

# FIRST IDEAS CAPITAL MARKET REPORT

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## KEY ECONOMIC INDICATORS

### THE ECONOMY

	NIGERIA KEY ECONOMIC INDICATORS													
	31/3/20	30/6/20	30/9/20	31/12/20	31/3/21	30/6/21	30/9/21	31/12/21	31/3/22	30/6/22	30/9/22	31/12/22	31/3/23	Change
Bonny Light Crude Oil Prices (USD/B) quarter average	52.51	26.75	43.29	44.01	61.04	70.47	73.87	80.43	106.29	117.85	106.78	90.86	83.96	-8%
Average Crude Oil production quarter ended (mb/d)	2.07	1.81	1.67	1.56	1.72	1.61	1.57	1.5	1.49	1.43	1.2	1.34	1.51	13%
Real GDP growth Quarter ended	1.87%	-6.10%	-3.62%	0.11%	0.51%	5.01%	4.03%	3.98%	3.11%	3.54%	2.25%	3.52%	2.31%	-1.2%
Industry capacity quarter ended	48.89	39.09%	43.52%	43.93	44.34	45.07	55.9	55.1	55.4	47.69	53.8			
External reserves (USD billion)*	33.69	35.78	35.67	36.46	35.138	32.99	41.57	36.4	39.28	39.22	37.39	36.55	35.14	-4%
Exchange Rate (N/USD)	361	361	380	380	380	411.28	410.8	413.49	416.25	415.72	432.87	449.05	461.38	-3%
Net inflow of forex through CBN(USD billion)	-2.60	-4.40	-0.02	0.30	-1.20	-2.40	8.85	-1.40	-0.8					
Forex sales by CBN quarter ended(USD billion)	19.84	8.72	4.38	5.62	8.72	8.93	7.98	10.58	8.44	8.45	8.54	7.51		
I&E Fx intervention(USD billion)	0.6	0.48	0.39	1.6	0.8	1	0.796	1.9	1.4					
Headline Inflation Month ended	12.26%	12.56%	13.71%	15.75%	18.17%	17.75%	16.63%	15.63%	15.92%	18.60%	20.77%	21.34%	22.04%	0.7%
MPR	13.5%	12.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	13.0%	15.5%	16.5%	18.0%	1.5%
91 days treasury bill yield	3.28%	1.94%	1.10%	0.35%	2.43%	4.96%	3.90%	3.13%	2.68%	4.64%	7.29%	4.54%	5.46%	0.9%
Interbank Call Rate Month ended	10.29%	5.75%	2.00%	1.25%	10.10%	16.57%	13.00%	0.00%	11.33%	11.10%	0.00%	12.00%	14.75%	2.8%
30 days NIBOR rate	14.71%	5.15%	2.38%	0.38%	5.44%	15.36%	15.03%	9.63%	1.99%	7.37%	12.12%	11.50%	16.33%	4.8%
FGN 10 years bond Yield	12.60%	9.76%	7.69%	7.26%	11.50%	13.50%	12.02%	12.60%	10.87%	12.50%	13.85%	14.75%	14.75%	0.0%
Prime Lending Rate(quarter average)	14.71%	15.10%	11.80%	11.42%	11.20%	11.40%	11.64%	11.68%	11.77%	12.03%	12.23%	13.08%	13.75%	0.7%
Credit growth to private sector quarter ended	5.80%	3.30%	1.90%	1.50%	3.60%	4.50%	4.00%	3.70%	3.30%	5.70%	5.40%	3.20%	3.00%	-0.2%
Gross Banking Credit (Naira trillion)				22.68	23.53					26.85	28.20			
New Jobs created (Formal and Informal sectors)**		(11,016,000)		(12,039,000)										
CBN Standing lending Facilities granted (SLF) Nbillion	1,811.99		1,700.46	136.13	1,690.00	2,140.00	1,810.00	1,893.62	902.17	3,619.12	3,404.68	6,989.43	3,975.41	-43.1%
CBN Standing Deposit Facilities accepted (SDF) Nbillion	843.09		1,884.92	2143.8				595.64	1,363.87	894.88	536.5	669.46		24.8%
CBN credit to banks outstanding at quarter ended (N bil.)	1,290	1,479	1,522	1,471	1,441	1,460	1,736	1,835						
Foreign Direct investments Equities (USDm)	214	149	415	249	155	78	108	358	155	147	82	84		3%
Foreign Portfolio Investments(Equities) (USDm)	640	53	44	18	27	85	57	38	32	13	7	5		-33%
Foreign Portfolio Investments (Bonds) (USDm)	231	-	-	-	139	15	365	46	310	322	204	144		-29%
Foreign Portfolio Investments (Money Mkt.)(USDm)	3,439	332	363	17	809	452	796	559	616	423	231	136		-41%
Foreign Other Investments (Loans/Trade Credit/Others)	1331.06	761.04	639.44	785.8	783.19	246	406	1,187	461	631	636	691		9%
Total Foreign Portfolio Investments (USDm)	4,309	385	407	35	974	551	1,217	643	958	757	442	285		-35%
Total Foreign Investment Inflows (USDm)	5,855	1,295	1,461	1,070	1,912	876	1,731	2,187	1,573	1,535	1,160	1,061		-9%
Note														
** Q2 2020 job figures is cumulative amount for 7 quarters while Q4 2020 is for 2 quarters														
NM: Not meaningful														

### Key Highlights in Q1 2023

- Conclusion of Nigeria's Presidential and National Assembly elections on 25<sup>th</sup> February 2023 and Governorship and State Assembly elections on 18<sup>th</sup> March 2023. The conduct and outcome of the Presidential Election are being contested in court.
- Partial implementation of the Naira redesign policy and attendant cash shortages.

- *Slow down in Nigeria's Real GDP growth from 3.52% in Q4 2022 to 2.31% in Q1 2023 attributable partly to cash shortages in the economy.*
- *World Bank downward review of Nigeria's 2023 GDP growth forecast from 3.1% to 2.9% attributable to low oil production, insecurity, petroleum subsidy and forex scarcity.*
- *Moody's downgrade of Nigeria's debt rating from B3 to Caa1 with stable outlook on 27<sup>th</sup> January 2023.*
- *Increase of 100 basis points in the Central Bank of Nigeria (CBN) Monetary Policy Rate (MPR) to 17.5% on 24<sup>th</sup> January 2023 representing fifth consecutive increase and cumulative increase of 600 basis points increase from 2022.*
- *International Monetary Fund (IMF) upward review of Nigeria's 2023 GDP Growth forecast by 0.2% to 3.2% in its January World Economic Outlook Update (WEO) published on 30<sup>th</sup> January 2023.*
- *Standard & Poor (S&P) downward review of Nigeria's Debt Rating on 3<sup>rd</sup> February 2023 from B-1B Stable to B-1B Negative.*
- *Collapse of two major Banks in the United States (Silicon Valley Bank and Signature Bank) on 10<sup>th</sup> March 2023. This was followed by USD54 billion lifeline to Credit Suisse on 18<sup>th</sup> March, its acquisition by UBS on 19<sup>th</sup> March and the collapse of Republic Bank, a major regional bank in the United States few weeks after.*
- *Further 50 basis points increase in the Central Bank of Nigeria MPR to 18% on 21<sup>st</sup> March 2023.*

Nigeria's Real GDP growth declined in the first quarter of 2023 attributable to cash shortages arising from the poorly implemented Naira redesign policy. Nigeria's Real GDP growth declined from 3.52% in Q4 2022 to 2.31% in Q1 2023. Nigeria's Non-Oil Real GDP growth declined from 4.4% in Q4 2022 to 2.77% in Q1 2023, the weakest performance in two years. Oil Real GDP growth though negative improved significantly compared with the previous quarter. Oil Real GDP year on year growth was -4.21% in Q1 2023 as against -13.38% in Q4 2022. Oil Real GDP quarter on quarter GDP growth was 20.68% in Q1 2023 while Non-Oil quarter on quarter Real GDP growth was -17.3%.

The key drivers of Non-Oil GDP growth in the quarter were Telecommunications and Finance sectors with year on year growth rates of 11.71% and 21.37% respectively. Other major Non-Oil sectors recorded positive year on year growth except Agriculture which recorded negative year on year growth of -0.9% and quarter on quarter growth of -30.95%. Contribution of Agriculture to GDP declined from 26% in Q4 2022 to 22% in Q1 2023.

ANAYSIS OF SECTORAL CONTRIBUTION IN Q1 2023			
Sector	% Contribution	year on year	quarter on quarter
		Q1 2023/Q1 2022	Q1 2023/Q4 2022
		Growth%	Growth %
Oil	6%	-4.21%	20.68%
Non-oil	94%	2.77%	-17.30%
Telecom	14%	11.71%	-12.02%
Finance	5%	21.37%	14.20%
Real Estate & Construction	10%	2.39%	-16.64%
Trade	16%	1.31%	-14.83%
Manufacturing	10%	1.61%	1.63%
Agriculture	22%	-0.90%	-30.95%

Nigeria's Crude Oil production volumes increased during the quarter arising from successes in addressing crude oil theft and insecurity in the Niger Delta. Nigeria's average crude oil production increased by 13% from 1.34 million barrels per day (mbpd) in Q4 2022 to 1.51 mbpd in Q1 2023 but remains significantly below OPEC quota of 1.8 mbpd and 2023 Federal Government of Nigeria (FGN) Budget of 1.69 mbpd. Price of Nigeria's Bonny Light Crude however declined by 8% from an average of USD90.86/barrel in Q4 2022 to USD83.96/barrel in Q1 2023. Crude oil prices are expected to remain weak in 2023 arising from slow down in Global Growth and demand. World Bank forecast of average crude price in 2023 is USD88/barrel. This is against average OPEC basket price of USD100/barrel in 2022.

Net Foreign Capital Inflow is expected to have remained negative in the first quarter following from the steep decline of -49% in equity inflows on the Nigerian Stock Exchange (NSE). Foreign Portfolio Equity Outflows on the NSE also increased by 58% during the quarter.

Nigeria's External Reserves declined by 4% from USD36.55 billion on 31/12/22 to USD35.14 billion on 31/3/23 reflecting continuing forex demand pressures and weak accretion to reserves.

Nigeria External Reserves (USD billion)										
	31/12/19	31/3/20	30/9/20	31/12/20	30/9/21	31/12/21	30/9/22	31/12/22	Q4 Change	Q4 Change
	USDb	USDb	USDb	USDb	USDb	USDb	USDb	USDb	USDbil	%
CBN Reserves	31.65	27.52	30.94	30.95	30.99	37.98	35.67	34.98	(0.69)	-2%
Federal Government Reserves	6.09	5.85	4.95	5.44	10.52	2.19	1.72	1.62	(0.10)	-6%
Excess Crude Account (Federation Reserves)	0.32	0.32	0.07	0.07	0.06	0.06	0.01	0.01	-	0%
Total	38.06	33.69	35.96	36.46	41.57	40.23	37.4	36.61	(0.79)	-2%

The Exchange Rate of the Naira remained flat on the Investment & Export window (I&E rate or NAFEX) but depreciated marginally on the parallel market to close at N750/USD. The Official Rate of the Naira depreciated by 3% to close at N460.85/USD as against NAFEX rate of N461.38/USD. The parallel market premium remained extremely high declining marginally from 65% on 31/12/22 to 63% on 31/3/23.

Nigeria's Inflation rates remained elevated and at record highs through the first quarter with Headline Inflation rising from 21.34% in December 2022 to 22.04% in March 2023. This has been attributed to insecurity in the food-producing areas, high cost of transportation and forex scarcity. Food Inflation increased from 23.25% in December 2022 to 24.45% in March 2023 while Core Inflation (All Items less Farm Produce) increased from 18.49% to 19.86%.

This trend persisted in the second quarter despite the sharp increase in policy interest rates by the CBN. Year on year Headline Inflation increased further to 22.22% in April 2023 while month on month Headline Inflation annualized increased from 13 years high of 24.75% in March 2023 to 25.49% in April 2023. Nigeria's Inflation rates are expected to rise significantly in the third quarter following the withdrawal of petroleum subsidies.

Credit growth to the private sector slowed down in the first quarter to 3% from 3.2% in Q4 2022. This is attributable to the tight liquidity conditions in the banking system and moderation in disbursements under CBN intervention facilities.

Breakdown of disbursements of CBN intervention funds are set out below:

<b>Disbursements under CBN Intervention Funds between January and April 2023</b>			
	<b>Jan-Feb 2023</b>	<b>Mar-Apr 2023</b>	<b>Total</b>
<b>Facility</b>	<b>Amount (N bil)</b>	<b>Amount (N bil)</b>	<b>Amount (N bil)</b>
Real Sector Facility	23.7	25.6	49.3
Anchor Borrowers Program (ABP)	12.65		12.65
100 for 100 Policy		13.81	13.81
Nigerian Electricity Market Stabilization Facility (NEMSF-2)	3.01	11.82	14.83
	39.36	51.23	90.59

## Other Recent Developments

### Nigeria's 2023 Fiscal Policy Measures

Nigeria's 2023 Fiscal Policy Measures was signed into law on 23<sup>rd</sup> April to drive the 2023 Budget. The key highlights include:

- 20% Excise Duties on Beer and Stout and 30% Excise Duties on wines, spirits and tobacco.
- Additional tax surcharge of 2% on vehicles with engine capacities between 2000 and 3999 cc and 4% on vehicles above 4000 cc. Vehicles below 2000 cc, mass transit buses, electric vehicles and locally manufactured vehicles were exempted.
- 10% Excise Duties on Single Use Plastics including plastic containers, films and bags.

Concerns have been raised on deviation from the Excise Duty Rates 2022-24 Road Map, delays in publication of the gazette and required 90 days minimum period for tax changes under the National Tax Policy.

### **Further increase in Central Bank of Nigeria Monetary Policy Rate**

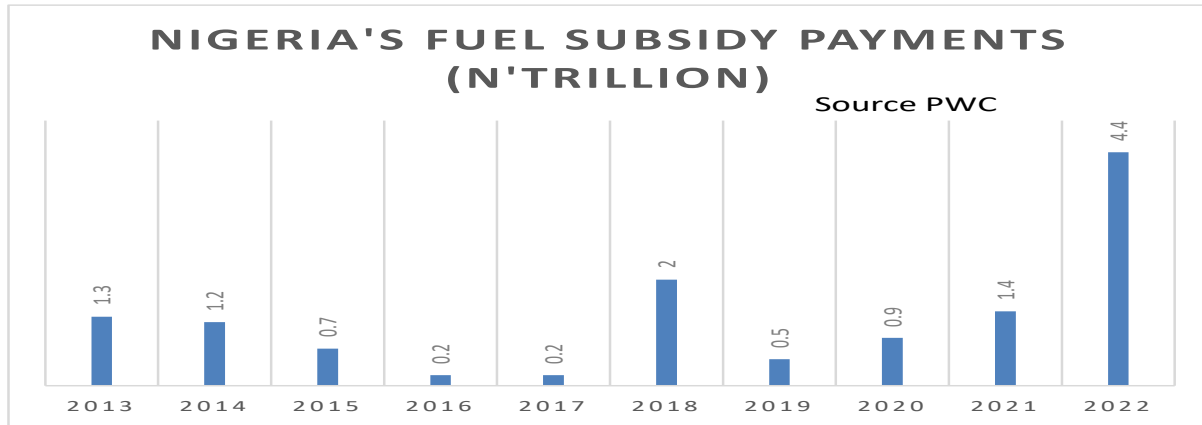
The CBN Monetary Policy Committee (MPC) increased the Monetary Policy Rate (MPR) by 50 basis points on 24<sup>th</sup> of May 2023 to 18.5%. This was the second increase in 2023 and fifth increase from 2022 representing a cumulative increase of 7%. The unprecedented rate increases are in response to rising inflation rates. The elevated Inflation rates have been attributed primarily to supply side factors, weak transmission mechanism of monetary policy measures and persisting negative real interest rates on fixed income securities.

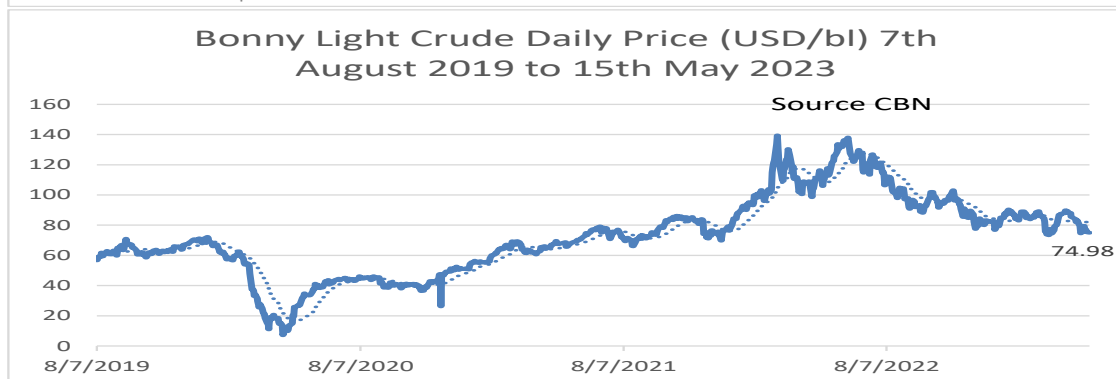
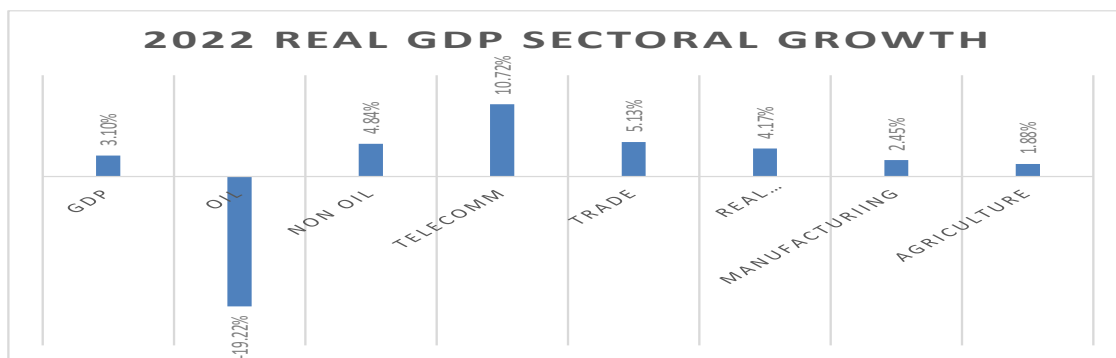
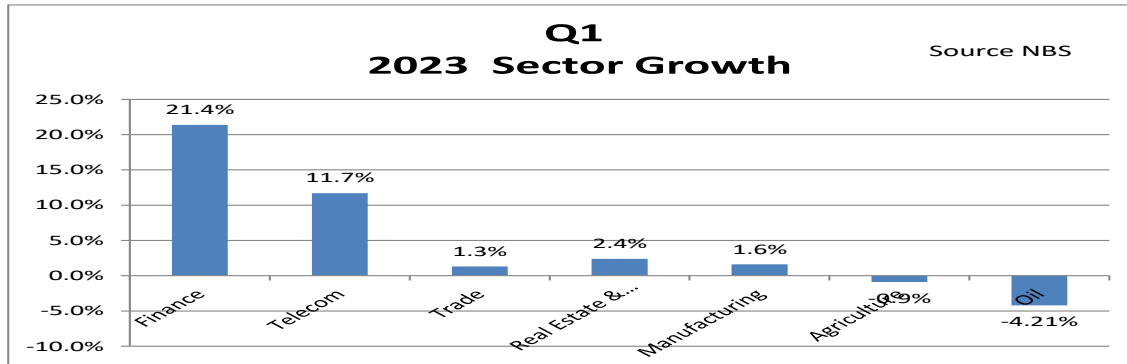
### **Commissioning of Dangote Refinery.**

The commissioning of the Dangote Refinery 650,000 barrels/day integrated petroleum refinery on 25<sup>th</sup> May 2023 will significantly reduce Nigerian refined petroleum imports and provide savings on forex for transportation, insurance and logistics. It will also improve petroleum products availability thereby stabilizing domestic price of petroleum products.

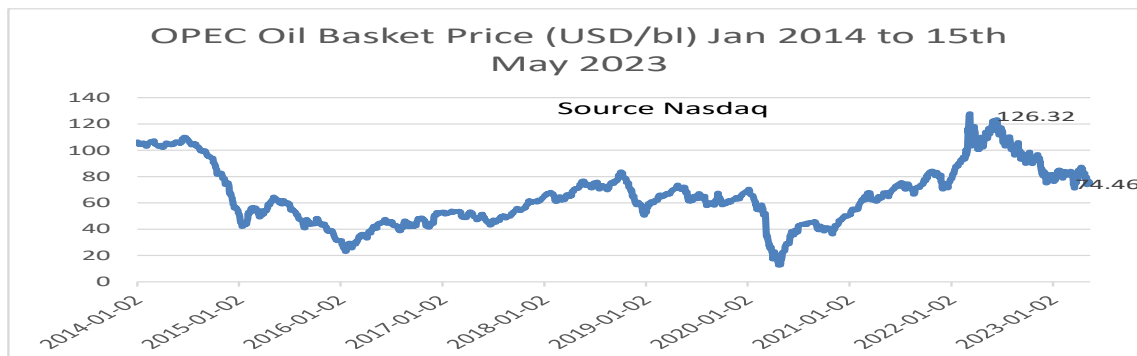
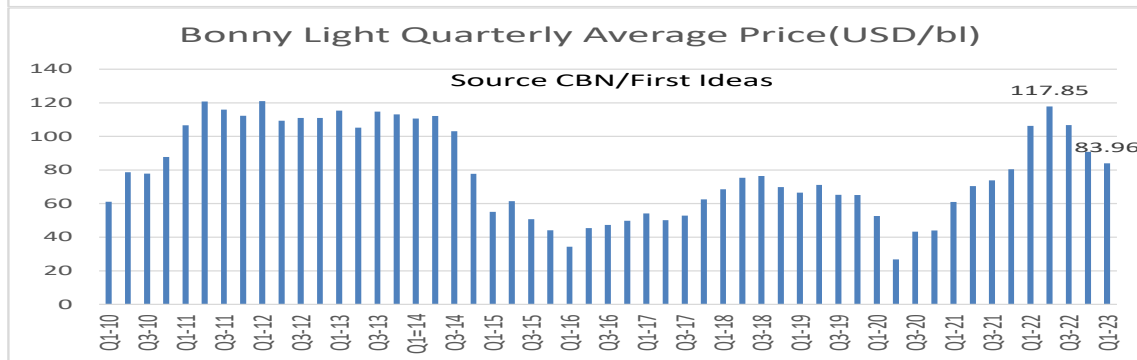
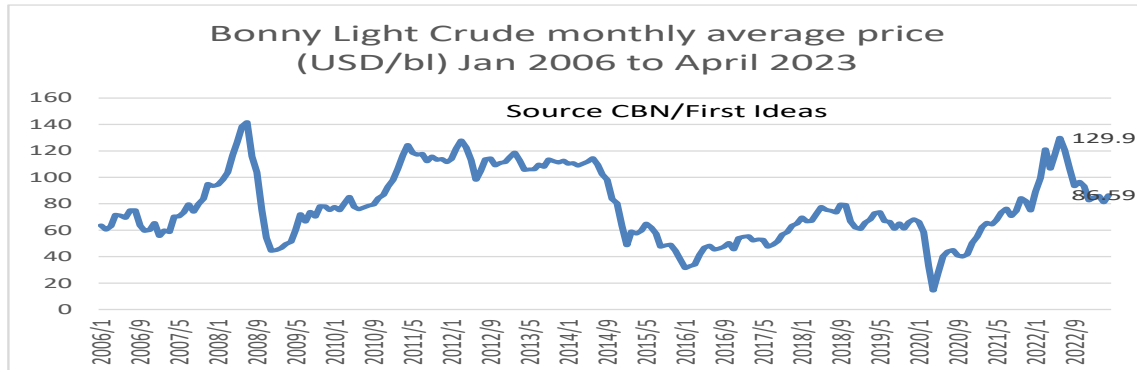
### **Inauguration of new Nigerian President**

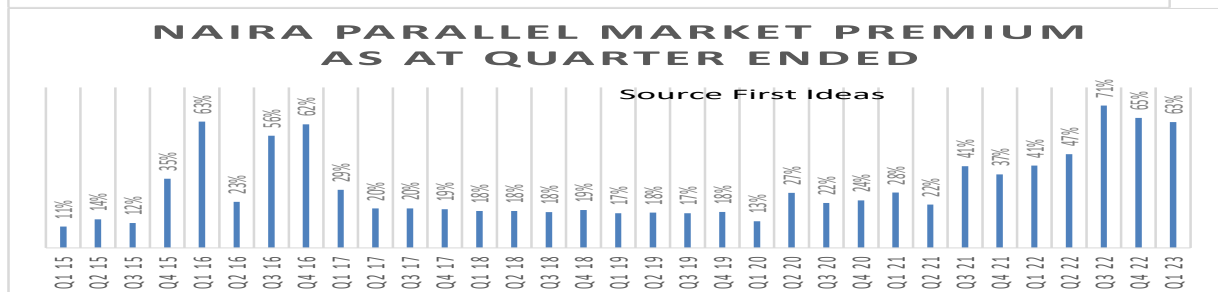
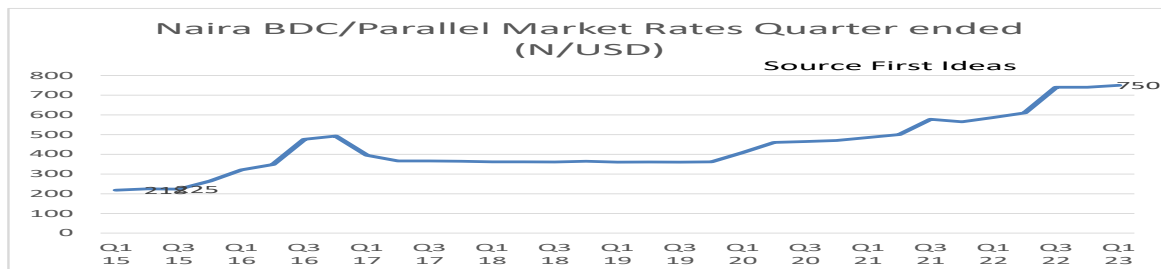
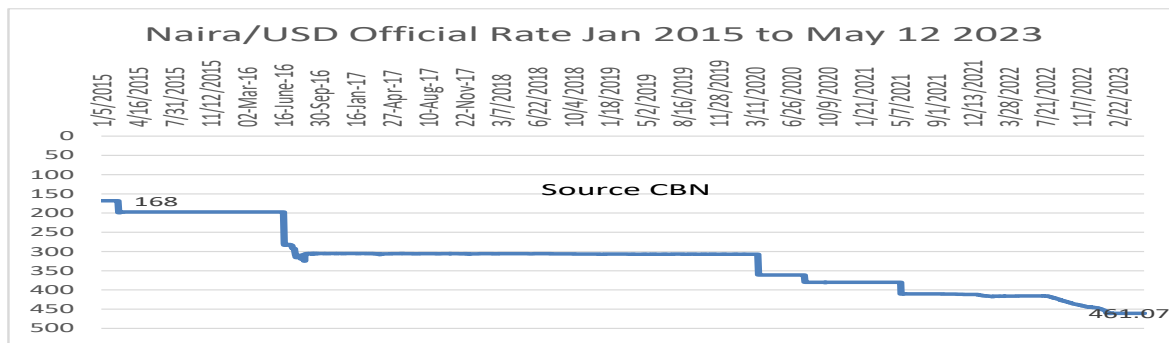
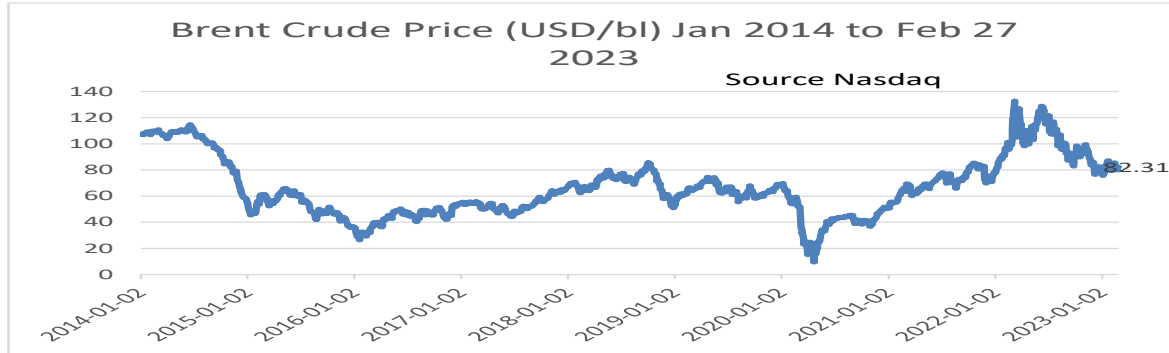
Senator Bola Ahmed Tinubu following his inauguration as Nigeria's President on 29<sup>th</sup> May 2023 set out major highlights of the policies of the new government including the immediate removal of petroleum subsidies. The removal of the subsidies which consumed more than one third of 2022 Budget is expected to release needed resources for spending in priority sectors and reduce government borrowings. The government is expected to introduce palliatives to address the immediate negative impact on workers, retirees and most vulnerable citizens. The removal of subsidies will also significantly reduce volume of fuel consumption, fuel imports and forex demand thereby strengthening the value of the Naira. It is estimated that more than 50% of current consumption of fuel is from smuggling to West African countries.

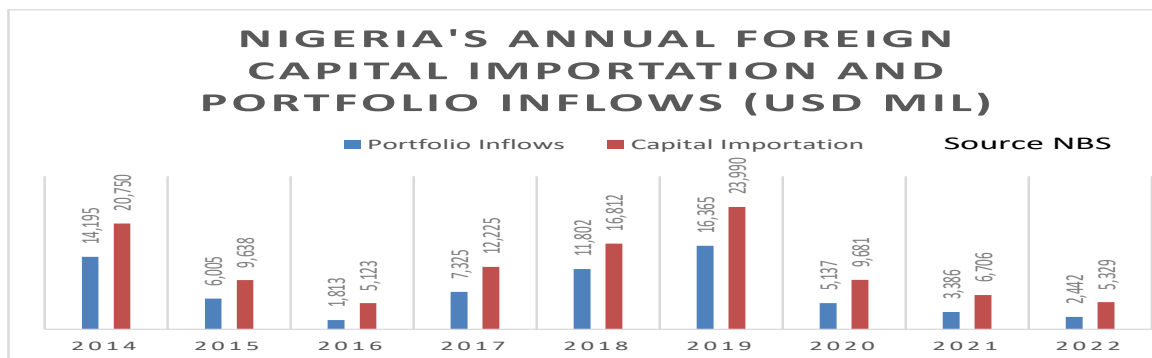
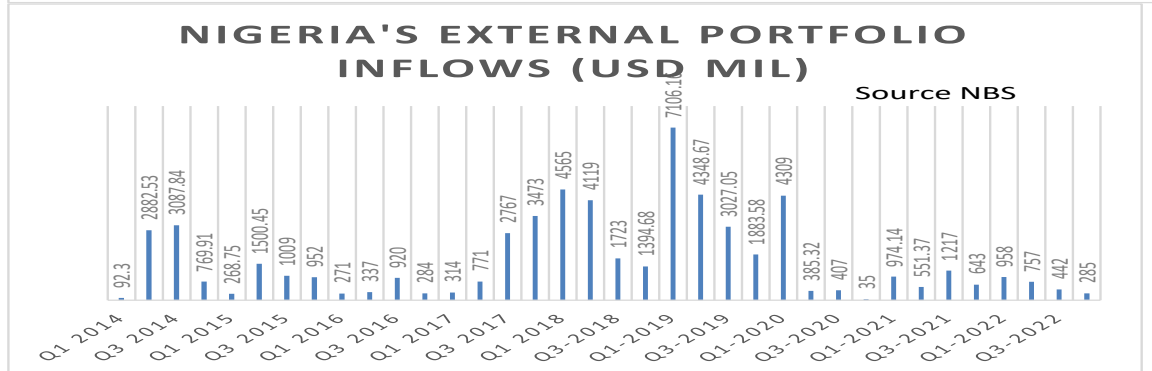
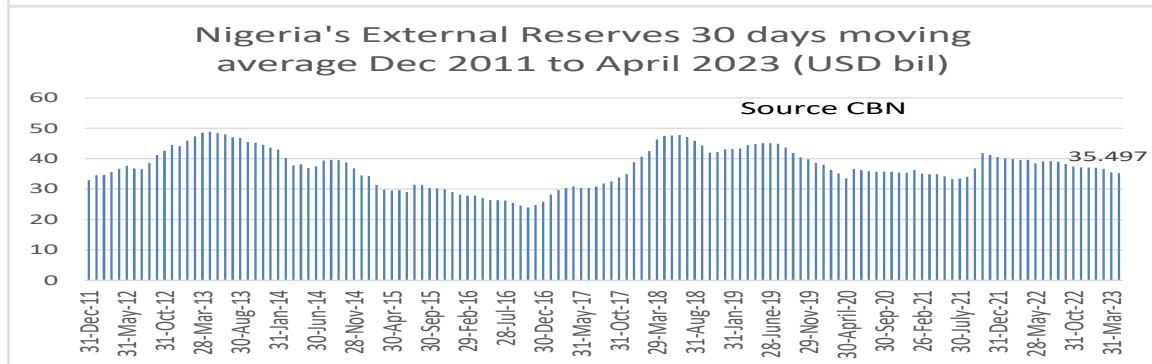
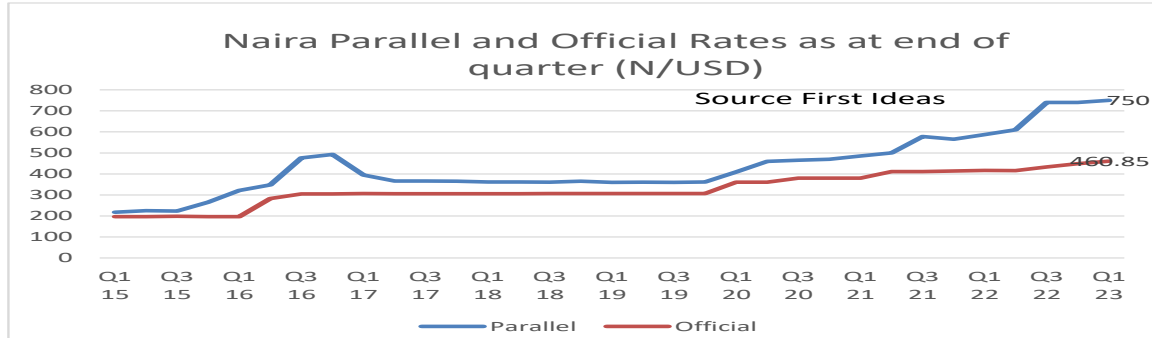


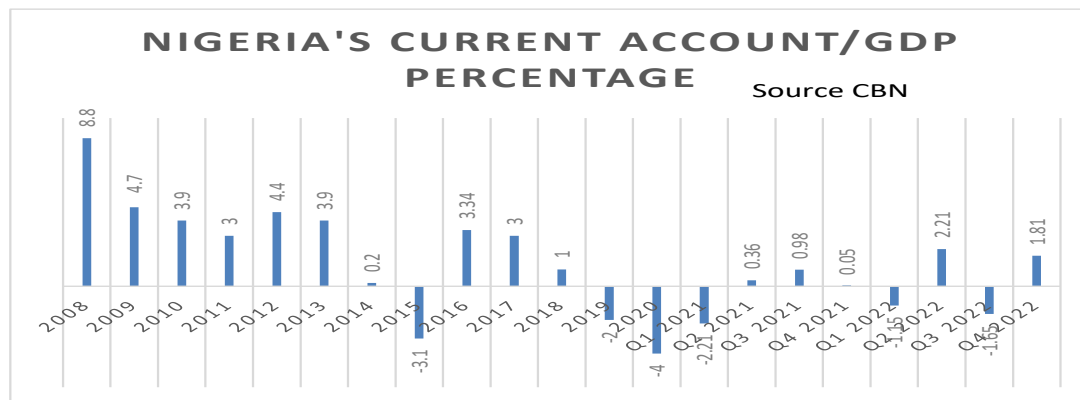
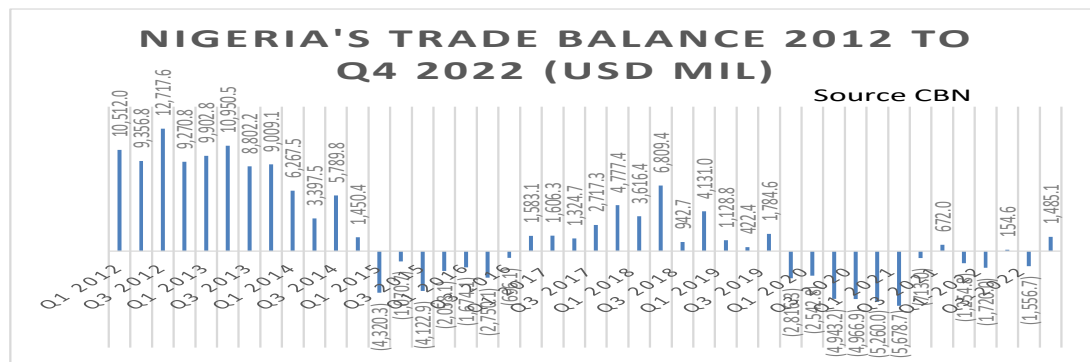
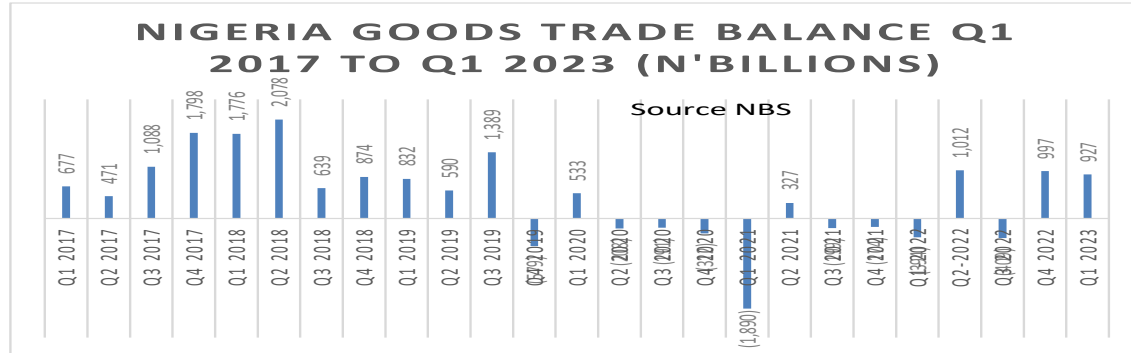


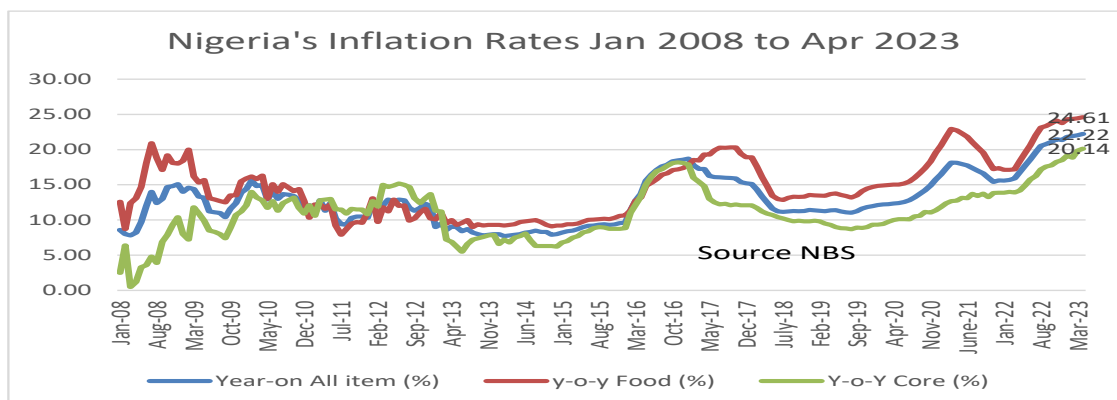
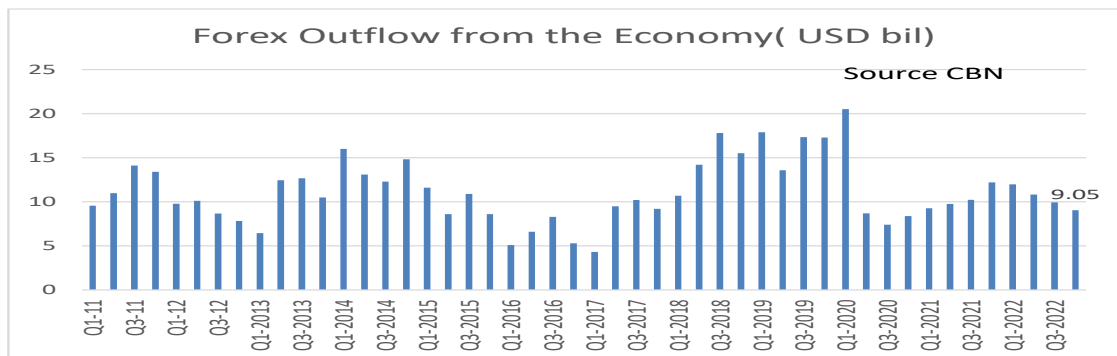
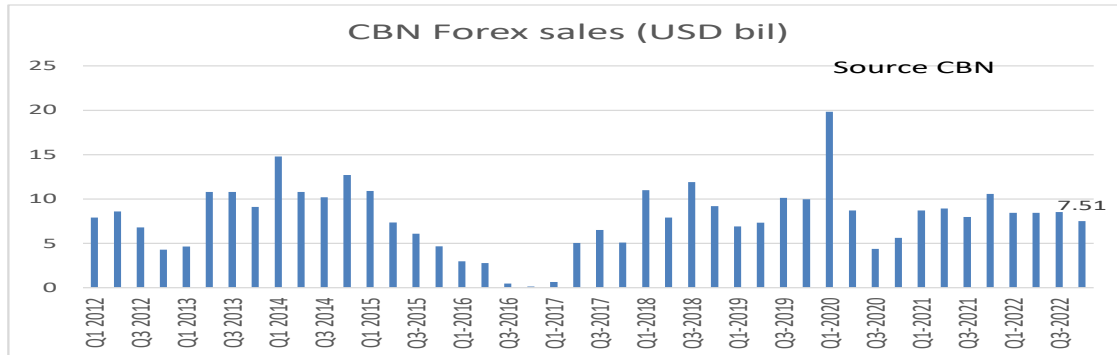


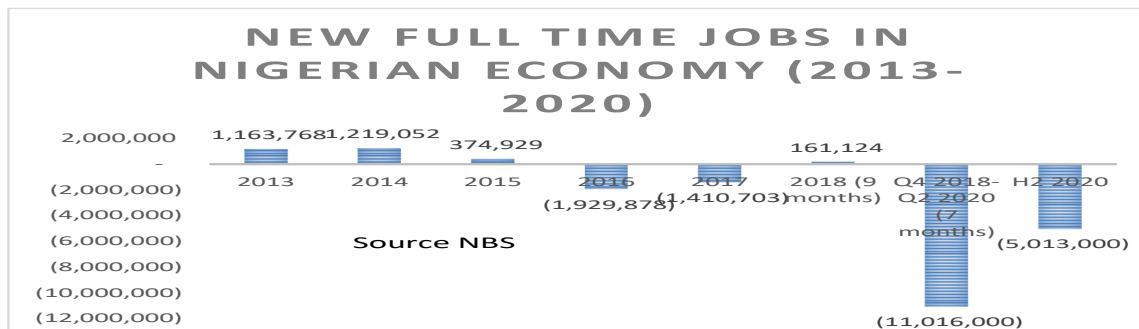
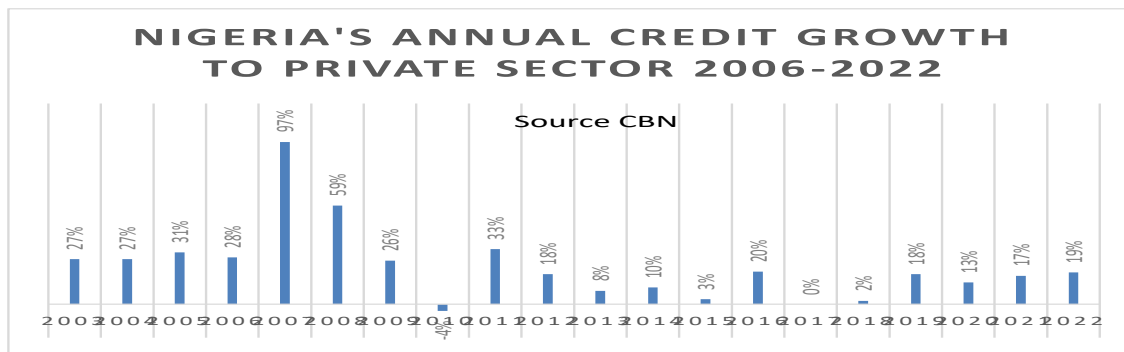
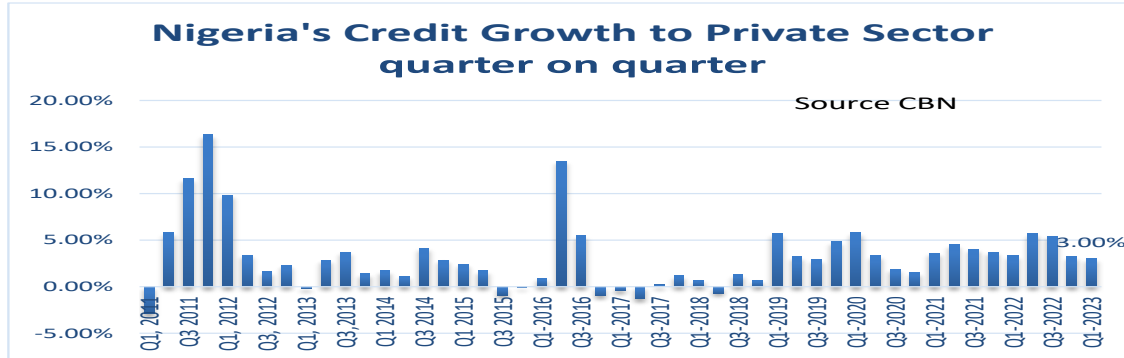






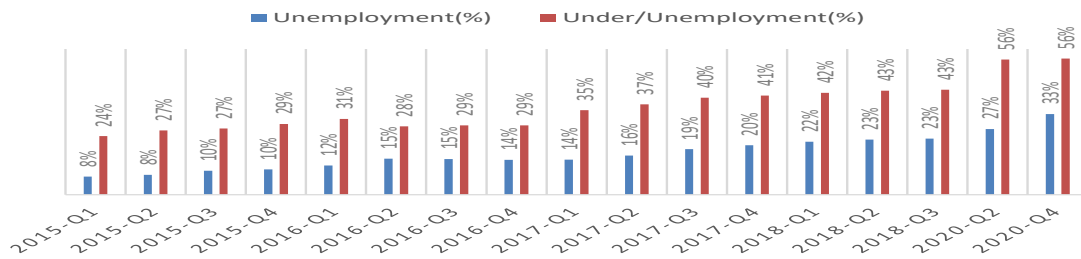






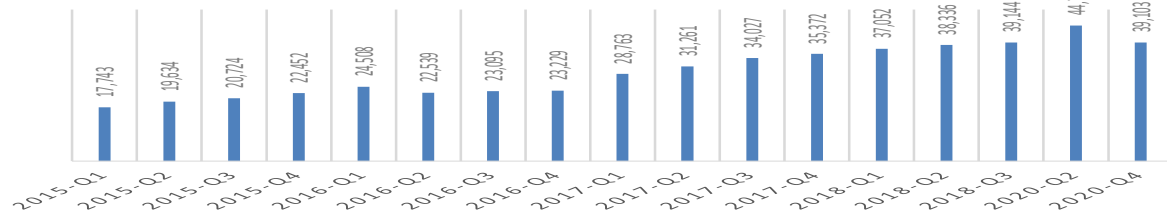
## NIGERIA UNEMPLOYMENT RATES Q1 2015-Q4 2020

Source NBS



## NIGERIA NUMBER OF UNDER & UNEMPLOYED ('000)

Source NBS



### LABOUR FORCE STATISTICS Q4 2020

State	Labour Force	Work 40 Hrs	Work 20 -39 H	Full/Under-employee	Total unemploye	total unemployed	Unemployment	Unemployment
		Fully employed	Underemployed			Underemployed	Rate	Underemployment Rate
Imo	1,946,682	340,034	504,123	844,157	1,102,525	1,606,648	56.64%	82.53%
Adamawa	1,639,013	334,964	404,413	739,377	899,636	1,304,049	54.89%	79.56%
Cross River	1,860,552	531,024	331,325	862,350	998,203	1,329,528	53.65%	71.46%
Yobe	579,117	149,878	124,793	274,671	304,446	429,239	52.57%	74.12%
Akwa Ibom	2,475,522	799,644	413,272	1,212,917	1,262,605	1,675,877	51.00%	67.70%
Abia	1,635,467	557,064	259,477	816,541	818,926	1,078,403	50.07%	65.94%
Edo	1,446,453	507,889	229,466	737,354	709,099	938,564	49.02%	64.89%
Kaduna	2,505,417	826,930	567,396	1,394,327	1,111,091	1,678,487	44.35%	66.99%
Anambra	2,150,796	845,310	354,426	1,199,737	951,059	1,305,485	44.22%	60.70%
Borno	1,061,155	349,193	253,053	602,246	458,909	711,962	43.25%	67.09%
Rivers	3,940,441	1,606,693	694,827	2,301,520	1,638,921	2,333,747	41.59%	59.23%
FCT Abuja	1,643,252	763,787	215,533	979,320	663,931	879,464	40.40%	53.52%
Ebonyi	1,069,939	405,094	235,167	640,261	429,678	664,845	40.16%	62.14%
Kogi	1,983,882	639,056	571,628	1,210,684	773,198	1,344,826	38.97%	67.79%
Niger	1,716,829	648,164	402,501	1,050,665	666,164	1,068,665	38.80%	62.25%
Jigawa	1,462,821	292,872	603,972	896,843	565,978	1,169,949	38.69%	79.98%
Lagos	4,971,488	2,900,094	224,790	3,124,884	1,846,604	2,071,394	37.14%	41.67%
Bayelsa	955,031	315,844	288,838	604,682	350,349	639,187	36.68%	66.93%
Bauchi	1,792,629	641,220	537,881	1,179,102	613,527	1,151,409	34.22%	64.23%
Ekiti	1,450,037	675,929	307,084	983,013	467,025	774,109	32.21%	53.39%
Enugu	1,712,751	806,520	364,616	1,171,135	541,616	906,231	31.62%	52.91%
Taraba	990,728	319,819	358,347	678,166	312,561	670,909	31.55%	67.72%
Gombe	826,246	279,272	288,687	567,959	258,287	546,974	31.26%	66.20%
Delta	2,669,869	1,197,426	640,963	1,838,388	831,481	1,472,444	31.14%	55.15%
Nasarawa	1,102,696	431,276	342,494	773,769	328,927	671,421	29.83%	60.89%
Plateau	1,284,574	607,157	335,864	943,021	341,553	677,417	26.59%	52.73%
Kano	2,827,830	1,228,531	882,213	2,110,744	717,086	1,599,299	25.36%	56.56%
Katsina	1,735,849	888,365	408,676	1,297,041	438,808	847,484	25.28%	48.82%
Oyo	3,315,261	2,067,690	651,242	2,718,932	596,329	1,247,571	17.99%	37.63%
Kebbi	1,237,910	595,193	429,148	1,024,341	213,570	642,717	17.25%	51.92%
Ondo	2,495,918	1,466,286	603,095	2,069,381	426,537	1,029,632	17.09%	41.25%
Kwara	1,458,151	937,371	279,430	1,216,801	241,350	520,780	16.55%	35.72%
Ogun	2,370,574	1,748,592	234,080	1,982,672	387,902	621,983	16.36%	26.24%
Sokoto	1,121,328	743,911	215,068	958,978	162,349	377,417	14.48%	33.66%
Zamfara	1,559,110	705,966	650,577	1,356,542	202,568	853,144	12.99%	54.72%
Benue	2,832,948	1,260,804	1,232,833	2,493,637	339,311	1,572,144	11.98%	55.49%
Osun	1,847,205	1,157,580	474,344	1,631,924	215,281	689,624	11.65%	37.33%



## LET'S HELP YOU GROW WEALTH!

FSL Securities Limited is a leading Investment Banking Firm in Nigeria that offers cutting edge investment solutions to its clients.

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- Portfolio Restructuring
- Mutual Fund/ Euro Bonds

### STRUCTURED FINANCE

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- Syndicated Credit
- Commercial and Real Estate

### SECURITIES TRADING

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- Fixed Income
- Nominee Services
- Account Reconciliation & Consolidation
- Dividend Search and Reconciliation

### CORPORATE FINANCE AND ADVISORY

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- Equity Capital Raising (Advisory and Underwriting)
- Mergers and Acquisitions
- Valuation and fairness opinion
- Corporate Re-organization

### MANAGEMENT SERVICES

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- Recruitment
- Background Check
- Address Verification
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2 TransAmadi  
Industrial Layout  
Port- Harcourt.

#### ONITSHA

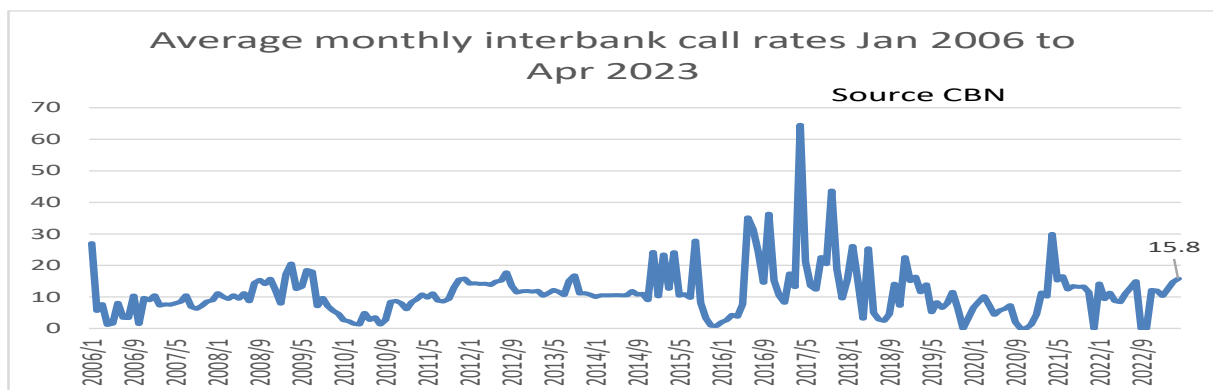
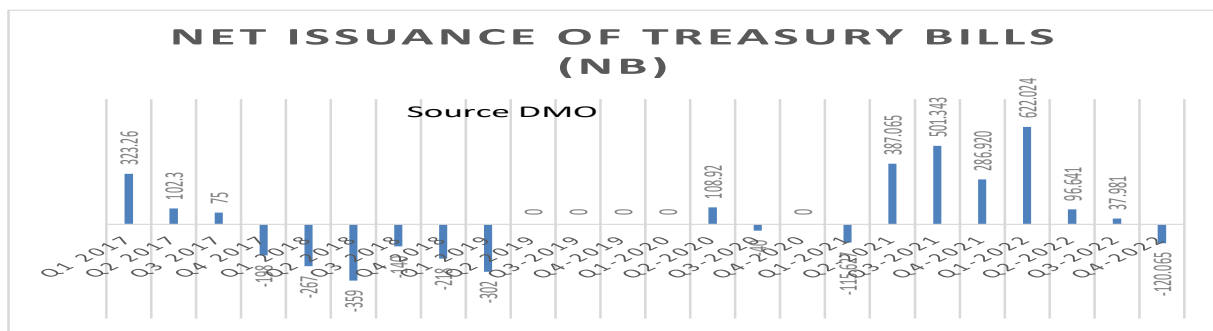
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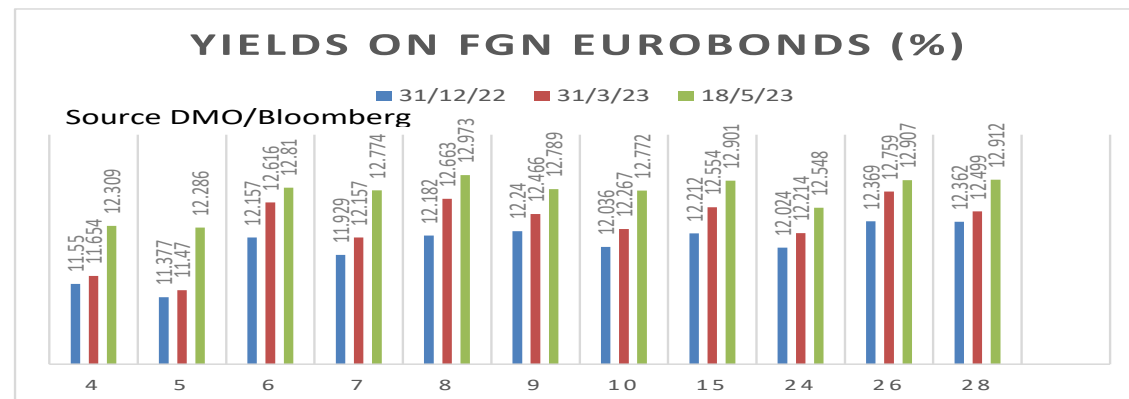
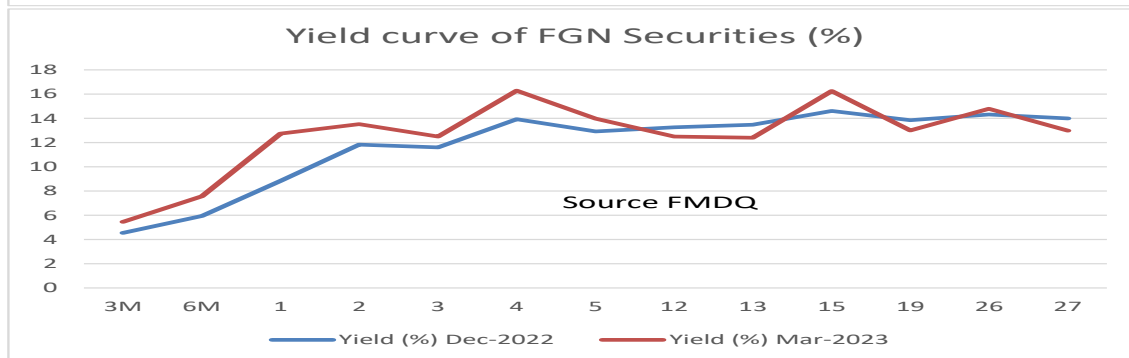
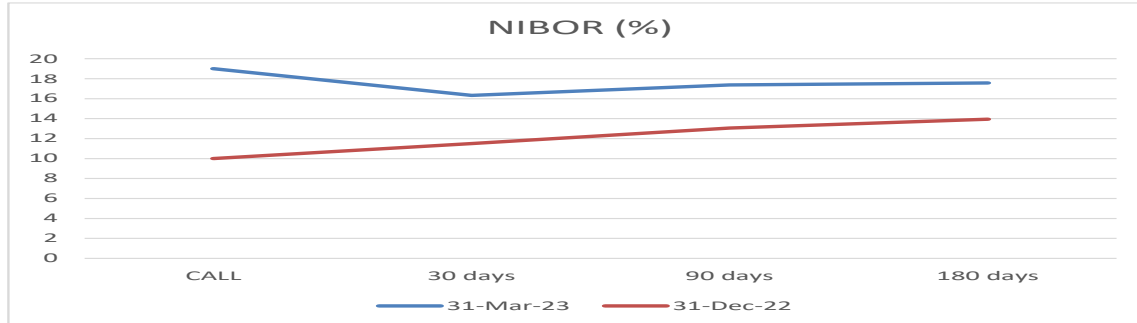
2 Stock Exchange  
Complex 4 Ridge Road  
GRA Onitsha.



## THE MONEY MARKET

Short term interest rates rose significantly in the first quarter arising from increases in policy rates by the CBN and tight liquidity in the money markets. Interbank rates increased from monthly average of 12% in December 2022 to 12.54% in February 2023, 14.75% in March and 15.8% in April 2023. NIBOR increased by an average of 426 basis points with 90 days and 180 days NIBOR closing at 17.38% and 17.58% respectively. Treasury Bills rates increased by an average of 215 basis points with 91 days, 182 days and 364 days Treasury Bill rates closing at 5.4%, 7.57% and 12.74% respectively. CBN MPR increased by 200 basis points during the quarter.





## THE BOND MARKET

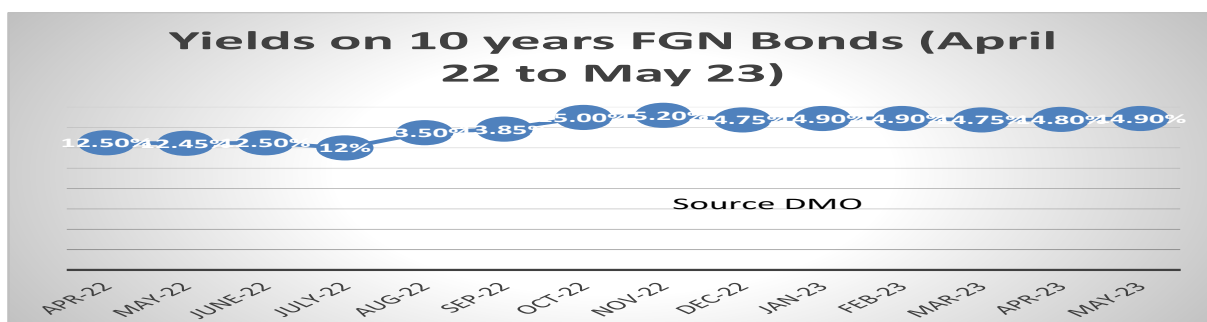
Yields on long term FGN bonds rose across the yield curve by an average of 44 basis points reflecting the direction of rates in the financial markets. Yields on the benchmark 10 years bond at the DMO auctions however closed flat at 14.75% attributable to the significant increase in subscriptions at the auctions.

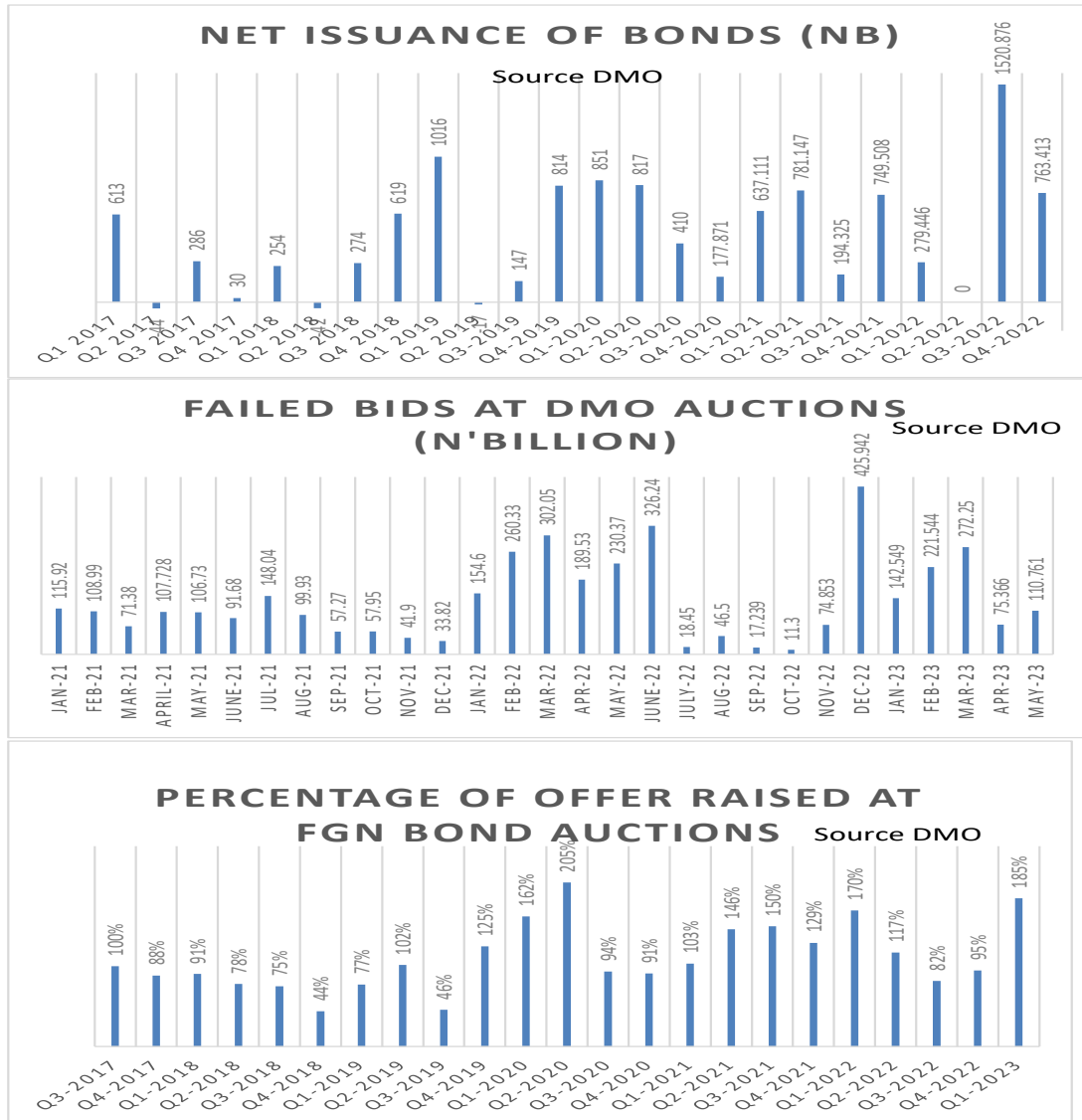
Subscription volumes at the DMO FGN Bond primary auctions increased by 126% from N1.15 trillion in Q4 2022 to all time high of N2.61 trillion in Q1 2023 while issuance increased by all 211% to all time high of N2 trillion. This has been attributed to attractive nominal yields at the primary market, increased flexibility in pricing and elevated risk aversion. Yields on the longest tenor and highest yielding bonds rose to 15.9% at the March 2023 auction and 16.29% at the secondary market. Secondary market turnover of the FGN over the counter market (OTC) increased by 129% from N3.13 trillion in Q4 2022 to N7.18 trillion representing 3 years high.

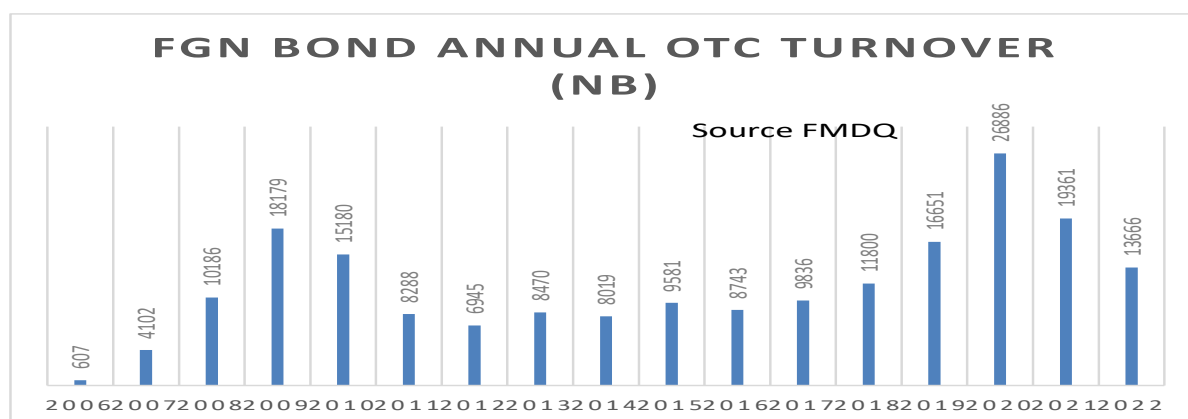
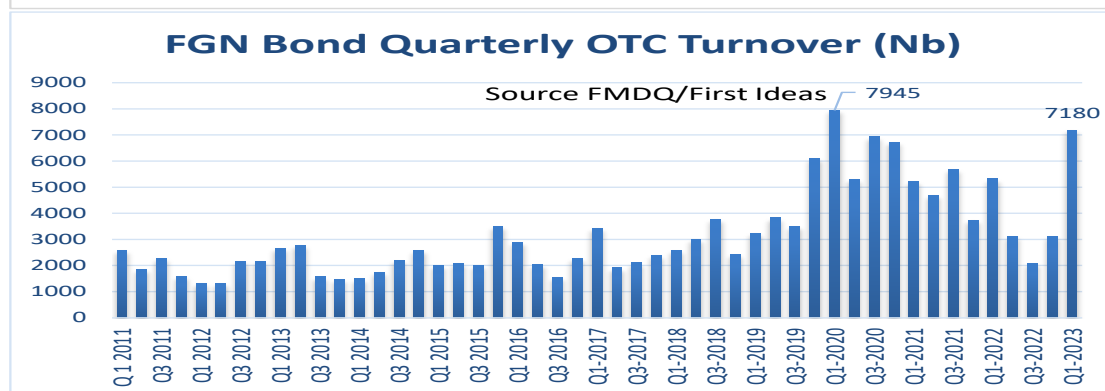
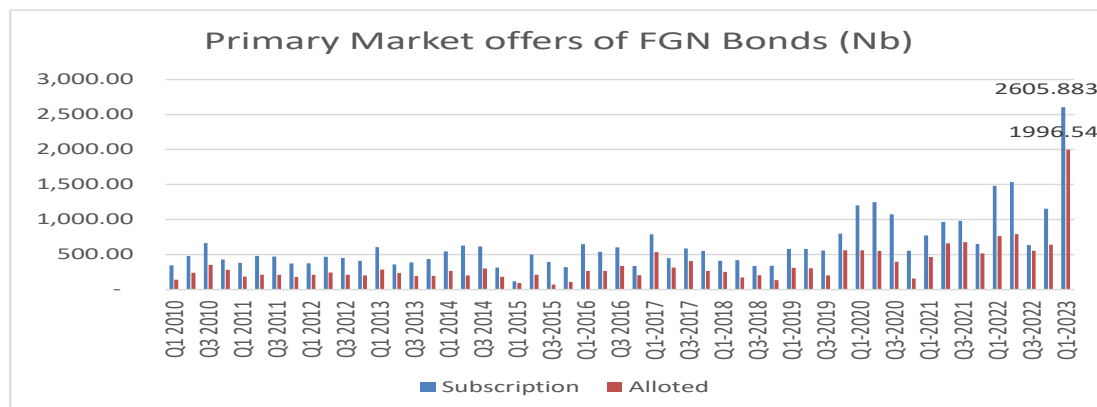
The primary market for Corporate Bonds was active during the quarter with issuance of N144.461 billion by three corporates. Details of the issues are as follows:

- Taj Bank N11.36 billion 15% Participating Perpetual Tier 1 Sukuk Bond.
- Dangote Industries Funding Plc N112.455 billion 16.75% 10 years Senior Unsecured Fixed Rate Bonds due 2023.
- FCMB Plc N20.686 billion 16% Perpetual Fixed Rate Resettable Tier 1 Subordinated Bond.

There was no concluded new issuance of Subnational Bonds or external borrowings by major Nigerian corporates during the quarter.





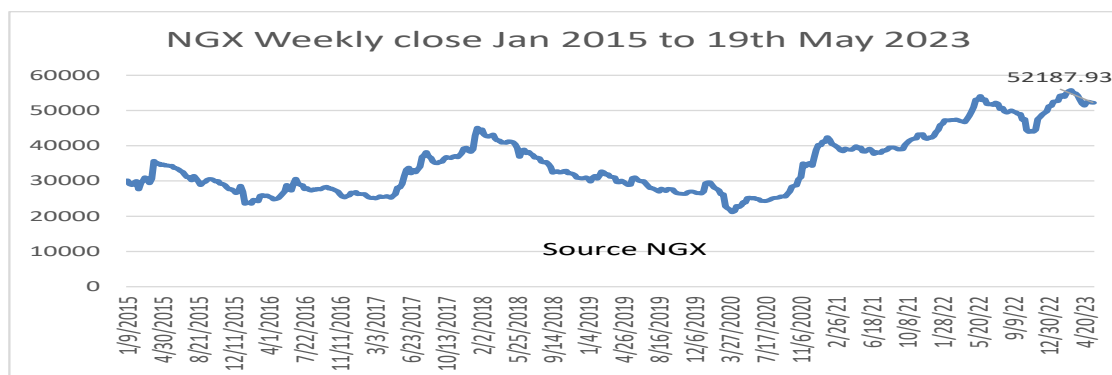


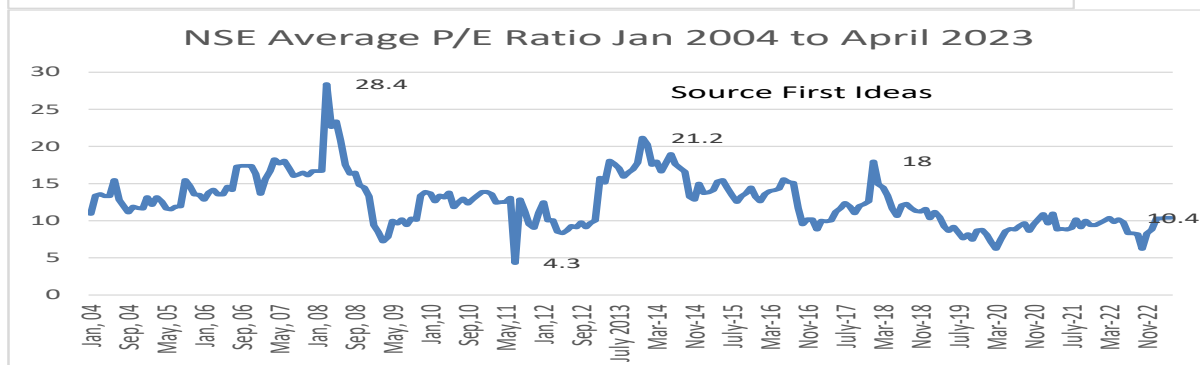
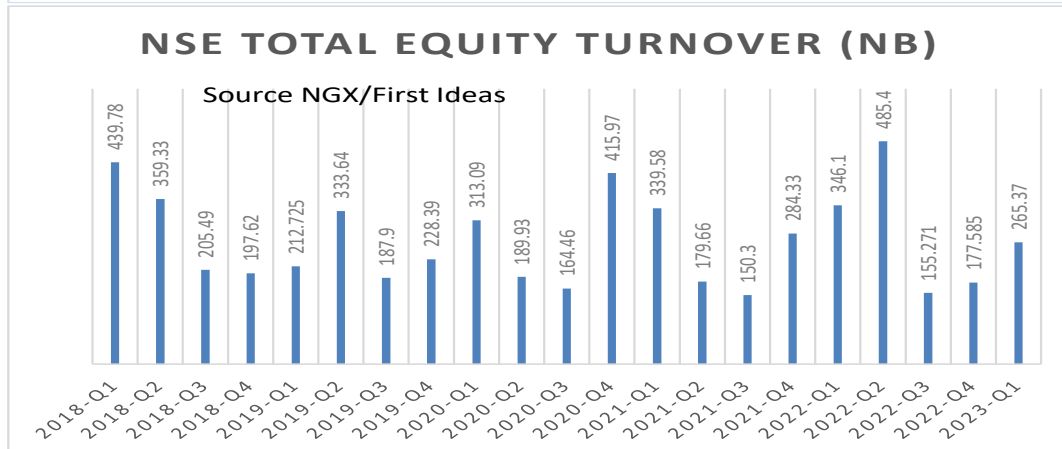
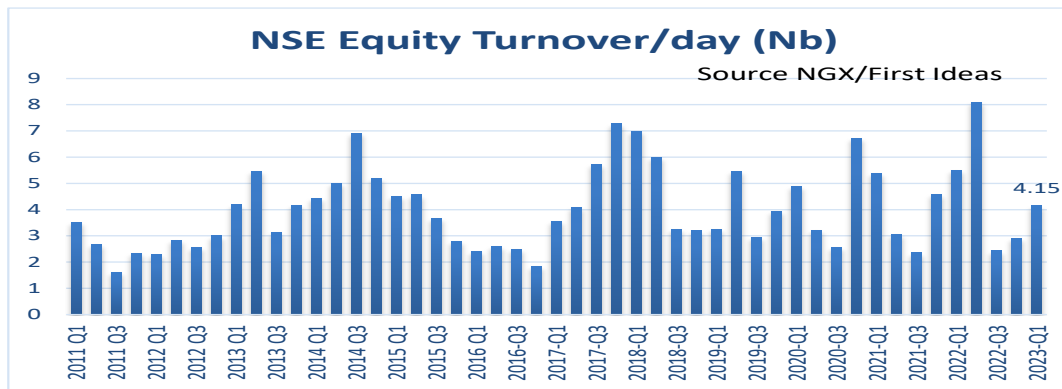
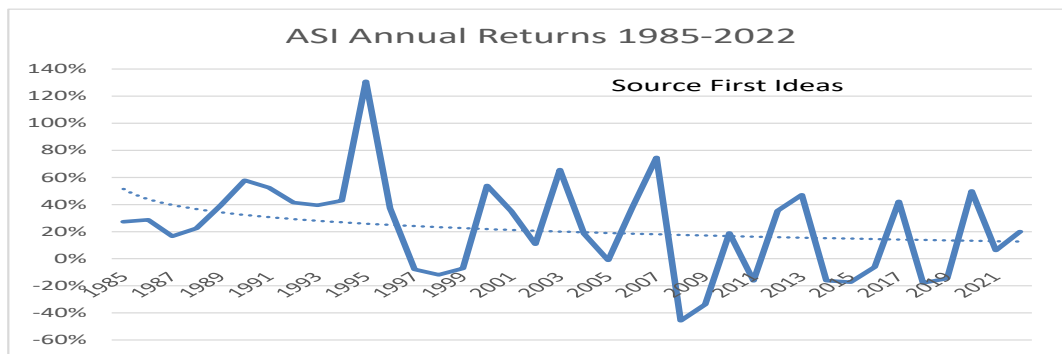
## THE EQUITY MARKET

The primary market for equities was dormant in the first quarter reflecting heightened risk aversion ahead of the National elections in Nigeria.

Other developments in the quarter include:

- Announcement of Ignite Investments and Commodities acquisition offer dated 6<sup>th</sup> February 2023 to minority shareholders of Arдова Plc at N17.38/share. The offer price was at a discount on the quoted price but represents a premium of 22% and 24% on the 30 days and 60 days volume weighted average price as at 30<sup>th</sup> November 2022 being the last trading day prior to the formal offer to the board.
- Announcement of sale of minority shareholding in Geregu Power Plc to a subsidiary of African Export Import Bank (AfreximBank).
- Notice of mandatory takeover bid for 32.99% shareholding in Courteville Business Solutions Plc at 48 kobo/share by Bows Nigeria Ltd valued at N562.53 million. Bows pre offer shareholding was 67%.
- Announcement of acquisition of 60% of Infrastructure Bank (previously Urban Development Bank of Nigeria) by Norremberger Group. Previous ownership structure includes the three tiers of government, NLC and some private investors.





## NSE ALL SHARE INDEX QUARTERLY PERFORMANCE

Date	Q1 2022	Q2 2022	Q3 2022	Q4 2022	31.12.22 Year	Q1 2023
ASI	46,965.48	51,817.59	49,024.16	51,251.06	51,251.06	54,232.34
Growth	+9.94%	+10.33%	-5.39%	+4.54%	+19.98%	+5.82%

*Average Dividend Yield as at 31/3/23 (First Ideas Index): 5.5%*

*2023 Prospective P/E Ratio (First Ideas Index un-weighted) as at 31/3/23: 10.4*

*Market Capitalization (Equity) as at 31/3/23: N29.65 trillion (USD64.26 billion)*

*Equities Daily Average Turnover in Q1 2023: N4.15 billion (USD9.0 million)*

Currency Exchange rate (I&E) as at 31/3/23: N461.38/USD.

Trading days Q1 2023: 64

The Nigerian Stock Exchange continued its rebound in the first quarter of 2023 with the NGX All Share Index (ASI) recording growth of +5.82 %. This was against growth of +2.24% in the South African JSE AS in local currency and +3.55% growth in the Morgan Stanley Emerging Market Equity Index (MSCI). The positive performance in the NSE is attributable to improved full year earnings growth by major quoted companies and banks and the outlook for dividends in the second quarter. Average dividend yield and earnings growth in our First Ideas Index in Q1 2023 were 5.8% and 22% respectively.

Equity turnover on the NSE increased by 49% from N178 billion in Q4 2022 to N265 billion in Q1 2023. This was attributable to increased participation by domestic retail and institutional investors. Domestic Institutional and Retail investors equity inflows increased by 84% and 49% respectively while Foreign Investors Equity Inflows declined by 49% representing record low of 7% of total inflows. Foreign Portfolio Equity Outflows increased by 58%.

All major NGX Sector Indices recorded positive growth in Q1 2023 led by Consumer Goods, Oil & Gas and Banking Indices with growth of +19%, +10% and +8% respectively. The weakest performance was by Industrials and Insurance sector indices with growth of +2%.

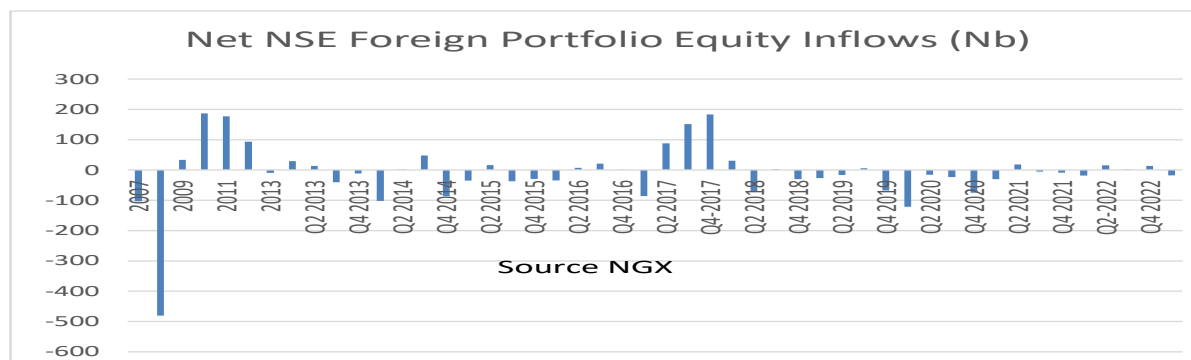


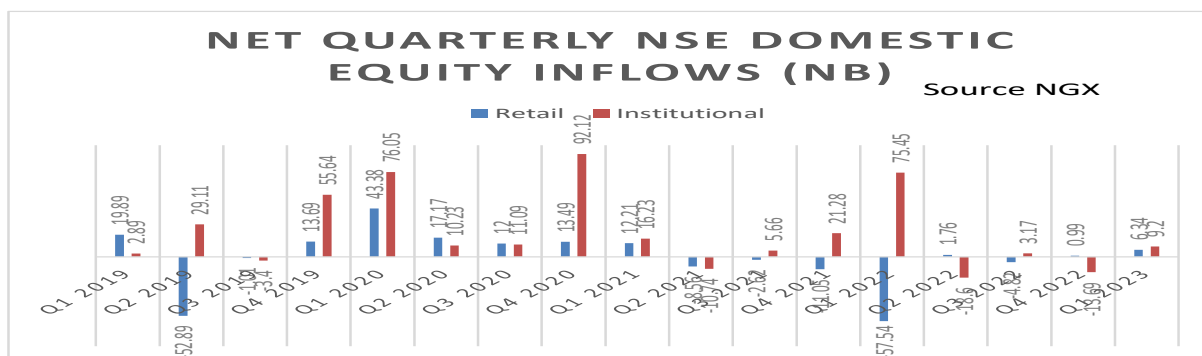
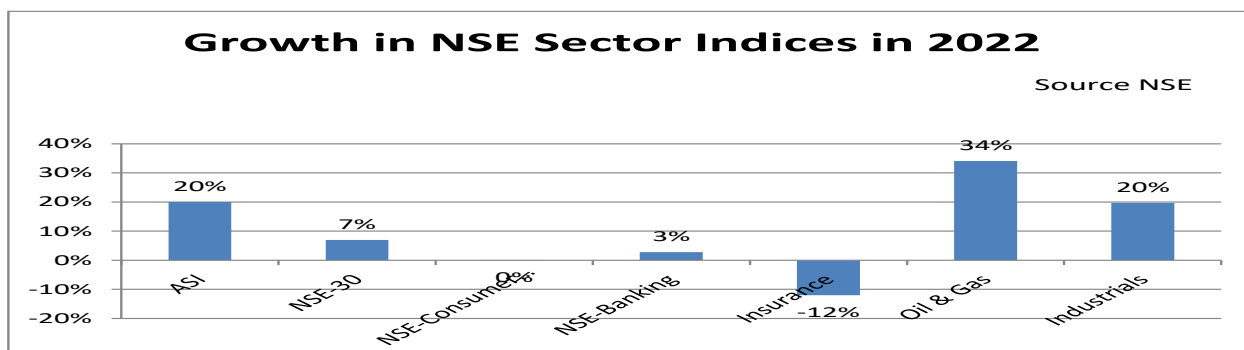
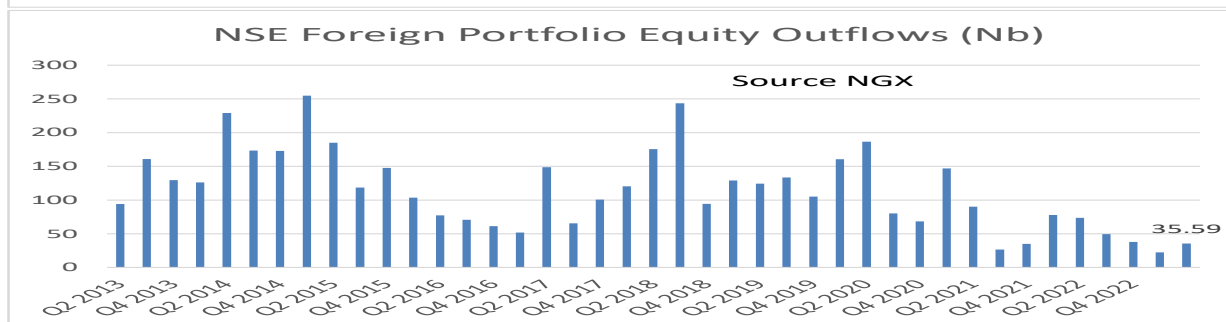
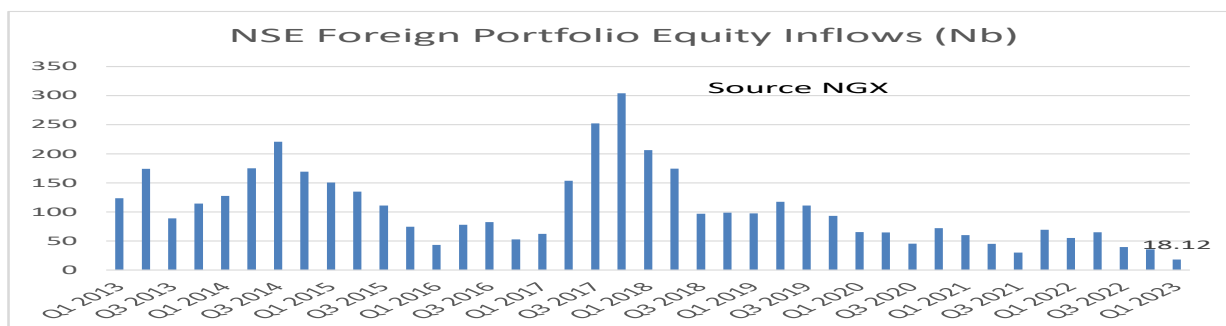
Sector Index	2022 Year	Q1 2023
Consumer Goods	0%	19%
Oil & Gas	+34%	+10%
Banking	+3%	+8%
Industrials	+20%	+2%
Insurance	-12%	+2%

The leading sectors in our First Ideas Index in the first quarter are Petroleum (Oil & Gas), Food Beverages and Banking Sectors with growth of +33%, +13% and +12% respectively. The very strong growth in Oil & Gas in our unweighted index was led by recovery in MRS, Oando and Conoil stocks. The worst performance was in the Breweries and Insurance sectors with negative returns of -4% and -2% respectively.

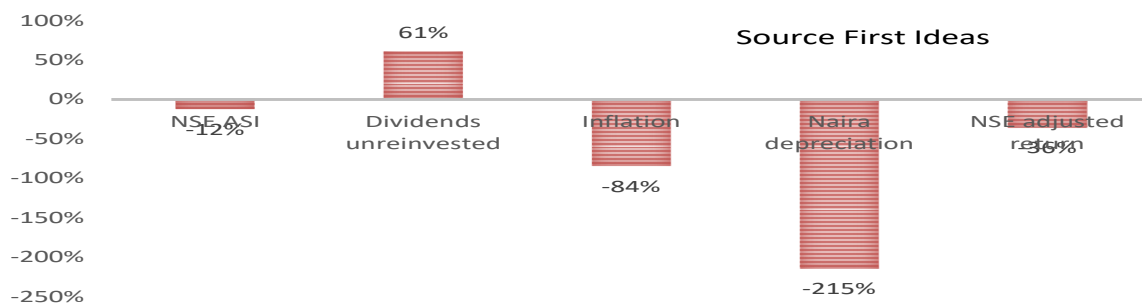
Our preferred sectors and rationale are set out below:

Sector	Investment Rationale
Banking	Low Equity valuation, High dividend yield
Petroleum Marketing	Low Equity valuation, High dividend yield, Strong earnings growth
Agriculture	Strong earnings growth
Telecommunications	Strong earnings growth





## ANALYSIS OF NSE INVESTMENT RETURNS 2007 TO 2022



Average Prospective P/E Ratio by Sector	
31/3/23	
<b>Sector</b>	<b>P/E</b>
Banking	4.5
Insurance	4.9
Construction	5.4
Pharmaceuticals	7.9
Paint	7.9
Agriculture	9
Petroleum Marketing	10.1
Food	17.7
Cement	17.9
Telecomm	19.6
Breweries	21.1
Conglomerate	NM
Average Dividend Yield by Sector	
31/3/23	
<b>Sector</b>	<b>Yield</b>
Insurance	9.9%
Construction	9.3%
Paint	9.3%
Pharmaceuticals	7.4%
Banking	7.2%
Breweries	7.0%
Agriculture	6.1%
Cement	5.8%
Food	5.3%
Conglomerate	4.4%
Petroleum Marketing	4.0%
Telecomm	3.7%
<b>Profit Growth of select sectors</b>	
<b>Period ended 31/3/23</b>	
Paint	85%
Petroleum Marketing	34%
Pharmaceuticals	30%
Banking*	29%
Agriculture	28%
Food	23%
Insurance	16%
Telecom	14%
Cement	7%
Construction	-5%
Breweries	-25%
Conglomerates	NM
Note * Reports published as at 30/4/23	

BANKING RATIOS AS AT 31st DECEMBER 2022														
S/N	BANK	Total Assets	Gross Earnings	PBT	PAT	Equity****	COST/INCOME*	COR	CAR***	ROA (pre tax)	ROE (after tax)	Market/Book**	NPL	Securities/Risk Assets
		31/12/22	12 months	12 months	12 months	31/12/22								
		N'mil	N mil	N mil	N mil	N il	%	%	%	%	%			%
Tier 1 Banks (Total assets above N3 trillion)														
1	Zenith Bank Plc	12,285,629	945,554	284,650	224,050	1,378,127	53%	0.9%	19.0%	2.3%	16%	0.5	2.1%	43%
2	Access Bank Plc	14,998,401	1,387,911	167,680	153,090	1,002,229	66%	1.4%	22.4%	1.1%	15%	0.4	2.1%	34%
3	First Bank of Nigeria Plc	10,577,710	805,128	157,902	134,403	983,629	62%	1.5%	16.6%	1.5%	14%	0.4	4.7%	34%
4	GTBank Plc	6,446,456	539,235	214,154	166,737	912,004	55%	0.6%	24.1%	3.3%	18%	0.8	5.2%	42%
5	UBA	10,857,571	853,174	200,876	165,451	887,297	62%	0.6%	22.0%	1.9%	19%	0.3	2.1%	55%
6	Stanbic IBTC bank Plc	3,029,026	287,537	100,349	78,123	399,662	54%	0.8%	16.9%	3.3%	20%	1.2	2.4%	31%
7	Fidelity	3,989,009	337,050	53,677	46,724	314,360	68%	0.2%	18.1%	1.3%	15%	0.5	2.9%	20%
Tier 2 Banks (Total assets between N1 trillion and N3 trillion)														
8	Union	2,795,755	209,121	40,795	38,646	289,747	70%	0.3%	14.4%	1.5%	13%	0.7	4.0%	35%
9	FCMB Plc	2,493,193	282,982	36,570	30,901	274,901	70%	1.4%	16.0%	1.2%	11%	0.3	4.0%	36%
10	Sterling Bank Plc	1,857,992	175,140	20,757	19,298	153,998	75%	1.2%	14.7%	1.1%	13%	0.3	4.0%	31%
11	Wema	1,441,865	132,301	14,884	11,352	82,543	77%	0.9%	12.7%	1.0%	14%	0.6	6.1%	40%
Average (Industry)							65%	1%	18%	2%	15%	0.5	4%	36%
Average Tier 1 banks							60%	1%	20%	2%	17%	0.6	3%	37%
Average Tier 2 banks							73%	1%	14%	1%	13%	0.5	5%	36%
Note														
* Income adjusted to exclude forex valuation gains.														
** Market price as at 30/4/23														
*** Access CAR as at 30/9/22														
**** Equity is defined as Shareholders Equity and excludes preference shares														
NA: Not available														
COR: Cost of Risk														
NPL : Non Performing Loan ratio														
Ranking by Shareholders Equity.														
Banks Mandatory Reserves with CBN as at 31/12/22* (N' millions)														
		Reserves	Reserves	Reserves	Reserves	Deposits	Ratio							
	Bank	31/12/21	30/6/22	30/9/22	31/12/22	31/12/22	%							
	Access	1,466,414	1,830,711	1,854,973	2,141,111	9,251,238	23%							
	Zenith	1,330,897	1,475,342	1,694,532	1,749,608	8,975,653	19%							
	UBA	969,869	1,011,198	1,215,729	1,283,163	7,824,892	16%							
	FBN	1,348,086	1,382,830	1,401,381	1,558,263	7,124,086	22%							
	GTB	952,295	954,312	976,245	1,014,323	4,485,114	23%							
	Fidelity	686,097	700,736	741,695	863,090	2,580,597	33%							
	FCMB	329,739	374,458	442,876	493,360	1,944,909	25%							
	Union	454,802	323,388	348,962	224,563	1,474,465	15%							
	Sterling	243,869	246,941	265,213	295,295	1,327,805	22%							
	Stanbic	443,995	490,517	442,390	478,609	1,245,346	38%							
	Wema	313,847	347,416	363,916	386,993	1,165,934	33%							
		8,539,910	9,137,849	9,747,912	10,488,378	47,400,039	22%							
Note														
* Statutory CRR was increased from 27.5% to 32.5% on 27th September 2022.														

RANKING OF SECTORS BY CAPITAL APPRECIATION			
Quarter ended 31/3/23	Year ended 31/12/22	Sector	Capital Appreciation
1	3	Petroleum Marketing	33%
2	7	Food/Beverages	13%
3	9	Banking	12%
4	2	Agriculture	10%
5	8	Construction	10%
6	12	Paint	9%
7	6	Cement	7%
8	10	Pharmaceuticals	5%
9	4	Conglomerates	3%
10	1	Telecomm	1%
11	11	Insurance	-2%
12	5	Breweries	-4%

Structure of Commercial Banks Deposits (N millions)														
										Growth				
	9/30/18	12/31/2018	3/31/2019	6/30/19	9/30/19	12/31/19	12/31/20	12/31/21	Percentage	2021				
Private Sector and States demand deposits	6,318,277	6,724,353	6,434,455	6,439,537	6,466,061	6,964,259	11,086,936	12,550,978	33%	13%				
Private Sector/States Time and Savings	9,547,554	11,046,541	11,266,837	11,450,878	11,067,780	12,185,722	14,133,498	16,541,351	44%	17%				
Federal Govt Naira deposits	82,509	86,409	97,688	113,631	130,811	122,332	-	-	0%					
FX/Domiciliary accounts	5,048,023	5,574,730	5,912,494	6,320,363	6,151,318	5,911,673	6,236,524	8,520,716	23%	37%				
Total Deposits	20,996,364	23,432,032	23,711,474	24,324,408	23,815,971	25,183,986	31,456,958	37,613,044	100%	20%				
Structure of Pension Fund Investments (N millions)								Old	New Limits (Min-Max)					
							Growth	Prudential	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6
	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023	Percentage	Q1 2023	Max Limits						
Domestic ordinary shares	944,263	969,155	868,582	908,024	1,043,170	7%	15%	25%	17.5%-30%	7.5%-25%	5%-10%	0%-5%	0%-5%	0%-25%
Foreign ordinary shares	112,270	99,906	96,292	108,988	114,835	1%	5%							
Private Equity/Infrastructure	114,182	127,238	146,519	161,340	167,440	1%	4%	5%	2.5%-10%	2.5%-5%	0.00%	0.00%	2.5%-10%	0%-20%
Open/Closed Funds	52,928	53,854	56,908	66,544	86,556	1%	30%	20%	0%-25%*	0%-20%*	0%-10%	0%-5%		0%-20%
Govt Securities	8,673,671	9,168,860	9,358,881	9,810,333	10,359,181	66%	6%	80%	0%-70%	0%-85%	0%-100%	0%-100%	0%-75%	0%-85%
Corporate Bonds/Supra-National	1,007,115	1,197,681	1,496,760	1,670,672	1,700,497	11%	2%	35%	0%-35%	0%-40%	0%-45%	0%-45%	0%-35%	0%-40%
Money Market instruments	2,261,699	2,149,495	2,105,082	1,983,305	1,751,604	11%	-12%	35%	0%-30%	0%-30%	0%-35%	0%-35%	0%-60%	0%-30%
Real Estate/REIT	239,596	238,498	232,086	233,874	244,339	2%	4%	5%	0%-10%*	0%-5%*				
Others/cash	472,848	262,862	63,181	49,554	114,847	1%	132%							
Total	13,878,571	14,267,549	14,424,291	14,992,633	15,582,469	100%	4%							
Note * Minimum for private equity includes open/closed end funds and Real estate.														
**55% of RSA Funds in Fund 2 and 34% in Fund 3														