



Fidelity Pension Managers Limited

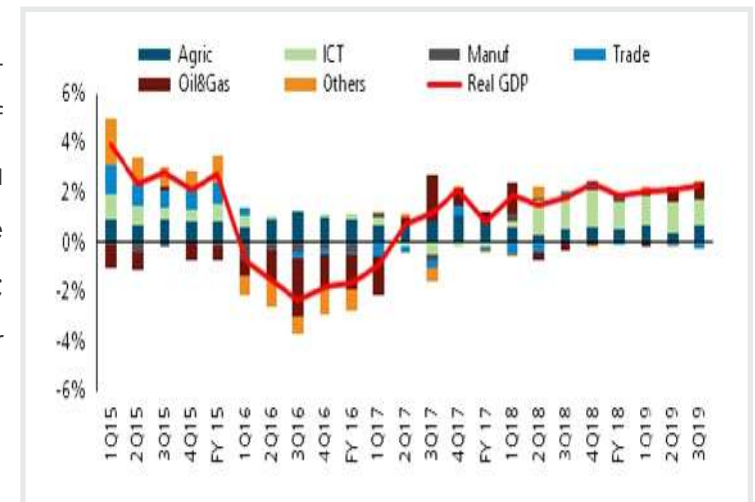
Summary
November
2019 Edition

Will Nigeria wake up from slumber?

Nigeria's 3Q19 real GDP growth came in strongly at 2.28% y/y, ahead of consensus (1.86%), building on the momentum of 2Q19 GDP of 2.1% (revised higher from 1.94% on higher oil volumes).

On a 9M basis, growth is up 2.2%y/y. Q319 growth momentum was broad based helped by a combination of a seasonally strong harvest period, driving agricultural output, and a record high quarterly oil production of 2.04mbpd – the highest level since 1Q16.

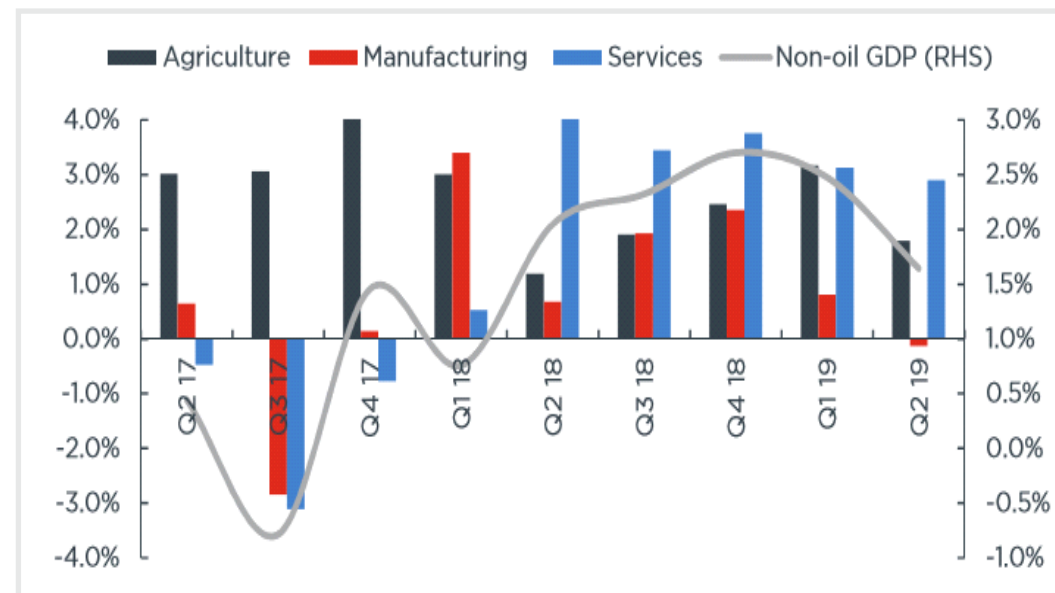
However, Nigeria's trade sub-sector's real GDP (15.2% of 3Q19 GDP) slipped into a recession, declining for the second successive quarter; 3Q19 (-1.5%) after a milder decline of -0.2% y/y in 2Q19.



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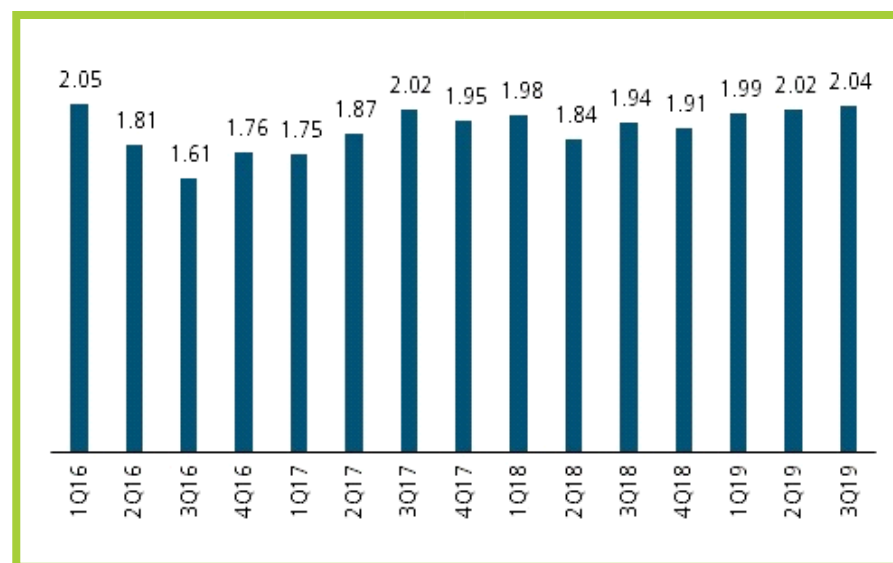
Will Nigeria wake up from slumber?

Trade sub-sector GDP slipped into recession: Nigeria's trade subsector, which is the country's second-largest contributor to GDP (15.2% of 3Q19 GDP) after agriculture, employing 14% of the country's labour force slipped into recession on a heightened tempo. The -1.5% y/y decline compared with -0.2% (2Q19) might be connected with Nigeria's land border closure with its neighbouring African countries. Both export and import of finished goods and raw materials needed for production has been impacted by the land border closure. To us, the reading of the trade sub-sector GDP in 4Q19 will be an important variable to watch out for.



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Oil GDP, however, surprised positively, at 6.5% y/y, with oil production delivering the highest quarterly production level, of **2.04mbpd**, since 1Q16 (Figure 6). 2Q19 oil volumes were revised higher to 2.02mbpd. We suspect that the coming onstream of the deep-water Engina project by Total Upstream played a part in the higher oil volumes. The oil sector accounted for 9.8% of 3Q19 GDP, an improvement over the 9.0% reported in 2Q19.



Agriculture:

Agriculture's 3Q19 GDP was seasonally strong at 2.3% y/y, higher than the 1.8% of 2Q19 helped by harvest season. Crop production (92% of 3Q19 agricultural output) grew strongly at 2.4% y/y. Safe for flooding, which impacted a large swathe of farmlands in Nigeria's middle belt, we suspect agricultural output during the quarter would have been stronger.

GDP Outlook

Crude Oil Production

- Outlook remains constrained despite the Q3-2019 GDP beat; we expect GDP growth to come in at 2.30% yoy in Q4-2019E.
- Despite the impressive Q3-2019 GDP data, we believe outlook is constrained by persistently weak macroeconomic policy environment and see little scope for the economy to expand above 2.3% in Q4-2019. The increased focus of OPEC on compliance with the oil production cut agreement by members led to a decline in Nigeria's oil production (excluding condensates) by 2.0% mom in October to 1.81mb/d. Against this backdrop, we expect the oil sector to slow to 6.22% yoy from 6.44% yoy in Q3-2019. We expect the non-oil sector to benefit from expansion in domestic credit, although the border closure remains a drag on trade while the telecoms sector will likely slow to single digit due to high base effect. Nonetheless, we expect non-oil sector growth to accelerate to 1.95% yoy, driven by further recovery in agriculture.

Equities market: Equities

- **The rally in the domestic equities market was sustained for a third consecutive week – first time since May 2019, as investors’ hunt for positive real return continued amidst depressed fixed income (FI) yields. The All-Share index ended 0.5% higher w/w following four consecutive days of gains. Consequently, the MTD gain grew to 2.4% while the YTD loss shrank to 14.1%. On sectors, investors piled into heavyweight Consumer Goods (+6.0%) and Oil & Gas (+2.2%) stocks, as the sectors outperformed. The Insurance (+0.5%) index also closed in the green. On the flip side, profit taking across Banking (-0.9%) and Industrial Goods (-2.2%) sectors, whose stocks and respective indices were the top gainers last week, led to underperformances in the indices.**

- **In our view, the still compelling valuations and attractive dividends yields have driven market performance over the past few weeks, a reaction to a limited outlet for investments given recent policy directives limiting domestic participation in the FI market. In the short term, we expect that stock market will continue to benefit, especially as FI yields remain on the downtrend.**

Market indices remained Red






How much do you know of your pension?

- **The objective of the scheme is to ensure retirees/beneficiaries have** access to their benefits as at when due in line with the Regulation for Administration of Retirement and Terminal Benefits issued by the National Pension Commission.
- **For a hitch free withdrawal process,** all RSA holders are required carry out a Data Recapture and provide their NIN (National Identity Number) Slip alongside other supporting documents as may be required for processing their retirement benefit.



Do you know you can access your pension account?

- **25%/Loss of job Withdrawal.**
- **A disengaged/unemployed RSA holder who hasn't been gainfully employed for four months and have not attained age 50 is eligible to apply for a withdrawal of an amount not exceeding 25% of the balance in his /her Retirement Savings Account.**
- **Voluntary/Mandatory Retirement.**
- **A retired RSA holder upon attainment of age 50 is eligible to enroll for any of the listed withdrawal options in line with the Regulations for the Administration of Retirement and Terminal benefit.**
- **En - bloc – If balance in RSA is below N550, 000, the total balance is to be paid to the RSA holder.**
- **Programmed Withdrawal – Where balance in RSA is above N550,000, the retiree is eligible for a lump sum payment of not more than 50% and not less than 25% of total RSA balance and thereafter enrolled for Monthly/Quarterly payment on the basis of an expected lifespan.**
- **Annuity – Instead of Programmed withdrawal, a retiree may decide to purchase an Annuity plan from a licensed Insurance company in line with guidelines jointly issued by the Commission and National Insurance Commission**



Pension

Who can access his pension account?

- **Medical Ground**
- **An RSA holder who is retired on medical ground** i.e. due to total or permanent disability either of mind or body will qualify to access full retirement benefits not considering his/her age and can opt for any or a combination of the following benefit options as allowed under the Act or in line with the Regulations for the Administration of Retirement and Terminal Benefits:



We are available to answer all your questions and help you start a simple savings plan today.

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