2017 : Great Expectations

2016

Nothing to Cheer

2017

Much to Fear

Citizen X – Elite

----> Intl Flight: LOS – LHR (return)

Jan'16 (N180,000) Jan'17 (N613,000) ↑ 241%

----> Chicken - 1kg

Jan'16 (N800) Jan'17 (N1,200) ↑ 50%

----> Corona Primary School Fees

Jan'16 (N320,000) Jan'17 (N460,000) ↑ 44%

----> Diesel

Jan'16 (N160/liter) Jan'17 (N270/liter) ↑ 69%

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Citizen Y – Middle Class

----→

Domestic Flight: LOS – ABV (Rtrn)

Jan'16 (N19,000) Jan'17 (N35,000)

↑ 84%

----→

Indomie (1 Satchet)

Jan'16 (N35) Jan'17 (N60)

↑ 71%

----→

Bus Fare (Lagos – Onitsha)

Jan'16 (N3,500) Jan'17 (N5,500)

↑ 57%

----→

Gala Snack

Jan'16 (N50) Jan'17 (N70)

↑ 40%

----→

Garri – 50kg

Jan'16 (N9,500) Jan'17 (N15,000)

↑ 58%

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Buhari's New Year Message Jan 1 2016

PROMISES

- Fuel shortages to be eliminated
- Greater security in the N/East
- Crack Down on corruption *No impunity*
- Reduce reliance on oil
- Promote job creation

DELIVERED

- ☑ Subsidies drastically cut, Queues disappeared
- ☑ Boko Haram degraded

  21 girls rescued, 200 still missing

UNDELIVERED

- X Prolonged trials with no verdicts
- X Oil production slumped to 1.6mbpd
- X Unemployment up to 13.9%

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2016 – Policy changes & impact

POLICY CHANGES

Partial deregulation of downstream Oil & Gas sector

MPR increased by 200bps to 14% p.a.

45% hike in electricity rate reversed

Flexible exchange rate policy
Official: N199/$→N305/$; Parallel: N340/$ → N490/$
Fixed exchange rate in practice

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2016– Economy still sucks (1)

	Budget Objectives	Accomplishments
GDP Growth (%)	4.37	-1.55
Oil production (mbpd)	2.2	1.6
Oil price ($/b)	38	56 *Spot Price*
Exchange rate (N/$)	197	490
Inflation (%)	9.81	18.48 *Nov'16*
Revenue (N'trn)	3.86	2.17 *Q3'16*
Expenditure (N'trn)	6.06	3.58 *Q3'16*

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2016– Economy still sucks (2)

	01/16	12/16
Stock market cap (N'trn)	9.76	9.25
Vacancy Factor Index	160.2	172.2
Unemployment (%)	12.1	13.9
FBN PMI	44.6	60
External Reserves ($'bn)	28.98	25.78
Premium Motor Spirit (N/Litre)	86.5	145

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Nigeria & Peers

	Nigeria	Ghana	Kenya	South Africa	Angola
Growth Rate (%)	-2.24	4	5.7	0.7	4.9
Unemployment (%)	33.2*	5.2	40	27.8*	26
Inflation (%)	18.48	15.50	6.35	6.60	41.15
Misery Index**	51.68	20.7	46.35	34.4	67.15
Gini Coefficient (2005 – 2013)	43.0	47.7	42.8	65	42.7

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** Unemployment + Underemployment + Inflation *Underemployment + Unemployment

2017 Outlook

- Naira will trade at N350/$ (IFEM) & depreciate to N520/$ (Parallel)
- Year on Year inflation to slow between 15% - 17%, after spiking towards 20%
- US Fed to increase interest rate twice to 0.75%p.a. -1.25%p.a.
- GDP growth 1.2% in 2017 from -2.24%

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2017 Outlook

- Presidential elections to hold in: Kenya, Rwanda, Liberia, Sierra Leone, France & Germany
- African electorates are becoming more economically intolerant
- Gubernatorial elections to hold in Anambra state

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2017 - MORNING MAKES THE DAY

- Early signs of progress emerging
- OPEC deal kicked in, pushing oil price to $57pb
- 11.61% above Q4 average of $51.07pb
- PMI (FBN) for December up 22.95% to 60 from 48.8
- Moody's projecting 2.5% growth for 2017

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