

The New Global Disorder

Extra-Ordinary Times & Underwhelming Leaders

Presented by Bismarck Rewane
November 2, 2022

Question 1

The Naira is to be redesigned and issued on December 15, 2022. The rationale being that it will curb inflation, strengthen the Naira and reduce terrorism.

- Is this true now that Naira is at N875/\$?
- What are the implications of the policy and the unintended consequences?



Currency Redesign - Targets

- The redesign policy is to achieve the following objectives

Reduce
Terrorism

Reduce
Counterfeits

Curb
Inflation

Strengthen
the Naira



To Understand the Dynamics of Currency Design

Some Basic Concepts

- What is the difference between cash and money?
 - All cash is money
 - But not all money is cash
 - Total cash < Total Money
 - Total cash approximately = 6% of total money



To Understand the Dynamics of Currency Design

Some Basic Concepts

- Back in the day, to study economics you must know the difference between salaries & wages

Salaries

- Compensation of white collar workers
- Paid by cheques or payroll to banks



Wages

- Remuneration of blue collar workers
- Paid in cash e.g. *at construction sites*

Legal Tender vs. Store of Value?

- Cash is legal tender
- Money is a store of value

What is the difference between legal tender and store of value?

The diagram is divided into two columns by a vertical dashed line. The left column is titled 'Legal Tender' in an orange box and contains a larger orange box labeled 'Cash'. The right column is titled 'Store of Value' in a dark blue box and contains a larger light blue box labeled 'Money'.

Legal Tender

Cash

Store of Value

Money

Legal Tender vs. Store of Value?

- Legal tender is anything recognized by law as a means to settle public/private debt

Legal Tender

- Coins & banknotes issued by the central bank
- Central bank has the authority to print and manage currencies
- Legal tender must be accepted if offered in payment of debt

Store of Value

- A financial asset with value
- The value of the asset can be influenced by policy makers
- The market is the ultimate determinant of the value

Will the Redesign of the Naira Notes Curb Inflation?

- There is a misconception that all monies are cash

What is Cash?

- Currency outside Banks (Held as cash and bank notes)

What is Money?

- $M1 = \text{Cash in Circulation} + \text{Demand deposits}$
- $M2 = M1 + \text{Time Deposits}$
- $M3 = M2 + \text{Credit in the Banking System}$
- $M4 = \text{Pseudo Money}$

Currency Change on December 15

- 10 days to Christmas
- 17 days to new year



37 working days to exchange all old notes:

- There are 5,158 Commercial Bank branches in Nigeria
- Total cash in circulation = N3.2trn
- N86billion must be successfully exchanged daily between

December 15 & January 31



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Currency Change on December 15

- On December 15, traders will be reluctant to accept old notes
- Will accept only new notes, dollars or electronic payments
 - Leading to a bi-monetary system
 - Increase uncertainty and reduce investor confidence



Currency Change on December 15

- In Q1 2023, 3 major policy events:
 - Currency change (January)
 - Elections (February)
 - Census (April)
- Using the same logistics and infrastructure for all 3
- Best option is to postpone 1 and 3
- To reduce disruption and unintended consequences

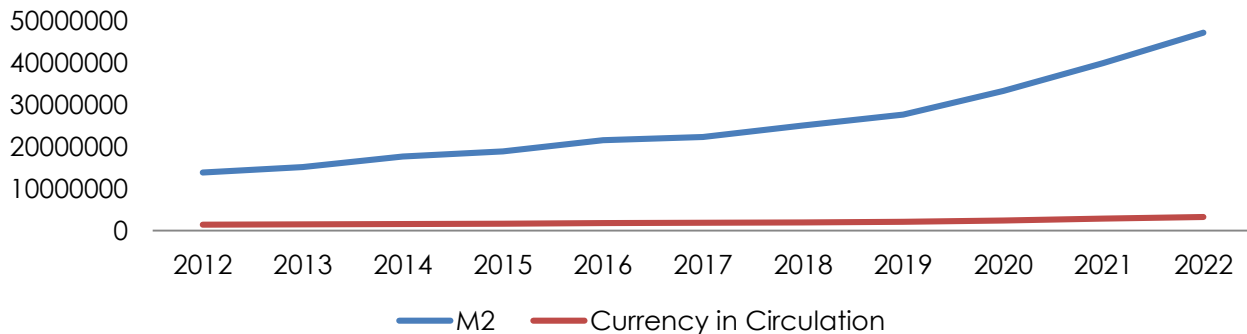


New Notes and Policy

- Will not reduce inflation
- It will actually accentuate it because
 - Cash is only 6% of money supply
 - Money supply growth average over the last 5 years is 12.5%



Money Supply vs. Currency in Circulation



- M2 growth is greater than cash in circulation growth

Currency Change on December 15

- Major causative factors of inflation are:

M2 growth

**Exchange rate
pass-through**

Price of diesel

**Excessive
borrowing by
FGN from the
CBN**

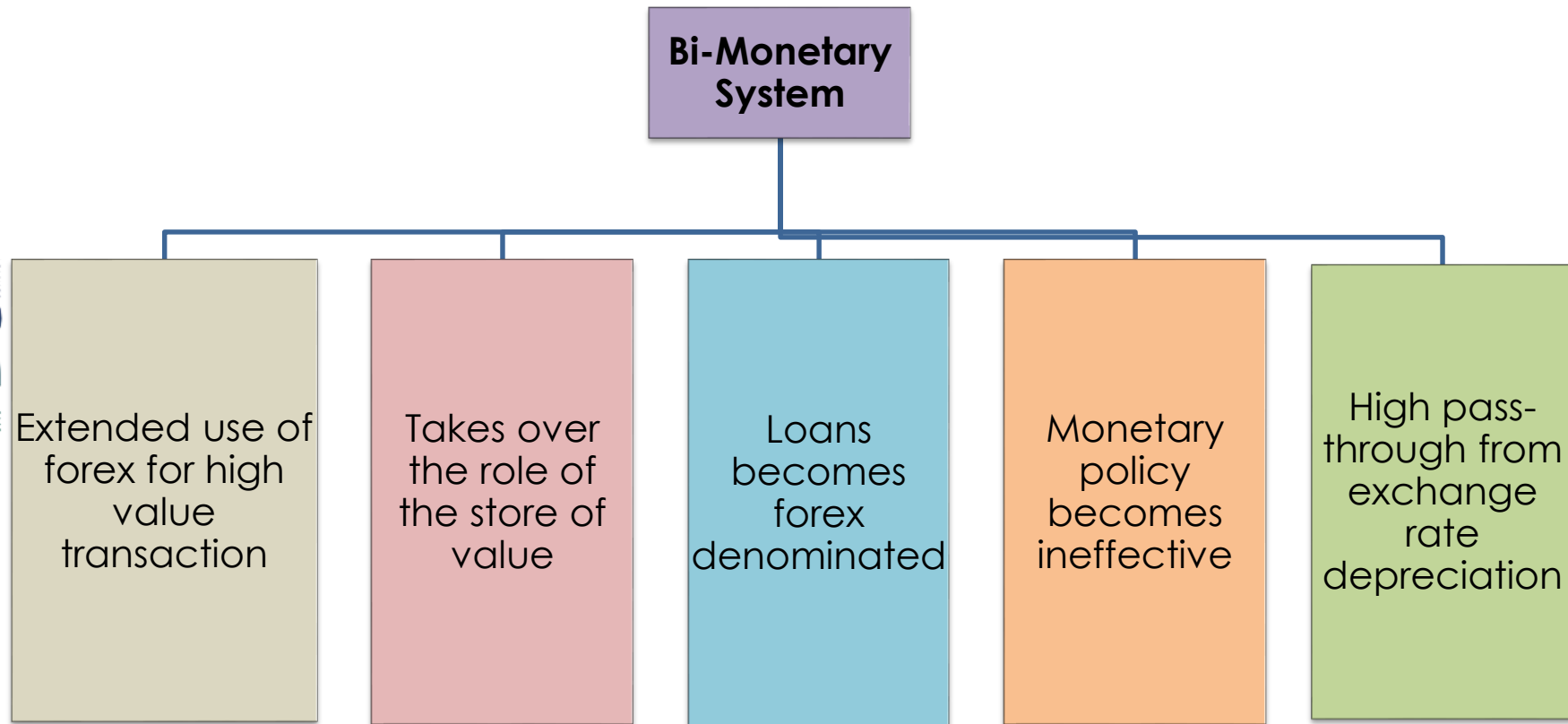
**Growth in fiscal
deficit – ways
and means**

Unintended Consequences- Dollarization of the Economy

- Bi-Monetary system results from a doubt/loss of confidence in the country's currency
- Market participants shift to dollar to defend themselves from high and persistent inflation
- Countries with a dollarized economy as a result of high inflation:
 - Venezuela – (Inflation: 114.40%)
 - Zimbabwe - (Inflation: 268.8%)
- Nigeria's economy is partially dollarized



Unintended Consequences - Dollarization of the Economy



Question 2

The Bank of America suggests that the Naira will be devalued by 20% in official market –

N520/\$

- What are the implications of this forecast?

Bank of America



Naira Devaluation, and so what?

- The Naira is grossly overvalued in the official market
- See the PPP value of the Naira and the official rate in the last 12 months



June 21 Purchasing Power Parity			
	=N=	Jun-21 US \$	PPP ('=N=/US\$)
Bottle of Pepsi (50cl)	150	2.50	60.00
Beer (60cl)	500	0.90	555.56
Hamburger (Johnny Rockets)	4,800	4.59	1045.75
Indomie (1 unit)	60	0.68	88.24
Toyota Corolla	18,000,000	21,000	857.14
Nestle Bottled Water (50cl 1 unit)	60	0.12	500.00
Big Loaf Bread	600	2.50	240.00
Irish Spring Soap (1 cake)	350	0.47	744.68
Chicken Breasts (1 kg)	2,700	8.00	337.50
Trolley	2,500	6.00	416.67
Peak evaporated milk (pack of 12)	3,600	34.40	104.65
Uncle Ben's rice (5.44kg 1 pack)	8,500	14.85	572.39
Eggs (12 large eggs)	1,950	2.30	847.83
Average PPP			490.03
Naira Price at IEFX PPP (%)			410.75
Decision: Naira is		Overvalued	19.30%
Spot Rate (Parallel)			502
Outcome: Compared to IEFX rate of N410.75/\$1, the Naira is Overvalued by 19.30%			

Dec 21 Purchasing Power Parity			
	=N=	Dec-21 US \$	PPP ('=N=/US\$)
Bottle of Pepsi (50cl)	150	2.50	60.00
Beer (60cl)	700	0.90	777.77
Hamburger (Johnny Rockets)	4,800	4.59	1045.7
Indomie (1 unit)	100	0.68	147.0
Toyota Corolla	18,000,000	21,000	857.1
Nestle Bottled Water (60cl 1 unit)	100	0.12	833.3
Big Loaf Bread	700	2.50	280.0
Irish Spring Soap (1 cake)	400	0.47	851.0
Chicken Breasts (1 kg)	2,700	8.00	337.5
Trolley	2,500	6.00	416.6
Peak evaporated milk (pack of 12)	4,800	34.40	139.5
Uncle Ben's rice (5.44kg 1 pack)	8,500	14.85	572.3
Eggs (30 large eggs)	2,200	2.30	956.5
Average PPP			559.60
Naira Price at IEFX PPP (%)			414.0
Decision: Naira is		Overvalued	35.15%
Spot Rate (Parallel)			57
Outcome: Compared to IEFX rate of N414.0/\$1, the Naira is Overvalued by 35.15%			

Oct 22 Purchasing Power Parity			
	=N=	Oct-22 US \$	PPP ('=N=/US\$)
Bottle of Pepsi (50cl)	200	2.50	80.00
Beer (60cl)	900	0.90	1000.00
Hamburger (Burger King)	4,900	4.95	989.90
Indomie (1 unit)	150	0.68	220.59
Toyota Corolla	22,000,000	21,000	1047.62
Nestle Bottled Water (60cl 1 unit)	150	0.12	1250.00
Big Loaf Bread	1,050	2.50	420.00
Irish Spring Soap (1 cake)	400	0.47	851.06
Chicken Breasts (1 kg)	3,650	8.00	456.25
Trolley	3,999	6.00	666.50
Peak evaporated milk (pack of 12)	7,500	34.40	218.02
Uncle Ben's rice (5.44kg 1 pack)	14,550	14.85	979.80
Eggs (30 large eggs)	2,800	2.30	1217.39
Average PPP			722.86
Naira Price at IEFX PPP (%)			441.45
Decision: Naira is		Overvalued	63.75%
Spot Rate (Parallel)			740
Outcome: Compared to IEFX rate of N441.45/\$1, the Naira is Overvalued by 63.75%			

Naira Devaluation, and so what?

- The redesign of the currency notes is no solution to overvaluation

Naira is 20% overvalued

**Nigeria's
balance of
trade is under
pressure**

**Forex market
structure is
inefficient**

**New note will not
make investors
embrace the
Naira**



**Investors do not
care about the
color of the Naira**

Naira Devaluation, and so what?

- How will devaluation in the official market help the Naira in the parallel market?



N520/\$



20%

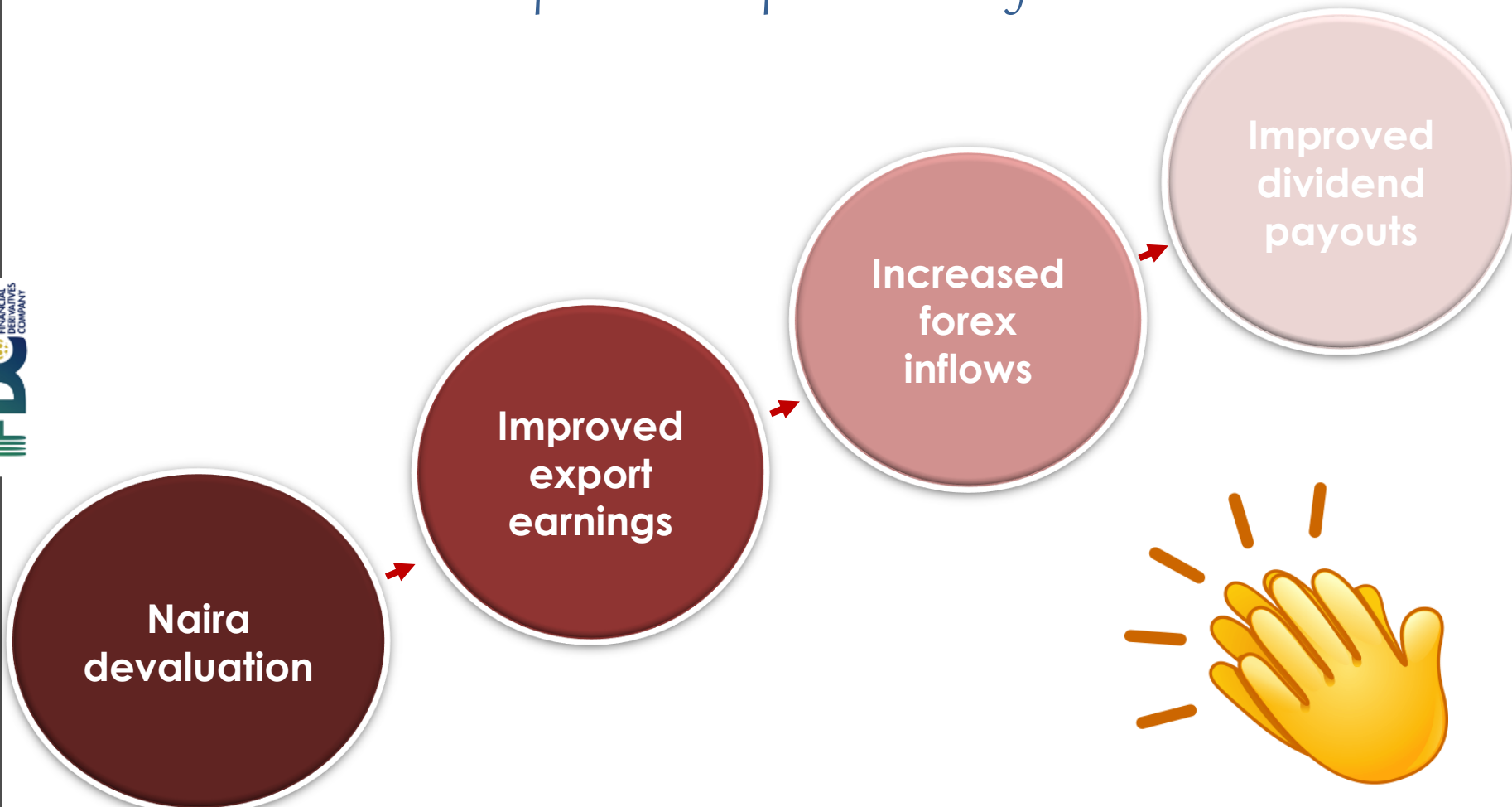
N647/\$



An appreciation in the parallel market rate:

- Will increase exchange rate convergence
- Reduce parallel market premium and rent seeking activities
- Improve market efficiency and diaspora inflows

Naira Devaluation – Impact on Repatriation of Dividends





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Question 3

It looks like I'm losing my shirt with my various investments – 34.5% loss in airtel stock in one month, 12.8% loss in GT stock in one week and 9.2% loss in PZ stock in 3 weeks.

- Why is this happening and where should I invest my funds to protect my portfolio from constant erosion of value?



Stock Market Performance – Selected Stocks

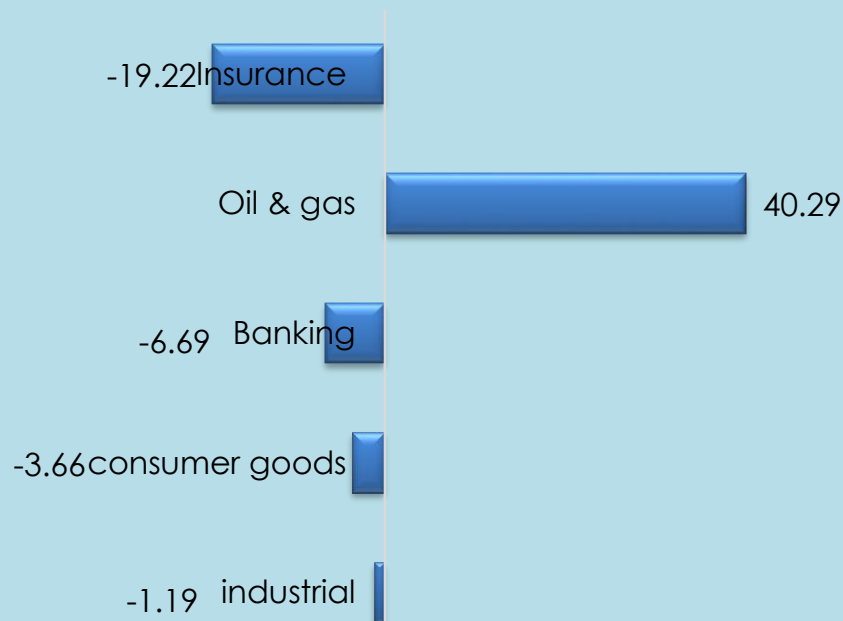


Company	Percentage change in stock price			
	Q1	Q2	Q3	Oct'22
Nestle	-10.4	0.36	-13.2	0
Dangcem	6.42	0.55	-10.9	0
Airtel	-24.2	37.4	15.5	-34.4
GTCO	-13.9	-8.48	-13.4	0.85
PZ	72.9	-9.0	-3.65	-0.54
MTN	-7.9	7.48	-24.5	-1.15
Zenith	-9.07	5.32	-1.26	-14.7
NGX	9.95	10.33	5.39	-9.31

- Most stocks recorded underwhelming performance in October 2022
- Aggressive sell off of liquid stocks for higher yielding securities
- Airtel, the most capitalized stock had the highest loss

Stock Market Performance – Sector Performance (YTD)

Sector Performance (%)



- All sectors on a losing streak except oil & gas
- Bargain hunting and cherry picking having positive impacts on stocks in the oil & gas sector
- Banking sector shedding over 6% YTD, as 9 banks battle Moody's downgrade

Why are Investors Fleeing the Stock Market?

1. Deficit financing



Total Debt Stock

N42trn
(\$103.3bn)

- Rose by 370% in the past 10 years
- 23.4% of GDP
- External debt rose by 1,483% to \$40bn (N16.6trn)

- Increased deficit financing is making sovereign debts more attractive than equities stocks
- Nigeria now downgraded by Moody's by one notch due to:
 - Rising debts
 - Likelihood of sovereign default

Why are Investors Fleeing the Stock Market?

2. Fiscal Cliff – FGN Revenue (Jan to June 2022)

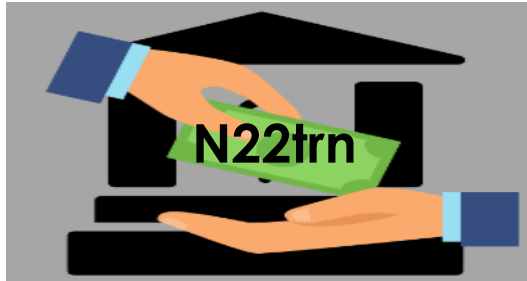
	N'trn	Percentage of Revenue(%)
FGN Revenue	2.28	
Total Expenditure	6.67	292.54
Recurrent Expenditure	5.05	221.49
Debt Services	2.60	114.04
Deficit	4.39	192.5

- Revenue realization is only 42% of projected half-year revenue
- Debt service amounts to 114% of revenue
- 66% of recurrent expenditure funded through borrowing

Why are Investors Fleeing the Stock Market?

3. Debt Monetization

Ways & Means Advances (WMA)



- Funding government deficit through printing of money
 - Ways & means advances (WMA) rose 3,500% to N22trn in 10 years
 - Debt monetization causing inflation through its impact on high-powered money
 - N20bn of WMA to be securitized, converted to 40 year bond at 9%
 - Could change the yield curve as longer term yields becomes lower than short term yields
- Rose by 3,500% in the past 10 years

Why are Investors Fleeing the Stock Market?

4. Global Interest Rate Hikes

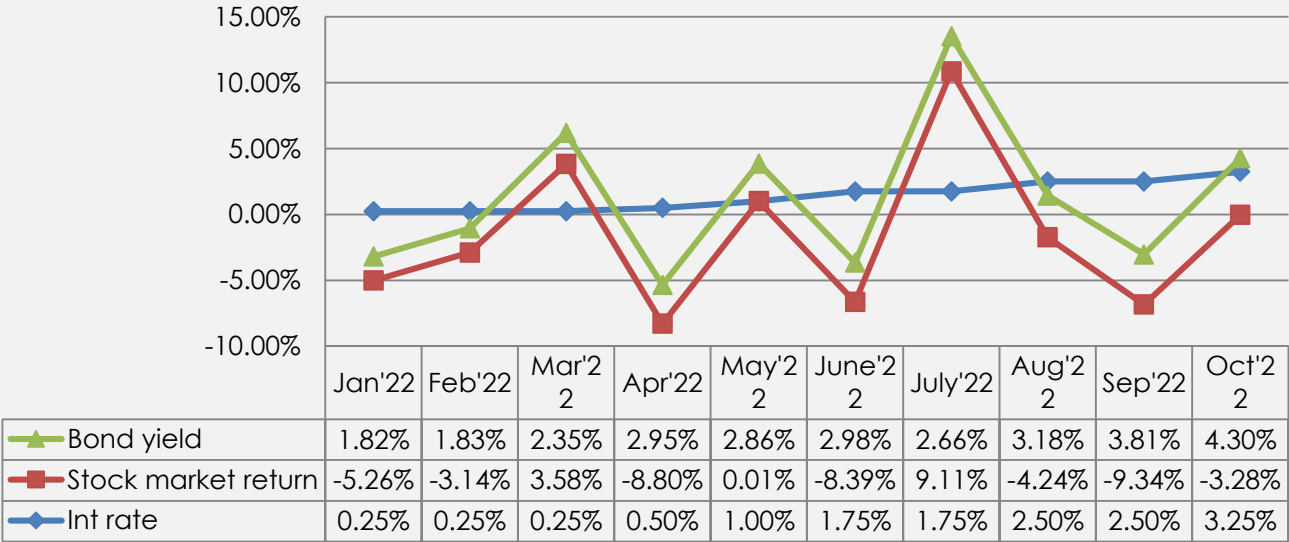


Country	Total rate hike	Current interest rate
US	375bps	3.75% - 4.0%p.a
UK	200bps	2.0% - 2.5%p.a
EU	250bps	2%p.a
Nigeria	400bps	15.5%

- Over 94 central banks have raised rates this year to fight rooftop inflation
- Over 50 CBs have raised interest rates by over 100bps
- US raised interest rates again by 75bps - **sixth consecutive increase**
- There'd be flight to stronger economies – US, etc.
- And a shift to new fixed income

High Interest Rates –Impact on Equities and Bond Portfolio

The US Market



- Inverse relationship between bonds, equities and interest rates
- Rising inflation technically increases bond yields and reduces bond prices

- When the cost of borrowing money rises, bond prices usually fall
- High interest rates are favorable for bond holders but discouraging to bond issuers
- Equity investors will sell off stocks for higher bond yields

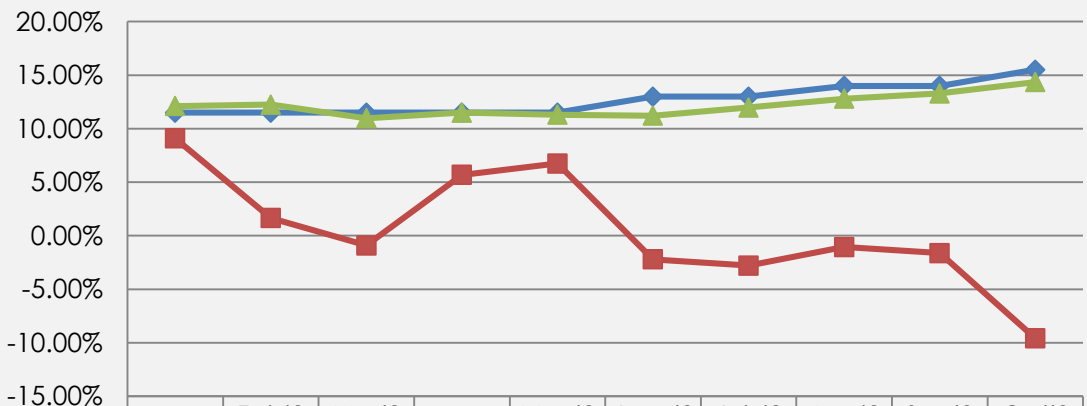
High Interest Rates –Impact on Equities and Bond Portfolio



Bond yields rise in the same direction with interest rates

Stock market return is inversely related to interest rate hikes

The Nigerian Market



	Jan'22	Feb'22	Mar'22	Apr'22	May'22	June'22	July'22	Aug'22	Sep'22	Oct'22
Int rate	11.50%	11.50%	11.50%	11.50%	11.50%	13.00%	13.00%	14.00%	14.00%	15.50%
Stock market return	9.10%	1.65%	-0.91%	5.69%	6.75%	-2.21%	-2.79%	-1.06%	-1.63%	-9.57%
Bond yields	12.12%	12.24%	10.97%	11.50%	11.30%	11.22%	11.99%	12.80%	13.30%	14.35%

IT'S TIME TO
CARE
ABOUT
YOUR SALT

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Other Factors Affecting the Stock Market

Soaring
inflation

- Inflation to remain elevated in Q4'22 and 2023
- FDC is projecting 21.32% in October

Heightened
uncertainties

- Miscommunication about debt restructuring
- Redesigning of the naira
- Forex and exchange rate policies

Price
correction

- Is Airtel overpriced?

Where Should I Invest my Money?

- **Diversify your portfolio**

- Stock, bond, real estate, gold, ETFs, Fixed Index Annuities.

- **Go for a guarantee**

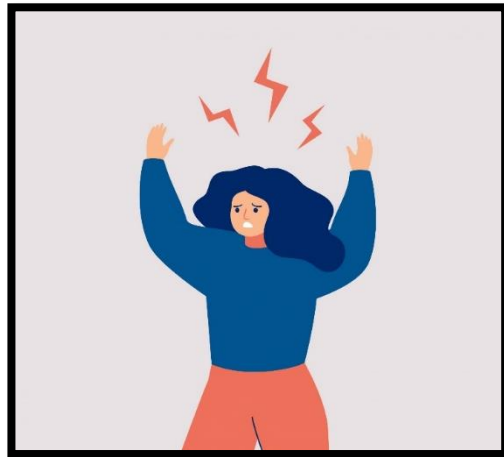
- Treasury security, Time Deposit

- **Hedge**

- Go short on stocks that are underperforming

- **Go long on the dollar**

- **Fly to safety** – selloff and keep the cash



Question 4

As far back as January, the Nigerian Meteorological Services (NiMET) warned of impending floods across most states in Nigeria especially the food producing areas.

- Can you dimension the full impact of this inclement weather on the economy?



Warning! Warning!! Warning!!!



Flooding could continue until the end of
November in some states in the South –
Anambra, Delta, Rivers, Cross River & Bayelsa

- Nigerian Meteorological Agency



Miguel De Cervantes

“Forewarned, forearmed; to be prepared is half the victory”

We Have Been There Before...

2012

- 32 out of 36 states were affected
- Adamawa, Taraba, Plateau, Kogi and Benue were the worst affected
- 363 people killed
- Over 2.1mn people displaced
- About 7mn people affected
- Total loss estimated at N2.6trn

2022

- 33 out of 36 states are affected
- Mostly agrarian and oil producing states - Anambra, Bayelsa, Cross River, Delta, Rivers & FCT
- Over 600 people killed
- Over 1.4mn displaced
- Over 2.5m people affected

We Have Been There Before But No Lessons Learnt...

2012 Vs. 2022

- Flooding in both years caused by...



Climate change – heavy rainfall



Release of excess water from Lagdo dam in Cameroon

- **No lessons learnt - Neglect and delayed actions**

Nigeria Unready for Climate Change

- Nigeria is the 6th least-ready country in the world to adapt to climate change – **Notre Dame Global Adaptation Index**
- The country ranked 162 out of 180 countries in the Environmental Performance index – 41st out of 46 in SSA



Country	Score	Rank (L-H)
Nigeria	28.30	41 st
Chad	28.10	42 nd
Mauritania	28.10	43 rd
Madagascar	28.00	44 th
Ghana	27.70	45 th
Liberia	24.90	46 th

Climate Change - Who are the Culprits ??

Countries by level of carbon emission

Country	Share of world (%)	Rank
China	29.18	1 st
United States	14.02	2 nd
India	7.09	3 rd
Russia	4.65	4 th
Japan	3.47	5 th
Germany	2.17	6 th
Canada	1.89	7 th
South Africa	1.09	15 th
Egypt	0.61	27 th
Nigeria	0.23	43 rd

- China & the US are responsible for more than 45% of global emissions
- Both account for less than 25% of global population
- Africa contributes less than 2.5% of carbon emission
- But 7 out the 10 climate change victims are Africans



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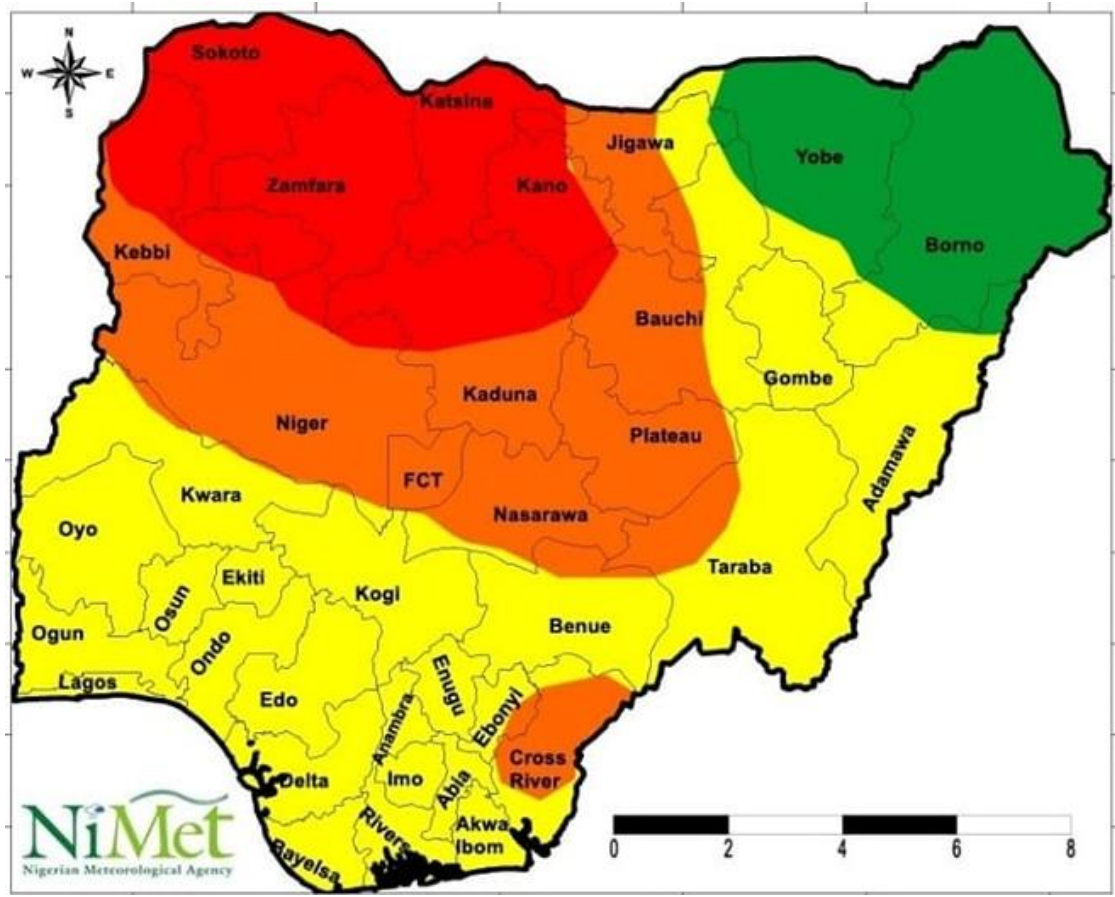


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43 Flooding in Nigeria



- Flood affecting 33 states
- i.e. 92% of the entire country

Legend

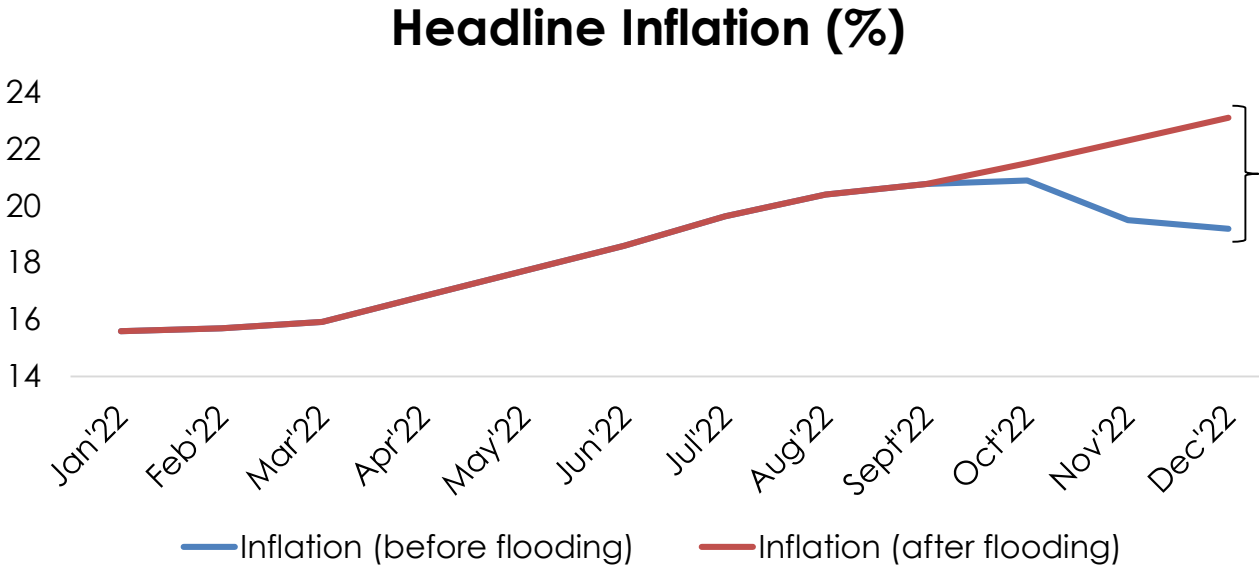
No Hazard is expected (Light or no rainfall is expected)
Be aware of possible hazard (Low rainfall amount is expected)
Be prepared for action (Moderate Rainfall amount is expected)
Take action (Heavy Rainfall amount is expected)

Flooding in Nigeria – Dimensional Impact



Flooding to Mount Price Pressures

- Harvest season was to taper inflationary pressures
- Then came flooding



Most Affected States & Their Peculiarities

	Commodities produced
Adamawa	Cotton, groundnuts, millet, cassava, guinea corn, and yams
Anambra	Natural gas, crude oil, bauxite, and ceramic
Bayelsa	Has one of the largest crude oil and natural gas deposits in Nigeria
Benue	Nigeria's food basket - yam, rice, beans, cassava, sweet-potato, maize, soybean, sorghum, millet, sesame, cocoyam
Cross River	Yams, cassava, rice, maize, fishing, palm oil, kernels, timber, cocoa, and rubber
Delta	One of the oil producing states. Major agric produce include: oil palm, yam, cassava, fishing

Most Affected States & Their Peculiarities



	Commodities produced
Gombe	Groundnuts, cotton, sorghum, millet, cowpeas, cassava, beans, onions, and tobacco
Kaduna	Yam, cotton, groundnut, tobacco, maize, beans, guinea corn, millet, ginger, rice and cassava
Kogi	Coffee, cocoa, palm oil, cashews, groundnuts, maize, cassava, yam, rice and melon
Nasarawa	Cassava, yam, rice, maize, guinea corn, beans, soya beans, beniseed and millet
Niger	Cotton, shea nuts, yams, groundnuts, sorghum, millet, cowpeas, maize, tobacco, palm oil and kernels, kola nuts, sugarcane and fish
Rivers	Yam, cassava, cocoyam, maize, rice and beans

Affected Commodities are Important to the Nigerian Economy



Nigeria is the largest producer of rice in Africa and 14th highest in the world



Largest producer of cassava in the world



Largest producer of yam tubers



Cocoa is one of Nigeria's leading non-oil export commodities. 4th largest producing country in the world



5th largest producer of vegetables (16.4mn tonnes)

Affected Commodities: How Important to the Nigerian Economy?



11th largest producer of maize



3rd largest producer of groundnuts



3rd largest producer of sweet potato



2nd largest producer of Sorghum



12th largest producer of cotton

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Some of the Companies that Depend on these Commodities

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FINANCIAL
DERIVATIVES
COMPANY



Nestle



Cadbury



Nigerian Breweries



Guinness



International Breweries



Livestock Feeds

Food Crisis - Flooding Worsening Food Insecurity

- Most of the affected states are agrarian economies
- Raising concerns about impending food crisis

About 110,000 hectares of farmlands completely damaged

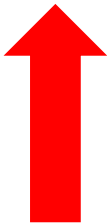
- Olam rice farm submerged – worth over \$15mn
- 10 hectares of rice farm submerged in Kogi
- Transportation of food also affected by damaged roads and bridges
- Food inflation, which is already at a record high (23.3%) will increase further



Santa Clause Without Rice & Chicken



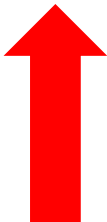
50kg bag of rice



40.86%

N48,000

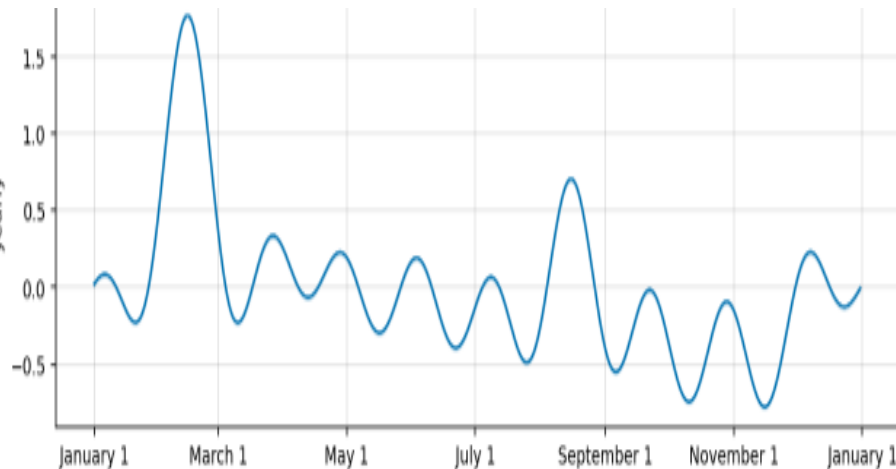
A bag of maize
(used for animal
feeds)



93.33%

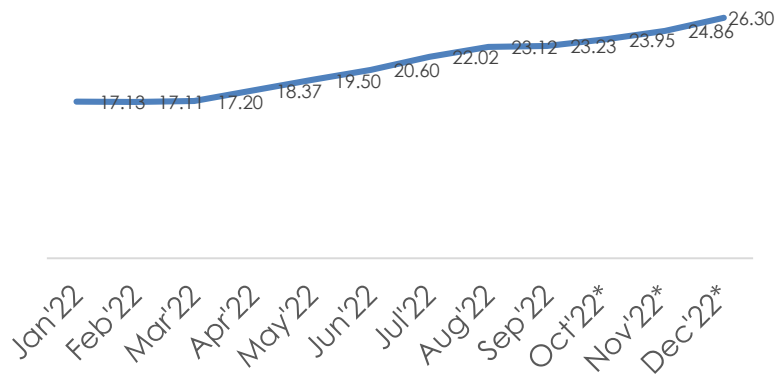
N29,000

Food Inflation Stubbornly High in Almost a Decade



- Food inflation typically falls during harvest season (April – July, & Sept-Dec)

Food Inflation



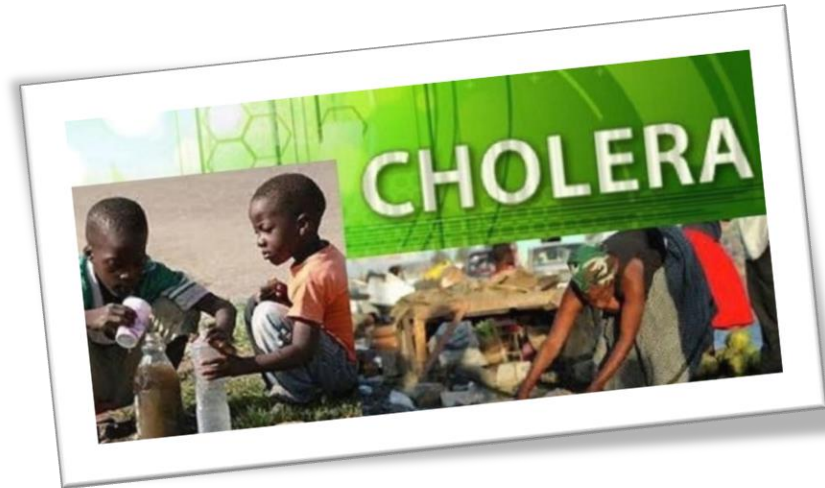
- But this year, food inflation defies the trend
- Due to the compound effect of flooding and structural bottlenecks

Humanitarian Crisis

- More than 2.5mn people in need of humanitarian assistance
 - 60% are children
- Over 1.4mn people displaced
- US provides \$1mn in emergency humanitarian assistance



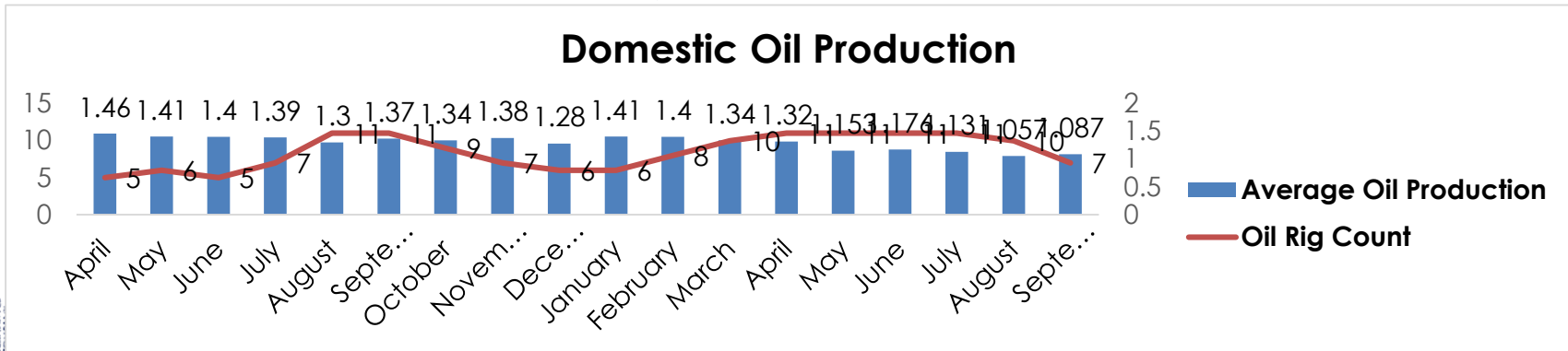
- Outbreak of cholera
 - 7,485 cases and 319 associated deaths in Borno, Adamawa and Yobe
- Cases of diarrhea and water-borne diseases, respiratory infection, and skin diseases are on the rise



*Monthly
Business
Proxies &
Updates*



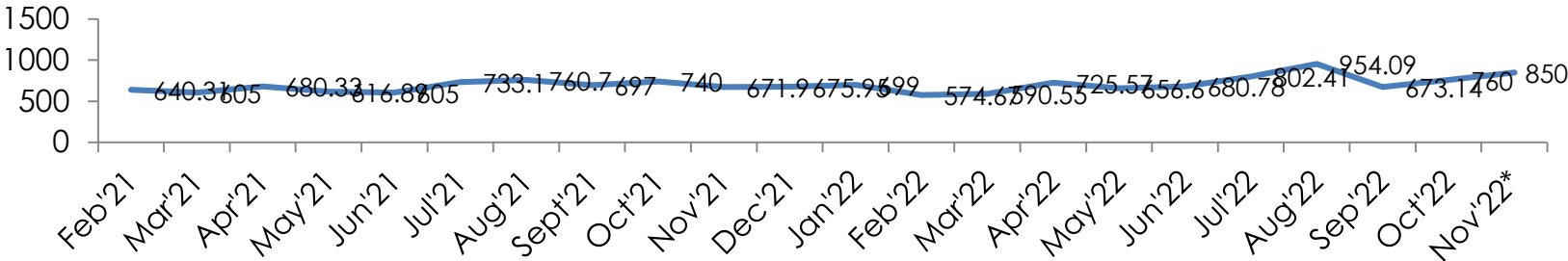
Oil Production Still Sub-Optimal



- Oil production up by 2.84% to 1.087mbpd in September
- Still below OPEC+ quota of 1.830mbpd
 - Due to oil theft, pipeline vandalism, production shut-ins and underinvestment
- Active oil rigs fell by 30% to 7, the lowest this year
- Reflecting low level of activities in the oil and gas sector

Oil Price Recovery to Boost FAAC Disbursements

FAAC (\$bn)







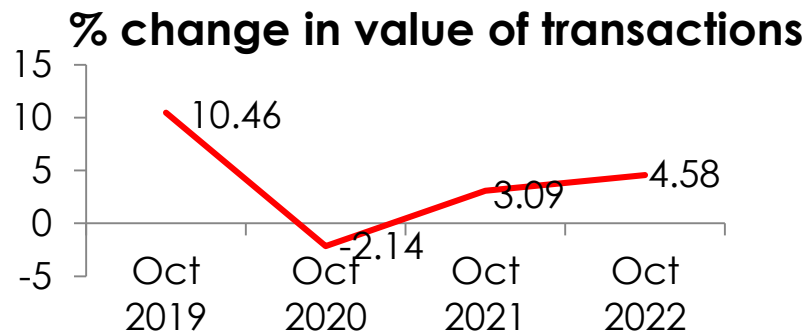
- FAAC allocation spiked by 12.94% to N760.24bn in October
 - Increase in oil & gas royalties offset the decrease in VAT, CIT and import duty
- FAAC allocation could rise further in the coming month
 - Due to elevated oil prices (above \$90pb)

Value of Transactions (MV = PT)

- Total value of transactions rose to N37.01trn in October
 - Up 4.58% from September (N35.39trn)
- Likely due to payments for Christmas orders
- The uncertainty on currency redesign could slow December transactions



Channels	Sep'22 (N'bn)	Oct'22 (N'bn)	% Change
Cheques	265.93	254.91	-4.14 
POS	735.57	753.60	2.45 
NIP	32,842.31	34,535.98	5.16 
NEFT	1,548.04	1,461.54	-5.59 



Value of Transactions

- Velocity of circulation declined to 1.02x in Q2'22 compared to 0.44x in Q1'22
- The traditional increase in the velocity of circulation in December may not happen
- As currency exchange process will be a major constraint



Source: NIBSS, FDC Think Tank

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Question 6

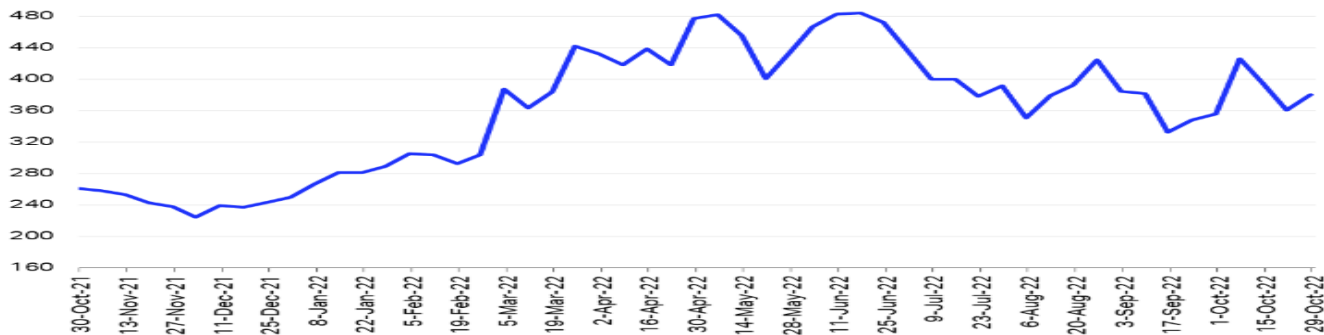
CBN & Nigerian airline operators are saying that foreign bilateral air service partners are refusing domestic airline landing spots.

- What has been the effect of Naira depreciation on the aviation sector?



- Global aviation industry slowly recovering on less travel restrictions
 - Global traffic now at 81% of pre-pandemic levels
- Higher oil prices increasing jet fuel costs for airlines
 - Jet fuel price up by 116.62% from \$65.6/bbl. to \$142.1/bbl.
 - Accounts for about 40% of the total flight costs

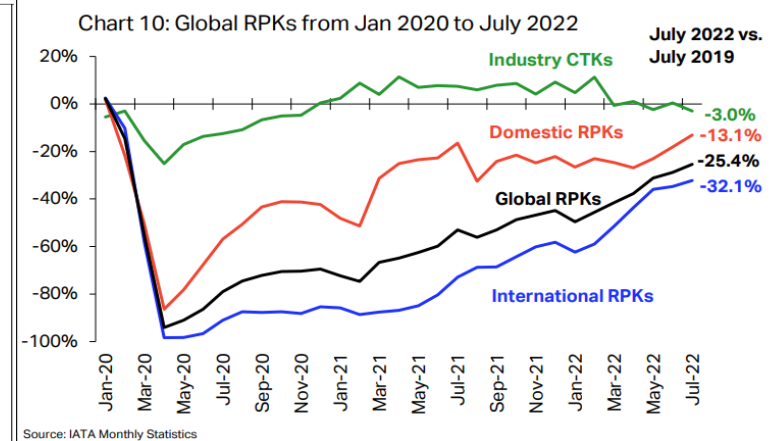
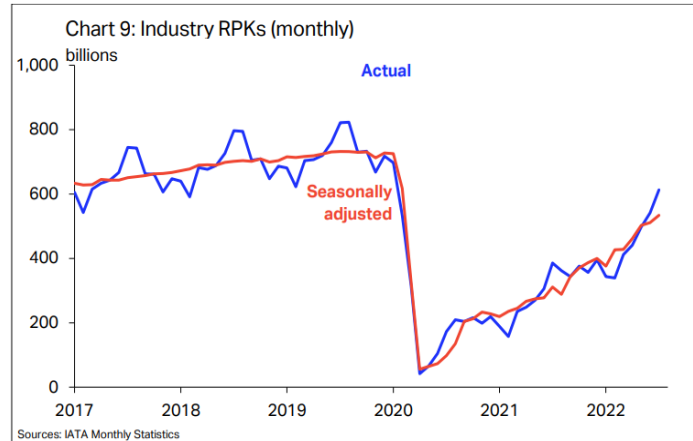
Jet Fuel Price Index (2000 = 100)



Source: S&P Global

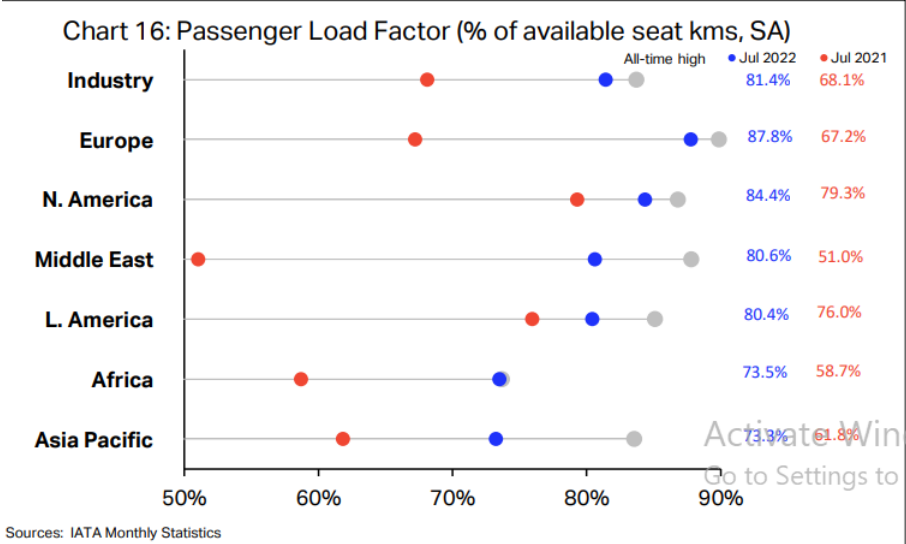
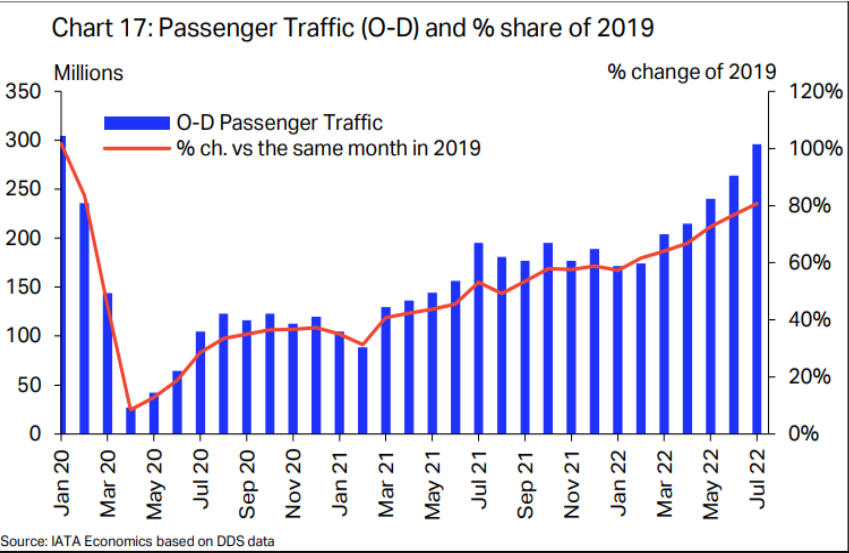
Global Aviation Update

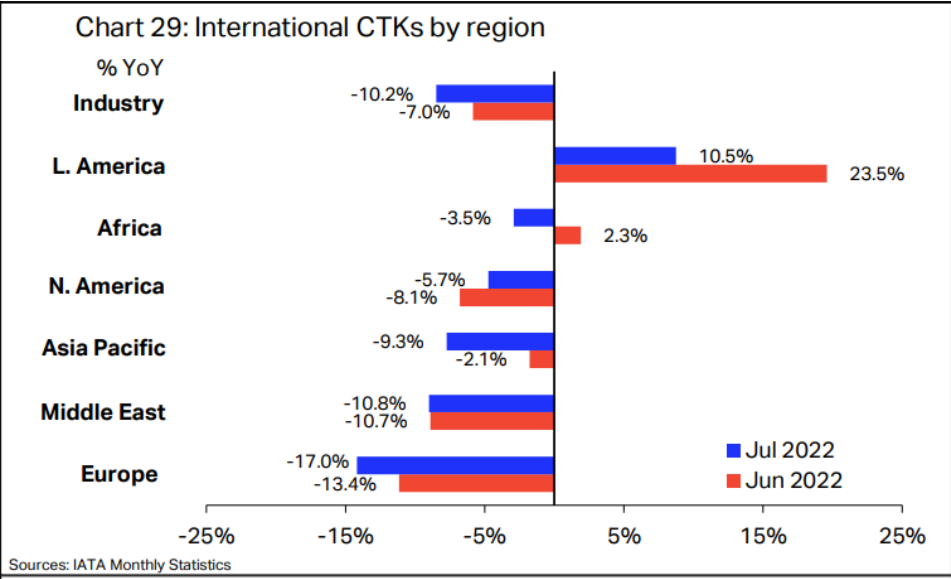
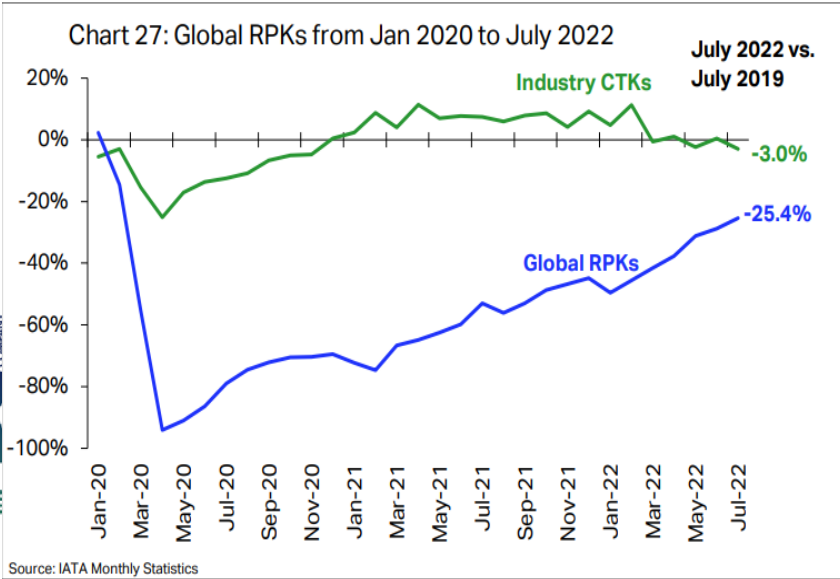
- Lingering Russian-Ukraine war threatens global airline industry
- However, passenger revenues will pick up on strong travel demand
 - Global RPKs are now at 75% of 2019 levels
 - International (68%) and domestic (87%) RPKs are close to their pre-pandemic levels





- Domestic and international passenger traffic to maintain recovery
- As the festive season approaches and travel restrictions ease
- Passenger load factor to keep rising on strong travel demand





- Cargo revenues outpacing passenger revenues
- But slowdown in global trade affecting cargo traffic
- Global Cargo Tonne Kilometers (CTKs) declined by 3% YoY

Domestic Aviation Industry Underwater

- Nigeria's aviation industry problem is hydra headed

Trapped funds of over \$500mn

Foreign airlines waving goodbye

Rising jet fuel prices

Visa collection difficulty & bans



High maintenance & service charge costs

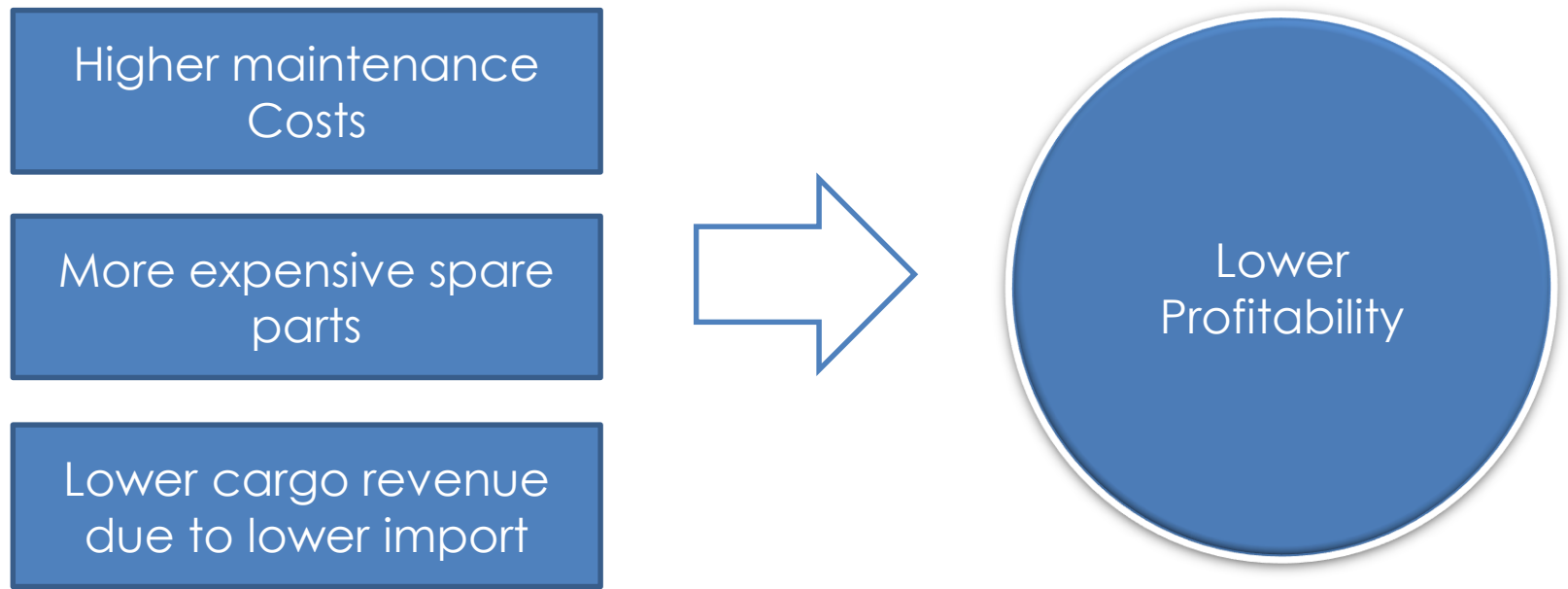
Forex Rationing Worsening Trapped Funds

- Nigeria possess 36% of stranded airline funds globally
- Foreign airlines' trapped funds now over \$500mn
- CBN planned to release \$264mn two months ago and may release another \$150mn
- As operations continue, repatriation proceeds mount
- CBN says airlines' are not its priority
- International carriers considering goodbye to Nigeria
- Emirates Airlines has withdrawn passenger flights on Nigerian routes
 - Suspended its operations on Oct. 29

Forex Rationing Worsening Trapped Funds

- Emirates is the “most significant” airline, by passenger traffic, on the Nigerian route - **IATA**
- Delta Air also suspended its Lagos-New York JFK route
- Naira ticketing has stopped as airlines try to reduce trapped funds
- Nigerians will bear the brunt as flight ticket costs climb
- A return ticket from Lagos to London now costs N2.3mn
- Forex backlog to airlines will mount as the festive season approaches
- Air travel demand typically peaks in festive periods

Naira Depreciation Slashing Airline Profits



Naira Depreciation Slashing Airline Profits

- Domestic carriers face operational threats
- As jet fuel prices spike on higher global oil prices
- Dollar scarcity and currency weakness heightening maintenance costs and spare part acquisitions
- Aircraft leasing rates are also climbing
- High terror threat warnings by the US & UK may slow festive demand for flights to Nigeria

Nigeria Air is Finally Happening!!!

- Nigeria introduces a free routing system for airlines
- Nigeria air expected to start operations in 2023 with an initial capital of \$300mn



	Year 1	Year 5	% Change
Passengers (est.)	2 million	5.5 million	175
Revenue (est.)	\$280 million	\$1 billion	257



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Question 5

Michael Ozzie said money talks and BS walks.
In other words, talk is cheap. All the
presidential candidates are saying the '**WHAT**'
but no one is talking about the '**HOW**'. The
economy is in dire straits.

- What is the probability that any of
these candidates will do the trick?



Can Any of the Candidates Do the Trick?

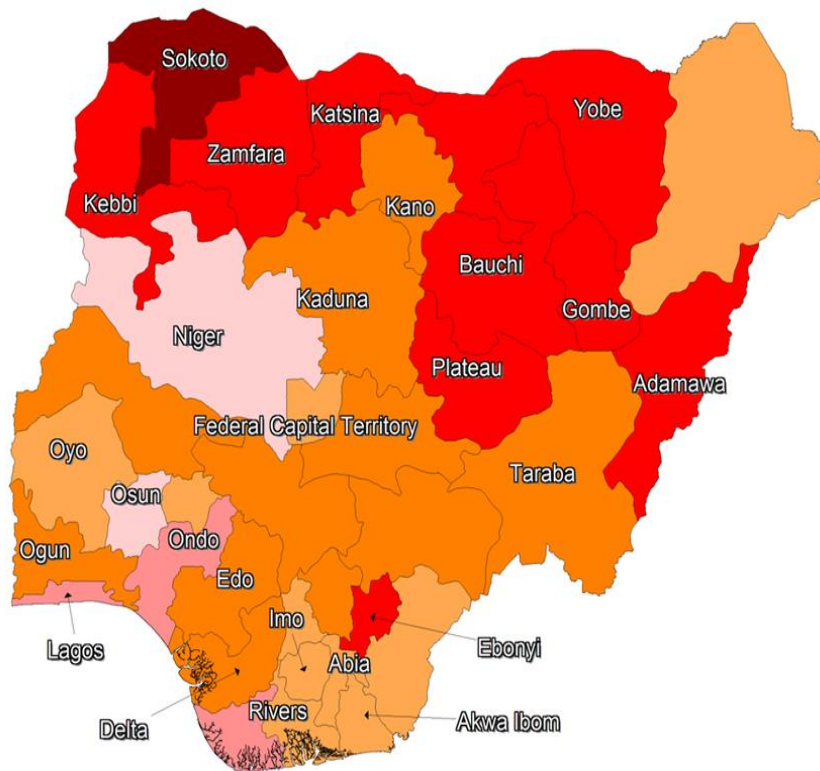
- None of the candidates have the capacity nor the intellectual resources to do the trick
- The political party machines are equipped to win elections but not run a government
- In normal times – ***not to talk of abnormal times***
- The electoral map is going back to the future
- High tribal commitments and the money bags are back again



Can Any of the Candidates Do the Trick?

- The Emirs, Kabiyesi's, Eze's and Warlords are in play
- There is an exaggerated influence and power of state governors
- Incumbent governors' impact on the electorate is a declining function of time
- Osun state and Edo state are glaring examples of how fast things can change
- Especially when people are angry and hungry

Poverty

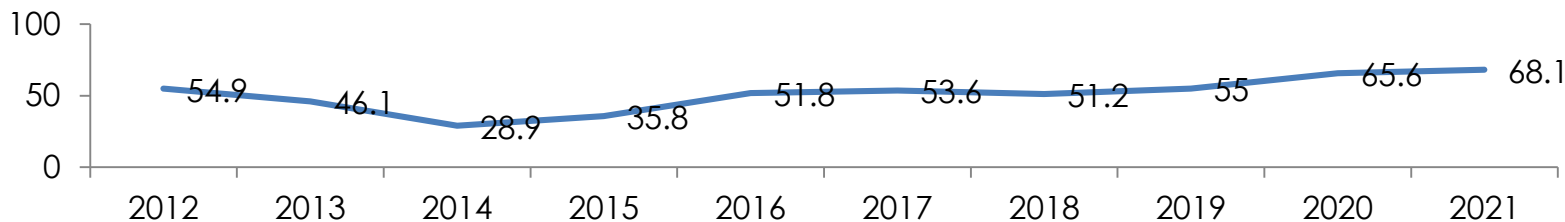


Flooding



Can Any of the Candidates Do the Trick?

Misery Index



- Vote buying, police purchase, compromising INEC & ballot box stuffing will be more difficult in 2023
- The economy is not likely to turn the corner in the next 100 days
- Therefore voter anger and resentment will increase
- Leading to apathy or a vicious turnout against incumbents

Can Any of the Candidates Do the Trick?

- APC, PDP will pivot to the old order
- Anger and frustration will benefit Labour more than PDP
- APC will try to distance themselves from the current government
- But it is difficult for a party to disown its record
- The APC are between a rock and a hard place
- But they have a war chest and tribal sentiment
- PDP has the northern bloc and the dog whistle of no more zoning



Can Any of the Candidates Do the Trick?

- Labour party are playing the anger game but are an Ibo party in the end
- Nigerian politics is back to the beginning again
- As it was in the beginning, so it shall be time million end
- The more things change the more they remain the same



November Outlook





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- The US dollar will strengthen against all currencies on new Fed rate hike
- The Naira will test the 900/\$ benchmark in early November
- Headline inflation will creep up to 21.4%
 - Primarily as a result of currency uncertainty and flooding effect
- Shortages of imported commodities in supermarket shelves will be more pronounced
- Watch out for expiry date fraud



- A bag of rice will test the 60k level
- Panic buying will further accentuate inflationary pressures
- GDP numbers for Q3 will be released on November 24
 - Estimates are for 2.9%
 - Q2 was 3.54%
- MPC will leave interest rates and parameters unchanged
- Brent will fall to \$85-90pb as global economies slowdown



- Nigerian oil production will increase marginally to 1.1mbpd
- As western Niger Delta pipeline is partially restored
- Abuja will continue to be partially affected by terror threats
- Petrol shortage will continue in early November
- Price of PMS will be adjusted to N195 per litre
- Diesel price will remain at N800 per litre and cooking gas at N9,600 per 12.5kg
- Christmas hampers will be far and between
- Fairy Christmas in advance

Corporate Humour

Everybody's business is nobody's business and nobody's business is my business

– Clara Barton



The words to describe pain are inaccurate and imprecise

– Tony Moore

Strategy is buying a bottle of fine wine when you take a lady out for dinner. Tactics is getting her to drink it

– Frank Muir

Corporate Humour

One man's wage rise is another man's price increase.

– Harold Wilson



Teach a parrot to say Demand and Supply and you have got an economist

– Thomas Carlyle

A story is told as much by silence as by speech

– Susan Griffin

Corporate Humour

Wise men speak because they have something to say. Fools speak because they have to say something

– Plato



Money enables us get what we want instead of what other people think we want

– George Bernard Shaw

Inland Revenue: We've got what it takes to take what you've got.

– Bumper Sticker

Corporate Humour

The great tragedy of science is the slaying of a beautiful hypothesis by an ugly fact

– Aldous Huxley

A critic is a man who knows the way but can't drive the car

– Kenneth Tynan

An agent is a person who is sore because an actor gets 90% of what they make

– Elton John

Corporate Humour

If you like your passport photo you are too ill to travel

– Joe Pasquale

Everybody was saying we must have more leisure. Now they are complaining they are unemployed

– Prince Phillip

For the first half of your life, people tell you what to do, for the second half, they tell you what you should have done

– Richard Needham

Corporate Humour

They say life begins at forty, but I think it takes forty years to realise its already started

– Jeremy Hardy



Anger is only one letter short of danger

– Anonymous

Thank
You

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