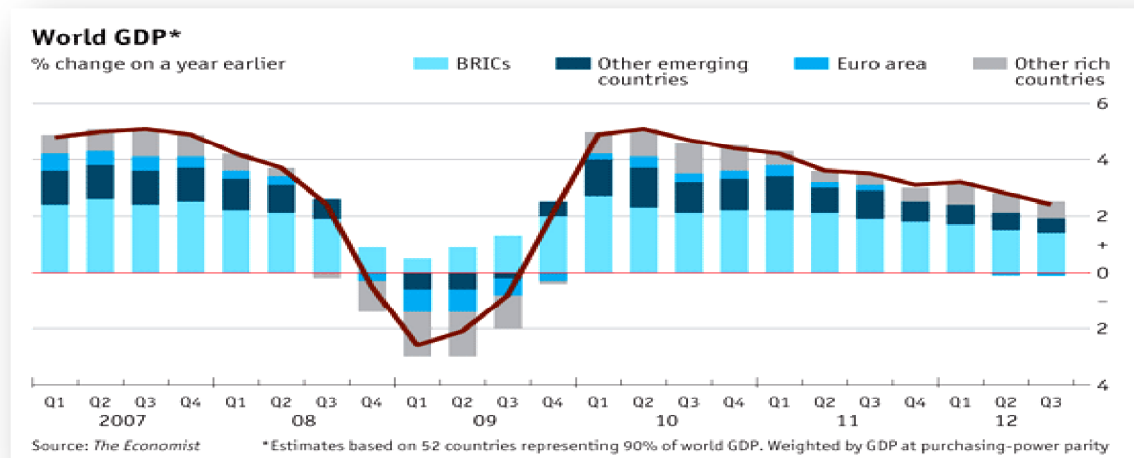


GLOBAL MARKETS:

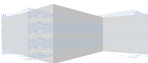
4TH MARCH, 2013

WHAT IS EXPECTED IN 2013?

The Great Economic Recession that hit the world in 2008 has been tagged the greatest economic crisis since the Great Depression of the 1930s such that five years after, the global economy is yet to regain firm footing. The recovery was progressing reasonably well till 2012 when the global economy narrowly missed another massive economic crisis that would have been attributable to the Eurozone Financial Crisis. With the Eurozone Crisis slowly receding and the Fiscal Cliff of the US just narrowly averted, the economy can be said to be making its way back slowly on 'eggshells'. High Income Countries* (HICs) were hit the hardest by the crisis while the Low Income Countries* (LIC) were in turn affected due to their dependence on the HICs. Full economic recovery seems to be a long way ahead but at least progress is being made.

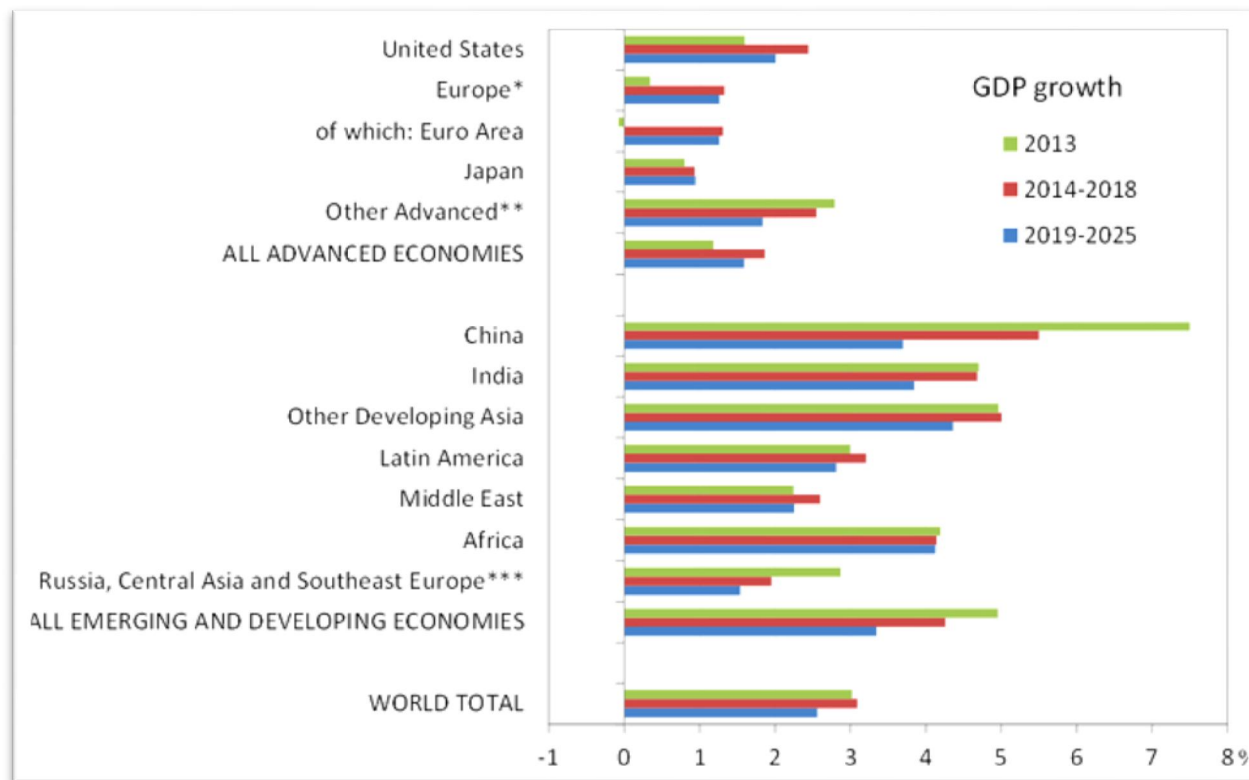


Source: *The Economist* | BRICS*: Brazil, Russia, India, China, and South Africa

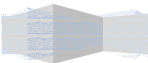


ECONOMIC OUTLOOKS 2013: THE GLOBAL ECONOMY

Towards the end of 2012 and in early 2013, numerous outlook reports were released; majority of them supplying information on projections of the world economy. Below are synopses from some of the top economic institutions from across the globe; this should give a fairly clear picture of what is expected in the global economy this year.

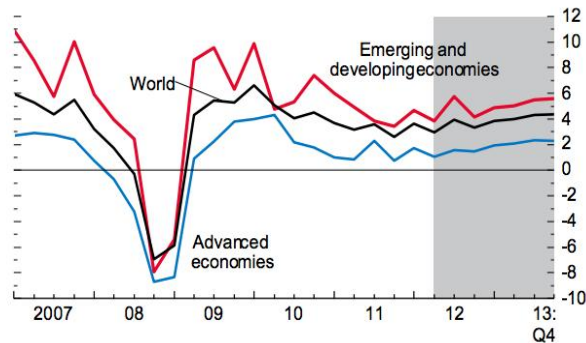


Source: The Conference Board Global Economic Outlook 2013, January 2013 Update



- According to the **International Monetary Fund (IMF)**, an international economic organization of about 188 member nations, global growth is projected to increase in 2013. A quote from the IMF's update to its World Economic Outlook (WEO) for 2013 reads, "Global

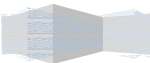
Figure 1. Global GDP Growth
(Percent; quarter over quarter, annualized)



Source: IMF Website

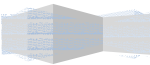
growth will strengthen gradually in 2013, as the constraints on economic activity start to ease this year. But the recovery is slow; policies must address downside risks to bolster growth." It continues, "Effective policies have also helped support a modest growth pickup in some emerging market and developing economies. And recovery in the United States remains broadly on track. Global growth is projected to strengthen to 3.5 percent this year, from 3.2 percent in 2012—a downward revision of just 0.1 percentage point compared with the October 2012 *WEO*." According to the IMF, if crisis risks do not materialize and financial conditions continue to improve, global growth could even be stronger than forecast. But downside risks remain significant, including prolonged stagnation in the euro area and excessive short-term fiscal tightening in the United States.

- **The United Nations' (UN)** Global Economic Outlook report for 2013-14 reports that during 2012, global economic growth weakened further. Conditioned on a set of assumptions in the United Nations baseline forecast, growth of World Gross Product (WGP) is expected to reach 2.2 per cent in 2012 and is forecast to remain well below potential at 2.4 per cent in 2013 and 3.2 per cent in 2014. At this moderate pace, many economies will continue to operate below potential and will not recover the jobs lost during the Great Recession.
- **OECD, Organization for Economic Co-operation and Development**, an international economic organization of 34 countries to stimulate economic progress and world trade, also released their bi-annual Economic Outlook. The global economy is set to make a "hesitant and uneven recovery" over the coming two years, according to the OECD's latest Economic Outlook. Stalemate over fiscal policy in the US and continuing Eurozone instability risk plunging the world back into recession, the Paris-based think-tank said. GDP



growth across the 34 rich nations of the OECD is projected to match this year's 1.4% in 2013, before gathering momentum to 2.3% for 2014, according to the forecasts. OECD sees 2013 global growth of 2.9 pct, down from 3.4 pct (patent cooperation treaty) in 2012.

- **The World Bank** expects the world economy to grow by 2.4 percent in 2013, down from its June forecast of 3 percent. The global recovery is not expected to arrive until the second quarter of 2013, gradually strengthening to a 3.1 percent expansion in 2014. Warning of potential downside risks in the Eurozone, U.S. debt issues, declining Chinese investment or a disruption to oil supplies, the bank expects the world economy to grow by 2.4 percent in 2013, as stated above. The bank noted that developing countries recorded among their slowest economic growth rates of the past decade in 2012, with gross domestic product estimated to have expanded by 5.1 percent. The troubled Eurozone is not expected to see positive growth until 2014, with its GDP forecasted to contract by 0.1 percent this year due to its sovereign debt crisis. In the East Asia and Pacific region, growth slowed to an estimated 7.5 percent in 2012, down from 8.3 percent the previous year, “largely due to weak external demand and policy actions in China to contain inflation,” the bank said.
- According to **BMI, Business Monitor International**, “The biggest obstacles to a continued recovery (e.g. the US fiscal cliff) have been mostly avoided, but there are headwinds that are likely to come into force in the second half of 2013 – chiefly, a renewed slowdown in Chinese economic activity. For the time being, loose monetary policy and the removal of some major tail risks mean that the risks to global growth rate are more tilted to the upside than they were in 2012, but we see enough headwinds to prevent us from becoming too exuberant on the growth outlook.”



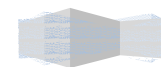
The table below is a complete summary of all forecasts (**GDP Growth Rate [%]**) given by top international economic organizations across the globe:

INTERNATIONAL ECONOMIC ORGANIZATION	GLOBAL GROWTH		DEVELOPED/ ADVANCED ECONOMIES		EUROZONE		EMERGING MKTS & DEVELOPING ECONOMIES		MIDDLE EAST &NORTH AFRICA		SUB- SAHARAN AFRICA		USA	
	2012	2013(e)	2012	2013(e)	2012	2013(e)	2012	2013(e)	2012	2013(e)	2012	2013(e)	2012	2013(e)
<i>International Monetary Fund (IMF)</i>	3.2	3.5	1.3	1.4	-0.4	-0.2	5.1	5.5	5.2	3.4	4.8	5.8	2.3	2.0
<i>United Nations (UN)</i>	2.2	2.4	1.1	1.1	-0.5	0.3	4.7	5.1	7.5 ^{b*}	4.4 ^{b*}	3.9	5.0	2.1	1.7
<i>Organization for Economic Co-operation and Development (OECD)</i>	2.9	3.4	1.4 ^{a*}	1.4 ^{a*}	-0.4	-0.1	-	-	-	-	-	-	2.2	2.0
<i>World Bank (WB)</i>	2.3	2.4	1.3	1.3	-0.4	-0.1	5.1	5.5	3.8	3.4	4.6	4.9	2.2	1.9
<i>Business Monitor International (BMI)</i>	2.6	2.9	1.0	1.3	-0.6	0.0	4.7	5.0	4.8	3.9	4.4	6.0	2.2	2.3

Data Sources: IMF, UN, OECD, WB, BMI Websites

^{a*}: This is G7 - OECD Countries only.

^{b*}: This is for North African Region only.





Our Take:

From the table above, one can reach the conclusion that the world economy is averaged to grow at around 2.92 percent in 2013. Overall, it is expected that the global economy will be on the rise in 2013. The negative aspect of these positive forecasts for the global economy include the downside risks which remain the Eurozone crisis, US Fiscal and debt issues, possibility of a renewed slowdown in the Chinese economy later in 2013. It is expected that the Eurozone would not see any semblance of growth till 2014. The emerging markets and developing economies though affected by the crisis in 2012 and experienced slowed growth has done remarkably well and is set to do even better in 2013. The performance of the emerging markets and developing economies so far has lead to a great boost in Foreign Direct Investments (FDI) in the region. The US though an advanced economy, operating a balanced model, was still affected by the Eurozone crisis and experienced debt issues of its own. Overall, it is deducible that 2013 is indeed set to be a positive year for the global economy; most especially for the developing economies and emerging markets mainly the CEEMEA region (Central Eastern Europe, the Middle East and Africa). The great influx of investors into Africa in 2013 in this first quarter alone is a great indicator that Africa will experience immense growth this year. In all, it is expected that 2013 would be a year of global economic recovery.

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