

Macroeconomic Shifts in Q1 2026:

What They Mean for Nigeria's
Leasing Industry

Presented by:

Dr. Patrick Ejumedia, PhD

Mobile: 08034627787

Linkedin: www.linkedin.com/in/patrick-ejumedia-phd-50100183

Head of Research @ Sterling Asset Management
and Trustees Limited

Prepared by:

SAMTL Research

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Outline

- Overview Of Global Leasing Market and Outlook
- Global Macro Environment: Implications For Capital Flows & Leasing
- Nigeria Macro Snapshot (Q1 2026)
- Nigeria Leasing Market: Growth Trends And Outlook
- Nigeria Leasing Market: Sectoral Trends And Key Highlights
- Capital Inflows Into Nigeria (2025): Sectoral Allocation And Leasing Implications
- Macroeconomic Transmission Mechanisms And Leasing Outcomes
- Funding Cost & Structure
- Risk Landscape
- Opportunities
- Investor Implication
- Conclusion



Executive Summary

1. Macroeconomic conditions remain tight and uncertain.

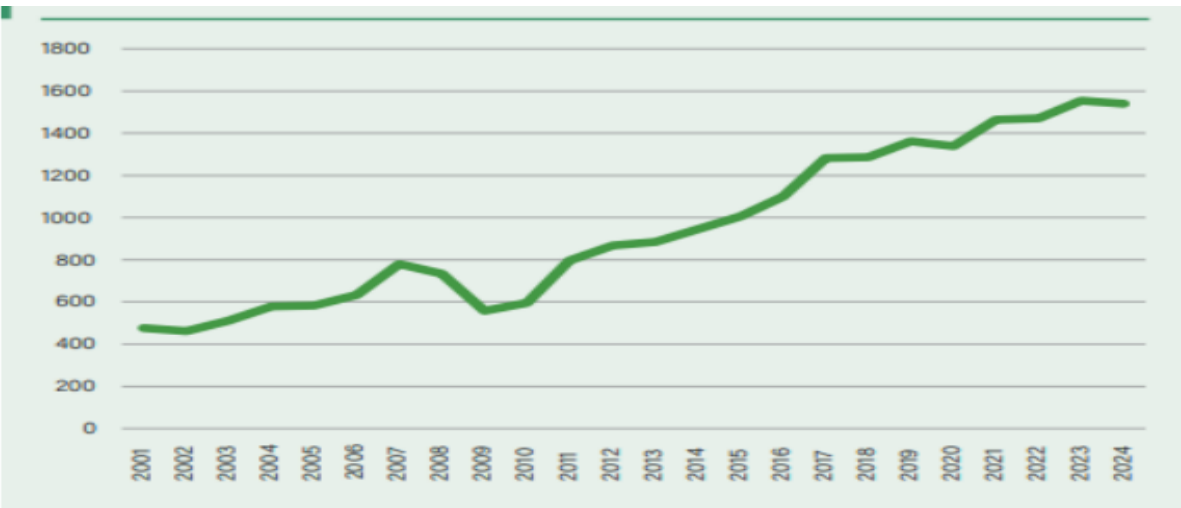
2. Interest rates and foreign exchange dynamics are the primary drivers of leasing economics today

3. Demand is not disappearing; it is shifting across sectors.

4. Risk management and strategic positioning will determine which firms outperform.



World leasing volume 2001-2024 (\$Bn)



Between 2019 and 2024, the global leasing market expanded from **\$1.36 trillion** to **\$1.54 trillion**, representing a CAGR of approximately 2.5%.

Drivers

- Rising demand for asset-backed financing,
- Shift toward asset-light business models,
- Post-pandemic recovery,
- Supply chain realignment,
- Increased capital expenditure across key sectors such as transport, manufacturing, and energy.

We estimate global leasing volume to reach \$1.61 trillion in 2025 and forecast a further increase of **4.38%** to \$1.68 trillion in 2026.

- ✓ Global leasing has expanded significantly over the past two decades, reflecting sustained long-term growth.
- ✓ Leasing activity is highly correlated with economic cycles, rising in expansions and slowing during downturns.
- ✓ The industry demonstrates strong post-crisis recovery patterns, rebounding quickly after shocks.
- ✓ Elevated interest rates currently pose headwinds by increasing the cost of financing.
- ✓ Leasing is gaining increasing relevance in emerging markets and infrastructure financing.
- ✓ Global leasing expanded between 2001 and 2019, indicating growth, despite dips during the 2008–2009 financial crisis and 2020 pandemic.
- ✓ Post-crisis periods consistently show strong rebounds, reinforcing leasing's role in economic recovery

Supported by:

Sustained infrastructure investment

Continued preference for leasing amid tight credit conditions and elevated interest rates.

Digital Transformation

Energy transition financing

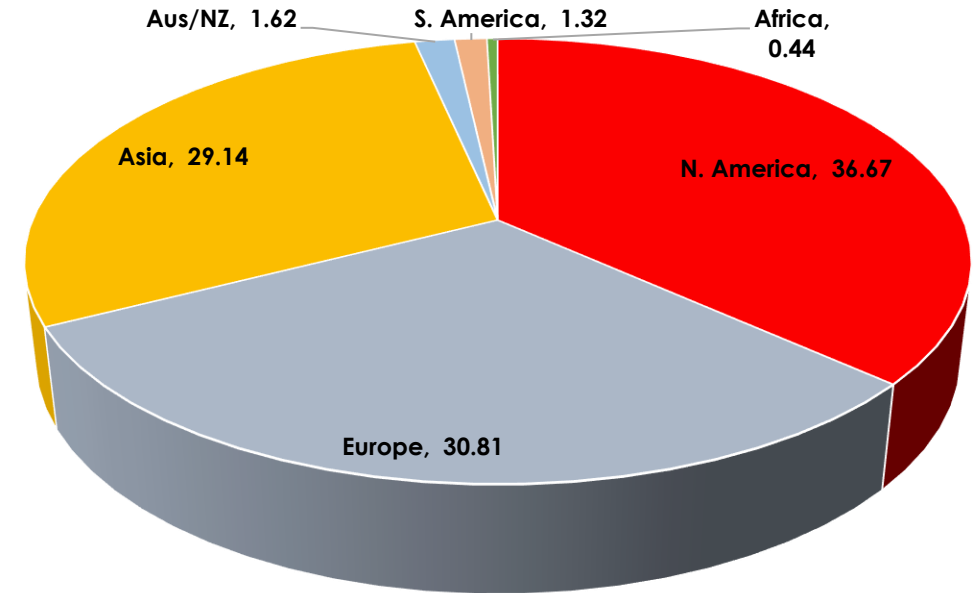
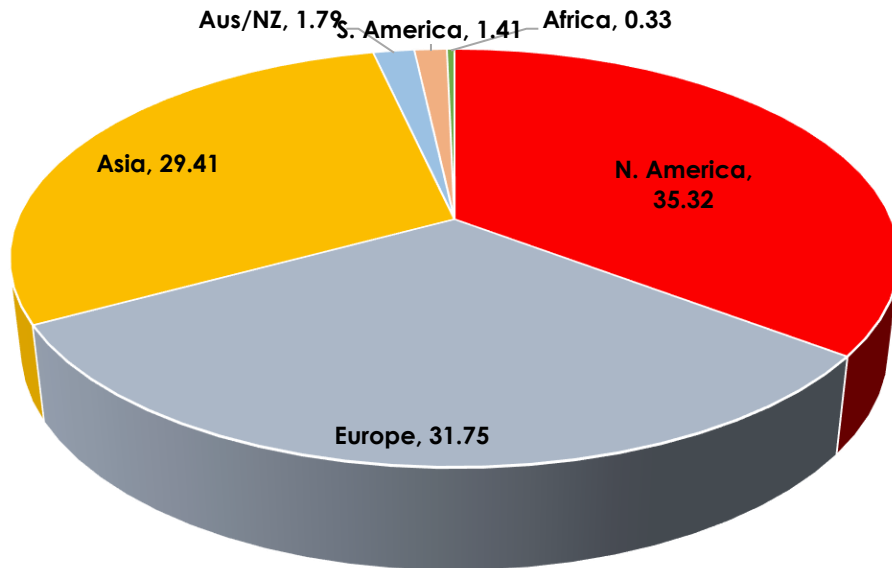
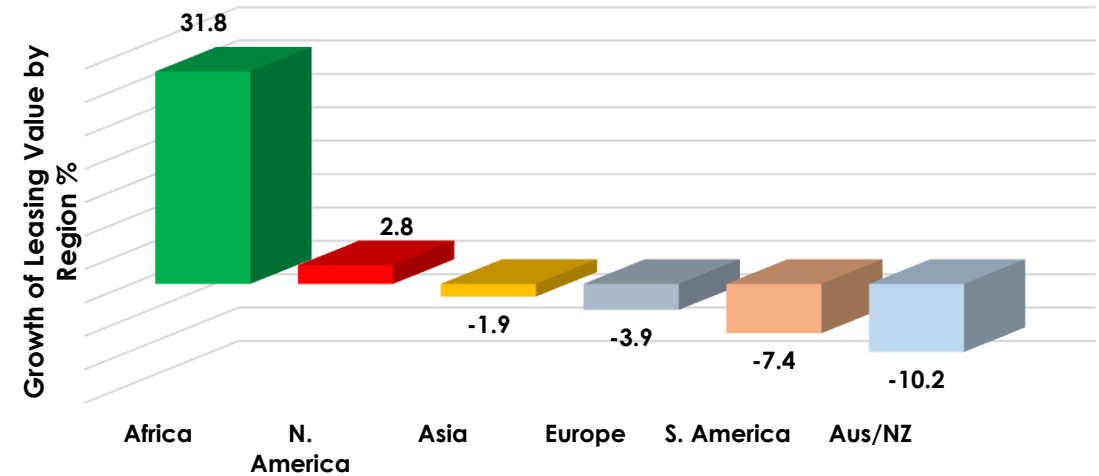
Table 1: Volume and growth by region (2023-2024)

Region	Annual Volume (\$Bn)	Rank
N. America	564.22	1
Europe	474.14	2
Asia	448.47	3
Aus/NZ	24.96	4
S. America	20.28	5
Africa	6.75	6
Total	1,538.82	

Africa's leasing market remains the smallest globally, yet it records the fastest growth,

highlighting a significant gap between current penetration and potential.

This points to vast opportunities driven by; **low asset ownership, infrastructure deficits, SME financing gaps, rapid urbanization, and increasing demand for alternative financing amid constrained bank credit and high interest rates.**



Market Volume Percentage by Region (2023)







Market Volume Percentage by Region (2024)

Global financial conditions remain relatively tight as major central banks maintain a cautious stance on monetary easing, driven by lingering inflationary pressures and heightened geopolitical uncertainties. This has sustained elevated benchmark interest rates across advanced economies, keeping global yields relatively high.

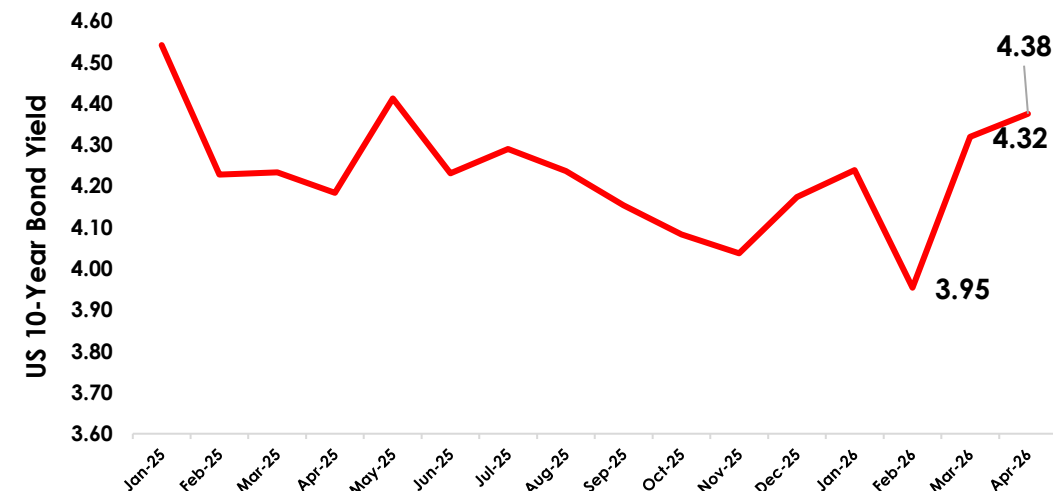
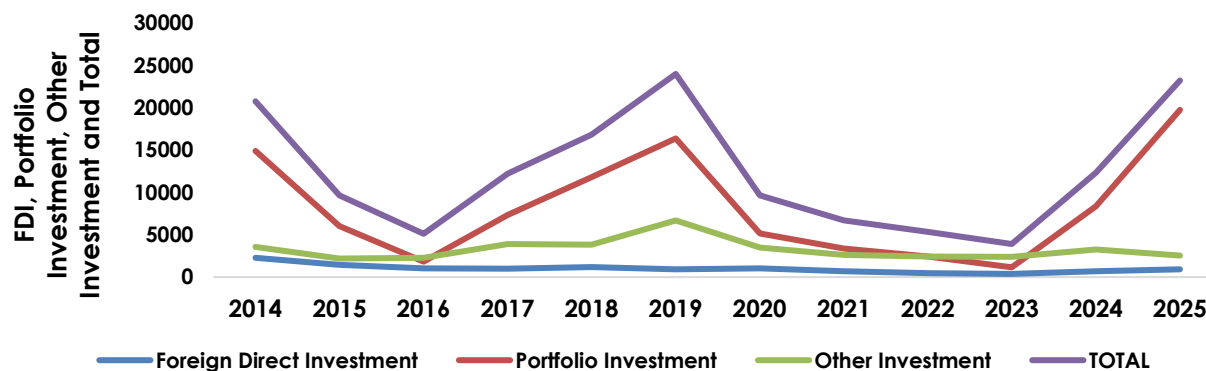
- High global yields which may keep capital in developed markets
- But Nigeria still attracts flows due to high returns supported by ongoing domestic reforms, improved investor confidence, relatively higher yields, and stronger return potential

Implication for Leasing firms

- Opportunity to tap foreign funding. But:
 - It is volatile (hot money)
 - Sensitive to policy and FX stability

Economies	Interest Rate(%) Dec 2025	Interest Rate(%) Mar 2026
United States (FED) 	3.75%	3.75%
Euro Area (ECB) 	2.15%	2.15%
UK (BOE) 	3.75%	3.75%
China (PBoC) 	3.00%	3.00%
India (CBI) 	5.25%	5.25%
Japan (BoJ) 	0.75%	0.75%

Capital Flow Trend



Nigeria's macroeconomic environment in Q1 2026 reflects a **tight monetary stance**, with the Monetary Policy Rate at 26.5% aimed at moderating inflationary pressures, which stood at 15.38%.

Elevated **interest rates and attractive fixed income yields** (notably 364-day Treasury bills) continue to shape funding costs within the financial system.

On the external front, exchange rate dynamics remain a critical factor, influencing the cost of imported capital assets essential to the leasing industry. Capital inflows and trade performance provide some support to external stability, though vulnerabilities persist.

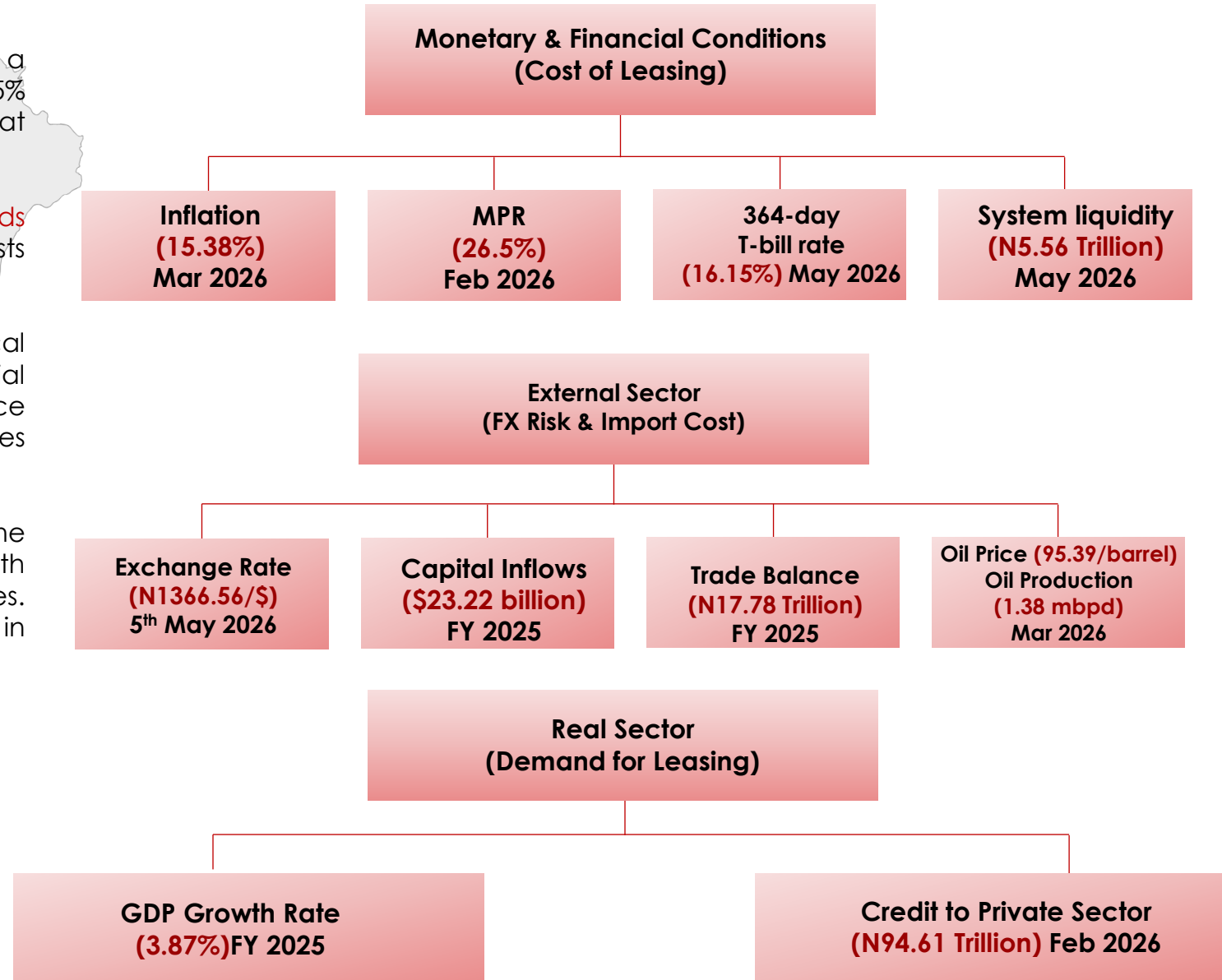
Real sector indicators, including GDP growth and credit to the private sector, suggest moderate economic expansion, with implications for asset demand and leasing opportunities. However, constrained credit conditions may limit expansion in lease financing.

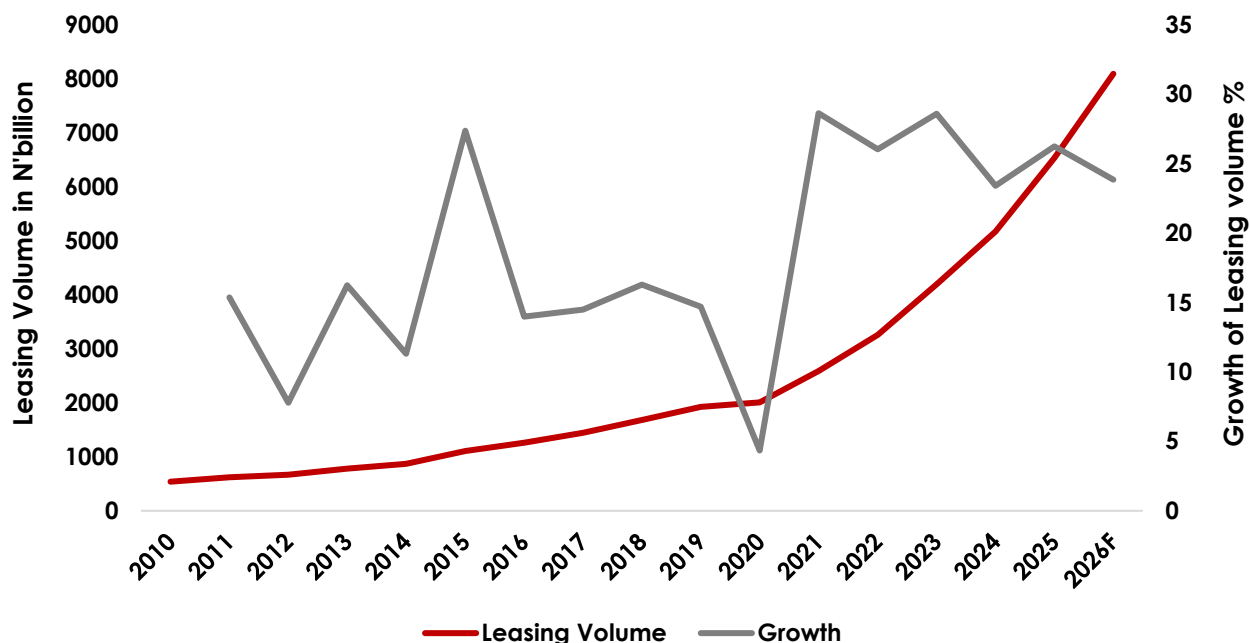
High MPR + high T-bills → Expensive lease financing

FX volatility → Higher cost of imported equipment

Low credit growth → Weak leasing demand

Improving GDP → Opportunity for asset financing





The leasing sector grew by approximately N4.61 billion between 2019 and 2025 indicating a growth of over 200%

Growth Drivers

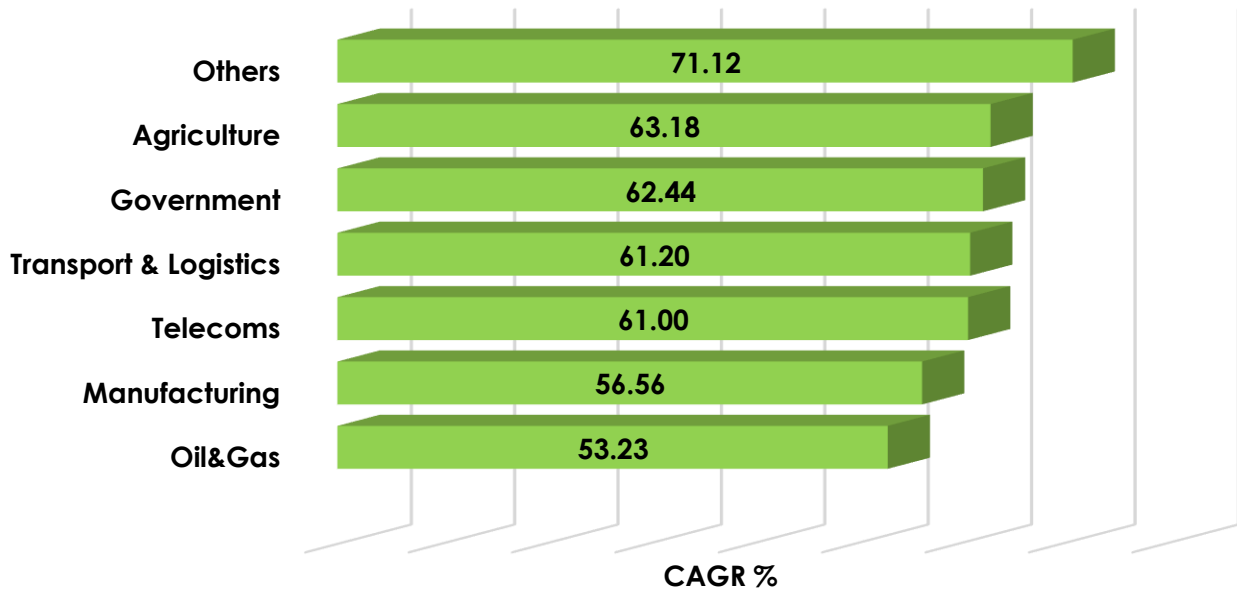
- Increase demand from oil & gas, transport/logistics, and manufacturing accounting for over 66% of total leasing volume
- Structural shift toward leasing as an alternative to bank credit, driven by high interest rates, FX pressures, rising asset costs, and tighter lending conditions, reinforcing leasing as a critical asset-financing channel in Nigeria

	Leasing Volume (N'bn)	Growth (%)
2010	539.91	
2011	622.91	15.37
2012	671.49	7.80
2013	780.66	16.26
2014	869.02	11.32
2015	1,107.04	27.39
2016	1,262.03	14.00
2017	1,445.02	14.50
2018	1,680.56	16.30
2019	1,927.71	14.71
2020	2,011.48	4.35
2021	2,587.78	28.65
2022	3,261.81	26.05
2023	4,195.38	28.62
2024	5,177.70	23.41
2025	6,537.40	26.26
2026F	8,097.52	23.86

In 2026, we forecast that the leasing sector will expand by approximately ₦1.5 trillion from its 2025 level, representing a growth of about 23%.

This growth will be driven by sustained demand for asset financing amid high interest rates, constrained bank credit, exchange rate pressures, and increased capital expenditure across key sectors such as oil & gas, transport, infrastructure and manufacturing

Sector	2021	2022	2023	2024	2025
	N'Billion				
Manufacturing	375.97	476.77	607.75	734.28	865.51
Transport & Logistics	614.05	761.9	977.08	1181.47	1582.8
Agriculture	176.23	218.55	300.75	387.62	478.61
Oil & Gas	739.28	893.85	1127.74	1380.8	1580.78
Government	154.87	201.91	267.4	345.27	412.38
Telecoms	232.6	299.8	374.65	462.25	596.48
Others	294.78	409.03	540.01	686.01	1020.84



Key highlights

Current estimates indicate that as of 2025 logistics and transport account for about 30–35% of leasing demand, manufacturing about 20–25%, oil and gas services 15–20%, and agriculture 10–15%.



Demand is not uniform across sectors.

The dominance of oil & gas (linked to capital-intensive operations),



Rapid growth in transport & logistics (fleet expansion and mobility demand),



Steady manufacturing uptake

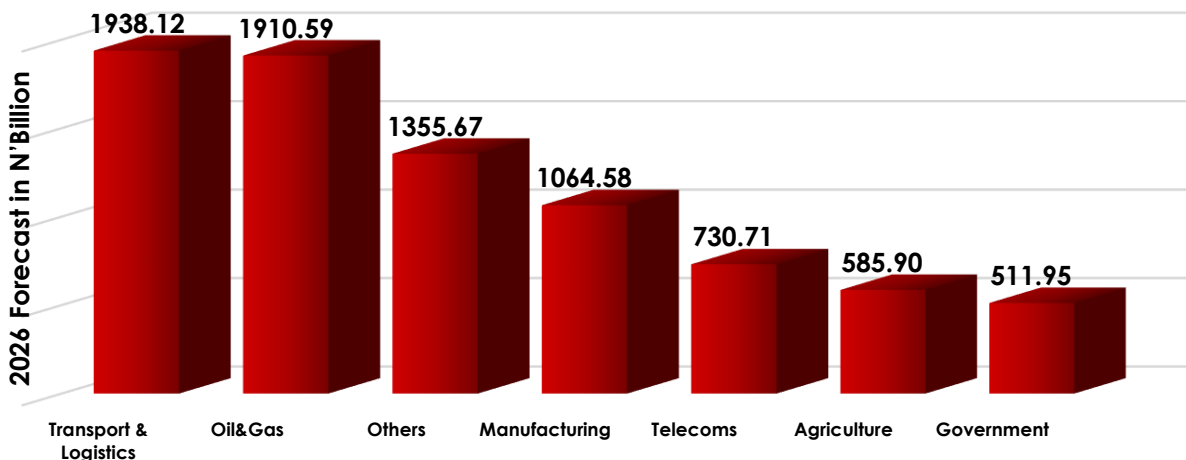


Agriculture and government remain underpenetrated contributing less than 10%, suggesting significant untapped potential.



Telecoms/others provide stability through incremental growth and diversification

Sectoral Outlook: Where Leasing Growth Will Come From ?



Manufacturing leasing **(23%)**,

Drivers- FX-induced import substitution, higher cost of asset ownership, and increased reliance on leasing for capex.

Transport & logistics leasing **(22%)**

Drivers - e-commerce growth, rising distribution needs (fleet expansion), and high vehicle acquisition costs pushing operators toward leasing.

Agriculture leasing **(22%)** increased mechanization demand and food security priorities.

Drivers - election-related spending, government intervention programs, and greater private sector participation in agribusiness.

Oil & gas **(20%)**

Drivers - sustained upstream and midstream investments, high equipment costs, and the need for operational efficiency.

Government-related leasing **(24%)**,

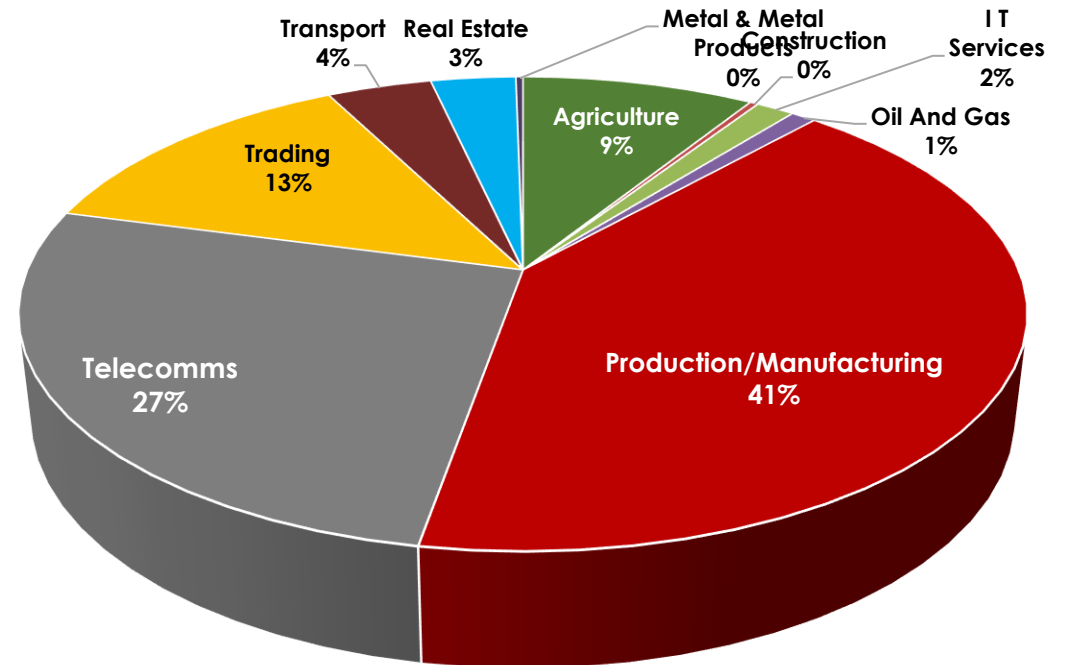
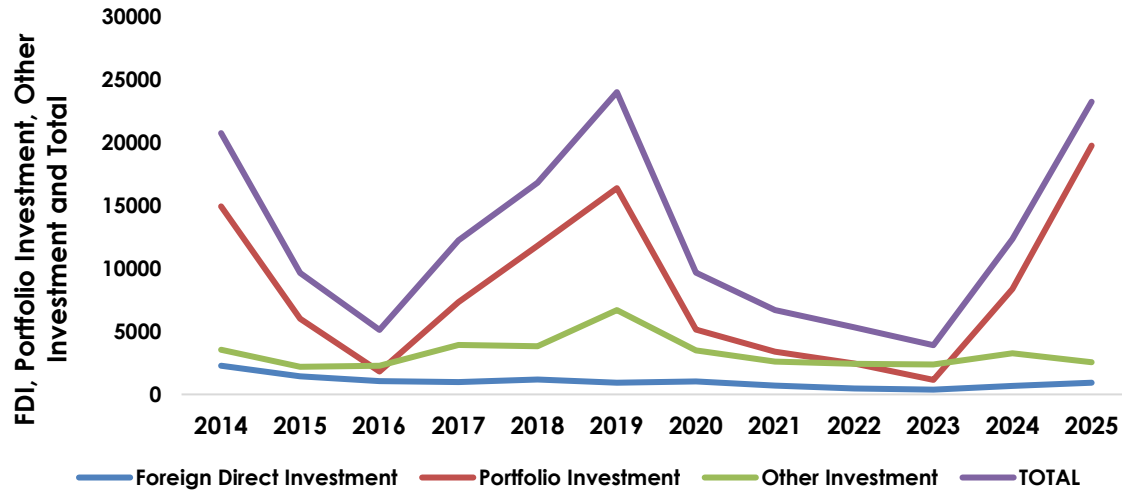
Drivers: pre-election capital expenditure (public sector project financing), infrastructure development, and reliance on leasing to bridge funding gaps.

Telecom leasing **(23%)** supported by continued network expansion and digital infrastructure investments.

Drivers: election-related communication demand, data traffic growth, and rollout of broadband and 5G infrastructure.

Other sectors **33%**, indicating broad-based expansion across emerging segments.

Drivers: increased SME adoption of leasing, diversification into new industries, and rising awareness of leasing as a financing alternative.



Capital inflows into Nigeria are not only a source of foreign exchange stability, but more importantly, a forward indicator of equipment leasing demand across infrastructure, industrial, and service-driven sectors

Manufacturing inflows - Industrial equipment leasing growth

ICT inflows - Technology equipment leasing expansion

Agriculture inflows - Agricultural machinery leasing growth

Trading inflows - Logistics and warehouse leasing

Transport inflows - Commercial vehicle leasing expansion

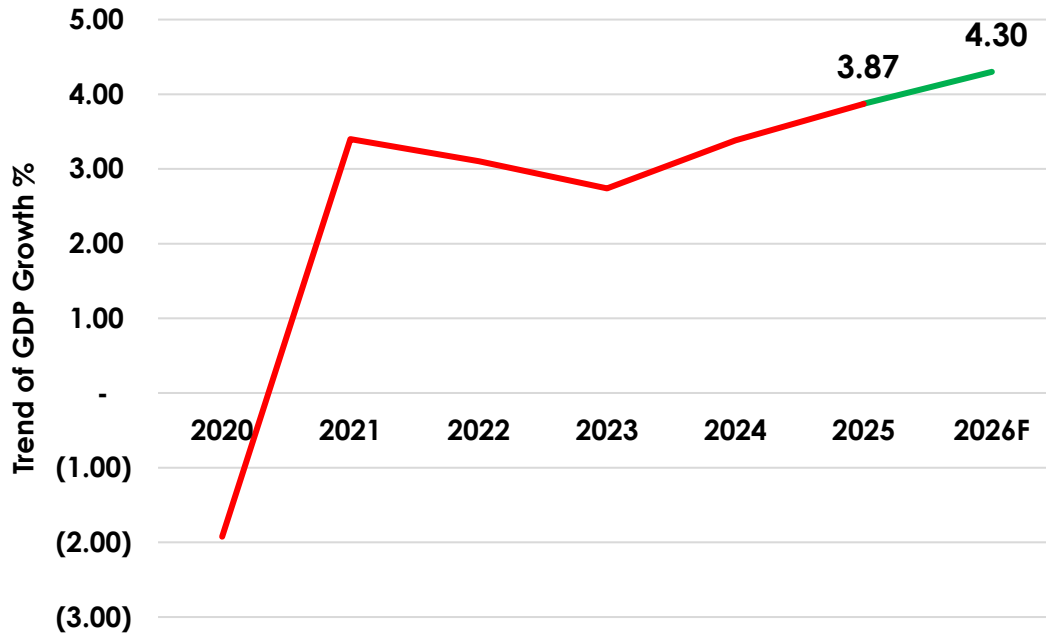
Real Estate inflows - Construction equipment leasing growth

Financial inflows - Credit-driven leasing penetration

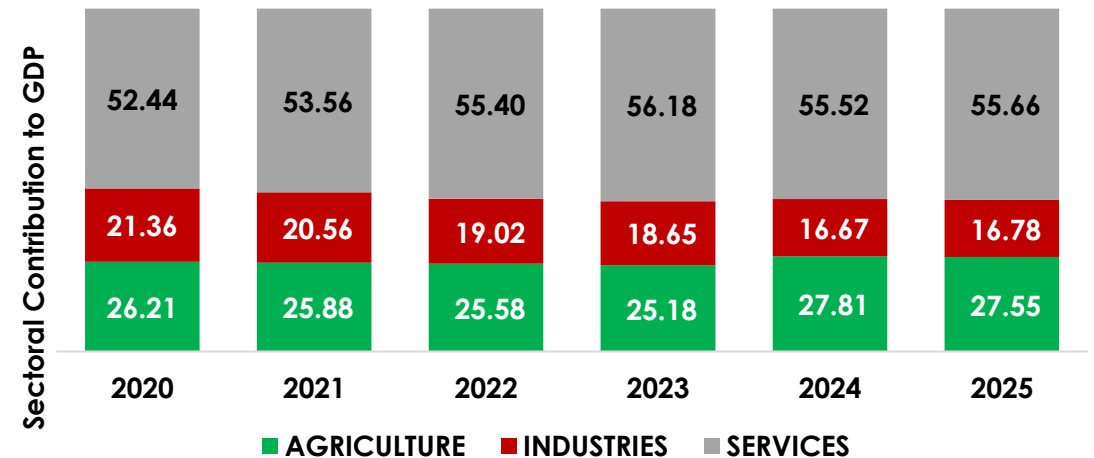
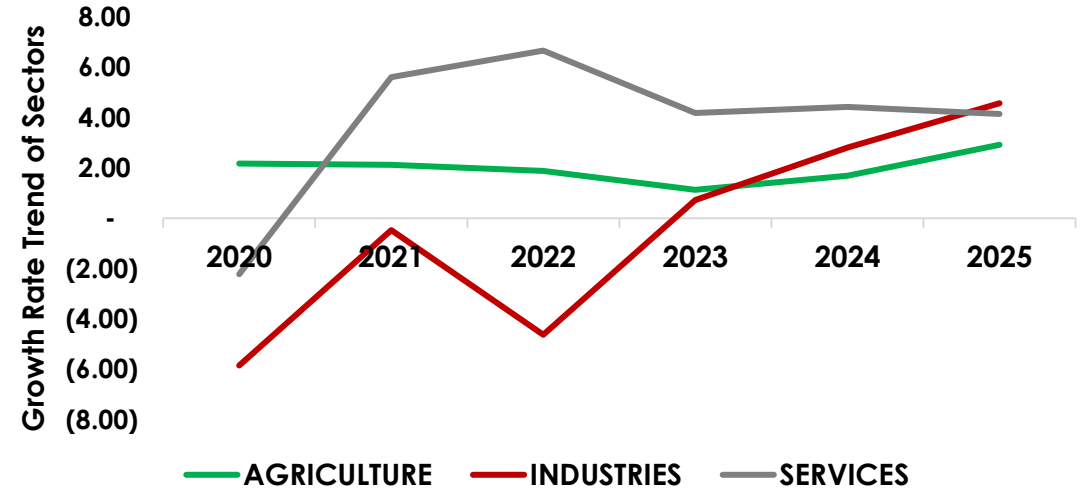
Capital inflows are **sector-concentrated** – **Telecoms, production/manufacturing, trading, agriculture and finance**
Manufacturing & logistics = indirect leasing drivers

- Even when inflows are moderate, they generate:
 - Machinery demand
 - Fleet leasing
 - Warehouse/logistics equipment financing

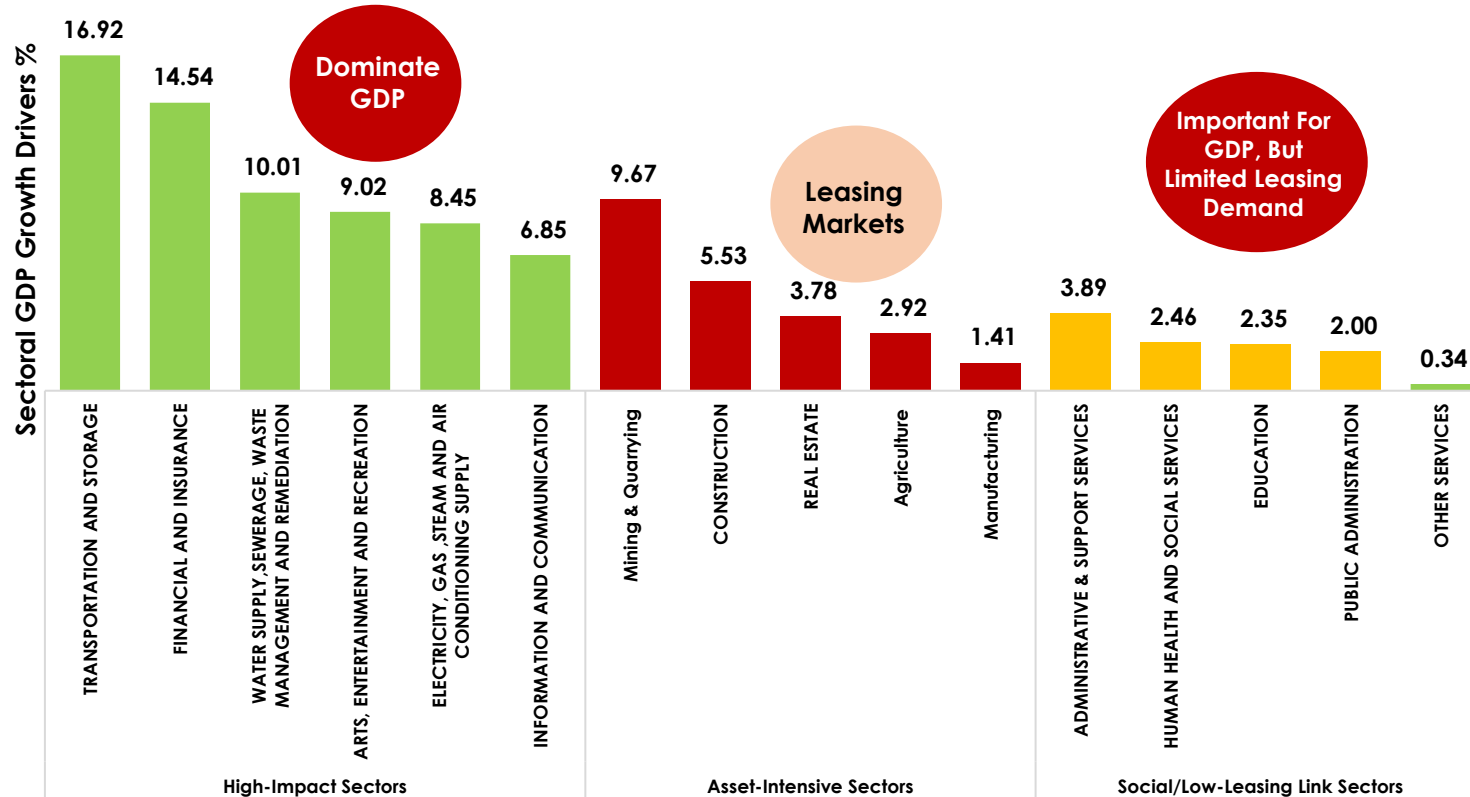
Line chart: GDP growth (2019–2025)



- ✓ Post-2020 recovery trajectory (COVID base effect)
- ✓ Dominance of services sector in growth and contribution
- ✓ Weak or volatile industrial sector performance
- ✓ Agriculture: stable but low productivity growth



Growth is service-led, not asset-intensive



- Moderate GDP growth supports underlying business activity across key sectors
- However, tight credit conditions continue to constrain expansion and capital investment

Implications for Leasing Demand:

Demand cuts across key sectors:

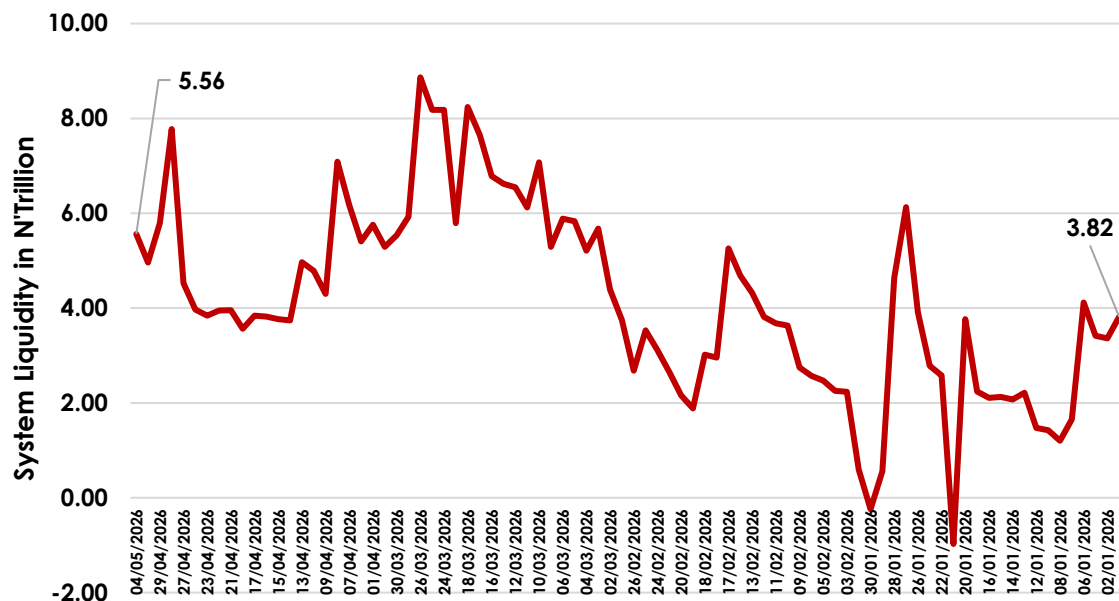
- Services
- Industrial
- Social infrastructure
- With stronger momentum in the service sector

Consequence:

- Leasing demand remains present but subdued, with growth driven more by operational needs than expansionary investment
- Increased preference for flexible, short-to-medium-term leasing structures

Constraints:

- SMEs face affordability challenges due to high cost of funds
- Corporates adopt a cautious stance, delaying capital expenditure
- Demand is skewed toward asset-light and service-driven sectors



System liquidity has shown signs of improvement, which under normal conditions would support increased lending and ease funding constraints within the financial system.

However, the Central Bank of Nigeria's tight monetary stance—aimed at stabilizing the exchange rate and moderating inflation—has kept policy rates elevated.

As a result, despite improving liquidity, stop rates and market yields remain high, limiting the full transmission of liquidity into lower borrowing costs and increased credit expansion.

Liquidity vs Interest Rate Disconnect

Persistent High Stop Rates = Expensive Funding Environment

OMO and T-bill stop rates remain elevated, implying that the cost of borrowing is still high. This keeps leasing companies' funding costs elevated and limits pricing flexibility.

Banking Recapitalisation: Medium-Term Relief, Not Immediate Impact

The ongoing recapitalisation of banks strengthens balance sheets and improves lending capacity in the medium term. However, it does not translate into an immediate reduction in interest rates. Banks cautious in lending

Weak Monetary Transmission to Leasing Sector

Despite system liquidity, transmission to the leasing industry remains weak due to:

- ✓ Persistent cautious lending stance by banks
- ✓ High funding and risk premiums
- ✓ Limited downward adjustment in lease pricing

There is a clear disconnect between liquidity conditions and interest rate dynamics. As a result, leasing activity remains constrained by high funding costs despite improving system liquidity.

Interest Rates and Cost of Leasing Finance

Interest rates remain the most critical determinant of leasing viability

- Monetary Policy Rate (MPR) currently at 26.50%
- Commercial bank lending rates in the 29% and 35% range (higher for SMEs)
- Funding costs remain structurally elevated
- Elevated Treasury bill yields
- Global interest rates also remain high

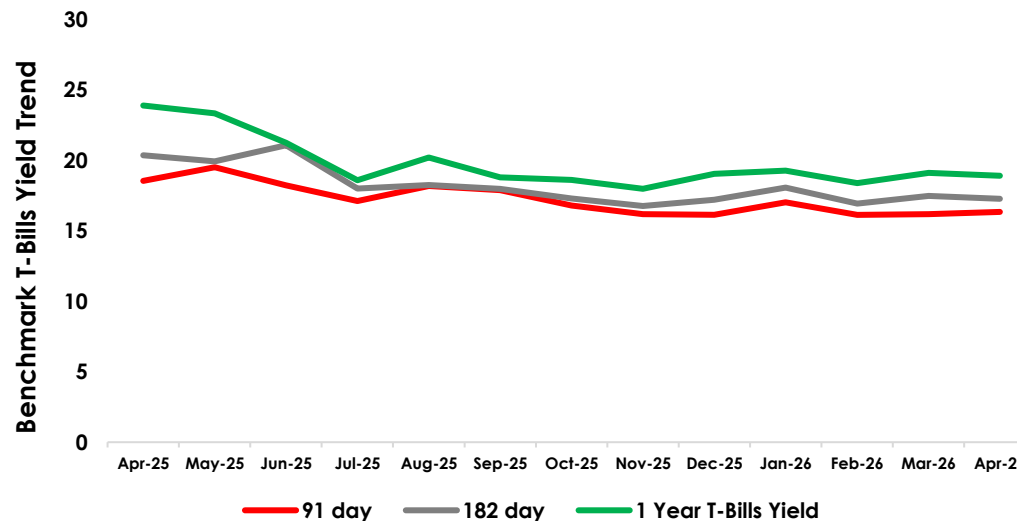
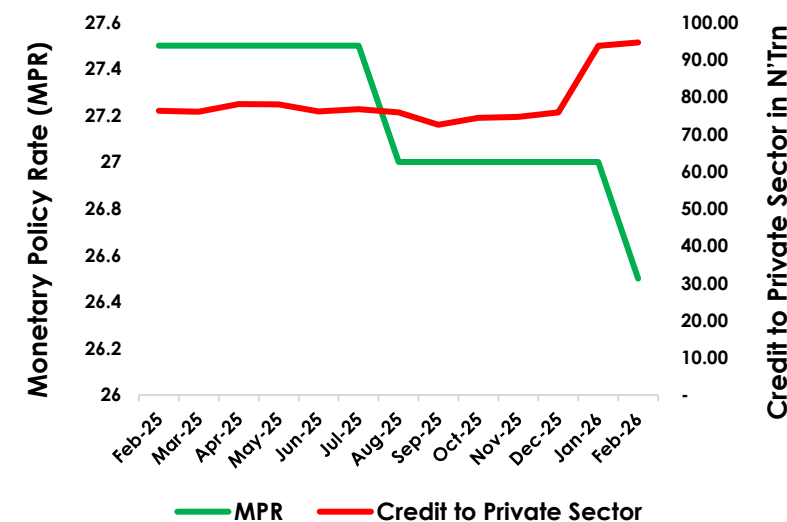
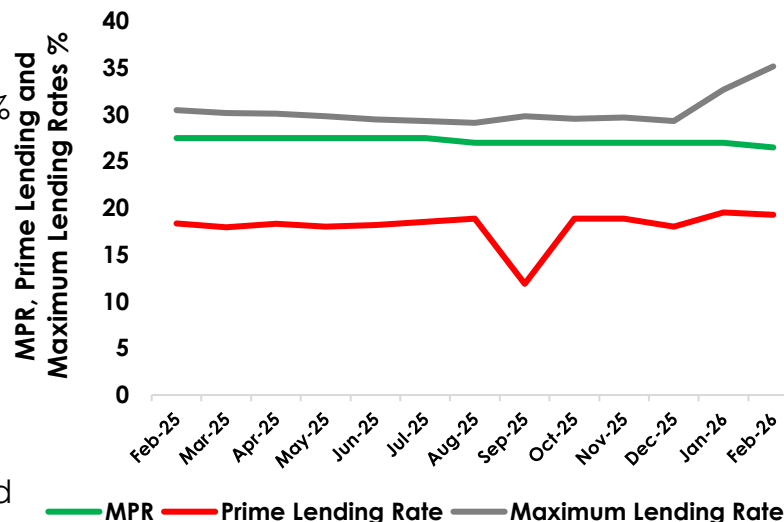
Implication for Leasing

- Expensive funding environment
- Higher leasing prices for end-users, reducing affordability
- Margin pressure where costs cannot be fully passed on
- Shift towards more selective leasing (less volume-driven)

Forecast (Nigeria – Q2/Q3 2026)

- Interest rates likely to remain elevated in the near term, with only gradual easing expected
- Monetary policy expected to stay cautious due to inflation and exchange rate stability objectives
- Lending rates to remain high and sticky, especially for SMEs
- Leasing activity to be moderate, with growth driven by:
 - Essential sectors (services, logistics,)
 - Short-to-medium tenor leases

Overall market to tilt toward defensive leasing strategies rather than aggressive expansion



Naira appreciated to approximately ₦1,365.23/\$ (official) and approximately ₦1,379.99/\$ (parallel)

Drivers

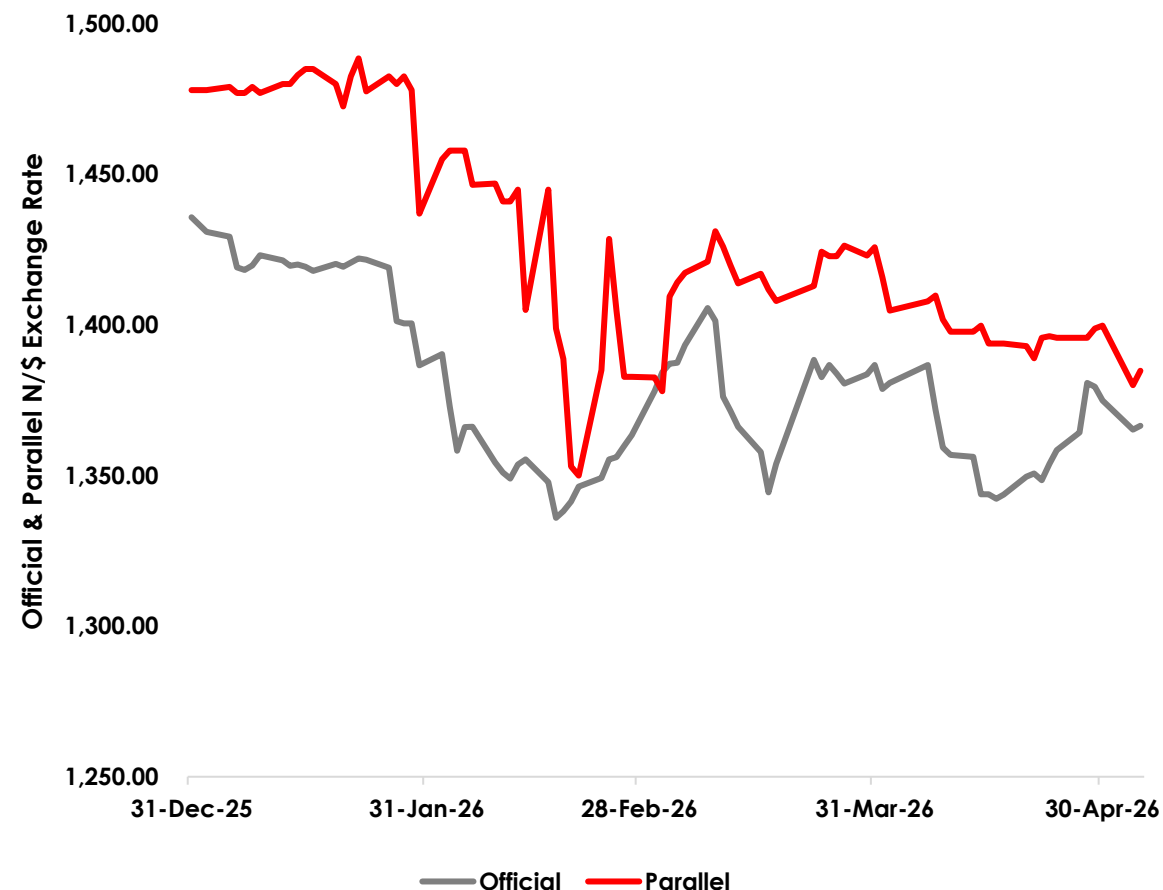
- Improved FX liquidity from increased foreign portfolio inflows
- Tight monetary policy stance supporting carry trade attractiveness
- Central Bank interventions and improved FX market transparency
- Reduced speculative demand due to policy credibility
- Better oil receipts and stronger external reserves position
- Clearance (or reduction) of FX backlog obligations
- Increased diaspora remittances and autonomous inflows

Implication for Leasing Companies

- Lower cost of importing leased assets (equipment, machinery)
- Reduced FX risk exposure on foreign-denominated obligations
- Improved pricing stability for leasing contracts
- Potential margin relief for firms with FX liabilities
- Increased demand from corporates as imported equipment becomes relatively cheaper
- However, currency volatility risk still requires cautious structuring (e.g., hedging, FX clauses)

Forecast for Q2 --- ₦1,320 – ₦1,420 / \$, ₦1,340 – ₦1,450 / \$

- Exchange rate likely to remain relatively stable with mild appreciation bias
- Sustained stability dependent on continued FX inflows and policy consistency
- Possible short-term volatility driven by global risk sentiment and oil price movements
- Upside risk: stronger inflows and reserve accretion could further support the naira
- Downside risk: any reversal in capital flows or policy uncertainty may weaken the currency



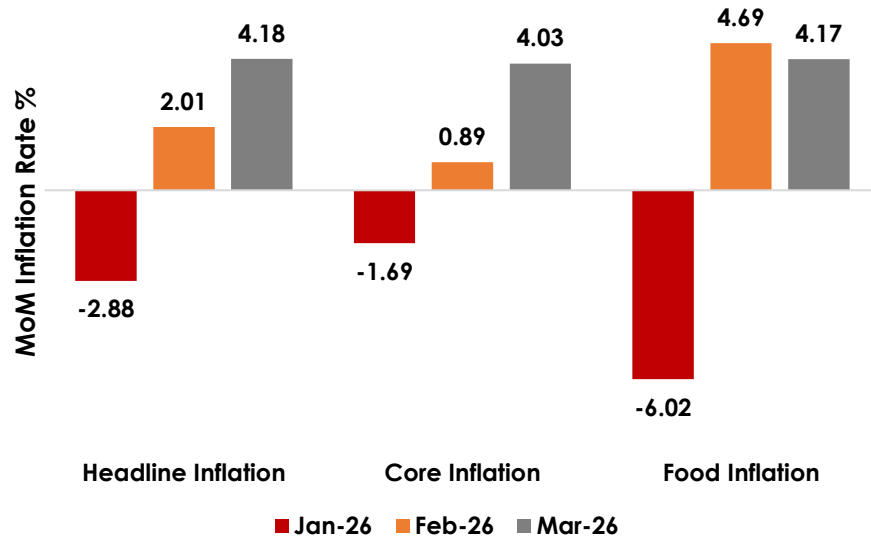
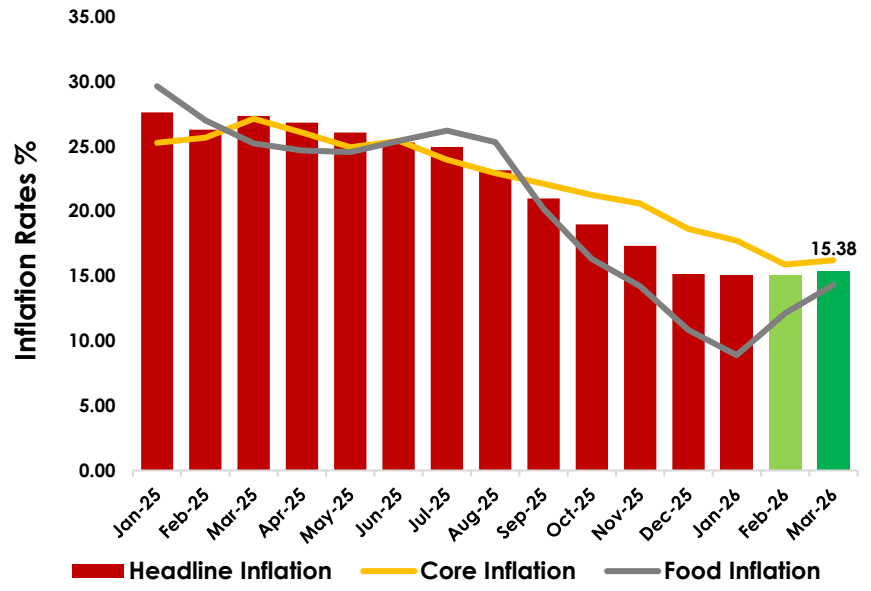
Inflation Dynamics in Nigeria:

Key Highlights

- Headline inflation remains elevated but showing early signs of moderation
- Food inflation still the dominant driver, reflecting supply-side constraints (logistics, insecurity, seasonality)
- Core inflation remains sticky due to high energy costs, FX pass-through, and structural inefficiencies
- Exchange rate stabilization is beginning to ease imported inflation pressures
- Energy costs (diesel, electricity) remain a major cost driver for businesses
- Tight monetary policy continues to anchor inflation expectations but at the cost of growth
- Weak consumer purchasing power is moderating demand-side pressures

Implications for Leasing Activity

- Higher asset acquisition and operating costs for lessees
- Reduced affordability limits demand for leasing, especially SMEs
- Increased preference for leasing over outright purchase due to cash flow constraints
- Shorter tenor leases and structured payment plans become more attractive
- Higher credit risk as inflation erodes borrowers' real income
- Pressure on lease pricing to balance affordability vs profitability



Q2 Outlook

**Headline inflation:
15.5% – 17.5% YoY**

Key Drivers Behind the Rebound

- Geopolitical tensions driving higher global energy and commodity prices
- Pass-through from fuel and logistics costs into food inflation
- FX pressure (even if mild) feeding imported inflation
- Supply chain disruptions (global + domestic distribution inefficiencies)
- Sticky services inflation (rent, transport, energy)

Interest Rate (MPR, T-bills)

Policy rate → Market rates → Lending rates → Lease pricing

Inflation

Inflation → Monetary tightening → Higher interest rates → Cost of capital

Exchange Rate (FX)

FX depreciation → Import cost → Asset valuation → Lease pricing

System Liquidity

Liquidity → Interbank rates → Credit availability → Funding cost

GDP / Economic Growth

GDP growth → Business expansion → Asset demand → Leasing demand

Credit to Private Sector

Bank lending → Credit availability → Investment → Leasing demand

Capital Flows (FDI/FPI)

Global liquidity → Portfolio flows → FX stability → Investment confidence

The key takeaway is that macroeconomic variables directly translate into leasing pricing, demand, and risk.

Highlights

- Funding cost remains **structurally elevated**, driven by high-interest rate environment
- Short-term rates (T-bills, CP) are high increasing overall cost of capital
- Asset-liability mismatch remains a key risk in leasing (short-term funding vs long-term leases)
- Access to **stable, long-tenor funding** is now a competitive advantage
- Funding structure directly impacts **lease pricing, margins, and risk profile**

Funding Structure Considerations

- Align funding tenor with lease tenor (reduce refinancing risk)
- Blend of **fixed vs floating rates** to manage interest rate volatility
- Diversification of funding sources to reduce concentration risk
- Use of **off-balance-sheet or structured financing** where possible
- FX matching: fund FX assets with FX liabilities to reduce currency risk
- Liquidity buffers to manage refinancing and market shocks

- **Funding structure is now a key competitive advantage.**
- **Firms with access to cheaper or diversified funding sources will outperform.**
- **Those relying heavily on bank borrowing will face higher pressure**



Macro-Risk

- Interest rate risk
- Inflation risk
- Exchange rate risk
- Liquidity risk
- Growth risk

Credit- Risk

- Deteriorating asset quality as clients face cost pressures
- Increased default and delinquency rates, especially among SMEs
- Sector-specific vulnerabilities
- Weak consumer purchasing power affecting lease repayment performance

Operational & Asset Risk

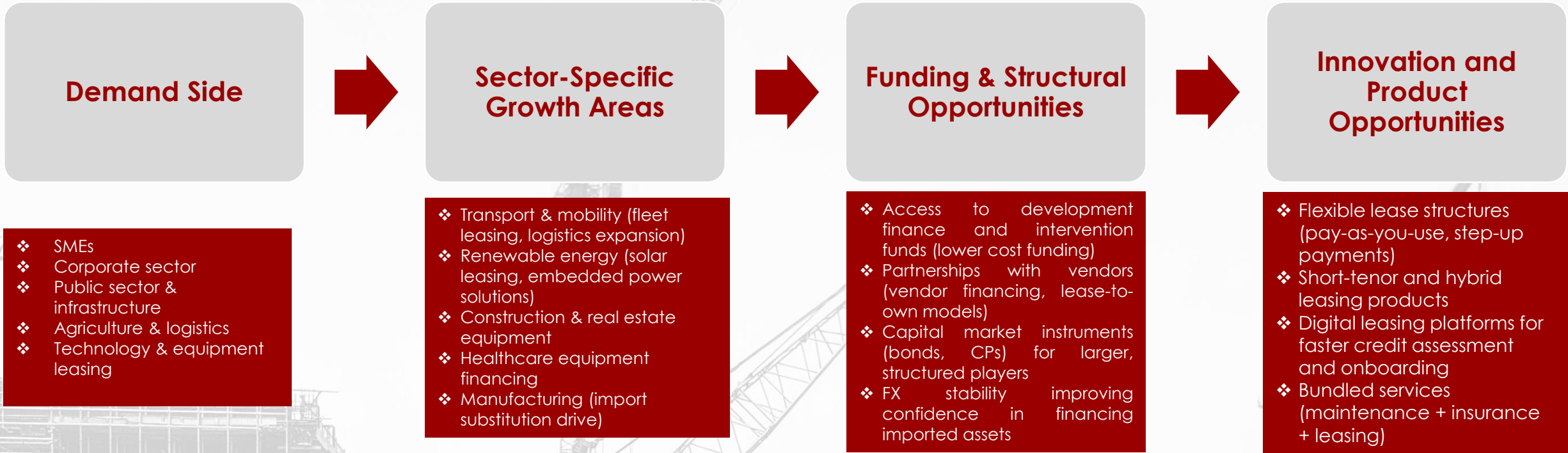
- Asset performance risk
- Residual value risk
- Maintenance and obsolescence risk
- Insurance and recovery challenges

Financial & Structural Risk

- Asset-liability mismatch (short-term funding vs long-term leases)
- Margin compression from inability to fully pass on rising costs
- Refinancing risk in a high-yield environment
- Concentration risk (sectoral or obligor exposure)

Leasing becomes more attractive as **outright asset purchase declines**

In a constrained environment, leasing shifts from an alternative to a necessity—those who structure smartly will capture the next phase of growth



- Leasing demand remains strong, but returns are exposed to inflation, FX volatility, and interest rates.
- Leasing gaining relevance as alternative financing as Tight bank credit conditions continue to support long-term leasing demand.
- Sector concentration creates both risk and opportunity, with oil & gas, transport, and manufacturing dominating leasing activity.
- High yields support pricing power but also increase funding and refinancing pressure.
- Leasing performance remains closely tied to public and private sector capital expenditure cycles.
- FX reforms, monetary tightening, and fiscal policy direction remain critical drivers of leasing affordability.
- Agriculture, SMEs, and telecoms offer significant long-term diversification and leasing growth opportunities.
- Asset-backed and sale-and-leaseback structures improve resilience and enhance risk-adjusted returns.
- Growth opportunities remain selective amid persistent macroeconomic uncertainty

Macroeconomic shifts are reshaping leasing economics, favoring firms that adapt quickly, manage risk effectively, and maintain funding flexibility.

THANK YOU

I look forward to your questions and
the discussion

