

CARTHENA ADVISORY

A Financial and Management Advisory Firm

NIMRA ANNUAL CONFERENCE 2026 | KEYNOTE

The Nigerian economy in 2026 and beyond

Macro tensions, micro signals, and what they mean for the audience in this room.

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Agenda

Five parts, one argument: how the next three years pan out - and what to do about it.

01	THE FRAME Three readings of the same economy - and why the scoreboard you watch decides your strategy.	02 - 03
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We are watching the wrong scoreboard

Three readings of the same Nigerian economy. The one you choose determines whether your brand survives the next three years.

THE GOVERNMENT'S FRAME

We have a revenue problem, not a debt problem.

Debt-to-GDP is 32%, well below the 70% threshold. Reforms are working. Macro stability is returning.

THE SOCIAL COMMENTARY FRAME

Nigeria is the third largest IDA borrower. The numbers are alarming.

\$18.5bn from the IDA. \$51bn external. ₦161 trillion total. The country is sliding back into a debt trap.

OUR FRAME

We have a productivity problem. The debt is the symptom.

We borrow to consume, not to produce. Until output per worker rises, every other number stays broken. That is what marketers should care about.

Three numbers define the next three years

The first is what the government wants you to remember. The second is the warning light. The third is the actual disease.

32%

DEBT-TO-GDP

Comfort metric

Projected to decline to 32.3% in 2026. Below the 70% threshold. Used to argue that Nigeria has fiscal space.

90%

DEBT-SERVICE-TO-REVENUE

The warning light

At peak, 90 kobo of every naira of federal revenue went to debt service. 60% on average between 2020 and 2024. The number that actually bankrupts a country.

\$7

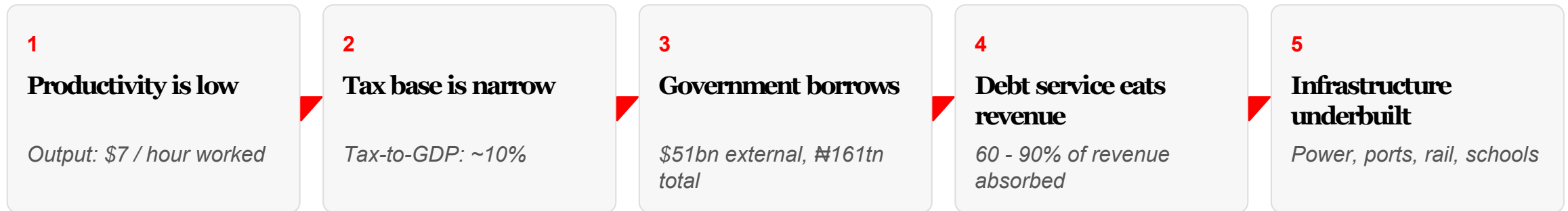
OUTPUT PER WORKER PER HOUR

The disease

Nigerian labour produces \$7 of output per hour. Egypt: \$26. South Africa: \$23. Vietnam: \$9. **This is why the average spending wallet is small.**

The cycle that defines our economy

Productivity, revenue, borrowing, infrastructure. Each step starves the next. Nothing in this loop reverses without intervention.



And the loop closes: underbuilt infrastructure keeps productivity low.

The system does not reverse itself. *Without a deliberate break in this loop, every macro indicator the government celebrates is consistent with the household getting poorer.*

Infrastructure is not an asset class. It is the precondition for every asset class.

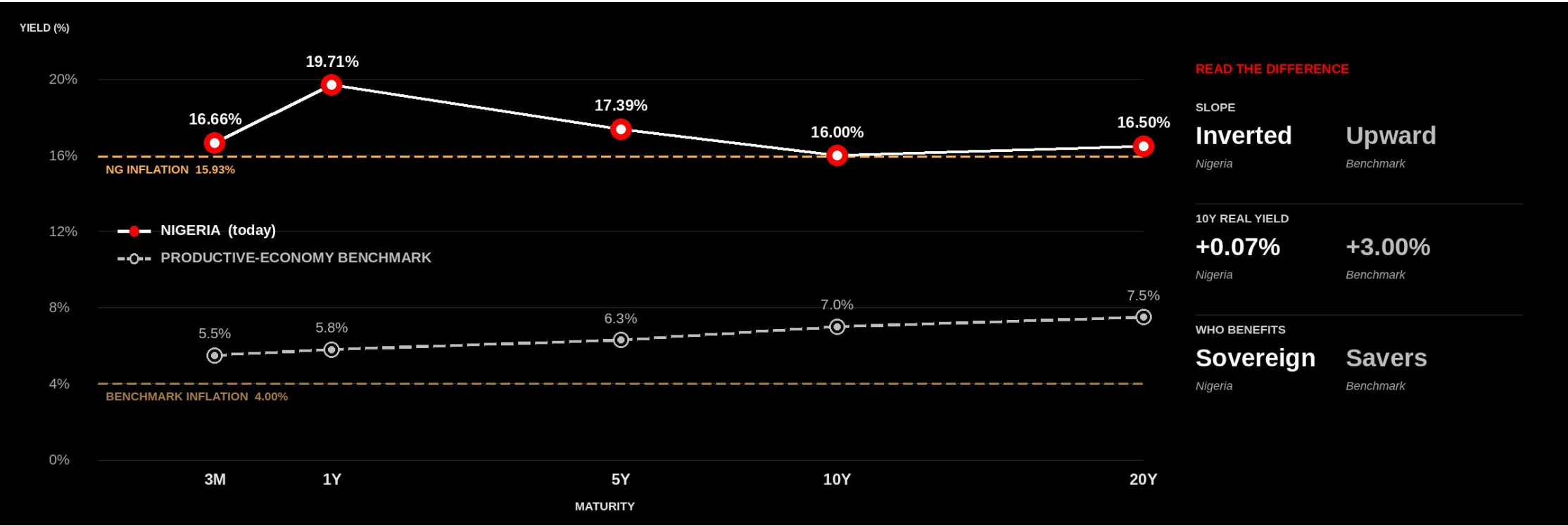
Every other asset on an investor's book is a derivative of physical and digital infrastructure that already works. Strip it out, the valuation collapses.

LISTED EQUITY	COMMODITIES	VENTURE / GROWTH	PRIVATE EQUITY / DEBT
Logistics company	Gold mine	Tech unicorn	Manufacturing plant
<i>Valued on the exchange</i>	<i>Worth billions on paper</i>	<i>Impressive valuation</i>	<i>Booked as PE or corporate debt</i>
WITHOUT	WITHOUT	WITHOUT	WITHOUT
■ Roads ■ Ports ■ Railways ■ Power ■ Telecommunications	■ Power ■ Rail access ■ Road networks ■ Water supply ■ Export facilities	■ Data centres ■ Fibre networks ■ Power systems ■ Payment rails ■ Digital infrastructure	■ Transport networks ■ Energy systems ■ Utility supply ■ Industrial estates ■ Skilled labour pools

The asset-class debate misses the point. *Every valuation in every asset class is conditioned on infrastructure that already exists, or quietly fails.*

A productive economy's curve is boring. Ours is not.

Nigeria today, against a stylised productive-economy benchmark. The contrast is the diagnosis.



A productive economy does not bribe its savers to lend long. *It earns their patience.*

Where we are in mid-2026

The macro picture is real. The micro reality sits behind it.

REAL GDP GROWTH

~3.5%

Improved on 2024. Still trails 2.4% population growth on a per-capita basis.

HEADLINE INFLATION

20 - 25%

Eased from the 2024 peak of 34.8%. CPI rebased in 2025. Food inflation runs higher.

USD/NGN

~~~₦~~1,400

Stabilised in the ₦1,500-1,600 range after the 2023 - 2024 devaluation. Convertibility largely intact.

FOREIGN RESERVES

~\$50bn

Highest level in three years. Sufficient cover for current import bill.

PUBLIC DEBT

~~~₦~~161tn

Up 75% since May 2023. External: \$51bn. IDA: \$18.5bn (3rd globally).

TAX-TO-GDP

~10%

Below Egypt's 14% and South Africa's 27%. The structural constraint on everything.

POLICY RATE

27.5%

Held tight to anchor inflation. Borrowing costs constrain private investment.

POVERTY INCIDENCE

63%

133 million Nigerians are multidimensionally poor. 92% of workers are informal.

Sources: NBS, CBN, IMF Article IV (April 2026), World Bank, FRC. All figures latest available as at June 2026.

Sectoral outlook: where the next three years break

Not all sectors face the same wind. Some structurally grow despite the macro; others are squeezed precisely because of it.

SECTOR	TAILWIND	HEADWIND	MARKETER VIEW
Agriculture & agro-processing	Import substitution; FX-driven competitiveness; population growth	Insecurity in production belts; logistics and storage gaps	Strong volume runway, weak margin until processing scales
Financial services & fintech	Cash-out economy formalising; remittance flows; pension expansion	Tight monetary policy compressing credit; rising NPL risk	Affluent and SME tier holds; mass-market acquisition costs rise
Telecoms & digital	Data consumption per capita still rising; cheap entry-level devices	Tariff politics; FX exposure on capex; tower-vandalism risk	Defend ARPU. Trade-down within own portfolio, not to competitors
Power & renewables	Solar and gas-to-power policy momentum; grid bypass demand	Tariff non-cost-reflective in parts; subsidy backsliding risk	Energy-as-a-service models scale faster than household goods
Consumer goods (FMCG)	Sachet and SKU innovation; informal channel reach	Real-wage erosion; trade-down across most categories	Defend share on inelastic. Re-architect portfolio on elastic
Real estate & construction	Diaspora capital; mid-density urban demand	Building material inflation; mortgage affordability collapse	Premium and affordable both work. Middle squeezed
Retail & QSR	Format innovation; convenience proximity demand	Footfall pressure; rent and energy costs	Out-of-home dining elastic. Convenience and grab-and-go inelastic

The three-year horizon: one squeeze year, one election year, two unknowns

Your strategy must account for political and policy discontinuity, not just macro arithmetic.

2026

THE SQUEEZE YEAR

Finish strong. Plan the pivot.

- Real wages continue to lag inflation. Household stress at peak.
- Monetary policy remains tight. Credit constrained.
- Fiscal pressure highest, infrastructure spend lowest.
- Government in defence mode ahead of campaign cycle.

2027

ELECTION YEAR

Volatility is the planning assumption.

- Pre-election spending: short-term consumption boost likely.
- FX pressure returns: campaign liquidity drives the rate.
- Policy paralysis: no new structural reform.
- Sentiment, not fundamentals, drives consumer behaviour.

2028 - 2029

POST-ELECTION RESET

Window for repositioning.

- New mandate, new policy direction (regardless of winner).
- Either accelerated productivity push or further drift.
- FX, fuel and energy subsidy regime likely re-set.
- First real opportunity for category leaders to play offence.

The household reality behind the macro story

If the macro is improving and the household is not, the gap defines your market.

133 million

Nigerians are multidimensionally poor

63% of the population. Two-thirds of children under five.
Cuts across food, health, education, water and security.

92%

Workers in the informal sector

Your distribution model and your insight model must both assume informal-first.

18 million

Children out of school

The next 10 years of the entry-level workforce are being shaped now.

₦70,000

National minimum wage

About \$43 per month at current FX. Below the food cost line for a family of four.

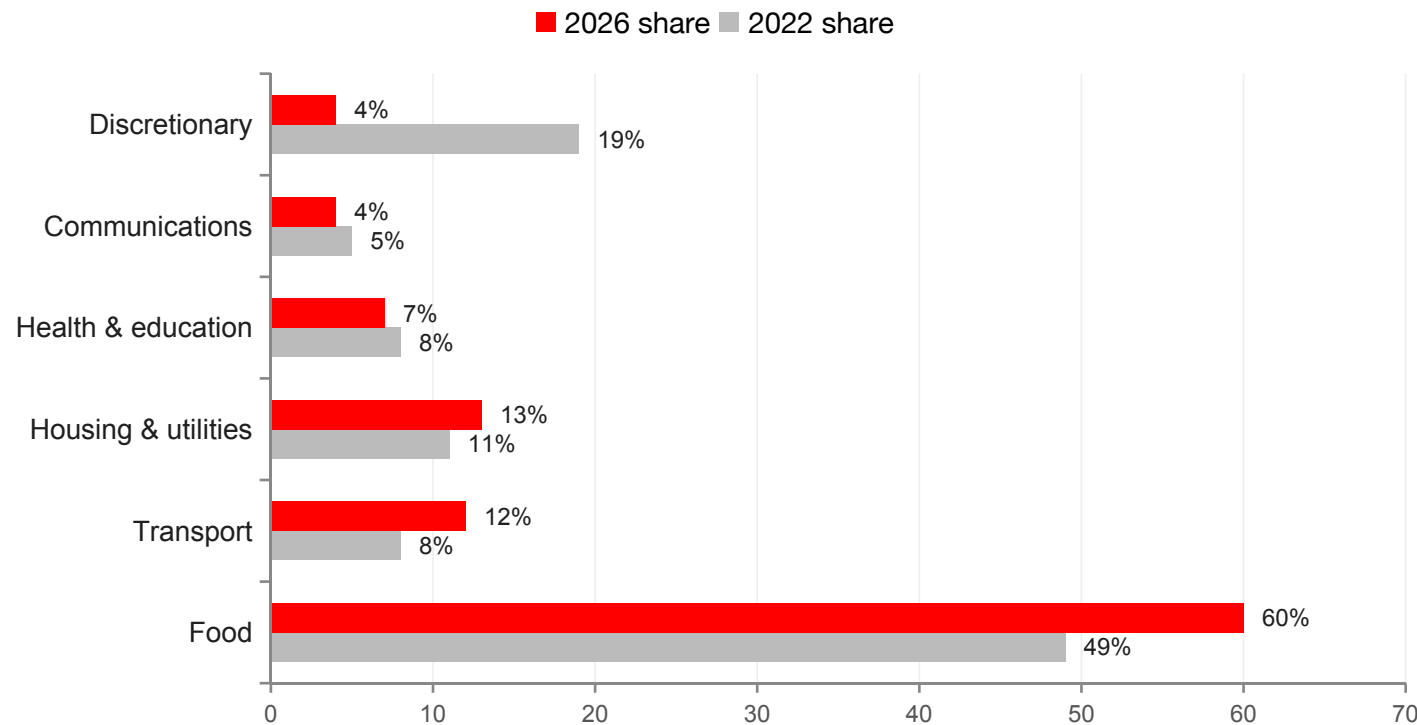
~25%

Headline inflation, still elevated

Food inflation runs higher. Real wages have lagged price for three years running.

Where the household spend has gone

Three years of compression have rewired the basket. Discretionary share is at multi-year lows; essentials at multi-year highs.



WHAT IT MEANS

Food share at 60%. Almost two thirds of every naira is going to food. Above the Engel threshold that defines a poor economy.

Discretionary collapsed to 4%. Everything beyond essentials is a fight for that single-digit share.

Transport and utilities up. Cost-to-serve into the household is rising on both ends: yours and theirs.

Inelastic vs elastic: the only segmentation that matters in 2026

Two halves of the consumer wallet, two different strategies. Most brands are playing one game when they should be playing two.

INELASTIC

Demand holds even as price rises

- Staple foods
- Cooking energy (gas, kerosene, charcoal)
- Sachet water and bottled water
- Basic mobile airtime and data
- Primary education
- Essential medications
- Public and shared transport
- Basic personal care (soap, toothpaste)

DEFEND SHARE. PROTECT TOP-OF-MIND.

ELASTIC

Demand collapses when price rises

- Premium FMCG (premium dairy, beverages, snacks)
- Branded apparel and footwear
- Out-of-home dining and entertainment
- Beauty, grooming, salon services
- Mid- and high-end consumer electronics
- Replacement white goods, premium phones
- Private cars and discretionary mobility
- Premium personal care, fragrances

ARCHITECT TRADE-DOWN. KEEP THEM INSIDE THE BRAND FAMILY.

The informal channel is no longer a footnote. It is the market.

Where consumers buy is shifting faster than what they buy. Distribution strategy needs to lead, not follow.

92%

of workers are informal

...and so are the channels that serve them. The neighborhood shop, the open market stall, the mobile reseller, the kiosk economy. Premium-only distribution leaves growth on the table.

₹100

is the new pack size

Sachet, refill, single-serve and weekly tickets dominate. Price-per-unit may be higher, but cash outlay per occasion fits the wallet. Frequency wins over volume.

x3

WhatsApp commerce vs e-commerce platforms

Closed-loop commerce on social platforms now moves more goods than open marketplaces. Insight, trust and direct conversation drive the basket. Branded discovery is in the conversation, not the listing.

Five strategic plays for 2026 to 2029.

Not a checklist. A sequence. Done in order, they compound. Done out of order, they don't.

01

Rebuild category elasticity

02

Architect portfolio trade-down

03

Lead with the informal channel

04

Price by frequency, not unit

05

Insight as the only edge

01 Rebuild your category elasticity model from first principles.

Every elasticity assumption your team uses is built on a pre-2023 consumer. They are gone.

WHAT CHANGED

The 2023 - 2024 reforms (subsidy removal, FX devaluation) re-priced the entire basket. A 10% price increase in 2022 lost you 5% of volume. The same 10% in 2026 can lose you 40%. Old models are not just stale; they are dangerous.

WHAT TO DO

Refresh elasticity reads quarterly, not annually. Move from category-level to SKU and pack-level elasticity. Add a household-stress variable. Stop assuming the elasticity curve is symmetric: price-down volume gains are smaller than price-up volume losses.

WHERE THE LEVERAGE IS

Pack architecture. Pricing ladder gap-width. Promotional depth versus frequency. Sachetisation thresholds. The brands that win will be the brands that price-test more often than the brands that price-cut more deeply.

02 Architect trade-down inside your portfolio. Do not lose them to a competitor.

Every household in the elastic categories is trading down. The only question is whether they trade down within your brand or out of it.

VALUE	Sachet, refill, single-serve. The trade-down catch. NEW TIER
GOOD	Re-architected entry tier. Closes the price gap to mass market.
BETTER	Defended core. Most volume sits here. Hold the rituals.
BEST	Premium. Smaller, defensible. Drives brand equity and margin.

The trade-down opportunity. *For every elastic category in your portfolio, ask: do we have a Value tier that catches the consumer the ‘Better tier’ loses? If not, build it before the year ends.*

03

Lead with the informal channel. Modern trade is the supplement, not the spine.

If 92% of workers earn informal and 60-70% of consumer spend transacts informal, your distribution strategy cannot lead with modern trade.

DISTRIBUTION

Build the open-market route-to-market before you build the supermarket presence. The 5-stall cluster in Mile 12 moves more units in a week than three Shoprite branches.

MEASUREMENT

Your weekly sales dashboard probably still leads with modern trade. Flip it. Lead with informal volume, treat modern trade as the margin and brand-building layer.

INSIGHT

Modern trade panels are blind to 60% of your consumer. Direct ethnographic research, WhatsApp-led panels, and assisted-buying observation are the only honest read on the informal household.

04 Price by frequency, not by unit.

The household has a cash-flow problem, not a price-per-unit problem. Architect for cash-out-on-the-day, not cost-per-litre.

OLD MARKETING LOGIC

Bigger pack = better value

- Built for a planning household: weekly or monthly shop.
- Argues consumer rationality on cost-per-unit.
- Promotes bulk-buy. Discounts for size.
- Optimises gross margin on the volume tier.

This is no longer the household.

NEW MARKETING LOGIC

Smaller cash outlay = more frequency

- Built for a daily-cashflow household.
- Optimises for fit-in-today's-wallet.
- Sachet, single-serve, subscription, layaway, BNPL.
- Lifetime value comes from repeat occasions, not pack size.

Higher unit price. Higher frequency. Same household.

05 Insight is the only edge that survives this macro.

Brand equity matters less when wallets are smaller. Distribution matters less when channels are converging. Insight, applied at the speed of the market, is the residual moat.

THE NEW HOUSEHOLD

Re-baseline the consumer profile every six months. The 2024 consumer is dead. The 2025 consumer is changing. The 2026 consumer is not who your segmentation says.

THE PRICE TOLERANCE

Run continuous price-sensitivity research, not annual. Detect the inflection point where loyalty breaks. Most brands find out from sales data three months too late.

THE INFORMAL VOICE

Modern panels miss the 60% of consumers who matter most. Build informal-channel listening: WhatsApp groups, marketplace ethnography, kiosk-keeper interviews.

THE OCCASION DATA

Buying occasion has split. The same consumer who buys a sachet today buys premium on a payday. Map occasion, not just person. The occasion is the unit of strategy.

Your three-year marketer's calendar

If you remember one slide from today, remember this one. The sequencing matters more than the actions themselves.

H2 2026 | THE SQUEEZE

Defend share. Build the value tier. Migrate insight cycles to quarterly.

- Audit your elasticity assumptions across every SKU
- Launch or accelerate Value-tier in one to two elastic categories
- Shift weekly sales dashboards to informal-trade-lead
- Cut discretionary marketing spend. Hold media reach. Cut production budgets.

2027 | THE ELECTION YEAR

Manage volatility. Do not over-invest in growth.

- Hedge FX-exposed input costs against pre-election liquidity
- Compress planning cycles to monthly. Sentiment will move faster than fundamentals.
- Pause major launches until post-election clarity
- Build distribution depth, not breadth. The informal channel rewards relationship over reach.

2028 - 2029 | THE REPOSITIONING WINDOW

Play offence. The next decade's category leaders are decided here.

- Major launches into elastic categories where competitors retrenched
- Premium tier rebuild as macro stabilises and a thin affluent class re-emerges
- M&A on weakened mid-market brands
- Step-change insight infrastructure: predictive, continuous, occasion-aware

We have spent three decades treating **macro stability** as the goal.
Macro stability is a precondition.

The goal is **household productivity.**

Until the average Nigerian produces more per hour worked than the average Egyptian, every brand in this room is selling into a shrinking wallet.

Your job is not to defer until the macro improves.
Your job is to win in the macro as it is.

Insight is not just transformative power. It is your only edge.

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Thank you.

Questions, conversations, the long argument.

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