Nigeria's Financial & Business Newspaper
March, Monday 12 - March, Sunday 18, 2018 www.businessamlive.com

business a.m.
TOWARDS MORE EFFICIENT MARKETS

TURNED ON

Rational irrational exuberance?

WE TEND TO BE uncomfortable with the notion that an economy's fundamentals do not determine its asset prices, so we look for causal links between the two.

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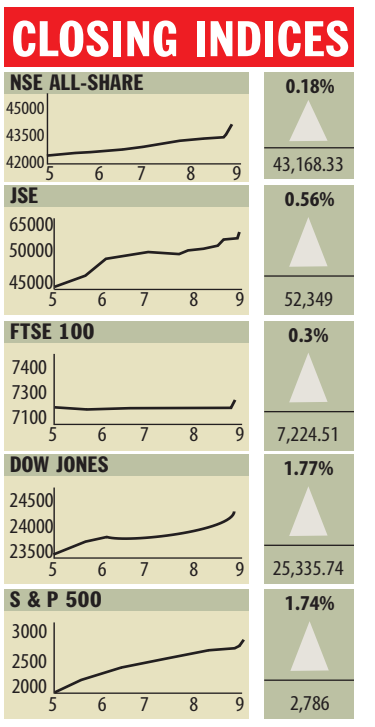
CLOSING INDICES



Naira value to tame banks' earnings competitiveness

KAYODE OGUNWALE

THE CURRENT VALUE of the naira may impact on banks' earnings and asset competitiveness in global markets, according to findings by *business a.m.*

Nigerian commercial lenders are expected to return higher profits in this year's earnings season, but the worth of their results may fall below prior years, especially those of 2014 due to the current exchange rate of the local currency vis-a-vis the United States dollar.

The situation may grim further if the banks adopt a market-based report of their foreign currency holdings in this earning season.

Specifically, Fitch Ratings has warned that if Nigerian banks adopt a more market-based presentation of foreign-currency (FC) assets, liabilities and profit-and-loss items, capital adequacy requirements may be impaired for most of the banks.

In the light of the above banks' 2014 earnings are expected to stand them better in comparison to the earnings and assets statements for 2017 that are expected to be released anytime soon.

For example, in naira terms, one of the Tier-1 banks earnings for the year ended December 31, 2016 was huge at N415 billion ($1.3 billion) against N247 billion of 2014 ($1.54 billion). This mean the bank

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AMBODE MEETS BUSINESS: Governor Akinwunmi Ambode of Lagos State, responds to questions from business leaders at the Lagos Means Business parley held in Lagos last week. He is flanked by Idiat Oluranti Adebule (r), deputy governor, and banker and founder of First City Monument Bank (FCMB), Otunba Subomi Balogun (l)

Summary

THE MONDAY INTERVIEW

Our funds to target infrastructure

IT IS IMPORTANT that I let you know that GTI was founded by Nigerians; it is a purely Nigerian company. GTI is an investment firm with a Nigerian origin and an African focus, with international drive. This means we are a Nigerian company

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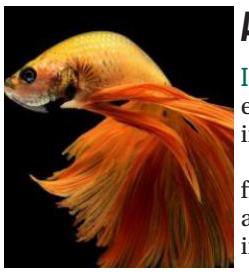
EXECUTIVE KNOWLEDGE SERIES



Aggressive bosses

Identifying with an aggressor is a basic strategy for human survival. It's time to call it out in the workplace.

Derek, a senior VP in an engineering firm, had a legendary temper and no qualms about publicly castigating anyone who got in his way.

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N250
No 006

access

Access Bank Plc RC125384

RETURNS ON SOURCES AND UTILIZATION OF FUNDS FOR THE WEEK ENDED MARCH 9, 2018

BANK: ACCESS BANK PLC

DATE OF RETURNS: 12/03/2018

SOURCES OF FUNDS

SN	SOURCE	DATE OF PURCHASE FUND	EXCHANGE RATE	AMOUNT
1	HOMEWARD REMMITANCE	6-Mar-18	314.00	32.97
2	HOMEWARD REMMITANCE	8-Mar-18	314.00	721.00
3	HOMEWARD REMMITANCE	5-Mar-18	314.00	125.00
4	HOMEWARD REMMITANCE	6-Mar-18	355.00	257,220.11
5	HOMEWARD REMMITANCE	5-Mar-18	355.00	251,215.16
6	DOM CONVERSION	9-Mar-18	335.00	24,073.43
7	HOMEWARD REMMITANCE	6-Mar-18	314.00	188.62
8	HOMEWARD REMMITANCE	8-Mar-18	355.00	258,913.72
9	DOM CONVERSION	5-Mar-18	314.00	17,900.98
10	HOMEWARD REMMITANCE	7-Mar-18	314.00	109.47
11	HOMEWARD REMMITANCE	7-Mar-18	314.00	75.00
12	HOMEWARD REMMITANCE	7-Mar-18	314.00	40.00
13	HOMEWARD REMMITANCE	8-Mar-18	314.00	1,826.46
14	DOM CONVERSION	5-Mar-18	334.00	10,000.00
15	OWN SOURCES	5-Mar-18	335.18	15,496.05
16	HOMEWARD REMMITANCE	5-Mar-18	314.00	955.00
17	HOMEWARD REMMITANCE	7-Mar-18	314.00	2,106.65
18	HOMEWARD REMMITANCE	5-Mar-18	314.00	0.12
19	HOMEWARD REMMITANCE	5-Mar-18	355.00	450,234.39
20	HOMEWARD REMMITANCE	6-Mar-18	355.00	390,580.33
21	HOMEWARD REMMITANCE	7-Mar-18	314.00	702.17
22	HOMEWARD REMMITANCE	7-Mar-18	355.00	224,940.89
23	HOMEWARD REMMITANCE	8-Mar-18	314.00	250.00
24	HOMEWARD REMMITANCE	5-Mar-18	314.00	97.75
25	HOMEWARD REMMITANCE	9-Mar-18	314.00	98.87
26	HOMEWARD REMMITANCE	8-Mar-18	314.00	90.00
27	HOMEWARD REMMITANCE	8-Mar-18	314.00	200.00
28	HOMEWARD REMMITANCE	6-Mar-18	314.00	266.89
29	HOMEWARD REMMITANCE	9-Mar-18	314.00	84.79
30	HOMEWARD REMMITANCE	9-Mar-18	314.00	63.55
31	HOMEWARD REMMITANCE	6-Mar-18	314.00	223.68
32	HOMEWARD REMMITANCE	6-Mar-18	314.00	133.47
33	HOMEWARD REMMITANCE	9-Mar-18	314.00	101.15
34	HOMEWARD REMMITANCE	7-Mar-18	314.00	43.30
35	HOMEWARD REMMITANCE	5-Mar-18	314.00	1,350.50
36	HOMEWARD REMMITANCE	5-Mar-18	314.00	3,569.61
37	HOMEWARD REMMITANCE	6-Mar-18	314.00	304.39
38	CENTRAL BANK OF NIGERIA	7-Mar-18	357.00	2,000,000.00
39	INTERBANK	5-Mar-18	305.85	10,000.00
40	HOMEWARD REMMITANCE	6-Mar-18	314.00	4,193.16
41	HOMEWARD REMMITANCE	7-Mar-18	314.00	100.00
42	HOMEWARD REMMITANCE	8-Mar-18	355.00	23,233.27
43	HOMEWARD REMMITANCE	9-Mar-18	314.00	60.00
44	HOMEWARD REMMITANCE	8-Mar-18	314.00	274.00
45	HOMEWARD REMMITANCE	6-Mar-18	314.00	100.00
46	HOMEWARD REMMITANCE	9-Mar-18	355.00	195,386.72
47	HOMEWARD REMMITANCE	9-Mar-18	314.00	173.72
48	HOMEWARD REMMITANCE	6-Mar-18	314.00	40.00
49	HOMEWARD REMMITANCE	8-Mar-18	314.00	990.00
50	INTERBANK	7-Mar-18	305.80	60,000.00
51	HOMEWARD REMMITANCE	6-Mar-18	314.00	297.00
52	HOMEWARD REMMITANCE	7-Mar-18	355.00	46,915.73
53	HOMEWARD REMMITANCE	7-Mar-18	314.00	172.44
54	HOMEWARD REMMITANCE	7-Mar-18	314.00	470.00
55	HOMEWARD REMMITANCE	7-Mar-18	314.00	500.00
56	INTERBANK	9-Mar-18	305.80	15,000.00
57	DOM CONVERSION	7-Mar-18	314.00	808,535.03
58	HOMEWARD REMMITANCE	5-Mar-18	314.00	60.25
59	HOMEWARD REMMITANCE	9-Mar-18	314.00	120.00
60	HOMEWARD REMMITANCE	8-Mar-18	314.00	8,808.65
61	HOMEWARD REMMITANCE	5-Mar-18	314.00	121.62
62	DOM CONVERSION	5-Mar-18	334.00	250,000.00
63	HOMEWARD REMMITANCE	8-Mar-18	314.00	320.01
64	HOMEWARD REMMITANCE	7-Mar-18	314.00	225.00
65	HOMEWARD REMMITANCE	6-Mar-18	314.00	776.00
66	HOMEWARD REMMITANCE	8-Mar-18	314.00	1,234.00
67	HOMEWARD REMMITANCE	8-Mar-18	314.00	232.87
68	HOMEWARD REMMITANCE	6-Mar-18	314.00	5,027.98
69	HOMEWARD REMMITANCE	7-Mar-18	314.00	448.66
70	HOMEWARD REMMITANCE	7-Mar-18	314.00	359.93
71	DOM CONVERSION	9-Mar-18	314.00	321.66
72	HOMEWARD REMMITANCE	6-Mar-18	314.00	302.28
73	CAPITAL IMPORATION	5-Mar-18	335.00	1,000,000.00
74	HOMEWARD REMMITANCE	8-Mar-18	314.00	148.03
75	HOMEWARD REMMITANCE	8-Mar-18	314.00	596.45
76	HOMEWARD REMMITANCE	6-Mar-18	314.00	1,465.00
77	HOMEWARD REMMITANCE	7-Mar-18	314.00	145.20
78	HOMEWARD REMMITANCE	9-Mar-18	314.00	234.14
79	HOMEWARD REMMITANCE	9-Mar-18	314.00	99.16
80	DOM CONVERSION	7-Mar-18	334.00	30,000.00
81	HOMEWARD REMMITANCE	5-Mar-18	314.00	30.65
82	HOMEWARD REMMITANCE	8-Mar-18	314.00	394.66
83	HOMEWARD REMMITANCE	9-Mar-18	314.00	720.50
84	OWN SOURCES	8-Mar-18	314.00	300.00
85	HOMEWARD REMMITANCE	5-Mar-18	355.00	9,208.02
86	HOMEWARD REMMITANCE	6-Mar-18	314.00	204.50
87	HOMEWARD REMMITANCE	6-Mar-18	314.00	30.00
88	HOMEWARD REMMITANCE	6-Mar-18	314.00	290.35
89	OWN SOURCES	7-Mar-18	335.56	36,851.54
90	HOMEWARD REMMITANCE	8-Mar-18	314.00	60.00
91	HOMEWARD REMMITANCE	7-Mar-18	355.00	139,215.35
92	HOMEWARD REMMITANCE	6-Mar-18	314.00	3,305.94
93	HOMEWARD REMMITANCE	7-Mar-18	314.00	310.00
94	HOMEWARD REMMITANCE	9-Mar-18	314.00	29,705.73
95	HOMEWARD REMMITANCE	7-Mar-18	314.00	105.00
96	HOMEWARD REMMITANCE	9-Mar-18	314.00	1,831.13
97	HOMEWARD REMMITANCE	9-Mar-18	314.00	390.00
98	INTERBANK	6-Mar-18	305.80	20,000.00
99	HOMEWARD REMMITANCE	9-Mar-18	314.00	1,686.00
100	HOMEWARD REMMITANCE	8-Mar-18	314.00	1,310.00
101	HOMEWARD REMMITANCE	7-Mar-18	314.00	30.00
102	DOM CONVERSION	5-Mar-18	334.00	36,147.00
103	HOMEWARD REMMITANCE	6-Mar-18	314.00	40.00
104	HOMEWARD REMMITANCE	6-Mar-18	314.00	475.00
105	HOMEWARD REMMITANCE	7-Mar-18	314.00	4,984.00
106	CENTRAL BANK OF NIGERIA	7-Mar-18	357.00	2,000,000.00
107	HOMEWARD REMMITANCE	7-Mar-18	314.00	509.00
108	HOMEWARD REMMITANCE	7-Mar-18	314.00	670.00
109	HOMEWARD REMMITANCE	8-Mar-18	355.00	202,309.83
110	HOMEWARD REMMITANCE	9-Mar-18	314.00	600.00
111	HOMEWARD REMMITANCE	6-Mar-18	314.00	76.00
112	HOMEWARD REMMITANCE	5-Mar-18	314.00	60.25
113	HOMEWARD REMMITANCE	6-Mar-18	314.00	328.91
114	HOMEWARD REMMITANCE	6-Mar-18	314.00	106.00
115	OWN SOURCES	8-Mar-18	335.67	5,332.90
116	HOMEWARD REMMITANCE	6-Mar-18	314.00	45.71
117	HOMEWARD REMMITANCE	8-Mar-18	314.00	446.00
118	HOMEWARD REMMITANCE	5-Mar-18	314.00	602.45
119	HOMEWARD REMMITANCE	6-Mar-18	314.00	690.22
120	OWN SOURCES	6-Mar-18	335.45	5,715.55
121	HOMEWARD REMMITANCE	6-Mar-18	314.00	223.68
122	HOMEWARD REMMITANCE	7-Mar-18	314.00	900.00
123	HOMEWARD REMMITANCE	9-Mar-18	355.00	205,893.65
124	HOMEWARD REMMITANCE	8-Mar-18	314.00	368.99
125	HOMEWARD REMMITANCE	9-Mar-18	355.00	102,788.86
126	HOMEWARD REMMITANCE	9-Mar-18	355.00	18,835.08
127	HOMEWARD REMMITANCE	6-Mar-18	355.00	11,141.25
128	HOMEWARD REMMITANCE	8-Mar-18	314.00	181.47

UTILIZATION OF FUNDS

S/N	CUSTOMER	ITEM OF IMPORT	DATE OF SALE OF FUNDS	EXCHANGE RATE	AMOUNT
1	BANKOLE OPEYEMI OJO	COURSE FEE	7-Mar-18	315.00	1,100.00
2	MEMUDU AKANBI	PTA	5-Mar-18	360.00	4,000.00
3	NIRDESH MALIK	PERSONAL HOME REMMITANCE	9-Mar-18	315.00	15,000.00
4	CHRISTEC ELECTRONICS	SME	6-Mar-18	360.00	10,000.00
5	E.E OGWOH IMTERNATIONAL COMPANY	SME	9-Mar-18	360.00	20,000.00
6	ADEDEJI FOLUSO JOKOTOLA	PROGRAM FEE	6-Mar-18	315.00	2,750.00
7	CHINWE PHYLLIS UZOHO	SCHOOL FEE	9-Mar-18	357.00	1,607.63
8	SPEEDWAY AUTOS NIG LTD	SME	8-Mar-18	360.00	20,000.00
9	IMMACULATE OBIAGELI AZODOH	PTA	6-Mar-18	360.00	3,000.00
10	PETECH - SONS NIGERIA LIMITED	SME	8-Mar-18	360.00	1,388.00
11	PIC CONCEPT INNOVATION LIMITED	SME	9-Mar-18	360.00	20,000.00
12	GEODEL INTEGRATED SYSTEMS LIMITED	SME	7-Mar-18	360.00	1,955.00
13	JACOB OMONIDE FAYEUN	PTA	5-Mar-18	360.00	1,500.00
14	ACCESS BANK PLC	DEBIT CARD	6-Mar-18	357.00	40,809.39
15	ISA ZAMBUK AHMADU	SCHOOL FEE	7-Mar-18	360.00	11,907.40
16	LINCO AIM INTERNATIONAL LTD	SME	6-Mar-18	360.00	7,936.00
17	MOSUNMOLA OLADUNNI AWOKOLA	SCHOOL FEE	6-Mar-18	360.00	6,142.00
18	AYOBAMI ADEYEMO	PTA	5-Mar-18	360.00	850.00
19	MICRAY INTL LTD	SME	7-Mar-18	360.00	18,265.00
20	VIN-MARTIN .O. GLOBAL CONCEPT LIMITED	SME	6-Mar-18	360.00	20,000.00
21	BESTWAY STANDARD COMPANY LIMITED	SME	9-Mar-18	360.00	20,000.00
22	ACCESS BANK PLC	DEBIT CARD	5-Mar-18	357.00	7,994.05
23	JEMIMA VICTOR	SCHOOL FEE	6-Mar-18	360.00	2,431.91
24	OLAOLUWATOMIWA IFEOLUWA OLUMIDE	COURSE FEE	7-Mar-18	315.00	1,100.00
25	EMMANUEL KALU EJINDU	PTA	9-Mar-18	360.00	700.00
26	JOCA SILVER INTERNATIONAL LIMITED	SME	8-Mar-18	360.00	20,000.00
27	OYEMAKINDE OLUROTIMI ADEBAYO	COURSE FEE	9-Mar-18	315.00	1,100.00
28	ADEROJU GLADYS REMI	SCHOOL FEE	6-Mar-18	357.00	840.00
29	COOL DOMINION COOL ENTERPRISES	SME	5-Mar-18	360.00	20,000.00
30	ACCESS BANK PLC	DEBIT CARD	8-Mar-18	357.00	16,482.46
31	PRETTYFOLA VENTURES	SME	6-Mar-18	360.00	6,000.00
32	IWATAN A BOLANLE	PTA	7-Mar-18	360.00	4,000.00
33	FECHRAD (NIGERIA) LIMITED	BTA	6-Mar-18	360.00	5,000.00
34	ACCESS BANK PLC	SUPPORT/MAINTENANCE FEES	6-Mar-18	306.30	9,046.38
35	CHUKWUEMEKA EVARESTU S OSI	PTA	6-Mar-18	360.00	4,000.00
36	TYNA DON VIVA ENTERPRISE	BTA	7-Mar-18	360.00	5,000.00
37	PETER MUSA WASH	PTA	7-Mar-18	360.00	4,000.00
38	BACOLITE LIMITED	SME	5-Mar-18	360.00	20,000.00
39	ZOAKA BULUS	SCHOOL FEE	8-Mar-18	360.00	11,000.00
40	OLUWAFUNMILOLA Y OYINLOYE	PTA	6-Mar-18	360.00	1,000.00
41	ESKEN FAVOURITE SOLUTIONS LIMITED	BTA	9-Mar-18	360.00	4,000.00
42	TINA ONOGHO EBAMIELEN	PTA	8-Mar-18	360.00	4,000.00
43	ADENIYI OLUFEMI PETER	PTA	6-Mar-18	360.00	3,000.00
44	INNOCENT CHIBUZOR EBOH	PTA	7-Mar-18	360.00	1,000.00
45	ADEYEMI MONIOLUWA .O	PTA	8-Mar-18	360.00	4,000.00
46	OLAYINKA KAREEM TIAMIYU	PTA	6-Mar-18	357.00	4,000.00
47	SULE LAMIDO UNIVERSITY TETFUND	SCHOOL FEE	9-Mar-18	360.00	3,283.50
48	TOYIN PATIENCE MAKINDE	PTA	6-Mar-18	360.00	1,000.00
49	OLUWASEYI IKHIANOSE ONIKOLA	PTA	5-Mar-18	360.00	4,000.00
50	MASUD TIJJANI	SCHOOL FEE	8-Mar-18	360.00	2,170.00
51	ACCESS BANK PLC	SUPPORT/MAINTENANCE FEES	7-Mar-18	315.00	6,541.77
52	JOSIAH AND MAUREEN IKEDUM	PTA	6-Mar-18	360.00	4,000.00
53	ADEOYE GRACE OLUFUNMILAYO	PTA	7-Mar-18	360.00	4,000.00
54	TAIWO ADEDAYO OMOTOSO	COURSE FEE	9-Mar-18	315.00	1,100.00
55	IDEAL MEDIA INDEPENDENT BROADCASTIN	SME	5-Mar-18	360.00	20,000.00
56	JUMMAI JOAN IDONIJE.	PTA	8-Mar-18	360.00	4,000.00
57	TOYIN OGUNTUYI	MORTGAGE	9-Mar-18	315.00	553.40
58	PAZON NIGERIA LIMITED	SME	7-Mar-18	360.00	10,000.00
59	NUCLEUS VENTURES LTD	UNCOATED PAPER BOARD EXERCISE BOOKS	5-Mar-18	335.50	200,062.40
60	ADEOLU BAJOMO	MORTGAGE	6-Mar-18	315.00	2,786.00
61	CHINWE PHYLLIS UZOHO	SCHOOL FEE	9-Mar-18	357.00	4,504.90
62	CHRISTOPHER OGBONNAYA OKORO	PTA	6-Mar-18	360.00	4,000.00
63	EMMANUEL KALU MBILA	PTA	6-Mar-18	360.00	4,000.00
64	ABIOLA BASHORUN	PTA	5-Mar-18	360.00	3,514.25
65	MAXIROCK INTERNATIONAL LIMITED	SME	7-Mar-18	360.00	20,000.00
66	ONIKOLA KAYODE SUNDAY	PTA	8-Mar-18	360.00	4,000.00
67	OLUMIDE OLUSEGUN OLUDOYI	PTA	7-Mar-18	360.00	4,000.00
68	RISIKAT OLUWAYEMISI ASHOGBON	PTA	7-Mar-18	360.00	4,000.00
69	DAVID OLATUNDE OLUKANNI	PTA	9-Mar-18	360.00	600.00
70	AMOSU OLATOKUNBO	PTA	7-Mar-18	360.00	4,000.00
71	CHRISTIE A NYIVIH	PTA	9-Mar-18	360.00	2,000.00
72	OLUREMI ADEMOLA	SCHOOL FEE	5-Mar-18	357.00	1,067.61
73	LE AUGUSTINO UNEGBU INV. W/A LTD.	SME	7-Mar-18	360.00	14,250.00
74	IBRAHIM HUSSAINI LABARAN	SCHOOL FEE	7-Mar-18	360.00	1,540.13
75	TAJUDEEN O KAYODE	SCHOOL FEE	5-Mar-18	360.00	1,403.71
76	CHINEX GLOBAL RESOURCES COMPANY LIMIT	SME	5-Mar-18	360.00	20,000.00
77	FAM TRADE LIMITED	SME	9-Mar-18	360.00	20,000.00
78	OGE EMMANUELLA ANYAECHE	COURSE FEE	7-Mar-18	315.00	1,100.00
79	AGBONS & LIFE STYLE	SME	8-Mar-18	360.00	3,684.64
80	AMINU FLASH INTERNATIONAL AGENCY LIMIT	SME	7-Mar-18	360.00	20,000.00
81	JOGAD SOLUTIONS INTL LTD	SME	9-Mar-18	360.00	4,277.48
82	OLUBUNMI MORENIKEJI	PTA	8-Mar-18	360.00	708.85
83	KINGSLEY NNAEMEKA OPAH	PTA	5-Mar-18	360.00	4,000.00
84	GEODEL INTEGRATED SYSTEMS LIMITED	SME	7-Mar-18	360.00	950.00
85	KOLAWOLE BASHIR KOMOLAFE	COURSE FEE	7-Mar-18	315.00	1,100.00
86	KACHITEX GLOBAL RESOURCES LIMITED	SME	7-Mar-18	360.00	20,000.00
87	EZEOKE NJIDEKA EZEOKE	PTA	9-Mar-18	360.00	3,000.00
88	JUMATEX INVESTMENT LIMITED	SME	9-Mar-18	360.00	20,000.00
89	LUCRETIA BARBER	PTA	8-Mar-18	360.00	4,000.00
90	BILIKISU KIKELOMO OLORUNNIMBE	PTA	6-Mar-18	360.00	4,000.00
91	BIJOUX LIMITED	SME	7-Mar-18	360.00	20,000.00
92	ENG TECHNOGIES NIGERIA	SME	5-Mar-18	360.00	1,202.00
93	VICTOR OJABO	PTA	7-Mar-18	360.00	4,000.00
94	OYEWALE THOMAS OYENIYI	SCHOOL FEE	9-Mar-18	360.00	2,250.00
95	NWAOCHA ANTHONY CHIKE	PTA	7-Mar-18	360.00	4,000.00
96	ADEBANJO CHARLES ADESOYE	PTA	5-Mar-18	357.00	2,614.00
97	ADEOLA ATINUKE OLATOKUN	PTA	7-Mar-18	360.00	4,000.00
98	ADEOLU BAJOMO	MORTGAGE	6-Mar-18	315.00	2,786.00
99	ACCESS BANK PLC	SUPPORT/MAINTENANCE FEES	7-Mar-18	306.30	10,000.00
100	OLUWASEYI IKHIANOSE ONIKOLA	PTA	6-Mar-18	360.00	4,000.00

access

Access Bank Plc RC125384

RETURNS ON SOURCES AND UTILIZATION OF FUNDS FOR THE WEEK ENDED MARCH 9, 2018

BANK: ACCESS BANK PLC

DATE OF RETURNS: 12/03/2018

UTILIZATION OF FUNDS

SN	CUSTOMER	ITEM OF IMPORT	DATE OF SALE OF FUNDS	EXCHANGE RATE	AMOUNT
101	CELESTINE UNAMMA AMUKAMARA	SCHOOL FEE	6-Mar-18	360.00	7,358.95
102	DESTINY VENTURES NIG ENTERPRI	SME	6-Mar-18	360.00	20,000.00
103	IFEOLUWA OLUBUKOLA AYENI	COURSE FEE	9-Mar-18	315.00	1,270.00
104	DUBEZ INVESTMENT LTD	SME	7-Mar-18	360.00	5,000.00
105	ACCESS BANK PLC	DEBIT CARD	5-Mar-18	357.00	165,988.74
106	MACAULAY EHIGIE	PTA	6-Mar-18	360.00	1,500.00
107	AYORINDE OLUYEMISI BOLA	PTA	9-Mar-18	360.00	4,000.00
108	BAKRE ABDUL-FATAI KOLAWOLE	COURSE FEE	8-Mar-18	357.00	800.00
109	NDIDI KATE IKOKWU	PTA	6-Mar-18	360.00	4,000.00
110	ACCESS BANK PLC	DEBIT CARD	8-Mar-18	357.00	67,515.12
111	CHIMEZIE HARRISON NWAKANMA	PTA	9-Mar-18	360.00	4,000.00
112	OLADEJI ABDULKABIR ADEDEJI	COURSE FEE	7-Mar-18	315.00	1,100.00
113	AJIBOLA J FAFIOLA	SCHOOL FEE	7-Mar-18	360.00	6,953.50
114	TOLULOPE HEEKMAT SHITTU	PTA	7-Mar-18	360.00	600.00
115	IKESBAY FREIGHT LIMITED	SME	9-Mar-18	360.00	20,000.00
116	SWEETMOTHER,ENTERPRISES.	BTA	7-Mar-18	360.00	5,000.00
117	SOLID DOMINION GLOBAL LIMITED	SME	5-Mar-18	360.00	20,000.00
118	ACCESS BANK PLC	VAT ON LICENSE FEE	9-Mar-18	306.30	15,000.00
119	QUICK CHOICE GLOBAL RESOURCES LTD	SME	6-Mar-18	360.00	20,000.00
120	BTA INVESTMENTS LTD	SME	9-Mar-18	360.00	20,000.00
121	MCHENRICH TECHNOLOGIES LIMITED	SME	7-Mar-18	360.00	12,778.00
122	TOLUT PRINCE BAKO	COURSE FEE	7-Mar-18	315.00	1,100.00
123	OJIE OYETEJU OLUWAKEMI	PTA	8-Mar-18	360.00	1,500.00
124	HON. JUSTICE ONUOHA OGWE	SCHOOL FEE	6-Mar-18	360.00	1,574.00
125	JUSTINA NKECHI IKEDIASHI	PTA	6-Mar-18	360.00	564.40
126	A IKOKO IKOKO PHILOMENA ANWULI	PTA	9-Mar-18	360.00	3,500.00
127	OMOTOYOSI OMORILEWA OSINAIKE	PTA	7-Mar-18	357.00	4,000.00
128	ERUSMOORE INTERNATIONAL LIMITED	SME	6-Mar-18	360.00	20,000.00
129	BANKOLE MICHAEL ABIODUN	PTA	6-Mar-18	360.00	4,000.00
130	NUCLEUS VENTURES LTD	PLAIN PAPER IN SHEETS	5-Mar-18	335.50	171,404.69
131	OLADIPUPO DADA AKINBOWALE	PTA	5-Mar-18	360.00	300.00
132	OBINNA CHUKWUKAUBA	MEDICAL FEE	8-Mar-18	360.00	2,000.00
133	KINGS GUARDS NIGERIA LIMITED	BTA	6-Mar-18	360.00	5,000.00
134	ODUSANYA A OLUWASESAN	MORTGAGE	7-Mar-18	315.00	705.66
135	UVURU COMMERCIALS NIGERIA LIMITED	SME	5-Mar-18	360.00	20,000.00
136	OYEDOLAPO ABIODUN OYELADE	PTA	8-Mar-18	357.00	1,600.00
137	ADENIKE AYOOLA	PTA	7-Mar-18	360.00	4,000.00
138	ADEOLA JOHNSON	SCHOOL FEE	9-Mar-18	360.00	13,147.00
139	JULIET NWABUNOR OGWARA	PTA	6-Mar-18	360.00	1,800.00
140	TOBBY ANICHEBE SON NIG.LTD	SME	5-Mar-18	360.00	20,000.00
141	ADEJOS GLOBAL KONCEPTS	SME	6-Mar-18	360.00	20,000.00
142	ONYEKACHI GODWIN UMEAKA	SCHOOL FEE	5-Mar-18	360.00	940.58
143	KELECHI CYPRIAN CHIEMENEM	PTA	7-Mar-18	360.00	4,000.00
144	IBUKUNOLUWA OREOLUWA IYIOLA	PTA	9-Mar-18	360.00	650.00
145	ELEGANCE CONCEPT BOUTIQUE NIG	SME	9-Mar-18	360.00	20,000.00
146	ACCESS BANK PLC	SUBSCRIPTION	5-Mar-18	315.00	7,350.00
147	LAKSHIMI NIG LTD JAI LAKSHMI	SME	6-Mar-18	360.00	1,575.00
148	MORNING STAR	BTA	8-Mar-18	360.00	5,000.00
149	ADEPETU ABIODUN ADEKUNLE.	PTA	9-Mar-18	360.00	2,300.00
150	CHINAZA HENRY ONWUCHEKWA	PTA	6-Mar-18	360.00	4,000.00
151	ACCESS BANK PLC	DEBIT CARD	7-Mar-18	357.00	43,411.74
152	CHIGBO CHIGBO MICHAEL OLISAKWE	PTA	8-Mar-18	360.00	4,000.00
153	SAMUEL ONYEDIKACHI ACHU	PTA	6-Mar-18	360.00	4,000.00
154	UMEZURUIKE EYE CLINIC LIMITED	SME	8-Mar-18	360.00	20,000.00
155	UMAR G GARBA	PTA	9-Mar-18	360.00	4,000.00
156	K. ONYEKA EMEKA KELLY ONYEKA	SCHOOL FEE	6-Mar-18	360.00	6,529.05
157	PRETTYFOLA VENTURES	SME	6-Mar-18	360.00	200.00
158	SULAIMON RABIU	PTA	6-Mar-18	360.00	888.00
159	BLESSED ANDY INT'L AGENCY SERVICES	SME	9-Mar-18	360.00	10,000.00
160	TECH BILFAS TECH	SME	7-Mar-18	360.00	9,000.00
161	JUDITH ONOGUESHIAN OPAH	PTA	5-Mar-18	360.00	4,000.00
162	MAIMUNA MURNAI UMAR	PTA	7-Mar-18	360.00	4,000.00
163	BABS-KEMI VENTURES	PTA	7-Mar-18	360.00	600.00
164	SALOJA - SONS LTD.	SME	5-Mar-18	360.00	20,000.00
165	TOYIN AKINKUGBE	PTA	7-Mar-18	360.00	2,000.00
166	HENRICH GOLD FIRM NIGERIA LIMITED	SME	5-Mar-18	360.00	20,000.00
167	GEORGE YETUNDE OLUWAKEMI	PTA	7-Mar-18	360.00	3,000.00
168	OKOH WELLINGTON	PTA	8-Mar-18	360.00	4,000.00

UTILIZATION OF FUNDS

SN	CUSTOMER	ITEM OF IMPORT	DATE OF SALE OF FUNDS	EXCHANGE RATE	AMOUNT
169	OLADIMEJI SUNDAY TAIWO	PTA	6-Mar-18	360.00	3,500.00
170	GBINDIN-IDOWU ADENIKE OLAJUMOKE	PTA	6-Mar-18	360.00	4,000.00
171	AIRE DENTAL CLINIC	BTA	8-Mar-18	360.00	5,000.00
172	YEMISI HADIJAT AROGUNDADE	PTA	8-Mar-18	360.00	1,000.00
173	ONMA BETTY PRAISE-SAMUEL	PTA	5-Mar-18	360.00	1,000.00
174	AWOYE OLUSOLA TEMITOPE	PTA	9-Mar-18	360.00	4,000.00
175	TOYIN AKINKUGBE	PTA	8-Mar-18	360.00	2,000.00
176	SANMI MICHEAL OBE	PTA	6-Mar-18	360.00	3,580.00
177	OLUBUNMI MORENIKEJI	PTA	8-Mar-18	360.00	2,500.00
178	DELOADMAN NIGERIA LIMITED	SME	7-Mar-18	360.00	20,000.00
179	ACCESS BANK PLC	SUBSCRIPTION	7-Mar-18	315.00	14,900.00
180	EZESONIK ELECTRONICS NIG. LIMITED	SME	5-Mar-18	360.00	10,000.00
181	RAJI ADEWALE AND ASSOCIATES PETER UTAH	SME	8-Mar-18	360.00	20,000.00
182	ACCESS BANK PLC	DEBIT CARD	7-Mar-18	357.00	55,356.25
183	DABOR OGHENEOCHUKO RICHARD	PTA	6-Mar-18	360.00	4,000.00
184	ACCESS BANK PLC	SUBSCRIPTION	7-Mar-18	315.00	7,262.50
185	AMOBI FIDELIS UGWU	COURSE FEE	6-Mar-18	357.00	2,000.00
186	OLUWATOSIN KENECHUKWU OMOWOLE	PTA	9-Mar-18	360.00	63.28
187	OLUWABUKUNMI OLUBOBA	COURSE FEE	9-Mar-18	315.00	1,100.00
188	AUSTIN GBOGBO VENTURES	SME	5-Mar-18	360.00	20,000.00
189	ACCESS BANK PLC	DEBIT CARD	6-Mar-18	357.00	96,206.37
190	OLUWOLE OLATUNDE ABU	PTA	9-Mar-18	357.00	4,000.00
191	VISTA INTERNATIONAL LTD	INDUSTRIAL RAW MATERIAL FOR PRODUCTION OF EXERCISE BOOKS	7-Mar-18	306.30	50,000.00
192	NELLY OJI	PTA	8-Mar-18	360.00	2,500.00
193	CHUKS JIM ONYEMACHI	COURSE FEE	6-Mar-18	357.00	950.00
194	B DAVID ROSE BITRUS DAVID	PTA	6-Mar-18	360.00	4,000.00
195	LILIAN NKEIRUKA OPARA	PTA	9-Mar-18	360.00	3,000.00
196	OLANMA JOY IHEONUNEKWU	PTA	6-Mar-18	360.00	1,400.00
197	AMFIDEL ENTERPRISES	SME	9-Mar-18	360.00	20,000.00
198	ABIOLA ABDULFATAI ADEBISI	PTA	9-Mar-18	360.00	4,000.00
199	IG-NATIUS COMPANY LTD	SME	6-Mar-18	360.00	9,000.00
200	DONKELS NIGERIA LTD	SME	9-Mar-18	360.00	5,000.00
201	NUCLEUS VENTURES LTD	PAPER BOARD IN SHEETS	5-Mar-18	335.50	180,469.21
202	HADIAT BOLANLE JAJI	PTA	6-Mar-18	360.00	4,000.00
203	JESSY EBIGBO	PTA	9-Mar-18	360.00	2,000.00
204	NUCLEUS VENTURES LTD	PLAIN PAPER IN SHEETS (UNCOATED)	5-Mar-18	335.50	352,346.17
205	ACCESS BANK PLC	LICENSE FEE	7-Mar-18	315.00	50,000.00
206	DR-MRS ODEJAYI	SCHOOL FEE	9-Mar-18	357.00	979.67
207	YEWANDE SHONEYE-VAUGHAN	SCHOOL FEE	8-Mar-18	357.00	6,971.32
208	ALADEPE AJIBOLA OLAJIDE	PTA	9-Mar-18	357.00	3,000.00
209	SULE LAMIDO UNIVERSITY TETFUND	SCHOOL FEE	9-Mar-18	360.00	3,407.50
210	WALSONBA JOY WALSON	PTA	6-Mar-18	360.00	2,900.00
211	ACCESS BANK PLC	SUBSCRIPTION	7-Mar-18	315.00	3,631.25
212	EBELE CHRISTABEL EKEOCHA	PTA	7-Mar-18	360.00	1,000.00
213	JAY MADISON JAY LIMITED	SME	6-Mar-18	360.00	20,000.00
214	DABOR OGHENEOCHUKO RICHARD	PTA	6-Mar-18	360.00	4,000.00
215	IBIRONKE OLUJIMI LAPITE	PTA	6-Mar-18	360.00	4,000.00
216	ACCESS BANK PLC	SUBSCRIPTION	6-Mar-18	306.30	10,953.62
217	NURENI NURENI ALIMI ODUBAYO	PTA	8-Mar-18	360.00	4,000.00
218	ACCESS BANK PLC	SUBSCRIPTION	5-Mar-18	315.00	16,173.81
219	NUCLEUS VENTURES LTD	UNCOATED PLAIN WOODFREE PAPER	5-Mar-18	335.50	95,717.28
220	CURRENT BIZ RESOURCES LTD	SME	7-Mar-18	360.00	20,000.00
221	CHRIS-LAND INTERTIONAL LIMITED	SME	5-Mar-18	360.00	20,000.00
222	ACCESS BANK PLC	DEBIT CARD	6-Mar-18	357.00	19,929.66
223	NASIRU SHAIBU IMODAGBE	PTA	9-Mar-18	360.00	4,000.00
224	ACCESS BANK PLC	SUBSCRIPTION	5-Mar-18	306.35	10,000.00
225	KALADDI DANMALLAM DANJUMA	SCHOOL FEE	6-Mar-18	360.00	500.00
226	OLUBAMIJI STEPHEN OLUKUNLE	PTA	9-Mar-18	360.00	4,000.00
227	SOYOMBO ABIODUN FUNMILAYO	PTA	8-Mar-18	360.00	4,000.00
228	ADEPEJU SEGUN-AGORO	PTA	8-Mar-18	360.00	1,388.00
229	OBIKA SAMSON EKENE	COURSE FEE	9-Mar-18	315.00	1,100.00
230	ACCESS BANK PLC	DEBIT CARD	8-Mar-18	357.00	27,369.40
231	IFY PRISCILLA UDECHUKWU	PTA	6-Mar-18	360.00	4,000.00
232	EUGENE IKEKHUAMEN	COURSE FEE	9-Mar-18	315.00	1,100.00
233	DIVINE FAVOUR GENERAL MERCHANTS	SME	8-Mar-18	360.00	20,000.00
234	CHIBUOGWU TONIA EBUKA.	PTA	6-Mar-18	360.00	1,385.00
235	NASIRU SHAIBU IMODAGBE	PTA	9-Mar-18	360.00	4,000.00

Naira value...

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performed better in 2014 when converting its earnings to Dollar.

The banks were converting naira to the dollar at the rate of N160 in 2014 as against N320 in 2016, which made the huge profit they declared in naira term to drop when converted to the dollar.

Johnson Adebayo, a financial analyst, said conversion of naira to the dollar is a major hindrance for the Nigeria banks in global competitiveness. He believed that, banks have been doing well in naira term but fluctuation in foreign exchange is affecting their performance in global terms.

According to him, there is assurance that banks earnings and assets would drop no matter the amount they declare for year-end 2017 when compared to what they made three years ago in dollar terms.

Despite the analogy, Adebayo pointed out that foreign investors still have confidence in Nigerian banks, adding that banks' shares have always been investors' toast on the floor of the Nigerian Stock Exchange, due to the confidence investors have in them.

Another analyst, Abayomi Daniel, believes that only foreign investors who invested for over five years will be affected by the exchange rate differentials.

According to him, "foreign investors are also experts, they know when to enter and when to exit markets."

For Fitch, if Nigerian banks go ahead with the planned adoption of a more market-based presentation of foreign-currency (FC) assets, liabilities and profit-and-loss items, small banks would not be able to meet their capital adequacy requirements as specified by the regulatory authorities.

The international rating agency noted that financial statements with FC items translated more in line with market exchange rates would give a more realistic representation of banks' FC positions and capital at risk from potential further depreciation of the naira.

NSE settles employment dispute with Okereke- Onyiuke

Steve Omanufeme

AFTER YEARS of back and forth, the Nigerian Stock Exchange (NSE) has finally settled the lingering employment dispute between it and Ndi Okereke-Onyiuke, Musa Lance Elakama, its former director general and assistant director general respectively, as well as other executive staff.

The amicable settlement was reached following adoption of the terms of settlement between both parties in line with the judgment of a Federal High Court in Lagos.

The settlement, which was concluded last Thursday, brought to an end a rift orchestrated by the Securities and Exchange Commission (SEC) on August 4, 2010 when Arunma Oteh, the then SEC DG went to the NSE with security operatives to announce the removal of Okereke-Onyiuke, and her executive management team. This was despite the fact that Okereke-Onyiuke had in a June 16, 2010 letter notified the Council of NSE of her voluntary retirement, effective December 15, 2010.

The SEC had, by a purported forensic audit report, which neither indicated that the NSE DG nor the staff were queried, accused Okereke-Onyiuke and her executive management of financial impropriety, culminating in their purported sack in 2010. This is despite the fact that SEC was not their employer just as the NSE was and is still not government owned.

Okereke-Onyiuke successfully challenged her removal and the said forensic audit report respectively in Suit No. FHC/L/CS/963/2010 and FHC/L/CS/1430/2010 before the Federal High Court, in which the forensic report and her purported removal were set aside, declared null and void and the court awarded her N500 million for damages done to her good name.

Both SEC and NSE appealed against the judgments, but the Court of Appeal again ruled in favour of Okereke-Onyiuke. The parties sheathed their swords and adopted alternative dispute resolution (ADR) mechanisms to resolve the lingering dispute.

The landmark settlement was eventually reached in the said Federal High Court suit filed by the Chambers of Bolaji Ayorinde & Co who led a consortium of lawyers, including Aluko & Oyebode and SimmonsCoopers Partners in Suit No. FHC/L/CS/405/2015, while the former NSE DG and others were represented by Messrs Shola Lamid and Co,

with the terms of settlement filed and signed by parties and their counsels adopted it and it became judgment of the court.

In a statement, counsel to Okereke-Onyiuke and Elakhama, Shola Lamid of Fortune Chambers, confirmed that the disputes have been amicably resolved and implemented in line with the said judgment of court.

Notable among the terms of settlement is that Okereke-Onyiuke was not sacked and that she "shall RETIRE from her former position as director general and from other associate subsidiary companies of The Nigerian Stock Exchange, such as Central Securities Clearing System (CSCS) etc. where she was the chairman."

It was also gathered that the pension of the former NSE boss has been paid by the Nigerian Stock Exchange via Nigerian Life and Pension Company (NLPC) and she is being paid monthly, although forfeited her GRATUITY and damages awarded to her in the said suit for wrongful dismissal and damage to her name, because she 'does not want to destroy The Exchange and the stock market she nurtured.

The said terms of settlement also recognized and confirmed Okereke-Onyiuke's title to the Land on which she built her residence at Ikoyi Lagos, while same had since been fully implemented in compliance with the enrolled order of court.

"It is believed that with the landmark settlement reached on court cases causing distractions in the running of the Exchange, the NSE can face the future, conclude its demutualization plan (which Okereke-Onyiuke initiated) and settle down to perform its financial role as platform for raising long-term capital for economic and industrial development of Nigeria," Lamidi, her counsel, said, adding that following the terms of settlement, the NSE is also free to consult, when necessary, its former DG, Okereke-Onyiuke, on any issue involving the capital market in order to benefit from her wealth of experience and legacy knowledge of worldwide stock markets.

The NSE is an independent, non-governmental and self-regulatory organisation (SRO), which had been at the vanguard of providing the platform for companies to raise long-term capital.

L–R: Abimbola Fashola, chairman, Learn NGO/Ella Care& former First Lady of Lagos State; Oscar N. Onyema, CEO, The Nigerian Stock Exchange, and Laure Beaufils, deputy British High Commissioner to Nigeria, during the NSE International Women's Day Symposium at the Exchange Thursday

Off-grid power rollout to boost rural telephony

Business a.m.

Telecommunications services across Nigeria, especially rural areas, would improve in the near term as plans are underway to rollout a massive infrastructure for rural cellphone telephony system across Nigeria by Raeanna Nigeria Limited, an indigenous telecoms infrastructure company that creates affordable voice and data solutions.

The company, according to its Canadian-based technical partner, Clear Blue Technologies, would deploy over 1,000 innovative wireless solutions that would connect people and businesses especially in remote communities in the near term.

Miriam Tuerk, chief executive officer of Clear Blue Technologies, told business a.m in an exclusive interview in Lagos that Raeanna are focused on helping rural areas with telecoms, power, Wi-Fi services and security solutions through off-grid power systems, which Clear Blue Technologies would provide.

"Raeanna has forecast that it is rolling out a thousand small cellphone telephony systems across rural Nigeria and they hope after they do Nigeria they can expand to other African countries because they are good business people," she said.

She said Raeanna had discovered that many of their solar systems were having lots of problems and that what they installed was not working properly as some of the batteries were bad, which necessitated them inviting Clear Blue Technologies to provide solutions that would consistently power their systems.

"Basically, the statistics for streetlight and solar systems that are small like this is that 50 percent of them fail, they don't work properly," Tuerk said, adding that Nigeria is a very harsh environment with a lot of dust and dirt, very hot weather, which is difficult for solar systems to work optimally.

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10 x 4 Cols	N335,664.00	N208,320.00	N173,628.00
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4 x 6 INSIDE STRIP	N289,380.00	N208,320.00	N162,036.00
2 x 6 INSIDE STRIP	N243,096.00	N138,936.00	N115,752.00

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EDITORIAL

Lagos LUC: Ambode's welcome offer to dialogue

IT MAY HAVE come late, but that it came at all is a relief. The offer to dialogue on the matter of the new Lagos Land Use Charge made by the State Governor, Akinwunmi Ambode, last Tuesday, when he met with business leaders, suggests to us that his government takes public outcry over policies seriously.

The new Land Use Charge law has, indeed, raised a lot of uproar from private and corporate citizens in the state, who think it is steep and unfriendly. The planks of the many arguments that have been advanced have been two folds. One is that the conditions are not the right ones for the implementation of a new law demanding more money from citizens. Two is that the rate of increase is excruciating.

We think that the first plank in the arguments shows that there is a tacit agreement with the state about the need to pay Land Use Charge, even an upwardly reviewed one. But those who hold this view believe that it should be implemented in a way that can be accommodating to them. The second plank in the arguments also supports payment of Land Use Charge, but would rather see a more moderated level of increases.

The offer of dialogue, instead of the resort to threat that often is the hallmark of non-democratic governments, may have seen the Ambode government go into its "Explanation Mission", immediately following the meeting with business leaders. The explanations did put some clarity to some of the issues that had been raised, especially the one that had to do with an astronomical rise in the land use charge that property owners are supposed to pay. Now, we know that the high figures that have been talked about are as a result of years of arrears that have been calculated; and that the actual figure, using valuation of N20 Million, is as low as N9,120 per annum for an owner occupier property. It is, therefore, a property which is commercialised and money is being made on that Land Use Charge is likely to be high, but affordable within the income expectation of the owner.

We know that the matter of citizens' financial obligations to the state, in the form of taxes, levies and land charges, receive similar public reactions all over the world, whenever they are increased. But citizens' concerns when promptly responded to by way of explanations offered through dialogue, often help to ease tension. The Ambode Government, in our view, has done well in its efforts to quickly break down the complexity that came with the initial release of information about the Land Use Charge. The offer of a 40 percent relief to property owners and the correction of information about outrageous figures that circulated widely are also a welcome relief.

As a financial newspaper, we believe that the people and corporate citizens of the state must not lose sight of the overriding reasons behind the Lagos State Government wanting to review the 2002 Land Use Charge law, which was meant to be reviewed in 5-year intervals, but had been left untouched for 16 years. If the necessary reviews had been done by the State's Legislature, there would have been three reviews and the third would have happened last year; and there may not have been this kind of reaction.

It is our view that Lagos represents a shining example of a state that its governments, since 1999, have tried to run with a good sense of a fiscally free state. Each successive government , especially following the incident that led to a disagreement with the Federal Government, and as a result, the suspension of Federal Allocations to the state by the Olusegun Obasanjo-led Federal Government, has reconfigured its thinking to act as a fiscally federated state. We think Lagos' example serves to show the rest of Nigeria what is possible, if only the government at the centre can embrace true federalism. The state is working very hard to raise revenues to meet its ambitious plans for a state that has become an oasis, attracting citizens from different parts of the country and investors from all over the world, to eke out their daily living, and make good Return on Investment (RoI). It is this coalescing of different classes of people, local and global, that the state must respond to, which means that its funding needs are increasingly on the rise.

We, therefore, agree that the state is revenue-challenged, when matched against its developmental needs. It must expand existing revenue channels and find new sources to fill the gap between revenues and expenditures. It is not made easier by the fact that the state has a governor that fully understands the need to create a modern ub-regional that can respond adequately to the challenges fostered by its very demanding cosmopolitan character. It is even made more challenging by an ambitious Governor Ambode, who is in flight to create a modern state fit for purpose, fit for the 21st Century and beyond, and fit for its inhabitants. It is our view, therefore, that while faced with these challenges, a new law requiring more taxes, levies, rates, land charges, must be properly and adequately communicated to both individuals and corporate entities. So, we welcome the opportunity offered by the governor for dialogue with the people and businesses in the state.

The real engine of the business cycle

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A VALUABLE LESSON from the Great Recession is that credit-supply expansions play a key role in subsequent recessions. When lenders make credit more available or more affordable, households respond by taking on debt, which drives up aggregate demand – that is, until the music stops.

Every major financial crisis leaves a unique footprint. Just as banking crises throughout the nineteenth and twentieth centuries revealed the importance of financial-sector liquidity and lenders of last resort, the Great Depression underscored the necessity of countercyclical fiscal and monetary policies. And, more recently, the 2008 financial crisis and subsequent Great Recession revealed the key drivers of credit-driven business cycles.

Specifically, the Great Recession showed us that we can predict a slowdown in economic activity by looking at rising household debt. In the United States and across many other countries, changes in household debt-to-GDP ratios between 2002 and 2007 correlate strongly with increases in unemployment from 2007 to 2010. For example, before the crash, household debt had increased enormously in Arizona and Nevada, as well as in Ireland and Spain; and, after the crash, all four locales experienced particularly severe recessions.

In fact, rising household debt was predictive of economic slumps long before the Great Recession. In his 1994 presidential address to the European Economic Association, Mervyn King, then the chief economist at the Bank of England, showed that countries with the largest increases in household debt-to-income ratios from 1984 to 1988 suffered the largest shortfalls in real (inflation-adjusted) GDP growth from 1989 to 1992.

Likewise, in our own work with Emil Verner of Princeton University, we have shown that US states with larger household-debt increases from 1982 to 1989 experienced larger increases in unemployment and more severe declines in real GDP growth from 1989 to 1992. In another study with Verner, we examined data from 30 countries over the past 40 years, and showed that rising household debt-to-GDP ratios have systematically resulted in slower GDP growth and higher unemployment. Recent research by the International Monetary Fund, which used an even larger sample, confirms this result.

All told, the conclusion that we draw from a large body of research into the links between household debt, the housing market, and business cycles is that expansions in credit supply, operating primarily through household demand, are an important driver of business cycles generally. We call this the "credit-driven household demand channel."

An expansion in the supply of credit occurs when lenders either increase the quantity of credit or decrease the interest rate on credit for reasons unrelated to borrowers' income or productivity.

In a new study, we show that the credit-driven household demand channel rests on three main conceptual pillars. First, credit-supply expansions, rather than technology or permanent income shocks, are the key drivers of economic activity. This is a controversial idea.

Most models attribute macroeconomic fluctuations to real factors such as productivity shocks. But we believe the financial sector itself plays an underappreciated role through its willingness to lend.

According to our second pillar, credit-supply expansions affect the real economy by boosting household demand, rather than the productive capacity of firms. Credit booms, after all, tend to be associated with rising inflation and increased employment in construction and retail, rather than in the tradable or export-oriented business sector. Over the past 40 years, credit-supply expansions appear to have largely financed household spending sprees, not productive investment by businesses.

Our third pillar explains why the contraction phase of the credit-driven business cycle is so severe. The main problem is that the economy has a hard time "adjusting" to the precipitous drop in spending by indebted households when credit dries up, usually during banking crises. Even when short-term interest rates fall to zero, savers cannot spend enough to make up for the shortfall in aggregate demand. And on the supply side, employment cannot easily migrate from the non-tradable to the tradable sector. On top of that, nominal rigidities, banking-sector disruptions, and legacy distortions tend to make post-credit-boom recessions more severe.

Our emphasis on both the expansionary and contractionary phases of the credit cycle accords with the perspective of earlier scholars. As the economists Charles P. Kindleberger and Hyman Minsky showed, financial crises and credit-supply contractions are not exogenous events hitting a stable economy. Rather, they should be viewed as at least partly the result of earlier economic excesses – namely, credit-supply expansions.

In short, credit-supply expansions often sow the seeds of their own destruction. To make sense of the bust, we must understand the boom, and particularly the behavioral biases and aggregate-demand externalities that play such a critical role in boom-bust credit cycles.

But that leaves another question: What sets off sudden credit-supply expansions in the first place? Based on our reading of historical episodes, we contend that a rapid influx of capital into the financial system often triggers an expansion in credit supply.

This type of shock occurred most recently in tandem with rising income inequality in the US and higher rates of saving in many emerging markets (what former US Federal Reserve Chair Ben Bernanke described as the "global savings glut").

Although we have focused on business cycles, we believe the credit-driven household demand channel could be helpful in answering longer-run questions, too. As the Federal Reserve Bank of San Francisco's Òscar Jordà, Moritz Schularick, and Alan M. Taylor have shown, there has been a long-term secular increase in private – particularly household – credit-to-GDP ratios across advanced economies.

And this trend has been accompanied by a related decline in long-term real interest rates, as well as increases in within-country inequality and across-country "savings gluts."

The question now is whether there is a connection between these longer-term trends and what we know about the frequency of business cycles.

In fact, rising household debt was predictive of economic slumps long before the Great Recession

"I know your company has a vigorous green agenda and strict environmental policy, so I'd like to point out that I am 100% biodegradable."

A better way to fight corporate tax avoidance

JOSÉ ANTONIO OCAMPO

José Antonio Ocampo is a board member of Banco de la República, Colombia's central bank, professor at Columbia University, and Chair of the UN Economic and Social Council's Committee for Development Policy.

THE RECENT CORPORATE-TAX cuts in the United States have intensified an ongoing global race to the bottom, in which countries compete for investment at the expense of the revenues needed to fund public programmes. With past efforts to reform the current global system having come up short, it is time for a new approach.

Over the past few years, leaks of documents such as the "Panama Papers" and the "Paradise Papers" have exposed the dark underbelly of globalization, and provoked indignant denunciations of tax avoidance from people around the world. Ordinary workers have no choice but to pay their taxes. But, apparently, multinational corporations and wealthy individuals can get away with paying hardly anything.

The most shocking feature of today's corporate-tax-avoidance schemes is that they are legal. When multinationals create subsidiaries, those entities are considered to be legally independent firms. A parent company can then set the prices of transactions between its subsidiaries to register its profits in low-tax countries, rather than where the original economic activity actually occurred.

This system of "transfer pricing" has fueled competition among countries to lower their corporate-tax rates. And now that the United States has slashed its rate from 35% to 21%, the global race to the bottom will likely intensify. In fact, politicians in India, Mexico, Brazil, and other developing countries are already calling for tax cuts of their own, in order to remain competitive, attract foreign investment, and create or save jobs.

All countries have the right to ensure that they are competitive in the global economy. They can do so in a variety of ways, such as by investing in education, funding scientific and technological research, and building efficient infrastructure. Tax competition is not the way to go, not least because it reduces the revenues needed to make such investments, particularly in developing countries, which, according to a 2015 International Monetary Fund report, lose out on more than $200 billion per year because of tax avoidance by multinationals.

When countries create tax regimes that are effectively designed to steal tax revenues from others, the result is also less money for education, health care, poverty-reduction programs, and measures to address climate change. This should not be allowed, and multinationals should stop adding to the problem by threatening to leave countries unless taxes are cut. After all, a basic principle of corporate social responsibility is that firms should pay their fair share of taxes wherever they operate.

The only way to stop the race to the bottom is through global cooperation. Three years ago, the OECD and the G20 took a step in the right direction, by unveiling a package of reforms known as the Base Erosion and Profit Shifting project. The BEPS initiative introduced a system for reporting corporate profits and taxes paid on a country-by-country basis, and for facilitating exchange of information among countries.

But the BEPS programme has proved to be insufficient, particularly from developing countries' perspective, because it failed to address the core problem: the transfer-pricing system. Multinationals are still allowed to salt their profits away in ultra-low-tax jurisdictions.

The Independent Commission for the Reform of International Corporate Taxation, which I chair, evaluated alternative proposals to fix the current system. In a recent report, we found that the fairest and most effective way to allocate and tax corporate profits is to treat multinationals as single firms doing business across international borders. Thus, a firm's total global profits would be taxed according to factors such as sales, employment, and resource usage – all of which reflect real economic activity – in each jurisdiction. As it happens, the European Union currently is considering a similar proposal, whereby it would treat all multinationals operating within its borders as single firms.

But the BEPS programme has proved to be insufficient, particularly from developing countries' perspective

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LEADERSHIP & ORGANISATIONS

The bad influence of aggressive bosses

Manfred Kets de Vries

Identifying with an aggressor is a basic strategy for human survival. It's time to call it out in the workplace.

Derek, a senior VP in an engineering firm, had a legendary temper and no qualms about publicly castigating anyone who got in his way. He was an insufferable micro-manager and his habit of taking credit for other people's work created great resentment. Given his leadership style, his subordinates were perpetually on edge, always wondering when it would be their turn to be his target. His toxic behaviour was so pervasive that his actions impacted the morale in the company.

To make matters worse, Derek's leadership style had led to copycat behaviour, with some of his key lieutenants mimicking his abusiveness. Like Derek, they had developed a knack for terrorising their juniors.

Mirroring as an evolutionary defence mechanism

By identifying with their aggressor, Derek's colleagues were exhibiting a psychological behaviour typical of people who find themselves in a weak position. Mirroring a person who represents a threat allows people to deal with painful and extremely stressful experiences. It gives them a way to conquer their fears by becoming like that person.

"Identification with the aggressor" as a psychological defence mechanism was first introduced in the context of child development by two psychoanalysts: Sándor Ferenczi and Anna Freud. Ferenczi found evidence that children who are terrified by out-of-control adults will "subordinate themselves like automata to the will of the aggressor". Anna Freud noted that by impersonating the aggressor, "the child transforms himself from the person threatened into the person who makes the threat".

In its mildest form, identification with the aggressor can be seen as a healthy defence mechanism and may serve an evolutionary purpose. It allows people to adjust to situations perceived as threatening. However, as illustrated in the opening example, chronic identification with the aggressor can lead victims to become aggressors themselves. In particular, children who have been exposed to highly dysfunctional childhood practices are in adulthood more likely to adopt the same negative behaviour patterns as a survival strategy.

What's even more troublesome is that, over time, people who identify with their aggressor may lose their sense of self. Haunted by anxiety, they become hyper-attentive to people who intimidate them.

Identification with the aggressor is a human foible

As Stanley Milgram's disturbing electric shock experiments showed, most of us are all too willing to give up our autonomy when confronted with forceful, strong-armed figures. It's fair to assume that identification with the aggressor (on a smaller scale) operates invisibly but pervasively in the everyday lives of many people.

In the company of authoritative individuals, we quickly put our own thoughts, feelings, perceptions and judgements aside, and instead, do—and more importantly think and feel—as we are expected to.

Breaking the pattern

How can we resist this dysfunctional behaviour process? The first step in breaking a victimisation pattern is recognising that we have fallen into the trap of identifying with the aggressor. It is usually others who make us see the light. When we are defending or rationalising the actions of someone who is mistreating us, it takes people who know us well to call us out.

The question then is, how do we digest the feedback given to us? Are we ready to face the unpleasant truth that we have become the aggressor? Freeing oneself from an identification bond isn't easy. People prone to identifying with an aggressor may, due to shame and guilt reactions, resort to denial.

Unfortunately, lengthy exposure to an intimidating boss can affect someone's personality, to the extent that behavioural changes endure outside the intimidating person's orbit. If that's the case, extensive coaching or therapy can play an important role and help us understand that there are complex psychological dynamics at play and that mirroring behaviour derives from a basic human survival strategy. Only through recognising the source of these dynamics will we be able to exert control.

Going back to Derek's example, was it inevitable that his lieutenants would come to mirror him? Could there have been other, more productive ways of dealing with such an intimidating boss?

Fighting back

One way to build up "immunity" against people like Derek is to band together and create a support group. Instead of individuals coping in isolation, a support group can provide strength and reassurance, as well as a reality check that can help prevent members from identifying with the aggressor. Another proactive measure could be to build up a political network inside the organisation with the ultimate purpose of getting rid of the toxic boss.

It's important to let other people in the organisation know about the destructive consequences of Derek's leadership style. The expectation is that, if enough people realise the human and financial costs of his behaviour, senior leaders will take notice and be forced into accountability. It may be wise to document specific incidents of abuse to build a case (if necessary) for potential legal proceedings.

In sum, we should remind ourselves that in the worst-case scenario, it's always possible to walk away. And whatever we do, we should keep in mind Marcus Aurelius's remark: "The most complete revenge is not to imitate the aggressor."

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How to build a brand pyramid

Patrick 'Mad' Mork

In this world full of ads, companies need to cut through the noise. The smartest way to do that is to build a strong, memorable brand and relentlessly nurture it over time. Whether you're a Fortune 500 company or a small start-up, solid branding can reward you with pricing power, customer loyalty, lower advertising costs and inspired employees.

However, many companies struggle with branding. Whenever I start coaching a chief marketing or chief executive officer, the first thing I do is ask the company's key stakeholders a number of questions including:

1. How would you describe your business in one sen tence?

2. What customer problem are you solving? What's the benefit?

3. What's the emotional value of your product? How should the customer feel after using your product?

4. What are your core values?

5. What's the essence of your brand? What's the core idea you're trying to communicate?

6. What's your company's mission and vision?

More often than not, particularly in tech or early-stage companies, when I ask 5-10 people these questions, the answers are all over the map. Although there might be some overlap of general ideas and concepts, responses to my questions tend to be inconsistent, confused or plain wrong.

A brand pyramid to gain clarity

A brand pyramid is a framework that answers most of the fundamental questions in a diagram that can be easily shared and communicated across an organisation. The only thing it doesn't tackle directly is the question related to the company's mission and vision (although the brand essence is a direct result of the company's vision).

Far from a trivial exercise, developing a brand pyramid forces consensus among senior management with regards to what the company wants to be, who it serves, why, how it should make customers feel and what the company's core values are. It also clarifies brand fundamentals and sets the strategic foundation. In short, a brand pyramid keeps everyone rowing in the same direction.

What does a brand pyramid look like?

The brand pyramid is comprised of five components, from the base to top:

Features and attributes: This describes what the product is designed to do and how it does it.

Functional benefits: This section helps provide clarity around the customer problem the product tries to solve. Why do customers use the product and what kind of results do they expect?

Emotional benefits: How do customers feel after using the product? Customers aren't just interested in your product features; they want you to tell them a story. They want your product to make them feel a little bit better.

Brand or product persona: If your brand were a person, how would you describe him or her? What are the values that are important to this person and to your company? How does everything you do – from product development to customer service – reinforce these core values?

Brand idea: Your brand essence, or the underlying reason why customers care about your brand. For example, Apple's brand essence is "empowering people through technology". Brand essence is your brand's DNA, what your company stands for and what differentiates it from your competition.

What a brand pyramid means for marketing

The ultimate goal of your company, and especially of your marketing team, is to get customers to understand, believe in and evangelise your brand essence. The more consumers grasp your brand essence and are willing and eager to share it with others, the stronger that relationship and the less likely they'll switch to a competitor's product. Establishing a brand's essence in the mind of a customer is the "promised land" of marketing and a rarely achieved goal.

The first step is deciding whether you need to develop a new brand pyramid or if your existing one is solid. That's where a brand "audit" comes into play. The simplest way to do this is to interview all the key stakeholders in your company and ask them the list of six questions above. If the answers are consistent and aligned, then your pyramid is strong. If not, you've got some work to do.

Generally, developing your brand pyramid is fairly straightforward (though the larger the company, the more complex and lengthy the process). For an early-stage or mid-sized company (between 10-200 employees), I would suggest the following:

1. Identify the key stakeholders (founders, C-suite, heads of key customer-facing departments).

2. Perform an audit with these stakeholders. It's preferable to have one-on-one interviews. Send them a list of key questions and themes so they come well prepared to the meeting, which should last between 60 and 90 minutes.

3. Gather all the feedback and create a "current state" document that you can present to relevant stakeholders.

4. Set up an initial meeting to share:

- What a brand pyramid is and why it matters

- A snapshot of your audit and what it reveals

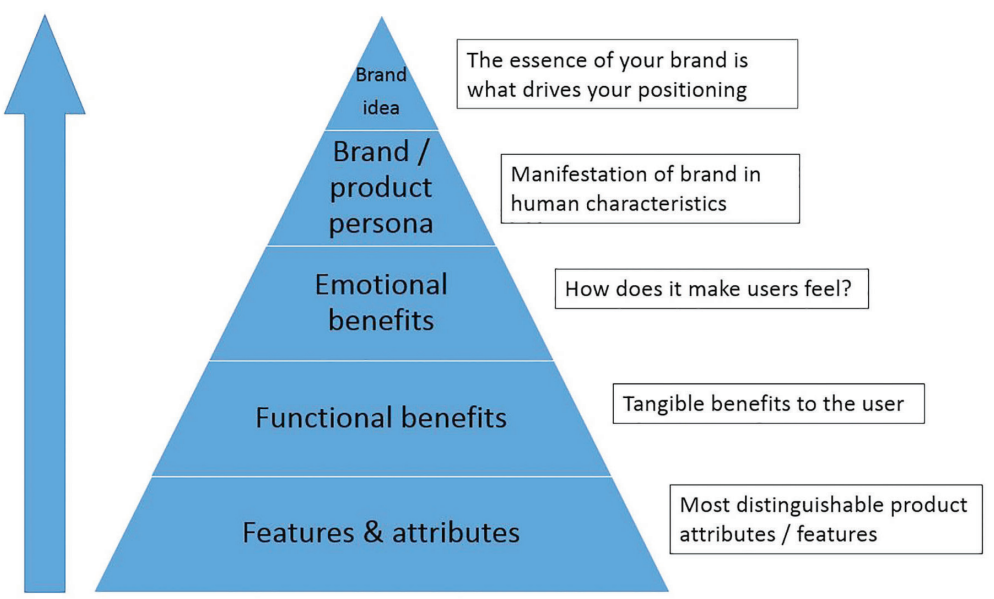
- A calendar and overview of what's needed to develop your brand pyramid

5. Conduct a brainstorming meeting with the key stakeholders. The aim is to get them all aligned in terms of what each core component of the brand pyramid is.

6. Develop the first draft of your brand pyramid and present it to the key stakeholders.

7. Gather input and adjust the brand pyramid as needed.

8. Once the stakeholders have signed off on the brand pyramid, present it to the wider company. Depending on the size of your organisation, you could do this at an all-hands meeting and or have members of the marketing team (usually the brand team) present it to all relevant customer-facing teams and team leads.



> Establishing a brand's essence in the mind of a customer is the "promised land" of marketing and a rarely achieved goal

Keeping the momentum

If your brand pyramid is to become reality as opposed to just a nice diagram, senior management should continuously reinforce your brand essence and core values publicly whenever they have the opportunity.

One way to do that would be to start off each all-hands meeting with a quick recap of your brand essence and values. Another way is to institute quarterly rewards for employees who exemplify your brand values and brand essence through actions and initiatives of their own. Course Hero, a company where I used to work, took this a step farther and developed emoticons that people would use in conversations on Slack whenever a colleague did something that furthered the company's core values.

Building a brand pyramid is essential in getting your senior management on the same page. The brand pyramid is a vital tool to build the foundation for your company's brand strategy. But remember, it's just a tool; building a great brand is all about consistency, focus and patience.

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Why marvel's 'black panther' is resonating globally

Henry Boyd

MARVEL'S LATEST big-budgeted superhero flick, Black Panther, is a runaway success by any standard: Hauling in more than $738 million globally in the first 10 days of its release, it is second only to Star Wars: The Force Awakens in global receipts, according to Box Office Mojo. Black Panther is said to be the most successful movie ever made that features a predominantly black cast, director and writers.

But more than its financial success, Black Panther is becoming a cultural force as well. A GoFundMe campaign to raise money for kids to see the movie has raised nearly $52,000 — blowing past its $10,000 goal, thanks to help from comedian Ellen DeGeneres and others. The campaign has expanded to 260 local efforts and raised $250,000, according to The Wall Street Journal. No less than former First Lady Michelle Obama tweeted, "Young people will finally see superheroes that look like them on the big screen."

"I would call it a cultural zeitgeist," said Henry Boyd, marketing professor at the University of Maryland, on the Knowledge@Wharton show, which airs on SiriusXM channel 111. The response from the African-American community and society in general, he noted, has been "unbelievable." It shows that if movie studios "put a compelling story together, everyone comes on board and they really enjoy it."

More than that, it will "forever end the myth that a black superhero action character written by a black writer, directed by a black director, starring a majority black cast … won't sell outside the black community," said Jesse Holland, a journalist tapped by Marvel to update Black Panther's back story. "The myth that they won't sell to mainstream America, that they won't sell internationally — that myth has been forever shattered.

"In the past, it seemed like Hollywood would hesitate to trust black writers, black directors to do anything outside of comedy or historical pieces," Holland continued. But with the film's success, "we should see more of these stories being told on the big screen … because Black Panther proves that they're wildly popular." He said it should also boost prospects for other superheroes of color like Luke Cage and Black Lightning, now a TV show on CW.

"I would call it a cultural zeitgeist." –Henry Boyd

Black Panther is on track to break $1 billion in global box office receipts, a nice return for Disney's Marvel Studios. The media giant reportedly pumped $200 million into the making of the movie and another $150 million for publicity, according to Forbes. The film follows the saga of T'Challa as Black Panther, who returns home to the fictional, technologically advanced African nation of Wakanda after the death of his father, the king. He ascends the throne but has to fight off a challenger in what becomes a high-stakes battle with global consequences.

Wharton marketing professor Americus Reed said a movie about an advanced African nation with inspiring role models who triumph is a timely offering. "We're at a time right now where there is a need for empowerment of various underserved groups," he said, citing the #MeToo anti-sexual harassment movement. "To have this kind of example, if you will — to be inspired by, to affiliate with, to identify with — is extremely powerful."

A Surprise Hit

Even so, the mega-success of Black Panther was unexpected. "Even Marvel underestimated the craze for this movie," Holland said. "Otherwise, you'd have seen many more places with Black Panther advertising, you would have seen more companies that would have jumped on it in advance the way companies line up for Star Wars right now." But he believes that will change with the sequels. "You will see … a lot more companies ready to jump on immediately even before the movie comes out."

To be sure, being part of the Marvel superhero franchise usually gives movies a boost. The powerful Marvel brand is "a cash cow," said Reed. "But you still have to deliver a good movie. At the end of the day, it's the power of the story. It's the fact that the collection of characters is so compelling. Even the villain is a complex, intricate character. It's not black and white."

"The myth that [a film like Black Panther] won't sell to mainstream America … has been forever shattered." –Jesse Holland

Indeed, unlike many Hollywood film characters, the movie's villain, Erik Killmonger, is not one-dimensional but complex and intriguing. "To understand what drives him, where he is coming from, you start to realize that this really does resonate with audiences," Boyd said. "We do have this troubled history with race and slavery and all of that is baked into the movie line. You sort of nod your head … I know where this guy is coming from, and the subtle nuances that you're aware of as being part of the African-American community — they leap right off the screen."

Holland wrote the backstory novel, Black Panther: Who is the Black Panther? He noted that it was a bit complicated to write about T'Challa's beginnings because the superhero has been around since 1966 — longer than Holland has been alive. "His character is so well developed," he said. "I had a lot to live up to, to make sure everything in Black Panther sounded the way it should." Holland merged the first origin story in 1966, written by Stan Lee and Jack Kirby, with one done later by Reginald Hudlin in 2005, updating it for current times.

But when Holland was doing his research, he turned down help from Marvel. "They actually offered to send me some Black Panther comic books to use as research," he said. "I politely declined because I already had all of them in my basement anyway." Holland even told Marvel, "You're sending me copies of the originals. I have the originals in my basement."

Holland said the film also sheds a public light on issues between Africans and American-Americans. "The Killmonger character is speaking words that many African-Americans sympathize with because he is talking about the relationship between [the rich and poor]. Wakanda [represents] the 'haves,' and

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The myth that [a film like Black Panther] won't sell to mainstream America … has been forever shattered

Why marvel's...

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everyone else is the 'have nots' in the movie. He is talking about the relationship between those two points of view and the responsibility one has to the other. … That's a discussion that's been going on for years between African-Americans and Africans."

Boyd agreed with Holland's view. "There's this nation with this wealth, this power that could change the world, and yet we've had brothers and sisters, African-Americans in other parts of the world, where it's been very difficult [for them] and the struggle is real. What are we going to do here? Who's going to win?"

"We're at a time right now where there is a need for empowerment of various underserved groups." –Americus Reed

Such emotional responses to a movie can be a marketer's dream and proof of the "power of art imitating life," Reed said. "One of the ways to create the strongest emotional connection for creative entertainment is to speak to identity and speak to those issues inside of you [such as] who I am in this world. A really well-crafted and well-designed story that brings these issues to conscious awareness and does it in an incredibly entertaining way is going to have an incredibly powerful marketing impact."

Brands can ride this emotional wave as long as they do it carefully. "It's going to bear fruit for those firms that get involved early and say we're going to make products and merchandise that relate back to the movie," Boyd said. "If it is done the right way, we should ring up a lot at the cash register." However, Reed cautioned that companies should strive to create an authentic and "reasonable" connection to not turn off fans. Boyd concurred. "You have to be very careful in terms of the placement. It has to make sense. It has to fit into the story line. It can't feel forced."

Thus far, fans can't seem to get enough of Black Panther. Holland said his novel was published last November, but in the last two weeks it sold out internationally. "You can't even find a copy of it," he said. "You can walk into any bookstore now, and you can barely find anything with the Black Panther name on it. My book is gone everywhere, and the paperback isn't even scheduled to come out until April." Currently, Holland has a Black Panther project proposal he hopes Marvel will greenlight. "Anything they want me to do, I am more than willing to do," he said.

Why timing is — almost — everything

Daniel Pink

IT SEEMS MODERN life has become a 24-hour frenzy of productivity, where to-do lists get longer and sleep is often sacrificed. Night owls and morning larks alike have had to adjust their internal rhythms to match the pace of the world around them. But decades of solid research indicate doing that may not be the best way to reach peak efficiency or make good decisions. Looking for a better way to manage the 'when' decisions in his own life, New York Times best-selling author Daniel Pink dove into the research and was inspired to write his latest book, When: The Scientific Secrets of Perfect Timing. Pink, a former vice presidential speechwriter, joined the Knowledge@Wharton show, which airs on SiriusXM channel 111, to talk about his book and shed some light on why timing "isn't everything, but it's a big thing."

The following is an edited version of the transcript.

Knowledge@Wharton: How did this idea become so important to you?

Daniel Pink: I realized I was making all kinds of "when" decisions in my own life, things like when in the day should I workout, when should I abandon a project that's not working, when should I consider steering my career in a different direction. I was making those decisions in a totally haphazard way and wanted to make them in a more systemic way. I started looking and realized there is a mountain of research out there on this question of when we should do things. The research is across dozens of fields, some of it done right here at the University of Pennsylvania.

Knowledge@Wharton: What in the research stood out to you on a personal level?

Pink: This book, more than any other book that I've written, has changed how I lead my own life. For instance, the research shows pretty clearly that we move through the day in three stages: a peak, a trough, a rebound. Most of us move through it in that order. People who are night owls go in the reverse order. During the peak, we have a rise in mood, rise in our vigilance and are better off doing our analytic work then. For most of us, it's the morning. That's when we should be heads down, focused and locked in work.

The trough, which is usually the early to mid-afternoon, is not good for very much. All kinds of terrible things are happening. In fact there's research out of the University of Pennsylvania showing that hand-washing in hospitals deteriorates considerably in the afternoon. There's other research showing that anesthesia errors are four times more likely at 3 p.m. than at 9 a.m. Doctors are more likely to prescribe unnecessary antibiotics. Kids' test scores go down when they take a test in the afternoon. So, that afternoon trough — not ideal.

"This book, more than any other book that I've written, has changed how I lead my own life."

Then we have the recovery, which is usually the late afternoon and early evening. That's an interesting period because our mood goes back up, but we're less locked down and vigilant. That combo makes it pretty effective for things like brainstorming and doing creative work. What I've done myself, even in writing this book, is try to put the right work at the right time, based not on guesses, not on folklore, but on this rich body of science that tells us when to do things.

Knowledge@Wharton: How does the big data revolution play into this?

Pink: The big data revolution has been huge in unlocking some of these insights. There is a big data study out of Cornell where you can take a program called the Linguistic Inventory Word Count and put text in there. The program will measure the emotional content of words. If the text says "happy," they know it's positive. These researchers took 500 million tweets, put them into this program and measured the emotional level of the words based on time of day. What they found was a peak in mood in the morning, a crash, trough in the early to mid-afternoon and a recovery for the rest of the day. Big data is giving us huge amounts of insights into questions of timing.

Knowledge@Wharton: Are companies aware of that down period?

Pink: I don't think they've fully factored it in, and I think that's a big, big challenge. I think you're onto something really important there. We're very intentional about what we do. We're intentional about how we do it. We're intentional about who we do it with. But we take this question of when we do stuff and say, "Ah, it's not that important. Let's sit it over there at the kids' table." But it belongs at the grown-ups' table. Time of day explains about 20% of the variance in human performance on tasks at work. Timing isn't everything, but it's a big thing.

Knowledge@Wharton: You write about research showing that companies' earnings calls in the afternoon were different from earnings calls in the morning.

Pink: This is just a remarkable piece of research. It was done at NYU and draws on big data. It's the same kind of method that was used in the Twitter study. Public companies do earnings calls every single quarter. Because they're public companies, the transcripts themselves are public. These researchers at NYU took 26,000 transcripts from earnings calls, tossed them into this program to measure the emotional content and found that calls in the afternoon were more negative and irritable than calls in the morning.

Here's the kicker: The findings held even if you controlled for the fundamentals of what they were reporting. You're going to be irritable and negative if your company's major factory in Malaysia blew up. You're going to be irritable if your earnings are down. Control for all of that, and no matter what the earnings reported, calls in the afternoon were more negative and irritable to the point where it had a short-term effect on the stock price. These researchers, who are just looking for hidden truths about how we live and work and very rarely give prescriptive advice, say in this paper, "Hey, you probably shouldn't have your earnings calls in the afternoon."

"Big data is giving us huge amounts of insights into questions of timing."

Knowledge@Wharton: More companies want teams to work together rather than having one person on a project. I would imagine that timing plays into that.

Pink: That's a huge issue, especially when things are going across time zones. That's a very hard problem to solve. What do you do if you have some larks in your office and owls in your office? When do you schedule certain kinds of meetings? There's a whole line of research about how teams synchronize with each other. What can we learn from choirs who are well-synchronized? What can we learn from rowing teams about how to synchronize with others?

Group timing is a really interesting issue. For groups to really synchronize in time, they desperately need a sense of belonging. They need to feel — I'll call it "synching to the tribe." Belongingness is fostered by a common language, a common lingo, by touch.

There's a lovely piece of research on the NBA where they took people who didn't know what the researchers were looking for, had them watch a few games early in the season and count the number of chest bumps, fist bumps, high fives, low fives, all the time they touch. It turned out that how often a team touched was a predictor of how well the team was going to do because that's something that fosters belonging, or at least evidences belonging.

Knowledge@Wharton: If you watch an NBA game now, every time a player takes a free throw, you see players intentionally give a fist bump or something like that. It used to never be that way.

Pink: Right? Some old school basketball fans don't like that, especially giving a fist bump for a missed free throw.

Knowledge@Wharton: What does the science say about taking breaks during the day?

Pink: To my mind, the science of breaks is where the science of sleep was 15 years ago. Fifteen years ago, we weren't fully aware of how important sleep was. We thought people who pulled all-nighters were heroes. Now we know people who pull all-nighters are fools. We don't want them around. They're going to deteriorate our performance.

What the science of breaks is showing is we should be taking more breaks and certain kinds of breaks. Breaks end up being a very strong antidote to that dip. I mentioned the study of hospitals and hand-washing; giving nurses a social break gets the hand-washing back up. Kids whose standardized test scores are lower in the afternoon, give them a 20- to 30-minute break to run around before they take the test, and their scores go back up.

What we know about breaks is that social breaks are better than solo breaks, so you're better off taking a break with somebody else. We know that you want to be fully detached, not semi-detached, so leave your phone away. There's some remarkable research on the importance of movement, so get up and move rather than sit around. Simply being in nature, being outside, even seeing trees, seeing greenery can be very replenishing.

"Fifteen years ago, we thought people who pulled all-nighters were heroes. Now we know people who pull all-nighters are fools."

Knowledge@Wharton: Is the upswing toward the end of the day driven by the fact that people have left work and decompressed a bit?

Pink: That's part of it, although Nobel winner Daniel Kahneman led some research on daily patterns and found that the single-lowest moment in our day — the activity that makes us least happy in the course of the day — is commuting.

Knowledge@Wharton: You mentioned smartphones and being detached. Do these devices have a negative influence on office culture? There must be an impact when somebody is trying to do a project yet is worried about getting a text or a call from their child's school, for example.

Pink: I think what we have to do is program in time when we are detached. I'm not talking about hours. In the morning, I make a break list. I write down two breaks that I'm going to take during the afternoon. They're usually 10 minutes, 15 minutes. I'll use it to take a walk. I'll leave my phone on my desk and won't take it with me. Most of us can survive, and certainly our organizations will survive, if we're not at our phones for a 10-minute segment at two in the afternoon.

Knowledge@Wharton: Do you consider taking lunch as one of those breaks?

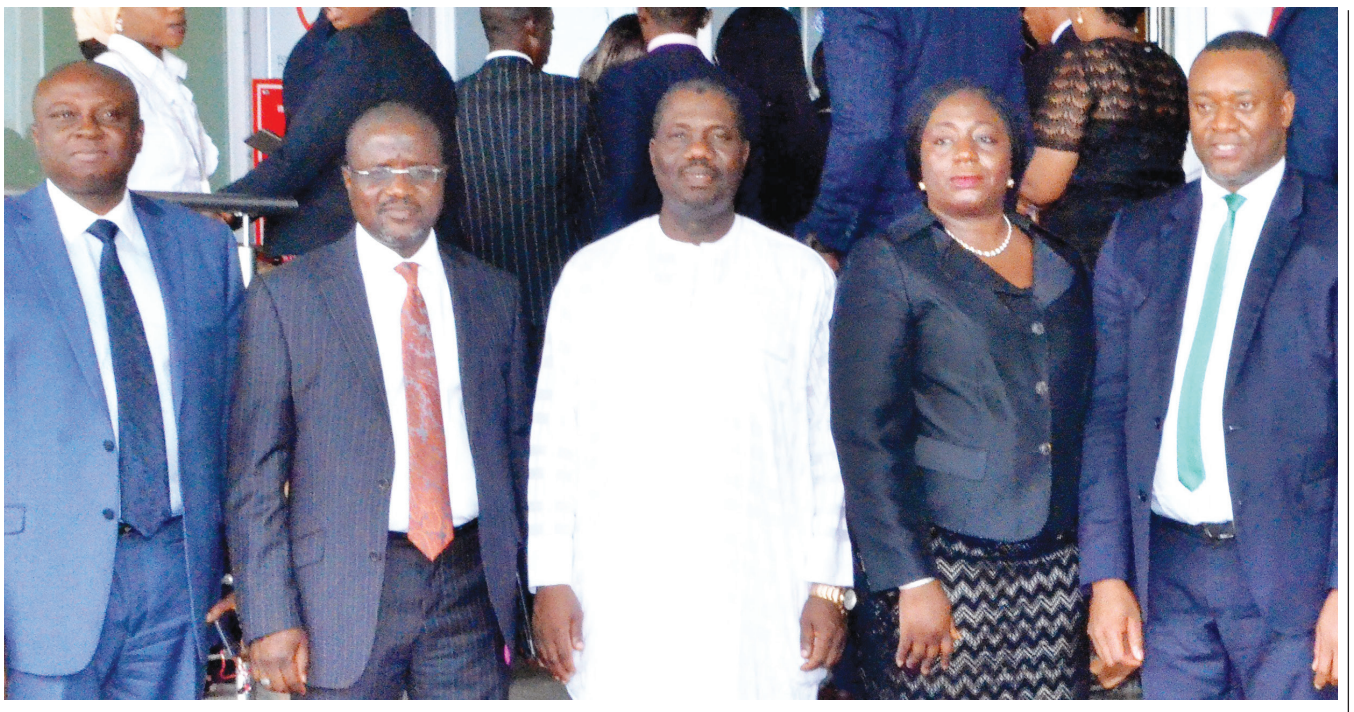
Pink: Yes, there's some really good research on lunch. Lunch ends up being a very powerful restorative, in part because it can be social and in part because the nutrition is actually valuable there. It's arguable that lunch is more important meal than breakfast for our productivity.

Knowledge@Wharton: You once worked for Vice President Al Gore. That's a different environment than most. Looking back, were you able to understand the breaks and up-and-down flow in that job?

Pink: It was basically the opposite of what I write about in this book because you're basically head down, locked in, going forward all the time. I was the chief speech writer for Vice President Gore for several years and a few years in the mid-1990s. You think about speech writing, and it seems like we're sitting around in smoking jackets and thinking great thoughts when, in fact, it's basically like being in an inner-city Philadelphia emergency room where you're just stitching up bodies and hope they don't die on your watch. That's what the work is like.

Knowledge@Wharton: It sounds like you may not ever want to do that again.

Pink: I didn't, and I left it over 20 years ago or so. It was exhilarating at the time — especially when you're young and you feel like you're doing something valuable. As a sustained path in life, it's probably not good for your heart or your soul.



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Banks' deposit, assets share indicates oligopoly in sector

Kayode Ogunwale

THE SHARE of deposits held by Nigerian lenders has indicated a pervading oligopoly in the industry, according to the latest Financial Stability report of the CBN for the period ended June 2017.

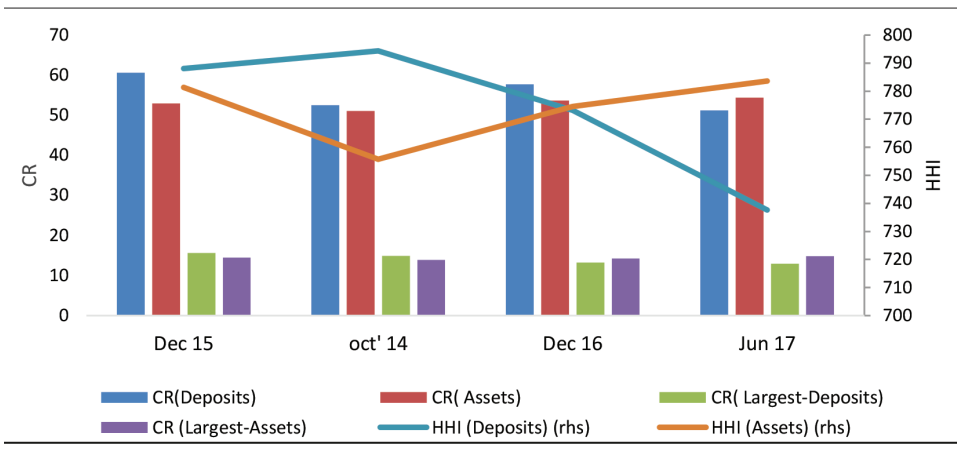
The report revealed that six of the largest banks in the country accounted for 57.05 percent of the total deposits in the industry as at June 2017, compared with the 53.70 percent recorded at the end of December 2016.

Also, the six banks also accounted for 60.11 percent of total industry assets, as against the 53.68 percent recorded at end-December 2016. This, according to the report, highlights the oligopolistic market structure of the banking industry, with few banks controlling more than 50 percent of the industry deposits and assets.

Furthermore, it stated that the low concentration ratios in the industry showed a trend towards more competition across the banks.

"The market share of the largest bank with respect to deposits and assets stood at 12.93 and 14.79 percent, respectively, while that of the second largest bank stood at 12.88 and 11.72 percent.

"Twenty-three other banks had market shares ranging from 0.02 to 9.01 percent in deposits and 0.08 to 9.96 percent in assets.



Analysts predict positive stock market in 2018 ahead bond market

Kayode Ogunwale

FINANCIAL ANALYSTS say they believe the stock market would ride on 2017 success to post huge returns by the end of 2018.

In 2017, the stock market gained over 44 percent, which made it one of the top three in the world.

They specifically believed that comparable low stock prices in the market would attract many investors, coupled with attractive return in some of the blue chip companies.

Kasimu Kurfi, managing director, APT Securities, said the stock market performed better than bond and treasury bills in 2017 based on a available indices.

According to him, stock market grew by over 40 percent, which beats returns in bond, treasury bills and other money market instruments.

"If you look at treasury bills, federal government bonds and even money market in term of return, stock market did better," he said.

He further that, stock market performance in January 2018 also closed with positive with 15 percent gain, some stocks gained as high as 100 percent within last two months.

He therefore expect the trend to continue this March when banking sector and many others blue chip companies declare their results w

Also speaking, Leke Babajide, an analyst, believes that Nigeria equity market is more vulnerable to bond market due to swings in the share prices, adding that bond issuance returns are more predictable unlike stock market which is more risky.

"You can double your returns in stock market but returns in bonds are not like that. Take for instance, there are some stocks that have gained up to 200 percent so far this year," he noted.

Shareholders welcome Unic Insurance management change

Kayode Ogunwale

SHAREHOLDERS OF UNIC Insurance are at ease with the decision of National Insurance Commission (NAICOM) to take over board and management of the firm.

Speaking with business a.m., one of the shareholders, Shehu Malami said the takeover is in the interest of shareholders and described it as a welcome development. He stated that, most of insurance companies management are not working for the interest of ahareholders.

A stockbroker sees the takeover as a game changer and urged the new management to upturn the firm. He specifically appealed to NAICOM not to relent in taking same decision on other delinquent insurance firms.

NAICOM had late last week confirmed the takeover of the management of Unic Insurance Plc. in order to reposition the company for better performance.

Rasaaq Salami, NAICOM's spokesman, said the takeover became imperative to rescue the company from distress.

Salami said the commission had subsequently appointed an interim board to manage the affairs of Unic Insurance Plc. for the next six months. He said the members of the interim board include Samuel Ordu as chairman, Theophilus Eke as managing director, as well as Ifeyinwa Momah and Nicholas Shaiyen.

"The commission gave Ordu and his team six months to do a forensic audit on the financial position.

The forensic audit would be carried out on the corporate governance failures observed in the course of reviewing the financial statement of the company," Salami said.

NSE calls for acceleration of gender equality

Kayode Ogunwale

THE NIGERIAN Stock Exchange (NSE), in partnership with the Sustainable Stock Exchanges Initiative, United Nations Women, United Nations Global Compact, International Finance Corporation, the World Federation of Exchanges, WIMBIZ, and Women in ETFs, celebrated International Women's Day with a symposium at the Stock Exchange House in Lagos.

In line with the global theme for this year's celebration, "Press for Progress", the NSE symposium was designed to motivate and unite everyone to think, act and be gender inclusive. The event, which brought together over 200 women and men from the NSE, listed companies, dealing member firms, media, Non-Governmental Organisations (NGOs), civil societies and Government, to discuss how to help women realize their dreams; had Laure Beaufils, the British Deputy High Commissioner to Nigeria and Dame Abimbola Fashola, Former First Lady of Lagos State & chairman LEARN NGO/Ella Cares as headline speakers.

The Exchange also joined other stock exchanges around the world that rang the bell for gender equality to raise awareness on the importance of gender equality to capital markets.

The Exchange used its closing gong ceremony to highlight the business case for women's economic empowerment, as well as opportunities for the private sector to advance gender equality and sustainable development.

In his welcome address, Oscar Onyema, chief executive officer, NSE, stated that, "this year's theme is not just another theme for another edition of the International women's day. It is a call to action to spur women and men into taking bold steps towards closing the gender gap."

WimBiz
Women in Management, Business & Public Service

CBN sustained liquidity injection to keep naira stable across segments

IN LINE WITH TREND, there are expectations that the CBN would maintain its weekly interventions in the FX market, thus keeping rates at similar levels across segments.

The CBN on Friday, March 9, 2018 injected the sum of $355.43m into the Retail Secondary Market Intervention Sales (SMIS), which stabilize the market on the day. This was in addition to its offering US$100.0 million via the Wholesale Secondary Market Intervention Scheme (SMIS) window resulting in stability in all segments of the market.

The CBN spot rate opened last week at N305.85/$1.00, appreciated 5 kobo to N305.80/$1.00 on Tuesday and maintained this level till the end of the week. Similarly, the naira remained flat at the parallel market, trading at N362.00/$1.00 throughout the week.

At the Investors' & Exporters' (I&E) FX Window, the NAFEX rate opened the week flat at N360.14/$1.00 and subsequently traded within a tight band of N360.10-N360.45/$1.00. The NAFEX rate closed at N360.08/$1.00 on Friday, indicating a 6 kobo appreciation w-o-w.

Activity level in the I&E Window waned as total turnover declined by 56.8 percent to $539.9 million (On Thursday) from US$1.2 billion recorded in the same period of the previous week.

In the FMDQ OTC futures market, the total value of open contracts of the naira settled OTC futures increased by $105.0 million to $3.3 billion relative to $3.2 billion recorded the previous Friday, which implies a 3.3 percent increase in market size. The APR 2018 instrument (contract price: N360.59) was the most subscribed with a total value of US$659.9 million while JAN 2019 instrument (contract price: N361.94) is the least subscribed with a total value of US$45.5 million.

FX market stability, inflation development to dictate bond yields - Analysts

Business a.m.

THOUGH THE PERFORMANCE of the local bond market in the past weeks has been largely flattish with marginal movements in yields, analysts at Afrinvest say near term outlook for bond yields would be broadly anchored on FX market stability and inflation development.

They say the renewed investor interest at the shorter end of the curve midweek, which brought yields on May 2018, June 2019 and October 2019 bonds falling 32bps, 10bps and 4bps to 15.0 percent, 14.0 percent and 13.9 percent respectively, would see bond yields responding to twin influence of forex availability and inflation announcements by the National Bureau of Statistics (NBS) later this week.

The NBS is due to release February 2018 inflation report this week and analysts have forecast year-on-year headline inflation to further moderate to 14.8 percent from 15.1 percent in January.

The Central Bank of Nigeria (CBN) injected the sum of $355.43m into the Retail Secondary Market Intervention Sales (SMIS) on Friday, March 9, 2018, which is seen to stabilize the market.

The above would mean that bond yield would still remain flattish this week and may decelerate further if the CBN continues with its intervention this week.

In the week gone by, average yield stood at 13.8 percent in the five business days of the week. The week opened Monday with average yields at the same level recorded the previous Friday. However, on Tuesday sentiment was mildly bearish as yield on 10 of 16 instruments rose, driving average yield 3bps higher.

Average yield remained at the same level till the end of the week, closing at 13.8 percent, implying a flat performance week on week.

Sentiment towards Nigerian corporate Eurobonds remained upbeat in the week under review, as yield on 9 of 12 instruments declined. Diamond 2019 enjoyed the most buying interest (YTM down 45bps to 8.6 percent) while Fidelity 2022 experienced the most sell off (YTM up 14bps to 9.3 percent). The best performing instruments year-to-date are Diamond 2019 and FBNH 2021 - up 3.6 percent and 3.6 percent respectively.

Meanwhile, data from debt management office indicated that consolidated domestic debt stock of the federal government at end-June 2017 was N11.861 trillion. This represented an increase of 7.28 percent over the N11.058 trillion at end-December 2016. The breakdown indicated that FGN Bonds contributed 66.90 percent, Treasury Bills contributed 31.22 percent while FGN Special Bonds and Nigeria Treasury Bonds accounted for 1.88 percent. The newly introduced FGN Savings Bonds accounted for 0.04 percent of the FGN Bonds.

On the continent, performance of SSA Sovereign Eurobonds in the past week was largely bearish as yield on 14 of 22 instruments under coverage advanced week on week, according to the Afrinvest analysts.

However, in the week Senegal issued $2.2 billion Eurobonds in two tranches - $1.2 billion at 4.75 percent for a 9-year tenor and $1.0 billion at 6.75 percent for a 29-year tenor. The West African country thus joined Nigeria, Egypt and Kenya, which have already issued Eurobonds in 2018. A total of $10.3bn was received as bids signaling sustained investor interest in high yield emerging and frontier FCY debts as well as improving domestic macroeconomic fundamentals and remarkable stable political environment in the country.

Money market rates to remain low on improved system liquidity

WITH OMO MATURITY of N261.9 billion this week, financial analysts have predicted that rates will remain at similar levels in the past week despite CBN's continued OMO auctions to mop up excess liquidity in the system.

Most money market rates trended lower on three of five trading days last week despite sustained OMO mop-ups by the CBN (held on all days save for Wednesday) to maintain system liquidity.

At the start of the week, open buy back (OBB) and overnight (ON) rates inched 1.9 ppts and 2.7ppts higher to close at 11.7 percent and 12.7 percent respectively consequent on tighter system liquidity (settled at N298.1 billion from N919.0 billion on the previous Friday) as the CBN carried out an OMO auction in which the 94-day (offered: N50 billion Sold: N0.69 billion) and 277-day instruments (offered: N150 billion, Sold: N89. 2 billion) were offered.

By Tuesday, OBB and ON rates trended higher, closing at 12.6 percent and 13.4 percent respectively as the CBN continued its OMO mop-up, offering N50.0 billion for the 114-day instrument (No sale) and N100.0 billion for the 219-day (sale of N67.7 billion) bills.

However by midweek, OBB and ON rates trended lower to 11.3 percent and 12.5 percent respectively as there was no OMO mop-up conducted by the CBN. On Thursday, OMO maturity of N113.6 billion partially offset the impact of an OMO auction sale of N150.0 billion of the 259-day instrument; hence, system liquidity remained robust at N412.4 billion while the OBB and ON rates declined to 9.5 percent and 10.2 percent respectively before closing the week at 8.5 percent and 9.2 percent on Friday - indicative of a 1.3ppt and 0.8ppt week on week decline.

Meanwhile, the 6-month average open-buy-back (OBB) rate in the first half of 2017 stood at 26.84 percent while inter-bank call rate averaged 23.01 percent, representing 2.89 and 13.69 percentage points above their levels in the second half of 2016.

The NIBOR averaged 32.22 and 27.83 percent for call and 30-day segments in the first half of 2017 as against 19.24 and 17.36 percent in the second half of 2016. The corridor around the MPR for standing lending and deposit facilities was retained at +200 and -500 basis points, respectively, in the first half of 2017. Similarly, the cash reserve ratio (CRR) and liquidity ratio (LR) were also retained at 22.50 and 30.00 per cent for commercial banks, respectively, during the first half of 2017.

More OMO bills seen stabilising system liquidity

THE CBN IS SEEN continuing its issuance of open market operation (OMO) bills to stabilize liquidity in the financial system, which had impacted on rates remaining flat in the past week, according to financial analysts.

They specifically anchor their prognosis on the developments in the market last week.

Performance was generally mixed in the treasury bills market last week as rates across benchmark tenors trended lower on two of five trading days. Specifically, the trading week started on a relatively quiet note with average rate across benchmark tenors staying flat at 13.9 percent as the CBN continued its OMO mop-ups.

By Tuesday however, buying

interest was recorded at the shorter end of the curve and this pulled average rate 5bps lower to 13.9 percent. The bullish sentiment was extended till Wednesday as rates further declined 9bps on average on account of the decision by the CBN to withhold OMO auctions on the day, which spurred buying interest in short-tenored instruments. This positive trend was reversed on Thursday as sell-offs were recorded across shorter tenured-instruments, which drove average rate 10bps higher. Average rate closed the week at 13.9 percent, indicating a 3bps W-o-W decline.

Analysts specifically see rates remaining at similar levels this week despite an OMO maturity of N261.9 billion as they expect the CBN to continue its mop-up of excess liquidity.

The burden of insurance stocks

Stories: Kayode Ogunwale

THE INSURANCE sub-sector of the Nigerian financial services industry is overwhelmed by many challenges, including narrow product development, dearth of innovation and a pervading weak corporate governance structure, which have led to low insurance uptake at one percent and poor returns.

The above have affected investors' sentiments about the industry, which has affected value of insurance stocks.

Especially, narrow product focus by the Nigerian insurers has continued to generate low premium income. For example in 2016, gross premium income (GPI) of over ₦856 billion was generated through mainly six compulsory insurance policies – third party motor insurance, employer's liability insurance, group life insurance, builders' liability insurance, healthcare professional indemnity insurance, and occupiers liability insurance.

The products and services are not only concentrated in statutory insurance policies but also within the formal sector, which only represents about 40 percent of the economy while the informal segment accounted for 60 percent.

Little wonder the value of the sector on the floor of the Nigerian Stock Exchange (NSE) has been declining day by day as shareholders have lost hope in the sector.

The current investor apathy on the sector is very much unlike late 2007 when shareholders were hoping for a bright future in the industry on government implementation of 45 percent local content policy in the oil and gas sector, which was expected to significantly boost insurance income. But operators did not take the advantage of the government policy for lack of innovation, poor governance and strategic direction.

Though most insurance companies went into the market to raise funds for the recapitalization of the sector and rounded off their recapitalization programme in December 2007 with sector outlook brightened for more investment.

However, the industry has struggled in the market as poor returns have put many investors adrift. Today, one could say that the general assessment of the sub-sector on the floor of the NSE is below average in terms of standards and expectations.

Many insurance stocks are underweight and fallen in value much below their listing price levels, which market analyst say is as a result of poor performance.

Again, the implementation of new pricing methodology by the NSE has seen 15 insurance stocks capitalisation dropping N16.488 billion between January 29, 2018 and last Friday (March 9, 2018).

The management of the NSE commenced implementation of one kobo rule on January 29, 2018, from an initial floor of 50 kobo per share. What this means is that stocks can now trade as low as one kobo per share.

Currently the insurance stocks that trade below 50 kobo include Equity Assurance, Consolidated Hallmark Insurance, Niger Insurance, Regency Alliance Insurance and Royal Exchange Insurance.

Others are Mutual Benefit Insurance, Sovereign Trust Insurance, Standard Insurance, Unity Kapital, African Alliance Insurance, Unicorn Diversified Holdings, Prestige Insurance, Cornerstone Insurance and Guinness Insurance.

Investors are worried about the free fall in insurance stocks prices on the exchange and some have called on the regulators of the market to take action towards mitigating the problems that are responsible for the sub-optimal performance in the sector.

As investments in insurance stocks steadily depreciate in value, there is need for all regulatory agencies to immediately review some of the laws and practices that are responsible for the development.

Asides reviewing industry laws, there should be new approaches to be devised in order to enhance optimum efficiency and forestall further stagnation in their share prices.

> The products and services are not only concentrated in statutory insurance policies but also within the formal sector

The situation is dire: Five insurance companies in the country are risking regulatory sanction over their inability to curtail their management expenses, which surpasses their premium income.

The insurance industry regulator, the National Insurance Commission (NAICOM) should step up its oversight function in the industry and go beyond its persuasive approach to fully sanction erring companies flouting regulations especially regarding cut-down of management expenses.

The insurers involved should be heavily sanctioned since their actions affect their solvency margin, which would make them dip into their shareholders' funds to run the affairs of their respective firms.

According to data sourced from the umbrella body of operators, the Nigerian Insurers Association (NIA), NICON Insurance Company Limited in its 2016 financial year, generated N92 million gross premium and spent N453.7 million, translating to 4.93 per cent on management expenses, while Old Mutual Life Assurance Company Limited had N1.30 billion gross premium and spent N1.83 billion, representing 1.41 per cent on management expenses.

SpringLife Assurance Plc., on its part, had N32 million premium income and spent N105.2 million on its management in the same financial year, UNIC Insurance Plc. had N38.7 million gross premium income and spent N244.9 million with Investment & Allied Insurance Plc. having N4.3 million gross premium and spent N169.4 million on its management.

The Nigerian insurance industry is one of the most under-performing industries in the country with the gross premium of $1.9 billion it generates. It contributes only 0.73 percent to the Nigerian GDP compared to its counterparts in Kenya and South Africa, which accounted for 17 percent and 3.4 percent of those countries' GDPs respectively.

This is despite its immense growth opportunities, and the fact that it is highly important in the quest to ensure national development. Equally, the gross premium collected by insurance companies in Nigeria is about $1 .9 billion compared to the $ 3. 8billion collected in South Africa.

It is time for regulators, management of the companies and market makers to bring back the sector to life.

Status Report

Fidelity Bank Plc.

FIDELITY BANK PLC. is one of Nigeria's tier-2 banks. Though not considered one of the eight systemically important banks by the Central Bank of Nigeria (CBN), the bank has maintained a track record of efficient service and modest returns.

At the end of nine month ended 31 September 2017 the bank showed strong growth in key revenue lines and a corresponding decline in its operating expenses.

Details of the nine months financial results released in September 2017 showed a remarkable growth and improved efficiency and regulatory ratios. Its gross earnings grew by 17.9 percent to N130.1 billion from N110.3 billion reported in the same period in 2016.

It recorded a profit before tax of N16.236 billion against N9.835 billion in the corresponding period of 2016, thus representing 61.5 percent growth.

Equally, its profit after tax rose to N14.450 billion from N8.753 billion recorded in the preceding period of 2016. Total equity stood at N200.6 billion during the period under review from N185.4 billion in the preceding period.

However, total deposits declined by 2.3 percent to N774.4 billion from N793.0 billion, which was principally due to the pay-off of all its outstanding TSA deposits of N53 billion. Savings deposits though increased during the period by 5.7 percent to N163.8 billion driven by its retail banking strategy while low cost deposits accounted for 73.5 percent of total deposits.

Its risk assets increased by 4.9 percent to N753.8 billion from N718.4 billion in 2016 financial year-end. But actual real growth in risk assets was 1.1 percent while the impact of the change in currency conversion rate was 3.8 percent.

Cost of risk increased marginally to 1.3 percent from 1.2 percent while non-performing loans ratio improved to 5.9 percent from 6.6 percent in the 2016 full year due to a 5.9 percent drop in absolute NPL figures and the growth in the loan book with the coverage ratio at 97.3 percent compared to 83.0 percent in 2016 financial year.

Other regulatory ratios remained above the required thresholds with capital adequacy ratio (CAR) at 17.3 percent and liquidity ratio at 34.4 percent.

In line with best market risk practices, Fidelity Bank currency conversion rate changed to reflect a hybrid of the CBN official rate and the Investors and Exporters window rate.

This resulted in the bank's currency conversion rate moving from N306/$ to N333/$, representing an 8.8 percent increase in the naira/dollar cross rate, which translated to a 0.9 percent growth in total deposits and a 3.8 percent growth in risk assets.

As a going concern, the bank net assets against liabilities are out strong. It has excess N201 billion in assets when liabilities are taken out.

Our view is that the bank's Q4 and full year results for 2017 would be upbeat going by antecedents.

Inside Banking Hall

Access Bank Alausa Branch, Ikeja

Inside Banking Hall was at Access Bank, Alausa Branch, Ikeja for three of the five working days last week where we observed smooth transactions by customers.

The banking hall ambience was comforting just as there was enough parking space for customers to park their cars unlike many other branches in the vicinity.

Inside Banking Hall also observed that securities officials at the branch were courteous, welcoming and directing customers in and out of the bank as well as directing customers with cars where to park.

On one of the days of our visit, Friday afternoon to be precise, a teeming crowd was witnessed but the turnaround time of the tellers soon took care of the crowd.

Q&A INSIGHTS FROM NIGERIAN AND INTERNATIONAL BUSINESS & CORPORATE LEADERS

Our $100m Eurofund, N150bn N would target infrastructure, spor

Abubakar Lawal, group managing director of GTI Asset Management & Trust Limited, has led some notable corporate rescue missions as an investment banker. Roll-call: International Breweries, Eterna Oil, Wema Bank, Champion Breweries, Morrison Industries. There is something revolutionary about the way he thinks when you sit down with him to pick his brain, like *business a.m.*'s PHILLIP ISAKPA and STEVE OMANUFEME did in this interview held at his Lagos corporate office at GTI. His company is championing the first private-driven trading floor in sub-Saharan Africa, which he says is meant to spearhead capital formation. He holds the strong view that investment bankers have a major rescue role to play when a nation's economy, like Nigeria's, is in a crisis.

PHOTO CREDIT: JAYEOLA ISAAC

We would like to start by asking, what is GTI about and what areas of businesses are you involved in?

It is important that I let you know that GTI was founded by Nigerians; it is a purely Nigerian company. GTI is an investment firm with a Nigerian origin and an African focus, with international drive. This means we are a Nigerian company, but we have strong presence in the United Kingdom; meaning we are international and the focus is on Africa. We went international because we believe there is capital drought in Africa, while there are plenty of opportunities in Africa. Out there in the western world, there is plenty of capital, an over-abundance of capital, but opportunities are limited. So, what we did was to put GTI together and structured it in a manner that would allow us have something like a JPMorgan coming out of Nigeria to service the rest of Africa, with an international presence. That's what GTI is all about.

If you look at what we have been able to do really, there are no surprises that we are the first to deliver the first private-driven trading platform in sub-Saharan Africa. We have a trading platform that can interface Africa, receive mandates from Europe, America, such that we make GTI the gateway to Africa, and we look forward to a tomorrow and it is playing out right now. You want to do a transaction and there is a development that is going on in Ghana, let's say for the purpose of this course, $50 million, $500 million, $1 billion deal that is breaking in Ghana, GTI will be in a position to say, we are not only going to move capital from just Europe, but also northern Africa, eastern Africa and also southern Africa, for that investment purpose. Just think about it and that is what we refer to as the GTI African connect. We have that already and we are building on it. Hence we have representation in northern Africa, southern Africa and eastern and western Africa as we speak. So that tells you the exact framework on which the GTI model is premised. And we have been driving that and that is what we keep driving. Anyway, if you look at part of what I was trying to deliver, as we speak, we are trying to perfect our European fund right now. We have gotten all the approvals and would be launched by the next quarter. Our local fund is going to be filed and it is going to be in Nigeria. What all this is doing is speaking to the same content and what we are trying to do is to bring liquidity to the market. We believe that Nigeria shouldn't have 40 percent unemployment; but that this is happening because we don't have long-term capital. We don't have capital that people could access, not just at single digit interest rate, but long term, that will enable real sector development. Correcting this is our focus. And we have been driving it very tenaciously. And it is not far-fetched because, we just completed a couple of rights issues. It is evident in some of the capital raisings we are doing, even as we speak. Our focus is we should serve Africa, but with Nigeria in particular, to be able to address our national issues. It is of great importance to us because the only way we can impact the economy is if we have our factories working. If we go back and look at the Nigerian Stock Exchange, we have about 200 listing companies, but for how long? Do your research, how many companies have enlisted in the last 10 years? What we have is delisting, and we have to stem that trend and ensure we work very hard to have more companies on the exchange.

We have to deepen our market, why do we have companies in Nigeria that are not listing? It is probably because the depth of the market is of a major concern to them. And it beholds on the operators to do the job, and that is exactly what we are focused on doing. We need to get our economy working and that is what GTI is all about.

We want you to speak on the subject of a private trading platform, which you have. But before that, tell us the sizes of your European and Nigerian Funds?

The funds are open-ended. For example, in Europe we are looking at $100 million and this would be launched next quarter; and in Nigeria, we are packaging a fund of N150 billion to be filed soon with the Securities [and Exchange] Commission (SEC).

Assuming these funds are fully or over-subscribed, what areas of deployment are you looking to for the capital?

If you look at the Nigerian economy, which is our darling economy that requires a lot of attention, the infrastructure space is yarning for liquidity. If you put the infrastructure together, then the economy will kick start in a manner that will be breathtaking. Today, we are generating power, 5000 to 7000 megawatts for a population of 190 million and counting. Today, in Nigeria, we don't have 5000 kilometres road at a stretch that is pothole free. Today, in Nigeria, we don't have a railway system that we are proud of; we are still using locomotives of the 1900s. That is one area. The other one is sport. We have seen the speed. Every day, our youths are being drawn to the Mediterranean, we are not engaging them. Whereas, we can.

Our focus is that we need to build a new sporting economy and, in that case, it becomes dollarized. And you would see that very soon. It is on the table; we want to file and once we do, we are going to rebuild the Nigerian economy and we'll call it a football economy.

Some boutique fund managers used to say there are funds, just like you are saying, that there is capital everywhere, but they also talked about the lack of bankable projects. Are you saying this has changed; that there are bankable projects now?

That is our work, if you look at the funds we are packaging in Europe for example, we are the fund managers to that fund and since we are the fund managers, we are the ones to lead the fund into investable projects in Africa. That is how we work. Like I have said before, we have established and engaged partners in northern, southern, and eastern parts of Africa as we speak. So, if a major project is taking place in say, east Africa, we have our partner and valuations would have been done. There are bankable

ABUBAKAR LAWAL

Profile:
GMD/CEO, GTI Group

Education:
HND, Banking & Finance, The Polytechnic Ibadan, 1988
MBA, Abubakar Tafawa Balewa University Bauchi, 1999

Family:
Married with children

The banks are only expected to deliver short-term funds

Q&A INSIGHTS FROM NIGERIAN AND INTERNATIONAL BUSINESS & CORPORATE LEADERS

igeriafund ts economy

> "That is how we work. Like I have said before, we have established and engaged partners in northern, southern, and eastern parts of Africa as we speak"

projects in Africa, but we need to project them in a manner that makes sense to the world. I can tell for certain that, twenty years ago, with all due respect to some of the stars we have in Africa today, nobody would have touched them until the proof of concept was established and now they are on Forbes. That is it, because except we get to tell the narratives ourselves, nobody will help us do the narratives. So, there are bankable projects, but it is for us to put them together and show sufficient business discipline to be able to railroad them.

I like the fact that you are interested in sports funding, it is unique. Can we hear this in more detail?

Well, I would be a little reluctant because we haven't filed with SEC and don't want to be contravening, but maybe subsequently, because it is huge. As I speak to you, we are done, we have appointed parties, and we have completed meetings with prospectors. It is a grand plan. When you say oil is five percent of GDP, what is sports, one percent? They are on measurable terms. I'm telling you, when nations are in trouble, it is the investment banks that should sit up. And so if you ask GTI, we are bringing solutions to Nigeria, national solutions. Let's leave it at that. In no distant future, you would get to hear from us.

The other part is your trading platform, first private trading platform; that seems exciting and futuristic thinking in this economy. How does it work?

It is a concept that borders on capital formation. You know I was saying there is capital drought in Nigeria and Africa. This is a concept that drives capital formation in Africa and the objective of the trading floor is to be able to build an industry, to build capacities such that if a typical company, like Guinness, wants N50 billion for development – because today, everybody looks up to the banks, whereas it is wrong. The banks are only expected to deliver short-term funds. It is the investment banks that are supposed to drive long term funding – they don't need to talk to a bank. We are building a structure here that will deliver that to you in three weeks and at very reasonable cost. That is the model and that is where we are going. I tell you what, imagine an economy that says come and pay 20 to 30 percent interest; you kill the industries, simple! And the goods produced on the back of the high interest rates can't compete. But if you want real development, it is going to be infrastructure like this, because the concept is to drive capital formation.

Let me tell you practically how it works. If a Guinness comes around today, and says we need N50 billion, it is very easy because we have a team already. We have people that come in because we have the retail and wholesale legs to our trading floor back to back. We would quickly need to set up a meeting and if we are convinced with the valuations and other things, we set up the book and we call in our colleagues that are members of the "club", that this is what we have and in seven days, we close the books. Before we even approach SEC at all, the money is on the table, which is the whole essence. And it is not limited to here in Nigeria because the essence is that once, we pull the trigger, the money should be able to come from anywhere in the world and this is where we are going. So, we leave the bank and redesign the field they are supposed to be playing on. They are not supposed to be lending money to everybody; they can't lend money for development as commercial banks.

Their money is 365 day cycle; long term funding is 12 to15-year kind of capital. Hence, you see companies liquidating everyday because, the banks will come after you, it is short term funding for long term projects. That is what we are trying to correct.

I like the fact that you mentioned investment banking and we know how the banking industry has metamorphosed, with the NAL and Icon Merchant banks leading the push, then universal banking came and disrupted the architecture. Now, investment banking appears to be coming back, and you just said investment banking owes this economy a lot. Could you speak to that, why has investment bankers not taken up the gauntlet?

In this part of the world, I'll tell you what I found in practical terms, if I'm going to be modest, is that we are very risk averse. We are afraid because we are poor people, Nigerians are largely poor people, nobody wants to lose their money and we are a very transactional people, worried about short term. Nations don't develop like that. Show me the blueprint where we were thirty years ago, till now. As at 1988, did anyone project Nigeria to be this way in 2018? That is the issue. We have never had long term planning and projects for this nation. Nigeria has been searching for its soul for a long time and the soul of a nation are its investment bankers, which was never present in Nigeria. There is nothing like universal banking, government ought to have provided large funding for investment bankers and provided initiatives to drive the economy and not transactions, which are short term. What am I getting? What is in it for me? That is not business, that is not going to develop nations. To develop nations is to close your eyes and go in, five years, ten years and commercial banks can't do that. Hence, if you go back in time, thirty years ago to 1988, you will see that we had more companies in 1988 than 2018; stronger naira in 1988, lower population in 1988 vs. high and increasing population in 2018; low unemployment in 1988 vs. high unemployment in 2018.

And the gap was one, leadership taking that space and recognising that there is a nation building process and not transaction. To build a nation means you must have basic infrastructure. In the next thirty years, Nigeria's population will be around 300 million people; what are we doing now, because whatever you are doing now will shape your five years? It is beyond belief the kind of potentials that are

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Our $100m Eurofund...

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here in Nigeria, but since forever, all we have been hearing is potentials, potentials, and the people that can harness the potentials are people that can dirty their hands and not transaction people.

GTI appears to be looking at things differently. There are investment bankers that are not of the same view. What's this GTI thinking, how do you view the role of investment banking in Nigeria?

I'll put it in a simple way. GTI was born in 2000, and we would be 18 years this year. What have we done in that space? We have opted out of playing in the conventional space. We decided to play in that space where some people call Blue Ocean, some call it high risk. Today, I'll tell you some corporates that we have touched, that we have played in, like private equity model, and the rest. We are in 2018; by 2006, I visited a company called International Breweries Plc. personally and the company was under lock and key for ten years when I visited the place. I came back to Lagos and said: "Look gentlemen, I need money." Everyone shut their doors at me and GTI and said: "We don't deal with no numbers." Whereas these are the 'no numbers' we are supposed to be impacting. You don't go advising Nigerian Breweries, Heineken; we took that risk, and I raised the first N1 billion for International Breweries in 2007. None of the banks looked at me. Today in their staff alone, they have over a thousand dependents and it is the only success story that has come out of Osun state. From International Breweries under lock and key, we brought in Castle, SABMiller, and AB InBev Breweries, and AB InBev Breweries is the number one brewery in the world today and everyone has forgotten about GTI. When we did the dirty job, though it is not our money, but that tells us something. Go back in time, we salvaged a company called Eterna Oil in 2008 and today, records are there. Go back, the same thing is being done with Wema Bank, we moved in as part of a team that impacted on Wema Bank when Sanusi and some people said the bank was dead, we said no and today look at the difference. Today, GTI is in other institutions where hope was lost. Champion Breweries is one; we just concluded a process with Morrison Industries and we have been working with them for four years and we just completed the first capital raise now and getting SEC approval. So, we are not talking in vacuum; it is real.

See the way we try to impact the economy and we are taking it to the national space and the African space as a whole. It is a lot of work. You can see the need for the trading floor as a capital formation vehicle, because we need to drive capital; and it is a journey, quite a remarkable and interesting journey. I can show you but we need a bit of time. The economy will tell the story by itself.

Let's transit to Europe. What sort of transactions are you involved in Europe that will impact Africa?

Five years ago, we had an office in London, GTI London, and the first thing we tried to do was to acquire an investment bank in London, which we did. We went and we are still on the process of transfer, and just because we are a Nigerian company, we are still having issues and it is the same narrative. But we have to go beyond that, that wouldn't stop us. What we did was to launch our full-fledged independent London office in order to change the narrative and business model, because we are very strong concerning foreign direct investment; we are chasing after FDI every day. The second product we are driving is securitization as in trade. We are trying to chase after a couple of trades to be able to pay their bills, third is to drive capital. So the launch pad is the fund, the European fund and we are done with the regulators and just waiting for the traders and they are doing marketing tests right now. So to us, it is a very interesting journey and it is a good thing that we have started and we are not in doubt about what we do, it is just a process.

How do you position this in an economy just out of recession, do you see opportunities? Does the economy provide the latitude for the huge things you've talked about?

I agree with you, but if you are doing nothing, I'm doing nothing, everyone is doing nothing, it is not going to get better. If you ask me, what I can see is that government is really tired and they need direction, and the people to give direction? It is not a political thing, it is the economy, but it is the politics that is in front and the economy lagging.

And except we all understand that and agree to take the bull by the horns, no one is going help us. An average

politician and it is not limited to Nigeria, they can't do any better, all they know is politics; but there is a difference between the economy and politics. And the economists must take the economy to the forefront, but clearly as things have unfolded in Nigeria over time, I can say politicians are tired and they are even looking for new ways, because this is not a matter of political solution, you have to provide economic solutions and these things don't come cheap.

You can't get the naira to trade N1 to $1 if you don't have the export capacity. If you are working, you must get your hands dirty, it is not by fiat. So how do you get it working? By providing infrastructure!

There must be 24 hours' light and fantastic roads. If you go out there and look into the sky, you would rarely see an airplane in 10 minutes, but go to other countries, you would see fifty planes hanging in the balance, some ascending and others descending, that is the power of connectivity and energy that is flowing. We can't afford to be sleeping in 2018, for want of a better language. There is no more a 100 million people sleeping; is it Brazil or China or India? Everyone is moving on, this is beyond government, we have to come out, and we are the government. Given what we are doing, government can't say we are disruptive. We are creating employment and opening up the space by making our environment better. Government would instead look for a way to support us, so it is in our hands really.

What about private sector-led investment, in terms of infrastructure? When you come around the Marina, Lagos, you see there is no cooperation among the companies, and there is no coming together to solve problems, like for example, electricity, as everyone is burning diesel?

You know the way Africa is structured is different and I can tell you for certain that time will take care of some of those things, just a little bit of time. We have made a lot of progress in Nigeria, if you ask me, getting to where we are today and I see us bursting the blooms in no distant future. In those days, we used to pick up our tally number in banks, but today everything is online. That is a revolution. So, technology is one of the things that will revolutionize the Nigerian economy. Another one is internationalization and a number of other things. We are doing N7 trillion budget in 2018 with about 200 million people; that means we have accepted defeat, even before we started.

Let's go back to infrastructure, investment in infrastructure, especially if you are using the kind of funds you are talking about; so are you looking at the challenges the Nigerian way of doing things poses?

It is natural, when you say you are an investment banker, you are to proffer solutions, solutions only address problem areas and problem areas are seen as risk and that is the whole idea. The more risks you can take, the more problems you solve. So, to me, and that makes it better for you, it is not an issue. It is one of those things we have to incorporate; because some people went into the sky in 1845 and died, did that stop the process of revolving the airplane economy? Some of us are, sorry to say, chronic optimists; we believe very much in Nigeria. It is a façade for me to hear that you have an American passport, a British passport. It is good for you, but it wouldn't change anything. The only place you know is Nigeria, the only place I know is Nigeria, and for a fact, nobody is going to help us build Nigeria. Until we come to such terms, we are still going to be beating around the bush. We should all clamour against why interest rates should be 30 percent. Nigeria is our own and we should do everything to develop our country because we don't have a better country. If you live in America for one year, you will still find out that the value is gone; it is not your country. With all the money, it can't save you. The best place for you to live is your fatherland and you can go anywhere in the world to do business, but home is home. But when your home is a shithole, will that allow you time to sleep at night?

Before my eyes, Dubai was a desert. It takes human capacity, so don't limit that human capacity. This is what we need in Nigeria. We need to put our hands together and change our narrative, nobody will help us. If Mr. A makes money and takes it to U.K., Mr. B makes money and takes it to Norway, we have fallen and forgotten that nobody will help us; everybody should bring their money back. Everyone should come back home and build a tomorrow for our children and grandchildren; nobody is going to help us.

Interest rate is 25 to 30 percent; could investment bankers have done something that would have made a difference or can they do something that would make a difference now?

This is the capital formation process that we are building. Twenty years ago it wasn't like that. Go round the world, you would see pension funds, asset management with trillions of dollars assets under their management. That is the build-up, the make-up; once you begin to create such kind of capital, they would then become the bedrock of the economy. Today, we have a deficit health structure and there should be a structure that would emanate from the investment banking space to address the health sector of Nigeria and solve it. Those politicians can't solve it, with all due respect. We need capital, technology and knowledge, no bias. We are not interested in stories and they get the job done. When you are talking of opportunities, bankable opportunities, there are plenty. Can you imagine the number of doctors we have in the health sector? We need someone to trigger something and knock that industry to shape and become a money spinning industry. And that is the kind of thing we are looking at; sports, the same thing. Today, what you are hearing is donations. What are you donating in sports when it is supposed to be generating dollars? You are still doing, government gives us money; virtually all the football clubs are owned by government.

CAPITAL MARKET

Companies' earnings expectations seen driving stock market up this week

Kayode Ogunwale

EXPECTATIONS OF GOOD corporate earnings reports have been singled out as a major driver of market performance this week. This is more so since earnings of companies that have published results have been largely positive.

According to analysts, the market would remain upbeat as investors take position in fundamentally sound stocks in anticipation of more corporate scorecard releases.

Indeed the local bourse has sustained positive performance for the second consecutive week as benchmark index, the NSEASI, rose 0.7 percent week-on-week to 43,167.87 points while year-to-date (YTD) return improved to 12.9 percent.

The positive performance and claw back of gains from previous losses in the past two weeks have been attributed to buying interest in medium cap stocks in anticipation of the release of earnings scorecards.

Specifically, market capitalization at close of last week increased by N104.8 billion to settle at N15.5 trillion while activity level strengthened as average volume and value traded rose 27.6 percent and 1.9 percent to 553.7 million units and N7.9 billion respectively.

CAP (309.0m), ZENITH (131.0m) and STERLING (123.7m) were the top traded stocks by volume while GUARANTY (N4.6bn), ZENITH (N4.0bn) and DANGCEM (N2.1bn) were the top traded by value.

The market did kick off the week with a bullish performance (ASI jumped 1.5%) due to gains in DANGCEM, SEPLAT and GUARANTY. This was sustained on Tuesday, as the benchmark index gained 66bps on the back of buying interest in SEPLAT and UNILEVER. The rally in the former largely stems from the impressive earnings recorded for FY:2017 and positive outlook on performance for 2018.

Midweek, investors booked profit in previous advancers - DANGCEM, NIGERIAN BREWERIES and GUARANTY – which dragged the ASI 1.5 percent lower. On Thursday, the market rebounded, up 0.3 percent primarily due to upticks in UNILEVER, STANBIC and GUARANTY and this was extended into Friday (+0.2%).

Across sectors, performance was largely mixed as three of five indices closed in the green. The oil & gas appreciated the most, up 5.6 percent largely driven by rally in SEPLAT (+12.1%). The consumer and industrial goods indices followed suit, rising 1.7 percent apiece following gains in UNILEVER (+20.7%), FLOURMILL (+12.1%), WAPCO (+3.9%) and BETAGLAS (+5.0%).

On the flipside, price depreciation in ZENITH (-2.1%), GUARANTY (-1.6%), WAPIC (-7.7%) and AIICO (-5.5%) dragged the banking and insurance indices 1.1 percent and 0.7 percent lower w-o-w.

Investor sentiment measured by market breadth (advance/decline ratio) improved to 1.1x from 0.8x recorded the prior week as 42 stocks advanced relative to 38 socks that declined.

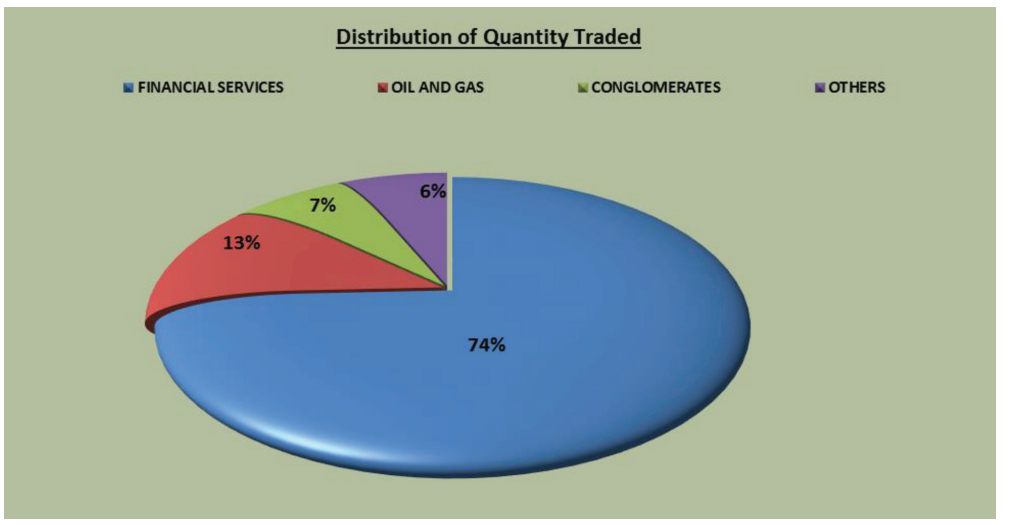
JAPAUL OIL (+54.0%), HMARKINS (+34.5%) and LASACO (+25.7%) were the best performing stocks for the week while REGALINS (-27.1%), AFRINSUR (-13.9%) and FTNCOCOA (-13.5%) led the losers' chart.

A total turnover of 3.079 billion shares worth N39.990 billion in 23,086 deals were traded in week by investors in contrast to a total of 2.170 billion shares valued at N39.087 billion that exchanged hands in the previous week in 24,657 deals.

The financial services industry (measured by volume) led the activity chart with 2.288 billion shares valued at N29.585 billion traded in 13,188 deals; thus contributing 74.30 percent and 73.98 percent to the total equity turnover volume and value respectively.

The oil and gas industry followed with 386.811 million shares worth N1.273 billion in 1,573 deals. The third place was occupied by consumer goods industry with a turnover of 205.245 million shares worth N5.803 million in 4,959 deals.

Trading in the top three equities namely Access Bank Plc., Capital Oil Plc. and Zenith Bank Plc. (measured by volume) accounted for 1.677 billion shares worth N20.413 billion in 2,476 deals, contributing 54.48 percent and 51.05 percent to the total equity turnover volume and value respectively.

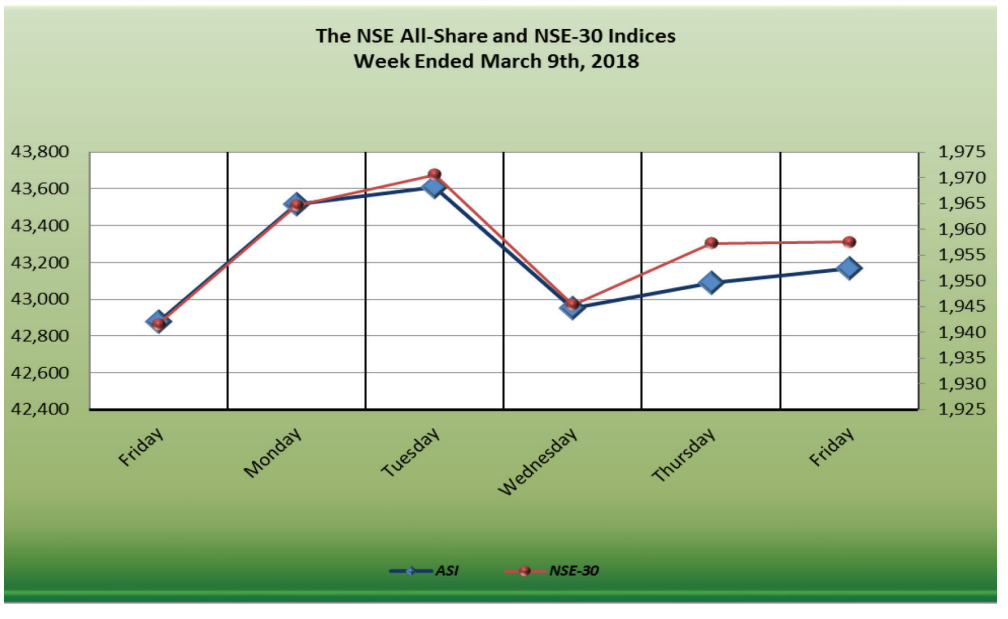


Top 10 Price Gainers

Company	Open	Close	Gain (N)	% Change
JAPAUL OIL & MARITIME SERVICES PLC	0.63	0.97	0.34	53.97
CONSOLIDATED HALLMARK INSURANCE PLC	0.29	0.39	0.10	34.48
LASACO ASSURANCE PLC.	0.35	0.44	0.09	25.71
UNILEVER NIGERIA PLC.	51.55	62.20	10.65	20.66
CAVERTON OFFSHORE SUPPORT GRP PLC	2.21	2.65	0.44	19.91
CADBURY NIGERIA PLC.	15.50	18.40	2.90	18.71
ASSOCIATED BUS COMPANY PLC	0.37	0.42	0.05	13.51
FIRST ALUMINIUM NIGERIA PLC	0.45	0.51	0.06	13.33
ROYAL EXCHANGE PLC.	0.31	0.35	0.04	12.90
A.G. LEVENTIS NIGERIA PLC.	0.57	0.64	0.07	12.28

Top 10 Price Decliners

Company	Open	Close	Loss (N)	% Change
REGENCY ALLIANCE INSURANCE COMPANY PLC	0.48	0.35	-0.13	-27.08
AFRICAN ALLIANCE INSURANCE COMPANY PLC	0.36	0.31	-0.05	-13.89
FTN COCOA PROCESSORS PLC	0.37	0.32	-0.05	-13.51
SOVEREIGN TRUST INSURANCE PLC	0.38	0.33	-0.05	-13.16
C & I LEASING PLC.	1.95	1.76	-0.19	-9.74
UNITED CAPITAL PLC	4.18	3.79	-0.39	-9.33
CAPITAL OIL PLC	0.48	0.44	-0.04	-8.33
WAPIC INSURANCE PLC	0.65	0.60	-0.05	-7.69
MULTIVERSE MINING AND EXPLORATION PLC	0.28	0.26	-0.02	-7.14
LIVESTOCK FEEDS PLC.	1.10	1.03	-0.07	-6.36



Exchange Traded Products (ETPs)

Additional volumes 83,704,193, 14,281,216 and 5,526,523 units of VETBANK, VETGOODS and VETINDETF were added to their respective outstanding shares on the 9th of March 2018. By this action, the outstanding volume of these ETPs now stand at 154,408,386, 26,362,432 and 10,053,046 respectively.

S/N	Security	Deals	Volume	Value
1	NEWGOLD	1	4	22,400.00
	Total	1	4	22,400.00

Bonds

A total volume of 73,054, 123,253, 32,821 and 235,017 units of 11.098 percent FGNSB January 2020, 12.098 percent FGNSB January 2021, 10.277 percent FGNSB February 2020 and 11.277 percent FGNSB February 2021 respectively were admitted to trade at the exchange on the 5th of March 2018.

S/N	Security	Deals	Volume	Value
1	FG112034S2	1	1,330	1,244,597.57
2	FGS201910	1	500	492,687.87
3	FGS202011	5	290	292,696.02
4	FGS2019S4	5	220	217,264.87
5	FGS2019S2	1	140	128,686.74
6	FGS201912	1	120	87,790.81
7	FGS2019S1	2	88	85,071.45
8	FGS2019S6	1	70	54,782.57
9	FGS201916	1	50	25,441.53
10	FGS2019S8	1	5	3,661.89
11	FGS202013	1	5	3,760.54
12	FGS2020S3	1	5	5,109.16
	Total	21	2,823	2,641,551.02

Price adjustments

The price of Nigerian Breweries Plc. was adjusted on the 7th March 2018 for a dividend of N3.13 as declared by the board of directors. The last close price was N130.00 hence the ex- div price N126.87.

The price of Transcorp Hotels Plc. was also adjusted on the 8th March 2018 for a dividend of N0.1245 as declared by the board of directors. The last close price was N7.55 hence the ex-div price N7.45.

Price adjustment was equally done for the shares of United Capital Plc. on 9th March 2018 for a dividend of N0.35. The last close price was N4.00 hence the ex-div price N3.65.

Other market developments

MED-VIEW AIRLINE Plc.: Year Ended 31 December 2017– Proposed Dividend: N0.03k; Proposed bonus: Nil; Qualification date: 20th March 2018; Closure date: 21st – 27th March 2018; AGM date: 28th March 2018; Payment date: 3rd April 2018.

Babatunde Fashola (2nd right), minister of power, works & housing; Damilola Ogunbiyi(2nd left), managing director/CEO, Rural Electrification Agency (REA); Suleiman Aliyu(right), special assistant to the MD/CEO on inter-governmental affairs, and benefitting shop owner, Mukhtar Musa(left) during the inspection of the first phase of 500 electrified shops under the Federal Government's Energizing Economies Initiative at Sabon Gari Market, Kano State at the weekend

Supermarket, pharmacy lead in survey on customer service delivery

Ajose Sehindemi

THE SUPERMARKET and pharmacy sub-sectors of the Nigerian economy have been highly ranked in a new survey on customer service delivery in the country.

The 2017 survey, just released by Nigeria Customer Service Award Limited (NCSAL), notes that the subsector scored 77.97 percent in the ranking, according to Aliyu Ilias, the company's managing director.

The oil and gas sector obtained 77.15 percent while the telecommunication sector scored 70.13 per cent, to occupy the second and third positions respectively.

Ilias said the results were based on staff attitude, product and process knowledge as well as general appearance.

He said the purpose of the research was to examine service quality delivery, customer satisfaction and customer experience of the top 14 Nigerian industrial sectors in 2017.

The research, he said, was conducted in a bid to achieve standard and credibility and that data were collected on the three service parameters across the sectors.

His words: "Haulage, aviation and insurance sectors have the lowest performance in the area of staff attitude and conduct as well as ambiance and staff appearance.

"In the area of process, product knowledge, haulage recorded a small step ahead of the visa processing and media sectors as across the three critical success factors considered, the performance of the haulage sector was poor."

Ilias said all indications across the measurement parameters proved that much still needed to be done toward achieving excellent service delivery, especially in the haulage, media and aviation industries.

According to him, feedbacks from opinion polls and customers proved that customers are dissatisfied with customer service delivery in the haulage and aviation sector.

Nokia and Orange roll out 4G LTE in Africa

Business a.m.

NOKIA AND ORANGE Middle East & Africa are rolling out a Nokia single radio access network and network management technology across seven African countries in a three-year modernization project to prepare for the launch of 4G services

To facilitate the deployment Nokia has set up a dedicated West and Central Africa Support Center for Orange.

In one of the largest LTE rollouts in Africa, Nokia will modernize around 11,000 radio sites in Egypt, Ivory Coast, Cameroon, Senegal, Mali, Guinea-Bissau and Niger.

Leveraging Nokia's Single RAN technology and modernization services, Orange will be able to support existing 2G and 3G subscribers while enhancing speeds and coverage as it launches 4G services.

With deployment underway, Orange has already lowered operational costs and launched new 4G services in Egypt, Ivory Coast, Cameroon, Mali, Senegal and Guinea-Bissau.

The company is also enhancing 3G services with an average 85-percent increase in throughput, and is experiencing a 90-percent increase in traffic across the seven countries.

From the dedicated Orange support center in the Ivorian capital, Abidjan, Nokia is leveraging its expertise to deliver full set of services, including alarm, performance and configuration monitoring, as well as corrective actions on the radio installed base, while speeding implementation and optimizing the network to ensure more than 60 million Orange subscribers experience consistent high-quality service.

As part of the deal, Nokia

Care Services ensure that service level agreements are met, thus ensuring flawless communications. In addition, the Nokia NetAct network management system will allow Orange to maintain network efficiency, stability and performance. The support center will also serve as a gateway for the future introduction of advanced solutions and technologies serving IoT, smart cities and other use cases in Africa.

> To facilitate the deployment Nokia has set up a dedicated West and Central Africa Support Center for Orange

NASCON Allied recordsN27bn revenue in 2017, declares N3.9bn dividend

Business a.m.

NASCON ALLIED Industry Plc., a member of Dangote Group, has announced its financial results for the period ended December 31, 2017 with gross revenue of N27.064 billion.

The consumer goods company's grew its revenue by N8.772 billion (47.96 percent) from N18.292 billion it made during the correspondent period of 2016.

It delivered gross profit of N9.994 billion representing an increase of 68.87 percent over N5.918 billion it made in 2016.

In 2017 NASCON profit before tax grew to N7.909 billion from N3.514 billion, representing an increase of N4.393 billion.

Also, profit after tax moved up from N2.415 billion to N5.344 billion at the end of the review period. Earnings per share rose to 202 kobo at the end of 2017 financial year from 91 kobo recorded in 2016.

The company's shareholders funds stood at N11.535 billion from N8.046 billion.

Its total assets increased by 22.44 percent from N24.603 billion to end 2017 at N30.123 billion. Also, total liabilities of NASCON stood at N18.588 billion from N16.557 billion it made in 2016.

The board however declared a final dividend of N3.974 billion, represented N1.50 kobo per 50 kobo ordinary share, subject to appropriate withholding tax and approval of shareholders at the annual general meeting.

Krispy Kreme investing $7m in Nigeria outlets

Business a.m.

KRISPY KREME Doughnut Corporation, an American brand is investing $7 million in a network of outlets as it begins a journey into the Nigerian food and beverage market.

The company's executives said they would be offering 16 different varieties if doughnuts, as well as Nigerian blended coffee.

The expansion into the Nigerian market is expected to generate at least employment for 200 Nigerians with new outlets expected over the next few months, with the first outlet opened over the weekend in Lagos.

Alexander Trotter a non-executive director of Krispy Kreme said the investments in Nigeria are expected to bring dynamism to the country's food sector through offerings that differentiate the brand from others.

Quality Foods Africa (QFA), its Nigerian partners, were responsible for implementing the expansion of Krispy Kreme brand into the country under a development agreement that will bring 20 Krispy Kreme shops to Nigeria over a period of five years.

Trotter said: "We are thrilled to be expanding into Nigeria, and we are looking at other cuisines over the next few years. Our expansion into Nigeria is informed by the potential in the domestic market and the need to do something rare."

Anson Markle, the firm's director, lnternational franchise operations, said the brands presence in Nigeria will make it the 34th country where the firm has established its presence, adding that the open production strategy is expected to reinforce the firm's commitment to consumers in the area of quality and high standards.

Markle explained that while the coffee is locally sourced, its materials for doughnuts were sourced internationally to retain the standards and recipe enjoyed across its stores when asked about backwards integration policy of the food company.

Nigeria ranks 56 out of 86 in global inclusive Internet index

Goddey Odin

The Inclusive Internet Index commissioned by Facebook and conducted by The Economist Intelligence Unit has ranked Nigeria in the 56th position out of 86 countries surveyed.

The survey index, which is in its second year, provides a rigorous benchmark of national-level Internet inclusion across four categories: availability, affordability, relevance and readiness.

The availability scorecard examines the quality and breadth of available infrastructure required for access and levels of Internet usage while affordability examines the cost of access relative to income and the level of competition in the Internet marketplace.

Relevance on the other hand examines the existence and extent of local language content and relevant content and readiness focus on the capacity to access the Internet, including skills, cultural acceptance, and supporting policy.

Nigeria stood in the 4th position out of 24 African countries surveyed as it leads other African countries in affordability while occupying 17th in the world, thanks to robust competition. However, on availability it ranked poor – 71st out of 86 due to low usage and quality, especially for fixed broadband.

This year's index, which covers 91% of the world's population, is published alongside a new global Value of the Internet Survey, which polled 4,267 respondents from 85 countries, from Singapore and Switzerland to Cambodia and Ethiopia, to gauge perceptions on how Internet use affects people's lives.

The index report indicated that Internet connectivity grew 8.3 percent over the past year, with a 65.1 percent increase in low-income countries. In the 70 countries included in both the 2017 and 2018 indices, the percentage of households connected to the Internet increased on average from 44.9 percent to 48.6 percent, growing by 8.3 percent.

The report noted that progress was fastest in low-income countries, where the proportion of households with Internet access grew from 8.0 percent to 13.2 percent, a 65.1 percent improvement, with the largest year-on-year increases in Rwanda (490.8%), Nepal (138.1%) and Tanzania (87.8%).

It equally noted that the mobile Internet gap between the rich and poor is shrinking.

"The availability of mobile Internet services is an especially vital component of inclusion in low-income countries, where fixed-line Internet access is expensive or inaccessible.

This year's index reveals that the coverage of 4G networking services grew significantly, as networks in low-income countries are being upgraded," it said.

> The availability of mobile Internet services is an especially vital component of inclusion in low-income countries

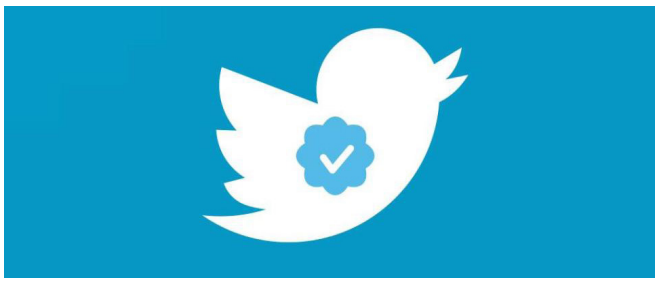
Meanwhile, the cost of mobile connectivity is also falling. In low-income countries, the average cost of a 500MB mobile broadband connection fell from 12.1 percent of monthly income in 2017 to 10.0 percent in 2018, a 17.3 percent cost reduction.

"The gender gap in Internet inclusion is still far too pervasive. On average across the indexed countries, men are 33.5 percent more likely to have Internet access than women, and this gap is substantially more pronounced in lower-income countries. More men have access to the Internet than women in 69 out of the 86 countries included in the index.

"But governments have tools at their disposal to improve the enabling environment for women's Internet usage, including setting gender-specific targets in national digital plans, embedding Internet access in wider gender equality plans, targeting women and girls in ICT skills training programs and making careers in ICT more attractive to them," the report stated.

Twitter set to allow verification badge for general users

Goddey Odin



TWITTER IS WORKING to open up its verification process to allow any user, irrespective of status to become verified.

Jack Dorsey, the company's CEO said in a Periscope Livestream, that "The intention is to open verification to everyone, and to do it in a way that's scalable, where [Twitter] is not in the way and people can verify more facts about themselves and we don't have to be the judge or imply any bias on our part."

Though the social media CEO didn't elaborate further on what this process looks like, other online communities, such as Airbnb, require users to submit a Facebook profile, phone number, email address, or a government-issued photo ID.

Originally, Twitter blue checkmark to indicate verified profiles were given out to large public figures, such as celebrities, and later extended to other high-profile figures, including journalists, which made the checkmark perceived as a status symbol on the platform.

The verification is given to highly sought public figures or those at risk of impersonation, to establish the authenticity of identities. Before this new intention of the company, there is no way the general user can get the verification.

In 2016, according to theverge, Twitter allowed anyone to request verification but asked users to provide reasons they want one. Unless they were established writers, creators, or influencers, the average user was often denied a blue checkmark.

David Gasca, the Twitter director of product said that "The main problem is, we use [the checkmark] to mean identity."

"But in user research ... users think of it as credibility, [that] Twitter stands behind this person and what they're saying is great and authentic, which is not what we meant," he said.

The idea is that if everyone is verified, the company can change the meaning of the checkmark and get users to perceive accounts without verification as suspicious.

Dorsey added that identity, as well as anonymity, is an important part of Twitter, and Twitter doesn't enforce a real name policy because he wants the platform to be a safe space for someone to speak their mind without sharing identifiable information that would "put them in the way of harm."

He also assured that the team is working on better highlighting accounts that are parodies, in order to prevent tweets from these accounts from being misconstrued as facts. (The Twitter account @dprk_news, for example, is often mistaken as a real North Korean news source.)

The unannounced Periscope Livestream is part of Twitter's follow-up to its new initiative to openly discuss the "health" of the company.

Twitter CEO was joined by a team of executives who wanted to provide a transparent and open space to discuss the platform's ongoing battle against its rampant issues, including the spread of misinformation, bots, and abusive or illegal content.

"We have a lot of work ahead, it's not going to be overnight. We're going to be as open as we can," he said.

"That's going to be uncomfortable for us in many ways, but we want to be very open and very vulnerable with you all about what we're facing and what our challenges are," the CEO said, hoping to hold the informal roundtables more often.

Empowering women in technology key to advancing Nigeria economy

Goddey Odin

WOMEN HAVE a critical role to play in the advancement of technology in Nigeria, and driving the growth of the country's economy, according to Wummi Hassan, the chief executive officer (CEO), High-Tech Centre for Nigerian Women and Youth, a non-governmental organisation (NGO).

Hassan revealed this while delivering a speech at the just concluded Nigeria Science, Technology, Engineering and Mathematics (STEM) Summit in the country's capital, Abuja, tagged: "NigFiSTEM".

The CEO said the role of women is critical in the advancement of technology and boosting the economies globally just as she implored women and young girls to put heads together to provide solutions to problems hampering the advancement of technology in Nigeria.

> I want to go home with the impression that change begins with us

"International Women's Day first emerged from the activities of labour. It is a day when women are recognised for their achievements without regard to divisions, nationality ethnic, linguistic, cultural, economic or political," she noted, adding that this year's week has been dedicated to celebrating women.

"For us as an NGO, we thought through the fact that we needed a change in Nigeria. So we brought together women and girls in the secondary or primary schools in FCT to look at problems in their environment and to see how they can collaborate with others to advance technology," she added.

In addition, Ramatu Kamal, deputy director, FCT Education Board, said the board encourages female students to embrace science subjects, revealing STEM's intention to organise an award for female students in science across the country.

Many of the young girls and students at the summit admit being equipped with the knowledge that girls can change and drive this generation to an advancement.

Mercy Anator, a student at Junior Secondary School, Jabi, told the News Agency of Nigeria (NAN) that the summit will go a long way to help them pay more attention to science subjects.

Ngozi Ufum, a student of Government Secondary School, Lugbe, said the summit will help her in her future ambition of becoming a dentist.

"I want to go home with the impression that change begins with us, " she said.

Is Donald Trump right to block U.S followers on Twitter?

Goddey Odin

A FEDERAL JUDGE late last week expressed skepticism about whether Donald Trump, President of the United States of America can constitutionally block Twitter users whose views contradict his, or he does not like from following and retweeting from his own account.

At a hearing in Manhattan federal court, US district judge Naomi Reice Buchwald asked Trump's lawyer, Michael Baer, whether letting Trump block users from the @realDonaldTrump account would violate their first amendment free speech rights.

She encouraged a settlement, suggesting that Trump mute rather than block some of his followers on Twitter, in order to resolve the lawsuit.

The judge asked whether Twitter was different from a public town hall, where government officials would be unable to pull the plug from a microphone to mute speakers with unwelcome views.

"Once it is a public forum, you can't shut somebody up because you don't like what they're saying," Buchwald said.

Baer said the appropriate analogy was not a town hall, but rather Trump choosing to walk away from someone at a public event.

Buchwald scheduled the hearing to consider Trump's request to dismiss a lawsuit filed in July over his use of Twitter by the Knight First Amendment Institute at Columbia University and several Twitter users.

They said Trump's account is a public forum, and that the president cannot block Twitter users simply because they criticize, mock or disagree with him in replies to his tweets.

Trump's Twitter account use draws intense interest for his unvarnished commentary, including attacks on critics. His tweets often shape news and are retweeted tens of thousands of times.

Baer, who works for the US Department of Justice, has also argued that Trump's use of Twitter was personal, and did not qualify as a "state action".

Katherine Fallow, a lawyer for the plaintiff's disagreed. She told Buchwald the record "shows unambiguously that the President operates his account in an official capacity."

It's hard to disagree with Fallow. Trump has, in recent months, used his personal account to announce everything from denuclearization talks with North Korean leader Kim Jong Un, to details surrounding his firing of FBI director James Comey.

> My use of social media is not Presidential - it's MODERN DAY PRESIDENTIAL. Make America Great Again

Even Trump's former Press Secretary Sean Spicer once said this about his use of the @realdonaldtrump handle for public policy announcements: "They're considered official statements by the President of The United States."

Last year, July 1, Trump Twitted that "My use of social media is not Presidential - it's MODERN DAY PRESIDENTIAL. Make America Great Again!"

The U.S president has blocked hundreds of US citizens on Twitter, including Figueroa O'Reilly, self-acclaimed political moderate and a persistent critic of Trump on Twitter, who last year described the president as an "idiot".

On Twitter, when one user blocks another, the blocked user cannot respond to the blocker's tweets. The precise date for the ruling was not stated.

MTN thrilled over Nigeria voice market growth, but doubts its sustenance

Goddey Odin

TELECOMMUNICATIONS GIANT MTN is elated over its financial results for 2017, which shows that voice, measured as talk time in minutes, in the Nigerian market increased by 17 percent year-on-year, but does not expect the trend to continue for much longer, particularly given the experience in other markets where voice revenue remains flat in constant currency.

The company has experienced a 7.2 percent y-o-y growth in the contribution of voice to overall service revenue in Africa's most populous country, where voice revenue for 2017 stands at N3.2 billion.

Ralph Mupita, group chief Finance ffficer at MTN said the telco was pleased to achieve the growth in voice, although has doubt that the trend will remain so for long.

"It was really good to see the continued growth in our voice market where we had a pleasing seven percent in growth for the period. Voice represents 75 percent of service revenue in Nigeria and seeing that level of growth left us pleased.

"Two big factors added to that growth and those are that we had net subscriber growth and we have returnees (subscribers who stopped using their MTN SIM card and moved to another network before eventually returning to the MTN network.) to the network. These two factors had an impact during the year. We expect positive growth for voice in 2018 but not at the exceptional level that we saw in 2017," Mupita said

Rob Shutter, Group president and CEO at MTN, according to itwebafrica, said the development is a reminder that voice remains a cornerstone of the business at MTN.

"Some in the industry think everything is about data and digital, but let's remind ourselves that for MTN as a group we are a 60 percent voice business and for MTN Nigeria it is a seventy-five percent voice business.

"We are certainly building the data and digital businesses, but we better take good care of the voice. Voice in Nigeria is still a growth story," he said, adding that while data in Nigeria saw growth of 86.6 percent (14.1 million active data) in 2017, which was off a low base.

Shutter said data has very low tariffs and modest adoption in Nigeria, but the market remains well-suited to data monetisation going forward and so the company has invested in 1520 new 3G sites and 538 4G sites.

During the last quarter of 2017, the operator's Nigerian business recorded net additions of 1, 965, 518 to bring the subscriber base at year-end to 52.3 million.

The company expects to achieve double-digit constant currency service revenue growth in Nigeria over the next few years.

It is also confident the IPO will go ahead in the country by the end of the first half of 2018.

The Nigeria Bureau of statistics reported in February this year that MTN had the highest active voice subscription in the country with 36.14 percent in Q4 2017.

Need for AI surges as big oil companies ready to tap into the new the technology

Goddey Odin

THE NEED FOR artificial intelligence (AI) is running high across industries, as large companies have begun to inquire about intelligent machines that work and react like humans.

Amid the concern and fear that in the nearest future machines may displace many people from their jobs or eventually be superior to people due to constant improvement, Babur Ozden, co-founder and CEO of AI startup Maana, said he has heard from 20 large oil companies inquiring about artificial intelligence in the last 12 months, up from just six or seven in the prior 12 months.

In an interview with IBD at CERAWeek, an annual energy conference organized by the information and insights company IHS Markit in Houston, Ozden said the reason interest is surging now is because artificial intelligence is "actually doable," as advancements in cloud computing and infrastructure have made the machine more affordable and accessible.

The CEO affirmed that "The industrial world is waking up to best practices. They are all waking up to it."

Tech giants Apple, Alphabet (GOOGL), Facebook, and Microsoft have raced to apply artificial intelligence to their businesses, and now, the oil industry is starting to seize on AI's benefits too.

According to Investor's Business Daily (IBD), several heavyweights in the energy industry are already investors in his company, including General Electric (GE), Chevron (CVX), Royal Dutch Shell (RDSA) and Saudi Aramco.

For now, the energy industry is implementing artificial-intelligence technology in repetitive, everyday tasks like forecasting demand for liquefied natural gas.

However, Ozden believes AI can help oil companies improve decision-making across the enterprise, while also improving efficiency and operations.

The benefits to an international oil and gas company could be measured in a few billion dollars a year, he estimates, as AI is applied to tasks that are reasonably expensive, time-consuming and prone to human error.

The CEO predicted that AI won't change the industry overnight. It will probably take about a decade for AI's use to be fully optimized.

On autonomous car and unmanned ground vehicle, Ozden said that there will have to be autonomous drilling en masse before such cars are on the roads en masse.

In his words, "I believe so because of the complexity of having a car in a metropolitan environment with a number of moving things around it. The drilling environment is more contained — no people trying to cross the street."

IBD reported that Last year, Pioneer Natural Resources (PXD) said using artificial intelligence could help ensure it always drills for oil in the best places.

Timothy Dove, pioneer CEO said Tuesday at the CERAWeek that 2017 was a tipping point for technology like machine learning.

CERAWeek is an annual energy conference organized by the information and insights company IHS Markit in Houston, Texas. It fosters a culture of idea exchange, learning, and relationship-building between industry, government, and society to address the global energy future. The 2018 edition lasted from March 5 to 9, 2018.

'Off-grid renewable energy is not so much to displace oil and gas, but cabling of power'

Miriam Tuerk is co-founder & CEO, Clear Blue Technologies Inc., a Canadian-based company that develops solar and wind hybrid controller and Horizon cloud software for outdoor lighting, security, telecom, and environmental companies. Its solar and wind hybrid controller solution integrates into various products, such as off-grid streetlights and other outdoor lighting, security systems. She was in Lagos for a two-day business trip last week and spoke to STEVE OMANUFEME, on off-grid renewable energy, its benefits and its partnership with a Nigerian firm, Raeanna, to provide off-grid solutions across Nigeria. Excerpts

What are off-grid renewable energy systems and why do they matter in our world of today?

Most of the solar and wind technologies, which are the first wave, have really been focused on putting that electricity into the electricity grids, but the electricity grid cabling and distribution is more than 50 percent of the cost of energy.

So, let's look at it this way: I was driving in from the airport (Murtala Mohammed International Airport, Lagos) last night and all the lights at the beginning of the airport were not working. But when I got into the city, they were, and I noticed that all that cabling, from pole to pole, is the expensive part of electricity and power; that is what cost a lot of money.

In the beginning solar was great instead of coal or gas or other forms of energy to put centrally. However, if you can get rid of all that cabling and just have the power right where you are going to use it, it would have big impact. The best example to look at is your phone; 20 years ago, every phone was a landline and think of how many Nigerians did not have phones and had to wait for the landlines. It was too expensive, and you had to wait for it to go down every street, but today because we no longer have the landlines, more people can have phones in more areas and use it when they want to.

And now, there is a big push to have Internet and cellphone coverage in the whole of Nigeria, and I would say in the next five years you are going to see coverage all over Nigeria for telecom and the big reason is because you don't have these cables anymore.

So if you use the same concept for power, you can get rid of cables now, and all of a sudden, and you can bring light, power and telecoms to every rural community everywhere without having to have distribution.

Our technology is the key part that allows you to have all these off-grid systems. So now you can put up a light pole, Wi-Fi hotspot, security camera or cellphone tower anywhere you want and start to get these spots of energy whether it is at your house or down the street.

The grid system was designed to have some sense of organisation. Now, with this off-grid and everybody having its power wherever and whenever, would it breed some sort of confusion?

That is a very good question. It is the same analogue as the telephone system and since the telephone system was wired, the telephone companies thought of themselves as telephone line companies; they were in the business of managing the lines. But today, they don't do that anymore, they are telephone service companies where they provide you with a service and the reason they can do that is because they can remotely manage and operate the network. They don't need the landline to operate the telecom network.

With our technology, what we have built is the brains of this off-grid system; so instead of having to control power by having these wiring, we put the brain at each of these small spots and managed it as a service. So you put a solar street light or solar powered cellphone and we are doing, with Raeanna, both street light and cellphone towers and Wi-Fi hotspot too, the power is power service not a landline service; so you can remotely manage, operate and control it.

The other thing that is big benefit of our technology is that because we can remotely control and operate it, it means that the technician doing the work no longer needs to be the expert technician from the company, it means the rural person in the town can do whatever needs to be done concerning maintenance and installations because we tell him what to do. So we can diagnose what the problem is and we can tell him what to do. The person doesn't need any training. For example, when you bought your phone, you didn't read the manual on where to plug the cable, you kinda knew that this one goes into there because it is the only one that fits and it is the same with our technology. We have color coded connectors and when the technician gets it, he plugs red into red, yellow into yellow, blue into blue and he's done, and most of the maintenance goes away - 75 percent of the maintenance is gone away and the remaining 25 percent we can use local people to do the installations because the training and expertise that they need is not specialized, it is very simple to do.

From a layman point of view, how can off-grids work in a city like Lagos? Do we need them for small communities or streets or house-to-house?

No, once you understand that the cost of the cabling is 50 percent the cost of electricity, then the idea is to get rid of the cables. So put the power right where it is needed. So you drive along and you need to power a streetlight, a market square, a school, church, you just plunk a pole down and it is all in the pole, no cabling required. And if you want to power 10 streetlights, you need 10 solar panels since it takes one solar panel for one streetlight.

> when we started this company, 7 years ago, the solar panels we used were costing over $1400 and today it is about $200, so it has reduced a lot in six years

So why would you put 10 solar panels in a central area and wire to the ten street lights when you can put one solar panel on each pole? Plus it doesn't use the land, it is on top of the pole because you don't want to have that on the land because you want to use the land for farming, living and other things. So it is completely decentralized as it is right at the location. But it is not for every use as bigger buildings, bigger areas need to have power from the grid. With off-grid power you can right size the grid to where you need it. For example, it would be cheaper if this whole parking lot [Four Points By Sheraton, Lagos) was connected to solar than to do all the wiring.

Let's talk about your projects. We learnt Clear Blue Technologies has announced partnerships with some Nigerian firms. We would like to have details on this partnership and the project you are working on?

Raeanna is a very interesting company. I met them through three or four different connections. They are very entrepreneurial, they are focused on helping rural areas with telecoms, power, Wi-Fi services and security and they had seen that many of these solar systems were having lots of problems. So, in their experience, when they talked to the government, they saw that what they installed was not working properly as some of the batteries were bad. Basically, the statistics for streetlight and solar systems that are small like this is that 50 percent of them fail, they don't work properly.

Nigeria is a very harsh environment, it is as harsh as north Canada. You have a lot of dust and dirt, very hot weather, and these are difficult for solar systems. So they talked to some of our other partners who advised them talk to Clear Blue Technologies. They bought a few test systems from us and they tried our technology and tested us here in Nigeria to make sure it works. And now Raeanna has forecast that it is rolling out a thousand small cellphone systems across rural Nigeria and they hope after they do Nigeria they can expand to other African countries because they are good business people.

These cellphone towers now use satellite connections to the Internet and to the cellphone systems, so they can plunk the tower down, they use the satellite to connect, they put cellphone coverage service in then they have an off-grid system. They will operate that throughout Africa and they are hoping to bring all of the big telephone carriers on the systems, so that when you are in that town, you got 9mobile, MTN, and all the different carriers because the tower they are going to put in will support all the different service providers.

So they have partnered with us to provide the systems, and one of the things that we do is because we know that our whole purpose is to make it reliable and work, you don't just say take it and go have fun with that, we actually operate and manage it as well. So Raenna has a control center where they can log in and see everything but our control center is watching it as well. So if we see a problem in the system or alarm or if it is going to be bad weather for a few days, then we can remotely help and support these systems. The cellphone towers are basically lighter, they never have to go to them, and they don't have to touch them because they can be controlled remotely from our system.

We learnt you are also working with Nuran. What is your collaboration with Nuran?

So, Facebook basically wants to bring the Internet to all of Africa and they have started a project called Telecom Infra Project (TIP) and they are looking at all the problems as why there is telephone service in Lagos and Abuja but not in the north and other rural areas. And they partnered with another Canadian company called NURAN, to build a cellphone radio that is specifically for rural telephoning. There are two or three companies that do that and one of them is NURAN, so NURAN is providing the rural cell telephoning systems, and we are providing the rural power system and Raenna are making the investments, so they invest and build those systems, and own and operate them and get ongoing revenue, so they are making big investment in building and operating these systems.

So you are not investing, you are just a technical partner?

In this first phase, we are not bringing money. Whenever you want to bring in money, it takes time and we wanted to move quickly. But the Canadian government is much focused on exports to Africa especially clean energy. You may know our new prime minister, Justin Trudeau, so the Canadian government export agency, Export Development Corporation, does provide financing guarantee and we have partners for financing so our hope is that when we roll out some bigger projects, we hope to do a lot of street lights in Nigeria, that we would also bring financing as well.

What is the minimum and maximum size of an off-grid system, and how is this consistent across countries and organisations?

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New investments

OPEC's Barkindo sees global crisis without new investments in oil industry

Bukola Odufade

TWO YEARS AFTER the downturn of the global oil industry, the industry has still not fully recovered having experienced a $1trillion deficit in investment in 2015-2016, Mohammed Barkindo, secretary general of the Organisation of Petroleum Exporting Countries (OPEC) said in Houston last week, noting that during the last oil cycle, especially from 2015 to some parts of 2017, the global oil industry witnessed a sharp contraction in investment capital, which "is not healthy for the continued growth and development of the industry."

The reason for this sharp contraction in investment, Barkindo noted, was the severe volatility in prices, the lack of certainty of timeline of the last oil cycle, and eventual consequences of the oil cycle, which all impacted the industry negatively.

Oil prices have remained volatile and vulnerable, and this has contributed to the contraction in investment capital in the industry. As prices slumped from an all-time high of over $100 per barrel in 2014 to less than $40 per barrel in 2015, ending during the last oil cycle, investors lost confidence in the industry. The tide has since then turned and prices have gradually increased to reach the relatively 'stable' range of $65 per barrel, but investment capital still seems to be lacking.

> is not healthy for the continued growth and development of the industry

Also, during the oil glut of 2015-2016, investors and oil producers were uncertain on how long it would last given the fact the slump caught the industry unaware. This was another reason for the decline in investment capital in the industry.

The consequences of the last oil cycle have also contributed to the lack of investment with Barkindo stressing that the lack of certainty, one of the consequences, was a major concern to financial players as "financial markets are continuing to have an impact on oil, particularly on physical oil," he said.

He warned that despite strong supply and even stronger demand fundamentals, "if trend of past few years continues, God forbid, we would be sowing seeds for a future global energy crisis nobody wants to see."

He, however, said that OPEC remained optimistic that the global financial community, together with the energy industry, will make the lack of investment capital a priority, saying, "we need to catch up with the lost investment opportunities that we had, going forward, in order to restore stability on a sustainable basis."

Amin Nasser, the chief executive officer of Saudi Aramco, who had earlier said the oil industry will need $20 trillion in investment over the next 25 years, added that investment needed would only come if investors are convinced that oil will be allowed to compete on a level playing field.

Barkindo commended U.S shale producers on their aggressive cost cutting techniques, application of technology and managerial techniques, which enabled them to raise productivity and efficiency while driving down costs. The rest of the world has a lot to learn from them, the OPEC scribe said.

LNG buyers, suppliers mismatch could cause shortage in 2020s

Bukola Odufade

A "MISMATCH" BETWEEN LNG suppliers and buyers could be the reason for a forecast supply shortage by Royal Dutch Shell in its LNG outlook for 2018. The world's top LNG trader is predicting a supply shortage for LNG in 2020s.

World LNG demand is estimated to reach 500 million tons per year by 2030, but could peak and drop to 300 million tons per year if $200 billion worth of new investments were not injected into the industry.

The reason for this divergence between buyers and suppliers is that LNG suppliers and producers want longer contracts in order to secure finances and revenue certainty, while LNG buyers are avoiding long-term contracts and seeking smaller and flexible purchases, which are in line with their competitive position in the downstream market.

Analysts are of the opinion that the reason why LNG buyers are taking this position is because the buyers can take advantage of the fluctuating prices in short term contracts as some countries are establishing new LNG trading hubs, which are supposed to increase liquidity and transparency in pricing.

Because of this stance taken by the buyers, suppliers might decide to hold off on new investments. In the meantime, the face-off between suppliers and buyers threatens to create uncertainty in the industry.

Maarten Wetselaar, Shell's head of integrated gas and new energies, noted that, "the industry is still looking at quite a challenge to build supplies to meet demand in the 2020s."

Despite this uncertainty, global demand of Liquefied Natural Gas (LNG) continues to outstrip supply as tremendous growth has been recorded these past years with demand hitting 293 million tons per year in 2017 and with more record breaking levels expected.

Shell forecasts global demand for LNG to grow by an average of two percent per year until 2035, making it the fastest-growing source of energy over the period, and Africa, Australia and U.S. mostly accounted for the increase in LNG exports. LNG imports increased by 29 million tons in 2017 alone, according to the report.

Japan still remains the largest importer of LNG in the world with 83.63 million tons in 2017 and China shot past South Korea to land at the second position with 38 million tons, a 50 percent increase from last year. With these, Japan, South Korea and China now make up 60 percent of the world's LNG demand.

'Off-grid renewable...

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An off grid system can be any size; most companies in the world were focused on the solar renewable that plugs into the grid or that does a town and those systems are called micro grid system. They are different technologies from when you go really small.

So our systems are really focused on zero to 10 kilowatts. You know there is the whole Internet of things devices. So we are looking at street lights, security cameras, telephone systems, agriculture controls and sensors, oil and gas sensors, mining sensors and those kind of smaller internet of things devices because the technology is more difficult in that area. More importantly because you don't have unlimited mass amount of power - you have small and so if we were all connected together then if this guy runs out of power then it wouldn't matter because he can get from others, but because each person has his own power, you have to power manage the device, because once it runs out of power, you are done.

So managing it to make sure that the system is fully reliable like the energy of an off-grid system in the north versus the long coast is two totally different systems because the weather is different and we are focused on patents and technologies on how to make small, we call that Nano grid so we are focusing on 0-250 kilowatts hour per day, so a ten, twenty or thirty kilowatts generating system every day.

So what is the average cost of providing a kilowatt of power from your technology?

You take a regular street light and you make it as an off grid street light, the whole off grid components, the solar panels, batteries, our technology, the cabling, all of the extra stuff required can start at $500-$800. When you look at a cellphone tower it depends on the amount of power they run but the off-grid power for a system like that would be from $4000-$10000, and for that you just plunk it down, it is installed in a day, that is everything you need, there is no construction, no timeline just everything you need. So for example, when we had the big hurricane in Puerto Rico, we put cell phone systems in here within days, we flew them in and we had them running. And they won't have power for years but wherever we were, they have got power right within 24 hours.

So your technology for Nigeria is mainly solar, do you have any other projects on other renewables?

We do have hybrid systems. So our technology support solar, wind- solar, solar hybrid with diesel on grid but we do a lot of wind-solar systems. So, in those areas where there is a lot of wind, we could support that but wind technology is more expensive though so sometimes you don't need it. Solar is good enough and you have a lot of sun here many systems might not need wind because it is expensive technology.

To what extent should the hybrid with diesel technology be counted as off grid?

Well anything that is disconnected from the grid is technically of the grid but when we design a system, we design a system 100 percent solar or 99 percent solar and the diesel is only the emergency back-up. It is just when there is a problem like extreme weather, so we have a pattern on weather forecast, it is like my father used to run out of gas all the time when I was a kid, he had a canister in the back and would have to walk to the gas station. But you and I never run out of gas anymore because the car tells us it is getting low. So we have a patent on weather forecasting and we can look forward on what is the weather for the next five or six days and if we are going to run out of gas, we can manage through it. So most of the time, we only use diesel if it is really mission critical, like if it would be used for security camera, but I would say less than 5 percent of our systems are with diesel, most people are using solar because solar is cheaper, than diesel, because solar panel lasts for 25 years, and you don't have to put gas in it and it has no moving parts, unlike a diesel generator. So we try to stay mostly solar.

We have been hearing about solar panels for a while but in Nigeria, the cost of acquiring one is still very high, so with your coming, will the prices come down?

Yes, it has been coming down, like when we started this company, 7 years ago, the solar panels we used were costing over $1400 and today it is about $200, so it has reduced a lot in six years and I believe it is still going to push down, and I believe that as it becomes more widely adopted, price will come down.

Would you consider vegetable oil as a renewable energy application if it is used to power a generator?

I don't know the answer to that. I'm not an expert but I believe that yes, it is a renewable energy, something you can renew every year. I don't know about the state of agriculture in Nigeria but I know in North America, the cost of food is very expensive and part of the reason is because people are using the farm produce for fuel instead of food.

So, now there is a big push to push it back the other way, to use solar and other forms of renewables and using the agriculture land for food. As you know, Canada is a large oil country too, we have a lot of oil, I don't think oil is going anywhere soon but it is a question of right sizing every industry for the best application to use it for. Our business case is not so much to displace oil and gas but to displace the cabling, and the cabling and distribution takes so much time and money and it is very dirty.

It is really about the lowest cost solution and our programmes don't require government subsidies. Because, in America, if you are doing solar into the grid, you need to have government subsidies to do that, but in this case, our customers are not getting government subsides so for example, last year, we did four projects with U.S. government, even under Trump, who is anti-green energy. Why? Because it was cheaper to go off-grid than on-grid. So we did four projects with U.S government because it was going to cost them more money to do the cabling, concrete and all that stuffs than to go with the on-grid system.

So going forward, are you looking to establish an office here in Nigeria, since more of these projects will be coming?

I don't know, but if we did, it would be a joint partnership with a Nigerian company. As I said, one of the great things about being a Nigerian company is that we have the multi-culturalism, we have people from twenty different countries in our office and we really want to partner with local companies. So if there is going to be an office, it would be joint venture with someone here. So we would see how the next few years go, but that is part of the reason why I'm here, for us to get to that point where we can open an office here.

LAGOS MEANS BUSINESS: A PARLEY WITH THE GOVERNOR OF LAGOS STATE

Akinwunmi Ambode, the governor of Lagos State, last Tuesday met with business leaders in Lagos to share his vision and plan of his government for the state and the business community. He said it was a parley to learn and take inputs, specifically stating: "Whatever we discuss here today will be taken seriously." business a.m. JAYEOLA ISAAC captured some personalities at the event.

Governor Ambode addressing business leaders at the parley


Olayinka Oladujoye (left), commisioner, ministry of commerce, industry & cooperatives in a chat with Olabintan Famuntimi, president, Nigerian-American Chamber of Commerce


Jim Ovia, chairman, Zenith Bank, with microphone making a comment. Seated L-R are Donald Duke, former governor of Cross River State; Adenike Ogunlesi, MD, 'Ruff'n' Tumble; Oluranti Adebule, deputy governor, and Akinwumi Ambode


Governor Ambode and Otunba Subomi Balogun, founder, FCMB Group


Aliko Dangote, president, Dangote Group


Accountant turned farmer, Emmanuel Ijewere


Tony Elumelu, chairman, United Bank for Africa, with microphone, making his comment


Ekanem Kufre, corporate affairs adviser, Nigerian Breweries; Steve Ayorinde, commissioner for tourism, arts & culture; Steve Omanufeme & Phillip Isakpa both of ***business a.m.***

Industrialisation

Steel production: Crucial road to be travelled

For long, the Nigerian government has clamoured for the growth of the non-oil sector as a pathway to the nation's development, focusing more on trade and exportation of raw materials. However, many analysts believe that the country needs to pursue industrialisation; but industrialisation needs a robust steel sector to emerge and thrive. They say without the development of the steel sector, little or nothing can be achieved. Ajose Sehindemi, reports on what they say is wrong with Nigeria's approach.

NIGERIA, AFRICA'S MOST populated country spends about $4.5 billion (N887 billion) annually on importation of basic metals, made up of processed steel, aluminum products and associated derivatives consumed in the country, Kayode Fayemi, the minister of solid minerals development, disclosed recently. He added that Nigeria imports about 25 million tonnes per annum.

With 30 steel manufacturers producing only about 2.2 million tonnes yearly of basically scraps and billets, 90 percent of steel used in the country are imported, mainly from China and Ukraine. But the government appears unbothered about the significance of steel development to economic progress.

International practices have revealed that a vibrant steel sector can accelerate the industrial development of any nation faster than any other sector since its materials can be for domestic and industrial uses, such as in engineering and construction, manufacturing of cars, ships, vehicle amour and general machinery.

Yemi Osinbajo, Nigeria's vice president recently said the country is the 12th largest iron ore resource country in the world, which means that to produce steel, which is used in various applications around the world, importation of the raw materials would not be necessary since they are available in abundance.

But that wasn't the case decades ago when the government realised the importance of steel to the development of the nation and planned towards it.

This led to the establishment of the National Steel Development Authority (NSDA) in 1971, by Yakubu Gowon, the then military head of state, to harness the country's numerous natural resources, part of which was the estimated five billion tonnes of iron ore reserves expected to see to the growth and development of the nation. Decades later, abundance of easy crude oil, mismanaged by successive governments, has turned the nation's economy backwards with the steel sector in comatose.

The impact is felt down the value chain as the price of metal goods in the country has gone up, effectively slowing the pace of industrialisation, and fuelling underdevelopment and creating unemployment and poverty across the country.

The iron and steel industry in Nigeria was developed as a public funded integral industry. Between 1979 and 1983, the government jump-started iron and steel production with emphasis on the importance of iron and steel in developing and driving local production of goods, as a strong iron and steel industry was projected to reduce demand of foreign currency used in the importation of steel products.

To realize the industrialisation agenda of the government through the steel industry, various steel companies were founded, notably the Ajaokuta Steel Complex in Kogi state, Aladja Steel in Delta, Oshogbo Steel Rolling Company, Osun State, Katsina Rolling Mill, Kaduna and several others were initiated by the civilian administration of Shehu Shagari in the 1980s with the aim of making the country self-reliant in steel production, as well as serving as a bedrock to diversify the nation's economy, which has been dependent on crude oil.

> If we don't use the resources of the head to add value to the available minerals, they will just be there

As at 1983 when the government of Shagari was toppled by the military general, Muhammadu Buhari, Ajaokuta Steel Company was 84 per cent completed. Shagari also completed and inaugurated the Delta Steel Company, Oshogbo, Katsina and Jos Steel Rolling Mills, that were in the then integrated steel development scheme of government.

Decades later, since the commencement of some of these projects, most of them were abandoned mid-way as a result of gross ineptitude, corruption, and lack of political will to ensure their full operation.

The most worrisome to Nigerians has been the abandonment of the Ajaokuta Steel complex, which was said to have the capacity to employ close to two million persons - direct and indirect beneficiaries, aside the other boost to the economy of the country, as it was deemed pivotal to Nigeria's industrialisation, hence the reason for its construction in the first place.

Another worrying fact is that Ajaokuta Steel complex has been bandied to be 98 percent completed (from 1983 to 1984) for a very long time, although Fayemi said last week that an ongoing audit of the complex, which report will be ready in six weeks, will show the extent of work that has been done. So far, government has spent over $5 billion and only requires less than a billion dollars for it to become fully operational, but it has been abandoned and even concessioned to a foreign firm once, but without improvement on it. After various court cases, government reacquired it from the concessioner after it complained that the properties of the steel company were being stripped off, which left analysts bewildered as to why it was given out cheaply.

For John Ade-Ajayi, a professor of Metallurgical and Materials Engineering at the Federal University of Technology, Akure and immediate past president of Nigerian Metallurgical Society, Ajaokuta steel is affected by two major issues, which are international conspiracy and corruption from within.

In an interview with business a.m., Ade-Ajayi said: "The reason they (government) gave the last time when asked about progress on the project was that it was a court case. They are able to use it for projects as if it is there, they vote money for it, spend it and repeat the process again and that's the end. But if the government actually wants that place to work, it must have the political will and correct leadership. The experts must be brought together with those in Diaspora; they should be sincere about development.

"The western world will not want it to work because Nigeria is a very large market. Even the Asians, Indians and Chinese are looking for their markets. Now China is the largest producer of steel. How will you say you are constructing rail from Lagos to Kano and you are going to be importing rail from China when we can produce our own? It is the most anomalous thing.

Why don't you let your priority first be on production of these steel for instance. We don't produce and we are only feeding China".

On whether the government prioritises the steel sector for the country's development, Ade –Ajayi said: "There are two basic important industries in the world. All the things we deal with are either products of mining or agriculture. You either mine or grow them. We have different types of mineral resources, some are metaliferous, quarrable, gemstone, uranium, but they are all mined. The resources of the earth can only be made useful by applying resources of the head.

"If we don't use the resources of the head to add value to the available minerals, they will just be there. The development of a nation is not dependent on the amount of mineral resources it has in the earth but the amount it is able to transform. After all, there is no single mineral resource that is mined in Singapore but it is a developed country. They import these minerals and do wonders with them. They don't mine iron in Japan but the brains are there, they get the raw materials, turn into products, consume and send out. Nigeria has these things on ground and then we go and import just as we do with oil. There must be a policy on ground insisting that things we cannot produce as much as possible, we must not consume them. But before we do that we must have installed some things."

David Esezobor, a professor and co-chair of the Iron and Steel Development Committee of the Nigerian Society of Engineers (NSE), thinks the government should be more concerned about rounding off work on the steel company and commercialise it for some years before thinking of privatization.

The professor of extractive metallurgical and material processing urged the government to invite the original builders to complete the project as opposed to concessions and, also, that privatizing Ajaokuta Steel without completing it would amount to disposing the treasured steel firm as scrap to buyers.

Many others call on the government to invite the original builders of the Ajaokuta Steel Company, Technopromexport of Russia, to come and complete it as their other steel companies around the world are working at full optimum and wonder why Nigeria is so different.

Such a position has already been discountenanced by the government. Fayemi, in a statement, said at the weekend that government will not spend a kobo again on the revival of the steel complex.

On the role of steel in national development, Ade- Ajayi said a look at the 10 most industrialised nations of the world revealed that the level of their development has direct relationship with the level of production of steel, of course iron.

"The nation that controls iron controls the world. The day we are able to produce our steel that is the day we begin industrialisation. If you are going to build rails, refineries, automotive, even ship, you have to have steel. Without steel, we haven't started," he asserted.

It is not all gloomy though as a company in Nigeria, African Industries Group, founded in 1971, said it had started to export finished steel products to the outside world.

Alok Gupta, its group managing director, said recently that it had been exporting non-steel products to regional markets for many years, and according to him, their steel products had to compete with big produces from Ukraine, Russia, China and other developed countries.

Gupta projected that the company's target is to export between 150,000 – 200,000 metric tonnes of steel on an annual basis to start with.

He said:"Our exports of steel during first nine months of 2017 have increased over three folds by weight and value compared to the full year 2016. To put numbers on it, our 2017 export was $25 million compared to $4.1million in 2016."

He listed the challenges faced by some of the local manufacturers of steel to include logistics and fiscal policies issues. "Sea freight between Lagos and other West African countries is almost double of what it cost to bring the steel product from Ukraine or China. For example, sea freight from Ukraine to Ghana is $35-40 per MT while from Lagos to Ghana cost $65 per MT, i.e. almost 50 per cent more," he said.

'Solid minerals need value addition to thrive'

The Nigerian solid mineral sector, particularly the metal subsector has been struggling to achieve optimal performance owing to gaps in ineffective policy formulation, implementation, funding, as well as corruption. But despite this, the Mining and Quarrying subsector recorded about 91.78 percent growth in 2017, substantially higher than -10.34% recorded in 2016. In this interview, Professor of Metallurgical and Materials Engineering, John Adeajayi, former president of the Nigerian Metallurgical Society (NMS) tells TEMITAYO AYETOTO that such growth will remain inconsequential in terms of real impact, except the government integrates value addition into the processes.

The mining industry remains a troubled sector of the economy. Why does this sad reality persist?

Mining has not been given adequate attention and one of the problems is that there has not been anytime a professional headed the ministry. You don't expect good result when they continually run sector as if the ministry is cursed. I joined the ministry in November 1973 in Lagos and I was in the ministry for approximate 19 years. Business that a typical Igbo man will do and succeed, when the federal government touches, it waders and the reason is because we have not been able to get the right professional as minister. Why don't they put historians as minister of health and say it's all management? Why don't they put a specialist in Yoruba as minister of Justice? You must put a professionally competent person in a ministry like ministry of solid minerals.

One of the problems we also have is that our leaders give impression that solid minerals start and ends with geology. It is a relay race. We don't get to the level where we add value to the conscious policy that is implemented to add value to these minerals. Nigeria has over 44 minerals in virtually all the local governments, but there is hardly any place where you see value being added. So when they talk about economic contribution increasing, it has no meaning.

What substance is lacking in the industrialisation drive of the nation?

Of all the countries that make up southern Africa, the level of their commodities production, their GDP is directly proportional to the quantum of metal products; not the amount of minerals on the ground but the quantum of the processed metals that come from them. That is exactly what we have not done. We have not added value. We have a place where we can produce lead (PB) in Nigeria from ore, but we haven't. Zinc, iron, and aluminium we haven't. We just mine the oil and sell abroad, sometimes illegally or through government getting royalty.

There is no actual mining in Nigeria. What we have is essentially illegal mining. The next is quarrying, that is blasting of rocks, where shale and clay, granite are produced for road construction, but the actual mining, which should actually take place at Itape near Ajaokuta, is virtually in comatose.

If revamping measures are to be taken, where do they begin?

There are two basic important industries in the world. All the things we deal with are either products of mining or agriculture. You either mine or grow them. We have different types of mineral resources, some are metaliferous, quarrable, gemstone, uranium but are all mined. The resources of the earth can only be made useful by applying resources of the head.

If we don't use the resources of the head to add value to the available minerals, they will just be there. The development of a nation is not dependent on the amount of mineral resources it has in the earth but the amount it is able to transform. After all, there is no single mineral resource that is mined in Singapore but it is a developed country. They import these minerals and do wonders with them. They don't mine iron in Japan but the brains are there, they get the raw materials, turn into products, consume and send out. Nigeria has these things on ground and then we go and import just as we do with oil. There must be a policy on ground insisting that things we cannot produce as much as possible, we must not consume them. But before we do that we must have installed some basic things.

The Ministry expects to spend an additional $2 billion for the Ajaokuta steel project. That is among various loans such as MinDiver (Mineral Sector Support for Economic Diversification Project) and the 2017 $150 million World Bank loan. How far can these take the sector?

If we do not add value we are wasting time. Most of the equipment purchased with the loan will still come from abroad. So the money goes back to where it came from. Even if they bring heavy mining equipment now, most of the best brains have left the country. There is technical deficit in the ministry. The minister's policies cannot succeed if the people in the ministry are not motivated; if their salary, allowances or vehicles are not in good condition for them to go to the field; if they are not sent for conferences locally and internationally to see what is done, we are just wasting time. The emphasis should not just be on mining but solid minerals development. But mining is central. But what is the essence of taking the mineral out if you cannot add value. You cannot have control over the price of a commodity if you don't add value to it. Whatever contribution the industry makes to the GDP does not make meaning if value is not added.

Which areas should be the focus of investments?

We still need to invest but we must invest properly. We must invest first of all in human resources because the man is the most important of all resources. There must be quality education and meaningful research. The research we are doing has no meaning. Every professor should have a laboratory, the people he/she mentors, and problems to solve. Lagos State has mineral like any other state but they don't have metalliferous mineral. Metallic products from junks of computers can be recycled. The research we are doing has no bearing with the problems. Look at this university; we have metallurgical department but nothing on mineral processing.

What is your expert assessment of the ministry's performance under the current minister, Kayode Fayemi?

The present minister is doing well. He goes about and you can see him on the field. But his best is not good enough. The fact is that we must get the right person. It's too politicised. The day we produce liquid steel is the day industrialisation starts in Nigeria. We shouldn't take shortcuts.

The fact of the matter is that we have misplaced priority. You have a relay. A geologist should hand over to a mining engineer, he should hand over to mineral processor and to extractive metallurgy. You set up a committee with the chairman as geologist and co-chairman as geologist, what report are they going to produce. After that they set up an implementation committee and still put a geologist. That is anomalous. We should check this. That is why things are not working. True progress in any field is a relay race and not a single event. There must be more attention on mining which is central, value addition. We even have enough of the discovery for now.

The unfortunate thing is that mineral resources are depletable assets and that's why it behoves any nation to explore, exploit, process, extract and utilise judiciously. If we have a ministry to ensure that this thing is done, we will not be where we are. The GDP of South Africa is connected with the mineral resources. The same thing happens in the United States. One of the things that sustain the economy in Ghana is solid minerals, especially gold.

How can the sector retrace its steps?

The way out is transformational leadership and not transactional leadership. At micro level, there must be synergy among academia, industry, and government. If you go to ministry of solid minerals now, the policies there have no bearing with the problem on ground.

The research we do in our university, because there is no equipment, people have to graduate, lecturers want promotion and they just write papers and publish and not solving any problem. Most of our best brains are now going to South-Africa to solve their problems for them. They give our boys scholarship and drain the country of brain. This is the challenge.

Apart from leadership, we have to see the development in the sector as a relay race. True progress in any field is a relay race and not a single event. A geologist will tell you where you can find a mineral, it is the miner that will use his engineering skill to take the mineral out and bring it to the surface. It is the mineral processor that will first of all process it so that the impurities will be removed, then the metallurgical person will get the metals out.

There must be government, industry and academic synergy. Where things work all over the world, the government gives the policy and conducive environment, the academia train the manpower and do meaningful research and the industry brings out the goods and services. Experts and professionals must occupy their right positions.

Agricultural exports are up 54.9% to 44.7bn, says NBS

Temitayo Ayetoto

AN INCREASE of 54.9 percent with a value of N44.7billion was recorded in agricultural goods exports for the last quarter of 2017, the National Bureau of Statistic data has shown. The figures compared favourably against exports of N28.8billion that were recorded in Q3, according to the data.

The total value of trade in agricultural goods in Q4 2017 stood at N272.2 billion, representing 4.52 per cent of total trade in Q4 2017, as agricultural exports represented 1.14 per cent of total exports and 10.8 per cent of total imports in Q4 2017.

Agriculture exports in the quarter were driven by the export of sesamum seeds, which accounted for N15.8 billion or 35.3 per cent of the total agriculture exports and 0.40 per cent of total exports.

During the quarter under review, sesamum seeds worth N6.3 billion were exported to China, N3.0 billion to Turkey and N2.4 billion to Japan.

sesamum seed exports were followed by the Nigerian cocoa beans exports valued at N14.5 billion or 33 percent of agriculture exports and 0.37 per cent of total exports.

The produce was exported in Q4 2017 principally to the Netherlands (N7.4 billion), Malaysia (N2.9 billion) and Indonesia (N2.3 billion).

Other major agricultural products included frozen shrimps worth N4 billion or 9 per cent of agriculture exports, which were exported mainly to Netherlands (N1.9 billion), Belgium (N0.6 billion), and Vietnam (N0.6 billion); flour and meals of Soya beans worth N3.6 billion (8.0 per cent of agriculture exports) exported mainly to Spain (N2.5 billion); France (N0.99 billion) and cashew nuts worth N2.1 billion (4.7 percent of agriculture exports) exported mainly to Vietnam (N2.1 billion).

Others include: crude palm kernel oil worth N911 million, ginger worth N786 million, other cut flowers and flower buds of kind suitable ornamental purposes fresh, dried, dyed N481 million, Nigerian cotton lint (noga) N315 million, soya beans, whether or not broken N276 million, maize (corn) starch: pharmaceutical grade N213million, gum Arabic N160million, groundnuts: other, N68million; other frozen shrimps and prawns N56 million, wheat or meslin flour N41 million.

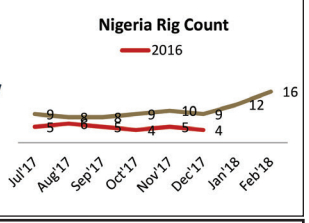
However, with regards to imports, agricultural imports valued at N227.5 billion were imported in Q4 2017 compared to N231.5 billion in Q3 2017 and N231.8 billion in Q2 2017. This represents a 1.7 percent decrease over Q3 2017 and a 15.9 percent increase over Q4 2016.

The report also revealed that Nigerian agricultural imports in Q4 2017 accounted for 10.8 per cent of total imports in the quarter under review.

Major agriculture imports in Q4 2017, according to the report, included Durum wheat (seeds) worth N313.2 billion from United States, N132.2 billion from Russia, N128.1 billion from Canada; Durum wheat (not in seeds) worth N140.4 billion from Russia, N97.1 billion from the United States, N83.5 billion from Canada, N7.2 billion from Australia; as well as Herrings worth N47.2 billion from Netherlands, N21.7 billion from Russia; and Mackerel meat, frozen worth N44.1 billion from Netherlands.

Burning Economic Issues

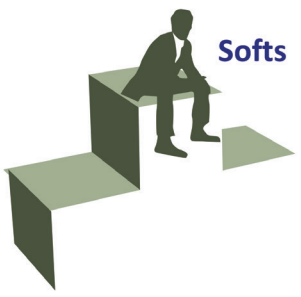
- Nigeria's rig count jumps 33% to 16 in February
- Domestic oil production dipped 0.5% to 1.82mbpd in January
- Brent oil up 0.19% to $64.46pb
- CBN intervenes with $210mn
- Kebbi state to produce 2.5mn mt of rice in 2018
- Naira flat at N362/$ (parallel)
- Inflation projected to decline to 14.75% in February
- On grid power output up 7% to 4,046MWh/hr



Outlook – Agric Prices

Grains

- Expectations of ample U.S. stockpiles ahead of USDA's outlook will weigh on prices.



Softs

SUGAR

- Concerns of ample supply and declining exports would continue to depress prices

COCOA

- Expectations of lower main-crop harvest in West Africa would boost prices

Domestic Commodity Price Movement

	Commodities	CURRENT PRICES (LAGOS) CURRENT PRICES	PREVIOUS PRICES	DIRECTIONAL CHANGE	Lagos Price 1 year Low	1 year High
Price Elastic	Palm Oil (25L)	N13,000	N13,000	⟷	N6,000	N25,000
	Semolina(10kg)	N3,000	N3,000	⟷	N1,800	N3,500
	New Yam(small tuber)	N400	N400	⟷	N400	N900
	Tomatoes (50kg)	N8,500	N8,500	⟷	N8,000	N28,000
Price Inelastic	Garri (50kg) (Yellow)	N7,000	N7,000	⟷	N7,000	N16,000
	Rice (50kg)	N13,000	N13,000	⟷	N13,000	N22,000
	Flour (50kg)	N9,500	N9,500	⟷	N8,500	N11,000
	Sugar (50kg)	N16,000	N16,000	⟷	N8,000	N20,000
	Beans (Oloyin) (50kg)	N27,000	N27,000	⟷	N12,000	N34,000
	Cement (50kg)	N2,550	N2,550	⟷	N1,400	N2,700

Consumer Goods – Current Price Lagos

GOODS	Street price	Supermarket price	% difference
Pepsi (50cl)	N120	N100	20%
Beer (60cl)	N250	N280	-10.71%
Bread Loaf	N350	N400	-12.5%
Indomie (1 carton)	N1,900	N2,100	-15.5%
Gala (big size)	N100	N100	0%

Domestic prices remain flat

Agric Commodities

Wheat

•Wheat futures down 0.84% to $186.20/ tonne

On the back of improved weather conditions in the U.S.

Corn

•Corn futures down 0.26% to $154.90/tonne

In anticipation of USDA's outlook for corn

Cocoa

•Cocoa prices down 0.04% to $2,440/mt

•Amidst mixed sentiment on growth in global confectionary market.

Sugar

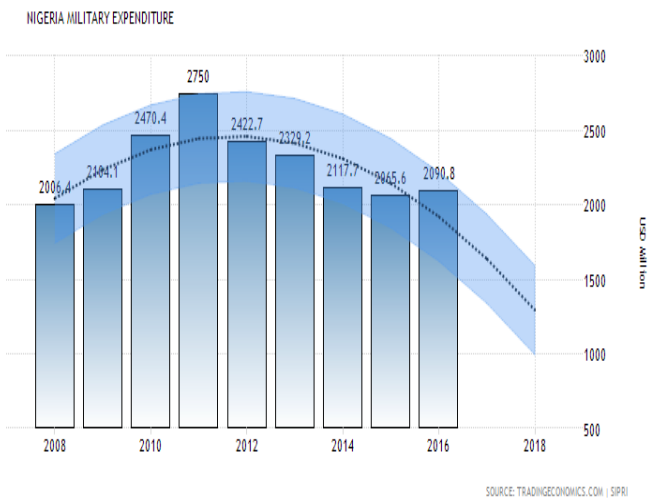
•Sugar prices down 1.19% to $0.1329/ pound

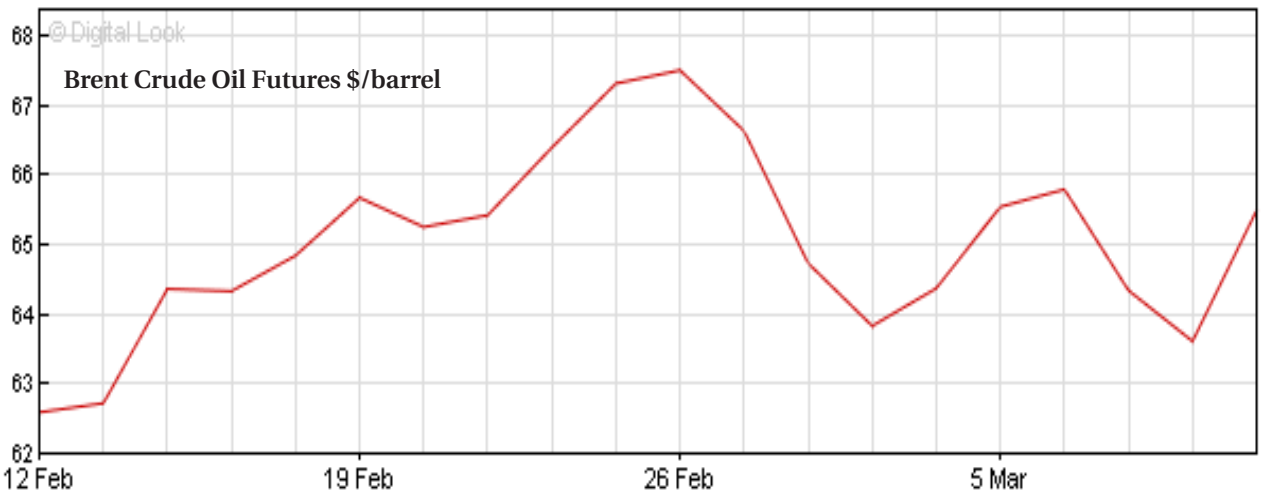
•Following forecasts of robust Indian sugar output.

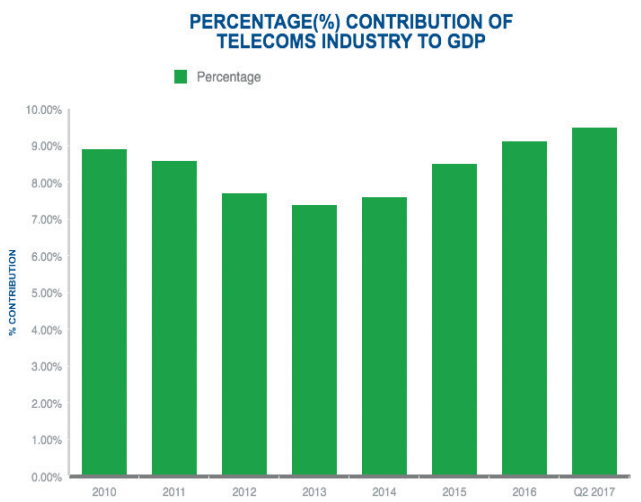
Futures prices as of March 9th, 2018 - 10:56 CST

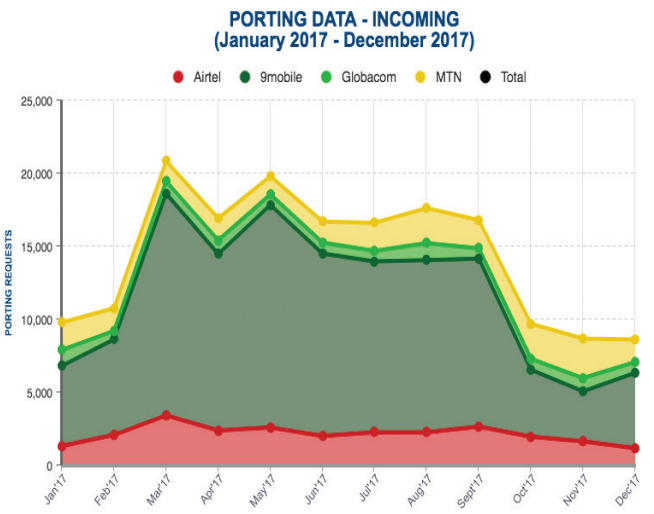
Contract	Month	Open	High	Low	Last	Change	Time
Grains							
Wheat	May 18	499-4	499-4	487-2	488-4	-10-6	10:37
Corn	May 18	392-6	393-2	390-2	390-6	-2-6	10:37
Soybeans	May 18	1063-0	1065-0	1045-0	1045-2	-18-6	10:37
Soybean Meal	May 18	385.0	385.0	375.8	378.5	-4.9	10:37
Soybean Oil	May 18	31.87	31.89	31.43	31.46	-0.38	10:37
Oats	May 18	264-2	266-6	262-0	263-4	-1-4	10:36
Rough Rice	May 18	12.415	12.445	12.235	12.290	-0.140	10:35
Hard Red Wheat	May 18	533-0	533-2	519-0	520-4	-12-6	10:37
Spring Wheat	May 18	622-6	623-0	613-2	616-0	-8-6	10:36
Softs							
Cotton #2	May 18	84.94	85.55	84.23	84.59	-0.53	10:37
Orange Juice	May 18	138.50	140.65	138.50	139.25	+0.25	10:35
Coffee	May 18	120.35	121.30	120.25	120.35	+0.05	10:36
Sugar #11	May 18	12.92	12.97	12.76	12.77	-0.12	10:36
Cocoa	May 18	2509	2539	2460	2488	-5	10:37
Lumber	Mar 18	492.00	502.50	492.00	499.70	+8.20	10:36
Sugar #16	May 18	24.78	24.78	24.78	24.78s	-0.09	03/08/18
Meats							
Live Cattle	Apr 18	122.125	122.675	121.125	122.350	+0.575	10:37
Feeder Cattle	Mar 18	142.650	142.650	141.025	142.150	+0.400	10:36
Lean Hogs	Apr 18	67.750	68.300	67.000	67.300	-0.775	10:36
Class III Milk	Mar 18	14.16	14.21	14.16	14.19	+0.03	10:35
Energies							
Crude Oil WTI	Apr 18	60.27	61.93	60.14	61.82	+1.70	10:37
ULSD NY Harbor	Apr 18	1.8626	1.8950	1.8605	1.8932	+0.0341	10:37
Gasoline RBOB	Apr 18	1.8720	1.9147	1.8693	1.9125	+0.0448	10:37
Natural Gas	Apr 18	2.742	2.752	2.720	2.735	-0.021	10:37
Crude Oil Brent (F)	May 18	63.85	65.42	63.70	65.32	+1.71	10:37
Ethanol Futures	Apr 18	1.522	1.522	1.495	1.512	unch	10:32
Metals							
Gold	Apr 18	1322.7	1324.8	1313.2	1323.4	+1.7	10:37
Silver	May 18	16.510	16.670	16.330	16.645	+0.145	10:37
High Grade Copper	May 18	3.0780	3.1470	3.0555	3.1440	+0.0650	10:37
Platinum	Apr 18	954.8	962.4	948.3	961.8	+9.5	10:36
Palladium	Jun 18	970.80	986.75	963.75	984.35	+18.75	10:36
Indices							
S&P 500 E-Mini	Mar 18	2736.50	2770.00	2730.00	2768.25	+29.00	10:37
Nasdaq 100 E-Mini	Mar 18	6972.00	7063.25	6963.00	7059.50	+85.25	10:37
Dow Indu 30 E-Mini	Mar 18	24879	25199	24841	25180	+288	10:37
Russell 2000 E-Mini	Mar 18	1573.20	1591.50	1570.00	1589.90	+16.20	10:36
S&P Midcap E-Mini	Mar 18	1918.80	1942.20	1914.90	1941.00	+23.60	10:36
S&P 500 VIX	Apr 18	17.270	17.500	16.500	16.530	-0.745	10:36
S&P GSCI	Mar 18	440.00	442.10	439.85	442.10	+3.80	10:20
Financials							
T-Bond	Jun 18	143-22	143-23	142-24	143-00	-0-17	10:37
Ultra T-Bond	Jun 18	156-02	156-02	154-20	155-02	-0-25	10:36
10-Year T-Note	Jun 18	120-065	120-080	119-265	119-295	-0-080	10:37
Ultra 10-Year T-Note	Jun 18	128-095	128-095	127-235	127-270	-0-120	10:37
5-Year T-Note	Jun 18	114-015	114-025	113-272	113-290	-0-045	10:37
2-Year T-Note	Jun 18	106-080	106-082	106-065	106-072	-0-007	10:36
30-Day Fed Funds	Jun 18	98.2250	98.2300	98.2200	98.2250	-0.0050	10:30
Eurodollar	Mar 18	97.8650	97.8725	97.8500	97.8500	-0.0175	10:36
Currencies							
U.S. Dollar Index	Jun 18	89.755	89.930	89.550	89.600	-0.136	10:37
Bitcoin Cboe Futures	Apr 18	9310	9490	8430	8750	-745	10:36
Bitcoin CME Futures	Mar 18	9350	9445	8390	8725	-675	10:36
British Pound	Jun 18	1.3873	1.3950	1.3848	1.3928	+0.0071	10:34
Canadian Dollar	Jun 18	0.77715	0.78155	0.77635	0.78135	+0.00530	10:35
Japanese Yen	Jun 18	0.947250	0.947250	0.940500		-0.006100	10:34
Swiss Franc	Jun 18	1.06050	1.06230	1.05830	1.06220	+0.00240	10:36
Euro FX	Jun 18	1.24030	1.24255	1.23645	1.24145	+0.00170	10:36
Australian Dollar	Jun 18	0.77890	0.78480	0.77800	0.78450	+0.00540	10:36
Mexican Peso	Jun 18		0.053210	0.052830			10:29
New Zealand Dollar	Jun 18	0.72570	0.72920	0.72490	0.72850	+0.00240	10:33
South African Rand	Jun 18		0.083675	0.082750			09:10
Brazilian Real	Jun 18	0.00000	0.30425	0.30425		-0.00175	03/08/18
Russian Ruble	Jun 18		0.017485	0.017365			10:36

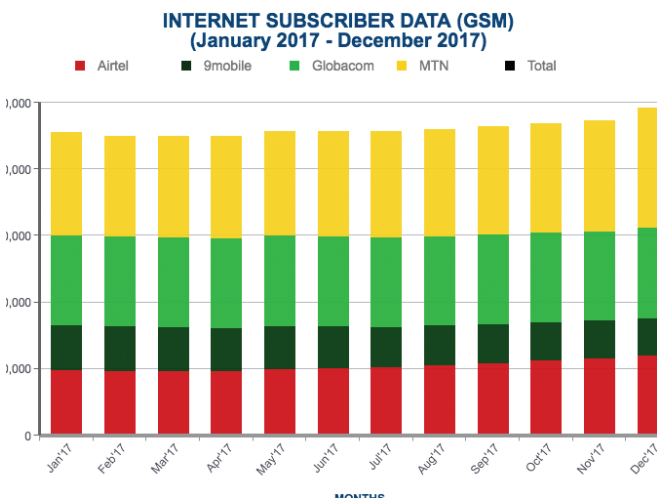
ECONOMIC DATA

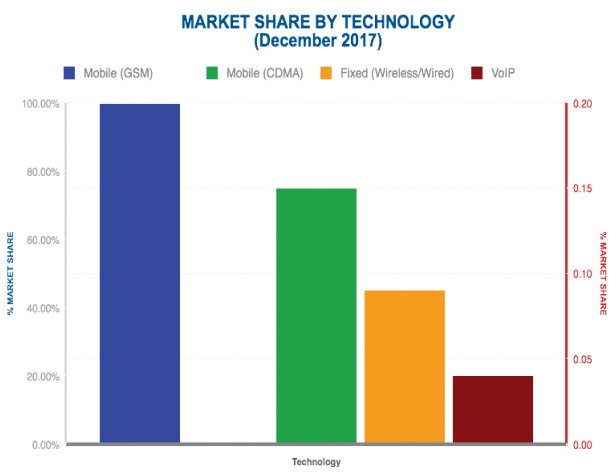


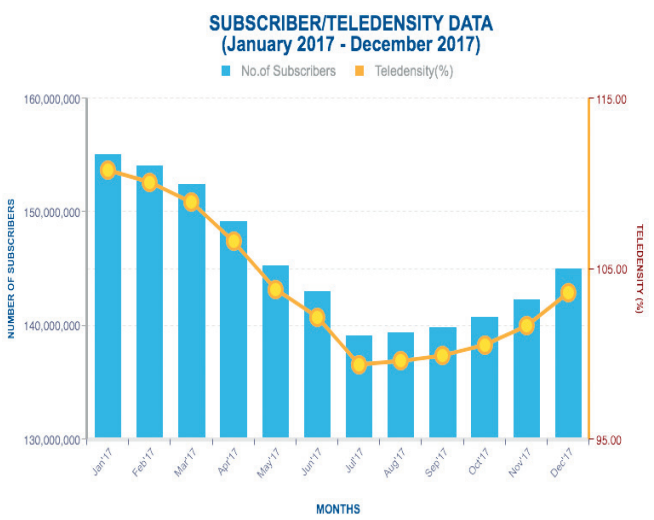


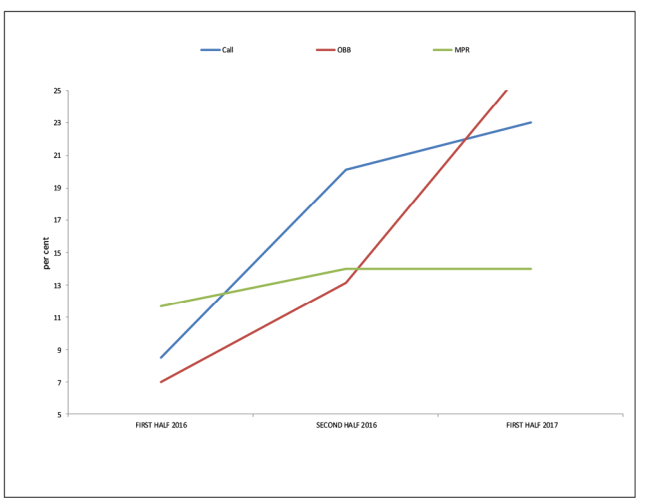


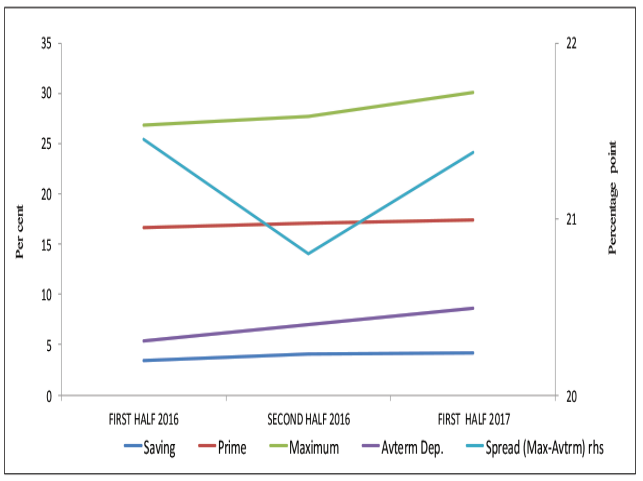


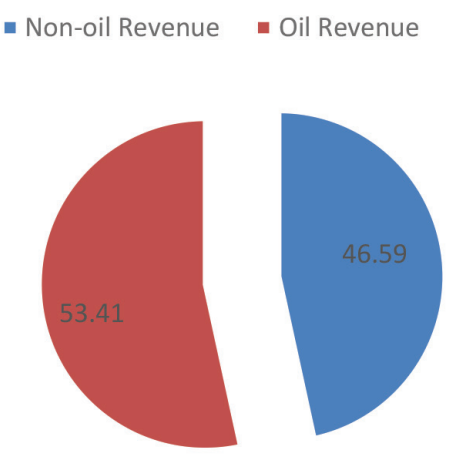


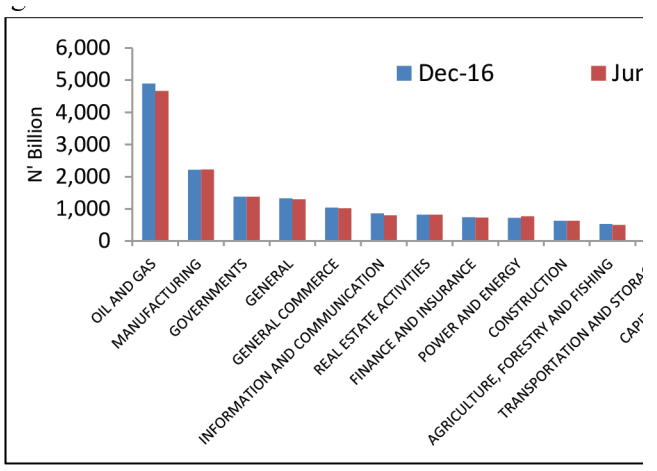


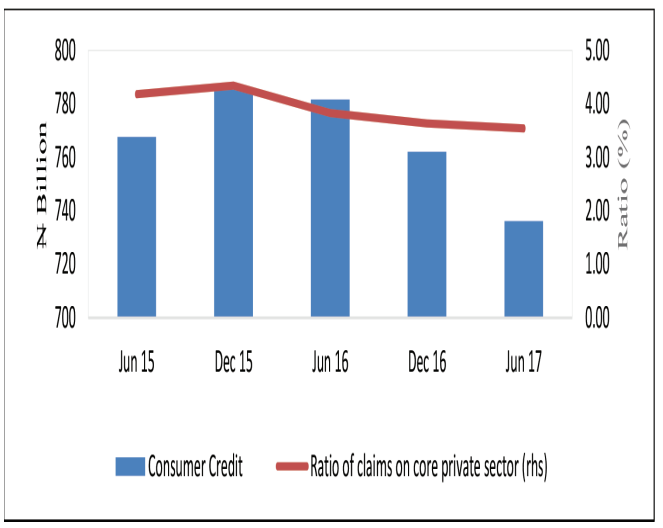


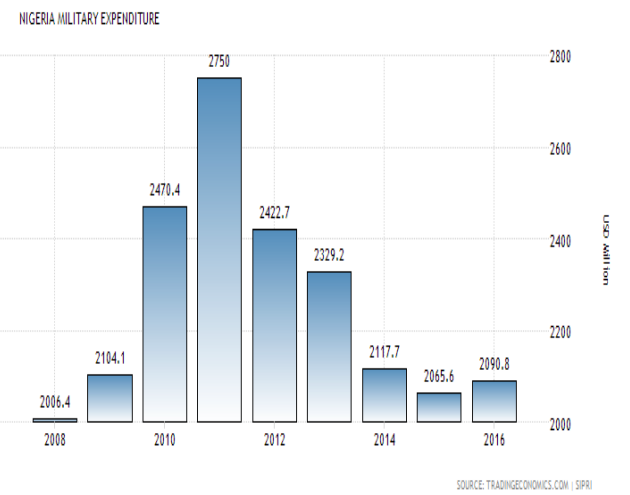












The Nigerian Stock Exchange

Official Price List March 9, 2018

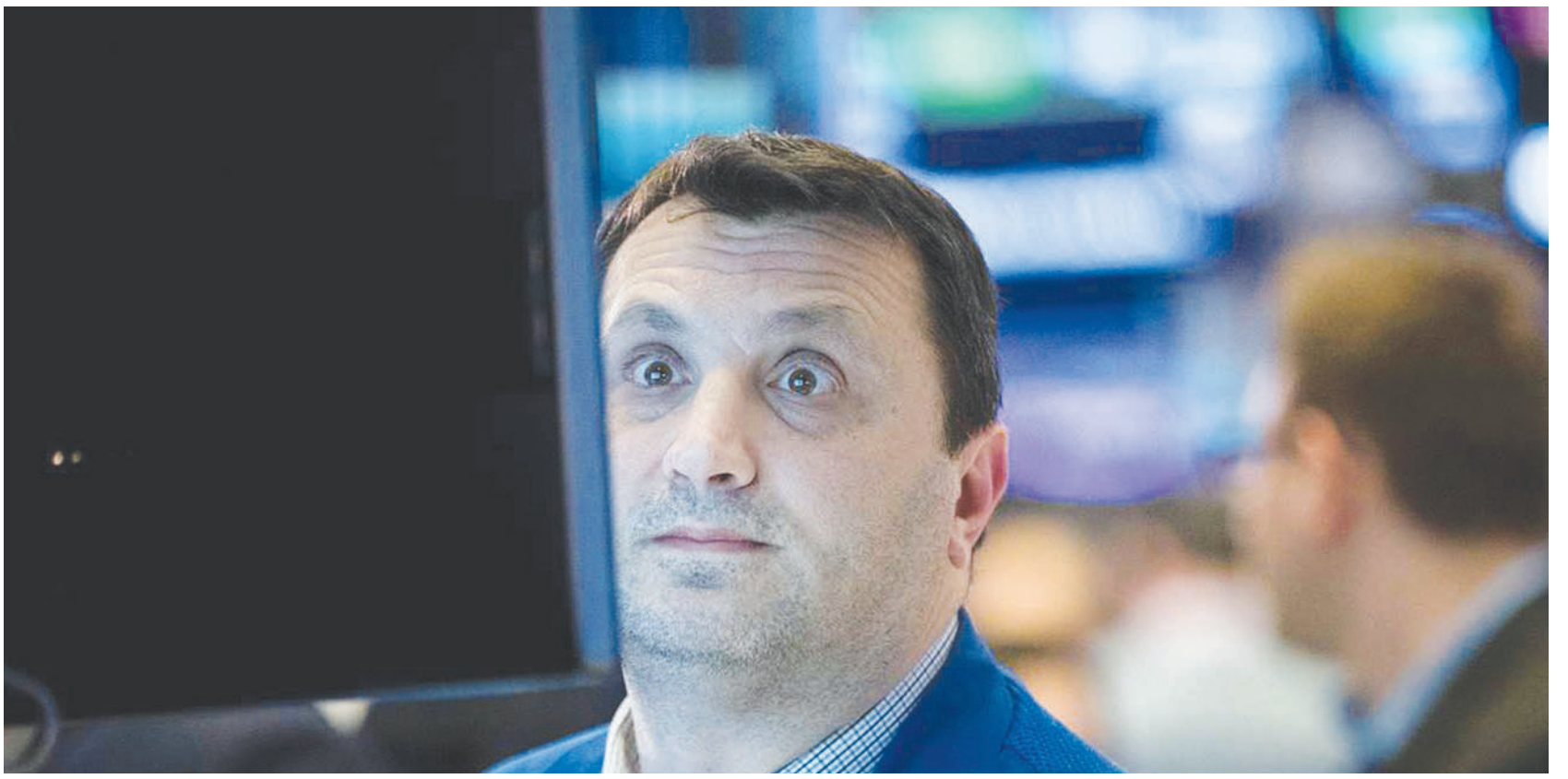
Company	Previous Closing Price	Opening	High	Low	Close	Change%	Trades	Volume	Value
7UP [DIP]	101.97	-	-	-	101.97		0	-	-
ABBEYBDS	1.3	-	-	-	1.3		0	-	-
ABCTRANS	0.39	0.4	0.42	0.42	0.42	0.03	9	204,000	85,620.00
ACADEMY [MRF]	0.5	-	-	-	0.5		0	-	-
ACCESS	12.95	12.85	13	12.8	13	0.05	181	1,191,376,487	15,484,945,342.00
AFRIK [DIP]	0.5	-	-	-	0.5		0	-	-
AFRINSURE	0.32	0.31	0.31	0.31	0.31	-0.01	4	136,051	42,175.81
AFRIPRUD	4.92	4.92	5	4.92	5	0.08	128	6,975,926	34,595,492.37
AFROMEDIA [MRF]	0.5	-	-	-	0.5		0	-	-
AFRPAINTS [DIP]	2.35	-	-	-	2.35		0	-	-
AGLEVENT [BMF]	0.64	-	-	-	0.64		5	151,059	101,209.53
AIICO	0.72	0.69	0.69	0.69	0.69	-0.03	38	3,632,698	2,517,618.62
AIRSERVICE	4.9	-	-	-	4.9		0	-	-
ALEX	9.2	-	-	-	9.2		0	-	-
ANINO [MRS]	0.25	-	-	-	0.25		0	-	-
ARBICO	4.79	-	-	-	4.79		0	-	-
ASOSAVINGS [DIP]	0.5	-	-	-	0.5		0	-	-
AUSTINLAZ [MRF]	2.09	-	-	-	2.09		0	-	-
BERGER	10.35	-	-	-	10.35		13	107,991	1,063,781.35
BETAGLAS	75.7	-	-	-	75.7		2	2,000	143,900.00
BOCGAS	4.58	-	-	-	4.58		0	-	-
CADBURY	16.8	17.6	18.4	17	18.4	1.6	141	22,582,793	412,866,773.00
CAP	38	38	38	38	38	0	18	547,905	20,813,791.75
CAPHOTEL [BLS]	3.15	-	-	-	3.15		1	100	300.00
CAPOIL [RST]	0.46	0.44	0.44	0.44	0.44	-0.02	5	960,000	422,400.00
CAVERTON [BLS]	2.63	2.72	2.76	2.65	2.65	0.02	52	2,760,431	7,507,969.92
CCNN	19.35	19.2	19.2	19.2	19.2	-0.15	16	141,738	2,732,680.60
CHAMPION	2.85	2.94	-	-	2.85		10	123,302	356,329.84
CHAMS	0.48	-	-	-	0.48		2	17,700	8,142.00
CHELLARAM [BLS]	3.08	-	-	-	3.08		5	108,602	350,784.46
CILEASING	1.76	-	-	-	1.76		6	52,225	94,308.05
CONOIL	35.25	-	-	-	35.25		19	20,696	694,829.75
CONTINSURE	1.75	1.8	1.8	1.71	1.71	-0.04	9	947,400	1,671,128.00
CORNERST	0.41	-	-	-	0.41		0	-	-
COURTVILLE	0.31	0.32	0.32	0.3	0.32	0.01	18	2,009,006	618,300.77
CUSTODIAN	4.05	4.25	4.25	4.25	4.25	0.2	13	233,483	988,771.49
CUTIX	2.45	-	-	-	2.45		5	22,500	57,825.00
CWG	2.54	-	-	-	2.54		0	-	-
DAARCOMM [MRS]	0.48	-	-	-	0.48		2	12,000	5,520.00
DANGCEM	262	265	265	265	265	3	33	126,359	33,452,730.20
DANGFLOUR	16.5	16.6	16.65	16.6	16.65	0.15	96	723,852	12,045,012.80
DANGSUGAR	22.2	22.5	22.5	22.5	22.5	0.3	78	5,854,678	131,842,490.00
DEAPCAP [DIP]	0.48	-	-	-	0.48		0	-	-
DIAMONDBNK	2.26	2.3	2.3	2.26	2.26	0	96	25,738,291	58,242,459.34
DUNLOP [DIP]	0.36	-	-	-	0.36		2	8,900	3,115.00
EKOCORP [BMF]	3.37	-	-	-	3.37		0	-	-
ELLAHLAKES	4.26	-	-	-	4.26		0	-	-
ENAMELWA	22.1	-	-	-	22.1		3	4,359	91,539.00
EQUITYASUR	0.37	0.36	0.36	0.36	0.36	-0.01	4	520,750	187,470.00
ETERNA	6.38	6.2	6.2	6.07	6.07	-0.31	25	831,009	5,097,889.63

March, Monday 12 - March, Sunday 18, 2018
business a.m.
TOWARDS MORE EFFICIENT MARKETS

Rational irrational exuberance?

ANDRÉS VELASCO

Andrés Velasco, a former presidential candidate and finance minister of Chile, is the author of numerous books and papers on international economics and development.



WE TEND TO BE uncomfortable with the notion that an economy's fundamentals do not determine its asset prices, so we look for causal links between the two. But needing or wanting those links does not make them valid or true.

The timing was exquisitely ironic: equity markets peaked – and a week later began crashing – just as pundits left this year's World Economic Forum meeting in Davos, where they concluded that the global economy was on a steady upswing. In the weeks since, experts have divided into two camps.

Some, including new US Federal Reserve Board chairman Jerome Powell, believe that economic fundamentals are strong, and that what stock markets experienced in early February was only a temporary hiccup. In this view, there is nothing keeping major central banks from carrying out "beautiful" (that is, gradual and painless) monetary-policy "normalization."

Then there are those who believe that fundamentals are in fact weak, that the current upswing will prove unsustainable, and that investors should regard stock-market gyrations as a necessary wakeup call. If so, the challenge for monetary and fiscal authorities is not to "normalize" policies but to develop new tools to fight the slowdown that will come, sooner or later.

Both schools of thought share a focus on fundamentals, unlike a third – and, in my opinion, highly plausible – view: that the asset-price volatility we have been seeing has little or nothing to do with changes in fundamentals.

Fundamentalists claim that faster year-on-year growth in US average hourly earnings was the immediate trigger for the crash. But the claim that such a slight change – from 2.7% in December to 2.9% in January (which observers view as an aberration, caused by seasonal factors) – could trigger a stock-market correction is in itself a strike against the fundamentalist view.

Moreover, whereas the wage growth in question was supposed to be a harbinger of inflation, ten-year break-even inflation moved down, not up, during the recent episode. And, as Anatole Kaletsky has stressed, ten-year Treasury yields did not break the 3% ceiling, while exchange rates hardly moved, all of which suggests that rumors of inflation have been greatly exaggerated.

The human brain is wired to structure knowledge around narratives in which we can tell if and how A (and B and C) causes X. We tend to be uncomfortable with the notion that an economy's fundamentals do not determine its asset prices, so we look for causal links between the two. But needing or wanting those links does not make them valid or true.

The idea that asset-price movements can be unrelated to fundamentals is not strange to students of economic theory. After all, there are two reasons to hold an equity claim: because it will pay a dividend or because its price is expected to go up. Price movements (the expected capital gain) can drive buying and selling decisions even in the absence of changes to expected dividends (the fundamentals). In other words, it is perfectly rational to pursue a "keep buying because the price will keep rising" strategy – until it is not.

But when will that be? When will the bubble burst? Economic theory is silent on the matter. Or, at best, theorists can wave their hands about an exogenous (read: unexplained) shock to expectations. Bubbles can persist for decades (think of real-estate prices in fashionable cities) or just minutes (as in hard-to-justify intraday fluctuations). The only sure thing, John Maynard Keynes is supposed to have claimed, is that the market can remain misaligned much longer than you or I can remain solvent.

The widespread use of machine-driven trading is likely making all of this worse. The algorithms used vary, and are becoming much more complex. But, to the extent that they contain a stop-loss element – and they often do – they will cause bouts of selling into declining markets, and that in turn will amplify volatility.

It is not just nerdy professors who are skeptical on the importance of fundamentals. The Financial Times reports the rise of a new breed of oil trader who is "not necessarily reacting to news about supply and demand or utterances from Riyadh." Instead, he or she trades "based on moves in currencies, interest rates, or the price of oil itself." Ready for an oil price bubble, anyone?

There might already be a huge one in the US stock market. On January 23, just a few days before equities crashed, Robert Shiller reminded us that the US had the world's priciest stock market, with the highest cyclically adjusted price-earnings (CAPE) ratio of 26 stock markets for which there are comparable measures. Shiller pointed to the common practice of share repurchases as one possible explanation, but then concluded that, "it is impossible to pin down the full cause of the high price of the US stock market."

So if the price of a financial asset is not guided – at least for some periods – by fundamentals, where does that leave central banks? I believe it leaves them between a rock and a hard place.

On one hand, central banks cannot be so relaxed that they will permit asset prices to go anywhere as a result of self-fulfilling expectations. Sometimes, they must step in to change expectations, as Mario Draghi, the European Central Bank's president, did in July 2012, when he announced that the ECB would do "whatever it takes" to defend the euro (and the prices of eurozone government bonds).

On the other hand, central banks are not in the business of controlling asset prices. When they venture in that direction, they get into trouble, as experience with fixed-but-adjustable exchange rates makes abundantly clear. A little volatility is a good thing, both to discourage speculative capital flows and to put the fear of God into investors looking for the next Greenspan-Bernanke put.

Where should the line be drawn? When does a little "good" volatility turn into excessive "bad" volatility? These are difficult questions, and the answers can only be time- and context-specific.

A final disclaimer: believing that fundamentals do not always pin down asset prices is not the same as believing they are irrelevant, much less that current US fundamentals are in good shape. An additional fiscal stimulus at a time of near-full employment and large public debt is exactly what the doctor did not order. Precisely because of all the offsetting factors, the US Congress Joint Committee on Taxation estimates that the recent tax cuts will add just 0.08 percentage points to the average annual growth rate over the next decade, and the long-run output effects could be smaller or even negative.

Yet the US business community remains gung-ho on the reform. So it is possible that conservative American business executives will invest more not because the tax cut will improve the fundamentals of the US economy and increase demand for their products, but just because they believe it will.

Now, that, too, would be an exquisite irony.

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Published by Businessnewscorp Limited
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