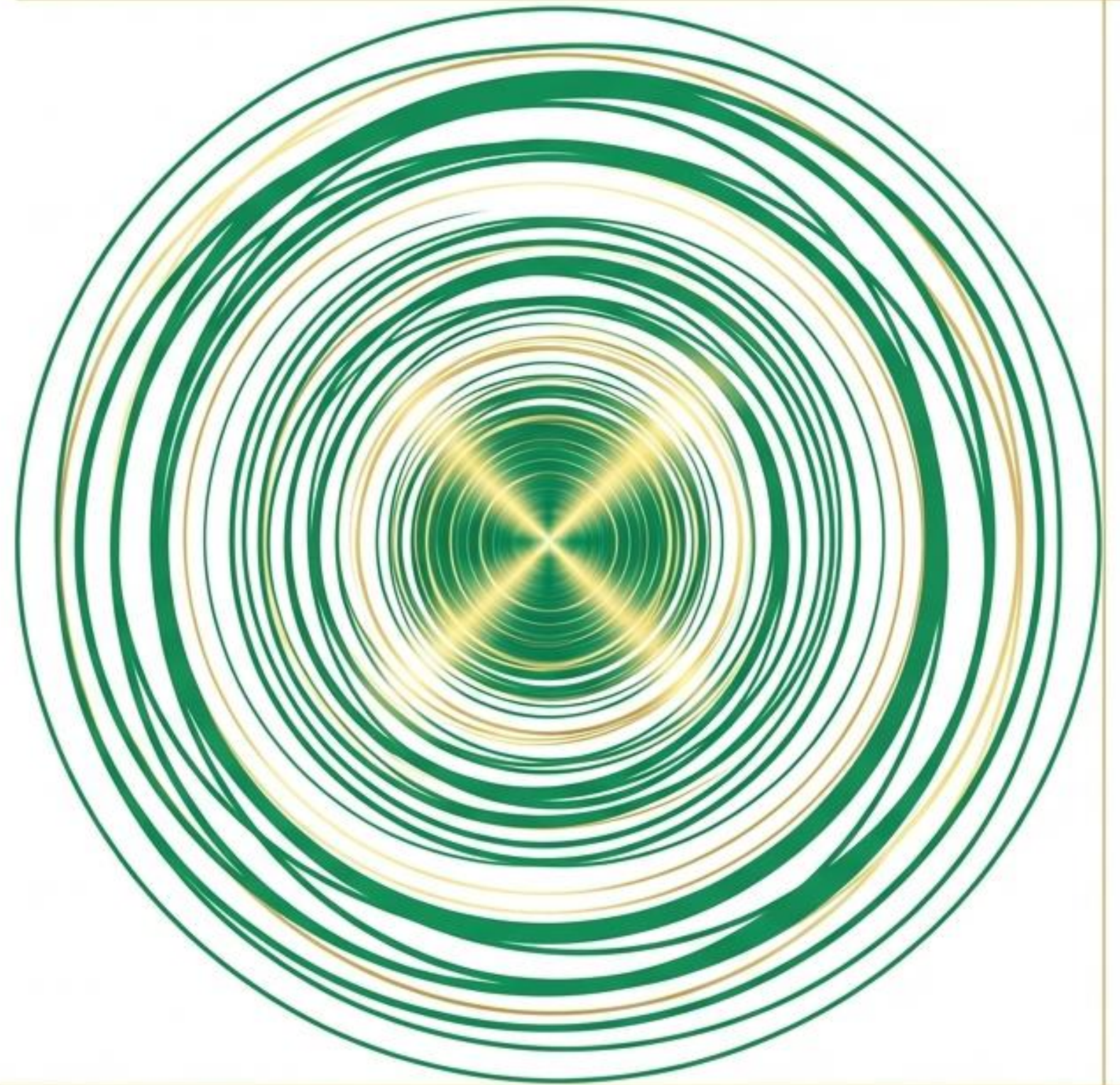




CIBN Macroeconomic Update: Q1 2026

Navigating Global Divergence and
Nigeria's Economic Turning Point



Executive Summary



Steady

Global Gauge (3.3% Growth)

- **What:** Steady growth, inflation dipping to 3.8%.
- **Why:** AI tech investments offsetting geopolitical trade barriers.
- **So What:** Central banks pause or cut slowly; USD remains a safe haven.



Strained but Growing

Africa Gauge (4.3% Growth)

- **What:** Faster growth across the continent, but severe fiscal squeeze.
- **Why:** Ongoing structural reforms meet \$1.8 trillion in public debt.
- **So What:** Growth is heavily burdened by debt-servicing, limiting public investment.



Accelerating

Nigeria Gauge (4.4% Growth)

- **What:** GDP accelerating to multi-year highs; PMI hits 55.7.
- **Why:** Services/Agriculture non-oil expansion plus stable oil revenues.
- **So What:** Easing domestic inflation and strong FX reserves (\$49.4 billion) open new strategic windows for investors.

Outline

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Nigerian Insights

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Implications & Recommendations



01 | Global Insights

Global Horizon: Steady Growth Masking Divergent Forces

Deterrents

Rising Trade Tariffs

Iran War =
Global Energy
Shocks

Elevated
Public Debt

3.3%
Global
GDP

Accelerators

AI Tech Investment
Surge

Monetary
Easing

Resilient
Consumer
Demand

Source: World Bank , 2026 (Projected)

What: The global economy is locked at 3.3% growth for 2026, defying expectations of a broader slowdown.

Why: A massive surge in artificial intelligence infrastructure and private sector adaptability is perfectly offsetting the drag of renewed trade tariffs and geopolitical tension.

So What: The narrow base of this growth means it is vulnerable. If AI productivity disappoints, the underlying trade frictions will cause sharp market corrections.

The Slow Path to Disinflation



Source: IMF January 2026 (Projected)

What: Global headline inflation is easing from 4.1% (2025) to 3.8% (2026), but the descent is bumpy.

Why: Fading post-pandemic shocks and softening labor markets are cooling prices. However, fragmented supply chains and tariff pass-throughs prevent a rapid drop.

So What:

- **US Fed:** One cut expected later in the year.
- **ECB:** Holding steady; cautious wait-and-see.
- **Result:** The era of cheap money is not returning quickly; borrowing remains structurally more expensive than the 2010s norm.

Global Markets: Investors rotate portfolios as the US dollar softens

What:
The US dollar has depreciated by ~10%, triggering a massive portfolio rotation. Capital is fleeing stretched US tech valuations and seeking yield in Emerging Markets (EMEs) and other advanced economies.



Why:
Easier financial conditions, combined with a risk-on appetite, are pushing investors to seek returns outside traditional safe havens. The softening dollar makes non-US assets structurally more attractive.

European Equities

Japanese Equities

Emerging Market Local-Currency Bonds

So What:
This rotation is a vital breathing window. A weaker dollar eases the pressure on developing nations, lowering their external debt-servicing burdens and creating a highly favorable environment for emerging market corporate bond issuance.

THE KEY RISKS

To WATCH OUT FOR
IN Q2 2026



Global Energy Shock

- Supply Crunch
- Sustained High Prices
- Geopolitical Conflicts
- Maritime Blockades



Sovereign Debt Crisis

- Mounting Debt Costs
- Prolonged High Rates
- Emerging Market Default Risks



Systemic Cyber Espionage

- State-Sponsored Attacks
- Targeting Critical Infrastructure
- Corporate IP Theft



Financial Crime

- Ransomware Surge
- AI-Driven Fraud
- Sanction Evasion

THE TAKEAWAY



BUILDING FLEXIBLE, GROUND-LEVEL OPERATIONS THAT CAN RAPIDLY ADAPT TO SUDDEN SHOCKS WHILE STILL EXECUTING ON THE COMPANY'S CORE TARGETS.

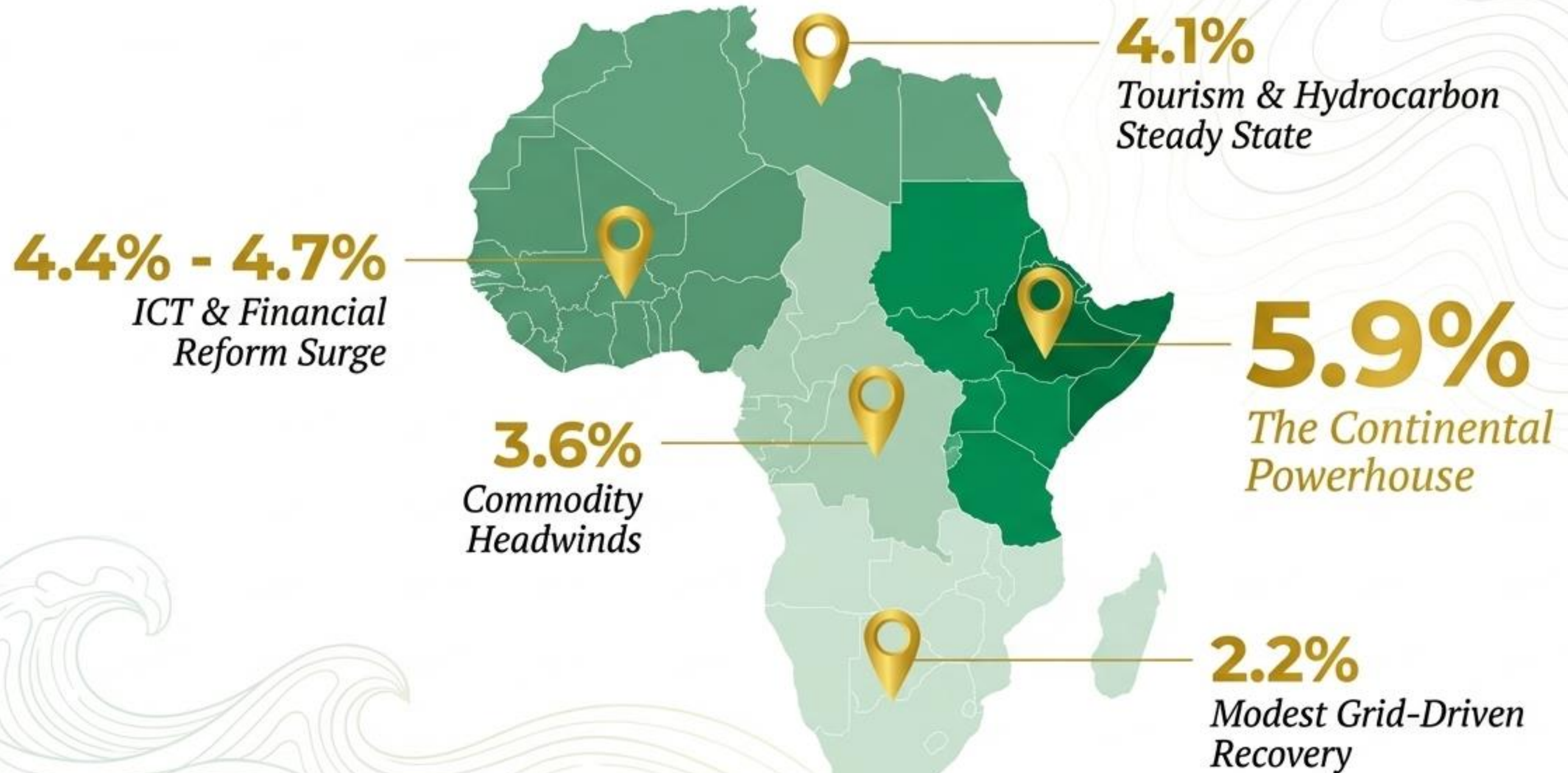
Global Implications: What This Means for You

	The Challenge	The Opportunity	Actionable Response
Consumers	Sticky inflation keeps the daily cost of living elevated.	Wage stabilization as labor markets cool.	Prioritize debt paydown over discretionary spending.
Banks	Higher-for-longer rates stress corporate borrowers.	Strong yields on sovereign debt and FX trading.	Tighten credit risk frameworks; capitalize on EM capital inflows.
Policymakers	Navigating global trade fragmentation without taking sides.	Securing diverted supply chains and FDI.	Establish clear, neutral trade policies to attract capital leaving highly tariffed zones.

02 | African Insights



Mapping the Continental Currents of Q1



Diagnostic Matrix of Regional Momentum

Region	Q1 Growth Rate	Anchor Economies	Primary Drivers
East Africa	5.9%	Ethiopia (7.2%), Uganda, Rwanda	Robust agriculture and service sector expansion.
West Africa	4.4% to 4.7%	Côte d'Ivoire (6.5%), Nigeria (4.4%)	Stability, ICT reforms, and financial sector modernization.
North Africa	4.1%	Region-wide	Rebound in tourism and hydrocarbon exports.
Central Africa	3.6%	Region-wide	Steady baseline facing headwinds from fluctuating industrial commodity prices.
Southern Africa	2.2%	South Africa (1.4%)	Modest recovery bolstered by reliable electricity supply and improved business confidence.

Firming Regional Growth Masks Deep Sub-Regional Fractures

Sub-Saharan GDP growth is firming to 4.0% – 4.3% in 2026, but the aggregate number conceals extreme divergence driven by debt burdens and commodity reliance.

East Africa

The Growth Engine

GDP surging >6% (led by Ethiopia, Rwanda, Uganda).
Driven by agriculture recovery and infrastructure.

Vulnerability: High debt distress risks.

Southern Africa

The Lagging Anchor

GDP crawling at ~1.4% (dragged by South Africa).
Weighed down by infrastructure deficits despite monetary easing and reform momentum.

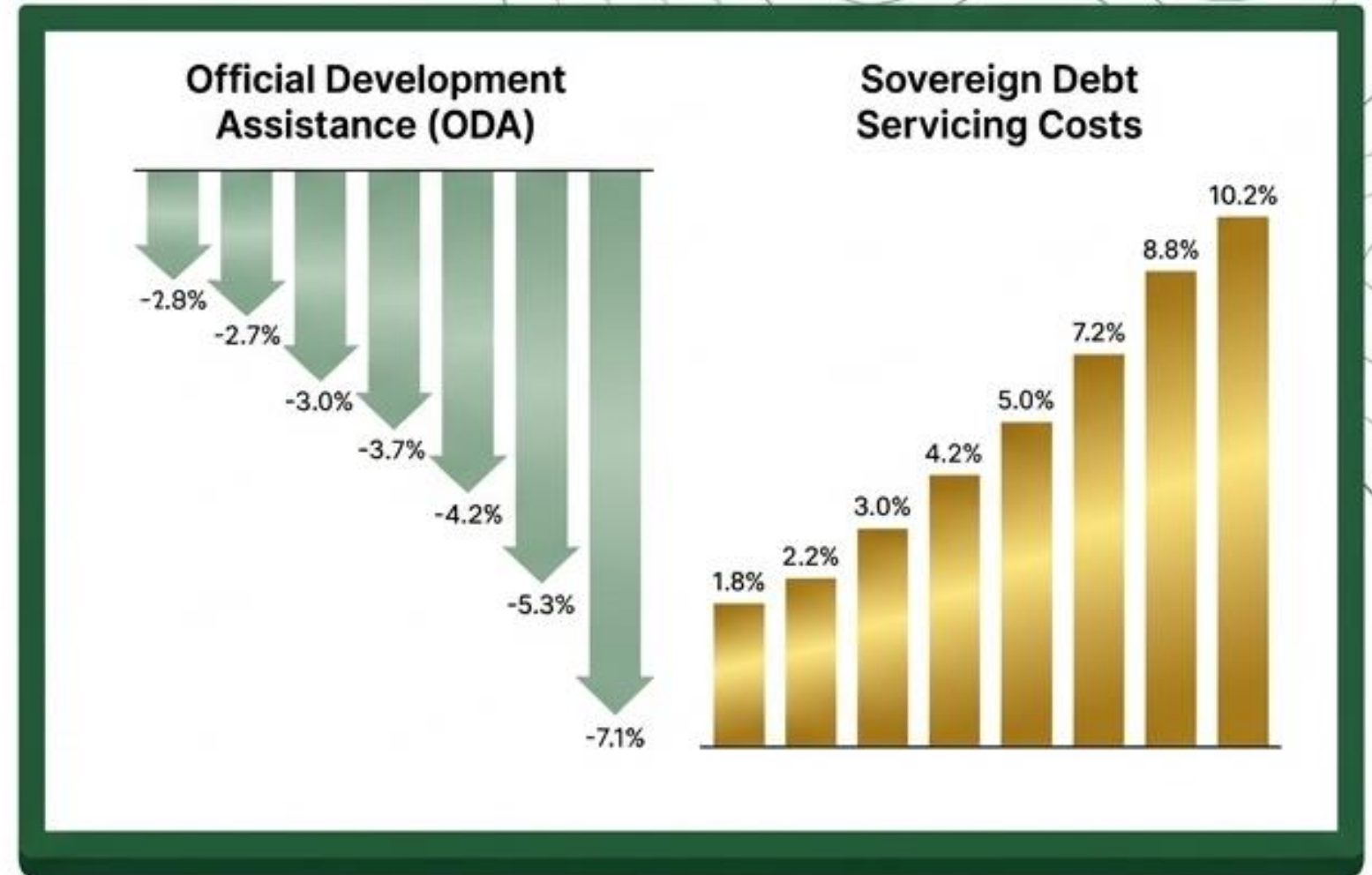
West Africa & Continental Trends

Non-resource-rich economies (6.0%) drastically outperforming resource-heavy ones (4.3%).

Sovereign debt-servicing continues squeezing fiscal space as Official Development Assistance globally declines.

Implications for Nigeria: As West Africa's anchor, a firming Nigerian economy (projected 4.4%) is uniquely positioned to dominate AfCFTA trade flows if domestic fiscal consolidation holds.

Africa: Growth accelerates to 4.0%, but debt servicing remains a heavy anchor



What

Regional GDP is recovering from 3.9% in 2025 to 4.0% in 2026. However, seven nations remain in debt distress, and ODA from major global donors is facing severe cuts.

Why

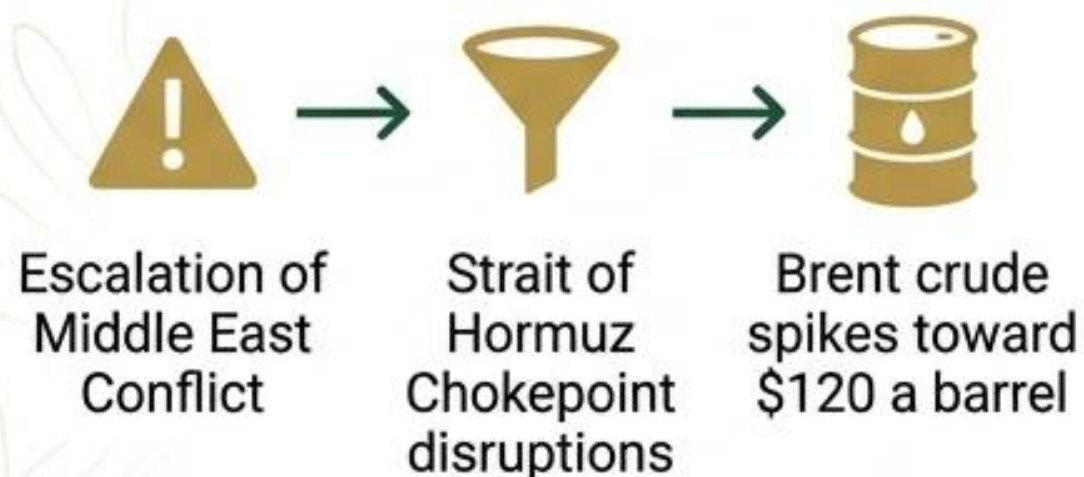
Strong agricultural output and domestic investment are battling against the gravity of pandemic-era borrowing. Rapid urbanization is outstripping infrastructure, keeping food and living costs elevated despite broader disinflation.

So What

The era of relying on external aid is over. African economies must aggressively pivot to domestic revenue mobilization, strict fiscal consolidation, and leveraging the African Continental Free Trade Area (AfCFTA) to survive the debt squeeze.

Key Risks to Watch Out For

Threat 1: The Energy Shockwave



- Spikes in transportation and food inflation hitting importing nations.

Threat 2: The Debt Servicing Wall



- High Sovereign Yields & Interest Payments driven by rollover risks. Fiscal space for social spending actively squeezed.

Threat 3: Trade Policy Fragmentation



- Global Uncertainty & Tariff Disputes (e.g., US AGOA) threatening export-led growth models.

Mapping the Domino Effect of Geopolitical Energy Shocks



The Fiscal Squeeze of the Sovereign Debt Wall

Public Debt-to-GDP

Shrinking toward a more manageable 65%.

Q2 Rollover Risks

High Sovereign Yields

Crushing Interest Payments

The Reality

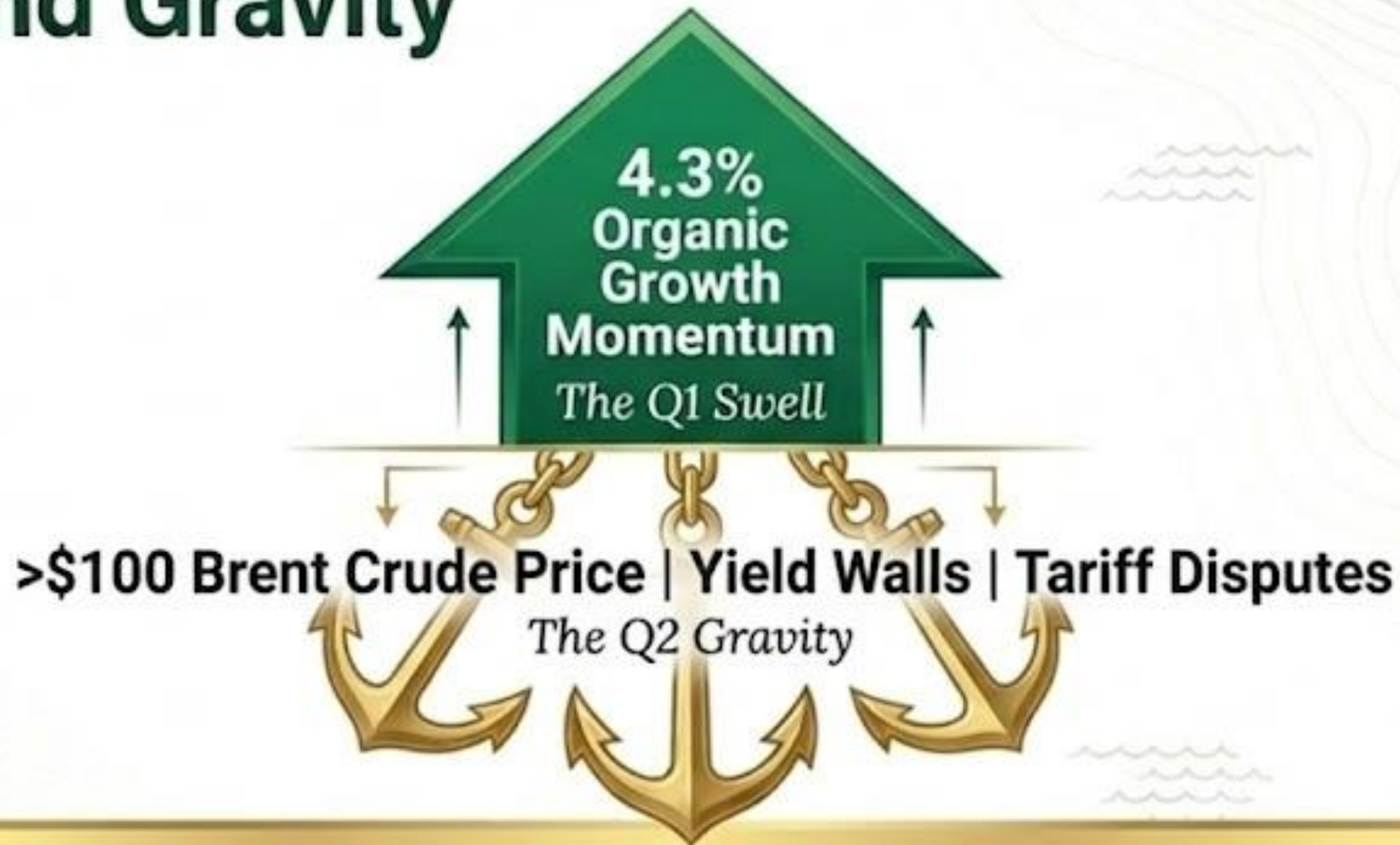
Despite shrinking overall debt ratios, immediate debt servicing “walls” mean governments have severely restricted fiscal space for critical social spending (IMF, 2026).

Trade Fragmentation Threatens Export Momentum



Increased global uncertainty and potential changes to critical trade agreements threaten to dent the momentum of Africa's export-driven economies (IMF, World Bank).

Synthesis: Navigating the Tension Between Growth and Gravity



The Strategic Imperative: Africa's position as a global growth leader is undeniable, but highly exposed to external shocks. The primary objective for Q2 2026 shifts completely from enjoying organic growth to urgently building domestic resilience.

Translating Africa's Macro Reality into Strategy



Consumers

The Reality: **Headline inflation is easing**, providing slight relief to purchasing power.

The Catch: **Systemic logistics failures** and **massive urban migration** mean that grocery prices and housing costs will remain disproportionately high compared to wage growth.



Banks

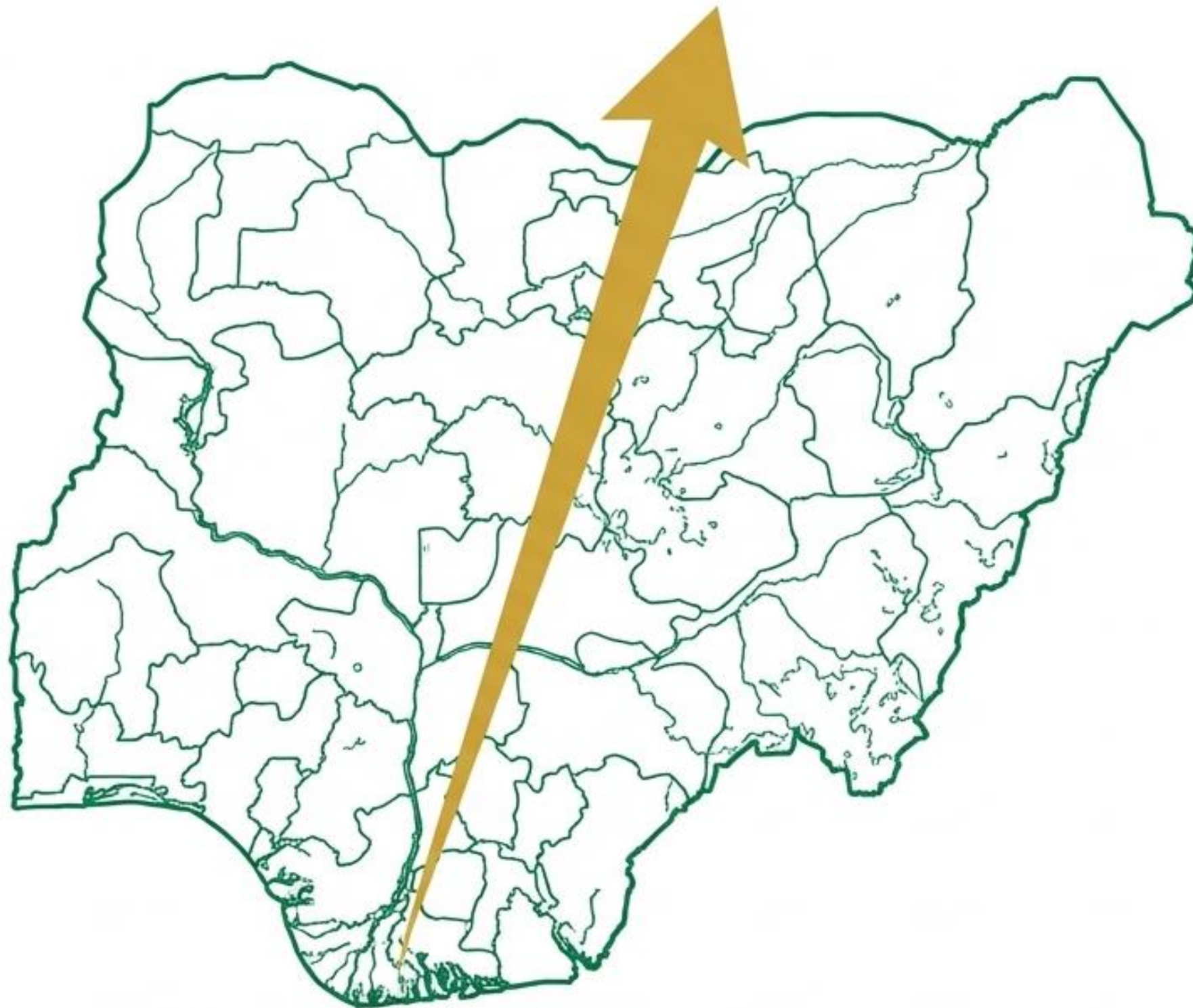
The Opportunity: **Financing domestic infrastructure** and regional trade corridors as **ODA retreats**.

The Risk: **Sovereign debt restructurings** (e.g., Zambia, Zambia, Ghana, Ethiopia) demand heightened risk management. Banks must maintain **deep liquidity buffers** against local currency volatility.



Policymakers

The Mandate: **Modernize agriculture and food transport infrastructure immediately**. Growth cannot be sustained if **urban food prices continue to drive social unrest** and consume household incomes.



03 | Nigerian Insights

The Nigerian House: A Dual-Engine Acceleration

What:

Nigeria is projected to hit 4.4% GDP growth in 2026—the fastest pace in over a decade.

Why:

Unprecedented expansion in the services sector and a strong rebound in agriculture (The Heavy Lifter) are pairing with stabilized oil output (The Fuel).

So What:

The economy is firmly in expansion territory (PMI at 55.7). Ongoing tax and fiscal reforms are finally translating into measurable, physical economic activity.

Oil Sector: The Fuel - providing FX revenues

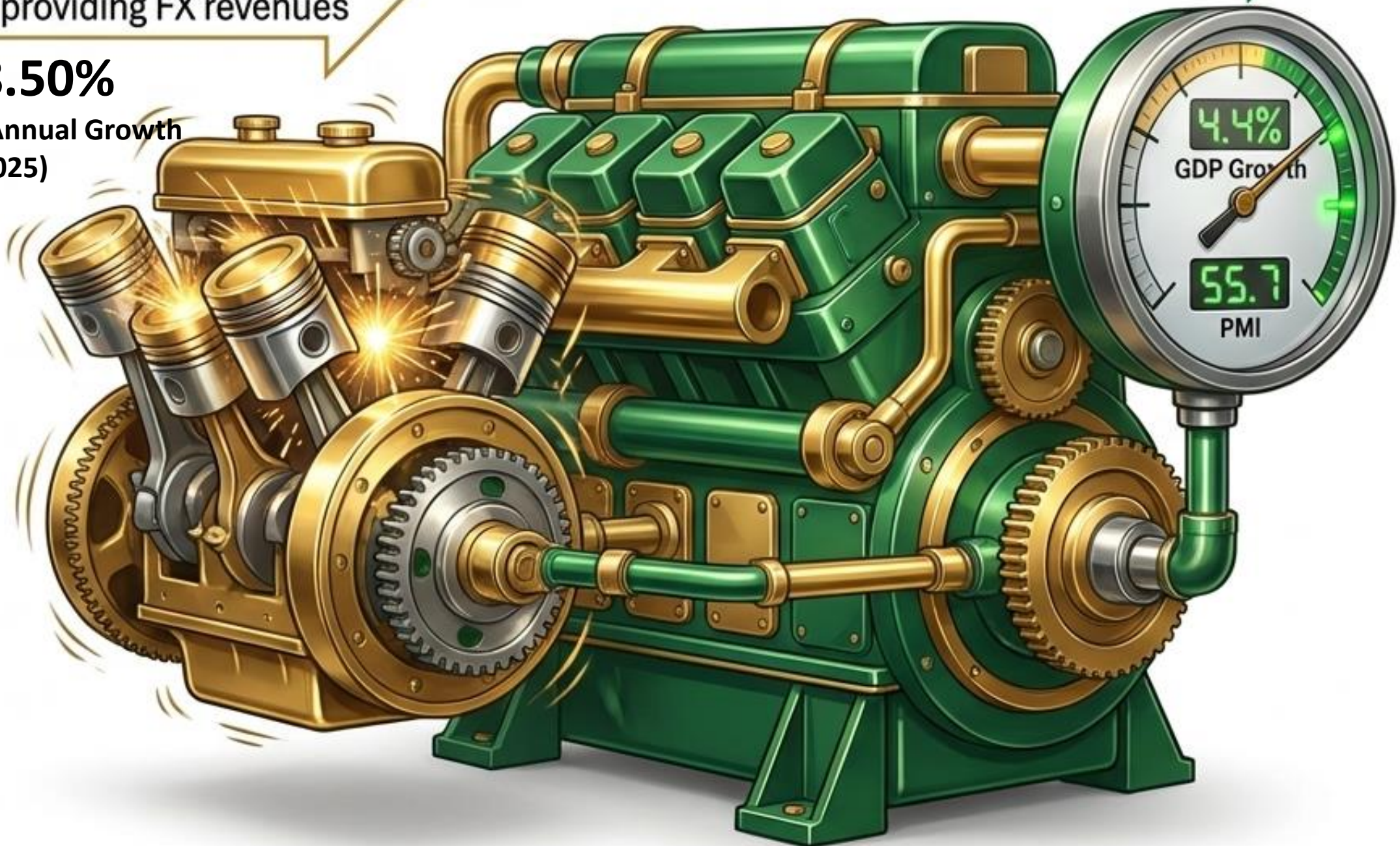
8.50%

(Annual Growth 2025)

3.71%

(Annual Growth 2025)

Non-Oil Sector: The Heavy Lifter - Services, Agriculture, Telecoms



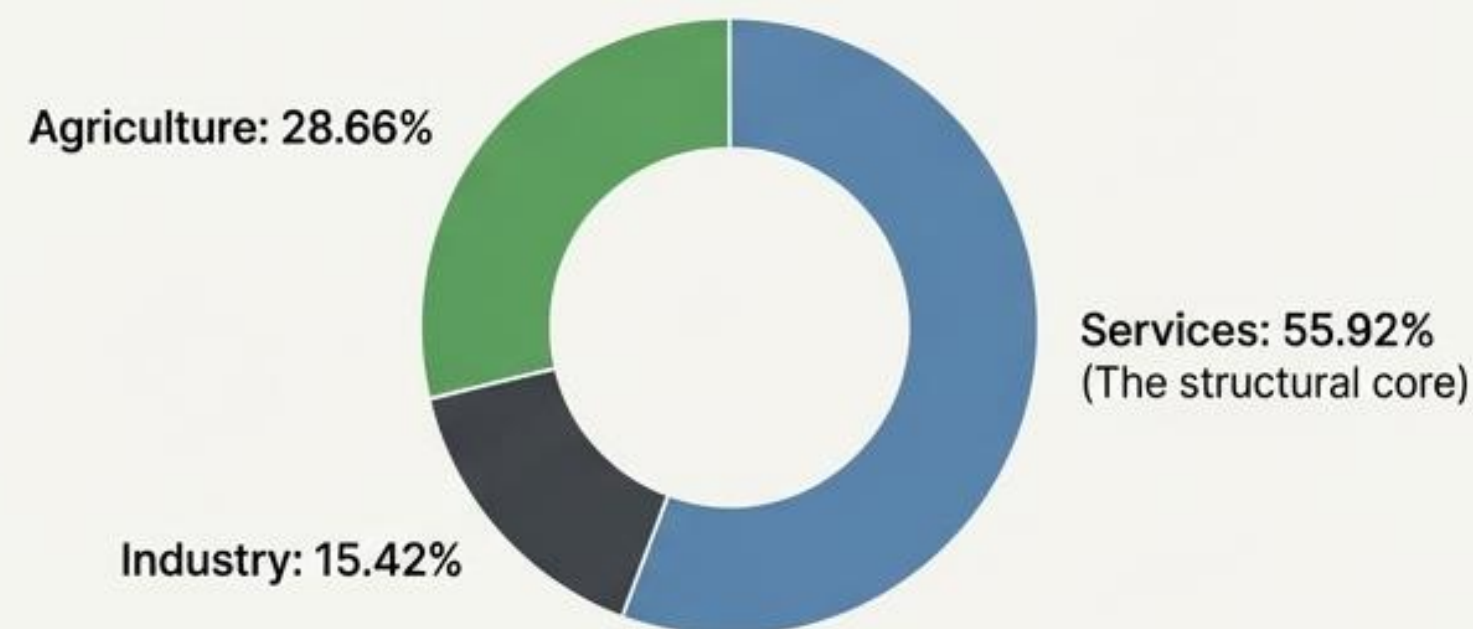
4.07%

Q4 2025 Real GDP Growth (Up from 3.76% in Q4 2024)

The Dual Engines



Economic Composition



Full Year 2025 Aggregate GDP Growth: 3.87% | Nominal GDP reached ₦122.81 Trillion.

Nigeria Inflation Snapshot — Early 2026

FEBRUARY 2026

 **Headline Inflation**

15.06%

February 2026

Was 15.10% in January

↓ -0.04pp

Marginally Stable

 **Food Inflation**

12.12%

February 2026

Was 8.89% in January

↑ +3.23pp

⚠️ Surging — Key Risk

 **Core Inflation**

15.60%

February 2026

Was 17.18% in January

↓ -1.58pp

✅ Cooling Fast

 **Food price acceleration is the key near-term risk** — offsetting otherwise encouraging disinflation trends in core and headline inflation.

Data Source: Central Bank of Nigeria

US\$103.93B

₦153 Trillion

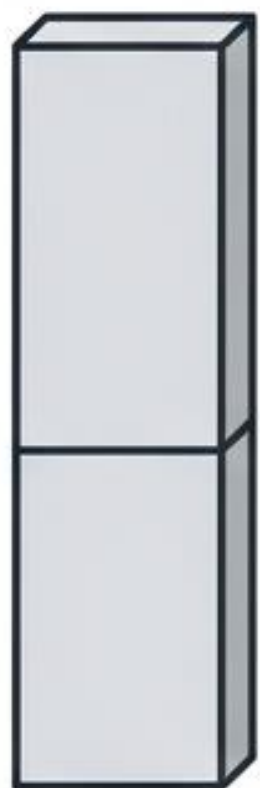
Total Public Debt (as of Sept 2025)

The African Macro Reality

The Stock

Domestic Debt:
53.37%
(₦81.81 Trillion)

External Debt:
46.63%
(\$48.46 Billion)



The Burden



Nigeria is navigating a continent-wide macroeconomic constraint: while gross debt-to-GDP ratios are mathematically shrinking due to nominal GDP growth, the shift toward commercial borrowing and domestic debt has driven servicing costs sharply higher.

Impact: High interest payments directly crowd out vital infrastructure and human capital investments.

US\$49.4 Billion

Gross External Reserves (13-Year High)
(As of March 26, 2026)

Executive Order 09
Presidential directive redirecting oil & gas revenues directly into the Federation Account, serving as a primary catalyst for robust reserve accretion.



Provides an import cover of **9.68 months** for goods and services.

Reserve Tank

FMDQ Liquidity Return (Jan 2026)

Total Turnover: **₦60.77 Trillion.**

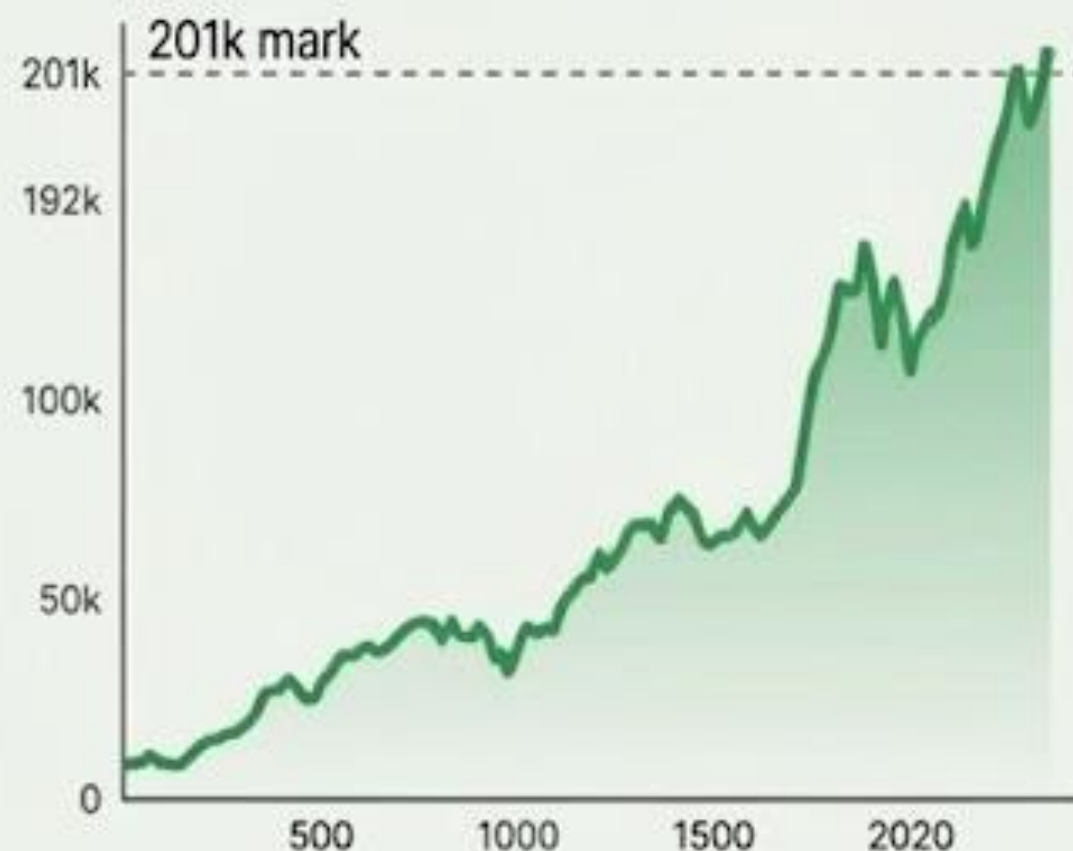


Driver: Spot FX and FX Derivatives accounted for the dominant 31.81% of overall market activity, proving confidence and liquidity have re-entered the unified FX regime.

200,913

NGX ASI Index (March 27, 2026) | +29.11% Year to Date Growth

Market Momentum



The 2026 Action Playbook

For Financial Institutions:

Capitalize on the MPC's 50 bps rate cut. Rotate excess liquidity away from purely sovereign instruments and expand private-sector credit lines to capture the 4.07% GDP growth momentum.

For Corporate Businesses:

Leverage the 13-year high in FX reserves (\$50.45B) and exchange rate stability to aggressively execute delayed capital imports and technology upgrades.

For Institutional Investors:

With the NGX up 29.11% YtD, rotate portfolios into the resilient Services sector (which anchors 55.9% of GDP) and lock in implied yields of 21-24% on short-term instruments.

For Sovereign Planners:

Defend the unified FX regime at all costs. Prioritize domestic revenue mobilization and aggressive tax reform to alleviate the debt-service burden crowding out capital expenditure.

Q1 2026 Domestic Data Signals a Macroeconomic Turning Point



Prices:

Sustained deceleration achieved. Headline inflation dropped to **15.06%** (**February 2026**). Food inflation plummeted to **8.89%**, and Core inflation cooled to **17.72%**, driven by FX stability and base effects.



External Buffers:

Gross external reserves surged to **\$49.4B (As of March 26, 2026)**—a **13-year high** providing **9.68 months** of import cover, anchoring exchange-rate stability.



Output:

Purchasing Managers' Index (PMI) indicates definitive expansion at **55.7**. Overall GDP growth is firming toward **4.4%**, driven by ICT/Finance services and Nigeria's new status as a net exporter of refined petroleum.

IMPLICATIONS FOR NIGERIANS

1. ENERGY SHOCKS & INFLATION



High fuel costs
N1,300/Litre

- Global oil >\$100 / Barrel.
- Fuel costs (Jan-Mar '26): N1000 to N1400 peak.
- Living cost +20% (estimated in affected areas).

2. SEVERE FOOD INSECURITY



- 30.6m People face acute insecurity.
- Conflicts cut agricultural output by 10%.
- Structural high prices impact populations.

3. PRE-ELECTION FISCAL PRESSURES



- Pre-election liquidity forces strict control.
- Borrowing costs soar, stifling investment.
- Private sector growth at risk [e.g., -10%].

4. DEBT & DEFICIT BURDENS



- Budget deficit (projected): N23.85T.
- Debt servicing cost: N15.52T.
- Public debt N153T (late 2025).

KEY ECONOMIC IMPACTS & RISKS

CONSUMERS: HOUSEHOLD PRESSURE



- ✓ HIGH INFLATION (~15%)
- ✓ SPIKING FUEL & FOOD COSTS
- ✓ FORCED DOWNTRADING TO ESSENTIALS

OIL PRICES: +50–60%

OIL SCENARIOS: \$100–\$200/Barrel

BANKS: RISING SECOND-ROUND RISKS



- ✓ MARGINS BENEFIT FROM HIGH RATES (short-term)
- ✓ INCREASED CREDIT DEFAULT RISK (Households & SMEs)
- ✓ VOLATILITY IN CAPITAL FLOWS

ASSET QUALITY CONCERNS
COMPRESSED CASH FLOWS

POLICY MAKERS: FOUR-WAY CONSTRAINT

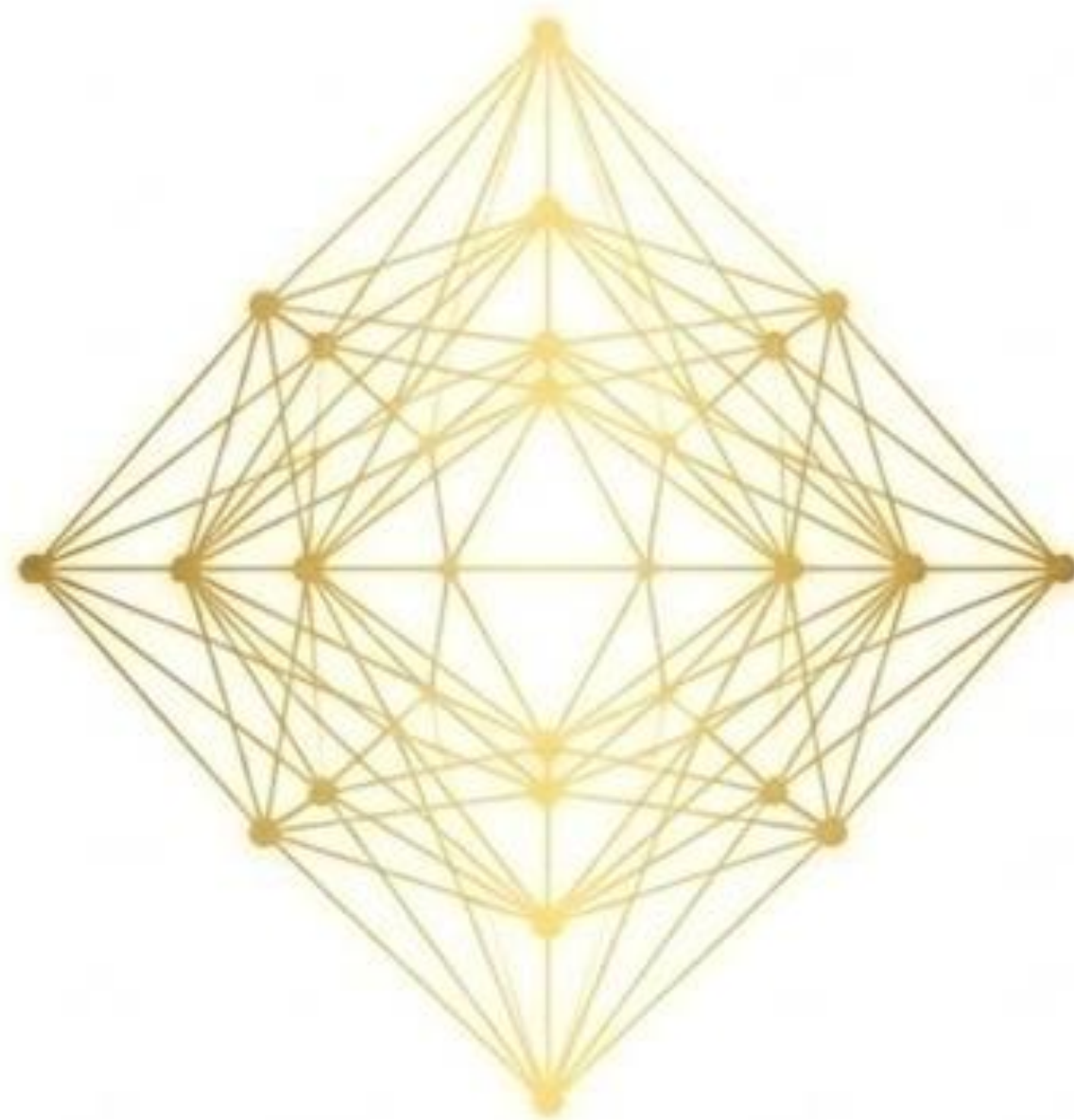


- ✓ LIMITED MONETARY EASING ABILITY
- ✓ FUEL PRICE PASS-THROUGH STRESS
- ✓ RECENT TAX ADJUSTMENTS

INFLATION TARGET: 13–15%
GROWTH FORECAST: 4.3–4.5%



DRIVERS: GLOBAL ENERGY SHOCKS & SUPPLY DISRUPTION (STRAIT OF HORMUZ)



04 | Implications and Recommendations

The 2026 Blueprint: Key Takeaways **FOR NIGERIA**

The Cascade Infographic



Summary:

The global economy is steady but narrow. Africa is growing but burdened by debt. Nigeria has successfully navigated the storm, building massive FX buffers and breaking the inflation fever.

The Final Word:

The era of defensive posturing in Nigeria is over. With 9.68 months of import cover and 4.4% projected growth, 2026 is the year to deploy capital offensively into the real economy.

Capitalizing on the Golden Dawn

1. Global Resilience Meets Shifting Trade

The global economy has successfully avoided recession, but future growth relies entirely on navigating new tariff walls and leveraging AI-driven productivity.

2. Nigeria's Decisive Recovery

Reaching a **13-year high** in external reserves (**\$49.4B**) (As of **March 26, 2026**), dropping headline inflation to **15.06%**, and projecting **4.4% growth** definitively signals a true macroeconomic turning point.

3. The Execution Mandate





Success in 2026 is no longer about surviving external shocks. It is about executing optimal fiscal consolidation, advancing structural reforms, and proactive risk management.

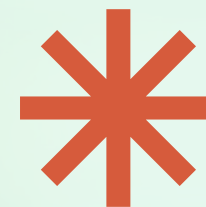
The Q1 2026 data proves that painful reforms are yielding undeniable stability, with inflation dropped to 15.06%. The imperative for policymakers and financial leaders now shifts entirely to sustainable, inclusive expansion.

Get In Touch — With Us






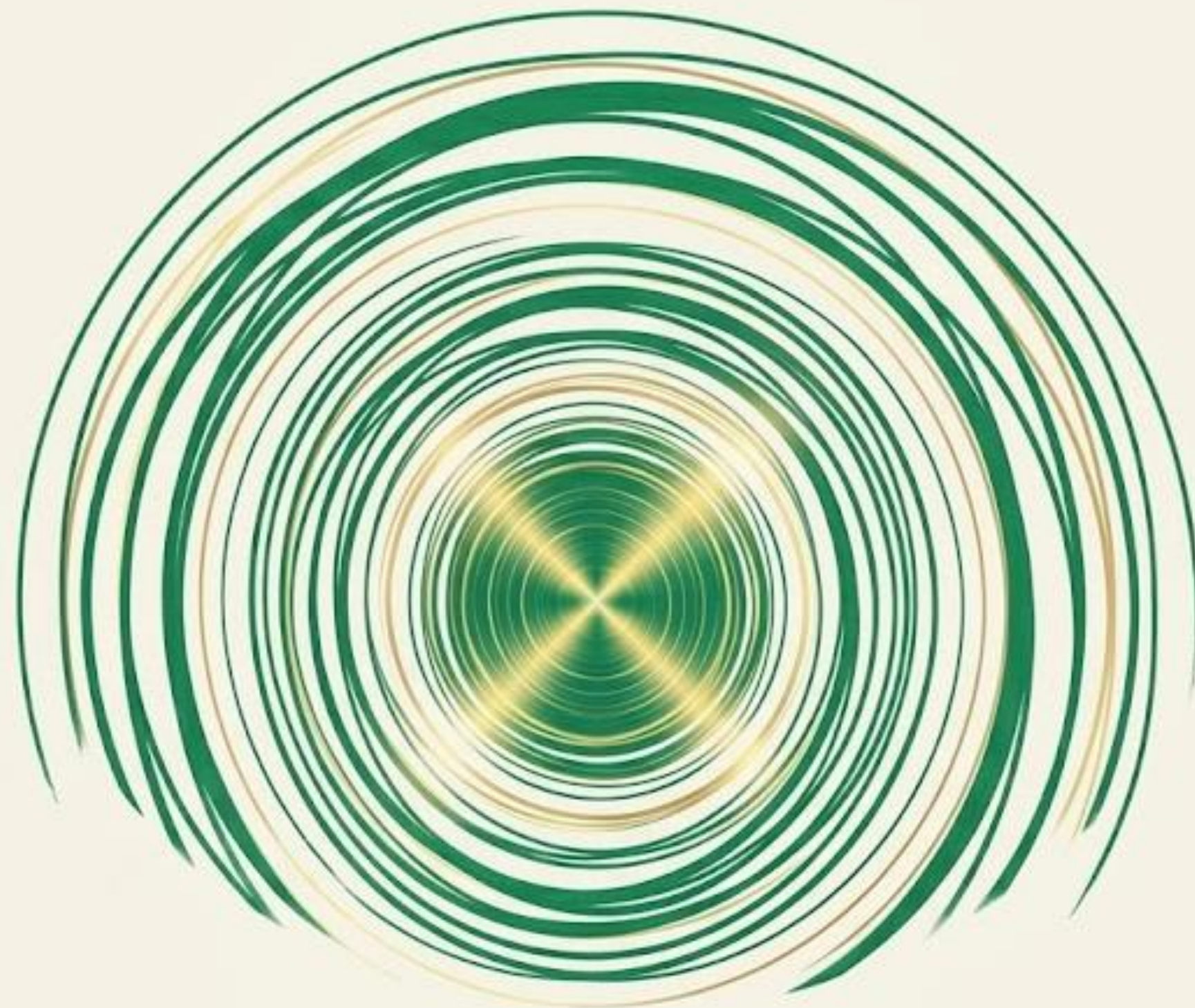
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Get In Touch

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Thank You.

