

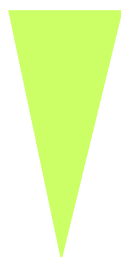


Economic & Business Monitor

SECOND QUARTER 2013 EDITION

Massive Crowd as Heritage Mall and Cocoa Mall
Opens in Central Business District of Ibadan

INSIDE THIS ISSUE



Global economic update	2
Domestic Economy update	3-4
Focus on the Nigerian Insurance Industry	5-6
Business update on Subsidiary/ Associate Companies	7-8
Macro Economic Indicators	9



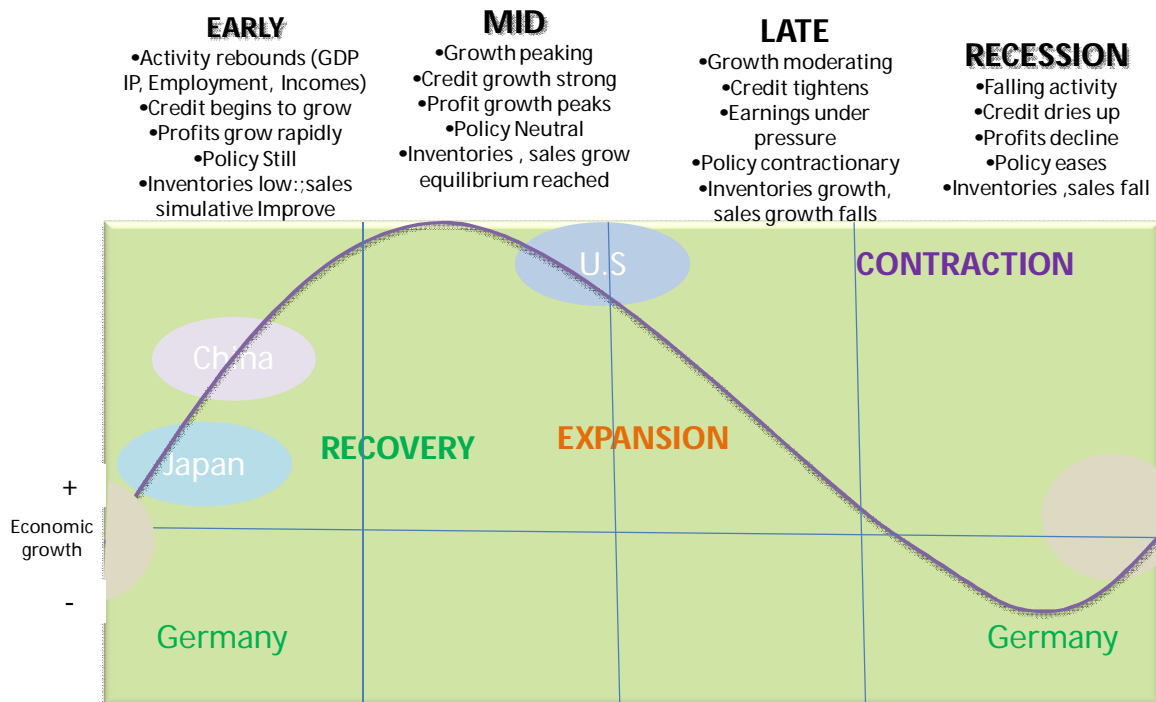
Ibadan, the capital of Oyo state now play host to shopping malls cited inside the premises of Cocoa House. The malls are coming forty-eight years after the foundation of Cocoa House which was laid in the same compound by Chief Obafemi Awolowo but was completed by his successor Chief Ladoke Akintola in 1965 at the cost of 900,000 pound sterling.

The Heritage Mall is an ultra-modern shopping mall that is being modeled to meet international standard situated at the former sketch premises along Oba Adebimpe Road in the Central Business District of Dugbe, Ibadan. The mall will feature a lot of commercial activities which include food outlets, integrated office complex, retail outlets, cinema halls, pharmacy, and banking facilities. It has been conceived to be the focus of family entertainment in the city of Ibadan and is expected to draw clientele from all over the South West and beyond. The Mall is presently occupied by some notable brands such as MR PRICE, CASH 'N' CARRY, FILMHOUSE CINEMA and LIFEMATE as its major tenants.

Cocoa Mall is the second Mall that is linked to the Heritage Mall. The Cocoa Mall is occupied by Shoprite and PEP Boutique. Shoprite is a South African retail chain which opened officially to customers on the 27th of June 2013, likewise PEP boutique. Shoprite provides Butchery, Bakery, Groceries and many more items for sale at a more cheaper price.

Continue on page 8

Business cycle outlook



- The Global economy continues to show signs of improvement
- The U.S economy remains solidly in the mid- cycle expansion after the late cycle risks experienced at the end of 2012 decreased
- Japan joined China in the early mid-cycle recoveries, providing a boost in the rest of Asia.
- Germany has begun to pick up, but much of Europe is still in recession

Source : www.fidelity.com

GDP GROWTH % FORECAST

	2011	2012	2013	2014
	GDP	GDP	GDP	GDP
	Growth	Growth	Growth	Growth
	Actual	Actual	Est.	Forecast
The World	3.95%	3.15%	3.31%	4.04%
World Average	3.59%	3.52%	3.84%	4.40%
Euro Area	1.45%	-0.58%	-0.34%	1.07%
Major Advanced Economies	1.47%	1.45%	1.26%	2.16%
Other Advanced Economies	3.29%	1.82%	2.46%	3.37%
European Union	1.61%	-0.24%	0.00%	1.28%
Emerging and Developing Economies	6.37%	5.06%	5.31%	5.72%
Central and Eastern Europe	5.25%	1.61%	2.15%	2.78%
Commonwealth of Independent States	4.82%	3.36%	3.41%	4.02%
Developing Asia	8.14%	6.64%	7.13%	7.35%

Source: www.economywatch.com/economic-statistics

2013 Budget Monitoring: FGN releases N200bn for Second Quarter 2013

The Federal Ministry of Finance has announced the release of N200 billion for the second quarter of 2013 to further booster the execution of capital projects captured in the 2013 budget. This would bring the total releases for the first and second quarters of the year to N600 billion. Soon after the signing of the 2013 Appropriation Act by President Goodluck Jonathan in March 2013, the Ministry had released the capital sum of N400 billion capital for the first quarter of 2013.

According to a statement issued by Mr. Paul Nwabuike, the Special Adviser to the Coordinating Minister for the Economy and Minister of Finance, Dr. Ngozi Okonjo-Iweala, N335 billion of the first quarter release had been cash-backed with 65 per cent of the cash-backed portion utilized so far. The ministry also confirmed that it had paid about N72.7 billion to the Federal Ministry of Power so far this year to cover various items in line with the implementation of the Power Roadmap.

A breakdown of the release to the Power Ministry showed that N59,089,522,721 was paid in the first quarter while N13,733,822,832 was paid in the second quarter 2013.

Source: www.naija247news.com

Ondo Extends Urban Renewal Scheme to Senatorial Districts.

The Ondo Government has adopted a fresh urban renewal plan which will improve and redevelop deteriorated areas in the three senatorial districts of the state. Coming under the Government's urban re-



newal strategy that allows municipalities - through their urban renewal agencies - to revitalize substandard, decadent or blighted open areas for residential, commercial, industrial, business, governmental, recreational, educational, hospital or other purposes; the scheme will replicate some projects executed in Akure, the Ondo State Capital City.

Some of the projects expected to be replicated are modern markets, road rehabilitation and the specially designed artisans workshops, known as "Ultra Modern Mechanic Village". Criteria for citing the projects include large concentration of artisans and availability of complimentary activities and facilities such as auto dealers and spare parts dealers. Details of the projects were unfolded by the special Adviser to Governor of Ondo state on direct labour at the commissioning of the 99 million naira Akure mechanic Village and Auto-spare parts shops.

Inflation to Remain Below 9% in 2013

Financial analysts have said inflation rate will remain in single digit throughout 2013, pointing out the forecast projects the rate to be below 9% for the remaining period of the year.

Analyst at FSDH Merchant Bank limited in a report made available to journalist, said, "our revised average inflation rate forecast for 2013 is 8.4%. It is expected that the short end tenor of fixed income securities will react to increase in the inflation rate in the short term. The reaction will be in the area of increase in yields while prices drop".

The rate of inflation in the country rose to 8.4% in June from 9.0 in May, according to the Consumer Price Index Report released by the National Bureau of statistics. The report attributed the rise in inflation to 'higher price levels of food products due to the effect of declining inventories.' The inflation rate fell below 10.5% in January, meeting the Central Bank of Nigeria's target, as the impact of last year's higher fuel prices waned.

Source : www.buisnessworldng.com



Amosun Signs MOU with Chinese Company on Ogun Rail Project

The Ogun State Government has signed a Memorandum of Understanding, MOU, with the China Civil Engineering Construction Company on a light rail mass transit project. The project is expected to link the major cities across the state and boost the state's economy.

The Governor, Ibikunle Amosun, while going into agreement with the company in Abeokuta, said that the project will be done in order to boost the economy of the state and raise the standard of living of its people, he also stated that it was imperative to boost transportation in the state in anticipation of a significant rise in population in the coming years.

In his remarks, the Managing Director of China Civil Engineering Construction Company, Cao Bao Gang, lauded the Ibikunle Amosun-led administration. Mr. Gang said that "the project on completion will enhance the transportation system and contribute to the economic development of the Gateway State and also the project will provide jobs for residents and help the unskilled ones to gain adequate knowledge through training and getting involved in the whole process.

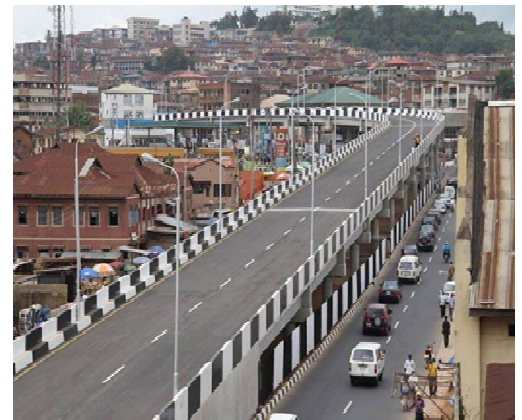
Source: www.premiumtimesng.com



Ajimobi gets kudos for flyover

The All Progressive Congress of Nigeria (APC) in Oyo State has hailed Governor Abiola Ajimobi on the completion of the flyover at Mokola roundabout in Ibadan, the state capital. The 640-metre flyover is the first to be built by a civilian administration in the state. The first flyover in Oyo state, situated in Molete, was built 34 years ago by the military administration of Gen. David Jemibewon.

The bridge will aid the movement of goods and services and ease traffic. The general public have also expressed delight at the completion of the motor park at Podo and the Scout Camp Business Complex at Molete, which will accommodate over 3,000 traders. The Podo motor park is expected to bring sanity to the activities of road transport unions.



Source: thenationonlineng.net

Nigeria seeks partnership with Brazilian investors on agriculture

The Federal Government has requested for a close partnership with the Brazilian Government so as to boost agricultural potentials in the country. The Minister of Agriculture and Rural Development, Dr. Akinwumi Adesina made this call during a dinner with the Brazilian investors and stakeholders in agribusiness in Sao Paulo during an official tour of agromarkets in Brazil recently.

According to the Assistant Public Relation Officer in the ministry Mrs. Jokpeyibo Idowu, the minister listed the key areas he believed Nigeria and Brazil could come together to include; Horticulture, Beef, Mechanization of Soybean, Cassava, Maize and Ethanol. He submitted that the growing influence of Brazil in global economic fora is linked to her ability to feed herself and export to the world community.

Adesina had said that effort made so far under ATA (Agriculture Transformation Agenda) has made Nigeria the fourth fastest growing economy in the world and number one when it comes to foreign direct investment, so there is no doubt that Nigeria is coming up just like Brazil, he said.

The goal of the transformation he told the Brazilian investors is to add 20 Million Metric tons of food to domestic food supply and create 3.5 million jobs over a period of four years. He stressed that it's not the job of government to produce anything, the job of the government is to provide enabling environment, policies, institutions, incentives, infrastructure and regulations to get agriculture growing.

Source: www.ngrguardiannews.com





The insurance business is well developed in Nigeria. The formation of insurance companies follow the general pattern of companies established with additional safeguards as prescribed by the Insurance Act. The formation of Insurance Company has to be with

the approval of the Corporate Affairs Commission under conditions stipulated in Companies and Allied Matters Decree No. 1 of 1990.

Generally there are two broad categories of insurance business in Nigeria:

- (a) Life insurance business
- (b) Non-Life insurance business

The biggest development in the Nigerian insurance includes the National Insurance commission (NAICOM) seizing control of the largest insurer - NICON. National Insurance Commission (NAICOM) is a refurbished institution, established by the penultimate military administration in the country in 1997. The first major recapitalization process was introduced by the insurance Act 2003

But one major challenge facing the industry is that the regulatory institution, NAICOM, is not looking at the direction of fresh recapitalization but a risk-based capital which will enable the insurance companies to recapitalize in accordance with the risks it is taking. For example, if you are an insurance company that does aviation and oil and gas underwriting, then you must have the wherewithal to absolve those risks.

Industry Structure and Players

The Insurance Market in Nigeria is now divided into five (5) sectors. They are:

- The "Traditional" Insurance
- The Pension Sector
- The Health Insurance Sector
- The Distribution Channels
- The Support Service Providers

The Sector	The players	The Regulators
Traditional Insurance	<ul style="list-style-type: none"> • Insurance Companies, • Reinsurance Companies 	NAICOM
Pension	<ul style="list-style-type: none"> • The Pension Fund Administrators (PFAs) • The Pension Fund Custodians (PFC) 	PENCOM, NAICOM
Health	<ul style="list-style-type: none"> • The Health Maintenance Organisations (HMO). • The Health Care Provid- 	NHIC, NAICOM
Distribution	<ul style="list-style-type: none"> • The Insurance Brokers. • The Insurance Agents. • The Pension Agents. • The Banks 	NAICOM, PENCOM, CBN
Support Service	<ul style="list-style-type: none"> • The Loss Adjusters. • The Actuar- 	NAICOM

The impact of insurance on economic growth

By providing protection, insurance companies affects economic growth through the channels of marginal productivity of capital, technological innovations and savings rate. Insurance companies indemnify the ones who suffer a loss and stabilize the financial position of individuals and firms with possibility of transfer of different kinds of risks to insurance companies.

Risk adverse economic units are more induced to buy goods and services, especially those of higher value. In this way, insurance sustains demands or consumptions for goods and services which encourage production and

employment which result in multiplier effect on economic growth.

Insurance increases marginal productivity of capital also in a way that it makes no need for high liquid contingency funds of firms which results in more funds available for financing high-return projects.

Without

insurance coverage, large contingency funds would be

needed to protect firms against risk.

Increasing

availability of funds

could result from kind of insurance

products by which insurance companies provide

protection from credit risk to other financial

intermediation. In that way, financial intermediaries are

more willing to lend funds for financing real investments

which encourage economic growth



Total Net Premium 185 Billion

Total Gross Premium234 Billion

Challenges of Insurance Industry in Nigeria

The insurance industries globally are experiencing a daunting task of sustained profitability in the face of capital constraints and volatile assets value. In Nigeria, there are wide ranges of challenges facing the insurance industry.

The major challenges include:

- **Unfavorable Macroeconomic Environment** : A stable macroeconomic environment promotes the savings necessary to finance investments - a precondition for achieving viable insurance industry and sustainable economic growth. Nigeria's macroeconomic policies over the last decade have been characterized by periodic financial indiscipline, leading to volatile and generally high inflation, large exchange rate swings, and negative real interest rates for extended periods. Due to these factors insurance companies will be unwilling to invest the premiums in long-term instruments because of the fear of inflation built up over several years by fiscal indiscipline and high inflation. Short-term investment yields lower returns.

Market is Suspicious of Insurance Companies :

Nigerians have a negative attitude toward insurance companies. This accounted largely for the low patronage of insurance companies in Nigeria. This poor patronage and performance stemmed from the poor attitude of the insurers in non-claims payment. Because of the confidence crisis of the industry, Nigerians developed strong apathy for insurance, which made the industry a pariah industry.

- **Poor Attitude towards Insurance Services** : attitudes towards life insurance patronage in Nigeria is very poor because there is lack of understanding, lack of trust and confidence in the insurance companies.

Standard of living and religion could be some of the demographic factors that influenced the poor attitude of Nigerians towards insurance service .For example, where



people living below poverty line are high and per capital income is low, insurance penetration is bound to be low.

On religious front, researches have it that consumers in Islamic nations purchase less life insurance than those in non-Islamic nations.

Other challenges facing the insurance industry in Nigeria include; poorly developed distribution channels, poor capitalization; lack of requisite skill in highly specialized transactions especially in high value risk segments such as marine, aviation, and oil and gas; unsophisticated product offerings with only a few companies creating new opportunities and exploring ways of filling existing gaps in the market; inability to attract and retain skilled talents; low technology leverage; low investment and assets capability; among others.

Source: www.academicjournals.org
www.cenbank.org
www.naicom.gov.ng
www.sciencypress.com

Larfarge to Set Up Cement Factory in Enugu

Enugu State government has signed a Memorandum of Understanding with Larfarge for the establishment of cement factory in the state. Sullivan Chime, the state governor, told stakeholder at the town hall meeting that his administration was the proposed factory for the benefit of the people of the state.



According to him, there is presence of large deposits of limestone in Enugu state and the only thing pending was getting the license. Chime disclosed that the final documents and paper works for the projects were ready and would soon be completed this year.

In addition, Chime said that state government had concluded plans with another company, Kainji, for the exploration of gas deposit and also to build a gas – sub-station. Chime said when the companies come on stream; the problem of unemployment would be solved. He however called on investors to take over the completion and management of the international conference centre opposite Okpala square.

Source: www.buisnessworldnig.com

Nigerite Perfects Strategies for New Building Technology

Fresh efforts already underway to establish a broader support base for the use of alternative building materials to bridge the nation's housing deficit.

The proposal is being put together by Nigerite Nigeria Plc, one of the leading manufacturers of roofing products, uses panelized dry construction systems as a viable and modern construction method.

The company's Marketing Director, Mr. Toyin Gbede, an architect, said the new system, which is based on years of research and analysis of the housing market, utilizes modern building materials construction in process. He noted that Nigerite is leveraging on its multinational structure have been researching on how emerging economies of the world have successfully use material process and technology to resolve housing problem.

He said "In addition, we have evolved into offering roofing, ceiling, and vertical walling solutions as against offering just products to our consumers".

Gbede said "We are basically interested in providing innovative construction solution for property developers and private owners. Our role as major player in real estate sector is to create awareness and drive acceptability of dry construction method. To create an integrated building solution product which can be purchased off the shelf".

Source: www.guardiannewsngr.com

Lagos Airport Hotel opens Institute to the Public

Lagos Airport Hotel has opened its training school to the public. The institute, the Lagos Airport Hotel Hospitality Institute, which has been in existence since 1997 as the training arm of the Lagos Airport Hotel, has now been approved by the government to award certificates and diplomas to its graduates.

Speaking during a training programme for 50 students that are being sponsored by the Lagos State government, the Controller of Training, Lagos Airport Hotel, Mrs Ebunoluwa Oyaleke, said the institute was currently



According to her, the institute would allow participants have broad knowledge of what housekeeping and cleaning are. It will give the participants the skills needed so that at the end of the programme, they will not only be self-employed, they would be fit into any organisation that requires their skills.

In the four-week programme, students would be taken through both practical and theoretical aspects of the training.

The institute is now officially opened to outsiders who want to be trained in hospitality management, catering, housekeeping, event management and other things.

Source: www.thenationonline.ng

Massive Crowd as Heritage Mall and Cocoa Mall opens in Central Business District of Ibadan

continued from page 1

First Cinema House Open in Ibadan 'FILMHOUSE'

First of his kind, long awaited film house is now live in Heritage Mall, Ibadan city Of the latest cinema in Ibadan 'Filmhouse'



Ticketing Reception of the FilmHouse

Recently, Nollywood star Rita Dominic was in Ibadan at FILMHOUSE Ibadan to watch the movie 'The Meeting' which she produced.

The authorities of the Cinema have promised to bring in many stars from time to time.

'Cash n Carry' introduces new stocks into their new Outlet in Heritage Mall Ibadan.

Retail Shopping just got better in Ibadan as 'Cash n Carry', one of Nigeria's biggest merchant in electronics, equipment and home appliance sales, which just came into town , introduces some new stocks to their showroom of electronics at The Heritage mall.



Mr. Price now in Heritage Mall Ibadan

Mr. Price is one of the anchor tenants at the Heritage Mall, Ibadan.

Mr. Price is about casuals (wears) . This value retail chain offers casual clothing, intimate wear and accessories for kids and adults at affordable prices. Located across Africa, the store known for their popular house brands

which include RT, RED (surf wear), BODY MATERIAL (underwear) and MAXED



(sportswear). Mr Price is about affordable fashion for everyone

Lifemate Furniture in Heritage Mall

Lifemate is a company with core competencies in furniture, kitchen cabinets, wooden doors, lightings and lamps, sanitary wares, such as toilets seats, bathtubs, Jacuzzi, etc.

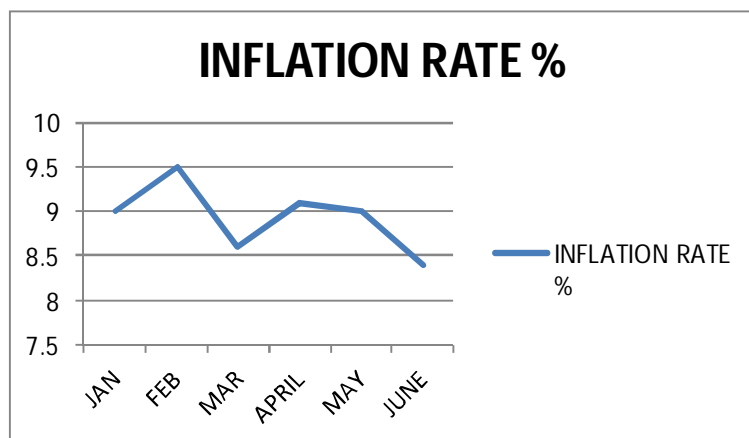
They provide a very efficient after-sales-service as well.



Hallway to Lifemate Furniture

MACROECONOMIC INDICATORS

Nigeria Inflation Rate for 2013



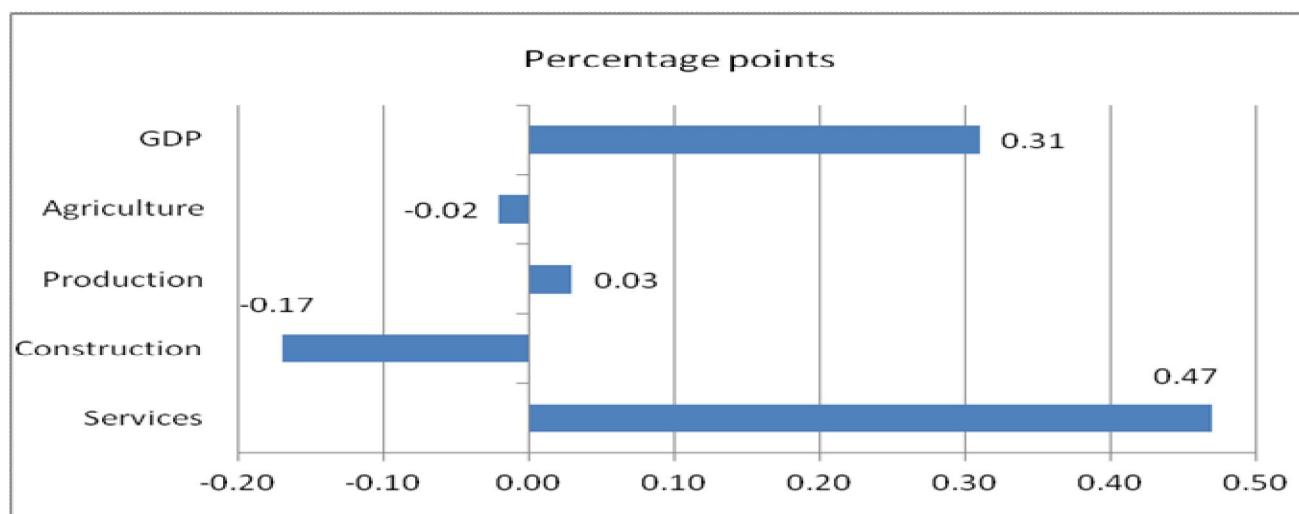
MONTH	JAN	FEB	MARCH	APRIL	MAY	JUNE
INFLATION RATE %	9.0	9.5	8.6	9.1	9.0	8.4

Monthly Average Exchange Rates

	MARCH	JUNE	↑ ↓
\$USD	158.42	162.53	↑
€EUR	202.93	211.46	↑
POUNDS	240.78	247.11	↑

Source: www.cenbank.org

GDP Contributions to the quarter on quarter % change (Q1 2013)



Source: Office for National Statistics



*A Quarterly bulletin Publication Compiled by Research & Planning Department of
Odu'a Investment Company Limited*

Cocoa House Building,
Floors 20, 21, 22 & 23
Oba Adebimpe Road, Dugbe, P.M.B. 5435, Ibadan

e-mail: odua@oduainvestmentcom.ng
www.oduainvest.com.ng