THE NEW GLOBAL DISORDER

AND

THE RECOLONIZATION OF AFRICA



Presented by Bismarck Rewane
September 6th, 2023

OUTLINE

01

Cyclicality of the Global Order & Key Global Trends

02

Economic Performance

03

Stock Market

04

Market Proxies

05

Tourism & Aviation

06

Outlook for the Month of September

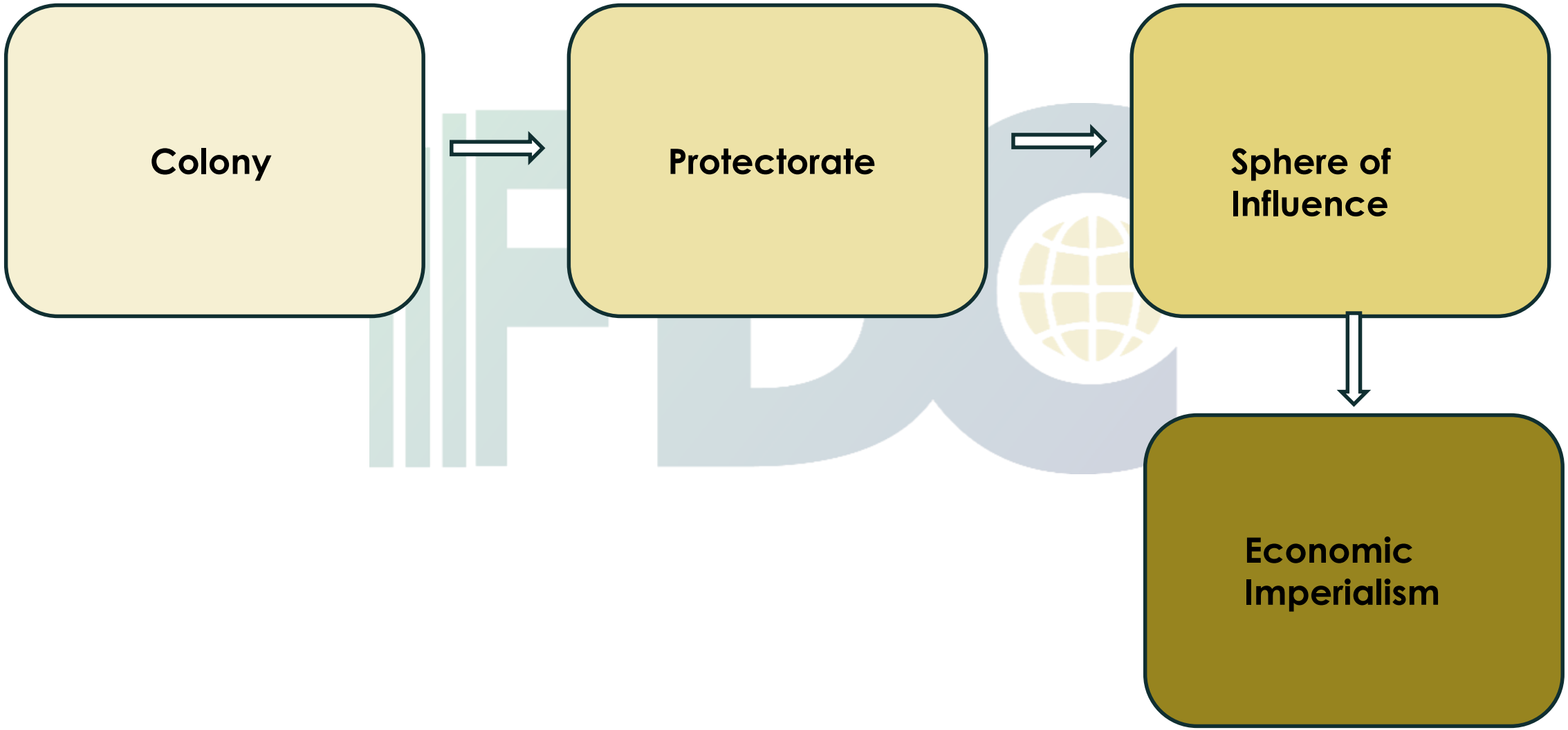
THE 21ST CENTURY REPARTITIONING OF AFRICA & THE ANTI-FRENCH BACKLASH



THE 21st CENTURY REPARTITIONING OF AFRICA & THE ANTI-FRENCH BACKLASH

- In 1884, Africa was balkanized at the Berlin Conference
- The Scramble for Africa was described as the invasion, annexation, division, and colonization of Africa by 7 European nations:
  - Britain, France, Portugal, Spain, Germany, Belgium, and Italy
- Only Liberia and Ethiopia were left out
- Africa was divided without consideration of local population and culture

FOUR TYPES OF IMPERIALISM



AFRICA – INDEPENDENCE OR RECOLONIZATION?

"The legacy of neocolonialism is a cycle of dependency that hinders the progress and self-determination of nations." **- Nelson Mandela**



BALKANIZATION OF AFRICA – THEN AND NOW



1884-1885

Berlin Conference (Scramble for Africa)

- European powers met in Berlin to partition Africa
- No African representatives were present

late 19th to mid-20th century

Colonization

- Major powers (Britain, France, Germany, Belgium, Portugal, and Italy) began to colonize Africa

1950-1960

Independence Struggle

- After WWII, anti-colonial sentiment intensified
- Ghana became the first to gain independence (1957)

1960 - date

Nominal Independence

- Economic control
- Military presence
- Political influence
- Cultural influence

Coups & military government

Pseudo democracy & Neo colonialism

Debt trap

AFRICA'S COLONIAL LORDS

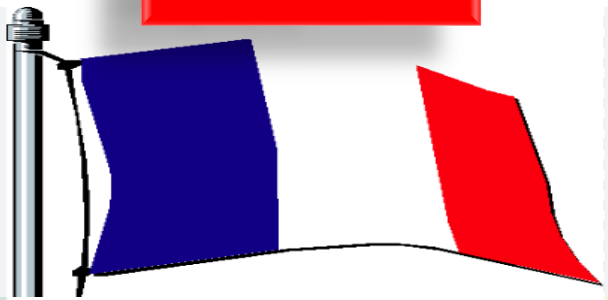
- France and Great Britain are the major colonial masters in Africa

Great Britain



Nigeria, South Africa, Kenya, Egypt, Ghana, Zimbabwe and many others.

France



Algeria, Morocco, Tunisia, Senegal, Ivory Coast, Mali & others.

Portugal



Angola, Mozambique, Guinea-Bissau, Cape Verde & Sao Tome and Principe.

Germany



Cameroun, Tanzania, Namibia.

Belgium



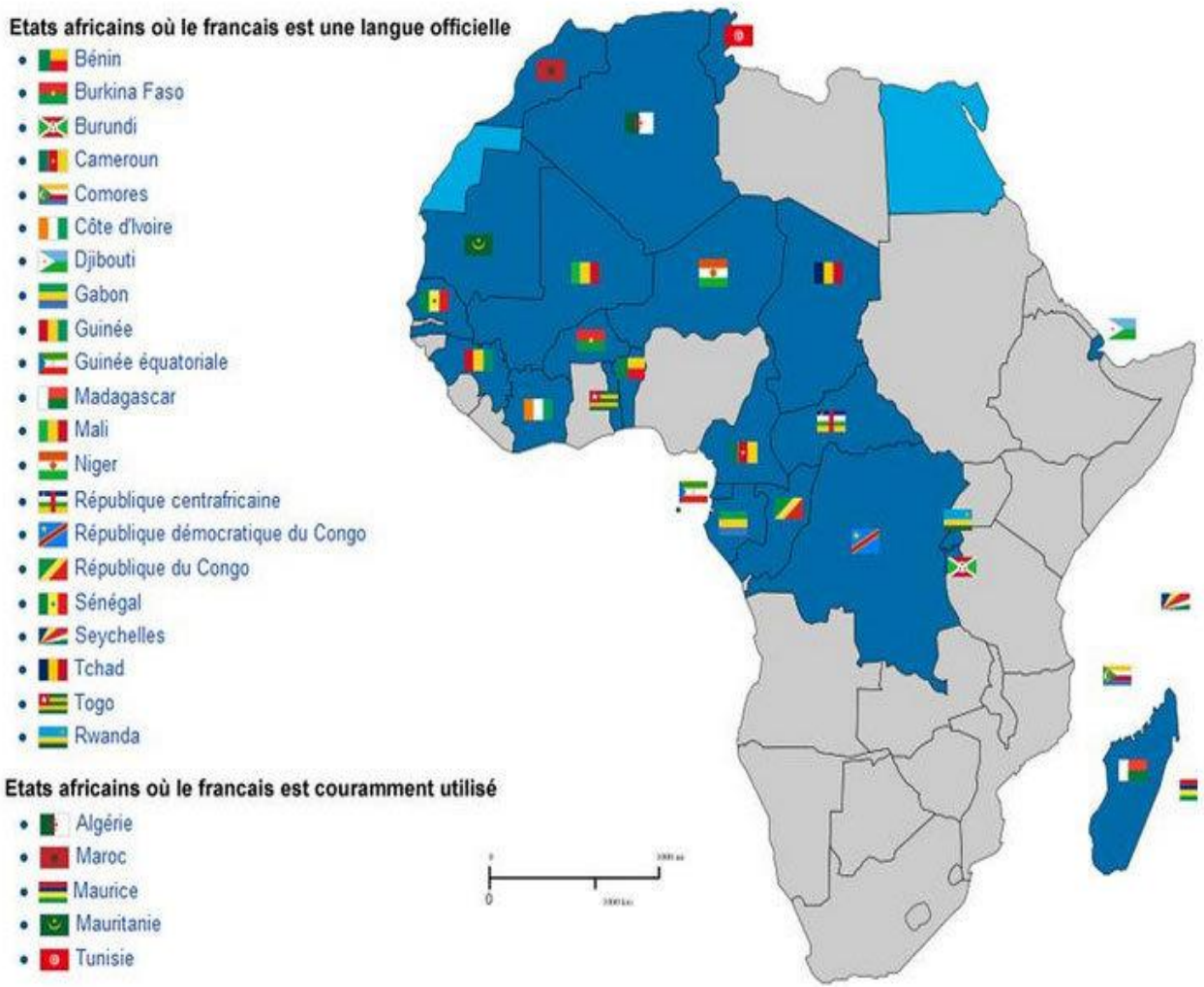
DR Congo

Italy



Libya, Eritrea, and Somalia

FRANCOPHONE AFRICA



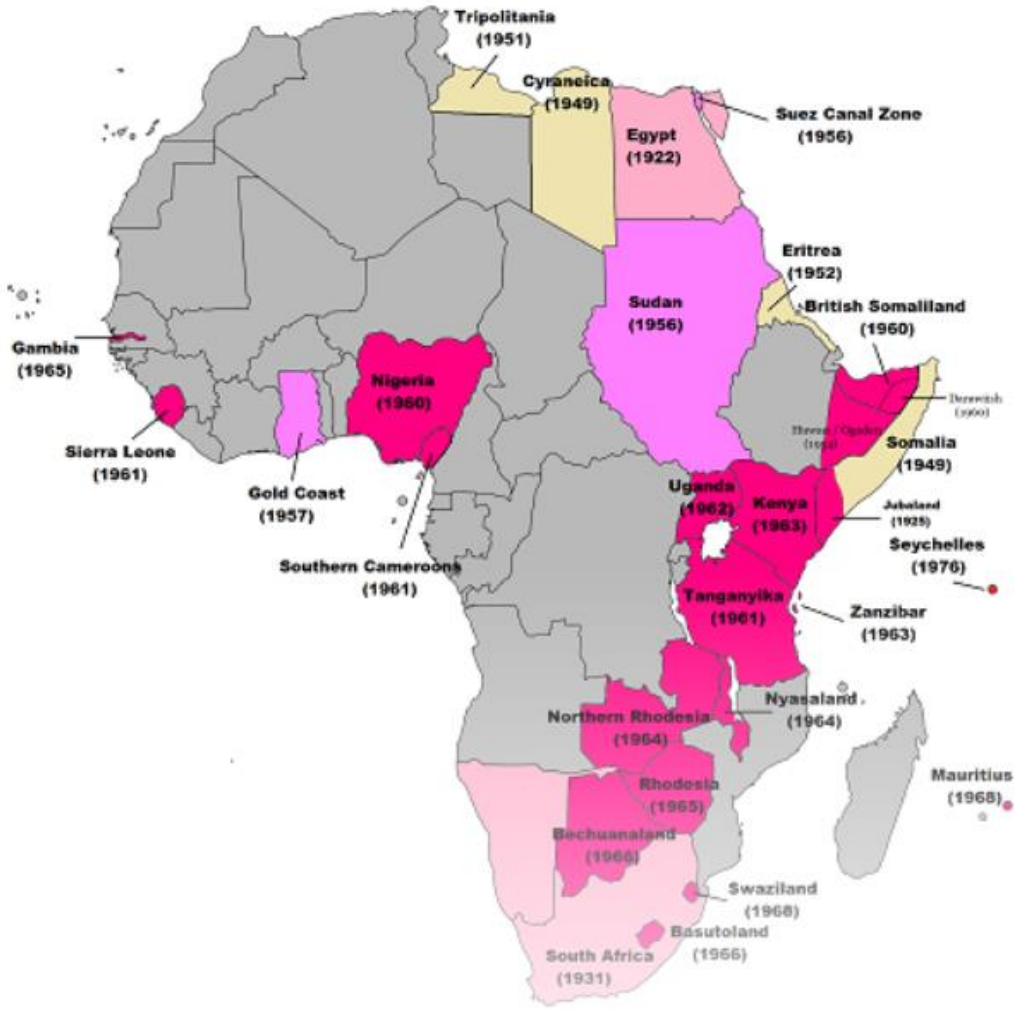
Attributes of French colonial administration

- Assimilation policy
- Direct rule
- Cultural paternalism
- Infrastructural development

Attributes of French post-colonial influence

- Military presence
- Centralized monetary policy
- Political influence
- Economic exploitations
- Post-colonial agreements

ANGLOPHONE AFRICA



Attributes of British colonial administration

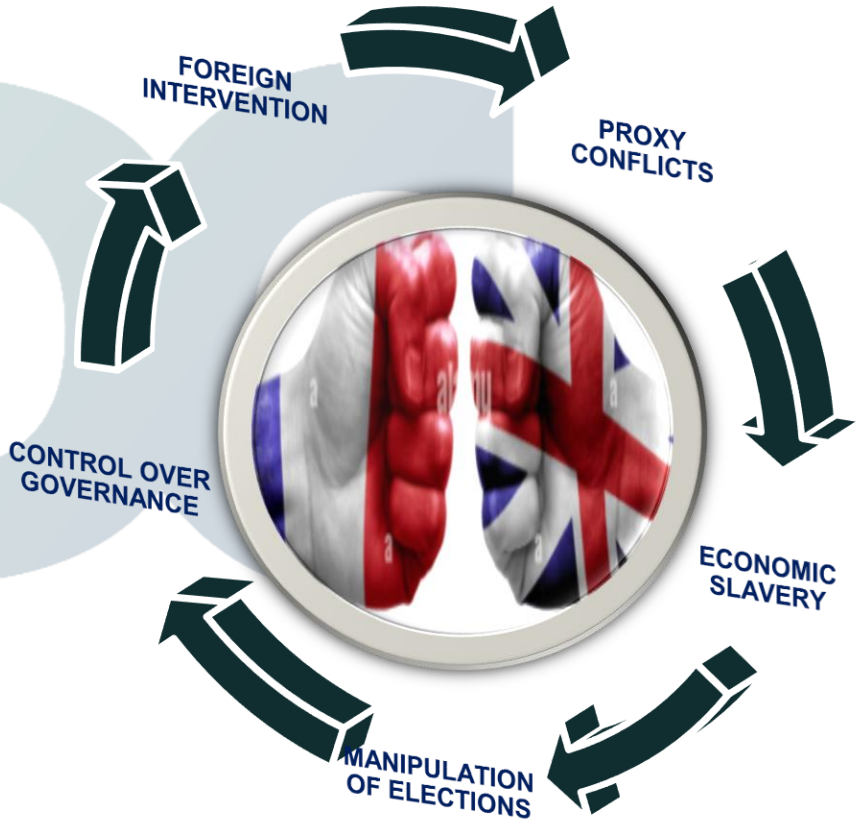
- Indirect rule
- Cultural autonomy
- Limited infrastructural development
- Economic exploitation

Attributes of British post-colonial influence

- Political influence
- Economic dependence
- No military presence
- Decentralized monetary system

AFRICA IN SHACKLES OF NEOCOLONIALISM

- The colonial masters gave Africa **ceremonial** independence
- However, they still
  - Control Africa's political machinery
  - Strive for resource control in Africa
  - Initiate proxy conflicts in Africa for strategic gains
  - Keep Africa in perpetual debts
  - Perpetuate economic dependence in Africa through aid



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AFRICA ON THE PATH TO REDEMPTION

- What is Africa doing to achieve political and economic independence?



FRANCOPHONE VS ANGLOPHONE

ANGLOPHONE		FRANCOPHONE
910mn	POPULATION (total)	341.96mn
$2.18 trn	GDP (total)	$408.67bn
3.61%	ECONOMIC GROWTH (avg)	4.49%
39.39	MISERY INDEX	15.58
$2,217	Per Capita Income (avg)	$3,048

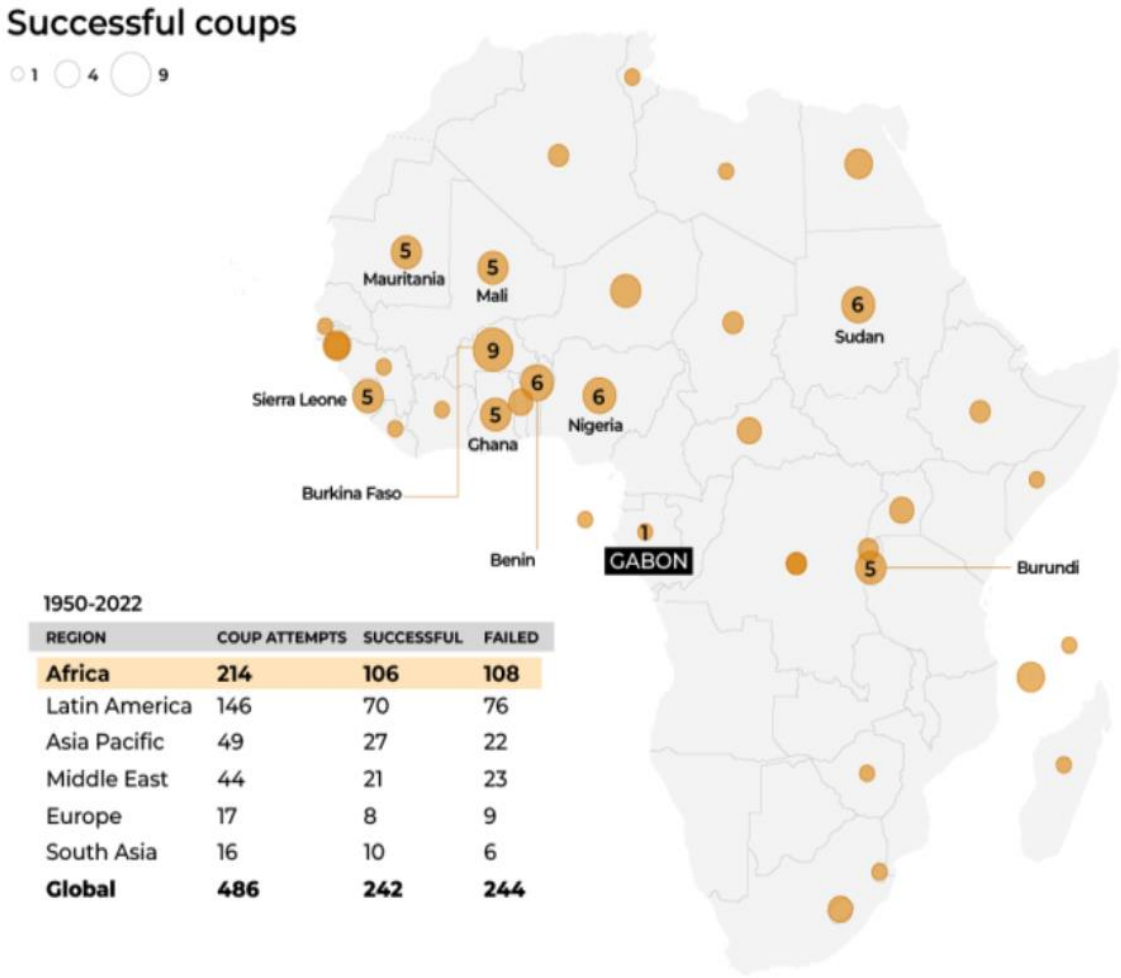
AFRICA AND COUP D'ETAT

Coup here, coup there, coup everywhere!!!

- "A coup is not just a consequence of failed governance; it is a stark reminder of the urgent need for accountable and inclusive leadership." - **Kofi Annan**



AFRICA AND COUP D'ETAT



1950-2022

REGION	COUP ATTEMPTS	SUCCESSFUL	FAILED
Africa	**214**	**106**	**108**
Latin America	146	70	76
Asia Pacific	49	27	22
Middle East	44	21	23
Europe	17	8	9
South Asia	16	10	6
Global	**486**	**242**	**244**

Source: J. Powell & C. Thyne

Africa grapples with coup d'état contagion

- 83% (45) of the 54 African countries have experienced at least one coup attempt since 1950
- Africa accounts for 44% of global coups since 1950
- 10 coup attempts on the continent since 2019

Coup d'état could be a protest against:

- Colonial dominance
- Misrule and bad governance
- Electoral impunity
- Tenure elongation

ATTRIBUTES OF COUNTRIES THAT HAD COUP SINCE 2019

- All the African countries that had coup since 2019 had a **unitary system of government**

Mali



- Govt: Unitary
- Coup Year: 2020

Tunisia



- Govt: Unitary
- Coup Year: 2021

Guinea



- Govt: Unitary
- Coup Year: 2021

Sudan



- Govt: Unitary
- Coup Year: 2019 & 2021

Burkina Faso



- Govt: Unitary
- Coup Year: 2022 (twice)

Niger



- Govt: Unitary
- Coup Year: 2023

Gabon



- Govt: Unitary
- Coup Year: 2023

- **Nigeria has a federal structure**

IS COUP CORRELATED WITH ELECTORAL FRAUD & TENURE ENLONGATION?

TENURE ENLOGATION

Omar al-Bashir of Sudan

30-year rule

Alpha Condé of Guinea

Planning to amend the constitution to allow for 3rd term

Ali Bongo

14+ in office

BOTCHED ELECTION

Mohammed Bazoum of Nigeria

2021 victory was highly disputed

Ali Bongo of Gabon

The August 2023 election was considered fraudulent

PRE-COUP STATE OF AFFAIRS

- Countries with coup attempts are **characterized** by:
  - Underdevelopment
  - High level of misery and poverty
  - Poor democracy rating
  - Weak legitimacy
  - Botched election/tenure elongation

	Population (Mn)	Per capita Income ($)	Misery Index	Infrastructure Index Highest =100	Democracy Index	Legitimacy Index
Sudan	46.68	916.03	173.64	15.404	0	9.3
Mali	21.49	857.98	10.76	15.948	3.23	8.5
Guinea	14.67	1345.57	18.47	14.789	2.32	10
Burkina Faso	22.15	824.88	19.38	17.055	3.08	6.4
Niger	26.08	561.22	5.03	5.508	3.73	6.8
Gabon	2.16	10281.78	24.97	30.67	3.4	7.8

RISKS OF COUPS IN AFRICA & THE CONTAGION EFFECT

- Contagion to spread from former French colonies to former British colonies
- Some of these countries are faced with high risks

Nigeria
Prob: 53%



- Political instability
- Faulty elections
- Economic crises
- Violent extremism

DR Congo
Prob: 58%



- Civil unrest
- Violent extremism
- Volatile political climate
- Entrenched poverty

Uganda
Prob: 60%



- Tenure elongation
- Harsh rule
- Entrenched poverty

Cameroun
Prob: 70%



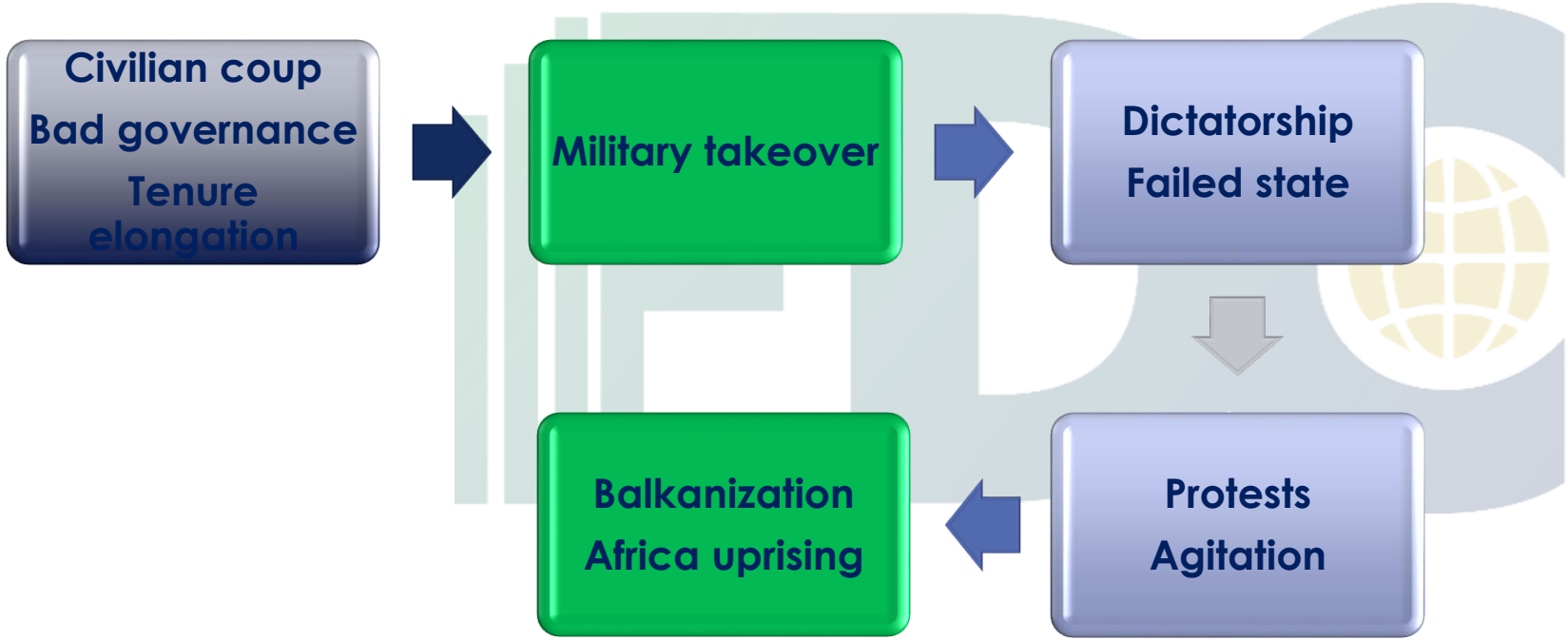
Zimbabwe
Prob: 75%



- Economic crises
- Entrenched poverty
- Faulty elections

FROM CRISES OF ORDER TO CRISES OF DISORDER

- Africa faces waves of crises of order – civilian coup/military coup
- The continent is on the road to crises of disorder – balkanization/African uprising



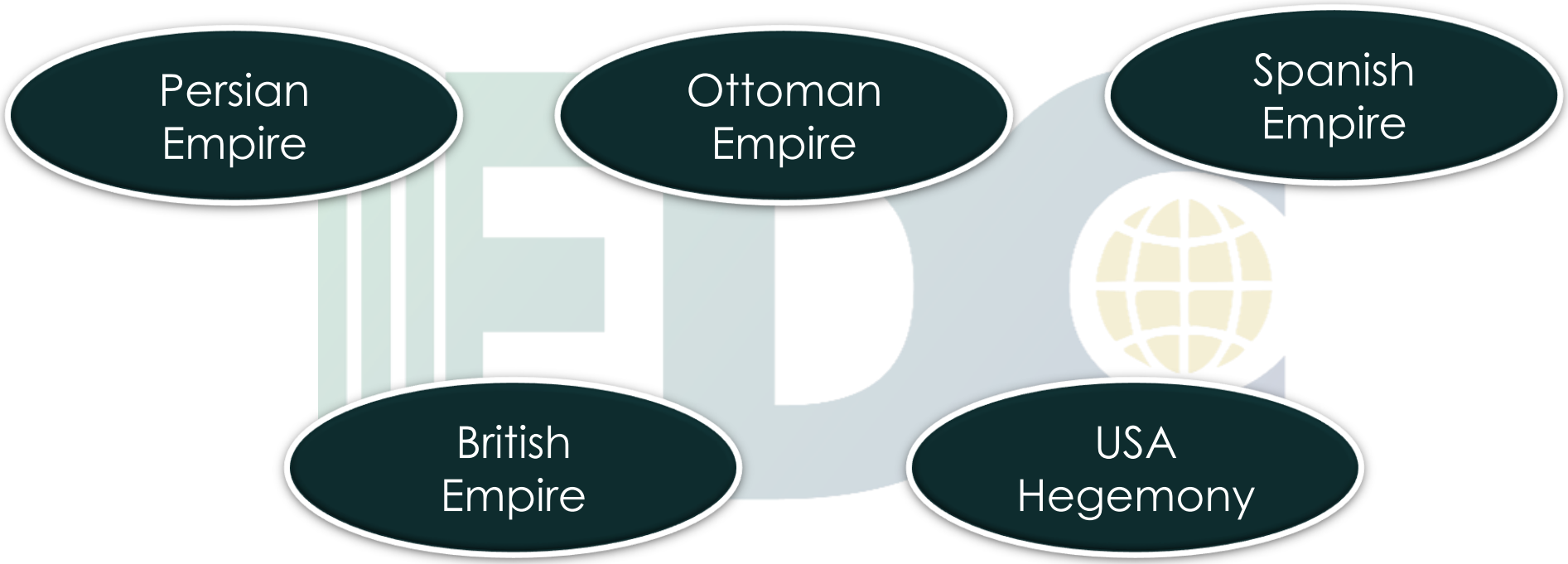
"Coups are not isolated incidents; they often mark the beginning of a downward spiral of political, economic, and social crises."
Ellen Johnson Sirleaf

- Nigeria is a federal government
- Risks of crisis, anarchy & fragmentation into Yugoslavia situation
- Most countries under military rule are unitary governments

CYCLICALITY OF THE GLOBAL ORDER



EMPIRES RISE & FALL IN HISTORY



MILITARY POWER AND WARS

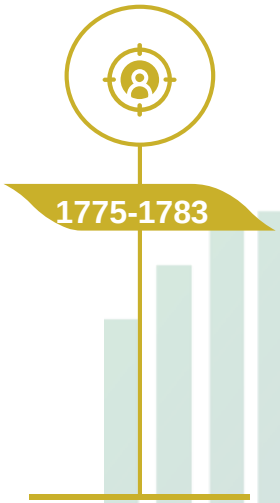
- Conquerors shared the spoils
- The vanquished paid reparations
- The British Empire on which the sun never sets
- Ranging from Canada, USA, Australia & Colonies of Africa
- The decline of the British Empire started with the American war of Independence
- Whoever wins the war takes all
- Imperial wars followed by repatriations and spoils
- Then economic and currency domination

EVOLUTION OF THE US HEGEMONY



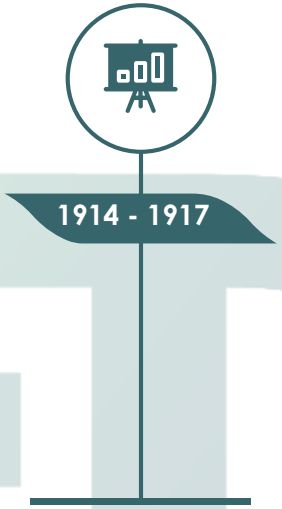
Europeans established colonies along the eastern coast of North America

Colonial Era



Americans fought for independence from British Rule and won

American war of Independence



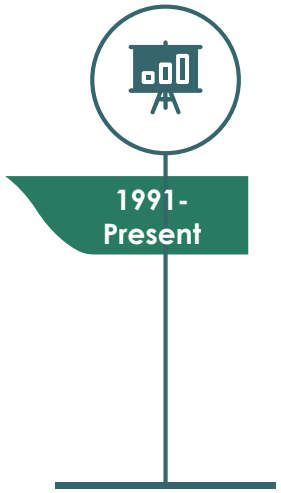
The US emerged as a superpower after World War I & II Played a leading role in shaping the international order & established military bases worldwide

World Wars & Global Influence



The U.S. and the Soviet Union competed for global influence, with the U.S. forming alliances and providing economic and military aid to many countries (IMF, Worldbank, e.t.c)

Cold War



The U.S. remained a dominant global power. Expanded its economic and cultural influence worldwide

Post-Cold War Era

To the victor belong the spoils

THE EVOLUTION OF RESERVE CURRENCY

1871 - 1914

Gold Standard



1914 - 1945

First & Second world war

Breakout of World War I & II and increasing international trade led to the ditching of the Gold standard

1944

Fiduciary Issue Overshoot & The Breton Woods Agreement

Delegates from 44 allied countries met in Breton Woods and agreed that the **world's currencies** could be pegged to the **US dollar**

- British Empire & the pound sterling as reserve currency
- After World war II and the cold war, the US dollar has been the reserve currency of the world

THREAT TO THE HEGEMONY OF THE US



US Global dominance - Economic and Military

- **NATO**
- **OECD**
- **G7**
- **G20**

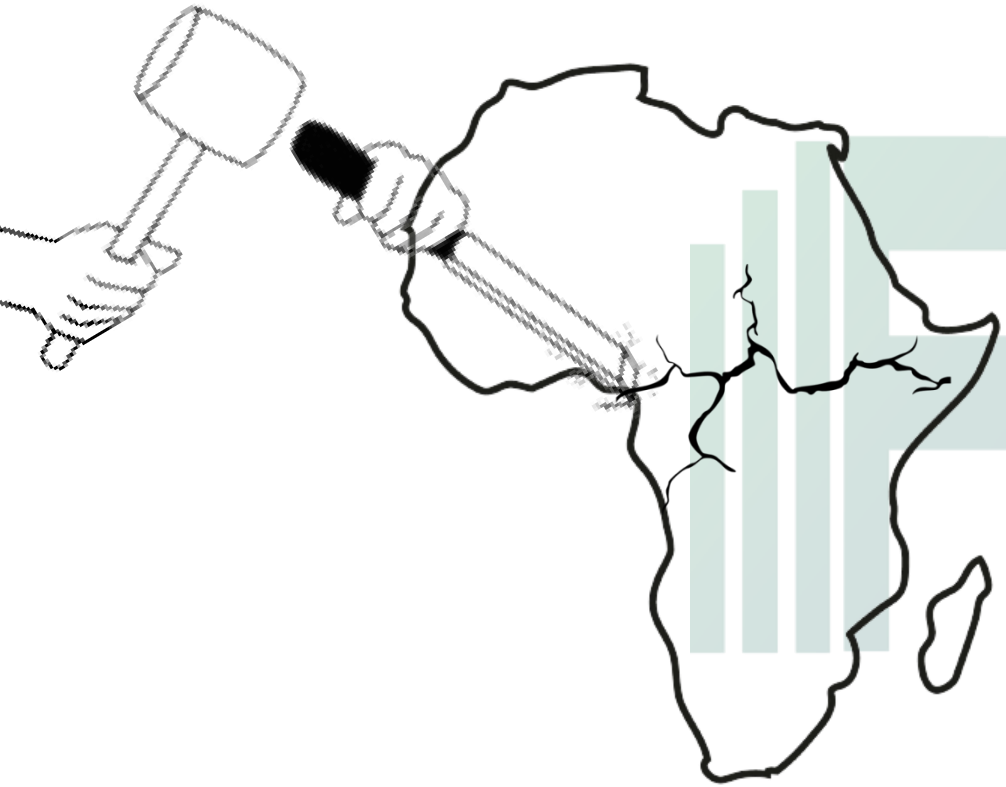


The threat to the hegemony of the US by Russia & China

- De-dollarization of the dollar
- BRICS

Empire come, empire go

SCRAMBLE FOR AFRICA 2.0



Is this the second partitioning of Africa?

- China's Road & Belt Initiative – 52 African Countries
- Russian Military Deal – 40 African Countries
- BRICS – South Africa, Egypt & Ethiopia

Is Nigeria the gizzard of Africa?

Africa's largest economy -

Or is it South Africa? – Second largest economy


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KEY GLOBAL TRENDS



US FED STRESS TEST – 23 BANKS

- The Fed conducted a stress test of the 23 largest banks in the US
- All Banks passed the test despite the banking turmoil in early 2023 (failure of Silicon Valley Bank, Signature Bank, and First Republic Bank)
- However, the test showed relative weakness among midsize banks and regional banks
  - Had the lowest capital ratios
  - Raised concerns for investors and policymakers

Scenario
Severe global recession leading to 40% decline in commercial real estate prices & 38% in home prices
Unemployment rises to 10%

Result
All 23 banks will have collective losses of $541 billion
Capital to fall to 10.1% from 12.4% (passing grade – at least 4.5%)

BRICS ACCEPTS APPLICATION FROM 6 OTHER COUNTRIES

- BRICS accepted applications from six other countries

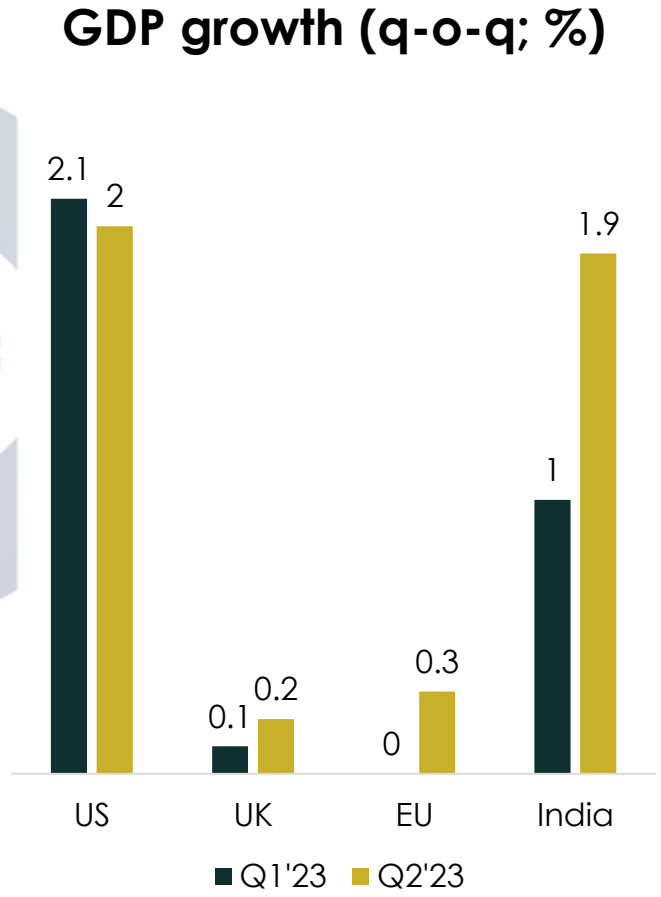
Argentina **Egypt** **Ethiopia** **Saudi-Arabia** **Iran** **UAE**

  - Expected to become a full member on January 1, 2024
  - 5 democratic and 6 autocratic states
  - Bringing the total number of member countries to 11
- Expansion of BRICS brings its share of the global economy to 36% of global GDP
  - Surpassing G7 countries: 32.1%
- The group's share of global trade is likely to reach 50% by 2050 from its current level of 16%
- Egypt and Ethiopia—Africa's second and third most populous countries
  - The inclusion of both countries gives the African continent a stronger influence
- Saudi Arabia and the United Arab Emirates (together with Iran) will supply more financial influence



GLOBAL ECONOMY SHOWING RESILIENCE

- Most advanced economies experiencing a soft landing
- Despite central banks' monetary tightening and geopolitical shocks
- Global economic resilience is due to:
  - Increased consumer spending supported by household savings accumulated during the pandemic
  - Easing inflationary pressures as global commodity prices decline
  - Tight labour market





GLOBAL ECONOMY SHOWING RESILIENCE

- Eurozone unemployment rate remained unchanged at 6.4% in July
- Suggesting that the labour market is still tight
  - This is stoking inflation concerns for the ECB
  - Inflation was flat at 5.3% in August
- EIU upgrades 2023 global GDP growth rate to 2.3% from 2.2%

CHINA'S SLOW ECONOMIC RECOVERY

- China's economy slowed to 0.8% in Q2'23 from 2.2% in Q1'23 on a quarterly basis
- Posted an annual growth rate of 6.3% in Q2'23 due to base-year effect
- China's economic recovery has been weighed down by its crumbling real estate sector
  - Country Garden, one of China's largest developers, is in crisis
  - Expected to post an estimated loss of $7.5bn in H1'23
- Consumer spending, business investment, and exports declining





CHINA'S ECONOMY DIVERGING FROM GLOBAL TREND

- China recorded a deflation rate of -0.3% in July
  - Contrary to the global trend of high inflation
- The government's response to the economic slowdown has been poor
  - China's Central bank cut interest rates by less than expected
- Nigeria to benefit from China's lower export prices
  - China accounts for 26% of Nigeria's total imports

JACKSON HOLE ECONOMIC POLICY SYMPOSIUM

Summary of Jerome Powell's Speech

- Reiterated the US Fed's commitment to bring down inflation to the 2% target
- Will require below-trend economic growth and softening of the labour market
- Indicating more policy rate hikes in Q3'23 & Q4'23
- Consumer spending remains resilient and the housing sector is now recovering due to the tight labour market
    - Real wage growth increasing in the face of declining inflation



OIL PRICES

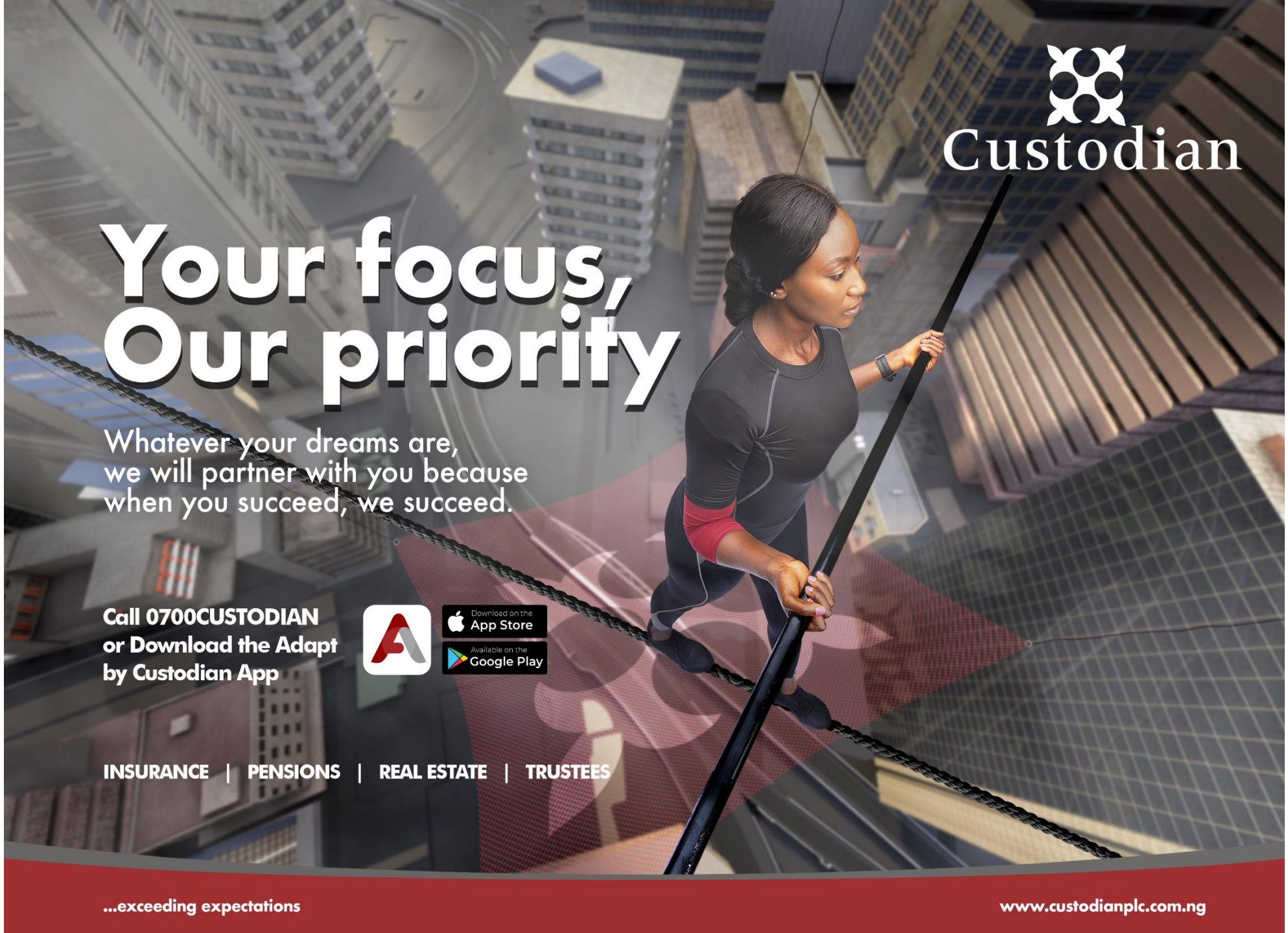
- Oil prices hit a 10-month high owing to supply cuts by Russia and Saudi Arabia
  - Brent crude price rose above $91pb for the first time since November 2022
  - Saudi Arabia to further extend supply cuts to December
- Brent prices are expected to rise to $95pb by year-end
- Global crude oil supplies expected to improve on refinery maintenance



GLOBAL FOOD PRICE INDEX INCREASING AGAIN

- After three consecutive months of decline, the global food price index increased by 1.3% to 123.9 points in July
- Due to a surge in vegetable oil prices
    - Though sugar and cereal prices declined
- An uptick in global food prices will fuel imported inflation, especially in SSA countries which are net importers of food



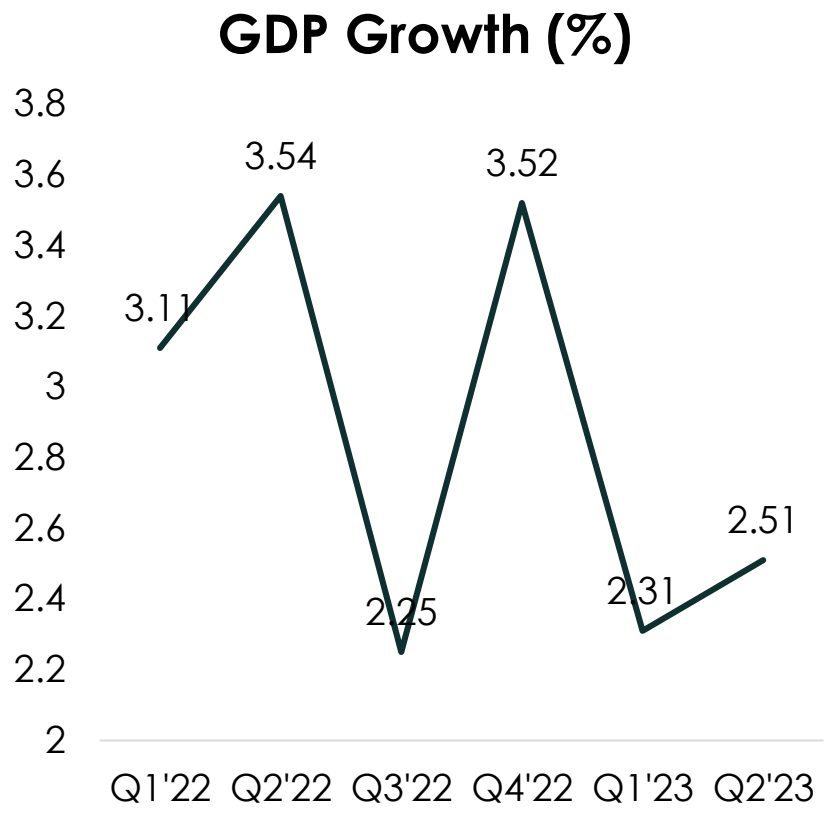

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ECONOMIC PERFORMANCE & POLICY OUTLOOK

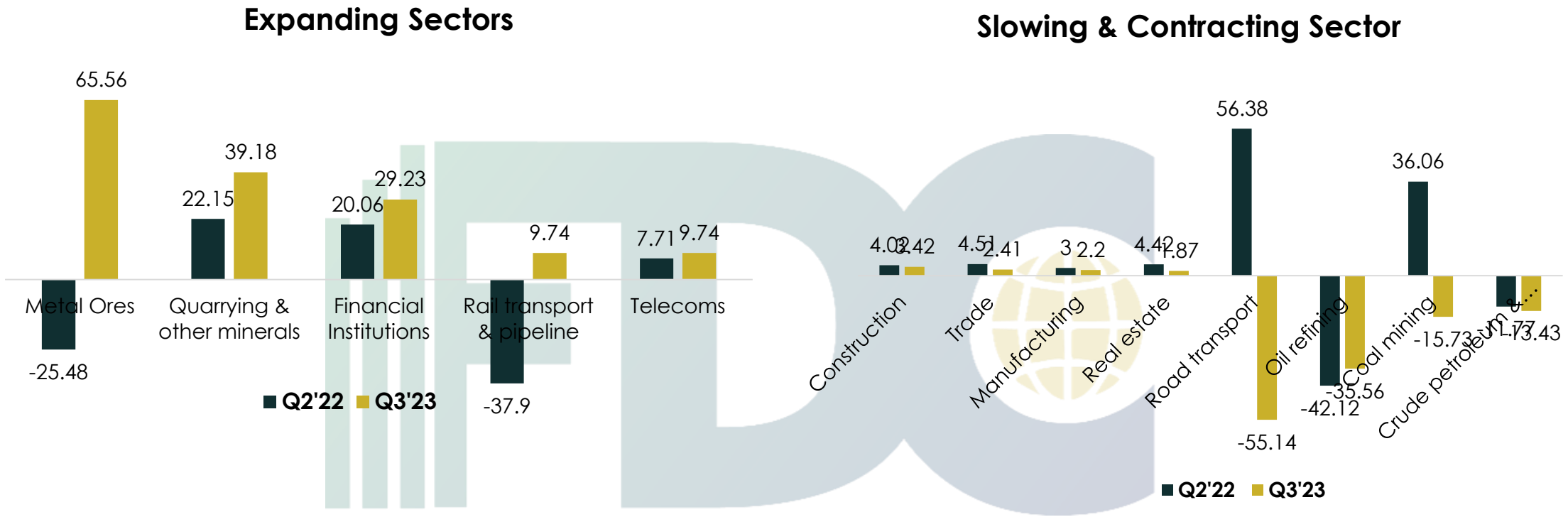


GDP GROWTH SLOWS TO 2.51% IN Q2'23 FROM 3.54%

- Real GDP growth slowed to 2.51% in Q2'23 from 3.54% in Q2'22
- Due to the:
  - Spillover effect of the naira cash crunch
  - Weak aggregate demand owing to high inflation
  - weak business investment



SECTOR PERFORMANCE



- Expanding sectors are not employment-intensive
  - Limited impact on unemployment
- Slowing and contracting sectors are mostly job-elastic
  - Unemployment likely to increase

NEW UNEMPLOYMENT DATA - 4.1% (NBS)

- Nigeria reports new definition of unemployment
    - Rate now at 4.1% in Q1'23
- Using the old methodology, it will be 44%
- 92.4% of employed persons are in the informal sector
- Consider persons who have worked for an hour or more in a week as employed
- Working age now 15 and above compared to the upper limit of 65 years in the previous methodology



WORKING POVERTY

Standard hour

$\frac{\text{N30,000}}{\text{30days}}$ = N1,000/ day

$\frac{\text{N1,000}}{\text{24hours}}$ = N47/hr

Man hour – 160hours in a month

$\frac{\text{N30,000}}{\text{160hrs}}$ = N187.5/ hr

Using N30,000 minimum wage as a benchmark

Poverty level in Nigeria is alarming



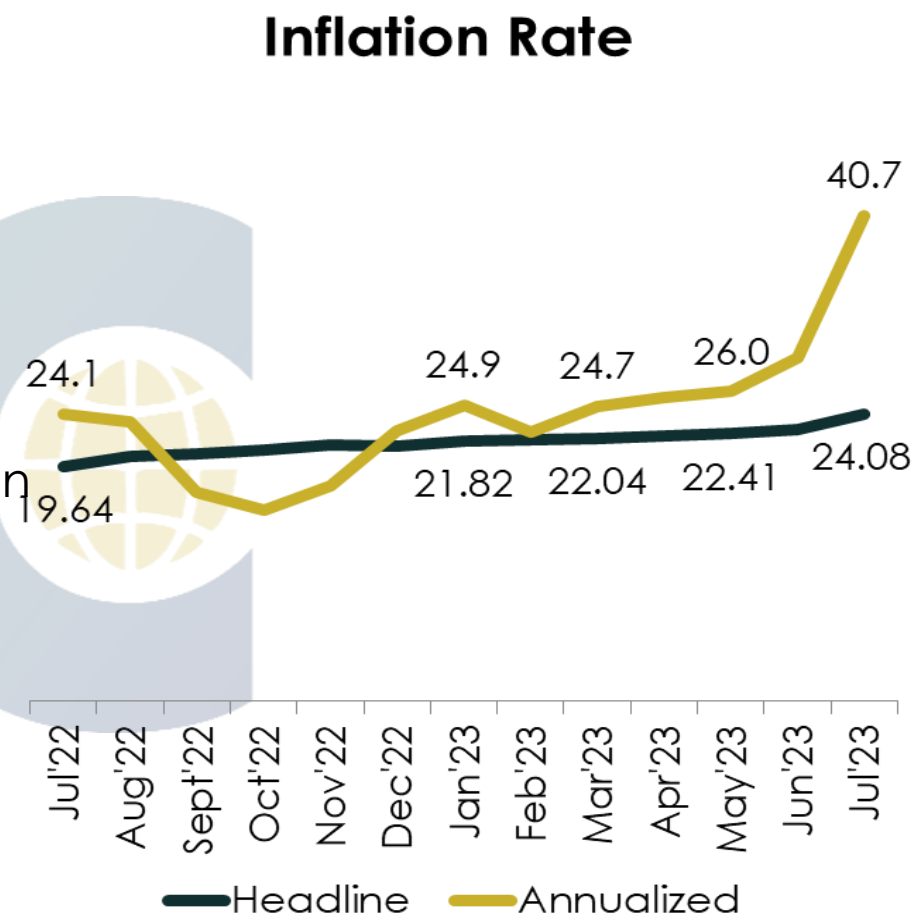
What can N47 buy?

Can N188 buy lunch?



INFLATION SURGES TO 24.08% IN JULY

- Headline inflation rose sharply by 1.29% to 24.08% in July
  - From 22.79% in June
- Monthly inflation up 0.76% to 2.89%
  - Annualized at 40.77%
- Higher inflation largely reflects the impact of policy changes on food and transportation costs
- Food inflation jumps by 1.73% to 26.98%
  - Subdued effect of the harvest on food prices
- Core inflation (inflation less food and energy) increased by 0.41% to 20.47%



INFLATION TRIGGERS



Money supply growth

Up 36% (y-o-y) to N65.46trn in July



Higher Energy prices

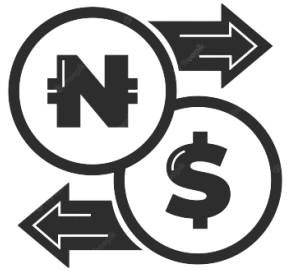
Diesel price up by 3.66% to N850/liter (y-o-y)

Fuel price up 15% to N617/liter (y-o-y)



Higher Global Food Commodity prices

Global food price index up 1.3% to 123.9 points in July



Exchange rate pass through

Exchange rate for Import duty computation adjusted to N770/$

Naira fell by 22.9% to N921/$ (y-o-y)

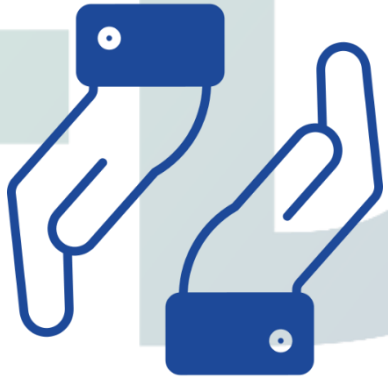
IMPACT OF POLICY CHANGES- BEHAVIORAL PATTERNS CHANGING



Consumers now patronize neighborhood shops



Reversal of Urbanization





Armed robbery & dollarization



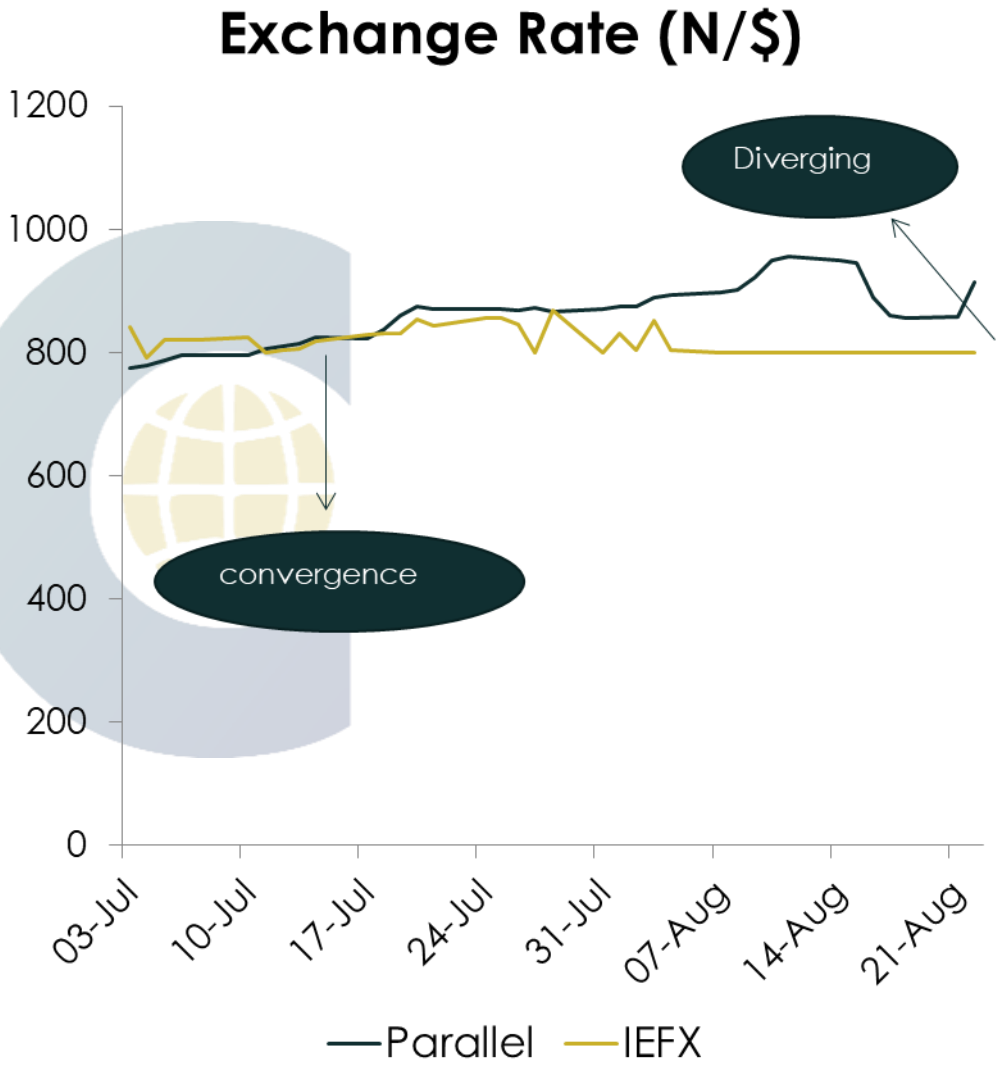
Retail cash flow squeeze leading to increased demand for distributor credit

MARKET LIQUIDITY & SHORT-TERM INTEREST RATES

- Banks' opening position averaged N280.57bn in August
  - A decline from the average of N563.29bn in July
  - Primarily supported by the CBN's effort to mop up excess liquidity through various policy instruments (OMO, NTB, CRR, etc.)
- CBN begins OMO auction after 7 months
  - The stop rate on the 362-day bill was 14.49%p.a
- 1-year T-bill rate inches upwards to 13.97%p.a from 9.8%p.a
  - The negative real return on investment narrows to a rate of 10.11% from 12.99%
- FAAC disbursements to the three tiers of government increased by 6.51% to N966bn in July from N907.05bn in June
  - The increase was supported by currency depreciation and lower fuel subsidy payments

CBN RETURNS TO EXCHANGE CONTROLS

- Initial convergence of the exchange rate after the announcement of FX market reforms
  - The parallel market rate premium fell by 67% to N91.96
- But diverged due to high naira speculation and forex supply shortages
  - The parallel market rate touched a low of N955/$
- NNPC's $3bn emergency crude oil repayment provided temporary relief to the naira
  - Touched a high of N855/$
- But not sustained as the naira fell back to close August at N922/$
- CBN re-introduces exchange controls due to dollar shortages
  - The official-parallel gap widens to N121/$



CBN RESTORING MARKET STRUCTURE – THE MORE, THE MERRIER

- BDC operators are back with squeezed margins
- New set of operational guidelines introduced
- The difference between BDCs' buying and selling rates for foreign exchange limited to 2.5%
    - Down from the previous 5%
- This is unlikely to stabilize the foreign exchange market
- Foreign exchange supply remains sub-optimal

JP MORGAN ESTIMATES NET FX RESERVES AT $3.7BN

CBN Audited Financial	
External Reserves:	$32.4bn
IMF SDR:	+$5.0bn
Total	$37.40bn
Encumbrances	
FX forwards	$6.8bn
Securities lending	$5.5bn
Currency swaps	$5.5bn
Total	-$33.6bn
Net FX Reserves	= $3.7bn

- Policy changes were made on inaccurate data
  - Gross external reserves (30-day moving average) not the true position of the FX reserves
- Low net FX reserves to foster reform continuity to boost FX inflows

EIU OUTLOOK

- Mr Tinubu's pro-market agenda likely to be watered down by high political risk accentuated by
  - Chronic insecurity in many areas
  - High inflation & unemployment
- Economic growth to slow in 2023-24 owing to contraction in domestic demand supported by
  - Spiraling inflation
  - Increased monetary tightening



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EIU OUTLOOK

- Growth to accelerate to multi-year high in 2025
    - Shock of market reforms abate
    - Investment in recently deregulated power sector
- Foreign exchange scarcity to persist in the short-term
    - CBN to revert to heavier management of the exchange rate in late 2023 to tame rapid price rises
- Nigeria's oil & gas sector to remain crucial to the prospects of the wider economy
- Dominating its export profile & accounting for about half of government revenue



POLICY OUTLOOK

- Pro-market reform policies to continue
- Nigeria will end fuel import dependence in 2024
- Official rate devaluation by 63% since the acting governor's appointment
- The exchange rate divergence narrowed significantly before widening again
    - Based on trading partner competitiveness
- The naira is likely to depreciate further before recovering
- Spreads have narrowed but forex liquidity is inadequate
- Need to sharply increase interest rates to mobilize national savings
    - Ratio is currently 27% of the GDP



POLICY OUTLOOK

- Oil production will not increase as long as oil vandalism continues
- The Niger Delta crisis will remain a deterrent to investors
- The PIA and host community crisis will cause major clashes amongst tribes
- The commercialization of NNPC will make the outlook for investors more favorable
- Dangote refinery will make downstream and midstream more competitive
  - Serving West Africa and leading to better infrastructure across the region
- Electricity reform allowing states to generate, transmit and distribute
  - Will trigger GDP output growth as productivity improves by at least 2-3%
  - Despite the tax drive and subsidy reduction



POLICY OUTLOOK

- Fiscal deficit as a percentage of GDP will remain above 4%
- Wage review and productivity gains will increase consumer spending in late 2024
- The erosion of external reserves buffers as revealed by the audit means a shallow forex market
- The naira will fall before recovering in 2024



STOCK MARKET

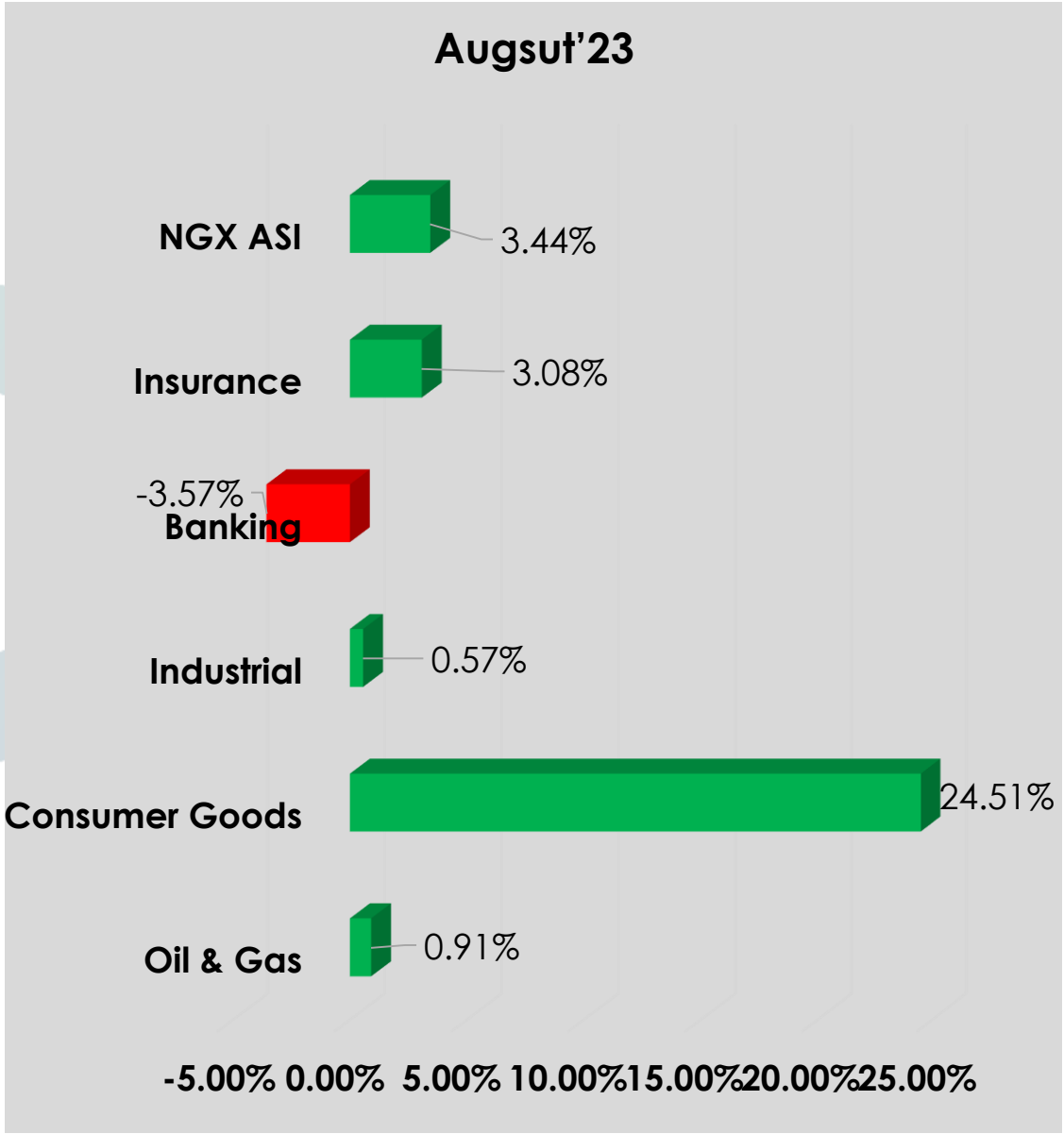


NGX OUTPERFORMS OTHER MARKETS IN AUGUST 2023

Market	YTD Return	Driver
SSE	↓ 5.20%	• Slowing economic growth momentum • Political tension weakened market sentiment
JSE	↓ 5.09%	• Elevated inflation • Currency volatility
GSE	↑ 3.63%	• Resilient corporate earnings • Preference for mouthwatering dividend stocks
NGX	↑ 3.44%	• Hunt for high dividend yields • Portfolio diversification necessitated interest in Nigerian equities
S&P 500	↓ 1.77%	• Surge in inflation numbers • Profit taking in technology stocks due to sensitivity to high-interest rate

NGX IN AUGUST 2023

- NGX closed the month on a positive note (3.44%)
- The All Share Index (ASI) inched to 66,490.34 during the month
- Surpassing a 15-year high of 66,371.2
- Market gains supported by portfolio rebalancing by institutional investors
- Investors positioned for mouth-watering dividend
- Volatility of effective interest rates
- 33% gains in BUA foods fueled the performance in the consumer goods space



STOCK MARKET OUTLOOK

- Performance up 3.44% in August 2023
- Driven by excess liquidity in the money market
- Depressed interest rates making dividend yields relatively attractive
- Depreciated Naira value at the forex market making investors buy stocks with trapped Naira
- Earnings performance showing extraordinary income is attracting opportunistic investors



STOCK MARKET OUTLOOK

- When the Naira settles in the forex market, new monies will come in
- Companies will need more Naira to replenish inventories
- Borrowing needs for logistics, inventories, advertising & promotion will increase sharply
- Distributor finance and funding requirements will be borne by manufacturers



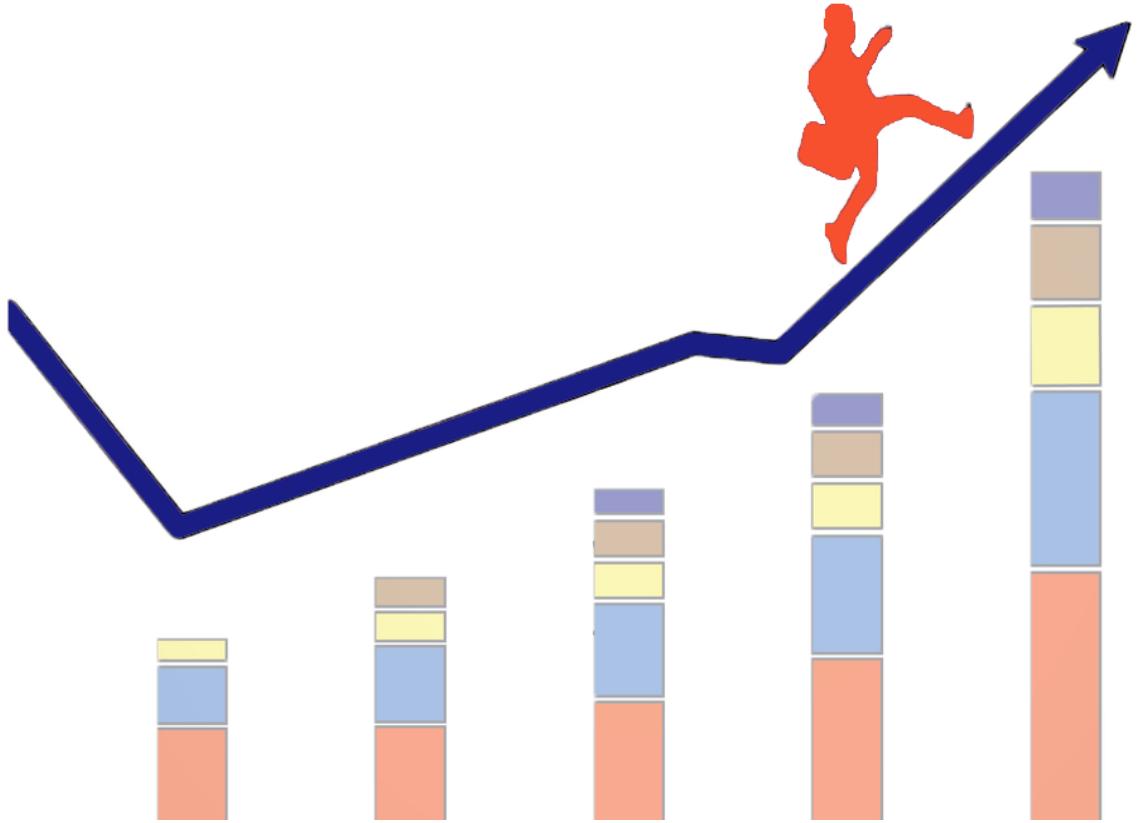
STOCK MARKET OUTLOOK

- The price of diesel and alternative energy costs will squeeze margins
- National wage review will increase purchasing power but not enough to compensate for revenue decline



SECTORS THAT WILL THRIVE

- Telecommunications & PSB's
- Fertilizer manufacturing
- Building materials
- Food processing & storage
- Hotels & hospitality
- Insurance
- Distilleries & spirits
- Airport handling companies
- Infrastructure & road concessioning
- Construction



SECTORS THAT WILL STRUGGLE

- Retail Banking
- Carbonated soft drinks
- Aviation
- Flour milling
- Consumer retail
- Road transportation

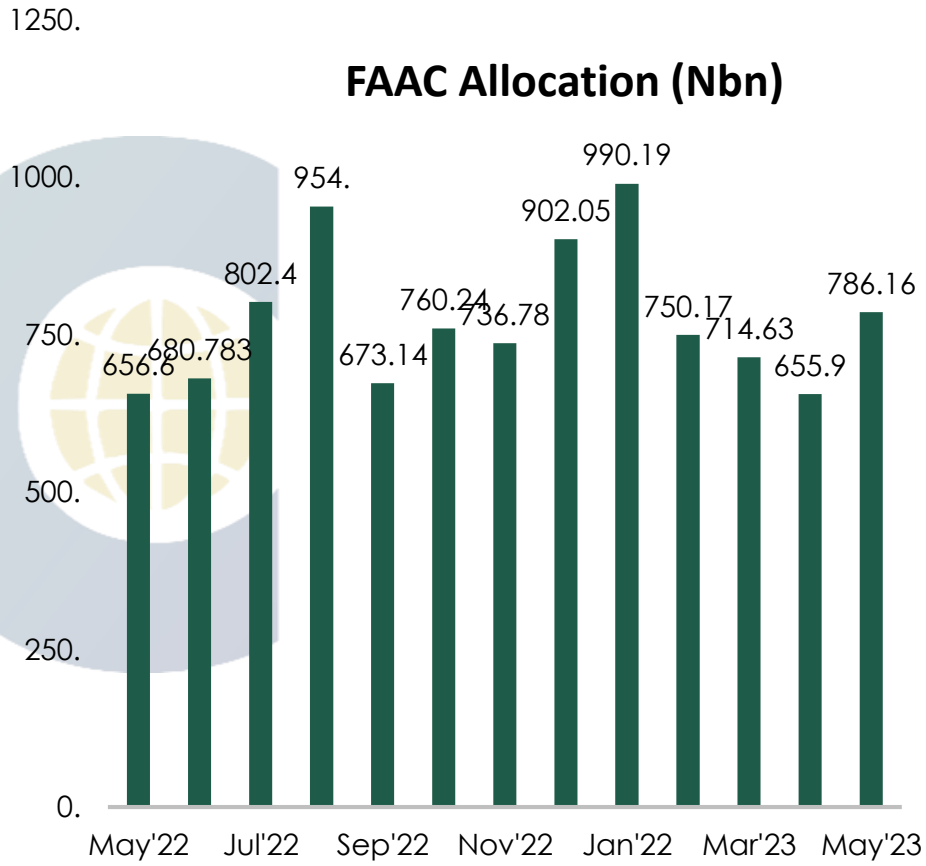


MARKET PROXIES



FAAC ALLOCATION

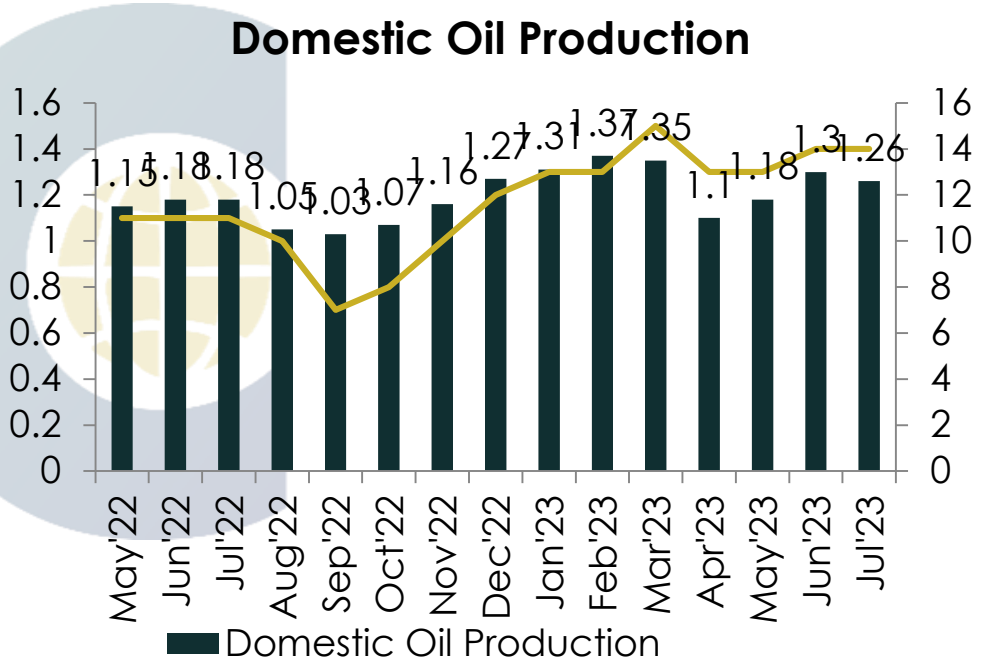
- Total FAAC disbursement was up 6.5% to N966.11bn in August
- Largely due to the:
  - Removal of the subsidy – gulped N400bn monthly (NNPCL)
  - Exchange rate difference (contributed 16% to the total allocation)
- FAAC allocation is expected to increase further in September
- Supported by
  - Higher oil prices, naira depreciation, and NNPCL disbursement





DOMESTIC OIL PRODUCTION

- Oil production fell by 3.08% (40,000bpd) to 1.26mbpd in July
  - Below the country's oil production capacity of 2mbpd and the OPEC quota of 1.74mbpd
- The decline was due to repairs in major oil terminals and lingering crude oil theft
  - Nigeria still loses 400,000 barrels of crude oil daily ($4 million) to theft
  - Despite efforts by the government to curb the menace
- Active oil rig counts remained flat at 14 in July
- Oil production is likely to increase in August due to the resumption of oil exports in Forcados Terminal



SHIPS AWAITING BERTH

Ships Awaiting Berth	Feb'23	Mar'23	Apr'23	May'23	Jun'23	Jul'23	Aug'23
Apapa	2	7	2	4	7	6	1
Tincan	3	0	1	3	2	1	2
Rivers	0	3	2	2	2	1	1
Calabar	0	3	0	0	0	0	0
Warri	3	6	3	2	1	1	8
Onne	0	0	0	0	0	0	0
Total	**8**	**19**	**8**	**11**	**12**	**9**	**12**

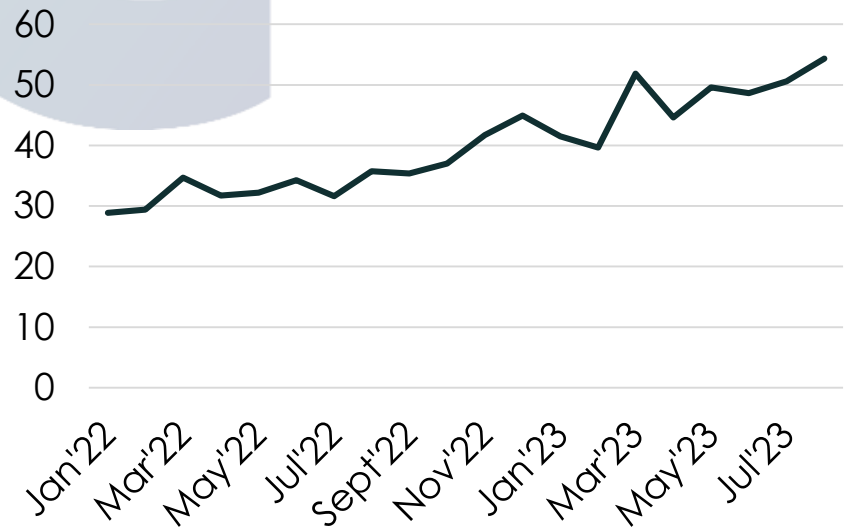
- The total number of ships awaiting berth across the six major ports in Nigeria rose to 12 in August
  - 33.3% higher than 9 in July
- Warri port was the most congested due to the ongoing reconstruction of the Escravos breakwaters
- Onne port remained underutilized

VALUE OF TRANSACTIONS

- Total value of transactions across the e-payment channels rose by 7.47% to N54.36trn in August
- Due to the rise in the use of digital channels for transactions and mobile payments
    - Supported by efficiency in e-payment platforms
- However, POS transactions declined for the second consecutive month
    - As the new POS charges announced by AMMBAN in July boost other payment channels' usage

Channels	Jul'23 (N'bn)	Aug'23 (N'bn)	% Change
Cheques	251.36	269.53	7.23
POS	921.47	864.62	-6.17
NEFT	2,019.19	2,324.31	15.11
NIP	47,388.70	50,898.91	7.41
Total	**50,580.73**	**54,357.36**	**7.47**

Value of Transactions (N'trn)




Fidelity
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Start now. Dial *770#
Buy Data
Pay bills
Transfer
Check Balance
FastLoan
Open Account
Cardless Withdrawal
Buy airtime
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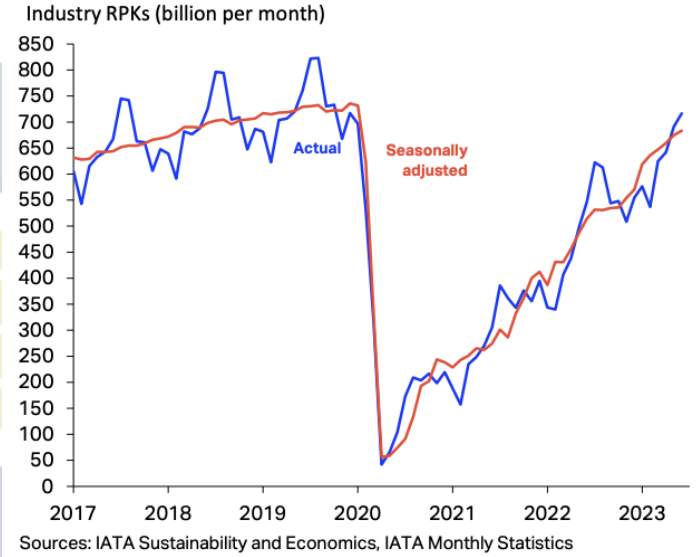
TOURISM & TRAVEL



GLOBAL AVIATION UPDATE - IATA

- International aviation players are beginning to make profits
- Significant improvements in earnings by network carriers in Europe, North America, and the Middle East
- Travel hubs like Heathrow, Dubai, Frankfurt and Munich are reporting pre-pandemic traffic
- Airlines in Europe generated approximately $4.1bn in profit in 2022
- Tourism and hospitality have reached 70-75% of pre-COVID levels
- Main beneficiaries being Mauritius, Morocco, Greece and the Caribbean

Chart 2 – Global air passengers, revenue-passenger kilometers (RPKs), billions per month



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

GLOBAL AVIATION UPDATE - IATA

- The new wave of COVID has not impeded vacation spending
- Duty-free services are back on airlines and hub airports
- Financial performance within Latin America and Africa is showing slow improvement
- SSA remains a difficult market with economic infrastructure and connectivity challenges
- The rise in the price of jet fuel is also feeding into airfares
- Regional competition among carriers remains stiff
- Ethiopian Airlines is leading the pack both in passenger and cargo traffic
- Rwanda Air and Kenya Airways are close rivals



DOMESTIC TRAVEL HIGHLIGHTS

- Nigeria to host African aviation summit 2023
- New aviation minister suspends Nigerian Air project
- FG to shutdown old terminal at Murtala Muhammad International airport from October 1
- Plateau and Value jet sign pact on Jos flight operations
- Ibom Air ramps up A320 ACMI capacity
- Max Air temporarily shut down operations
- Azman Air shuts down operations and puts staff on unpaid leave

NIGERIAN MARKET

- Airline IATA exchange rate remained at N800/$
- Most airlines are selling tickets in dollars only
- Discount fares are not in the inventory displayed
- Nigerian travelers are being screwed compared to other African markets
- Direct flights to the USA are reporting high load factors
- Delta and United reaped rewards of back-to-school and seasonal demand
- European carriers including British Airways, Lufthansa, Air France, and KLM suffered from the airspace closure of the Niger Republic
- No fly zone now lifted but carriers are still wary

NIGERIAN MARKET

- New aviation minister is making policy pronouncements
  - Wants to move all carriers to the new Lagos terminal
  - The infrastructure at the new terminal is inadequate
- The coincidence of the minister's announcement and a fire outbreak at the Lagos Murtala Muhammed International Airport is raising eyebrows
- Airside busing from old terminal to new terminal is already chaotic
- He has suspended Air Nigeria project
  - After the Virgin Nigeria experience, other network will not touch a national carrier in Nigeria
  - He has also suspended the concessioning of airports

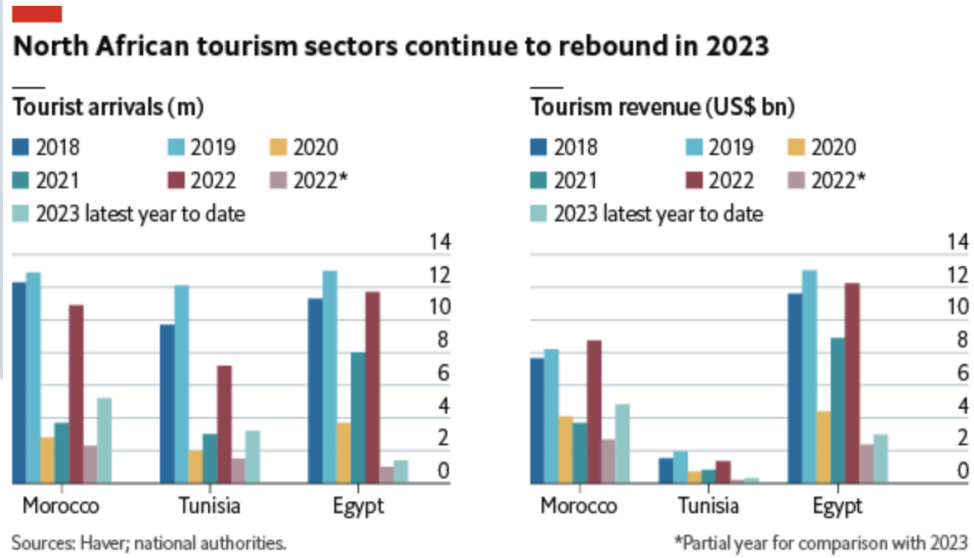
TOURISM UPDATE

- Spanish tourists' numbers have recovered beyond the pre-pandemic levels
- Morocco’s national carrier to expand fleet as tourism surges
- Seychelles tourism sector continue to make strong recovery



AFRICAN TOURISM UPDATE

- North African tourism sectors suffered heavily during the coronavirus pandemic
- The leading tourism markets Egypt, Morocco and Tunisia recovered strongly in 2022
- The tourism sector is expected to recover fully in 2023
- Strong rebound in tourism sector in Mauritius will be sustained in 2023
- However, a full recovery to pre-pandemic levels is expected in 2024
- President Tinubu creates a stand-alone tourism ministry in Nigeria



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OUTLOOK FOR THE MONTH OF SEPTEMBER



POLITICAL OUTLOOK

- Our projection of the outcome of the presidential election petition

> Electoral malpractice acknowledged but not enough to change outcomes – **Incumbent remains**

- Outcome of the PEPT
  - Affirmed election of the President
  - Dismissed petitions of presidential candidates of both leading parties (PDP & LP) as allegations were not substantial enough to change outcomes
- However, both candidates have now proceeded to the supreme court to appeal against the judgment by the election tribunal
- No matter what happens , ***outcome remains the same***

SEPTEMBER ECONOMIC OUTLOOK

- Headline inflation for August is likely to reach 25.5%
- The naira will trade at N950/$ before recovering to N890/$
- The $3bn emergency funding from Afrexim bank will help a partial naira recovery
- Petrol prices will remain at current levels in September
- The stock market bubble is likely to deflate by 5-10% as earnings reflect sluggish Q2 sales
- Settlement of forward transactions will be deferred by 60 days



SEPTEMBER ECONOMIC OUTLOOK

- The MPC will tighten again by 25 basis points
- 365-day t/bill rates will spike towards 15%pa
- Interbank interest rates will reach 10-12%pa
- FGN and State Government spending will increase sharply
- A supplementary budget will be presented after the World Bank meeting in Morocco
- Investors will remain tentative till Q4 2023



CORPORATE HUMOUR

The longer the title, the less important the job
– *George Mcgovern*

If you think your boss is stupid, remember : you would not have a job if he was any smarter
- John Gotti

She has the answer to everything and the solution to nothing
– *Oscar Levant*

CORPORATE HUMOUR

Bills travel through the mail at twice the speed of cheques
- Steven Wright

You can be young without money but you can't be old without it
– Tennessee William

Love has no eyes, But love is not blind,
Love sees but doesn't mind
- Unknown

CORPORATE HUMOUR

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

Love is all fun and games until someone gets pregnant
- Jim Cole

It is better to be looked over than to be overlooked
- Mae West

CORPORATE HUMOUR

I would rather be a beggar and single than a queen and married

- Elizabeth I.

American football is violence punctuated by committee Meetings

- George Will

There are three kinds of lies : lies, damned lies and statistics

- Benjamin Disraeli

CORPORATE HUMOUR

When you have a smart phone problem – when all else fails read the instructions

- *Unknown*

Inside every old person is a young person wondering what happened

- Unknown

Life is divided into the horrible and the miserable

- Woody Allen

CORPORATE HUMOUR

Adolescence is the stage between infancy and adultery
- Unknown

Democracy is being allowed to vote for the candidate you dislike the least
- Robert Byrne

A lie can run round the world before the truth has got its boots on
- The Truth

CORPORATE HUMOUR

When women go wrong, men go right after them
– Mae West

Becoming famous has taken the place of going to heaven
- Jarvis Cocker

An economist is an expert who will know tomorrow why the things he predicted yesterday didn't happen today
– Henry Kissinger

CORPORATE HUMOUR

Morning comes whether you set the alarm or not
- Ursula K. Le Guin

Power without abuse loses its charm
– Paul Valery

The dumber people think you are the more surprised they are going to be when you kill them.
- William Claylon

CORPORATE HUMOUR

A woman's intuition is the result of millions of years of not thinking
- Unknown

Can you imagine a world without men?? No crime and lots of fat women
- Marion Smith

I would rather be a beggar and single than a queen and married
- Elizabeth I.

CORPORATE HUMOUR

Show me a good loser and I will show you an idiot
- Leo Durocher

If you gonna be late, then be late and not just two minutes – make it an hour and enjoy your breakfast
- David Brent

A lot of people quit looking for work as soon as they find a job.
- Zig Ziglar

THANK YOU

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