

Post Election: Implications, the BAT Administration

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Chinwe Egwim
Chief Economist
CEgwim@coronationmb.com

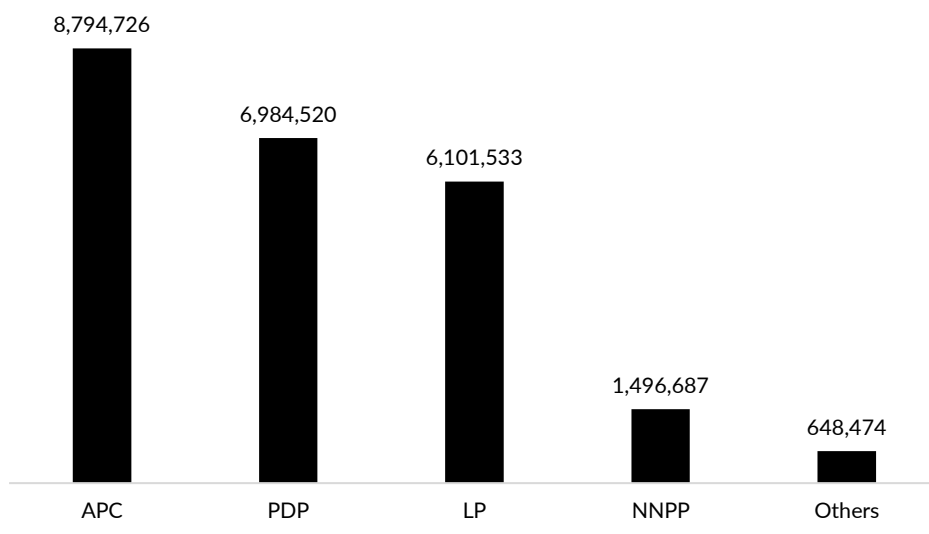
Uzochukwu Nnabue
Analyst
UNnabue@coronationmb.com

Livinus Etim
Analyst
LEtim@coronationmb.com

Victoria Abutu
Analyst
VAbutu@coronationmb.com

- The Independent National Electoral Commission (INEC) announced the result of the 2023 presidential elections on Wednesday, 1 March '23. Bola Ahmed Tinubu of the All-Progressives Congress (APC) won the election, defeating Atiku Abubakar of the Peoples Democratic Party (PDP), Peter Gregory Obi of the Labour Party's (LP), and Rabi'u Musa Kwakwanso of the New Nigeria Peoples Party (NNPP).
- The major opposition parties have called for a cancellation of the presidential election, citing reports of disruptions and irregularities during the election process. An election petition tribunal is ongoing.
- The opposition parties recorded several surprise victories among House of Representatives and Senatorial candidates. However, the APC retained majority in both chambers.
- Voters' Attitude - according to INEC, 93.46 million Nigerians registered to vote in the 2023 Presidential election. However, the voter turnout recorded was 27.1%. This is abysmal and compares with 35% and 42.8% recorded in the 2019 and 2015 general elections, respectively.
- Sentiments - anecdotal evidence show that the business community is fairly optimistic, as potential reforms and policies listed in the President-Elect's manifesto are encouraging. If implemented accordingly, current economic headwinds could dissipate and by extension, boost business confidence.
- Market rates - although the FGN Eurobond market witnessed a small rally in the run-up to the announcement, at COB on 01 March '23 (announcement day), the average yield on FGN Eurobonds rose by 24bps to 12.1%. Meanwhile, the average FGN bond and OMO yields declined by 6bps and 74bps, respectively, to close at 13.2% and 3%. As for NTBs, the average yield remained unchanged at 4%.

2023 Presidential Election Result



Sources: INEC, Coronation Merchant Bank Economic Research

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2023 Presidential Election

According to preliminary assessments from the Commonwealth Observer group, there were incidences of election-related violence and insecurity, some of which regrettably resulted in postponement of elections in some polling units. The joint International Republican Institute (IRI) and the National Democratic Institute (NDI) observer mission to Nigeria noted that logistic issues led to late resumptions across the country, creating tensions. The ballot secrecy was compromised in some polling units given overcrowding. The challenges in the electronic transfer of results and their timely upload to a public portal, affected public confidence. Furthermore, the ongoing currency and fuel shortages also imposed excessive burdens on voters and election officials.

According to INEC, 93.46 million Nigerians registered to vote in the 2023 Presidential election. However, the voter turnout recorded was 27.1%. This is abysmal and compares with 35% and 42.8% recorded in the 2019 and 2015 general elections, respectively. The most recent presidential elections in Kenya recorded a voter turnout of 56%, Ghana recorded a voter turnout of 79% in 2020, and Liberia had a voter turnout of 56% in its 2017 elections. The governments of the United States, United Kingdom and various African countries have congratulated the President-elect and expressed willingness to work together on security and trade opportunities. The United States joined other international observers to urge INEC to close existing competency gaps ahead of the gubernatorial elections.

	2023	2019	2015
Registered Voters	93,469,008	82,344,107	67,422,005
Accredited Voters	25,286,616	29,364,209	31,746,490
Votes Cast	25,025,940	28,614,190	29,432,083
Rejected Votes	939,278	1,289,607	844,519
Valid Votes	24,025,940	27,324,583	28,587,564
Turn Out (% of total)	27.1%	34.75%	43.6%

Sources: INEC, Coronation Merchant Bank Economic Research

According to INEC, Bola Ahmed Tinubu of the APC secured majority of votes and achieved a minimum of 25% in 30 states. Meanwhile, opposition party candidates in the PDP and LP attained a minimum of 25% in 21 and 17 states, respectively. The major opposition parties have rejected the election results and called for a cancellation, citing irregularities during the election process.

	Bola Ahmed Tinubu	Atiku Abubakar	Peter Gregory Obi	Rabi'u Musa Kwakwanso
Votes	8,794,726	6,984,520	6,101,533	1,496,687
States won (including FCT)	12	12	12	1
States with at least 25% of votes	30	21	17	1

Sources: INEC, Coronation Merchant Bank Economic Research

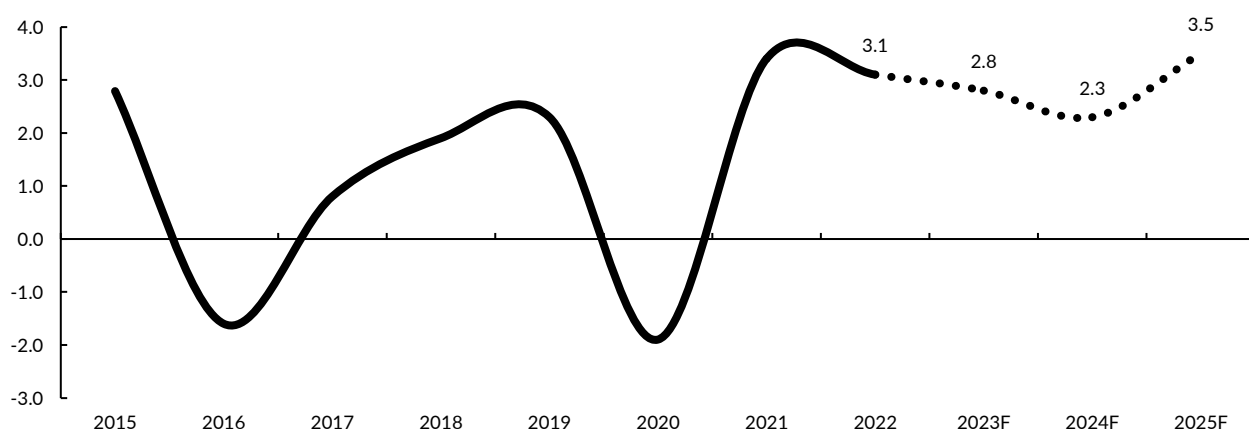
Turning to the elections for National Assembly seats, we note that opposition parties recorded surprise victories. However, official results indicate that the APC will likely hold the majority in the Senate, and by extension, elect the Senate President. Broadly speaking, we expect that future executive bills will be passed (with ease) through both chambers.

Market Orientation

The President-Elect's manifesto shows plans to strengthen the private sector in conjunction with an efficient government framework. Based on his track-record as governor of Lagos state (1999-2007), BAT focused on affordable housing, waste management, transportation and education. It is evident that competitiveness was at the forefront of decision-making during his tenure. This points towards a capitalist mindset (free enterprise). Based on public information, internally generated revenue grew from as low as N600m to N8bn per month within eight years. Lagos attracted sizeable green and brownfield direct investments under BAT's leadership.

Regarding national output, the BAT administration expects GDP growth to average 10% during its tenure. FY 2022 GDP growth stood at 3.1% y/y vs 3.4% recorded in 2021. Over the past eight years, GDP growth averaged 1.3% y/y. Although global economic shocks impact GDP growth trends, there are domestic constraints that continue to affect growth patterns.

Real GDP (% change; y/y)



Sources: NBS, Coronation Merchant Bank Economic Research

Power/Energy

We have mentioned countless times that power/energy features at the top of the list of roadblocks prohibiting healthy economic expansion. The national grid has been plagued with challenges related to generation and transmission, lack of cost-reflective tariffs, and metering issues. The manifesto points towards plans to review the *Electric Power Sector Reform Act 2005* and reform the regulatory and governance structure of the power sector. Bolstering energy supply via renewables would also be explored. Although still in its infancy stage in Nigeria, improved energy supply through renewables would stimulate business activities, particularly among SMEs which contribute as high as 50% to the country's national output. Given that energy supply through renewables is capital-intensive at the initial stages, increased investment is required.

It is refreshing to see the focus sectors listed in the manifesto. These sectors are reflected in the current national accounts and collectively accounted for 68% of total GDP in 2022. They include oil and gas, agriculture, manufacturing, housing, transportation and ICT.

Agriculture

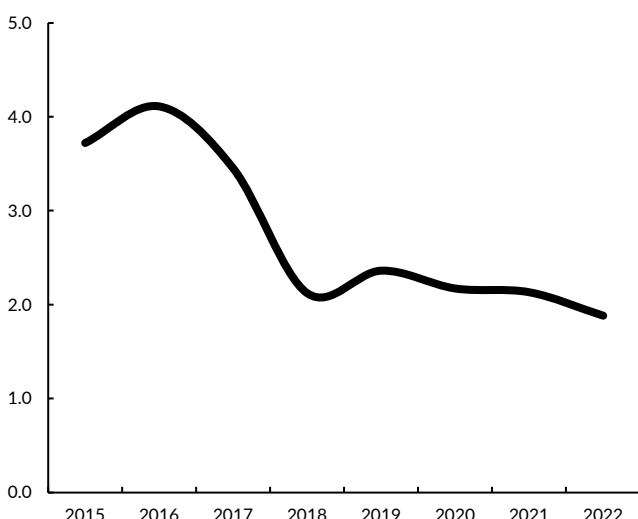
Agriculture currently accounts for 26% of total GDP and so, movement in the sector's growth significantly influences total GDP. The sector's underperformance is largely hinged on structural challenges which include, poor storage facilities, poor transport networks, low technology and poor access to finance. Agriculture has posted an average growth of 2.7% y/y over the past eight years. Given that the sector has been a beneficiary of policy continuation across administrations as well as financial interventions, high double-digit growth for agriculture is not a far-fetched expectation.

The BAT administration plans to increase the percentage of cultivated arable land from 35% to 65% within four years by opening previously uncultivated land to both small and large-scale farming, as well as to vertically integrated agri-businesses. The President-Elect's manifesto also highlights plans to develop commodity boards and establish minimum prices for strategic crops like cashew, cocoa, sesame, soya, cassava, yam, rubber, okra, palm kernels and groundnut. The BAT administration intends to deepen the use of commodity exchanges and strengthen their operations to ensure enhanced transparency. The establishment of commodity boards would support efforts around export promotion by providing standardization and price control for strategic agricultural produce.

It is worth highlighting that there are also plans to construct grain reserves and food storages in core marketplaces across major cities, to minimize waste and preserve perishable food items. This will be a welcome development given the high frequency of post-harvest losses. In addition, if effectively implemented, this could ease pressure on the food inflation rate which has been the key driver of monthly accelerations seen in the headline inflation. Food inflation averaged 12.09% over the past eight years, moderating this rate to single digits would provide some relief on household wallets. The BAT administration anticipates an emergence of voluntary cooperatives among farmers, on the back of listed reform plans. These cooperatives would assist with purchasing or leasing modern farming equipment, tools and fertilizer, and be prioritized with regards to government agricultural assistance programs such as tax breaks.

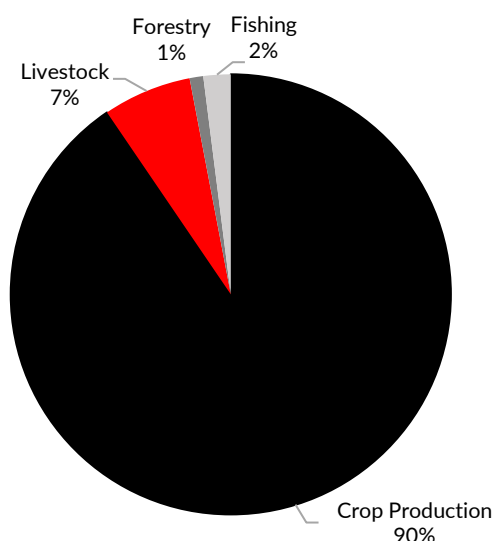
On agric-related financing, attention was placed on the Bank of Agriculture (BoA). Loans from BoA would be strictly limited to farm-related investments. Ongoing initiatives such as the anchor borrower's program and agricultural credit guarantee scheme would also be expanded. These plans bode well for food security, increased exports, and fx earnings. These proposed reforms would also assist with easing pressure in the unemployment rate which is currently placed at 33.3%. It is worth noting that the narrative around agriculture in Nigeria is gradually changing. Based on official data, the average age of farmers over the past 40 years has been between 50 -75 years. However, over the past 10 years, there has been an influx of young adults into the sector, aged 30 -40 years. Its value chain is broad and provides an opportunity to boost job creation as well as promote entrepreneurship. Furthermore, the shift towards export-orientation could be achieved quicker using agricultural products.

Agriculture GDP (% change; y/y)



Sources: NBS, Coronation Merchant Bank Economic Research

Segments of agriculture GDP, 2022 (% shares)



Sources: NBS, Coronation Merchant Bank Economic Research

Manufacturing

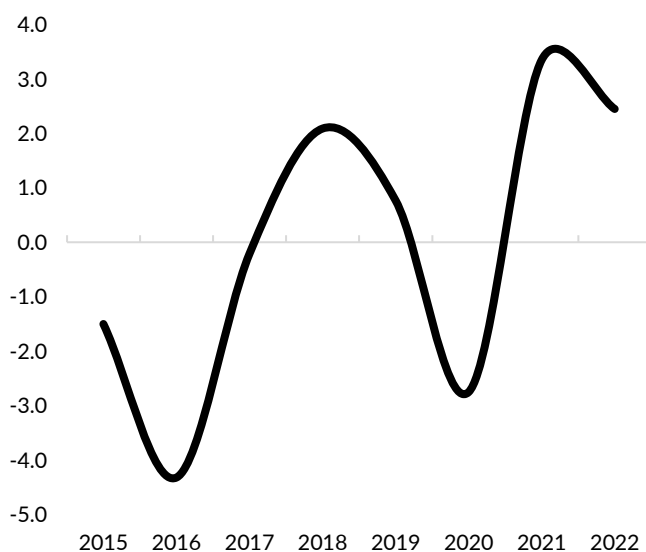
Over the past years, Nigeria has experienced oscillatory movement in manufacturing output growth. The FGN has had plans and high hopes for Nigeria’s manufacturing sector. The PMB administration had disclosed that a growth target of a 20% share in GDP by 2023 had been set for the sector. The latest national accounts show that manufacturing contributed 8.9% to total GDP in 2022 and it grew by just 2.5% in the same year. Over the past eight years, the sector grew by an average of -0.01% y/y.

It seems an industrial development masterplan is on the table for the BAT administration. This masterplan promises to create major and minor industrial hubs in each geopolitical zone. We understand that the President-Elect is interested in optimizing light manufacturing in Aba Market and promised to industrialize Abia State in a bid to position the state as a major exporter of manufactured goods. In his view, manufactured products from Aba would boot demand from export destinations like Asia, North and South America, as well as Europe. Erratic power supply is one reason the Aba manufacturing hub has failed to take-off. Therefore, the planned reforms around power supply mentioned earlier need to come to fruition. The President-Elect also plans to implement tariffs and other measures to protect new industrial hubs. In addition, we see that there are plans to implement a lower import tariff on semi-manufactured goods production lines, such as the automotive and IT industries.

The BAT administration also plans to extend tax and other credits to domestic manufacturing entities. This is in addition to urban youth employment incentives such as tax holidays and reduced interest rates on loans for manufacturers. Furthermore, there are plans to establish a digital MSME academy to boost skills acquisition as well as encourage knowledge transfer for micro and SME business owners. This is a step in the right direction given that SME activities contribute c.50% to total GDP. We expect to see increased collaboration with the private sector, especially with financial service providers.

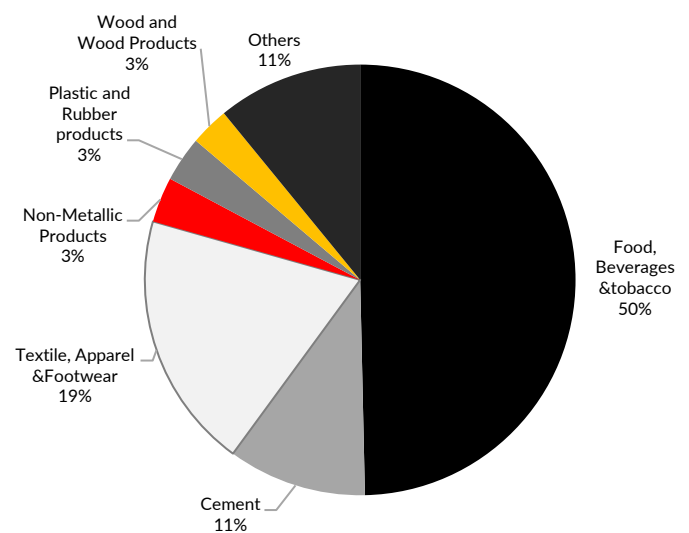
One concern that the Manufacturers Association of Nigeria has amplified is the lack of policy cohesiveness in the country. It seems stakeholder engagements before implementing well-meaning policies that become detrimental to the manufacturing sector are mismanaged. A recent example is the naira redesign policy. The current scarcity of naira notes has negatively impacted business activities by disrupting the proper flow of goods. Perhaps, deliberately including relevant representatives of each party likely to be impacted by major policies and/or reforms during strategic planning stages would be the best approach.

Manufacturing GDP (% change; y/y)



Sources: NBS, Coronation Merchant Bank Economic Research

Segments of manufacturing GDP, 2022 (% shares)



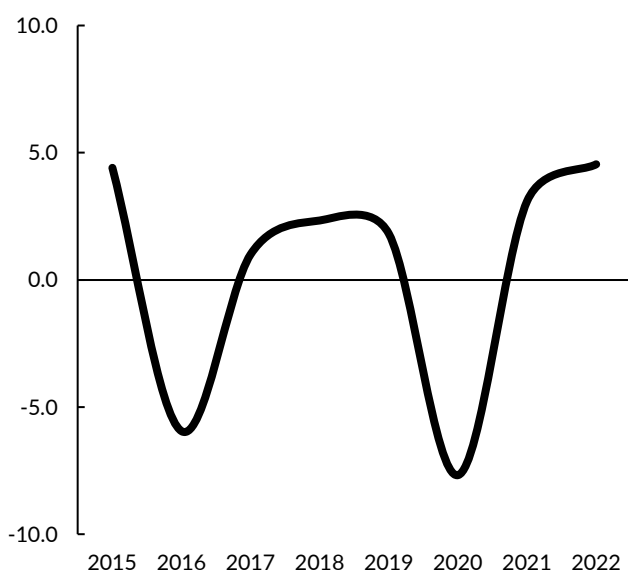
Sources: NBS, Coronation Merchant Bank Economic Research

Housing

We doubt that developing strategic plans around transforming Nigeria's housing sector would be a Herculean task for the BAT administration, given past accomplishments recorded with regards to housing during the President-Elect's tenure as Lagos state governor. However, the task at hand is enormous. Housing supply is grossly inadequate in Nigeria. Official records place the country's housing deficit at 28 million units. Housing finance remains in its infancy. Nigeria's mortgage/GDP ratio of 0.6% compares with South Africa's 23%. The Federal Mortgage Bank of Nigeria (FMBN) is the main public financing institution but has been hamstrung by capital constraints. However, over the past few years, the FMBN has issued over 4,985 mortgages, expanded the national housing fund (NHF) to non-government employees, and launched rent-to-own and other products. Given its social and developmental role, we look forward to the incoming administration filling the vacuum within the housing industry.

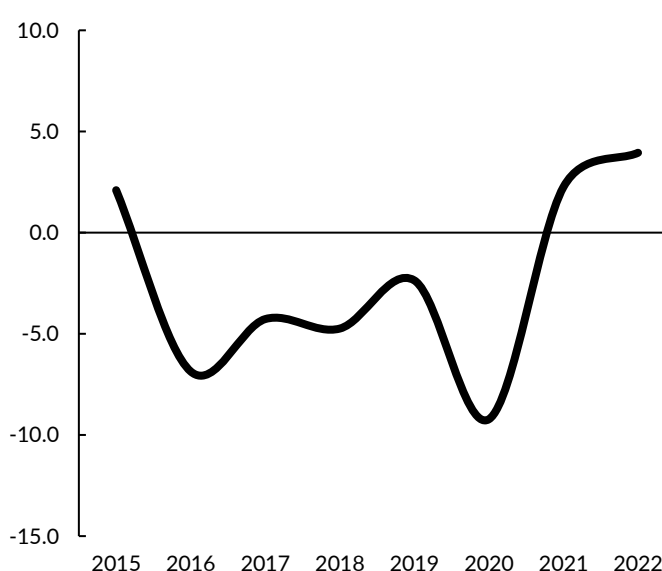
The President-Elect plans to review/revise the Land Use Act and rationalize the land conveyance process. This should reduce costs and delays, as well as promote efficient land use for investors and consumers. There are plans to merge some federal agencies focused on home ownership into one entity. The new entity would inherit existing housing authorities' functions and be adequately capitalized by the FGN. We see that the BAT administration intends to collaborate with banks with regards to making provisions for affordable consumer loans that would encourage homeownership.

Construction GDP (% change; y/y)



Sources: NBS, Coronation Merchant Bank Economic Research

Real Estate GDP (% change; y/y)



Sources: NBS, Coronation Merchant Bank Economic Research

Transportation

Product distribution across the country has been difficult due to logistics issues, especially within the agriculture value chain as supply of farm products to end-users remains a challenge. We expect improved transport linkages and operations to assist with curbing this challenge.

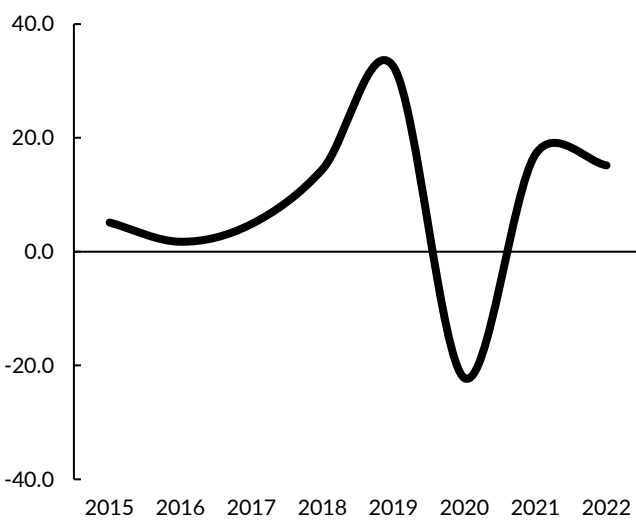
We see from the manifesto that the BAT administration plans to rehabilitate and expand existing federal roads and expressways via various funding mechanisms, including accessing the capital market and securing public private partnerships. There have been growing concerns around repetitive budget allocations towards road projects. For example, the reconstruction of the Lagos-Ibadan expressway has featured as a capital expense since 2013. We look forward to seeing projects fully executed in a timely manner.

The completion of ongoing national railway projects would also be prioritized. Indeed, efforts by the FGN to improve rail connectivity are laudable. However, increased foreign and domestic private sector investments should accelerate the execution of rail projects. In 2022, rail transport accounted for less than 1% of transportation GDP.

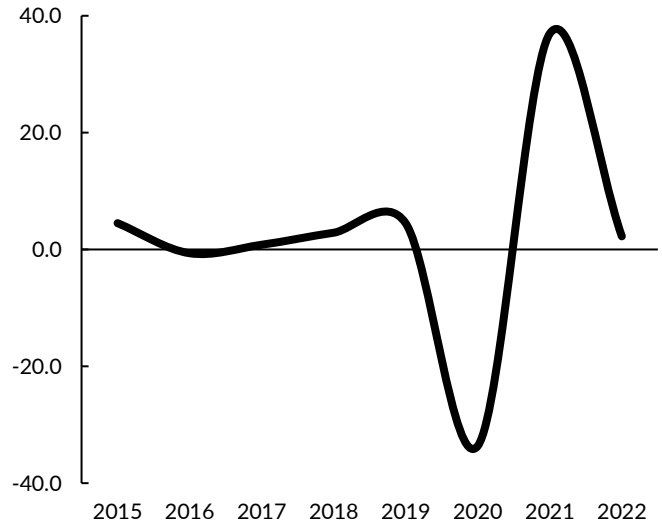
We see that the incoming administration intends to encourage state governments to build metro systems in their capital cities. This would have an indirect impact on internally generated revenue and bodes well for sub nationals given that most states heavily depend on FAAC allocations for both recurrent and capital expenses. It also opens more opportunities for public private partnerships.

There are expectations around the incoming administration improving seaport activities, the decongestion of the Apapa port and increased usage of other major seaports in the country, such as Onne, Warri and Calabar ports are expected. This would be a visible win for trade as domestic supply chain improves. As for air transport, the President-Elect plans to establish a new national carrier; several attempts to do this have been made but unsuccessful. We look forward to celebrating this milestone when completed.

Road transport GDP (% change; y/y)

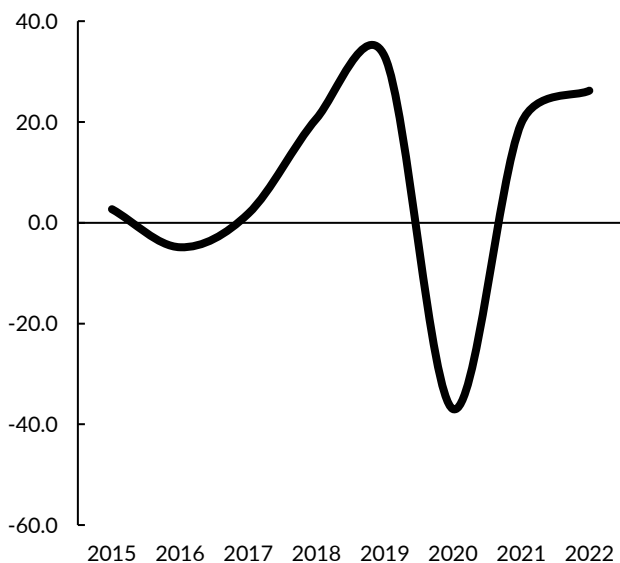


Rail transport GDP (% change; y/y)

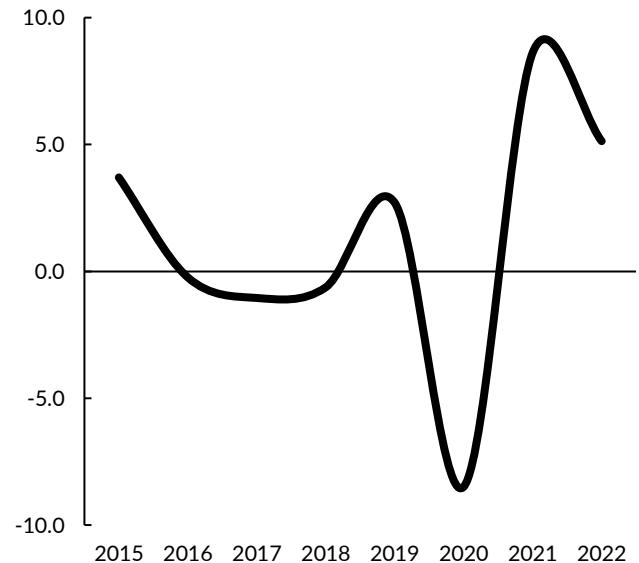


Sources: NBS, Coronation Merchant Bank Economic Research

Air transport GDP (% change; y/y)



Trade GDP (% change; y/y)



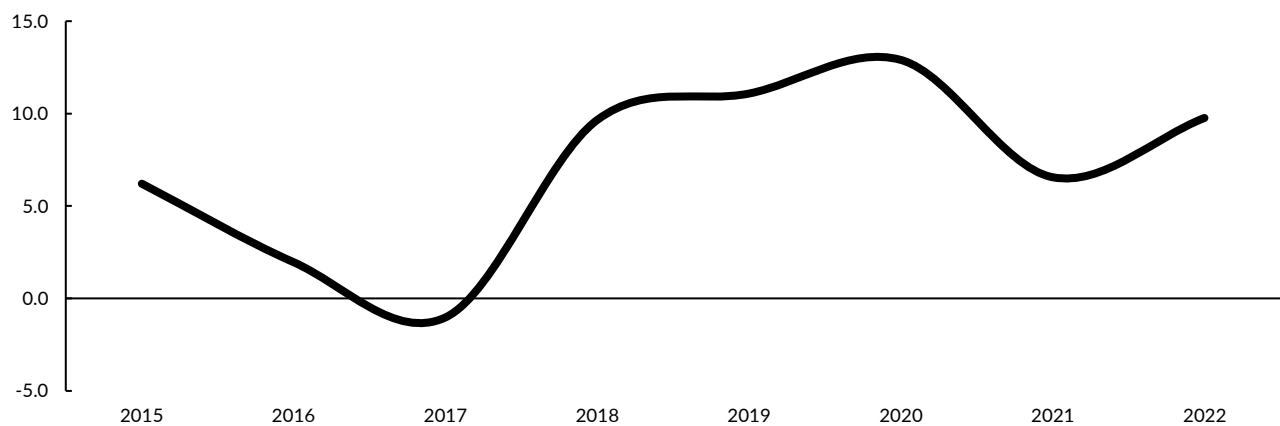
Sources: NBS, Coronation Merchant Bank Economic Research

Technology (ICT)

In recent years, innovation and technology have been touted as defining attributes for competitiveness. The President-Elect is interested in using this sector as a core job generator among the youth population within the first 24 months (i.e., by 2025). To achieve this, extensive skills acquisition programs are required. To boost employability, the authorities need to invest in human capital development, starting with revamping the basic education system.

The BAT administration plan includes interventions in critical segments of ICT, such as technology-enabled outsourcing, broadband technology, e-commerce, tech manufacturing and blockchain. It is worth noting that broadband penetration currently stands at 48.2% vs the set target of 90% by 2025. Investing in ICT will stimulate local industries, enhance competitiveness, increase productivity, and largely contribute to job and wealth creation. We see opportunity for brownfield and greenfield direct investments in this sector. However, a conducive business environment is required to drive these investments.

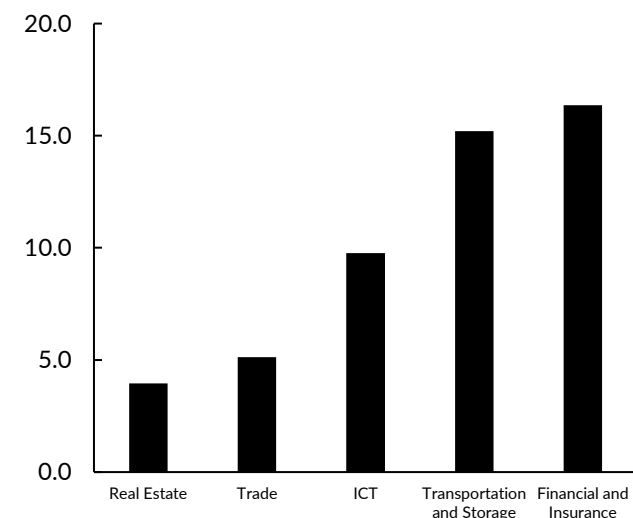
ICT GDP (% change; y/y)



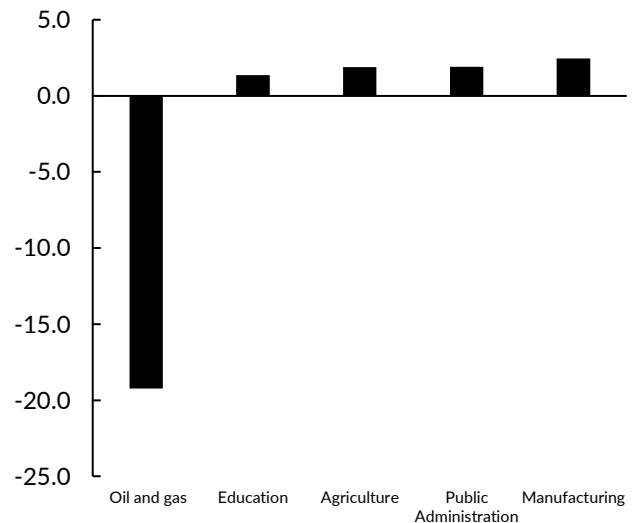
Sources: NBS, Coronation Merchant Bank Economic Research

On market orientation, the three frontline candidates were perceived as private sector friendly. The business community is fairly optimistic as potential reforms and policies listed in the President-Elect's manifesto are encouraging. If implemented accordingly, current economic headwinds could dissipate and by extension, boost business confidence.

Five best performing sectors (% chg; 2022)



Five worst performing sectors (% chg; 2022)



Sources: NBS, Coronation Merchant Bank Economic Research

Fiscal Landscape

Expansionary fiscal budgets were signed in the PMB and GEJ administrations. The major thrust of the BAT administration's fiscal policy is to expand the FGN budget to accommodate programs and projects for social and economic impact. There seems to be a preference towards using fiscal policy to achieve various economic goals as opposed to overreliance on monetary policy.

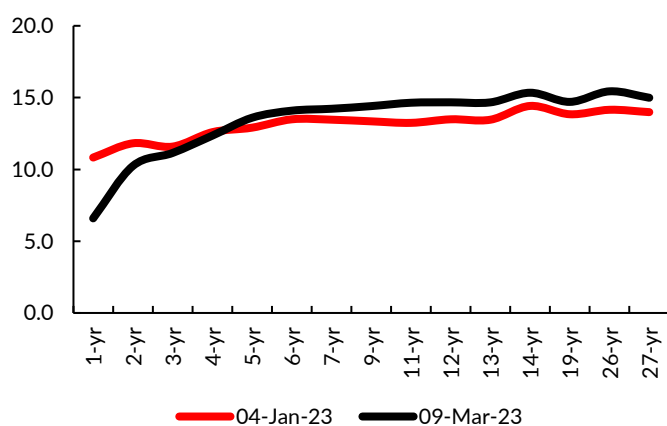
Given commentary around infrastructure development, we expect to see the ratio of capital to recurrent expenditure higher than the current 30:70 level. Project financing is expected to be in high demand during the BAT administration. Notable planned infrastructure projects are - the national potable water supply campaign, the reticulation of major dams, development of small-scale irrigation and water catchment systems as well as rehabilitation of the country's highway system.

The spike in capital expenditure would impact deficit financing gaps, we do not expect the FGN's borrowing target to reduce in the medium term. Increased FGN borrowing is likely to push domestic fixed income yields higher. Furthermore, the debt sustainability ratios could be adversely impacted if revenue fails to grow significantly.

The BAT administration plans to limit FCY denominated debt to essential expenses, that cannot be adequately addressed via domestic borrowing. There are also plans to limit foreign debt obligations by strictly linking FCY debt obligations to projects that generate USD cash flow and ensure repayment.

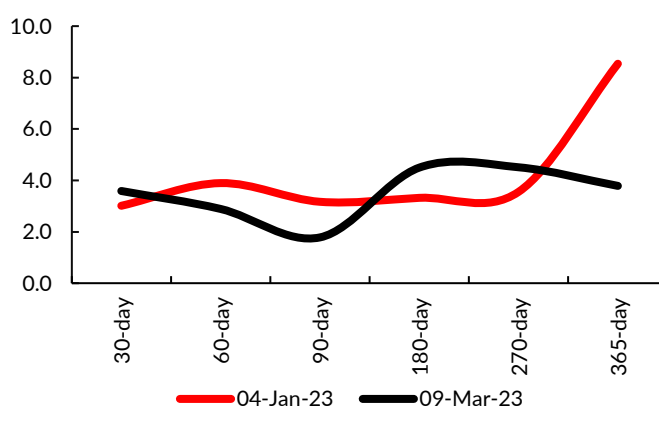
We still expect Nigeria to have limited access to the ICM in 2023 and in H1 2024. In our view, there will be little change in Nigeria's access to concessional loans within the same timeframe, largely due to the conditionality attached to these loans. In the meantime, increased pressure on domestic borrowing is expected. Our view remains, market rates (FI) will trend up by H2 2023.

FGN bond yields (% , 04 January '23 vs 09 March '23)



Sources: FMDQ, Coronation Merchant Bank Economic Research

NTB yields (% , 04 January '23 vs 09 March '23)



Sources: FMDQ, Coronation Merchant Bank Economic Research

As for revenue, the planned removal of PMS subsidy, should support increases in retained oil revenue. However, we expect the removal to be done in phases. In 2022, subsidy deductions significantly reduced oil revenue transfers to the Federation Account. This combined with the protracted decline in oil production has resulted in the lowest net oil revenue transferred to the government in over a decade, negatively impacting the FGN's ability to meet its budget expenses. This led to costly CBN ways and means financing, which has increased interest costs, exacerbating the country's fiscal and debt challenges.

Taxation

The President-Elect is of the opinion that increased taxation during an economic downturn is counterproductive. Higher taxes drain an already weakened private sector, inviting possible economic contraction and spikes in unemployment. We expect the BAT administration to be conservative with regards to implementing broad tax increases. However, there are plans to review the corporate tax system, plug loopholes and enhance collection efficiency by deploying technology and automation. Furthermore, the President-Elect has indicated willingness to utilize tax credits and tax holidays to boost domestic manufacturing.

We understand that bolstering non-oil revenue is top on the fiscal agenda. Prior to 2019, budget performances show that the FGN struggled to generate sizeable revenue from the non-oil sector. One approach to building non-oil revenue, highlighted in the manifesto is expanding the tax net. This will require extensively formalizing the informal sector. We highlight one prominent win from BAT's tenure as governor of Lagos state which is the creation of Lagos Internal Revenue Service (LIRS) under the Lagos State Revenue Administration Law. LIRS is recognized as one of the most effective revenue collection agencies in Nigeria. While these reforms can improve non-oil revenue, increased taxation could result in tax risks, compliance burden and filling, and business reporting requirements.

Highlights of Government Budgets

PMB ADMINISTRATION (2015-2022)					
Year	Budget Item	Proposed (N 'trn)	Actual (N 'trn)	Variance (trn)	Variance (%)
2022	Expenditure	18.1	*12.9	(-5.3)	(-41)
	Revenue	9.9	*6.5	(-3.5)	(-52)
	Deficit	(-8.2)	*(-6.4)	1.8	(-28)
	Domestic Borrowing	4.4	*5.9	1.5	26
	Foreign Borrowing	2.6	*0.5	(-2.1)	(-404)
2021	Expenditure	12.5	11.1	(-1.4)	(-13)
	Revenue	8.4	6.4	(-2.1)	(-32)
	Deficit	(-5.9)	(-6.4)	(-0.6)	9
	Domestic Borrowing	2.7	2.9	0.2	5
	Foreign Borrowing	2.7	1.6	(-1.1)	(-69)
2020	Expenditure	9.9	10.0	0.1	1
	Revenue	6.9	6.5	(-0.4)	(-6)
	Deficit	(-4.6)	(-5.9)	(-1.4)	23
	Domestic Borrowing	2.2	2.1	(-0.2)	(-7)
	Foreign Borrowing	1.9	1.2	(-0.8)	(-62)
2019	Expenditure	8.9	8.3	(-0.6)	(-8)
	Revenue	11.9	6.2	(-5.6)	(-90)
	Deficit	(-1.9)	(-4.2)	(-2.3)	54
	Domestic Borrowing	0.8	0.9	0.1	12
	Foreign Borrowing	0.8	-	0.8	0
2018	Expenditure	9.1	7.5	(-1.6)	(-21)
	Revenue	10.5	7.1	(-3.3)	(-47)
	Deficit	(-1.9)	(-3.6)	(-1.7)	46
	Domestic Borrowing	0.8	0.7	(-0.1)	(-17)
	Foreign Borrowing	0.9	1.1	0.2	20
2017	Expenditure	7.4	6.5	(-0.9)	(-15.2)
	Revenue	8.5	4.9	(-3.6)	(-72.3)
	Deficit	(-2.4)	(-3.8)	(-1.5)	38.1
	Domestic Borrowing	1.25	1.34	0.09	6.7
	Foreign Borrowing	1.1	1.2	0.1	8.5
2016	Expenditure	6.1	4.4	(-1.7)	(-38)
	Revenue	5.7	3.7	(-2.0)	(-55)
	Deficit	(-2.2)	(-2.2)	0.01	(-1)
	Domestic Borrowing	1.2	0.3	(-0.9)	(-293)
	Foreign Borrowing	0.6	-	-	-
2015	Expenditure	5.1	4.8	-0.3	-6
	Revenue	6.8	4.7	-2.1	-43
	Deficit	(-1.6)	-1.5	0.1	-6
	Domestic Borrowing	0.8	0.3	-0.5	-142
	Foreign Borrowing	0.4	-	-	-

* Actual figures for 2022 are from January -November

GEJ ADMINISTRATION (2010-2014)					
Year	Budget Items	Proposed (N 'trn)	Actual (N 'trn)	Variance (N 'trn)	Variance (%)
2014	Expenditure	4.7	4.1	(-0.6)	(-14)
	Revenue	7.0	6.2	(-0.8)	(-13)
	Deficit	(-0.9)	-0.9	0.1	(-9)
	Domestic Borrowing	0.6	0.6	0	0
	Foreign Borrowing	-	-	-	-

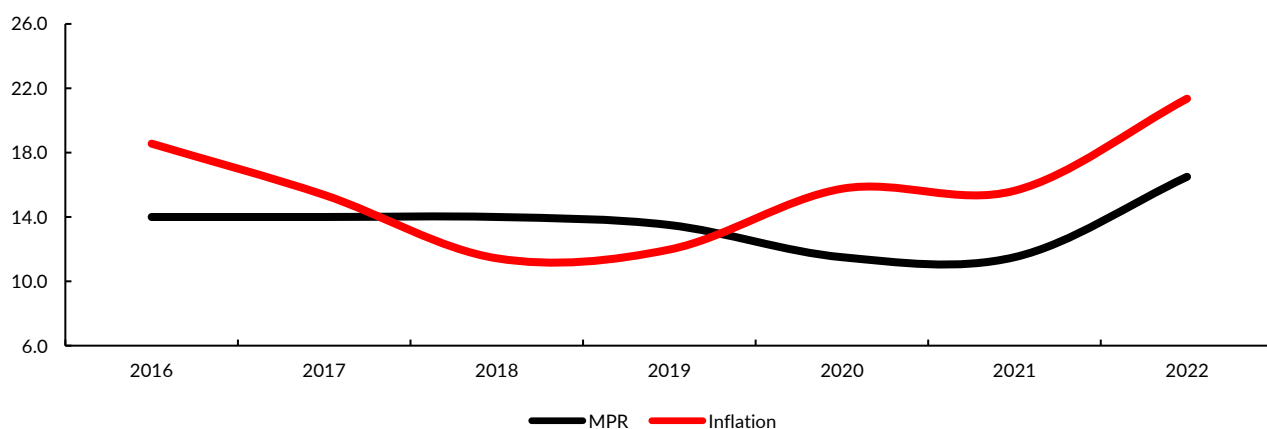
Year	Budget Items	Proposed (N 'trn)	Actual (N 'trn)	Variance (N 'trn)	Variance (%)
2013	Expenditure	4.9	4.6	(-0.4)	(-9)
	Revenue	7.6	6.2	(-1.3)	(-21)
	Deficit	(-0.9)	(-1.0)	(-0.1)	(11)
	Domestic Borrowing	0.6	0.7	0.1	18.3
	Foreign Borrowing	-	-	-	-
2012	Expenditure	4.7	4.1	(-0.6)	(-14)
	Revenue	6.3	5.6	(-0.7)	(-12)
	Deficit	1.1	1.0	(-0.1)	(-14)
	Domestic Borrowing	0.7	0.7	0	0
	Foreign Borrowing	-	-	-	-
2011	Expenditure	4.5	4.3	(-0.2)	(-4)
	Revenue	6.7	5.2	(-1.5)	(-29)
	Deficit	(-1.1)	(-1.7)	(-0.6)	35
	Domestic Borrowing	0.9	0.9	0	0
	Foreign Borrowing	-	0.1	0	-
2010	Expenditure	4.6	4.1	(-0.6)	(-15)
	Revenue	5.9	4.0	(-1.9)	(-48)
	Deficit	(-1.5)	(-1.1)	0.4	(-37)
	Domestic Borrowing	0.9	1.1	0.2	16
	Foreign Borrowing	0.1	0.1	0	0

Sources: Budget office of the Federation, Coronation Merchant Bank Economic Research

Monetary Policy

The monetary policy approach in 2011 – 2015 was largely cautious, policy rate hikes were recorded sparingly. The same trend was observed under PMB's first tenure, 2015 -2019, and this was the preferred stance until 2022. Of course, the current contractionary stance is largely on the back of harsh economic conditions (mainly elevated inflation figures). It seems that the BAT administration is not fully inclined to the current approach of using just hikes in the monetary policy rate to combat elevated inflation. His manifesto presents the view that monetary policy should be applied after considering the economy's unique nature or circumstances rather than replicating policies and practices seen in other economies'. Furthermore, the manifesto states that monetary policy must focus on the exchange rate, interest rate and price levels, and that this trio must serve the objective of fiscal policy. These statements indicate intent to increase coordination between fiscal and monetary authorities. Given our inflation outlook, in our base case scenario, we expect another MPR hike in H1 2023. There were no comments around liquidity and cash reserves ratios. We assume status quo will remain until there is clarity on the President-Elect's cabinet members.

MPR and Inflation (%)



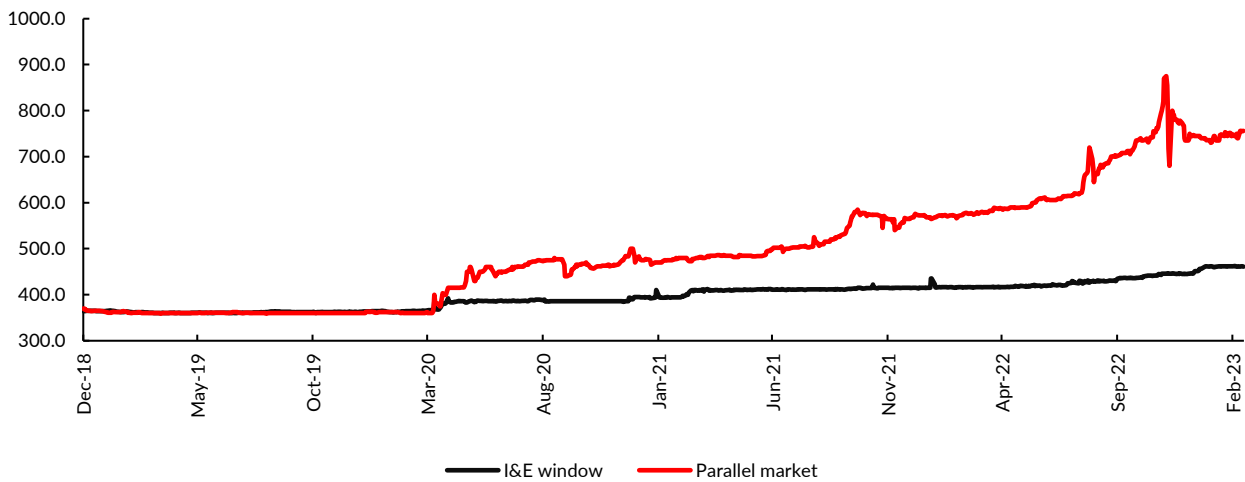
Sources: CBN, NBS, Coronation Merchant Bank Economic Research

Exchange Rate

The President Elect's economic plan is critical of the current exchange rate regime of multiple exchange rates. In his opinion, this gives rise to financial dislocation, currency speculation and arbitrage. The BAT administration would like the exchange rate policy to align with its goals. The incoming administration plans to work with the CBN and the financial sector to review and better optimize the exchange rate regime. It is unclear if the President-Elect prefers a floating exchange rate regime, but his manifesto states that "the exchange rate cannot be ignored nor left to the whims of the market".

If we consider some of the ambitious targets set within the manifesto, and assume that effective implementation takes place, a healthy accretion in external reserves should be recorded by end-2024 which would support fx liquidity and give the CBN more room to the defend the naira.

FX (N/USD) - NAFEX vs PARALLEL MARKET



Sources: FMDQ, Coronation Merchant Bank Economic Research

2023 Presidential Election Result

Zone / State	APC	PDP	LP	NNPP	Rejected Votes	Winner
South-South	799,957	717,908	1,215,675	17,167	153,453	LP
Akwa Ibom	160,620	214,012	132,683	7,796	32,328	PDP
Bayelsa	42,572	68,818	49,975	540	7,786	PDP
Cross River	130,520	95,425	179,917	1,644	24,608	LP
Rivers	231,591	88,468	175,071	1,322	30,293	APC
Delta	90,183	161,600	341,866	3,122	39,309	LP
Edo	144,471	89,585	336,163	2,743	19,129	LP
South-West	2,279,407	941,931	846,994	16,644	186,924	APC
Ekiti	201,494	89,544	11,397	264	6,301	APC
Lagos	572,606	75,750	582,454	8,442	64,278	LP
Ogun	341,554	123,831	85,829	2,200	31,324	APC
Ondo	369,924	115,463	47,350	930	19,009	APC
Osun	343,945	354,366	23,283	713	23,541	APC
Oyo	449,884	182,977	99,626	4,095	42,471	APC
South-East	127,372	90,968	1,956,998	8,211	57,278	LP
Abia	8,914	22,676	327,095	1,239	11,646	LP
Anambra	5,111	9,036	588,621	1,967	10,751	LP
Ebonyi	42,404	13,503	259,738	1,661	11,990	LP
Enugu	4,772	15,749	428,640	1,808	12,467	LP
Imo	66,171	30,004	352,904	1,536	10,424	LP
North-Central	1,760,993	1,162,087	1,416,557	60,056	166,280	APC
Benue	310,468	130,081	309,372	4,740	27,687	APC
Kogi	240,751	145,104	56,217	4,238	19,248	APC
Kwara	263,572	136,909	31,166	3,141	26,712	APC
Nasarawa	172,922	147,093	191,361	12,715	16,371	LP
Niger	375,183	284,898	80,452	21,836	34,687	APC
Plateau	307,195	243,808	466,272	8,869	22,994	LP
FCT	90,902	74,194	281,717	4,517	18,581	LP
North-East	1,185,458	1,741,846	315,107	126,343	134,364	PDP
Adamawa	182,881	417,611	105,648	8,006	30,481	PDP
Bauchi	316,694	426,607	27,373	72,103	29,030	PDP
Borno	252,282	190,921	7,205	4,626	32,658	APC
Gombe	146,977	319,123	26,160	10,520	23,735	PDP
Taraba	135,165	189,017	146,315	12,818	18,460	PDP
Yobe	151,459	198,567	2,406	18,270	0	PDP
North-West	2,652,235	2,329,540	350,193	1,268,250	221,892	APC
Jigawa	421,390	386,587	1,899	98,234	34,274	APC
Kaduna	399,293	554,360	294,495	92,969	41,223	PDP
Kano	517,341	131,716	28,513	997,279	44,405	NNPP
Katsina	482,283	489,045	6,376	69,386	32,514	PDP
Kebbi	248,088	285,175	10,682	5,038	31,953	PDP
Sokoto	285,444	288,679	6,568	1,300	21,015	PDP
Zamfara	298,396	193,978	1,660	4,044	16,508	APC
National Total	8,805,422	6,984,280	6,101,533	1,496,671	920,191	APC

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Coronation Merchant Bank,
10 Amodu Ojikutu Street,
PO Box 74853, Victoria Island
Lagos, Nigeria.

CORONATION

Coronation Merchant Bank
10 Amodu Ojikutu, Victoria Island,
Lagos, Nigeria.

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