

# Lockdown fatigue + Economic Anxiety



Social Unrest

*Presented by Bismarck Rewane*

*CEO, Financial Derivatives Company Ltd.*

*June 3<sup>rd</sup>, 2020*



The recession is  
cutting growth



“The first cut is  
the deepest”

*- Rod Stewart*

# May is the Month!!!



# Outline

May Highlights



Global & Regional  
Economies



Domestic Economy &  
Business Proxies



Policy Response



Sector Review



Outlook for July







# May Highlights

# May Highlights

- ✓ Pandemic fatigue takes its toll on consumer confidence
- ✓ GDP growth numbers surprise to the upside +1.87%



Countries	GDP (%)	Inflation (%)
Nigeria	1.87	12.34
South Africa	0.5	4.1
Kenya	5.5	5.47
Ivory Coast	7.5	2.3

**Nigeria  
not  
alone**

# Of the 46 activities



**9 outperformed GDP growth (>1.87%)**

Average growth: **+6.3%**



**37 underperformed GDP growth (<1.87%)**

Average growth: **-5.07%**

# May Highlights

✓ Nigeria revises budget for the second time in 4 months



✓ Revised benchmark oil price to \$28pb but limited change in expenditure to N10.51trn



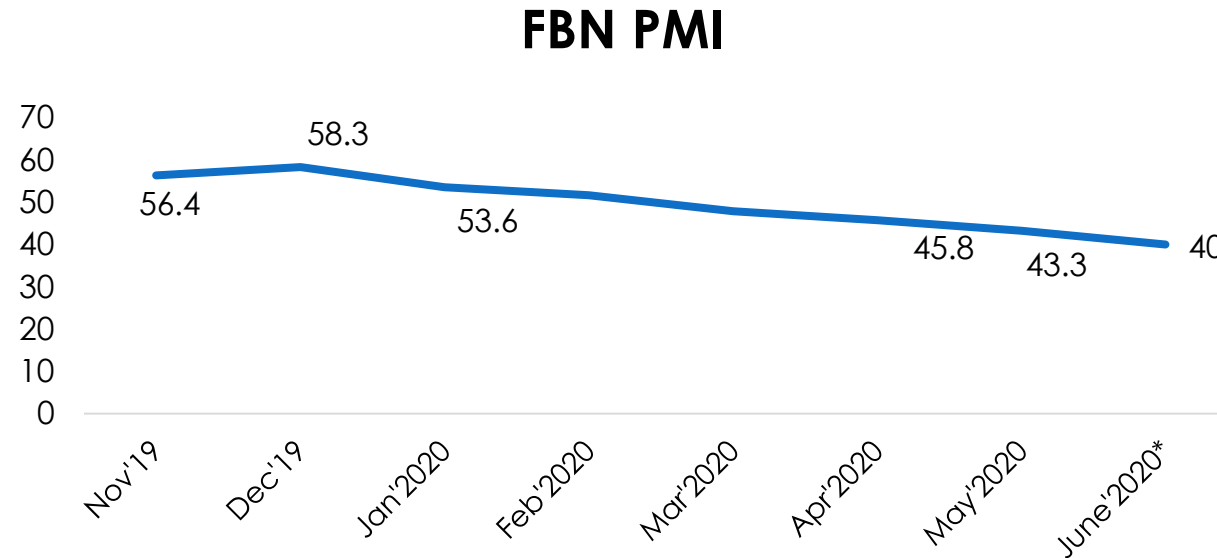
✓ Fiscal deficit to widen to N5.365 trn & 3.7% of GDP





# May Highlights

- ✓ The PMI contracted further to 43.3 points in May
- ✓ A continuation of a trend that started in January



# May Highlights

- ✓ Inflation jumped but only marginally by 0.08% to 12.34% in April
- ✓ Core and food inflation, the major culprits, rose to 9.98% and 15.03%
- ✓ FAAC for the month of May fell 22.37% to N606.2bn
  - ✓ Despite the favorable exchange rate of N360/\$ and higher VAT collection of N900bn
- ✓ CBN lifted the embargo on cheque clearing
- ✓ Money supply growth was stunted at 7.2%



# May Highlights

- ✓ Average power output in May was 4,147MW, 1.2% lower than April
- ✓ Total external debt jumped to \$31 bn
- ✓ External reserves now at \$36.58bn
- ✓ Forex sale rationing & IMF loan helped to push up the reserves
- ✓ Average sales in the IE window dropped in May



# May Highlights

✓ The CBN maintained multiple rates

✓ N360/\$ - Official

✓ N389/\$ - IE window

✓ N455/\$ - Parallel

✓ Pledged to unify exchange rates in the request letter to the IMF

✓ The deviation of the exchange rate from the parallel market has increased from N360/\$ - N455/\$



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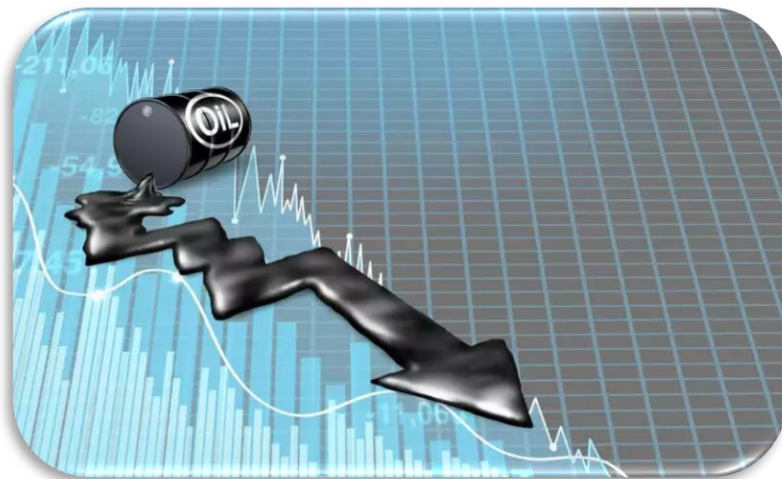
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APPLICATIONS





# Oil Market

The average oil price in May increased by 21.7% to \$32.41pb



The NASS has reviewed the benchmark price upwards to \$28pb and reduced the production benchmark to 1.8mbpd

Current Brent price is now ~\$39pb

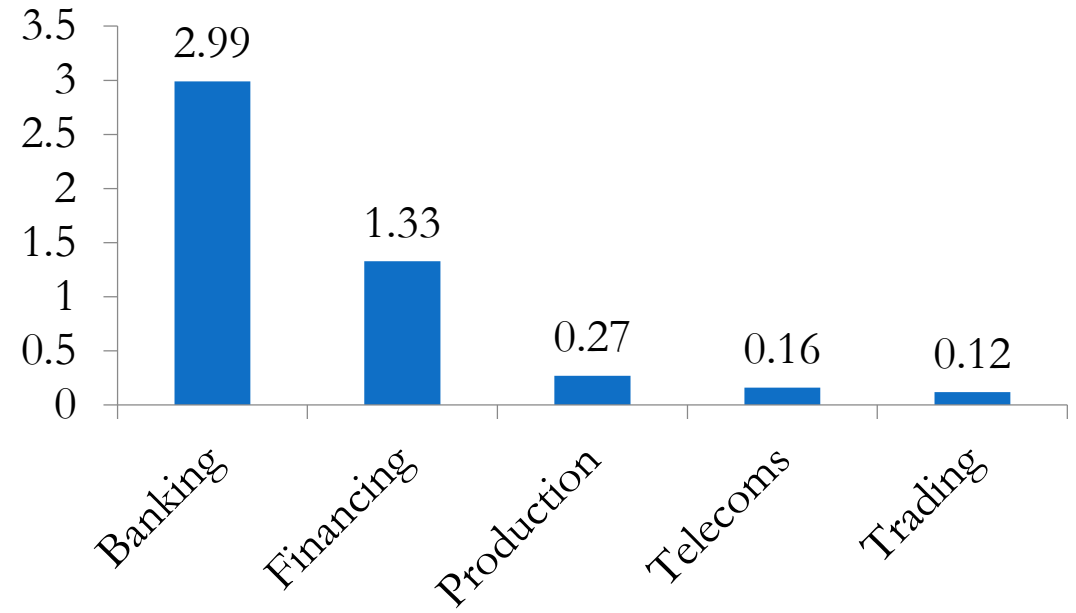


# Q1 Capital Inflows Up 53.97% to \$5.85bn (FP1s)

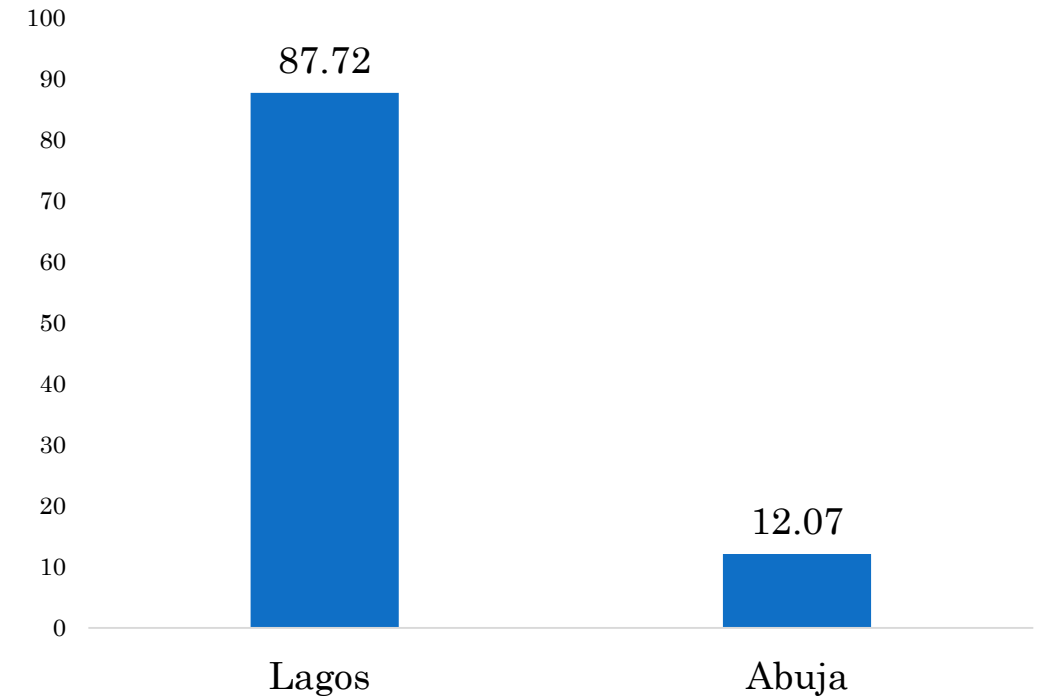
- ✓ Capital importation increased by 53.97% to \$5.85bn in Q1 '20
- ✓ Banking sector accounted for more than 50% of total capital inflow (51.8%)



**Largest Recipient of Capital flows (\$bn)**



**Inflows by states (% of total)**



# Multidimensional Poverty

- ✓ The MPC shocked the market by dropping the MPR by 100bps to 12.5% pa
- ✓ The multidimensional poverty map showed Sokoto with the highest level
- ✓ Lagos has the lowest



**Top 5 states – the poorest (church rats)**

States	Poverty Rate (%)
Sokoto	87.73
Taraba	87.72
Jigawa	87.02
Ebonyi	79.76
Adamawa	75.41

**Top 5 states – the richest poor**

States	Poverty Rate (%)
Lagos	4.5
Delta	6.0
Osun	8.5
Ogun	9.3
Oyo	9.8



# *Global Developments*

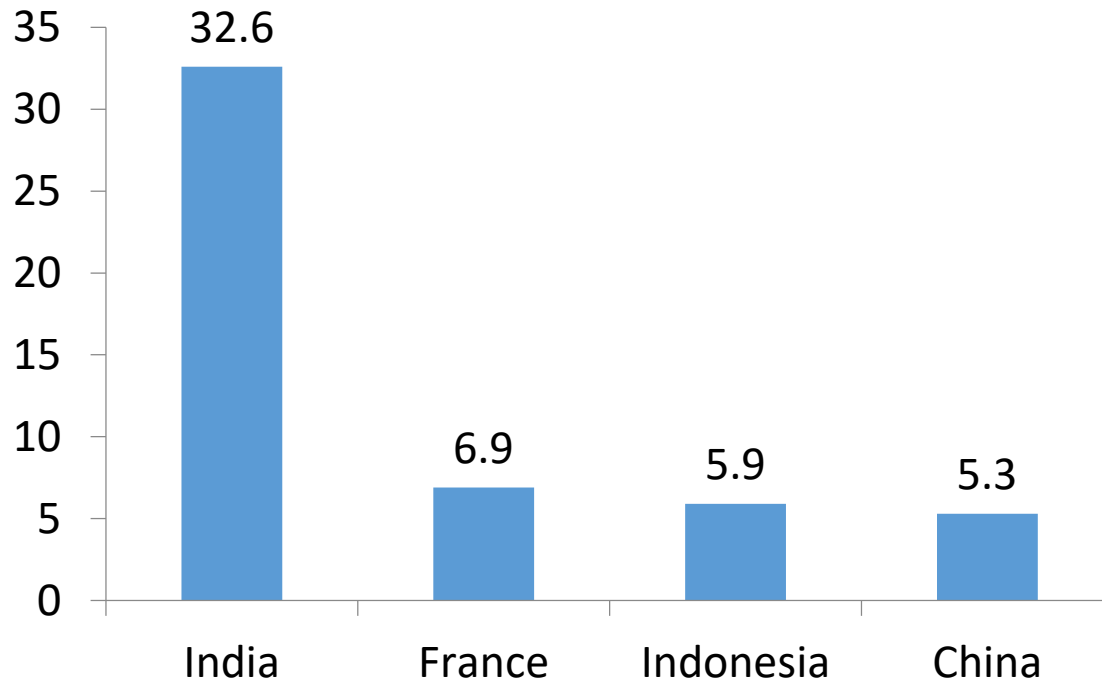
# Global Economy will Struggle to Achieve a V-shaped Recovery

- ✓ The global economy is currently undergoing a transition towards a 'new normal' – **Richard Martins**
- ✓ The economic fallout from the COVID-19 crisis continues to deepen
- ✓ The global economy will struggle to achieve a V-shaped recovery in 2021
- ✓ Economic growth could be stalled by the 2<sup>nd</sup> wave of the virus
- ✓ The average debt-to-GDP ratios have exceeded most sustainability thresholds
- ✓ Global GDP is projected to dip to -3% in 2020

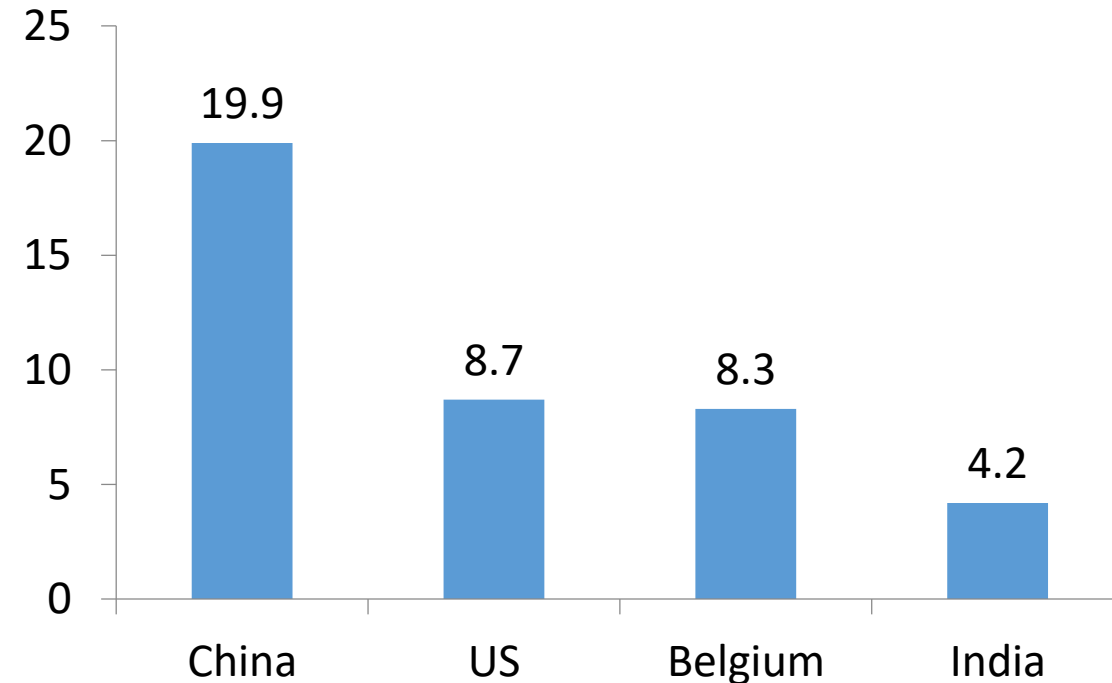
# Nigeria's Trading Partners are Facing Mixed Outcomes

- ✓ Nigeria's trading partners are facing mixed outcomes

## Top Export (Destinations)



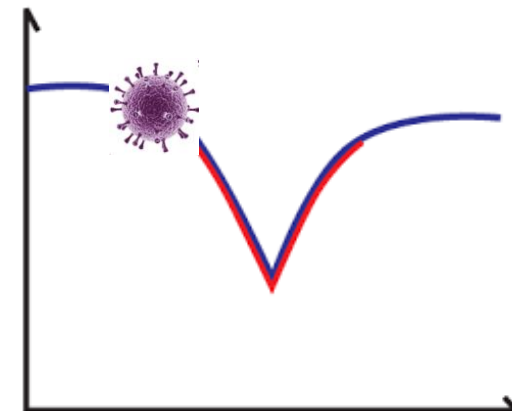
## Top Imports



Source: EIU

# US will have a V-shaped Recovery

- ✓ US will slide into a recession but will have a V-shaped recovery
- ✓ The US debt and fiscal deficit have maxed out
- ✓ Job claims increased by 2.12mn to over 40mn
- ✓ Unemployment rate at a historic high of 14.7%
  - ✓ Could cross the 20% threshold in the coming months
- ✓ Inflation eased to 0.3% in April from 1.5% in March
- ✓ The dollar index against a basket of six major currencies fell 5% to 97.44
  - ✓ Weakest since mid-March





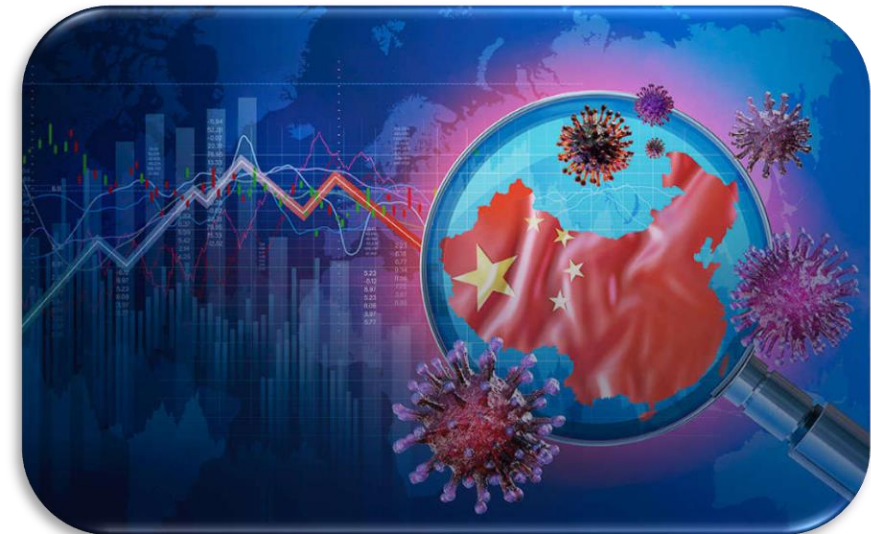
# China will Bounce Back But Recovery will not be V-shaped

- ✓ China will bounce back and will not go into negative growth
- ✓ It will impact its enthusiasm and ability to provide lending, aid and investments in SSA
- ✓ Chinese strategy will likely be to complete projects in aviation, rail, roads and power that are viable
- ✓ Imports from China will be cheaper
- ✓ China has a market share of 19.9% of Nigerian imports

# China will Bounce Back But Recovery will not be V-shaped

- ✓ Import bill for 2020 = \$36bn, down 41% from \$62bn
- ✓ Chinese exports to Nigeria in 2020 will be \$6.8bn
- ✓ Yuan is down 3.6% in value this year

2020 Real GDP Growth (%)	1.2
Unemployment (%)	6.0 (Apr'20)
Inflation (%)	3.3 (Apr'20)
Confirmed cases	83,021
Total deaths	4,634



# The Unity of the EU will be Put to the Test

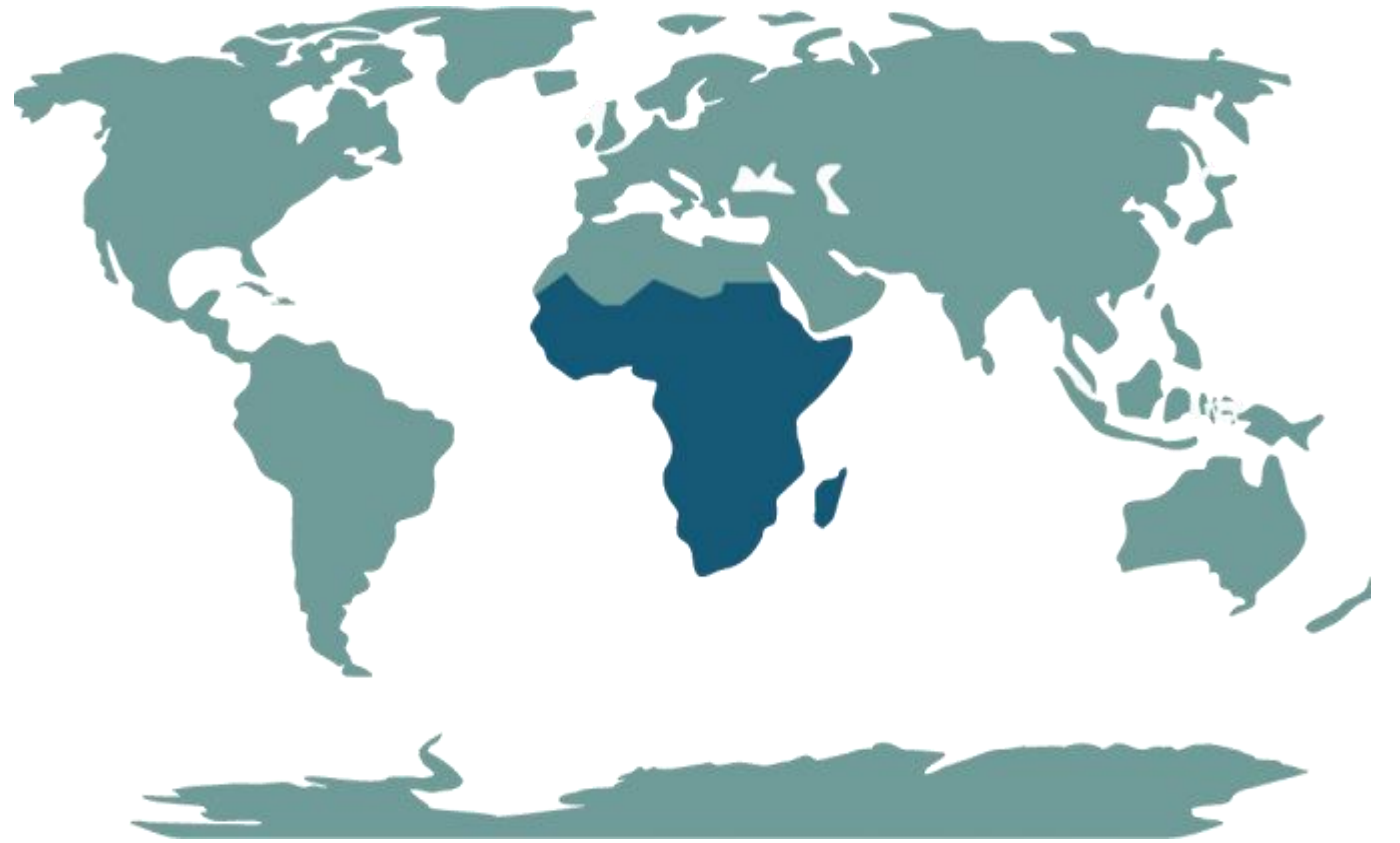
- ✓ EU is bifurcated
- ✓ Northern Europe – France, Germany, Netherlands – average debt-to-GDP ratio of 65%
- ✓ Southern Europe – Italy, Portugal & Spain – Debt-to-GDP of approx. 150%
- ✓ The unity of the EU will be put to the test even as Brexit talks run into hitches or postponement
- ✓ Nigeria's trade and remittances will be affected as unemployment skyrockets

# India

- ✓ The launch of electric cars to slow down oil demand
- ✓ Moody's downgraded India's long-term foreign-currency credit rating to Baa3 from Baa2
- ✓ In line with S&P and Fitch Ratings of BBB-



2020 Real GDP Growth forecast(%)	1.9
Unemployment (%)	7.8 (Apr'20)
Inflation (%)	5.84 (Mar'20)
Confirmed cases	209,611
Total deaths	5,845



# *Sub-Saharan Africa*



Creating One African Market



- ✓ AfCFTA will be postponed till 2021
- ✓ The single market open skies agreement

- ✓ Ethiopia Airlines will remain in business, but margins could squeeze
  - ✓ While South African Airways and Kenya Airways will struggle





# Partnership

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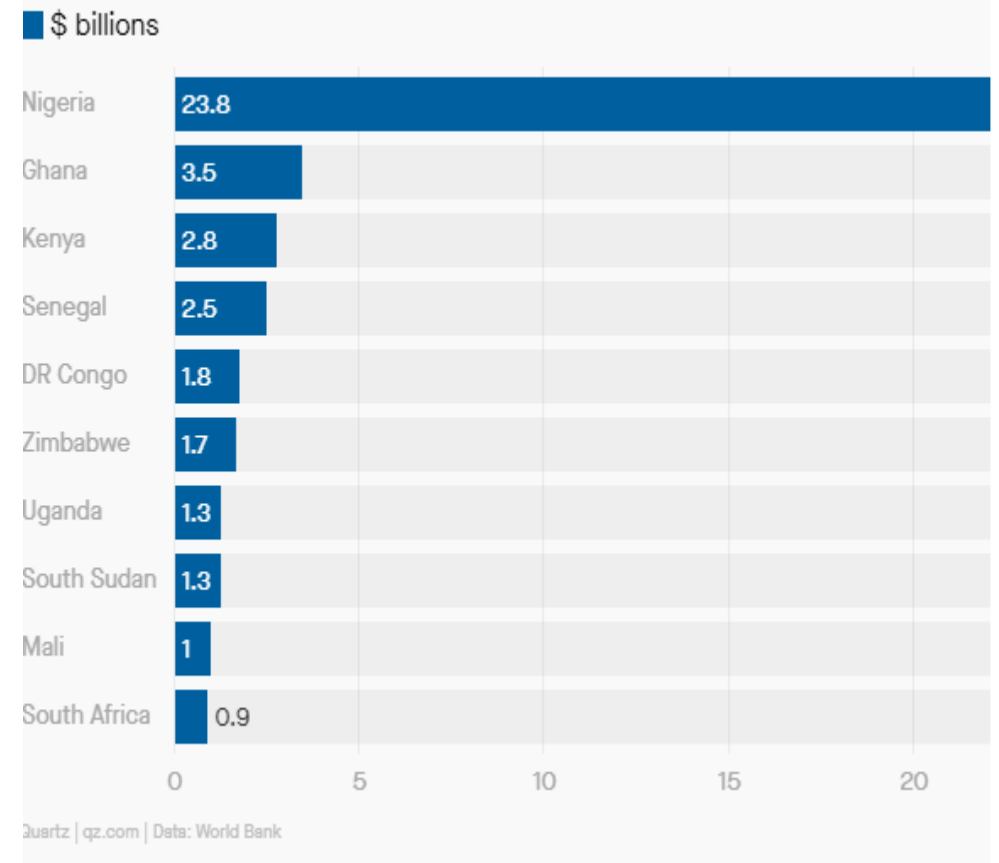
# SSA: Diaspora Remittances to Slow Significantly

- ✓ Lower diaspora remittances and trade flows to SSA
- ✓ As migrants lose their jobs to the global economic shutdown
- ✓ Remittances to SSA are projected to plummet by 23.1% to \$37bn in 2020
- ✓ From \$48bn in 2019
  - ✓ 2.16% of GDP
- ✓ Diaspora remittances into Kenya increased by 6.2% to \$707.3mn
  - ✓ Likely to reverse in Q2

# SSA: Highest Recipients of Remittances in 2019

- ✓ Remittances are a major source of foreign exchange earnings for the SSA region
- ✓ COVID-19 will hit twice as hard on low and middle income economies
- ✓ As it affects both the recipient and host countries
- ✓ Nigeria was the highest recipient of remittance flows in 2019

Nigeria was the highest recipient of remittances in 2019



# SSA: Top Remittance Host Countries

- ✓ Countries with the highest number of African migrants are all in a recession, except for China

	2020 GDP Growth Projections (%)	Unemployment (%)	Inflation (%)
US	-5.9	14.7 (Apr)	0.3
France	-7.2	7.8	0.2
UK	-6.5	3.9	0.8
China	1.2	5.8	3.3

Source: IMF, Trading Economics

- ✓ These economies are a source of more than half of the total remittances to SSA

# Domestic Economic Performance



# Leading Economic Indicators - Output

Source: CBN, NBS, EIU, OPEC, FBNQuest

\*: FDC's forecast



LEI	Apr'20	May'20	% Change	Comments	June' 20*
GDP Growth (%)	1.87 (Q1'20)	-2.50* (Q2'20)	-4.37	Slowdown in economic activities to result in negative growth	-1.90 (Q3'20)
Inflation (%)	12.34	12.50*	0.16	Reflective of panic buying and restrictions in movements	13.00
Oil Production (mbpd)	1.84	1.78	-3.26	Russia plans to ease supply cuts in July	1.40
Oil Price (\$pb; avg)	26.63	32.41	21.70	Pick up in oil prices on persistent output cuts	35-40
Power (MW; avg)	4,099	4,147	1.17	Gas remains the major constraint to power generation	4,200
PMI (FBN):	45.80	43.30	-5.46	Higher cost and poor access to raw materials disrupted production levels	40.00

# Leading Economic Indicators - Markets

Source: CBN, NBS, NSE, FMDQ, EIU, \*: FDC's forecast

LEI	Apr'20	May'20	% Change	Comments	June ' 20*
Primary T-Bills (%): 91-days	2.51	2.45	-0.06	Rates to remain low on high levels of liquidity in the system	2.40
Average Opening Position (N'bn)	541.85	370.02	-31.71	Reduced intervention by the CBN	400-450
External Reserves (\$bn; month-end)	33.52	36.59	9.16	Accretion of reserves on IMF loan drawdown	38-39
Exchange Rate (N/\$; month-end): Parallel	470	460	-2.13	Increased volatility barring any improvement in forex supply	450 - 460
Stock Market Cap (N'trn)	12.00	13.17	9.75	Market gained as more companies resume operations	14

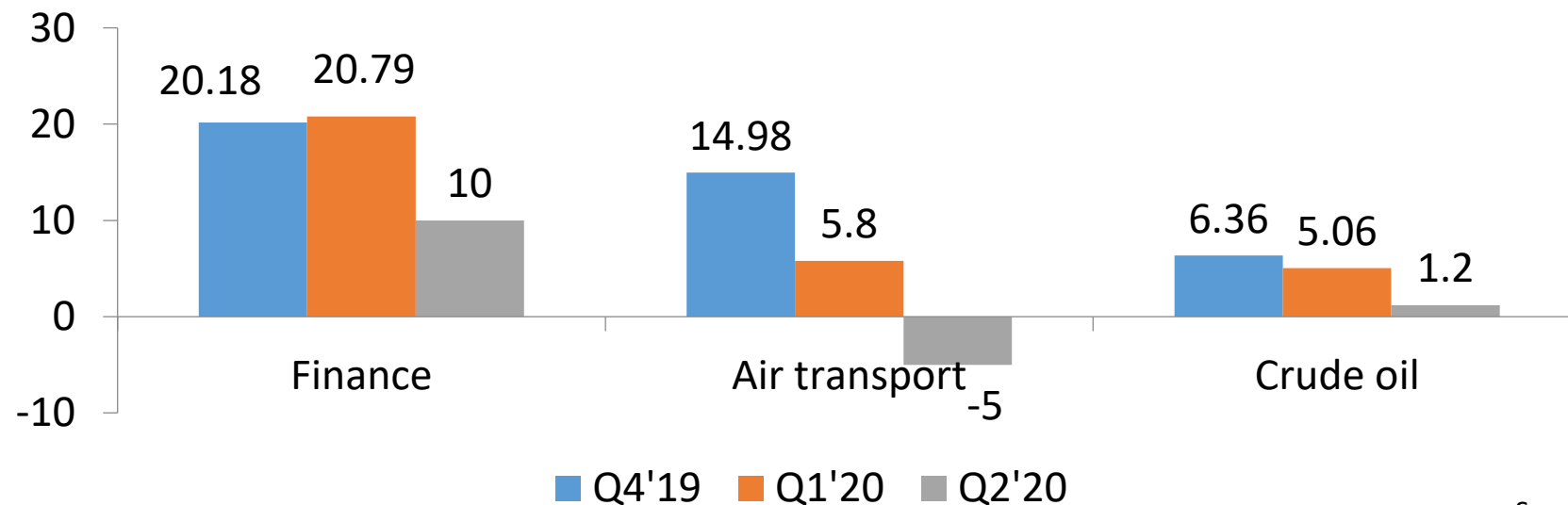


# LEIs

- ✓ The LEIs are mostly negative as to be expected
- ✓ Consistent with SSA and Global trends
- ✓ Based on extrapolation and consensus estimate, GDP will be negative in Q2 (-2.5%)



- ✓ Using Q1, fastest growing sectors are sensitive to lockdown



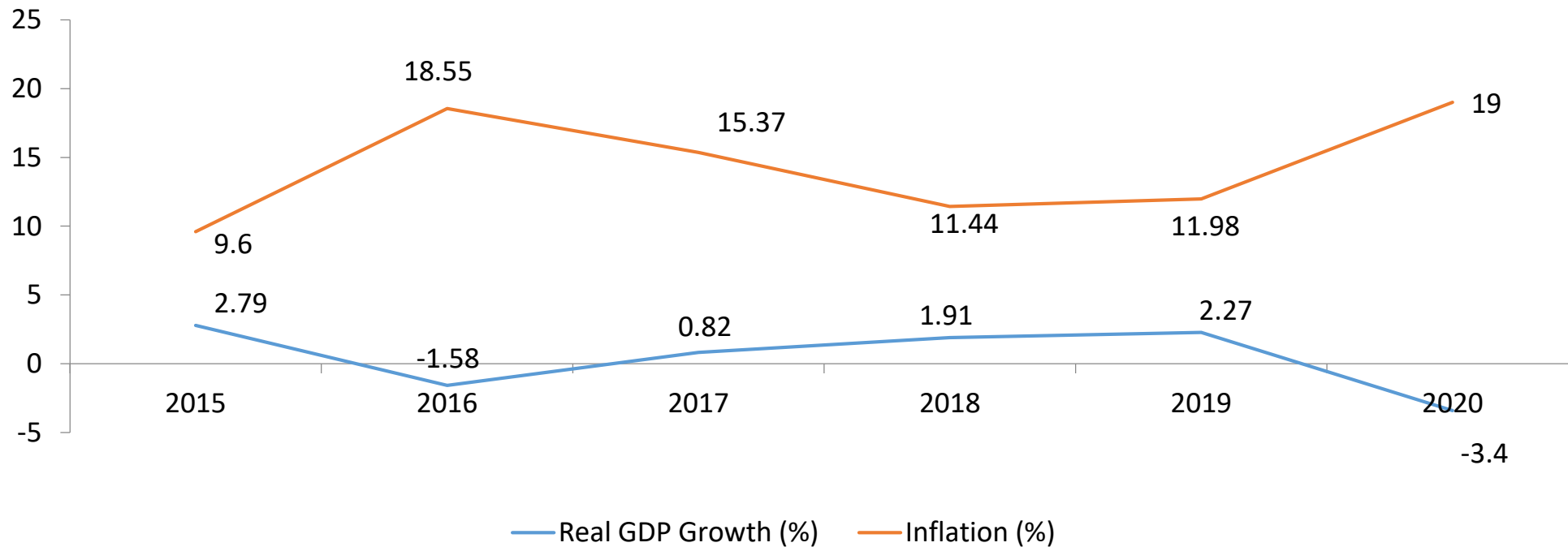
# GDP Growth Outlook – When will a Recovery Start?

	IMF	CBN	FDC
Contraction	-3.4%	???	-2.5%
Recovery	2021	Q3'2020	Q1'2021



# Inflation Problem - Stagflation

- ✓ Nigeria is going through a treacherous phase of stagflation
- ✓ A potent combination of slowing growth and rising inflation





# Market Proxies

# Business Proxies – Pointing Towards a Downturn



	April	May	% Change	Comments
FBN PMI (end)	45.8	43.3	-5.46	Lowest since January 2016 (44.6points)
Oil Rig Count	21 (March)	16	-23.81	Low investment to weigh on activities in the oil sector
Ships Awaiting Berth (Lagos Port)	31	31	-	Inventory build up
Vacancy Factor	24 (Q4'19)	24 (Q1'20)	-	To increase as consumer disposable income dwindles
Avg Power (MWH/h)	4,099	4,147	1.17	Average output above 4,000MWh/hour

Source: FBNQuest, Baker Hughes, FDC Think Tank

# FAAC Disbursements Fall to N606.2bn

✓ FAAC allocation drops by 22.37% to N606.2bn

✓ On sharp decline in

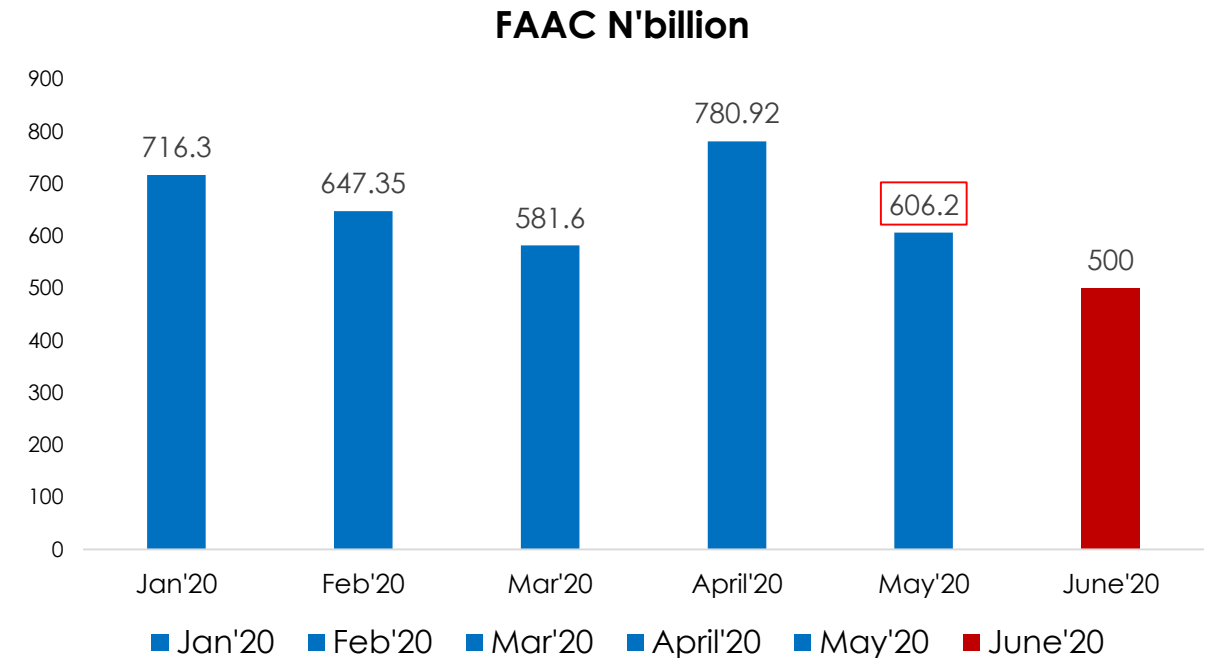
✓ Oil revenues

✓ Petroleum profit tax

✓ Import and excise duties

✓ Corporate income tax

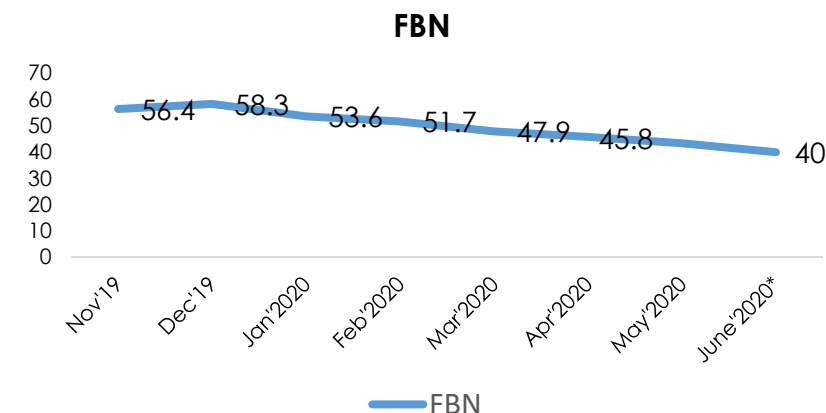
✓ VAT



Source: NBS, FDC Think Tank

# FBN PMI Slides to 43.30 points in May

- ✓ PMI reading contracts by 5.46% to 43.30 points
- ✓ Sixth consecutive monthly decline
- ✓ All five sub-indices are negative
- ✓ Significant fall in the production level index
  - ✓ On higher costs and limited access to raw materials
- ✓ Lowest reading since January 2016 (44.6 points)
- ✓ In 4 out of 5 years PMI declined between March & April
- ✓ 2017 was an outlier – recovery from recession



5-Year Trend in PMI Reading			
Year	March (points)	April (points)	Change (%)
2016	54.40	46.50	-14.52
2017	52.80	58.90	+11.55
2018	59.40	51.00	-14.14
2019	56.90	56.80	-0.18
2020	47.90	45.80	-4.38



# FBN PMI Outlook

- ✓ PMI reading could contract to 40 points in June
- ✓ Due to a slowdown in manufacturing activities
  - ✓ As companies comply with social distancing measures
  - ✓ At most 75% staff strength
- ✓ Recovery would start in July/August
  - ✓ On gradual pick up in production levels
  - ✓ If relaxed lockdown persists
  - ✓ Daily infected cases decline

# Ships Awaiting Berth



- ✓ Lockdown triggered a 25% drop in cargo traffic
- ✓ Clearing delay increases demurrage charges for cargo owners
- ✓ 31 ships await berth at Lagos seaport – mostly refined petroleum products
- ✓ Apapa APM terminals invest \$80mn in facility upgrade

Sea port	Number of vessels awaiting berth
Lagos – Apapa	10
Lagos - Tincan	21
Calabar	4
Rivers	6

# E-payments Down in January 2020

	Value (N'bn)	Change in Value (%; m-o-m)	Change in Volume (%; m-o-m)
Cheques	367.77	6.09 ↓	3.65 ↓
POS	313.43	15.90 ↓	10.48 ↓
NIP	10,299.62	4.07 ↓	12.03 ↓
NEFT	1,147.46	7.39 ↓	30.84 ↓



- ✓ Value and volume of e-payments moved in the same direction in January compared to December 2019
- ✓ Reflecting lower online transactions in January
- ✓ Online payments and transactions will likely be higher in subsequent months due to skeletal on-site bank operations
- ✓ Obsolescence of cheque transactions to persist

# Power Sector - Nigerians Will Pay More for Electricity in July



**5296MW**

Peak Energy  
Generated



**4147MWH/H**

Average Energy  
Generated



**No Data**

Average Gas  
Delivered to Plants



**0**

Total Grid  
Collapses

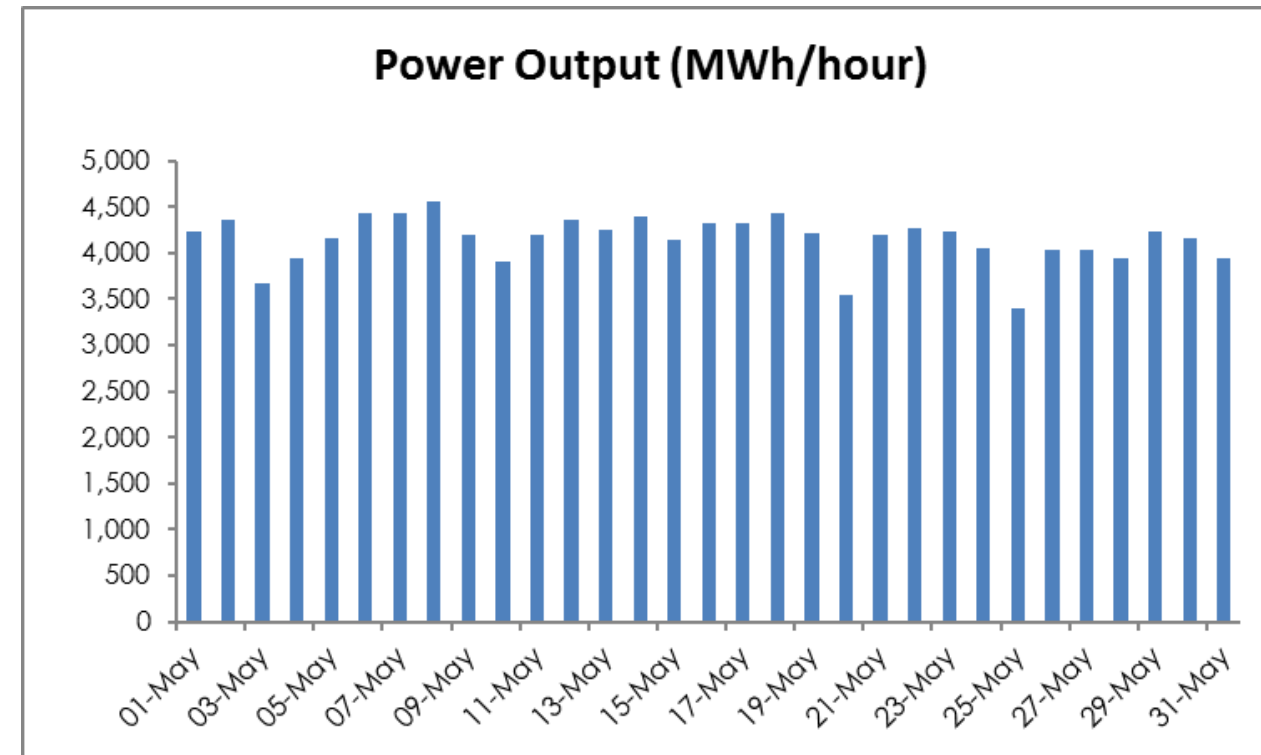


**4140MW**

Average  
constrained  
energy



- ✓ Average power output above 4000MW/hr
- ✓ Raining season to boost hydro-power generation
- ✓ New electricity tariff hike takes effect July 1



Source :Lavayo

# Power Sector News



- ✓ Nigerians will pay higher electricity tariffs, FG promises IMF
- ✓ Power sector loses N57bn to gas, grid constraints in 30 days
- ✓ Nigerian households spent N2trn on fuel, electricity in 2019 – NBS
- ✓ Discos lose N366bn to tariff hike postponement
- ✓ Oil crash threatens Nigeria's gas flaring reduction
- ✓ Buhari approves Nigeria/Siemens electricity deal funding
- ✓ FEC okays N47bn to boost electricity
- ✓ 55MW power plant set for test run in Edo





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*Policy Response*



# Monetary Response – MPR Down by 100bps

- ✓ MPC adopted a more accommodative stance at its last meeting
  - ✓ MPR cut from 13.5%pa to 12.5%pa
- ✓ Tough choice between output recovery and price stability
- ✓ Rate cut could exacerbate inflationary pressures in coming months
- ✓ Nigeria is not alone:



	Benchmark interest rate (% pa)	
South Africa	3.75	↓
Ghana	14.5	↓
Uganda	8.0	↓
Zambia	9.25	↓

# History of Rate Cuts in Nigeria



**Last rate cut:  
March 2019**



**Impact: Mute**



**Purpose of MPR**

- Signaling
- Anchor Expectations

# Fiscal Response – 2020 Budget Revised to N10.51trn

- ✓ 2020 budget cut by 0.76% to N10.51trn from the initially approved N10.59trn
- ✓ Steep decline in oil price and increased healthcare spending necessitated a revision
- ✓ Fiscal deficit to widen to N5.365trn (3.7% of GDP)
- ✓ To be financed by local and external borrowing






# *Stock Market Review*

# Nigerian Stock Market in May

✓ Market cap  9.77% to N13.17 trillion

✓ NSE ASI  9.76% to 25,267.82

✓ 13 days positive, 5 days negative

✓ P/E  10% to 7.8x

✓ Negative market breadth of 4.79x

✓ 67 stocks gained

✓ 82 stocks remained neutral

✓ 14 stocks lost

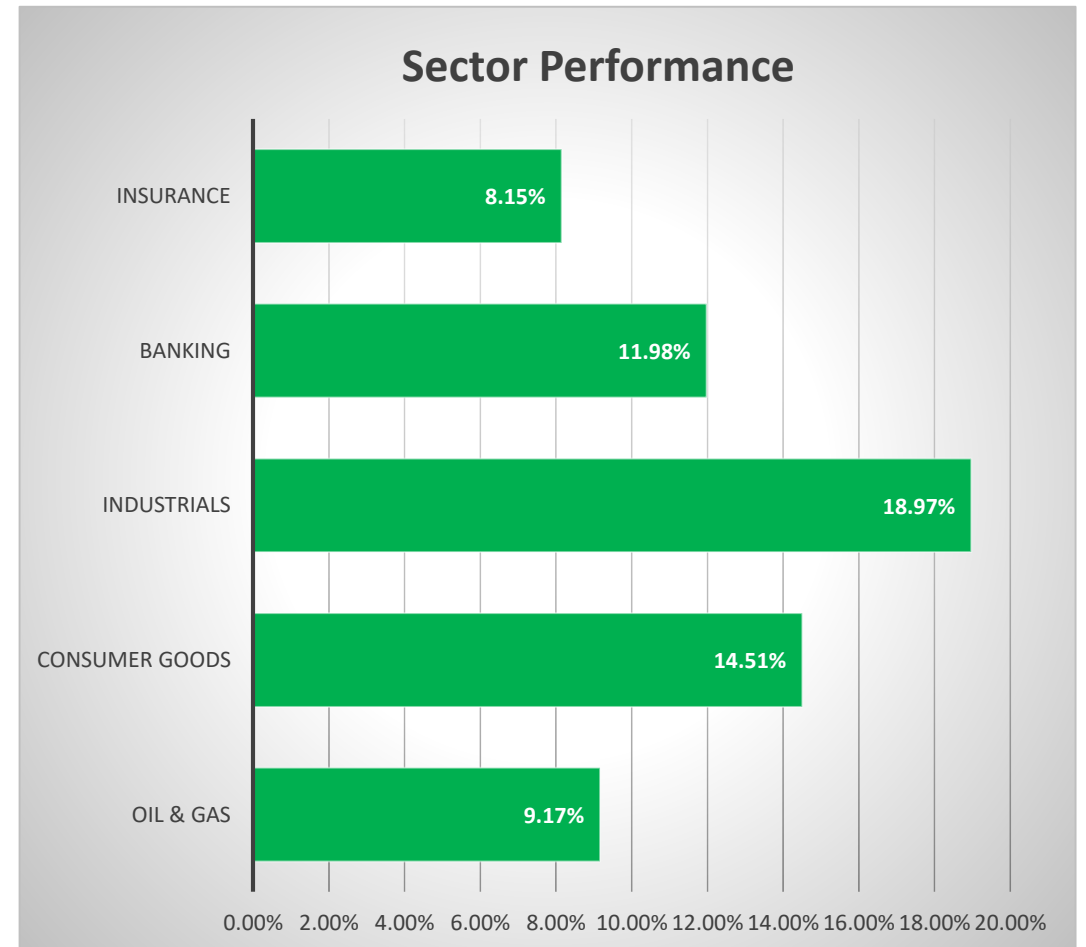


## Peer Comparison

Exchange	YTD Return	Driver
NSE ASI	 9.76%	<ul style="list-style-type: none"> <li>• Rotational trades by foreign investors</li> <li>• Bargain hunting by domestic investors               <ul style="list-style-type: none"> <li>• Very attractive valuations</li> </ul> </li> </ul>
JSE ASI	 0.74%	<ul style="list-style-type: none"> <li>• Intensifying US – China tensions</li> <li>• Weakened currency</li> </ul>
GSE	 5.92%	<ul style="list-style-type: none"> <li>• Negative sentiment driven by lingering banking concerns</li> <li>• Concerns about political risk</li> <li>• Restriction on dividend payment</li> </ul>

# Sub-Index Performance in May

- ✓ All sub-indices recorded gains
  - ✓ Buy pressure driven by attractive valuations
- ✓ Industrial sub-index recorded highest gain
  - ✓ Driven by gain in Dangcem – the most capitalised stock on the exchange
- ✓ Recovery in the oil & gas space driven by recent policies towards deregulation



# Corporate Actions – Limited Impact

- ✓ NSE sustains remote trading and business activities
- ✓ NSE set to host sustainable capital markets forum to promote green finance in West Africa
- ✓ NSE demutualisation receives boost as court sanctions scheme of arrangement
- ✓ FBNQ MB funding SPV plc listed series 1 of its N50bn bond issuance program
- ✓ Release of audited earnings result



# Outlook for June

- ✓ Likely positive performance in the equities market driven by
  - ✓ Price rally for quality large capitalized stocks stimulated by
    - ✓ Rotational trades by foreign investors
    - ✓ Bargain hunting by local investors
    - ✓ Declining yields on fixed income instruments
- ✓ FPI likely to continue flight to safety
  - ✓ Fear of further devaluation
  - ✓ Low confidence in the economy
- ✓ Investors advised to adopt portfolio diversification to smoothen risk





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# Corporate Earnings

# Banking Industry- Q1'2020 Unaudited Results

	ZENITH	ACCESS	GTB
Gross Earnings	↑ 6% to N166.8bn	↑ 31% to N209.8bn	↑ 2.3% to N113bn
Interest Income	↓ 6.9% to N114bn	↑ 19% to N131.75bn	↑ 3.45% to N77.04bn
Profit After Tax	↑ 0.5% to N50.5bn	↓ 1% to N40.9bn	↑ 1.4% to N50bn
Impairment	↑ 97.5% to N24bn	↑ 154 % to N8.58bn	↑ 87.7 % to N1.2bn
EPS	N1.61	N1.21	N1.77
Dividend Yield	18.18%	10.16%	12.76%
P/E ratio	2.31	2.24	3.14
YTD change	↓ 4.3%	↓ 23.5%	↓ 16.0%



- ✓ Weak bottom line growth
- ✓ Likely increase in impairment
  - ✓ Increase in NPLs due to high sensitivity to devaluation
  - ✓ Impact of COVID-19 on the general economy

# Oil & Gas Industry- Q1'2020 Results

	Total	Seplat
Revenue	9% to N70.24bn	13.29% to 42.4bn
Operating Income	33% to N926.13mn	252.5% to (N25.0bn)
Profit After Tax	66% to (N163.22mn)	345.6% to (N34.63)
EPS	66% (N0.48)	341% to (N60.19)
Dividend Yield	6.53%	8.73%
P/E ratio	11.93x	5.75x
YTD change	7.3% to N102.8	27.58% to N476.4



✓ Underwhelming performance due to

✓ Impact of COVID19

✓ Global crash in oil prices

✓ Player with hedge instruments and diversified sources of income to have some downside protection

# FMCG - Q1'2020 Results

	NESTLE (Q1'2020) UNAUDITED	CADBURY(Q1'2020)UN AUDITED	UNILEVER (Q1'2020)
Revenue	↓ 0.9% to N70.3bn	↓ 8% to N8.55bn	↓ 30.7% to N13bn
Operating Income	↓ 7.89% to N17.5bn	↑ 23.6% to N0.88bn	↓ 62% to (N0.5bn)
Profit After Tax	↓ 12.5%to N11.2bn	↑ 26% to N0.64bn	↓ 27% to N1.1bn
EPS	N14.21	N0.34	N0.19
Dividend Yield	6.93%	6.53%	10.03%
P/E ratio	18.00	11.68	N/A
YTD change	↓ 32.3%	↓ 24.2%	↓ 22.7%

✓ Underwhelming performance across players

✓ Exacerbated by disruption in supply chain caused by COVID'19 pandemic

✓ Big players in the personal care sub sector significantly affected by intensifying competition from smaller brands





# Sector Review

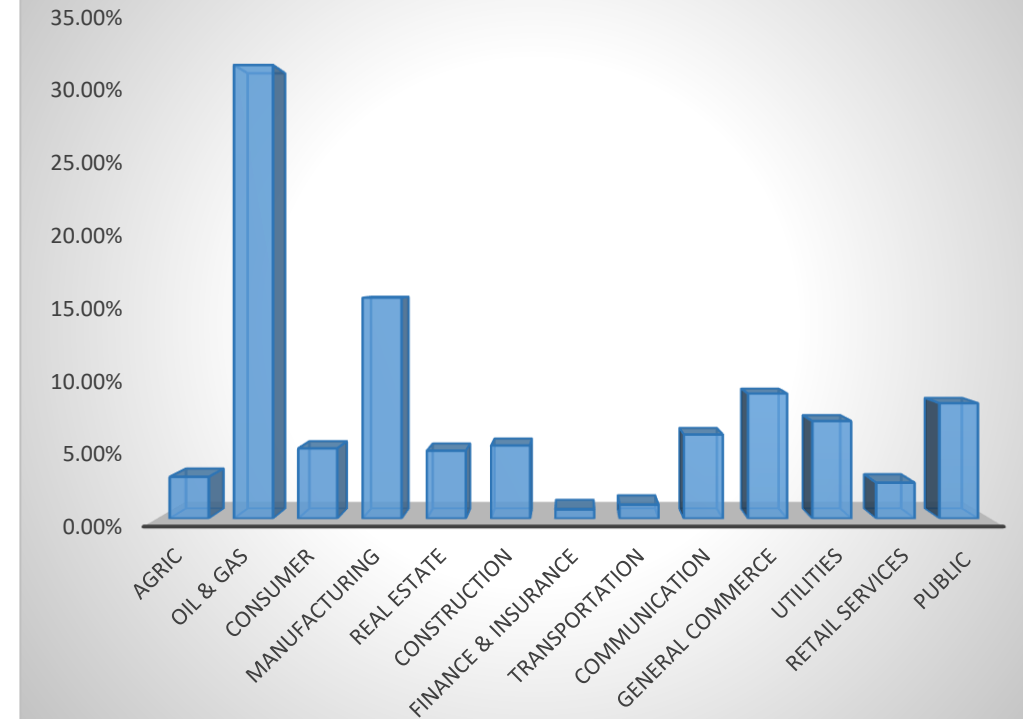


# Nigerian Banks Exposed to Sectors

- ✓ Large exposure to oil & gas sector
  - ✓ Sector economically vulnerable & a trouble spot
- ✓ Oil price volatility is earnings negative
- ✓ Banks with diversified portfolio relatively insulated



DMB loan exposure by sectors



# Financial & Insurance Sector Characteristics

- ✓ Industry at an inflection point
  - ✓ Undergoing both revolutionary and evolutionary change
- ✓ Industry is consolidating
- ✓ Increased competition between tiers
  - ✓ Intensified price war
  - ✓ Intensified service war
- ✓ Barriers to entry
  - ✓ High volume, low margins



# Financial & Insurance Sector Outlook

- ✓ Fundamental shift in market dynamics
- ✓ New ecosystem to feature the emergence of roles that challenge traditional banking assumptions
- ✓ Business models of today's banks will be challenged
  - ✓ Due to decline in barriers to entry for non-banks
  - ✓ Increasing financial disintermediation



# Financial & Insurance Sector Outlook

- ✓ Banks have relative advantage due to the importance of trust and brand in financial transactions
- ✓ Declining switching cost resulting from technology advancement to pose a challenge
- ✓ Increase in NPLs due to large loan exposure to economically vulnerable sectors
- ✓ Likely hold on inorganic growth plans



# Agriculture Sector Characteristics

- ✓ Largely fragmented
  - ✓ ~ 70% of the population engage in agricultural production at a subsistence level
- ✓ Food production lags population growth
  - ✓ Resulting in rising food import
- ✓ Sector plagued with
  - ✓ Poor infrastructure
  - ✓ High cost of farm inputs
  - ✓ Poor access to credit



Name	YTD Return	
Presco	↓	12.60%
Okomu	↑	15.10%
Livestock	↑	40%
Ellahlakes	↔	0.00%

# Trust

it's not about falling  
...it's about helping you fly.



In life, people are often limited by their fears; failing to soar because they are afraid to fall. At Custodian, we've got your back if the unexpected ever happens. So while others say "what if you fall"; we say "**...oh, but what if you fly.**"

✓ CUSTODIAN AND ALLIED INSURANCE LIMITED ✓ CUSTODIAN TRUSTEES  
✓ CRUSADERSTERLING PENSIONS LIMITED ✓ CUSTODIAN LIFE ASSURANCE LIMITED

  
**Custodian**  
...exceeding expectations



# Agriculture Sector Outlook

- ✓ Sector set to post steady growth over medium term driven by series of supportive underlying factors
  - ✓ Government's commitment to grow non-oil revenue
- ✓ Government remains committed towards encouraging domestic production and has implemented a series of regulation
  - ✓ Ban of FX for food importers
  - ✓ Ban on the importation of some agro commodities
  - ✓ Initiation of the Anchor Borrowers Programme (ABP)
- ✓ Sector to benefit from grants and support from multilateral organizations







# *Aviation Update*

# Air Travel Recovery

- ✓ No less than 4 airlines have sought protection

Filed for bankruptcy	Seeking bailout	Staff layoffs
Avianca	B/A	B/A – 12,000
Air Mauritius	Lufthansa	Air Canada – 15,000
Virgin Australia	Air France	Virgin Atlantic – 3,000
SAA	Virgin Atlantic	SAA – 5,000 jobs at risk

# Air Travel Recovery


- ✓ Lufthansa gained the support of the German government with a \$10bn bailout: \$6.6bn equity and \$3.4bn debt
- ✓ The German government will own 20% of the equity
- ✓ Emirates have commenced flights to 6 key destinations
- ✓ With pre-boarding testing of passengers
- ✓ Global capacity will fall by 95% in May/June
- ✓ In April 2019, 6.8mn passengers went through Heathrow and only 200,000 passed through in April 2020

# Air Travel Recovery

- ✓ Nigeria to resume domestic flights on June 21 with many restrictions
- ✓ New infrastructure investment on public health screening capacity



# The New Normal

- ✓ Middle seats empty
- ✓ Masks on flights
- ✓ Testing before boarding
- 
 ✓ No meals on board/serving with mask & gloves
- ✓ The threat of virtual meetings & cost optimization
- ✓ Zoom market cap in excess of 7 airlines combined



# Are National Carriers the Answer?



# NO

- SAA
- Avianca
- Sabena
- Swiss Air

GDP growth vs. Passenger growth



MedView performance on the stock market



Aviation fuel falling but passenger fall is greater

# What Next??

- ✓ Investment in infrastructure and airport concessioning are needed to
  - ✓ Reduce average costs
  - ✓ And increase profitability

<b>Aviation Policy</b>	<b>Aviation Infrastructure</b>	<b>Operating Airlines</b>
More investor friendly	Airport concessioning	MedView
Flexible exchange rates	MRO investment fast tracks	Arik
Open skies	Training centres simulator	Aero
Forget bilateral air service agreements	Airport hotels	Air Peace
More alliances		Dana



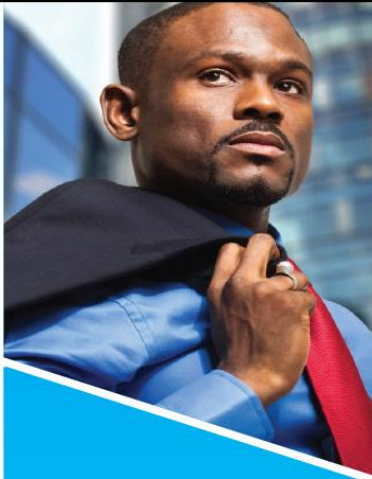
## 2020 EXECUTIVE EDUCATION OPEN SEMINARS

ACCOUNTING, FINANCE & ECONOMICS	DATE	FEE
Accounting & Finance for Non-Finance Managers	Lagos: May 11-15, PH: September 14 -19	N425,000
Budgeting, Forecasting and Control	August 5 - 7	N275,000
Economics for Decision Making	September 22 -24	N255,000
Financial Modeling	August 24 -28	N455,000
Managing Risks in Financial Institutions	June 8 - 10	N255,000
Senior Financial Analysts Programme	December 7-11	N455,000
Strategic Cost Management for Senior Managers	December 1 -3	N255,000

GENERAL MANAGEMENT	DATE	FEE
Understanding the Agribusiness Value Chain Seminar	April 21 -22	N170,000
The Effective Director	July 28 -29	N300,000
Doing Business in Africa	November 2-4	N255,000
Driving Business Success	November 16 -20	N425,000
Managing Compliance and Legal Risks	May 18 -20	N272,850
Managing partnerships and strategic alliances	September 29 -30	N170,000
Managing People for Strategic Advantage	Lagos: August 4 -6, Abuja: September 28 -30	N310,000
Problem Solving and Decision Making for Executives	September 7 -9	N285,000
Stepping up to Management	Lagos: June 23 - 24, PH: October 26 -27	N210,000

MARKETING AND SALES MANAGEMENT	DATE	FEE
Analytics for better Marketing Decisions	April 22-23	N210,000
Building Brands: Boosting Sales	August 10 -12	N255,000
Critical Tools for effective sales & marketing	July 13 -14	N185,000
Digital Marketing -Strategies for Winning in the Digital Age	November 23 -25	N255,000
FMCG Marketing Strategy	September 1-3	N255,000
Managerial Leadership in Sales & Marketing	December 1 - 3	N310,000
Outstanding Customer Relationship Management	September 7 - 8	N180,000
Personal Branding	June 30 - July 1	N170,000
Pricing Strategy and Tactics for profitability	October 27 -28	N210,000
Strategic Key Account Management	August 17 -19	N290,000
Strategic Marketing Management	September 2-4	N255,000

OPERATIONS MANAGEMENT AND MIS	DATE	FEE
Business Process Improvement Methodologies	June 23 -25	N275,000
Developing Analytical Competence for Managing Operations	July 13-17	N455,000
Driving Efficiency and Operational Performance	June 30 - July 2	N255,000
Effective Project Management	June 1-5	N455,000
Effective Service Management	September 21-23	N275,000
Logistics & Supply Chain Management	October 19-23	N275,000
Post-Award Contract Execution/Management	Lagos: November 18 -19, PH: September 29 -30	N170,000
Smart Business Decisions: the Power of Data Analysis	June 15 - 19	N455,000
Strategic Procurement / Contract Management	Lagos: June 23 -25, PH: November 23 -25	N275,000



**PROGRAMME VENUE:**  
Km 22, Lekki-Epe Expressway,  
Ajah, Lagos

**TIME:** 9.00 am - 5.00 pm

**PRIOR REGISTRATION**  
is mandatory to secure a place on  
the seminar.

**Discounts (only one category applicable)**

**10% off** For 5 more nominees from the same company  
Per nominee on Corporate Partner Programme  
For individuals who pay at least 6 weeks ahead of schedules seminar

**15% off** Financial members of LBS alumni Association

Download detailed calendar from our website [www.lbs.edu.ng](http://www.lbs.edu.ng)

### RESERVATIONS/ADDITIONAL INFORMATION

**Reservations/ Additional Information:**  
Efosa Ajorgbor: 0701 990 0758  
Vivian Akere: 0708 609 5194  
Ben Eliezer: 0808 672 6686

email: [exceedsales@lbs.edu.ng](mailto:exceedsales@lbs.edu.ng)

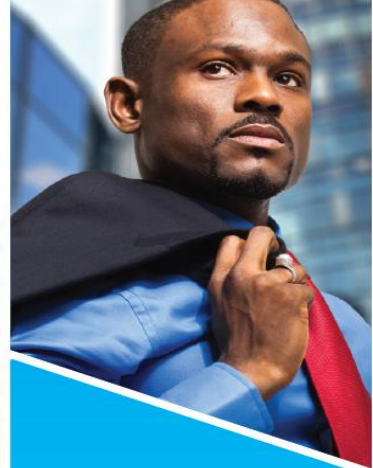
**FT** Financial Times ranked Lagos Business School is ranked with the world's top business schools in open enrolment executive education (2007 - 2019 and custom executive education (2015 - 2019).  
**Financial Times London**



PERSONAL LEADERSHIP & HRM	DATE	FEE
Advanced HR Management Workshop	June 8 - 9	N210,000
Authentic Leadership	Online Phase: July 6 - August 17, Class phase: August 18 -20	N360,000
Building and Leading the 21st Century Team	Lagos: 1st run: March 24 - 26, 2nd run: September 1-3; Abuja: December 14 -16, PH: July 20-22	N290,000
Workplace Conflict Management and Resolution Skills	July 28 -29	N170,000
Employment Law and Industrial Relations	June 30 - July 2	N255,000
Executive Team Leadership	November 9 - 13	N495,000
Leadership in Health and Safety Management	September 2 -4	N255,000
Mastering Human Resource Management	September 21 -25	
Refining your Interpersonal Skills	August 4 -6	N425,000
Winning Skills and Tools for Negotiation	Lagos: April 15 -17, PH: August 10 -12	N255,000
Winning with Influencing and Assertiveness Skills	April 28-30	N255,000

SECTOR SPECIFIC	DATE	FEE
Managing Governmental Relations	May 18 -20(Abuja); October 12- 14(Lagos)	N275,000
Mastering Infrastructure and Project Finance	November 9 - 11	N255,000
Social Impact Assessment/Sustainability Reporting Workshop	February 13th	N90,000
Women in Leadership	1st run: May 18 -20, 2nd run: October 12 -14	N255,000
Real Estate Finance and Investment	October 20 - 22	N300,000
Real Estate Development	April 28 -30	N300,000
Real Estate Marketing	February 25 -27	N300,000
Innovation and Entrepreneurial Thinking and the Real Estate Industry	December 1 - 3	N300,000
Sports Business Management	August 10 -12	N150,000
Conference: Designing Tax Governance & Strategy for Competitive Advantage	March 11 <sup>th</sup>	N90,000

STRATEGY INNOVATION GOVERNANCE	DATE	FEE
Creating strategy for competitive advantage	October 20 - 22	N255,000
Driving Strategic Innovation and Business Development	July 20 -22	N310,000
Mastering Blue Ocean Strategy - Creating uncontested market space	September 21 -23	N265,000
Turning Strategy into Action	Lagos: September 7-9, Abuja: November 17-18, PH: July 6-8	N350,000



**PROGRAMME VENUE:**  
Km 22, Lekki-Epe Expressway,  
Ajah, Lagos

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**Financial Times London**





## *Political Update*

*Living in a parallel universe*

# The New Political order

- ✓ Covid will make direct primaries almost impossible
- ✓ Will accelerate the electronic process of voting globally
- ✓ Will force the adoption of a single national ID card instead of multiple forms of identity
- ✓ Social distancing, zoom and virtual meetings and the new normal will reduce Govt. overheads
- ✓ Personnel costs, overheads & debt service constitute 140% of independent revenue



# The New Political order

- ✓ Interest rates are down, debt levels are high, and travelling is sharply lower to non-existent
- ✓ The Oronsaye report will also rationalize headcount
- ✓ The new exchange rate has increased the revenue accruing to government but reduced CBN surplus for intervention
- ✓ The paradigm of crony capitalism and influence peddling is being permanently shifted
- ✓ 2023 race is being fought by proxy in Edo & Ondo states

# The New Political order

- ✓ The APC party struggle between the governors and the party machine is playing out
- ✓ The squabbling will leave the party fractured
- ✓ We see a victory for the incumbent based on track record & pedigree
- ✓ The zoning in Edo makes it difficult for an Oredo indigene to start a new term of 8 years
- ✓ The Northern & Central parts will vote tactically
- ✓ But the nomination is unlikely to be violence free

# The New Political order

- ✓ The Ondo state primaries and election are likely to be less contentious
- ✓ The incumbent in both states are likely to win



*Outlook for July*




# Outlook for July

- ✓ New budget will be approved
- ✓ Benchmark at \$28pb
- ✓ Oil prices will climb back to \$40pb



- ✓ Production will fall to 1.60mbpd including condensates
- ✓ IMF audit of CBN will commence
- ✓ Nigeria will accept the World Bank COVID-19 support facility of \$1.5bn
- ✓ DMO will fast track and front load borrowing in the market
- ✓ There will be more corporate bonds and CPs issue of at least N1.2trn

# Outlook for July

- ✓ Pushing up coupon rates by 200 basis points
- ✓ CBN will commence more sales in the forex market
- ✓ External reserves will decline towards \$34bn
-  ✓ Stock market will correct as Q2 earnings followed by guidance feed into the market
- ✓ Economic recovery may be stalled by another spike in infections as testing increases
- ✓ Inflation will spike towards 12.5% in May
- ✓ The naira will trade in the parallel market at N450 - N460/\$

# Corporate Humour

All work and no play makes Jack a dull boy and Jill a rich widow.

– *Evan Esar*

When it comes to movie ratings G means the good guy gets the girl, R means the bad guy gets the girl and X means everybody gets the girl

– *Anonymous*

The hot music now is a combination of Country and Rap, it is called  
CRAP

– *Anonymous*

# Corporate Humour

Relations are made by fate, friends are made by choice

– *Abbe Delille*

Drive our prejudices through the door and evil comes through the window

– *Anonymous*

Bad officials are elected by good citizens who do not vote

– *Anonymous*

# Corporate Humour

*When you wallow with pigs expect to get dirty.*

*– Anonymous*

Sometimes you get and sometimes you get got.

*– Anonymous*

Good judgement comes from experience and a lot of that comes from bad judgment

*– Anonymous*

# Corporate Humour

Always do what is right. It will gratify half of mankind and astound the other.

– *Mark Twain*

People tend to forget their duties but remember their rights

– *Indira Gandhi*

Writers do not give prescriptions. They give headaches.

– *Chinua Achebe*

# Corporate Humour

Work saves us from three great evils: boredom, vice and greed.

– *Voltaire*

The older one grows, the more one likes indecency

– *Virginia Woolf*

The Living are the dead on holiday.

– *Maurice Maeterlinck*





Bismarck J. Rewang, MD/CEO  
Financial Derivatives Company Ltd.  
Lagos, Nigeria  
01-7739889

*Thank  
you*

