

Africa Calling

Of course, Africa is not a Country, in fact the Continent is seriously non-linear, booms and busts quite often occur simultaneously. However, what is clear is that the demographic surge, the overwhelming nature of the numbers of this "Born Free" generation [Despite beliefs that Millennials make up a large portion of the African population, they are less than 30% of this population according to the 2017 estimates by the Africa Development Bank. Africans aged 15 and below make up 41% of the continent's population. Those below 19 years old are at 51%. - Geopoll] is creating a more homogenous African. The Arrival of the Information Century, which started with the mobile Phone, then the mobile internet triggered a process of binding Africans closer to their Fellow Africans. Once upon a time, when I was a Young boy, we had one of the few landlines in Mombasa, that was my connection to the World. Today, I and millions like me know what is happening in real time across this massive Continent of ours practically in real time. What has occurred in the last two decades is surely a revolution, a revolution whose velocity continues to gather speed and when you look at the graph [which started at practically zero] its a little dizzying and I would like to write a book about it at some point.

My favourite Economist is a gentleman called Joseph Alois Schumpeter who said

Creative destruction, describes the "process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one."

According to a Report by Innosight [H/T @Schuldensuehner], The 33-year average tenure of companies on the S&P 500 in 1964 narrowed to 24 years by 2016 and is forecast to shrink to just 12 years by 2027.

I imagine one of my more jaded and hard-bitten Africa Hands muttering

"Look here Aly-Khan, Africa plus ça change, plus c'est la même chose"

And I would respond

"Look here Buddy, stop dreaming. The Change is here, its already happened"

Take a look at the Banks. This is a Darwinian moment, surely. The most important role at this moment is surely that of Artificial Intelligence. I have yet to see any Bank speak to this in any Investor Briefing, meaningfully. Look at the Retail Sector. Globally the Retail Sector has been completely disrupted. I have to believe, that retail disruption has already reached our African shores. If You want an example of retail disruption just take a look at Kenya. At moments of disruption, there is always a great deal of debris scattered all over the place. My commute is along the Kiambu road [which was once a quaint little used road into Coffee growing Country] but today has morphed into a crazy "Mad Max" World where buses careering along the wrong side of the road in a red dust cloud is something the Commuter has to consider as a relatively regular phenomena and as I peer through the dust, one thing I am sure about is that E-Commerce is coming and its coming bigly and a lot of these freshly minted Malls [some just a couple of kilometres from another] are headed for Ozymandias

"My name is Ozymandias, King of Kings;
Look on my Works, ye Mighty, and despair!
Nothing beside remains. Round the decay
Of that colossal Wreck, boundless and bare
The lone and level sands stretch far away."

Let me loop now to Safaricom, which will be reporting its FY Earnings Wednesday morning. I don't need to remind you of Safaricom's centrality to the fortunes of the Nairobi Securities Exchange. Safaricom has a market Cap of \$11.2b about 43% of the total market Cap of the Securities Exchange. Therefore, this is the Big Beast of Earnings Releases at the Nairobi Securities Exchange. After hitting a record high on April 5th, Safaricom corrected -20.00% through Friday morning. Citibank were surely the Catalyst with a sceptical Earnings perspective. Safaricom provided every Kenyan with an Entry Ticket into the c21st. Jack Ma last year posed the question when asked about the Infrastructure Gap,

"But what is the most important Infrastructure of them all? Its the information Superhighway and yours is fast."

Safaricom is a Need not a Want. Buy the Dip, add to the position if we react lower on the results. Safaricom has built the Superhighway. Everyone else is still playing the tarmacking Game. You know what I mean. The roads around Westlands are the best example.