


















Buhari 3.0













Options, Choices & Actions

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Macroeconomic Scorecard

Economic Indicators	2014	2019	2014/ 2019	2021
 GDP (\$'bn)	568.5	482.3		576.5
 GDP growth rate (%)	6.22	1.91		3.4
 Oil Price(\$'pb)	99.26	66.51		65
 Oil Production(mbpd)	1.91	1.75		1.77
 On Grid Power (MW/h)	3,790	4,016		4,200
 External Reserves(\$'bn)	34.47	45.09		54
 External Debt(\$'bn)	9.71	25.27		31.2
External buffers (\$'bn)	24.76	19.08		22.8
 Exchange Rate N/\$	191	361		400

Macroeconomic Scorecard

Economic Indicators	2014	2019	2014/ 2019	2021
 Trade balance (\$'bn)	-6.4	23.5		29.6
 Inflation rate (%)	9.60	11.37		9.2
 Unemployment + Underemployment (%)	29.1	43.2		35
Misery index <i>unemployment+underemployment+inflation</i>	38.70	54.57		44.2
Minimum wage (N)	18,000	30,000		30,000
 Income per capita (\$)	2,726	2,400		2,726

Macroeconomic Scorecard



Social Indicators	2014	2019	2014/2019
Ease of doing business (out of 190)	170	146	
Ease of doing business score	47.33	52.89	
Transparency Index (out of 180)	136	144	
Life Expectancy (years)	52.55	53.43	

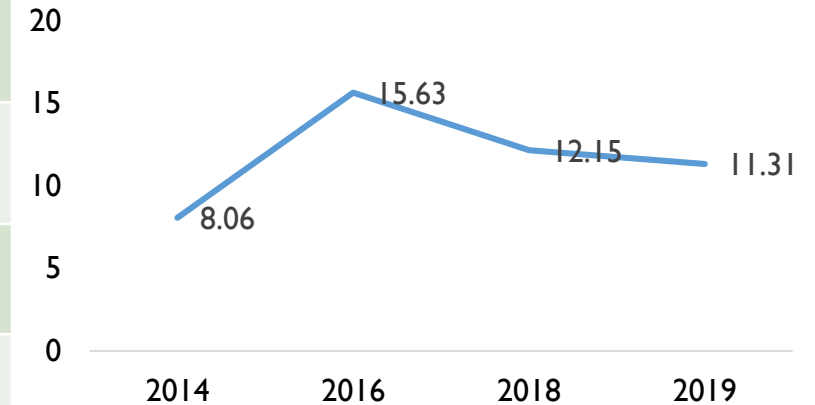
*19 indicators measured:
11 negative
8 positive*

Citizens Scorecard – Suffering but Smiling

Commodities	2014	May'19	% Change (2015/2019)	
Garri	13,500	6,500	52	↓
Rice (50kg)	9,500	15,000	59	↑
Beans (50kg)	14,000	19,000	36	↑
Gala	100	100	-	↔
Palm Oil (25L)	9,000	9,000	-	↔
Tomatoes (50kg)	4,300	18,000	319	↑
PMS (N/ltr)	97	145	49	↑

Source: FDC Think Tank

Average inflation (%)

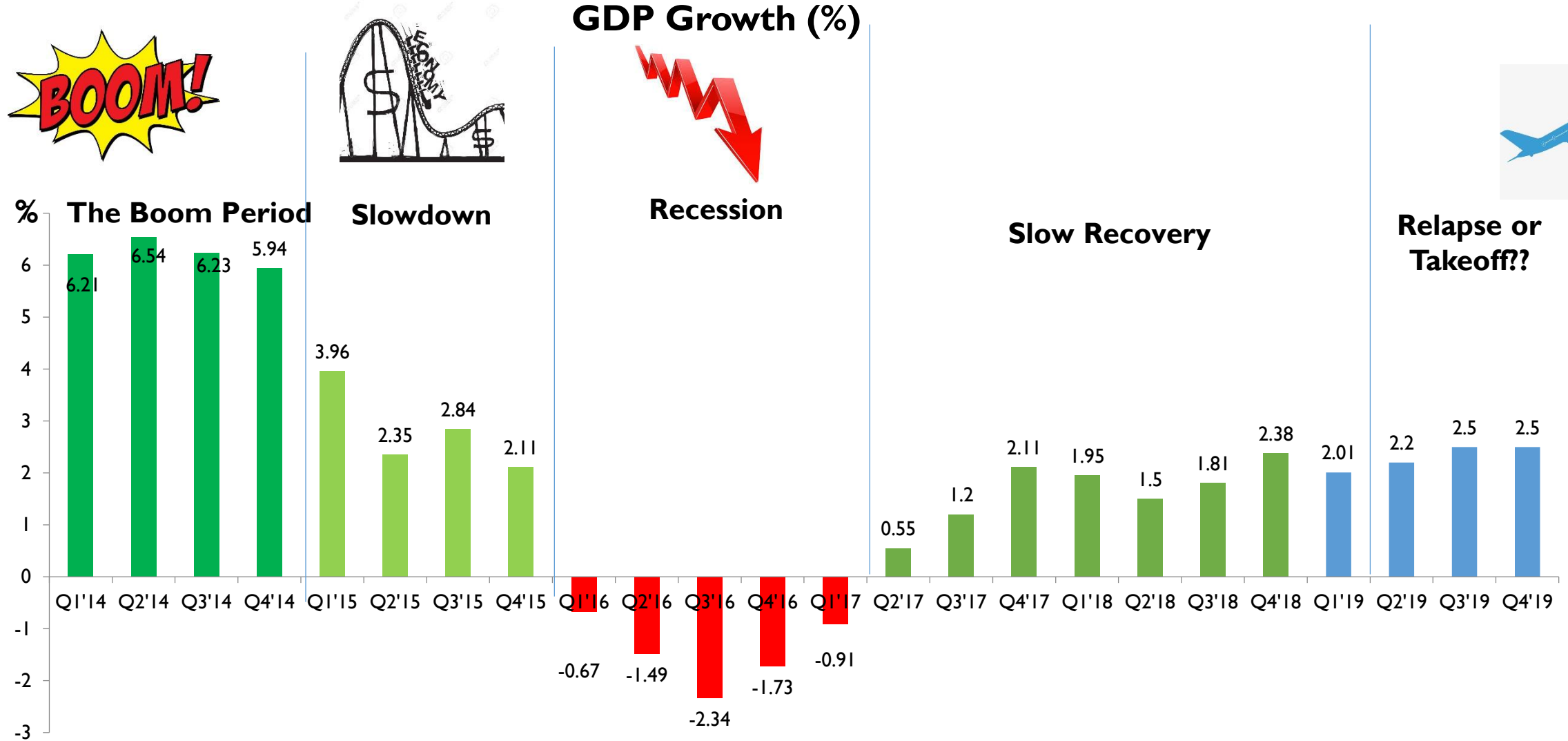


Source: NBS, FDC Think Tank

✓ Headline inflation now at 11.37% (April)

✓ Expected to increase in the coming months

Oil Price Drives Economy



Source: NBS, FDC Think Tank



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What the World Says - IMF

Assessment

- ✓ Economy is recovering
- ✓ Persisting structural and policy challenges
- ✓ Huge infrastructure gap
- ✓ Governance and institutional weakness

Recommendations

- ✓ Stop multiple exchange rates
- ✓ Improve tax collection
- ✓ Stop waivers exemptions
- ✓ Tighten money supply

Outlook

- ✓ Growth to hover around 2%-2.5%



What the World Says - EIU

Assessment

- ✓ Business environment unlikely to improve
- ✓ Weak government institutions to persist
- ✓ Oil revenue likely to underperform
- ✓ Current account will record thinner surpluses

Recommendations

- ✓ Increased government spending on priority areas
- ✓ Boost tax compliance and widen tax net
- ✓ Market-oriented reforms

Outlook

- ✓ Economic performance will pick up moderately
- ✓ Business reforms unlikely to be sufficient



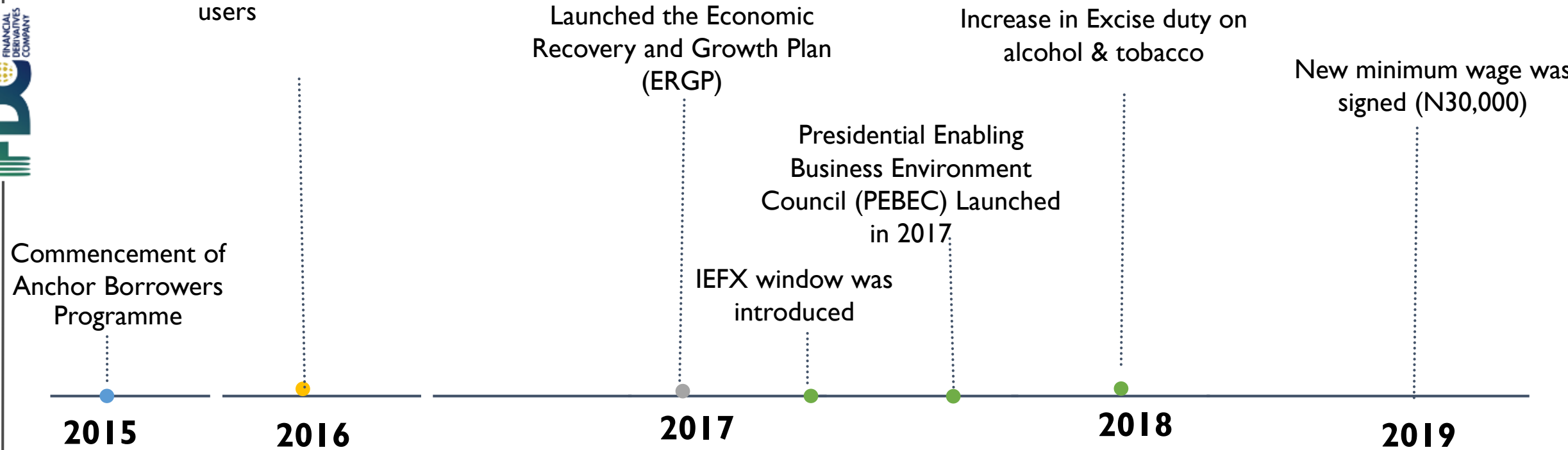
The
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INTELLIGENCE
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Buhari 2.0: Policy Trends & Inconsistencies



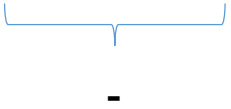
- 9 banks banned from forex trading
- 9% Communication tax on end users



GDP: Catalyst Needed = Investment Multiplier

$$(2015)Y = C + I + G + X - M$$

\$493.8bn \$388.0bn \$73.2bn \$29.3bn



$$(2019)Y = C + I + G + X - M$$


\$482.3bn \$386.7bn \$66.3bn \$22.0bn





$$(2023)Y = C + I + G + X - M$$

\$550bn \$423.9bn \$88.7bn \$24.7bn





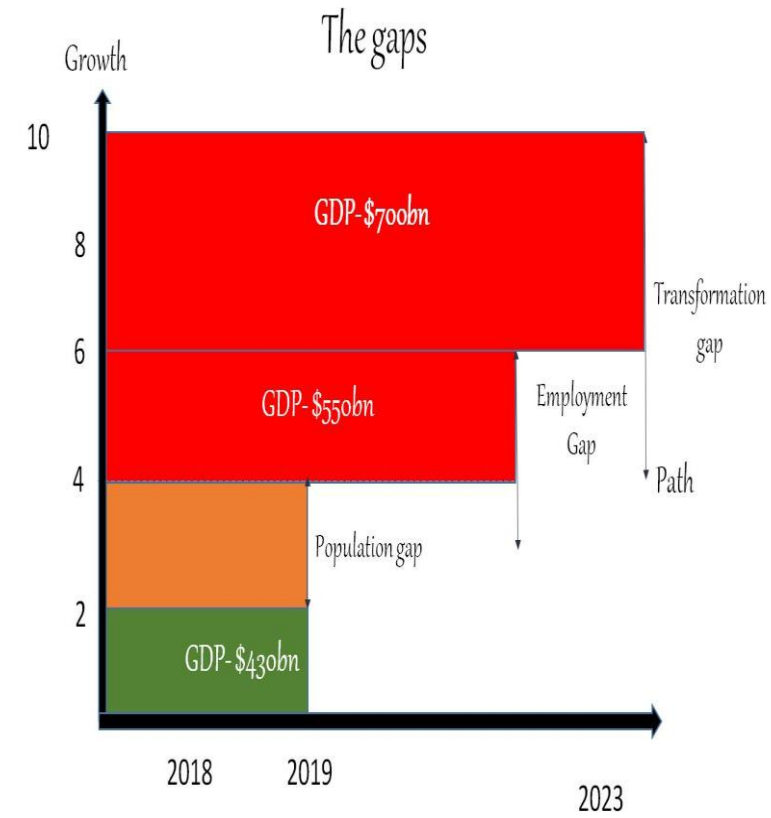
Buhari 3.0: New Agenda (Old Wine in Old Bottles?)



The leopard must change its spots

✓ Challenges to address:

- ✓ Recessionary gap is 1% - Nigeria still at risk of another recession
- ✓ Sub-optimal investment level (\$66.3bn – 2019)
- ✓ Vulnerability to exogenous shocks
- ✓ Depleting external buffers



The Must Do's

- ✓ Sign the African Continental Free Trade Area (AfCFTA)
- ✓ Forex convertibility
- ✓ Reduce subsidies gradually
- ✓ Investment in road and rail transport
- ✓ Airport concessioning
- ✓ Block leakages
- ✓ Simplify tax administration





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The May Do's

- ✓ Unification of exchange rates to facilitate trade flows
- ✓ Lease/sale of idle assets
- ✓ Convert power sector loans to equity
- ✓ Shift subsidies from wasteful consumption to critical social infrastructure (health, education)

The Will Not Do's

- ✓ Remove subsidies completely
- ✓ Sell refineries
- ✓ Restructure the forex market



Outlook – Muddle through or Take off??

- ✓ President's first official duty would be his cabinet choice
- ✓ Key appointments to be finalised in June
- ✓ Portfolio and personality changes but policy continuity
- ✓ Execution of policy and response to shocks will be the major challenge
- ✓ Inflationary pressures to persist (liquidity, cost push factors)
- ✓ Unemployment to increase to 25%-28%
- ✓ Likely VAT and excise duty adjustments



*Thank
you*

