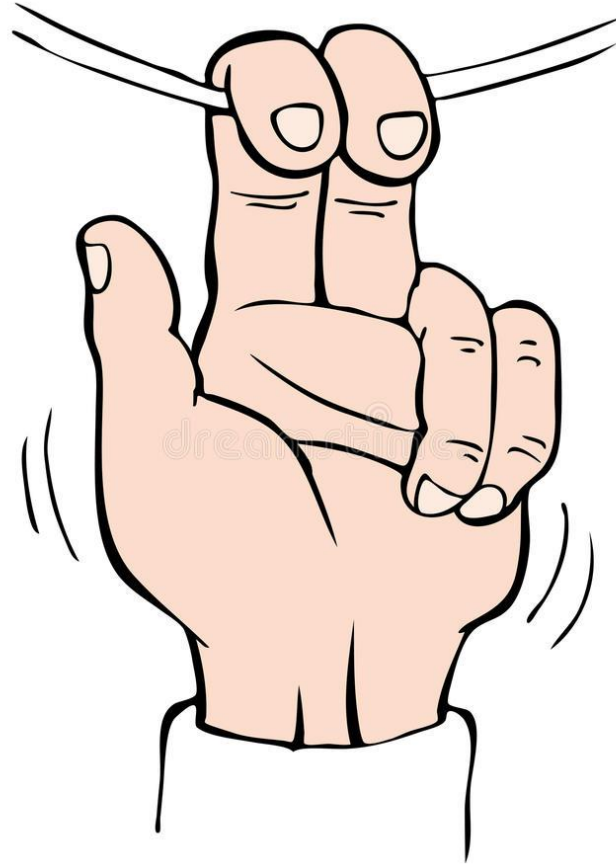


# *Hanging by a Thread*



# Outline

01

*Other Highlights  
(Global, Regional  
Domestic)*

02

*Economic Outlook &  
Impact Analysis*

03

*Stock Market  
Review & Outlook*

04

*Corporate Earnings*

# Global Highlights

- Most economies are showing signs of a strong economic recovery
- Nigeria's trading partners all projected to surpass earlier projections
- US up 7% (2021), China up 8-10%, India up 6%, EU up 2%
- Mostly on base year effects; 2020 was a recession year
- The US, UK and EU are witnessing higher inflation
- The Fed and BOE argue that inflation is transient and not structural
- The US Fed will increase interest rates in 2023 or maybe earlier
- The US Senate has agreed on a major infrastructure compromise bill



# Global Highlights

- No OPEC+ meeting outcome as UAE & Saudi stalemate
- EIU projection for 2021 now \$69-70pb
- Global oil prices at a 3-year high (\$76pb) is heightening inflationary pressures
- China's manufacturing PMI also fell marginally by 0.20% to 50.9 points in June from 51.0 points in May
  - Driven by weak export demand
  - China accounts for 29.34% (Q1 '21) of Nigeria's total imports



# *Domestic Highlights*

- Nigerian budget for 2022 up 2.87% to N13.9trn
- Marginally higher but efficiently down by 15% (after inflation)
- PIB passed, awaiting president's assent
- Expect marginal increase in E&P investment in 2022
- T/Bill interest rates decline to 9.15% (364 day tenor)
- ECOWAS has postponed the launch of the 'ECO' currency to 2027



# *Domestic Highlights*

- Inflation moderated for the second consecutive month to 17.93% in May
  - Nigeria's inflation rate declining despite rising regional & global inflation rates
- External reserves fell below \$34bn to a 3 month low of \$33.4bn in June
- Oil production down to 1.39mbpd despite increased OPEC quota
- FAAC declined by 1.77% to N605.95bn in June from N616.89bn in May
  - Driven by lower tax collation and zero subsidy remittance
- Naira fell at the parallel market on rising speculative activities (N503/\$)

# Domestic Highlights

- Market liquidity increased as average opening position for banks rose sharply by 292.73% to N145.51bn from N-75.70bn in May
- 364-days Primary T-Bills declined marginally by 0.25% to 9.40% pa

Oil price up by 6.25% to an average of \$72pb in June

- Oil rig count down 16.67% to 5 in June as oil production fell

- Value of transactions across the e-payment channels rose by 11.43% to N25.93trn in June from N23.27trn in May

- FBN PMI slipped into the negative territory to 48.8pts in June from 51.1pts in May





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# *Macroeconomic Scorecard & Q3 Outlook*

# Macroeconomic Scorecard & Q3 Outlook

Economic Indicators		Q4'20	Q1'21	Q2'21	Q3'21*	
	Inflation rate (%)	14.96	17.32	17.5	16.3	↓
	GDP growth rate (%)	0.11	0.51	4.49	3.22	↓
	Oil Price avg. (\$'pb)	54.26	61.28	68.33	75	↑
	Oil Production (mbpd)	1.43	1.42	1.39	1.58	↑
	On Grid Power (MW/h)	4,351	4,533	4,743	4,400	↓
	External Reserves (\$'bn)	35.37	34.82	33.54	34.05	↑
	External Debt (\$'bn)	33.34	32.85	33.1	32.4	↑
	External buffers (\$'bn)	2.03	1.97	0.44	1.64	↑
	Exchange Rate N/\$	470	484	499	496	↓

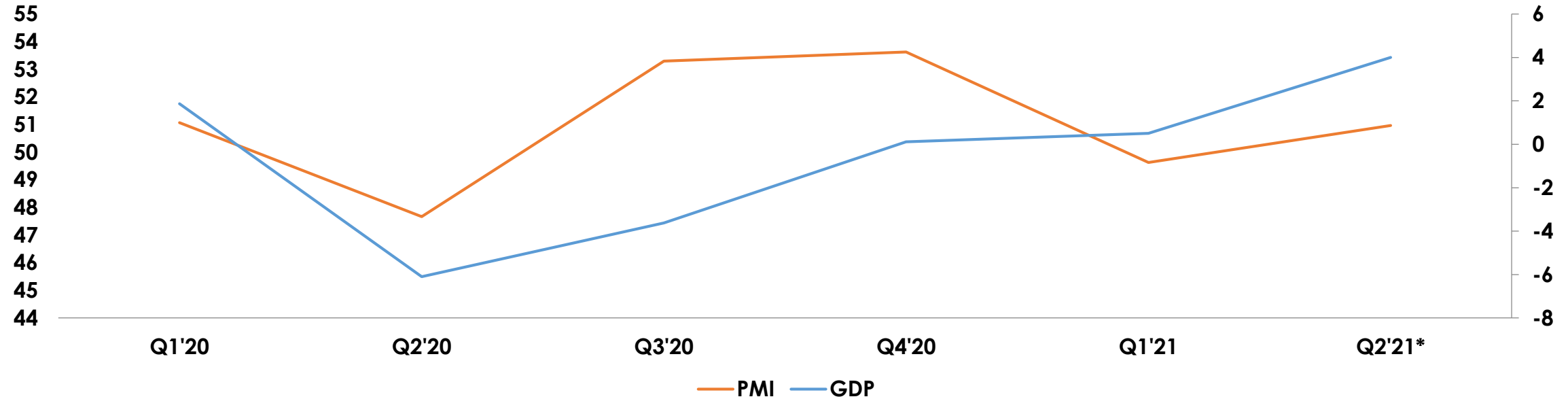
# Economic Outlook & Impact Analysis

Indicators	July Outlook	Impact
Inflation (%)	18.5-18.7	<ul style="list-style-type: none"> <li>✓ Higher cost of goods and services</li> <li>✓ Depressed household disposable income and lower purchasing power</li> <li>✓ Negative real returns on investment</li> </ul>
Exchange rate (N/\$)	Parallel 498-500 IEFX 411-412 NAFEX 410-411	<ul style="list-style-type: none"> <li>✓ Currency volatility likely to persist on low Forex supply</li> <li>✓ Investors and manufacturer to further face forex supply shortage</li> </ul>
Primary T-Bills (%): 364-days	✓9.75-10	<ul style="list-style-type: none"> <li>✓ T-Bills rates are expected to pick up on tight market liquidity in the near term</li> <li>✓ Inflation interest rate differential closing up</li> </ul>
External Reserves (\$bn)	✓32-33	<ul style="list-style-type: none"> <li>✓ External reserves to maintain the declining trend as CBN continues to intervene in the forex market</li> </ul>
Oil production (mbpd)	✓1.45-1.47	<ul style="list-style-type: none"> <li>✓ Oil production to increase in July as Nigeria exits its sanction period</li> <li>✓ Higher oil revenue to support FAAC disbursements in July</li> </ul>

# Q2'21 GDP Outlook



## GDP & PMI



- PMI – a forward looking indicator – suggests an improvement in economic activities Q2'21
- There is a direct relationship between PMI and GDP growth

# *GDP Outlook*

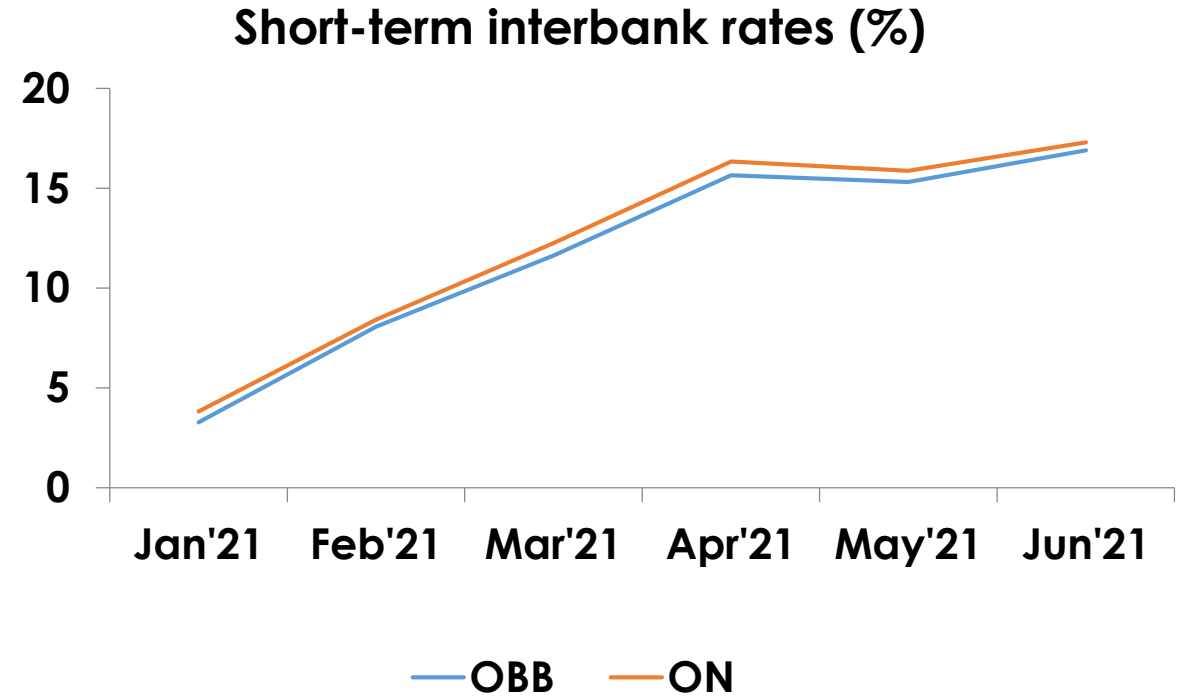
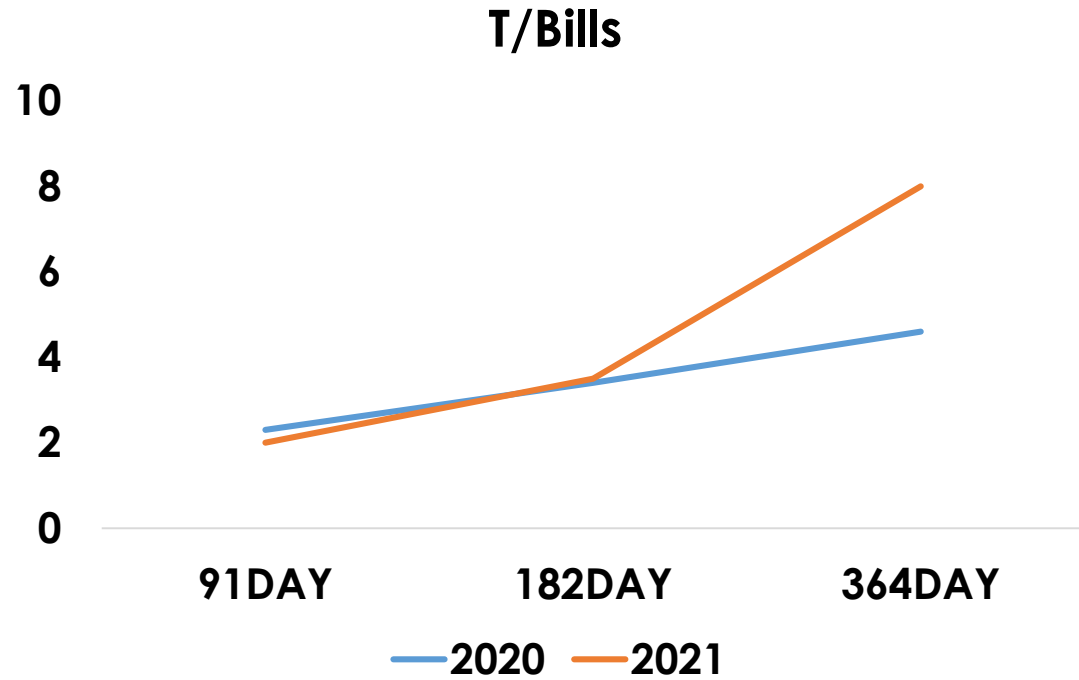
## Expanding sectors

- Telecommunications and Information
- Wholesale and retail trade
- Construction
- Real Estate
- Education
- Manufacturing

## Contracting sectors

- Oil refining
- Crude Petroleum & Natural Gas
- Quarrying and Other Minerals
- Agriculture
- Banking & financial services

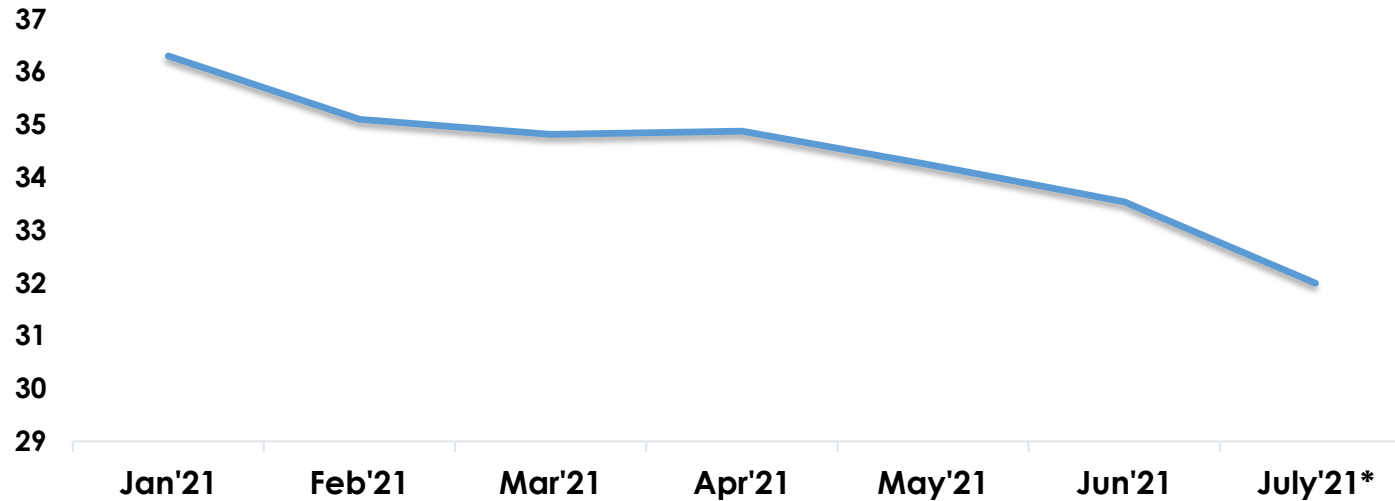
# T/Bill Interest Rates



- Rates increased in April and May before reversing in June
- Likely to start climbing again in July

# External Reserves Depletion to Continue

External Reserve (\$'bn)



Source: CBN, FDC Think Tank

- External reserves could fall below \$33bn as the CBN
  - continues to intervene in the forex market
  - and clears its forex demand backlog to FPIs

# Is Nigeria in a Debt Trap? Not Yet

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21*
External Reserves (\$'bn) – end period	35.16	36.19	35.72	35.37	34.82	33.5
External Debt (\$'bn)	27.67	31.48	31.99	33.34	32.86	40
Domestic Debt (\$'bn)	51.64	54.42	52.59	53.04	54.38	78
Total Debt(\$'bn)	79.31	85.99	84.58	86.39	87.24	118



Unsustainable debt burden inevitable as global interest rates rise in the near term

- Higher debt service costs will weigh on capital expenditure
- Compared to SSA, Nigeria is approximately 19% of SSA GDP but less than 5% of total external debt
  - SSA total external debt: \$720.1bn
  - Nigeria: \$32.86bn





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■ Africa

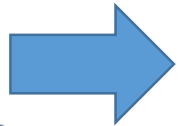
• New York

• London

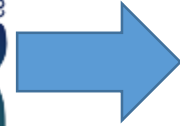
• Paris

# *Market Proxies*

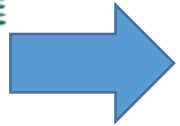
*Validate slow growth & fragile economy*



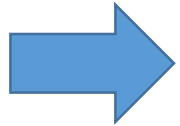
*Oil Production and Rig count*



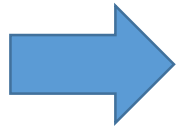
*FAAC Allocation*



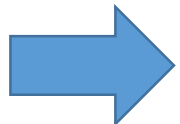
*Purchasing Manager Index - FBN*



*Value of Transactions - NIBSS*



*Ships Awaiting Berth*



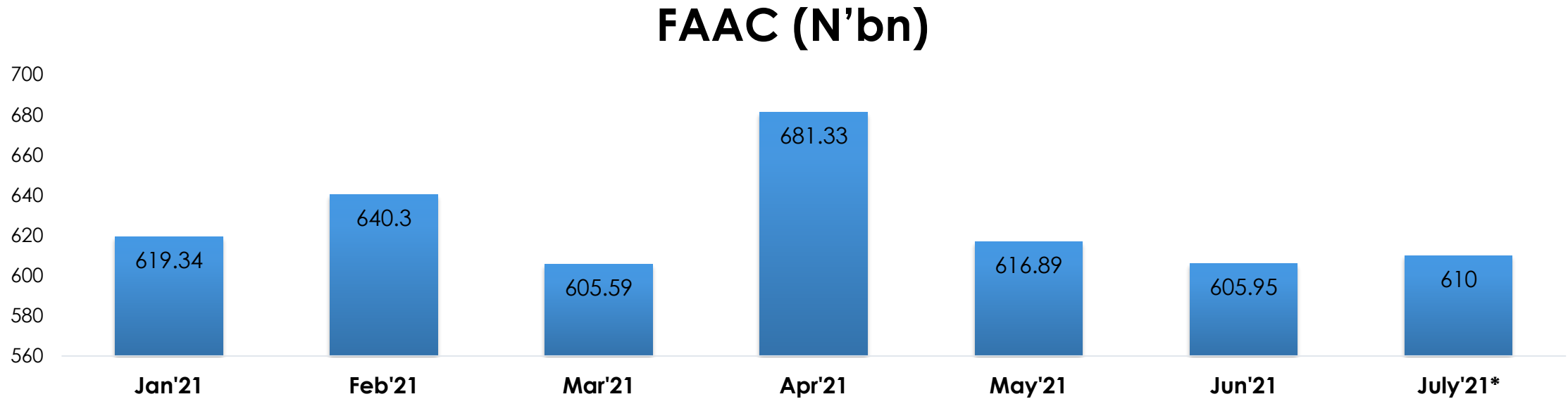
*Power Sector Update*

# Oil Production down, Rig Count up

Month	Oil Production (mbpd)	Rig Count
Jan'21	1.33	6
Feb'21	1.48	7
Mar'21	1.47	6
Apr'21	1.46	5
May'21	1.39	6
June'21	1.39*	5
July'21*	1.58	7

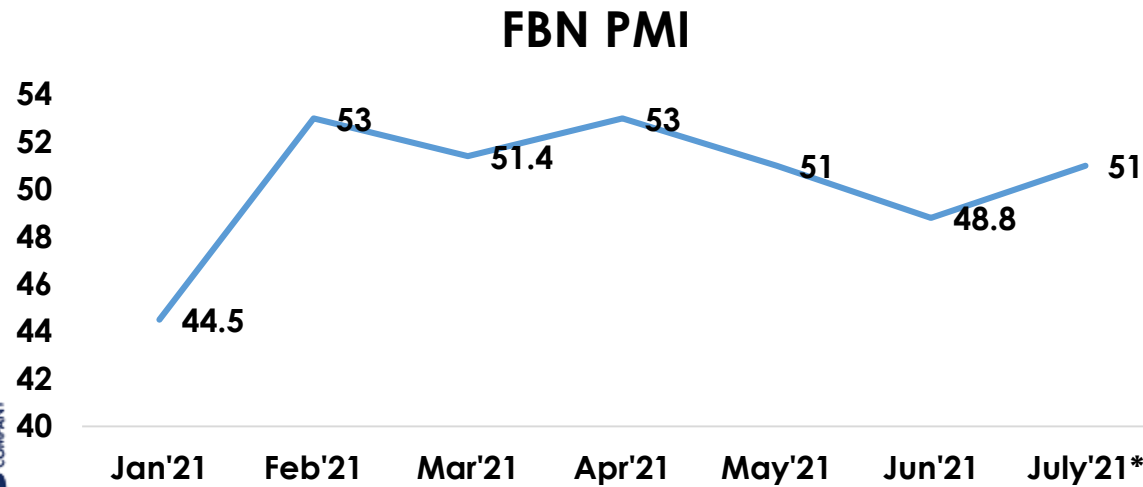
- Domestic oil production in May and June lower than production quota
- Output to likely increase to 1.58mbpd in July
- Combined with higher oil prices will boost FAAC disbursements for July

# FAAC Allocation to Increase on Higher Oil Revenue



- FAAC allocation declined by 1.77% to N605.95bn in June from N616.89bn in May
  - Driven by lower statutory revenue and zero remittance from the NNPC
- Likely to increase in July on higher oil proceeds and exchange rate gains

# FBN PMI Declined in June, will expand in July



Sub-index	May'21	Jun'21	
Output	53.5	48	↓
Employment	50.5	51.5	↑
Supplier delivery time	46.5	46.5	↔
New orders	53.5	50.5	↓
Stocks of purchases	51.5	47.5	↓

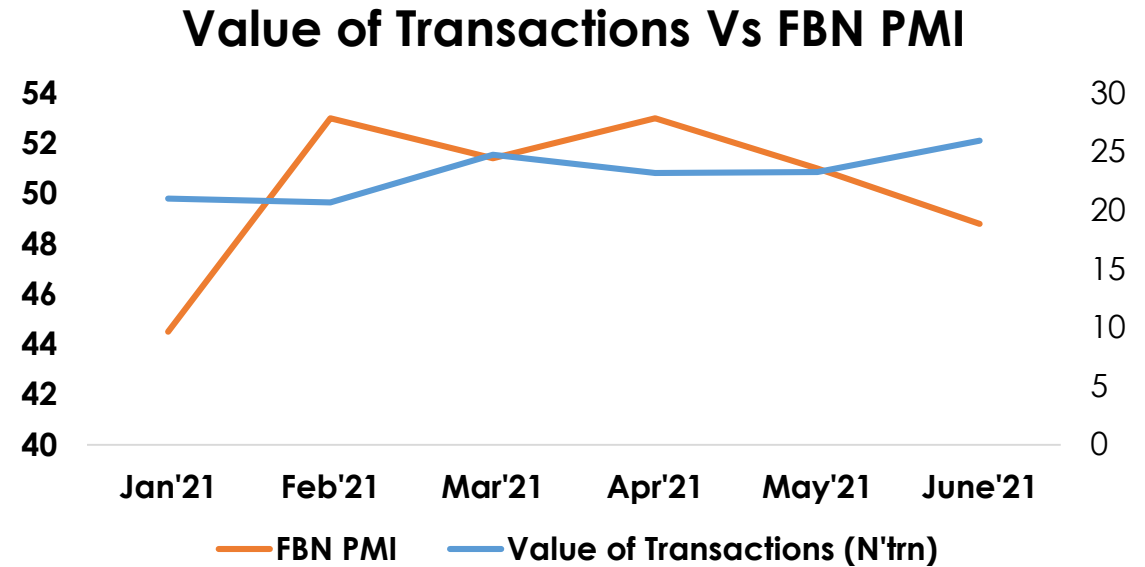


FBN PMI declined by 4.5% to 48.8pts in June from 51.1pts in April

- Largely driven by fragile consumer demand and limited access to forex for raw material imports
- PMI to increase albeit slowly as manufacturers build inventory ahead of Id el Kabir

# Value of Transaction on An Upward Trend

Channels	May'21 (N'bn)	Jun'21 (N'bn)	
Cheques	246.62	263.66	↑
POS	503.96	503.91	↓
NIP	21,246.53	23,726.10	↑
NEFT	1,269.65	1,437.47	↑



- Transactions across e-payment channels rose significantly by 11.43% to N25.93trn from N23.27trn in May
- Value of transactions expected to continue to rise towards N30trn in Q3
  - As economic activities increase

# *Ships Awaiting Berth*

Ship Awaiting Berth	Apr'21	Jun'21
Apapa	5	10
Tincan	6	6
Port Harcourt	n/a	1
<b>Total</b>	<b>11</b>	<b>17</b>

- Ships awaiting berth rose by 54.55% to 17 vessels in June 2021
- Could increase further as international trade improves in the coming months



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# Power Sector Update - No Grid Collapses



4,758MW

Peak Energy  
Generated



3,741MWH/H

Average Energy  
Generated



-

Total Grid  
Collapses



-

Constrained Revenue  
(Million Naira)



1,576MWH/H

Total  
constrained  
energy



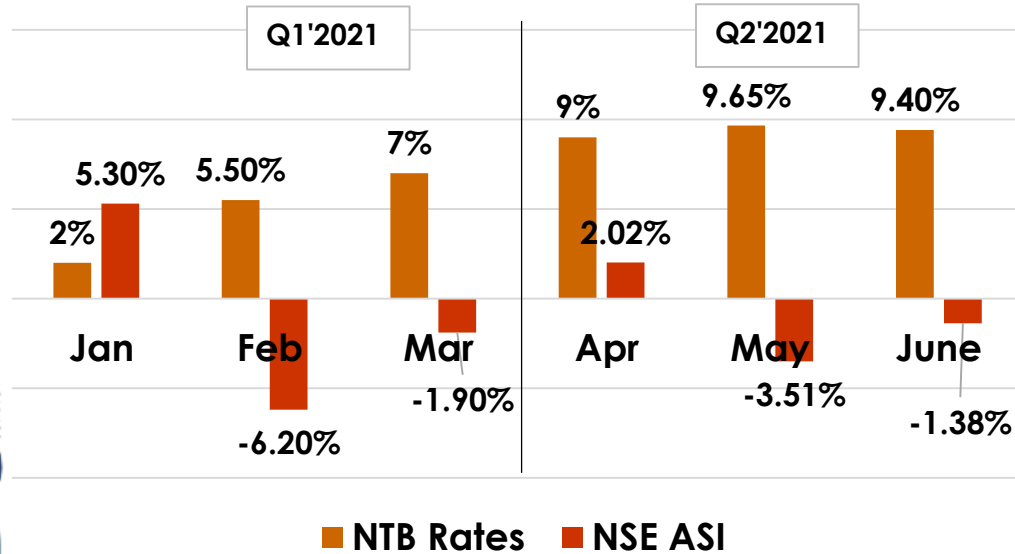
- Peak power generated down 5.54% to 4,758MW compared to 5,037MW in May
- Average energy generated also fell sharply by 8.89% to 3,741MW
- Electricity subsidy gulps N30bn monthly – **FG**
- Nigeria loses \$29bn annually to unreliable electricity- **World Bank**
- FG borrowed N1.3trn in 4 years to subsidize power for consumers, firms

# *Stock Market Review*

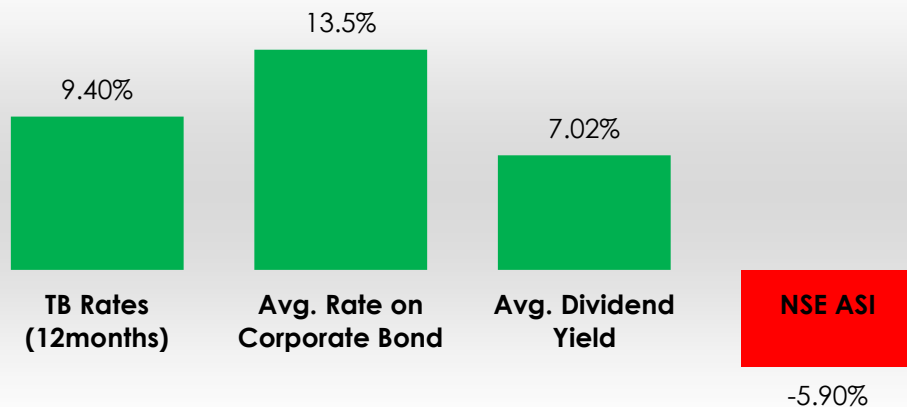
- *Choppy performance*
- *Turnover down and investors tentative*

# Investment Opportunities

## Investment Performance



## Investment Returns



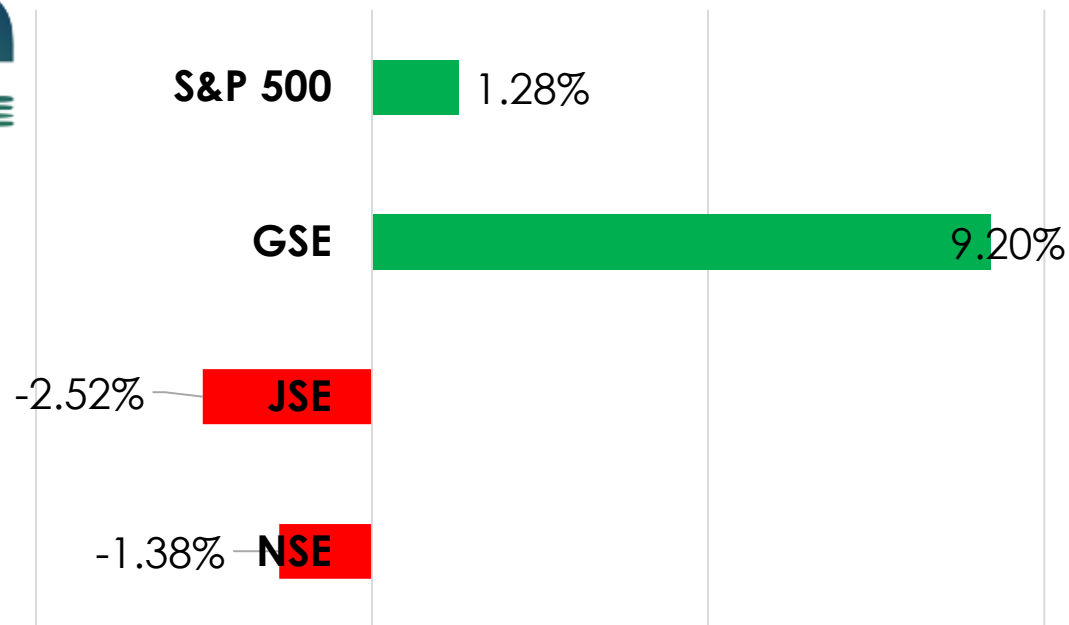
- Slowdown in upward trend of interest rates
  - In Q2'2021, T-bill rates grew by 2.4% to 9.4% from a growth rate of 5.8% in Q1'2021
  - Notable decrease in T-bills rate to 9.4% in June from 9.65% in prior month
- Moderation in equities market as loss eases to 1.38% from 3.51% in May
  - Bargain hunting in the equities market
- Sustained attractiveness of risk-free securities

# June 2021

- NSE Market capitalisation  $\downarrow$  2.04% to N19.62 trn
- NSE ASI  $\downarrow$  1.38% to 37,907.28
- 10 days positive, 9 days negative



## Peer Comparison

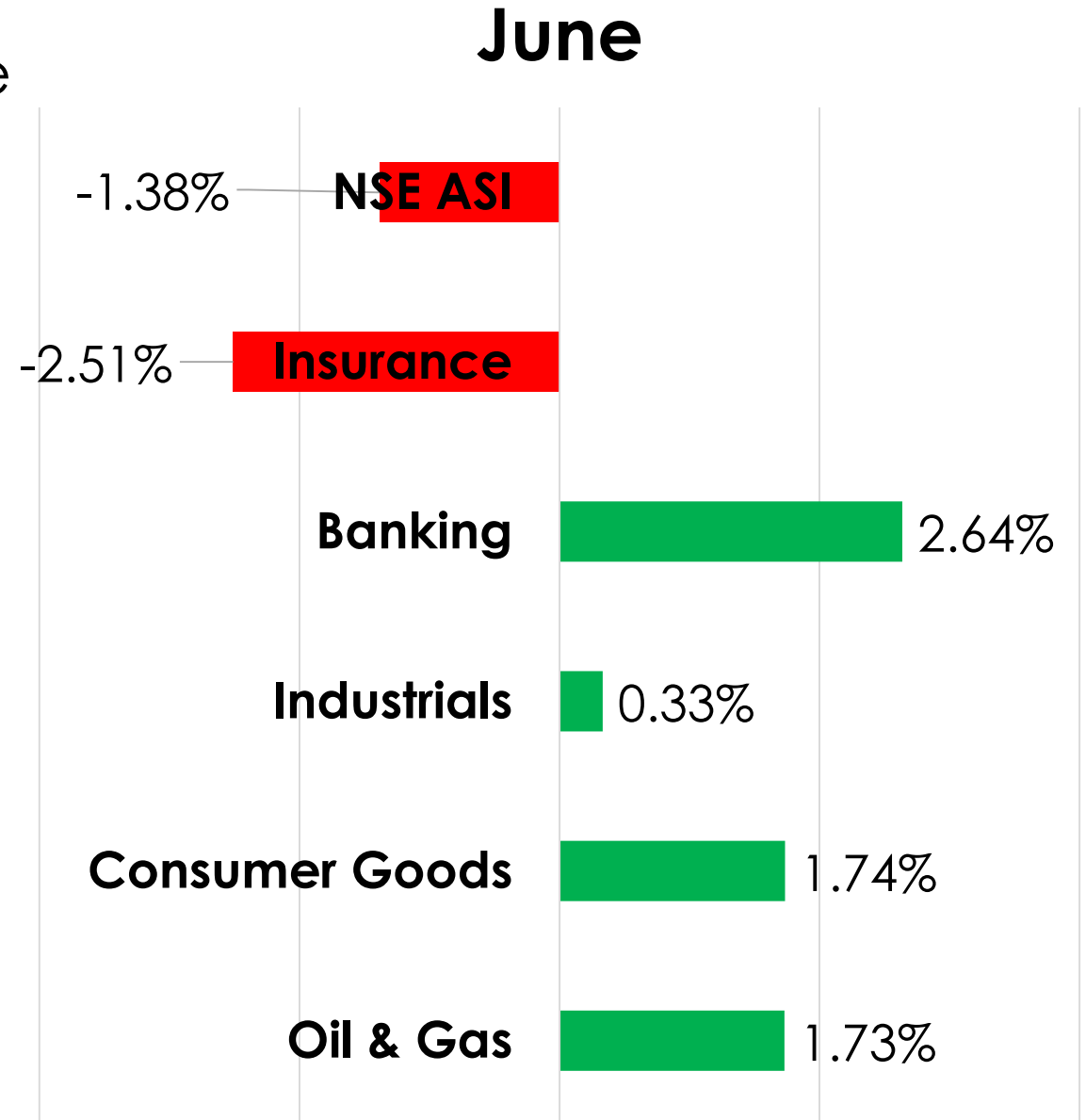


## Peer Comparison

- Ghana stock market performance tops peers driven by:
  - Currency stability, renewed investors confidence and inflow of foreign investors
- US investors pessimistic about rising Inflation
- Loss in Nigerian equities market moderates to -1.38%

# Indices Performance in June

- All index in green except Insurance
- Loss in Insurance space driven by sell off in Aiico insurance
- Banking index tops the gainers – Investors optimistic about
  - Resilient earnings performance
  - Possible dividend payment





# *Corporate Earnings*

# Flourmills-FY'21 Result



- Double digit top line growth of 34.5% to N771.6 billion
- Impressive performance across revenue segment

33% growth in food business to N478 billion supported by

- Improved packaging and innovations through media campaigns
- Improved route to market activities

32% growth in agro-allied business to N139 billion supported by

- Growth in fertilizer, fat and oil business



# Flourmills-FY'21 Result



- Higher volumes spurs growth in support segment revenue
- Cost of sales soars by 31% exacerbated by Inflationary pressures and FX scarcity
  - One off foreign transaction loss of N12 billion slows growth in operating profit to N 52 billion
- Group's profit grew by a whopping 126% to N25.7 billion
  - Mainly supported by double digit revenue growth



# Flourmills-Outlook



- Deepened market penetration through large scale agricultural expansion

- Continuous leverage on 100,000MT sorghum milling plant in Kano-producing high-quality cassava flour, industrial starch and garri

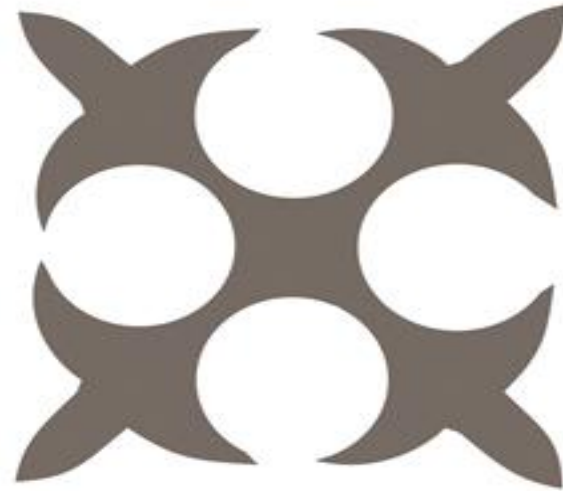
- Collaboration with farmers to reduce post harvest losses

- Strategic partnership with the flour milling association of Nigeria to off take local wheat

- Heightened macroeconomic vulnerabilities

- Inflationary pressures and weak currency will weigh on cost and industry margin

- Lingering insecurity issue remains a major challenge to supply chain



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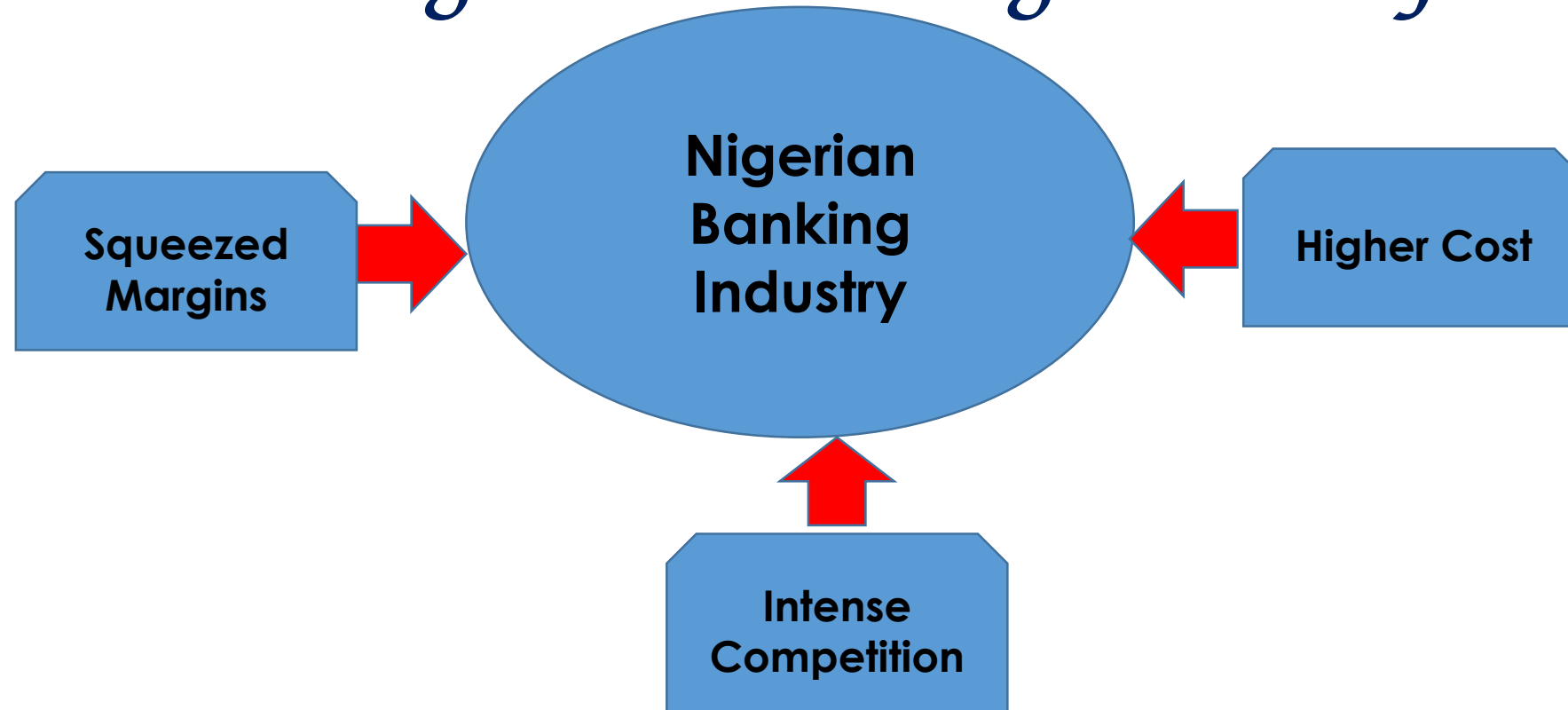
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A stylized illustration of an industrial factory complex. It features several buildings in shades of grey and green, a tall brown smokestack on the left, and two red-and-white striped smokestacks on the right emitting grey smoke. The entire scene is set on a light green ground.

# *Industry Highlights/Outlook*

# *Embattled Nigerian Banking Industry*



- Banks scrambling for funds in the face of economic vulnerabilities
- A threat to bank's spread and profitability
  - Average inter bank interest rate of 16.28% in Q2'21
  - Higher than yields from marketable securities (One year NTB yield at 9.4%)

# *Embattled Nigerian Banking Industry*

- Nigerian banks struggling to meet short-term liquidity commitments
- Significant increase in standing lending facility (113% growth to N105 bn in May'21) driven by:
  - Scarcity of forex (bank's unable to meet their payment obligations)
- Heightened competition from fintechs enforcing:
  - Investment in digital channels
  - Aggressive collaboration with fintechs

# *Banking Industry-Outlook*

- Macroeconomic vulnerabilities expected to weigh on bank's profitability
- Deterioration in asset quality due to large exposure to vulnerable sectors
- Contraction in deposit portfolio attributable to constrained consumers' spending
- Banks challenged with liquidity constraints
  - Pressured to offer excessive rates
  - Mixed impact on cost of funds and net interest margin
  - Tier 1 banks expected to remain resilient and competitive

# *FMCG Highlights*

- Rising inflation contracts rational consumers' purchasing power
  - Reduction in consumption and volume of food products
- Production cost heightened by increased insecurity, FX scarcity, volatilities in commodity prices
  - Backward Integration - Flourmills expansion of Sunti sugar plantation
  - CBN easing the pressure on the maize market through the release of 50,000 MT from maize reserve
- Market dominated by indigenous players compared to multinationals
  - Supported by brand loyalty and consumers' preference

# *FMCG-Outlook*

- Contraction in top and bottom line figures
  - Rational consumers faced with declining purchasing power
  - Volume of retail sales to reduce by 3.2% in 2021-EIU



## Heightened macroeconomic vulnerabilities

- Inflationary pressures and weak currency will weigh on cost and industry margin
- Lingering insecurity remains a major challenge to supply chain
- Nestle, Flourmills to remain resilient due to:
  - Diversification strategy and brand loyalty



# Stock Market Outlook- Q3'2021

- MTN to sell down 14% of its stake in the market
  - Supply increase will reduce price trajectory
  - Company performance strong and consistent
- Investor sentiment will be driven by
  - Corporate earnings growth, GDP growth, interest rates, dividend yields and new issue
- Investors anticipate an impressive corporate results relative to 2020
  - To be supported by Increase in economic and business activities
  - But inflationary pressures, forex scarcity, heightened insecurity will weigh on top line performance
  - Cost optimisation strategy likely to keep bottom line positive

# Where To Invest Now

Investment Securities	Portfolio Allocation	Rationale
US equities	30%	<ul style="list-style-type: none"> <li>• Hedge against currency risk</li> <li>• Market sentiment expected to be bolstered by:                             <ul style="list-style-type: none"> <li>• Robust recovery in economic activities</li> <li>• Increase in market participation and investment pattern</li> </ul> </li> </ul>
Nigerian equities	10%	<ul style="list-style-type: none"> <li>• Need for portfolio diversification</li> <li>• Investment in valuable capitalized stocks with strong growth fundamentals</li> </ul>
Treasury Bills	50%	<ul style="list-style-type: none"> <li>• 50% of funds invested is secured in a risk free asset</li> <li>• Certainty of capital preservation</li> </ul>
Real Estate	10%	<ul style="list-style-type: none"> <li>• Need for portfolio diversification</li> <li>• Increased demand for real estate to hedge against rising inflation</li> </ul>
<b>Total</b>	<b>100%</b>	



# Nigerian equities- Stock Picks



Sector	Stock Picks	Rationale	Sensitivity to Economic Vulnerabilities	Fundamentals
<b>Banking</b>	<ul style="list-style-type: none"> <li>• GT HoldCo</li> <li>• Zenith</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous expansion strategy</li> <li>• Strong earnings growth and profitability</li> <li>• Robust capital structure</li> <li>• Consistent dividend payment</li> </ul>	<ul style="list-style-type: none"> <li>• Highly sensitive to exchange rate</li> <li>• Highly sensitive interest rate movement</li> </ul>	<ul style="list-style-type: none"> <li>• P/E ratio 5.68x/3.87x</li> <li>• P/B ratio 1.05x/0.69x</li> <li>• Cost to Income 42.6%/53.2%</li> <li>• Dividend Yield 7.93%/11.77%</li> <li>• YTD return -8%/-6%</li> </ul>
<b>ICT</b>	<ul style="list-style-type: none"> <li>• MTN</li> </ul>	<ul style="list-style-type: none"> <li>• Nigerian CEO with super pedigree</li> <li>• The telecomm giant to benefit from its continued investment in network capacity</li> <li>• Acceleration of rural coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Highly sensitive to exchange rate</li> </ul>	<ul style="list-style-type: none"> <li>• P/E ratio 14.57x</li> <li>• Dividend Yield 5.77%</li> <li>• YTD return -3%</li> </ul>

# Nigerian equities- Stock Picks



Sector	Stock Picks	Rationale	Sensitivity to Economic Vulnerabilities	Fundamentals
<b>Industrial</b>	<ul style="list-style-type: none"> <li>Dangote Cement</li> </ul>	<ul style="list-style-type: none"> <li>Increasing infrastructure projects including road construction</li> <li>Consistent earnings growth, dividend payment and increased production</li> </ul>	<ul style="list-style-type: none"> <li>Highly sensitive to exchange rate</li> <li>Highly sensitive interest rate movement</li> </ul>	<ul style="list-style-type: none"> <li>P/E ratio 21.02x</li> <li>Dividend Yield 7.24%</li> <li>YTD return -9.4%</li> </ul>
<b>FMCG</b>	<ul style="list-style-type: none"> <li>Flourmills</li> <li>Guinness</li> <li>Nigerian breweries</li> </ul>	<ul style="list-style-type: none"> <li>Deepened market penetration through large scale agricultural expansion</li> <li>Improved packaging and innovation</li> </ul>	<ul style="list-style-type: none"> <li>Highly sensitive to exchange rate</li> <li>Highly sensitive to inflation</li> </ul>	<ul style="list-style-type: none"> <li>P/E ratio 5.91x/17.2x/25.29x</li> <li>Dividend Yield 4.79%,5.03%,3.35%</li> </ul>
<b>Oil</b>	<ul style="list-style-type: none"> <li>Seplat</li> </ul>	<ul style="list-style-type: none"> <li>Oil prices to remain bullish and projected to reach \$75pb in Q3</li> </ul>	<ul style="list-style-type: none"> <li>Highly sensitive to exchange rate</li> </ul>	<ul style="list-style-type: none"> <li>P/E ratio 41.05x</li> <li>Dividend Yield 5.96%</li> <li>YTD return 69.3%</li> </ul>

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# *Section C: Outline*

01

*Aviation Update*

02

*Real Estate Update*

03

*Politics*

04

*July Outlook*

# *Global Aviation Update*

- IATA expects air travel to remain 57% below pre-covid levels this year – *to return to pre-pandemic levels by 2024*
- Total annual losses of all airlines may hit \$48bn in 2021 on top of \$126bn in 2020
- Only 30 of the 70 airlines with available data earned more than their cost of capital between 2008 and 2018
- Government handouts and interventions to the aviation industry exceeded \$225bn globally
- Explaining why fewer carriers entered bankruptcy worldwide in 2020 (43 of them) than in 2018 (56) or 2019 (46)
- State support leads to “inappropriate cost bases” – **Cirium**

# Global Aviation Update

- Bail-outs do not guarantee long-term success even with healthy pre-pandemic balance-sheets
- Governments still controlled or held large minority stakes in 29 of the world's 100-odd listed airlines
- To keep flying, airlines need strong balance-sheets or a parent with deep pockets - **Rob Morris of Cirium**
- The Delta covid-19 variant poses a threat to air travel
- International airlines are still sweltering with excess capacity and slow demand
- North American carriers reduced losses as domestic travel sharply higher



# *Global Aviation Update*

- Over 54% of US adults fully vaccinated
- European airlines also reduced losses with support of stringent cost cutting
- Asian carriers and South American airlines are swimming in red ink
- 3<sup>rd</sup> wave effect and travel restrictions
- Germany has lifted travel quarantine conditions for vaccinated UK passengers
- Also for US passengers
- We expect that B1/B2 visa holders will be allowed to travel from and through the EU and UK from august

# *Global Aviation Update*

- July 4<sup>th</sup> travel at a 2-year record high
- Airline passenger revenues declined sharply by 74% compared to Q1'19
- Due to stagnant air travel
- Cargo business jumped sharply 50% due to faster economic recovery
- Airline cash burn rate up to 8% of revenues
- Rising fuel costs will reduce expected summer rebound in travel demand
- Airlines are repricing premium class tickets – first & business
- Lounges and duty free are now reopening across airports

# Regional Update

- African airlines' traffic decreased by 59% compared to 2019
- Domestic markets continue to record a stronger performance
- With passenger travel demand (63.2%) outperforming intra-Africa (22.2%) and intercontinental (13.9%)
- Estimated revenue loss for African airlines:
  - \$2.6bn – Q1'21
  - \$2.4bn – Q2'21
- African airlines cumulatively lost \$10.21bn due to covid-19 and its attendant restrictions in 2020

# *Regional Update*

- South African Airways to be privatized
- Government to sell 51% stake to top strategic investors and retain 49%
- The airline has huge cumulative losses
- Ethiopian Airline the only profitable airline in SSA reported losses of \$400mn in 2020
- Expects to be profitable in 2021 with an aggressive African strategy
- Emirates airline's attempt to restore service in June was aborted
- The Nigerian aviation authorities refused to reciprocate the gesture
- The problem remains the covid testing and quarantine protocols

# *Domestic Update*

- Ibom Air is making major strides
- Acquiring two mint condition airbus aircraft
- It's already reputed to have the best on-time departure record
- Air Peace has commenced flights to Ilorin from Lagos
- To resume Lagos-Warri flights this week
- Demand for domestic air travel increasing due to growing insecurity and kidnapping
- Domestic fares are sharply higher than 2019/2020

# *Aviation Industry Outlook*

- Financial performance of multiple airlines to vary across regions
  - North America is expected to be the top performer
  - While Europe could have the weakest operating performance due to subdued international travel
- This would be dependent on the size of domestic markets and the pace of vaccine rollouts
- Airlines will still be challenged by higher jet fuel costs as oil prices climb
- Cargo revenues to remain resilient

# *Real Estate Survey*

- Rents are spiking in Victoria Island, Ikoyi and Lekki
- Vacancy factor increased from 19% to 25%
- Landlords are pricing in the inflation and exchange rate decline
- Housing starts are 10% higher than Q4
- With cement at N4,000 per bag up from N3,200 and iron rods
- We expect rents to soar further
- AirBnB is eating into the market with vacation rentals
- Leading to shortages and rental distortions

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# Real Estate Survey

- Security and traffic considerations are also pushing demand and rents higher
- We expect higher rents as interest rates on real estate loans climb



	Q1'21			Q2'21		
	RVF (%)	CVF (%)	VFI (%)	RVF (%)	CVF (%)	VFI (%)
Ikoyi	29	24	27	36	26	32
VI	23	21	22	27	26	27
Lekki	20	8	15	23	18	21
<b>Total</b>	<b>23</b>	<b>14</b>	<b>19</b>	<b>27</b>	<b>21</b>	<b>25</b>

# *Poverty and Political Vulnerability*

- The 2 factors that will determine 2023 elections are
  - Poverty & insecurity
- The Nigerian electorate are more vulnerable to political mercenaries
- With income per capita in dollar terms sharply lower at \$2,369 per head
- Voter apathy or vote selling will increase
- Income per capita is deceptive because it assumes the same figures across Nigeria

# *Poverty and Political Vulnerability*

- The multi-dimensional poverty map shows that incumbents are strongest in poverty stricken states
- Incumbent governors and parties do better in economically deprived areas
- In African pseudo democracies the strategy of pauperizing the electorate is working
  - See Cameroon, DRC, Mali & Chad

# *Poverty and Political Vulnerability*

- When you conflate inflation and poverty rates, the weakness of opposition parties can be explained
- The South/South states with strong oil revenues and impoverished populace are outliers
- The opposition remains strong
- The Anambra state election is a litmus test for 2023
- Prof. Soludo enjoys incumbent endorsement and the intellectual pedigree

# *Poverty and Political Vulnerability*

- Val Ozigbo is another candidate with corporate exposure & credentials
- Straw polls suggest Soludo ahead but its too early to project
- The IPOB saga puts the political elite in S. East in an awkward position
- The politics of a silent malicious obedience of IPOB is a remote possibility
- A whispering campaign can undermine establishment candidates
- With less than 600 days to the next election
- No part is committing to zoning and power rotation

# *Poverty and Political Vulnerability*

- The race is becoming more complex and unpredictable
- The electoral act is yet to be assented and could be a game changer in 2023
- Periodic meetings of the Southern governors will be major rally points ahead of the elections
- We expect the APC to elect a party Chairman in Q4
- A Chairman of Northern origin will almost automatically mean a Southern presidential candidate

A faint, stylized illustration of a businessman in a suit and tie, holding a magnifying glass to his eye. The magnifying glass is positioned over the text. In the background, there are two large, upward-pointing arrows: one orange and one yellow.

# *July/August Outlook*

# *Outlook for July/August*

- We are forecasting an increase in headline inflation back to 18.1%
- 360 day T/Bill rates will inch up to 10%p.a. at the primary market
- Corporate earnings will show strong Q2 growth in telcos, building materials and sluggish performance in Banking
- CBN will aggressive debit banks with CRR and stabilization securities
- Stock market performance will be uneven in response to earnings
- The price of oil will stay elevated at \$75pb



# *Outlook for July/August*

- CBN will increase the frequency and amount of forex intervention in the market
- Naira will stay flat at the parallel market at N505 before creeping back to N490 as CBN intervention increases
- Airline fares will increase in July and August
- Will fall once B1/B2 visas are allowed to enter the U.S. via Europe
- External Reserves gradual depletion to continue reaching \$32bn
- Higher oil price & production will boost FGN revenue in Q3
- MPC will likely maintain status quo again in July meeting

# Corporate Humour

Men talk of killing time, while time quietly kills time.

– *Dion Boucicault*

Politics is the gentle art of getting votes from the poor and campaign funds from the rich by promising to protect each from the other.

– *Oscar Ameringer*

Only a fool thinks price and value are the same

– *Antonio Machado*

# *Corporate Humour*

Education has produced a vast population able to read but unable to distinguish what is worth reading

– *G. M. Trevelyan*



What you know is not as important as who you know. But what is most important is who knows you.

– *Jonathan Colan*

If we are together nothing is impossible. If we are divided all will fail.

– *Winston Churchill*

# Corporate Humour

I can accept failure, everyone fails at something. But I cannot accept not trying.

– *Michael Jordan*



The optimist is the kind of person who believes a housefly is looking for a way out.

– *George Jean Nathan*

The Politician is an acrobat. He keeps his balance by saying the opposite of what he does.

– *Maurice Barres*

# Corporate Humour

Money change people, just as often as it changes hands

– *Al Batt*

All change is not growth, as all movement is not forward

– *Helen Glasgow*

Be as smart as you can, but remember that it is always better  
to be wise than to be smart.

– *Alan Alda*

# Corporate Humour

Big doors swing on little hinges

– *Anonymous*

People buy into the leader before they buy into the vision.

– *John Maxwell*

A collage of various colored envelopes (red, blue, green, purple, white) with a central cream-colored envelope. The central envelope has a white note attached to it with the handwritten text "THANK YOU!".

THANK YOU!

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