2025 OUTLOOK

MINING GOLD IN THE GRIT

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Steering Toward Solid Footing

Global growth in 2025 is projected to rise, supported by expansionary fiscal policies, robust consumer spending and domestic demand. While inflation is expected to ease, rising tariffs, wages, and trade disruptions may elevate it. Also, trade growth could be tempered by US protectionism, geopolitical tensions and rising subsidies.

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Hard-Won Progress, Still at Risk

Despite ongoing structural challenges, high debt levels, and political instability, we expect a moderate growth for SSA driven by resilient non-commodity sectors, increased resource exports, and improved regional stability. However, shifts in US policy could pose risks to growth prospects.

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Path to Steady Terrains

The oil sector is poised for growth in 2025 driven by improved security across oil infrastructure, strategic investments and growth policies in the sector, amongst others. Furthermore, anticipated stability in exchange rate alongside potential benefits from fiscal policies could boost the non-oil sector’s growth. Furthermore, with a successful CPI rebasing exercise, 2024’s high base effect and Naira stability, inflation figures are expected to moderate in 2025.

Equities Market and Strategy 33

Bulls to Maintain Dominance

We expect investors broad upbeat mood to outweigh occasional lackluster sentiments during the year. Factors such as corporate actions, improved forex liquidity, and positive earnings performance are poised to further tilt investor sentiment towards equities assets.

Fixed Income Market and Strategy 57

Expected Change in Yield Curve

We expect yields to trend lower following the expected ease in inflation and possible rate cut in the second half of the year. Also, the CBN’s push for price stability supports the government's desire to keep borrowing costs manageable, thus keeping yields range-bound. Meanwhile, we expect intermittent volatility influenced by macroeconomic conditions.

Alternative Investments 64

Alternative Assets Remain a Treasure Trove

Our outlook for cryptocurrencies and precious metals remain positive as it serves as an investment hedge, keeping it attractive to investors. Additionally, Trump’s victory - which indicates positive policies regarding cryptocurrency is expected to increase investors optimism on these assets. However, the struggles faced by the real estate sector such as weak demand may cap the sentiments.

Executive Summary

Despite tightened monetary policies in response to the pandemic and the Russia-Ukraine war-induced global inflation, growth in major advanced economies over the past two years has exceeded expectations, demonstrating resilience in the face of significant challenges. This resilient growth has been driven by strong private and government spending and sustained supply chain normalisation. Furthermore, the gradual loosening of monetary policies particularly in the second half of the year, has provided further support in sustaining growth momentum in 2024.
We expect sustained growth in 2025, driven by further fiscal and monetary expansionary policies, and rebound in consumer spending.

In the domestic scene, we anticipate oil production to ramp-up, driven by improved security measures across oil infrastructures and sustained sector reforms. In addition, the resumption of local refineries is expected to bolster the overall sector performance. Beyond oil, growth in financial services and telecoms sector are expected to make significant contributions to the broader economic outlook. While inflation is expected to moderate, largely due to a more stable exchange rate, normalization of previous price shocks and base effect from 2024, monetary easing is unlikely till the latter part of 2025.

The Nigerian equities market recorded mixed performance in 2024. Gains were driven by strong corporate earnings and sector-specific growth, particularly in sectors like banking, industrials, and oil & gas. However, volatility persisted due to monetary tightening by the Central Bank of Nigeria and inflationary pressures.

We maintain a cautiously optimistic outlook for 2025, driven by expectations of improved macroeconomic conditions, stronger corporate earnings, new listings, relative stability in the exchange rate, and a potential moderation in yields. However, persistent risks such as inflationary pressures which could lead to higher fixed income yields remain key concerns, as they could dampen investor sentiments and weigh on the performance of the local bourse.

The fixed income market is expected to remain attractive, with the potential for moderation in yields if inflation tapers and monetary policy eases.

Global interest rates are likely to trend lower overall, with central banks prioritising economic stabilisation amid slowing growth and easing inflation. Key economies are expected to cut rates modestly, as inflation nears target levels.

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What could drive global economic growth in 2025 ?

Global growth is expected to be driven by expansionary fiscal policy in various economies, improvement in manufacturing, services & technology-driven sectors, and improvement in China's property sector (the second largest world economy).

Key themes we expect to shape 2025

China's government is actively implementing policies, such as rate cuts and liquidity support, to stimulate domestic demand. These efforts are expected to drive stronger demand and output growth.

How will Trump's policies impact the global economy

Trump's 2025 policies, including tariffs and trade restrictions, could strain global supply chains, weaken trade flows, and slow economic growth, particularly in export-dependent economies.

Global Economy:

Global Growth: On the Path to Stability

Economic growth across major advanced economies for the past two years largely defied wide expectations of slow growth and recession as it remained resilient despite the higher-interest environment and subdued demand in the Chinese economy. Driven primarily by strong private and government spending, the series of previous rate hikes had limited impact on broad economic growth as economies recovered from the pandemic and Russia-Ukraine conflict-induced shocks, global inflation surge and monetary policy tightening across economies.

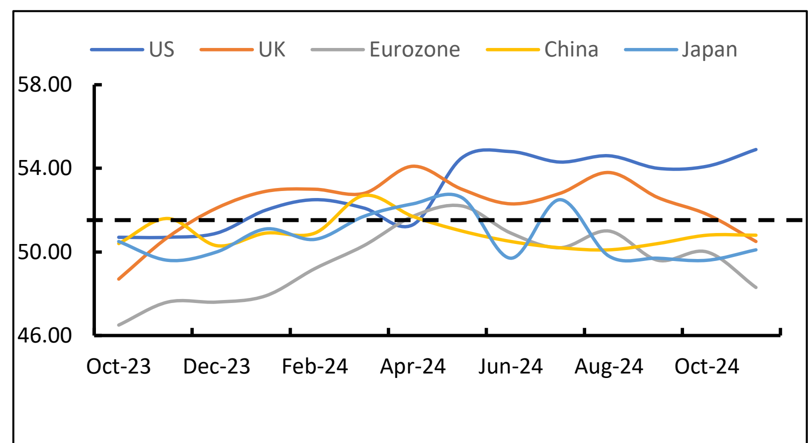
The significant tilt in monetary tightening and improved business and consumer confidence also supported the recovery in 2024. The S&P Global Purchasing Manager's Index (PMI) readings improved to 52.40pts in November 2024 from 51.00pts in December 2023, signifying increased investment spending in the economy as new orders improved within the period. Interestingly, of the major advanced economies under our coverage universe, only the UK and Japan recorded two quarters of negative growth (i.e. recession) but this was short-lived as the recovery occurred in the following quarter.

Table 1: Economic Growth of Major Advanced Economies

	Q3:22	Q4:22	Q1:23	Q2:23	Q3:23	Q4:23	Q1:24	Q2:24	Q3:24
US	3.10%	2.60%	1.70%	2.40%	2.80%	3.30%	1.60%	3.00%	2.80%
UK	-0.10%	0.10%	0.20%	0.00%	-0.10%	-0.30%	0.70%	0.50%	0.10%
Eurozone	0.40%	0.10%	0.00%	0.10%	0.00%	0.10%	0.30%	0.30%	0.40%
China	4.60%	2.90%	4.50%	6.30%	4.90%	5.20%	5.30%	4.70%	4.60%
Japan	1.20%	0.60%	2.40%	1.70%	1.10%	0.70%	-0.90%	-0.90%	0.50%

Source: Bloomberg, Meristem Research

Chart 1: PMI Across Major Advanced Economies (pts)

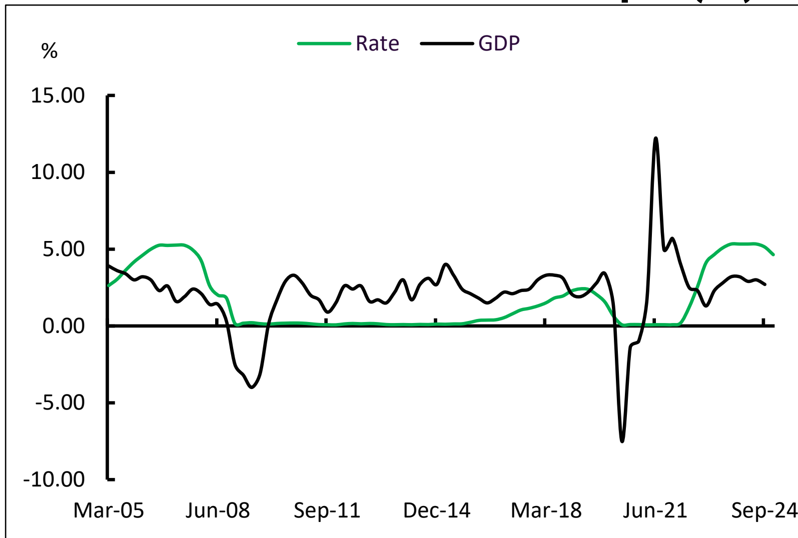


Source: Bloomberg, Meristem Research

Growth in the US has improved, estimated by the IMF to close 2024 at 2.80% YoY (vs 2.40% in 2023FY). In Q3:2024 standalone, the US economy grew by 2.80% YoY largely due to increased consumer spending, which rose 3.70% in Q3:2024, the highest since Q1:2023. This growth occurred despite the impact of rate hikes and an increase in the unemployment rate to 4.01% from 3.46% as wage growth remained strong.

For 2025, we expect economic expansion to remain strong in the US as the incoming Trump administration is likely to adopt a range of expansionary policies to boost economic growth. Central to its agenda is the proposed tax cuts, which are expected to enhance disposable income and improve corporate profitability. The administration also plans to boost oil production by lifting restrictions on drilling and pipeline projects, reinforcing energy independence. Furthermore, a focus on deregulation across sectors such as energy and technology aims to lower compliance costs, encourage innovation, and stimulate private sector activity.

Chart 2: Rate Hike vs Economic Growth Impact (US)

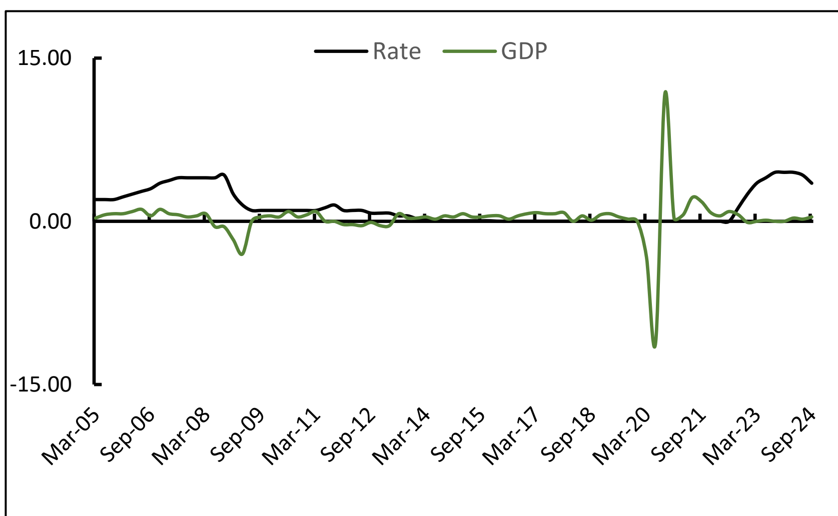


Source: Bloomberg, Meristem Research

The Eurozone recorded its strongest growth since Q3:2022, expanding by 0.90% YoY in Q3:2024 driven by a rebound in Germany (the region's largest economy), which posted a 0.20% YoY growth following a contraction of 0.30% YoY in Q2:2024.

However, our outlook for the Eurozone remains subdued. We anticipate a slower recovery in growth due to persistent weaknesses in consumption and structural issues in Germany. Additionally, the region could face headwinds from potential US tariffs- which may further depress Europe's already struggling manufacturing sector- though the direct inflationary impact of these tariffs may be less significant.

Chart 3: Rate Hike vs Economic Growth Impact (Eurozone) (%)



Source: Bloomberg, Meristem Research

Conversely, the UK saw its slowest growth of the year, with GDP expanding by a meagre 0.10% YoY in Q3:2024, a significant deceleration from the 0.50% recorded in Q2:2024. This growth, however, is an increase from the contraction recorded in Q3:2023 (0.10%). This was supported by an expansion in the services sector (+0.10%) and a robust 0.80% increase in the construction sector.

The UK is set to implement significant policy adjustments in 2025, including a 6.73% increase in the National Living Wage to GBP12.21, alongside a substantial 16.28% rise in wages for 18 to 20-year-olds to GBP10.00. Additionally, pension is projected to grow by 4.09%, reaching GBP230.25 weekly. Government spending is also set to expand in 2025, with capital investments increasing by GBP13.00bn to GBP131.00bn, focusing on transportation, affordable housing, education and road infrastructure. While these measures have the potential to improve the UK's sluggish economic growth, they may also exacerbate inflationary pressures- which surged to an eight-month high in November (2.60%). This, in turn, could prompt a less accommodative policy stance from the Bank of England.

In Asia, the Japanese economy expanded by 1.20% YoY (vs 0.90% in Q2:2024 and 1.10% Q3:2023). This was primarily supported by improved consumption, as wages rose for the first time in several years, significantly bolstering household spending.

For Japan, we anticipate stronger wage growth, which is expected to continue driving consumer spending and domestic demand, particularly in the retail and services sectors. Also, we expect the impact of corporate efforts to address labour shortages alongside government initiatives to increase workforce participation to sustain economic activity. Additionally, targeted fiscal policies on infrastructure development, renewable energy, and digital transformation are poised to enhance productivity and support long-term growth.

The Chinese economy expanded by 4.60% YoY in Q3:2024 (vs 4.70% in Q2:2024)- its lowest expansion since Q3:2023. The slower growth was influenced by weaker aggregate demand due to the property downturn and restrained private consumption. Exports remained the major contributor to growth, expanding by 6.20% during the period. However, by November, there were signs of economic recovery as the Manufacturing PMI reached 50.30pts in November 2024 (vs 49.00pts in December 2023).

Looking ahead to 2025, the Chinese economy is positioned for recovery, as recent and potential policy measures take effect. For context, in September and October 2024, the People's Bank of China (PBOC) implemented aggressive monetary stimulus, including a larger-than-expected reduction in the policy interest rate, a 0.50% cut to the reserve requirement ratio (RRR) to inject liquidity into the financial system, and a 20bps cut to the seven-day reverse Repo rate. Also, Loan Prime rates and deposit rates were adjusted lower to boost lending and economic activity. Additionally, to address challenges in the property sector, which has been in decline since 2021, mortgage rates on existing homes were lowered by 0.50%, delivering significant interest savings for homebuyers. These measures aim to ease financial burdens, stimulate household spending, and revitalise property investments.

However, the trade tariffs that are expected to be imposed by the Trump administration could dampen exports for the Chinese economy in 2025, given that the US is China's leading export destination. We highlight the possibility of a trade war between the US and China in the event of retaliatory actions from the latter. However, China may re-route its US export volumes to where demand may be buoyant. They could also re-route through other countries to the US. This could likely provide respite to its international trade dynamics.

Conclusively, the IMF revised its global growth forecast upwards for 2024FY to 3.20%, a slight increase from the previously anticipated 3.10%. This comes on the back of expected gains from monetary easing, stronger-than-expected resilience in the first half of the year and sustained supply chain normalisation. However, given that the monetary tightening had less of an impact on global growth than would have typically been recorded, we also do not expect the monetary easing to be the major catalyst for growth in 2025. Thus, expected expansionary fiscal policy in various economies, improvement in manufacturing, services & technology-driven sectors, and improvement in China's property sector (second largest world economy) should significantly impact growth outcomes for 2025.

Global Inflation:
2024's Victory, Is the Fight Over?

2024 marked a significant recovery phase from the global inflation surge, with inflationary pressures easing below or close to the Central Bank's target across major economies- UK, US and Eurozone. However, in the Asian region, inflation remained stubbornly high, particularly in Japan and China, reflecting downward stickiness of prices.

The easing of post-pandemic supply chain disruptions, monetary policy tightening, and a gradual normalisation in labour markets contributed to moderating inflation. Central banks played a critical role in anchoring inflation expectations, effectively preventing wage-price spirals that could have reignited inflationary pressures.

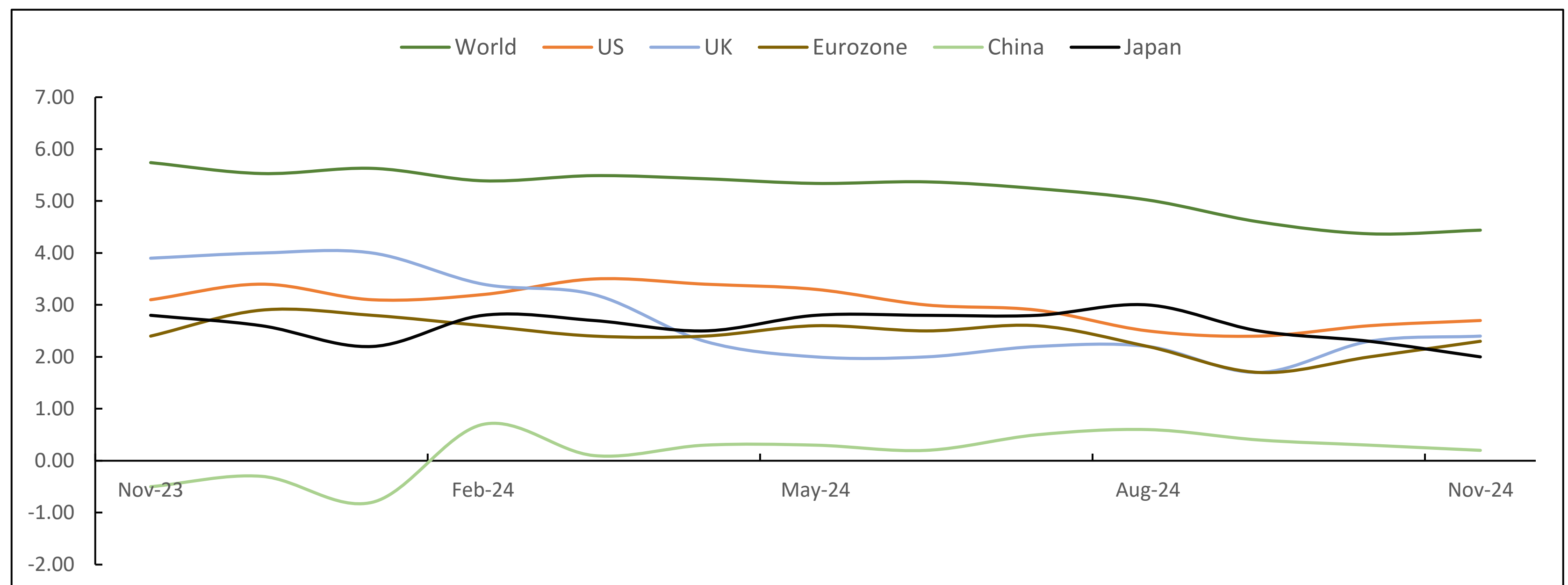
A reversal of the disinflation trend occurred in October and further into November as headline inflation edged higher to 2.70%, 2.60% and 2.20%, respectively for the US, UK and Eurozone, up from 2.60%, 2.30% and 2.00% in October and 2.40%, 1.70% and 1.70% in September 2024, respectively. This was driven by higher prices of services, food, alcohol & tobacco, which outweighed the lower energy prices during the period.

While we do not expect tight inflationary pressures to return, there are upside risks that could impact the disinflation trend. In the US, factors such as potential trade disruptions from tariff impositions, a tight labour market exacerbated by expected immigration restrictions, lower taxes, and lingering seasonal effects are likely to heighten inflationary pressures in the country.

For the Eurozone, inflation is projected to continue moderating despite a recent reversal of the disinflationary trend at the end of 2024. However, downside risks persist, as inflation could rebound in response to the cumulative effects of four consecutive rate cuts in 2024.

In Asia, Japan is set to experience higher inflation this year, due to improving economic conditions, rising wages, and the sustained pass-through of wage increases into prices. Conversely, China's inflation is likely to remain on a downward trajectory, primarily driven by subdued domestic demand and historically low household income growth, which continue to constrain consumer spending.

Chart 4: Inflation Rates in Major World Economies (%)



Source: Central Banks, Bloomberg, Meristem Research

Global Monetary Policy Shift in H2:2024: A Strategic Easing Cycle

Table 2: Monetary Rate Path in 2024

Maintained | Ease | Hike

	H1:2024						H2:2024					
Central Bank	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
The FED												
BOE												
ECB												
PBOC												
BOJ												

Source: Bloomberg, Meristem Research

As we discussed in our half-year outlook, the pivot towards monetary policy easing began in H2:2024 with many Central Banks carrying out measured rate cuts, signalling an end to the tightening cycle (as depicted in the table above). The Peoples Bank of China (PBOC), which began its accommodative stance much earlier, implemented additional rate cuts and liquidity measures to bolster its faltering recovery and address persistent structural challenges. Also, the Bank of Japan (BoJ) shifted away from its longstanding ultra-loose stance with a departure from the negative interest rate framework. We also observe the significant impact of tightening on the Japanese Yen as it appreciated marginally between July and October following its first rate hike in 17 years. The Yen however remained weak all through experiencing the most volatility in 2024 amongst other major advanced economies in our coverage.

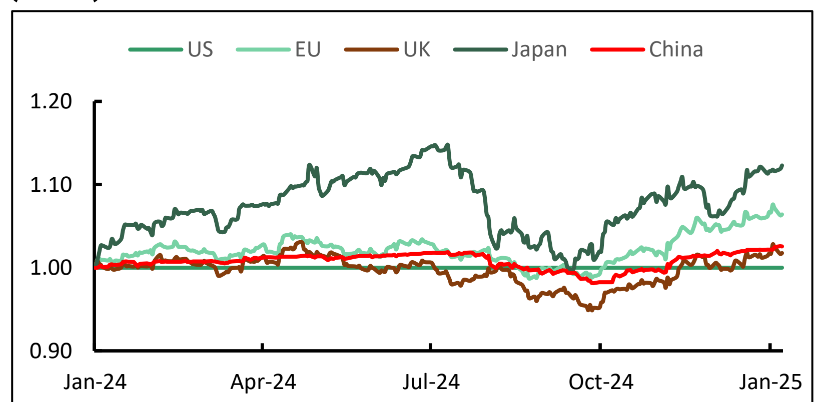
As 2025 approaches, the world's major economies stand at crossroads, grappling with the delicate balance between growth ambitions and price stability. We expect monetary easing to persist, albeit with a cautious watch on potential inflation-stoking factors.

In the US, we see the case for additional rate cuts throughout 2025, provided inflation continues to cool. The Fed is set to meet 8 times in 2025, and we project a 25bps rate cut apiece in 4 out of these 8 meetings.

In the United Kingdom and the Eurozone, we foresee a bias toward prolonged rate pauses. Further rate cuts could become a reality if inflation remains firmly near target levels or if economic growth due to the robust budget is less than anticipated and economic conditions and growth levels deteriorate significantly.

Meanwhile, China is expected to ramp up easing measures and liquidity support. Further reductions in the one-year loan prime rate (LPR) – *which serves as the benchmark for most new and existing loans* – are expected as authorities aim to boost domestic demand and address liquidity challenges from higher tariffs. For Japan, the BOJ will likely evaluate the impact of previous adjustments. Should inflation remain persistently above target and wage growth continue to strengthen, the BoJ may opt for additional tightening of short-term rate.

Chart 5: Exchange Rate YtD Movement Per US Dollar (2024)



Source: Bloomberg, Meristem Research

Fiscal Policy in 2025: Same String, Different Pull

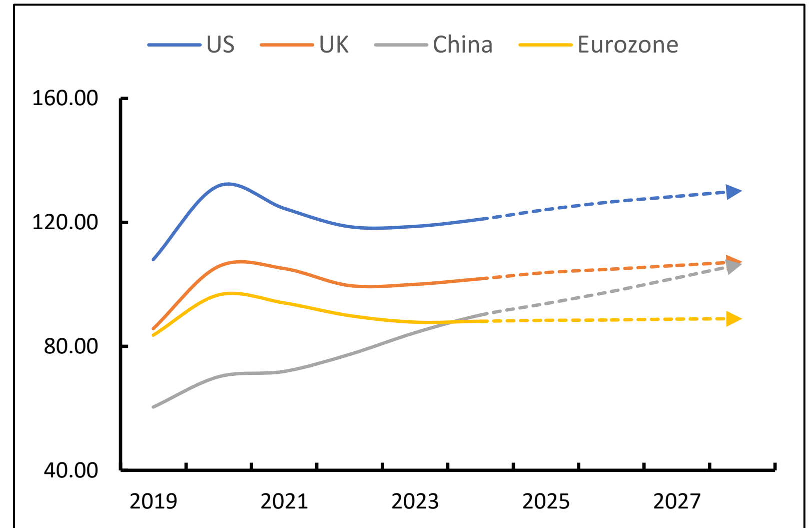
The global fiscal landscape in 2024 was shaped by the interplay of structural challenges, geopolitical uncertainties, and election-targeted preparations. Fiscal stance in most economies was mostly expansionary as government interventions, election-related spending and fiscal support measures drove spending and fiscal deficit higher. Global debt remained elevated, with rising interest rates intensifying debt servicing challenges, particularly in emerging markets and debt-heavy developed economies. The IMF estimates that global public debt rose above USD100.00trn in 2024, with public debt as a percentage of global GDP rising above 93.00%. With global inflationary pressures largely flaming out, emphasis should shift towards fiscal consolidation, strengthening fiscal buffers, and reducing public debt levels.

The US fiscal direction under Trump is anticipated to be a mix of complex and strategic policies. Federal debt levels are expected to stay elevated, especially if tax cuts are extended without significant offsets. While business-friendly policies may bolster growth and investor confidence, the resulting expansionary pressure on deficits will require careful management as the large fiscal deficit and high debt service cost is expected to persist.

China's fiscal policy will likely remain expansionary, with priorities on driving investments and domestic demand to advance manufacturing, stabilise its housing sector, and increase spending on infrastructure.

In the Eurozone, labour market dynamics and demographic shifts will likely influence fiscal strategies. The debt-to-GDP ratio is expected to decline, driven by fiscally prudent economies like Germany, which plans to adhere to its constitutional debt limit in 2025. Regional spending will likely focus on green energy, digitalisation, and infrastructure, supported by the EU's Recovery and Resilience Facility.

Chart 6: Government Gross Debt to GDP (2019-2028F)



Source: IMF, Meristem Research

With inflation in the UK moderating from January 2024's peak of 4.00%, fiscal policy is expected to focus on pro-growth measures, including investment incentives and targeted social and infrastructure spending, while increasing revenue through indirect taxes and tariffs. Despite efforts at fiscal consolidation, public sector net debt is expected to rise slightly.

Table 3: Top sector picks to benefit from Trump's fiscal policies

Sector	Outlook
Energy	The energy sector is expected to see continued deregulation, expanded drilling rights, and tax incentives, boosting domestic production of oil and natural gas in the US, while lowering operational costs and increasing profitability for energy companies.
Defense	A focus on national security suggests continued increases in defence spending, boosting military budgets, defence contracts, R&D, and export opportunities for US defence equipment.
Construction and Infrastructure	We expect a push for major infrastructure projects, reflecting his focus on modernising roads, bridges, and airports. Increased spending and public-private partnerships could boost jobs and sector's growth.
Manufacturing	Reinforcing Trump's "Made in America" focus, advocating tariffs, tax breaks for manufacturers, and reshoring incentives. These measures could bolster domestic industries but risk higher consumer prices and trade tensions.
Technology	The technology sector is anticipated to receive a boost through deregulation, increased research and development funding, tax incentives, and policies supporting domestic production of emerging technologies like AI with a clear goal to reposition the US in the technology market.

Table 4: Scenario for US 100% Tariff Hike on BRICS Nations (Figures Estimated from WTO Assumptions)

Category	Worst Case Scenario	Base Case Scenario	Best Case Scenario
Global Trade	• Global trade could suffer severe contraction due to extensive retaliatory measures leading to a decline in trade volumes by 10-15%. • WTO disputes escalate, undermining multilateral trade agreements.	• Trade volumes between the US and BRICS decline by 20-30%. • Diversification of trade flows to non-BRICS countries.	• Tariffs implemented selectively, sparing key sectors. • Bilateral agreements reduce long-term impacts.
Inflation	• Inflation rises sharply in the US, (~3-5%), driven by higher consumer and industrial goods prices. • BRICS face inflationary pressures due to currency depreciation and supply costs.	• Inflation rises modestly in the US (~1-2%), driven by higher import costs. • BRICS experience localised inflation spikes in targeted sectors.	• Inflation in the US remains contained (~0.5-1%) due to selective tariff applications. • BRICS economies experience minimal inflationary impact.
Fiscal Policies	• Both US and BRICS implement aggressive fiscal measures, including subsidies and tax breaks for domestic industries. • Rising deficits and borrowing costs for both US and BRICS.	• US budget deficits may widen as fiscal revenues are impacted by retaliatory tariffs. • BRICS nations increase fiscal support to stabilise key sectors.	• Fiscal policies remain stable as revenue impacts are minimised. • Limited need for additional fiscal support measures.

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Global Trade 2024:

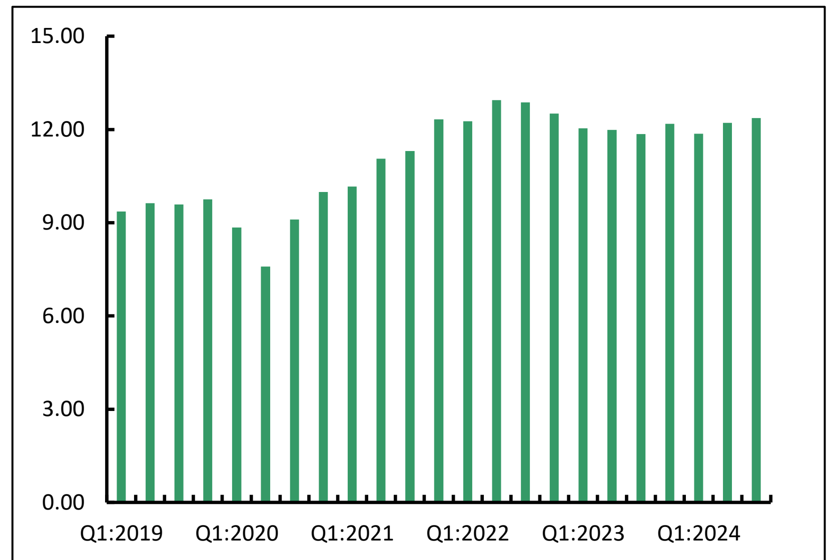
Resilience Amid Challenges and Shifting Dynamic

Global trade in 2024 is estimated to have achieved a record high of USD33.00trn exhibiting a steady recovery, sustaining the momentum from the second half of 2023. This was reflected by a resilient 3.30% annual growth and a USD1.00trn increase compared to the previous year, according to the UNCTAD. This robust performance underscores the resilience of global trade amid persistent challenges such as geopolitical tensions, inflationary pressures, and supply chain disruptions. Key drivers of this growth include a 7.00% annual expansion in services trade (which accounted for half of the total trade growth), marking a clear divergence from goods trade (which rose by 2.00% but remained below its 2022 peak of 26.90%).

While part of the growth in services trade can be attributed to services price inflation, it also benefitted from heightened demand in high-value sectors like IT, financial services, and tourism. However, the trajectory of services trade slowed significantly in H2:2024 after a rapid growth earlier in the year. Thus, signalling a potential normalisation in demand as global economic conditions stabilised. Developing economies initially led the recovery in trade, consistently outpacing developed nations during the first half of the year. However, this trend reversed in Q3:2024, with developed markets driving trade expansion amid stronger macroeconomic conditions and easing inflation.

Meanwhile, East Asia experienced stalled growth, as several large Asian developing economies recorded negative trade performance, further highlighting regional disparities.

Chart 7: Global Trade Movement USD'mn (2019-2024)



Source: WTO, Meristem Research

We envisage a moderate growth for global trade in 2025, supported by stabilising inflation, steady economic forecasts, and improved business activity, (particularly in early 2025). However, this optimism is tempered by significant risks, including potential shifts in US trade policy toward broader protectionism, which could disrupt global value chains and prompt retaliatory actions, amplifying trade barriers. Rising subsidies and trade-restrictive measures driven by climate commitments and industrial policy priorities are likely to dampen trade growth in key sectors.

Additionally, geopolitical tensions and uncertainty around US dollar strength—amid potential interest rate cuts—further complicate the trade outlook. While declining shipping costs suggest lower global demand for goods, this trend also signals reduced pressure on supply chains.

Commodities

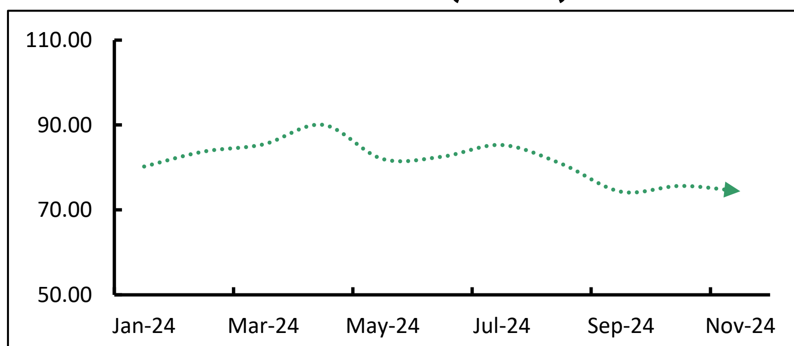
Energy: Stable Outlook for Oil Prices in 2025

For much of 2024, global oil prices remained elevated, with Brent crude averaging USD83.78 per barrel in the first eight months, peaking at an average of USD90.05/bl in April, reflecting a tightened oil market. The lingering effects of the Israel-Hamas war intensified supply concerns amid fears of potential escalation in the Middle East, supporting higher prices.

However, by September, Brent crude experienced a notable decline, averaging USD74.29/bl. This was primarily driven by China's shift toward cleaner energy sources, including the increasing adoption of electric vehicles and CNG-powered transportation, alongside slowing economic growth, which weakened the outlook for global oil demand. These bearish factors outweighed the renewed geopolitical risks at the time (including the looming possibility of a new Israel-Iran face-off). Consequently, OPEC revised its global oil demand growth forecast downward for the fourth consecutive time. Demand is now expected to rise by 1.82 million barrels per day (mbpd) in 2024 (previously 1.93 mbpd) and by 1.54 mbpd in 2025 (down from 1.64 mbpd), largely reflecting reduced consumption in China, India, and other key regions.

Looking ahead to 2025, oil prices will face competing forces: rising US oil supply, driven by Trump's pro-oil policies, could place downward pressure on prices, while OPEC+ production cuts and China's economic stimulus measures are expected to support demand and stabilise the market. However, escalating US-China trade tensions may weaken global economic growth and energy demand. Overall, oil prices are projected to average between USD70 to USD80 per barrel, with upside potential if OPEC+ production cuts hold and China's recovery strengthens, but downside risks remain if US supply surges or trade conflicts escalate.

Chart 8: Brent Crude Oil Price (USD/bl) Trend for 2024



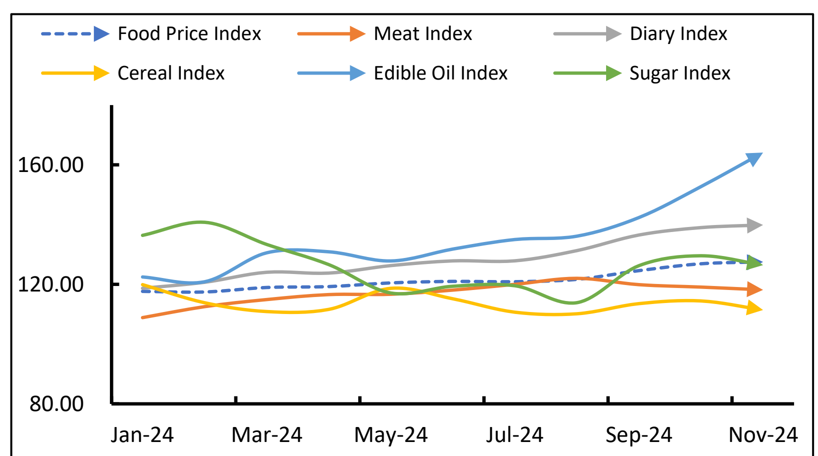
Source: World Bank, Meristem Research

Food : Modest Recovery Amid Persistent Risks

In 2024, global food prices rose steadily, with the FAO Food Price Index reaching 127.50pts in November (from 117.65pts in January), driven primarily by a surge in food oil prices. The FAO Food Oil Price Index climbed to 164.10pts, up from 122.47pts in January, due to supply disruptions caused by droughts and erratic rainfall in key producing nations—Indonesia, Malaysia, and Argentina—and geopolitical tensions restricting sunflower oil exports from Ukraine and Russia. Periodic export curbs, such as Indonesia's palm oil restrictions, further tightened global supply. Similarly, the FAO Dairy Price Index increased to 139.87pts in November (from 118.69pts in January), fueled by strong demand from Asia and the Middle East as well as supply constraints in Europe and Oceania due to high input costs, reduced herd sizes, and weather-related disruptions. Rising production costs, including feed and energy, added further pressure.

Global food prices in 2025 are expected to remain volatile, with modest downtrend driven by supply chain adjustments, easing climate-related disruptions, and improved production in key regions, like South-East Asia, South America and Europe (for oils, soya beans, wheat and dairy products, respectively). However, geopolitical tensions and high input costs could push food prices upwards.

Chart 9: Global Food Prices Indices



Source: FAO, Meristem Research

Sub-Saharan Africa

2024: Ballot Casts, 2025: Tested Promises

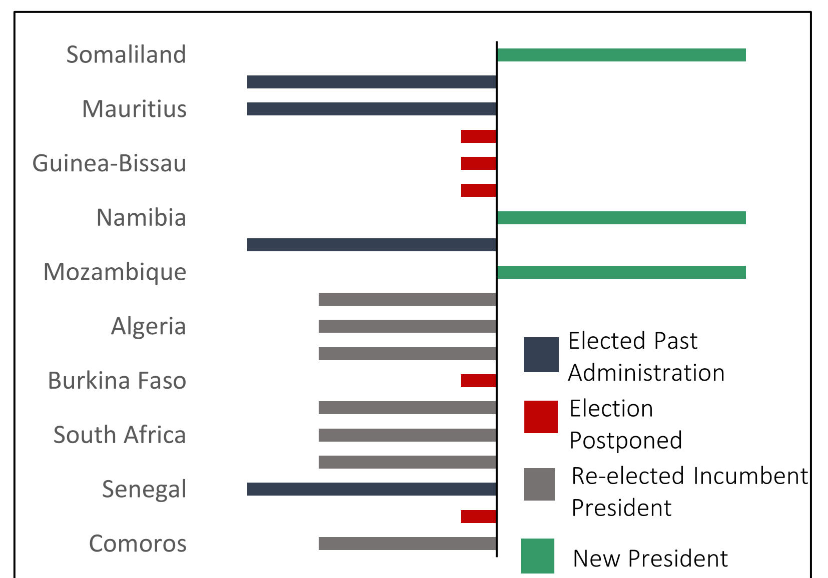
The year 2024, tagged as the year of significant global elections came with various expected fiscal reforms due to changes in governments. In the SSA region, about 14 countries held elections, with outcomes in countries like Ghana, South Africa, and Rwanda, reflecting a return to prior administrations. In Ghana, Mahama's leadership is expected to focus on infrastructure development and job creation, aiming to tackle youth unemployment and foster economic inclusivity.

In South Africa, Ramaphosa faces the challenges of coalition governance, addressing systemic issues such as unemployment, energy crisis, and corruption. Meanwhile, Kagame in Rwanda continues to emphasise economic modernisation, leveraging innovation and regional integration to sustain growth and enhance the country's position as an investment hub. These transitions are essential, as they set the stage for economic reforms that could significantly impact the region's growth, stability and attractiveness to investors.

In 2025, Sub-Saharan Africa's political outlook will hinge on continued efforts towards economic diversification, political stability, and better access to financing. While the region will benefit from reforms in key countries, the overall growth trajectory will depend on how effectively governments address structural challenges and improve governance to attract investment and mitigate political risks.

Meanwhile, the SSA is expected to face persistent conflicts and unrest in 2025, particularly in the Sahel region, where escalating violence and political instability continue to undermine security. The increase in Jihadist activities, coupled with the withdrawal of western forces, has intensified instability in countries like Mali, Burkina Faso, and Niger. Furthermore, the expiration of South Sudan's peace agreement in February 2025 poses a risk of renewed violence. These challenges are compounded by economic disruptions, population pressures, and climate change difficulties which heighten vulnerabilities across the region.

Chart 10: Political Transitions in the Period



Source: IMF, Meristem Research

Table 5: Expected Policy Direction For Sub-Saharan Countries Where Elections Were Conducted

Country	Expected Policy Direction
Ghana	Focus on restoring macroeconomic stability, expanding infrastructure, and fostering job creation.
South Africa	Government may likely prioritize economic reforms, fiscal consolidation, and infrastructure development, with an increased role for private sector investment, to address structural challenges and stimulate growth.
Rwanda	Continued emphasis on innovation-driven growth, regional integration, and investments in technology.
Comoros	Likely focus on economic diversification, improving tourism infrastructure, and political stabilisation post-election.
Kenya	The administration is expected to focus on economic reforms, and fiscal consolidation, with rising private sector participation, to address structural challenges.
Algeria	Likely to implement energy sector reforms, focusing on oil and gas, and addressing unemployment.
Tunisia	Potential focus on fiscal consolidation, tourism recovery, and stabilising political institutions.
Chad	Likely focus on military spending, regional security, and oil export-driven fiscal policies.
Senegal	Continuation of reforms aimed at boosting industrial growth, renewable energy investments, and regional integration.
Mali	Policies may center on enhancing security, countering insurgencies, and rebuilding infrastructure, given its current instability.
Mozambique	Efforts will likely revolve around LNG developments, debt management, and poverty alleviation.
Botswana	Policies will focus on boosting exports (Diamond), renewable energy, and environmental sustainability.
Mauritania	Policies may focus on mining sector investments, food security, and improving energy access.
Burkina Faso	Security reforms will dominate, alongside attempts to rebuild the economy amid ongoing insurgency challenges.

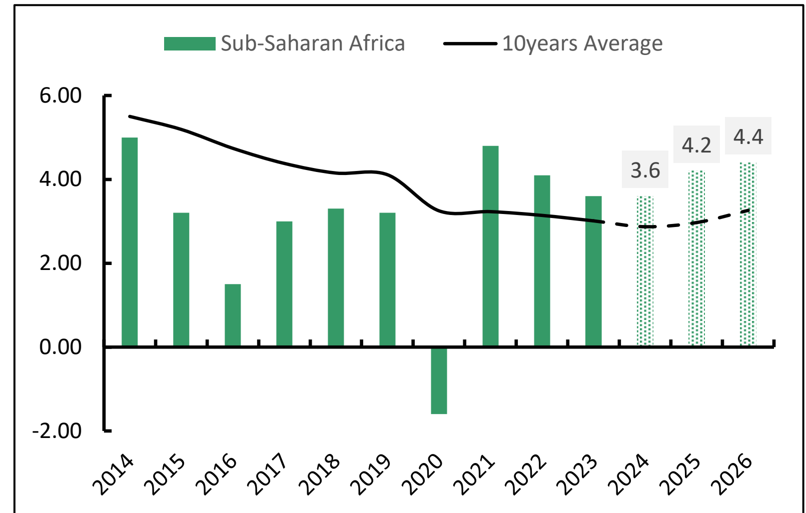
Balancing on the Brink: Fragile Progress Amid Mounting Pressures

Growth in the SSA region has remained uneven in the period as commodity-driven countries, particularly oil exporters faced greater challenges that hampered growth. These challenges stem from long-standing structural issues, including weak governance frameworks and limited progress in economic diversification since the 2014 to 2016 commodity price plunge, coupled with the disruptions that came with the COVID-19 pandemic. These structural inefficiencies have left commodity-driven economies vulnerable to external shocks and prolonged stagnation.

Despite the disruptions in cocoa production, Ghana achieved a 7.20% YoY growth in Q3:2024, highlighting resilience in other economic sectors. Kenya's 4.60% YoY (vs 5.60%) growth in Q2:2024 marked a slowdown (lowest since 2022), weighed down by nationwide protests, disruptions, and sectoral contractions, particularly in agriculture and construction. Likewise, Egypt (2.40% vs 2.90% in Q2:2023) and Zambia (1.70% vs 5.30% in Q2:2023) – lowest growth since Q4:2020 – also posted moderate expansions amid varying domestic and external challenges in the same period. However, South Africa recorded a 0.30% contraction in Q3:2024 (vs 0.40% in Q3:2023), driven by a decline in output from the agricultural sector due to droughts. As a result, the IMF has revised its 2024 growth projection for Sub-Saharan Africa downward to 3.60% YoY, compared to the earlier estimate of 3.80% YoY in January 2024.

Beyond these structural issues, growth has been weighed down by persistent conflicts in the Sahel region. Additionally, the region has been faced with financing pressures as many countries face hurdles in accessing affordable credit as the cost of borrowing remains high. Furthermore, domestic borrowing costs also remained elevated due to tighter monetary policy with the average bank lending rate reaching c.12% as of October 2024.

Chart 11: Economic Growth and 10-Year Average (%)



Source: IMF, Meristem Research

Sub-Saharan Africa is projected to experience moderate growth in 2025, driven by improved performance in key economies and resilient non-commodity sectors. Significant gains are anticipated in Ghana as it consolidates macroeconomic stability; Botswana and Senegal with rising resource exports, and Malawi, Zambia, and Zimbabwe as they recover from drought. South Africa is also poised for growth, buoyed by post-election optimism and easing power outages.

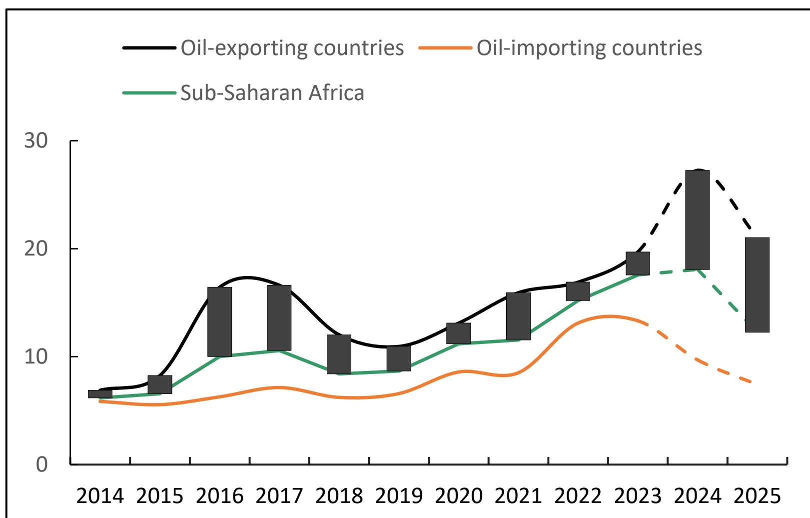
However, lingering challenges persist. Zambia's recovery from drought could be tempered by electricity shortages; Ghana's cocoa sector may face constraints from structural inefficiencies and export challenges, and South Africa's growth momentum remains vulnerable to global energy price fluctuations and infrastructure deficits. Additionally, potential US policy shifts under the Trump administration, including deportations, may disrupt remittance flows, strain social systems, and dampen consumer spending in affected countries. While these risks present near-term challenges, they also offer opportunities to harness the skills and networks of returning migrants for long-term development.

Inflation Divergence: Regional Disparities and Policy Responses

The trends in inflation for SSA in 2024 highlighted a clear divide between countries with low inflation and high inflation. By the third quarter, 31 of 43 countries had seen inflation decelerate in line with global trends, while 12 remain trapped in significant price pressures. It is noteworthy that oil-importing countries like Kenya and Senegal recorded a significant decline in their inflation numbers, coming down to 2.80% YoY and 0.20% YoY (vs 6.90% and 2.10% at the start of the year). In like manner, Egypt's inflation eased significantly to 25.50% YoY from 33.70% at the beginning of the year, aided by cooling prices of food items and a favourable base effect despite higher fuel costs. South Africa's inflation fell sharply from 5.10% to 2.90% in January 2024, supported by the continuous decline in fuel prices. On the other hand, Ghana's inflation moderated to 20.40% from 23.32% at the beginning of the year before resuming its uptrend to 23.00% in November due to increases in food prices and the Cedis depreciation. Moreover, Zambia, faced a continuous rise in inflation, climbing to 16.50% from 13.10%, as prolonged drought conditions weighed on the economy.

However, oil-exporting countries such as Nigeria and Angola emerged as key drivers of the region's inflation. Both countries recorded inflation rates reaching 34.60% YoY and 28.41% YoY in November 2024 (vs 29.90% and 21.99% at the beginning of the year). The uptrend reflects the dual-impact of weakened local currencies and fiscal-monetary policy dissonance.

Chart 12: Inflation Trend in the Region (%)

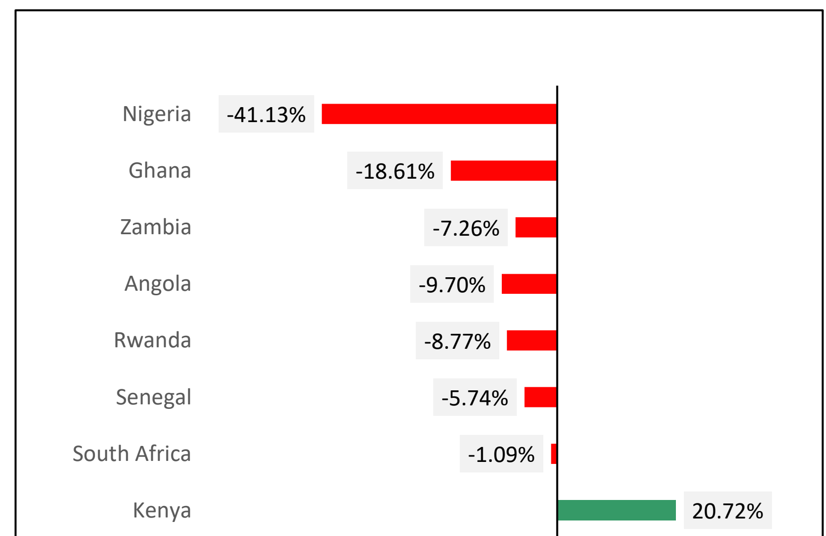


Source: International Debt Statistics, Meristem Research

In response, monetary authorities across SSA adopted aggressive tightening measures. Nigeria's MPC raised the benchmark rate by a cumulative 850bps to 27.50% - marking one of the highest levels in the region. Others like Zambia, Egypt, and Angola raised their rates by 300bps, 800bps, and 150bps, respectively, to 14.00%, 27.25%, and 19.50%.

Conversely, Ghana and South Africa opted to hold rates for most parts of the year. Despite these, exchange rate volatility persisted across the region, fueled by weak foreign exchange reserves and external shocks. Nigeria's Naira was the worst performer, losing about 41.13% of its value against the USD, primarily due to dwindling oil revenues and rising inflation. The Ghanaian Cedi faced similar pressure, losing 18.61% of its value during the year, despite IMF support. In contrast, Kenyan Shillings (+20.72%) was the best performer in the region.

Chart 13: Exchange Rate Performance of Selected African Countries (YtD) (%)



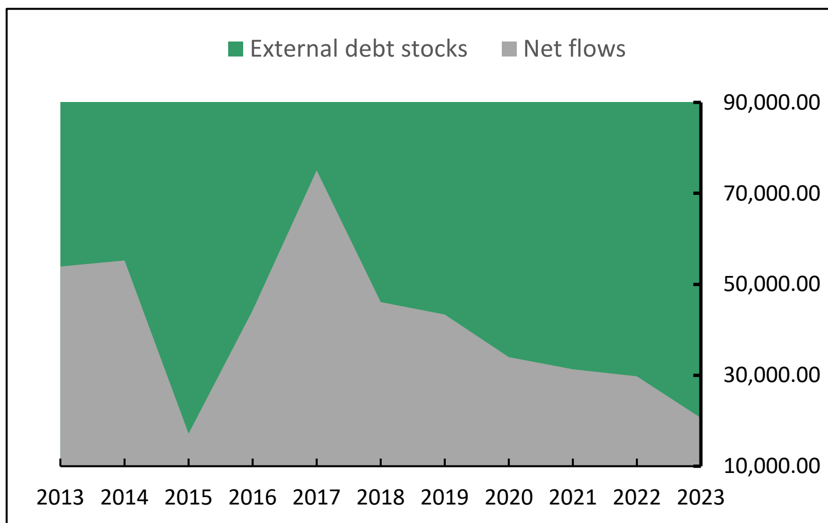
Source: Bloomberg, Meristem Research

It is expected that monetary policy stance will be in line with inflation levels. Countries like South Africa, and Kenya with inflation levels steadied around their target, are likely to adopt a more accommodative monetary stance. However, high-inflation countries (Nigeria, Angola, and Egypt) are expected to maintain their hawkish stance to anchor inflation to target levels. Additionaly, the region's inflation trajectory remains subject to risks, such as supply chain disruptions, external shocks, and potential commodity price volatility, which could cause further fluctuations.

Escalating Debt Pressures: A Recurring Decimal?

Rising debt levels have led to higher borrowing costs and intensified economic pressures across the region. Over half of the countries in the region have debt-to-GDP ratios above the IMF threshold of 60% for the region, with several countries experiencing significant increases in their debt burdens, particularly in nations like Malawi (84.45%), Ghana (82.51%), South Africa (75.98%), Rwanda (71.36%) and Kenya (69.87%). Much of this debt is external, with countries heavily relying on Eurobonds and international institutions' loans including the Extended Credit Facility (ECF), Extended Fund Facility (EFF), and Resilience and Sustainability Facility (RSF), to stabilise their economies. The depreciation of local currencies against the US dollar has further increased the burden of foreign-denominated debt, making debt servicing more expensive and adding to inflationary pressures in the region.

Chart 14: External Debt Stock and Net Debt Flow (USD'bn)

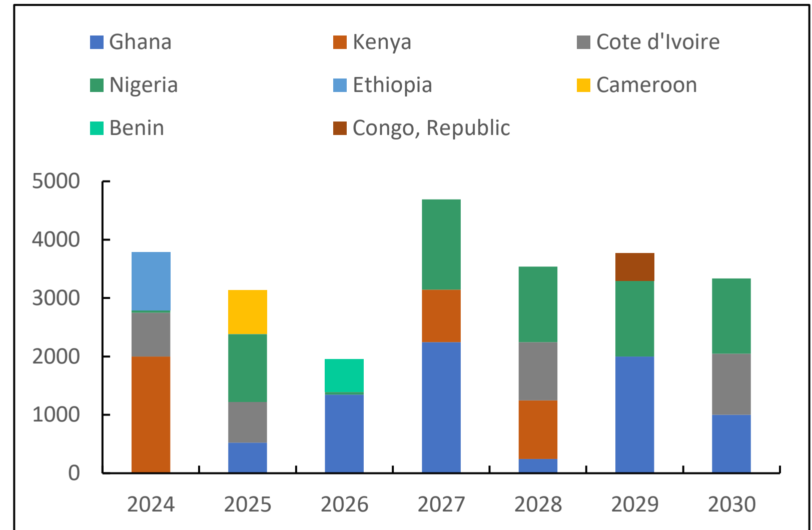


Source: World Bank International Debt Statistics, Meristem Research

SSA's International Debt Comeback

After a two-year hiatus, countries in the region like Kenya, Nigeria, Benin, and Ivory Coast returned to the international debt market, offering a total of USD7.05bn with subscriptions over 4x offer on average. The level of subscription indicates increased interest in the sub-Saharan debt market.

Chart 15: Bullet Repayment of Eurobond in the Region (USD'mn)



Source: International Debt Statistics, , Meristem Research

In 2025, SSA's debt levels are expected to remain high, however, the overall debt service cost may be reduced by declines in global interest rates. Countries with large external debt, especially those with substantial Eurobond issuances, may struggle to meet obligations. The region remains vulnerable to external shocks, including commodity price fluctuations and geopolitical risks, which could strain debt sustainability, particularly for commodity export-dependent economies like Nigeria and Angola.

In response, SSA countries may increase their reliance on domestic debt to finance fiscal deficits, though this could lead to higher interest rates and impact access to credit for the private sector.

While multilateral debt relief and restructuring efforts will provide some relief, the key to managing SSA's debt in 2025 will lie in implementing structural reforms, improving fiscal discipline, and building economic resilience. The ability of governments to reduce fiscal deficits, improve debt management practices, and diversify financing sources will be critical to ensuring long-term economic stability and avoiding a worsening debt crisis in the region. It is noteworthy, in 2025, Côte d'Ivoire, Nigeria, and Cameroon are set to make bullet repayments on their Eurobond.

Domestic Economy

Nigeria's economic growth is projected to be fueled by increased oil production and expansion in the non-oil sector, particularly in services. A more stable exchange rate, coupled with potential gains from government initiatives like tax reforms and import duty waivers, could further enhance output.

We expect a more stable Naira in 2025, supported by anticipated improvement in oil production, steady global oil prices, and consistent inflows from foreign portfolio investments (FPI) and remittances. As a result, we project that the Naira could settle at around NGN1701.50/USD.

Key themes we expect to shape 2025

The proposed tax reform, which aims to broaden the tax base is expected to boost fiscal revenue, contingent on its proper and successful implementation, as well as improved administration.

Could Nigeria's inflation TAPER in 2025?

Nigeria's inflation could moderate in 2025, driven by reduced price shocks, the base effect from 2024, and a more stable exchange rate regime.

Domestic Economy

Consumption Expenditure Hampered by Economic Headwinds

The Nigerian economy faced significant headwinds in 2024 on the heel of spiraling inflationary pressure, declining consumer purchasing power, persistent Naira depreciation, declining investment spending and legacy challenges in the country's agricultural value chain, amongst others.

Data from the National Bureau of Statistics (NBS) showed that total consumption expenditure declined by 46.71% YoY in H1:2024 to NGN13.24trn from NGN28.85trn in H1:2023 despite an 8.14% YoY uptick in government spending as household consumption plummeted by 52.33% YoY. Most of the decline was recorded in Q2:2024 marking the lowest quarter of consumption expenditure on record. Given that economic conditions in 2024 deteriorated to levels not seen in decades, the resultant effect on consumption is largely not far fetched in our opinion.

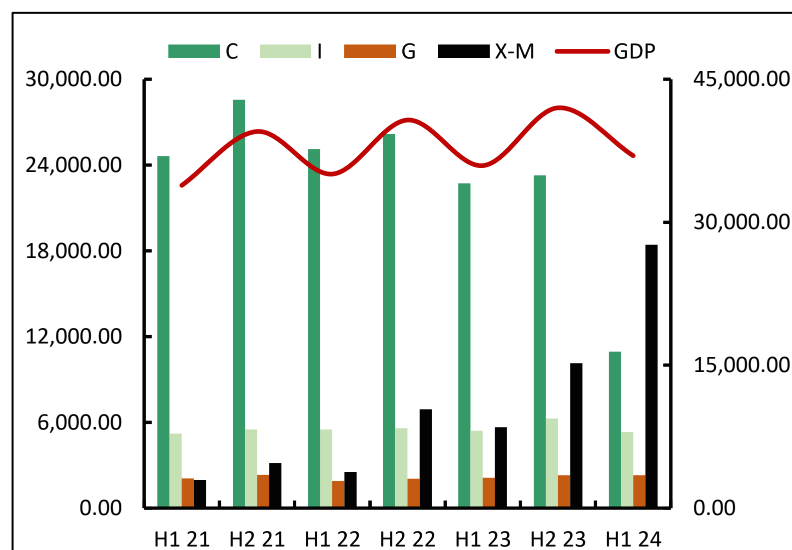
Business conditions also bore the short end of the stick as investment spending declined by 3.97% YoY, primarily due to a sharp 76.55% drop in spending on transport equipment. The restrictive monetary policy stance was also largely unfavourable for business expansion as credit could only be accessed at significantly high rates. The Central Bank of Nigeria's (CBN) PMI readings give an insight to the weak business conditions as it remained below the 50pts benchmark for most of 2024 (save for August and September). Business Confidence Index was also low all through 2024, signaling general pessimism in the ease of doing business within the country.

Despite these challenges, net exports (exports minus imports) recorded impressive growth of 225.03% YoY, driven largely by a 136.60% YoY increase in exports. Though we consider the Naira depreciation as a major catalyst for growth in Naira export value, this growth offset declines in other components, contributing to the overall expansion in GDP by expenditure.

Consumption expenditures are likely to improve marginally in 2025 as inflationary pressures gradually ease. This recovery will likely be bolstered by increased government expenditures, particularly in sectors such as agriculture, oil & gas, amongst others. Additionally, a more stable exchange rate and an accommodative monetary policy stance could further stimulate consumption in 2025. We also expect the proposed tax reforms to support operating surplus and improve investment spending for small businesses.

However, significant shocks to consumer wallets and a sustained high-interest rate environment portend downside risks for consumption and investment spending. The recent minimum wage increase by the Federal Government could also boost disposable income and ultimately enhance consumption during the period.

Chart 16: GDP by Expenditure Breakdown (NGN'bn)



Source: NBS, Meristem Research

Key: C- Consumption, I- Investment spending, G- Government spending

Resilient Recovery: Oil Growth and Sectoral Shifts Boost Economic Outlook

Reviewing the GDP performance by sector, most of the growth recorded in 2024 has been clearly driven by the services sector, with strong input from the financial services and ICT sectors. Together, these sectors contributed c.75% to the overall growth witnessed as of 9M:2024. The financial and insurance sector recorded double-digit growth for the 13th consecutive quarter, driven by increased investment activities, loan portfolio expansion, and a focus on service integration and digitisation. While the ICT sector remains strong, growth in the sector slowed in 2024 compared to previous years post-pandemic. Data from the Nigerian Communications Commission indicates that the number of subscriptions began to decline in May 2024, closely linked to the increased regulatory requirement surrounding SIM and NIN linkage.

The financial services sector is expected to benefit from increasing operating surplus, driven by loan portfolio expansion, digital innovation and increased investment in the sector. Meanwhile, the ICT sector is projected to see moderate growth, fueled by investments in expanding data traffic, improving network infrastructure, and advancing 4G and 5G adoption. However, low tariffs and the adverse effects of FX volatility pose downside risks to the sector. These challenges could be mitigated if efforts to renegotiate service tariffs yield positive outcomes.

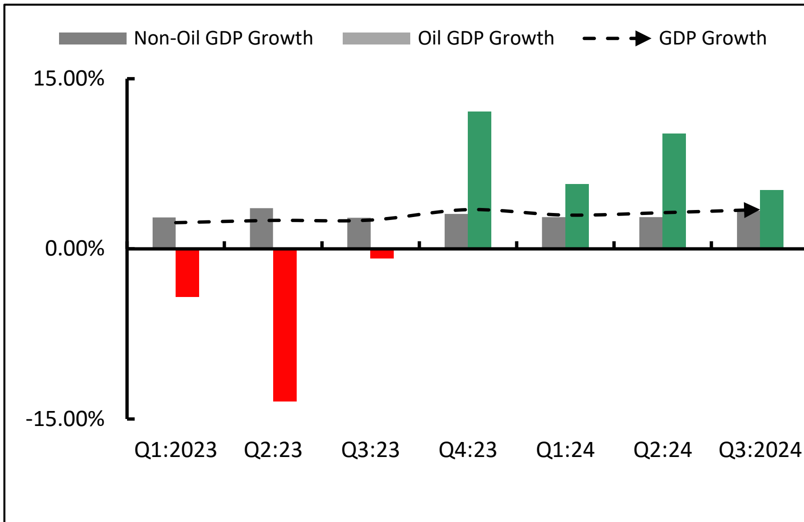
The agricultural sector (c.25% of total GDP) faced significant headwinds in 2024. Persistent insecurity, erratic weather conditions, and flash floods in key food-producing regions disrupted farming activities, resulting in lower-than-expected harvest yields and dampened output growth. As a result, the sector is likely to record its fifth consecutive year of lower growth in 2025. Similarly, the manufacturing sector also continued to decline, posting a second consecutive quarter of slow growth at 0.92% YoY in Q3:2024 (from 1.28% YoY in Q2:2024).

The sector struggled with macroeconomic pressures, including currency depreciation, high inflation, elevated interest rates and borrowing cost, all of which weighed on output and hindered expansion.

Despite facing macroeconomic challenges, the non-oil sector as a whole, has demonstrated resilience, maintaining a positive growth trajectory in 2024. Growth in the non-oil sector moderated to 2.80% YoY in the first two quarters of 2024, down from 3.04% in Q4:2023 and below the 3.04% recorded for the full year 2023. However, in Q3:2024, the relative stability of the Naira, reflected in a decline in exchange rate volatility to 2.45% (down from 3.21% in Q3:2023), helped ease cost pressures, supporting industrial sector output. The industrial sector expanded by 3.37% YoY, compared to 2.75% YoY in Q3:2023, marking its strongest quarterly performance since Q2:2023.

We project improved growth for the non-oil sector in 2025 relative to 2024. Additionally, we anticipate that a more stable exchange rate, along with potential benefits from government policies such as tax reforms and import duty waivers, could provide a boost to output in the non-oil sector. However, persistent challenges such as infrastructure gaps, high inflation, and currency depreciation are expected to weigh on sectors like agriculture and manufacturing, limiting overall growth prospects for the non-oil sector. On a balance of factors, we project the non-oil GDP to grow by 3.69% in 2025 (vs 3.17% in 2024e).

Chart 17: Real GDP Growth (Q1:2023 to Q3:2024)



Source: NBS, Meristem Research

Policy Measures to Propel Oil Sector Toward Stronger Gains

In contrast to the subdued performance of the non-oil sector, targeted efforts to revitalise the oil sector have yielded sustained positive results. The sector has maintained four (4) consecutive quarters of growth since emerging from recession in Q3:2023.

The sector expanded by 5.17% YoY in Q3:2024 (compared to 10.15% YoY in Q2:2024). This performance was driven by an increase in crude oil production to 1.47mbpd from 1.41mbpd in Q2:2024, and 1.45mbpd in Q3:2023 and higher output from key terminals, including Bonny (+63.51% YoY), Forcados (+52.78% YoY), and Tulja-Okwuibome (+43.20% YoY). Additionally, the discovery of the Utapate crude oil blend, currently contributing c.40,000 barrels per day, further boosted the sector's output.

With oil production volumes averaging 1.54mbpd in September 2024 and an average of 1.61mbpd recorded between October and November 2024, we project the oil sector to expand by 5.43% YoY in 2024 (compared to 2.22% YoY in 2023).

We also anticipate sustained growth in the oil sector in 2025, driven by expected increases in production volumes from key terminals due to improved security around oil infrastructure.

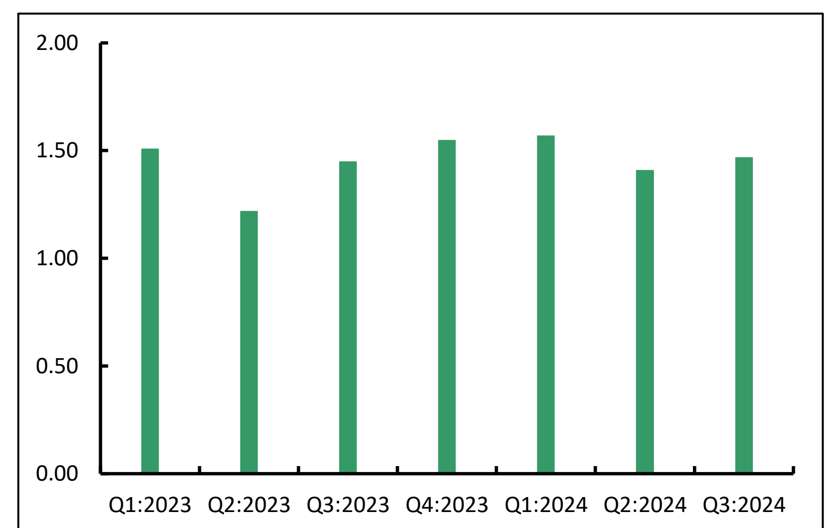
This is expected to minimise output losses in the sector. The NNPC's tracking of hydrocarbon transport, implementation of the Advance Cargo Declaration regime by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and expected increase in investment in the sector would also be major catalysts for this growth.

Additionally, favourable fiscal measures such as deep offshore tax reliefs and VAT waivers aimed at attracting investment into the sector are likely to further support growth. Moreover, the Federal Government's growing efforts to boost gas production and consumption present a potential for increased output in the oil and gas sector.

We also expect the resumption of operations at local refineries (Dangote, Port Harcourt and Warri) to significantly enhance Nigeria's refining capacity, contributing positively to refinery output and the broader oil sector.

Overall, we project the oil production volumes for 2025 to reach 1.59 mbpd resulting in oil output expansion by 6.07%. (vs 5.43% in 2024e). Total real GDP growth for 2025 is thus likely to settle at 3.82% (vs 3.29% 2024e), considering all the factors above.

Chart 18: Oil Production Volumes (mbpd)



Source: NBS, Meristem Research

Rebasing the Economy: Services Sector to Capture the Biggest Gains

Although the GDP rebasing exercise announced by the NBS is yet to be conducted, the potential for it to occur in 2025 presents an opportunity for upward adjustments to GDP figures. The last rebasing in 2014 unveiled a much larger economy, with GDP rising by approximately 90% to NGN80.22trn from NGN42.40trn. This increase was largely attributed to the inclusion of both new and previously underrepresented sectors, such as information and communication, real estate, healthcare, social services, and professional services.

A rebasing exercise in 2025 could bring emerging sectors like fintech, tech startups, and digital services into sharper focus while improving the capture of underreported areas such as arts and entertainment. Additionally, it could offer a more accurate representation of recent economic activities and supply chain dynamics in agriculture and services, potentially spurring growth in these sectors. However, the contribution of sectors like oil and agriculture might decline in relative terms due to the likely higher weight of the services sector.

Furthermore, while nominal GDP figures are expected to grow significantly, this may not translate into corresponding continued increases in real GDP due to prevailing economic challenges that could dampen actual improvements in the economy. The table below outlines historical and projected sectoral outlook, assuming a rebasing occurs.

Table 6: Post-Rebasing Sectoral Projections

Sector	Current Contribution to GDP	Post-Rebasing Projections
Agriculture	28.65%	Less than 25%
Oil sector	5.57%	5% - 10%
Services	53.58%	55% - 60%

Sectoral Expectations for 2025

Sector	% of GDP	Drivers	Drags	Outlook
Information and Communication	16.35%	Expansion of 5G networks, Increased smartphone and smart devices usage, Rising demand for artificial Intelligence, Internet of Things, increase in tariffs and business restructuring for major players.	Policy uncertainties and exchange rate fluctuations can hinder investments, increase cost and slow growth in the sector.	Bullish
Trade	14.78%	Rising e-commerce adoption, enhanced transport and logistics networks, deeper implementation of AfCFTA for expanded intra-African trade, and tax incentives on foreign trade are key drivers boosting efficiency, market access, and growth in the trade sector.	Exchange rate volatility, tariff hikes and persistent inflationary pressures could increase costs, disrupt operations and undermine growth in the trade sector	Bullish
Mining and Quarrying	0.06%	Recent issuances of new licenses, government incentives to attract investment and recent collaboration with international partners could drive sector activities, boost growth, innovation, and competitiveness in the mining and quarrying sector.	Regulatory bottlenecks and insecurity could hinder operations, deter investment, and limit growth in the sector,	Bullish
Agriculture	28.65%	Government-led initiatives, including the SPIN project aimed at enhancing agricultural productivity through improved irrigation systems, the "Earn from the Soil" initiative, and the African Development Bank's (AfDB) loan facility to support year-round food production, are potential growth drivers for the agricultural sector.	Unfavourable weather patterns, poor road networks, insufficient storage facilities, and limited access to financing could constrain productivity, increase losses and hinder growth in the sector	Moderate
Manufacturing	8.21%	Tax incentives to boost local production and backward integration initiatives could support cost efficiency strategies, enhance self-sufficiency, and support growth in the manufacturing sector.	High energy costs, high finance costs, and infrastructural challenges could inflate production expenses, reduce competitiveness, and constrain growth in the manufacturing sector.	Moderate
Real Estate	5.43%	Government initiatives to reduce the housing deficit, such as social housing schemes and partnerships with private investors for urban renewal and housing development, could drive growth in the real estate sector by increasing housing supply and fostering investment	High construction costs, financing constraints, and regulatory setbacks could hinder project execution, reduce affordability, and slow growth in the real estate sector	Moderate
Financial and Insurance	5.51%	Increased adoption of fintech solutions and digital banking platforms, coupled with a high yield environment, could drive growth in the financial services and insurance sector by enhancing accessibility, improving efficiency, and attracting higher returns on investments.	Regulatory actions, exchange rate volatility, inflationary pressures, and competition from emerging fintech solutions could pose significant drags on sector growth.	Bullish

Domestic Inflation:

Inflation to Taper in 2025, but Underlying Risks Persist

The increase in PMS prices and the September 2024 flooding, which severely impacted key food-producing regions, added significant pressures to the inflation basket. These factors drove the headline inflation rate to 34.60% YoY in November 2024, its highest level since January 1996.

Legacy challenges in the food sector, which remain key drivers of inflation, include insecurity in food-producing regions, inadequate storage infrastructure, poor road networks, and high fuel prices driving up logistics costs. These factors have created a lasting supply-demand imbalance, pushing food prices higher and intensifying inflation.

Core inflation also continued to rise, largely driven by high fuel prices and the depreciation of the Naira, which reached NGN1,668.25/USD in November 2024. This put pressure on production and import costs, impacting the prices of goods and services within the core index.

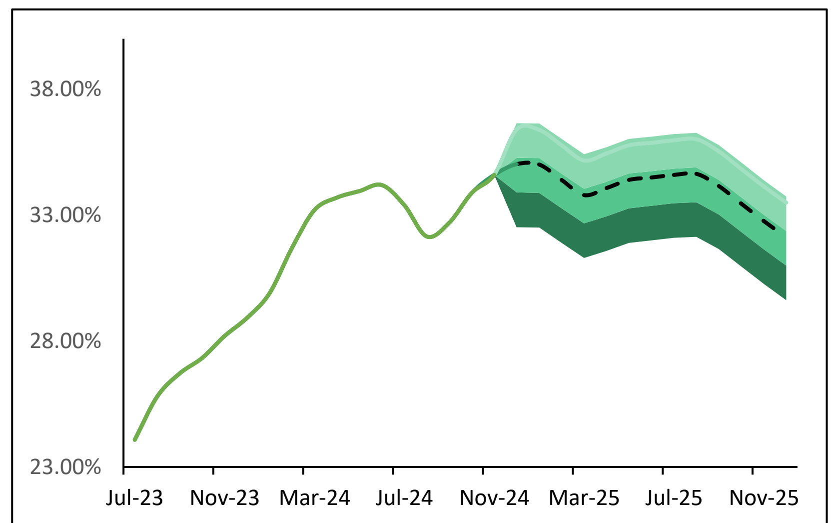
Our inflation outlook for 2025 anticipates periodic moderation, largely due to the normalisation of pressure points, like the sharp increase in PMS prices seen in 2024 and the high base effect from 2024. A more stable Naira is also expected to contribute to a modest decline in inflation.

However, persistent inflationary pressures, driven by adverse weather conditions, anticipated flooding leading to food supply deficits, and inadequate storage infrastructure in agriculture, are likely to constrain this progress.

Lastly, we expect the event of a successful Consumer Price Index (CPI) rebasing exercise (if undertaken) to result in lower inflation figures.

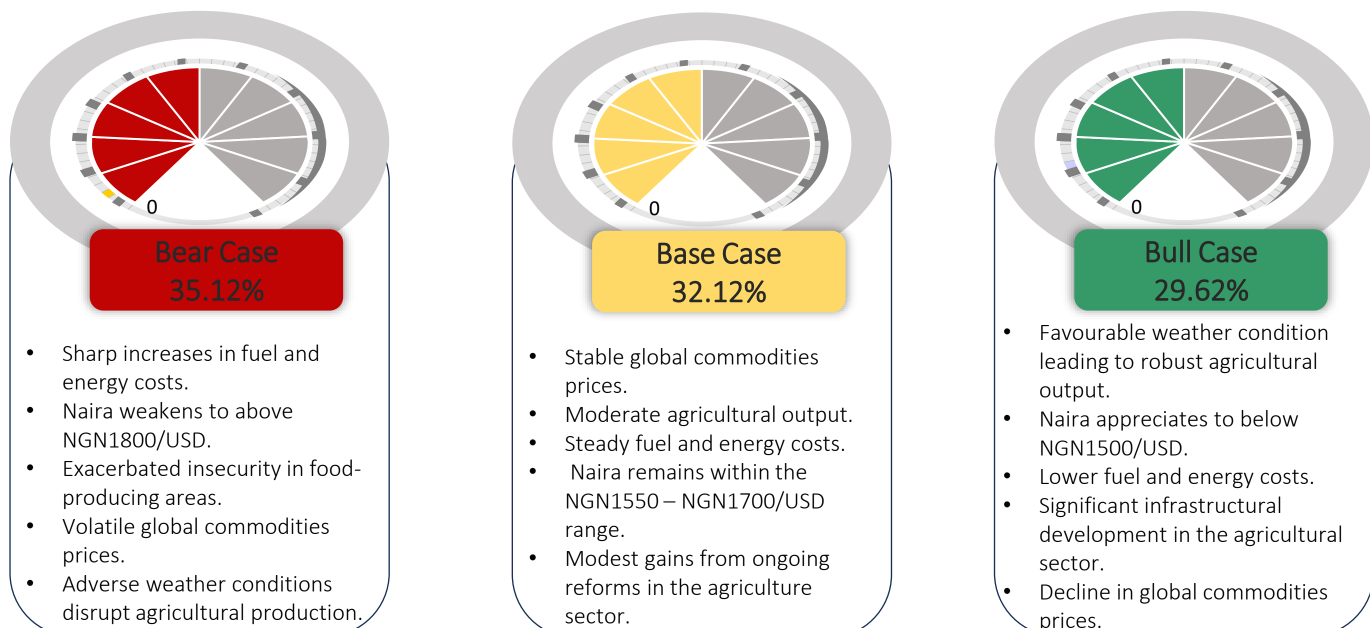
Overall, our base projection for headline inflation is to settle at 32.12% in December 2025 and an average of 33.99% in 2025 (vs 33.20% in 2024e).

Chart 19: Trend in Inflation % (Historical and Forecast)



Source: *NBS, Meristem Research*

Figure 1: Inflation Scenario Analysis



Monetary Policy:

Envisaging a Gradual Shift in Monetary Stance

As we anticipated, the MPC maintained its hawkish stance throughout 2024, raising the monetary policy rate (MPR) by a total of 8.75%, from 18.75% in January to 27.50% in November. This approach was a response to persistent inflationary pressures and included a series of six consecutive rate hikes.

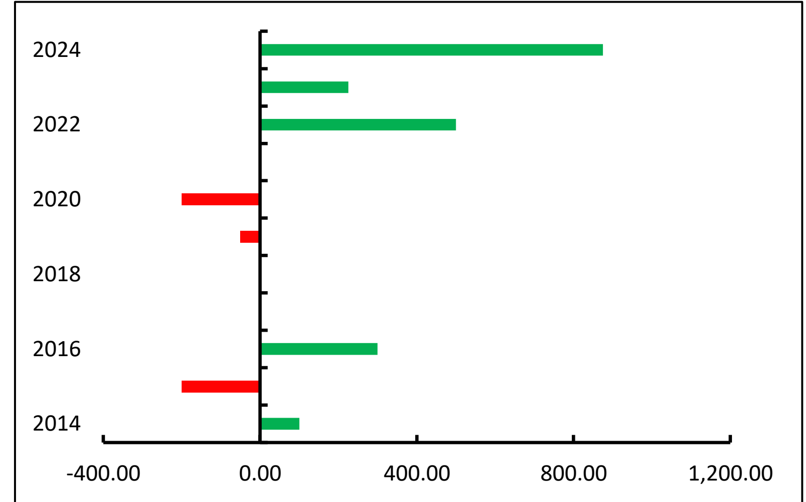
In addition to rate adjustments, the committee introduced liquidity management measures, including raising the Cash Reserve Ratio (CRR) to 50.00% for deposit money banks and 16.00% for merchant banks. Adjustments were also made to the asymmetric corridor to +500/-100bps from the initial range of +100/-300bps around the MPR.

However, these liquidity policies showed positive impact, as the growth in money market indicators declined compared to previous years—broad money supply (M3) increased by 15.17% YtD (vs 41.14% in 2023), and credit to the private sector dropped by 0.68% YtD, depicting the impact of the elevated interest rate environment on the real economy. However, credit to the government grew at a faster pace by 68.45% YtD (vs 25.93% in 2023), and net domestic credit expanded by 15.58% YtD (vs 40.93% in 2023).

The alignment of the MPR with market rates persisted in H2:2024, as increases in the MPR prompted adjustments in market rates, particularly for OMO instruments. This alignment enhanced the attractiveness of rates to foreign investors, resulting in improved FX inflows and contributing to greater exchange rate stability during the period.

Looking ahead, we see potential for a less aggressive monetary policy stance, particularly as the monetary authority has hinted at its intention to evaluate the impact of prior policy measures. This outlook is further supported by our expectation of modest moderation in inflation during the year.

Chart 20: Cumulative Bps Increase (2014-2024)



Source: CBN, Meristem Research

Given the risk that premature easing could reverse the progress made in 2024 and exacerbate inflationary pressures, we expect the MPC to maintain a HOLD stance for most of 2025. A shift to a more dovish position may occur in the final quarter of the year. While unlikely, we cannot entirely rule out the possibility of an additional 100bps hike in the MPR during the first quarter of 2025.

Fiscal Policy: Tax Exemptions- Easing Burdens, Deepening Revenue Gaps

As of August 2024, the Federal Government had generated NGN12.74trn in revenue, 26.14% below the prorated budget for the first 8 months in 2024 (NGN17.25trn). As expected, much of this underperformance is attributable to low oil revenue as crude oil production averaged 1.31mbpd, well below the budgeted production volume of 1.78mbpd. Non-oil revenue (NGN10.68trn) including taxes, grants & donor funding, and customs revenue however surpassed budgeted levels.

On the expenditure side, the actual performance fell short of the 9M:2024 prorated target by 27.36% as capital expenditure was lower than budgeted, while debt service and personnel expenses increased.

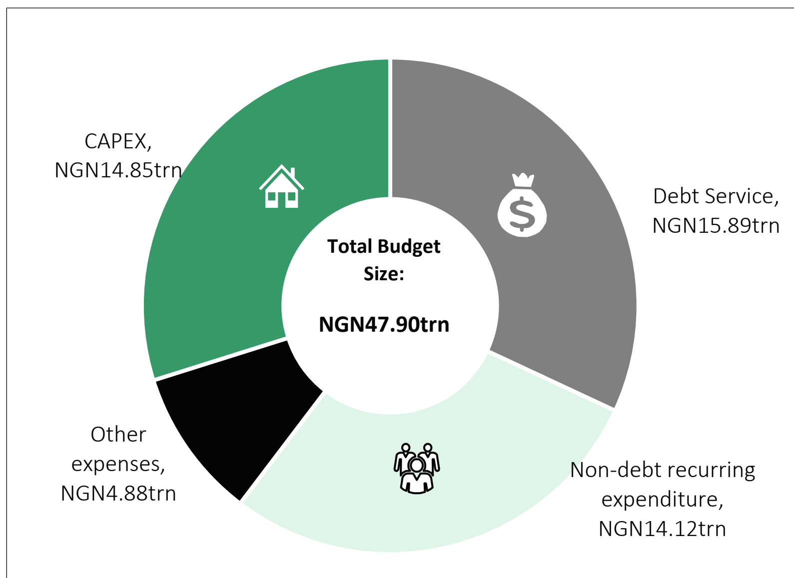
Thus, we estimate the fiscal deficit of 2024 to reach 2.58% of GDP (vs 3.01% in 2023) higher than the recommended 3.00% by the Fiscal Responsibility Act.

For 2025, the Federal Government plans to retain its expansionary stance, presenting a budget size of NGN49.74trn, a 41.91% increase from 2024's NGN35.06trn budget. This includes revenue projection pegged at NGN36.35trn and fiscal deficit at NGN13.08trn.

Major allocations include: NGN16.33trn for debt servicing (+102.86% YoY), NGN14.12trn for recurrent expenditures, reflecting a 25.07% YoY increase due to elevated debt servicing obligations from higher interest rates, the new minimum wage and NGN14.85trn for capital expenditures, prioritising infrastructure and healthcare. Given that revenue assumptions (oil production of 2.06mbpd, oil price at USD75pb) in the budget appear mostly optimistic, we expect an underperformance stemming mostly from lower crude oil revenue.

Non-oil revenues could also face pressure in 2025 as tax reforms—such as reductions in Corporate Income Tax (CIT) rates for companies and exemptions for individuals earning below NGN800,000 annually, are likely to dampen collections. While these measures aim to provide relief, they could temporarily counteract efforts to improve Nigeria's tax revenue mobilisation. On a positive note, the tax reforms, which also aims at expanding the tax bracket and improving the collection rate, could have a net positive impact on FG and state revenue if implemented appropriately.

Chart 21: 2025FY Proposed Budget



Source: Budget Office, Meristem Research

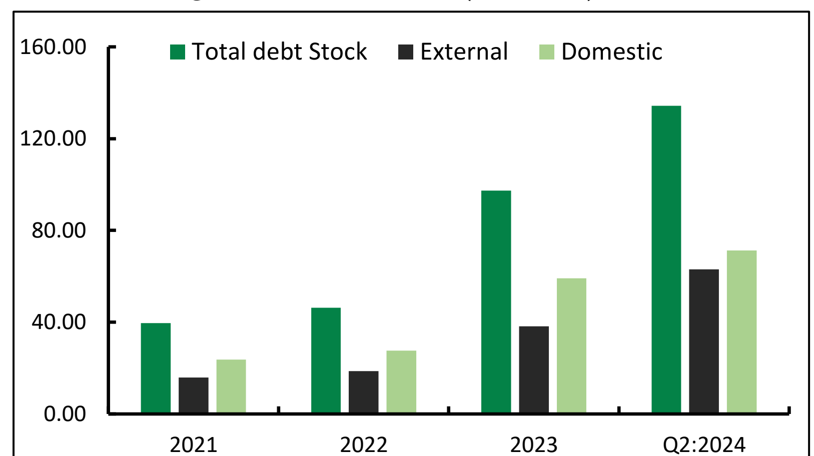
Debt: The Deepening Roots of Nigeria's Debt Burden

In H1:2024, Nigeria's total public debt surged to NGN134.30trn, reflecting a 37.97% increase from NGN97.34trn at the end of 2023. This sharp uptick was induced by the Naira depreciation, repayment of Ways and Means, and new issuances in the domestic debt market. The currency's devaluation led to a 65.02% increase in external debt, raising the total external debt stock to NGN63.07trn as of June 2024.

On the domestic front, total debt rose by 20.47% to NGN71.22trn, representing a NGN12.10trn increase. The government raised NGN18.30trn in 2024 through various instruments, including bonds, treasury bills, and savings bonds. The government also returned to the Eurobond market in H2:2024 (after a two-year hiatus), raising USD2.20bn and issuing a domestic dollar bond of USD900.00mn. Additional financing from multilateral organisations included USD500mn for the Governance Enhancement Program (HOPE-GOV), USD570.00mn for the Primary Healthcare Provision Strengthening Program (HOPE-PHC), and USD500.00mn for the Sustainable Power and Irrigation for Nigeria Project (SPIN). Thus, we estimate the total debt stock as of 2024FY to settle at NGN156.76trn, with debt-to-GDP at c.52.00% (which is lower than IMF's recommendation of 55%). We, however, expect the debt-to-GDP ratio to rise above 60.00% and the fiscal deficit-to-GDP ratio to increase to 5.03% by 2025FY.

The 2025 budget also contains a plan to fund the proposed NGN13.09trn deficit mostly through debt (70.49%). Other funding avenues include NGN3.55trn in multilateral or bilateral tied projects and NGN312.33bn from privatisation proceeds.

Chart 22: Nigeria's Debt Stock (NGN'trn)



Source: DMO, Meristem Research

External Sector:

Turning the Tide: CBN Policies Drive FX Stability and Reserve Accumulation

Nigeria's external position improved in 2024 based on economic fundamentals. As we projected, the current account balance remained in surplus, foreign trade balance was higher, and external reserve increased to its 36-month high. Robust capital inflows also played a key role, with attractive fixed-income yields, increased MPR and yield transmission, and improved confidence in the monetary authority continuing to drive higher foreign inflows. Additionally, increased funding from multilateral organizations and foreign currency debt issuances also contributed to a substantial buildup in external reserves.

The exchange rate market faced significant volatility earlier in the year, driven by strong demand pressures and insufficient supply. However, this instability eased as the CBN introduced targeted policies aimed at enhancing liquidity in the foreign exchange market. Initiatives such as the reintroduction of the Retail Dutch Auction System and the launch of the Electronic Foreign Exchange Matching System enhanced transparency and improved overall market efficiency in the FX market.

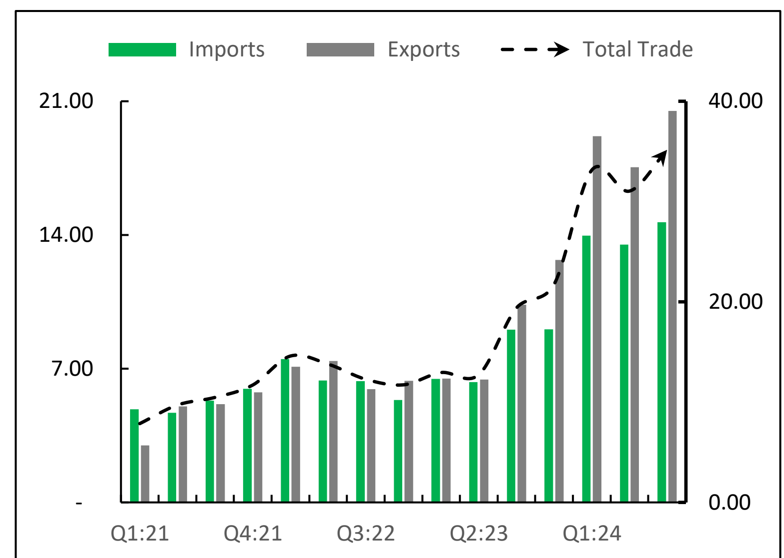
In our external sector commentary, we conducted a comprehensive examination of the major components of the balance of payments, assessed their potential outcomes, and evaluated their possible impacts on the country's exchange rate.

Nigeria's Trade Surplus Set to Persist

Nigeria's total trade in Q3:2024 rose significantly by 81.35% YoY to NGN35.16trn (from NGN19.39trn in Q3:2023), and +8.71% QoQ (from NGN31.04trn in Q2:2024). This impressive growth can be tied to a substantial increase in exports, which surged by 98.00% YoY to NGN20.49trn, compared to NGN10.35trn in Q3:2023. Similarly, imports grew by 62.30% YoY to NGN14.67trn (from NGN9.04trn in Q3:2023). Hence, aligning with our expectations, the trade surplus reached a historic high of NGN5.81trn (+413.71%), significantly improving from NGN1.31trn in Q3:2023.

The robust surplus was largely attributed to the Naira depreciation, which amplified the value of exports. Notably, the effect of increased local refining output was evident in the 5.73% QoQ reduction in imports of other oil products. A conversion to USD further buttresses the point that most of the trade surplus can be attributable to the impact of the Naira's persistent depreciation on trade volumes.

Chart 23: Nigeria's Quarterly Foreign Trade (NGN'trn)



Source: NBS, Meristem Research

The trade surplus remained robust at USD3.77bn, improving by only 101.60% in USD terms compared to the 413.71% increase in Naira terms.

Total trade in USD terms for Q3:2024 amounted to USD22.80bn (using the official exchange rate of NGN1,541.94/USD as of September 30, 2024), an 11.17% YoY decline from USD25.67bn in Q3:2023 (using NGN755.27/USD as of September 29, 2023). Exports totalled USD13.29bn (3.02% YoY), while imports stood at USD9.52bn (20.50% YoY).

We maintain a positive outlook for the current account surplus, supported by our expectation of a sustained trade surplus and increasing remittance inflows as ongoing reforms and initiatives aimed at enhancing diaspora remittances present a positive outlook for the current account.

This is underpinned by the anticipated modest Naira depreciation, which is likely to boost the value of exports. However, this presents a double-edged sword, as the Naira's depreciation is expected to make imports more expensive, potentially reducing import volumes.

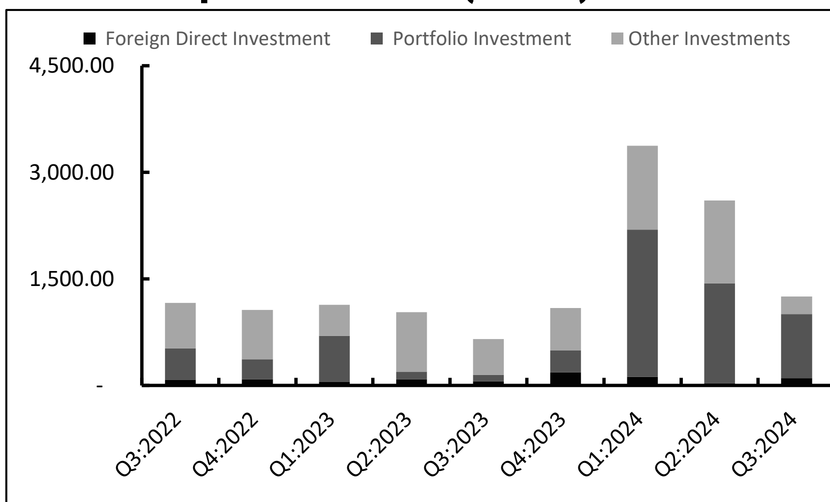
Furthermore, the prospect of lower import volumes, combined with expectations of higher local oil production—which could increase exports—and enhanced refining capacity that may further curtail oil imports, strengthens our outlook for a sustained trade surplus. That said, our projection of a more stable exchange rate in the coming year could limit the potential gains from further currency depreciation on trade surplus.

Sustained Interest Rates to Keep Inflows Strong in 2025

Capital inflows into Nigeria remained robust in 2024, significantly outperforming 2023 levels. As of 9M:2024, total capital inflows reached USD7.23bn, an 85.18% increase compared to the total recorded for 2023FY. However, in Q3:2024, the country experienced its lowest quarterly capital inflow for the year at USD1.25bn, reflecting a 51.90% QoQ decline. Despite this, the figure still represented a 91.35% YoY increase compared to USD654.65mn in Q3:2023.

Foreign portfolio investments remained the primary driver, accounting for 71.79% of total inflows, supported by attractive money market yields that prevailed for most of the year. While foreign direct investment (FDI) inflows remained subdued due to Nigeria's challenging macroeconomic conditions, it recorded a notable 73.70% YoY increase, driven by substantial long-term equity capital inflow during the period.

Chart 24: Capital Inflow Trend (USD'bn)



Source: NBS, Meristem Research

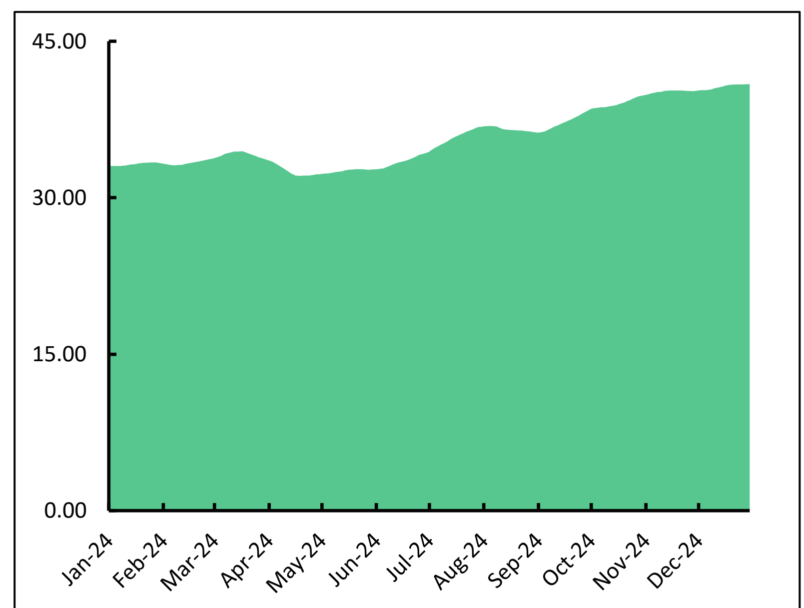
Looking ahead to 2025, we expect elevated interest rates to sustain Nigeria's attractiveness to foreign investors, particularly in money market instruments, especially as global economies regarded as tax havens implement rate cuts. Additionally, further loan disbursements from multilateral organisations could bolster other investment inflows. However, cautious investor sentiment stemming from the bearish trend in the equities market in 2024 may limit inflows into equities in 2025.

Reserves Revived: Reforms and Rates Propel Reserve Growth

Although reserves fluctuated during the first half of the year, the second half saw a consistent upward trend. Mostly on account of higher capital inflows, Eurobond issuance, domestic dollar bonds and increased multilateral and bilateral inflows, especially in H2:2024, the external reserves experienced significant growth (+23.91% YoY) to USD40.88bn in 2024.

We expect the FG to access more multilateral funding in 2025 which would boost the reserve balance further. Also, expectations of higher oil production volumes, relatively stable oil prices should improve reserve balance for 2025.

Chart 25: External reserves Position (USD'bn)



Source: CBN, Meristem Research

Stability in Sight: External Sector Gains to Steady the Naira in 2025

In H2:2024, Nigeria's exchange rate volatility declined to 2.13%, following significant volatility in H1:2024 (5.30%) as increased capital inflows bolstered liquidity in the FX market. Additionally, external reserve accretion enhanced the CBN's capacity to inject liquidity into the market, resulting in occasional episodes of appreciation during targeted interventions. The reintroduction of the Retail Dutch Auction System and Electronic Foreign Exchange Matching System (EFEMS) helped improve transparency, ensuring legitimate FX needs were addressed during auctions.

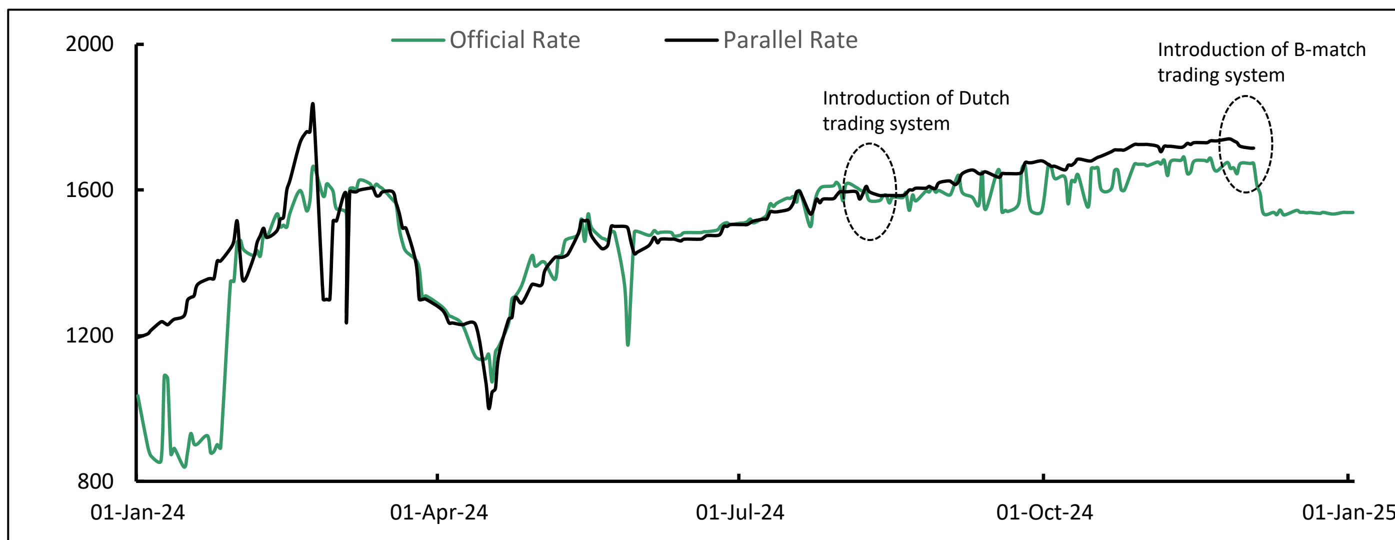
Looking into 2025, we maintain a cautious outlook for the Naira. Positively, sustained oil receipts and growing reserves could enable the CBN to support liquidity in the FX market, fostering relative stability.

The EFEMS may also curtail speculative activities and moderate depreciation pressures. However, CBN interventions are expected to remain measured, reflecting the trend from late 2024.

On the downside, potential inflationary pressures in advanced economies, stemming from expansionary fiscal policies and slower-than-anticipated rate cuts, could disrupt global disinflation. Consequently, interest rates in these economies may stay higher for longer than expected, diminishing Nigeria's appeal as an investment destination. Persistent economic policy uncertainties and worsening macroeconomic conditions further compound risks to FDIs.

Thus, we project the Naira to trade within a range of NGN1628.60/USD to NGN1807.20/USD in 2025.

Chart 26: Exchange Rate (NGN/USD)



Source: FMDQ, CBN, Meristem Research

Figure 2: Exchange Rate Scenario Analysis

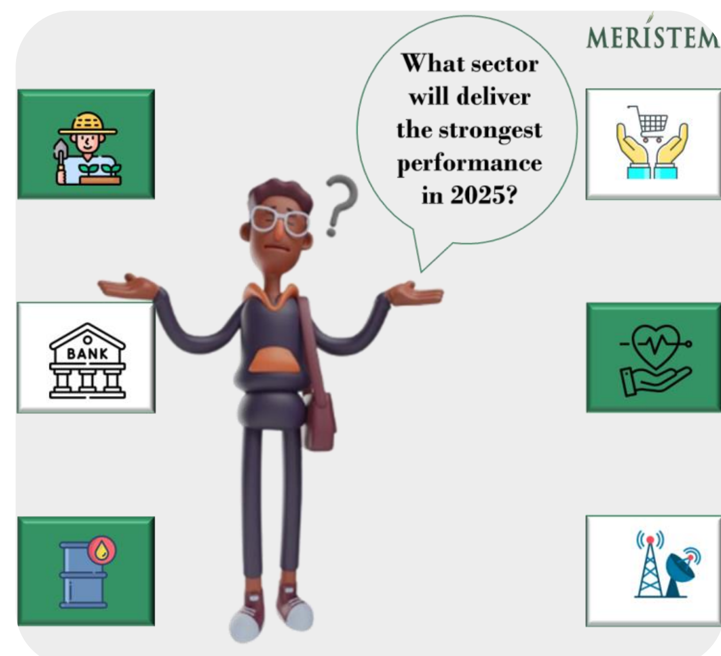
Financial Markets

Trump's administration may heighten fixed income market volatility, driving yields up and widening spreads.

The optimism in Tech/AI stocks are expected to be sustained in the year.

Themes that could shape the market in 2025

There is a potential downward slope in the yield curve in 2025, following the macroeconomic trend (expected easing inflation and rate cut).



Financial Services, Mining and Quarrying, Trade and ICT sector are set for strong returns in the year.

Financial Markets

Global Equities: Equity Assets Maintain an Upward Trajectory

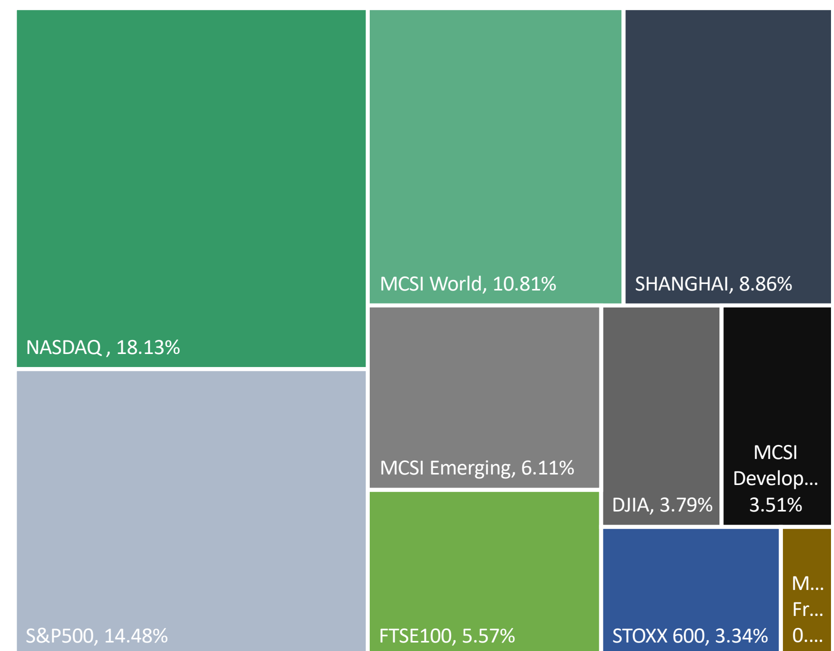
In 2024, positive returns for equity investors characterised the global equities market, as major markets sustained a bullish momentum in the second half of the year. Reflective of the upbeat sentiment, the S&P Global Broad Market Index returned 7.29% YoY in 2024 (vs. 24.86% in 2023FY). Also, the MSCI World, Emerging, and Frontier indices returned 17.88%, 8.27%, and 4.99%, respectively.

In H2:2024, investors' sentiment was predominantly shaped by a blend of factors. The dovish stance of monetary authorities across major economies, evinced by multiple rate cuts during the period, contributed to the positive market performance. Also, better-than-expected corporate earnings performance during the period bolstered investors' sentiments towards specific sectors. Investors reacted positively to the US election outcome, which was more decisive than expected, with investors anticipating the likely impact of key economic reforms from the new administration.

In the Eurozone, increasing demand for AI-related products and services significantly contributed to market gains, coupled with the ECB's easing measures, including potential interest rate cuts, provided liquidity and supported equity valuations. As such, the STOXX600 index returned 23.84% in 2024FY (vs 12.60% in 2023FY).

Meanwhile, the Asian region witnessed heightened volatility, with challenges including economic slowdown, regulatory pressures, and geopolitical tensions, dampening investor sentiment during the period. However, the Japanese bourse witnessed modest gains, supported by a weaker Yen and favourable monetary policies. Nonetheless, the Shanghai Composite Index and the Nikkei 225 Index returned 13.15% and 19.22%, respectively.

Chart 27: Global Equities Market Return 2024



Source: *Bloomberg, Meristem Research*

SSA Equities: Positive Returns Across Board

SSA equity investors realised robust gains in 2024, driven by improved confidence during the period, which bolstered market activity. For context, the Ghanaian bourse witnessed remarkable growth, with the GSE Composite Index (GSE-CI) returning 56.16% in 2024FY. This was influenced by improved performance and attractive valuations in the financial services sector, which attracted both domestic and foreign investors' attention.

In the same vein, the Kenyan equities market experienced a significant rebound, recovering from the downturn observed in 2023. This resurgence was marked by notable gains across major indices and increased investor confidence. As a result, the Nairobi Securities Exchange All-Share Index (NSE-ASI) returned 34.06% in 2024FY.

A positive factor that contributed to the strong performance was the appreciation of the currency during the period, with the Kenyan Shilling strengthening by c.21% in 2024. This enhanced investor confidence and attracted foreign investment.
Additionally, the Central Bank of Kenya's initiation of a rate-cutting cycle resulted in declining yields on treasury instruments, which renewed interest in the equities market towards the end of year.
Furthermore, the South African equities market demonstrated robust performance, marked by significant gains across major indices and sectors. Chiefly, the slower inflationary pressure during the period (2.80% - the lowest since June 2020) contributed to the positive market sentiment. Overall, the JALSH index returned 9.37% in 2024FY (vs 5.26% in 2023FY).

Also, the Egyptian equities market maintained its upward trajectory in 2024, following a strong performance in 2023. Broad-based sectoral growth and increased foreign portfolio inflows, amid slower growth in inflation drove the EGX30 Index to record an impressive 20.45% return. Similarly, the Angolan equities market sustained its growth in 2024, supported by a stable macroeconomic environment. Higher oil revenues, moderating inflation and ongoing economic reforms which boosted investor confidence. Key sectors like banking and energy performed strongly, driving the Angola Stock Exchange Index to a 21.32% annual return.

New Heights For Global Market Valuation

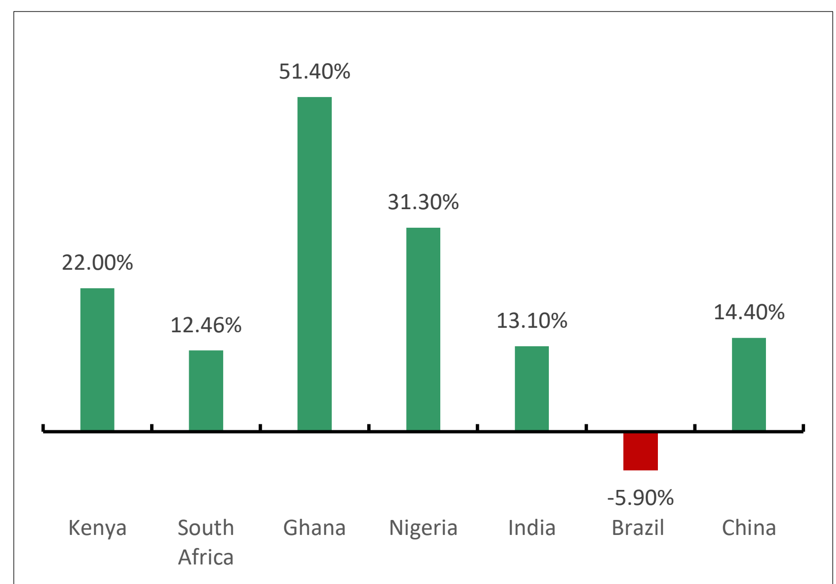
Our analysis indicates that global market valuation is currently at a historic high, with the S&P 500 trading at a 12-month forward price-to-earnings (P/E) ratio of 22.30x, compared to a 20-year average of 16.10x.

Although the higher valuation of mega-cap technology companies (like NVDA, GOOGL, and META) partly explains this, the US equities market is still trading at record valuations, even excluding these companies. Also, the buffet indicator, which measures market valuation as a ratio of total US stock market value to GDP, indicates that the US market may be overvalued.

We believe this increase in valuation has been driven by interest rate cuts, as a significant portion of the global equity returns in 2024 stemmed from valuation expansion, fuelled by growing optimism regarding lower inflation and interest rates.

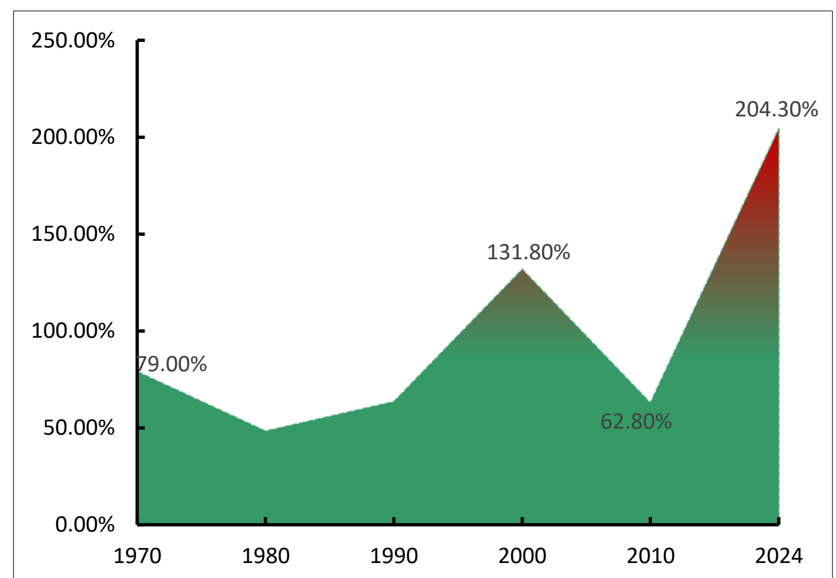
Nonetheless, we project that US equities will maintain this positive trajectory in 2025, despite the significant rise in 2024 and likely overvaluation.

Chart 28: SSA Equities Market Outperforms Emerging Markets Counterparts



Source: *Bloomberg, Meristem Research*

Chart 29: Global Market Valuation Trend (Buffet Indicator)



Source: *Meristem Research*

Outlook

While global market valuations are now higher than historical averages, we maintain a positive outlook for the global equities market in 2025. We expect the improved economic growth outlook and monetary easing across advanced economies to buoy investors' sentiment during the year. Across sectors, we remain bullish on technology, utilities, and financial services stocks. We observe that the recent wave of optimism has resulted in front-loaded returns, which may now be at risk of a correction. There are still many uncertainties surrounding tariff risks and their potential impact on global growth and inflation. Consequently, if bond yields rise further due to fiscal pressures, this could diminish the attractiveness of equity assets. Additionally, we note an unusual level of market concentration as the US equity market makes up 70% of the MSCI World Index, and the ten largest US stocks account for over 20% of the entire value of the global index. Thus, the return of the overall market may be largely determined by the performance of these stocks. Nonetheless, we anticipate a sustained sentiment hinged on strong corporate earnings performance.

Table 7: Global Equities Outlook and Strategy

Region	Outlook	Strategy
US	Sustained optimism in AI, supported by tech companies' earnings. Resilient growth and a Fed rate cut to bolster sentiment. Risks include any surges in long-term yields or increasing trade protectionism.	Overweight
UK	Political stability may enhance investor confidence; however, higher corporate taxes could negatively impact short-term profit margins.	Neutral
Europe	Improved economic growth and European Central Bank rate cuts could support modest earnings recovery. However, political uncertainty may keep investors cautious.	Neutral
Asia	A more positive outlook for Japan's economy and corporate reforms may enhance earnings and returns for equity investors. However, a stronger yen poses a downside.	Overweight
Emerging Market	The growth and earnings outlook is mixed, based on country-specific conditions.	Country Specific

MERISTEM

Domestic Equities

Robust Returns Amid Market Volatility

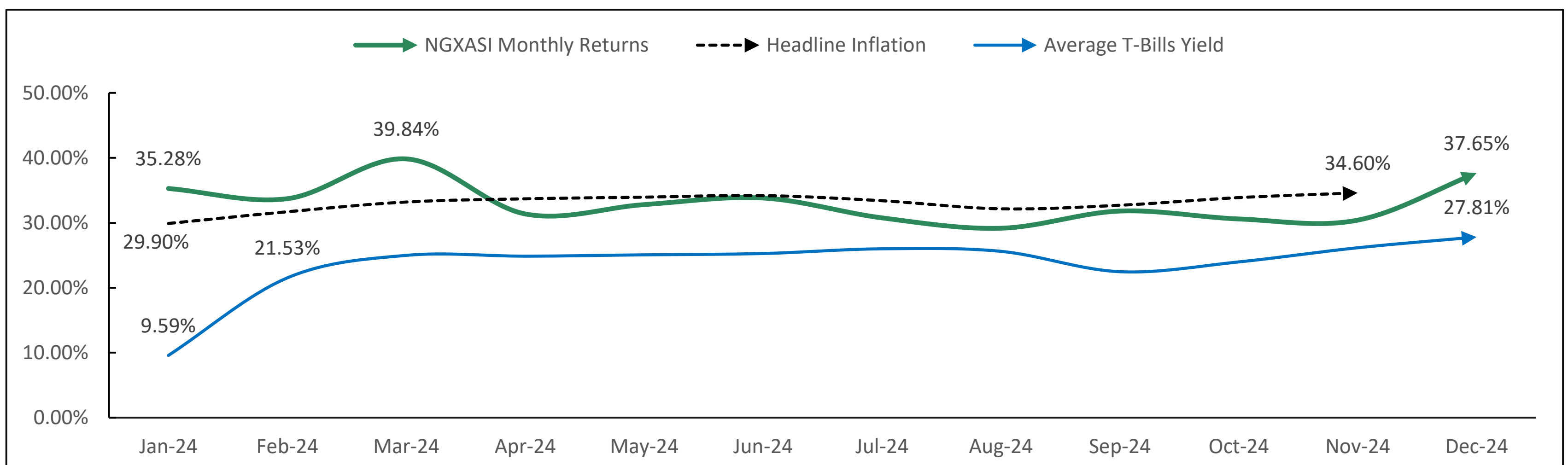
Similar to the previous year, the local bourse exhibited a bullish performance in 2024, mirroring our expectations. During the year, equity investors gained NGN21.03trn as the NGX-ASI returned 37.65% YoY (vs 45.90% YoY in 2023FY). This impressive return outperforms peer returns across global and continental markets.

Meanwhile, the predominant bullish sentiment was witnessed in Q1:2024, where the ASI hit a record high of 104,674.67pts, driven by strong investors' sentiment at the beginning of the year, as we revealed in our half-year outlook. However, the second half was characterised by heightened volatility with a bearish tilt, evinced by a less upbeat sentiment during the period. Resultantly, the ASI returned 1.50% QoQ and 3.63% QoQ in Q3:2024 and Q4:2024, respectively. The dampened momentum in the market was primarily driven by a significant increase in fixed-income yields during the period, which was influenced by aggressive interest rate hikes. Additionally, the lacklustre performance of corporate earnings in the first half of 2024 for some key sectors—due to the dual impacts of currency depreciation and persistent inflationary pressures—fueled a bearish sentiment across tickers in those sectors.
Furthermore, uncertainty regarding the recapitalisation of the banking sector, although less severe than in the first half of the year, contributed to the overall gloomy mood in H2:2024. Meanwhile, market activity reflected increased trading during the year, as the volume and value traded advanced to 871.11bn units and NGN21.06trn (vs 117.06bn units and NGN1.74trn in 2023FY), respectively.

Also, the performance across sectoral indices mirrored the broader market sentiment, as indices under our coverage closed in the green zone- NGXBANK (20.90%), NGXINS (123.22%), NGXOILGAS (160.01%), NGXCNSMRGDS (54.44%), NGXINDUSTR (31.70%), MERI-TELCO (5.21%), and MERI-AGRIC (88.79%).

As we observed, the oil & gas sector outperformed other sectors for the second consecutive year. We attribute this growth to proactive policy reforms in the energy sector during the year, which spurred investors' interest. Also, corporate actions within the industry triggered a bullish bias on oil & gas tickers. Overall, the Nigerian equities market closed in the green zone for six out of twelve months in 2024, reaching a market cap of NGN62.62trn (vs NGN40.92trn in 2023FY).

Chart 30: Movement in NGX-ASI returns, Average T-Bills Yield and Headline Inflation in 2024



Source: : NGX, NBS, FMDQ, Meristem Research

Major Corporate Actions in H2:2024

Acquisition	• Oando's acquisition of Nigerian Agip Oil Company (AGIP) , following approval. • Seplat's acquisition of Mobil Producing Nigeria Unlimitied Onshore assets, following approval on October 1st . • Approval of the sales of SPDC to Rennaisance, of which **ARADEL** constitutes part of the consortium in Rennaisance.
Share Buyback	• Flourmills of Nigeria Plc (**FLOURMILL**) completed a share buy-back programme of all minority shares by its major shareholder- Excelsior Shipping Company Ltd, finalizing its delisting from the NGX. • Proposed sale of majority stake in **WAPCO** by Holcim to Hauxin Cement.
New Listings on the Exchange	Oil & Gas company- Aradel Holdings Plc (**ARADEL**) and Real estate company- Haldane McCall Plc (**HMCALL**) listed on the Nigerian exchange at NGN702.69 and NGN3.84, respectively.
Capital Raise	• **FIDELITYBK** raised a total of NGN205.50bn via rights issue and public offer. • **ACCESSCORP** raised NGN351.00bn through the allotment of 2.27 billion shares at NGN155.00 per share. • **GTCO** raised a total of NGN400.50bn (9.00bn ordinary shares of NGN0.50k at NGN44.50 each) via public offer. • **STERLINGNG** executed a rights issue, offering 7.20bn ordinary shares at NGN4.00 per share, on the basis of one new share for every four shares held. • **ZENITHBANK** raised a total of NGN290.0bn via rights issue and public offer. • **FCMB** issued 15.197bn ordinary shares of NGN0.50 each at NGN7.30 per share through public offer. • **FBNH** executed a rights issue, offering 5.98bn ordinary shares to existing shareholders at a price of NGN25.00 per share.

Investors Participation Improves Despite Uncertainty

As of November 2024, data from the NGX Foreign Portfolio and Domestic Investment Report revealed total investor transactions of NGN4.91trn year-to-date (YTD), marking an impressive 81.14% increase from NGN2.71trn recorded in 2023FY. This growth was primarily driven by domestic investor participation, which surged by 43.77% to NGN4.13trn, accounting for 84.02% of total market transactions. Foreign investor participation also saw a remarkable recovery, rising by 204.35% to NGN785.28bn.

The surge in market activity reflects growing investor confidence in the Nigerian equities market, underpinned by recent monetary policy adjustments aimed at economic stabilisation, enhanced FX liquidity that mitigated repatriation risks, and the subsequent relative stability of the Naira. Additionally, the resilience of corporate performance across key sectors, despite prevailing economic challenges, further bolstered sentiment, with some companies delivering robust earnings growth and operational efficiencies. Furthermore, attractive market valuations provided compelling entry opportunities for both foreign and domestic participants.

Within the domestic market, retail investor activity grew significantly by 104.69% YoY, compared to a more modest 9.76% YoY increase in institutional participation.

Table 8: Investors participation on the NGX

Periods	Total Investment NGN'Bn	Foreign NGN'Bn	Institutional NGN'Bn	Retail NGN'Bn
2024FY	4,913.31	785.28	2,022.66	2,105.37
2023FY	2,712.45	258.02	1,842.75	1,028.56

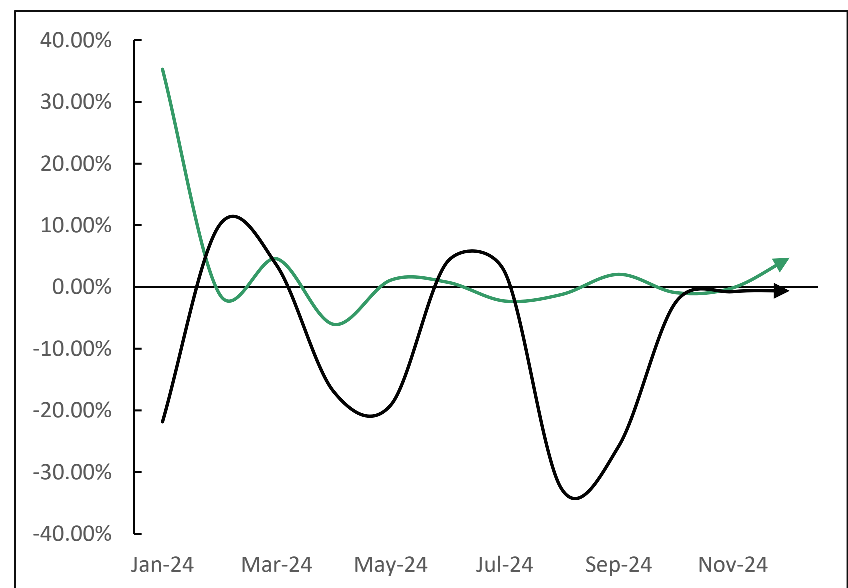
NASD: Sustained Growth Amidst Market Dynamics

Building on its impressive performance in H1:2024, the NASD OTC Securities Exchange maintained its upward trajectory in the second half of the year, closing at a record 3,002.68pts. This milestone marked a historic year for the unlisted securities market, characterised by resilience and robust investor activity.

The delisting of SDARADEL, a major contributor to H1:2024 market performance, initially raised concerns about its potential impact on the market. However, this was effectively offset by strong performance in other securities, particularly SDFCWAMCO, which attracted heightened investor interest due to robust financial results and strategic corporate actions.

Investor participation continued to grow in H2:2024, driven by the market's appeal as an alternative equities market, underpinned by macroeconomic stability, improved FX liquidity, and the competitive returns offered by unlisted securities. The exchange's sustained momentum despite the exit of a key ticker highlighted its resilience and demonstrated the increasing maturity of the NASD OTC market as a credible and attractive investment platform.

Chart 31: NGXASI vs NASDUSI Monthly Return in 2024



Source: *NASD, NGX, Meristem Research*

Outlook

What Will Move the Domestic Equities Market in 2025?

For 2025, we expect a combination of factors to influence investors' sentiment towards equity assets. Therefore, we anticipate some volatility but with a generally bullish outlook, amidst various macroeconomic and market dynamics. Our prognosis is hinged on the following drivers:

Macro-Economic Fundamental :

We anticipate an improvement in the economic landscape in 2025, and a positive impact on investor sentiment, leading to increased demand for equities. The likelihood of monetary policy authorities implementing a HOLD stance for most of 2025 and a likely cut in H2:2025 (depending on inflation trajectory) should support market liquidity and stimulate investor confidence. Despite potential downside risks surrounding macroeconomic factors such as inflation, exchange rate fluctuations, and external geopolitical risks, we anticipate that the equities market will remain resilient. This environment is likely to foster a search for value, particularly in sectors poised for recovery, as investors capitalise on growth opportunities.

Corporate Actions, Earnings Performance, Capital Raises and Restructuring :

Given the mixed, yet resilient, corporate performance anticipated in 2025, we expect a cautiously optimistic outlook for the equities market. While some sectors may face headwinds from ongoing macroeconomic pressures, others are likely to benefit from a recovery in consumer demand, improved cost efficiencies, and enhanced access to capital, hinged on a likely accommodative monetary policy stance in H2:2025. Corporate earnings growth may be uneven, with specific industries outperforming while others struggle to maintain margins. Nonetheless, the overall market sentiment should remain positive, driven by a search for value in well-managed companies poised for growth. Investors are expected to focus on fundamentally strong stocks, particularly in sectors benefiting from economic recovery and policy support. In the same vein, we anticipate capital raising activities, particularly amongst banks that are yet to meet the CBN’s regulatory requirement. Also, the proposed recapitalisation of the Insurance sector may drive equity raising from listed players in the sector. This is expected to spur market activity during the year.

New Listings :

With expected new listings in 2025, including Dangote Refinery and NNPC, the equities market could register a boost in liquidity and investor interest. These high-profile listings will likely attract significant capital flows, enhancing the market depth and offering fresh investment opportunities. While the broader market remains influenced by macroeconomic conditions, the influx of these strategic listings could uplift sentiment and provide a catalyst for broader market performance. Investors are expected to target these new entries, potentially driving further optimism and diversification in the equities space.

Outlook

Foreign Investors Participation:

We expect continued foreign investor participation in the Nigerian equities market in 2025, driven by expectations of relatively improved economic conditions, anticipated CBN monetary policy easing, and attractive new listings like Dangote Refinery and NNPC. While global uncertainties may pose some risks, the market's growth potential and higher yields should continue to attract foreign capital, supporting liquidity and market performance.

Attractive Valuation:

Our analysis indicates that the local bourse is currently undervalued, gleaning from its P/E ratio of 9.60x (vs its five-year average of 11.62x,, Emerging market- 13.82x, Developed market- 14.22x). We attribute this to investors' concerns about the country's macroeconomic condition, particularly across key macroeconomic variables. Nonetheless, we opine that this presents an entry opportunity for investors on underpriced stocks with strong fundamentals, especially across sectors that could record positive earnings growth.

Direction of Fixed Income Yields:

We expect movements in treasury yields during the year to occasionally influence investors' sentiment. In our view, expectations of a potential accommodative monetary policy stance in H2:2024 could pose a silver lining for the equities market. In the same vein, anticipated moderations in treasury yields towards the end of the year may support market sentiment and drive activity in the local bourse.

Fundamental Approach

Using the fundamental approach, our expected market return for 2025FY was calculated using the 2025FY target prices of our coverage stocks.

Table 9: Expected Sectoral Returns

Sector	Weight	Expected Return	Weighted Return
Banking	14.74%	29.91%	4.41%
Insurance	1.26%	20.37%	0.26%
Materials and Industrials	20.71%	34.97%	7.24%
Consumer Goods	21.36%	8.39%	1.79%
Agricultural Products	1.57%	20.99%	0.33%
Energy	16.96%	21.03%	3.57%
Healthcare	0.12%	39.54%	0.05%
Information Technology	20.25%	39.38%	7.98%
Other Financial Services	0.81%	44.12%	0.36%
TOTAL	100%		
Expected Return			25.98%

Econometrics Approach

In recent years, statistical models, such as the ARIMA model, have been widely used for forecasting stock market indices. Here, we use an ARIMA model to obtain a forecast of the NGXASI using monthly data on the All-share Index. The popularity of the ARIMA model is due to its inherent properties, which reduce the effect of seasonality in stock market variables, and its capacity to model the random noise in the data.

Based on this model, we expect the All-share index to settle at 136,420.00pts, implying a return of +32.40% by 2025FY from the close of 31st December 2024.

Technical Indicator

Technical indicators are used to analyse market trends and identify potential future market movement patterns. We consider the Fibonacci extension as an important indicator of investors behavioural sentiments as it smoothens the effect of recent price jumps and predicts performance based on likely reversion to historical mean.

Table 10: Expected Returns

Approach	Weight	Returns	Weighted Return
Fundamental approach	40%	25.98%	10.39%
Econometrics approach	30%	32.40%	9.72%
Technical indicator	30%	33.42%	10.03%
Expected market return			**30.14%**

Equities Strategy

Market Expectation

Our strategic portfolio in H2:2024 returned 52.95% (positions taken as of July 1st 2024), outperforming the benchmark (NGX-30 index) by 50.20%, mainly due to gains on CONOIL (+11.40%) and WAPCO (+9.76%). In line with our outlook for 2025FY, we have constructed a strategic portfolio aimed at maximising returns. The portfolio has been constructed to include quality growth stocks likely to outperform the market.

The stocks in the portfolio must have met at least 6 criteria.

- Omega ratio higher than 1.
- Expectation of top-line and bottom-line growth in 2025.
- ROE >10% or ROE in excess of COE.
- At least three years of revenue and earnings growth in the past five years.
- Double-digit or above industry-average margins
- Upside potential > 10%
- Relatively high beta.
- P/E ratio less than industry average

Table 11: Strategic Portfolio 2025

2025 Strategic Portfolio																		
	Fundamentals					Trailing				Valuation								
	AT	NM	ROE	ROA	Lev	EPS	BVPS	PE	PBV	Target PE	Exp. EPS	TP	CP	Exp. Div. Yield	UPP	Omega Ratio	Portfolio Weights	Tot. Return
ACCESSCORP	0.11	33%	41%	3%	13.07	36.0	88.43	0.66	0.27	1.38	22.52	31.08	23.85	13%	30.30%	1.00	4.34%	42.88%
AIICO	0.34	9%	30%	5%	5.55	0.5	1.71	2.77	0.84	4.47	0.50	2.24	1.43	3%	56.29%	1 .00	8.06%	59.79%
BUACEMENT*	0.45	8%	3%	3%	1.29	1.3	35.90	74.36	2.59	50.01	2.43	121.52	93.00	2%	30.67%	1 .00	4.39%	32.82%
CUSTODIAN	0.39	60%	36%	11%	3.16	7.5	20.96	2.28	0.82	2.59	7.64	19.79	17.10	6%	15.72%	1 .00	2.25%	21.27%
DANGCEM*	0.59	11%	21%	8%	2.56	26.8	126.87	17.85	3.77	16.32	40.88	667.16	478.80	6%	39.34%	1 .00	5.63%	45.61%
DANGSUGAR	0.92	-38%	271%	-43%	-6.35	-23.5	-8.65	-1.38	-3.76	6.42	6.02	38.65	32.50	0%	18.92%	1 .00	2.71%	18.92%
FBNH	0.10	24%	23%	2%	10.59	16.9	72.32	1.66	0.39	1.69	22.61	38.21	28.05	0%	36.22%	1 .00	5.19%	36.22%
FCMB	0.11	14%	21%	2%	11.58	6.4	29.74	1.47	0.32	1.01	13.63	13.77	9.40	14%	46.45%	1 .00	6.65%	60.28%
FIDELITYBK	0.10	29%	34%	2%	13.86	7.3	21.51	2.41	0.81	2.41	9.26	22.32	17.50	0%	27.52%	1 .00	3.94%	27.52%
GTCO	0.13	60%	48%	8%	5.93	42.7	89.46	1.33	0.64	1.23	55.59	68.38	57.00	0%	19.96%	1 .00	2.86%	19.96%
MAYBAKER	1.33	9%	23%	11%	2.10	1.3	5.64	7.18	1.67	8.88	1.47	13.05	9.40	5%	38.87%	1 .00	5.57%	44.19%
NASCON	0.91	11%	32%	10%	3.06	4.3	13.48	7.25	2.33	5.18	7.82	40.54	31.35	0%	29.32%	1 .00	4.20%	29.32%
NEM	0.82	20%	43%	21%	2.07	2.1	4.90	5.16	2.23	5.00	2.90	14.50	10.95	5%	32.42%	1 .00	4.64%	37.90%
PRESCO	0.74	40%	85%	29%	2.89	61.2	71.74	7.77	6.62	11.82	47.62	562.87	475.00	5%	18.50%	1 .00	2.65%	23.66%
TOTAL	1.90	3%	39%	6%	7.08	86.9	220.93	8.03	3.16	10.55	89.62	945.49	698.00	4%	35.46%	1 .00	5.08%	39.04%
UBA	0.12	22%	31%	3%	9.71	23.9	76.36	1.42	0.45	1.76	25.46	44.81	34.00	13%	31.79%	1 .00	4.55%	45.03%
WAPCO*	0.74	13%	15%	9%	1.74	4.5	28.84	15.67	2.43	10.40	7.88	81.95	69.95	2%	17.16%	1 .00	2.46%	19.59%
WEMABANK	0.12	18%	30%	2%	13.76	5.2	17.48	1.76	0.52	3.71	3.55	13.17	9.10	0%	44.73%	2 .30	6.40%	44.73%
ZENITHBANK	0.12	29%	30%	4%	8.66	34.1	111.75	1.34	0.41	1.89	33.75	63.79	45.50	12%	40.19%	1 .00	5.75%	52.28%
TRANSCORP*	0.54	26%	16%	12%	1.29	2.0	13.04	21.44	3.34	9.64	8.51	82.04	43.50	1%	88.59%	1 .00	12.68%	89.10%
																	100%	46.99%

AT=*Asset Turnover*
NM=*Net Margin*
ROE=*Return on Equity*
ROA=*Return on Asset*
Lev=*Leverage*
EPS= *Earnings Per Share*

BVPS= *Book Value Per Share*
P/E=*Price to Earnings Ratio*
PBV=*Price to Book Value*
Target PE=*2025 Target PE*
Exp. EPS= *2025 Dec Expected EPS*

TP=*Target Price*
CP= *Price as of 31st December 2024*
Exp Div. Yield=*Expected Dividend Yield*
UPP=*Upside Potential*
Omega Ratio= *A risk adjusted performance ratio that measures returns per unit of risk.*

Data in the Fundamental columns are based on trailing performance.

Sectors

Review and Outlook

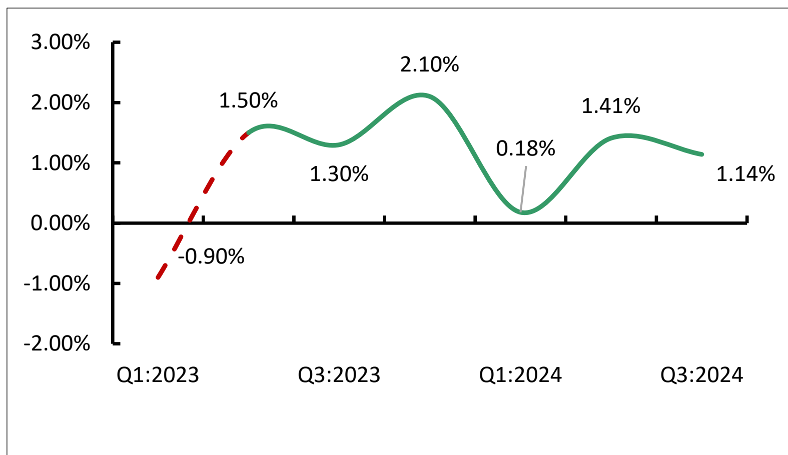
Agriculture

Striving for Balance: Piloting Through Headwinds

The agricultural sector remained resilient in 2024, recording a modest growth of 1.14% YoY in Q3:2024 (although, lower than the 1.30% YoY in Q3:2023). Similarly, the sector's contribution to GDP declined slightly to 28.65% from 29.31% YoY in Q3:2023. As we had observed during the year, the dampening impact of flooding and lower harvest yields during the period, weighed on agricultural output. Also, elevated input and transportation costs, stemming from persistent inflationary pressures and higher PMS prices, adversely impacted output despite various fiscal measures aimed at boosting food supply and easing input costs for agricultural producers during the year.

We maintain a modest outlook for the agricultural sector in 2025. This is hinged on ongoing efforts from the fiscal authorities to attract viable investments while also tackling persistent challenges related to food security and technological advancements in agricultural production. However, inflationary pressures and other structural issues within the sector pose a downside to our outlook.

Chart 32: Agricultural Sector Growth Rate Trend



Source: NBS, Meristem Research

In line with our expectations, domestic palm oil millers continued to benefit from elevated CPO prices globally, driven by export constraints in Indonesia- a major producing country. As a result, global prices surged by c. 45% to USD1,201.15/mt in 2024. Gleaning from the financial records of listed players under our coverage, domestic CPO producers recorded impressive revenue growth in 9M:2024 (OKOMUOIL - 71.40% YoY to NGN103.95bn and PRESCO - 67.30% YoY to NGN128.57bn). In addition to the surge in global prices, we also attribute this topline growth to the Naira depreciation witnessed during the year, which pushed up domestic prices. However, higher operating costs owing to the high inflationary environment and currency depreciation impacted margins, particularly for OKOMUOIL, but a slower increase in the cost of sales relative to revenue buoyed margins' growth for PRESCO. Nonetheless, the strong revenue growth outweighed cost pressures, leading to bottom-line expansions during the period (OKOMUOIL (+35.47% YoY to NGN28.34bn) and PRESCO (+120.58% YoY to NGN51.77bn).

In 2025, we expect sustained global CPO prices as the implementation of the B40 biodiesel mandate in Indonesia from January 2025 may continue to taper supply. However, improved weather conditions and anticipated lower consumption due to increased import tariffs on edible oils in India, may slightly moderate prices. Nonetheless, we anticipate increased topline for domestic players due to robust demand, coupled with increased volumes and elevated domestic prices, which should drive sales growth.

Valuation and Fundamental Metrics

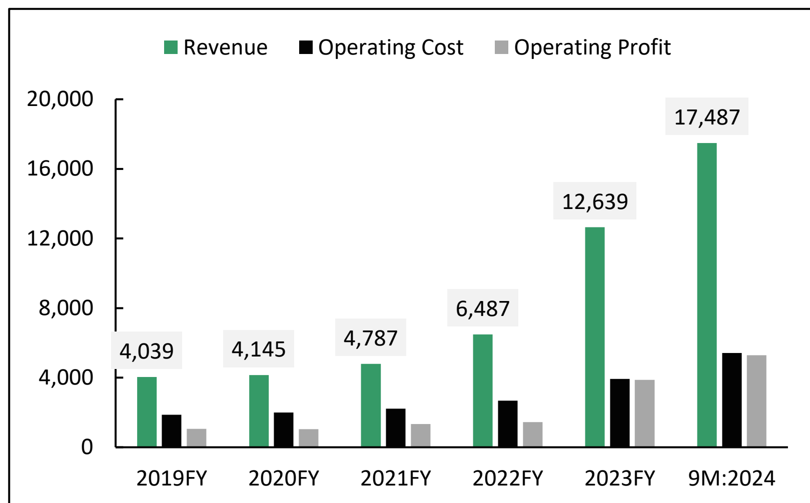
	Fundamentals					Trailing				Valuation						
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Exp Div Yield	Target PE	Exp. EPS	2025 TP	CP	UPP	RT
OKOMUOIL	1.05	24%	61%	25.00%	2.43	29.43	48.46	13.72x	8.33x	4.95%	11.90	46.72	555.97	444.00	25.22%	BUY
PRESCO	0.74	40%	85%	29.49%	2.89	61.16	71.74	7.77x	6.62x	5.16%	11.82	47.62	562.87	475.00	18.50%	BUY

Banking Sector

Yielding Strength Amid Challenges

Several factors, including the MPC's policy decisions, the recapitalisation initiative, and the tax levy on unrealised FX gains from 2023, significantly influenced the banking sector in 2024. Despite the challenging macroeconomic environment, the industry has remained resilient. Over the past five years, the sector's market size has grown at an average rate of 35.84%, driven by high loan pricing, an expansion in earning assets, and the adoption of digitisation and diversified services.

Chart 33: 5-year Industry's Performance



Source: Company Financials, Meristem Research

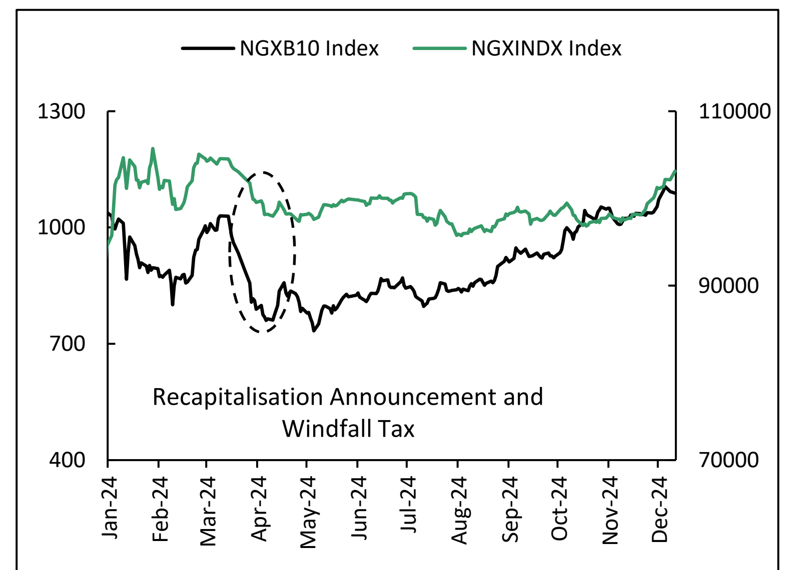
The MPC's contractionary stance continued to boost banks' net interest income as loans were repriced to reflect heightened risk levels. Consequently, over 65% of gross earnings were derived from interest income. However, this high-yield environment increased funding costs, rising to 5.78% in 9M:2024 compared to 3.94% in 9M:2023. The net interest margin also improved to 5.98% from 4.07% in the prior period.

On the downside, asset quality slightly deteriorated, with the NPL ratio increasing to 4.23% in 9M:2024 from 4.12% in 9M:2023. While this has posed challenges for some banks, others have shown resilience in navigating these pressures.

Additionally, in response to the CBN's recapitalisation directive announced in March 2024, nine banks—**UBA**, **ACCESSCORP**, **JAIZBANK**, **ZENITHBANK**, **FBNH**, **GTCO**, **FIDELITYBK**, **FCMB**, and **STERLINGNG** — have collectively raised significant capital to meet the new requirements. As of December 2024, these banks had raised over NGN1.70trn through various capital-raising efforts.

Furthermore, the government introduced a 70.00% windfall tax on banks' realised FX gains from transactions between January 2023 and December 2025, aiming to fund infrastructure, education, and healthcare. While banks can defer payments by entering agreements with FIRS before the end of 2024, non-compliance risks fines and interest penalties. The tax sparked concerns about double taxation and financial strain on banks already managing recapitalisation efforts. This negatively impacted investor's confidence, causing an observed decline in the banking index (24.79%) in April 2024. However, the index returned 20.88% in 2024, indicating positive investor sentiment towards the sector.

Chart 34: Movements in the NGXASI and Banking Index



Source: Bloomberg, Meristem Research

In 2025, the banking sector is set to sustain earnings growth through strategic loan portfolio expansion and the maintenance of elevated interest rates. Banks boasting robust Current Account Savings Account (CASA) ratios are expected to achieve cost efficiencies and enhanced net interest margins. The continued adoption of digital technologies will further drive operational efficiency and bolster non-interest income streams. While foreign exchange and trading revenues will remain significant for some banks, they are anticipated to exhibit reduced volatility compared to 2024.

The industry's focus is expected to be on optimizing revenue streams and refining cost structures, leveraging digital innovation and diversification to ensure sustainable growth. Notably, value stocks within the banking sector are projected to deliver stronger returns in the year 2025, reflecting the sector's resilience and adaptability in a dynamic economic environment.

Valuation and Fundamental Metrics

	Fundamentals					Trailing				Valuation						
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Exp Div Yield	Target PE	Exp. EPS	2024 TP	CP	UPP	RT
ACCESSCORP	0.11	29%	41%	3%	13.07	35.96	88.43	0.67x	0.27x	12.58%	1.38x	22.52	31.18	23.85	+30.73%	BUY
ETI	0.08	16%	21%	1%	16.42	31.20	147.53	0.87x	0.18x	6.29%	1.35x	24.54	33.18	28.00	+18.49%	BUY
FCMB	0.11	17%	21%	2%	11.58	6.38	29.74	1.41x	0.30x	13.83%	1.01x	13.63	13.76	9.40	+46.39%	BUY
FIDELITYBK	0.10	25%	34%	2%	13.86	7.26	21.51	2.13x	0.72x	10.86%	2.41x	9.26	22.30	17.50	+27.40%	BUY
FBNH	0.10	22%	23%	2%	10.59	16.92	72.32	1.57x	0.37x	2.50%	1.69x	22.61	38.17	28.05	+36.10%	BUY
GTCO	0.13	62%	48%	8%	5.93	42.72	89.46	1.24x	0.59x	10.18%	1.23x	55.59	68.38	57.00	+19.96%	BUY
JAIZBANK	0.09	32%	60%	3%	22.06	0.66	1.10	3.76x	2.28x	2.00%	4.95x	0.84	4.16	3.00	+38.60%	BUY
STANBIC	0.11	27%	33%	3%	11.52	16.11	42.02	3.53x	1.17x	8.68%	2.92x	22.89	66.79	57.60	+19.96%	BUY
STERLINGNG	0.09	11%	16%	1%	15.64	1.13	7.22	4.30x	0.67x	7.14%	4.86x	1.79	8.69	5.60	+55.23%	BUY
UBA	0.12	27%	31%	3.%	9.71	23.88	76.36	1.40x	0.44x	13.24%	1.76x	25.46	44.81	34.00	+31.79%	BUY
WEMABANK	0.12	18%	30%	2%	13.76	5.18	17.48	1.71x	0.51x	5.49%	3.71x	3.55	13.17	9.10	+44.78%	BUY
ZENITHBANK	0.12	29%	30%	4%	8.66	34.08	111.75	1.29x	0.39x	12.09%	1.89x	33.75	63.68	45.50	+39.96%	BUY

Consumer Goods

Adapting to the Pressure

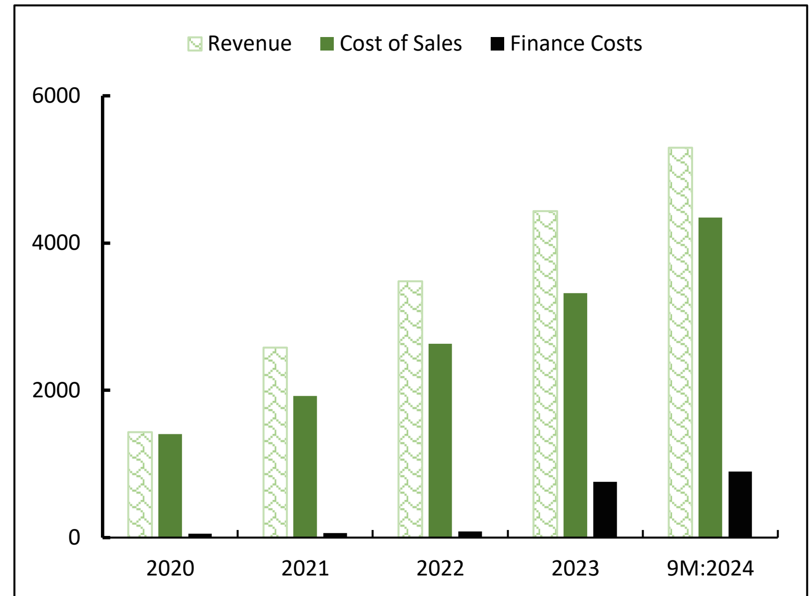
The Nigerian consumer goods sector has weathered a tough macroeconomic environment, characterized by high inflation, volatile exchange rates, and rising borrowing costs. Companies in this sector have managed these challenges through price adjustments, increasing volumes, and expanding their capacities.

In 2024, the sector grappled with escalating raw material costs and currency devaluation, both of which exerted significant pressure on margins. Nevertheless, revenue growth has been strong, with total industry revenue reaching NGN7.33trn in 2023 (or 2024 for companies such as **GUINNESS** and **FLOURMILL**), up from NGN3.99trn in 2018. This represents a robust five-year compound annual growth rate (CAGR) of 20.79%.

However, cost pressures remain a critical challenge. The cost of sales has surged from NGN1.44trn in 2018 to NGN4.04trn in 2023 (NGN4.35trn as of 9M:2024), driven by escalating raw material prices. Finance costs have similarly risen dramatically, from NGN47.51bn in 2018 to NGN938.41bn in 2023 (NGN896.00bn as of 9M:2024), largely due to the depreciation of the Naira and higher borrowing costs. This has had a tangible impact on shareholder value, particularly for companies facing persistent losses.

In response to these pressures, many companies have pursued strategic financing solutions to support growth and mitigate operational challenges. Nigerian Breweries Plc (**NB**), for instance, executed a rights issue to address negative shareholder equity stemming from recurring losses, while Dangote Sugar Refinery Plc (**DANGSUGAR**) issued commercial papers to meet working capital requirements. Concurrently, companies such as BUA Foods Plc (**BUAFOODS**) have prioritised capacity expansions, positioning themselves for long-term growth despite the current challenges.

Chart 35: Industry Revenue, Cost of Sales and Finance Costs (NGN'mn)



Source: Companies Financials, Meristem Research

The Nigerian consumer goods sector is expected to remain resilient, posting double-digit topline growth, driven by continued price adjustments and strategic capacity expansions. While elevated prices for goods will support revenue growth, the sector will still face ongoing cost pressures from rising raw material prices. However, we anticipate a moderation in the impact of currency depreciation on finance costs, as the rate of Naira devaluation is unlikely to reach the levels seen in 2024. As a result, the pressure from rising borrowing costs is expected to ease.

Sugar Sector: Sweet Global Gains, Sour Local Results

Global sugar production grew significantly during the 2024/2025 harvest season, reaching 186.60mt. This was driven by higher outputs in China, India, and Thailand, which more than offset reduced production in Brazil caused by El Niño weather conditions earlier in the year.

The increased supply is evident in declining sugar prices. The trend is further supported by the FAO Sugar Index, which has steadily declined, with the YtD average at 126.30pts, compared to an average of 145.00 pts in 2023.

Local players in the Nigerian sugar industry were unable to benefit from the decline in global sugar prices due to the persistent depreciation of the Naira. This resulted in a significant increase in the cost of sales for key industry players, with DANGSUGAR and BUAFOODS recording growth of +89.59% YoY and +116.35% YoY as of 9M:2024, respectively. Consequently, these costs were transferred to consumers, driving double-digit revenue growth as domestic sugar prices surged. However, the faster pace of cost growth outstripped revenue gains, with cost-to-sales ratios rising to 95.91% and 68.83% as at 9M:2024 for DANGSUGAR and BUAFOODS, respectively (vs 80.45% and 64.29% in 2023FY).

Global sugar prices are expected to decline in 2025, driven by increased production in Europe and Asia. The adoption of sugar beets for sugar production is also expected to enhance output due to its higher yield, compared to sugarcane.

Domestically, sugar prices may ease as currency depreciation slows. Moreover, improved compliance with the Nigerian Sugar Master Plan and sustained backward integration efforts by DANGSUGAR, BUAFOODS, and FMN are anticipated to bolster local production, reducing the sector's dependence on imports, which currently accounts for c.95% of raw material needs.

Wheat Price Peaks: The Tightening Grip on Nigeria's Flour Millers

Global wheat prices peaked in June 2024, driven by disruptions in Black Sea shipping infrastructure, attacks on key grain hubs, and escalating Russia-Ukraine tensions. Additionally, concerns about prolonged wet weather affecting wheat quality further fuelled the rally. However, increased production from the US, Canada, and Argentina helped offset reduced output from Russia, while weaker demand from China—the world's largest wheat importer—contributed to price stability in H2:2024.

On the domestic front, the heavy reliance on wheat imports has continued to weigh on the cost of production for local flour millers. To ease this burden and manage food inflation, the Federal Government introduced a temporary waiver on wheat and food import duties.

Nigeria's wheat sector remains significantly dependent on imports, making it susceptible to global market fluctuations and geopolitical disruptions. Although government reforms promoting year-round farming and backward integration are commendable, their effects are expected to be modest in the short-to-medium term.

Valuation and Fundamental Metrics

	Fundamentals					Trailing				Valuation							
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Exp Div Yield	Target PE	Exp. EPS	2025 TP	CP	UPP	RT
BUAFOODS	1.19	16.20%	57.04%	19.41%	2.94	11.55	20.25	35.94x	20.50x	1.08%	23.69	17.93	424.66	415.00	2.33%	HOLD
CADBURY	1.65	-18.70%	-6015.45%	-30.83%	195.15	-9.08	0.15	-2.37x	142.45x	0.00%	8.96	6.62	59.32	21.50	175.91%	BUY
DANGSUGAR	0.92	-46.28%	-271.29%	-42.71%	-6.35	-23.48	-8.65	-1.40x	-3.78x	0.00%	6.42	6.02	38.65	32.50	18.92%	BUY
GUINNESS	1.49	-19.01%	-694.94%	-28.26%	-24.59	-31.74	-4.57	-2.11x	-14.67x	0.00%	4.61	18.24	84.09	70.25	19.70%	BUY
NASCON	0.91	11.49%	32.06%	10.49%	3.06	4.32	13.48	7.17x	2.30x	5.63%	5.18	7.82	40.54	31.35	29.31%	BUY
NB	0.92	-21.86%	-232.85%	-20.02%	-11.63	-19.33	-8.30	-1.68x	-3.92x	0.00%	10.87	3.63	39.46	32.00	23.31%	BUY
NESTLE	0.89	-31.58%	-229.85%	-28.16%	-8.16	-325.00	-141.40	-2.69x	-6.19x	0.00%	5.83	225.39	1,313.33	875.00	50.09%	BUY
UACN	1.24	9.21%	24.74%	11.44%	2.16	5.42	21.92	5.57x	1.38x	1.18%	9.01	4.72	42.53	31.45	35.23%	BUY
UNILEVER	0.96	8.27%	13.56%	7.91%	1.71	1.76	12.99	17.03x	2.31x	2.01%	14.57	3.41	49.73	32.95	50.93%	BUY

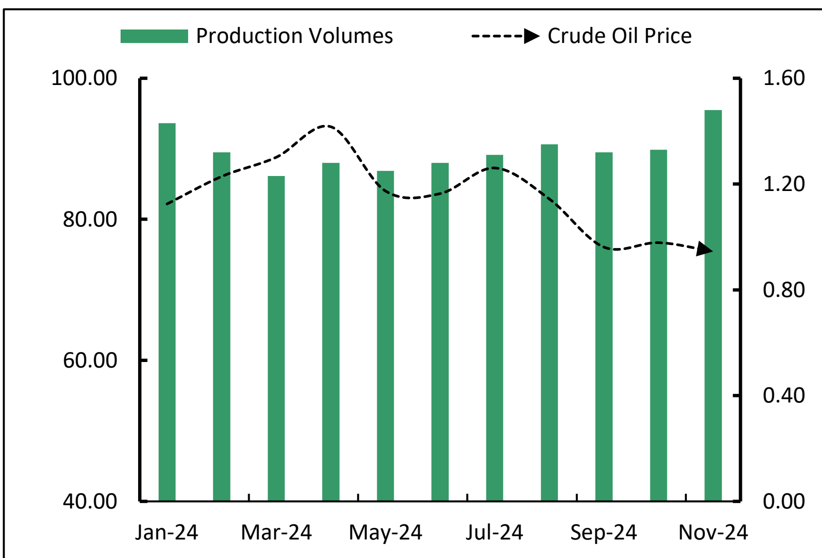
Energy Sector

Production Boost Amid Price Volatility

In the first nine months of 2024, Nigeria's crude oil production averaged 1.33mbpd, a 7.26% increase from the 1.24mbpd recorded in 2023FY. This growth reflects the positive impact of strengthened security measures, which have reduced pipeline vandalism and oil theft. Contributions from new marginal fields, including the Utapate field, also supported the improved output. Additionally, collaborative efforts between the government and industry stakeholders to tackle operational inefficiencies and accelerate project timelines further boosted production levels.

For most of 2024, crude oil prices showed steady growth, averaging USD83.83/bl in H1:2024, supported by heightened supply concerns stemming from escalating Middle East tensions. However, this upward momentum waned in H2:2024, with Brent averaging USD79.85/bl and reaching a year-low of USD74.02/bl in September 2024. The price decline was largely driven by weaker demand from China—a key consumer accounting for 16.18% of global oil consumption—amid its slowing economic growth and a shift toward cleaner energy sources.

Chart 36: Trend in Global Crude Oil Production (mbpd) and Price (USD/bl)



Source: NUPRC, CBN, Meristem Research

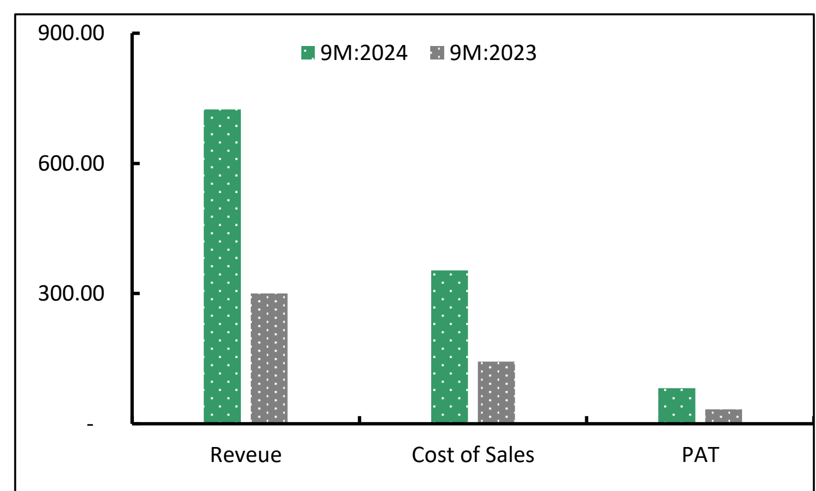
We maintain an optimistic outlook for Nigeria's energy sector in 2025, hinged on ongoing structural reforms and favourable policy initiatives within the sector. Sustained demand across key sub-sectors, including industrial, commercial, transportation, and household are expected to act as significant growth catalysts.

Reforms, Acquisitions & Investments to Propel Upstream Growth

In 9M:2024, the oil and gas sector exhibited strong growth despite a challenging macroeconomic backdrop. In the upstream oil and gas segment, SEPLAT and ARADEL posted impressive topline growth of 123.98% YoY and 206.86% YoY, respectively, driven by operational efficiencies, supportive oil prices, and higher USD-denominated realizations due to exchange rate gains.

Although both companies experienced a sharp rise in cost components—particularly tax expenses, which increased by 1,870.75% YoY for SEPLAT and 344.04% YoY for ARADEL, due to higher taxable profits—they still delivered robust bottom-line growth of 12.44% YoY (NGN52.77bn) and 477.21% YoY (NGN110.58bn), primarily owing to the strong revenue performance.

Chart 37: Upstream Industry Performance (NGN'bn)



Source: Company Financials, Meristem Research

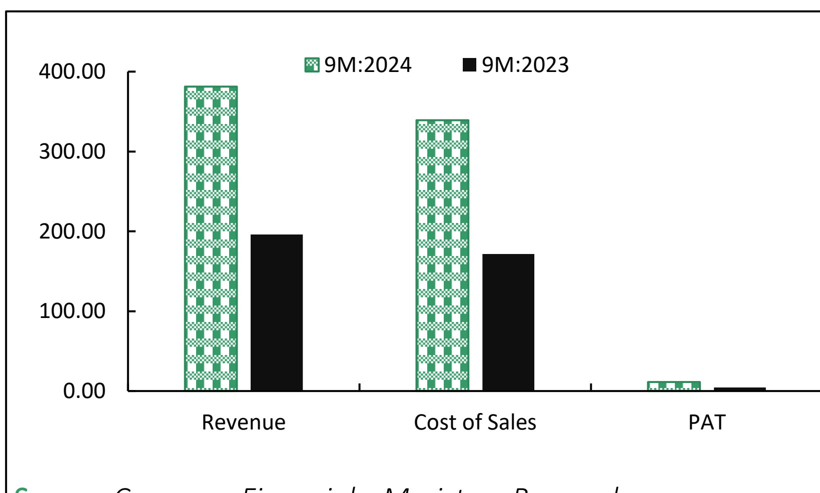
In the upstream subsector, we anticipate that strategic initiatives and reforms, including the implementation of the Pipeline Monitoring and Control Centre system, enhanced security measures for oil and gas assets, and VAT incentives, will serve as key drivers of attraction and investments, thereby stimulating exploration and production activities.

Additionally, significant acquisitions—such as Oando's purchase of Agip Nigeria, SEPLAT's acquisition of Mobil Producing Nigeria, and Renaissance Oil's acquisition of Shell's assets—are expected to strengthen production capacity, diversify asset portfolios, and improve operational efficiency. These developments position operators to capitalise on both domestic and global energy demand, thereby reinforcing their market competitiveness.

Reforms Fuel Robust Revenue Growth

In the downstream sector, revenue growth was strong, averaging 94.42% YoY in 9M:2024, driven by full deregulation following the removal of the fuel subsidy, which enabled market-driven pricing. However, this impressive revenue performance was accompanied by significant cost pressures, primarily due to macroeconomic headwinds such as exchange rate volatility, elevated interest rates, and high inflation. Consequently, the sector's cost of sales surged by an average of 97.57% YoY during the period. Despite these challenges, downstream players recorded notable bottom-line growth, averaging NGN11.48bn, a significant increase from NGN4.59bn in 9M:2023, largely supported by the robust topline expansion.

Chart 38: Downstream Industry Performance (NGN'bn)



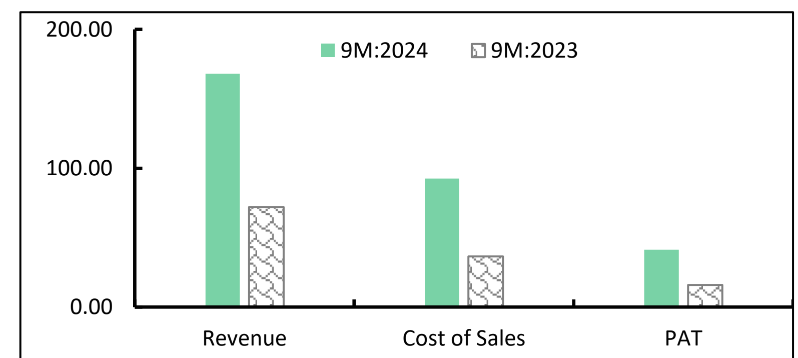
Source: *Company Financials, Meristem Research*

We envisage strong growth for the downstream sector. The commencement of operations at both private and government-owned refineries could reduce import dependency, alleviates cost pressures, and enhances profit margins. Additionally, the issuance of further refining licenses is expected to expand domestic capacity, mitigate foreign exchange risks, and promote competitive pricing. Thus, improving cost efficiency and supporting stronger bottom-line growth for industry players.

Capacity Expansion & Policy Tailwinds to Support Greater Gain

As of 9M:2024, major players in the power industry posted an impressive average revenue growth of 133.13% YoY, driven by rising electricity demand amid robust population growth and accelerating urbanisation. However, the sector grappled with mounting cost pressures, as the cost of sales surged by an average of 154.13%, primarily attributed to elevated gas prices and the pass-through effect of a higher exchange rate, given that gas contracts are denominated in US dollars. Despite these headwinds, the industry demonstrated remarkable resilience, with average bottom-line growth of 159.75% YoY, reaching NGN41.31bn in 9M:2024, a substantial increase from NGN15.90bn in 9M:2023.

Chart 39: Power Industry Performance (NGN'bn)



Source: *Company Financials, Meristem Research*

The power generation sector is set for notable improvements in both capacity and efficiency, driven by infrastructure expansion and enhanced operational reliability, which are anticipated to reduce costs and bolster margins. Government policies supporting private sector investment, along with efforts to increase generation capacity and foster competitive pricing, are likely to further strengthen the sector, enhancing operational efficiency and profitability.

Valuation and Fundamental Metrics

	Fundamentals					Trailing				Valuation						
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Exp Div Yield	Target PE	Exp. EPS	2025 TP	CP	UPP	RT
SEPLAT	0.25	7%	3%	2%	1.87	148.15	4,754.49	38.47x	1.20x	0.14%	28.70	229.29	6,580.62	5,700.00	+15.45%	BUY
ARADEL	0.27	31%	11%	8%	1.29	247.07	162.18	17.88x	1.92x	3.01%	13.00	65.91	856.83	598.00	+43.28%	BUY
CONOIL	3.22	4%	23%	13%	1.82	16.77	72.71	23.09x	5.32x	0.59%	16.25	25.20	409.50	387.20	+5.76%	HOLD
ETERNA	4.08	-2%	-354%	-7%	-54.16	-3.61	-1.02	-7.40x	-26.18x	0.00%	10.10	2.80	28.28	24.30	+16.38%	BUY
MRS	4.96	2%	12%	10%	1.21	19.92	159.91	10.93x	1.36x	0.00%	13.40	20.50	274.70	217.80	+26.12%	BUY
TOTAL	1.90	3%	39%	6%	7.08	86.93	220.93	7.75x	3.05x	3.97%	10.55	89.62	945.49	698.00	+35.46%	BUY
TRANSCORP	0.54	22%	16%	12%	1.29	8.12	52.15	5.33x	0.83x	0.51%	9.64	8.51	82.04	43.50	+88.59%	BUY

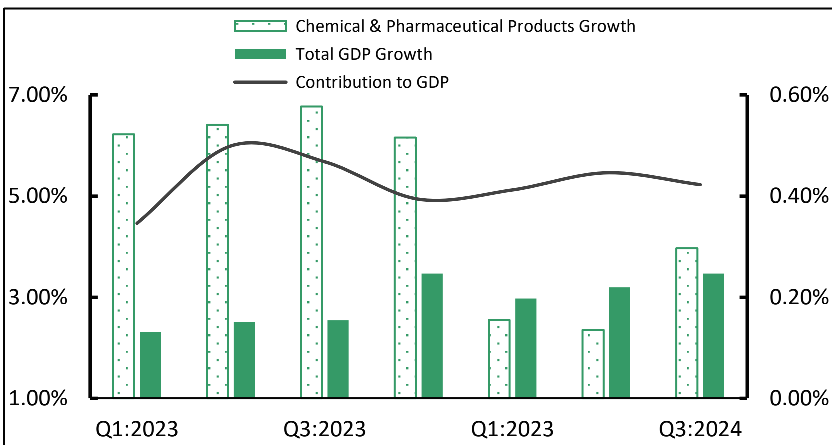
Healthcare

Healthy Prospects: Pharma Sector to Sustain Gains

In Q3:2024, Nigeria's healthcare sector (proxied by the chemical and pharmaceutical products subsector), recorded a 3.97% YoY growth—the highest quarterly performance of the year. This reflects a slowdown from the 6.77% growth achieved in Q3:2023 and can be attributed to persistent macroeconomic challenges such as inflationary pressures and high interest rates. However, the growth rate signifies an improvement from the 2.35% growth in Q2:2024.

This recovery can be attributed to a relatively stable exchange rate in Q3:2024, which reduced import costs and supported sector output. Supporting this view, the industry's cost-to-sales ratio (based on companies under our coverage) declined to 62.53% in Q3:2024, compared to 66.86% in Q3:2023.

Chart 40: Chemical and Pharmaceuticals Product GDP

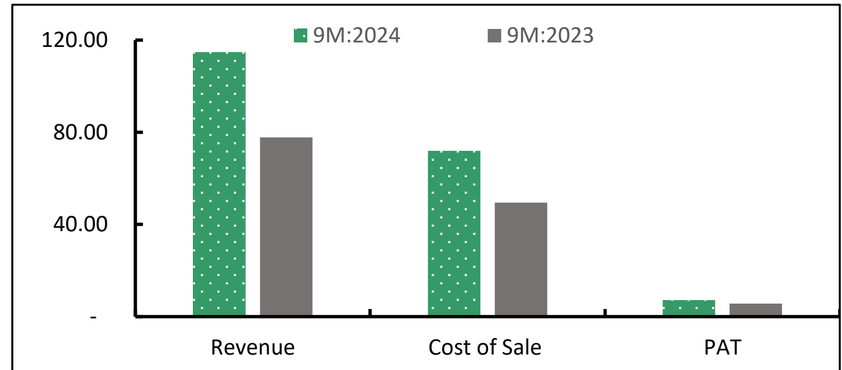


Source: NBS, Meristem Research

Additionally, the sector's resilient nature bolstered revenue performance, as companies managed to pass on rising costs to consumers to a degree. By 9M:2024, industry revenue had exceeded the total revenue for 2023, growing by 47.70% YoY to NGN114.86bn (from NGN77.76bn in 9M:2023).

This growth was driven by increased volumes and price adjustments implemented during the year. Consequently, profit-after-tax for companies under our purview also rose by 26.33% YoY to NGN7.20bn as of 9M:2024, compared to NGN5.70bn in 9M:2023.

Chart 41: Industry Financial Performance (NGN'bn)



Source: Company Financials, Meristem Research

We hold a positive outlook for the sector's performance in 2025. In our opinion, the industry is likely to remain resilient, supported by steady demand due to the essential nature of its products. Furthermore, drivers such as product innovation and ongoing collaboration between industry players, governments, and international partners are expected to sustain volume growth and support topline expansion.

Although reliance on imported APIs will continue to expose production costs to exchange rate volatility, our expectation of a more stable exchange rate regime in 2025 may help mitigate potential cost pressures. In addition, recent fiscal measures, such as the suspension of VAT on essential medical supplies — including APIs, excipients, and other raw materials—could provide some relief on importation costs, offering a marginal boost to profitability.

Hence, while significant relief in the cost environment is unlikely, our anticipation of robust revenue growth could support moderate earnings improvement for industry players in 2025.

Valuation and Fundamental Metrics

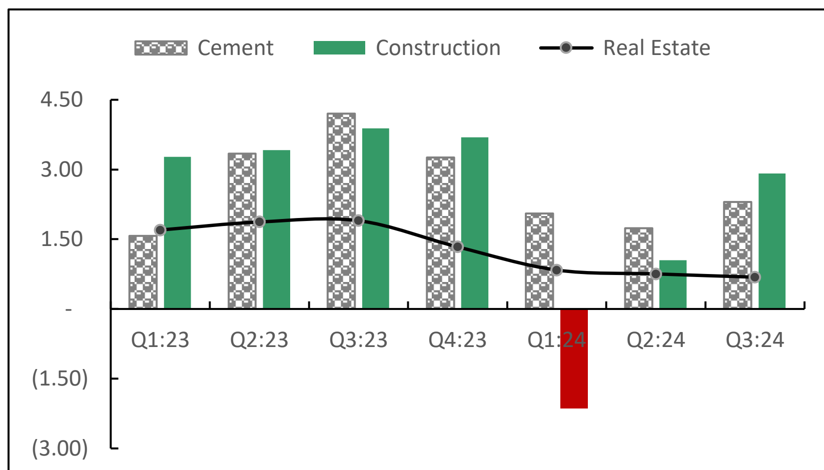
	Fundamentals					Trailing				Valuation						
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Exp Div Yield	Target PE	Exp. EPS	2025 TP	CP	UPP	RT
FIDSON	0.96	5%	16%	5%	3.29	1.43	8.86	10.31x	1.66x	3.23%	9.41	2.40	22.63	15.50	+46.00%	BUY
MAYBAKER	0.96	7%	15%	6%	2.42	0.84	5.47	6.54x	1.01x	5.32%	8.88	1.47	13.07	9.40	+39.03%	BUY
NEIMETH	0.26	-109%	-168%	-29%	5.83	-0.61	0.36	-2.65x	4.45x	-	6.04	0.55	3.34	2.29	+45.77%	BUY

Industrial Goods

Caught Between Progress and Pressure

In 2024, Nigeria's industrial goods sector was hit by surge in energy cost, FX losses, high borrowing costs, squeezing profitability. The cement sector slowed to an average growth of 2.03% YoY in 9M:2024 (vs 3.71% YoY in 9M:2023), as infrastructure projects dwindled, and energy costs rose. Construction recorded just 0.61% growth (vs 3.53% in 9M:2023), as fiscal constraints and delayed capital projects muted the modest gains from private investments. Real estate performed the weakest, shrinking to 0.75% growth from 1.82%, as inflation and commercial property vacancy rate increased.

Chart 42: Construction, Cement, Real Estate and Real GDP Growth Rate



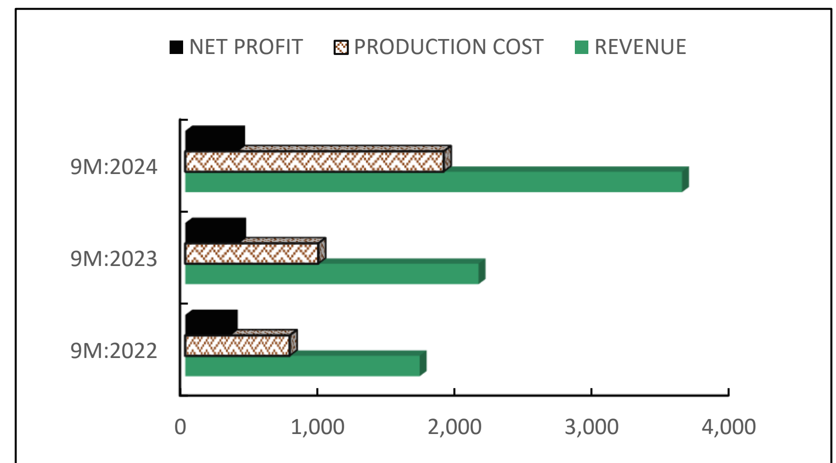
Source: NBS, Meristem Research

Despite a 69.38% YoY increase in the revenue of listed cement companies to NGN3.63trn in 9M:2024, rising production costs, particularly for fuel and energy, eroded profitability. This is reflected in the increase in the cost-to-sales ratio to 52.03% (up from 45.35% in 9M:2023). As a result, net margins narrowed to 10.63%, compared to 18.36% in the same period of 2023, underscoring the sector's ongoing struggle to balance revenue growth with escalating cost pressures.

We project topline for the quoted cement players to reach NGN6.65trn in 2025, led majorly by higher sales volumes from BUACEMENT and DANGCEM. Additionally, we estimate WAPCO's capacity utilisation to climb to 63.20%, as the new majority shareholders push for regional sales growth and expansion.

We also anticipate that cement players will capitalise on the government's focus on infrastructure development, demand in construction, and pursue expansion strategies to improve export. However, despite efforts to reduce costs through alternative, more affordable energy sources, we expect the cost of production to remain above 47.00% of revenue.

Chart 43: Financial Performance of Cement Companies (9M:2022 to 9M:2024) (NGN'bn)



Source: Company Financials, Meristem Research

WAPCO: A New Phase, A New Chapter?

Lafarge Africa Plc (**WAPCO**) ushered in a new chapter following Holcim's agreement to sell its majority stake to Huaxin Cement. The deal saw the exchange of approximately 83.81% of **WAPCO's** total holding for USD1.00bn, sparking a surge of investor activity that drove the stock price to a year-high of NGN75.45. However, the rally proved short-lived as some early investors took advantage of the price spike to offload their positions, causing the frenzy to subside. Here is our NOTE with a comprehensive breakdown of the transaction and what it means for investors.

In our view, this could enhance WAPCO's operational efficiency, drive investments in capacity expansion, and improve profitability. Additionally, this acquisition could open opportunities for WAPCO to expand its market share in Nigeria and to other African markets, leveraging Huaxin's resources and experience.

Table 10: An Estimation for the Average Retail Price of Cement Per Bag

Indicator	Worst Case	Base Case	Best Case
Inflation	35.12%	32.12%	29.62%
Avg. Oil Prices (USD)	90	75	60
Exchange Rate (NGN/USD)	2000	1500-1600	1400
Projected Price per Bag (NGN)	9,250	7,600	7,050
Rationale	High inflation, higher energy prices, weaker Naira.	Moderate inflation, stable energy prices, stable exchange rate.	Lower inflation, lower energy price, stronger Naira.

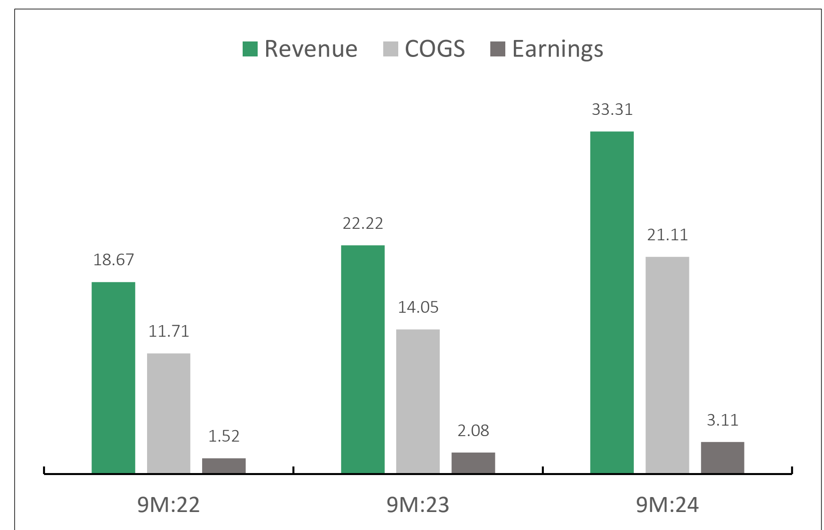
Paint Subsector

Demand for Industrial Coatings and Luxury Decorative Paints Projected to Rise

The performance of paint manufacturers in 9M:2024 mirrored the trends observed in the cement industry. With listed players reporting a notable increase in revenue from application of paints service and expansion in regional outlets.

The aggregate revenue of quoted paint companies — CAP, BERGER, and MEYER increased by 49.89% YoY to NGN33.31bn in 9M:2024, with CAP maintaining market dominance with c.71% of combined revenue. However, a 21.11% YoY increase in production costs among industry players weighed on profitability, contributing to a marginal decline in net margin to 9.33% in 9M:2024 (vs 9.34% in 9M:2023).

Chart 44: Cumulative Financial Performance of Listed Paint Companies (9M:2022 to 9M:2024) (NGN'bn)



Source: Company Financials, Meristem Research

In 2025, we anticipate sustained strong performance by paint players, hinged on improved demand for industrial protective coatings and anticipated growth in real estate sector (particularly, luxury and retail apartments). However, sharp increase in costs, driven by persistent inflationary pressures and the import-dependent nature of paint manufacturers for key inputs, remains a critical risk. We project revenue of the quoted paint players to reach NGN45.47bn in 2025.

Valuation and Fundamental Metrics

	Fundamentals					Trailing				Valuation						
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Exp Div Yield	Target PE	Exp. EPS	2024 TP	CP	UPP	RT
BUACEMENT	0.45	5.99%	3.48%	2.71%	1.29	1.25	35.90	74.36x	2.59x	2.15%	50.01x	2.43	121.52	93.00	30.67%	BUY
DANGCEM	0.59	14%	21%	8%	2.56	26.83	126.87	17.85x	3.77x	6.27%	16.32x	40.88	667.03	478.80	39.34%	BUY
WAPCO	0.74	12%	15.48%	8.88%	1.74	4.46	28.84	15.46x	2.39x	2.43%	10.40x	7.88	81.92	69.95	17.16%	BUY
CAP	1.81	11%	38%	20%	1.90	4.41	11.53	8.62x	3.30x	4.08%	10.28x	4.50	46.24	38.00	21.74%	BUY
BERGER	1.48	3%	8%	4%	1.94	0.95	12.10	19.47x	1.53x	4.50%	13.95x	1.18	16.46	20.00	-17.70%	SELL

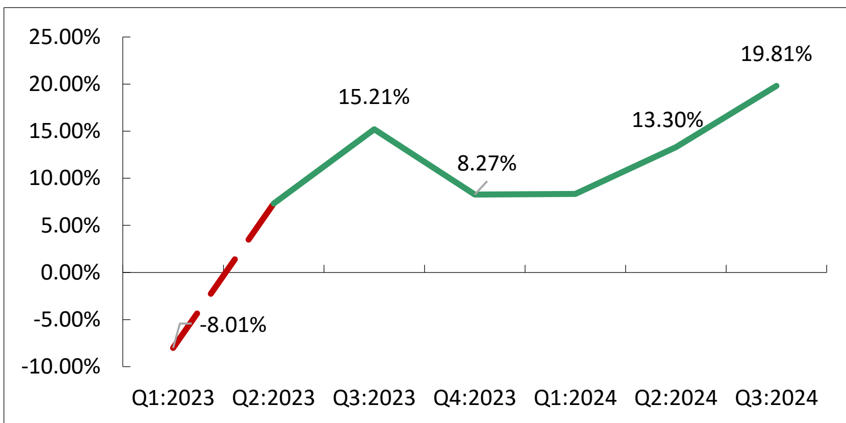
Insurance

Defying Odds; Taking Giant Leaps

The insurance sector witnessed significant improvement in 2024, and rightly so, as the industry grew by 19.81% YoY in Q3:2024 (vs. 15.21% YoY in Q3:2023). In the same vein, the sector's contribution to the country's GDP improved in the same period (0.45% vs. 0.38% in Q3:2024). We attribute this growth to improving demand for insurance products during the year, which we believe was fuelled by burgeoning consumer confidence in the service delivery of insurance players, despite the macroeconomic headwinds. We also note the strategic influence of the regulatory body in ensuring that insurance operators adhere to industry standards and leverage technology in in product distribution and business optimisation.

Reflecting the sector's progressive strength and upward trajectory, available data reveals that the industry's total assets increased to NGN3.68trn in Q2:2024, compared to NGN2.89trn in Q2:2023.

Chart 45: Trend in Insurance GDP Growth



Source: NBS, Meristem Research

On the financial performance of listed players under our coverage, the sector witnessed topline expansions in 9M:2024, evinced by increased insurance revenue during the period (NGN502.34bn vs NGN381.91bn in 9M:2023). This was driven by growth in the general (+32.65% YoY) and life (+23.66% YoY) segments. While underwriting cost and claims incurred during the period also spiked due to the impact of the inflationary environment, the net profit of the players was supported by increased investment income (+28.45% YoY), which tapered the impact of higher operating cost during the period.

As we expected, the impressive earnings performance and attractive valuation of the sector spurred investors sentiment towards insurance stocks, as the insurance index (NGXINS) returned 123.22% in 2024, driven majorly by gains on SUNUASSUR (+877.27%), VERITASKAP (+267.57%), WAPIC (230.88%), CORNERST (+157.14%), and CUSTODIAN (+90.00%).

We maintain a positive outlook for the sector in 2025, hinged on expansion across business segments. Particularly, life insurance is poised for remarkable growth as targeted policy reforms should support developments in the health sector. Also, the elevated fixed-income yield environment during the year should lower provisioning for life & annuity funds and buffer investment income. However, increased underwriting and operating costs resulting from the high inflationary environment may drag on profitability for the insurers.

Valuation and Fundamental Metrics

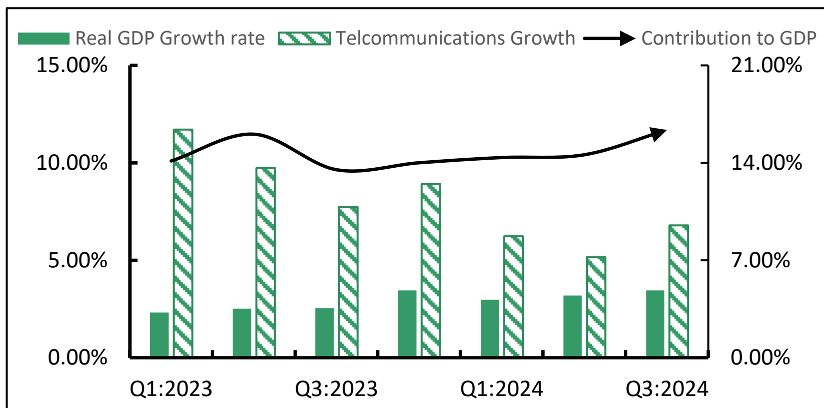
	Fundamentals					Trailing				Valuation						
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Exp Div Yield	Target PE	Exp. EPS	2025 TP	CP	UPP	RT
AIICO	0.34	16%	30%	5%	5.55	0.52	1.71	3.33x	1.01x	3.50%	4.47	0.50	2.24	1.43	56.29%	BUY
CORNERSTONE	0.27	50%	26%	13%	1.96	0.85	3.23	5.14x	1.34x	5.56%	2.59	7.64	19.79	17.10	15.72%	BUY
CUSTODIAN	0.39	29%	36%	11%	3.16	7.49	20.96	2.40x	0.86x	5.56%	3.29	1.36	4.47	3.60	24.29%	BUY
LASACO	0.68	9%	14%	6%	2.19	1.15	8.25	2.45x	0.34x	1.62%	4.02	1.05	4.22	3.09	36.60%	BUY
MANSARD	0.57	25%	49%	14%	3.45	3.29	6.79	2.58x	1.25x	4.88%	5.17	1.95	10.08	8.20	22.95%	BUY
NEM	0.82	25%	43%	21%	2.07	2.12	4.90	5.18x	2.24x	5.48%	5.00	2.9	14.50	10.95	32.42%	BUY
WAPIC	0.55	27%	30%	15%	2.06	0.45	1.51	4.12x	1.24x	2.22%	6.42	0.52	3.34	2.25	48.37%	BUY

Telecoms

Signals of Strength: Telecoms Set for Better Performance in 2025

The telecommunications sector recorded a sustained deceleration in growth, with a 6.78% YoY expansion in Q3:2024, down from 7.74% in Q3:2023. This moderated performance was largely driven by persistent macroeconomic headwinds, including significant currency depreciation and elevated borrowing costs, which curtailed capital expenditure and infrastructure investments. Although increasing digital adoption provided a degree of support, regulatory policies such as the mandatory NIN-SIM linkage posed challenges, resulting in a 29.07% YtD decline in the subscriber base and further straining sector performance.

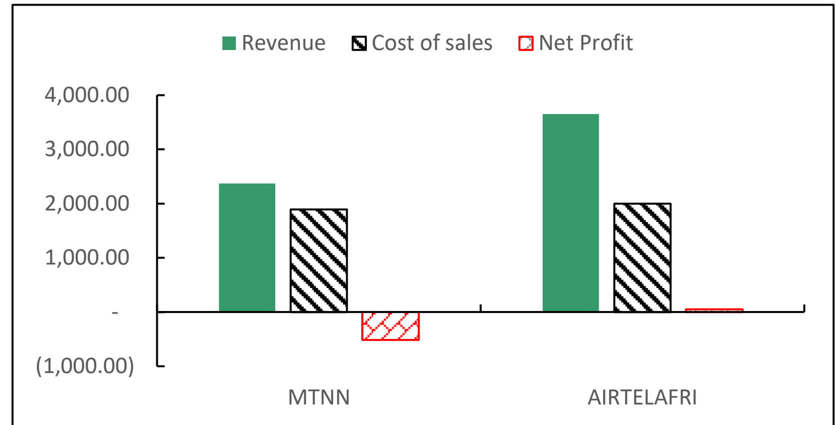
Chart 46: Telecoms Sector Contribution to GDP



Source: NBS, Meristem Research

Financial outcomes across the two listed players was mixed. MTNN delivered a strong topline performance in 9M:2024 (ended September 2024), reporting a 33.69% YoY increase in revenue to NGN2.37trn. This growth was broad-based, with significant contributions from data, voice, and fintech services. Conversely, AIRTELAFRI faced headwinds, posting a 9.65% YoY decline in revenue to USD2.37bn in H2:2024 (ended September 2024). This decline was driven by the barring of outgoing calls in Nigeria, reduced tower-sharing revenue in selected African markets, and the adverse impact of currency devaluation across its operating regions.

Chart 47: Industry Players 9M:2024 Financial Performance (NGN'bn)



Source: Company Financials, Meristem Research

The outlook for the telecommunications sector in 2025 remains positive, supported by strong prospects for sustained revenue expansion. This growth is expected to be driven by initiatives aimed at scaling data traffic, expanding network coverage, and accelerating the adoption of 4G and 5G technologies. These efforts could be further supported by rising consumer demand for digital services and increasing internet penetration in key markets. Additionally, a likely approval by telecom regulators to implement tariff adjustments for operators could boost both data and voice revenue in 2025. Furthermore, the industry's focus on expanding access to financial services through fintech solutions also presents a crucial growth opportunity, diversifying revenue streams.

On the cost optimisation side, renegotiating tower lease agreements, a major source of foreign exchange exposure, along with proactive debt management, could yield cost effective benefits for players. These include lower finance costs, reduced exchange rate risks, and decreased network operating expenses. Combined, these measures are set to strengthen profit margins and enhance profitability in the near to medium term. However, the ability to sustain these benefits hinges on macroeconomic stability, particularly exchange rate management and interest rate moderation. Additionally, heightened competition and evolving regulatory pressures may pose downside risks to profitability.

Valuation and Fundamental Metrics

	Fundamentals					Trailing				Valuation						
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Exp Div Yield	Target PE	Exp. EPS	2025 TP	CP	UPP	RT
MTNN	0.76	-20.77%	-111%	-15.82%	-7.02	-758.29	-682.81	-0.26x	-0.28x	-	4.02	63.24	254.2	200.00	+27.11%	BUY
AIRTELAFRI	0.76	4.62%	10.25%	3.50%	2.93	125.16	1,220.51	17.23x	1.77x	2.16%	3.51	615.81	2,610.58	2,156.90	+21.03%	BUY

Global Fixed Income

The Road Ahead: Global Debt Market in Flux

The outlook for the global fixed income market will be largely predicated on the Federal Reserve's stance on monetary policy rates, given how closely bond returns are tied to policy decisions. Most bond performance is influenced by duration, which measures how sensitive a bond is to interest rate changes. This year has seen significant slope changes in the yield curve of major advanced economies, reflecting the transition to an easing cycle by key central banks. In the US, the yield curve has recently reverted to a normal upward slope after a historic 27-month inversion. Similarly, the UK yield curve has normalised, having been inverted for over a year.

In our 2024 Outlook, we expected the Feds to begin their easing in H2:2024 and recommended an overweight position on short-duration treasury bonds. Since September, the Feds have implemented a cumulative 75bps rate cut, bringing the benchmark rate to 4.75% - 5.00% and driving yields on 10yr bonds to 4.56% (vs 3.94% at the end of 2023). This sentiment was mirrored in the Bloomberg Aggregate Bond Index, which posted a return of 1.69% to close at 463.44pts. Looking ahead, if monetary dovishness extends into 2025, alongside the implementation of higher tariffs, we could see elevated yields as markets price in stronger inflationary pressures and greater risk premiums. Thus, we expect investors to focus on a diversified fixed income portfolio with intermediate duration rather than bank deposits and Treasury bills.

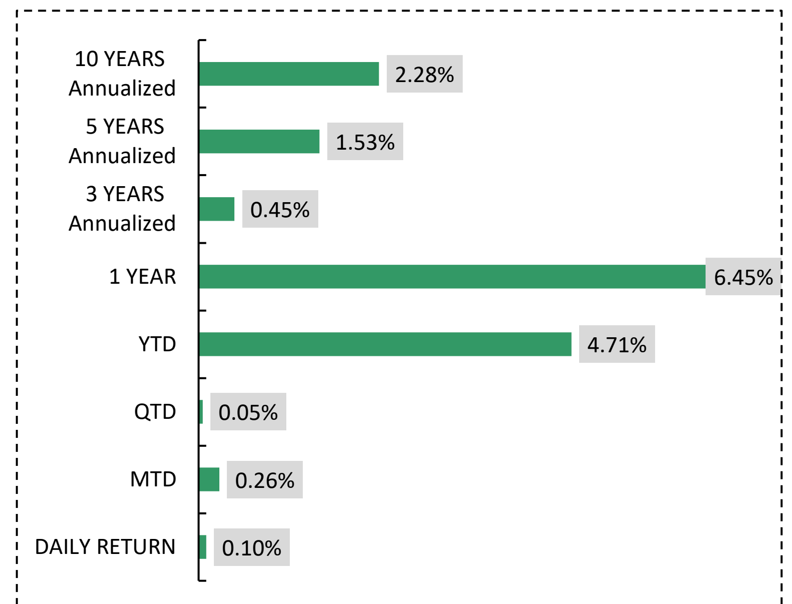
Table 12: Strategy Scenario Analysis

Scenario	Economic Drivers	Bond Market Impact	Strategy
Reflation	Rising inflation	Rising yields, falling long-bond prices	Focus on inflation-linked and short-duration bonds.
Soft Landing	Stable inflation	Stable yields, tighter credit spreads.	Shift to intermediate and long-duration bonds.
Modest Growth with Little or No Rate Cuts	Slow economic expansion	Bond yields remain elevated; limited price appreciation; credit spreads tighten as economic risk reduces.	Maintain neutral duration; emphasize high-quality corporate bonds; avoid overexposure to high-yield instruments.

Investment-Grade Bonds Record Gains

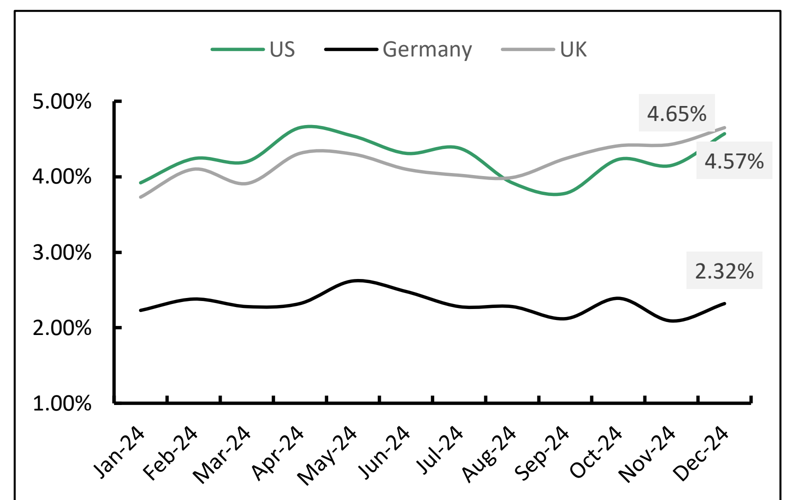
Investment-grade corporate bonds showed positive performance throughout the year, offering modest returns despite tightening monetary conditions. Its year-to-date and 1-year returns of 4.71% and 6.45% highlight consistent performance, though subdued long-term annualised returns reflects challenges such as inflation and rising yields. These bonds continue to appeal to income-focused, risk-averse investors seeking stability in volatile markets.

Chart 48: Average Returns from the Investment Grade Corporate Bond



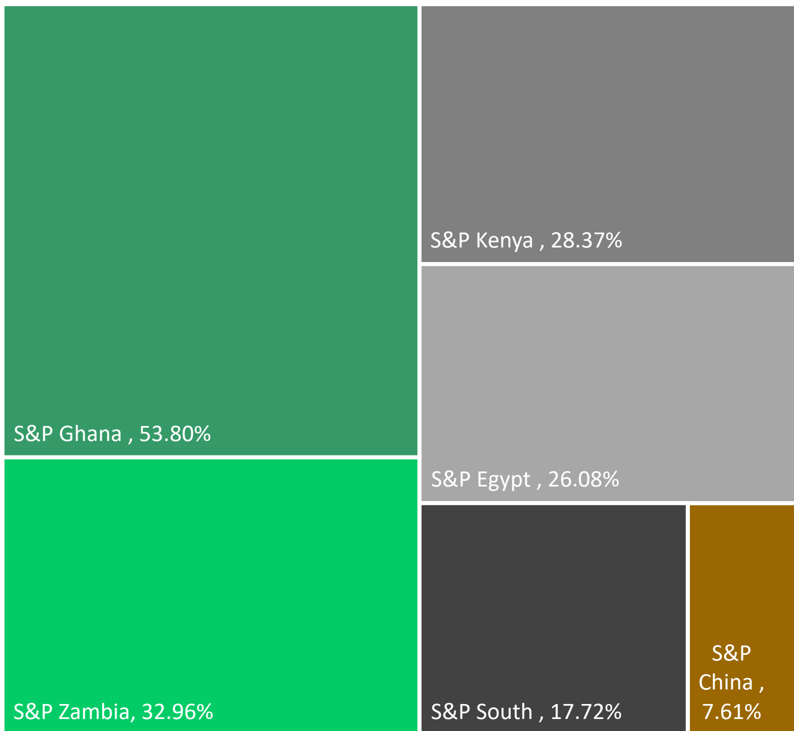
Source: S&P Global, Meristem Research

Chart 49: 10-year bond yields across major economies



Source: Bloomberg, Meristem Research

Chart 50: YtD Return on Selected EM Sovereign Bond Index (%)



Source: S&P Global, Meristem Research

Emerging Market

Performances in the emerging market were mixed, shaped by global macroeconomic developments and improved domestic reforms. The beginning of the year saw cautious optimism, with improving inflation dynamics across major EM economies and declining U.S. treasury yields supporting debt markets. However, geopolitical tensions, particularly the prolonged Israel-Hamas conflict, and broader risk aversion weighed on sentiment.

Hard currency EM bonds generally outperformed their local currency counterparts (14.98% vs 14.30% YtD) due to a strong US dollar and widening spreads in local markets. Frontier markets, while buoyed by some successful debt restructuring efforts (Zambia, Ghana), remained vulnerable to global financial conditions.

Additionally, robust returns in certain regions, like Asia, were supported by policy measures targeting growth, particularly in China's property sector. Meanwhile, Latin American countries showed resilience, benefiting from commodity price rebounds, particularly oil and metals.

The global trend of monetary policy easing, including rate cuts in advanced economies, has increased the appeal of fixed-income instruments in emerging markets due to their relatively higher yields. As a result, we expect bullish sentiments to persist in the near term. Additionally, the valuation of EM local currency debt is relatively attractive, currencies are cheap based on historical measures or when looking at the balance of payments in these countries.

Meanwhile, persistent macroeconomic challenges, particularly inflationary pressures, could compel monetary authorities in emerging markets to maintain higher interest rates to anchor inflation expectations. This could result in increased borrowing costs for governments and corporates, potentially moderating the bullish momentum in fixed-income markets.

Overall, emerging markets may attract inflows due to wide yield differentials and reform agendas, although geopolitical tensions could cap sentiment.

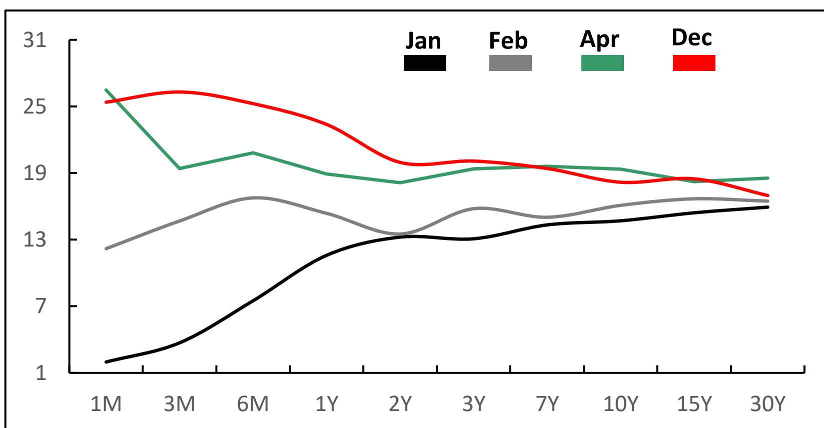
Domestic Fixed Income

Nigeria's 2025 Debt Market Dilemma

The Nigerian debt market was a focal point for investors in 2024, driven by a confluence of a general weak sentiment surrounding the equities market and an increasingly attractive yield environment. This was fuelled by persistent monetary policy tightening – a cumulative 850bps, by the Apex bank to combat persistent inflation and achieve stabilisation of the Naira. As a result, the yield curve bear-flattened since April 2024, as short-term yields rose faster than the long-term yields (while average treasury and bond yields settled at 25.49% and 19.75% vs 6.29% and 14.13% in 2023 respectively).

Additionally, the hike narrowed the real rate of return to 5.27% (vs 8.58% in January 2024). Despite the bearish mood in the market during the period, the S&P/FMDQ Nigeria Sovereign Bond Index posted a YoY change of 3.94% (vs 8.87% in 2023FY).

Chart 51: Yield Curve Analysis



Source: FMDQ, Meristem Research.

A key factor in the fixed-income market's performance was the government front-loading a significant portion of its borrowing needs in Q1:2024. This aggressive borrowing strategy propelled yields significantly northward, resulting in increased participation from both domestic and foreign players. For context, foreign portfolio inflows surged by 932.39% YoY to USD899.31mn in Q3:2024, as investors capitalised on elevated yields.

Furthermore, deposit money banks, adopting a risk-averse posture, increased their stake in T-bills and Bonds during the year, especially following the CBN's adjustment to the Standard Deposit Facility (SDF).

Looking ahead, we anticipate a continuous increase in foreign inflows, driven by the expected easing of rates in developed markets and the relative attractiveness of the country's high yields, which could further support bullish sentiment in the fixed income market.

Liquidity Strain Still the Life Wire of Yields?

In an effort to manage excess liquidity in the system, the CBN significantly ramped up Open Market Operation issuance in 2024, with sales reaching NGN11.25trn compared to NGN627.20bn in 2023. This aggressive liquidity mop-up left system liquidity constrained, averaging NGN232.79bn at the end of the year (vs NGN322.39bn in 2023). Consequently, interbank lending rates rose significantly as OBB and O/N reached 27.30% and 27.80% (vs 15.06% and 15.47% in December 2023) respectively.

In 2025, liquidity dynamics are expected to be shaped by the government's borrowing needs, as well as significant coupon payments and maturities. Key maturities include bond coupons totaling NGN4.35trn, bond redemptions of NGN562.45bn, T-Bills maturities worth NGN11.14trn, and OMO maturities of NGN11.10trn. We anticipate liquidity pressures as the government is likely to raise funds exceeding the NGN13.10trn budget deficit. Additionally, the monetary authorities are expected to maintain their liquidity-tightening stance, leveraging OMO issuances to manage excess liquidity and stabilise the financial system.

Fiscal Pressures Propel Nigeria's Borrowing Strategy

In 2024, Nigeria's fiscal deficit reached NGN9.18trn, necessitating aggressive government borrowing to bridge the funding gap. Consequently, the Debt Management Office (DMO) and CBN raised a total of NGN18.26trn (NGN5.41trn in T-bills and NGN12.85trn in bonds vs. NGN5.34trn and NGN6.63trn in 2023FY). This collectively constitutes about 198.91% of the deficit. Consequently, average marginal rates at Bond PMAs at the end of 2024FY stood at 19.73%, an increase from 14.13% in 2023FY.

Additionally, activities in the T-bills primary market were positive during the period, with market turnover rising by 25.58% YoY to NGN85.23trn in 9M:2024. This growth was chiefly driven by increased activity in OMO and treasury bills, which surged by 64.41% and 100.13% to NGN32.75trn and NGN31.00trn, respectively over the same period.

Also, in a bid to manage fiscal pressures, the DMO issued five new FGN Bonds in 2024, targeting maturities between 2027 and 2035, with no new issuances in the second half of the year. The sale of FGN 33s contributed to bullish sentiment in the market during the year's latter half. However, the DMO later ceased the sale of FGN 33s and 34s, due a combination of observed investor demand patterns and a strategic effort to effectively manage the nation's debt maturity profile.

Corporate Bond and Commercial Papers

The non-sovereign segment of the Nigerian debt market experienced similar level of activity in primary trading. Despite the crowding-out effect of rate hikes and increased government borrowing, 155 commercial papers were listed on FMDQ in 2024, up from 127 in 2023FY, while corporate bond issuances fell to 4 from 5. This highlights a preference for short-term instruments as issuers prioritise liquidity in a high-yield environment. Comparatively, the average days to maturity for CPs issued in 2024 stood at 120 days, with an average yield of 30.48%, up from 12.03% in 2023. Meanwhile, the average spread between investment-grade corporate and government bonds widened to 3.51% (vs. 1.10% in 2023FY), reflecting weaker corporate fundamentals and increased risk perceptions amid challenging macroeconomic conditions.

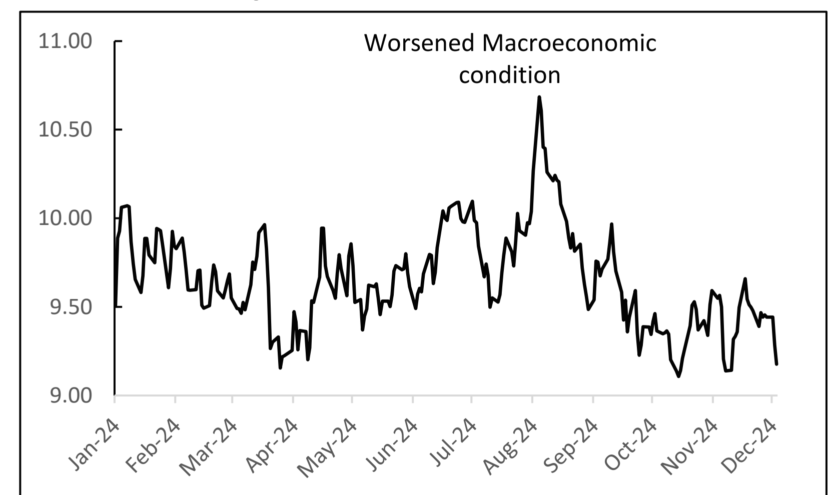
In our opinion, short-term instruments are expected to dominate Nigeria's non-sovereign debt market as issuers focus on liquidity amid high borrowing costs. Commercial paper activities are also expected to remain strong, though yields may ease if inflation moderates. Corporate bond issuances may stay low, with spreads narrowing slightly if fiscal reforms bolster confidence and corporate fundamentals improves.

Fiscal Reforms Bolster Nigeria's Eurobonds Market

After a break from the international debt market due to rising external debt concerns, Nigeria issued USD2.20bn in Eurobonds in November 2024 to finance its fiscal deficit.

While the Eurobond market experienced volatility driven by investor sentiment, global risks, and macroeconomic factors, recent performance has been bullish, with average yields at 9.18% compared to 9.38% in December 2023. Yields peaked at 10.61% in August amid worsened macroeconomic conditions but later declined, reflecting improved fiscal and monetary reforms and growing confidence in emerging markets. Year-to-date, average yields stand at 9.66% (vs. 7.46% in 2023).

Chart 52: Average Eurobond Yield Movement



Source: DMO, Meristem Research.

The outlook for the 2025 fixed-income market is mixed, reflecting a blend of domestic fiscal and monetary strategies, elevated government borrowings, and inflation dynamics. These factors collectively shape expectations for yield movements, liquidity, and investor behaviour throughout the year.

We expect a bearish bias in the fixed-income market in H1:2025, with bear flattening as short-term yields are expected to rise faster than long-term yields. This is based on expected government borrowings, persistent inflation, and elevated interest rates. However, by H2:2025, moderating inflation, a less aggressive monetary stance, and liquidity from maturing instruments could drive a bull flattening, creating opportunities in longer-term securities.

Fixed Income Strategy

For our 2025 outlook, we have carefully assessed key global and domestic factors that are likely to shape the fixed-income market throughout the year. Globally, we expect a sustained dovish stance in major economies, with at least one further rate cut anticipated in 2025. However, persistent inflation risks, driven by tight labour markets, may delay the timing of these rate cuts. Given the expected modest growth across global economies, we foresee a continued preference for investment-grade instruments over high-yield assets.

Domestically, we are factoring in the government's funding needs, which are expected to remain elevated. The government's reliance on the local debt market to finance its fiscal deficit will likely keep upward pressure on yields. Additionally, the maturity of Nigeria's Eurobond in November 2025 could add fiscal pressure, potentially leading to increased domestic borrowing if refinancing options are limited. The Central Bank of Nigeria's liquidity management strategy will also continue to influence the market, with a focus on maintaining stability in the face of external pressures. This dynamic, along with moderating inflation and a less aggressive monetary stance later in the year, will contribute to volatility and opportunities in the market.

Based on our analysis, we recommend adopting the Barbell Strategy (a dual-strategy approach) combined with a bullet strategy (focused on mid term instruments) in 2025, with a focus on long-duration instruments. This approach involves positioning in both short-term and long-term maturities. Allocating to short-term instruments allows investors to capitalize on the high-yield environment driven by elevated government borrowing and interest rates while effectively managing liquidity risks. Simultaneously, an allocation to long-term maturities positions investors to benefit from potential yield declines, creating opportunities for capital gains.

Meanwhile, as inflation moderates and the monetary policy stance becomes less aggressive in the second half of 2025, we anticipate a potential change in the yield curve to a bull-flattener. This presents an opportunity to shift towards longer-duration instruments, which could offer capital appreciation as rates decline.

Table 13: Global Fixed Income Portfolio Recommendation

Instrument Type	Outlook	Strategy
U.S Treasury	Positive	Balanced (Mid Duration)
Investment Grade Corporate Bonds	Positive	Overweight
High Yield Corporate Bonds	Modest	Underweight
EM Local Currency Bonds	Modest	Underweight
EM Hard Currency Bonds	Positive	Overweight

Table 14: Recommended Sovereign Eurobond Instruments

Country	Maturity Date	Coupon Rate	Yield to Maturity*	Modified Duration	Macros to Watch	1-Year Default Risk Prob.	Rating (Fitch, Moody)
Nigeria	24-Mar-2029	8.375%	8.85%	3.39	Inflation trend, Global oil prices, FX movement	5.96% Moderate	B- , Caa1
Angola	26-Nov-2029	8.000%	6.81%	4.73	Inflation trend, Global oil prices	6.29% Moderate	B- , B3
Kenya	16-Feb-2031	9.750%	9.61%	3.79	Inflation trend, Fiscal Policy Updates (Finance bill)	3.87% Low	B- , Caa1u
Nigeria	09-Dec-2034	10.375%	9.77%	6.14	Inflation trend, Global oil prices, FX movement	5.96% Moderate	B- , Caa1
Ghana	03-Jul-2035	5.000%	19.82%	5.81	Debt sustainability, FX movement	19.32% Kenya	Caa2
Nigeria	21-Jan-2049	9.248%	10.07%	8.71	Inflation trend, Global oil prices, FX movement	5.96% Moderate	B- , Caa1
South Africa	20-Apr-2052	7.300%	8.18%	10.87	Power sector development, GDP growth	3.80% Low	BB- , Ba2

Given our outlook on the local fixed income market dynamics in 2025, we recommend the following for domestic investors to balance interest rate, liquidity and default risks in a fixed income portfolio context.

Table 15: Recommended Nigerian Debt Instruments

Instrument Type	Proportion	Duration	Rationale
Eurobonds	Up to 25%	Modest	Provides a hedge against Naira inflation and depreciation, low Liquidity.
Commercial Papers	Up to 15%	High	Relatively High Real Rate of Return, Low Liquidity
Corporate Bonds	Up to 10%	High	Relatively High Real Rate of Return, Low liquidity
Treasury Bills	Up to 25%	High	Low Real Rate of Return, highly liquid
FGN Bonds	Up to 25%	High	Low Real Rate of Return, highly liquid

Table 16: Recommended Nigerian Local Bonds

FGN BONDS	Closing Yield	Coupon	Modified Duration	2025FY Forecasted Yield
16.2884 17-MAR-2027	20.14%	16.29%	1.82	**19.55%**
13.98 23-FEB-2028	20.17%	13.98%	1.93	**19.68%**
12.15 21-JUL-2034	18.11%	12.15%	4.33	**17.89%**
12.50 27-MAR-2035	18.25%	12.50%	4.68	**17.90%**
9.80 24-JUL-2045	17.37%	9.80%	5.47	**17.03%**
14.80 26-APR-2049	16.99%	14.80%	5.65	**16.61%**
12.98 27-MAR-2050	16.99%	12.98%	5.82	**16.62%**
15.70 21-JUN-2053	16.98%	15.70%	5.91	**16.67%**

Alternative Investments

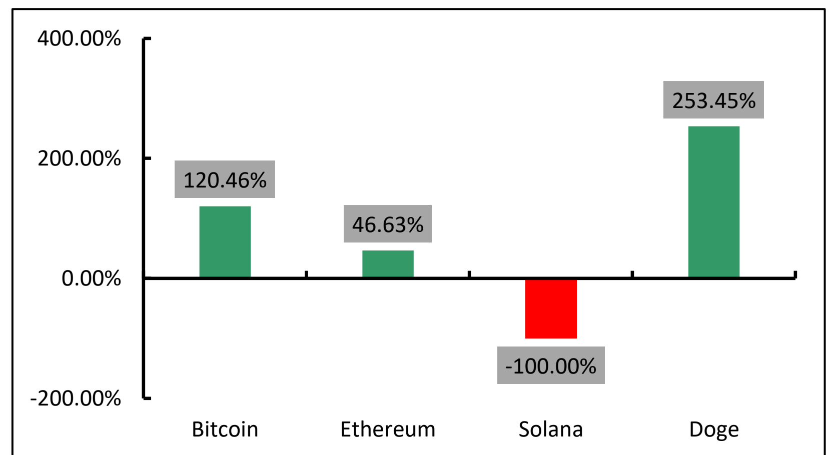
Cryptocurrency: Pro-Crypto Policies to Unlock Market Gains in 2025

In 2024, returns in the cryptocurrency market was largely positive, driven by factors such as growing reception of cryptocurrencies and increased investor participation. The year began on a bullish note, fuelled by the approval of spot Bitcoin ETFs, which boosted investor confidence and drove prices upward. As predicted in our 2024 half-year outlook, easing inflation in the US led to a more accommodative stance from the Federal Reserve, further supporting the bullish momentum for cryptocurrencies, especially Bitcoin.

Notably, the victory of Donald Trump, who expressed pro-crypto sentiments, heightened expectations of crypto-friendly policies. His announcement to nominate Paul Atkins, a well-known crypto advocate, as the head of the US Securities and Exchange Commission (SEC) amplified these sentiments. This development triggered a significant surge in Bitcoin prices, with the cryptocurrency surpassing the USD100,000 mark for the first time in history. Consequently, Bitcoin's year-to-date gain stood at an impressive 120.46% as of December 31, 2024, with the cryptocurrency rising over 40.00% since early November 2024.

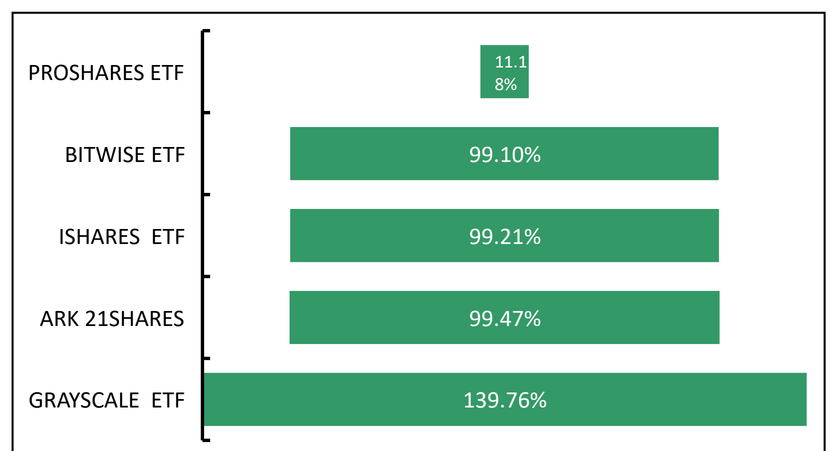
Ethereum also followed Bitcoin's upward trajectory, riding on the wave of the cryptocurrency market optimism. This positive trajectory can be linked to the growing adoption of Ethereum-powered applications, significant progress in network upgrades, and rising interest in decentralized finance (DeFi) solutions. As of December 31, 2024, Ethereum delivered a year-to-date return of 46.63%.

Chart 53: YtD Returns of Major Cryptocurrencies



Source: Bloomberg, Meristem Research

Chart 54: YtD returns of Top BTC ETF's



Our outlook for the cryptocurrency market in 2025 remains optimistic. While the initial surge in prices may taper, we anticipate sustained investor participation in the market. This positive outlook is anchored on the potential implementation of pro-crypto policies and enhanced regulatory clarity by the incoming US administration, which could further bolster institutional investor confidence in cryptocurrencies.

Moreover, increasing demand driven by newly launched spot Bitcoin exchange-traded funds supports the potential for continued upward price movement in Bitcoin. Additionally, we expect Ethereum to gain significant traction in the coming year, supported by scalability upgrades, advancements in decentralized finance (DeFi) and tokenization.

However, the Federal Reserve's forward guidance indicating fewer-than-expected rate cuts in 2025 presents a downside risk for cryptocurrencies. Elevated treasury yields could remain attractive to investors, potentially diverting interest from riskier assets like cryptocurrencies.

Real Estate

Nigeria's Real Estate Sector: Recovery Potential Amid Lingering Challenges

The global real estate market faced persistent challenges in H2:2024, with existing bottlenecks continuing to weigh on sector activities. In the US, the residential housing market struggled due to high construction costs, which discouraged significant investments, while elevated mortgage rates (hovering around 6.50% for most of the year) further strained consumer affordability.

Table 17: Price and total returns on some global REITs

REITs	REIT Total Return
S&P China A 1800 Real Estate Index	5.79%
Dow Jones Equity All REIT Index	4.90%
U.K. BMI	18.24%
Dow Jones Europe RESI	14.61%

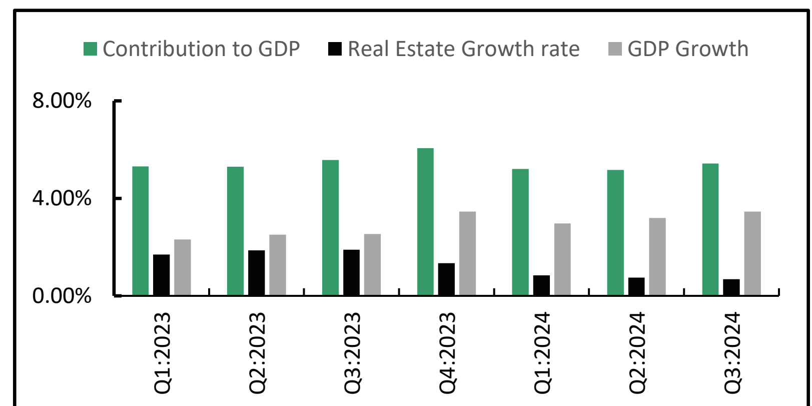
Similarly, in the UK and Eurozone, the sector experienced headwinds from high borrowing costs and weak consumer confidence, as affordability concerns led potential buyers to postpone purchases

Meanwhile, the Chinese property market remained subdued despite ongoing government initiatives aimed at revitalizing the sector.

In Nigeria, the real estate sector's growth slowed to 0.68% YoY in Q3:2024—the weakest performance since the COVID-19-induced contraction of 2020—down from 1.90% YoY in Q3:2023 and 0.75% YoY in Q2:2024. This deceleration was primarily driven by the challenging macroeconomic environment, with developers grappling with rising construction costs and homebuyers facing affordability constraints, particularly with high interest rates and limited mortgage options.

On the market front, Real Estate Investment Trusts (REITs) listed on the NGX faced a tough year in 2024. UPDCREIT struggled significantly, declining by 21.88% YtD as of 31st December 2024, while UHOMREIT managed to remain stable, closing the year unchanged.

Chart 55: Real estate contribution to GDP



Source: *NBS, Meristem Research*

Our outlook for the real estate sector in 2025 is cautious. Initiatives such as the "Renewed Hope Cities and Estates" program, which targets the delivery of approximately 50,000 homes nationwide, could stimulate activity in the medium term. Additionally, a shift toward a more accommodative monetary policy may help ease mortgage rates, particularly in the latter half of 2025. Thus, we anticipate higher traction in the retail segment of the market.

However, ongoing challenges, such as high construction costs driven by inflationary pressures and reduced consumer spending power, are likely to temper both investment interest and consumer demand in the near term.

Agricultural Commodities

Chaos Unabated or Return to Normal

The planting season experienced delays due to late rainfall, limited fertilizer availability, and a significant increase in fertilizer prices, ranging from 60% to 75% for various blends nationwide. Despite the elongated August rain break, cultivation resumed with good rain volumes driving the recovery of crops and supporting adequate fruiting and maturity.

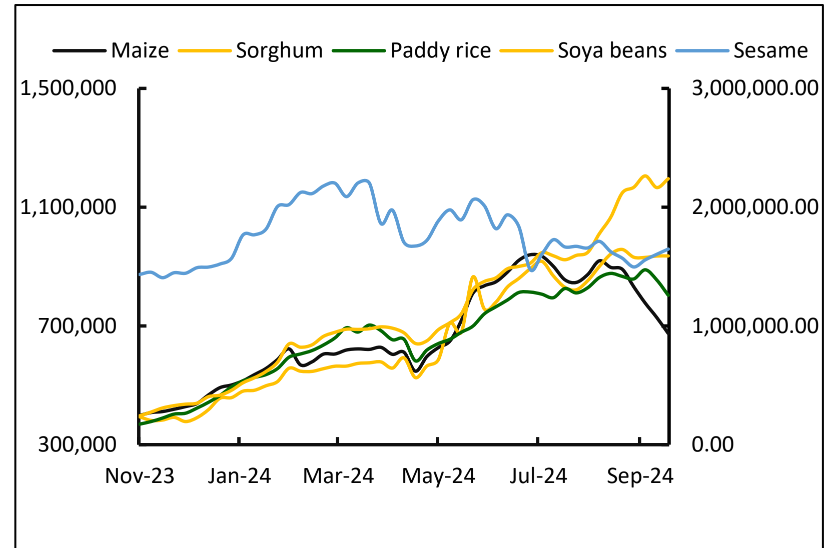
Also, 2024 was marked by several government interventions, including a ban on food commodity exports through land borders and restrictions on industrial procurement to ensure household access to staples. Additionally, the introduction of a 150-day waiver program allowed the importation of 500,000 metric tonnes (mt) of maize and wheat, aiming to stabilize supply and address market imbalances.

Maize prices peaked at a seasonal high of c.NGN935,000/mt in July 2024 before moderating to around NGN674,000 by the end of September. This prompted private companies to import maize as import parity fell below domestic market prices. Furthermore, sorghum prices mirrored the trends in maize, with both commodities influenced by similar market factors for most of the period. Paddy rice prices, however, reflected the impact of adjustments in FX rates and were also affected by India's export ban on non-basmati rice. Prices saw a slight rebound in early September as new harvests entered the market, though in very wet conditions.

Oil seeds commodities had a mixed year in 2024. Soybean prices rallied with open market prices peaking at NGN1.20mn/mt in September 2024. This surge was driven by the dual impact of exchange rate depreciation and an influx of international buyers, which created arbitrage opportunities when the NAFEM rate rose to NGN1,800/USD.

On the flip side, Sesame prices peaked at NGN2.20mn/mt in April but experienced a steady decline thereafter. This downturn is attributed to a fall in international demand, largely due to China's slowdown and increased harvest volumes from Tanzania.

Chart 56: Tracked Produce (Price per metric ton) – Sesame (RHS)



Source: S&P Global, Meristem Research

In 2025, the commodity market will be influenced by climate variability, government policies, and global economic shifts. The La Niña event could affect agricultural and mining outputs, while trade and environmental policies, including uncertainties from Donald Trump's presidency, could disrupt global demand and supply chains. Grains like maize and sorghum are projected to see moderate price increases with normal rainfall, though weather risks persist. Furthermore, soybean prices are expected to remain high, fuelled by strong demand and FX-related arbitrage.

Fertilizer costs will likely stay elevated, requiring subsidies to support planting. Overall, weather, exchange rate volatility, and global trends are expected to shape the market, with stabilization tempered by risks like insecurity.

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Table 18: **Price, Demand, and Supply Projection for Selected commodities**

Commodity	Starting Price NGN'000	Worst (%)	Base (%)	Best (%)	Demand '000	Supply '000
Maize	480	45% - 55%	25% - 30%	50% - 60%	12,319	12,000
Soya beans	700	60% - 65%	35% - 40%	30% - 35%	1,240	1,125
Sorghum	520	35% - 40%	25% - 30%	25% - 30%	6,650	6,365
Sesame	1,520	25% - 30%	20% - 25%	15% - 20%	300	275

**the estimates for paddy are not clear as only consumption numbers for milled rice are available.

Precious Metals

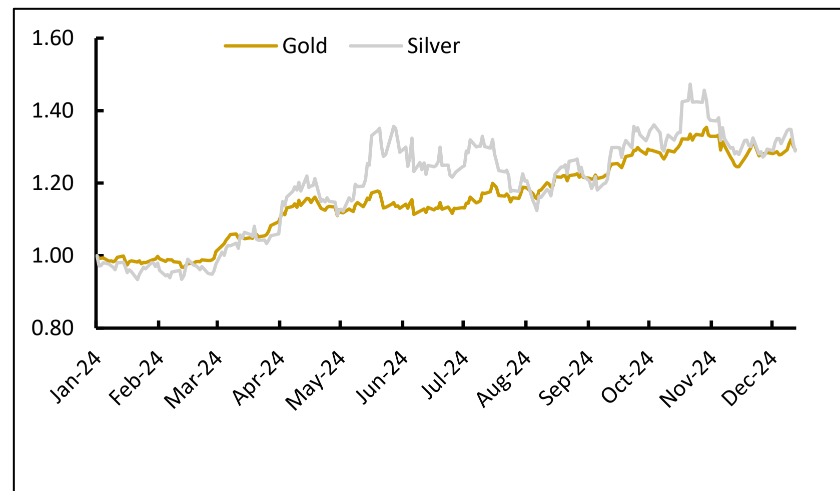
In Focus: Golden Heights and Silver Lining

The precious metals market performed strongly throughout 2024, with gold reaching a historic high of USD2,749.01 per ounce in October, delivering a year-to-date (YTD) return of 27.22% as of 31st December 2024. This rally was largely driven by gold's status as a safe-haven asset amid geopolitical tensions, such as the Israel-Hamas conflict, and the dovish stance of the central banks in the latter part of the year.

Additionally, strong demand from China and India, fuelled by economic uncertainties and a continued search for value by investors, contributed to the price growth. Central banks further supported the market by significantly increasing their gold reserves, reversing a long-standing trend of decline as they sought to hedge against geopolitical risks and inflation. The expectation of additional rate cuts by central banks also improved gold's outlook.

Similarly, silver posted a 21.46% YtD return as of 31st December 2024, benefiting from its dual role in both precious and industrial metals, particularly in renewable energy sectors. Copper also performed well, with a 12.34% YtD return, driven by tight supply conditions resulting from project delays and mine closures in 2023.

Chart 57: **Movement in Price of the Metals**



Source: NBS, Meristem Research

Looking ahead, the precious metals market is positioned for sustained growth as central banks' monetary easing policies are expected to further bolster demand. Gold and silver will likely maintain their upward trajectories, supported by safe-haven buying and industrial applications, respectively.

Meanwhile, copper's price dynamics will hinge on the resolution of supply disruptions and ongoing demand from electrification initiatives.

Glossary

Abbreviation	Full Meaning
AFDB	African Development Bank
ASI	All Share Index
AFREXIM	Africa Export-Import Bank
API	Active Pharmaceutical Ingredient
BDC	Bureau de Change
BOE	Bank of England
BTA	Business Travel Allowance
CAPEX	Capacity expansion expense
CBN	Central Bank of Nigeria
CIT	Company Income Tax
CNG	Compressed Natural Gas
CPI	Consumer Price Index
CPO	Crude Palm Oil
CRR	Cash Reserve Ratio
DMO	Debt Management Office
EM	Emerging Market
ECB	European Central Bank
FAO	United Nation's Food and Agriculture Organisation
FCY	Foreign Currency
FDI	Foreign Direct Investment
FGN	Federal Government of Nigeria
FMCG	Fast Moving Consumer Goods
FPI	Foreign Portfolio Investment
GENCO	Generation Companies
GDP	Gross Domestic Product
IAE	International Energy Agency
IOC	International Oil Companies
IMF	International Monetary Fund
LSE	London Stock Exchange
MBPD	Million Barrels Per Day
MDA	Ministries, Departments, and Agencies
MMBTU	Million British Thermal Units
MMTPA	Million Metric Tonnes Per Annum
MPC	Monetary Policy Committee of the Central Bank of Nigeria
MPR	Monetary Policy Rate
MSCI	Morgan Stanley Composite Index
NAGS-AP	National Agricultural Growth Scheme and Agro Pocket
NAICOM	National Insurance Commission
NBS	National Bureau of Statistics
NCC	Nigerian Communications Commission
NERC	Nigerian Electricity Regulatory Commission
NEPL	NNPC Exploration and Production Limited
NGIC	NNPC Gas Infrastructure Company

Glossary

Abbreviation	Full Meaning
NIN	National Identification Number
NGML	NNPC Gas Marketing Limited
NGX	Nigerian Exchange Limited
NNPCL	Nigerian National Petroleum Company Limited
NSMP	Nigerian Sugar Master Plan
NUPRC	Nigerian Upstream Petroleum Regulatory Commission
OPEC+	Organisation of Petroleum Exporting Countries and its Allies
P/E Ratio	Price-to-Earnings Ratio
PMI	Purchasing Managers' Index
PMS	Premium Motor Spirit
PTA	Personal Travel Allowance
QoQ	Quarter-on-Quarter
QtD	Quarter to Date
REIT	Real Estate Investment Trust
TCJA	Tax Cuts and Job Acts
UNCTAD	United Nations Conference on Trade and Development
UN	United Nations
US Fed	United State Federal Reserves
VAT	Value Added Tax
WB	World Bank
WHO	World Health Organisation
WTO	World Trade Organisation
YoY	Year-on-Year
YtD	Year to Date

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