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## News Insight Nigeria

**July 2016**

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The "News Insight Nigeria" newsletter aims at collecting news and developing insights on the latest macroeconomic, industry and business developments in Nigeria.

[Infomineo](#) gathers information and data covering broad economic, business and company activities, trends and events in Nigeria.

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## Agenda

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### [Latest news: economic, industry and business developments](#)

- Nigerian government opens talks with Australia on safe mining
- Fitch downgrades Nigeria to 'B+'; outlook stable
- Brexit will boost Nigeria's foreign exchange policy- CBN
- Nigeria signs \$80 bln of oil, gas infrastructure deals with China
- Nigeria ranks 3rd in online mobile shopping
- Smartphone penetration hits 30% in Nigeria
- Nigeria's Internet traffic will grow six-fold by 2020 — Cisco
- Nigeria Inflation 16.5% in June, Highest in Almost 11 Years
- IMF predicts Nigeria's economy will contract by 1.8 pct in 2016
- FDIs to Nigeria, S' Africa, Kenya fall by 46%
- FG targets N10.2tn increase in GDP
- World Bank's IFC grants \$73.5 mln for port terminal in southern Nigerian oil city
- Firm to build 75MW solar plant in Nigeria
- Russian firm to build refinery in Calabar
- 14 solar developers sign a \$1.75bn deal with the federal government
- US pushes ahead with electricity plan for Nigeria
- Nigeria's Dangote shifts focus from cement to oil and gas
- MTN Nigeria wins 2.6 GHz auction
- Swiss Re acquires 25% stake in Leadway Assurance
- MTN to list on NSE, appoints transaction advisers
- Nigeria to earn \$507m from hotels by 2020 — PwC

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## Latest news: economic, industry and business developments

### [Nigerian government open talks with Australia on safe mining](#)

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- ...safety mining practices in the country's solid minerals sector.
- The Minister of Solid Minerals Development, Dr. Kayode Fayemi, said the discussion was aimed at getting the support of the Australian government in the area of environmental safety and safety of miners, as the government focused attention on the mining sector in its economic diversification and job creation plan.
  - In his response, the Australian Foreign Affairs Assistant Secretary said his team would collaborate with the officials of the Solid Minerals Development ministry to work out arrangements to realise the two needs of the country.

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### **Fitch downgrades Nigeria to 'B+'; outlook stable**

- Fitch Ratings has downgraded Nigeria's Long-term foreign currency Issuer Default Rating (IDR) to 'B+' from 'BB-' and Long-term local currency IDR to 'BB-' from 'BB'.
- The issue ratings on Nigeria's senior unsecured foreign-currency bonds have also been downgraded to 'B+' from 'BB-'. The Country Ceiling has been revised down to 'B+' from 'BB-' and the Short-Term Foreign-Currency IDR affirmed at 'B'.
- The downgrade of Nigeria's IDRs reflects the following key rating drivers: Nigeria's fiscal and external vulnerability has worsened due to a sharp fall in oil revenue and fiscal and monetary adjustments that were slow to take shape and insufficient to mitigate the impact of low global oil prices.

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### **Brexit will boost Nigeria's foreign exchange policy- CBN**

- CBN Deputy Governor, Economic Policy, Dr. Sarah Alade told Reuters that the bank expected Britain's vote to exit the European Union to be good for its foreign exchange policy as interest rates are likely to stay low in the U.S., channelling foreign investors to Nigeria.

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### **Nigeria signs \$80 bln of oil, gas infrastructure deals with China**

- According to NNPC, in July, "Memorandum of understandings (MoUs) worth over \$80 billion to be spent on investments in oil and gas infrastructure, pipelines, refineries, power, facility refurbishments and upstream have been signed with Chinese

## Nigeria ranks 3rd in online mobile shopping

- Nigeria is ranked third in mobile online shopping worldwide, a report by Paypal has said. According to PayPal, the country's consumers spent N128.1 billion in 2015 via online shopping, targeting N172 billion by the end of this year.
- According to the report, Nigeria is home to some of the keenest mobile shoppers on the African continent, and is also the third largest mobile commerce market in terms of incidence of mobile shoppers among the countries that participated in a recent research.
- With 72 percent of online consumers shopping on a smartphone in Nigeria, the country follows China (86 percent) and India (82 percent) in terms of incidence of shopping via smartphone. A large majority of consumers pick smartphones to shop online both when shopping cross-border and locally in Nigeria.

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## Smartphone penetration hits 30% in Nigeria

- Penetration of mobile phones remained on the upward swing with about 94 per cent penetration in Nigeria. However, statistics from Africa Infotech Consulting (AIC) showed that smartphone penetration has increased gaining about 30 per cent penetration with features phones having a 70 per cent penetration.

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## Nigeria's Internet traffic will grow six-fold by 2020 — Cisco

- A release of the Cisco Visual Networking Index Complete Forecast for 2015 to 2020 has shown that Nigeria's Internet Protocol traffic will grow six-fold and fixed broadband speed will increase 2.4 fold with an average mobile speed connection of 5Mbps.
- Findings from the CVN study showed that increased connectivity and Internet usage would "positively" impact Nigeria's digital migration journey. It stated that global digitisation transformation, based on the adoption of personal devices and deployment of machine-to-machine connections, will have an even greater impact on traffic growth.

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## **Nigeria Inflation 16.5% in June, Highest in Almost 11 Years**

- Nigerian inflation accelerated to the highest rate in almost 11 years in June, complicating the task of the central bank in an economy which is at risk of contracting this year.
- The inflation rate in Africa's largest economy increased to 16.5 percent from 15.6 in May, the Abuja-based National Bureau of Statistics said in an e-mailed statement on Monday. That's the highest rate since October 2005, according to data on the Central Bank of Nigeria's website. Prices rose 1.7 percent in the month. The median of seven economist estimates compiled by Bloomberg was for inflation to quicken to 16.2 percent.
- Food prices rose 15.3 percent in June from a year earlier, compared with 14.9 percent in May. The highest increases were in the costs of fish and meat, fruit and vegetables and bread and cereals, the statistics office said.

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## **IMF predicts Nigeria's economy will contract by 1.8 pct in 2016**

- Nigeria's economy, the biggest in Africa, is likely to contract by 1.8 percent this year, according to the International Monetary Fund (IMF), as the country grapples with the impact of low oil prices.
- The sharp fall in global prices since 2014 has led to a prolonged economic crisis since the crude sales make up around 70 percent of government revenue.
- The IMF's projection for this year, contained in its World Economic Outlook update, is down from the 2.3 percent growth it foresaw in its April forecast. It now forecasts 1.1 percent growth for 2017, down from 3.5 percent in the April forecast.

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## **FDIs to Nigeria, S' Africa, Kenya fall by 46%**

- Current World Investment Report (WIR 2016) has revealed a seven per cent drop in Foreign Direct Investments (FDI) to Africa to \$54 billion in 2015.
- Specifically, the report noted that while FDI inflows to South Africa, Ghana and Nigeria dropped by 30.3 per cent, 4.9 per cent and 11.1 per cent respectively, inflows to Angola increased by 352 per cent to \$8.7 billion and to Kenya by 42 per cent to

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## FG targets N10.2tn increase in GDP

- The Federal Government plans to increase the country's Gross Domestic Product by N10.2tn next year from the 2016 figure of N98.5tn to N108.7tn.
- The N10.2tn increase in the GDP is part of the proposals by the Federal Government in the Medium Term Expenditure Framework that will be submitted to the National Assembly in October this year.

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## World Bank's IFC grants \$73.5 mln for port terminal in southern Nigerian oil city

- The private sector arm of the World Bank said it has granted a \$73.5 million loan to support development of a terminal to export fertilizers at Port Harcourt in Nigeria's Niger Delta, which will help increase the country's non-oil exports.
- The new terminal, a joint venture between Indorama Eleme Petrochemicals Limited and Oil and Industrial Services Limited, will cost \$150 million in total, IFC said. It will be used to ship fertilizers from Indorama Eleme's fertilizer plant, now under construction 16 kilometres from the terminal.
- The terminal will be able to handle up to 2 million tons a year of dry bulk urea exports.

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## Firm to build 75MW solar plant in Nigeria

- Pan Africa Solar said it had signed the nation's first Solar Power Purchase Agreement with the Federal Government with a plan to invest \$146m in building a new power plant.
- The firm said the 75MW solar photovoltaic power project in Katsina State would sell power for a tariff of 11.5 US cents per kWh and would be inaugurated in 2017.
- Pan Africa Solar said it was developing a 1,000MW portfolio of solar projects in Nigeria and planning to bring more than \$1bn of investment over the next five years.

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- Russian firm, Safinet Group, has expressed interest in establishing a 7,000-barrels-per-day-capacity refinery in Calabar with a plan to increase its capacity to 65,000bpd in the near future.

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### **14 solar developers sign a \$1.75bn deal with the federal government**

- 14 solar developers signed solar Power Purchase Agreements (PPAs) worth 1.75 billion dollars with the Federal Government of Nigeria. This deal will allow them build power infrastructure and generate 1,125 megawatts of renewable energy in the country.

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### **US pushes ahead with electricity plan for Nigeria**

- The United States government is pushing ahead with its plan to boost electricity supply in Nigeria through the Power Africa initiative. The US Consul General, John Bray, and the Director for Nigeria, US Agency for International Development Mission, Michael Harvey, visited Edo State on July 26 – 27 to assess the progress of partnered investments, advancing the US President Barack Obama's signature initiative, Power Africa.
- Announced by President Obama in 2013, Power Africa is working with African governments, the private sector, and other partners to add more than 30,000 megawatts of cleaner, more efficient electricity generation capacity and 60 million new connections in sub-Saharan Africa by 2030.

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### **Nigeria's Dangote shifts focus from cement to oil and gas**

- Africa's richest man, Aliko Dangote, plans to launch Nigeria's first private crude oil refinery by 2019 while almost doubling his cement production on the continent by adding plants in eight countries as he shrugs off a regional economic downturn.
- Dangote told Reuters the \$12 billion refinery would have a capacity of 650,000 barrels a day, cornering the market in Africa's most populous country, where fuel shortages are a perennial problem.
- He also that the refinery will be ready in the first quarter of 2019, with mechanical

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stated that the plant, which will include a \$2 billion fertilizer unit, was being funded through "loans, export credit agencies and our own equity".

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### **MTN Nigeria wins 2.6 GHz auction**

- The Nigerian telecoms regulatory authority, the Nigerian Communications Commission (NCC), in July declared MTN Nigeria as the winner of the 2.6GHz spectrum auction.
- The NCC has described this spectrum as a significant trigger for a broadband revolution that will unlock benefits such as greater coverage, access, affordability and innovation, with the customer at the centre of these gains.

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### **Swiss Re acquires 25% stake in Leadway Assurance**

- Leadway Assurance Company Limited says Swiss Re has purchased a 25 per cent stake in the company. A statement released by the company said the acquisition of shares by Swiss Re marked the beginning of an exciting chapter in the history of Leadway.
- The firm stated, "The investment allows Swiss Re to deploy capital in line with its strategy of accessing new risk pools in emerging markets and to support insurance development across the globe. The investment comes after the exit of the International Finance Corporation, a member of the World Bank, which was the second largest shareholder of Leadway Assurance."

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### **MTN to list on NSE, appoints transaction advisers**

- MTN Nigeria has said that as part of a settlement arrangement with the Federal Government following its fine, it had taken steps to ensure the listing of its shares on the Nigerian Stock Exchange next year, subject to suitable market conditions.
- A statement by the telecommunications company's Public Relations and Protocol Manager, Mr. Funso Aina, read in part, "The Board of Directors has resolved to proceed with preparations for a listing of MTN Nigeria on the NSE as soon as commercially and legally possible, and has established a management task team with

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targeting that the listing takes place during 2017, subject to suitable market conditions.”

- He said that the telecoms firm had appointed Stanbic IBTC Capital Limited (together with its affiliates, The Standard Bank of South Africa Limited and Standard Advisory London Limited) and Citigroup Global Markets Limited as joint transaction advisors and joint global coordinators, with Stanbic acting as the lead issuing house.

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## **Nigeria to earn \$507m from hotels by 2020 — PwC**

- PricewaterhouseCoopers (PwC) has said that Nigeria’s hotel revenue was expected to grow by 507 million dollars by 2020. A PwC Tourism report said that in spite of the challenges in the nation’s hotel market, new hotels were still springing up.
- According to the report, there are a number of new hotels planned or under construction and we forecast an additional 4,700 rooms to be added in Nigeria in the next five years.
- Hotel room revenue is expected to grow to 507 million dollars in 2020 from the 321 million dollars achieved in 2015, due to increases in both stay unit nights and average room rates.

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