

FIRST IDEAS CAPITAL MARKET REPORT

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A quarterly publication of First Ideas Limited

Number 73 August 2022

August 2022



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KEY ECONOMIC INDICATORS

THE ECONOMY

	NIGERIA KEY ECONOMIC INDICATORS													
	30/6/19	30/9/19	31/12/19	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	Change
Bonny Light Crude Oil Prices (USD/B)quarter average	71.32	64.25	64.87	52.51	26.75	43.29	44.01	61.04	70.47	73.87	80.43	106.29	117.85	11%
Average Crude Oil production quarter ended (mb/d)	2.02	2.04	2	2.07	1.81	1.67	1.56	1.72	1.61	1.57	1.5	1.49	1.43	-4%
Real GDP growth Quarter ended	1.94%	2.28%	2.55%	1.87%	-6.10%	-3.62%	0.11%	0.51%	5.01%	4.03%	3.98%	3.11%	3.54%	0.4%
Industry capacity quarter ended				48.89	39.09%	43.52%	43.93	44.34	45.07	55.9	55.1	55.4		
External reserves(USD billion)*	44.75	40.90	38.06	33.69	35.78	35.67	36.46	35.138	32.99	41.57	36.4	39.28	39.22	0%
Exchange Rate (N/USD)	306.9	307	307	361	361	380	380	380	411.28	410.8	413.49	416.25	415.72	0%
Net inflow of forex through CBN(USD billion)	3.80	-3.70	-2.30	-2.60	-4.40	-0.02	0.30	-1.20	-2.40	8.85	-1.40	-0.8		
Forex sales(WDAS and BDC) quarter ended(USD billion)	7.37	10.13	9.98	13.7	4.5	4.37	5.62	5.3	6	5.346	5.2	4.5		
I&E Fx intervention(USD billion)	0.08	2.02	2.62	0.6	0.48	0.39	1.6	0.8	1	0.796	1.9	1.4		
Headline Inflation Month ended	11.22%	11.24%	11.98%	12.26%	12.56%	13.71%	15.75%	18.17%	17.75%	16.63%	15.63%	15.92%	18.60%	2.7%
MPR	13.5%	13.5%	13.5%	13.5%	12.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	13.0%	1.5%
91 days treasury bill yield	11.63%	12.68%	4.52%	3.28%	1.94%	1.10%	0.35%	2.43%	4.96%	3.90%	3.13%	2.68%	4.64%	2.0%
Interbank Call Rate Month ended	8.38%	11.61%	3.32%	10.29%	5.75%	2.00%	1.25%	10.10%	16.57%	13.00%	0.00%	11.33%	11.10%	-0.2%
30 days NIBOR rate	11.61%	13.25%	10.79%	14.71%	5.15%	2.38%	0.38%	5.44%	15.36%	15.03%	9.63%	1.99%	7.37%	5.4%
FGN 10 years bond Yield	14.50%	14.43%	12.00%	12.60%	9.76%	7.69%	7.26%	11.50%	13.50%	12.02%	12.60%	10.87%	12.50%	1.6%
Prime Lending Rate(quarter average)	15.80%	15.33%	14.99%	14.71%	15.10%	11.80%	11.42%	11.20%	11.40%	11.64%	11.68%	11.77%	12.03%	0.3%
Credit growth to private sector quarter ended	3.20%	2.90%	4.80%	5.80%	3.30%	1.90%	1.50%	3.60%	4.50%	4.00%	3.70%	3.30%	5.70%	2.4%
Gross Banking Credit (Naira trillion)							22.68	23.53						
New Jobs created (Formal and Informal sectors)**					(11,016,000)		(12,039,000)							
CBN Standing lending Facilities granted (SLF) Nbillion	3,624	6,203	1,303	1,811.99		1,700.46	136.13				1,893.62	902.17		
CBN Standing Deposit Facilities accepted (SDF) Nbillion	4,984	2,081	1,932	843.09		1,884.92	2143.8				595.64	1,363.87		
CBN credit to banks outstanding at quarter ended (N bil.)	1,174	1,349	1,286	1,290	1,479	1,522	1,471	1,441	1,460	1,736	1,835			
Foreign Direct investments Equities (USDm)	223	203	250	214	149	415	249	155	78	108	358	155	147	-5%
Foreign Portfolio Investments(Equities) (USDm)	498	386	354	640	53	44	18	27	85	57	38	32	13	-60%
Foreign Portfolio Investments (Bonds) (USDm)	316	92	47	231	-	-	-	139	15	365	46	310	322	4%
Foreign Portfolio Investments (Money Mkt.)(USDm)	3,535	2,550	1,483	3,439	332	363	17	809	452	796	559	616	423	-31%
Foreign Other Investments (Loans/Trade Credit/Others)	1,480	2,397	1,669	1331.06	761.04	639.44	785.8	783.19	246	406	1,187	461	631	37%
Total Foreign Portfolio Investments (USDm)	4,349	3,027	1,884	4,309	385	407	35	974	551	1,217	643	958	757	-21%
Total Foreign Investment Inflows (USDm)	6,052	5,627	3,802	5,855	1,295	1,461	1,070	1,912	876	1,731	2,187	1,573	1,535	-2%
Note														
** Q2 2020 job figures is cumulative amount for 7 quarters while Q4 2020 is for 2 quarters														
NM: Not meaningful														

Key Highlights in Q2 2022

- Nigeria's economy recorded Real GDP year on year growth of 3.54% in Q2 2022, an improvement on Q1 2022 growth of 3.11%. Quarter on quarter Real GDP growth in the quarter was however negative reflecting slowing down of the economy.
- Submission of 2022 revised 2022 Budget by Nigeria's President to the National Assembly on 7th April 2022 to incorporate additional provision of N965.4 trillion for Petroleum Subsidy and increasing the 2022 National Budget deficit to N7.35 trillion. The House of

Representatives approved the Revised Budget incorporating N4 trillion Petroleum Subsidy on 14th April 2022.

- *JP Morgan downgrade of Nigeria's sovereign debt in its Emerging Market Index on 11th May 2022 citing worsening forex liquidity and the country's inability to take advantage of the high international crude oil prices due to low crude oil production and high petroleum subsidies.*
- *Increase in Monetary Policy Rate (MPR) by 150 basis points by the Central Bank of Nigeria Monetary Policy Committee (MPC) on 24th May 2022, the first increase in 6 years. The MPR was increased from 11.5% to 13%.*
- *Announcement of completion of acquisition of 93.4% shareholding of Union Bank Plc, one of the oldest banks in Nigeria by Titan Trust on 2nd June 2022. Transaction valued at N191 billion is one of the largest acquisitions on the Nigerian Stock Market.*
- *Publication of World Bank June 2022 Nigerian Development Update on 16th June revising upwards Nigeria's 2022 and 2023 GDP growth forecast from 2.8% to 3.4% and 3.2% respectively. The World Bank however raised concerns about Nigeria's weakened economic framework and increased vulnerability to external and domestic shocks.*
- *Revocation of certificate of registration of two insurance companies (Niger Insurance Plc and Standard Alliance Insurance Plc) by National Insurance Commission (NAICOM) effective 21st June 2022 and appointment of liquidators for the insolvent insurers.*
- *Fitch Rating upward review of Nigeria's 2022 Inflation forecast from 14.6% to 17%. It warned of the dangers posed by the persistently high inflation and the negative impact on external liquidity and GDP growth.*

Nigeria's GDP growth remained subdued in the second quarter with Real GDP year on year growth of 3.54%. This represents an improvement on the Real GDP growth of 3.11% in Q1 2022. Quarter on quarter Real GDP growth was however negative in Q2 2021 reflecting slow-down in economic activity. Federal Government of Nigeria (FGN) revised downwards its forecast for 2022 GDP growth in July 2022 from 4.2% to 3.55% as against half year actual of 3.32% growth.

The positive continuing GDP growth in the second quarter was attributable principally to the growth of 4.77% in Non-Oil Real GDP in Q2 2022. This however represents a decline from the impressive Non-Oil Real GDP growth of 6.08% in Q1 2022. Oil sector year on year Real GDP growth remained negative at -11.77% in the second quarter.

All major non-Oil sectors recorded positive year on year growth in Q2 2022 led by Telecommunications, Trade and Real Estate/Construction sectors with growth of +7.71%, +4.51% and +4.27% respectively. Summary of performance of the major non-Oil sectors is set out below:

Sector	Q1 2022 Real GDP Growth	Q2 2022 Real GDP Growth
Telecommunications	+14.5%	+7.71%
Trade	+6.5	+4.51%
Manufacturing	+5.9%	+3.0%
Real Estate/Construction	+4.6%	+4.27%
Agriculture	+3.2%	+1.2%

The performance of the Nigerian economy has not reflected the strong recovery in international crude oil prices which has remained above USD100/barrel through the second quarter. This was attributable to low production volumes and high spending on petroleum subsidies. The price of Nigeria's Bonny Light Crude increased by 14% from USD111.51/barrel on 31/3/22 to USD126.94/barrel on 30/6/22. The average price of Nigeria's Bonny Light crude increased by 10%, from USD106.29/barrel in Q1 2022 to USD117.15/barrel in Q2 2022. Nigeria's average crude oil production however declined by -4% from 1.49 million barrels per day (mbpd) in Q1 2022 to 1.43 mbpd in Q2 2022, remaining significantly below its OPEC quota of about 1.8 mbpd plus condensates. This has been attributed to pipeline vandalization, oil theft and deteriorating oil production facilities. The country's pre 2020 production was above 2.0 mbpd. Nigeria's gross oil revenues in the four months to April 2022 was N1.23 trillion representing 39% of pro rata Budget while Aggregate Federal Government Retained Revenues was N1.63 trillion representing 49% of pro rata Budget.

Nigeria's Trade Balance in Goods increased by 64% in the second quarter arising from contraction in goods imports and increased forex rationing. External Capital Importation and portfolio Inflows also declined by -2% and -21% respectively to USD1.54 billion and USD757 million in Q2 2022. The sharp decline in Foreign Portfolio Inflows is attributable to the decline of -60% in Foreign Portfolio Equity Inflows and -31% in Foreign Portfolio Money Market Investments. Nigeria's External Reserves declined marginally from USD39.28 billion on 31/3/22 to USD39.22 billion on 30/6/22 representing cover of 6.8 months of goods and services imports and 8.6 months of goods imports only.

Exchange rate of the Naira declined marginally on the official and parallel markets with the NAFEX and BDC/parallel market rates declining by -2% and -4% respectively to close at N425/USD and N610/USD on 30/6/22. The parallel market premium increased from 41% to 44% during the period reflecting increasing pressure on the Naira attributable to increasing backlog in unmet forex demand at the official window, declining export proceeds and capital inflows.

Nigeria's Inflation rates accelerated in the second quarter with Headline Inflation rising to five and half years high of 18.6% in June 2022. This was attributed to increase in both Food and Core Inflation. Food Inflation increased from 17.2% in March 2022 to 20.6% in June 2022 while Core Inflation (all items less

Farm Produce) increased from 13.91% to 15.75%. Month on month growth in Headline Inflation remained elevated, rising from an annualized rate of 23% in March 2022 to 24.16% in June 2022.

The outlook for Inflation in the second half of 2022 is negative with rising demand for forex, further Exchange Rate depreciation, pass through effect on domestic prices and intractable problem of security. Headline Inflation increased to 17 years high of 20.52% in August 2022. Nigeria's high and rising Inflation does not only represent a cost of living challenge but weakens external liquidity by discouraging foreign investment inflows. There appears to be a real danger of runaway Inflation and Stagflation if not brought under control.

Credit Growth to the Private Sector increased from 3.3% in Q1 2022 to 5.7% in Q2 2022. This is largely attributable to the sustained disbursement of CBN intervention funds estimated at N221.19 billion in May and June 2022. CBN share of private sector credit is reported to have increased from 6.5% in 2019 to 10% at 2021 year end.

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

Disbursements under CBN Intervention Funds between May and June 2022	
	May-June 2022
Facility	Amount (N bil)
Anchor Borrowers Program	3.62
Real Sector Facility	113.08
100 for 100 Policy	9.98
Commercial Agriculture Credit Scheme (CACS)	3.72
Healthcare Support Intervention Fund	4.44
Export Facility Initiative	36
National Mass Metering Program	47.82
Nigerian Electricity Stabilization Facility 2	2.53
	221.19

Other Recent Developments

Publication of World Bank June 2022 Nigeria Development Update

World Bank published June 2022 Nigeria Development Update on 14th July 2022 revising upwards Nigeria's 2022 and 2023 GDP growth forecast from 2.8% to 3.4% and 3.2% respectively. The revision was based on

higher crude oil prices and better than expected performance of the Service and Agriculture sectors. The report however noted Nigeria's weakened macroeconomic framework and increased vulnerability to external and domestic shocks. The World Bank revised upwards Nigeria's 2022 General Government Deficit from 5.3% of GDP to 5.8% of GDP arising from increased spending on Petroleum Subsidies. It also revised upwards projections for 2022 Public Debt Ratio to GDP from 32.3% to 36%.

Weaknesses highlighted in the report include:

- Declining oil output levels at 15 years low of 1.5 mbpd in May 2022.
- Increasing financing of public deficit by the CBN which undermines the business environment by worsening inflation.
- Rising Inflation projected to increase to 15.5% and pushing an estimated 15 million Nigerians into poverty between 2020 and 2022.
- Increasing Budgetary pressures on State Governments arising from revenue impact of Petroleum Subsidies and artificial official Exchange Rates.

The World Bank recommended reforms in Trade, Fiscal and Exchange Rate policies to diversify the economy, invigorate structural transformation and provide good and productive jobs. It also recommended discontinuation of the costly Petroleum Subsidies, redirection of spending and implementation of strategies to increase oil production.

Publication of Fitch Rating June 2022 Report on Nigeria

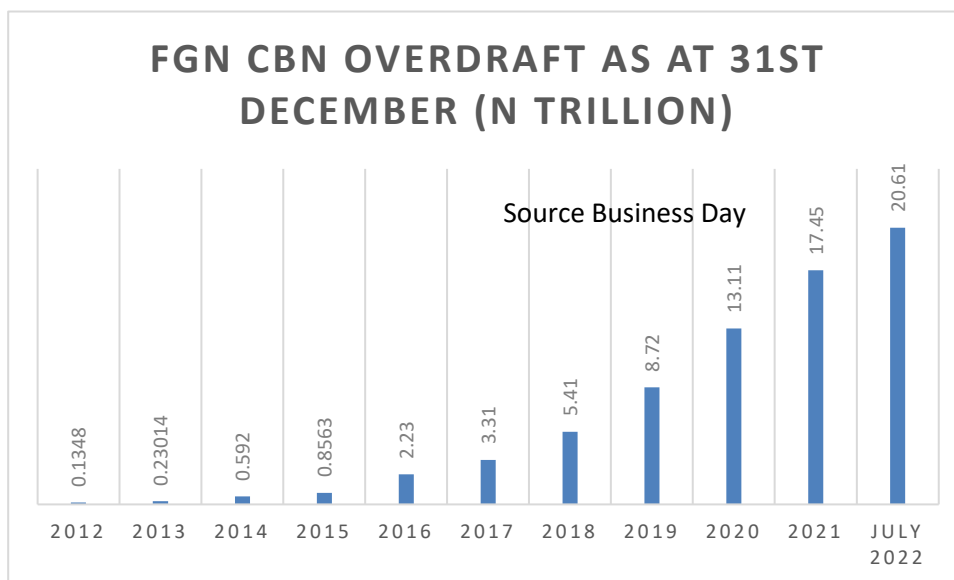
Fitch Rating published a report on 30th June 2022 on the failure of Nigeria's complex policy approach to Inflation. Fitch reviewed upwards Nigeria's 2022 average Inflation forecast from 14.6% to 17%. It however forecast the narrowing of Government Fiscal Deficit from 4.2% of GDP in 2021 to 3.4% in 2022 while maintaining 2022 GDP growth forecast at 3.1% due to high crude oil prices. It warned that persistently high Inflation will weigh on external liquidity by discouraging financial account inflows and dampen growth by eroding consumer and business purchasing power.

Publication of DMO Nigeria 2021 Debt Sustainability Report

Nigerian Debt Management Office (DMO) published the result of the country's 2021 Debt Sustainability Analysis Exercise on 14th July 2022. The report concluded that despite increased borrowings, Total Public Debt to GDP remained at moderate levels but Debt Service to Revenue ratios were high. Total Debt including CBN Ways and Means Advances to GDP was below the 40% self-imposed limit and 55% limit recommended by the World Bank and IMF. The report highlighted the need to increase Government Revenues and explore more concessional sources of borrowing to refinance higher cost borrowings.

Second increase in Monetary Policy Rate to 14%

The Central Bank of Nigeria Monetary Policy Committee (MPC) increased the Monetary Policy Rate (MPR) for the second time in July 2022. The increase of 100 basis points from 13% to 14% followed the 150 basis points at the MPC’s last meeting of May 2022 and was in response to the sharp increase in Inflation rates. The immediate impact is to increase the CBN overnight lending rate and deposit rate to 15% and 7% respectively. The minimum Savings rate of banks will also increase to 1.4%. The increase will also signal the need to reduce Federal Government domestic borrowings from the CBN through Ways and Means Advances which has increased to N20.61 trillion as at July 31, 2022.



Presentation of Draft 2023-2025 MTF/FSP Report

Nigeria’s Minister of Finance & National Planning presented the draft 2023-25 Medium term Economic Framework and Fiscal Strategy Paper for public consultations on 21st July 2022 against background of the gross underachievement of 2022 Budget Revenues, rising Fiscal Deficits and rising Inflation. The Federal Government achieved 39% of budgeted Gross Oil Revenues, 61% of Gross Total Revenues and 49% of Retained Revenues (including revenues of Government owned Enterprises) in the first four months of 2022. FGN Debt Service Ratio during the period was 119% arising from decline in Revenues and increase in borrowings. FGN revised Nigeria’s 2022 GDP growth forecast from 4.2% to 3.55% and Inflation from 13% to 16.11%.

Key Budget parameters to drive Revenue projections in the next three years are set out below:

	2023	2024	2025
Crude Oil Price (USD/barrel)	70	66	62
Average Oil Production (million barrels/day)	1.69	1.83	1.83
Exchange Rate (Naira/USD)	435.57	435.92	437.57
Inflation	17.16%	16.21%	17.21%
GDP growth	3.75%	3.3%	3.46%

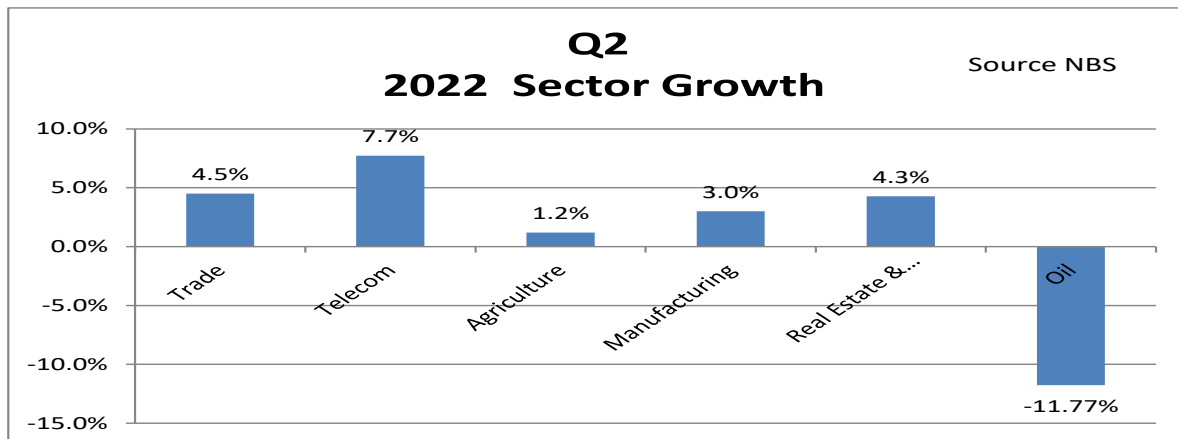
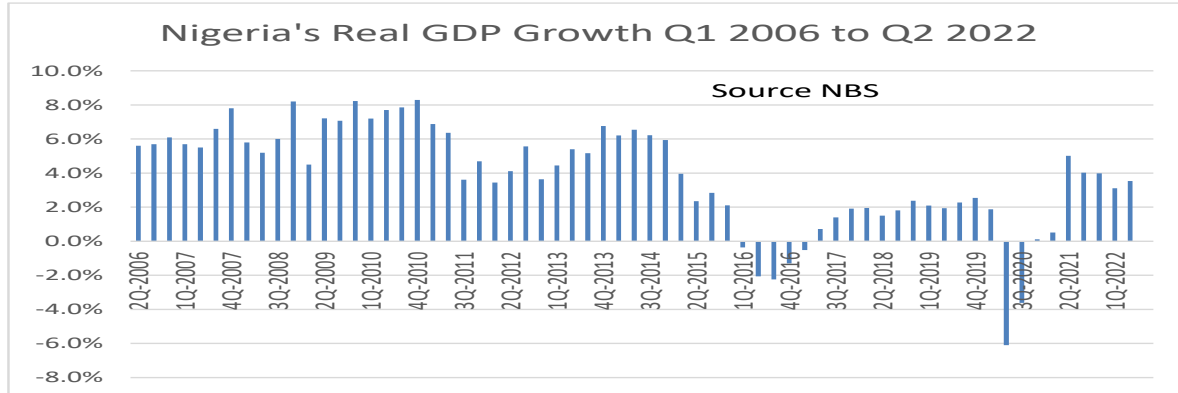
The key issue is the projected spending on Petroleum Subsidies in 2023.

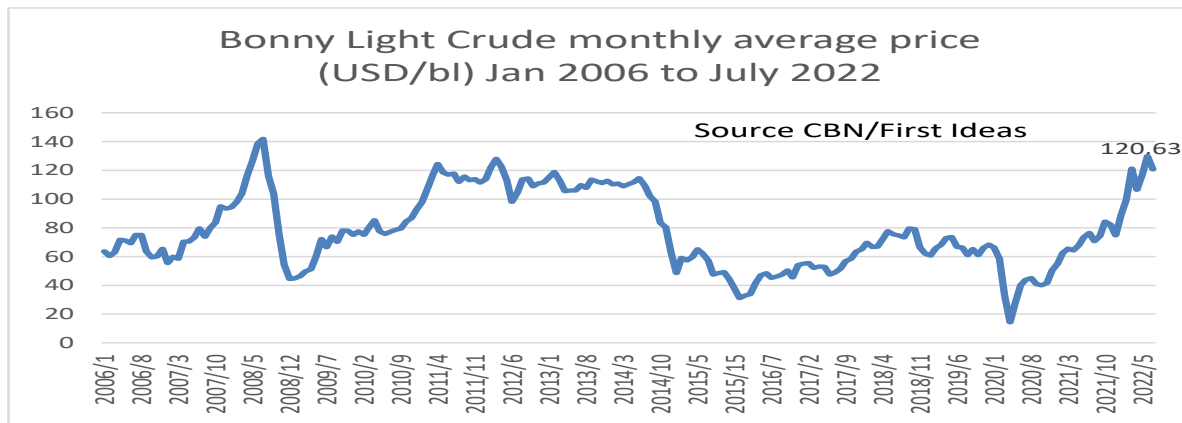
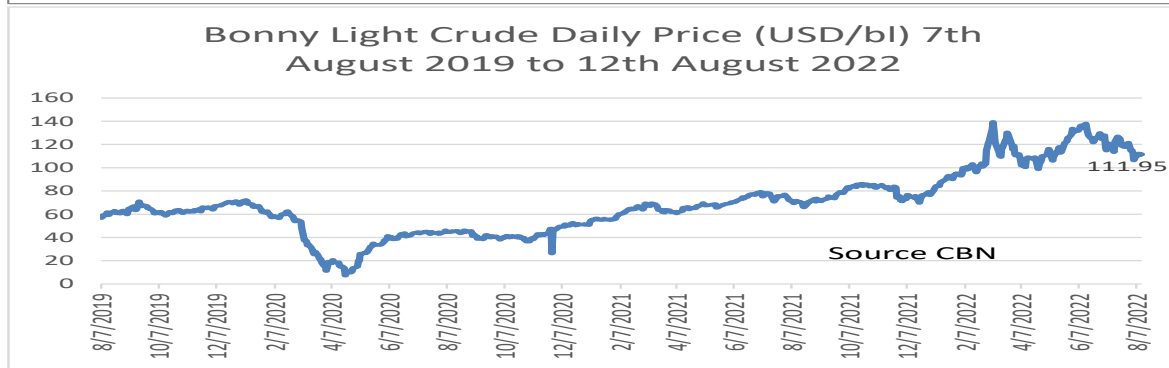
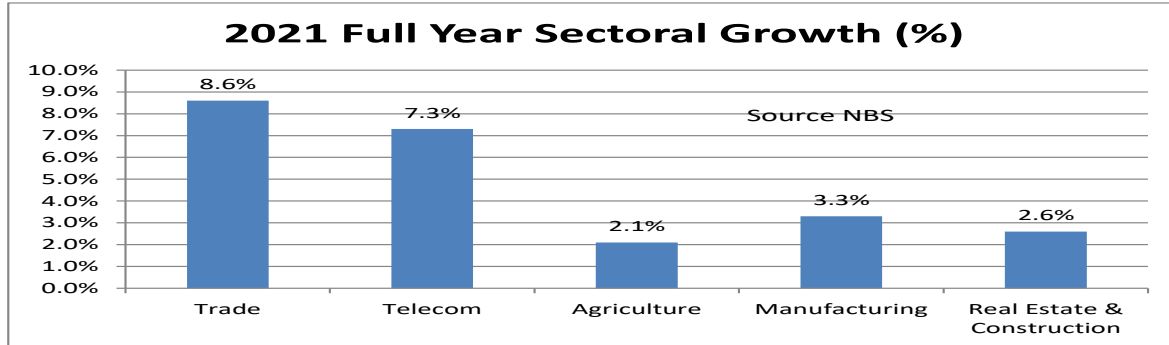
Publication of IMF July 2022 World Economic Outlook Update

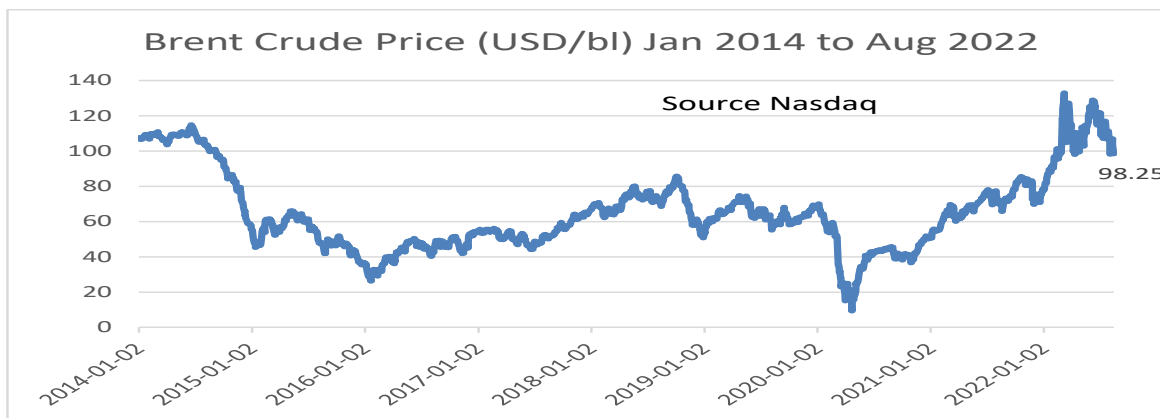
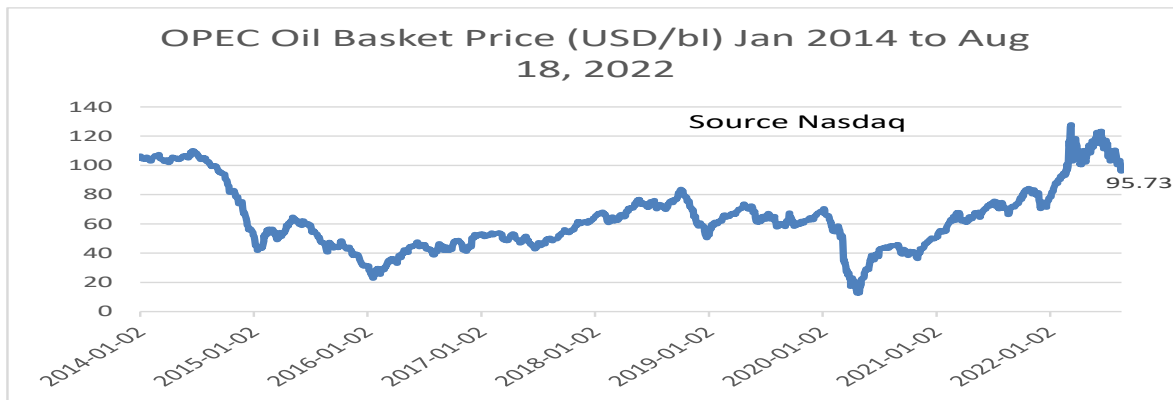
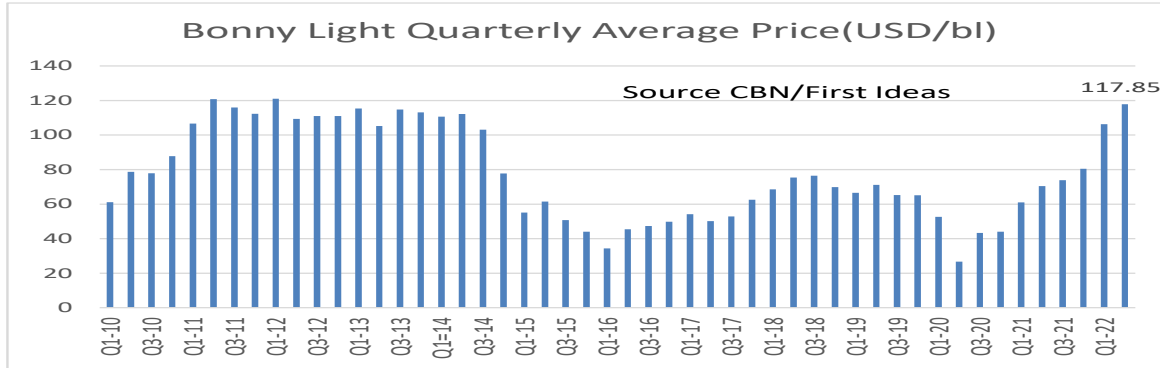
International Monetary Fund (IMF) published its July 2022 World Economic Outlook Update (WOE) on 26th July 2022 revising downwards 2022 Global GDP Growth by 0.4%, from 3.6% in April WOE to 3.2%. The significant slow-down from 6.1% GDP growth in 2021 has been attributed to the impact of the war in Ukraine, rising inflation, tighter financial conditions and interest rates, reimposition of COVID 19 lockdowns and property crisis in China. IMF however retained Nigeria's GDP growth forecast at 3.4% because of expected continuation of high crude oil prices. Assumed average crude oil price/barrel is USD103.88 in 2022 and USD91.07 in 2023. The report warned of the risk that tighter financial conditions and rising interest rates could trigger debt distress in emerging and developing economies resulting in widespread capital flight.

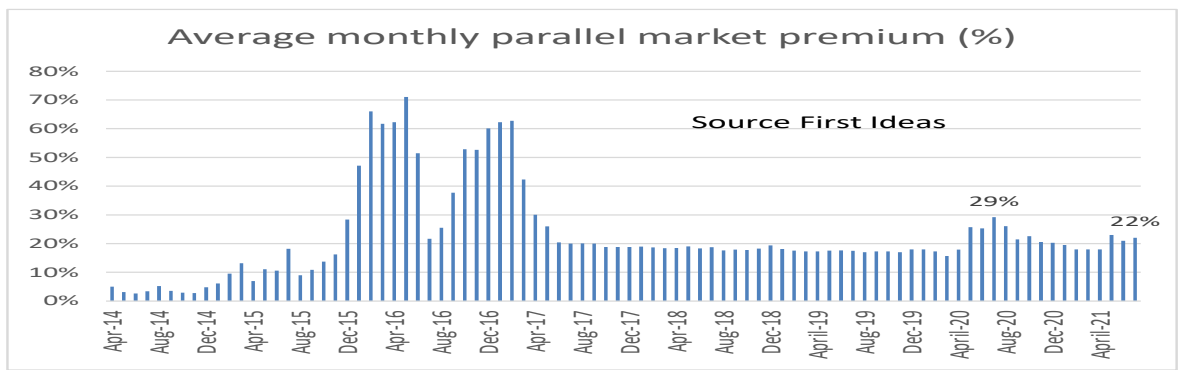
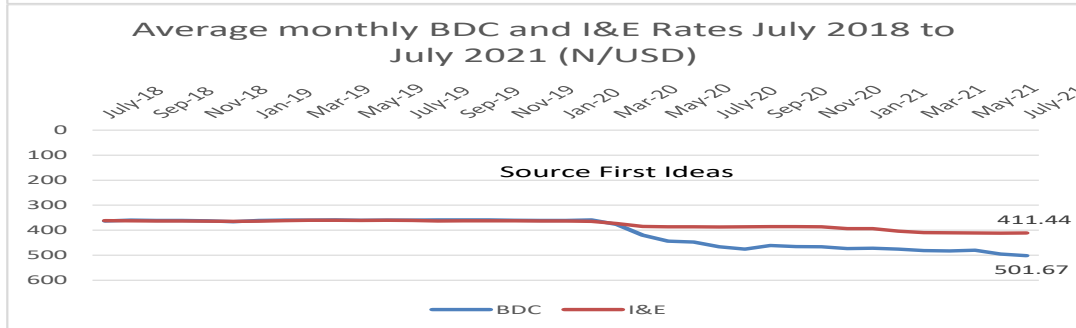
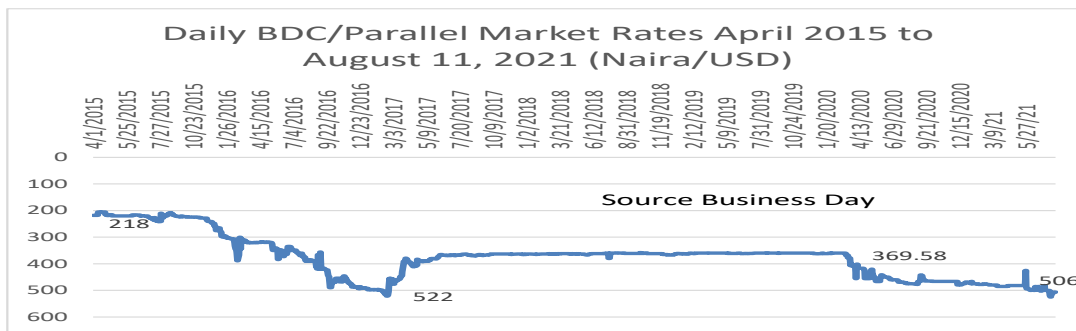
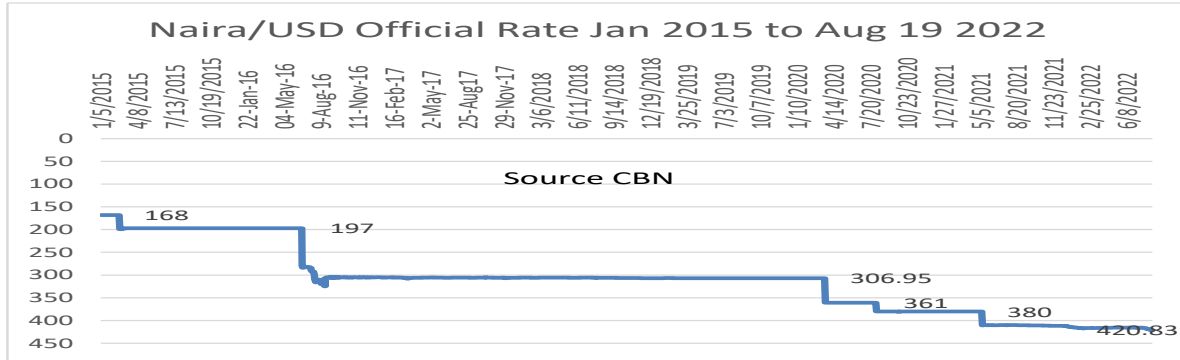
Upward Review of Interest Rates on Savings in Nigeria

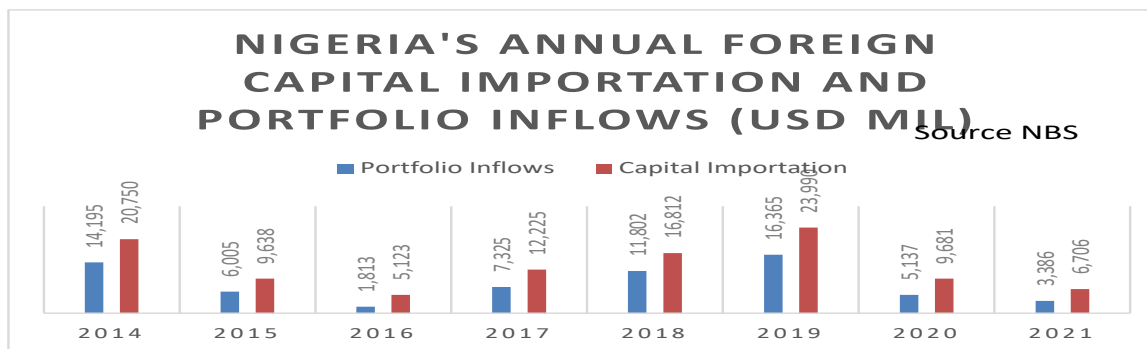
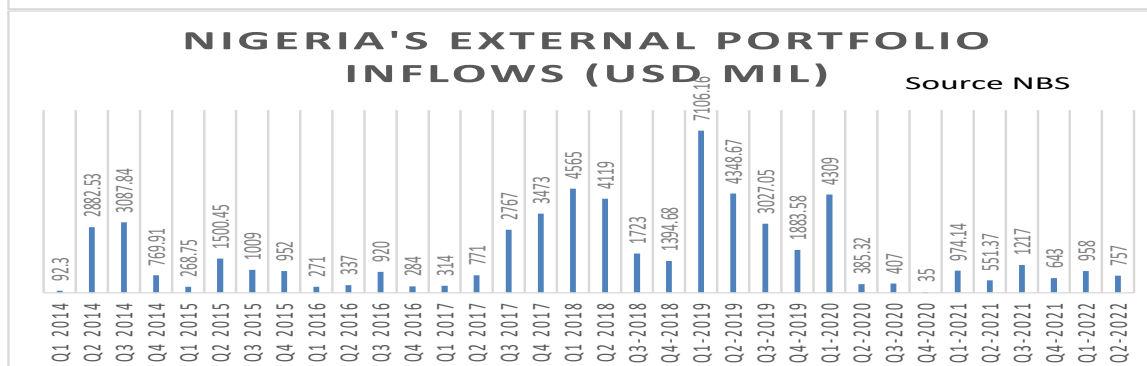
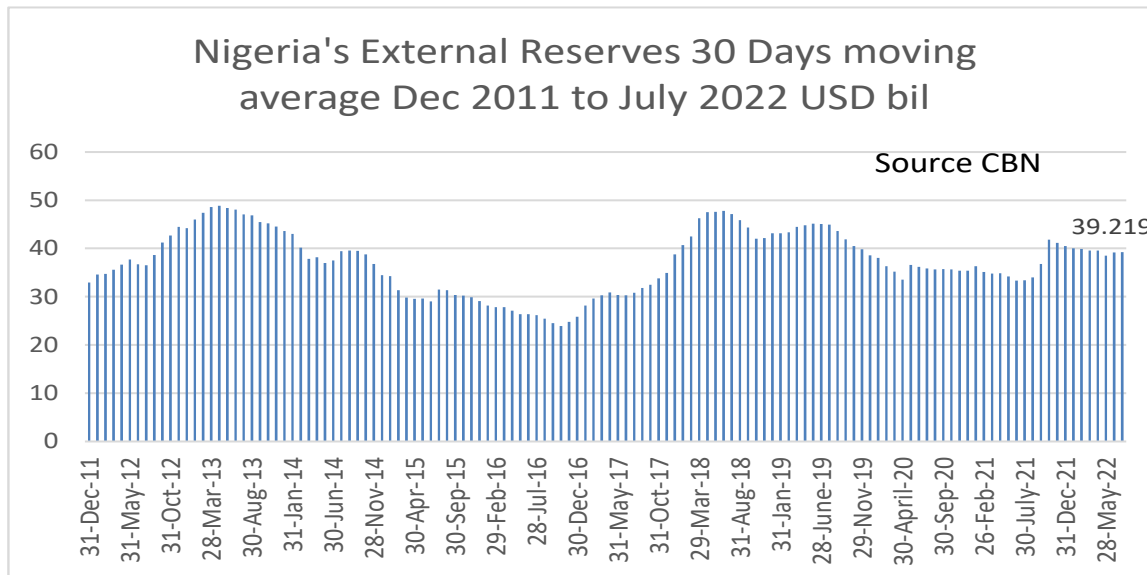
The CBN reviewed upwards the minimum interest rate on Naira Savings Accounts on 15th August 2022 from 10% of MPR to 30% of MPR effective August 1, 2022. This implies an increase in Savings rate from 1.4% to 4.2%. The review is a reversal to applicable guidelines before the September 1, 2020 review to ameliorate impact of COVID 19 pandemic on businesses. The review will moderate the widening negative real return on savings but also trigger rise in lending rates.

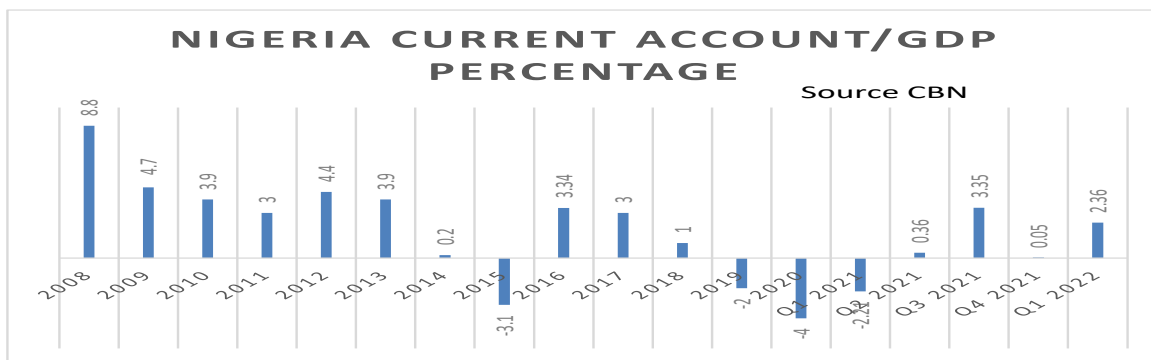
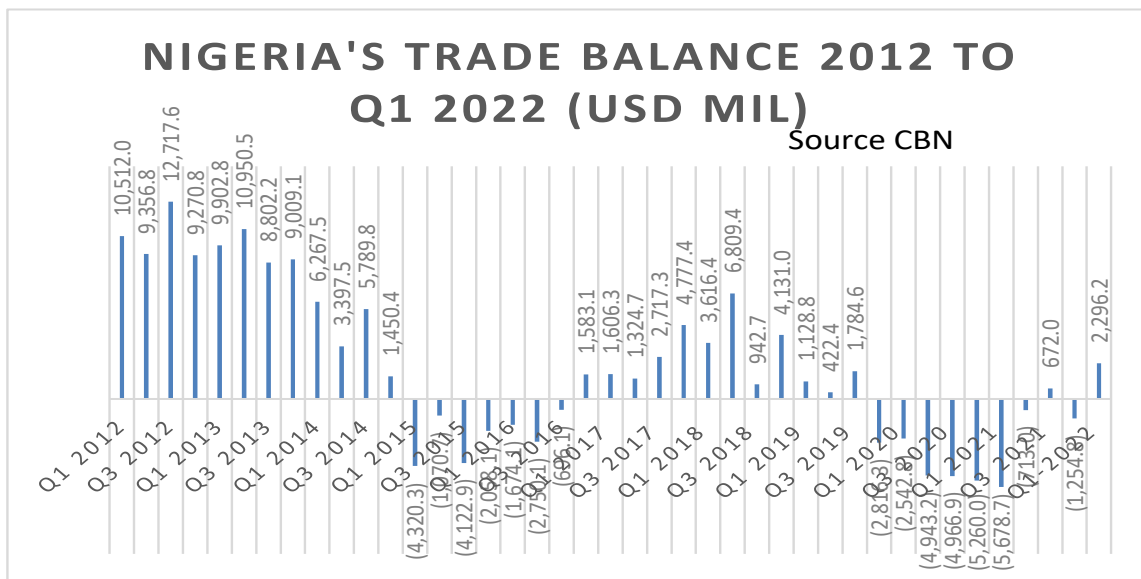
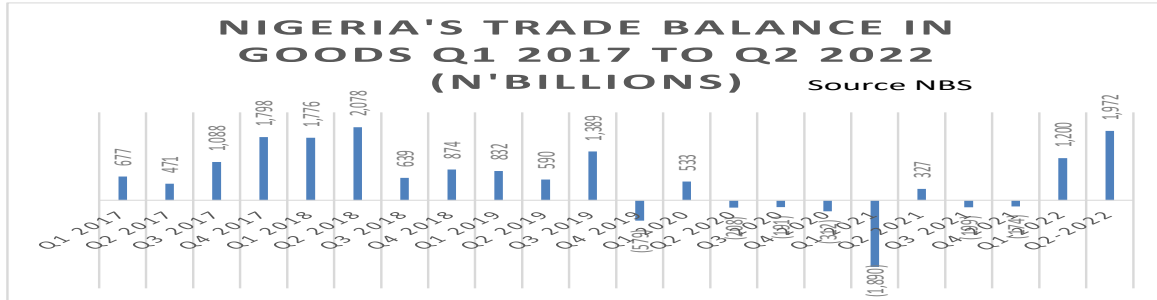


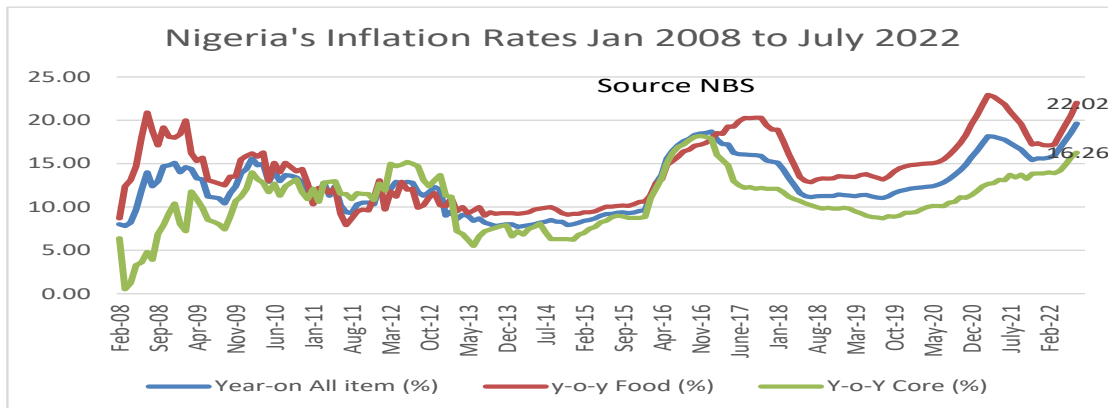
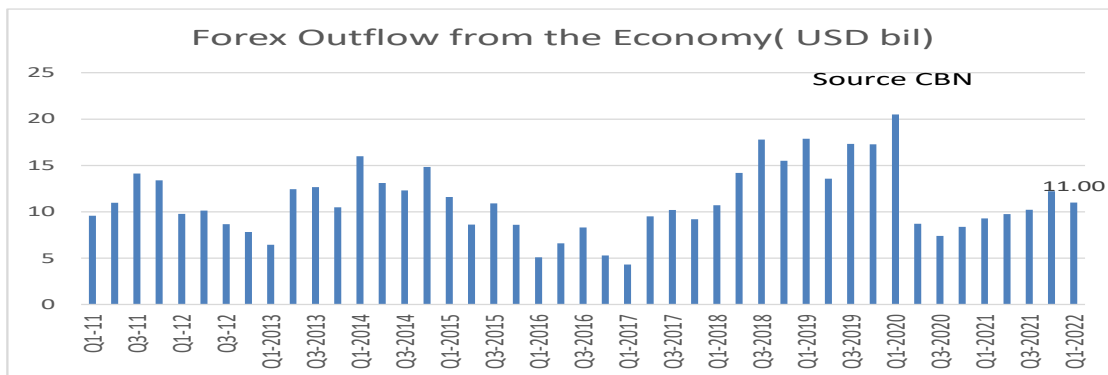
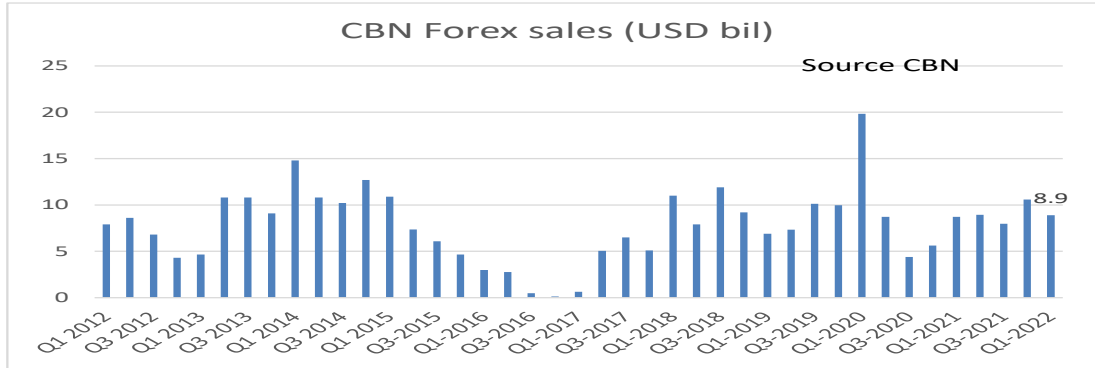


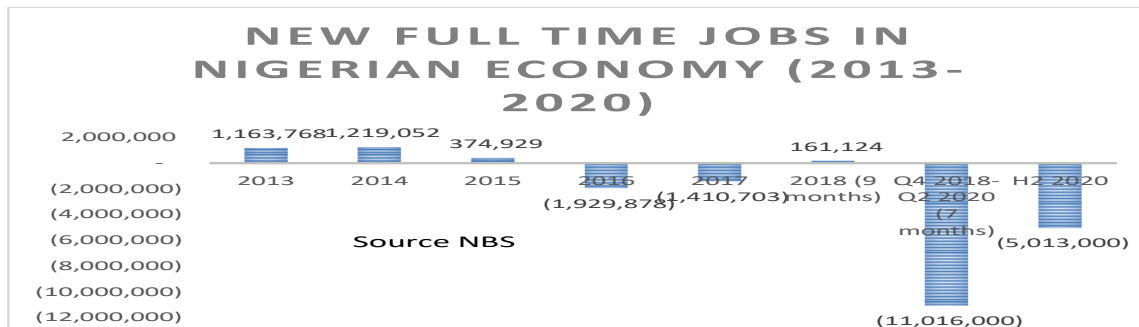
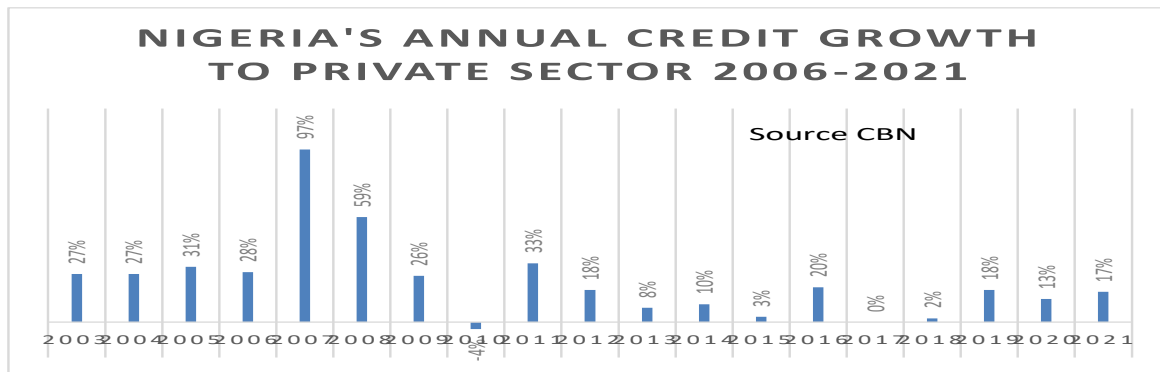
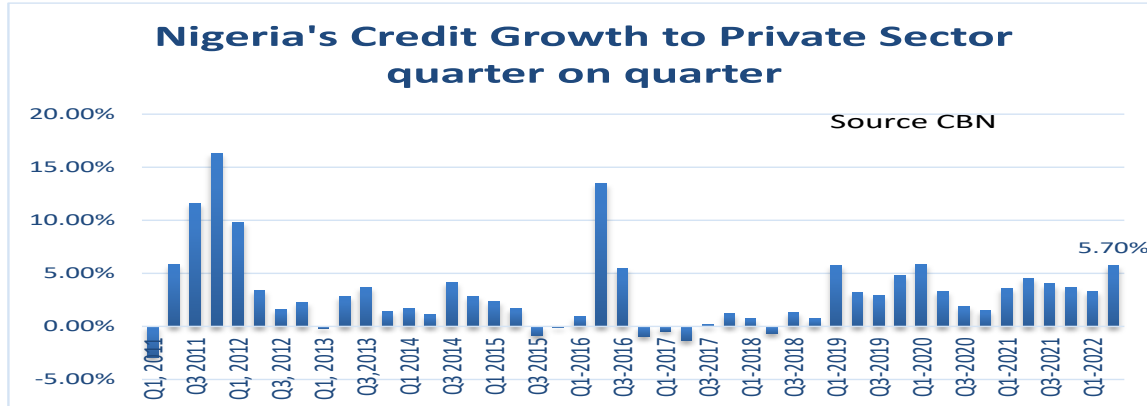






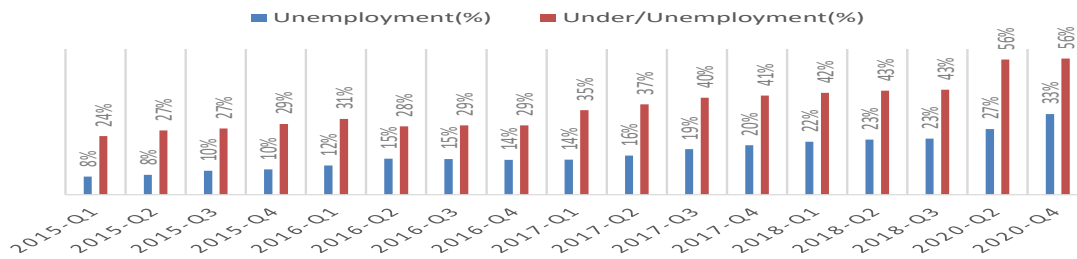






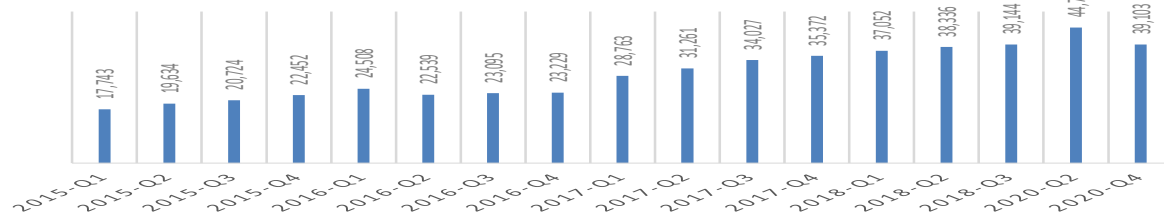
NIGERIA UNEMPLOYMENT RATES Q1 2015-Q4 2020

Source NBS



NIGERIA NUMBER OF UNDER & UNEMPLOYED ('000)

Source NBS

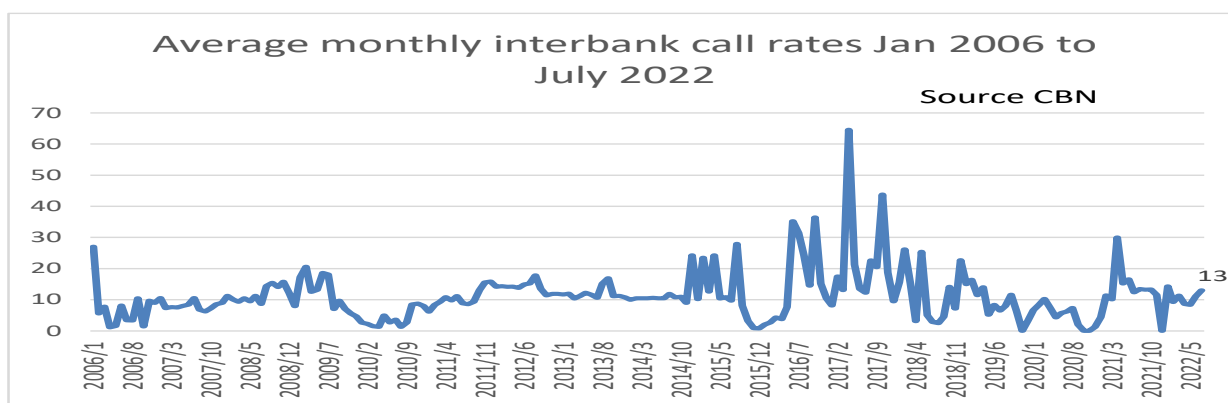
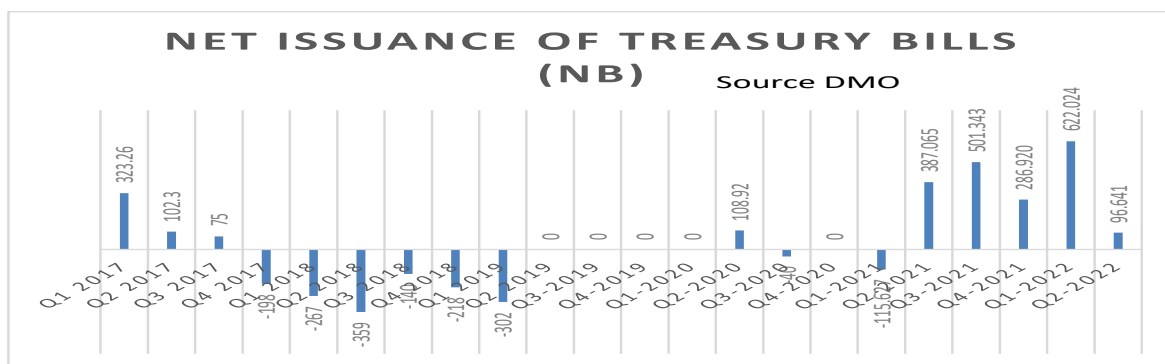


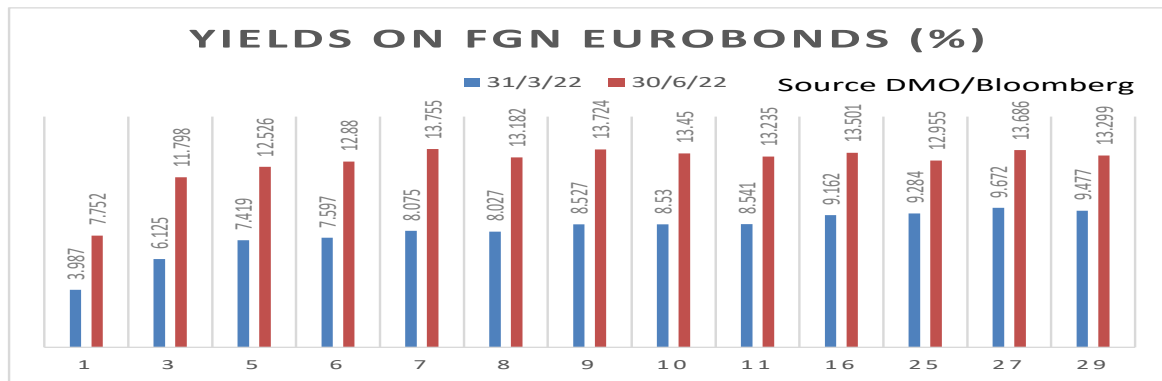
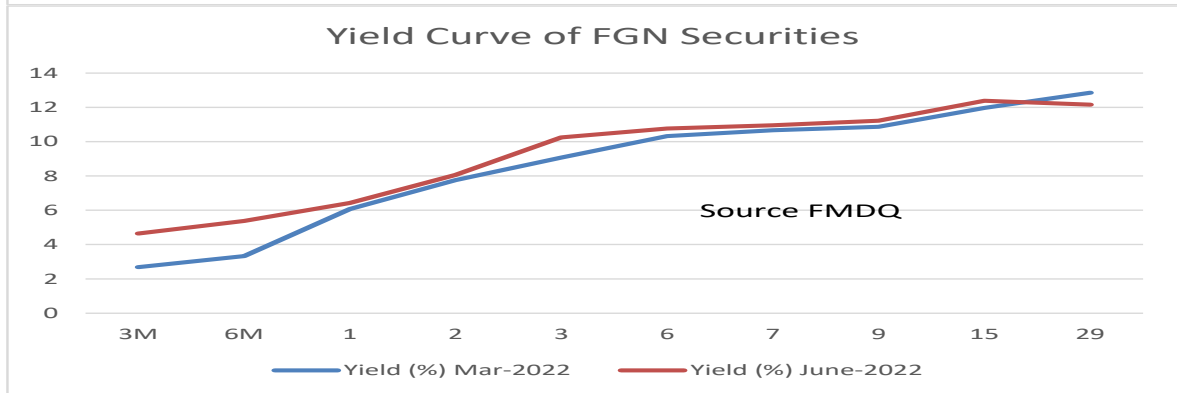
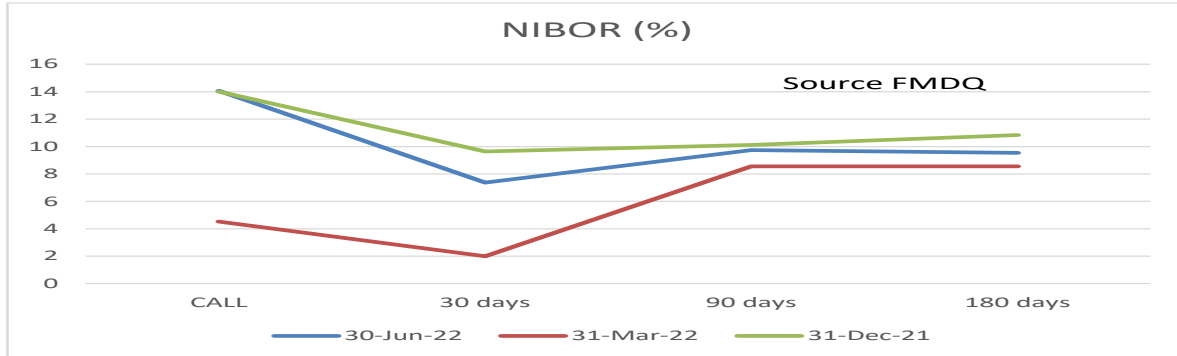
LABOUR FORCE STATISTICS Q4 2020

State	Labour Force	Work 40 Hrs	Work 20 -39 H	Full/Under-employe	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%

THE MONEY MARKET

Liquidity in the domestic financial markets tightened in the second quarter following the increase in MPR by the CBN. Average interbank rates increased from 8.38% in May 2022 to 11.1% in June and 13% in July 2022. 30 days, 90 days, and 180 days NIBOR increased by an average of 262 basis points to close at 7.37%, 9.74% and 9.54% respectively on 30/6/22. 91 days, 182 days and 364 days Treasury Bills increased by an average of 145 basis points to close at 4.64%, 5.37% and 6.42% on 30/6/22. Net issuance of Treasury Bills however declined significantly from N622 billion in Q1 2022 to N96.64 billion in Q2 2022. Net FGN Bond issuance during the period was zero but redemption of FGN Promissory Notes amounted to N248 billion.





THE BOND MARKET

Yields on long term FGN Bonds increased by an average of 33 basis points rising across the yield curve and reflecting trend in the money market. Secondary market yields on benchmark FGN 10 years Bonds increased from 10.87% on 31/3/22 to 11.22% on 30/6/22. Yields on 10 years FGN Bonds at the DMO primary auctions however closed higher at 12.5% in June, 13% in July and 13.5% in August 2022.

Subscription volumes at the DMO Bond auctions increased marginally by 4% from N1.48 trillion in Q1 2022 to N1.54 trillion in Q2 2022. Percentage of offer raised however declined from 170% to 117% during the period attributable to the 50% increase in offer volume in Q2 2022.

Secondary market turnover on the FGN Bond over the counter market (OTC) declined sharply by 41%, from N5.3 trillion in Q1 2022 to a three year low of N3.1 trillion in Q2 2022. The decline is attributable to tightening market conditions and rising interest rates. Foreign portfolio Bond inflows increased marginally from USD310 million in Q1 2022 to USD322 million in Q2 2022 representing an insignificant 4% of aggregate Bond turnover at the primary market and OTC.

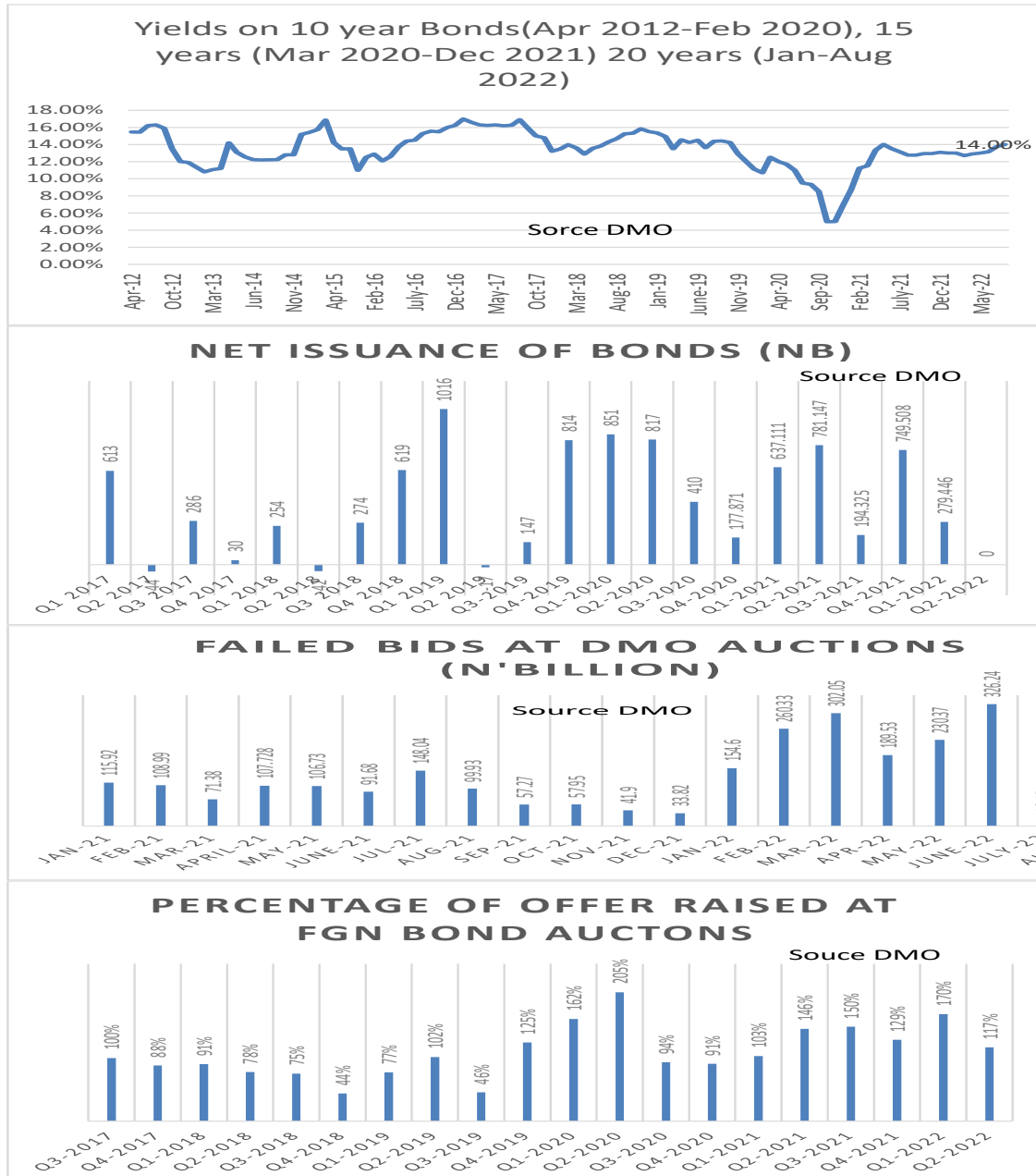
Domestic Corporate Bond issue volumes increased by 437% from N33.5 billion in Q1 2022 to N179.9 billion in Q2 2022 attributable principally to the Dangote Cement Plc N116 billion combined issue. Details of the seven issues by five issuers during the quarter are set out below:

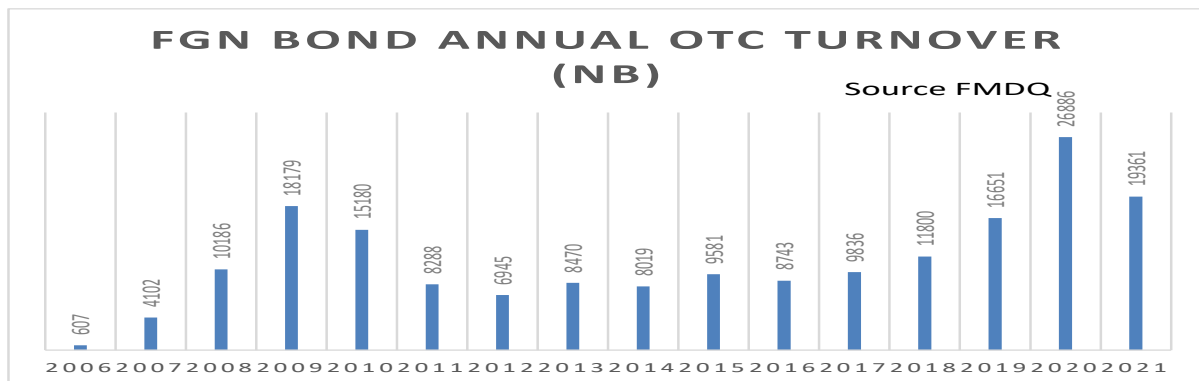
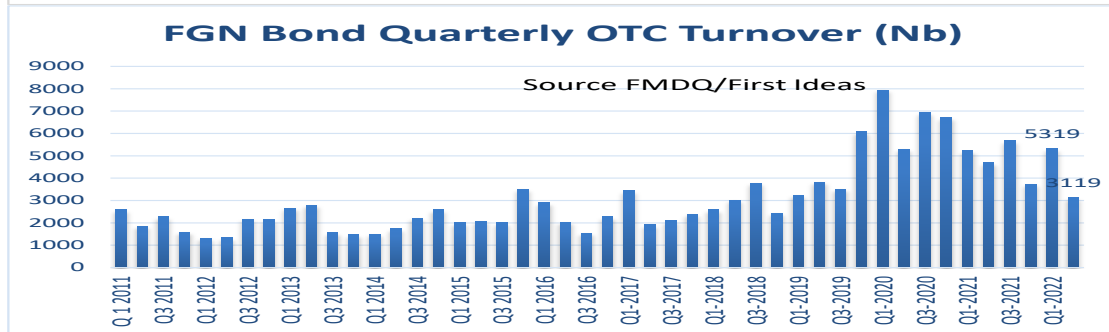
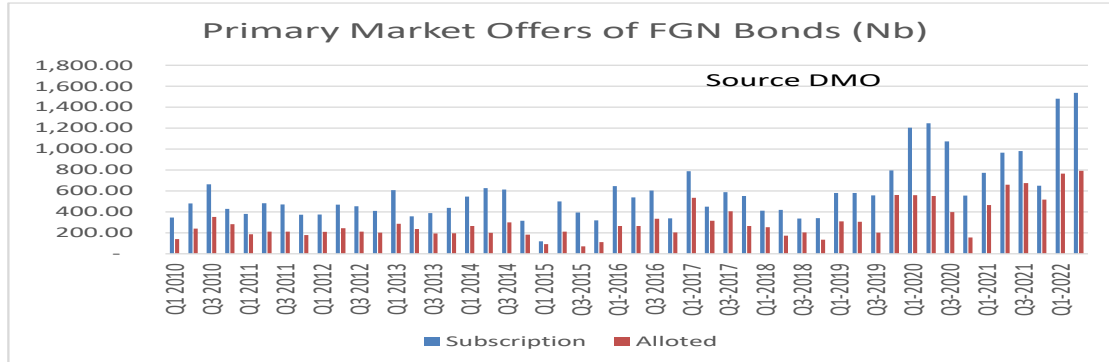
- EAT & Go Finance SPV N3.5 billion 7 years 13.25% Fixed Rate Senior Unsecured Bond due 209.
- Presco Plc N34.5 billion 7 years 12.85% Fixed Rate Bond due 2029. Issue was 206% subscribed.
- ABC Transport Plc N900 million 5 years 16.5% Senior Secured Fixed Rate Bond due 2027.
- Lagos Free Zone Company N25 billion Senior Guaranteed 20 years 13.25% Fixed Rate Infrastructure Bond due 2042. Bond was guaranteed by Infracredit, and issue was 139% subscribed.
- Dangote Cement Plc N4.269 billion 5 years 11.85% Senior Unsecured Fixed Rate Bond due 2027.
- Dangote Cement Plc N23.335 billion 7 years 12.35% Senior Unsecured Fixed Rate Bond due 2029.
- Dangote Cement Plc N88.396 billion 10 years 13% Senior Unsecured Fixed Rate Bond due 2032.

The primary market for Subnational Bonds recorded one issue by Lagos State Government after several quarters of dormancy. The Lagos State N137.328 billion 10 years 13% Fixed Rate Bond was 107% subscribed.

Activities in the international capital markets by local corporates during the quarter include the redemption by UBA Plc of USD189.1 million balance of the USD500 million 7.7% Eurobond due June 8, 2022. The bank redeemed USD310.9 million of the Bond in November 2021 through a successful tender offer. Secondary market yields on FGN Eurobonds increased sharply in the second quarter reflecting increased risk rating and market interest rates. Average yields on the Eurobonds increased by 472 basis

points during the quarter with yields on the longest tenor bonds rising from 9.7% to 13.7%, matching and exceeding yields on Naira FGN Bonds.





THE EQUITY MARKET

The primary market in equities remained relatively dormant in the second quarter of 2022 with one Rights issue by a quoted company. The ABC Transport Plc N394.5 million Rights Issue of ordinary shares opened on the 16th of May 2022 at a price of 35 kobo per share, a premium of 6% on the quoted price at opening. The shares on offer represent 40% of enlarged capital.

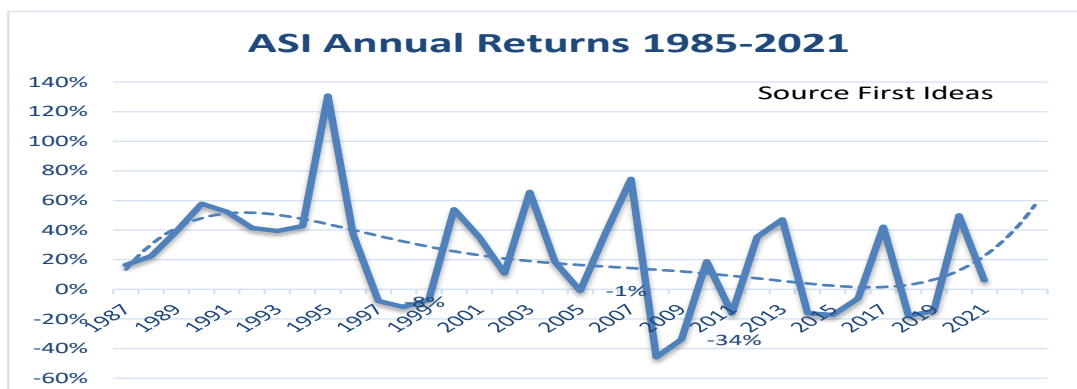
Other developments in the quarter include:

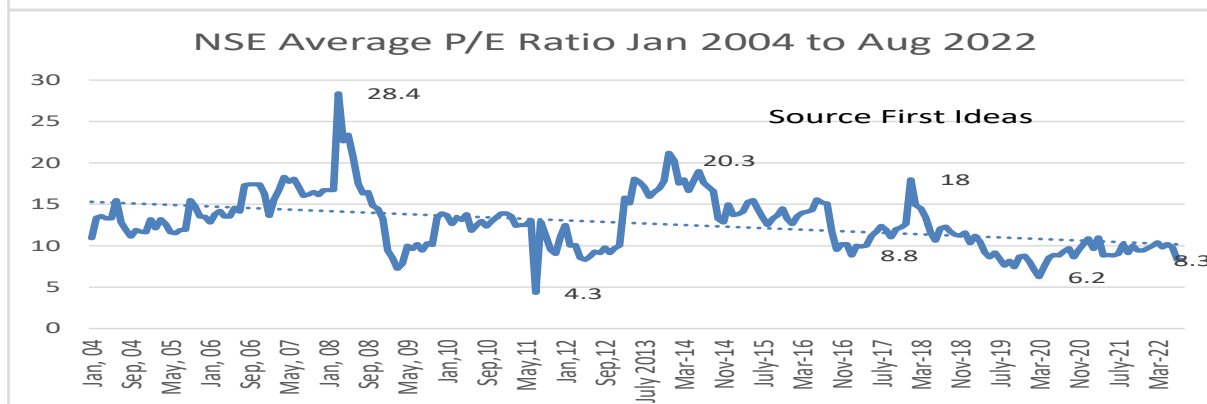
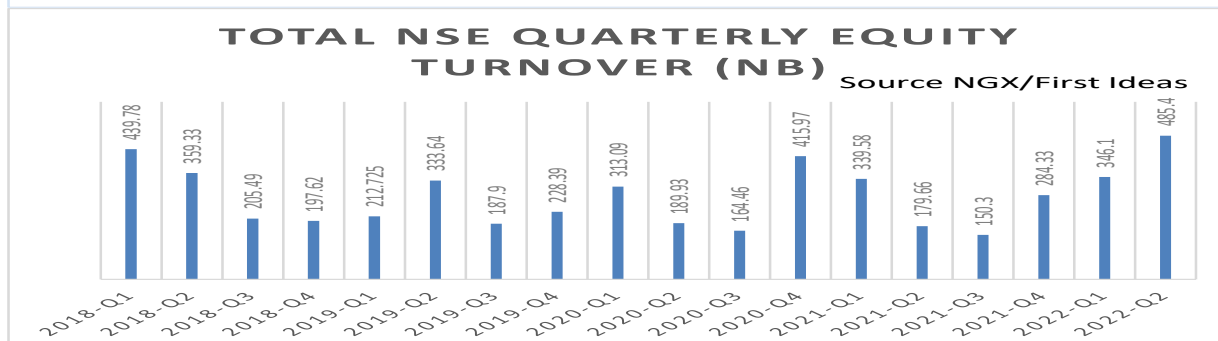
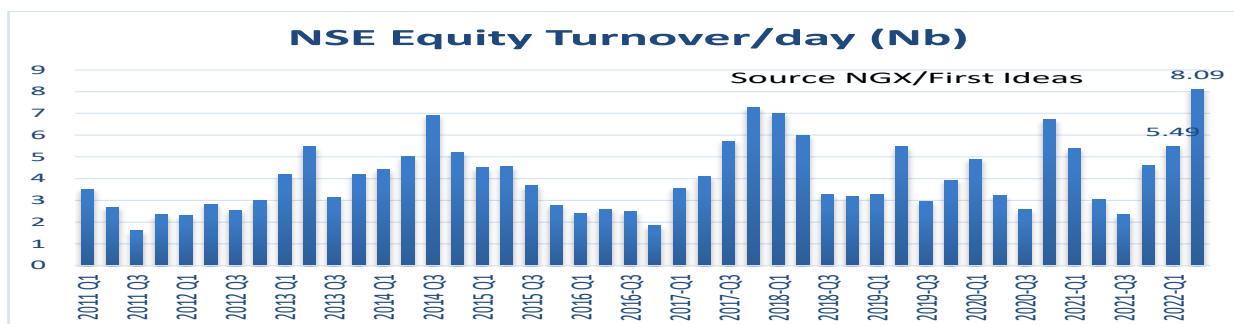
- Announcement of 7th April 2022 of the execution of Share Purchase Agreement on the sale of Suntary Beverages and Foods Nigeria Limited, owners of Ribena and Lucozade brands in Nigeria to Chanrai Summit Group for consideration of USD14 million.
- Announcement of 18th May 2022 of the execution of agreement on the acquisition of Access Pension Custodian Limited by First Pension Custodian Limited subject to receipt of final regulatory approvals. This will reduce the number of registered Pension Custodians to two. Net assets of Access Pension Custodian Limited as at 30/6/22 was N4.9 billion and divestment by Access Bank Group was a requirement for the acquisition of a pension administration license.
- Announcement of 19th May 2022 of execution of agreement on the acquisition of majority shareholding of First Guarantee Pension Limited, a pension fund administration company by Access Bank Group.
- Announcement of 20th May 2022 of proposed Share Capital Reconstruction by Multiverse Mining & Exploration Plc involving reduction in share capital and cancellation of nine out of every ten existing shares to offset accumulated losses.
- Announcement of 2nd June 2022 of completion of sale and transfer of 93.41% shareholding in Union Bank Plc to Titan Trust and the reconstitution of the Board. Transaction valued at N191 billion is one of the largest transactions on the NSE.
- Announcement of 2nd June 2022 of execution of agreement on the purchase of Southern Sun Ikoyi (Ikoyi Hotels Limited) by Kasada Hospitality Fund Plc from Tsogo Sun HOTELS (Southern Sun Africa Group) for consideration of USD30.4 million. The acquisition represents 75.55% controlling shareholding in Ikoyi Hotels Limited.
- Announcement of 6th June of the sale of 717.9 million shares of First Bank Plc by the largest individual shareholder Femi Otedola valued at N8 billion and representing 2% shareholding in the bank. The sale reduced Femi Otedola's holdings to 5.57% remaining largest shareholder in the bank. The second largest individual shareholder has 3.66% shareholding.
- NSE approval of 12th June 2022 of the listing of 1,611,995,510 shares of Capital Hotels Plc arising from the private placement with 22 Hospitality Limited of 51% controlling shareholding at N7/share.

- NSE approval of 12th June 2022 of divestment of 649,873,013 shares of International Energy Insurance Plc representing 50.61% shareholding to Norremberger Advisory Partners Limited at N1.6/share. The shares valued at N1.04 billion were acquired from Rivers State Government, Pearl Chrix Property Limited, Ski Consult, Trustbanc Asset Management Limited and Stanbic Nominees Nigeria Limited.
- Announcement of 22nd June 2022 by Oando Plc of the receipt of court order authorizing the convening of Court Ordered Meeting to approve a Scheme of Arrangement for the Buyout of all minority shareholders holding 42.63% shareholding in the company by the majority shareholder Ocean Oil DEVELOPMENT Partners Limited.

Major secondary market acquisitions by foreign shareholders in domestic quoted companies during the quarter include:

- Acquisition of 4,107,303 shares of Nestle Nigeria Plc by Nestle SA valued at N5.75 billion. This was against total acquisition of shares valued at N2.34 billion in Q1 2022.





NSE ALL SHARE INDEX QUARTERLY PERFORMANCE

Date	Q2 2021	Q3 2021	Q4 2021	31.12.21	Q1 2022	Q2 2022	H1 2022
				Year			30.6.22
ASI	37,907.28	40,221.17	42,717.44	42,717.44	46,965.48	51,817.59	51,817.59
Growth	-4.76%	+6.1%	+6.2%	+6.19%	+9.94%	+10.33%	+21.3%

Average Dividend Yield as at 30/6/22 (First Ideas Index): 5.3%

2022 Prospective P/E Ratio (First Ideas Index un-weighted) as at 30/6/22: 9.8

Market Capitalization (Equity) as at 30/6/22: N27.94 trillion (USD66.32 billion)

Equities Daily Average Turnover in Q2 2022: N8.09 billion (USD19.2 million)

Currency Exchange rate (I&E) as at 30/6/22: N421.29/USD.

Trading days Q2 2022: 60

The Nigerian Stock Market remained bullish in the second quarter of 2022 with the NGX All Share Index (ASI) recording an impressive growth of +10.33% increasing half year return to +21.3%. This compares to the negative return of -19.07% in the Morgan Stanley Emerging Markets Equity Index (MSCI) in the half year ended 30th June 2022.

The impressive performance of the NSE is attributable to release of positive quarterly earnings and dividend declarations by major corporates and banks. Share prices have however weakened going into the third quarter as a result of rising interest rates and yields on fixed interest securities.

Equity Turnover on the NGX increased by 22% from N346.1 billion in Q1 2022 to N485.4 billion in Q2 2022. This was attributable principally to the off-market divestment transaction on Union Bank Plc. Equity Turnover adjusted for the Union Bank transaction declined by 15% in the second quarter.

Activity during the quarter was driven by domestic institutional investments contributing 67% of turnover. Domestic institutional investors were however principally on the sell side. Domestic Institutional Investment Inflows increased by 54% while outflows increased by 154%. Net Domestic Institutional flows was a negative -N18.6 billion during the quarter while net Domestic Retail flows was positive N1.76 billion.

Foreign Portfolio Equity Inflows as a percentage of NSE Total Equity Inflows was at 13 years low of 13%. Net Foreign Portfolio Equity Flows was however positive arising from slow down in outflows which declined by 33%. Foreign Portfolio Equity Inflows into the Nigerian economy declined by 60% to a record low of USD13 million in Q2 2022 attributable to challenges in repatriation and access to forex.

Performance of the NSE Sectoral Indices during the quarter was mixed with strong growth in Oil & Gas and Consumer Goods indices and negative growth in the Insurance and Banking Indices. The leading sectors by capital appreciation in the half year ended 30/6/22 are Oil & Gas, Industrials and Consumer Goods with capital appreciation of +58%, +7% and +6% respectively. The very impressive growth in the Oil & Gas Index was driven principally by the 100% appreciation in the price of Seplat Energy Plc. The worst performing sector indices are Insurance and Banking with negative return of -10% and -2% respectively.

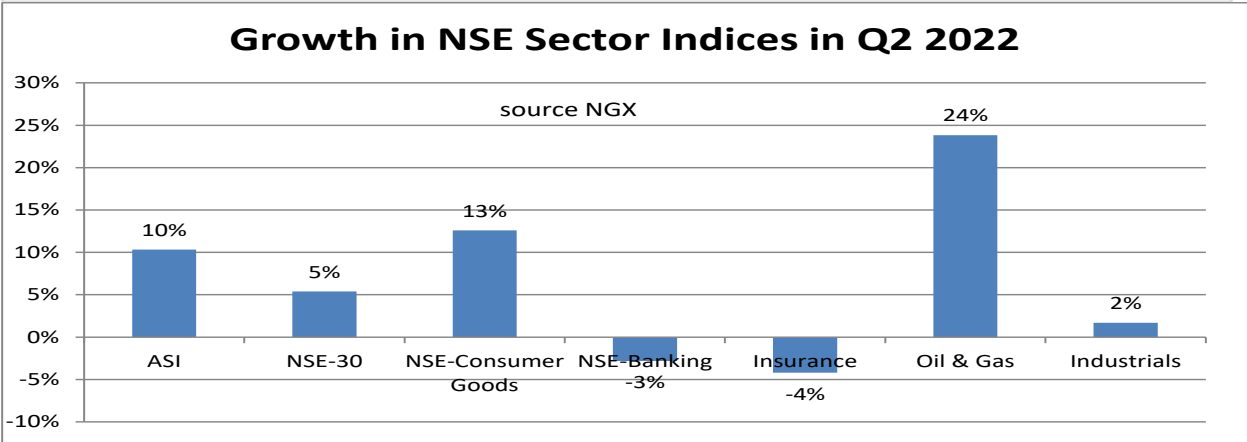
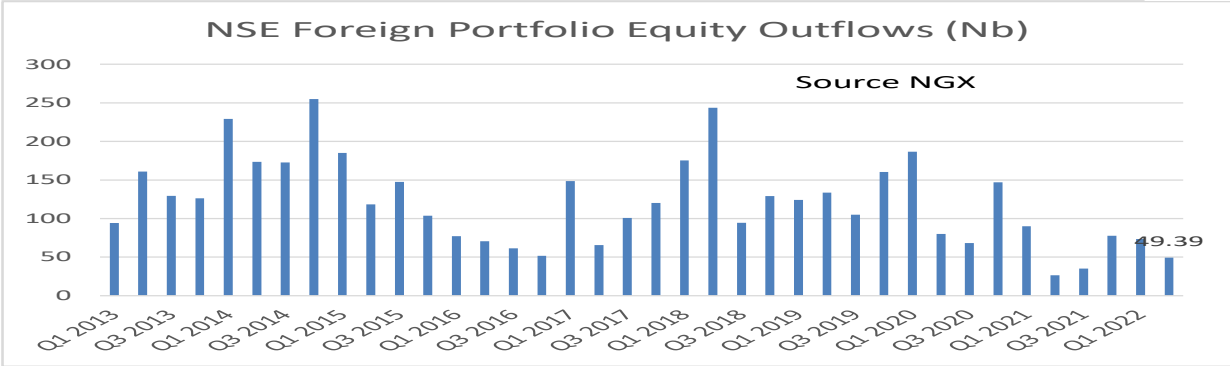
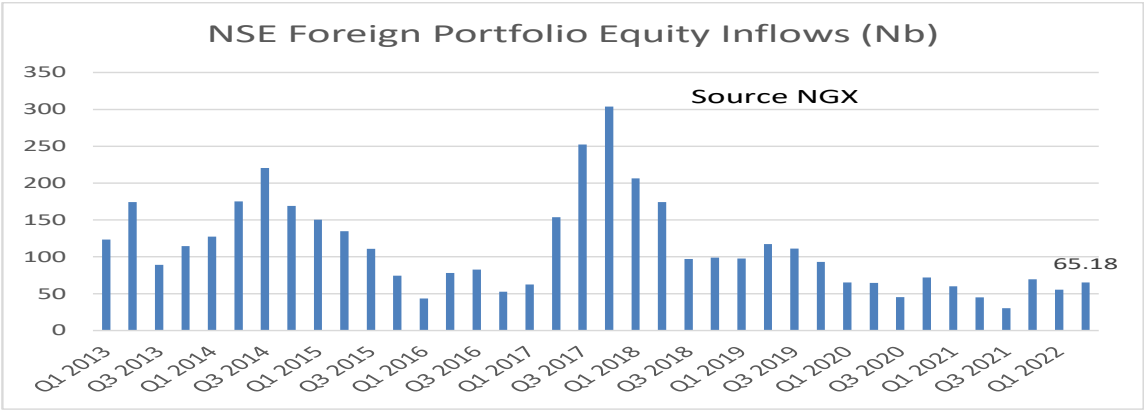
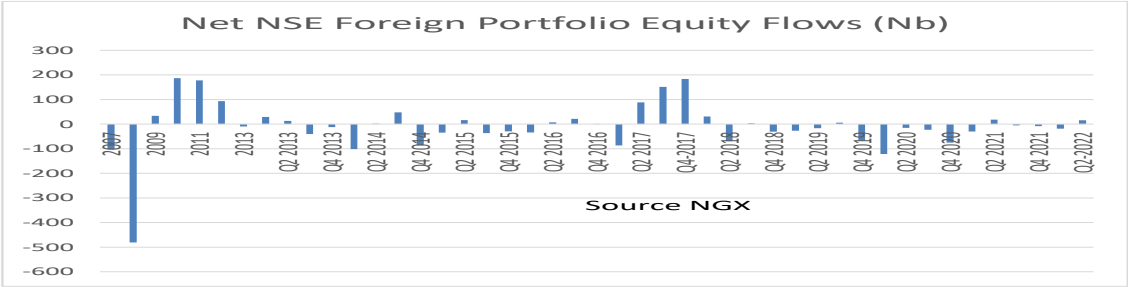
Sector Index	Q1 2022	H1 2022
Oil & Gas	+28%	+58%
Industrials	+5%	+7%
Banking	+1%	-2%
Consumer Goods	-6%	+6%
Insurance	-6%	-10%

The leading sectors in our First Ideas unweighted Index of 49 stocks in the half year are Agriculture, Breweries, Telecommunications and Oil & Gas with returns of +70%, +59%, +49% and +33% respectively. The worst sectors are Paint, Insurance and Pharmaceuticals with negative returns of -13%, -4% and -1% respectively.

We expect the market to weaken in the second half arising from continuing weakness in foreign portfolio inflows, increasing yields on fixed interest securities and lowered risk appetite.

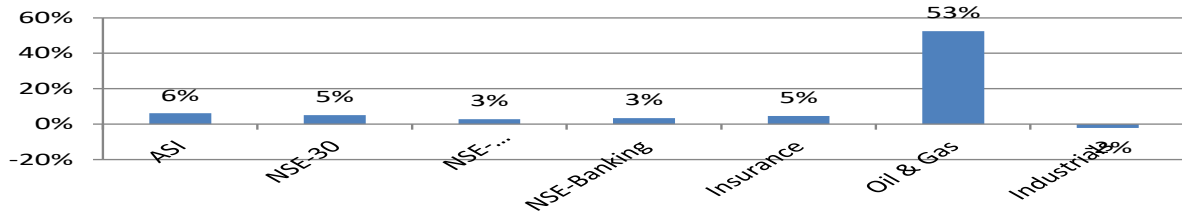
Our preferred sectors and rationale are set out below:

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
Breweries	Strong earnings growth



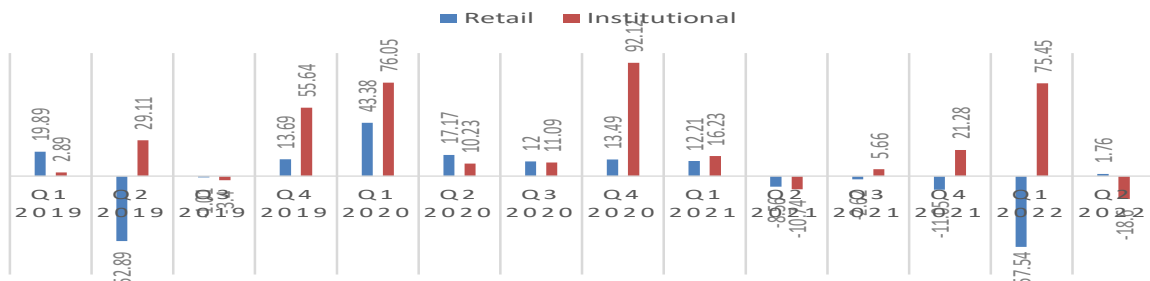
Growth in NSE Sector Indices in 2021 full year

Source NSE



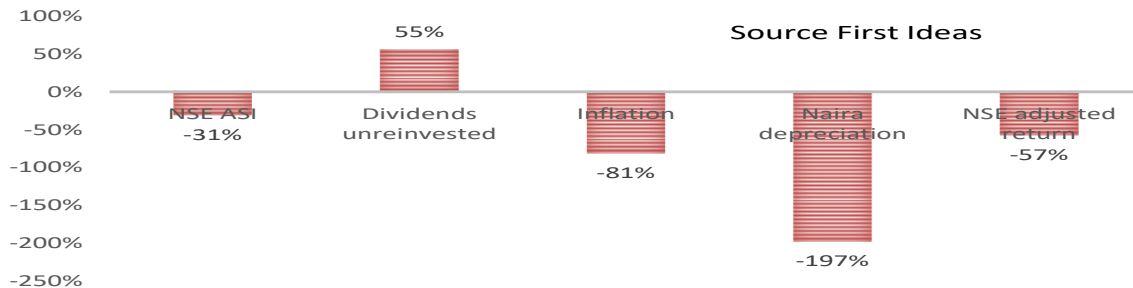
NET QUARTERLY NSE DOMESTIC EQUITY FLOWS (NB)

Source NGX



ANALYSIS OF NSE INVESTMENT RETURNS 2007 TO 2021

Source First Ideas



Average Prospective P/E Ratio by Sector	
30/6/22	
Sector	P/E
Banking	3.6
Construction	6.1
Paint	6.1
Agriculture	6.2
Insurance	8.1
Food	8.5
Breweries	9.2
Pharmaceuticals	9.4
Petroleum Marketing	11.5
Cement	14.7
Telecomm	18.4
Conglomerate	23.5
Average Dividend Yield by Sector	
30/6/22	
Sector	Yield
Construction	9.4%
Paint	8.7%
Banking	8.2%
Pharmaceuticals	6.3%
Cement	6.2%
Food	4.8%
Insurance	4.2%
Agriculture	4.1%
Petroleum Marketing	3.6%
Telecomm	3.2%
Conglomerate	3.1%
Breweries	1.6%
Profit Growth of select sectors	
Period ended 30/6/22	
Breweries	123%
Paint	110%
Petroleum Marketing	74%
Agriculture	55%
Telecom	30%
Contstruction	26%
Food	25%
Banking*	24%
Insurance	22%
Cement	21%
Conglomerates	19%
Pharmaceuticals	-11%
Note * Reports published as at 5/9/22	

BANKING RATIOS AS AT 30th JUNE 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
		30/6/22	6 months	6 months	6 months	30/6/22								
		N'mil	N mil	N mil	N mil	N il	%	%	%	%	%			%
Tier 1 Banks (Total assets above N3 trillion)														
1	Zenith Bank Plc	10,115,362	404,763	130,005	111,330	1,271,200	53%	1.4%	20.0%	2.6%	18%	0.5	4.4%	46%
2	First Bank of Nigeria Plc	8,932,373	359,200	29,205	23,837	875,581	78%	0.6%	16.0%	0.6%	5%	0.5	5.4%	37%
3	Access Bank Plc	13,199,915	591,803	97,791	87,290	848,673	68%	1.3%	22.4%	1.5%	10%	0.3	3.7%	41%
4	GTBank Plc	5,685,998	239,289	103,249	75,799	826,505	50%	0.4%	22.0%	3.6%	18%	0.7	6.2%	42%
5	UBA	8,998,954	372,358	85,749	67,686	757,219	63%	0.8%	20.0%	1.9%	18%	0.3	2.6%	55%
6	Stanbic IBTC bank Plc	3,148,856	134,870	39,978	29,298	369,493	60%	1.0%	15.0%	2.5%	16%	1.1	2.7%	39%
7	Fidelity	3,692,763	154,843	25,079	23,307	311,731	68%	0.2%	19.8%	1.4%	15%	0.3	2.7%	26%
Tier 2 Banks (Total assets between N1 trillion and N3 trillion)														
8	Union	2,491,970	87,725	11,656	10,951	273,540	72%	0.0%	16.4%	0.9%	8%	0.6	4.4%	37%
9	FCMB Plc	2,652,837	126,224	15,429	13,550	251,955	70%	1.3%	15.4%	1.2%	11%	0.2	4.1%	30%
10	Sterling Bank Plc	1,814,372	78,381	8,619	8,013	149,357	75%	1.1%	14.8%	1.0%	11%	0.3	1.1%	30%
11	Wema	1,328,762	60,295	6,103	5,276	72,336	80%	0.3%	11.7%	0.9%	15%	0.6	2.5%	40%
Average (Industry)							67%	1%	18%	2%	13%	0.5	4%	38%
Average Tier 1 banks							63%	1%	19%	2%	14%	0.5	4%	41%
Average Tier 2 banks							74%	1%	15%	1%	11%	0.4	3%	34%
Note														
* Income adjusted to exclude non-recurring and exceptional income														
** Market price as at 31/8/22														
*** FCMB, Sterling and Wema CAR as at 31/12/21. FCMB and Wema NPL as at 31/12/21														
NA: Not available														
COR: Cost of Risk														
NPL : Non Performing Loan ratio														
Ranking by Net Asset Value														
Banks Mandatory Reserves with CBN as at 30/6/22* (N' millions)														
		Reserves	Reserves	Reserves	Deposits	Ratio								
	Bank	31/12/21	31/3/22	30/6/22	30/6/22	%								
	Access	1,466,414	1,701,323	1,830,711	7,839,374	23%								
	Zenith	1,330,897	1,621,427	1,475,342	7,152,964	21%								
	UBA	969,869	943,370	1,011,198	6,729,923	15%								
	FBN	1,348,086	1,402,916	1,382,830	6,302,857	22%								
	GTB	952,295	997,245	954,312	4,262,635	22%								
	Fidelity	686,097	693,363	700,736	2,290,127	31%								
	FCMB	329,739	374,860	374,458	1,637,084	23%								
	Union	454,802	467,964	323,388	1,450,447	22%								
	Sterling	243,869	273,257	246,941	1,227,693	20%								
	Stanbic	443,995	489,760	490,517	1,190,016	41%								
	Wema	313,847	326,316	347,416	1,052,820	33%								
		8,539,910	9,291,801	9,137,849	41,135,940	22%								
Note														
* Statutory CRR as at 30/6/22 was 27.5%														

RANKING OF SECTORS BY CAPITAL APPRECIATION				
Half Year ended	Quarter ended		Sector	Capital Appreciation
30/6/22	31/3/22			
1	1	1	Agriculture	70%
2		4	Breweries	59%
3		3	Telecomm	49%
4		6	Petroleum Marketing	33%
5		7	Food/Beverages	26%
6		2	Conglomerates	20%
7		5	Construction	19%
8		9	Cement	8%
9		8	Banking	5%
10		11	Pharmaceuticals	-1%
11		10	Insurance	-4%
12		12	Paint	-13%

Structure of Commercial Banks Deposits (N millions)										
	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	Growth Q4 2019
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	28%	8%
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	48%	10%
Federal Govt Naira deposits	82,509	86,409	97,688	113,631	130,811	122,332	-	-	0%	-6%
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%	-4%
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%	6%

Structure of Pension Fund Investments (N millions)														
	6/30/2021	9/30/2021	12/31/21	3/31/2022	6/30/2022	Percentage	Q2 2022	Prudential	New Limits (Min-Max)					
								Max Limits	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6
Domestic ordinary shares	843,197	873,489	915,308	944,263	969,155	7%	3%	25%	17.5%-30%	7.5%-25%	5%-10%	0%-5%	0%-5%	0%-25%
Foreign ordinary shares	105,191	105,202	122,494	112,270	99,906	1%	-11%							
Private Equity/Infrastructure	100,597	113,530	116,309	114,182	127,238	1%	11%	5%	2.5%-10%	2.5%-5%	0.00%	0.00%	2.5%-10%	0%-20%
Open/Closed Funds	31,967	33,451	36,553	52,928	53,854	0%	2%	20%	0%-25%*	0%-20%*	0%-10%	0%-5%		0%-20%
Govt Securities	8,572,888	8,311,173	8,943,980	8,673,671	9,168,860	64%	6%	80%	0%-70%	0%-85%	0%-100%	0%-100%	0%-75%	0%-85%
Corporate Bonds/Supra-National	950,984	968,265	943,338	1,007,115	1,197,681	8%	19%	35%	0%-35%	0%-40%	0%-45%	0%-45%	0%-35%	0%-40%
Money Market instruments	1,736,972	2,299,442	2,034,488	2,261,699	2,149,495	15%	-5%	35%	0%-30%	0%-30%	0%-35%	0%-35%	0%-60%	0%-30%
Real Estate/REIT	241,255	236,828	240,972	239,596	238,498	2%	0%	5%	0%-10%*	0%-5%*				
Others/cash	74,123	59,791	71,375	472,848	262,862	2%	-44%							
Total	12,657,174	13,001,170	13,424,816	13,878,571	14,267,549	100%	3%							

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