

PART A

~~2017~~



The Good, the Bad & the Annoying

2017 Chronology

\$1bn Eurobond plus \$0.5bn tap ●

successful Q1

NLC demands wage review ●

Naira crashed to N520/\$ ●

Unemployment + ●

underemployment rate at 34.8%

● IEFX window introduced on April 22

● Nigeria exits recession (grows 0.55%, revised to 0.72%)

Q2

● Budget 2017 signed into law in May

● Forcados pipeline re-opens after 1 year of force majeure

2017 Chronology

President Buhari returned after ●
time out in the U.K

Economy expands 1.4% y-o-y ●

IATA ROE moved from N306 ●
to N325 to N359

Unemployment + ●
underemployment rate at 40%

Q3

● Fuel scarcity resurfaces

● 2018 budget submitted to
NASS

● Moody's downgraded Nigeria to B2,
8 Nigerian banks downgraded

Q4

● Oil price crosses \$60pb threshold,
production at 1.74mbpd

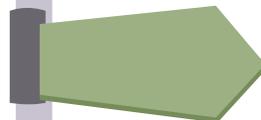
The Good



6th highest Diaspora remittances
(*\$21.06bn, next to France*)



5th largest agric output, *\$100bn in 2015*
(*Higher than Brazil*)



25th largest services output *\$283bn, after Belgium*
(*US is 1st with \$13trn*)



2nd lowest cost of living
(*39% of US*)

The Good

Rank	Country	% of adult business owners
1	Zambia	40.7
2	Senegal	38.6
3	Nigeria	36.6

■ No 3 in the world in entrepreneurial activity

● Next to Senegal

● 36.6% of adult population who are business owners/managers



■ 2nd largest Roots & Tuber producer, after China

● 108 million tonnes per annum



■ 6th largest producer of cocoa

● With 200,000 tonnes accounting for 13% of global production



■ 25th in Fish & Aquaculture production with 1m tonnes



The Bad



Rank	Country	Inflation Rate
1	Venezuela	741%
2	South Sudan	101.9
3	Congo	67.57

❌ In November, 13th highest rate of inflation at 15.90%

● Venezuela: 741% (Feb'17)

❌ 2nd highest level of deforestation (-57%)

❌ 1 in every 2 households was unemployed

● Each household had 2 unemployed plus underemployed individuals

❌ 13th highest in the Poverty Pay Index

● 68.9% paid below \$2 per day

The Ugly

20th highest death rate (12.2 in 1000)

Number of certified Nigerian refugees abroad:
168,000 (Ranks 18th highest in world)

55,800 people applied for political asylum
(11th highest)

6th highest population of prisoners

● 68,259 prisoners (2017)

● US (11th) 2.1m



The Ugly

7th highest terrorist attacks, after Yemen

20th highest illiteracy rate in the world

40.4% of adult population is illiterate

8th lowest life expectancy, 53.8 years

Highest is Monaco - 89.5 years

Rank	County	Illiteracy rate
1	Niger	80.9
2	Guinea	69.5
3	South Sudan	68
19	Mozambique	41.2
20	Nigeria	40.4
21	Guinea-Bissau	40.2

PART B

2018



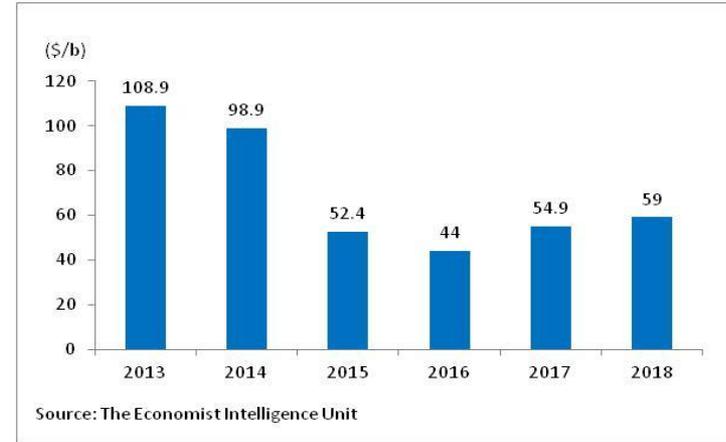
YEAR WITH LESS TO FEAR ??

2017 – MIXED FORTUNES

More Propaganda and Less Analysis

- ❖ Remarkable progress
- ❖ Limited accomplishments
- ❖ Clearing up the mess
- ❖ Self inflicted wounds
- ❖ Higher misery index

Brent Price



But it could have been worse!!!

JANUARY 2017 – MOST LIKELY QUESTIONS

Where were you?

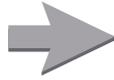
In Nigeria/ Diaspora/ Immigrant

How were you?

Miserable/ Happy/ Limping

What were you?

Affluent/ Average/ Survivor



ECONOMIC SCORECARD

Indicators	January 2017	January 2018	
Oil price (\$pb)	52.40	66.34	↑
Exchange rate (N/\$)- Parallel	490.00	363.00	↑
PPP Value (N/\$)	324.38	335.47	↑
External reserves (\$bn)	26.10	37.92	↑
Inflation (%)	18.72	15.90 (Nov)	↓
Unemployment	14.20%(Q4'16)	18.80	↑
Underemployment	21.00%(Q4'16)	21.20	↑
Misery index	53.92	55.90	↑
Stock market cap (N'trn)	8.90	13.61	↑
Vacancy factor index	165	172	↑



Source: EIU, FDC, NBS

HOW THE STATES PERFORMED

Inflation

States with highest Inflation (%)

Bauchi	23.63
Nasarawa	19.90
Kebbi	19.22
Ebonyi	18.91
Kaduna	17.90

States with lowest Inflation (%)

Ondo	15.08
Imo	14.21
Bayelsa	14.11
Delta	13.75
kogi	11.27

FAAC

States with highest FAAC (N'bn)

Akwa Ibom	12.93
Delta	12.81
Rivers	11.24
Bayelsa	10.10
Lagos	7.68

States with lowest FAAC (N'bn)

Kano	5.97
Kaduna	4.71
Ogun	2.49
Cross River	2.29
Osun	1.17

Delinquent States

States with highest salary arrears

Kogi	8-16 months
Bayelsa	5-10 months
Ekiti	5-8 months
Benue	5-8 months

States with lowest salary arrears

Kano
Kaduna
Lagos
Sokoto

States with high FAAC have low inflation

Source: FDC, NBS, Vanguard

HOW THE STATES PERFORMED – MISERY INDEX



The Worst

State Rank	State	U + U %	Inflation %	Misery Index
1	Rivers	61.4	18.01	79.37
2	Jigawa	62.4	15.80	78.24
3	Kaduna	58.6	17.90	76.50
7	Kano	51.2	17.31	68.56

The Best

State Rank	State	U + U %	Inflation %	Misery Index
36	Taraba	13.4	16.18	29.59
35	Osun	19.0	16.37	35.36
34	Ogun	21.0	15.91	36.94
28	Lagos	32.7	15.59	48.33



U + U: Underemployment rate + Unemployment rate

Misery index= U+U+ Inflation rate

ECONOMIC EVALUATION

Things outside our control

Positive +

34% increase in oil price

Negative -

Presidential time-out
Environmental issues- Floods
Brexit
Geo –political tension

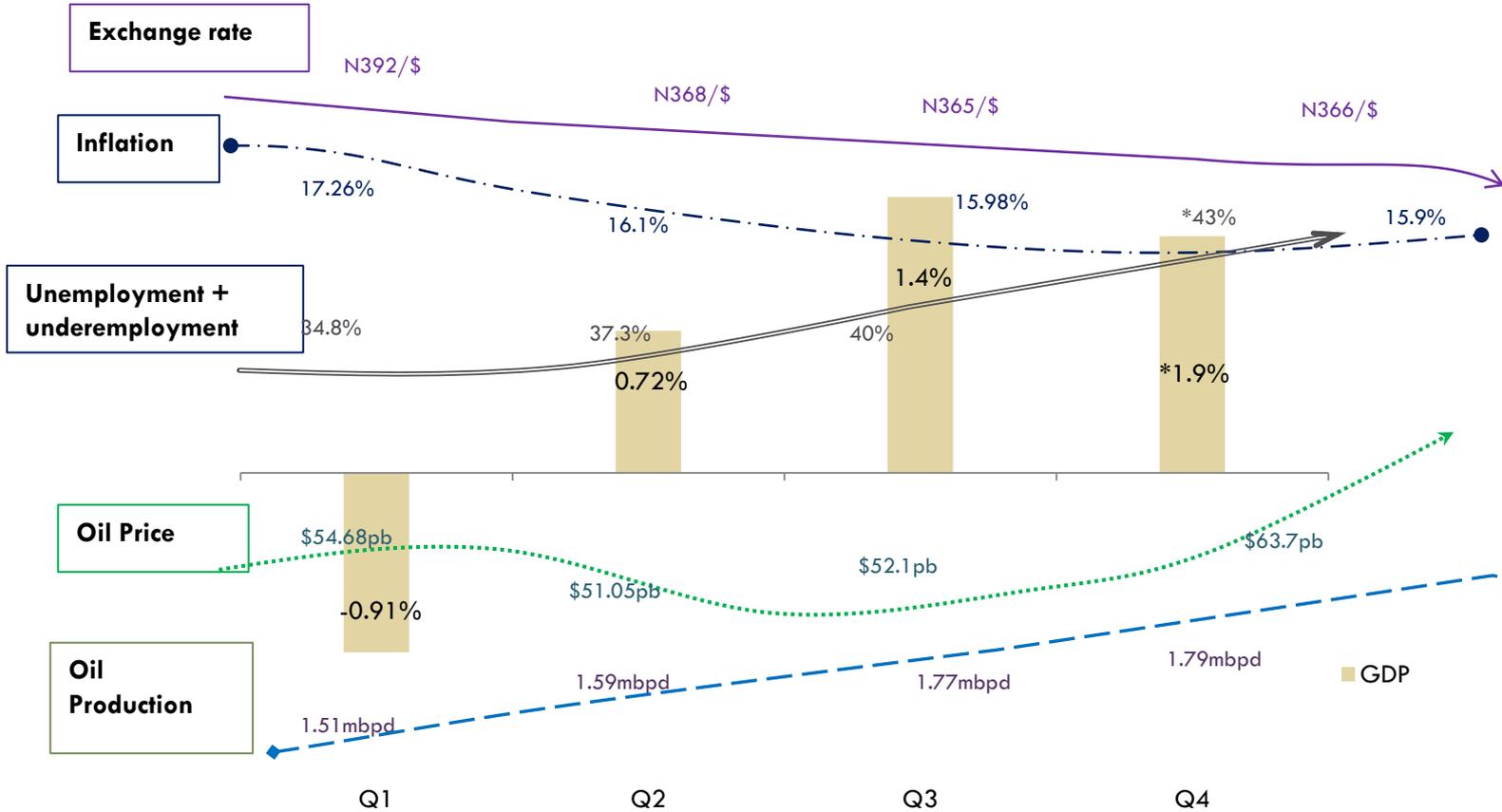
Positive +

Ease of doing business- Up 24 steps
Militancy curbed – Niger Delta
IE window & forex market transparency
War against corruption-lost steam & direction(Long on rhetoric, short on conviction)
Total Nigerian subscribers increased to 146m
Rising unemployment & underemployment
Apapa gridlock
Etisalat failed

Negative -

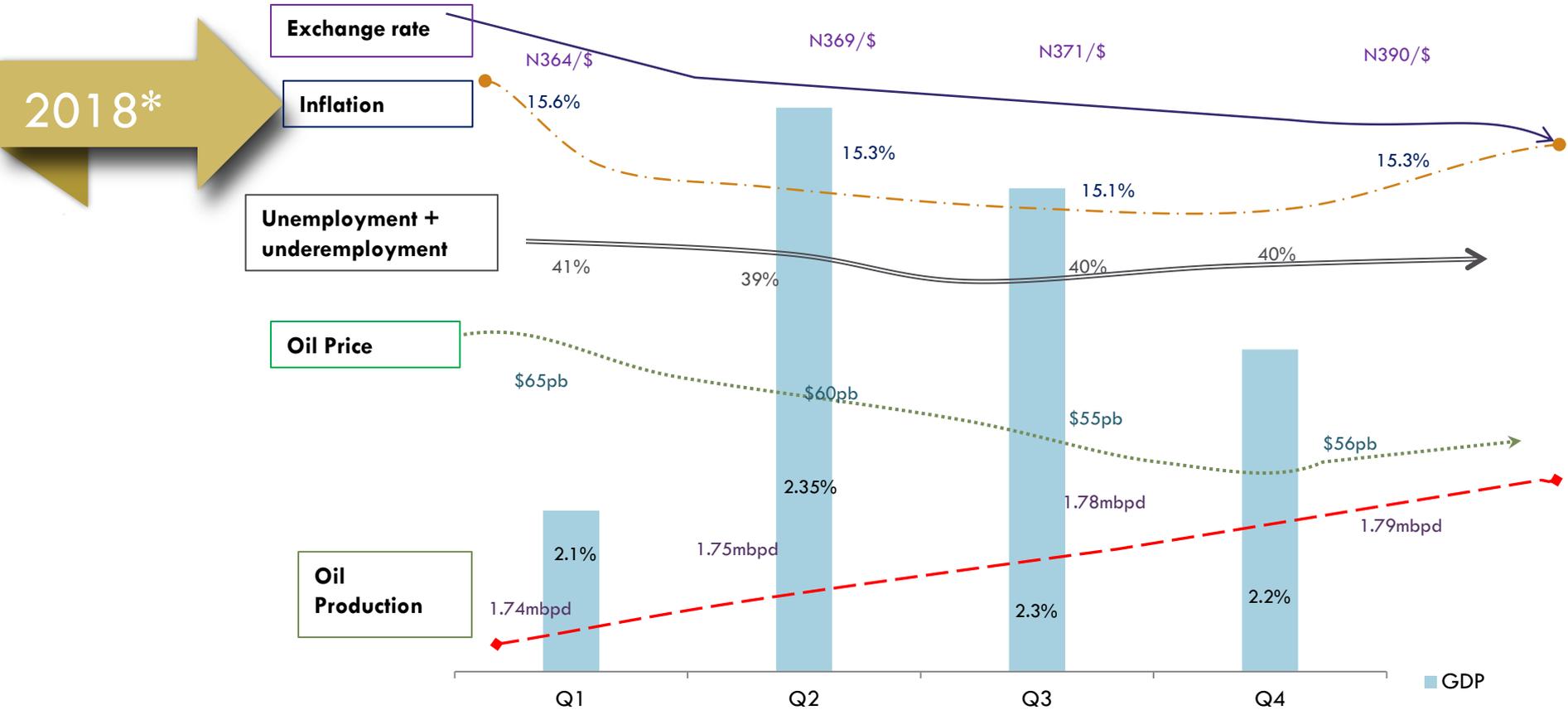
Abuja airport (Disruption cost > Construction costs)
Credit ratings – 2 downgrades, 1 hold

2017 (SPOT THE DIFFERENCE)



2017

2018 (SPOT THE DIFFERENCE)

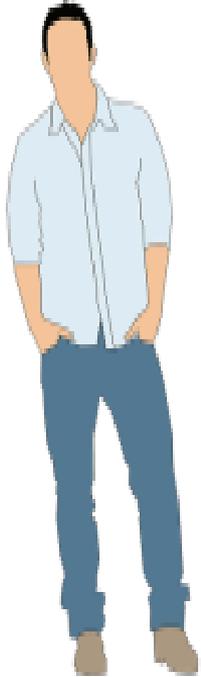


MR. AFFLUENT - NO SHAKING

	Jan'2017	Jan'2018	Change
Transport (Lagos to London return ticket) 	N323,000	N365,000	↑
Mobile Phone 	N190,000	N200,385	↑
Drinks (Champagne) 	N18,000	N20,000	↑
Diesel 	N270/ltr	N195/ltr	↓



MR. AVERAGE – SALARY FLAT & PRICES UP



	Jan'2017	Jan'2018	Change
Transportation (Lagos to Abuja) 	N6,500	N9,000	↑
Air fare (Los-Abj- Los) 	N43,000	N57,000	↑
Soft Drink 	N120	N150	↑
Android Phone 	N80,000	N65,000	↓
School Fees Primary (Corona)	N460,000	N480,000	↑

SURVIVOR - SUFFERING & SMILING

Minimum Wage Review

	2017	2018	Change
Transportation(Lagos to Abuja) 	N3,500	N4,500	↑
Phone 	N4,500	N5,600	↑
Water 	N90/per bag	N100/per bag	↑
Gala 	N100	N100 (reduced beef strip)	↔





PRICE BASKET COMPARISON



	Jan 2017	Jan 2018	change
Palm Oil (25L) 	N16,500	N13,000	↓
Semolina(10kg) 	N3,100	N1,800	↓
Maize (50kg) 	N13,250	N10,000	↓
Tomatoes (50kg) 	N28,000	N8,000	↓
Garri (50kg) 	N15,000	N10,500	↓
Rice (50kg) 	N24,000	N16,000	↓
Flour (50kg) 	N11,000	N9,600	↓
Sugar (50kg) 	N19,000	N16,000	↓
Beans (oloyin)(100kg) 	N22,500	N27,500	↑
Cement (50kg) 	N2,300	N2,500	↑
Average	N15,465	N11,4900	25% ↓

THE WORLD IN 2018



1

Expected hike in Fed rates would be favorable to US banks and tough for Nigeria

4

Higher LNG demand and exports will push down the price of coal

2

Retail in Western Europe dampened by Brexit

5

Electric cars catch on

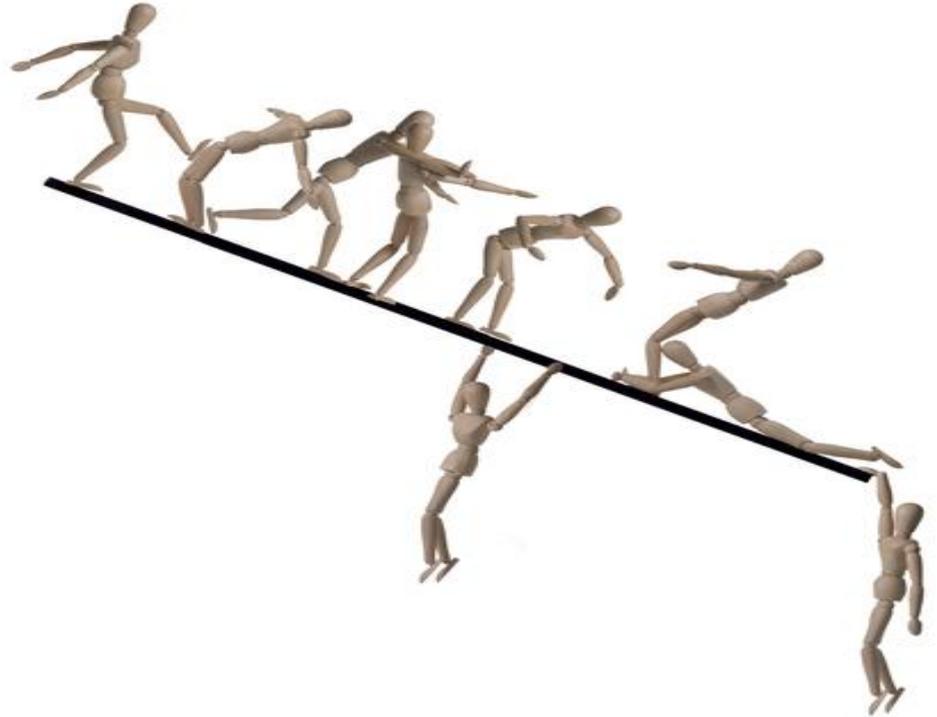
3

Average oil price of \$54pb will cap consumption in oil-rich countries



IMPONDERABLES & VULNERABILITY

- ❖ Electoral Cycle
- ❖ Risk of Middle East tension
- ❖ Insurgency in the Niger Delta
- ❖ Brexit impact
- ❖ Minimum wage review
- ❖ Aggressive tax collection- VAIDS



SUMMARY – 2018 WILL BE BETTER (JUST)

- ❖ Slow but sustainable recovery (GDP growth 2.2%)
- ❖ Minimum wage up – 80% (N32,500)
- ❖ Declining interest rate environment – by 200 basis points
- ❖ Inflation down but up again-14%
- ❖ Fiercely competitive election process- 3 major parties
- ❖ Banking system fragilities and intervention – No crisis
- ❖ FMCG & Conglomerate stock rally

*Thank
you*

