

NEXTZON INSIGHT & PREDICTIONS



Okechukwu Nzekwu

Head, Research & Knowledge Management

Nigeria's retail industry evolved from the traditional retail (open markets) to standard retail (mall-departmental/chain stores) and now to e-retail(online). NBS data shows that Nigeria has transcended from being a country with no real mega retail store in 2006 to one that records over 20 mega retail stores in less than 10 years. The swift shift in retail dynamics in Nigeria have led to flourishing opportunities in e-retail. In response to the sophisticated nature of emerging consumers; growing Mobile & Smartphones, Internet penetration and transaction, e-commerce has thrived.

Recently, the National Bureau of Statistics (NBS) predicted that GDP will grow by 2.1% at the end of 2018. It is also expected that e-commerce sector will contribute about 10% of projected N10 trillion, to the nation's Gross Domestic Product (GDP) of 2018 and in coming years, retail sales will account for a larger part of the country's GDP.

The growth of the retail industry slowed down in 2017 due to reduced patronage as a result of increased pressure on household pockets, the downturn caused by recession in 2016 and late economic recovery which caused the value of sales to increase.

Nonetheless, the Nigerian retail industry continues to grow in value terms and is expected to keep growing in 2019 due to the growing awareness of convenient mobile payment systems, increasing penetration of internet and smart phone users even in rural areas, possible increase in disposable income due to expected Increase in minimum wage and projected economic growth which will result to increase in the earnings of private sector and possible increase in employment.

SUMMARY OF ECONOMIC PERFORMANCE

GDP Growth	1.50%	Q2
Exchange Rate (Interbank)	306.00	↑
Exchange Rate (Parallel)*	362.86	↑
	September	▬
Exchange Rate (Pilgrimage)	305.00	↓
Oil Price/barrel	\$82.09	↓
External Reserves	\$41.99	↓
Inflation Rate	11.26%	▬
MPR	14.00%	▬
Avg. Crude oil Prod vol (daily)	1.75mbpd	▬



SECTOR WATCHLIST

FINANCIAL SECTOR



- ❖ AMCON sets deadline for dissolving the operations of Polaris Bank.
- ❖ The Central Bank of Nigeria, revokes the license of Garu Microfinance Bank, a microfinance institution in Bauchi state.
- ❖ United Bank for Africa Plc announced its unaudited third-quarter financial results, with growth in gross earnings at N374.8bn, a 12.3 percent increase compared to N333.9bn recorded in the corresponding period of 2017.
- ❖ Zenith Bank recorded gross earnings of N474.697 billion in 2018, down by 11 per cent, compared to the N531.2 billion posted by the bank in the corresponding period of 2017.
- ❖ The Nigerian Electronic Fraud Forum (NeFF) recorded a decline in the electronic fraud loss value in the country. Following the 2016 statistics that was released by the Central Bank of Nigeria (CBN), the actual loss value has reduced with 2.65% compared to the value in 2015.
- ❖ Access Bank Plc announced group earnings of N375.2bn and profit after tax of 62.9bn of the third quarter of this year.
- ❖ Central Bank of Nigeria increased the capital requirement for Microfinance banks in the country. The minimum capital requirement for unit and state microfinance banks has been raised by 900 percent each to N200m and N1bn, respectively from N20m and N100m. That of national microfinance banks increased by 150 percent to N5bn from N2bn.
- ❖ Cadbury Nigeria's 9-month unaudited financial statement which reported a Profit after Tax (PAT) of N172 million in its 2018 9 month scorecard compared to the loss of N64m.
- ❖ Amazon report of its profit from the recently ended quarter shows it rocketed to \$2.9billion in a ten-fold increase from same period last year.

AGRICULTURE



- ❖ Edo State Governor, Mr. Godwin Obaseki kick-started a knowledge-driven food sufficiency plan launching the Edo Food and Agriculture Cluster (Edo-FAC), with a target of over 3000 farmers in Ehor.
- ❖ The Consumer Price Index(CPI) rose from the second month to 11.28 percent Year on Year, YoY in September 2018. The National Bureau of Statistics (NBS) stated that inflation rose by 0.05 basis point to 11.28 percent in September from 11.23 percent in August while Month on Month, MoM basis declined by 0.12 basis point to 0.84 percent in September from 1.05 percent in August.
- ❖ The Central Bank of Nigeria (CBN) disclosed the total amount released under the Commercial Agriculture Credit Scheme (CACs) to participating banks for disbursement since the inception of the scheme to be N615.43 billion. The fund was for a total of 568 projects. Also a total of N499.22 million was guaranteed to 4,172 farmers under the Agricultural Credit Guarantee Scheme (ACGS).
- ❖ The United States African Development Foundation provided \$24m in grants to various cooperative societies in Nigeria to boost the growth of local enterprises and rural farmers. USADF also signed a Memorandum of Understanding with the Kebbi State Government to develop and expand local agricultural enterprises in the state.
- ❖ The Federal Government sets to boost the operations of the Bank of Agriculture (BOA), with N250 billion to enable it grant credit access to farmers.

SME SECTOR



- ❖ The African Development Bank (AfDB) approved \$50 million to Fidelity Bank for SMEs. The facility is fully dedicated to financing micro, small and medium sized enterprises (MSMEs), with a minimum of 30 percent going to women-owned enterprises in selected transformative sectors, including about a hundred SMEs in manufacturing, health and education.
- ❖ The ICAN President, Alhaji Razak Jaiyeola, disclosed at a press briefing that the institute would create a department for SME advisory services and generally guide SME operators to overcome the challenges of the business environment.
- ❖ The Federal Government has announced the approval of a special window of 90 days from October 1 to December 31 to register businesses at reduced rate of N5,000 only, down from N10,000 at the launch of the 19th edition of the Micro, Small and Medium Enterprises (MSMEs) Clinics in Enugu..

POWER SECTOR



- ❖ Federal Government set to increase power generation by 2,000 megawatts from the current 7,000mw to 9,000 megawatts by the end of 2018.
- ❖ Simba Industries, one of the leading companies in the power backup industry in Nigeria, introduces KStar UPS (Uninterruptible Power Supply) systems to the market.

PUBLIC SECTOR



- ❖ The Federal Government realized N3.9tn in tax revenue between January and September this year and this is N1tn higher than the N2.9tn realized in the corresponding period of 2017.
- ❖ The Federal Government proposed a smaller budget size of N8.6tn for the 2019 fiscal year in contrast to N9.1tn for 2018. According to details from the 2019-2021 Medium Term Expenditure Framework/Fiscal Strategy Paper unveiled in Abuja by the Minister of Budget and Planning, Senator Udo Udom, a total revenue projection of N7.9tn which includes reductions in both borrowing and deficit financing,

OIL SECTOR



- ❖ According to the Nigerian National Petroleum Corporation (NNPC) statement, Nigeria's revenue from crude oil and gas sales rose by 35 per cent, representing \$416m in June.
- ❖ Nigeria's foreign exchange reserves fell by \$1.457bn in September. The external reserves, which stood at \$45.838bn at the end of August, declined to \$44.380bn on September 27, 2018. Figures from the Central Bank of Nigeria (CBN) had earlier revealed that the reserves, which had continued to go down in recent months, fell by \$990.98m from \$47.11bn in July to \$46.128bn on August 23, 2018.

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Limited is an emerging market management consulting and enterprise development company, inspired by a collective mission of building and transforming business enterprises for phenomenal success in the markets they operate in.

Our Services include:

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- ▶ Corporate Governance
- ▶ Customer & Market Research
- ▶ E-business
- ▶ IGR Expansion
- ▶ Performance Enhancement Project
- ▶ Performance Management
- ▶ SME Solutions
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CONTACT US

Address: 1 Rachael Nwangwu Close, Lekki Phase 1, Lagos, Nigeria

Phone: DL +(234) 0812 722 7044

Email: info@nextzon.com **Website:** www.nextzon.com