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Nigeria inflation rises to four months high on food cost

Nigeria's consumer inflation rose to its highest in four months in November, as the impact of the country's worst flooding in 50 years pushed up the cost of food. Headline inflation quickened to 12.3 percent year-on-year in November, from 11.7 percent in October and the highest since July according to the National Bureau of Statistics (NBS). Food inflation, the biggest contributor to the consumer index, rose to 11.6 percent year-on-year in November, from 11.1 percent in October.

AMCON reports N2.37trn loss

The Asset Management Corporation of Nigeria (AMCON) reported a N2.37 trillion loss after tax on Friday, three years after it was set up to absorb the bad debts of banks in the aftermath of a financial crisis. The new losses, which AMCON officials reported, exposed the scale of financial devastation wrought by a 2009 banking crisis. That crisis nearly sank nine lenders until the central bank intervened with a \$4 billion bailout fund to keep them afloat. It was not clear how the losses would be financed. AMCON's bonds are state-backed and the amount written off equals half of Nigeria's annual budget.

AMCON was set up in 2010 to absorb the sector's bad loans in the aftermath of the crisis. The bank said the largest part of the losses was a 2.1 trillion naira writedown of those loans. Neither was it clear if the losses were expected, but banking sources said the value of the toxic assets had been continually eroded since it first took them on in early 2010. AMCON also said it expects to conclude the privatisation of three banks it nationalised after the crisis, by mid-2014, which would bring in some money.

It said 85 billion naira worth of its bad loans had been recovered, adding that taking on those loans had prevented 4.7 trillion naira of direct losses to the banking sector, and some 10 trillion naira of indirect losses, from the financial collapse it managed to prevent. It added that Nigerian banks had agreed to increase their collective contributions to a post-crisis "sinking fund" used to refinance the bank's bad debts to 100 billion naira, up from the 60 billion naira they had already put in.

Ghana to sell second Eurobond after 5 years

The Finance Ministry has hinted that Ghana is thinking of selling a second Eurobond after five years as one of the ways to finance development projects to support the country's economic growth. A Eurobond is an international bond that is denominated in a currency not native to the country where it is issued. It can be categorized according to the currency in which it is issued. Government is already planning a GHC 400 million three-year in January 2013 but is also strongly considering a Eurobond.

This was revealed by Finance Minister Dr. Kwabena Dufour in an interview with some journalists stated that "It is under consideration, among other options, to repay the existing Eurobond. The sale may take place in 2013." Ghana sold its first Eurobond in sub-Saharan Africa outside of South Africa in 2007, and may issue a further \$750 million of the debt to refinance the earlier notes, which mature in October 2017.

Facebook sets IPO price at \$38 a share

Facebook has set the price of tomorrow's IPO at \$38 a share, after phenomenally strong demand from big money managers to get in on the biggest Internet IPO in history. The price gives Facebook a market value of \$104 billion out of the gate, more than the stock market value of Amazon and about half that of Google's.

Facebook has raised \$16 billion by selling 421.2 million shares. That's almost 10 times what Google raised when it went public in 2004 a deal that until now had been the record holder among Internet IPOs. The top U.S. IPO of all time is Visa, which raised \$17.9 billion in March 2008.

Nigeria Joins JP Morgan Government Bond Index

Nigeria has joined the JP Morgan Government Bond Index-Emerging Markets (GBI-EM) with the listing of FGN's bond, becoming the second African country after South Africa to be included in the widely followed index.

The JP Morgan GBI-EM indices are comprehensive emerging market debt benchmarks that track local currency bonds issued by governments of emerging market.

The index was launched in June 2005 and is the first comprehensive global local emerging markets index.

the inclusion of FGN Bonds could translate into at least \$1.5 billion of inflow to Nigeria's bond market.

Spanish savings banks agree merger as debt crisis bites

The merged bank would create the country's seventh biggest lender, with 120bn euros (£96bn; \$151bn) in assets. Spain's government has asked its banks to set aside nearly 84bn euros to cover bad debts. The merger comes after Bankia, itself made from a merger of banks, needed another bailout.

After the merger, Ibercaja will account for 46.5% of the new bank, while Liberbank will have 45.5% and Caja3 will get 8%. Similarly, Bankia, Spain's fourth-largest bank, asked the government for a bailout worth 19bns euros.

Bankia also restated its results, saying it had made a 2.98bn-euro loss for 2011 rather than the 309m euros in profit it announced in February.

Indian growth weakest in nine years, rupee slides.

India's economic growth slumped to its lowest level in nine years in the first three months of 2012, marking a dramatic slide in the fortunes of a country whose economy was boasting nearly double-digit growth before the global recession.

The economy grew 5.3 percent in the last quarter from a year earlier, a sharp slowdown from 9.2 percent growth in the last quarter of 2011. The decline is attributed to the poor performance of the manufacturing sector, which shrank 0.3 percent from a year earlier, for the slowdown.

The 5.3 percent growth rate was much weaker than expected and was even below the lowest forecast ranging between 5.5 percent and 7.3 percent.

The rupee fell on May 31, 2012 to a record low beyond 56.50 per dollar. Its slide of 14 percent from its 2012 high contributed to inflation concerns in the country and raised its import bill.

Olam to invest \$240m in Brazil's first sugar mill

Olam International Ltd. (OLAM), one of the world's top three suppliers of rice, cocoa, and coffee, agreed to invest \$240 million in its first sugar mill in Brazil by buying Usina ucareira Passos S.A.

The Singapore-based company will pay 255 million reais (\$128.6 million) for the acquisition and will invest \$111.5 million over the next five years to expand capacity and boost output. The investment will be funded internally and with borrowings.

Olam, partly owned by Singapore's state-backed Temasek Holdings., is buying assets and developing new projects to help boost annual profit after tax to \$1 billion by 2016. The company this year also bought a biscuit and candy maker in Nigeria and agreed to invest as much as \$800 million with a partner in a new dairy venture in Russia.

Brazil is the largest and one of the most cost competitive producers of sugar in the world, and is integral to executing sugar strategy, The mill's capacity will expand to 3 million metric tons annually from 1.75 million tons. The sugar mill is located in the state of Minas Gerais, the second largest sugarcane growing area in Brazil.

Morgan Stanley to Buy 14% Stake in Smith Barney

Morgan Stanley currently owns 51 percent of Morgan Stanley Smith Barney. Morgan Stanley's decision to exercise its option to buy the additional stake from Citi means the two sides will hire a third-party negotiator to determine the fair market value of that stake.

The two firms value the stake very differently. A Securities and Exchange Commission filing by Citi puts the value for the whole brokerage unit at \$20 billion; while analysts estimate Morgan Stanley values it at \$13 billion to \$16 billion.

A third party will determine a fair market value for the 14 percent stake and it is expected that the price will be agreed upon by September. Morgan Stanley, is allowed to buy the stake as of June 1.

After the cash transaction is completed, Morgan Stanley will hold 65 percent of the joint venture. It then has the option to buy another 15 percent next year, and the rest of it in May of 2014.

Euro Zone Inflation Drops to 15-Month Low

Euro zone inflation eased by more than expected to its lowest level in more than a year in May, giving the European Central Bank a little more room to lower interest rates to help revive economic growth across the continent.

Consumer price inflation in the 17 nations sharing the euro fell to 2.4 percent year-on-year in May from 2.6 percent in April.

It was the lowest level since February 2011, albeit still above the ECB's medium-term target of close to, but below, 2 percent.

Ghana 1-month bill yield rises to 17.53 pct

The yield on Bank of Ghana's recently reintroduced one-month bill rose to 17.5316 percent at a May 30 auction, from 14.896 percent at the previous auction held on May 16. The central bank announced in late April it would reintroduce 30-, 60- and 270-day bills as part of measures to stabilize the cedi currency against the dollar.

Brent rises toward \$104, but eyes worst month in two years.

Brent crude reversed early losses and climbed towards \$104 per barrel on May 31, 2012, but a bleak demand outlook as the euro zone debt crisis grinds on kept gains in check and set prices up for their biggest monthly percentage drop in two years.

A rebound in the euro gave a modest boost to oil and other commodities in Asia, although the gains are likely to be short-lived given the debt crisis in the single currency. Surging borrowing costs for Spain and Italy and signs that Greece's anti-austerity parties were gaining in opinion polls ahead of elections in June muddied the demand outlook for commodities, forcing investors to cash out.

Five Reasonably Liquid and High Yielding Agency Mortgage REITs in America

These mREITs average 8.87 percent appreciation, while also providing an average yield of 13.54 percent.

Company	1-week	1-month	3-month	YTD	Yield
American Capital Agency (AGNC)	3.83%	4.26%	5.08%	14.74%	15.50%
Annaly Capital Management (NLY)	3.41%	2.64%	0.42%	4.63%	13.20%
Capstead Mortgage Corporation (CMO)	3.14%	0.81%	2.23%	10.68%	12.50%
Cypress Sharpridge Investments (CYS)	3.68%	1.25%	1.55%	5.01%	14.50%
Hatteras Financial Corp (HTS)	2.75%	-1.00%	1.43%	9.28%	12.50%

Rental Demand Fuels US Property Market

Nearly six years after the US housing bubble burst, the property market is showing signs of a nascent recovery fuelled by rental demand that is spurring investment in apartment buildings.

For the first time in decades, it is cheaper to buy a home than rent it across much of the US. Home prices are down 35 per cent from their 2006 peak and mortgage rates are at record lows. Even so, residential vacancy rates have dropped, rents are soaring and investors are driving up prices for buildings in many US cities.

For instance, in Chicago, rents for top-tier downtown apartments averaged \$2,148 a month in the first quarter, up 9.2 per cent from a year ago. San Francisco rents jumped 5.9 per cent in that period, rents rose 6 per cent to \$3,650.n.

High rental growth in many cities has attracted big institutional investors such as insurance companies, real estate investment trusts and pension funds looking for a steady stream of revenue for the long term. This interest has made banks more

comfortable with financing construction of apartment blocks at the expense of other property types.

U.S. property M&A to be active, IPOs not so much

U.S. real estate merger and acquisition activity has rebounded strongly this year and is likely to keep percolating,

But megadeals or large initial public offerings of private companies such as Hilton Hotels or apartment owner Archstone are not likely to appear this year.

U.S. real estate merger activity picked up in the latter half of last year, with 290 deals worth \$40.24 billion announced in 2010. That rocketed to 81 deals worth \$37.96 billion in first-quarter 2011, as both the public markets and large U.S. investment banks have been eager to jump in with the range of funds needed to do a deal.

Large deals included acquisitions by healthcare REITs, such as HCP Inc's \$6.1 billion takeover of HCR ManorCare, and the \$8.7 billion merger of warehouse and distribution center owners AMB Property Corp AMB.N Property and ProLogis.

Ghana cancels policy on \$300,000 capital base for Nigerian traders

The Ghanaian government has rescinded its policy compelling Nigerian businessmen and traders to pay a minimum capital of \$300,000 or have their businesses shut down.

The defunct policy had also mandated Nigerian businessmen and traders to employ at least five Ghanaians as condition to operate their offices and shops.

Agusto & Co. upgrades banks on stable outlook

Agusto & Co. upgraded the country's banking sector \ by one notch to Bbb from Bb, with a stable outlook, citing improved earnings and capital ratios.

In a ratings report on Nigerian banks, the agency said credit growth was gradually returning and risk aversion waning as banks recovered from the shock of a \$4 billion bailout in 2009.

The upgrade was based on the banks' financial condition and their capacity to meet their obligations, assuming the political environment did not get any riskier.

Nigerian banks have staged a sharp recovery in earnings during the first half of 2012, with mid-tier lender Diamond Bank posting a fourfold profit rise, while First Bank and UBA doubled profits during the period. Banking sector capital ratio was 25 percent in 2008.

Nigeria's 19 lenders have swung back to profit, thanks to a state-owned "bad bank" AMCON absorbing their non-performing loans in exchange for government backed bonds.

With sale of troubled loans worth over 1.5 trillion naira to AMCON during the year, banks were able to free up their balance sheets and focus more on creating risk assets

IFC lends \$1bn to Nigeria's financial, real sectors

The International Finance Corporation, an arm of the World Bank, has so far given a total of \$1bn in loans to Nigerian companies in the financial and real sectors. 70 per cent of the money was given to firms in the financial sector while the rest went to the real sector.

Meanwhile, IFC, on its website, said it invested \$12.2bn in 518 projects in 2011, of which \$4.9bn went to the poorest countries eligible to borrow from the World Bank's International Development Association.

About GMA

GMA is duly registered with the Securities & Exchange Commission (SEC) in Nigeria as an Issuing House, Financial Advisers and Fund Managers and it is also a member of Asia Pacific Real Estate Association (APREA) that deals with all manners of listed real estate instruments.

Goldbanc Management Associates Limited (GMA) has opened up new frontiers in the provision of financial services through professionalism and delivery of unparalleled value-added services. One of the cardinal goals of GMA is to provide unbeatable customized investment solutions for institutional investors, corporations and high net worth individuals in response to the prevailing financial market conditions and expand the horizon of options for channeling resources towards wealth creation.

Our keen focus on Africa is based on our extensive experience and tested expertise in key economic sectors, coupled with our working relationship with various international portfolio management companies. This has enhanced our capacity in risk management, given us access to funds and enabled us to offer personalized services to our clients.

GMA has been able to establish a strong presence in virtually all the segments of the market in which it operates in Nigeria and other African countries.

GMA has taken pride in some of its landmark transactions such as cross -border listing of a South African-based company Pinnacle Point Group Plc on the floor of Nigerian Stock Exchange and structuring First-Ever African Real Estate Investment Trusts (REITs) for Union Homes Plc.

Our financial/investment advisory services have been extended to clients in Tanzania and our real estate development and assets management services are also available in South Africa.

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