



FMDQ SPOTLIGHT

NEWSLETTER EDITION 61 – NOVEMBER 2019



FMDQ

The logo consists of a stylized icon on the left, composed of three horizontal bars (top and bottom are blue, middle is yellow) of varying lengths, followed by the letters 'FMDQ' in a bold, blue, sans-serif font. The letter 'Q' has a yellow outline and a stylized yellow and white striped tail.



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FMDQ Hosts 2019 Nigerian Capital Markets Conference

FMDQ Securities Exchange, (FMDQ Exchange or the Exchange), on Thursday, November 7, 2019, hosted the 2019 Nigerian Capital Markets Conference (the Conference), themed, Nigeria: A Compelling Destination of Capital; playing host to a wide audience of local and international financial markets participants, who turned out in large numbers at the Lagos Oriental Hotel, Victoria Island, Lagos. The Conference, which coincided with the 6th year anniversary of FMDQ, brought together market participants, regulators, government authorities and subject-matter and model markets experts with varying interests in the Nigerian and global financial markets space, to deliberate on near-to-medium-term strategies and other pre-requisites needed to position the Nigerian capital and financial markets, to attain its potential and support sustainable economic growth and development in Nigeria.

Welcoming guests to the Conference, Mr. Okwu Joseph Nnanna, Chairman, FMDQ, represented by Mr. Jibril Aku, Vice Chairman, FMDQ, commended all stakeholders for the support given to FMDQ thus far, whilst noting that the Group (comprising FMDQ Exchange, FMDQ Clear & FMDQ Depository) will continue to provide the essential platform to power growth and foster the strengthening of the broader Nigerian financial market. The Conference was supported by the Federal Government of Nigeria as the Vice President of the Federal Republic of Nigeria, Professor Yemi Osinbajo, SAN, GCON, represented by the Acting Director-General of the SEC, Ms. Mary Uduk, in his Keynote Address, underscored the importance of the capital markets to the achievement of the Nigerian Economic Recovery and Growth Plan. He noted the pivotal role being played by FMDQ in transforming the Nigerian financial market and called for greater commitment from the private sector to complement the government's efforts especially in the area of infrastructure development. Furthermore, the Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, CON, ably represented by Mr. Emmanuel Ukeje, Special Adviser to the CBN Governor on Financial Markets, also lent his voice to the continued relevance of the capital markets to the much-desired turnaround of the Nigerian economy. The CBN Governor commended FMDQ for setting the pace and championing innovative solutions as part of steps toward aligning the domestic markets to their international counterparts and achieving global competitiveness.



Dr. Adeyemi Dipeolu, Special Adviser to the President on Economic Matters, Office of the Vice President (OVP), speaking on Nigeria as a compelling destination of capital, in line with the Conference theme, highlighted the role of the private sector in leading the growth that Nigeria desires. He further noted the strategic alliance between the OVP and FMDQ; having successfully executed programs including the Ease of Doing Business Session for capital market participants, amongst others. From the high-powered presentations and sharing of country experiences to constructive panel sessions drawing from the experiences of model markets and subject-matter experts, the Conference delved into discussions shaping strategies into improving capital inflows, opportunities for operational excellence for Financial Market Infrastructures (FMI), building a thriving derivatives market and other product/market development focus, sustainably financing infrastructure projects, promoting a green path to economic development, amongst others.

More on the Conference can be found [here](#).

To view some of the event memories, [click here](#).

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Mr. Governor, Sanwo-Olu, Wins FMDQ Markets Enabler Award at the 2019 FMDQ GOLD Awards

- Challenged to Upgrade the Lagos Financial Markets to be at par with other International Financial Centres - London, New York, Singapore

Following the 2019 Nigerian Capital Markets Conference, FMDQ hosted market participants, including its Members, regulators, government agencies, local and foreign portfolio investors and a host of others to the second edition of its flagship FMDQ GOLD Awards (the GOLD Awards) on Friday, November 8, 2019. The very well-attended GOLD Awards, which brought together various stakeholders in the FMDQ markets, domestic and international, provided a platform to acknowledge and formally recognise the contributions of participants within the FMDQ markets for the one year period covering October 2018 to September 2019, whose activities have directly impacted the development of the markets and positively contributed to making them “GOLD” – Globally Competitive, Operationally Excellent, Liquid and Diverse.

The highlight of the evening was the presentation of the FMDQ Markets Enabler Award to the Executive Governor of Lagos State, Mr. Babajide Sanwo-Olu, in recognition of his considerable contribution to market development as an ex-financial markets practitioner, and in acknowledgement of the opportunity availed to him, in his current position, to achieve transformational change in the Nigerian financial markets and overall economy. The Award was geared at recognising some of the Governor’s achievements, such as supporting FMDQ’s efforts to secure the admission of the Financial Centre for Sustainability, Lagos (FC4S, Lagos) as the 23rd member of the International Network of Financial Centres for Sustainability in May 2019, prior to his inauguration as Governor of Lagos State; launching of FC4S, Lagos, in October 2019 at FMDQ’s Exchange Place with the support of high-ranking government officials, regulators and private sector stakeholders; and signing a Declaration with the leadership of FC4S, Lagos, committing to advance green and sustainable finance in the Nigerian financial markets, in line with the United Nations 2030 Agenda for Sustainable Development and the Paris Agreement. The Governor was further charged to seize the opportunity availed to him to, indeed, make Lagos a leading financial centre in Africa by supporting the enactment of key legislations and policies that facilitate affordable housing, clean/renewable energy, zero waste management/circular economy, clean transportation, etc.

During his Special Address, Governor Sanwo-Olu, who was the Special Guest of Honour at the GOLD Awards, recognised and commended the efforts of FMDQ in building a sustainable financial market. He added that FMDQ has proven to be a reliable partner to Lagos State; even as the State aspires to champion sustainable growth and development for the good of its people. He committed to working assiduously towards upgrading the Nigerian financial markets to be at par with globally-recognised financial centres such as London, New York, Singapore, amongst others.



The GOLD Awards also featured other key awards categories such as Primary Markets, Secondary Markets and the Members' & Clients' Choice Awards. Winning for a second time in a row, Stanbic IBTC Capital Limited bagged the award for the Primary Markets Champion - Capital Markets Securities Origination; and the bank - Stanbic IBTC Bank PLC also emerged the Secondary Markets Champion, winning the FMDQ Dealing Member Award, amongst three others within the Group; Chapel Hill Denham won three Awards, including the FMDQ Registration Member (Listings) and the Debt Capital Markets Financing for Infrastructure Development Awards. The Largest Commercial Paper on FMDQ Award went to Dangote Cement PLC, and other notable awards were the Regulator Market Transformation Initiative Awards won by the SEC for the empowerment of investors and issuers with choice of depositories by the registration of FMDQ Depository, and the CBN for financial inclusion by establishing payment services' (digital) banks, as voted by FMDQ Members and clients. In order to ensure the full integrity of the award winners selection process, a validation exercise was conducted by Ernst & Young Nigeria, a global leader in assurance services, and a certification issued to validate the integrity of the process. To view a full list of the GOLD Award winners, [click here](#).

Other key highlight of the Ceremony was the financial markets skit performed by alumni of the 2019 Summer Camp (Primary School Stream) of the FMDQ Next Generation Financial Market Empowerment Programme (FMDQ-Next) - FMDQ's flagship corporate responsibility programme, a learning and development initiative aimed at providing financial markets education and promoting financial literacy among the youth in Nigeria. Indeed, the audience were thrilled by the far-reaching and thought-provoking knowledge and experiences showcased by the young students, educating the

audience on financial market products, services and participants; an evidence of the impact of the FMDQ-Next programme.



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2019 Nigerian Capital Markets Conference and GOLD Awards

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FMDQ Exchange Host its Registration Members to a One-Day Stakeholder Engagement Session

In line with its commitment to ensure that the Nigerian debt capital markets remain aligned with best market practices, FMDQ Exchange held an interactive one-day session its - Registration Members (RMs) on November 20, 2019. RMs include Member firms/institution who sponsor the listing and/or quotation of debt securities on the FMDQ platform.

The session which was attended by representatives from all thirty-six (36) RMs of the Exchange, provided an overview on the processes that define the extant Securities Admission and Information Repository Service and equipped them to perform and fulfil their relevant securities admission obligations. The interactive and insightful session availed these RMs the opportunity to review and provide feedback and suggestions on the Securities Admission and Information Repository Service, for consideration and adoption by the Exchange.



As a vertically Integrated financial market infrastructure, FMDQ and its entities, will continue to engage its critical market stakeholders to create, implement and develop value-added product and service offerings towards enhancing increased market participation, process efficiency and transparency in the Nigerian financial markets.

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FMDQ-Next Hosts the Secondary School Students of Master Moulders International Academy to mark World Children's Day

Adopted by the United Nations General Assembly, November 20, has been set aside to as a day the world offers an inspirational entry-point to advocate, promote and celebrate children's rights. As a champion for the education of youth and broader, the next generation, FMDQ, through its flagship corporate responsibility Programme, FMDQ-Next marked the day (November 20, 2019) in solidarity with the rest of the world. This occasion also provided an opportunity to host the secondary school students of Master Moulders International Academy, on an excursion to FMDQ's business complex, Exchange Place.



As has become tradition with FMDQ, the excursion was marked by interesting events including a tour of Exchange Place, providing the students and their tutors the opportunity to learn about the Company, its history, subsidiaries, business services, amongst others. The Students also visited the FMDQ Archives, where they received a brief on how the journey and achievements of the Company from its inception in 2013. Further, they toured the FMDQ Media Room, experiencing first-hand, some of FMDQ's collaboration with its media partners. The tour concluded at the FMDQ Q-Hub - a bespoke trading simulation room designed to support the FMDQ-Next activities; specifically, to expose the students to basic trading and financial market activities. From an educational session where the Students took quick lessons on how to grow money with savings, the different investment vehicles available for wealth creation, the varied stakeholders and players in the Nigerian financial markets, amongst others; to Live Market Trading Sessions, and some exciting quiz where winners were awarded fantastic prizes, the excursion provided yet another avenue to challenge the thoughts of these young minds and align these towards becoming the next generation of financial market experts.

Excursions are an important element of the learning curriculum and, the FMDQ-Next Programme. Indeed, beyond exposing the participants to the workings of the financial market, it serves to enhance the professional marketability of the youth, thereby developing Nigeria's knowledge and future resource bank.



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The 41st Currency Futures Contract Matures, Settles on FMDQ Exchange

On Wednesday November 27, 2019, the 41st OTC FX Futures contract - NGUS NOV 27 2019 with a nominal value of \$1,470.61 million, matured and settled on FMDQ Exchange. This maturity brings the total value of matured currency futures contracts on the Exchange, since the inception of the market in June 2016, to circa \$22.24 billion; with a total of about \$31.47 billion so far traded.

As with other maturities, the contract was valued for settlement against the NAFEX – the Nigerian Autonomous Foreign Exchange Fixing – the FMDQ Exchange reference Spot FX rate published same day. The associated clearing/settlement activities were effected accordingly by FMDQ Clear.

The CBN, introduced a new contract, NGUS NOV 25 2020 for \$1.00 billion at \$/₦366.88 to replace the matured contract. The contracts quotes are published daily on FMDQ's website at www.fmdqgroup.com and on the FMDQ Twitter page [@FMDQNigeria](https://twitter.com/FMDQNigeria)

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FMDQ Exchange Admits SFS Fixed Income Fund

FMDQ Exchange, through its Board Listings, Markets and Technology Committee, approved the listing of 500,000,000 units of ₦1.00 each of SFS Fixed Income Fund (the SFS Fund) on its platform.

The SFS Fund is structured as an open-ended fixed income investment scheme, duly authorised and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund, which targets investors, including individuals and institutions with low risk appetite and who are averse to high fluctuation in investment returns, amongst others, will be invested in interest-bearing investments through any CBN-approved Bank. In addition, the fund may also be invested in high quality short-term securities such as Commercial Papers and Bankers' Acceptances.

From global visibility to governance, the SFS Fund joins a host of other securities listed on the Exchange to benefit from the value-add and tailored service which an FMDQ Exchange listing avails. A formal listing ceremony to commemorate the admittance of this Fund on FMDQ Exchange shall be held in due course.

As a systemically important financial market infrastructure positioned to drive innovation, collaborative relationships and technology, FMDQ strives to foster development in the Nigerian financial market through its exchange, clearing and depository infrastructures, thereby providing a seamless process and value-chain for the markets to execute, clear and settle their transactions.

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FMDQ Exchange Commemorates the Listing of the Primero BRT Securitisation SPV PLC Bond

Following the formal admittance of the Primero BRT Securitisation SPV PLC ₦16,500,000,000 Series 1 Fixed Rate Bond (the Primero BRT Bond) on FMDQ Exchange, a Bond Listing Ceremony, as has become tradition with admissions on FMDQ's platform, was organised specially for the issuer, represented by the Managing Director of Primero Transport Services Limited (PTSL), Mr. Fola Tinubu, the Registration Member (Listings) and sponsor of the issue on FMDQ Exchange, represented by the Chief Executive Officer of Dunn Loren Merrifield Group, Mr. Sonnie Ayere, and other parties to the issue.

Welcoming guests to the Listing Ceremony, Ms. Tumi Sekoni, Associate Executive Director, Capital Markets, FMDQ Exchange, congratulated the issuer and sponsor of the issue on FMDQ, noting that this listing would avail the issuer visibility and the requisite track record to grow its corporate profile in the debt capital market. From a streamlined and an efficient listing process to the provision of global visibility, governance and continuous information disclosure, the Primero BRT Bond joins a host of other unique issuers to benefit from the FMDQ Listings Service.



Sharing his experience at the event, the Managing Director, PTSL, Mr. Fola Tinubu said “Primero was stuck in a quagmire of short-term financing and high-interest rates. Luckily for us, we were able to come into the bond market and raise N16.5bn. The bond market community has really made a dramatic difference in the lives of Lagosians through the provision of the buses. Primero will not relent in its efforts. We will ensure that we provide world-class service for Lagosians and once the bond market community sees the outcome, they will be happy that their money has been used judiciously.”

Some of the highlights of the Bond Listing Ceremony include the signing of the Bond Listing Register by the issuer, sponsor of the issue and FMDQ Exchange; the presentations of the Bond Listing Certificate alongside other mementos to the issuer, the signing of an electronic autograph and unveiling of a special symbol towards commemorating this issue.

Speaking on their role as the Sponsor of the Issue on FMDQ Exchange, Mr. Sonnie Ayere reiterated the success of the issuance of this first series of the Primero BRT Securitisation transaction, stating that “with the listing of N16.5Billion of the Series 1 Bond under the N100billion Medium Term Note Programme, Primero Transport Services Limited and Dunn Loren Merrifield Capital Group are working to bridge the transportation infrastructure gap in Africa’s busiest city”. He further explained that “with the current value of future flow securitised transactions in the Nigerian debt capital markets at N33.06 billion, the appetite for structured debt instruments appear to be on the rise, with more professional

institutional investors looking to participate in new offers. Going forward, market expansion will be on the rise as companies will search for more economically viable funding options for capital expansion and other business development objectives.”



Ms. Kaodi Ugoji, Associate Executive Director, Corporate Development, FMDQ Exchange, in closing, reiterated FMDQ’s commitment to support innovative listings and capital raising aspirations of institutions towards promoting prosperity for Nigeria and Nigerians. According to her, FMDQ remains unyielding in its support for the development of the Nigerian financial markets through its choice platform for the registration, listing, quotation, trading and recording of financial securities.

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Highlight of Listings and Quotations of Debt Securities for November 2019

Whilst continuing to avail its credible and efficient platform for Registrations, Listings, Quotations and Noting services, other debt securities admitted by FMDQ Exchange during the period in view include the following:

- FBNQuest Merchant Bank Limited **₦3,313,900,000** Series 18 Commercial Paper on **November 14, 2019**
- Stanbic IBTC Bank PLC **\$49,500,000.00** Series 51 Commercial Paper on **November 18, 2019**

- CERPAC Receivables Funding SPV PLC **₦2,784,000,000.00** Series 1 Commercial Paper on **November 19, 2019**
- Mixta Real Estate PLC **₦2,525,000,000.00** Series 12 Commercial Paper on **November 22, 2019**

FMDQ will continue to exert commendable efforts in aligning the Nigerian financial markets to international standards, and has, through the promotion of product innovation and the championing of key market development initiatives, ensured that opportunities abound for the markets under its purview.

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FMDQ TURNOVER & DEALING MEMBER (BANKS) LEAGUE TABLE

FMDQ Exchange Turnover & Dealing Member (Banks)' League Table Report

The FMDQ Exchange Market Turnover Report shows the turnover on all products traded on the FMDQ secondary market – Foreign Exchange (FX), Treasury Bills (T.bills), Bonds (FGN Bonds, other Bonds (Agency, Sub-national, Corporate & Supranational) & Eurobonds)) Commercial Papers and Money Market (Repos/Buy-Backs and Unsecured Placements/Takings). These figures exclude primary market auctions in T.bills and Bonds.

The data, collated from the weekly trade data submissions by FMDQ Dealing Member (Banks), represents trades executed amongst the Dealing Member (Banks), Dealing Member (Banks) & Clients, and Dealing Member (Banks) & the CBN.

FMDQ OTC Market Turnover (January - October 2019)

Product Category	(N'mm)	(\$'mm)
Foreign Exchange	43,760,274	120,998
Foreign Exchange Derivatives	25,474,450	70,444
Treasury Bills	75,451,381	208,580
FGN Bonds	11,559,224	31,971
Other Bonds*	9,008	25
Eurobonds	235,551	651
Repurchase Agreements/Buy-Backs	36,291,530	100,386
Unsecured Placements/Takings	1,103,679	3,054
Money Market Derivatives	739,111	2,042
Commercial Papers	-	-
Total	194,624,208	538,152
<i>No. of Business Days</i>	204	204
<i>Average Daily Turnover</i>	954,040	2,638

Average YTD \$/N @ 361.72

mm – million

*Other Bonds include Agency, Sub-national, Corporate & Supranational Bonds

Note: Figures may be subject to change due to potential adjustments from Dealing Member (Banks)

Source: FMDQ Data Portal as @ November 7, 2019; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for the January - October 2019 period amounted to ₦194.62 trillion. Trading activities in Treasury Bills maintains the largest contribution to overall turnover, accounting for 38.77% of the market. FX (Spot FX and FX Derivatives) transactions accounted for 35.57% whilst Repurchase Agreements (Repos)/Buy-Backs product categories (Repos/Buy-backs) accounted for 18.65%, and Bonds, Unsecured Placements & Takings and Money Market Derivatives representing 6.06%, 0.57% and 0.38% respectively, of overall market turnover.

Top Ten (10) Dealing Member (Banks) in FMDQ Exchange Markets (January – October 2019)

The FMDQ Exchange League Table shows the rankings of its top ten (10) Dealing Member (Banks) by overall market turnover in the FMDQ Markets.

RANK	DEALING MEMBER (BANKS)
1	STANBIC IBTC BANK PLC
2	UNITED BANK FOR AFRICA PLC
3	ACCESS BANK PLC
4	STANDARD CHARTERED BANK NIGERIA LIMITED
5	ECOBANK NIGERIA LIMITED
6	FIRST BANK OF NIGERIA LIMITED
7	CITIBANK NIGERIA LIMITED
8	ZENITH BANK PLC
9	CORONATION MERCHANT BANK LTD
10	FIRST CITY MONUMENT BANK LIMITED

The top ten (10) Dealing Member (Banks) accounted for 75.71% (₦147.35 trillion) of the overall turnover in the market, with the top three (3) accounting for 54.76% (₦80.69trn) of this sub-section of the market. Stanbic IBTC Bank PLC, United Bank for Africa PLC occupied the 1st and 2nd positions respectively, while Access Bank PLC maintained the 3rd position in the value traded for the review period.

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Understanding Emerging Markets: Nigeria, a Destination of Capital

Introduction

Emerging markets/economies refer to economies of countries that are consistently striving to become advanced economies through increased production and typically moving towards mixed and free markets. Economies in this category are often referred to as **developing countries**. A common vision shared by developing countries is creating a better quality of life for their citizens. Emerging markets play a key role in stimulating global economic growth. Around 80% of the world's economy is comprised of emerging markets, including some of the largest countries like China, India and Russia. According to the World Bank data published in 2017, China and India made over US\$32.60 trillion worth of economic output, while also making up to 40% of all labour force and population on the planet.

Characteristics of Emerging Markets

Emerging markets globally have some defining characteristics. Some of these characteristics are:

1. **Lower-Than-Average-Per Capita Income:** Emerging markets predominantly have lower-than-average per capita income. According to the World Bank statistics, emerging economies have a per-capita income of less than **\$4,035.00**
2. **Demanding Market and Culture:** Products in these markets are exposed to some of the challenging factors synonymous with emerging economies such as dust, heat, lack of electricity, narrow highways, low budgets, etc. While these factors can tempt companies to produce sub-standard products, the consumers in this market are extremely demanding by wanting maximum value for their scarce cash. In addition, the culture of these economies influences consumer preference for products to a considerable extent
3. **High Rate of Emigration to the Developed World:** Citizens of emerging economies are consistently seeking greener pastures in developed economies like the United Kingdom, United States, Canada, Germany, etc. Most of these emigrants maintain strong ties to their origin; as evidenced in the amount of funds that flow from individuals in developed economies to emerging economies according to the World Bank data. For example, in 2013 immigrants all over the world sent home over US\$100.00 billion, second only to foreign direct investment as the largest financial flow from the developed to the developing world
4. **Fragmented Markets:** Emerging markets are highly fragmented, with few national brands that have a commanding presence. Some global companies such as MTV & Dominos (Pizza) have

succeeded by making their global brands local, market by market around the world. Branding strategies and portfolios are continually tailored to the specific demands of each of the fragments of the market

5. **Youthful and Growing Population:** Peter Drucker in 2002 had declared that the “youth market is over” in developed economies like the United Kingdom and the United States of America where they are worried over pensions and the rapid aging of their population. In developing economies, the youth market and indeed, the young population is consistently increasing. Some of the major causes of the ever-increasing young population of emerging economies are high unemployment and illiteracy rate
6. **Limited Income and Space:** As a result of the high level of unemployment and underemployment, the income and cashflows in the emerging economies are significantly lesser compared to the developed economies. This has forced companies to make products available in smaller bits to accommodate the large pool of low-income earners in emerging economies
7. **Weak Infrastructure:** Cities in the developing world are faced with a continual increase in their population. This rapid increase in population adversely impacts on the few infrastructures in place such as electricity, water, sanitation, etc.
8. **Underdeveloped Technology:** Unlike the developed economies that have had a much longer time to build technology-intensive industries such as pharmaceuticals and biotechnology, the emerging markets appear to be behind in this aspect. However, it is pertinent to note that technology start-ups and other fintech initiatives are steadily springing up to cater to the needs of the developing economies
9. **Weak Distribution Channels:** The lack of media, roadways and electricity creates major distribution barriers in developing economies. This is often characterised by difficulty in making products and services available to customers and vice-versa
10. **High Market Volatility:** Compared to the developed world, emerging economies are more susceptible to high volatility caused by social changes such as natural disasters, external price shocks and domestic price instability. For example, emerging economies that are heavily reliant on agriculture will be especially vulnerable to disasters such as earthquakes, tsunamis, droughts, etc.

Nigeria as an Emerging Market

Africa is at the forefront of investment focus for many international companies across a wide range of industries. With an estimated population of 200 million, Nigeria’s Gross Domestic Product (GDP) is \$376.284 billion; making the country rank as number one in terms of GDP in Africa, with South Africa, Egypt, Algeria and Angola occupying the 2nd to 5th position respectively.

Following her independence in 1960, Nigeria has experienced significant levels of structural, political and economic changes that has made it one of the key emerging markets in Africa. The financial ecosystem in Nigeria has evolved to amongst others, provide investment opportunities in multiple asset classes, including public equities, debt and private equity. Some of the major contributors to this success are the recapitalisation of the Banking Industry and Insurance Companies, the trend towards privatisation of government-owned companies, the emergence of world-class companies and models such as FMDQ, the revamping of legal regulations guiding Investments, etc.

Compelling Factors to Invest in Nigeria as an Emerging Market

Despite the recession recently faced by Nigeria and the attendant challenges experienced by manufacturers and investors, the country remains an attractive destination for foreign investment. Blessed with abundant natural resources, Nigeria's major export is crude oil, which accounts for over 70 percent of its earnings whilst other non-oil export includes; cocoa, and rubber.

Some of the sectors to consider for investment opportunities in Nigeria are:

- 1. Agriculture:** Nigeria is blessed with very fertile and arable land, suitable for forestry and animal husbandry, to mention a few. With the Nigerian government's diversification initiatives, the Nigerian Export Promotion Council (NEPC) has marked out national strategic export products and services – about thirteen (13) of them - to replace oil. These are intended to provide alternate sources of revenue towards increasing the country's foreign exchange earnings. Some of these products include palm oil, cocoa, cashew, sugar, and rice. Also, numerous incentive schemes have been deployed by the Federal Government and related agencies such as the CBN to boost and promote the attractiveness of the agricultural sector as an investment hub
- 2. Ease of Market Accessibility:** Nigeria is advantageously located in the Gulf of Guinea with direct freight access to North America, South America, Europe, and Asia. Consequently, Nigeria can be the production hub to access the developed markets of North America and Europe, which have a combined GDP of over US\$43.00 trillion
- 3. Political Stability:** Since 1999, Nigeria has enjoyed unbroken democratic rule. This was evidently portrayed in 2015, where political power seamlessly transitioned from an incumbent to an opposition party; further serving to boost investor confidence, as these are assured that a change in government is not a threat to investment portfolios
- 4. Labour Availability:** Nigeria has a workforce of about 77 million people, accounting for about 42 percent of the total population. Amongst this is a rich pool of Nigerians with tertiary degrees with about 1.8 million graduates entering the labour market every year. With the largest youth population in the world, Nigeria accounts for almost half of West Africa's population

- 5. Information and Communication Technology:** In the past decade, Nigeria has experienced a significant increase in the creation of virtual businesses who operate via social media pages as opposed to traditional workspaces. This is as a result of the increased use of smartphones and affordable and easy access to internet services, thereby giving businesses unrestricted access to a wide range of online customers
- 6. Oil and Gas:** Despite the intended shift from over-reliance on oil proceeds, the oil sector remains integral and plays an important role in the Nigerian economy. The Federal Government also seeks to explore the country's natural gas reserves as an alternative source of power generation. The Government encourages investments in this sector to enhance the country's industrial development and to provide employment opportunities for its citizens
- 7. Favourable Government Policies:** Nigeria has introduced several incentives to boost the investment climate for foreign investors. The Nigerian Investment Promotion Commission Act ensures that investors can repatriate 100% of profits and dividends, and that 100% ownership of companies is allowed in all sectors apart from oil & gas. It is pertinent to note, however, that while there are no restrictions on repatriating money for foreign entities, restrictions exist if all Directors are Nigerian. Other incentives include a favourable Companies Income Tax, Pioneer Status Grants, Free Trade Zone Initiative and Tax Relief for Research and Development etc.
- 8. Transportation:** In recent times, the Nigerian Government has expended huge funds in the development of infrastructure for transport purposes. Apart from road transportation projects, there are plans to further develop the maritime industry by constructing more seaports. The Aviation industry has not been left out from the chain of development, as the government has approved the concession of two of its major airports. To further support these initiatives, the government is consciously encouraging Private-Public partnerships
- 9. Entertainment and Media:** According to the PricewaterhouseCoopers' Nigeria report on the Business of Entertainment published in October 2017, Nigeria is set to be the world's fastest-growing Entertainment and Media (E&M) hub in the next five years with a Compound Annual Growth Rate (CAGR) of 12.1%. Also, total music revenue in Nigeria rose by 9.0% in 2016 to reach US\$39.00 million and is set to rise at a 13.4% CAGR to US\$73.00 million by 2021. Nigeria's movie industry, "Nollywood", is currently the third largest in the world after the United States' "Hollywood" and India's "Bollywood". Despite the piracy issues experienced in this sector, it remains a gold mine for investors
- 10. Sports:** Nigeria is predominantly a football (or soccer) loving nation. According to a pool conducted in 2013 by Repucom, a leading sports marketing research institution, 83% of Nigerians report interest in soccer and 65% play the sport. This figure drops drastically when limited to local sporting activities. This trend has been largely attributed to poor sports infrastructure and poor capacity development in the Nigerian sports industry unlike what is obtainable in international football leagues. With its population, Nigeria has the audience size to buy into great local sporting content but lacks the necessary infrastructure to make local sporting content viewer attractive. The country has also recorded brilliant successes in

competitive sports at international levels. Investments in sports will lead to a positive transformation of the local sports industry and an increased contribution of the industry to the country's GDP

As was discussed at the 2019 Nigerian Capital Markets Conference which was organised by FMDQ Exchange on November 7, 2019, with the theme: Nigeria, a Compelling Destination of Capital, Nigeria has consistently been ranked as one of the top three destinations for foreign direct investment (FDI) in Africa over the past decade, with Nigeria's FDI and foreign portfolio investment (FPI) increasing by US\$909.50 million and US\$4.50 billion respectively in June 2019. While most of the investment is directed at the oil & gas sector, FDI flows keep on diversifying.

The above submission, in addition to the indices reviewed all together provide reasonable assertion which supports Nigeria as a prime destination for capital and investments.

For more on presentations at the 2019 Conference, [click here](#).

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