

# Unity Bank Digest

March 3<sup>rd</sup>, 2017



# THE HIGHLIGHTS

## **Economy Contracts by 1.3% in Q4**

- Nigeria's Gross Domestic Product (GDP) recorded a negative real growth of -1.3% in Q4 (year-on-year). This brings the 2016 full year growth to -1.51%. The worst performing sector for the period was Mining and Quarrying (-12.04%), while Agriculture remains the top performer with an expansion of 4.03%. We expect a further improvement in Q1'2017 figures.

## **CBN Reviews Forex Policy**

- The Central Bank of Nigeria (CBN) has announced plans to increase its supply of forex to banks to enable them meet demand for travel, medical and school fees. This will temporarily mitigate the current forex liquidity crisis. However, because the CBN still wants to determine price and quantity, the market will remain fragile.

## **Eurobond Hits Successful Sales**

- The Federal Government has completed the sales of its dollar denominated \$1 billion euro bonds at a yield of 7.88%. The offer was almost 8 times oversubscribed, as investors bid over \$7.8 billion for the 15-year bonds. These funds will boost and revive the economy. The bond has now been listed on the Nigerian Stock Exchange

## **PMI Plunges for Second Month this Year**

- According to the CBN, Purchasing Managers' Index (PMI) fell to 44.6 from 48.2 in February. This sharp decline raises significant concerns about the state of economy, especially in the light of an expected recovery. The performance of the manufacturing sector continues to be hindered by high operation costs and forex illiquidity.



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## TOP STORIES

### Economy contracts by 1.3% in Q4

- Nigeria's Gross Domestic Product (GDP) recorded a negative real growth of -1.3% in Q4 (year-on-year). This is a marked improvement from Q3's figures of -2.24%, but lower than the 2.11% recorded in Q4'2015. This brings the 2016 full year growth to -1.51%, from 2.79% in 2015 and 6.22% in 2014.
- Quarter on quarter, the economy grew by 4.09%, compared to 8.99% in Q3
- Oil sector growth contracted by 12.38% year-on-year, compared to 22.01% contraction in Q3. Oil production recovered in Q4 to 1.9mbpd from 1.63mbpd in Q3. Overall, the sector's activities accounted for 7.15% of total GDP.
- The non-oil sector output declined by -0.33%, compared to 0.03% in Q3'2016 and 3.14% in Q4'2015. The worst performing sectors include Mining and Quarrying (-12.04%), Real Estate (-9.27%) and Construction (-6.03%). Manufacturing contracted by -2.54%, as only 4 out of 13 sub-sectors recorded growth. Trade contracted by -1.44% and accounted for 16.65% of GDP.
- Top performing sector include: agriculture, which grew by 4.03% in Q4' 2016, and Information & Communication (1.38%), and Financial institutions (AGAP) (2.68%).

### Analysis & Outlook

- *GDP growth was constrained by low power poutput and pipeline vandalism. This led to lower oil revenues, forex illiquidity and exchange rate crisist. These kept GDP in negative territory for 4 consecutive quarters.*
- *Although Q4'16 GDP figures remain negative, this movement is a positive one that proves that the economy has bottomed out, and recovery has indeed commenced.*
- *This recovery will be driven by improved oil production, following settlements in Niger Delta, and Nigeria's borrowing plans. These will provide a revenue buffer for government spending, and will boost growth.*
- *With this data, Nigeria has the 7<sup>th</sup> lowest growth rate in SSA. We expect a further improvement in Q1 figures. The IMF projects a full year 2017 growth of 1%. This is*

*poor compared to the West African francophone countries' projected average growth of 7%.*

### **CBN Reviews Forex Policy**

- The Central Bank of Nigeria (CBN) has announced plans to increase its supply of foreign exchange to banks to enable them meet demands for travel, medical and school fees.
- Customers going on long distance trips (i.e. five hours or more flights) are entitled to a travel allowance of \$4,000 per quarter. Likewise, for school fees, customers can apply for up to \$15,000 per term/semester, which the bank will pay directly to the institution.
- Banks are expected to sell the forex to customers with a maximum mark up of 20% on the interbank rate at that time.
- The CBN also directed banks to open forex outlets in international airports around the country. This is expected to increase accessibility of forex and ensure competitive rates of trading.
- The apex bank also decided to recoil its allocation or utilization rules. Commercial banks will no longer have to demonstrate that certain sectors were being given priority.
- The maximum tenor of forward sales will be reduced, from 180 to 60 days from the transaction day.

### **Analysis & Outlook**

- *These policies are expected to temporarily mitigate the current liquidity crisis that has plagued the forex market for several months. The external reserves will act as a primary source of this initiative. However, because the CBN will determine the price and quantity, the market will remain fragile*
- *We expect the sales of dollars to be done via credit transfers, as banks have the dollar position, but lack the actual cash. Banks will act as an intermediary to most transactions. This will reduce the opportunity for round-tripping and further market fragmentation.*

## PMI Plunges for Second Month this Year

- According to the CBN, Purchasing Managers' Index (PMI) fell to 44.6 from 48.2 in February. The sharp fall was attributed to the decline in major sub-indexes including employment level, raw material inventories, delivery time and a generally lower production level. More specifically, the worst performing sub-sectors include plastics & rubber products, transportation equipment, cement, furniture & related products, and electrical equipment
- PMI deteriorated in the first 11 months of 2016, before recording a steep gain in December to 52.

### Analysis & Outlook

- *The PMI is a yardstick used to measure the economic health of the manufacturing industry. A figure greater than 50 is indicative of an expansion, while a reading below 50 is a contraction.*
- *The PMI is a leading indicator. This means that the effects of economic developments are first reflected in the index before they are seen in other indicators such as unemployment, inflation etc.*
- *This sharp decline raises significant concerns about the state of economy, especially in the light of an expected recovery. The performance of the manufacturing sector continues to be hindered by high operation costs and forex illiquidity.*

## Eurobond Hits Successful Sales

- The Federal Government has completed the sales of its dollar denominated \$1 billion euro bonds. The offer was almost eight times oversubscribed, as investors bid more than \$7.8 billion for the 15-year bonds
- A delegation led by the Minister of Finance, Kemi Adeosun, held road shows in London, Boston, New York and Los Angeles. The bond will sell at a yield of 7.88%. The funds will be used to fill budget gaps and finance infrastructure projects.
- Given the unanticipated success, the government is seeking to raise an additional \$500 million via the bond market.
- This is Nigeria's third bond sale. In 2011, Nigeria successfully issued a \$500m bond and in 2013, the \$1billion bond was 4 times oversubscribed.

## Analysis & Outlook

- *Despite the heightened concern over the exchange rate, investors have not lost appetite for government debt. It is also remarkable that this success came despite Fitch's revision of Nigeria's ratings outlook to negative earlier in the year. Investor confidence appears to be gaining momentum as the price and production of oil ramps up, and the government remains consistent in policy.*
- *These funds will serve as an immense injection, and when managed properly and disbursed to non-recurrent expenditure, will boost and revive the economy. Other borrowing plans, such as the Diaspora bond, will ride on this success.*

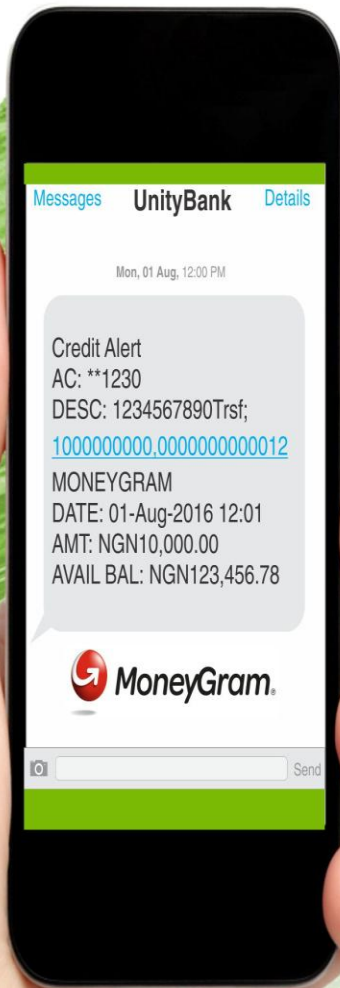




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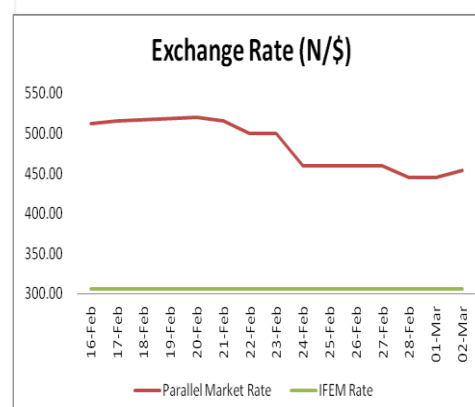




# BUSINESS UPDATE (Review Period: February 16<sup>th</sup> – March 2<sup>nd</sup> 2017)

## The Forex Market

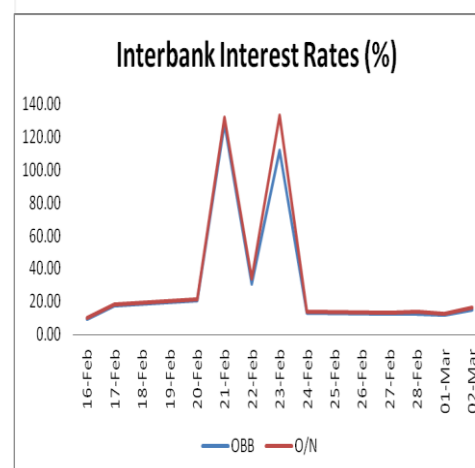
- At the parallel market, the naira:
  - Reached an all time low of ₦ 520/\$ and a 4-month high of N435/\$ during the period
  - Appreciated by 11.19% to ₦454.70/\$ on March 2<sup>nd</sup>.
  - Aftermath of the CBN's Forex Policy and \$600 million injection
  - Appreciated by 13.46% against the pound to close at ₦ 540/£.
- At the interbank market, the naira stayed relatively flat at N305.75/\$.
  - This market basically operates a floating peg, so it is less responsive to supply interventions
  - Convergence of rates towards N420/\$, is expected in the medium term
- Nigeria's gross external reserves level increased by \$720 million (2.48%) to \$29.69bn as at March 1<sup>st</sup>.
  - 15-month high; highest level since December 2015
  - Accretion is attributed to increased oil revenues



SOURCE: FDC Think Tank, FMDQ

## The Money Market

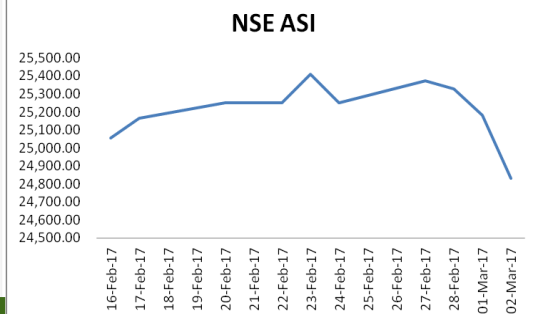
- Short-term interbank interest rates (OBB, O/N) increased by 550bps and 583bps respectively in the review period.
  - OBB closed at 15%, while O/N closed at 16%
  - Spiked to record high of (128%, 132%) during the period
  - Banks made provision for forex sales, but CBN is yet to debit their accounts
- There has been increased demand for wholesale and retail T-bills investments
- Because of relatively high returns
- 91-day: 14.13%; 182-day: 18.81% 364-day: 22.68%
- Crowding out other fixed income retail products with less competitive rates
- CBN has imposed a N50m minimum on T-bills purchases
- Increased demand for dollar denominated bonds will dampen appetite for domestic debt
  - Pushing rates down to single digits by year-end



SOURCE: CBN, FDC Think Tank, FMDQ

## The Stock Market

- The Nigerian Stock Exchange All Share Index (NSE ASI) declined by 0.9% during the review period to close at 24,829.59 on March 2<sup>nd</sup>.
- Total market capitalization closed at N8.59trn on March 2<sup>nd</sup>.



SOURCE: NSE

## The Commodities Market

- Brent crude prices fell marginally by 1.02% to \$55.08pb from \$55.65pb in the review period
  - Prices have maintained momentum despite rising U.S rig count and burgeoning crude stocks.
  - OPEC production in January declined by 890,000 bpd from the previous month to 32.14 mbpd. The decline indicates a 92% compliance level so far by producers who had agreed to curtail their output.
- Wheat prices closed at \$169.91/tonne, 1.55% lower compared to \$172.59/tonne in the review period
  - Export sales for the 2017/18 marketing year stood at 853,400 tons, higher than previous forecasts - USDA reports
  - International Grains Council (IGC) estimated global wheat production at 752million tons, higher than previous estimate of 749million tons
- Corn price rose by 1.12% to \$152.70/tonne from \$151.00/tonne
  - Ample global stocks and concerns over U.S President Trump's trade policy
- Natural gas plunged by 5.44% during the period to \$2.775/mmbtu from \$2.926/mmbtu
  - The fifteen-day U.S weather forecast which showed a shift to a warmer weather outlook took a toll on gas prices
- Sugar prices down significantly by 4.65% to \$0.1951/pound
  - Increase due to severe droughts in the 2nd largest growing country – India
- Cocoa prices declined by 4.53% to \$1,897/mt from \$1,987/mt in the review period.
  - Lower cocoa processing in North America and Europe despite strong figures in Asia

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## SOCIAL CORNER

### 2017 Grammy Awards

- The 59<sup>th</sup> annual Grammy Awards was an event to watch. Adele scooped the most awards beating Beyonce in all major categories.
- The 28-year-old British singer-songwriter won Album of the year for her album, *25*. She won song of the year for “Hello” and record of the year for *Hello*. She also won best pop solo performance and best pop vocal album
- Beyonce, heavily pregnant with twins, won the Best Urban Contemporary Album for *Lemonade*.
- During Adele’s speech at the Staples Centre in Los Angeles, she honored Beyonce for the groundbreaking *Lemonade* album which was also nominated for album of the year. Adele is the first to take home the album, record and song of the year categories twice. Beyonce has neither won the album nor record of the year awards.
- Other winners included David Bowie, who posthumously scooped up all the awards he was nominated for including best rock song and best rock performance for “Blackstar”. The *Blackstar* album also won best alternative music album, best recording package and best engineered album.
- The Chicago-born rapper – Chance was named the best new artist and later won the award for best rap album for *Coloring Book*.



*Below is the list of winners:*

Album of the Year- *25*, Adele

Record of the Year- “Hello,” Adele

Song of the Year- “Hello,” Adele and Greg Kurstin



Best New Artist- Chance the Rapper

Best Pop Vocal Album- 25, Adele

Best Traditional Pop Vocal Album- Summertime: Willie Nelson Sings Gershwin, Willie Nelson

Best Pop Solo Performance- "Hello," Adele

Best Pop Duo/Group Performance- "Stressed Out," Twenty One Pilots

Best Country Album- A Sailor's Guide to Earth, Sturgill Simpson

Best Country Song- "Humble and Kind," Lori McKenna, songwriter (Tim McGraw)



Best Rock Album- Tell Me I'm Pretty, Cage the Elephant

Best Rock Song- "Blackstar," David Bowie

Best Alternative Music Album- Blackstar, David Bowie

Best Metal Performance- "Dystopia," Megadeth

Best Urban Contemporary Album- Lemonade, Beyoncé

Best Rap Album- Coloring Book, Chance the Rapper

Best Rap Song- "Hotline Bling," Aubrey Graham & Paul Jefferies, songwriters (Drake)

Best Rap Performance- "No Problem," Chance the Rapper [ft. Lil Wayne & 2 Chainz]

Best Rap/Sung Performance- "Hotline Bling," Drake

Best R&B Album- Lalah Hathaway Live, Lalah Hathaway

Best R&B Song- "Lake By the Ocean," Hod David & Musze, songwriters (Maxwell)

Best R&B Performance- "Cranes in the Sky," Solange

Best Traditional R&B Performance- "Angel," Lalah Hathaway

Best Comedy Album- Talking for Clapping, Patton Oswalt

Best Reggae Album- Ziggy Marley, Ziggy Marley

Best Dance Recording- "Don't Let Me Down" [ft. Daya], The Chainsmokers

Best Improvised Jazz Solo- "I'm So Lonesome I Could Cry," John Scofield, soloist

Best Jazz Vocal Album- Take Me to the Alley, Gregory Porter

Best Jazz Instrumental Album- Country for Old Men, John Scofield

Best Gospel Performance/Song- "God Provides," Tamela Mann; Kirk Franklin, songwriter

Best Contemporary Christian Music Performance/Song- “Thy Will,” Hillary Scott & the Scott Family; Bernie Herms, Hillary Scott & Emily Weisband, songwriters

Best Gospel Album- Losing My Religion, Kirk Franklin

Best Contemporary Christian Music Album- Love Remains, Hillary Scott & the Scott Family

Best Roots Gospel Album- Hymns, Joey+Rory

Producer of the Year, Non-Classical- Greg Kurstin

Producer of the Year: Classical- David Frost

Best Music Video- “Formation,” Beyoncé

Best Music Film- The Beatles: Eight Days a Week the Touring Years, The Beatles

### **The 2017 Oscar award show**

- The 89<sup>th</sup> Annual Oscar award ceremony aired on February 28<sup>th</sup>.
- The event went a few minutes past midnight and ended in a little chaos when *La La Land* was wrongly named the winner of the best picture award after presenters were handed the wrong envelope. However, minutes later the actual winner was announced as *Moonlight*.
- This year’s academy award pulled in the smallest audience at 32.9million U.S viewers for the first time since 2008, according to Nielsen data by the Walt Disney unit. In the 2017 Oscars, the audience fell by 4% compared to 34.4 million viewers at the 2016 Oscars. Regardless of the weaker audience reported, the Oscars are the most watched non-sporting event on U.S television.



*Below is the list of winners:*

Best Picture: “Moonlight”

Actor: Casey Affleck, “Manchester by the Sea”

Actress: Emma Stone, “La La Land”

Supporting Actor: Mahershala Ali, “Moonlight”

Supporting Actress: Viola Davis, “Fences”

Animated Feature: “Zootopia”

Cinematography: “La La Land”

Costume Design: “Fantastic Beasts and Where to Find Them”

Direction: Damien Chazelle, “La La Land”

Documentary Feature: “O.J.: Made in America”

Documentary Short: “The White Helmets”

Film Editing: “Hacksaw Ridge”

Foreign Language Film: “The Salesman”

Makeup and Hairstyling: “Suicide Squad”

Score: “La La Land”

Production Design: “La La Land”

Animated Short: “Piper”

Live Action Short: “Sing”

Sound Editing: “Arrival”

Sound Mixing: “Hacksaw Ridge”

Visual Effects: “The Jungle Book”

Adapted Screenplay: “Moonlight”

Original Screenplay: “Manchester by the Sea”



### **The proposed Kraft Heinz and Unilever acquisition deal**

- The world’s fifth largest food and beverage giant, Kraft Heinz Co. offered a \$143 billion acquisition deal with larger rival, UK based Unilever Plc. However, the

proposed takeover by Kraft Heinz was called off just two days after the offer was announced.

- Unilever turned down the offer describing the approach as having “no merit, either financial or strategic” for shareholders<sup>1</sup>. Unilever also stated that Kraft’s offer fundamentally undervalued the company and does not see the basis for further discussions.
- Recent challenges amid currency fluctuation and slowing growth in emerging markets weighed on Unilever’s performance. The company saw its shares drop by 4.5% on January 26<sup>th</sup> after the fast-moving consumer goods giant reported that the fourth quarter sales came in lower than expected. Sources reportedly claimed that this plunge in share prices may have encouraged Kraft to make the acquisition approach.
- Had the offer gone through it would have been the third-biggest takeover in corporate history and would have formed the world’s largest consumer goods company with a value estimated north of \$200 billion. It would combine dozens of Unilever’s household names such as Dove soap, Ben & Jerry’s ice cream and Hellmann’s mayonnaise with the Kraft’s wide product variety like Heinz baked beans and Philadelphia cream cheese. According to Dealogic, a financial market analyst, if the acquisition deal went through, it would be the second largest deal behind Vodafone’s \$183 billion takeover of Germany’s Mannesman in 2000.<sup>2</sup>
- The major investors in Kraft are Berkshire Hathaway owned by Warren Buffet and the Brazilian private equity firm, 3G. In 2010, Kraft acquired Cadbury for £11.5 billion but it later sold off the UK chocolate maker to Mondelez. In 2015, Kraft also merged with Heinz to create one of the largest food companies in America.



*Unilever is one of the largest FMCG companies in the world, and has extensive footprints in Nigeria. Some of its products in our markets in Knorr stock cubes, Dove soap and body lotion, Blue Band margarine, Lipton and Omo detergent. Kraft Heinz products are much less popular in the domestic market. A merger of the two companies would have improved product range and access to a variety of products in Nigeria.*

<sup>1</sup> Source: <https://www.ft.com/content/d73cb5fa-c326-3733-a13a-a5bc7e8a18da>

<sup>2</sup> Source: <https://www.ft.com/content/e4afc504-f47e-11e6-8758-6876151821a6>



## YouTube to remove 30 second unskippable ads

- In 2018, Google will be adopting a different strategy in video services advertising. A representative for the tech giant reportedly gave a statement saying “We are committed to providing a better ad experience for users online.
- As part of that, we have decided to stop supporting 30-second unskippable ads in 2018 and will focus instead on formats that work well for both users and advertisers.<sup>3</sup>
- However, it is unlikely that the site will be removing the shorter non-skip ads like the 15 and 20-second ads. Google also plans to replace the 30-second spots with six-second bumper ads.



*The market for internet services in Nigeria has grown in leaps and bounds in the last decade. On the supply side, providers continue to decrease prices in an effort to improve competitiveness. While, increased use of smartphones and social media has driven demand.*

*Amongst all social media platforms (E.g. Instagram, Facebook, Twitter), YouTube is the least popular. This is primarily due to the costs of live streaming and the low numbers of computers/laptops per population; So while the removal of the unskippable ads might be effective in increasing viewership in other parts of the world, it is not expected to have much influence in the Nigerian market. .*

## Arik Air Goes into Receivership

- Arik Air has gone under receivership by the Asset Management Corporation of Nigeria (AMCON), due to its huge debt profile of over N300 billion.
- With several months of outstanding salary payments to its staff, and N147 billion owed to AMCON, Arik is currently neck deep in debt. An additional N165 billion and \$81 million is owed to local banks and foreign sources respectively. Out of



<sup>3</sup> Source: <http://www.brecorder.com/2017/02/22/337610>

thirty aircrafts, only nine are in operation, while the remaining twenty one aircrafts are either grounded or gone for C-check in Europe amongst others. This financial burden and poor performance was likely to lead to a collapse or bankruptcy sooner or later.

- A representative from AMCON disclosed in a statement that over N10 billion will be required to repair the deep rooted damages before the largest local airline can resume full operations to its various routes and destinations. AMCON has hired the audit services of KPMG and is currently seeking private investors interested in buying equity.
- However, the regulatory body instructed that Roy Ilegbodun, a veteran aviation expert under the receivership of senior lawyer Oluseye Opatola will become the new manager of the embattled airline.

*Receiverhip is when a receiver or creditor takes over the decision-making and control of a bankrupt company, to bring the company back to profit making.*

*Nigerian airlines are notorious for their poor service and unreliability. This action by AMCON, might increase the pressure on other airlines to become more efficient and improve their revenue passenger mile (RPM).*

*Meanwhile, this presents a large opportunity for other domestic carriers; we expect higher load factors for these airlines.*

*Arik is Nigeria's largest airline, accounting for over 50% of the market share.*

### **Cooperative bank for sale**

- Cooperative Bank, a UK based financial institution, has announced its plans to commence a sale process. The bank is also considering raising capital by swapping bonds for equity.
- The British lender made a significant loss in 2016, driven by low interest rates environment and higher than anticipated restructuring costs. Despite the cost-cutting and turnaround plan that commenced in 2013, the bank has not made profit since 2011. According to Fitch Ratings, the banks' future liquidity position is being threatened by its deteriorating capital position.
- Co-Op Bank had a total of 1.4 million current account customers, deposits worth £22 billion and total lending of £19.6 billion. The bank is estimated to be worth \$45 million.



*The bank's dilemma can be summarized thusly: high costs and low revenue. Similarly, Nigerian banks are under significant pressures. Banks face an FX conundrum, rising costs of operations, harsh regulation and a generally weak economic environment.*

### **Arsenal, MTN sign partnership deal**

- Arsenal has partnered with MTN making them the sport's club official telecommunications partners.
- As part of the deal, MTN will provide exclusive content on all things Arsenal, from highlights to club news and interviews.
- The duo will also team up to conduct specialist coaching sessions, as well as other promotional and marketing activities. In terms of website traffic, Nigeria has the second largest pool of digital fans.



## LIFESTYLE

### 8 WAYS TO READ ( A LOT) MORE BOOKS- Culled from [www.hbr.com](https://www.hbr.org)<sup>4</sup>

How much do you read?

For most of my adult life I read maybe five books a year — if I was lucky. I'd read a couple on vacation and I'd always have a few slow burners hanging around the bedside table for months.

And then last year I surprised myself by reading 50 books. This year I'm on pace for 100. I've never felt more creatively alive in all areas of my life. I feel more interesting, I feel like a better father, and my writing output has dramatically increased.

Amplifying my reading rate has been the domino that's tipped over a slew of others.

I'm disappointed that I didn't do it sooner.

Why did I wait 20 years?

Well, our world today is designed for shallow skimming rather than deep diving, so it took me some time to identify the specific changes that skyrocketed my reading rate. None of them had to do with how fast I read. I'm actually a pretty slow reader.



Here's my advice for fitting more reading into your own life, based on the behaviors that I changed:

**Centralize reading in your home.** Back in 1998, psychologist Roy Baumeister and his colleagues performed their famous “chocolate chip cookie and radish” experiment. They split test subjects into three groups and asked them not to eat anything for three hours before the experiment. Group 1 was given chocolate chip cookies and radishes, and were told they could eat only the radishes. Group 2 was given chocolate chip cookies and radishes, and were told they could eat anything they liked. Group 3 was

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<sup>4</sup> Source: Harvard Business Review. (online) Available at < <https://hbr.org/2017/02/8-ways-to-read-a-lot-more-books-this-year>>



given no food at all. Afterward, the researchers had all three groups attempt to solve an impossible puzzle, to see how long they would last. It's not surprising that group 1, those who had spent all their willpower staying away from the cookies, caved the soonest.

What does this have to do with reading? I think of having a TV in your main living area as a plate of chocolate chip cookies. So many delicious TV shows tempt us, reducing our willpower to tackle the books.

Roald Dahl's poem "Television" says it all: "So please, oh please, we beg, we pray / go throw your TV set away / and in its place, you can install / a lovely bookshelf on the wall."



Last year my wife and I moved our sole TV into our dark, unfinished basement and got a bookshelf installed on the wall beside our front door. Now we see it, walk by it, and touch it dozens of times a day. And the TV sits dormant unless the Toronto Blue Jays are in the playoffs or Netflix drops a new season of *House of Cards*.

**Make a public commitment.** In his seminal book *Influence: The Psychology of Persuasion*, Robert Cialdini shares a psychology study showing that once people place their bets at the racetrack, they are much more confident about their horse's chances than they were just before laying down the bet. He goes on to explain how commitment is one of the big six weapons of social influence. So why can't we think of ourselves as the racehorses? Make the bet on reading by opening an account at Goodreads or Reco, friending a few coworkers or friends, and then updating your profile every time you read a book. Or put together an email list to send out short reviews of the books you read. I do exactly that each month, with my Monthly Book Club Email. I stole the idea from bestselling author Ryan Holiday, who has a great reading list.

**Find a few trusted, curated lists.** Related to the above, the publishing industry puts out more than 50,000 books a year. Do you have time to sift through 1,000 new books a week? Nobody does, so we use proxies like Amazon reviews. But should we get our reading lists from retailers? If you're like me, and you love the "staff picks" wall in independent bookstores, there's nothing as nice as getting one person's favorite

books. Finding a few trusted, curated lists can be as simple as the email lists I mentioned, but with a bit of digging you can likely find the one that totally aligns with your tastes. Some of the lists that I personally like are: Bill Gates's reading list; Derek Sivers's reading list; and Tim Ferriss's list, where he has collected the recommendations of many of his podcast guests.

**Change your mind set about quitting.** It's one thing to quit reading a book and feel bad about it. It's another to quit a book and feel proud of it. All you have to do is change your mind set. Just say, "Phew! Now I've finally ditched this brick to make room for that gem I'm about to read next." An article that can help enable this mindset is "The Tail End," by Tim Urban, which paints a striking picture of how many books you have left to read in your lifetime. Once you fully digest that number, you'll want to hack the vines away to reveal the oases ahead.

I quit three or four books for every book I read to the end. I do the "first five pages test" before I buy any book (checking for tone, pace, and language) and then let myself off the hook if I need to stop halfway through.



**Take "news fast" and channel your reading dollars.** I subscribed to the New York Times and five magazines for years. I rotated subscriptions to keep them fresh, and always loved getting a crisp new issue in the mail. After returning from a long vacation where I finally had some time to lose myself in books, I started realizing that this shorter, choppy nature of reading was preventing me from going deeper. So I canceled all my subscriptions.

Besides freeing up mindshare, what does canceling all news inputs do? For me, it saved more than \$500 per year. That can pay for about 50 books per year. What would I rather have 10 or 20 years later — a prized book collection which I've read and learned from over the years...or a pile of old newspapers? And let's not forget your local library. If you download Library Extension for your browser, you can see what books and e-books are available for free right around the corner.

**Triple your churn rate.** I realized that for years I'd thought of my bookshelf as a fixed and somewhat artistic object: There it is, sitting by the flower vases! Now I think of it as a dynamic organism. Always moving. Always changing. In a given week I probably

add about five books to the shelf and get rid of three or four. Books come in through lending libraries in our neighborhood, a fantastic used bookstore, local indie and chain stores, and, of course, online outlets. Books go out when we pass them to friends, sell them to the used bookstore, or drop them off at the lending library. This dynamism means I'm always walking over to the shelf, never just walking *by* it. As a result, I read more.

**Read physical books.** You may be wondering why I don't just read e-books on a mobile device, saving myself all the time and effort required to bring books in and out of the house. In an era when our movie, film, and photography collections are all going digital, there is something grounding about having an organically growing collection of books in the home. If you want to get deep, perhaps it's a nice physical representation of the evolution and changes in your mind while you're reading. (Maybe this is why my wife refuses to allow my *Far Side* collections on her shelf.) And since many of us look at screens all day, it can be a welcome change of pace to hold an actual book in your hands.



**Reapply the 10,000 steps rule.** A good friend once told me a story that really stuck with me. He said Stephen King had advised people to read something like five hours a day. My friend said, "You know, that's baloney. Who can do that?" But then, years later, he found himself in Maine on vacation. He was waiting in line outside a movie theater with his girlfriend, and who should be waiting in front of him? Stephen King! His nose was in a book the whole time in line. When they got into the theater, Stephen King was still reading as the lights dimmed. When the lights came up, he pulled his book open right away. He even read as he was leaving. Now, I have not confirmed this story with Stephen King. But I think the message this story imparts is an important one. Basically, you *can* read a lot more. There are minutes hidden in all the corners of the day, and they add up to a *lot* of minutes.

In a way, it's like the 10,000 steps rule. Walk around the grocery store, park at the back of the lot, chase your kids around the house, and bam — 10,000 steps. It's the same with reading.

When did I read those five books a year for most of my life? On holidays or during long flights. “Oh! A lot of downtime coming,” I’d think. “Better grab a few books.”

When do I read now? All the time. A few pages here. A few pages there. I have a book in my bag at all times. In general I read nonfiction in the mornings, when my mind is in active learning mode and fiction at night before bed, when my mind needs an escape. Slipping pages into all the corners of the day adds up. Happy reading.



## CONTACT INFORMATION

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