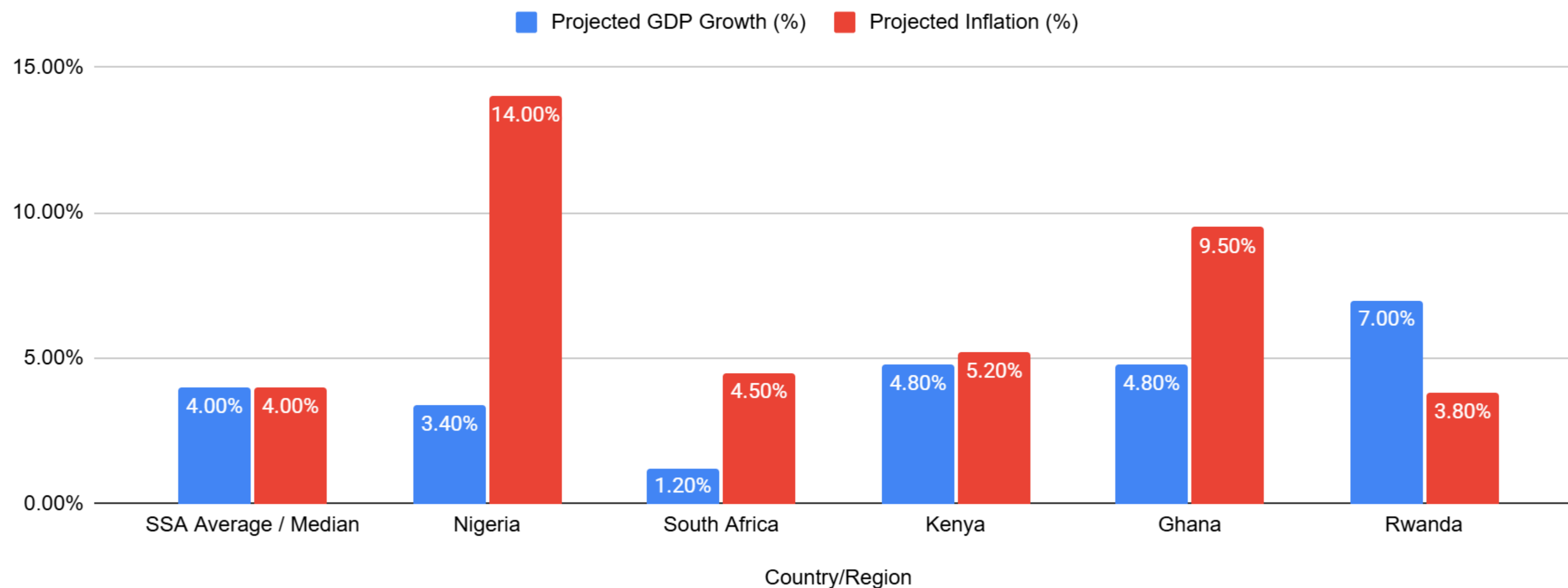
Asset Class	2025 Total Return (USD)	Narrative
EM USD Hard Currency Debt	12.16%	Best year since 2019, fueled by a weaker USD.
US Corporate High Yield	8.62%	High coupons and resilient earnings supported credit.
Mortgage-Backed Securities (MBS)	8.58%	Top-performing US IG sector for the first time since 2015.
US Aggregate Bond Index	7.30%	Powerful rebound from the stagnant returns of 2024.
Global Corporates	10.30%	Outperformed government debt due to narrowing spreads.
Global Treasuries	6.82%	Gains limited by "term premium" pressures at the long end.

Sub-Saharan Economy in 2025

- In 2025, the Sub-Saharan economy is characterized by a steady but fragile recovery. While the region is finally shaking off the extreme inflationary shocks of the early 2020s, resources rich giants like Nigeria and South Africa are moving slowly, while diversified economies such as Ghana, Kenya, Rwanda, are accelerating.
- The region experienced an overall growth of 4.0% in 2025, compared to 3.70% in 2024, amid several economic policies. The performance which happened to be the highest in the last ten years was a collective result of economic decisions made by various countries, spanning across moderating inflation, growth focused reforms, advancing technology and production, strong agricultural development, etc.

- After three years of historic price shocks, the region’s median inflation has stabilized between 3.90% and 4.00% down dramatically from the 9.30% peak of 2022, driven by effect of the central banks tight policy, currency normalization, and improved agricultural yields in East and West Africa during the 2024/25 harvest seasons.
- South Africa achieved its lowest inflation in 21 years, averaging around 3.20% to 3.50%. Kenya and Tanzania have kept inflation anchored near 4.00% - 4.50%, while Ghana inflation also crashed to 9.40% by late 2025, after hitting 54% in 2023.

Projected GDP Growth (%) and Projected Inflation (%)



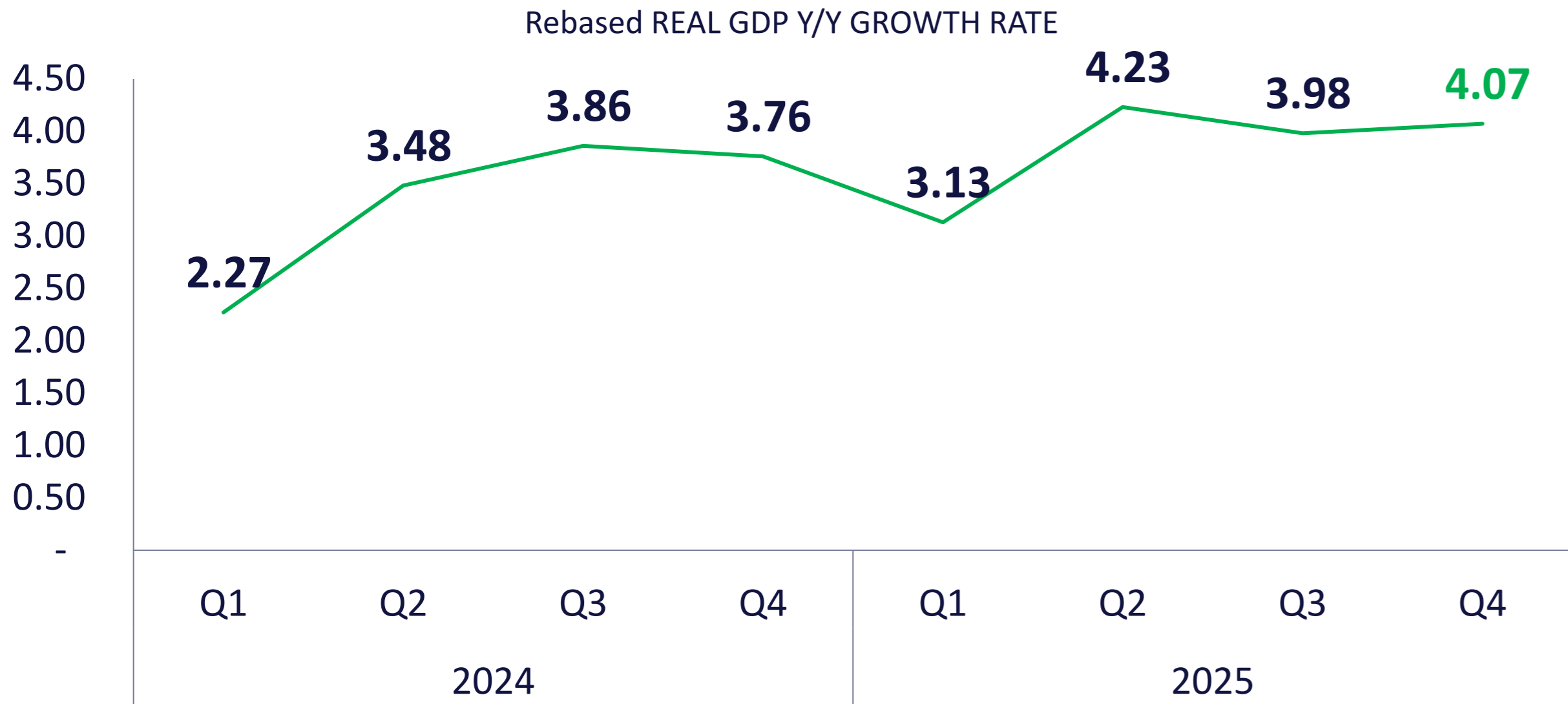
African Equity Market

- African stock exchanges have been some of the best performing globally in 2025, often outperforming the MSCI (Morgan Stanley Capital International) Emerging Markets Index.

Market	Returns (Local)	Key Driver
Malawi	+248%	Extreme share scarcity: High nominal earnings and a shortage of available shares created an explosive price surge.
Ghana	+79%	Debt Restructuring Recovery: Post-restructuring confidence returned, making Ghanaian assets a primary target for "bottom-fishing" investors.
Nigeria	+51%	Banking & Oil: The CBN's banking sector recapitalization exercise and increased stability in oil production fueled large-cap stock gains.
Kenya	+51%	Foreign Re-entry: Institutional investors from Europe and the US returned to the Nairobi Securities Exchange (NSE) after years of capital flight.
South Africa	+37%	Energy & Stability: A significant improvement in the electricity supply and a stabilized Rand helped the JSE perform strongly against global benchmarks.

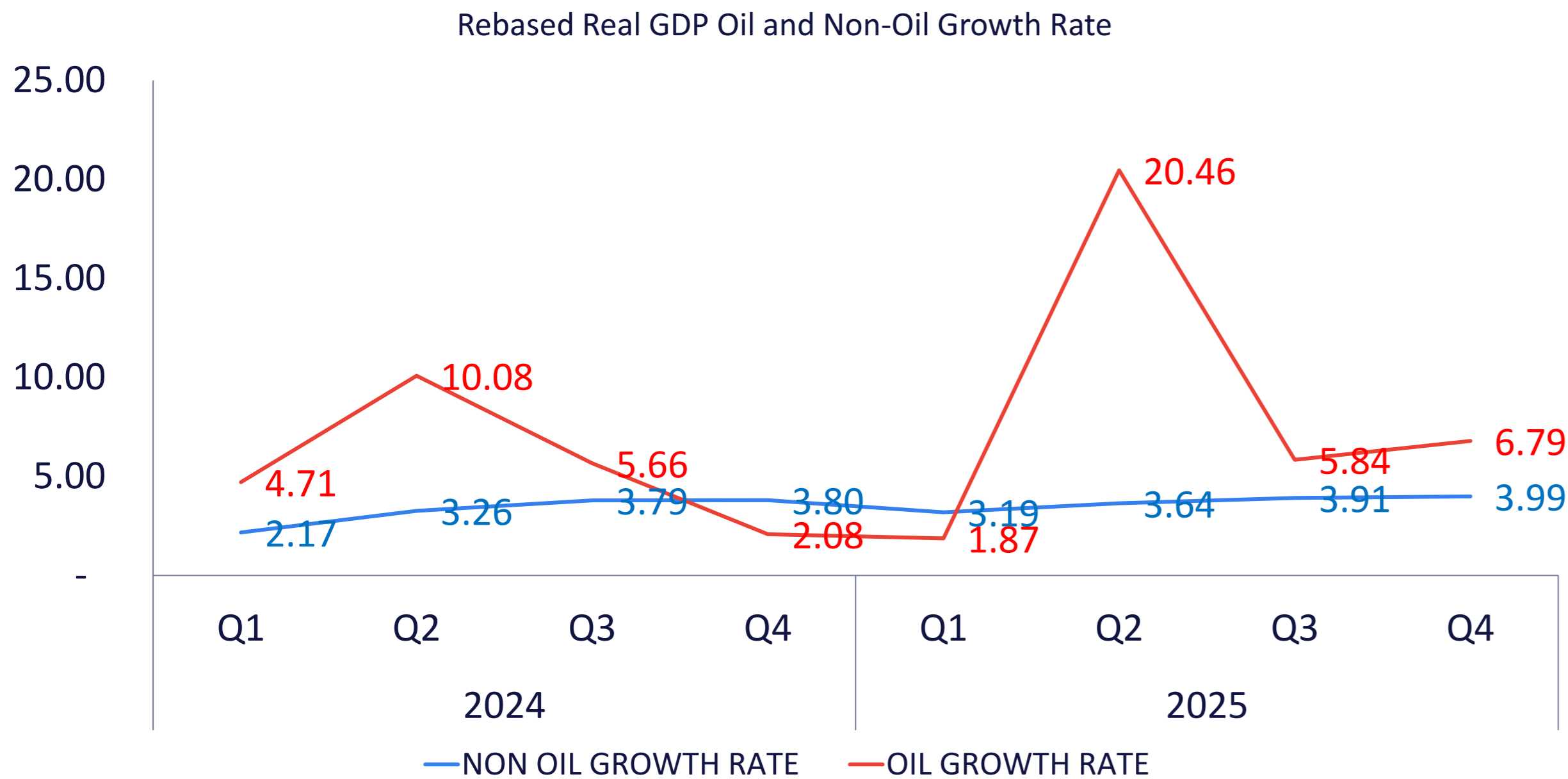
Local Economy in 2025

GDP

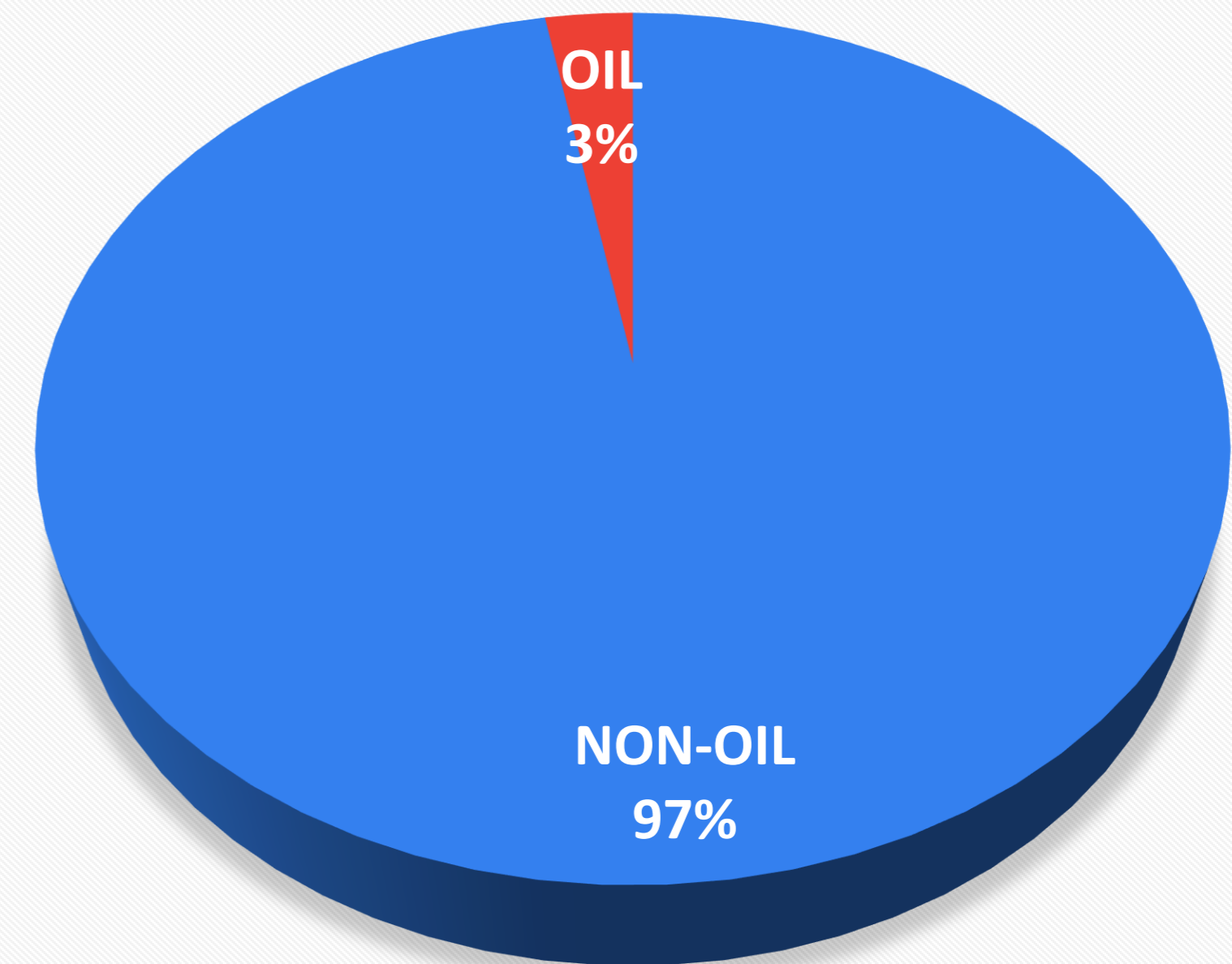


The country's GDP stood at 4.07% in Q4'2025 from 3.98% in the third quarter of the year. The growth rate in Q4'2025 also increased by 0.31% points, compared to 3.13% in Q4'2024.

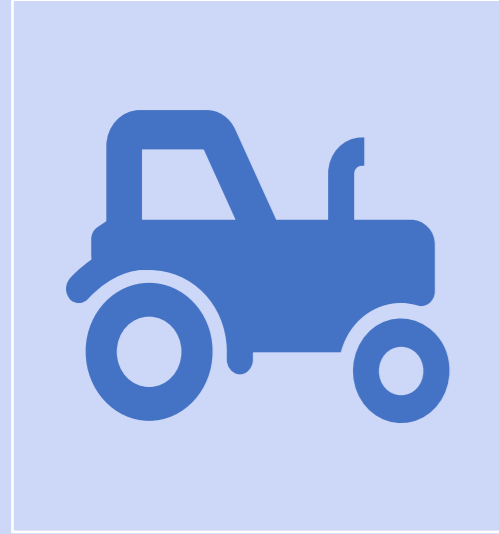
The non-Oil sector grew by 8 basis point to 3.99% in Q4'2025, as against 3.91% in Q3'2025. Also, the real growth in the Oil component of the GDP rose to +6.79% in Q4'2025, relative to +5.84% recorded in Q3'2025.



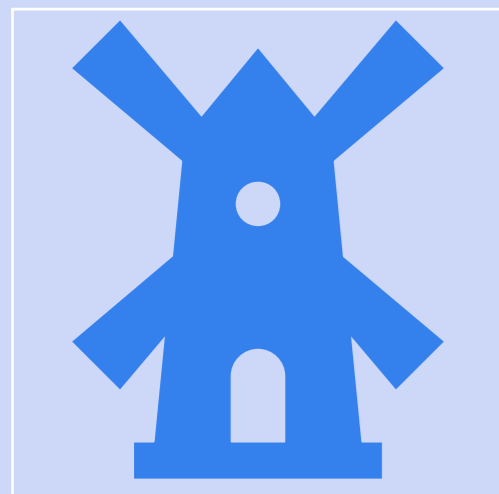
Non-Oil and Oil Sectors Contribution



GDP Cont..

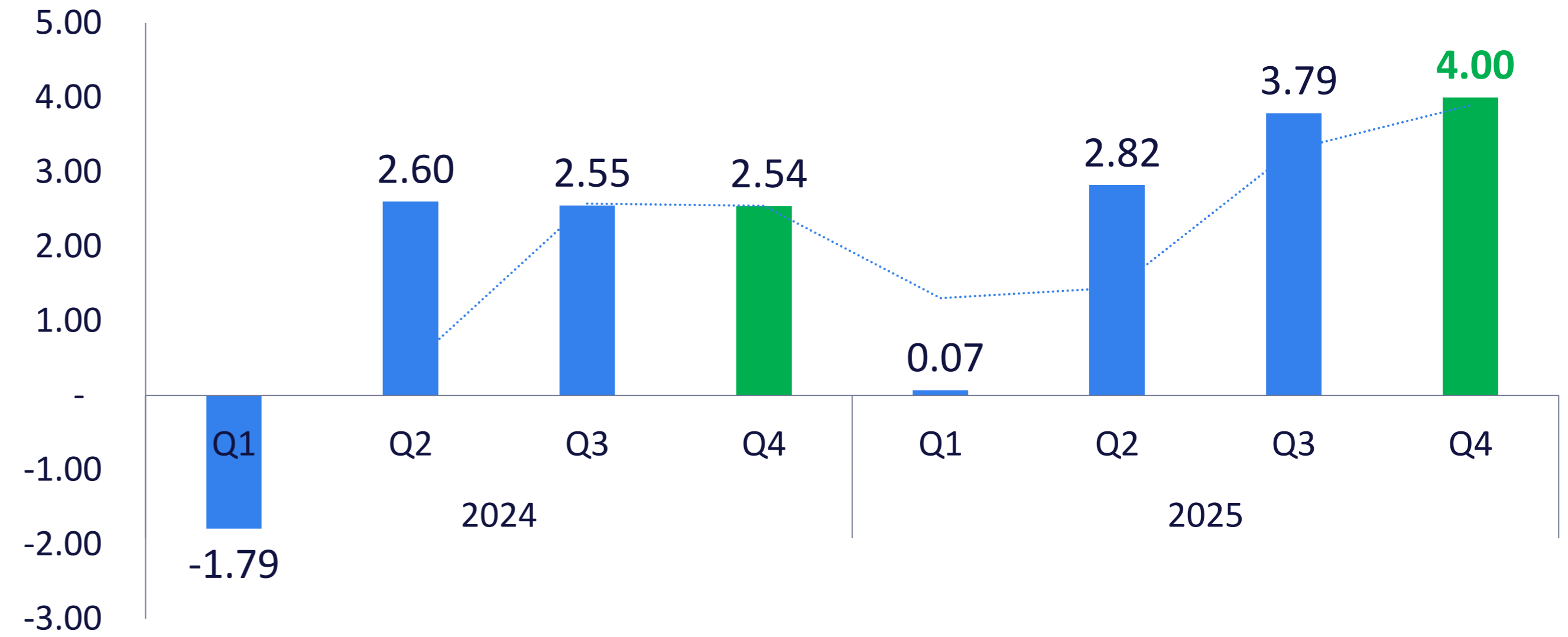


The Agricultural sector contributed 28.66% to the overall GDP in real terms in Q4'2025, which was 2.55% points lower than its contribution in Q3'2025 (31.21%).

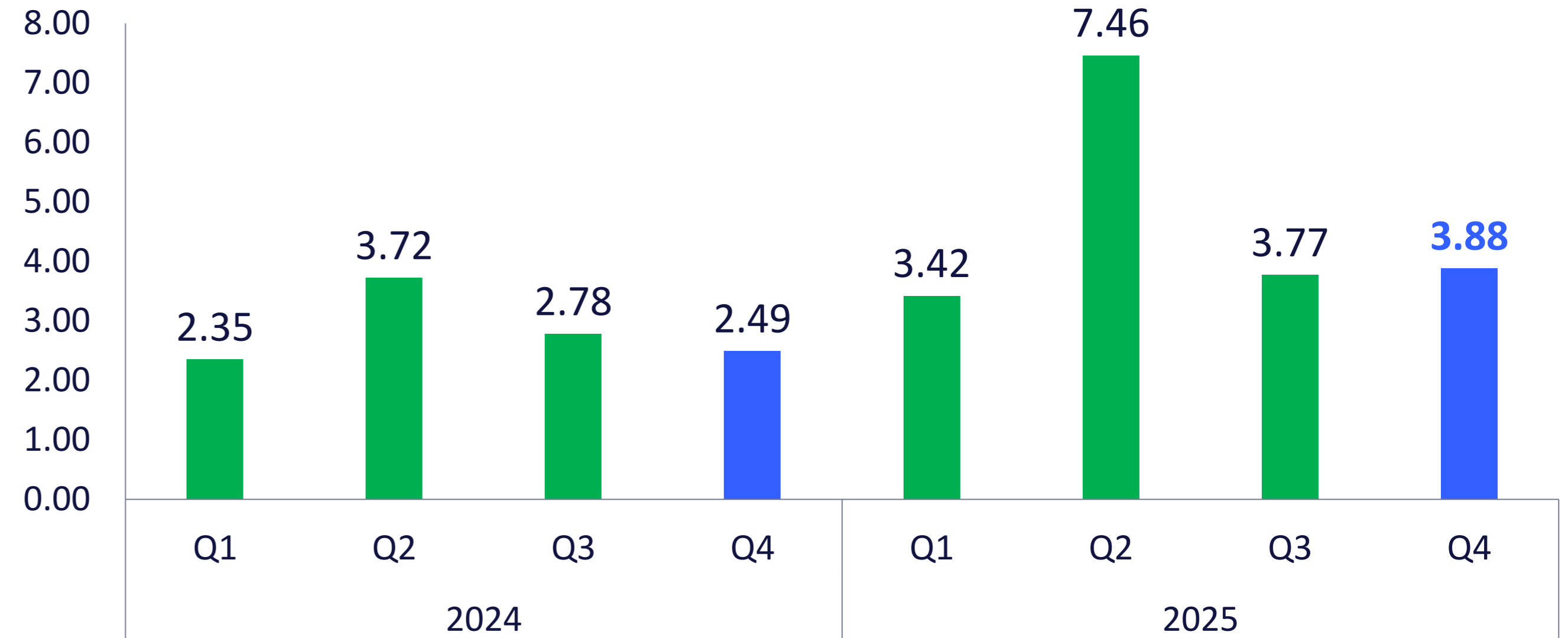


The Industrial sector contribution to GDP was down to 15.42% in Q4 2025 from 15.77% in Q3 2025 and also dropped by 3bps when compared 15.45% contribution in Q4 2024.

Agricultural Sector Growth Rate



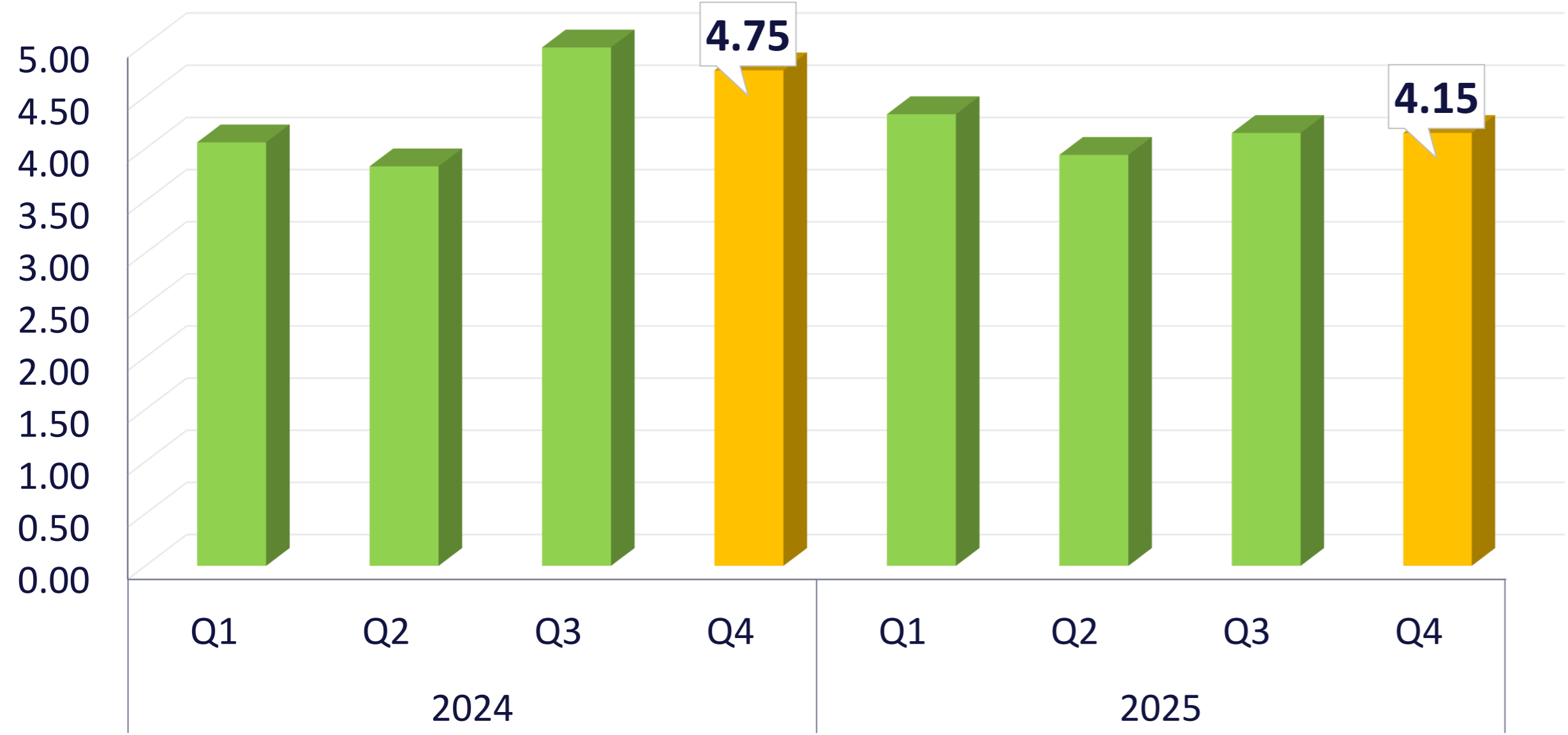
Industrial Sector Growth Rate



Source: NBS, Atlass

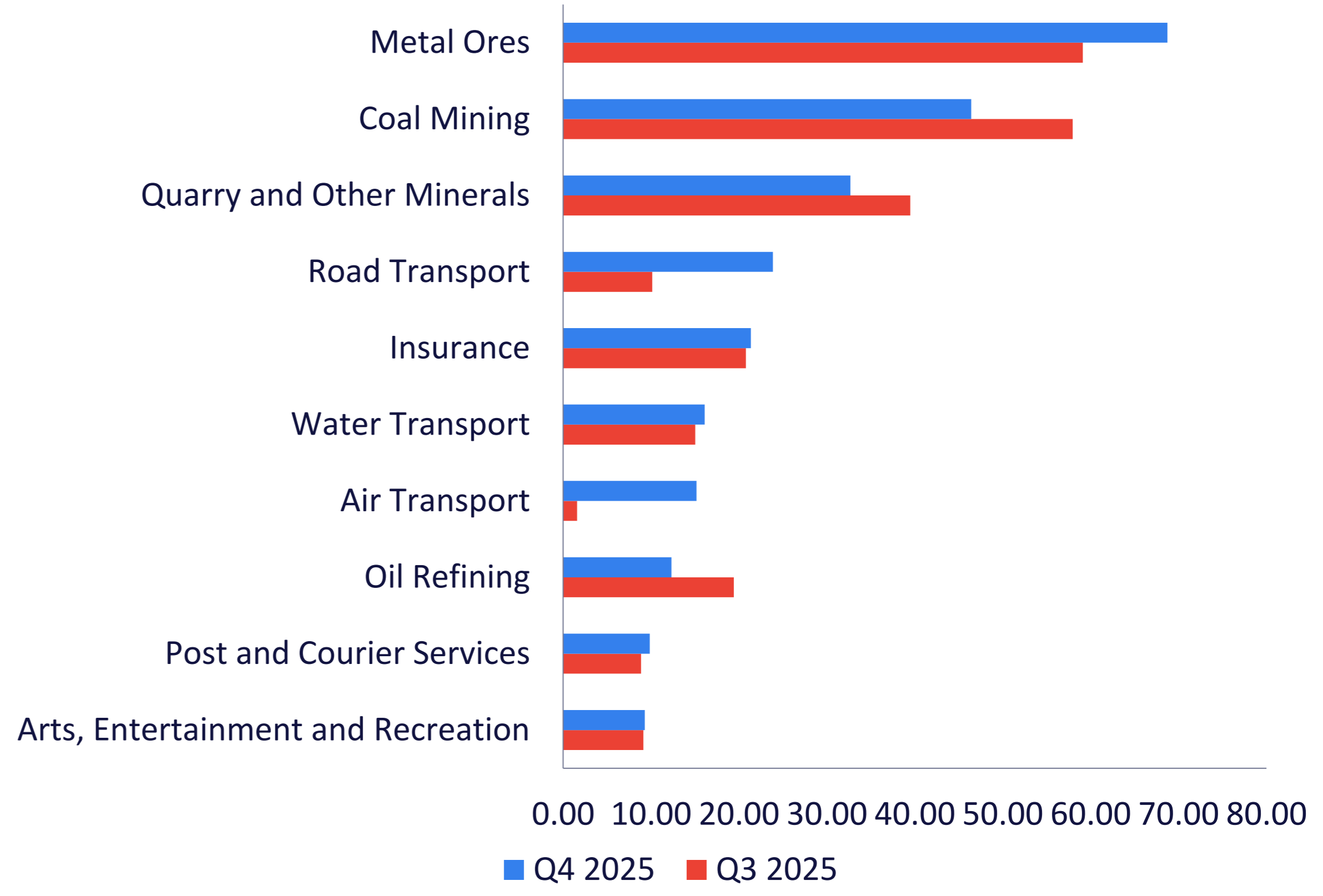
- The Services sector recorded the highest contribution to the country's GDP in the fourth quarter of the year, accounting for 55.92% of total output in Q4 2025.

Services Sector Growth Rate



Source: NBS, Atlass

Top 10 Advancing Sub-sectors for the Quarter



Source: NBS, Atlass

FOREIGN TRADE

Nigeria's foreign trade stood at ₦38.94T in Q3'2025, which was 8.71% higher than the ₦35.82T recorded in Q3'2024 and up by 2.36% compared to ₦36.04T recorded in Q2'2025.

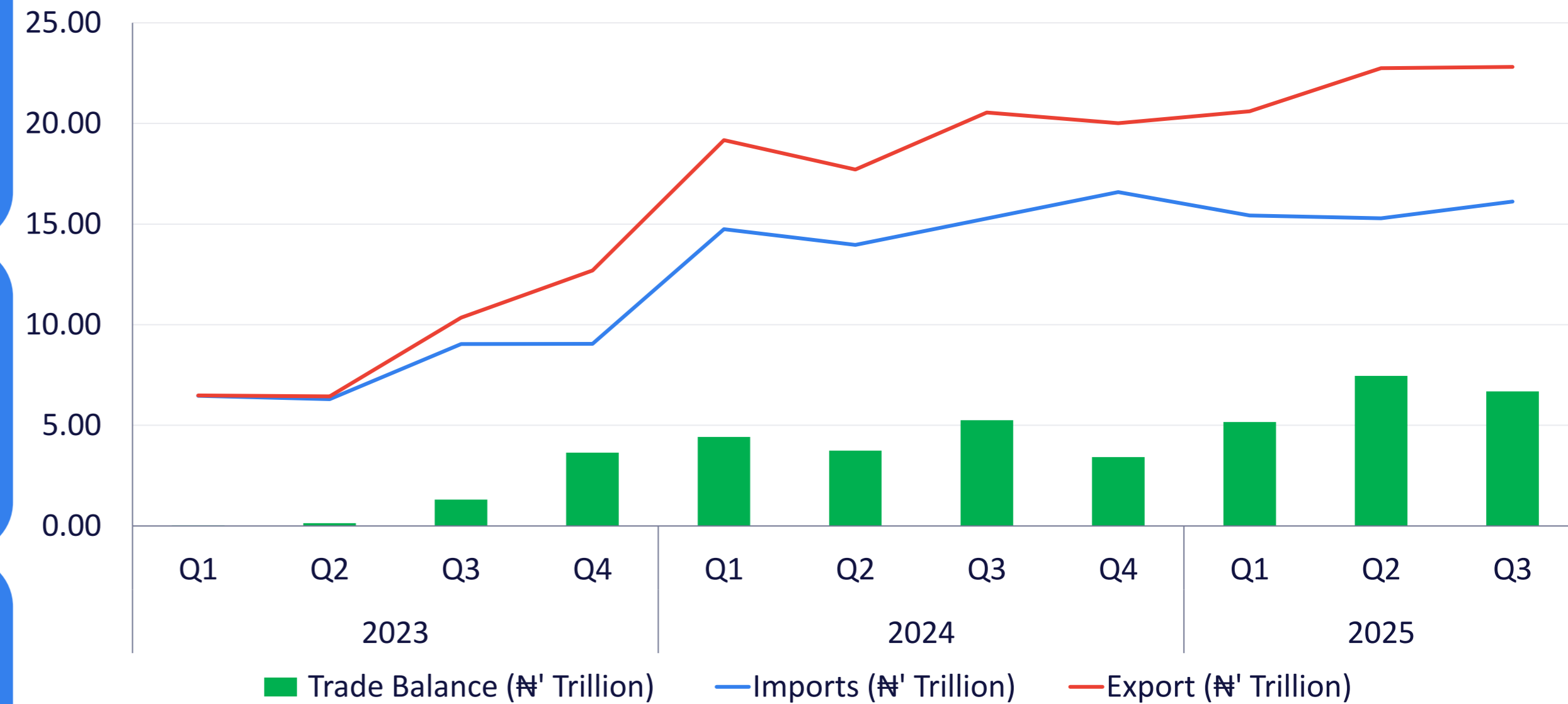
The country's total export increased by 0.26% to ₦22.81T in Q3'2025, from ₦22.75T in Q2'2025, and 11.05% higher than 20.54T in Q3 2024

Furthermore, the total imports increased by 5.43% to ₦16.12T in Q3, compared to ₦15.29T recorded in Q2'2025.

The value of export traded by the country was dominated by Crude oil, which accounted for 56.14% (₦12.81T) of the total export, while the top ranked group export are Other Petroleum Oil Products, representing 30.73% of total export, and followed by Raw Materials (4.56%), Manufactured good (4.29%), and Agricultural goods (3.45%).

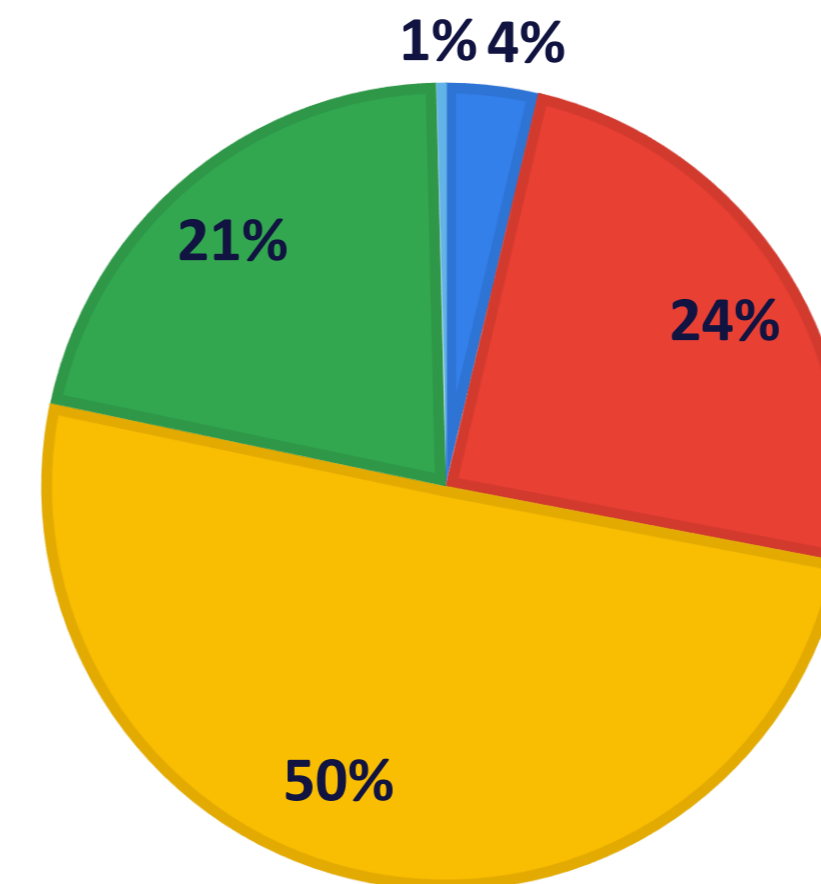
Nigeria imported more goods from China, US and India, while exporting more goods to Spain, India and France in Q2'2025.

Nigeria's Foreign Trade Q3'2025



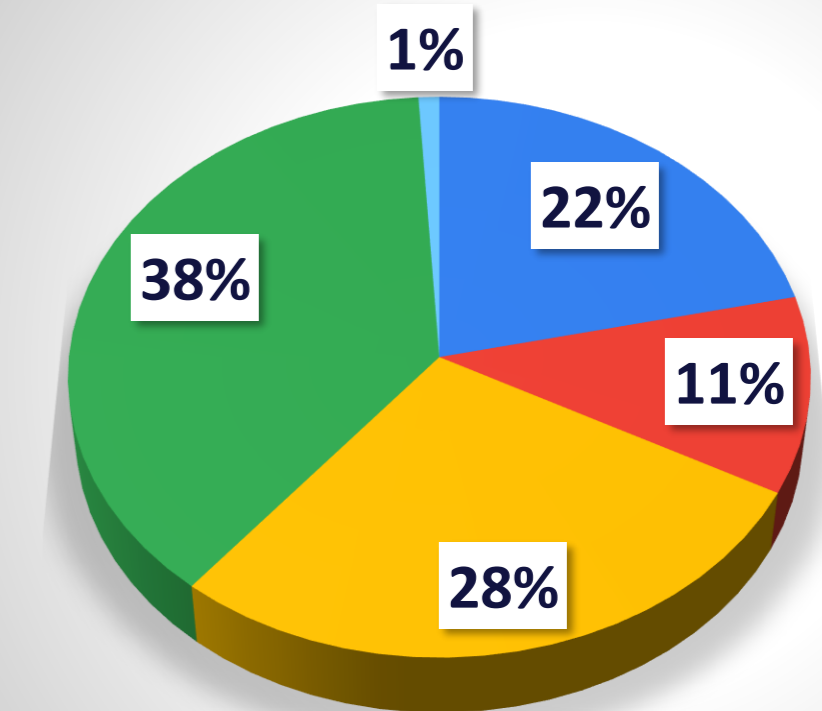
IMPORTATION BY REGION IN Q3'2025

AFRICA AMERICA ASIA EUROPE OCEANIA



Exportation by Region

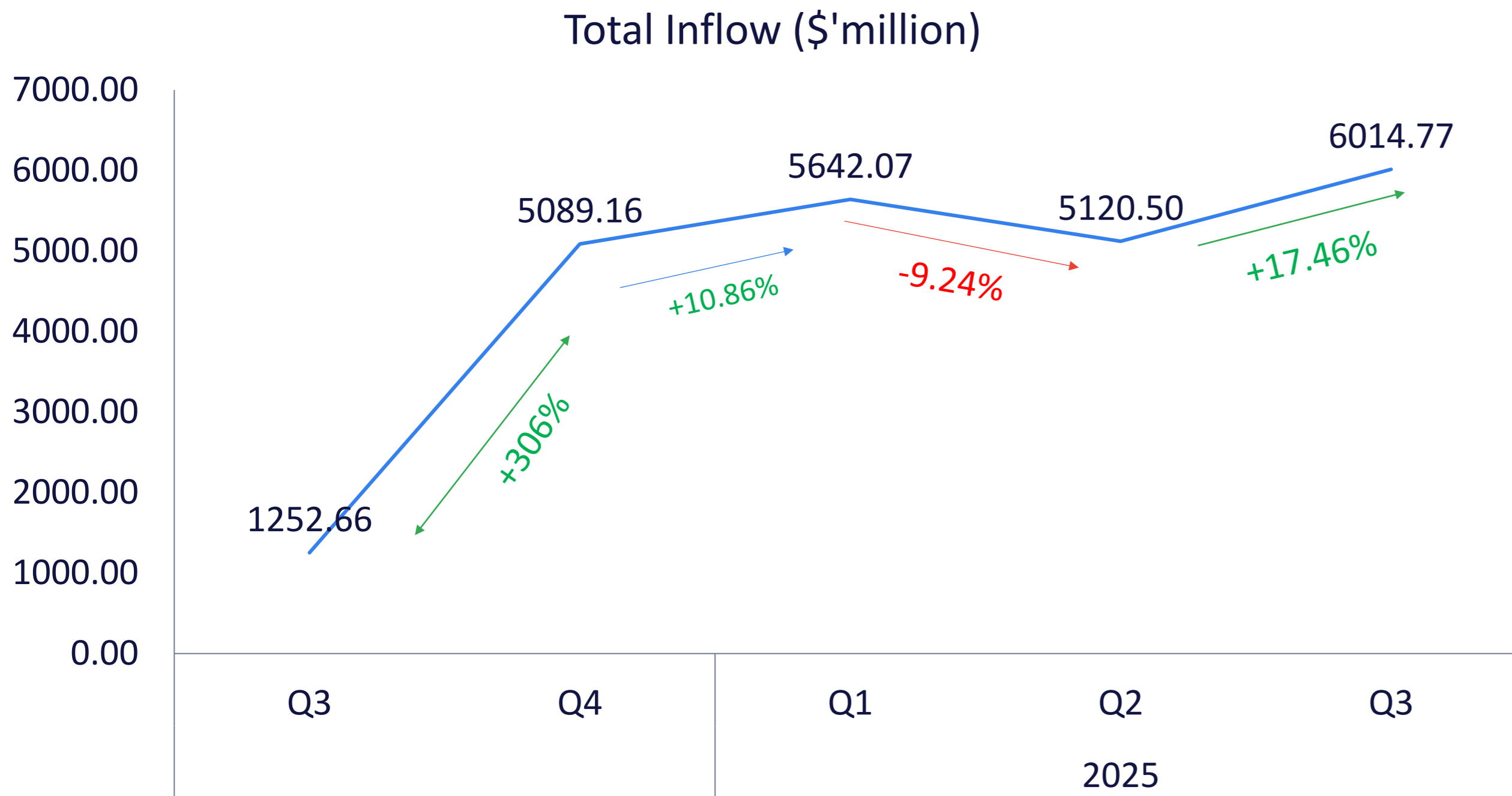
AFRICA AMERICA ASIA EUROPE OCEANIA



Source: NBS, Atlass

CAPITAL IMPORTATION

- Nigeria attracted \$6,014.77 million as capital inflows in the third quarter of the year 2025 from \$5,120.50 million in Q2'2025, showing an increase of approximately 17%.

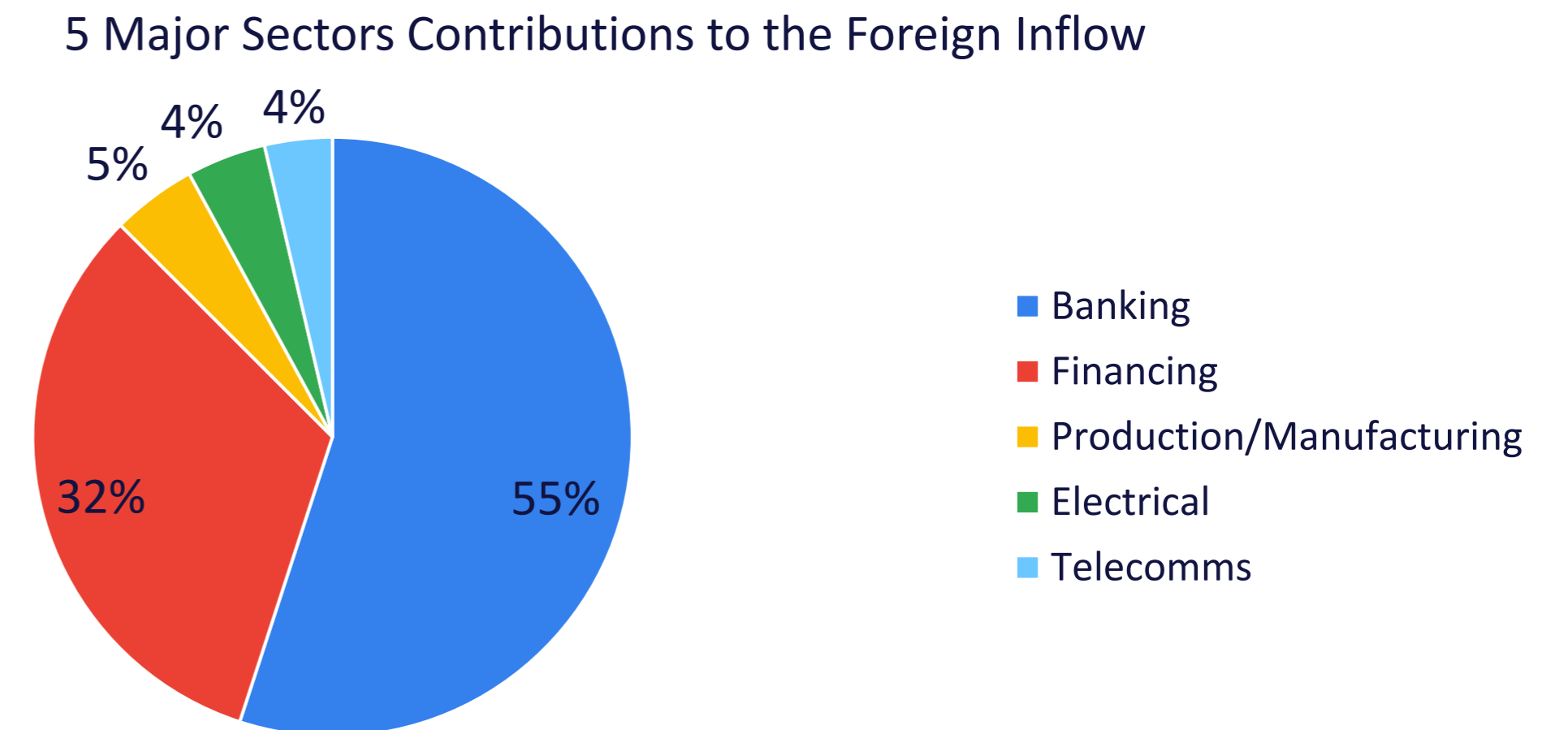


Source: NBS, ATlass

- This implies a growth in the country's capital importation in the quarter under review due to increase in the Portfolio and foreign direct investment.

- FDI increased by 107.65% from \$142.67m recorded in Q2'2025 to \$1296.25m in Q3'2025. Furthermore, FPI recorded +15.57% growth to \$4,853.96 million in Q3'2025.

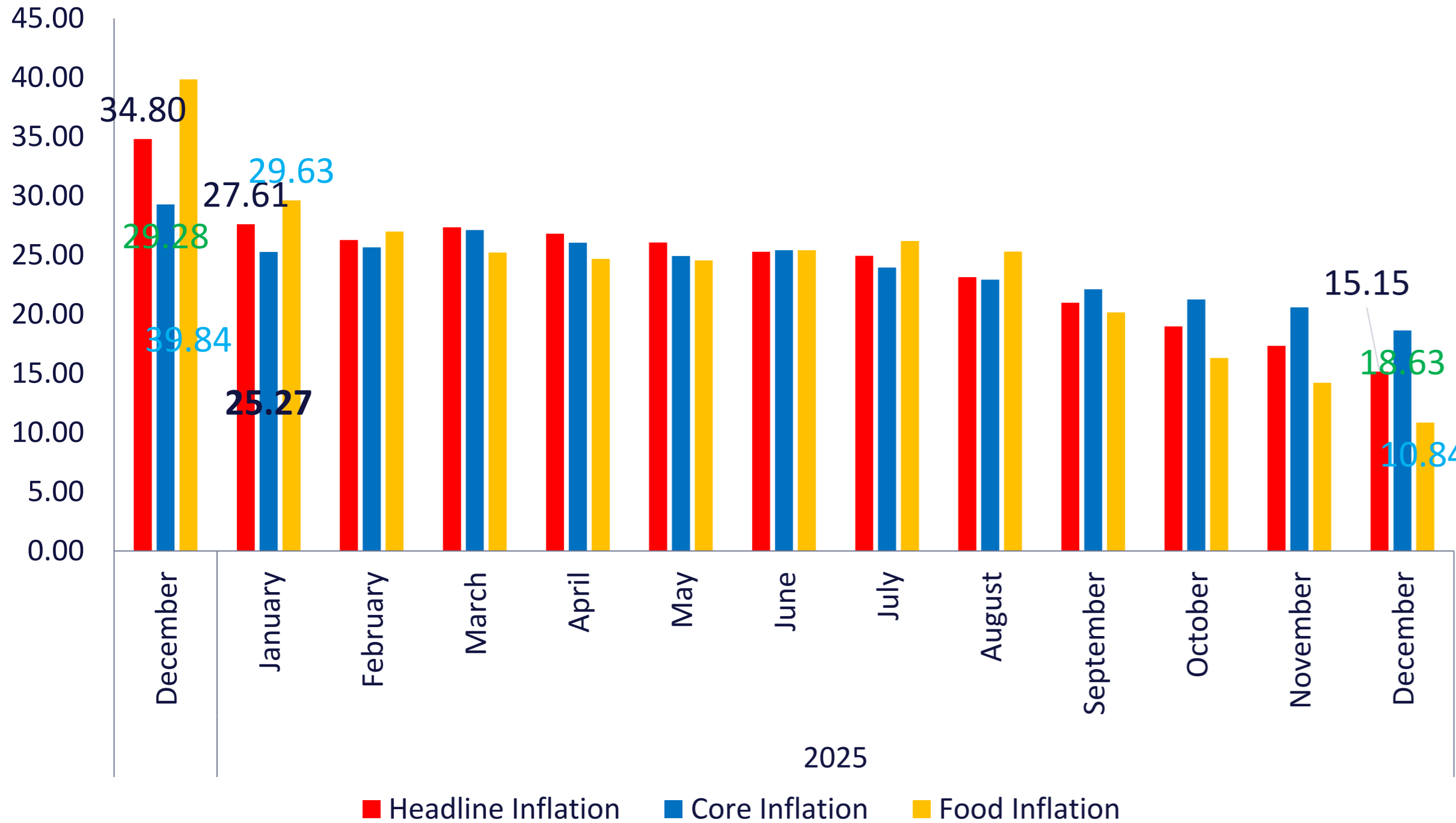
- Banking sector had the highest inflow of \$3.14 billion, amounting to 52.25% of the total capital inflow in the period under review. This was followed by Financing, valued at \$1.86 billion (30.85%), Production with \$261.35 million (4.35%), Electrical with \$244.86 million (4.07%), Telecom \$208.51 million (3.47%) and others.



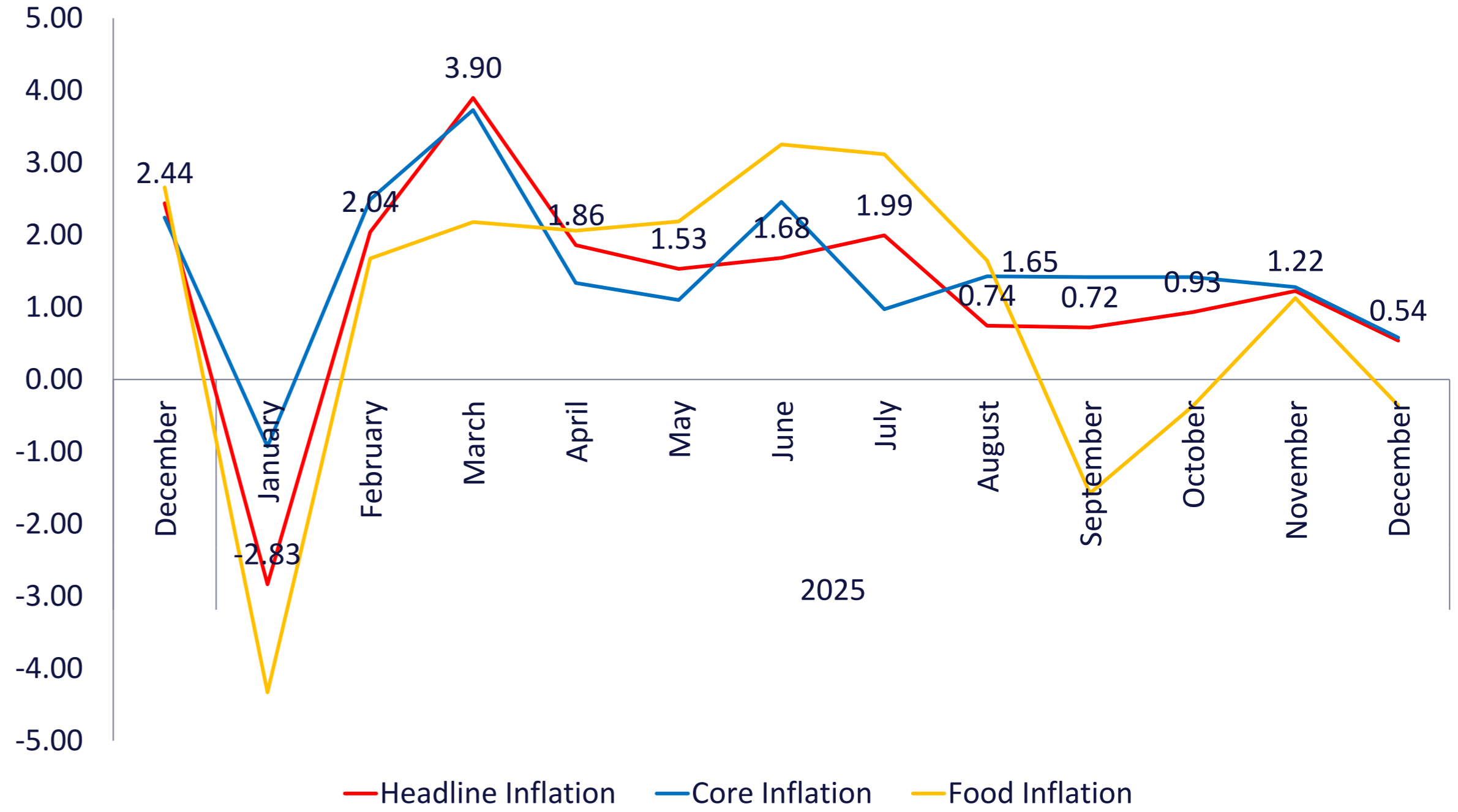
Source: NBS

INFLATION

Rebased Headline, Core and Food Inflation Movement (y/y)



Headline, Core, and Food Inflation Trend (m/m)



Source: NBS, Atlass

Headline Inflation

December'2025	15.15%
November'2025	17.33%

Food Inflation

December'2025	10.84%
November'2025	14.21%

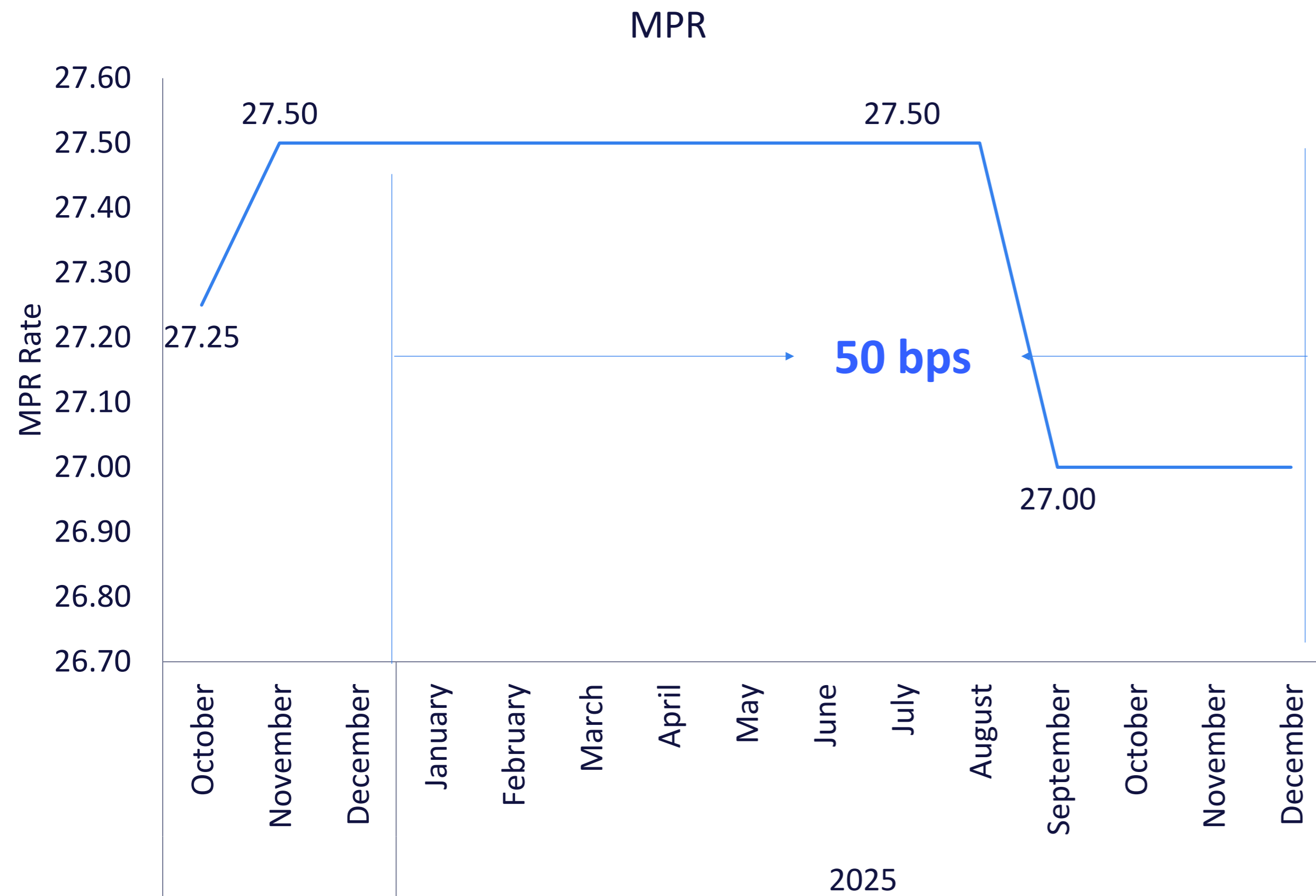
Core Inflation

December'2025	18.63%
November'2025	20.59%



■ % Decline in 2025: Headline **(12.46%)**, Food Inflation **(18.78%)**, and Core Inflation **(6.64%)**.

MONETARY POLICY – MPR

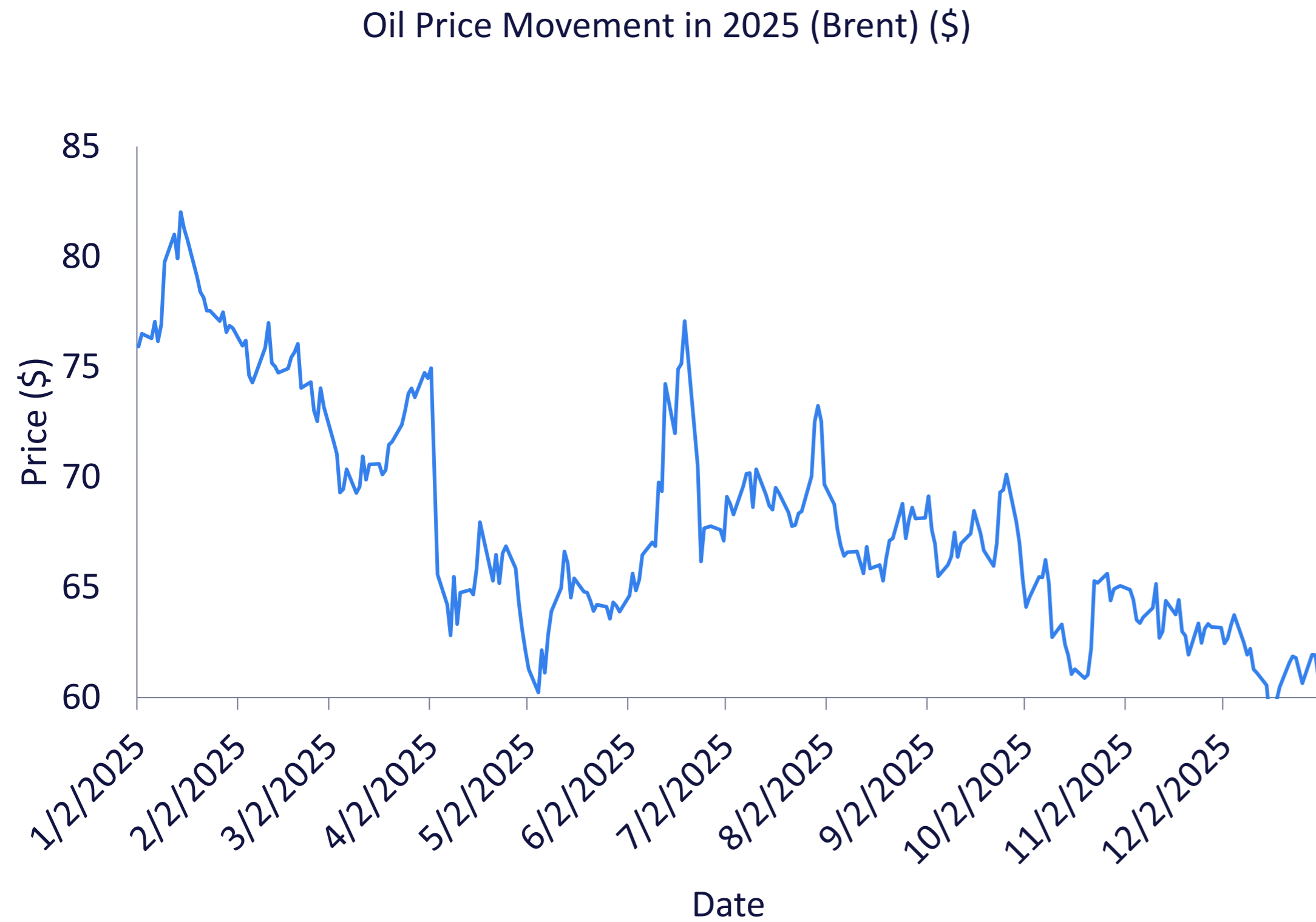


MPR	27.00%
Asymmetric Corridor	+250/-250 {+50/-450}
Cash Reserve Ratio	45%
Liquidity Ratio	30%

Source: CBN, Atlass

- In 2025, the Nigeria's central bank adjusted the Monetary Policy Rate (MPR) downward to 27.00% on the 23rd September 2025, after six consecutive rate hikes in 2024, and close to 11 months of holding the rate constant at 27.50%. The Apex Bank also further adjusted the Standing facilities corridor around the MPR to +250/-250 bps from +500/-100 in September, and from +250/-250 to +50/-450 in November.

OIL PRICE



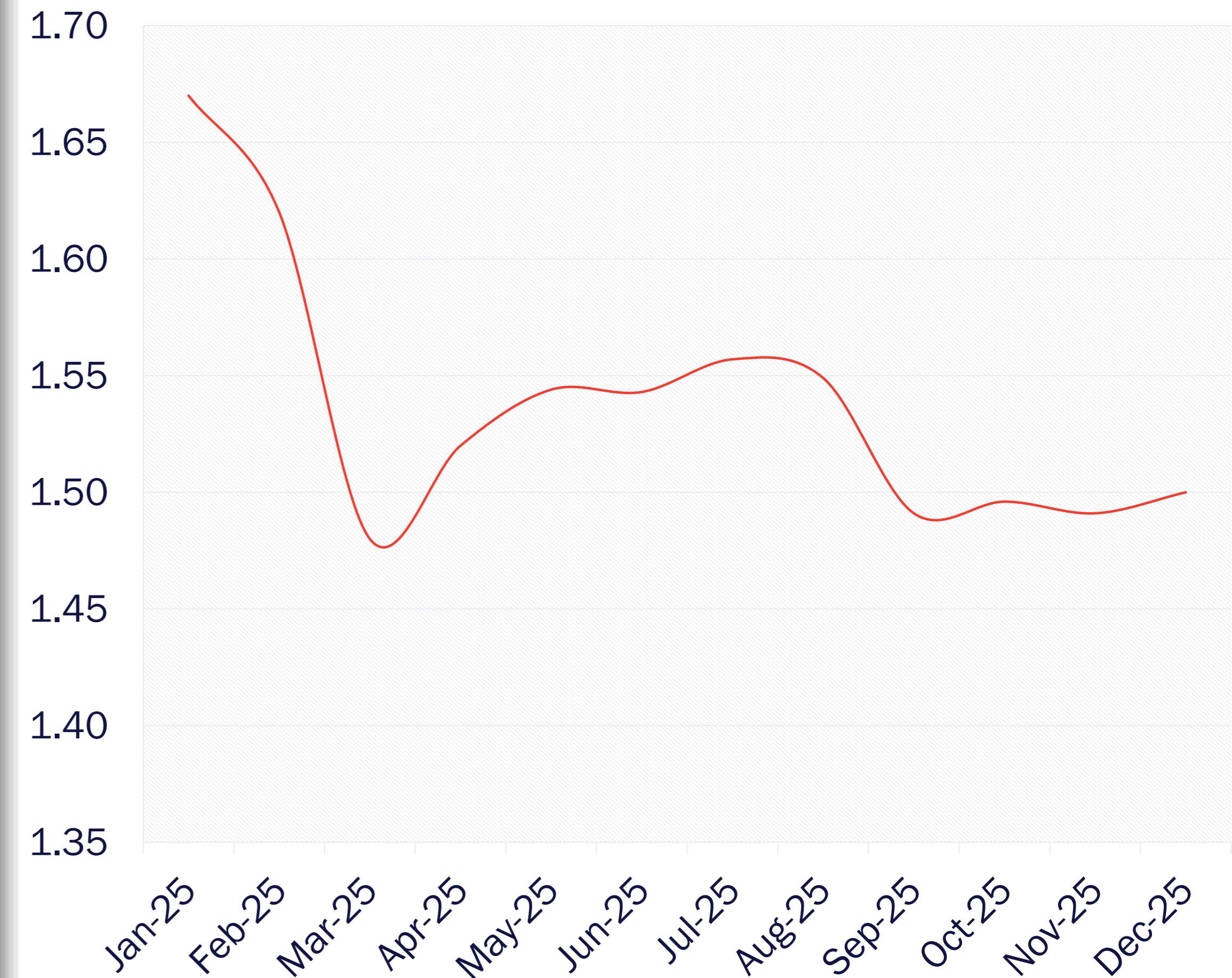
- Global Oil market in 2025 was characterized by a significant downward trend in Brent crude prices. After starting the year above \$75 per barrel, prices declined by approximately 20%, ending the year around \$60 per barrel. This marked the longest annual losing streak in the market's history, and the steepest annual drop since the Covid'20 pandemic.
- The drop in Oil Prices was supported by Global Oversupply, particularly from OPEC+ and non-OPEC producers, Sluggish Global Demand due to transition to electric vehicles from world's largest importer, and Geopolitical Influence.

Source: Investing.com, Atlass

OIL PRODUCTION

- Nigeria's oil production output in 2025 was characterized by significant volatility, recording a record peak at the beginning of the year before fluctuating due to industrial actions and operational challenges.
- The country's total oil production hits a high of 1.74 mbpd in January 2025, the highest recorded since March 2021
- In 2025, Crude Oil production dropped by 10.18% to 1.50mbpd in December 2025, from 1.67mbpd in January 2025.

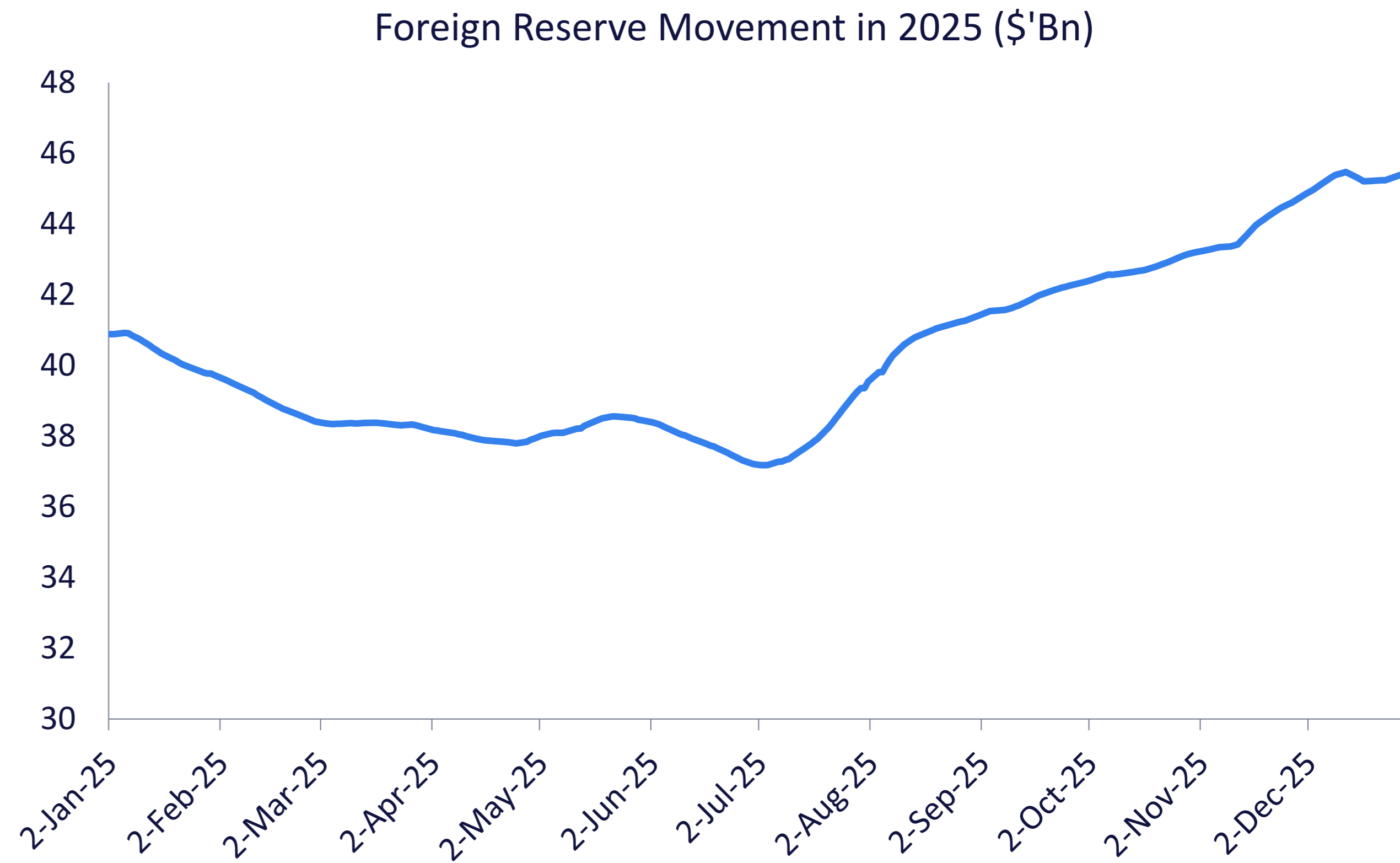
Crude Oil Production in 2025



Source: OPEC, Atlass

FOREIGN RESERVE

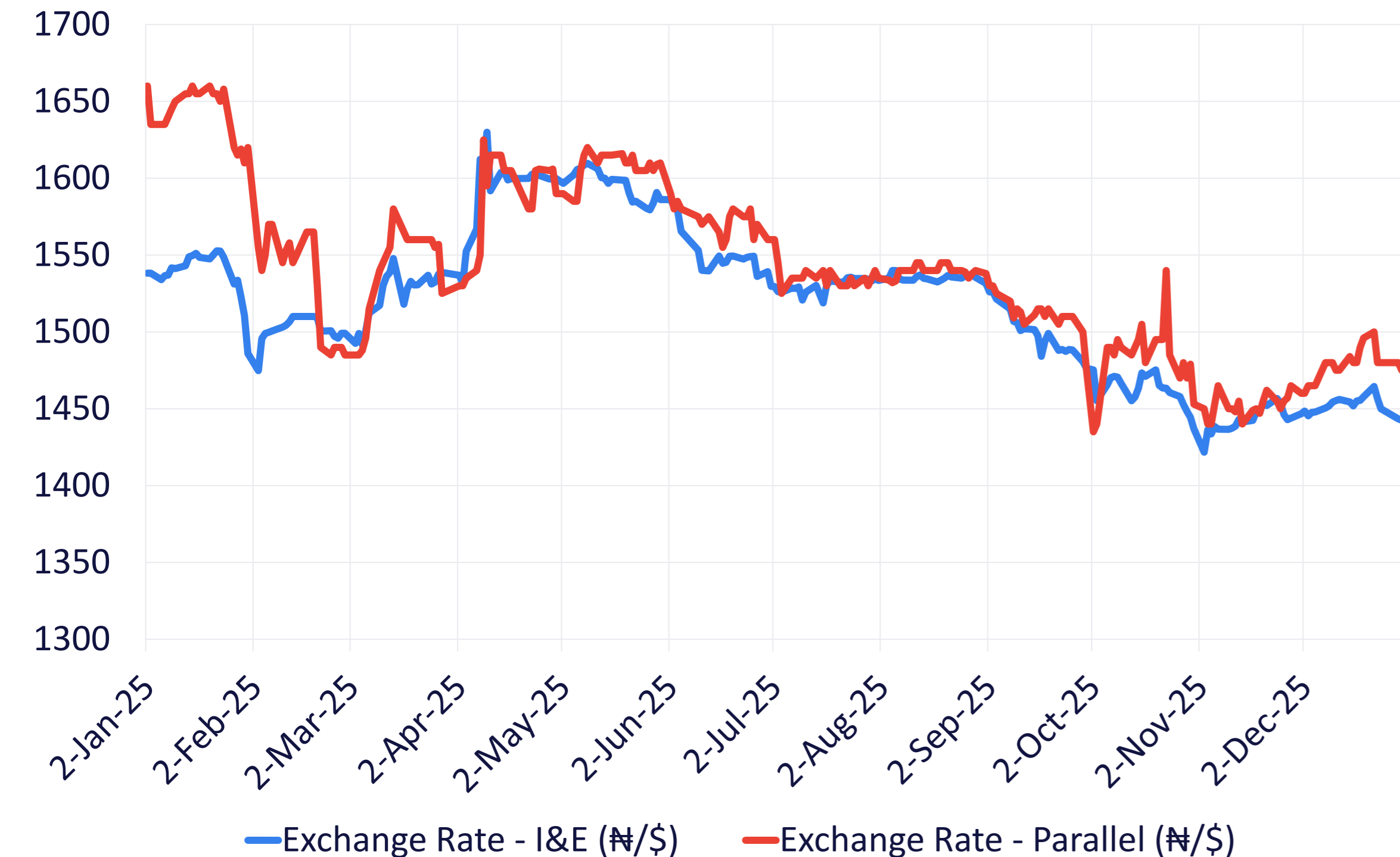
- Despite fluctuating crude oil prices, the country's reserves saw a strong recovery in 2025 after weakness earlier in the year.
- The reserves was at \$40.88B at the beginning of the year, before hitting a low of \$37.18B mid-year. The year finally ended at \$45.50B, as the nation's reserve grew by 11.3% (\$4.62 billion) over the 12 months period.
- Some factors that contributed to the growth in foreign reserves, are rising Oil Production, Stronger remittance inflows and foreign investment/portfolio flows, external debt servicing, market intervention and other policy actions by the CBN



Source: CBN, Atlass

EXCHANGERATE

Exchange Rate Movement in 2025



Source: CBN, Atlass

- In 2025, the naira strengthened modestly against the dollar, both in the I&E window and the parallel market. In January, the rate stood at approximately ₦1,538.25/\$1, and by the end of the year, it had strengthened slightly by approximately 6% to around ₦1,445.68/\$1 on the official window.
- The parallel market traded around ₦1,635 – ₦1,660/\$1 compared to the official rate of around ₦1,538.25/\$1 in January.
- By the end of 2025, naira had strengthened to ₦1,475/\$1, narrowing further the parallel-official spread.
- The CBN intervention earlier in the year to defend the naira, alongside the reforms to unify FX windows and reduce distortions contributed to the dampening extreme divergence.

CAPITAL MARKET – EQUITY MARKET

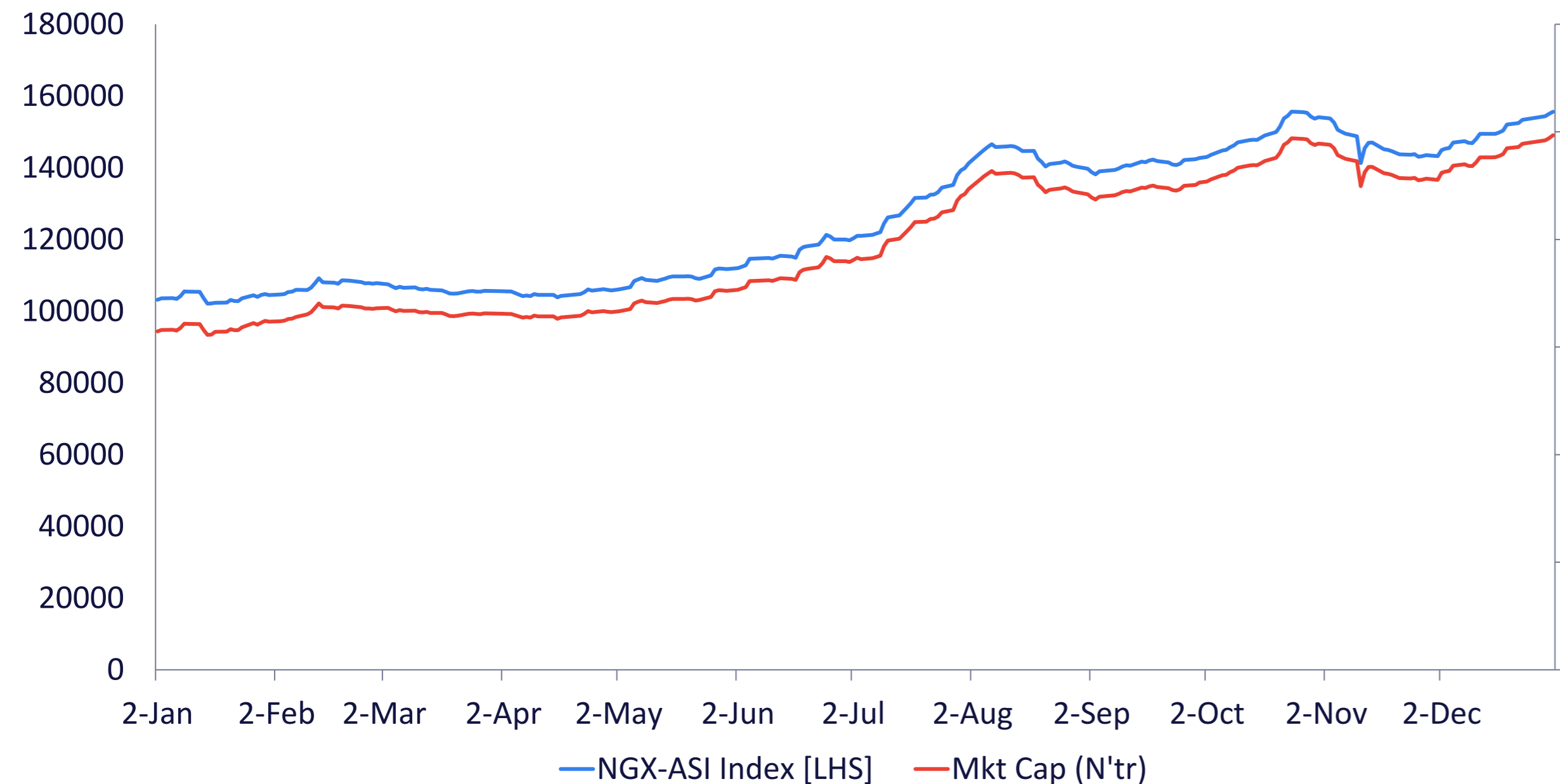


The Nigerian local market delivered a robust return in 2025, marked by strong market gains, led by Consumer goods and Insurance sectors, buoyed by reforms, earnings, and macro-economic improvement.



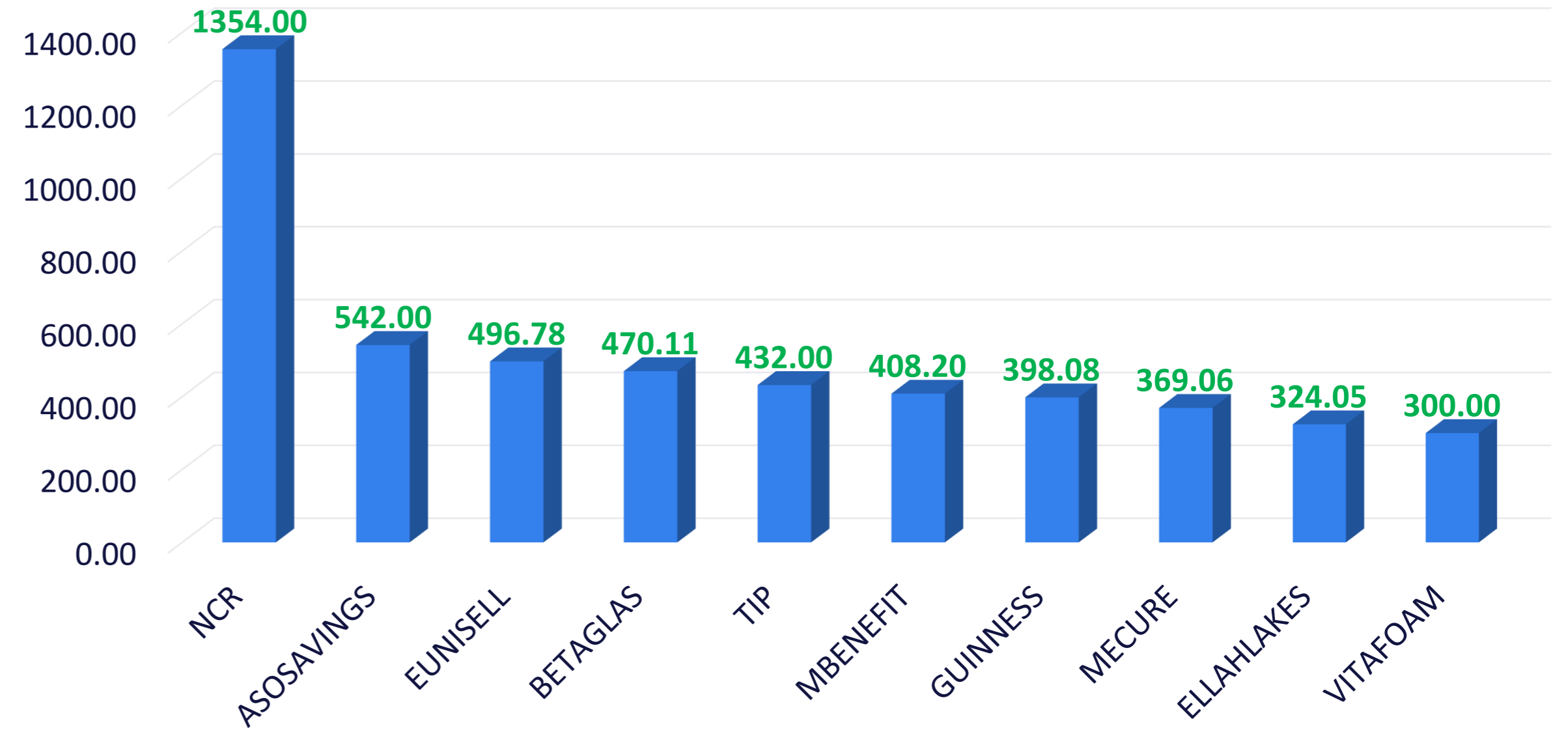
NGX-ASI closed 2025 at 155,613.03 points, after hitting an all-time high of 155,640.55 points, marking a 51.19% increase from its year end 2024 position of 102,926.40 points. The Market Capitalization also rose by ₦36.61 trillion, from ₦62.76 trillion at the end of 2024 to ₦99.38 trillion in December.

NGX-ASI and Market Cap.



Source: NGX, atlasportfolio

Top 10 Gainers



Top 10 Losers



Source: NGX, atlasportfolio

CAPITAL MARKET – EQUITY MARKET

Sector Performance (% Change)



Source: NGX, atlasportfolio

Delisted Stocks in 2025

- TOURIST
- UNHOMES
- CAPOIL
- GOLDINSURE
- MEDVIEWAIR
- STDINSURE
- MRS
- NOTORE

listed Stocks in 2025

LegendInt (April #5.64)

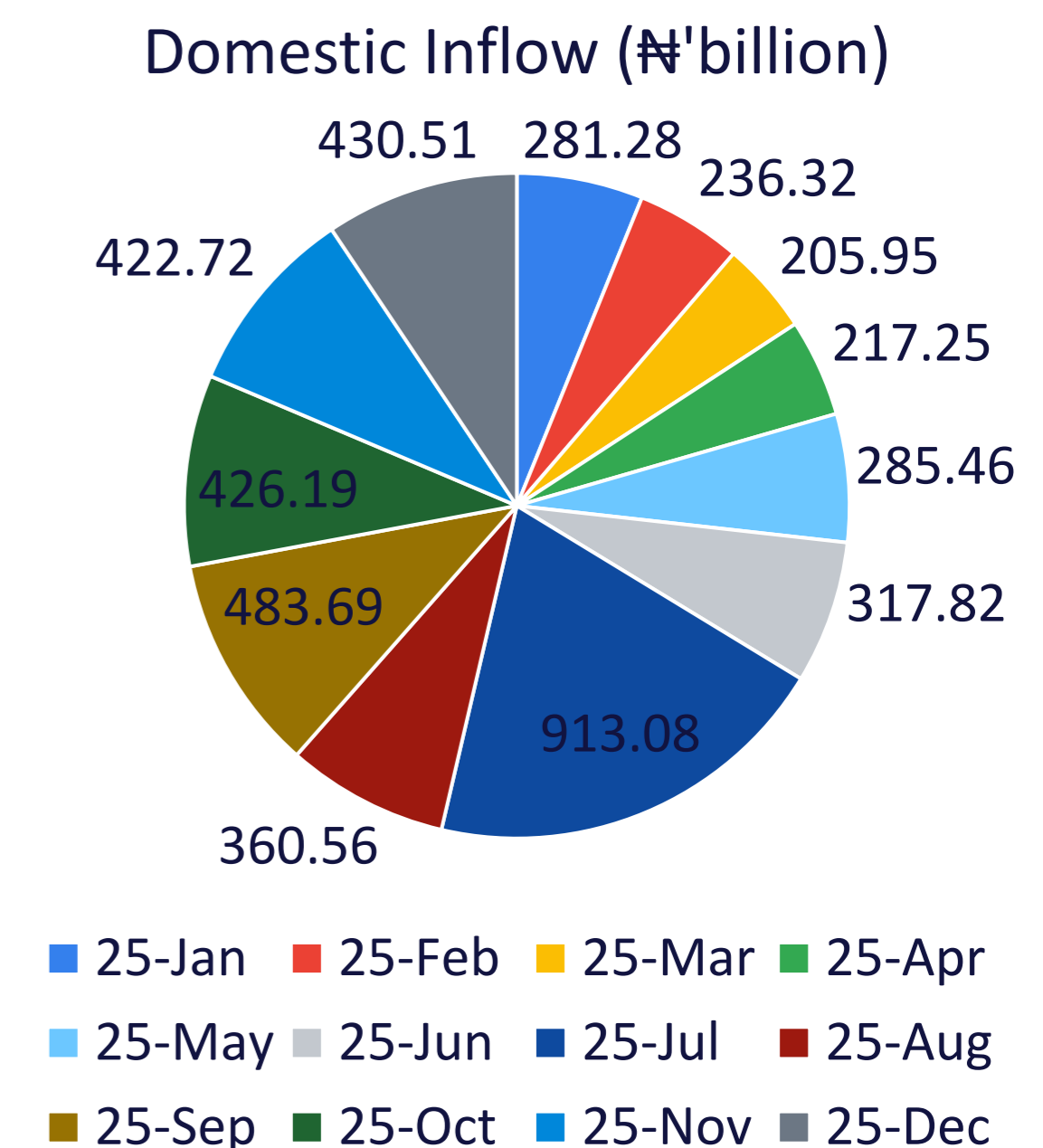
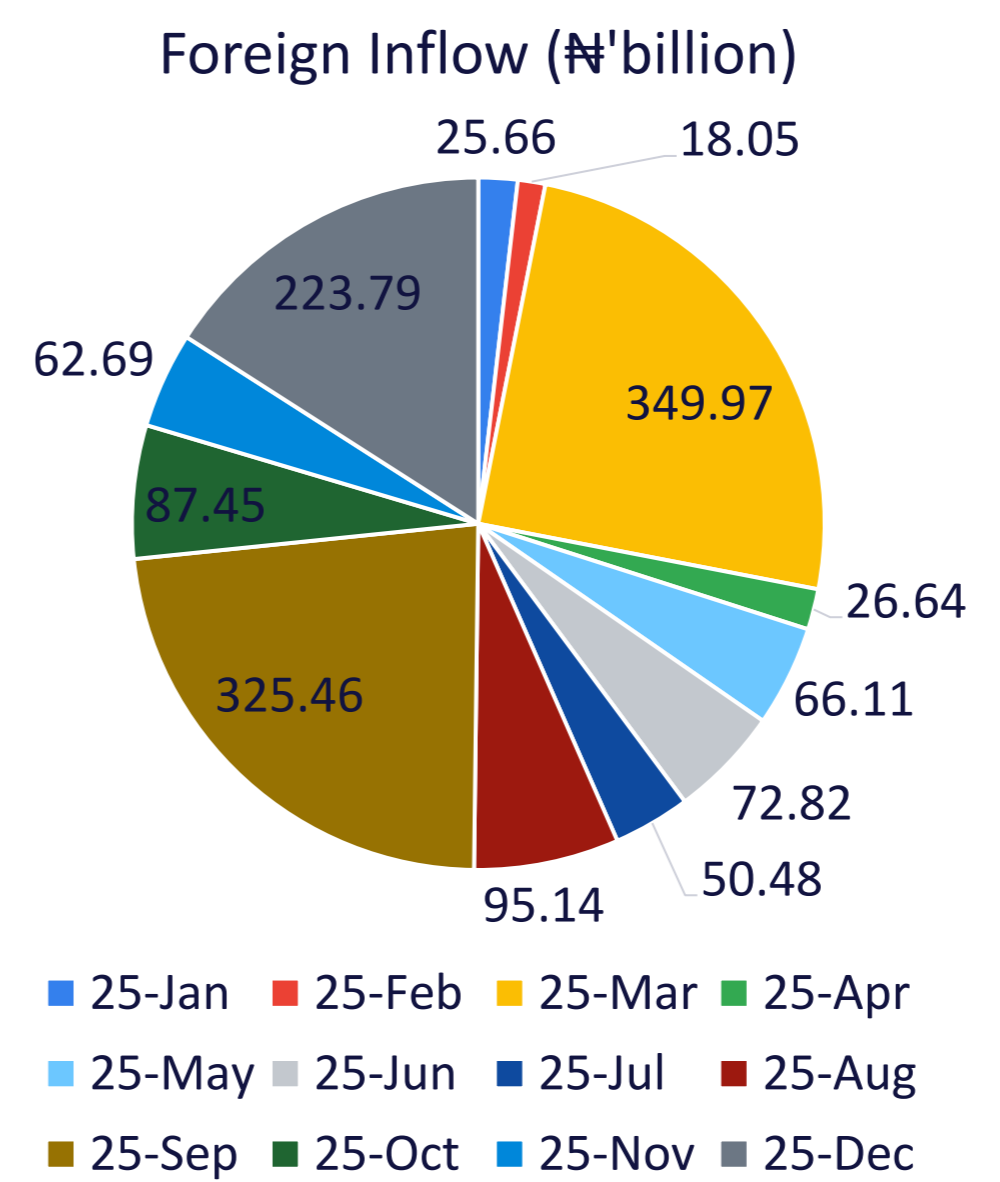
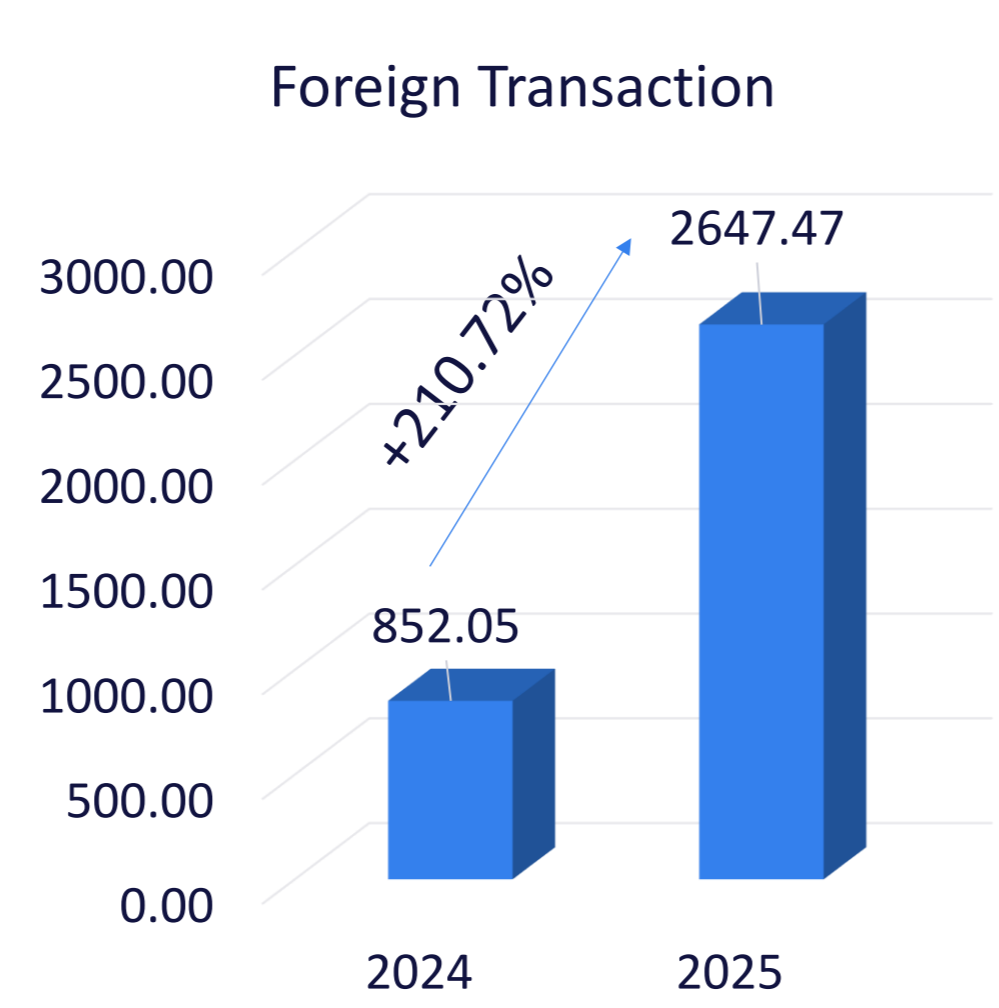
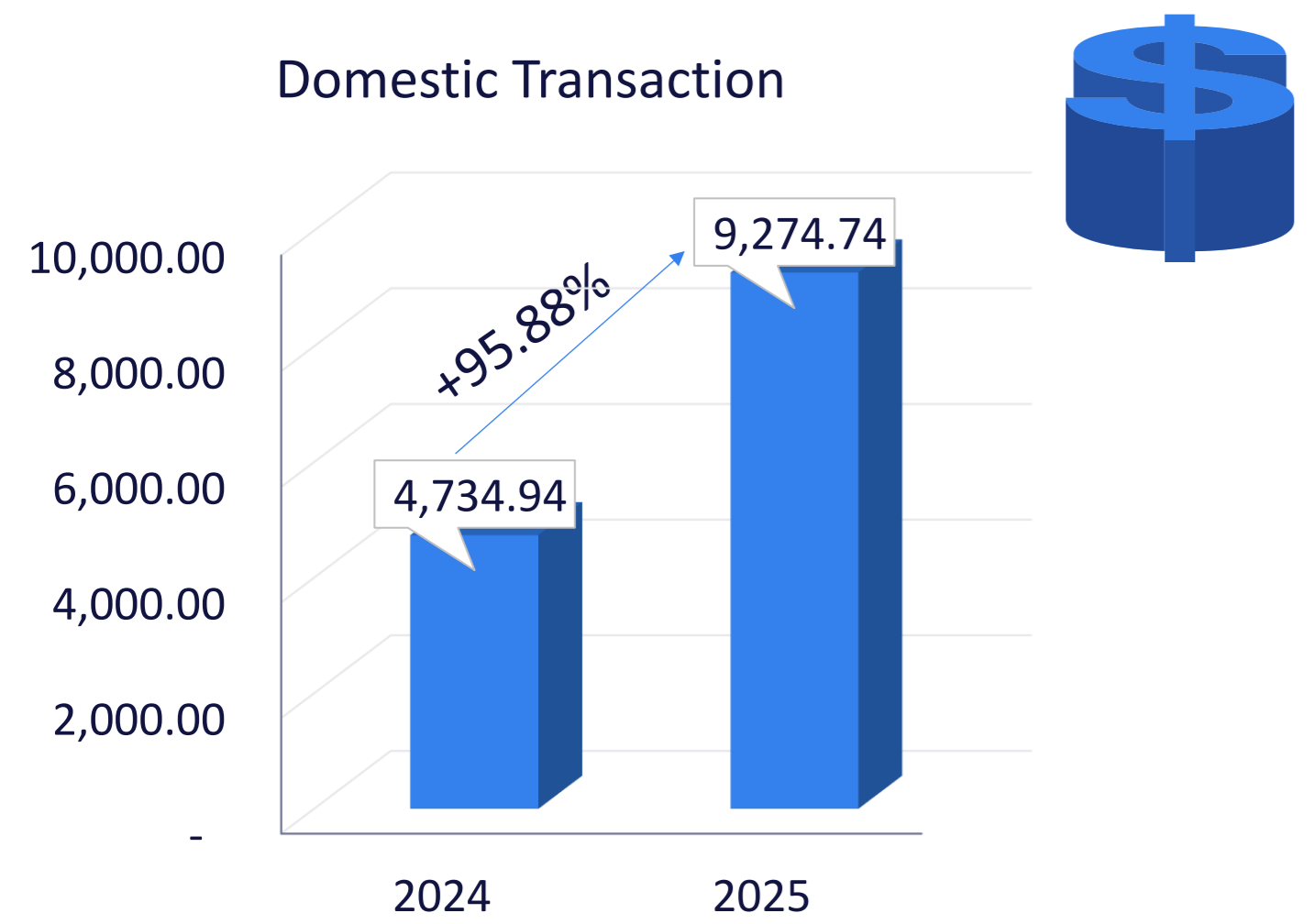
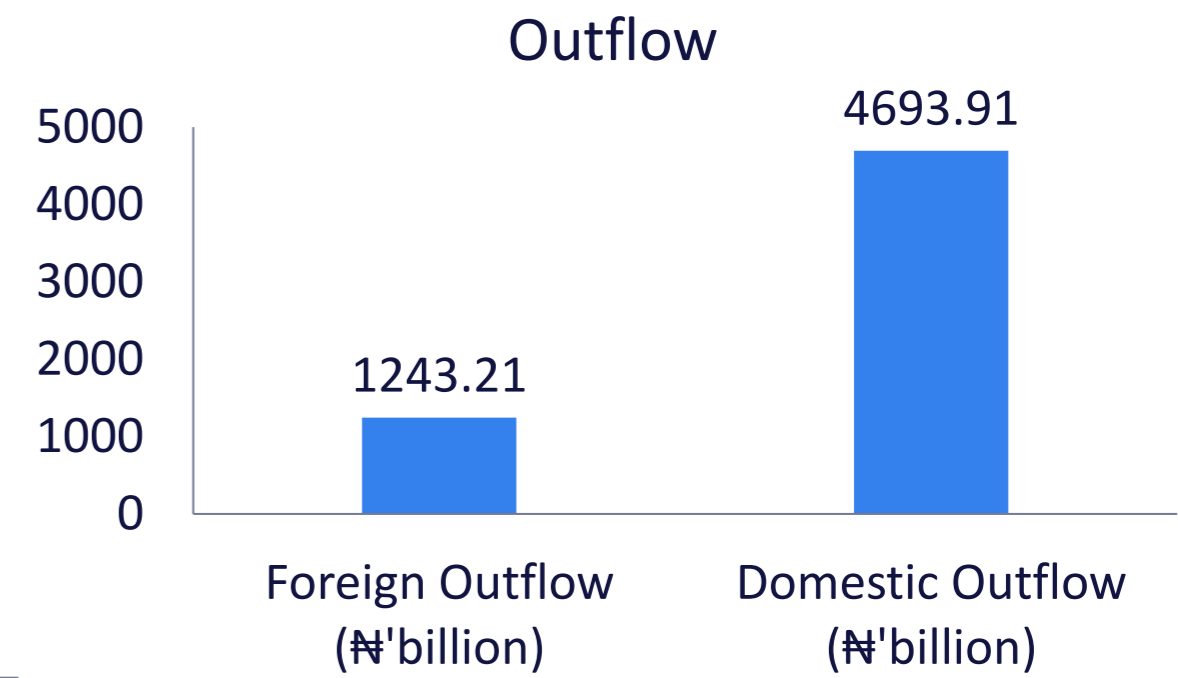
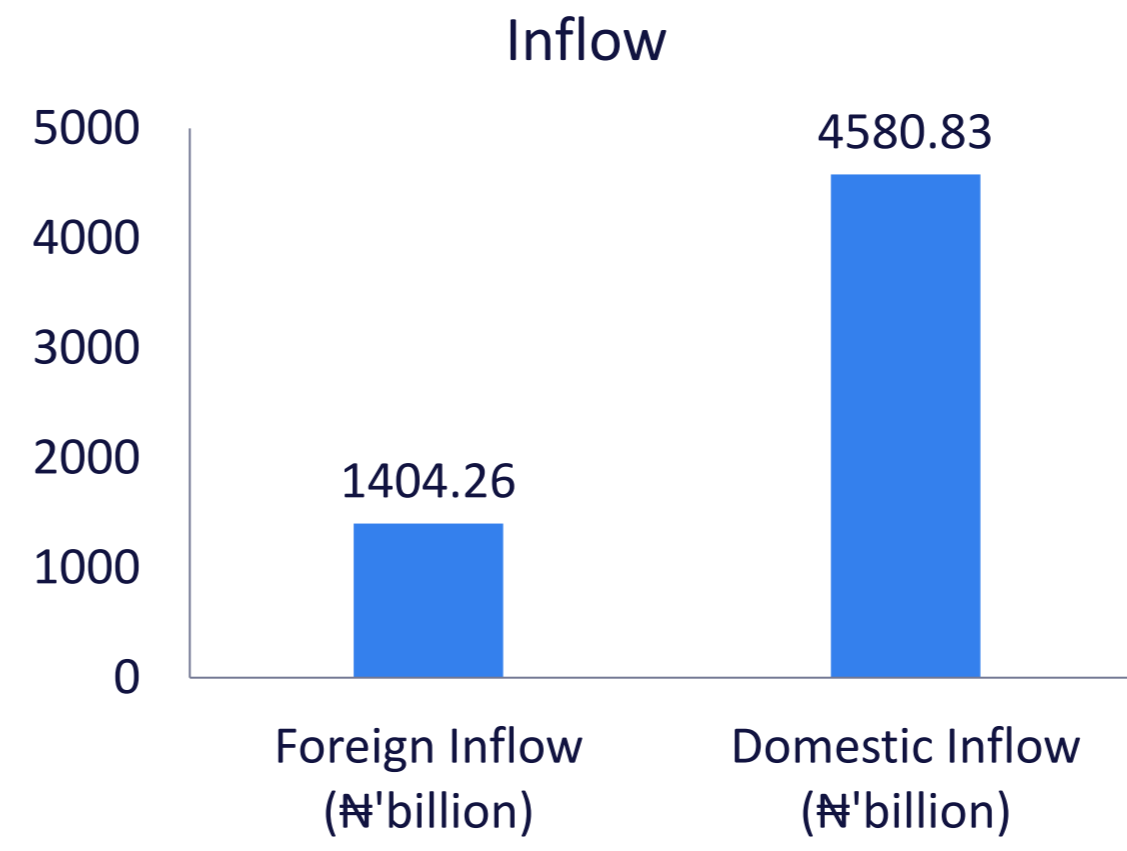
- The Consumer goods profitability and share gains was fueled by FX recovery, cost efficiencies, and renewed demand. Likewise, the Insurance and Banking sector was lifted due to Structural recapitalization, inflows, earnings growth, and dividends.

STOCKS TO BUY IN 2026 AND TARGET PRICE

SN	STOCKS	SECTOR	PRICE @31ST JAN'26	OUR TARGET PRICE	INTRINSIC VALUE	SUMMARY	RECOMMENDATION
1	MTNN	Telecom	₦708.90	₦920.00	₦845.00 from DCF	(1) Most capitalized stock on the exchange. (2) High Data Revenue. (3) Constant Dividend	Long Term
2	ZENITHBANK	Banking	₦81.40	₦118.18	₦120.00 using DDM	(1) Recapitalization. (2) Strong dividend yield. (3) Highly Liquid.	Daily/Long Term
3	GTCO	Banking	₦112.00	₦134.60	₦139.00 using GGM	(1) Most capitalized financial institution on the exchange. (2) Strong return on equity. (3) Consistent dividend payment	Daily/Long Term
4	DANGCEM	Industrial	₦740.00	₦900.00	₦955.65 from DCF	(1) Most capitalized Industrial goods stock on the exchange. (2) Strong demand and Pan African export growth	Long Term
5	ARADEL	Oil & Gas	₦997.00	₦1,250.00	₦1,280.00 from NAV	(1) Recent consolidation. (2) Revenue and EPS growth	Long Term
6	ACCESSCORP	Banking	₦26.50	₦45.60	₦52.47 from NAV	(1) Recent consolidation. (2) Revenue and EPS growth	Daily Trading
7	WAPCO	Industrial	₦170.00	₦240.00	₦230 from DCF	(1) Growth in Revenue and EPS. (2) Debt free statue (No Loans and Borrowing)	Long Term
8	BUACEMENT	Industrial	₦185.00	₦260.00	₦250 from DCF	(1) Increase in Production. (2) Increase in Sale	Long Term
9	PRESCO	Agriculture	₦1750.00	₦2400.00	₦2300 from FCFF	(1) Effective cost management. (2) growth in Revenue from crude and refined palm oil sales. (3). Dividend policy	Long Term
10	UBA	Banking	₦58.00	₦70.00	₦80 from GGM	(1) Strong Pan-African EPS. (2) Highly Liquid and Daily trades	Daily Trading

Domestic & Foreign Portfolio Participation In Equity Trading in 2025

- The total transactions traded on the bourse in 2025 stood at N11.92 trillion, approximately +113% higher than N5.59 trillion traded in 2024.
- Total domestic transactions accounted for about 77.79% of the total transactions carried out in 2025, whilst foreign transactions accounted for about 22.21% of the total transactions, 6.96% higher than its total contribution of 15.25% in 2024 .

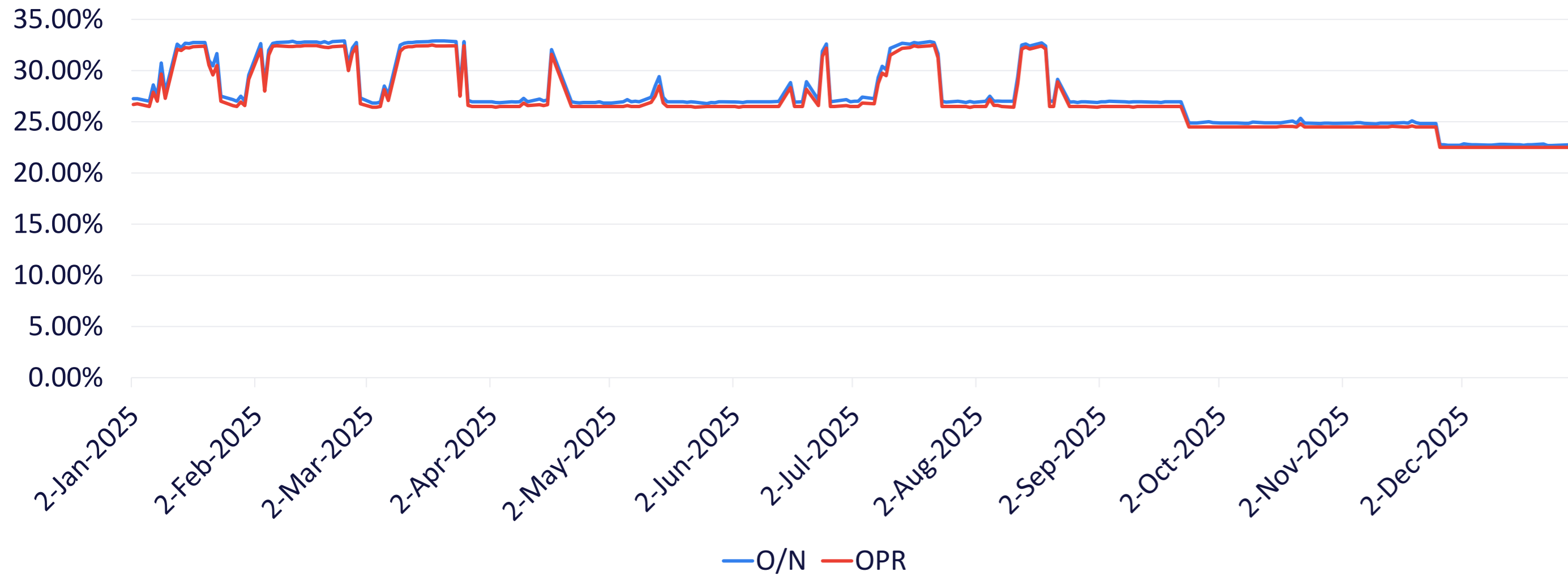


Source: NBS, Atlass

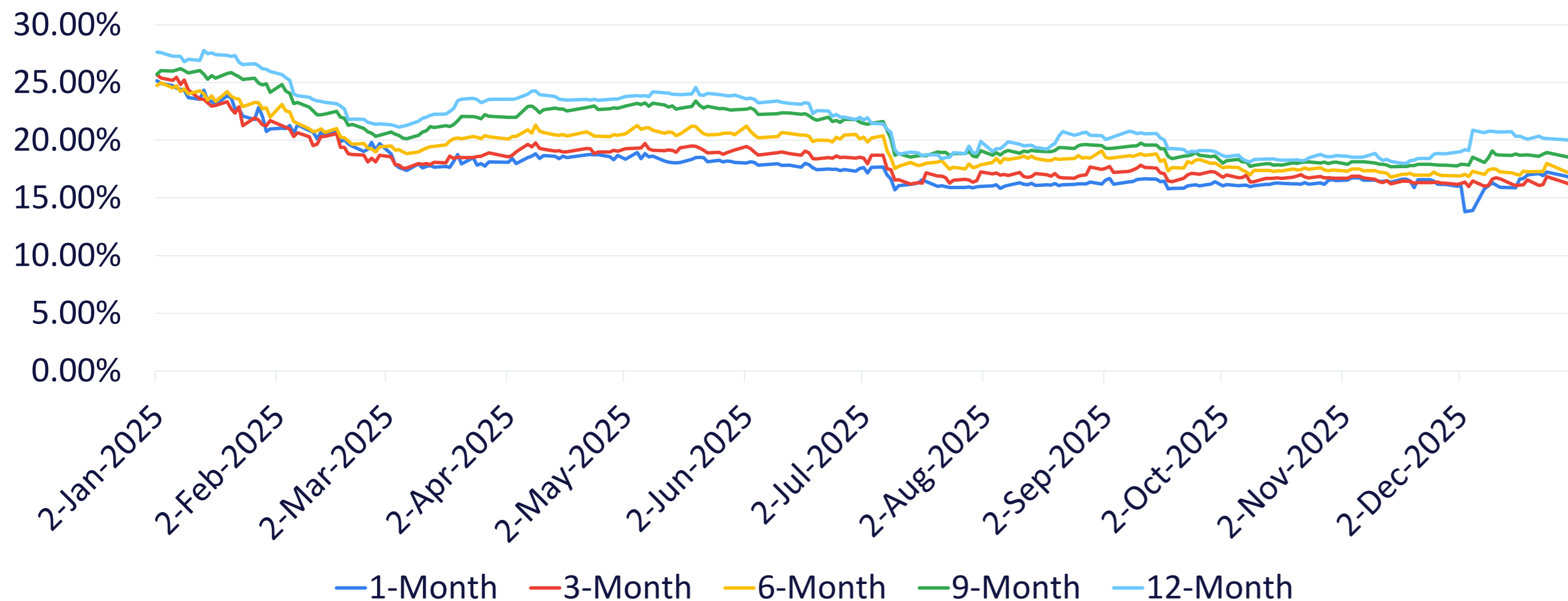
Source: NBS, Atlass

DOMESTIC MARKET – FIXED INCOME

Money Market in 2025



Treasury Bill Yield Movement in 2025



- The Fixed income market was characterized by high interest rates, inflation risk, and liquidity management in 2025.
- In 2025, T-bill yields witnessed a mixed sentiment. Strong demand in early 2025 pulled yields down, but inflation, FX uncertainty, and liquidity pressures pushed yields back up. Then, modest easing in yields reemerged when liquidity loosened.
- The short-term instruments Such as the Open Repo Rates (OPR) and Over Night (O/N) rates also dropped to 22.50% and 22.75% in December from 26.69% and 27.25%, respectively, in January.

OUTLOOK FOR 2026

- We forecast the global economy to grow by 2.90% in 2026, due to the trade tension, which has led to rising global uncertainty and policy changes. Headline inflation in advanced economics continues to fall toward the Central bank targets, therefore, we expect global inflation to ease to 3.95% in 2026.
- **Nigeria's economy** is forecasted to grow by about 4.50% in 2026, building on an estimated 3.87% expansion in 2025. Strong performance in the non-oil sectors, particularly services like (financial services, telecommunications, and information technology), as well as the Consumer good and Agricultural sectors are expected to contribute to the growth.
- Nigeria's crude oil production is expected to increase in 2026, influencing the country's foreign inflows. Budget assumes \$64.85/bbl oil price and production ranging from 1.84 – 2.00 mbpd. Market prices is currently outperforming the benchmark due to geopolitical instability. However, the excess income generated should be treated with caution, as it does not currently address the underlying production shortfalls.

OUTLOOK Cont. ...

- The country's macroeconomic environment in 2026 will be defined by a sustained disinflationary trend, following the significant price volatility of 2024 – 2025. Headline inflation, which moderated to approximately 15.1% in early 2026 is projected to range between 14 – 17% in 2026. While monetary tightening and improved FX liquidity have anchored the moderation, structural headwinds such as energy costs and supply side food constraints remain key risk to the speed of convergence toward a single digit targets.
- Despite the 50-basis point cut to the MPR, the market has not yet embraced a bullish yield compression. Therefore, we expect the yield curve to remain relatively flat or sticky at the long end, while the short end may react more quickly to liquidity shifts, the 364-day Treasury Bill and Long-tenor FGN bonds will attract the strongest demand because investors remain convinced that disinflation will be linear.
- The Nigerian equity market is poised for continued growth in 2026. This optimism is underpinned by factors such as ongoing Financial sector recapitalization, anticipated monetary policy easing by the Apex Bank as inflation moderates , and robust corporate earnings, FX ease, New listing and right Issue/Offer, Interim Dividend/Bonus. However, investors should remain vigilant of potential risks, including policy shifts, 2027 Election campaign, and global economic uncertainties, that could impact market performance.

THANKS