

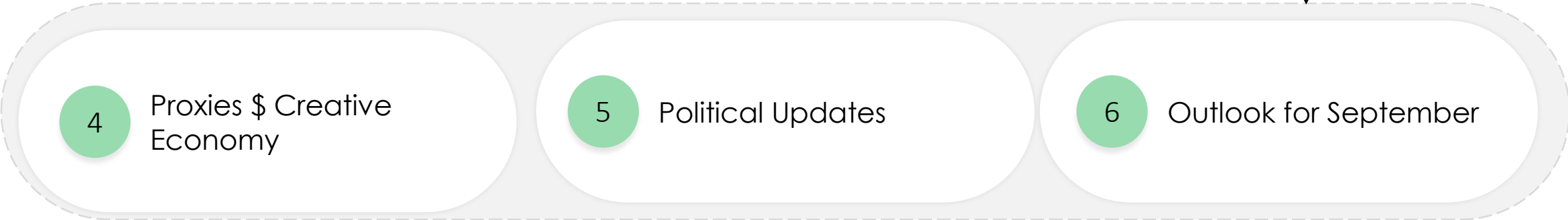


LBS BREAKFAST SESSION

**NOT ALL THAT GLITTERS IS
GOLD!!!**



OUTLINE



DOMESTIC ECONOMIC PERFORMANCE





QUOTES!



*All that is gold does not
glitter, Not all those who
wander are lost; The old
that is strong does not
wither; Deep roots are not
reached by the frost.*



J. R. R. Tolkien

“Author, The Lord of the Rings”



*Looks can be deceiving.
Beauty is only skin deep.
Never judge by
appearance.*



Anonymous



CURRENT STATE ASSESSMENT – POSITIVE INDICATORS

MEI	Jul'24	Aug'24	% Change	Sept'24*
GDP growth (%)	2.98 (Q1'24)	3.19 (Q2'24)	0.21	3.25
Average oil production (mbpd)	1.28 (Jun'24)	1.31 (Jul'24)	2.34	1.35
PMI	49.2	49.9	1.42	55
Inflation (%)	34.19 (Jun'24)	33.4 (Jul'24)	0.79	32.9
Primary T-Bills (%): 364-days	20.68	20.90	1.45	20.50
Gross External Reserves (\$bn; month-end)	\$35.77	\$36.31	1.50	36.00

Source: CBN, NBS, EIU, OPEC, FBNQuest *: FDC's forecast



CURRENT STATE ASSESSMENT – NEGATIVE INDICATORS

MEI	Jul'24	Aug'24	% Change	Sep'24*
Money supply growth (%)	56.14	62.66	11.61	50-51
Oil price (\$pb; avg)	80.72	79.75	1.20	81.0
Exchange rate (N/\$; end period): Parallel	1,606	1,640	2.11	1,570 – 1,610
Stock Market Cap (N'trn)	55.51	55.49	0.04	57.0

One reading or even two is not a trend

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



OF THE INDICATORS...



6 Good



4 Bad

- Data shows a more positive trend
- Everybody should be feeling good!
- Is the economy on the recovery path?
- What is the difference between how you feel, what you hear, and the data?
- In the market, the trend must be your friend

QUOTES!

“

*When the tide goes out,
you find out who is
swimming naked*

”



“

*Don't judge a book by its
cover*

”

Warren Buffet



George Eliot



KEY DEVELOPMENT SYNOPSIS

- The naira is trading at N1,645/\$ at the parallel market
- The gap between the street rate and the spot rate is approximately N100 or less than 1%
- The diaspora bond is believed to be 100% oversubscribed i.e. \$1bn
- The allocation will be done this week
- NNPC has come partially clean on its external obligations (\$6.8bn)
- A 50% increase in the price of PMS will have a significant impact on macroeconomic stability
- The supposed daily demand for PMS of 63mn litre will fall to approximately 38mn litre
- Leading to a contraction of aggregate consumer income
- Improve government revenues by a corresponding amount
- Ironically, the fiscal deficit as a percentage of GDP will still rise to 6%

Expectations for moderation in inflation in September will have to be delayed till December

- Analyst expectations for a slash in interest rate will have to wait till January 2025

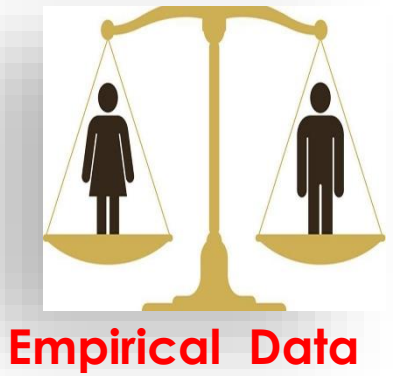
IF THAT WAS THE CASE.....



ANECDOTAL EVIDENCE VS. EMPIRICAL EVIDENCE

DATA INTEGRITY IN QUESTION?

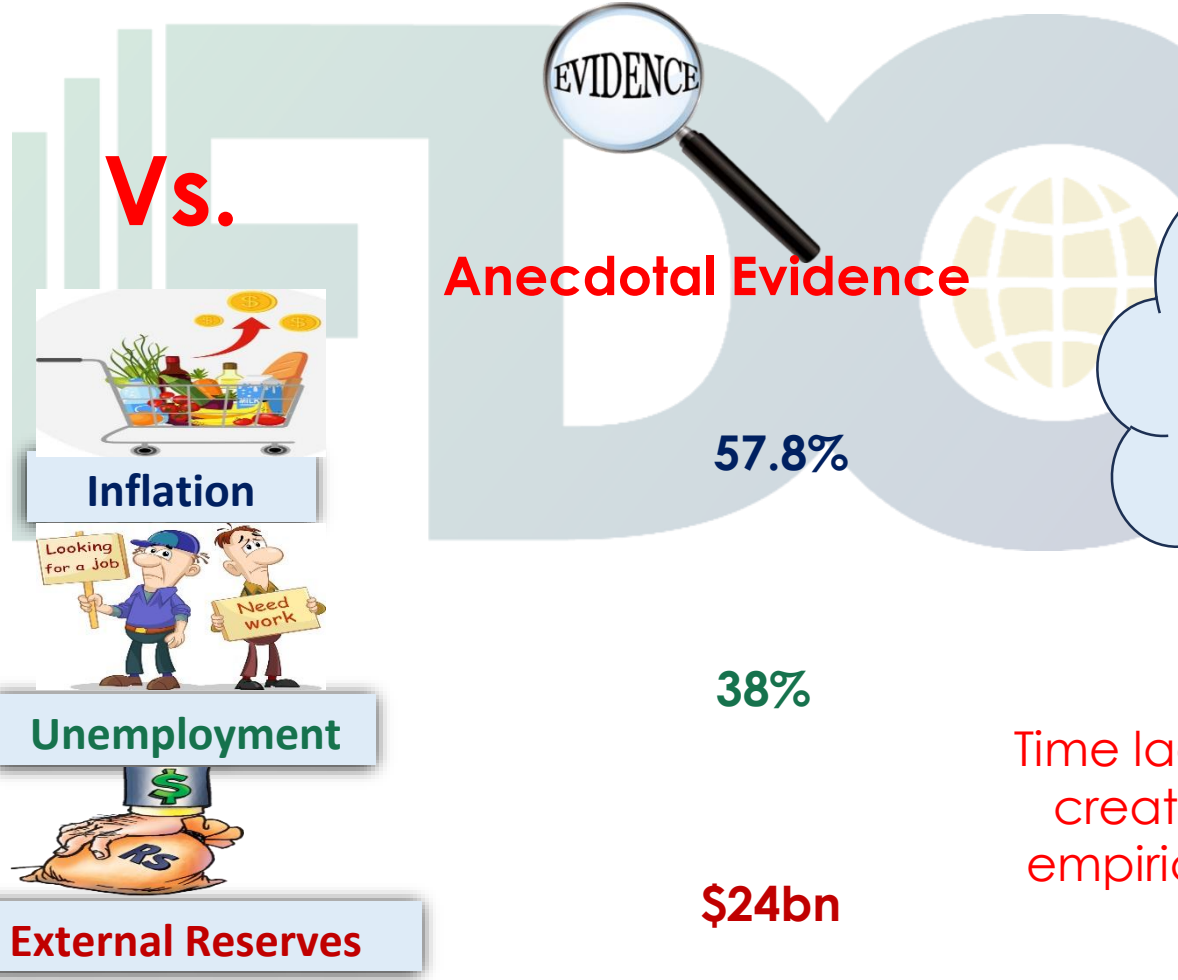
- There are three kinds of lies: lies, damned lies, and statistics - **Mark Twain**
- Statistics are like bikinis. What they reveal is suggestive, but what they conceal is vital – **Aaron Levenstein**



33.4%

5%

\$36.31bn



The quality and effectiveness of public policy largely depends on the reliability of public data

Time lag can play a significant role in creating contradictions between empirical and anecdotal evidence

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WHAT TO DO ABOUT IT?

WHAT IF ANALYSIS

Base Case (Scenario 1)

Proceeds from the Diaspora bond and more foreign auctions in September

MPC cuts policy rate in its next meeting in September

Dangote Refinery starts production

Petrol price remains at N900

Import duty waiver is implemented

In the next one month....

Worst Case (Scenario 2)

No foreign auction

MPC maintains the status quo at the next meeting

Dangote refinery runs into hitch

Petrol price jumps to N1200

Duty waiver fails

TIME LAG INCREASE DUE TO PROTEST

- Even with optimistic assumptions, the benefits of positive scenarios may take time to materialize
- Labour says that the minimum wage deal of N70k was based on petrol at N600/litre
- End bad governance protest reverses?



N70k Vs. N600/litre of petrol

PRONOUNCEMENTS, POLICIES OR PROMISES

How you feel



- Prices for essential goods and services remain high
- High poverty rate
- Squeezed consumer income

What you hear



- Official statistics indicate a decline in inflation
- Economic improvement with 3.19% growth
- Import waiver to bring down prices

What the data says



- Data shows more positive trends

Data are not consistent with market reaction

Are individuals feeling good?

Are corporates feeling good?

Why the contradiction?

Is it a hangover of the past?



GLOBAL ECONOMIC IMPACT ON NIGERIA

THE MORE INTEGRATED THE ECONOMY – INCREASES



- In more integrated economies like the United States or Germany
- Policy changes have immediate effects on the markets, consumer behavior, and business investments
- The time lag between the policy change and its impact on the economy is relatively short

THE LESS INTEGRATED THE ECONOMY – REDUCES

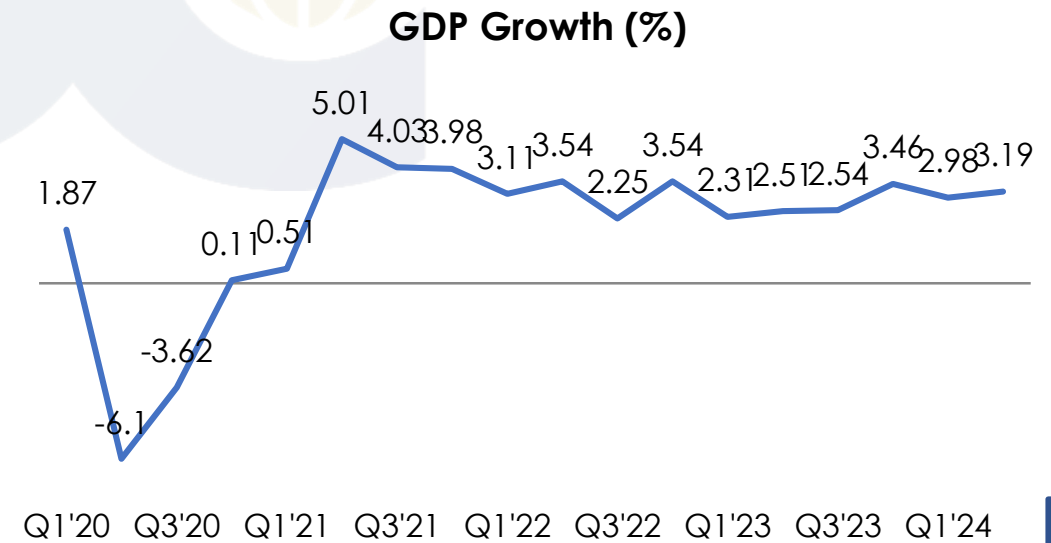


- In less integrated economies like Nigeria
- Policy changes might take months or even years to fully impact the economy due to
 - Slower transmission mechanisms
 - Weak institutional capacity
 - Weaker linkages

GDP NUMBERS MASKING THE REALITIES

- Higher growth was a result of base effect
- The average Purchasing Managers' Index (PMI) in Q2'23 was 46.33
- Q2 economic conditions were poor
- Business activities and other sectors were contracting simultaneously in a retail-driven economy
- Thus, the outlook for Q3 2024 remains cautiously optimistic

Parameters	2023 Q2 Avg.	2024 Q2 Avg.
PMI	46.33%	51.1%
Stock Mrk. Cap (Ntrn)	26.5	55.7
Interest rate	18.75%	26.25%
Inflation	22.48%	33.95%

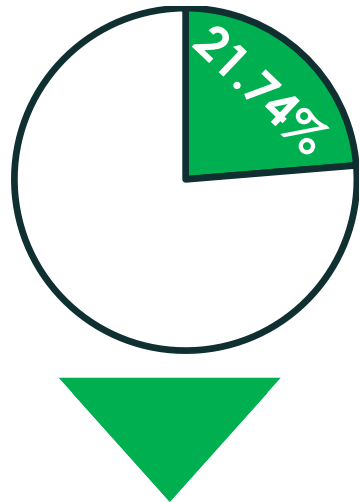


Source: NBS, FDC Tink Tank

Q2 SECTOR PERFORMANCE - A MIXED BAG

- In Q2'24, of the 46 activities tracked by NBS:

Expanding Sectors (10)



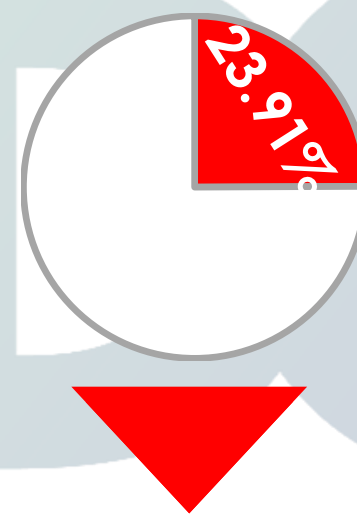
- Rail transport (57.14%)
- Water transport (33.05%)
- Financial Institution (30.37%)
- Insurance (13.30%)
- Crude petroleum & natural gas (10.15%)

Slowing Sectors (25)



- Metal ore (58.12%)
- Electricity (5.96%)
- Water supply (8.20%)
- Telecommunication (5.17%)
- Chemical & pharmaceutical products (2.35%)

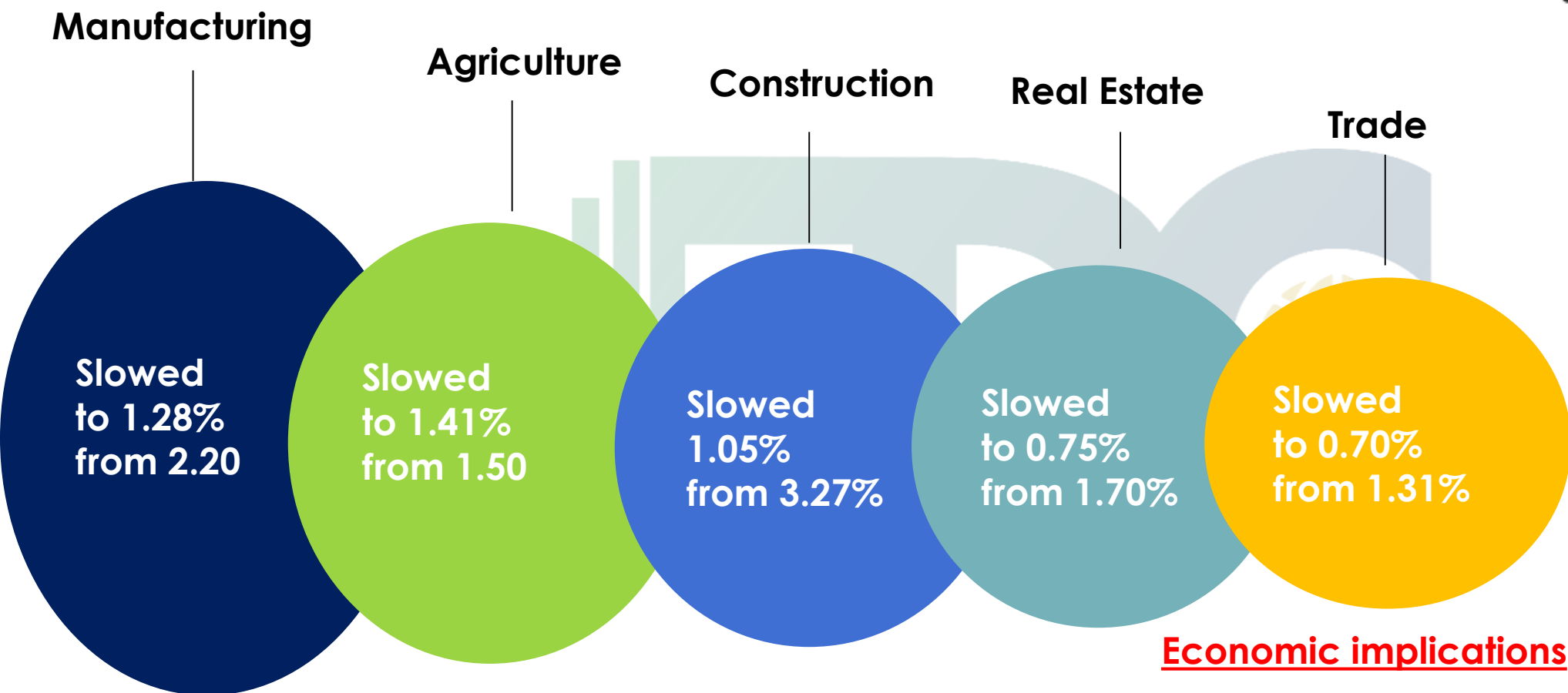
Contracting sectors (11)



- Coal mining (-51.83%)
- Oil refining (-51.32%)
- Road transport (-35.41%)
- Air transport (-11.17%)

- Of the 46 activities tracked;
- 10 expanded
- 25 slowed
- 11 contracted
- Expanding sectors declined from 14 in Q2'23 to 10 in Q2'24
- Sectors that expanded in Q2'24 are mainly labour inelastic sectors
- Laggards increased by 8.69% from 32 in Q2'23 to 36 in Q2'24

LABOUR-INTENSIVE SECTORS LAGGING

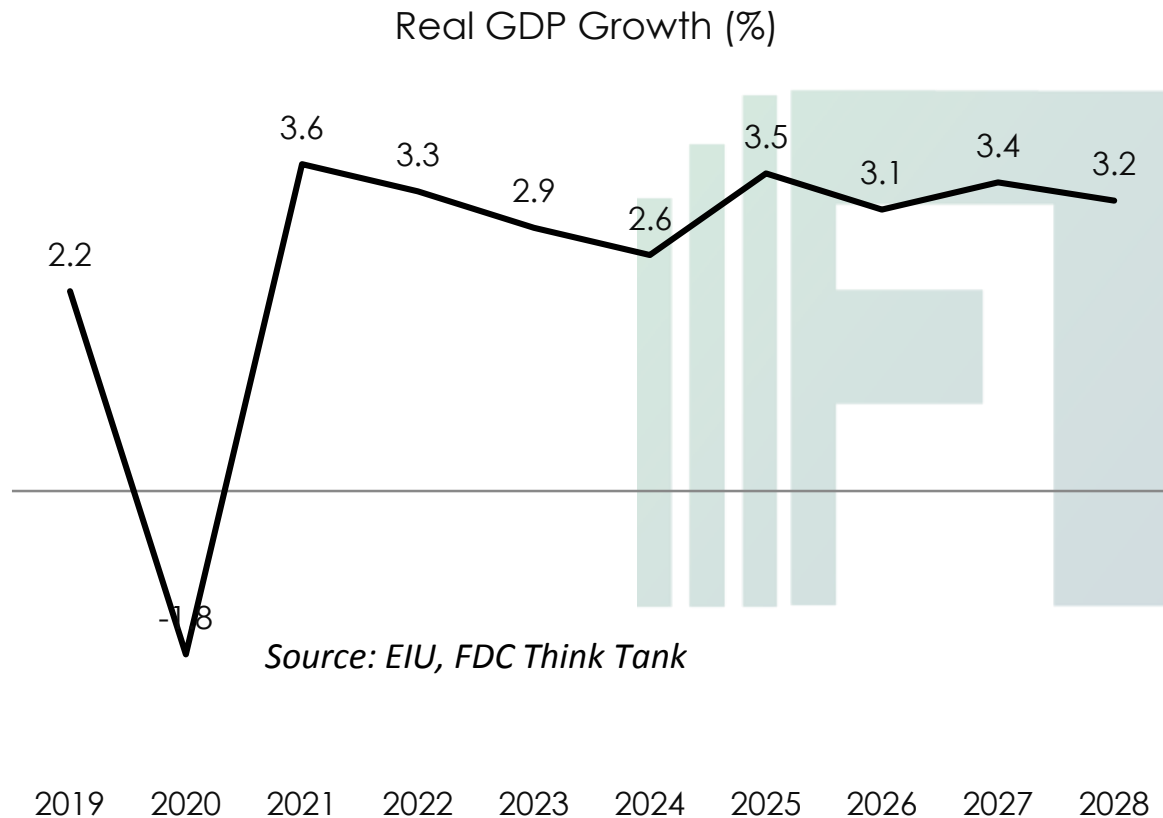


Economic implications

- Reduced employment opportunities
- Slower economic growth
- Supply chain disruptions
- Increased import dependency
- Rising inequality
- Investment deterrents

Sector growth comparisons are between Q2'23 and Q2'24

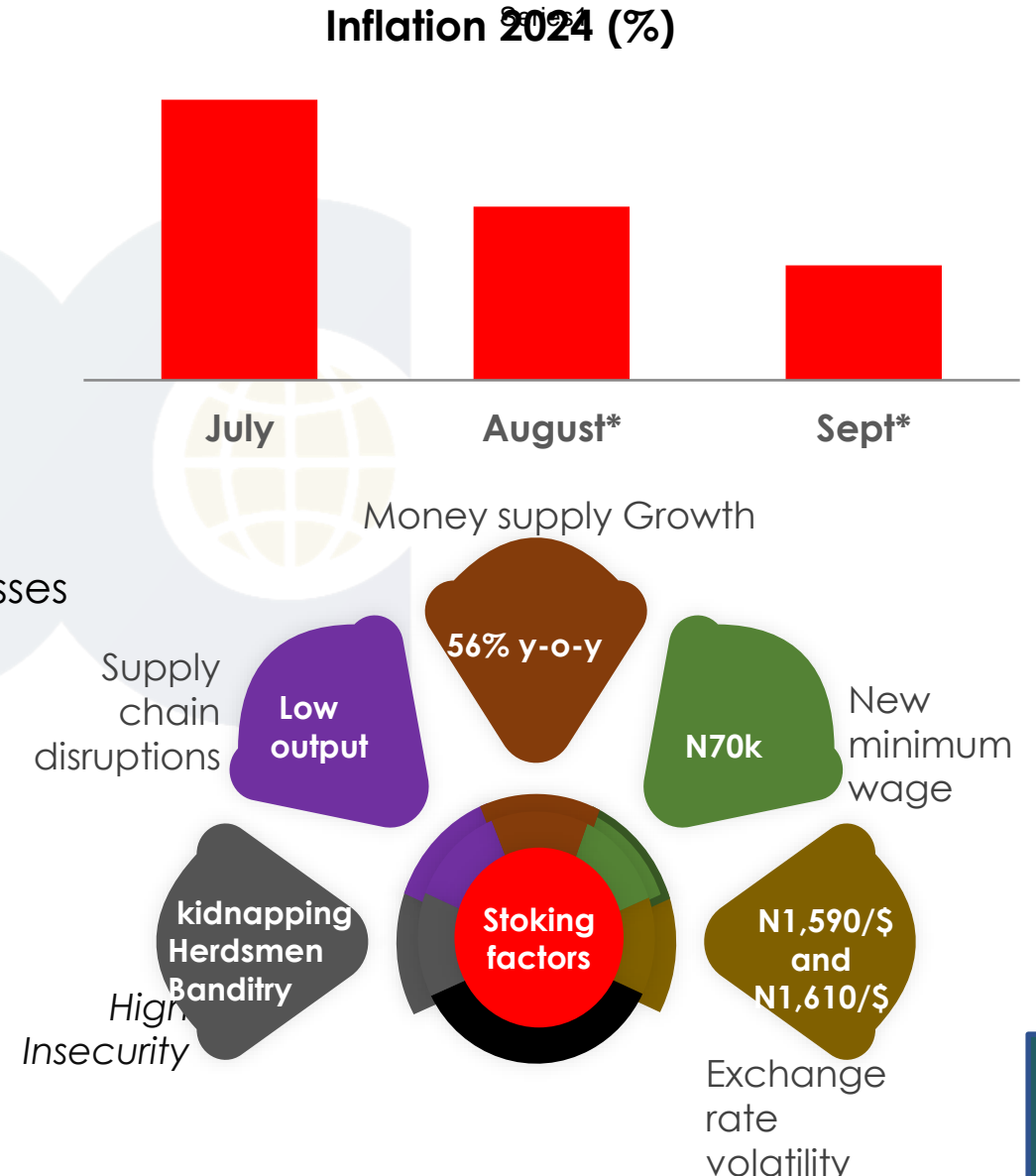
GDP OUTLOOK- WITHOUT A POWER OUTPUT SURGE



- According to the EIU GDP is expected to improve from 2025 onwards, reaching an average of 3.3% annually
- This is an improvement from the sluggish growth of 2.5% expected in 2024
- But growth is likely to face significant challenges including infrastructure deficits, insecurity, and high inflation
- Electricity supply of 6000MW from 4000MW to stimulate output

RENEWED INFLATION LOOMING – PETROL PRICE SPIKES

- Many of the challenges contributing to inflation are structural
- These factors complicate the relationship between inflation rates and consumer experiences
- Inflation is likely to renew as the price of petrol spikes to N900/litres
- Make it more difficult for it to come down as projected
- Increase the cost of transportation for both individuals and businesses
- This will drive up the prices of goods and services across the economy as businesses pass on the higher costs to consumers
- The cost of producing, distributing, and selling these goods will rise significantly





Leo

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Check Account Balance?

Top up your airtime?

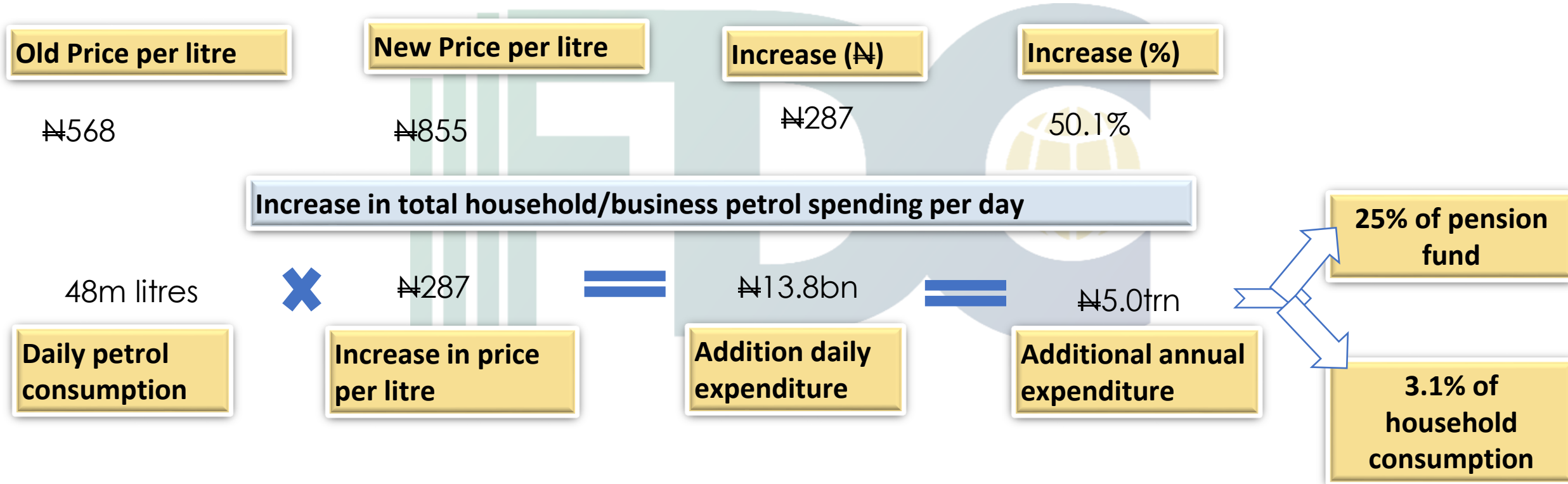
Bank Transfers?

Bills Payment?

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MACROECONOMIC & WELFARE IMPACT OF THE NEW PRICE OF PETROL

- Official petrol prices now adjusted to N855 per litre from N568 per litre
- How will this impact the economy?



- This implies that N5trn is withdrawn from consumers and transferred to government
- How will this impact the economy?

MACROECONOMIC & WELFARE IMPACT OF THE NEW PRICE OF PETROL

Inflation

- Could lead to reflation in September as logistics cost escalates

Exchange Rate

- Could strengthen as liquidity decreases

Consumer Demand

Consumer demand could decline due to income squeeze

Social Unrest

- May instigate social unrest as citizens reacts in frustration

Energy Poverty

Energy poverty could quicken to 76.3% (168mn) in 2025 from 71% (161mn) in 2023

Fiscal Deficit

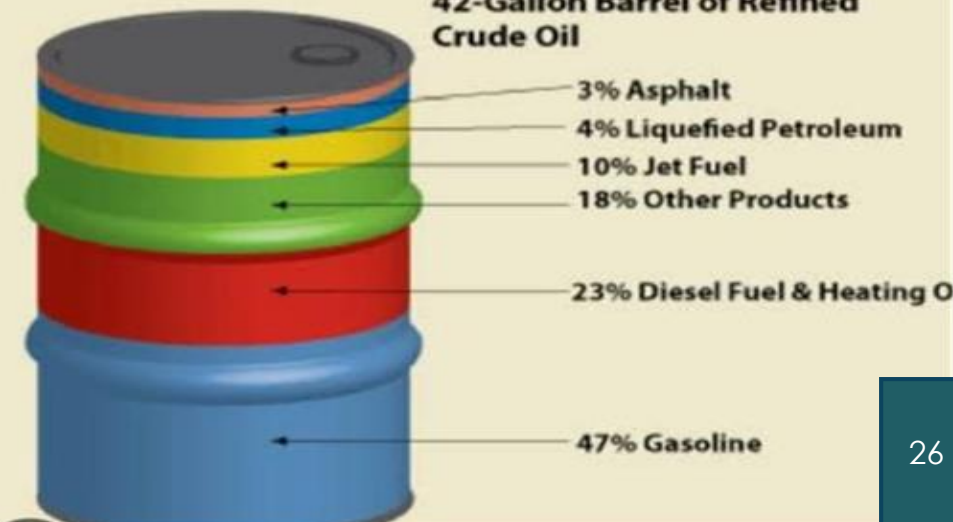
To decline as government revenue increases

DANGOTE REFINERY COMMENCES PETROL PRODUCTION

- Production from the Dangote Refinery (DR) will offer relief to consumers by addressing the supply challenges
- DR guarantees the quantity and quality of refined products but not the price
- As no producer will sell below its production cost
- NNPC will emerge as the sole buyer from the new Dangote refinery
- The domestic Price of petrol depends on the global price of oil
- Smuggling of petrol to the ECOWAS region will reduce as DR can sell directly to those countries
- Nigeria's demand for PMS will stabilize at 35 million litres per day



Products Made from a Barrel of Crude Oil





DANGOTE REFINERY IMPACT OF THE MACROECONOMY

PMS Supply

There will be increase in petrol supply
Could eliminate queues

Quality

Improvement in quality

Price

Depends on the global price of oil

GDP

Aggregate output will increase

Employment

Bolster employment

Balance of Trade

Improvement in BOT



INTEREST RATE – IS THERE AN END IN SIGHT?



After 850bps increase in MPR, analysts expect an end to tightening



But with the new spike of petrol and its inflation impact the CBN might stall



The petrol price spike will renew inflationary pressures



Analyst expectations for a slash in interest rate will have to wait till January 2025



Fiscal policies are also needed to tackle structural inflation drivers, such as insecurity, infrastructure deficiencies, and import dependence

Inflation

33.4%

Interest rate

26.75%

Real interest rate

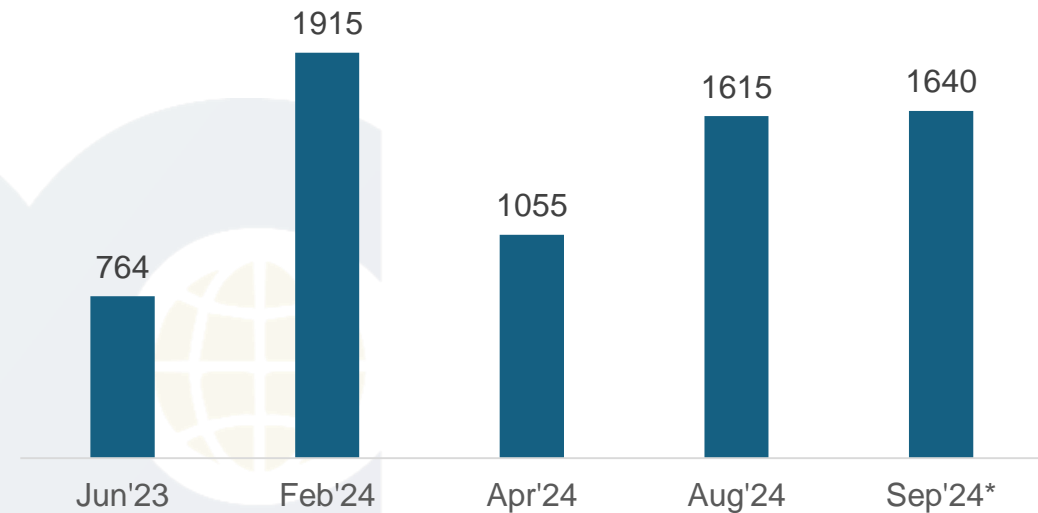
-6.65%

A real interest rate of -6.65% indicates that the interest rate is indeed sub-optimally low

IS THE NAIRA'S TURBULENCE BEHIND US?

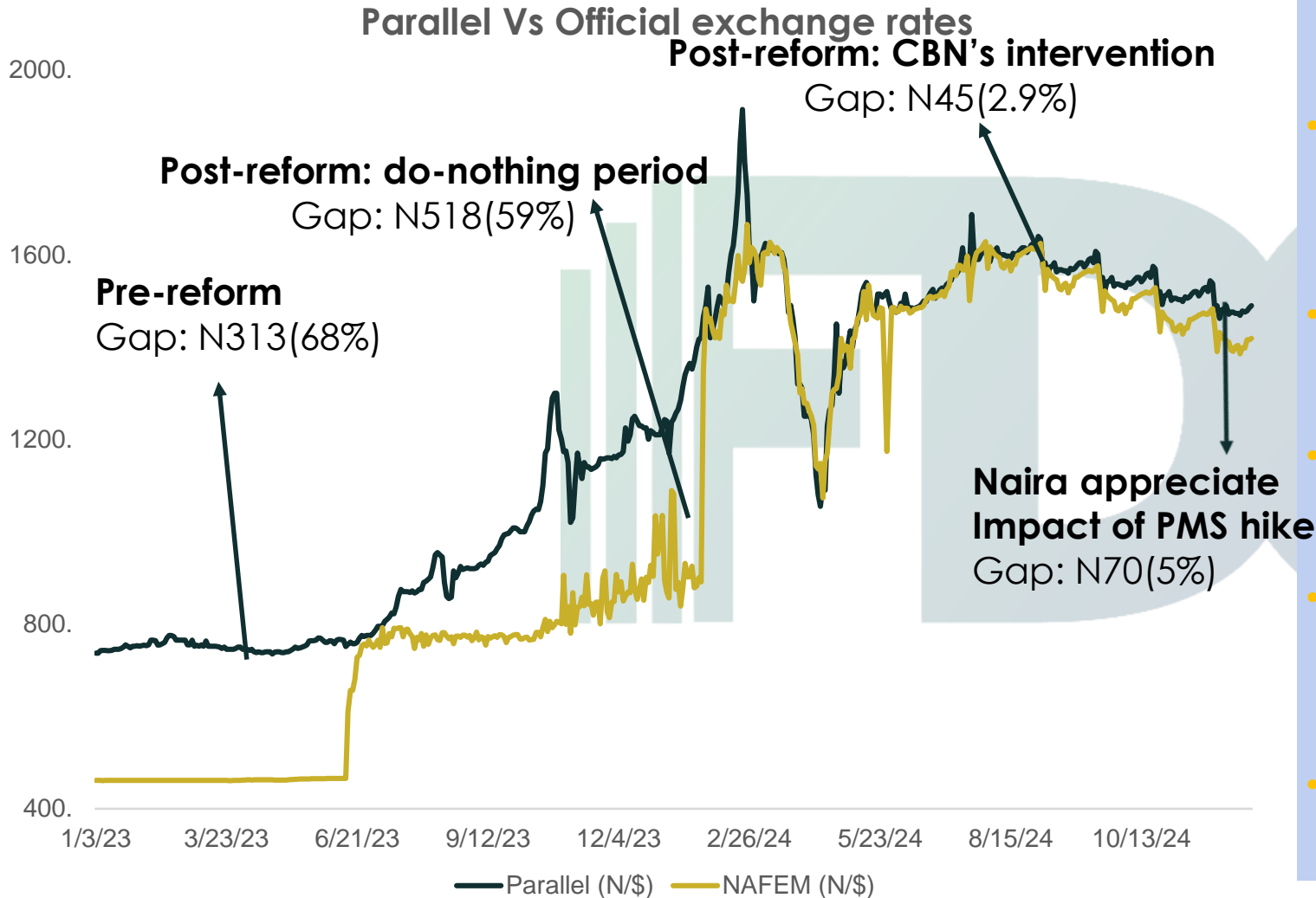
Purchasing Power Parity			
	=N=	US \$	Sep-24 PPP ('=N=/US\$)
Bottle of Pepsi (50cl)	400	0.83	481.93
Heinekin Beer (60cl)	855	1.33	642.86
Hamburger (Burger King)	9,900	6.99	1416.31
Indomie (1 unit)	300	0.67	447.76
Nestle Bottled Water (60cl 1 unit)	300	0.28	1071.43
Big Loaf Bread	1,600	3.42	467.84
Corrola (2023 Model)	50,000,000	22795.00	2193.46
Irish Spring Soap (1 cake)	1,350	3.13	431
Chicken Breasts (1 kg)	2,600	1.81	1436.46
Trolley	2,500	6.02	415.28
Peak evaporated milk (pack of 24)	18,600	24.99	744.30
Uncle Ben's rice (5.44kg 1 pack)	26,000	18.00	1444.44
Eggs (30 large eggs)	4,800	14.79	324.54
Medicine (Panadol extra 50 caplets)	11,700	14.17	825.69
Shoes (Loafers)	25,000	16.49	1516.07
Note book (hard cover)	2,400	1.97	1218.27
Average PPP			942.37
Naira Price at NAFEM			1593.93
PPP (%)			
Decision: Naira is		Undervalued	-40.88%
Spot Rate (Parallel)			1,640
Outcome: Compared to NAFEM rate of N1593.93/\$1, the Naira is undervalued by 40.88%			

Can the Naira Sustain Its Stability?



- At N1,593.93/\$, the naira is undervalued at **40.88%**
- NAFEM = **N1,593.93/\$**
- Parallel = **N1,640/\$**
- Big Mac Index = **N1,416.31/\$**
- PPP = **N942.37/\$**

FOREX DEMAND Vs. NEW PRICE OF PETROL- OUTLOOK



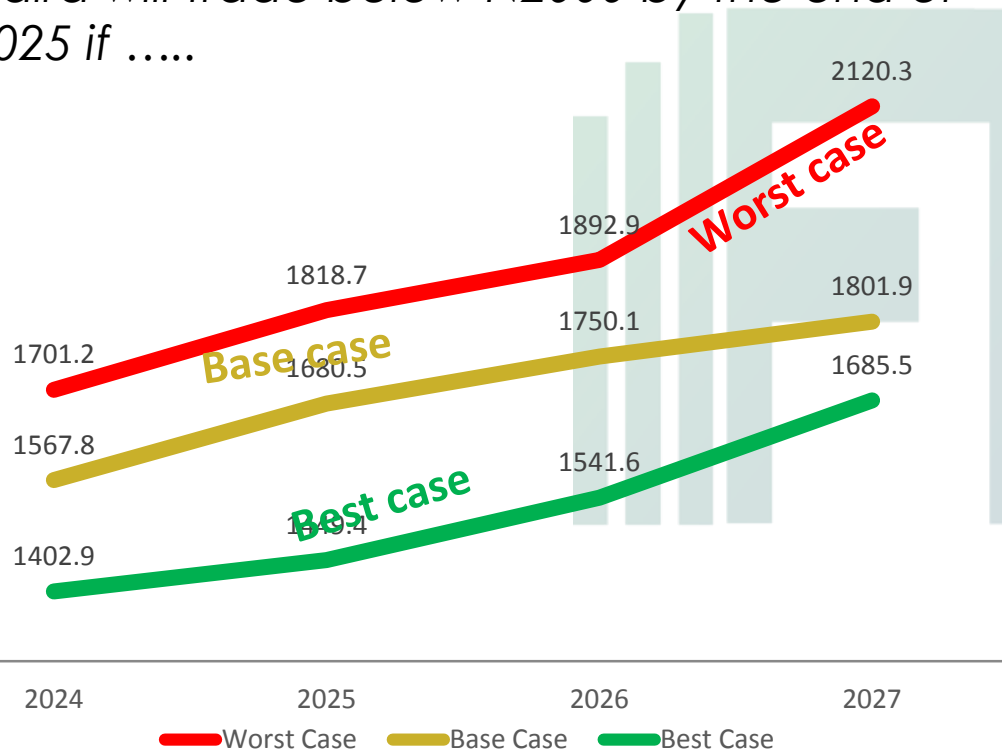
- Diaspora bonds will boost the influx of FPIs and strengthen the Naira
- Interest-rate cuts in the US from September will offer additional support, and our end-2024 forecast is N1,388.6:US\$1
- The Dangote refinery will contribute to foreign exchange flows
- The new price of petrol will reduce forex demand as liquidity is being mopped up
- As consumer income declines by N4trn while government consumption increases by same amount
- Hence, the naira is set to appreciate

The gap between the parallel and NAFEM rates has narrowed to less than 1%



THE NAIRA IN 2025-2027 - THREE POSSIBLE SCENARIOS

Naira will trade below N2000 by the end of 2025 if



• Worst Case

- CBN begins to cut rates prematurely
- Capital reversals
- Weak investor confidence

• Base Case

- The maturing \$1.12bn Eurobond to be paid in November 2025
- Crude oil production to stay at 1.32mbpd
- The domestic dollar bond is successful

• Best Case

- CBN keeps interest rates elevated until 2025
- Capital flow surges
- Regular rDAS
- Oil output to increase to 1.55mbpd

POWER SURGES FROM 4000 MW TO 6000 MW

- Increasing electricity generation to 6000MW from 4000MW is expected to lead to a quantum leap in stable electricity supply
- The government plans to ramp up generation to a minimum of 6000MW within the next three to six months
- This will address the root causes of the power sector issues, such as gas supply shortages
- Compelling electricity distribution companies (DisCos) to perform better





IMPACT ON....

Economy

- Attract FDI inflows
- Higher industrial output
- Leading to GDP growth
- As a 1000MW increase will lead to 0.5% in GDP
- Job creation
- Enhance economic stability

Consumers

- Reliable access to electricity
- Decreased the cost of generator use
- Improve comfort and quality of life
- more disposable income for other needs

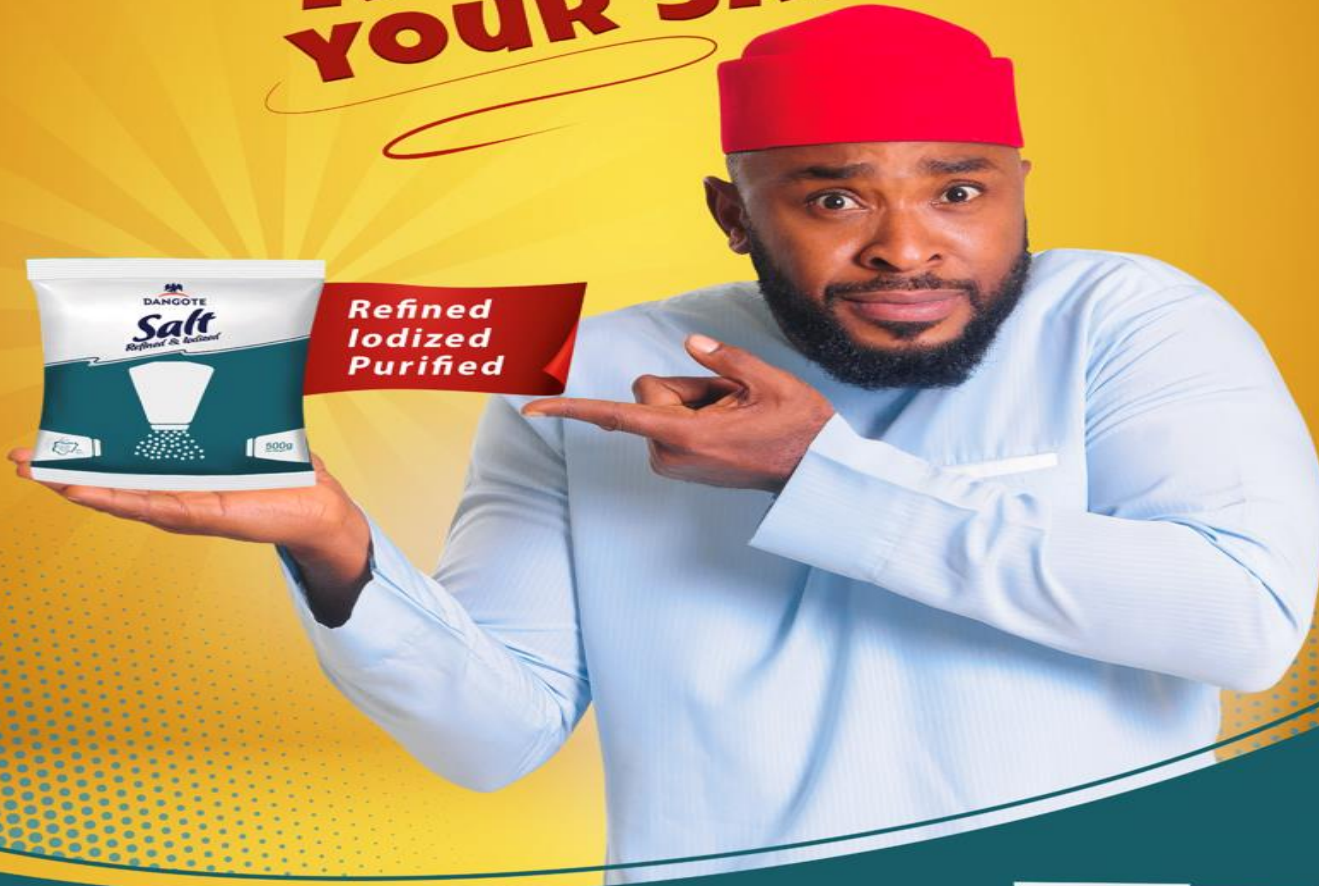
Investors

- Increase investment opportunities
- Reduce cost of production
- Boosts investor confidence in the broader economy
- Increase productivity
- Improve productivity for small businesses as well

IT'S TIME TO
CARE
ABOUT
YOUR SALT



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Purified



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STOCK MARKET

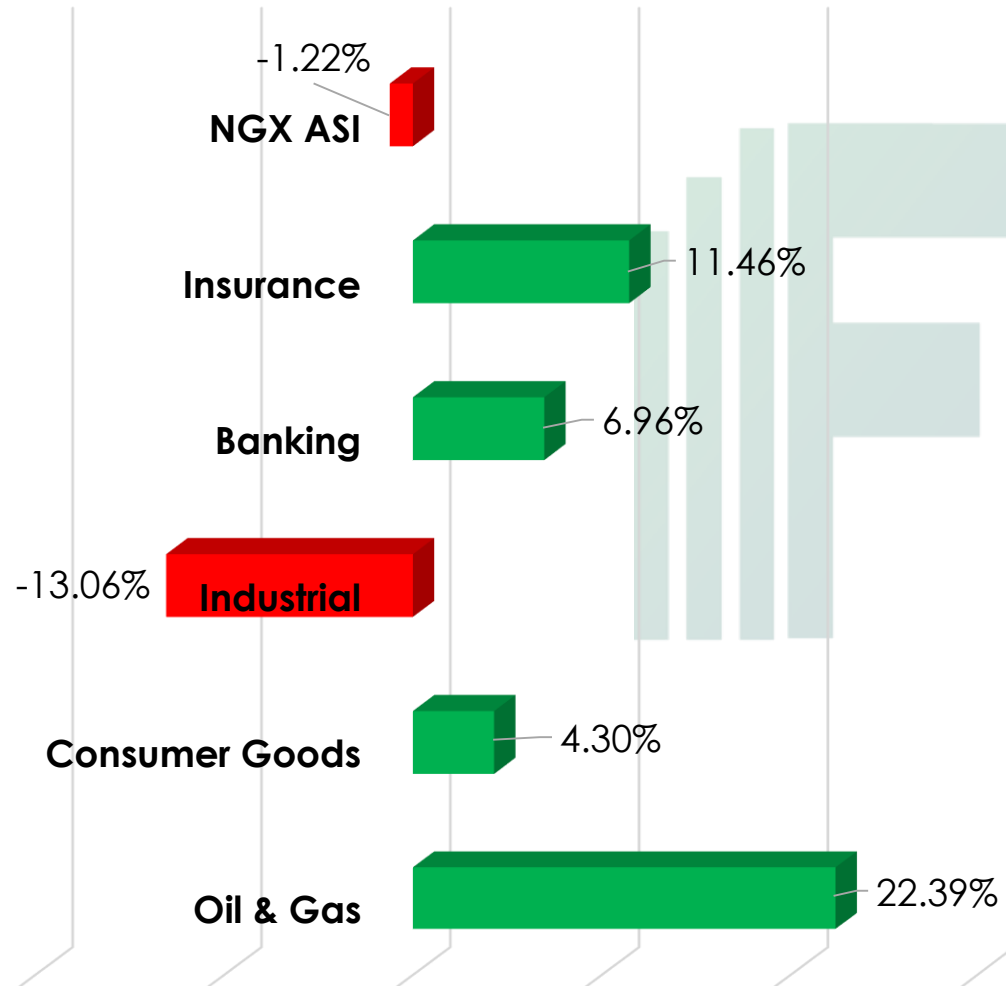


REGIONAL TRENDS

Market	Aug'24	Driver
SSE	 3.29%	<ul style="list-style-type: none"> ✓ Disappointing economic data ✓ China's manufacturing sector contracted for a fourth consecutive month in August
JSE	 1.19%	<ul style="list-style-type: none"> ✓ Impressive corporate results ✓ Stability of Rand against the US Dollar
GSE	 3.12%	<ul style="list-style-type: none"> ✓ Election jitters
NGX	 1.22%	<ul style="list-style-type: none"> ✓ A 13% decline in the industrial sector drove the NGX to a negative territory ✓ High fixed income yields remain attractive for investors
S&P 500	 2.28%	<ul style="list-style-type: none"> ✓ The market pullback during the month triggered buying opportunities ✓ Impressive corporate earnings and mouth-watering dividends

NGX PERFORMANCE

Aug'24



- The Nigerian equities market dropped by 1.22% in Aug 2024
- YTD gain declined to 29% from 30.76% in Aug'24
- The substantial drop in Dangote cement and BUA cement's stock prices outweighed the positive performance seen in other sectors
- Other sectors bounced back from their negative positions in July underpinned by attractive entry points
- High oil prices positively impacted the oil and gas sector



NIGERIAN STOCK MARKET OUTLOOK - SEPTEMBER 2024

- Nigerian equities market performance in September will be mixed
- The NGX could record a third month of consecutive loss
- More big cap firms will shed gains in September as investors take dividend exits
- High borrowing costs will remain a major concern for Nigerian firms as the interest rate environment remains elevated
- Squeezed consumer wallet will discourage savings and investment culture
- On the flip side, long-term investors will take advantage of any market dip for possible upsides
- A pause on monetary policy rate hike in September will shift investors' appetite towards alternative assets like equities

NIGERIAN COMPANIES RAISE ADDITIONAL CAPITAL

- Forex losses eroded shareholders' funds
- Capital raising is aimed at improving the net worth of the companies
- Increasing the supply of shares will depress the price of shares
- The average P/E will fall to 9.5X in 2025
- The market Cap will increase to 60trn after the capital raising



Fidelity





SMART STRATEGIES FOR INVESTORS IN A DYNAMIC MARKET

The goal is to maximize return and minimize risk- Spread your risk

Seek High-Quality Stocks and Bonds

**Invest in Inflation-Hedging Assets
Commodities, Real Estate.**

High interest rates can decrease the value of long-term bonds

To mitigate this, consider shortening the duration of your fixed-income portfolio to reduce sensitivity to rate changes and minimize potential losses

Gravitate towards more conservative investments to minimize risk



Realize profit on appreciated stocks

AVIATION AND TOURISM



AIR CARGO DEMAND HIT RECORD-HIGH YTD IN JULY

Global air cargo demand rose by 13.6% in July 2024 compared to 2023 levels

Due to:



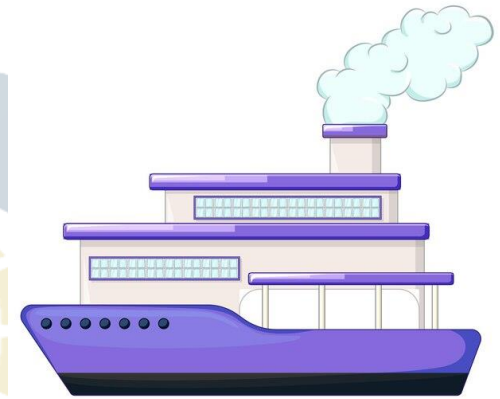
Global PMI

50.2

Growth in global trade



Booming e-commerce



Maritime Shipping Constraints

- However, African airlines saw 6.2% year-on-year demand growth for air cargo, the lowest in July 2024
- This is despite cargo capacity increasing by 10.5% y/y in July, indicating a lack of demand
- Air cargo is 1% of global trade by volume but 35% by value,
 - **making it important for high-value goods**

DEVELOPING NIGERIA'S DOMESTIC CARGO MARKET

Nigeria's **domestic air cargo** handles about 5,000 tons per month

8%

Of Total Air Freight Volumes

International shipments account for 92%

0.28%

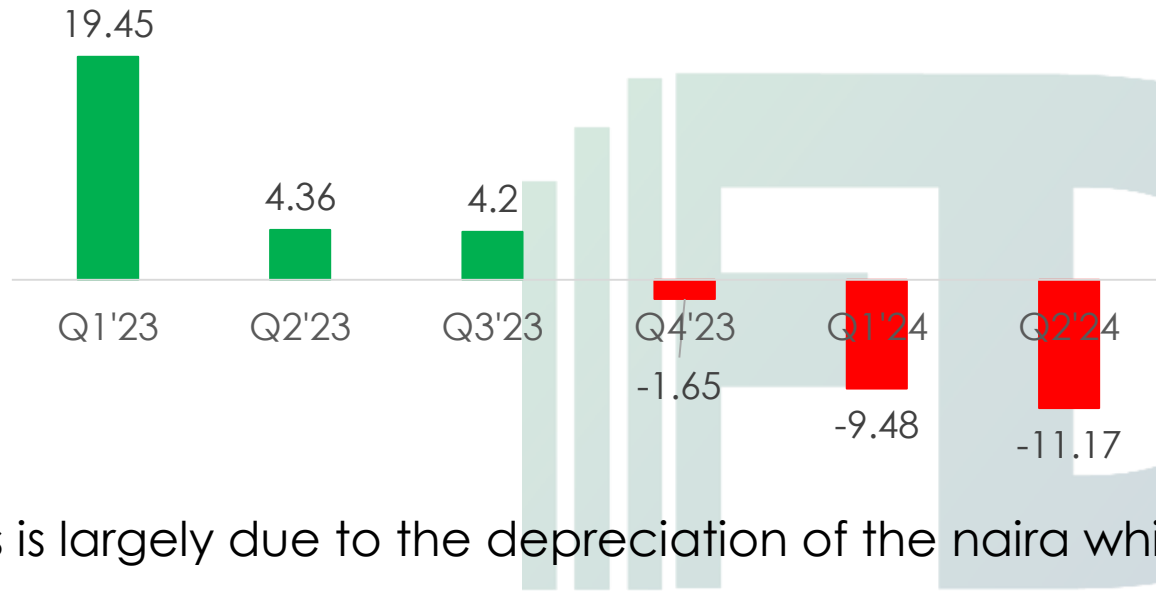
Of Total Cargo moved

99.72% (1.79mn tons) is moved using roads, trains & boats

- Nigeria's geographical size and position could allow the domestic cargo market to grow into a multi-billion-dollar sector
- This would be favourable for increased export and foreign earnings
- Challenges, however include a lack of infrastructure and equipment at airports and poor regulation
- Only a few airports have adequate designated cargo facilities, while there is limited space on passenger aircraft for domestic cargo

AIR TRANSPORT SHRINKS FOR THE THIRD STRAIGHT QUARTER

Air Transport growth (%)



- Air Transport sector contracted by 11.17% in Q2'24,
- the third consecutive decline

- This is largely due to the depreciation of the naira which:
 - Increased operational costs
 - Dampened demand due to higher prices
 - Eroded profit margins
 - Nigerian aviation minister goes to Boeing for better leasing
 - Unlikely to achieve much

Given the naira's relative stability since June, the sector could emerge from recession in Q4'24

*770#

Start now. Dial *770#



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UNITED AIRLINES BEGINS DAILY FLIGHTS BETWEEN LAGOS & WASHINGTON

1

United Airlines plans to increase **non-stop flights** between Lagos and Washington D.C.

2

From three times weekly to daily between **December 4, 2024, and February 14, 2025**

3

The Lagos to Washington D.C. route remains the **only night-time departure** from Lagos to the U.S.

4

The 133% increase in seat availability reflects projected **surge in air travel demand** during the upcoming winter season due to VFFs

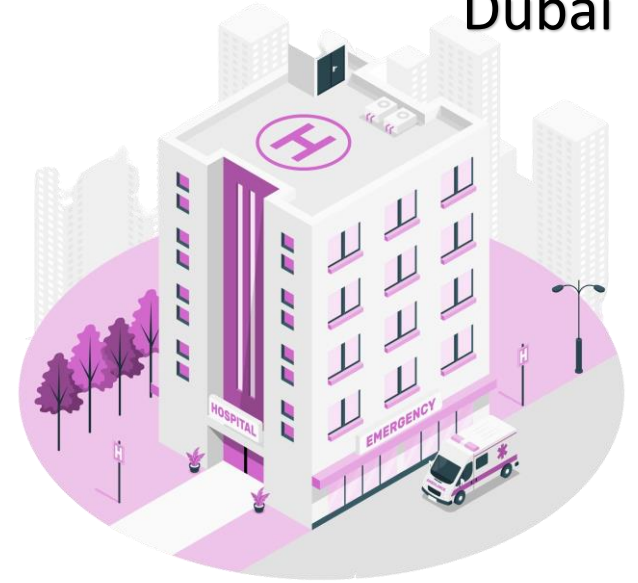


UAE OPENS MEDICAL EMBASSY IN LAGOS

Lagos

AHD

Dubai



Emirates to commence two flights daily to Nigeria in October



Seven to Lagos and seven to Abuja



With huge discount to current fares



Eating into the market share of Qatar, BA and Ethiopian

WHAT NEXT?



Nigeria's aviation and tourism sector is in dire need of infrastructural development



The 10 and 5-year passports have increased by 43% to 50k and 100k respectively



The projected stability of the naira and the strong travel and tourism demand are beneficial to the sector's growth



This boosts government revenues without distorting outbound tourism



The government has decided to increase domestic passport fees, effective September 1st

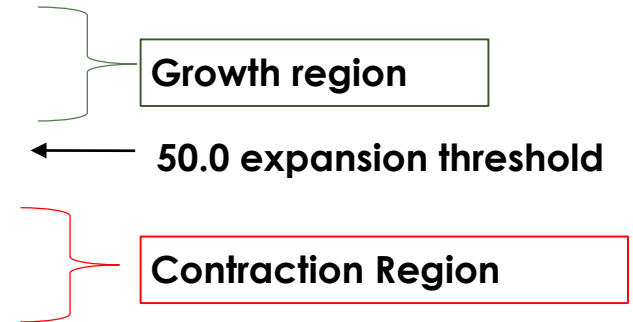
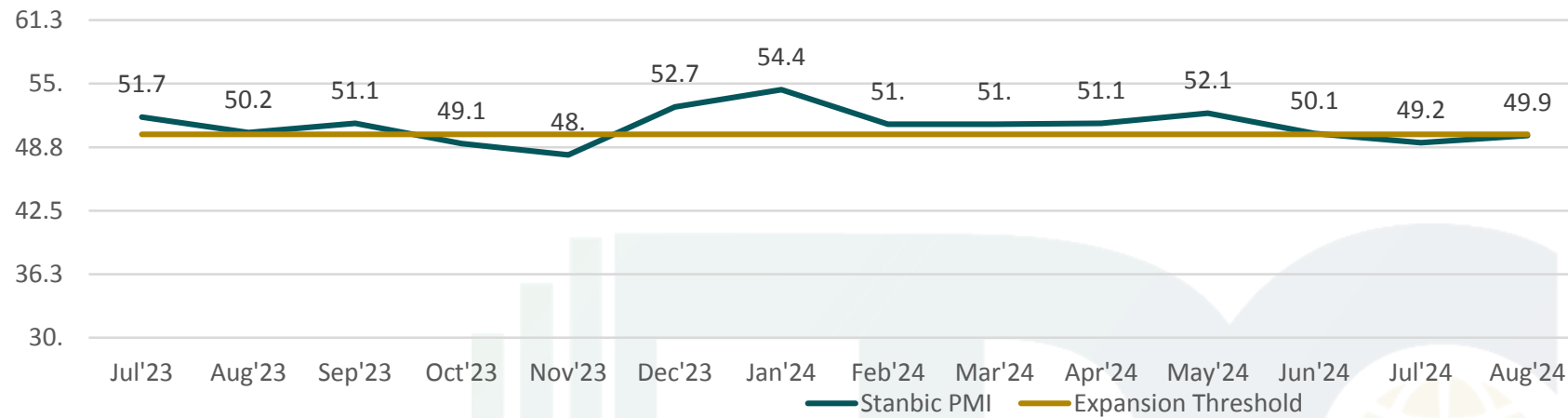


However, the funds could be diverted towards investment in the travel and tourism sector

MARKET PROXIES



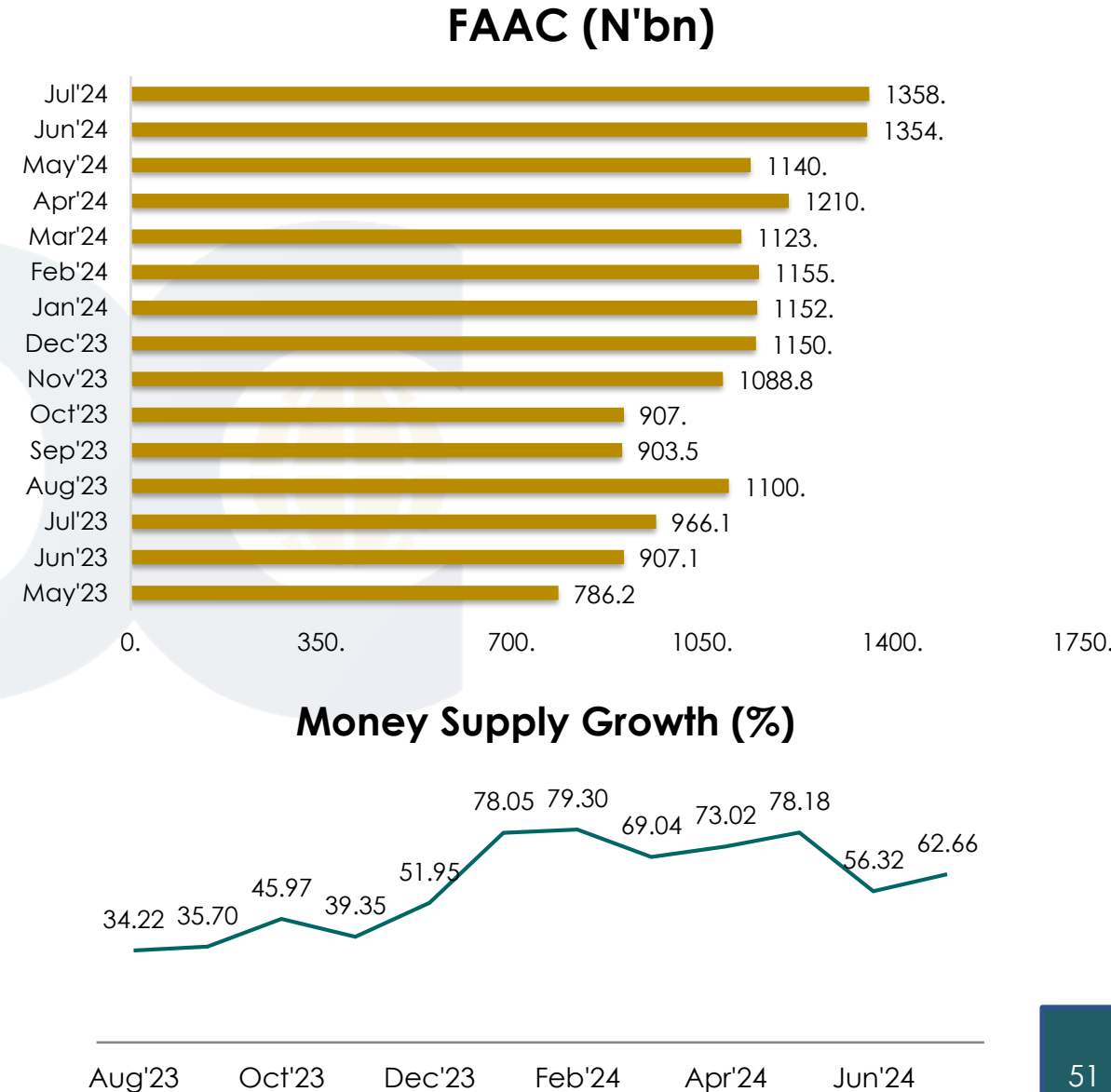
PMI UP BUT STILL IN THE CONTRACTION ZONE



- Private sector activities rose to 49.9 in August 2024
 - 1.42% up from 49.2 points in July but 0.2% below the 50-points expansion threshold
- This suggest a slight improvement in business activities, as new orders increase
- However, lingering cost pressures especially energy, transport and materials cost are likely to weigh on activities
- Consequently, we expect the PMI to remain in the contraction territory in the coming month

HIGHER FAAC DRIVES MONEY SUPPLY GROWTH

- FAAC disbursement increased slightly by 0.74% to N1.36 trillion in July from N1.35 trillion recorded in June
- Significant increases were recorded across different revenue sources including:
 - Oil and gas royalty, petroleum profit tax (PPT), VAT, import duty, electronic money transfer levy (EMTL) and external tariff levies (CET)
- FAAC allocations may decrease in the near future due to the decline in oil prices

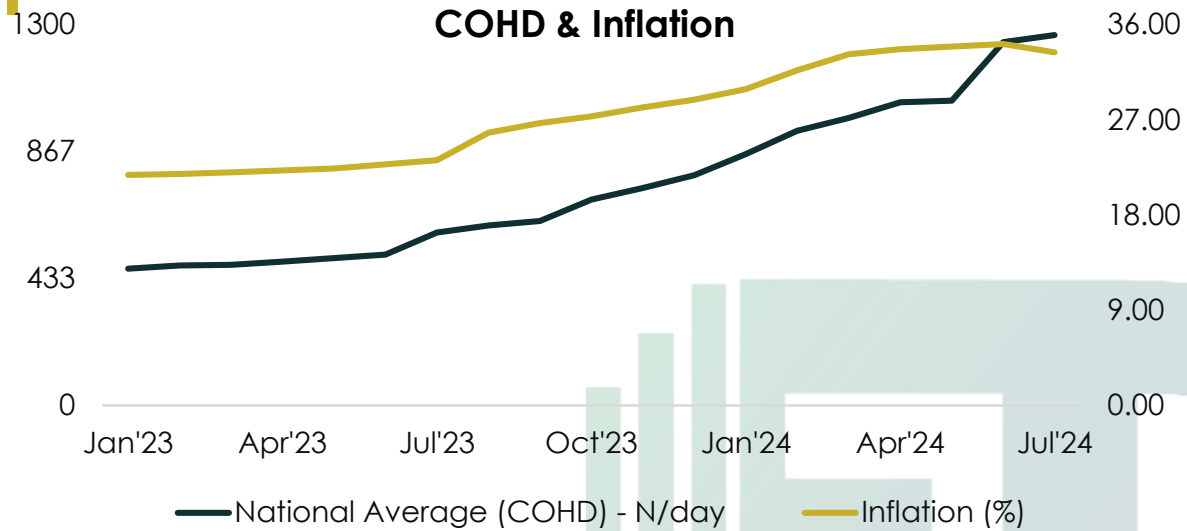


SHIPS AWAITING BERTH

Ports	June'24	July'24	Aug'24
Lagos-Apapa	2	5	3
Lagos-Tincan	3	5	8
Calabar Port	1	1	0
Warri Port	4	3	2
Onne Port	1	1	1
Rivers Port	0	0	0
Lekki Deep Sea Port	6	6	6
Total	17	21	20

- Ships awaiting berth reduced slightly to 20 in August
 - 4.76% lower than the 21 recorded in July
- Despite the marginal improvement, ports continues to battle challenges that increase congestion
- These include:
 - Inadequate and deteriorating port infrastructure
 - Management issues
 - Insufficient transportation links
 - Poor road networks
- We expect these challenges to persist, increasing the waiting time for vessels

COST OF HEALTHY DIET (CoHD)



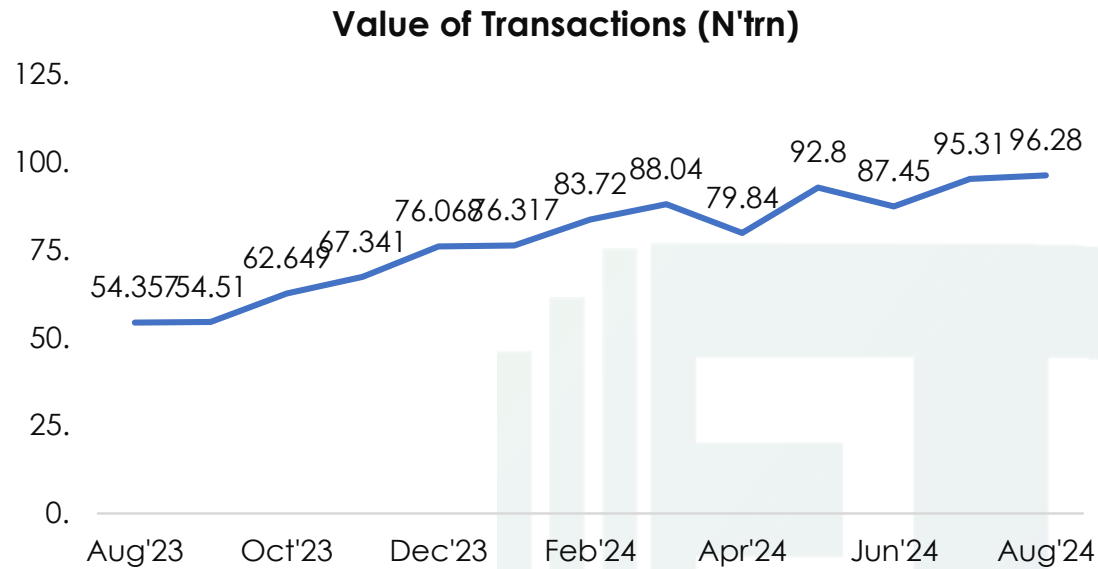
- The national average daily cost of food a healthy meal increased from N1,241 in June to N1,265 in July
- This suggests upward pressures on food prices across the country

Food Group	Daily Cost (N/day) – June 2024	Daily Cost (N/day) – July 2024
Animal source foods	433	451
Legumes nuts and seeds	83	86
Vegetables	211	214
Fruits	135	135
Oils and fats	91	86
Starchy staples	287	293
National Average	1,241	1,265

While the prices of other food groups remained elevated, the cost of oils and fats decreased by 5.5%

We expect food prices to ease in the near term, supported by the harvest season and import duty waiver

VALUE OF TRANSACTIONS INCREASED MARGINALLY



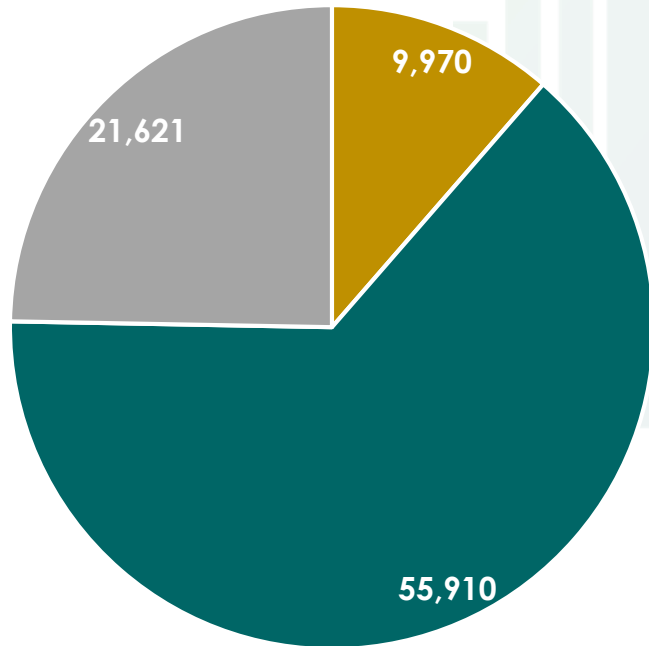
Mode of payment	Jul'24 (N'bn)	Aug'24 (N'bn)	Change (%)
NIP	89,502.72	90,820.45	1.47 ↑
POS	1,005.42	1,198.00	19.15 ↑
NEFT	4,509.08	3,995.65	-11.39 ↓
CHEQUES	293.76	270.36	-7.97 ↓
Total	95,310.98	96,284.46	1.02 ↑

- The total value of transactions rose by 1.02% to N96.28trn in August from N95.31trn in July
- International school fees payment supported the increase
- Increase in consumer spending and new orders will boost value of transactions in the coming months
- Improved payment system → Increased velocity of circulation → Increased money supply

TERRORIST ATTACKS: 55,910 KILLED IN FOUR YEARS

- A report by Observatory of Religious Freedom in Africa (ORFA), which spans October 1, 2019, to September 30, 2023, revealed:

Total Incidents Reported (2019-2023)



- 30,880 civilians killed
- 21,532 civilians abducted
- 25,030 security forces/terror group members killed

Civilians Killed by Perpetrator

- 42% Fulani Ethnic Militia (FEM)
- 10% Boko Haram & ISWAP combined
- Other groups/perpetrators making up the rest

Your focus, Our priority

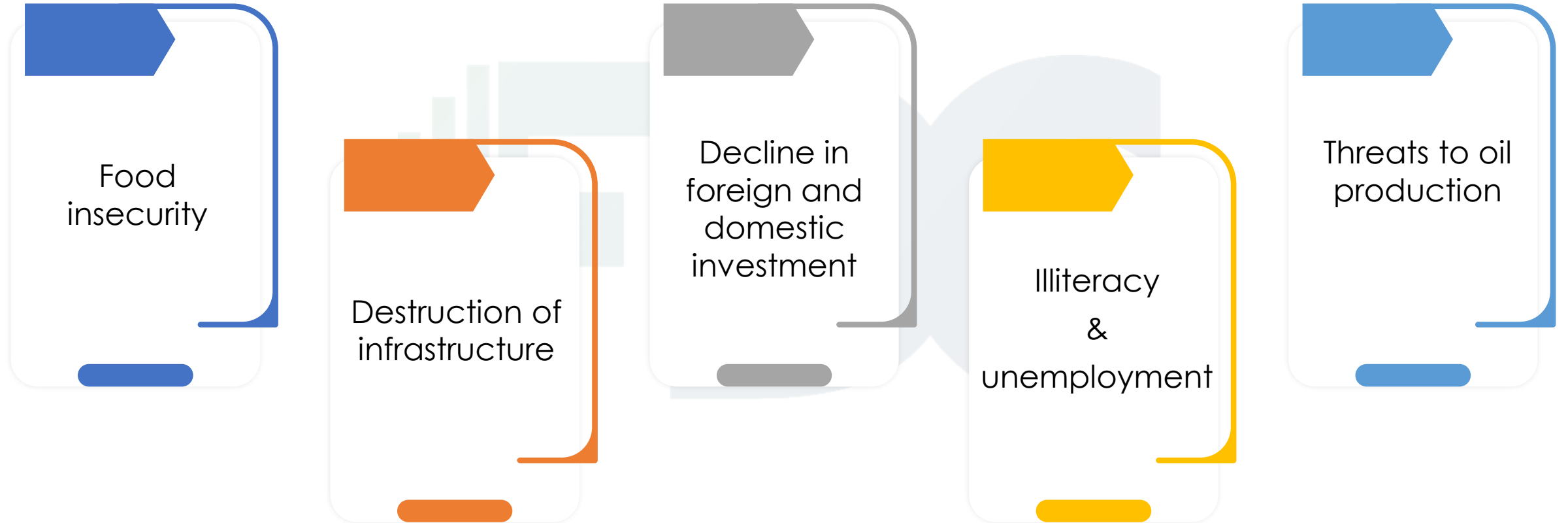
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MACROECONOMIC CONSEQUENCES



- The most hit are the states in the Northern parts of Nigeria



**GLOBAL AND REGIONAL EVENTS
THAT WILL IMPACT THE DOMESTIC
ECONOMY**

KEY GLOBAL & REGIONAL TRENDS





MONETARY POLICY NORMALIZATION IS SET

- The Jackson Hole meeting has set the stage for a potential shift in U.S. monetary policy
- During the Jackson Hole meeting the Fed chairman signaled a policy rate cut
 - However, the timing and pace of rate cuts depend on incoming data, the evolving outlook, and the balance of risks
 - The upside risks to inflation in the U.S. have diminished
 - But the downside risks to employment are still increasing
- The US Federal Reserve is expected to cut its benchmark rate for the first time in more than four years in September
- A further two cuts could be implemented before year-end
- Expectations of monetary easing in the U.S. have started to weaken the dollar, although this depreciation is expected to be limited
- Major central banks including the European Central Bank (ECB) and the Bank of England (BoE) have reduced policy rates in June and August respectively
- Goldman Sachs wins appeal against stress test capital adequacy ruling

RATE CUT BANDWAGON – FED READY TO FOLLOW SUIT

- The potency of interest rate as an antidote

Ghana Inflation

Current: 20.9% Target: 6-10%

- Cum. Rate Hikes: 1650bps to 30%p.a

Cut by 100bps now 29%p.a

US Inflation

Current: 2.9% Target : 2%

- Cum. Rate Hikes: 525bps to 5.50%p.a

Rate cut = Set to cut rate this September

Kenya Inflation

Current: 4.3% Target : 5%

- Cum. Rate Hikes: 475bps to 13%p.a

Cut by 2.5bps now 12.75%p.a

UK Inflation

Current: 2.2% Target : 2%

- Cum. Rate Hikes: 500bps to 5.25%p.a

Rate cut 25bps to 5%p.a

Botswana Inflation

Current: 4.6% Target : 3-6%

- Cum. Rate Hikes: 265bps to 2.15%p.a

Rate cut 25bps to 1.9%

EU Inflation

Current: 2.6% Target: 2%

- Cum. Rate Hikes: 500bps 4%p.a

Rate cut 25bps to 3.75%

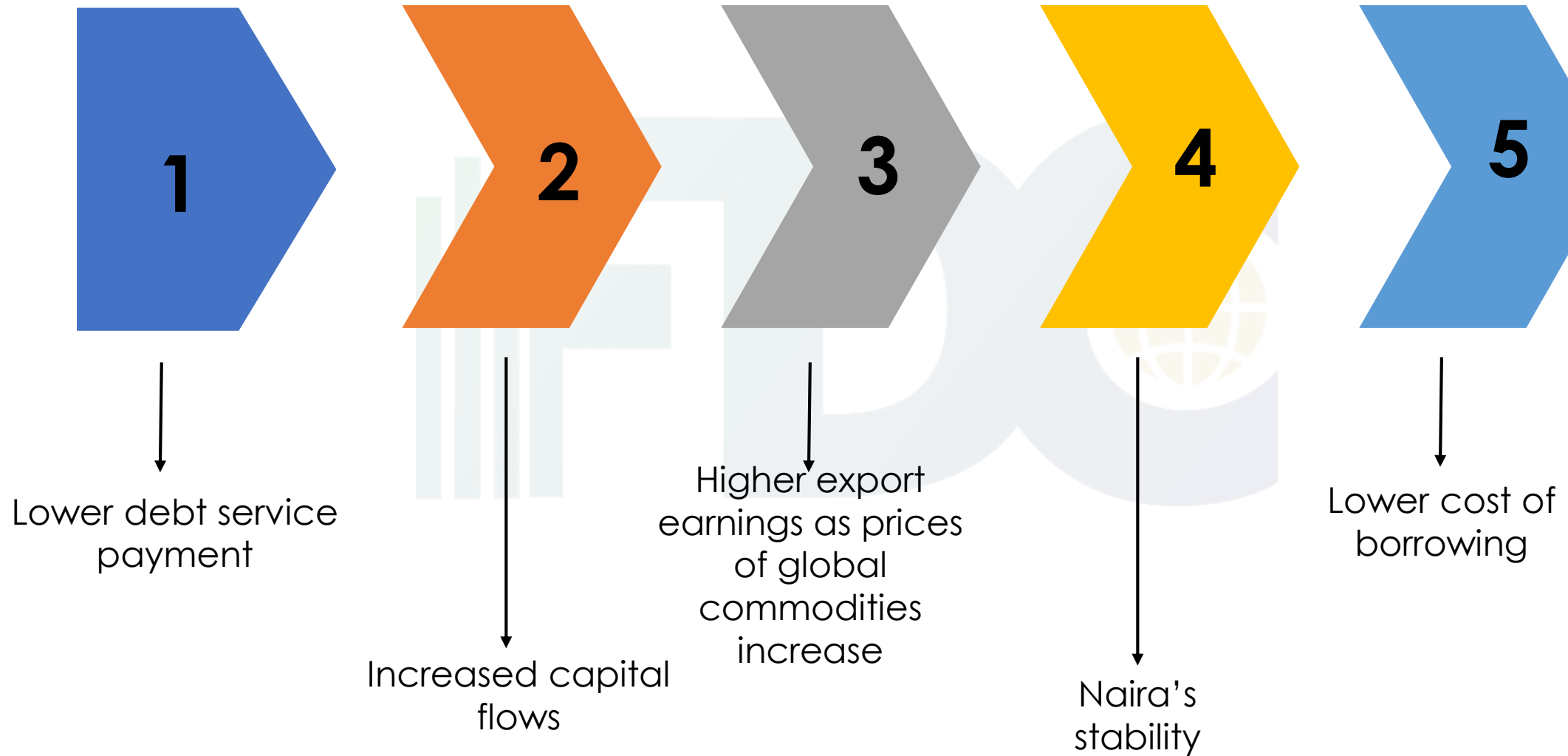
Nigeria Inflation

Current: 33.4% Target : Nil Jul'24

- Cum. Rate Hikes: 1,525bps to 26.75%p.a

Rate cut = likely in November

IMPACT ON THE NIGERIAN ECONOMY



GOLD'S ASCENT - DOLLAR DIPS AND MARKET SHIFTS

- For the first time, the cost of a gold bar is one million dollars
- Spot gold prices have surged by over 20% so far this year
- The anticipation that the Federal Reserve would shortly lower its benchmark interest rate is what has led to higher gold prices
- Gold is acquired by investors and the Central Bank as a store of value to reduce dependency on the US currency
- They consider gold to be a dependable store of wealth in volatile economic times
- Gold prices increase when interest rates decline
- US banks have robust capital and resilient management
- Stress test showed that the banks are strong



Vs.



WHAT IF.....

The price of gold keeps climbing

-  Depreciation of the dollar
-  Higher investment in gold
-  Capital flight from more volatile assets like currencies
-  Can renew inflationary pressures in the U.S. economy
FED may tighten monetary policy

FED raises interest rates

-  Stronger dollar
-  Higher borrowing costs & debt servicing pressure
-  Increase in global commodity prices
-  Inflation Control

THE WORLD MOST LIVEABLE CITIES

Rank	City	Score (Out of 173)
1.	Vienna	98.4
2.	Copenhagen	98.0
3.	Zurich	97.1
4.	Melbourne	97.0
5.	Calgary	96.8
5.	Geneva	96.8
7.	Sydney	96.6
7.	Vancouver	96.6
9.	Osaka	96.0
9.	Auckland	96.0
170.	Lagos	42.2
172.	Tripoli	40.1
173	Damascus	30.7

Source: The Economist

OUTLOOK ON GLOBAL COMMODITY PRICES

Import commodities

Sugar



Fall by 15.6% in 2024, after rising by more than 27% in 2023, and decline by another 6.4% in 2025 as global production gains accelerate

EIU forecasts that wheat export prices will average \$267/tonne in 2024, more than 20% less than in 2023

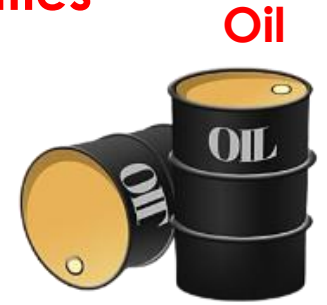
- Overall, grain prices are set to stabilise at their current elevated levels in 2025-26

Wheat



Export commodities

Oil prices will average US\$83.1/barrel for 2024 and US\$81.3/b for 2025 as demand and supply dynamics remain stable



Oil



Liquefied natural gas (LNG) will fall by 13% year on year in 2024

Cocoa prices to decline to an average of \$5,250/tonne in 2025

Cocoa





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Plot 83 Ralph Shodeinde Street, CBD, Abuja.
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REGIONAL EVENTS AND IMPACT ON THE NIGERIAN ECONOMY

China-Africa Summit



- **Key Focus:** Strengthening economic ties, infrastructure investments, and trade agreements between China and African nations
- China-Africa summit, emphasis:
 - Sovereignty
 - Support for independent economic development
- **Implication for Nigeria:** Potential increase in FDI inflows, boost in trade volume, and opportunities for infrastructure development

Likely Coup & Counter Coup in neighbour countries



- **Key Focus:** Political instability and potential military takeover
- Ongoing political unrest and military counteractions
- **Implication for Nigeria:** Possible regional instability, risk of refugee influx, and disruptions in cross-border trade
- Increased military expenditure

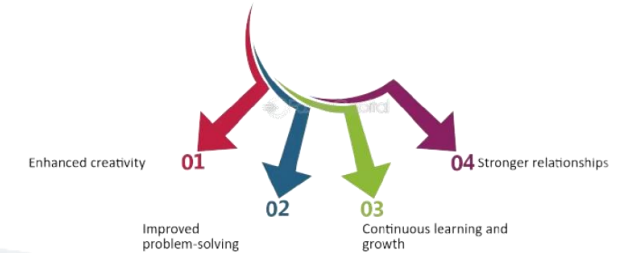
REGIONAL EVENTS AND IMPACT ON THE NIGERIAN ECONOMY

Nigeria downgrade on credit rating



- Nigeria's credit rating downgrade due to economic challenges
- **Implication for Nigeria:** Higher borrowing costs, reduced investor confidence, and potential depreciation of the naira

Regional Consultative Meeting: Africa 2024



- **Key Focus:** Strategic discussions on economic integration, security, and development in Africa
- Africa Ahead of the 10th Special Session of the African Ministerial Conference on the Environment (AMCEN) at Abidjan, Côte d'Ivoire
- **Theme:** *Reclaiming Africa's lands: innovative pathways to reducing land degradation, desertification, and drought*
- **Implication for Nigeria:** Opportunities for regional collaboration, potential economic growth, and increased influence in African policy-making
- Enhance ACFTA

CREATIVE ECONOMY



TOP 5 MOST STREAMED NIGERIAN ARTISTS ON SPOTIFY IN H1'24



Ayra starr
194.25mn streams
(\$777mn)



Rema
169.03mn streams
(\$676.11mn)



Burna boy
142.91mn streams
(\$571.65mn)

- The y-t-d from the top 5 streamed artists on Spotify is \$2.6bn

- In 2023, royalties paid by Spotify to Nigerian artistes rose by over 50% compared to 2022



Asake
81.21mn streams
(\$324.82mn)



Wizkid
68.03mn streams
(\$272.11mn)

TOP 3 HIGHEST-GROSSING MOVIES SO FAR IN 2020-2024



A TRIBE CALLED JUDAH
₦1.4BN



BATTLE ON BUKA STREET
₦668.42MN



OMO GHETTO: THE SAGA
₦636.12MN

- Sum total of these movies ₦2.70bn (\$1.67mn using ₦1,619/\$)

CHALLENGES FACED BY THE CREATIVE INDUSTRY



Piracy



Cyberattacks



Insecurity

FINANCIAL IMPLICATION

Job creation



Nollywood and the music industry are major employers, with Nollywood estimated to employ over 1 million people

Foreign exchange earnings



Income realized from both platforms could help reduce the pressure on the naira

Tourism



Global recognition of Nigerian music and movies enhances Nigeria's cultural appeal, attracting tourists and generating additional revenue from tourism-related activities

GDP



These two industries contributed a total of ₦1.27bn to GDP in H1'24 up by 32.41% from ₦959.04mn in H1'23

OLYMPICS 2024 – NIGERIA ALSO RAN BUT NO MEDALS

- Nigeria spent ₦12 billion on the 2024 Paris Olympics
- This is a 500% increase from the ₦2 billion spent on the 2020 Tokyo Olympics
- Nigeria's performance was its worst since 2012 despite increased investment
- The country failed to win any medals despite high expectations
- This raises questions on whether a declining economy can have ripple effects on other sectors, including sports



META'S CRACKDOWN ON ONLINE SCAMS



Meta Platforms Incorporated, removed 63,000 accounts in Nigeria linked to financial and sexual extortion scams

These accounts included a small, coordinated network of about 2,500 accounts linked to a group of roughly 20 individuals

Meta also removed pages and groups distributing scam guides and fake account scripts

Implications

- Increased Online Safety
- Protection of Privacy
- Reduced Risk of Cyber Threats

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POLITICS AND ECONOMY





POLITICS AND ECONOMY

- The president's shuttle diplomacy has continued
- The Nigeria contingent at the China/Africa summit was formidable
- Expectations are high in the construction, power, agriculture and aviation sector
- After the end of bad government protests, the administration has clamped down on the protesters
- The lack of tolerance of peaceful protests is likely to backfire in 2025
- The deal with the labour union to maintain petrol price at levels in return for 70k minimum wage has been breached
- The NLC appears compromised and helpless
- With inflation now set to surge to 34%, the MPC will maintain status quo in September
- With the proceeds of the diaspora bond available, there will be more forex auction



POLITICS AND ECONOMY

- A stable naira will help the favorability rankings of the administration
- The petrol queues and the cost-of-living crisis have taken a huge toll on the APC's reputation
- The NNPC debt overhang of \$6.2 billion will also hurt the government's credibility
- the Dangote refinery coming on stream will reduce the queues
- The Edo State election has gone from a slam dunk for the incumbents to a toss-up
- The import duty waiver will help reduce the prices of food commodities
- This will reduce the political vulnerability of the APC nationwide
- But a lot will depend on the palliative management strategy
- Q4 will be a tough political environment for the government



POLITICS AND ECONOMY

- The Ghana election is likely to see a swing from the incumbent party to the opposition
- Unlike in Nigeria, the opposition is very well organized
- The Northern states of Nigeria are currently showing signs of political volatility
- Economic reform is taking a major toll on the northern states where the poverty is highest
- The new VAT exemption on food items will help, but the 10% rate will push up prices

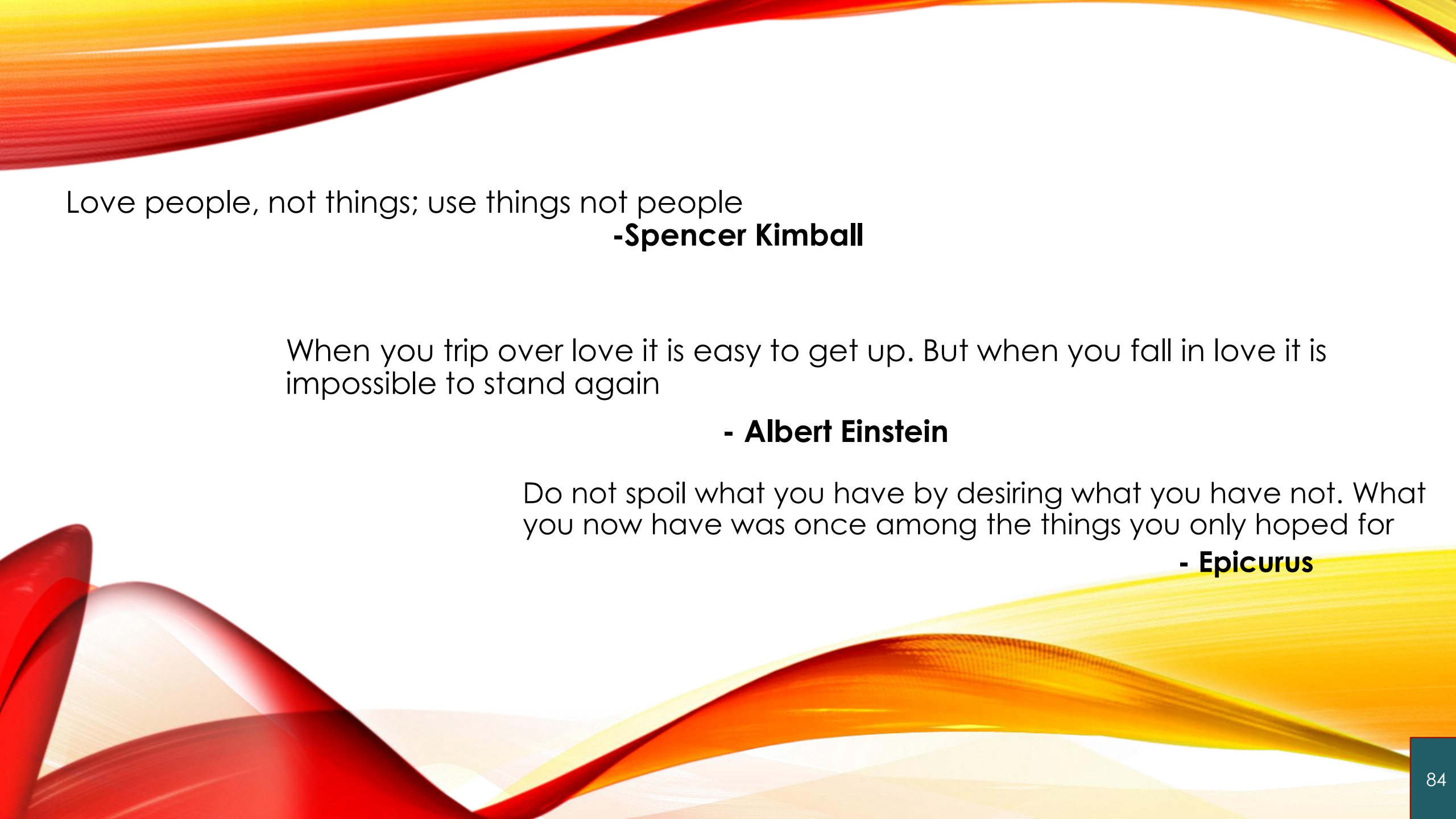
SEPTEMBER OUTLOOK





SEPTEMBER 2024 OUTLOOK

- The petrol price hike to N900/litre will have a profound macroeconomic implication
- Domestic transport fares will increase by at least 30%
- It will likely make the CBN delay any rate cuts in 2024
- The Naira will appreciate to 1,450 after the next two Dutch auctions
- The DMO will issue another tranche of the diaspora bond in early 2025
- The budget for 2025 will be the subject of discussion at the World Bank meeting in October
- Stock prices will dip as both the rights and public offers increase
- The correction of at least 5% is expected
- At 6000 MW transmission capacity in Nigeria, power supply disruption will improve slightly



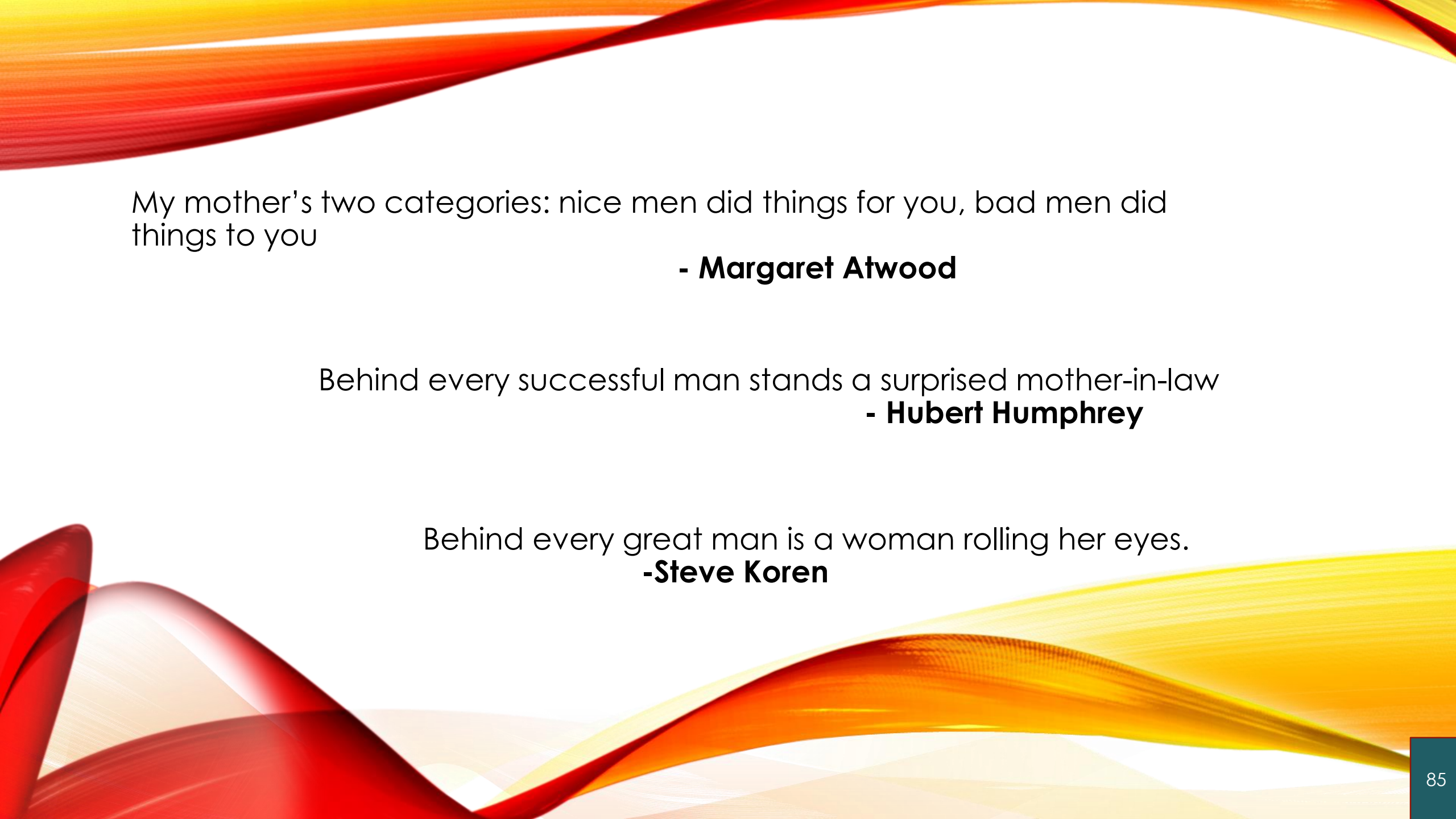
Love people, not things; use things not people
-Spencer Kimball

When you trip over love it is easy to get up. But when you fall in love it is impossible to stand again

- Albert Einstein

Do not spoil what you have by desiring what you have not. What you now have was once among the things you only hoped for

- Epicurus



My mother's two categories: nice men did things for you, bad men did things to you

- **Margaret Atwood**

Behind every successful man stands a surprised mother-in-law
- **Hubert Humphrey**

Behind every great man is a woman rolling her eyes.
-**Steve Koren**

A pessimist is a man who thinks all woman are bad. An optimist is a man who hopes they are –**Chauncey Depew**

Maternity is a matter of fact. Paternity is a matter of opinion
- **Walter Bagehot**

A man on a date wonders if he will get lucky. The woman already knows
-**Monica Piper**



Retirement means twice as much husband, half as much money

-Anonymous

Women need a reason to be laid, men just need a place

- Lowell Ganz

I don't know as I want, a lawyer to tell me what I cannot do. I hire him to tell me how to do what I want to do

-J.P. Morgan

Most people sell their souls and live with a good conscience on the proceeds –**Logan Smith**

Unknown unknowns are the ones we don't know that we don't know
- **Donald Rumsfeld**

Seriousness is stupidity sent to College

- **P.J. Rourke**

The background features abstract, flowing waves in shades of red, orange, and yellow, creating a sense of movement and energy. The waves are layered and semi-transparent, giving a dynamic and modern feel to the slide.

When you stop chasing the wrong things, you give the right things a chance to catch you.

– Lolly Daskal

*Thank
you*



Bismarck J. Rewang, MD/CEO
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