

# Capital Market Outlook : Trends, Risks, and Opportunities Across Asset Classes

*The Nigerian Economic Review and Recommendations for 2026*  
**Organised by The Chartered Institute of Stockbrokers of Nigeria**

***Ayodele Akinwunmi***

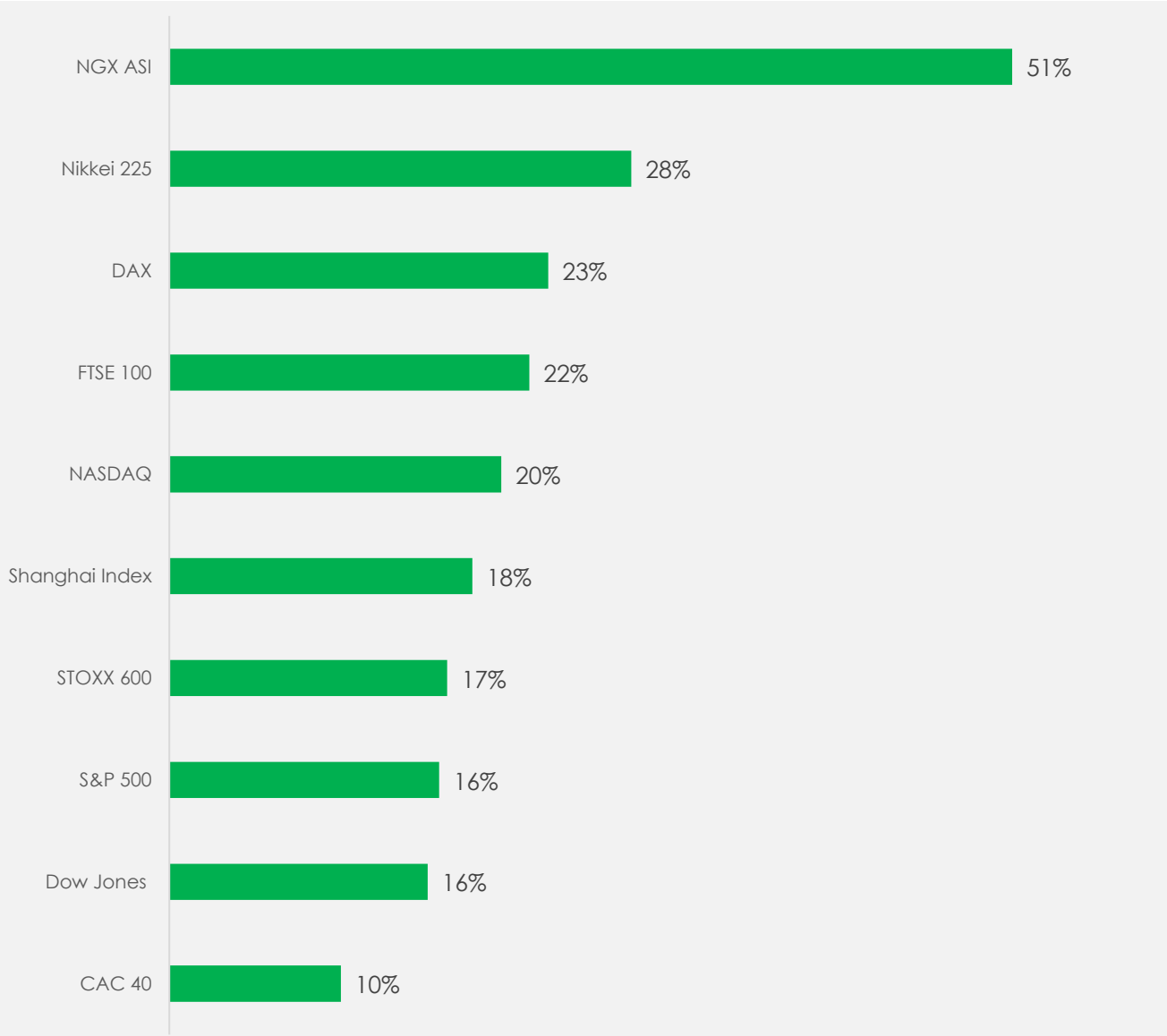
Wednesday, 14 January 2026

# 2025 Scorecard

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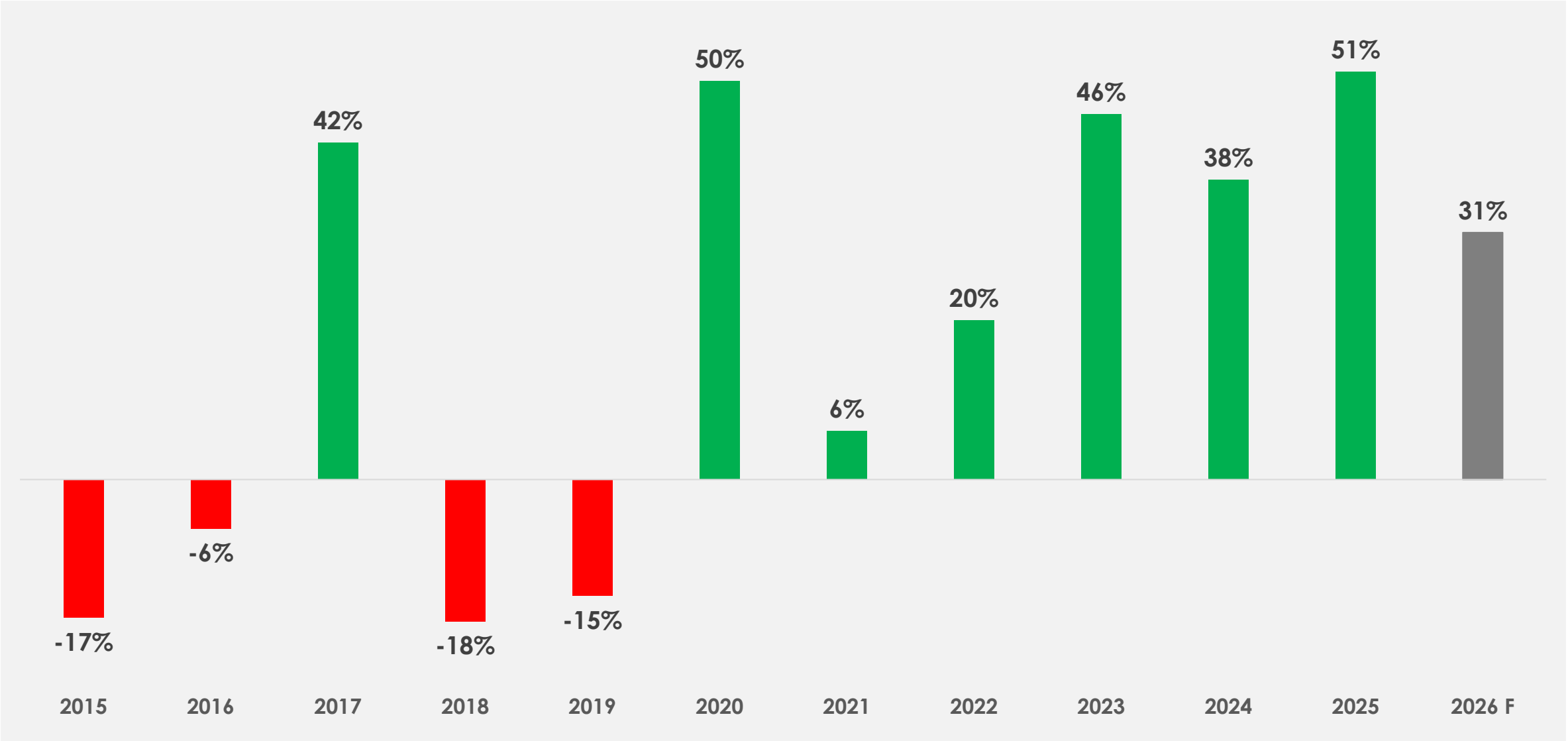
# Equities Market Performance in 2025



Equities Market Performance in 2025			
S/N	Stock Indices	Countries	Year Till Date (YTD)
1	NGX ASI	Nigeria	51%
2	Nikkei 225	Japan	28%
3	DAX	Germany	23%
4	FTSE 100	United Kingdom	22%
5	NASDAQ	United States	20%
6	Shanghai Index	China	18%
7	STOXX 600	European	17%
8	Dow Jones	United States	16%
9	S&P 500	United States	16%
10	CAC 40	France	10%

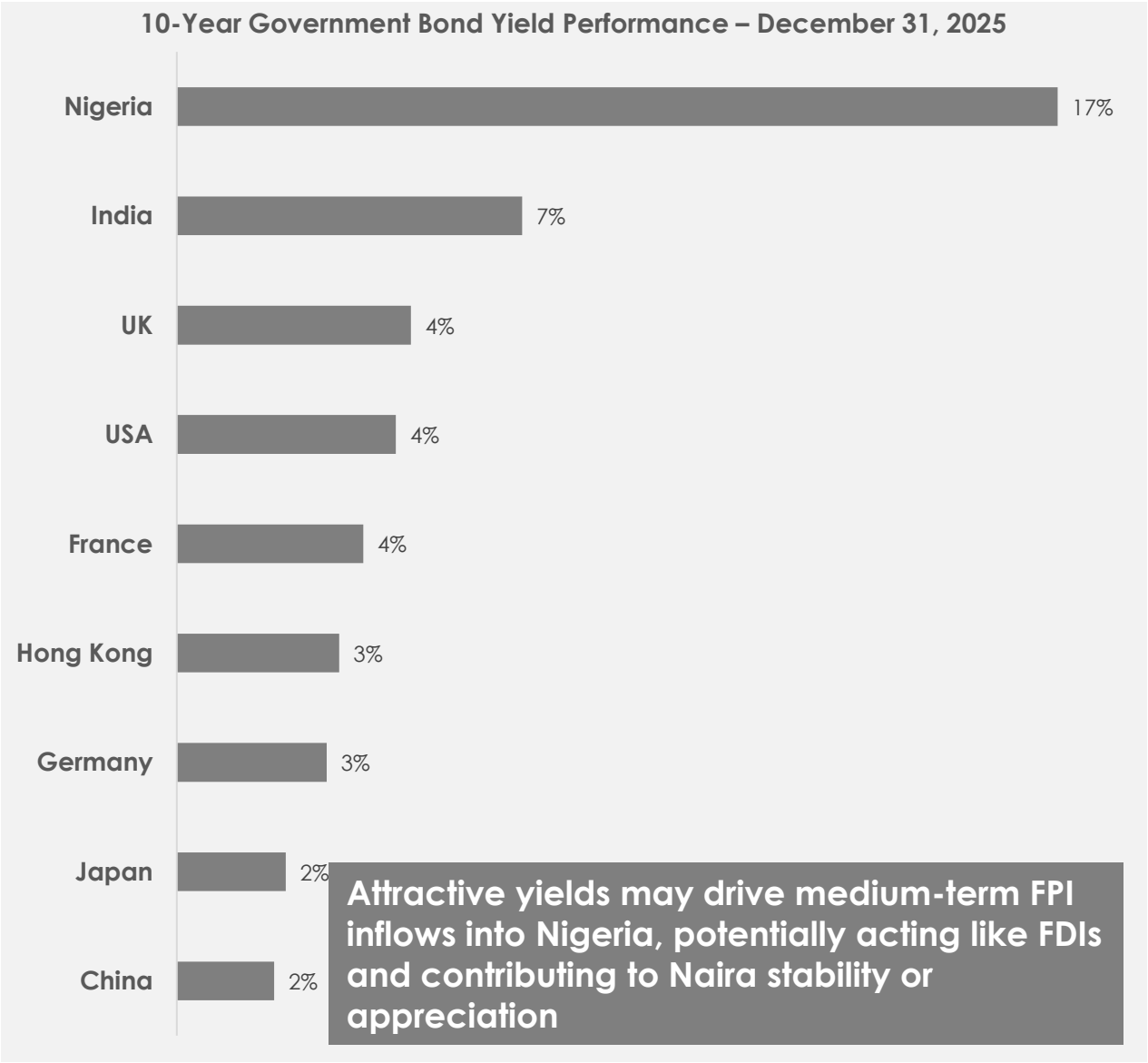


Nigerian Equity Market Performance (NGX – ASI) 2015 – 2025 and 2026 Forecast





# Fixed Income Market Performance in 2025

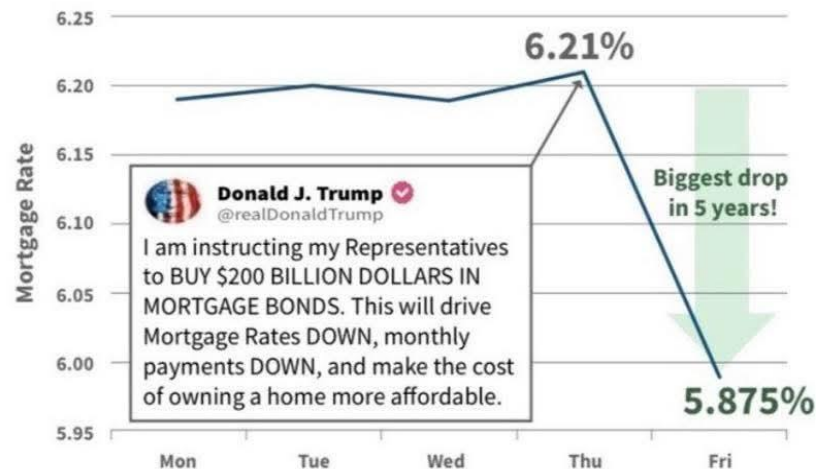


10-Year Government Bond Yield Performance – December 31, 2025			
Government Bonds	December 31, 2024	December 31, 2025	YTD Change
Japan	1.08%	2.08%	1.00%
Germany	2.36%	2.86%	0.50%
France	3.20%	3.56%	0.36%
China	1.68%	1.86%	0.18%
UK	4.57%	4.47%	-0.10%
India	6.76%	6.59%	-0.17%
USA	4.52%	4.18%	-0.34%
Hong Kong	3.81%	3.10%	-0.71%
Nigeria	21.74%	16.81%	-4.93%

**Donald J. Trump** ✓ +

@realDonaldTrump

## Mortgage Rates Dropped Below 6% For the First Time in 4 Years

 **Donald J. Trump** ✓  
@realDonaldTrump

I am instructing my Representatives to BUY \$200 BILLION DOLLARS IN MORTGAGE BONDS. This will drive Mortgage Rates DOWN, monthly payments DOWN, and make the cost of owning a home more affordable.

naf new american  
FUNDING**5.63%**FIRST  
FEDERAL BANK  
MORTGAGE LENDERS**5.75%****Donald J. Trump** ✓ +

@realDonaldTrump

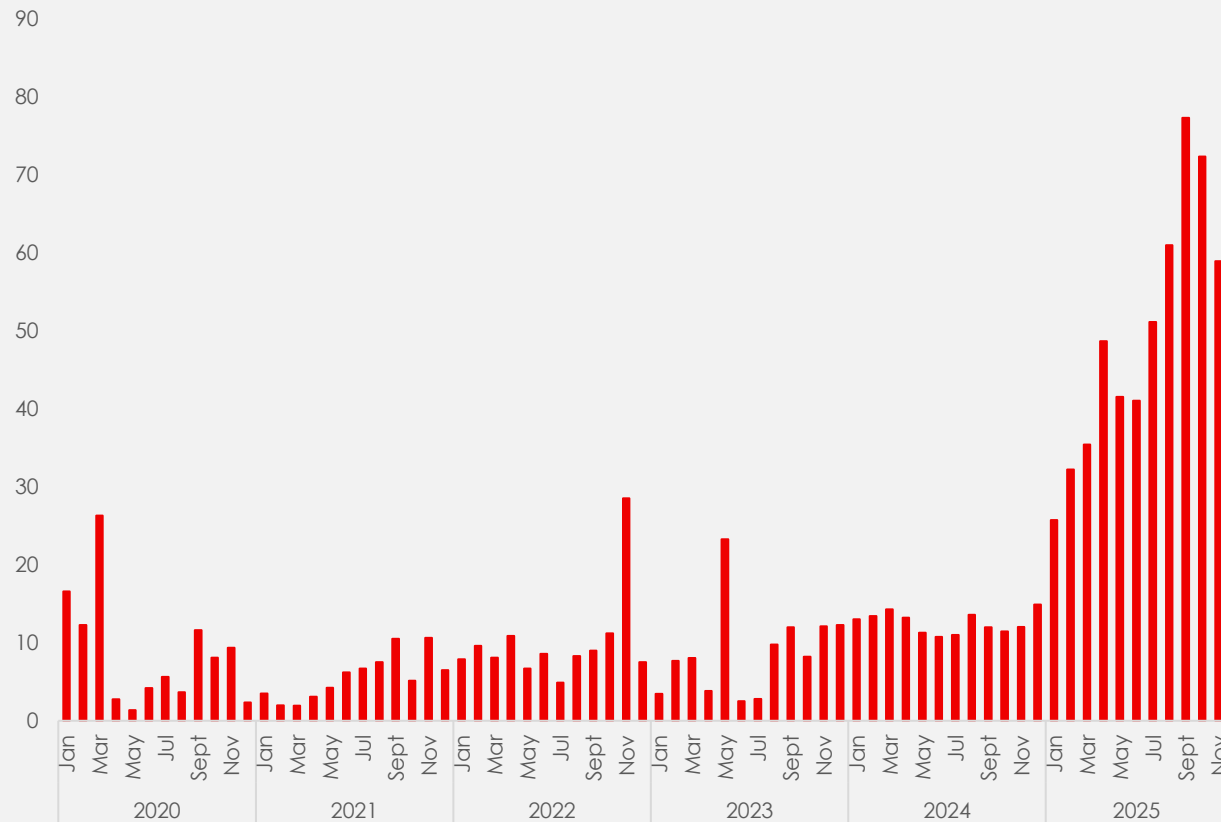
Please be informed that we will no longer let the American Public be “ripped off” by Credit Card Companies that are charging Interest Rates of 20 to 30%, and even more, which festered unimpeded during the Sleepy Joe Biden Administration. AFFORDABILITY! Effective January 20, 2026, I, as President of the United States, am calling for a one year cap on Credit Card Interest Rates of 10%. Coincidentally, the January 20th date will coincide with the one year anniversary of the historic and very successful Trump Administration. Thank you for your attention to this matter. MAKE AMERICA GREAT AGAIN! PRESIDENT DONALD J. TRUMP

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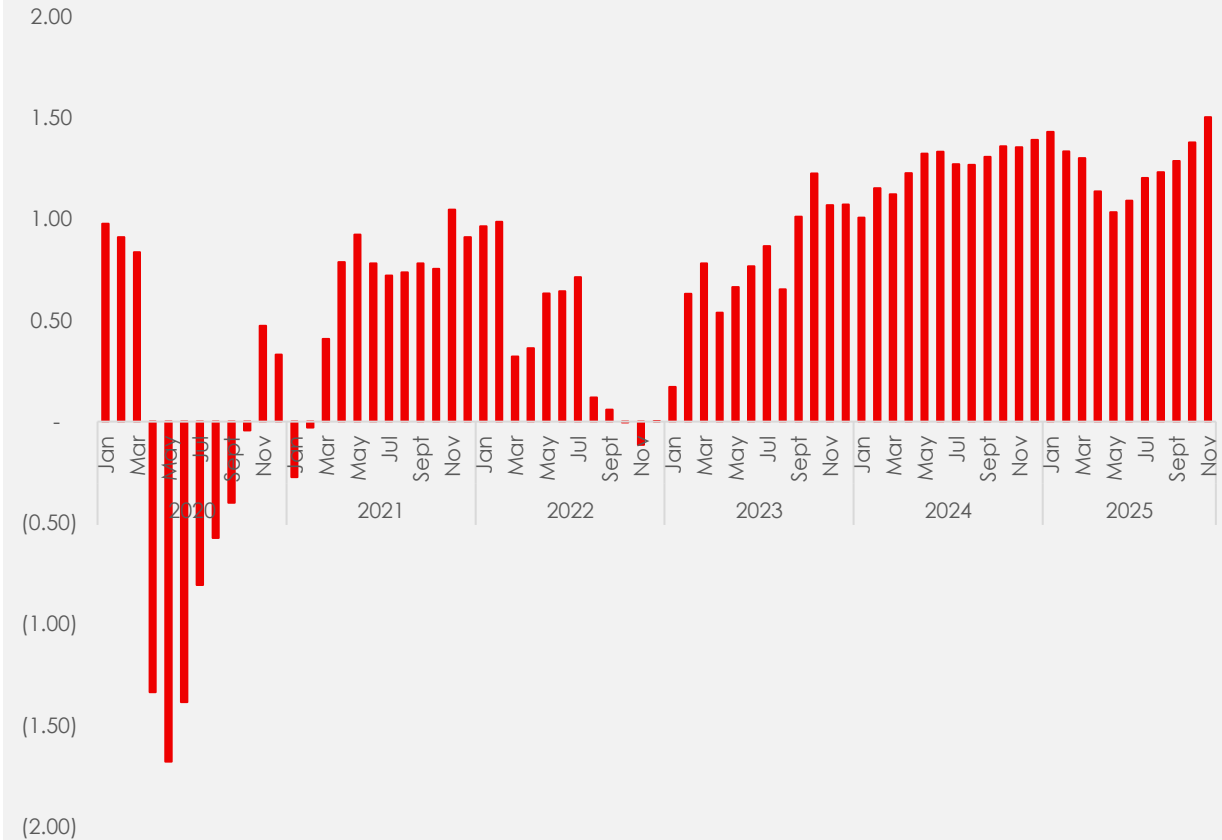
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Despite elevated global uncertainty, investor optimism (sentiment) about future economic prospects remains strong. This positive sentiment continues to fuel both real and financial investments worldwide. Naturally, capital flows towards regions offering compelling opportunities. Nigeria stands out in this regard, supported by its attractive government bond yields and the favourable outlook for its equity market

World Policy Uncertainty Index (WPUI) - 1,000 Points : 2020 - 2025



World Sentiment Index (WSI) : 2020 - 2025



# Global Inflation and Monetary Policy Rates

## Implications for Nigeria

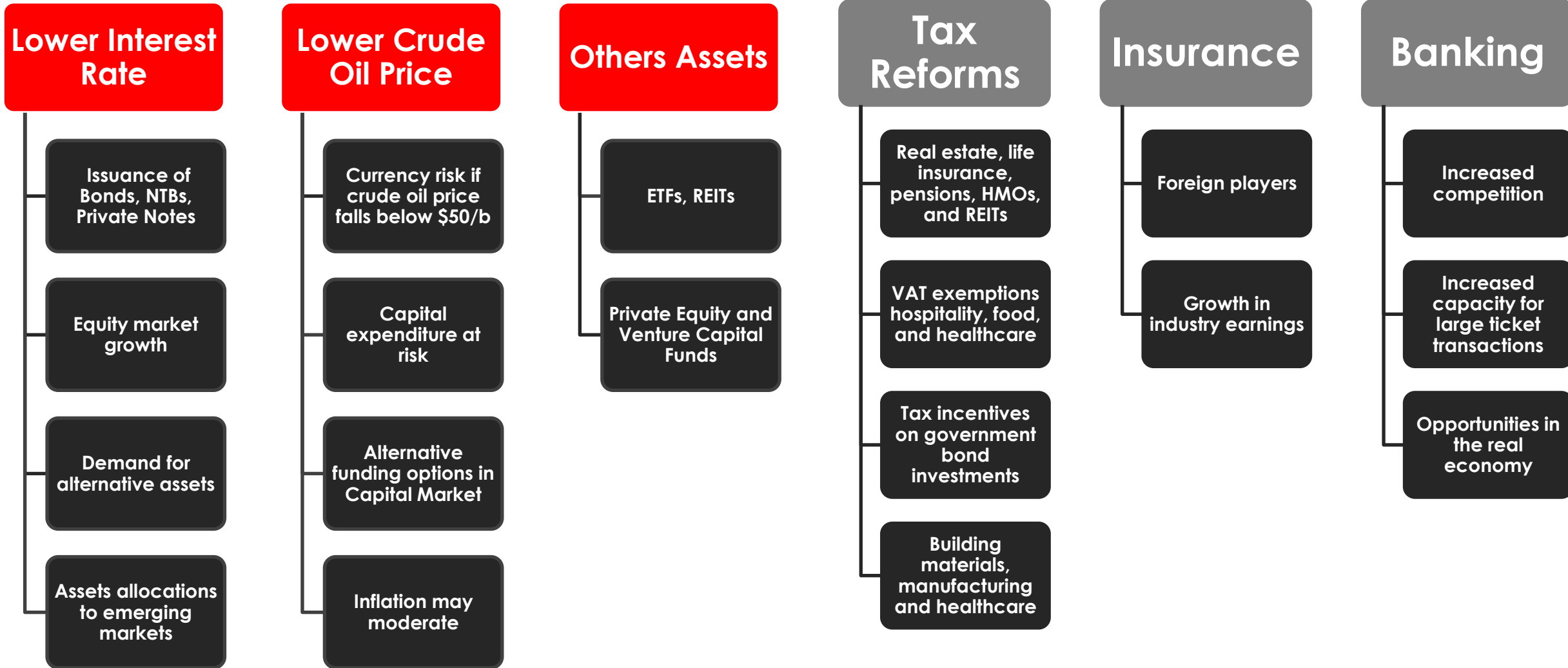
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## Inflation Rate Movement and Forecast – December 2025

S/N	Countries	December 2024	Current	Change	2026 Inflation Forecast*	Policy Rate	Real Rate
1	Nigeria	34.80%	14.45%	-20.35%	22.00%	27.00%	5.00%
2	Ghana	23.80%	6.30%	-17.50%	9.90%	18.00%	8.10%
3	Niger	4.70%	-7.30%	-12.00%	3.20%	5.25%	2.05%
4	Egypt	24.00%	12.30%	-11.70%	11.80%	20.00%	8.20%
5	Angola	27.50%	16.56%	-10.94%	16.30%	18.50%	2.20%
6	Mali	4.90%	-4.70%	-9.60%	2.00%	5.25%	3.25%
7	Guinea Bissau	5.70%	-1.50%	-7.20%	2.00%	5.25%	3.25%
8	Burkina Faso	4.90%	-2.00%	-6.90%	2.40%	5.25%	2.85%
9	Ethiopia	17.00%	10.90%	-6.10%	9.40%	15.00%	5.60%
10	Algeria	4.40%	-0.40%	-4.80%	3.90%	2.75%	-1.15%
11	India	5.20%	0.71%	-4.49%	4.00%	5.25%	1.25%
12	Cote d'Ivoire	2.10%	0.00%	-2.10%	1.50%	5.25%	3.75%
13	Togo	1.20%	0.20%	-1.00%	2.00%	5.25%	3.25%
14	Morocco	0.70%	-0.30%	-1.00%	1.80%	2.25%	0.45%
15	Japan	3.60%	2.90%	-0.70%	2.10%	0.75%	-1.35%
16	Euro Area	2.40%	2.10%	-0.30%	1.90%	2.15%	0.25%
17	United States	3.00%	2.75%	-0.25%	2.40%	3.75%	1.35%
18	Tanzania	3.10%	3.40%	0.30%	3.50%	5.75%	2.25%
19	South Africa	3.00%	3.50%	0.50%	3.70%	6.75%	3.05%
20	China	0.10%	0.70%	0.60%	0.70%	3.00%	2.30%
21	United Kingdom	2.50%	3.20%	0.70%	2.50%	3.75%	1.25%
22	Kenya	3.00%	4.50%	1.50%	5.20%	9.00%	3.80%
23	Benin	-0.40%	1.10%	1.50%	2.00%	5.25%	3.25%
24	Senegal	0.30%	2.90%	2.60%	2.00%	5.25%	3.25%



# Domestic Economy

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### Diaspora Remittances Incentives –

Diaspora Direct Investment Accounts. Allows Nigerians abroad to open local Naira accounts to remit funds directly for investment

### FX Facilitation for Diaspora Investors –

Access to foreign exchange at official rates: Enables diaspora Nigerians to invest in equities, government bonds, and real estate without suffering from parallel market rates

### Encouraging Diaspora Investment in SMEs and Real Sector –

Credit Facilities: Diaspora investors can access CBN-supported credit programs to fund SMEs, agriculture, and infrastructure projects

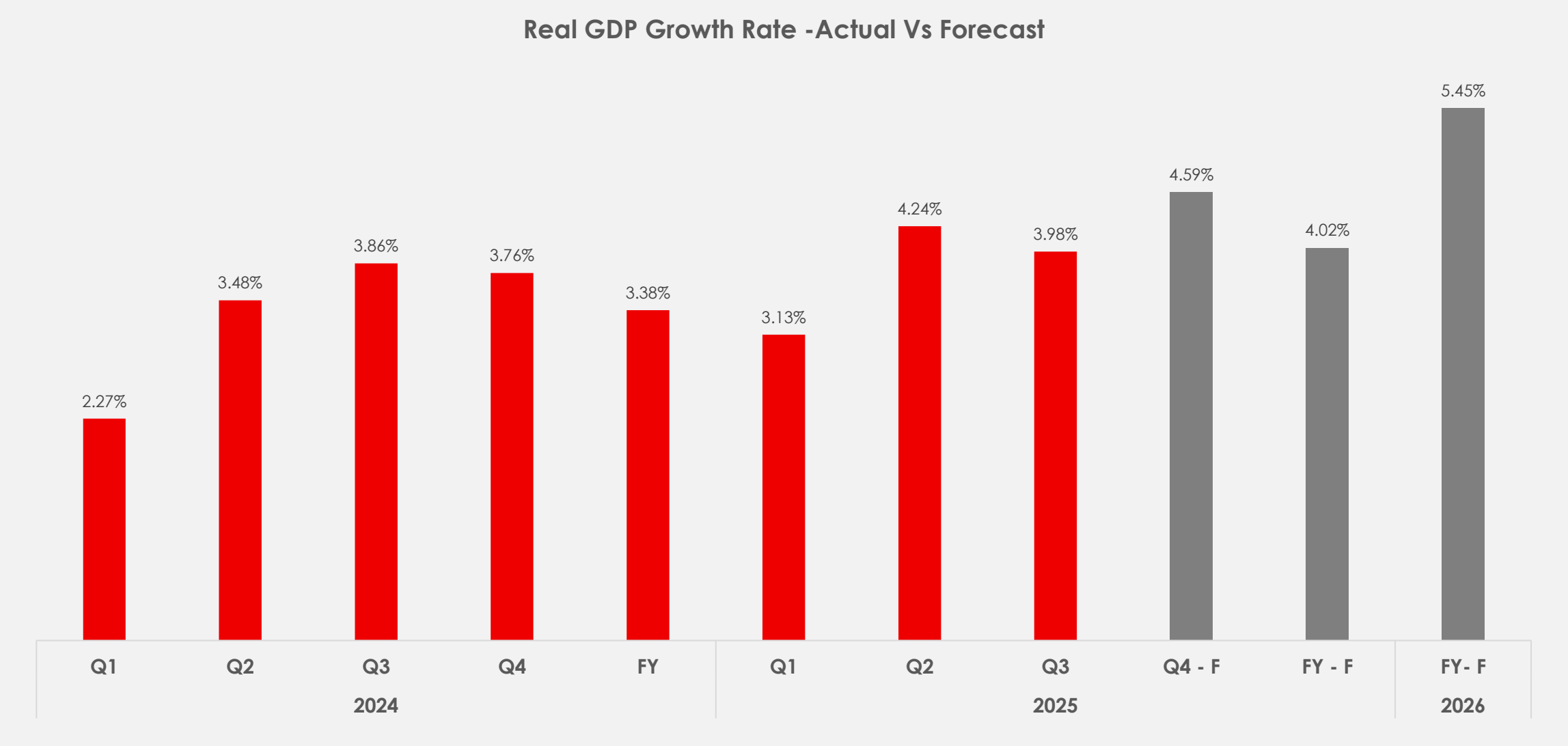
### Incentives Through Banks and Financial Institutions –

Diaspora Investment Funds (DIFs): Managed by commercial banks to pool diaspora funds for capital market investments

### Regulatory Support –

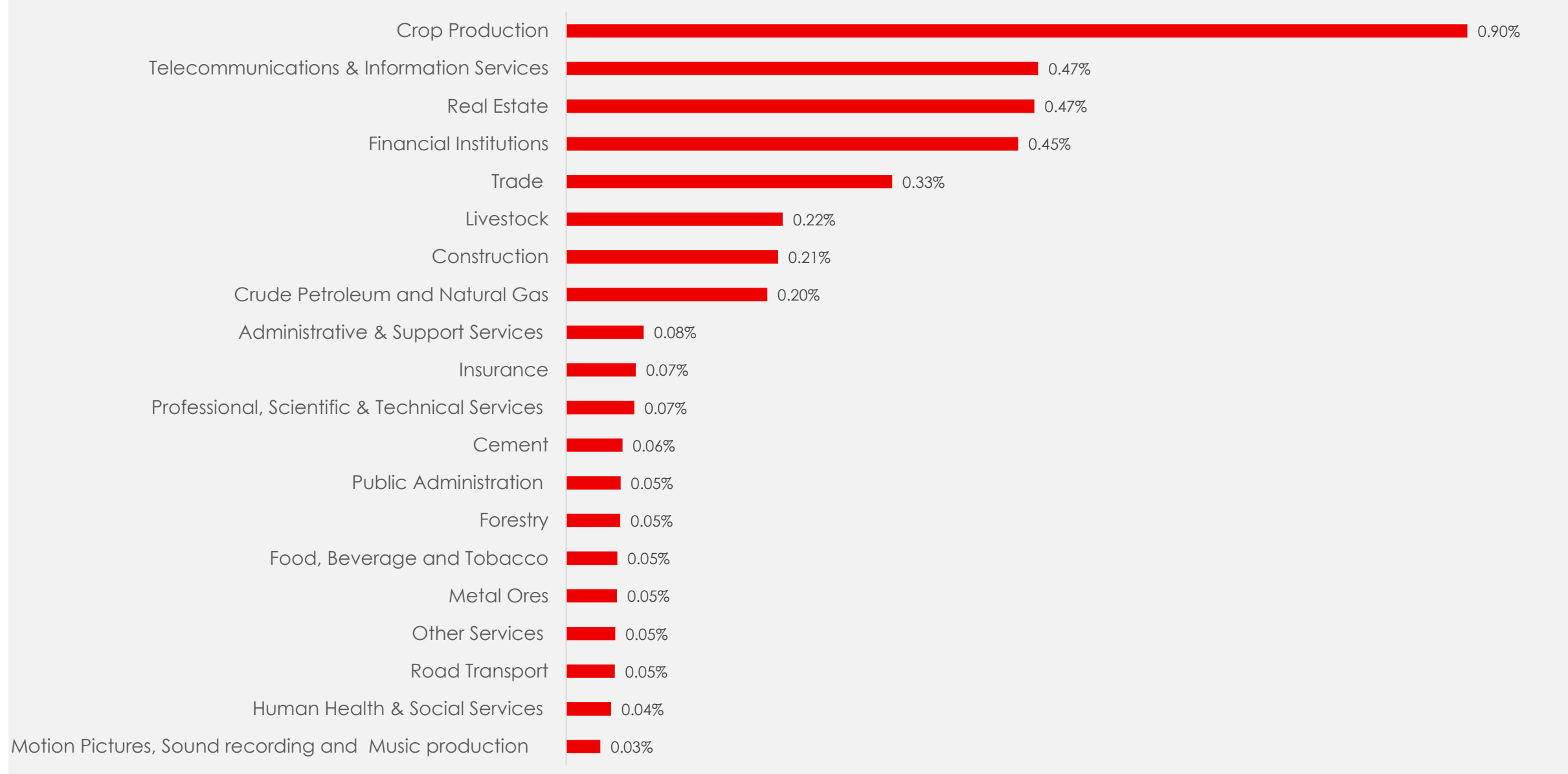
CBN circulars and guidelines on diaspora investment ensure:

- Protection of diaspora investors' funds
- Transparency and streamlined approval processes
- Encouragement of formal investment channels over informal remittances





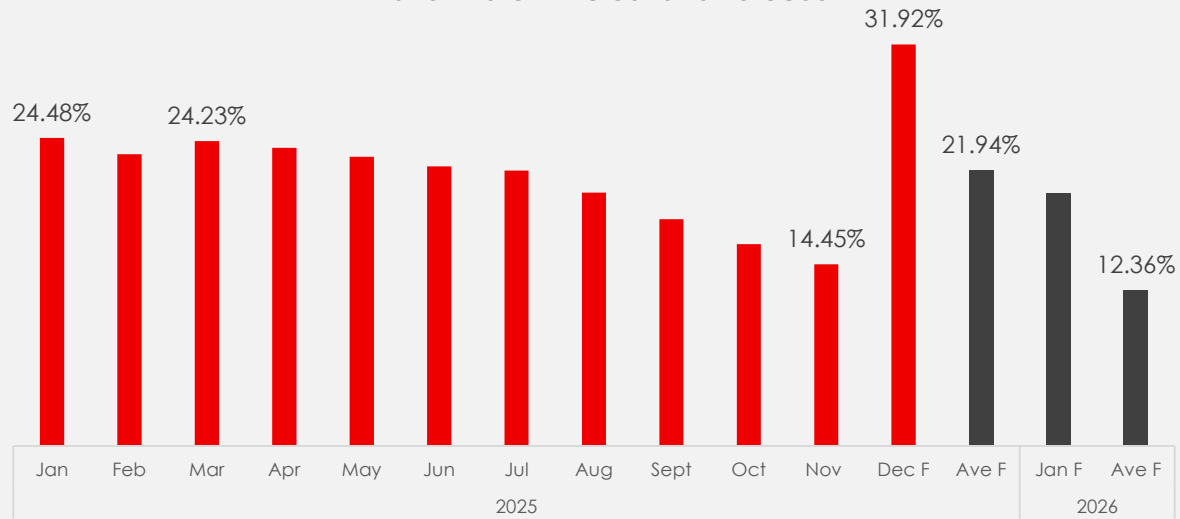
## Nigerian Economy – Large and Growth Sectors – Q3 2025



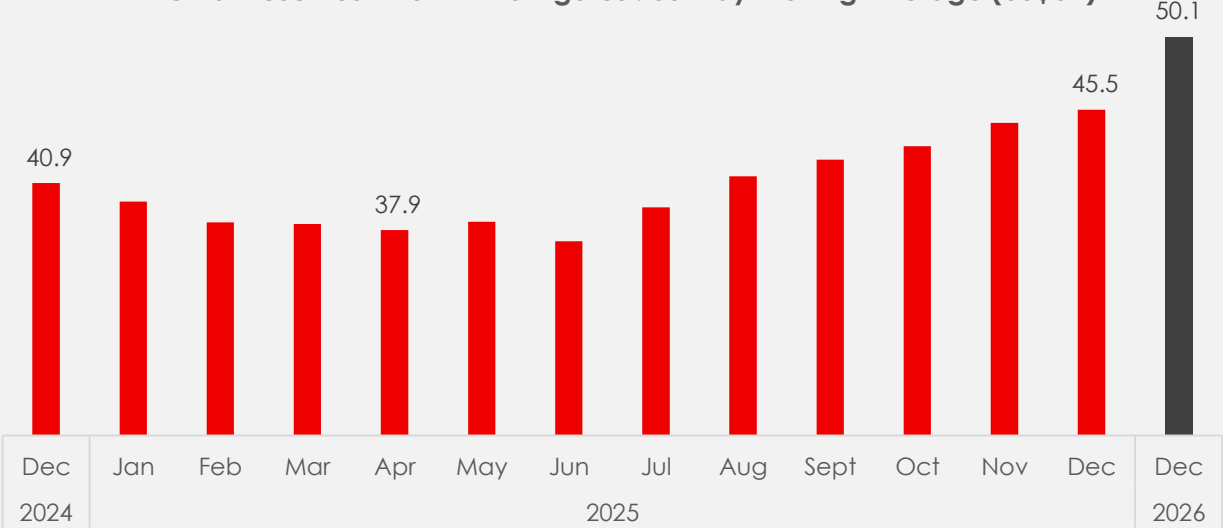


## Nigerian Economy – Key Variables

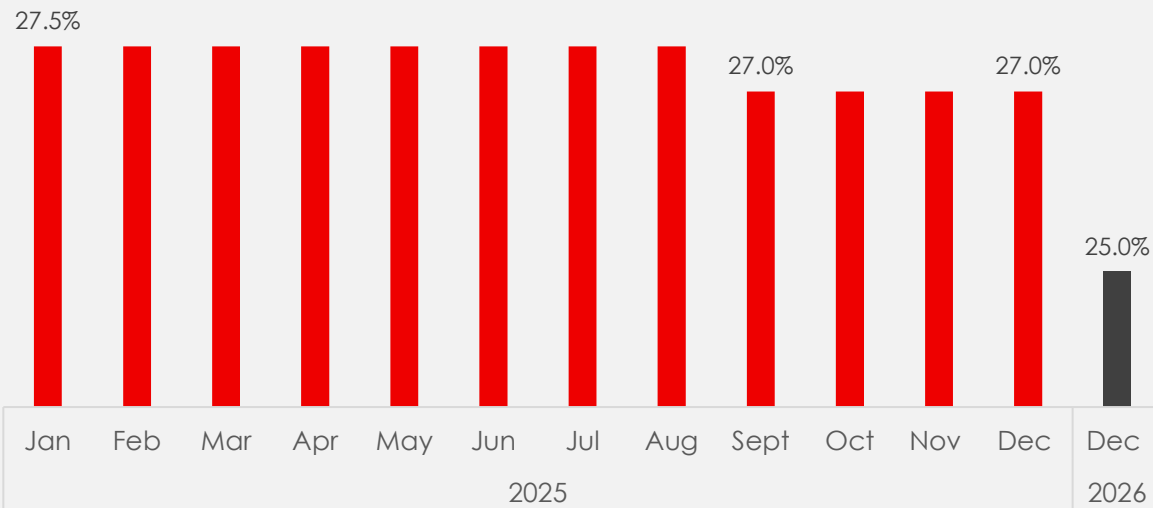
Inflation Rate - Actual and Forecast



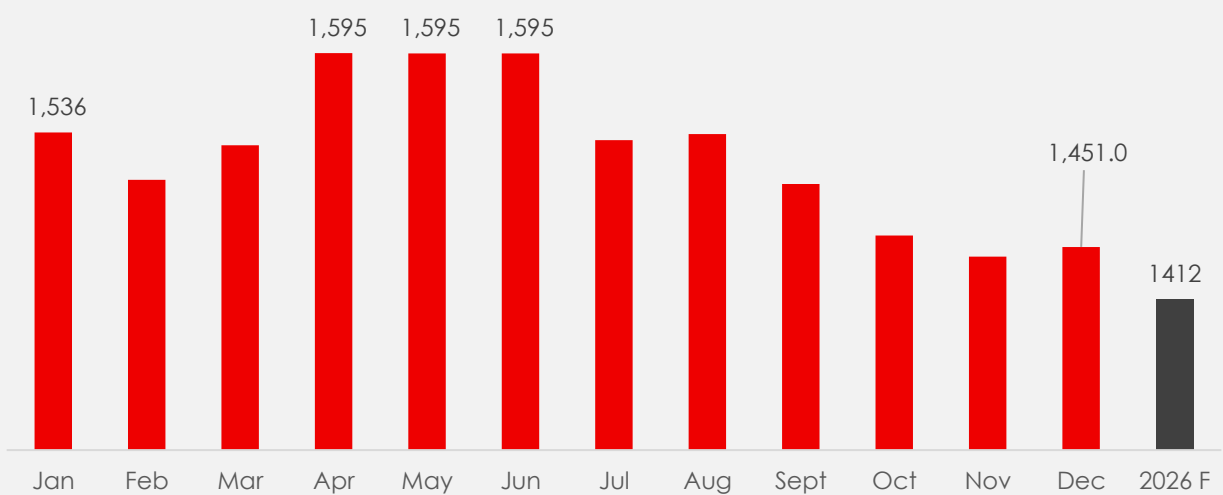
External Reserves -Month End Figures : 30-Day Moving Average (US\$bn)



Monetary Policy Rate - 2025 Actual and 2026 Forecast

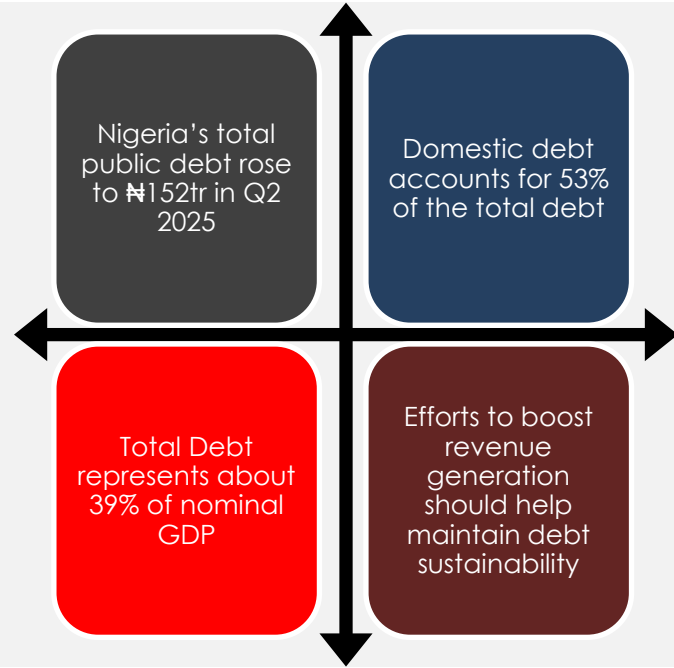


Exchange Rate (US\$1/N) - 2025 and Forecast 2026



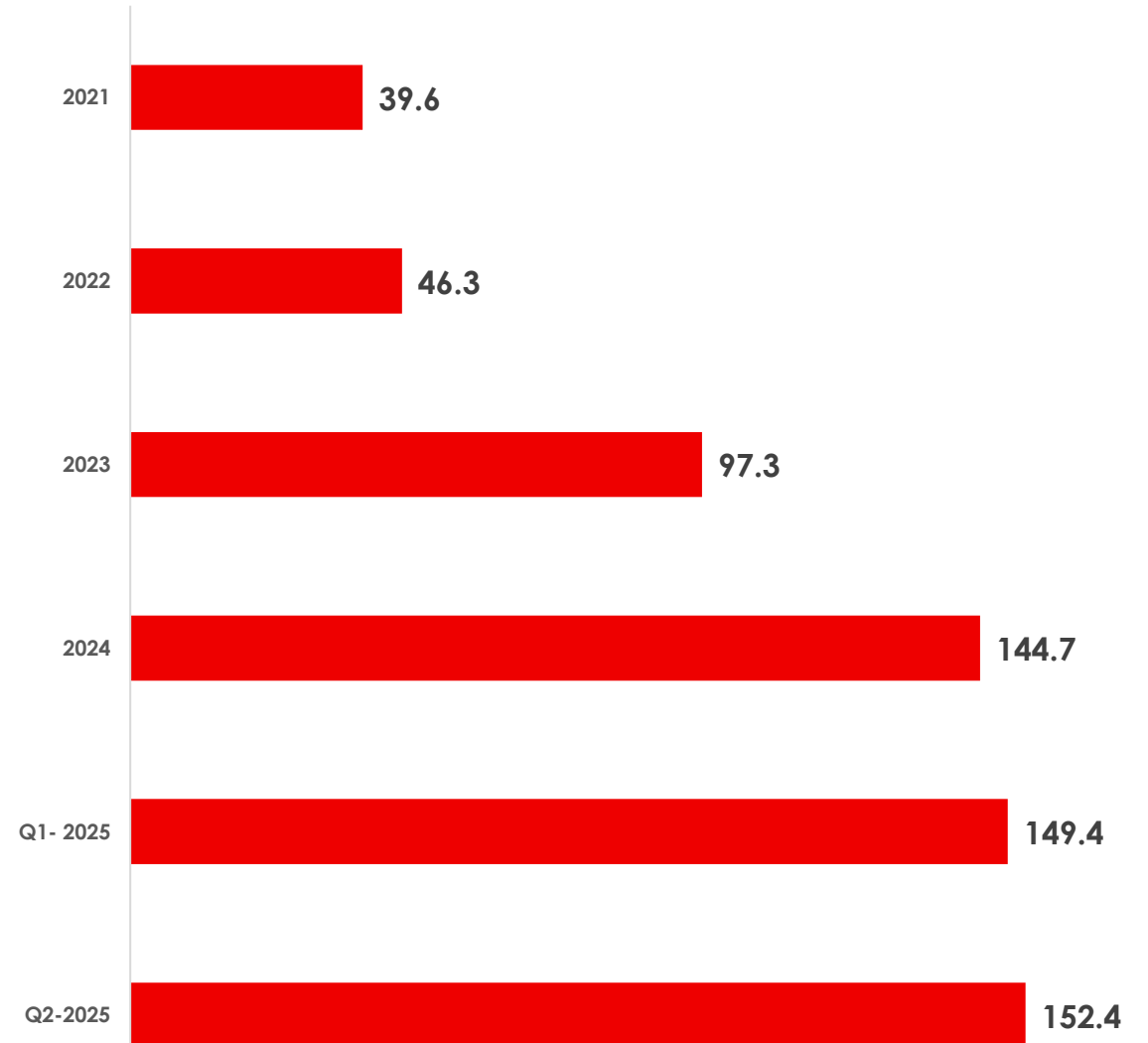


## Nigerian Economy – Public Debt



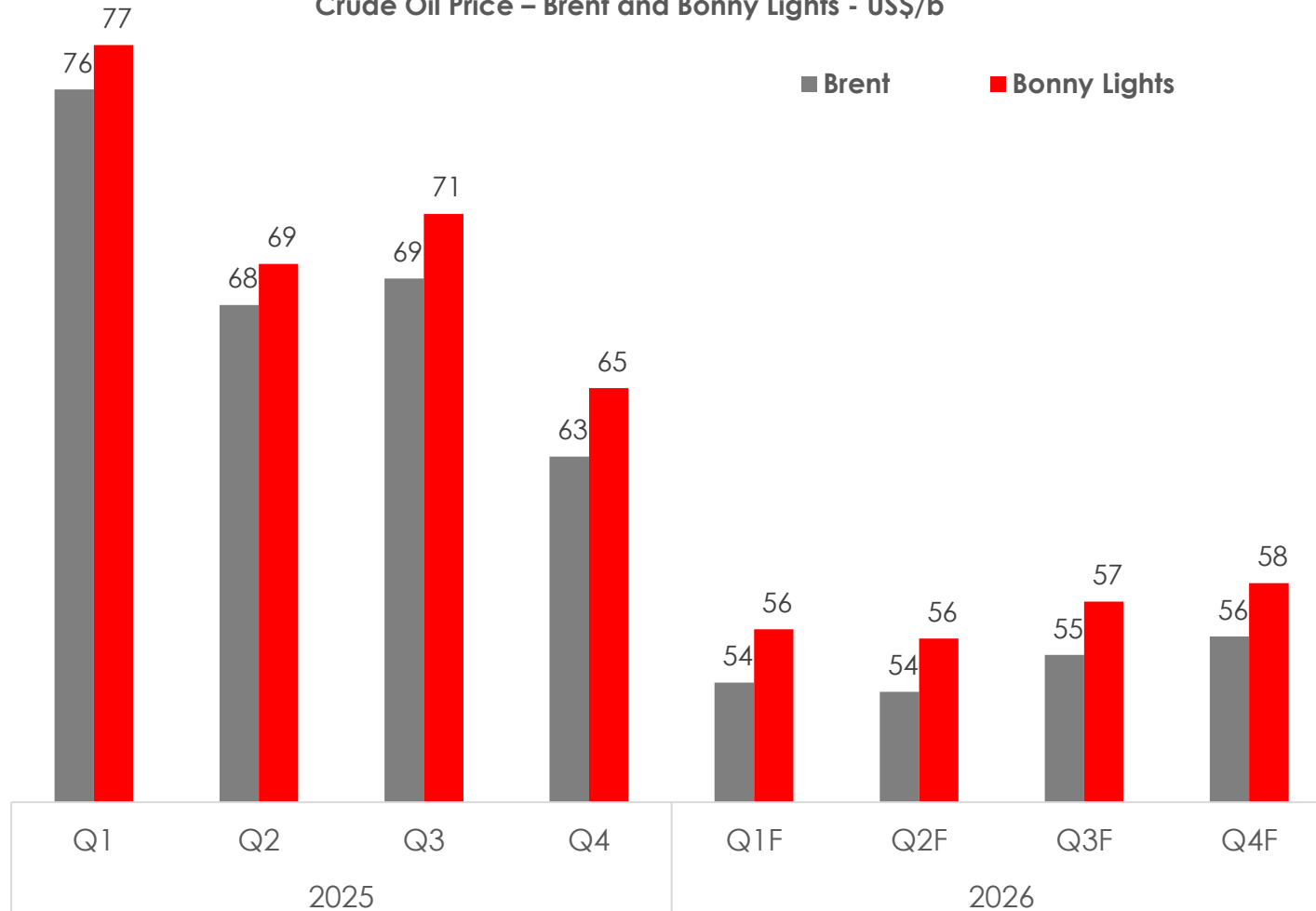
Nigeria Public Debt as at June 2025			
Debt Category	Naira Value (N'trn)	US Dollar Value (US\$' bn)	Contribution
External Debt	71.85	46.98	47.14%
Domestic Debt	80.55	52.67	52.86%
Public Debt	152.40	99.66	100.00%

Nigeria Public Debt (N'Trillion)





Crude Oil Price – Brent and Bonny Lights - US\$/b



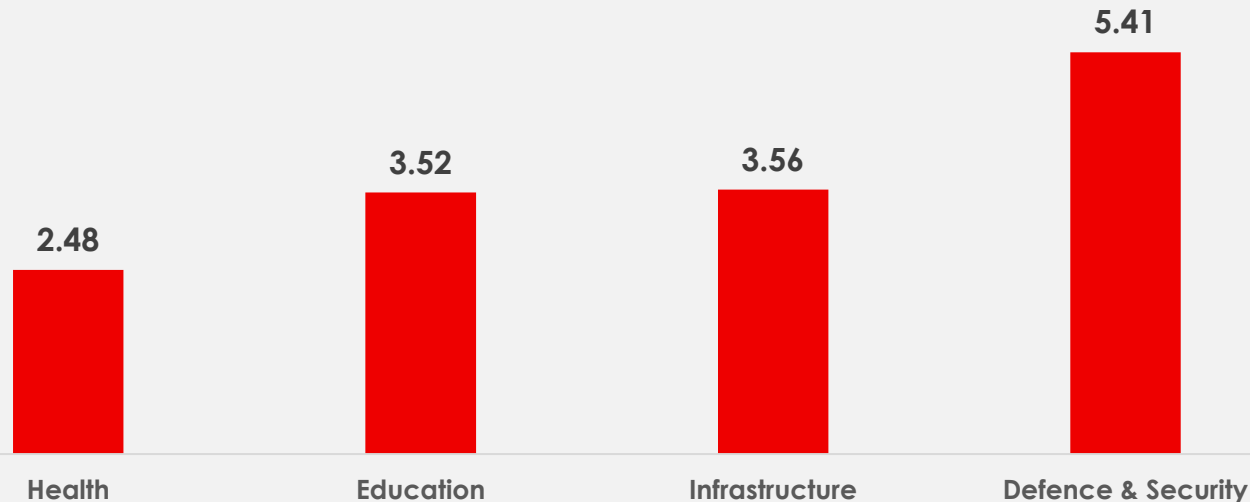
## Crude Oil Price

- **Weak demand, particularly from China has adverse impacts on crude oil price**
- This may likely continue into 2026 leading to lower crude oil price than in 2025
- Currencies of crude oil exporting countries may be impacted if price drops below US\$50/b
- **Oil producing companies will need to increase production and reduce production losses**
- **However, with increased production and refining capacity in Nigeria, the country should be a net gainer in 2026**

## Nigerian Economy – 2026 Proposed Budget

Key Assumptions			Key Revenue and Expenditure (N' Trillion)		
Parameters	2025*	2026^	Indicators	2025*	2026^
Oil Price Benchmark(US\$/b)	75	64.85	Total Expenditure	54.99	58.18
Oil Production (mbpd)	2.06	1.84	Total Revenue	40.89	34.33
Exchange Rate (US\$/N)	1,500	1,400	Non-Debt Recurrent Exp.	13.59	15.25
GDP Growth Target	4.60%	4.68%	Capital Expenditure	23.44	26.08
Inflation Rate Target	15.75%	14%	Budget Deficit	14.10	23.85
*Revised. ^Proposed Budget			Debt Service	14.32	15.52

Key Priority in 2026 Proposed Budget - N' Trillion



Annual budgetary allocations cannot finance efficient infrastructure development in Nigeria

Capital market will then be a great avenue to develop long term instruments through PPP models to fund infrastructure development

Crude oil price volatility weakened Nigeria's budget performance in the past two years, while robust non-oil revenue provided a cushion. Growing non-oil revenue is crucial to fiscal stability

## Revenue Performance Analysis - N' Billion: 2024 –2025

Fiscal Items	2024 Budget	2024 Actual	Performance	2025 Budget	2025 - Jan-Jul Prorate	2025 - Jan-Jul Actual	Performance
<b>Oil Revenue</b>							
Gross Oil and Gas Revenue	19,996	15,067	75%	51,043	29,775	11,170	38%
Deductions	3,013	2,143	71%	7,517	4,385	1,563	36%
Net Oil and Gas Revenue	16,983	12,924	76%	43,527	25,390	9,606	38%
<b>Non-Oil Revenue</b>							
Non-Oil Taxes	10,808	17,648	163%	24,217	14,127	13,340	94%
Corporate Tax	3,257	5,799	178%	9,330	5,442	5,858	108%
Value Added Tax	3,954	6,721	170%	7,502	4,376	4,815	110%
Customs	3,422	3,355	98%	7,156	4,174	2,369	57%
Electronic Money Transfer Levy	175	219	125%	230	134	223	166%
Exchange Gain	-	1,553		-	-	75	
Deductions	736	1,084	147%	1,550	904	1,065	118%
Net Non-Oil Taxes	10,072	16,564	164%	22,667	13,223	12,275	93%
Other Revenue	776	23	3%	1,544	901	33	4%
Other Deductions	121	118	98%	304	177	172	97%
Net-Non-Oil Revenue	10,728	16,469	154%	23,908	13,946	12,136	87%
Total Revenue	27,711	29,393	106%	67,434	39,337	21,743	55%

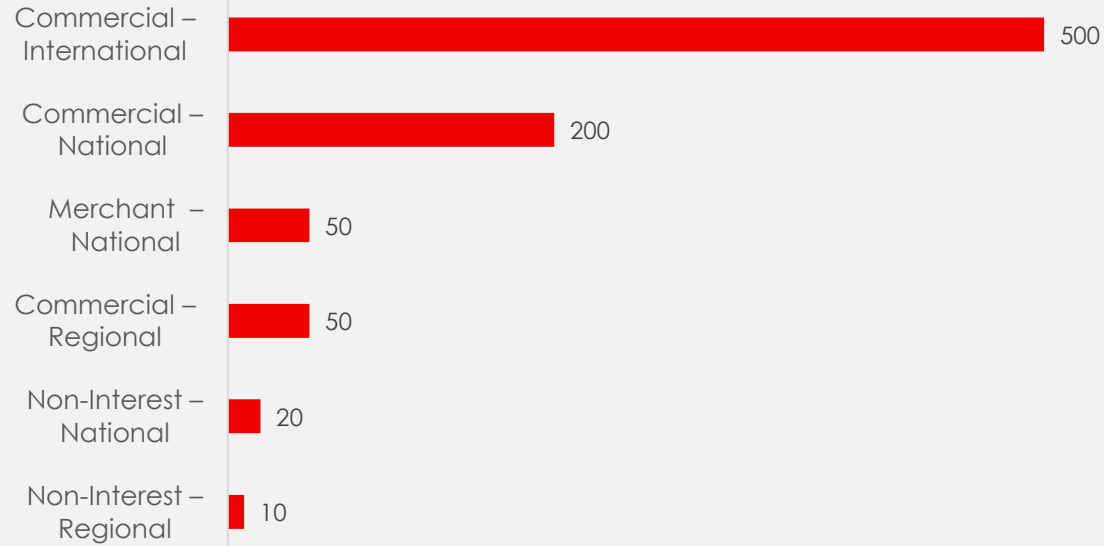
## Drivers of Non-Oil Revenue Growth:

- Infrastructure Investment:** Roads, rail, power, and logistics will support productivity and tax income generation
- Domestic Oil Refining & Gas Devt:** Reducing imports and monetising gas will cut energy costs and generate revenue
- Agriculture:** Stronger manufacturing linkages will boost output and VAT
- Tax Reforms:** Expanding the tax net and improving compliance will raise non-oil tax revenue
- Local Government (LG) Autonomy:** Direct revenue allocation to LGs will boost grassroot development and create financing opportunities

## Sector Reforms

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### New Minimum Paid-in Capital Requirements - N' Billion



### Impacts of the Recapitalisation on Nigerian Economy and Financial System

- Stronger banking sector resilience
- Increased lending capacity & credit to the real economy
- Deepening of capital markets
- Macro economic gains & stability
- Lower interest rate due to competition

### Banks that Have Met New Minimum Capital Base

S/N	Bank	S/N	Bank
1	Access Bank	10	Lotus Bank
2	Citibank Nigeria	11	Nova Bank
3	Ecobank Nigeria	12	Premium Trust Bank
4	First Bank	13	Providus Bank
5	FSDH Merchant Bank	14	Stanbic IBTC
6	Globus Bank	15	Sterling Bank
7	Greenwich Merchant Bank	16	United Bank for Africa
8	GTBank (Guaranty Trust Bank)	17	Wema Bank
9	Jaiz Bank	18	Zenith Bank

Industry sources

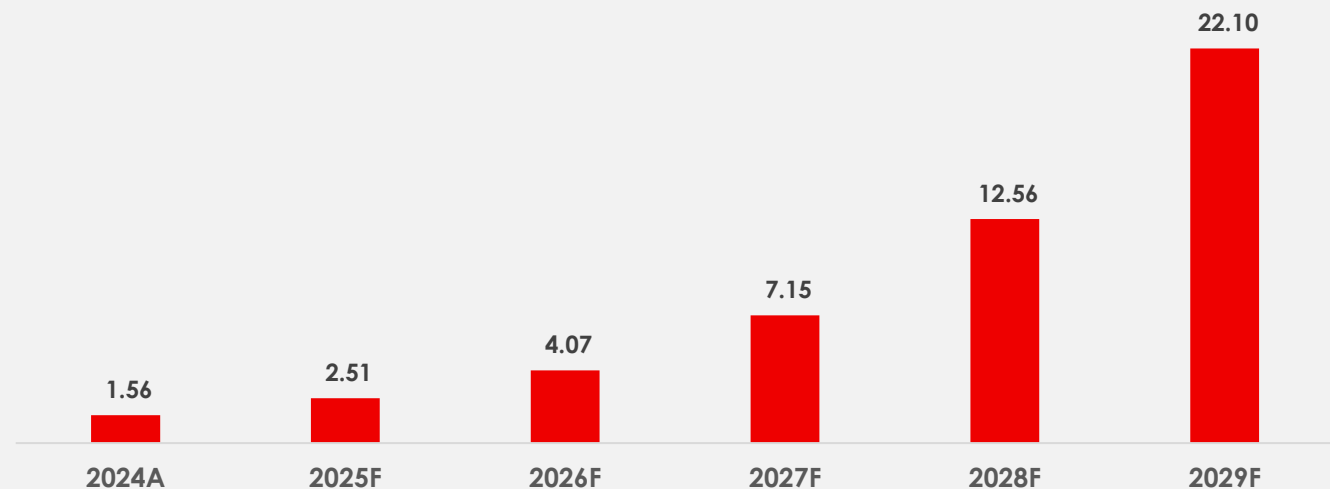
## New Risk – Based Capital Requirement for Major Insurance Business

S/N	Insurance Business	New Capital (N' Billion)	Current Capital (N' Billion)
1	Life Insurance	10	2
2	Non-Life Issuance	15	3
3	Composite Insurance	25	5
4	Reinsurance	35	10

## Short-Term Outlook and Opportunities

- Fresh business opportunities for operators
- Capacity to underwrite high-value transactions
- Entry of foreign players, bringing innovative products
- Expand business into investment management, increasing competition for existing operators
- Higher premiums drive long-term equity investment and market growth
- Digitisation of operations will be a critical success factor
- Enhanced risk management practices will be essential

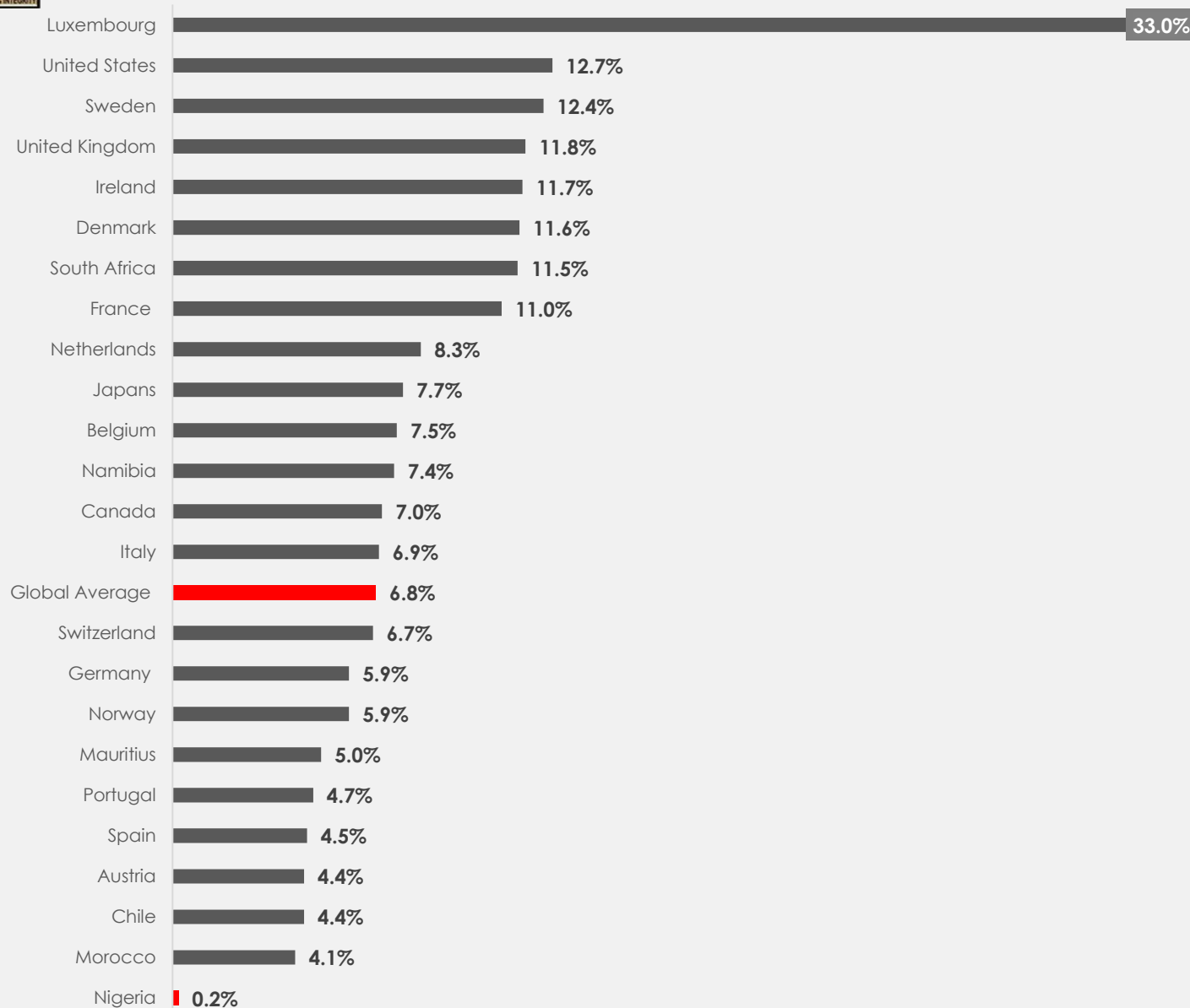
Gross Premium - Actual Vs Forecast - 2024 - 2029 N' Trillion



Gross Premium in the Industry - Actual Vs Forecast - 2019 - 2029 - N' Billion

	Actual (N' Billion)						Forecast (N' Billion)				
Business	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Fire	53	48	68	101	156	239	386	673	1,240	2,285	4,211
General Accident	35	37	41	55	60	96	145	228	380	636	1,062
Motor	44	48	57	69	120	160	259	429	753	1,324	2,327
Marine & Aviation	28	33	47	53	74	136	265	460	846	1,555	2,858
Oil & Gas	95	92	114	134	167	375	509	842	1,475	2,586	4,532
Others	27	26	38	44	56	87	146	234	398	679	1,156
Life Business	227	232	266	334	410	470	795	1,205	2,052	3,497	5,958
Total	508	515	631	790	1,043	1,563	2,505	4,070	7,146	12,560	22,103

# Total Insurance Penetration- Gross Premium as a Percentage of GDP – 2024



The global average insurance penetration is approximately 6.8%, while Nigeria's penetration remains very low at around 0.2%

Nigeria's low insurance penetration creates a major growth gap, and the new insurance law offers a unique chance to transform the industry and boost inclusion

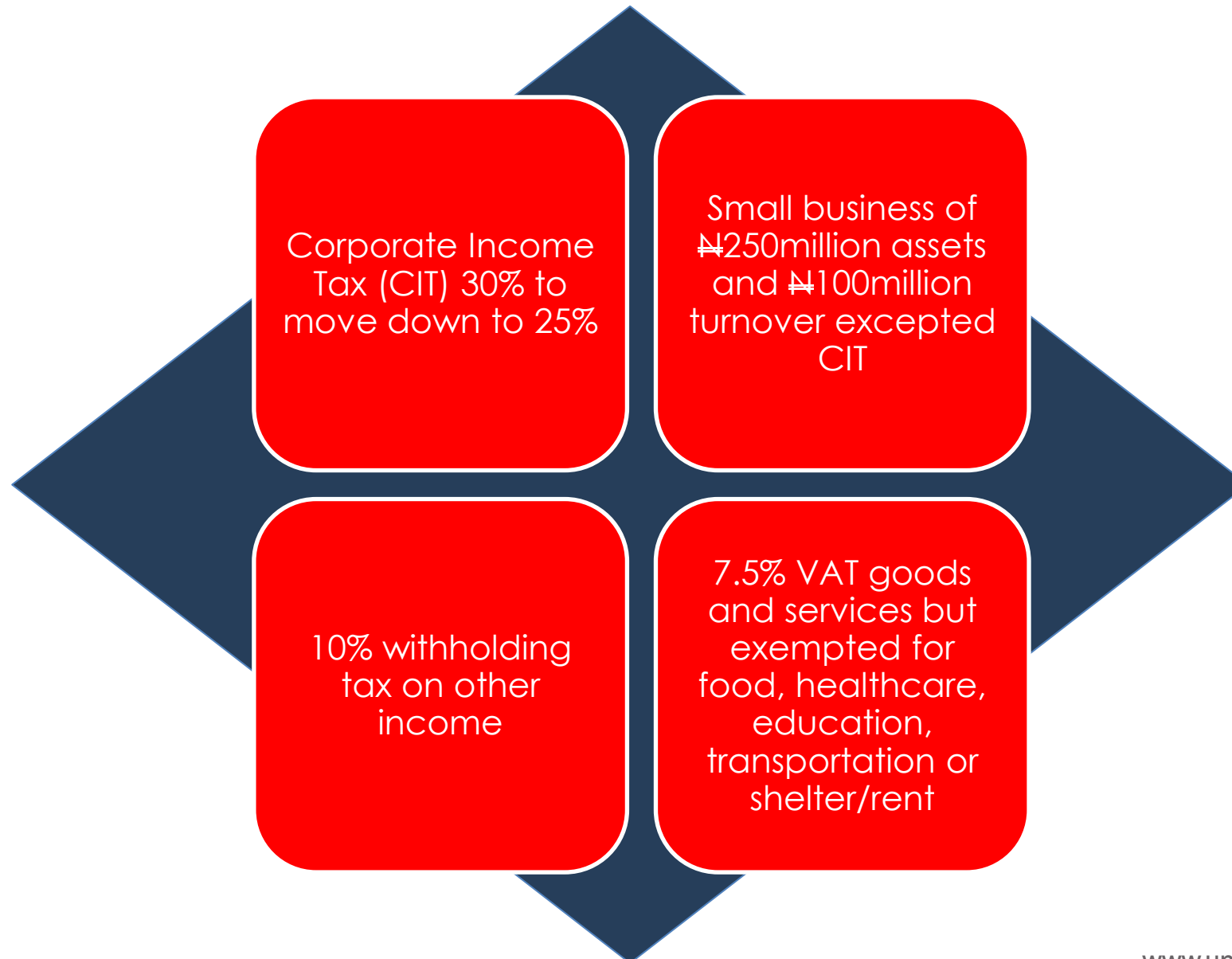
If insurance penetration rises to just 2% in Nigeria, it will generate massive gross premium

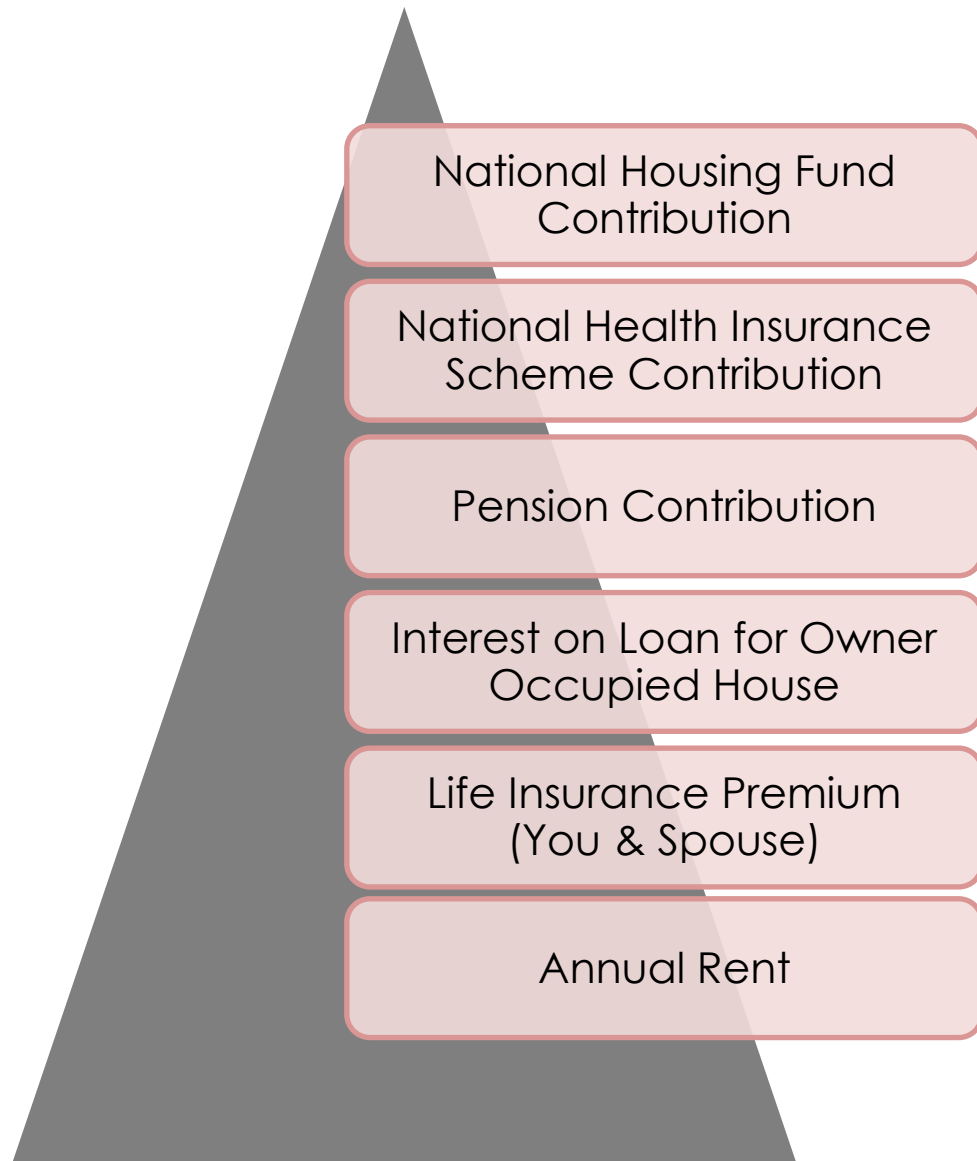
## The Tax Bracket and Rate

S/N	Taxpayers' Taxable Income Range	Tax Rate*
1	Taxable Income – First N800,000	0%
2	Taxable Income – Next N2,200,000	15%
3	Taxable Income – Next N9,000,000	18%
4	Taxable Income – Next N13,000,000	21%
5	Taxable Income – Next N25,000,000	23%
6	Taxable Income – Next N50,000,000	25%
7	Small Companies	0%
8	Large companies	30%/25%**

- \*This also the rate that investors will pay on their CGT
- Small company has annual turnover of ₦100million or less and fixed asset of ₦250million
- \*\* The current tax rate is 30% while there is a plan to reduce it to 25%
- Any investment trading below N150mn or profit below N10mn will not pay CGT







VAT exemptions on essentials will boost purchasing power can lower input costs to improve profitability and enhance value

## Illustration of Capital Gain Tax on Stock Investment – Trading Portfolio

### 1<sup>ST</sup> Round of Trading – Profit of 24%

Stock	Allocation (N' Mn)	Purchase Price (N)	Units (Mn)	Exit Price (N)	Portfolio Value (N' Mn)	Profit (N' Mn)
A1	2,500	5	500	6.2	3,100	600
Total	2,500				3,100	600

### 2<sup>nd</sup> Round of Trading - Profit of 24%

Stock	Allocation (N' Mn)	Purchase Price (N)	Units (Mn)	Exit Price (N)	Portfolio Value (N' Mn)	Profit (N' Mn)
A2	3,100	3	1,033	3.72	3,844	744
Total	3,100				3,844	744

### 3<sup>rd</sup> Round of Trading - Profit of 15%

Stock	Allocation (N' Mn)	Purchase Price (N)	Units (Mn)	Exit Price (N)	Portfolio Value (N' Mn)	Profit (N' Mn)
A3	3,844	4	961	4.60	4,421	577
Total	3,844				4,421	577

Total Portfolio Profit at the Year End (N' Mn)	1,921
Total Taxable Profit for the Year (N' Mn)	577
CGT Payable based on CGT rate of 30%* for a large company (N' Mn)	173
Tax Free Profit(N' Mn)	1,344

\*The effective tax rate will be reduced to 25% effective from a date as may be determined in an order issued by the President on the advice of the National Economic Council.

# Nigerian Capital Market Outlook

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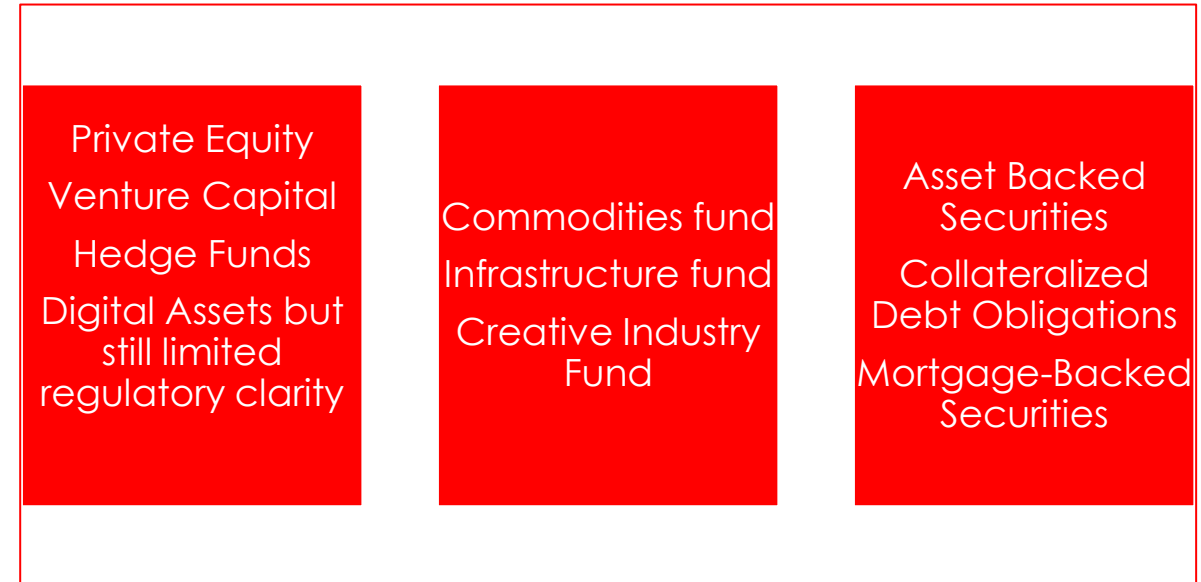
## Nigerian Capital Market Outlook in 2026

Interest rate outlook and reforms should stimulate investments in the following instruments

### Traditional Assets



### Alternative Investments/Assets



### Expected New Large Listing on the NGX



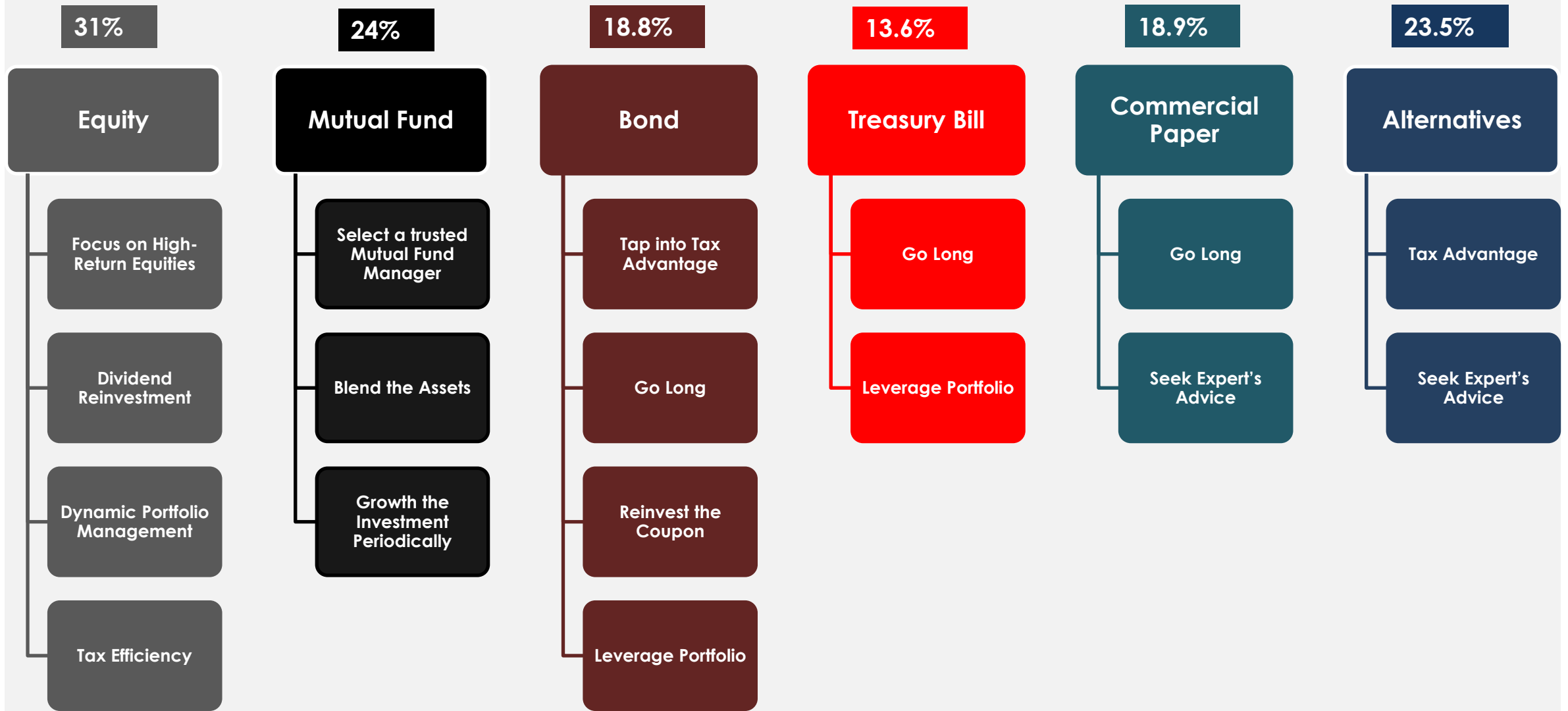
Listing of certain private insurance companies to support recapitalisation efforts

More mining or modular refineries in the market

There are opportunities for some Fintech Companies to list shares on the NGX

# Investment Strategy: Asset Allocations in 2026

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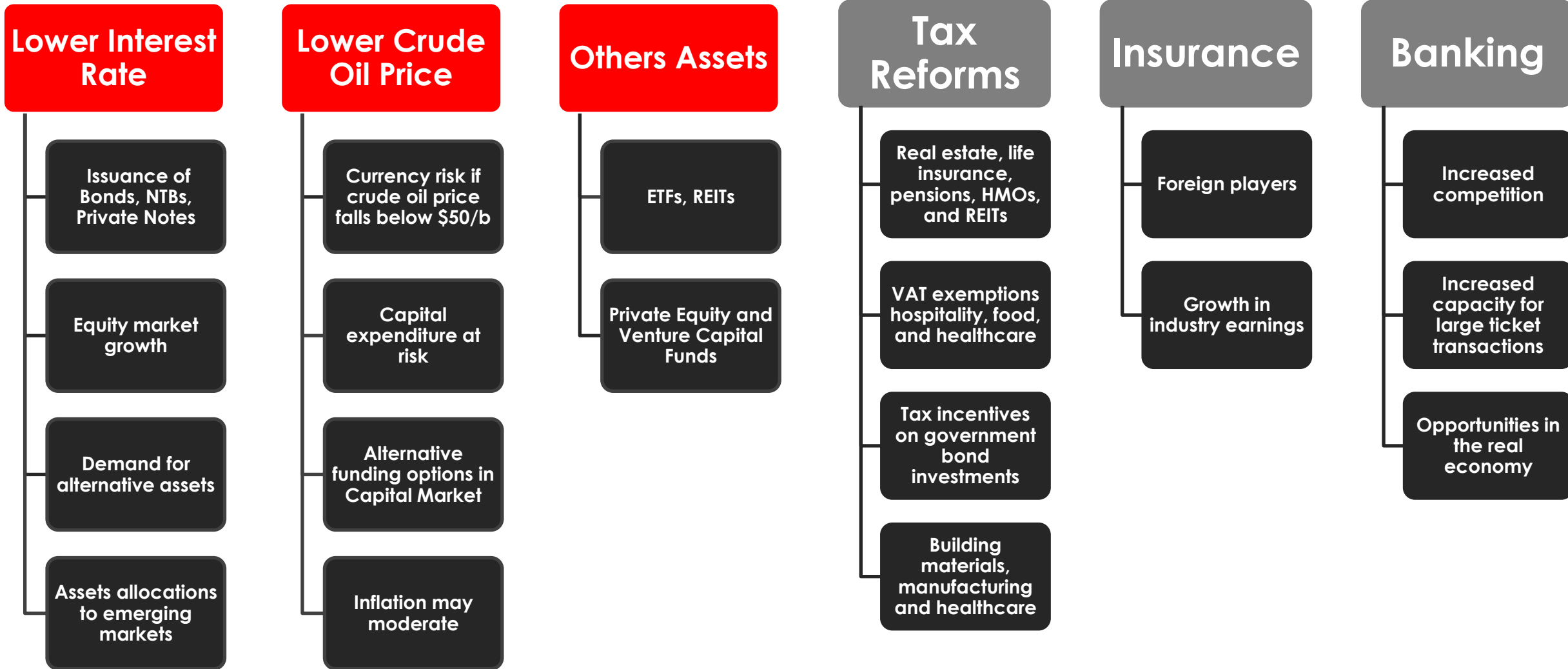


### Expected Return on Our Model Portfolio – One Year Holding Period

Asset Class	Expected Returns	Asset Allocation	Weighted Return
Equity Portfolio	31.0%	50.0%	15.5%
Mutual Funds of Blended Assets	24.0%	20.0%	4.8%
Bond - Tax Equivalent Yields	18.8%	10.0%	1.9%
Treasury Bills	13.6%	5.0%	0.7%
Commercial Paper	18.9%	7.0%	1.3%
Alternatives	23.5%	8.0%	1.9%
<b>Portfolio Return</b>		<b>100.0%</b>	<b>26.1%</b>
<i>ETFs, REITs, Commodities, Private Credits/Notes</i>			

# Outlook and Forecast

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Risk to Global Economic Outlook in 2026 and Mitigating Factors		
Risk Factors	Economic and Business Impacts	Mitigating Factors
Geopolitical & Trade Wars	Disrupted global trade flows, higher input costs and inflation, reduced investor confidence, slower capital inflows and growth. Energy price volatility, fiscal stress for import-dependent economies	Invest/finance quality asset. Hedge positions where possible Play short in the quality government securities to remain liquid
Supply Chain Disruptions	Production delays, lower industrial output and GDP. Margin compression for businesses	Invest/finance companies that source inputs locally
Debt Burden- High sovereign and corporate bonds	High debt servicing costs and limited fiscal space. Increased risk of defaults	Implement Strick risk management framework with timeline investible assets. Play short in the market
Financial & Monetary	Tight credit conditions leading to high cost of funds. Asset price corrections leading to wealth/assets contraction and inflation pressures	Conduct stress test on counterparties. Stay with investment that are not very sensitive to interest rate movement. Engage FX hedging mechanism
Security Challenges	Raise business costs, deter investment, disrupt activity, weaken growth, increase inflation, damage confidence, and strain government finances.	Inclusive growth, strong security systems, good governance, border control, community engagement, social investment, and public-private collaboration reduce insecurity's impact.



**Ayodele Akinwunmi**

Chief Economist, United Capital Group.

[ayodele.akinwunmi@unitedcapitalplcgroup.com](mailto:ayodele.akinwunmi@unitedcapitalplcgroup.com)

+234-802-501-5203

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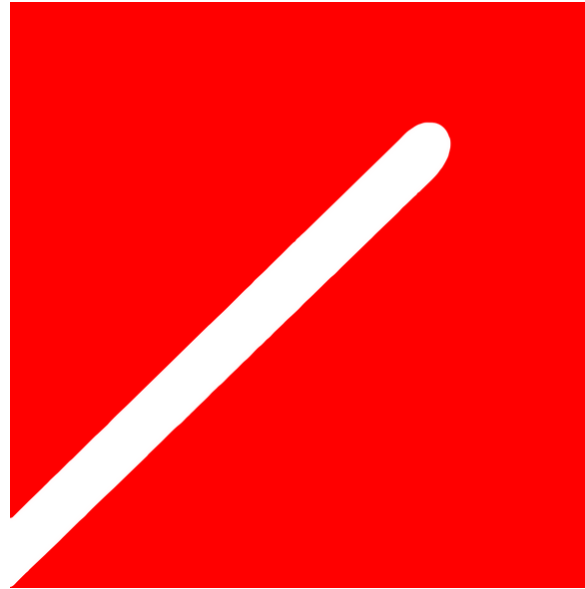


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