

FIRST IDEAS CAPITAL MARKET REPORT

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A quarterly publication of First Ideas Limited

Number 68 May 2021

May 2021

KEY ECONOMIC INDICATORS

THE ECONOMY

NIGERIA KEY ECONOMIC INDICATORS														
	31/3/18	30/6/18	30/9/18	31/12/18	31/3/19	30/6/19	30/9/19	31/12/19	31/3/20	30/6/20	30/9/20	31/12/20	31/3/21	Change
Bonny Light Crude Oil Prices (USD/8)quarter average	68.55	75.43	76.5	69.89	64.75	71.32	64.25	64.87	52.51	26.75	43.29	44.01	61.04	39%
Average Crude Oil production quarter ended (mb/d)	2	1.84	1.94	1.91	1.99	2.02	2.04	2	2.07	1.81	1.67	1.56	1.72	10%
Real GDP growth Quarter ended	1.95%	1.50%	1.81%	2.38%	2.10%	1.94%	2.28%	2.55%	1.87%	-6.10%	-3.62%	0.11%	0.51%	0.4%
Industry capacity quarter ended	55%	54%	55%	55%						40.10%	43.80%			
External reserves (USD billion)*	46.73	47.16	42.61	42.54	44.74	44.75	40.90	38.06	33.69	35.78	35.67	36.46	34.82	-4%
Exchange Rate (N/USD)	305.81	305.77	306.35	307	306.95	306.9	307	307	361	361	380	380	380	0%
Net inflow of forex through CBN(USD billion)	4.51	0.53	-3.98	-0.09	1.40	3.80	-3.70	-2.30	-2.60	-4.40	-0.02	0.30		
Forex sales(WDAS and BDC) quarter ended(USD billion)	11	7.9	11.9	9.2	10.66	7.37	10.13	9.98	13.7	4.5	4.37	5.62		
I&E Fx intervention(USD billion)	0	0.08	2.84	2.1	0.83	0.08	2.02	2.62	0.6	0.48	0.39	1.6		
Headline Inflation Month ended	13.34%	11.23%	11.28%	11.44%	11.25%	11.22%	11.24%	11.98%	12.26%	12.56%	13.71%	15.75%	18.17%	2.4%
MPR	14%	14%	14%	14%	13.5%	13.5%	13.5%	13.5%	13.5%	12.5%	11.5%	11.5%	11.5%	0.0%
91 days treasury bill yield	12.01%	12.75%	11.20%	14.00%	10.56%	11.63%	12.68%	4.52%	3.28%	1.94%	1.10%	0.35%	2.43%	2.1%
Interbank Call Rate Month ended	15.16%	5.00%	4.57%	22.68%	11.50%	8.38%	11.61%	3.32%	10.29%	5.75%	2.00%	1.25%	10.10%	8.9%
30 days NIBOR rate	14.11%	14.43%	13.09%	15.45%	12.20%	11.61%	13.25%	10.79%	14.71%	5.15%	2.38%	0.38%	5.44%	5.1%
FGN 10 years bond Yield	13.60%	13.81%	15.07%	15.50%	14.36%	14.50%	14.43%	12.00%	12.60%	9.76%	7.69%	7.26%	11.50%	4.2%
Prime Lending Rate(quarter average)	17.31%	17.16%	16.69%	16.60%	16.05%	15.80%	15.33%	14.99%	14.71%	15.10%	11.80%	11.42%	11.20%	-0.2%
Credit growth to private sector quarter ended	0.70%	-0.70%	1.30%	0.70%	5.70%	3.20%	2.90%	4.80%	5.80%	3.30%	1.90%	1.50%	3.60%	2.1%
Gross Banking Credit (Naira trillion)												22.68	23.53	3.7%
New Jobs created (Formal and Informal sectors)**	(11,048)	19,276	152,896							(11,016,000)		(12,039,000)		
CBN Standing lending Facilities granted (SLF) Nbillion		3,960	978	3677	8406	3,624	6,203	1,303	1,811.99		1,700.46	136.13		
CBN Standing Deposit Facilities accepted (SDF) Nbillion		5,986	5,788	4407.04	2.9	4,984	2,081	1,932	843.09		1,884.92	2143.8		
CBN credit to banks outstanding at quarter ended (N bil.)	1,271.51	1,250.94	1,210.49	1,098.52	1,292.38	1,174.33	1,357.09							
Foreign Direct investments Equities (USDm)	247	261	531	156	247	223	203	250	214	149	415	249		
Foreign Portfolio Investments(Equities) (USDm)	702	1,048	394	218	656	498	386	354	640	53	44	18		
Foreign Portfolio Investments (Bonds) (USDm)	336	400	37	193	567	316	92	47	231	-	-	-		
Foreign Portfolio Investments (Money Mkt.)(USDm)	3,528	2,671	1,291	983	5,883	3,535	2,550	1,483	3,439	332	363	17		
Foreign Other Investments (Loans/Trade Credit/Others)	1,492	1,139	602	589	1,156	1,480	2,397	1,669	1331.06	761.04	639.44	785.8		
Total Foreign Portfolio Investments (USDm)	4,565	4,119	1,723	1,395	7,106	4,349	3,027	1,884	4,309	385	407	35		
Total Foreign Investment Inflows (USDm)	6,304	5,519	2,855	2,140	8,508	6,052	5,627	3,802	5,855	1,295	1,461	1,070		
Note														
* External Reserves for 31/3/21 is 30 days moving average														
** Q2 2020 job figures is cumulative amount for 7 quarters while Q4 2020 is for 2 quarters														
NM: Not meaningful														

Key Highlights in Q1 2021

- Continuation of weak and fragile recovery of Nigerian economy in the first quarter of 2021 with Real GDP Growth of 0.51%, a slight improvement on Q4 2020.
- Upward review of 2021 Global GDP Growth Forecast by International Monetary Fund (IMF) in its January 2021 World Economic Outlook Update to 5.5% reflecting stronger than expected H2 2020 recovery and expectation of vaccine powered 2021 growth.

- *Nigeria Federal Executive Council (FEC) approval of new Medium Term Debt Management Strategy (2020-23) on 10th February 2021 increasing Federal Government of Nigeria (FGN) borrowing limits and domestic borrowings to total borrowings target.*
- *Confirmation by the Nigeria Debt Management Office (DMO) of FGN plan to securitize N11 trillion of its debts to the Central Bank of Nigeria (CBN) from 2021 representing about 28% of Money Supply.*
- *Downward review of Nigeria's 2021 GDP growth forecast by Fitch Rating Agency from 2.3% to 1.6% reflecting weaker base effects following stronger 2020 GDP numbers.*
- *One year extension by CBN on 30th March 2021 of the discounted rate of 5% on its intervention loans to February 28, 2022. CBN will also consider rollover of moratorium on principal repayments on case by case basis.*
- *Announcement of 10th March 2021 of the approval of the Nigerian Stock Exchange (NSE) demutualization program by the Securities and Exchange Commission (SEC) and Corporate Affairs Commission (CAC).*
- *Adoption of the Investors and Export exchange rate (NAFEX rate) as the exchange rate for all Federal Government transactions in March 2021. CBN officially adopted the NAFEX rate as the official rate for Nigeria on 25th May 2021.*

Nigeria's economic recovery remained fragile with Real GDP growth increasing marginally from 0.11% in Q4 2020 to 0.51% in Q1 2021. The weak growth has been attributed largely to rising security challenges and implications for domestic production. This was despite significant increase in crude oil prices and production volumes and extraordinary amount of monetary stimulus by the CBN. CBN aggregate disbursements under its intervention funds as at 25th May 2021 was N2.085 trillion.

Nigeria Oil Real GDP year on year growth increased from negative -19.6% in Q4 2020 to -2.21% in Q1 2021 while Non-Oil Real GDP growth declined from 1.69% to 0.79%. Nigeria's quarter on quarter Oil Real GDP growth in Q1 2021 was 36% while Non-Oil Real GDP growth was negative -17%.

The key drivers of Non-Oil GDP growth in Q1 2021 are Telecommunications with year on year growth of 7.69%, Agriculture with growth of 2.28%, Manufacturing with growth of 3.4% and Real Estate/Construction with growth of 1.62%. Trade sector however remained negative with growth of -2.43%.

International crude oil prices rose significantly in the first quarter of 2021 with price of Nigeria's Bonny Light crude increasing by 23% from USD51.27/barrel on 31/12/20 to USD62.98/barrel on 31/3/21. Average price of Nigeria's Bonny Light crude increased by 39% from USD44.01/barrel in Q4 2020 to USD61.04/barrel in Q1 2021. Brent crude price also increased by 24% to close at USD63.52/barrel on 31/3/21. This trend has continued in the current quarter with Nigeria's Bonny Light crude closing at

USD66.84/barrel on 30/4/21 reflecting faster than expected COVID 19 powered recovery in global demand. IMF in its April 2021 World Economic Outlook reported that China returned to pre-COVID GDP in Q4 2020 while United States is expected to surpass its pre-COVID GDP this year. It also revised its 2021 Global GDP growth forecast upwards by 0.5% from 5.5% to 6%. IMF revised Nigeria's 2021 growth forecast upwards by 1%, from 1.5% to 2.5%. Nigeria's per capita GDP is however expected to remain flat.

Nigeria's crude oil production also increased by 10% from 1.56 million barrels per day (mbpd) in Q4 2020 to 1.72 mbpd in Q1 2021 slightly under 2021 budget estimate of 1.86 mbpd. Nigeria's crude oil production is expected to increase in the current quarter in line with increased OPEC quota from April 2021.

Foreign portfolio inflows into the Nigerian economy are expected to have declined further in the first quarter of 2021 in line with the -16% decline in foreign equity inflows on the Nigerian Stock Exchange. This was as a result of rising insecurity, negative real interest rates and growing uncertainty around Naira exchange rates and forex supply. Nigeria's merchandise exports also declined by -9% in Q1 2021 while imports of goods increased by 16% resulting in record deficit trade balance in goods of N3.9 trillion.

Nigeria External Reserves declined by -6% from USD36.46 billion on 31/12/20 to USD34.29 billion on 30/4/21 reflecting increased forex disbursements by CBN and continuing net negative foreign capital outflows. The Naira exchange rate however remained stable on the I&E market with NAFEX rate appreciating marginally to N408.67/USD on 31/3/21. Naira however depreciated by -3% at the parallel/cash market to close at N485/USD on 31/3/21. The depreciation at the parallel market has been attributed to continuing forex shortage, rising import demand and front loading of forex demand in response to increasing threats of instability and widening of the list of items on CBN forex ban. We expect the pressure on the Naira exchange rate to ease in the second half with increased crude oil revenues, inflows from external borrowings and further liberalization of the forex market. The CBN formally adopted the NAFEX rate as the official rate of the Naira in May 2021 thereby reducing the multiple exchange rates by one. The average parallel market premium to NAFEX rate declined from 20% in December 2020 to 18% in March 2021.

Nigeria External Reserves (USD billion)										
	30/9/18	31/12/18	31/3/19	30/9/19	31/12/19	31/3/20	30/9/20	31/12/20	Q4 Change	Q4 Change
	USD\$b	USD\$b	USD\$b	USD\$b	USD\$b	USD\$b	USD\$b	USD\$b	USD\$b	%
CBN Reserves	35.05	35.27	38.02	33.62	31.65	27.52	30.94	30.95	0.01	0%
Federal Government Reserves	5.29	6.79	6.68	7	6.09	5.85	4.95	5.44	0.49	10%
Excess Crude Account (Federation Reserves)	2.26	0.48	0.4	0.27	0.32	0.32	0.07	0.07	-	0%
Total	42.6	42.54	44.74	40.89	38.06	33.69	35.96	36.46	0.50	1%

Nigeria's inflation rates continued its upward trajectory with Headline Inflation of 18.17% in March 2021 representing 51 months high. Month on month Headline Inflation rate annualized increased from 19% in January 2021 to 20% in March 2021. The elevated inflation rates have been attributed to heightened

insecurity and disruption of production, transportation and distribution of food, pass-through effects of Naira depreciation and significant monetary injection by CBN. Food Inflation increased from 19.56% in December 2020 to 22.95% in March 2021 while Core Inflation increased from 11.37% to 12.67% during the same period. Year on year growth in Money Supply (M2) increased from 6.3% in 2019 to 31.9% in 2020 principally as a result of CBN intervention loans to the private sector and funding of the FGN. CBN also reduced OMO issuance by 70% in 2020 and 60% in Q1 2021. Headline and Food Inflation however declined marginally in April 2021 to 18.12% and 22.72% respectively. The outlook for inflation remains challenging with World Bank projecting that the elevated rates will persist for the rest of 2021 and deepening poverty. World Bank in its June 2021 report on Nigeria stated that Nigeria does not currently have a credible inflation anchor and called for the tightening of monetary policy to mitigate pass-through effects of exchange rate depreciation and to anchor inflationary expectations.

Credit growth to the private sector increased from 1.5% in Q4 2020 to 3.6% in Q1 2021 reflecting seasonal factors and improved liquidity in the banking system. Gross Banking Credit increased by 3.7% from N22.7 trillion on 31/12/20 to N23.5 trillion on 31/3/21. Nigeria Banking Sector Average Non Performing Loan ratio (NPL) also declined from 6% on 31/12/20 to 5.9% on 31/3/21.

Nigeria official unemployment rates increased further from 27% in Q2 2020 to 33% in Q4 2020. Underemployment rates however declined from 29% to 23% leaving aggregate unemployment/underemployment rate at 56%. Number of fully employed workers in the Nigerian economy declined by 5 million in the second half of 2020 while the number of unemployed increased by 1.4 million from 21.8 million in Q2 2020 to 23.2 million in Q4 2020. Number of people in the labor force also declined by 10.6 million from 80.3 million to 69.7 million against the background of an increase of 5.1 million in the working age population. Youth unemployment rate (15-34 years) was 42% in Q4 2020 while underemployment rate was 21% representing 12.7 million unemployed and 6.3 million underemployed youths.

Other Recent Developments

IMF Upward Review of Nigeria's 2021 GDP Growth Forecast

International Monetary Fund (IMF) in its April 2021 World Economic Outlook (WEO) revised Nigeria's 2021 GDP growth forecast from 1.5% in its January 2021 Update to 2.5%. The revised rate which is below FGN forecast of 3% but significantly above Fitch Rating February 2021 forecast of 1.6% and recent World Bank forecast of 1.8% reflects improved outlook for global demand and international crude oil prices. IMF revised 2021 crude oil price projection from USD50.03/barrel in its January 2021 Update to USD58.52/barrel in the April 2021 WEO.

Demutualization and Listing of the Nigerian Stock Exchange Group on the NASD

NSE confirmed receipt of approval of the Securities and Exchange Commission (SEC) and the Corporate Affairs Commission (CAC) of its demutualization program on 10th March 2021 involving the conversion of the NSE from a non-profit organization to a profit making non-operating holding company (NGX Group) with three operating subsidiaries as follows:

1. Nigerian Exchange Limited (NGX) -the operating Exchange
2. NGX Regulation Limited (NGX RECCO) – independent Regulator
3. NGX Real Estate Limited (NGX RELCO) – the real estate company

This concluded the process which commenced with approval of members of the demutualization on 30th March 2017. NGX Group was listed on the NASD OTC Securities Exchange on 13th April 2021 with listing of 1,964,115,918 shares at N25/share and market valuation of N49.1 billion.

PENCOM revision of minimum capital of Pension Fund Administrators

Nigeria National Pension Commission (PENCOM) revised the minimum regulatory capital (Shareholders Funds) of Pension Fund Administrators on 27th April 2021 from N1 billion to N5 billion with a transition period of 12 months for existing operators. The purpose of the capital increase is to increase capacity to deliver required services. We expect further consolidation in the sector comprising 22 Pension Fund Administrators with assets under management of N12.3 trillion as at 31/3/21.

CBN Intervention in First Bank of Nigeria Plc

The Central Bank of Nigeria (CBN) intervened in the management of First Bank of Nigeria Plc (FBN) on 29th May 2021 replacing the Board of the bank and its holding company. This followed senior management changes by the bank without prior clearance of the primary regulator under a subsisting forbearance regime. FBN is one of largest banks in Nigeria with instant payment capacity of about 22% of the banking sector and has been under CBN forbearance from 2016 when its capital adequacy and non-performing loan ratios breached prudential limits resulting in management changes and appointment of a new MD/Chief Executive in January 2016. Regulatory forbearance granted by the CBN in 2016 include:

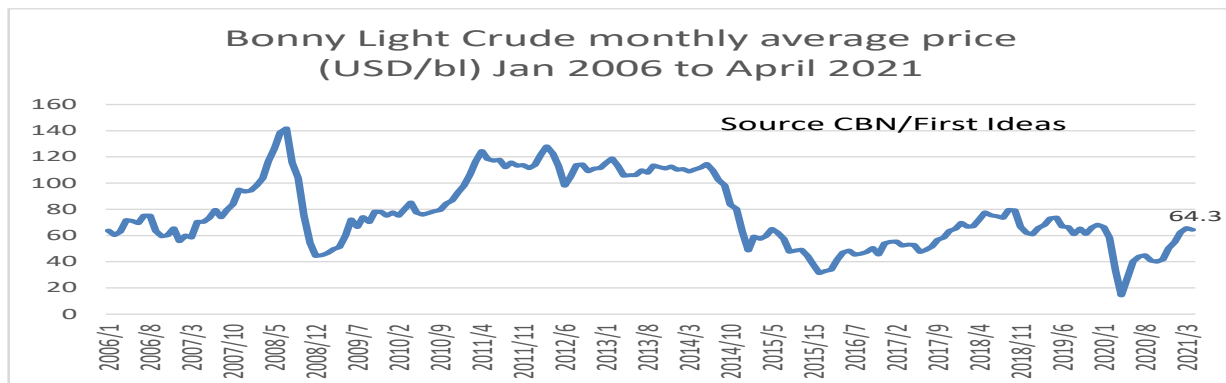
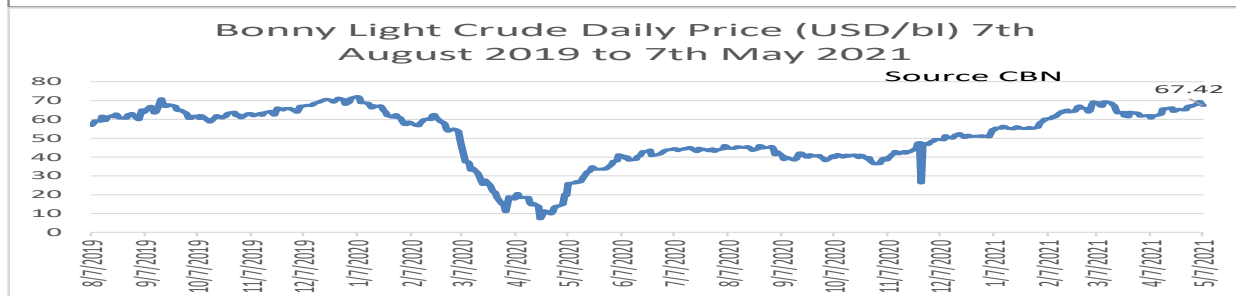
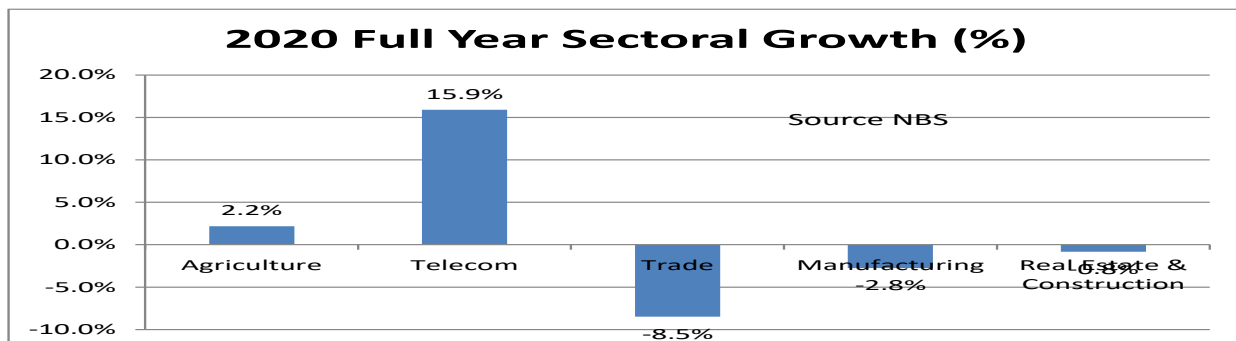
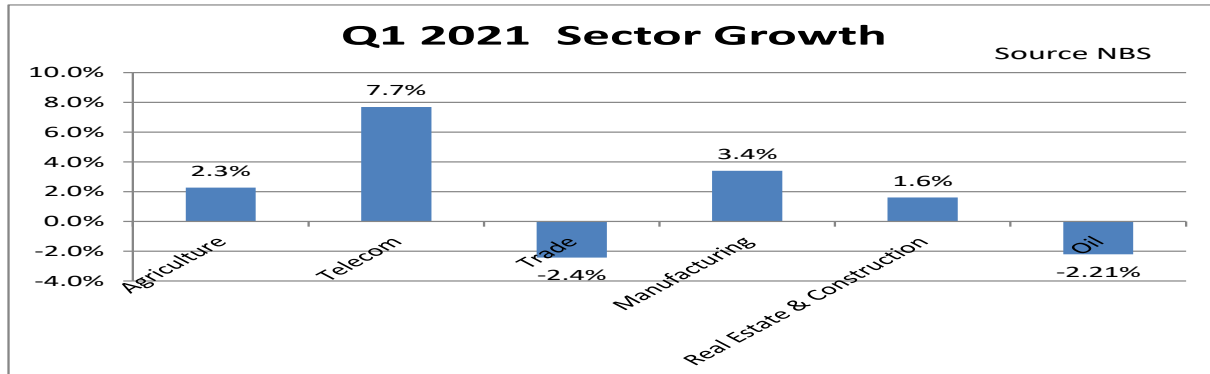
- Provision for write off of N150 billion bad loans from earnings over four consecutive years.
- Concession to insider borrower to restructure his companies' non-performing credit facilities under stringent conditions and
- Renewal of the forbearance on yearly basis between 2016 and 2020.

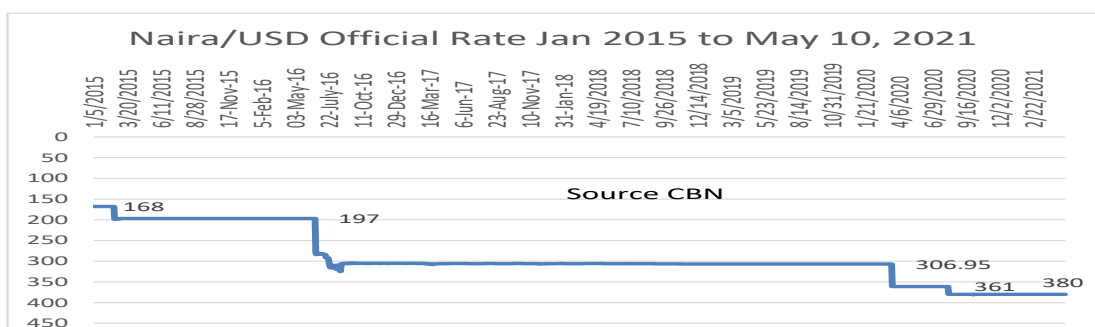
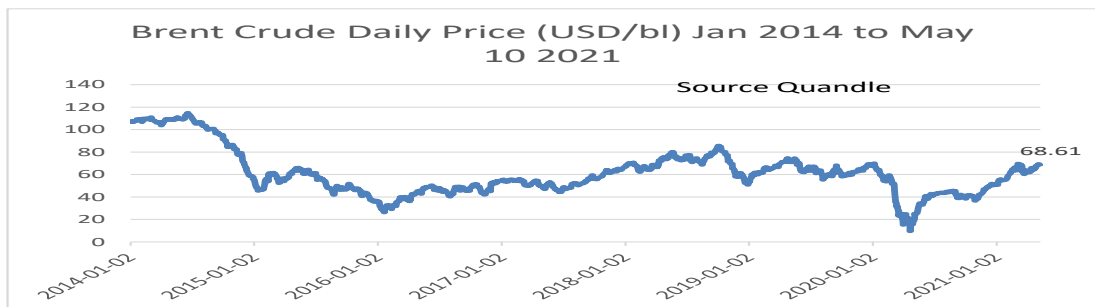
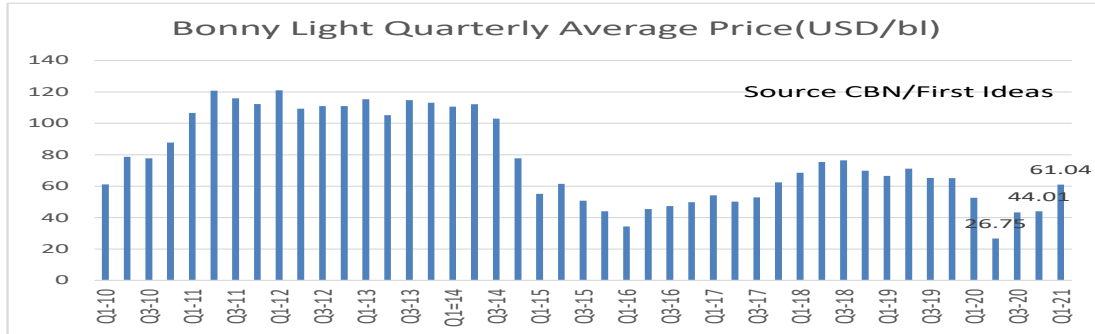
The CBN confirmed that the bank has recorded significant improvement over the period, but the insider related facilities remained problematic as the insider with controlling influence on the board failed to adhere to the terms of restructuring the credit facilities. The intervention was to protect minority shareholders and the banking system. The problems of the bank have been attributed to bad credit decisions, significant non-performing insider loans, poor corporate governance practices and inability of shareholders to recapitalize the bank.

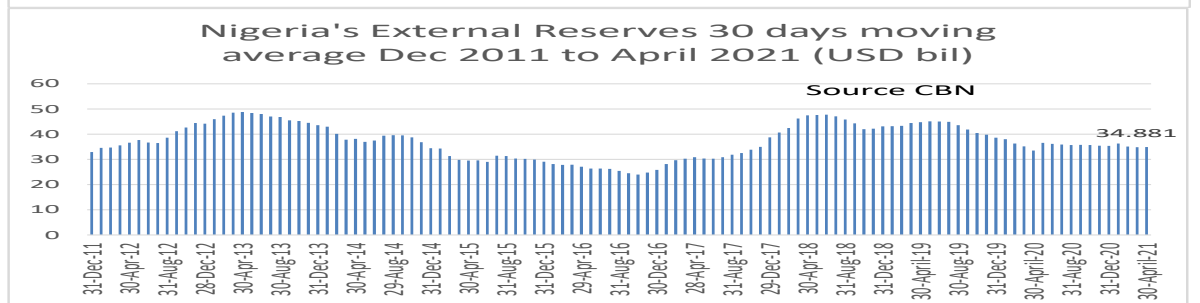
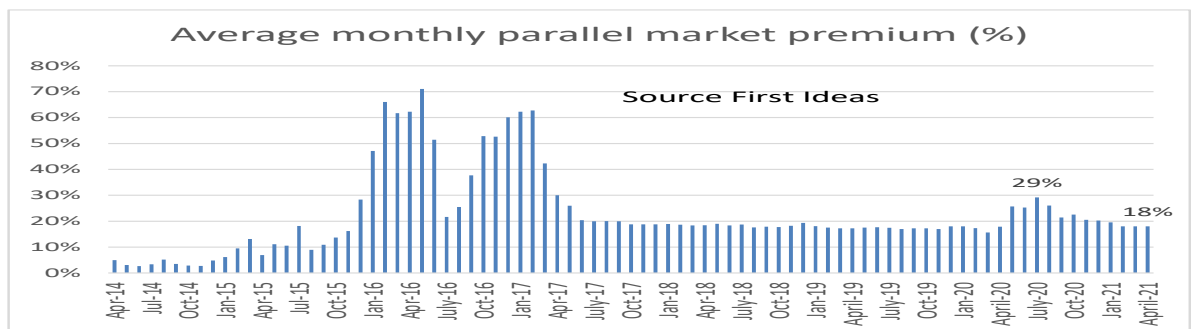
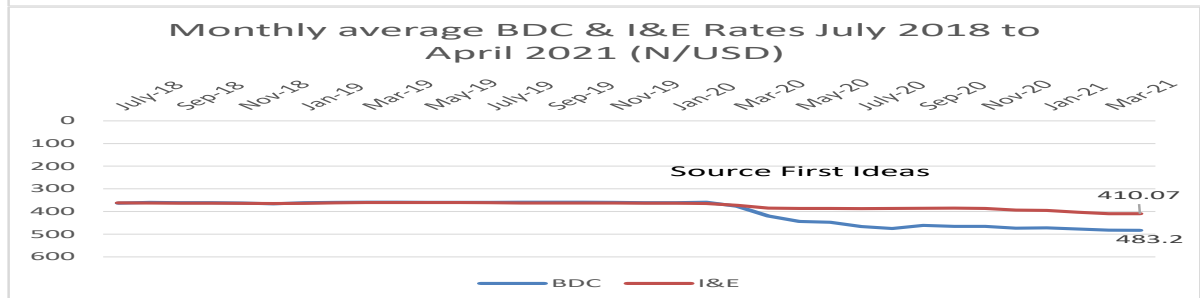
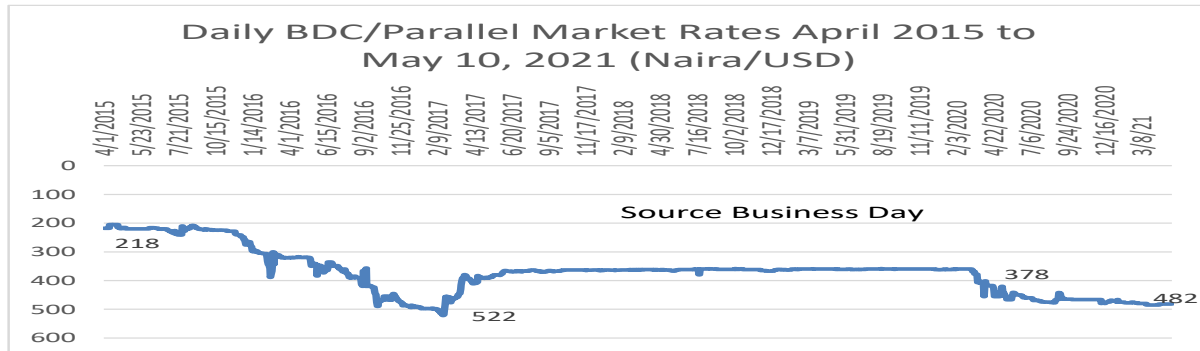
CBN Adoption of NAFEX Rate as the Official Rate of the Naira

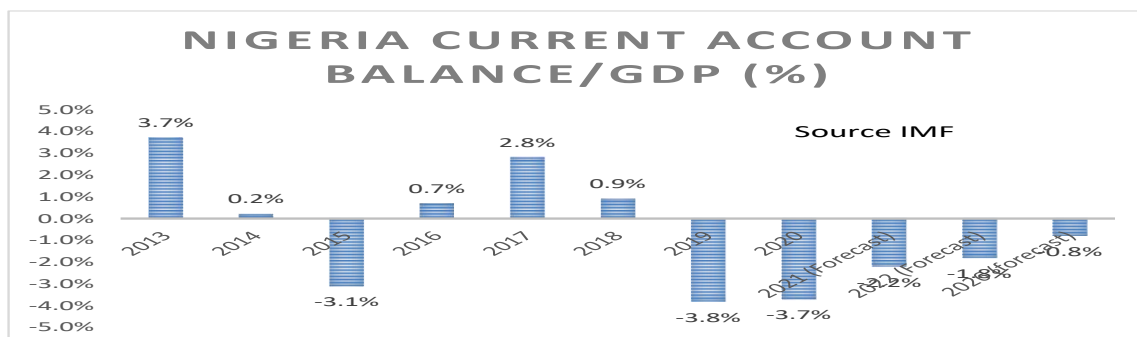
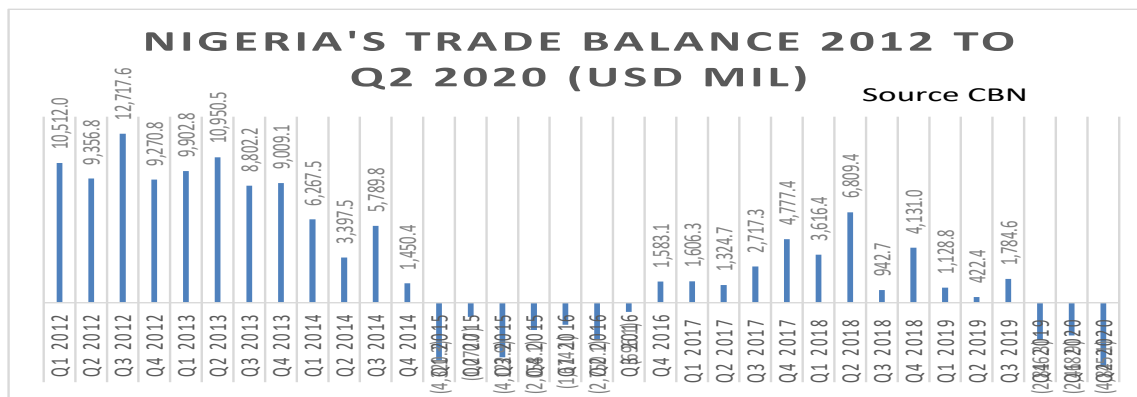
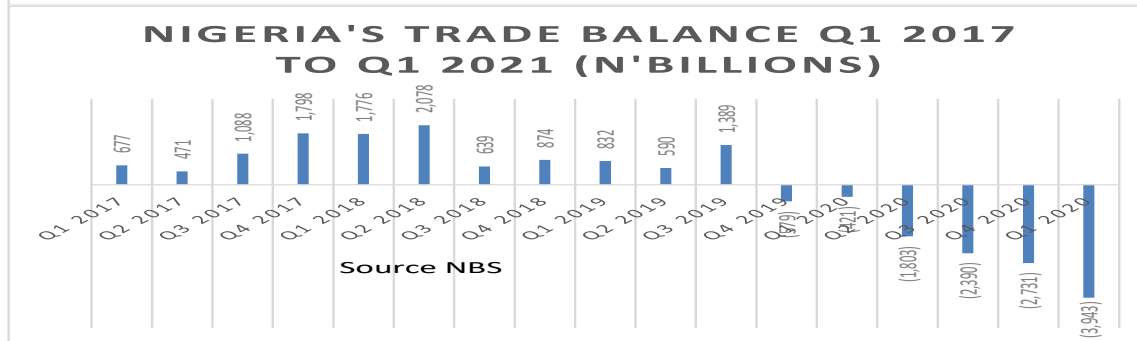
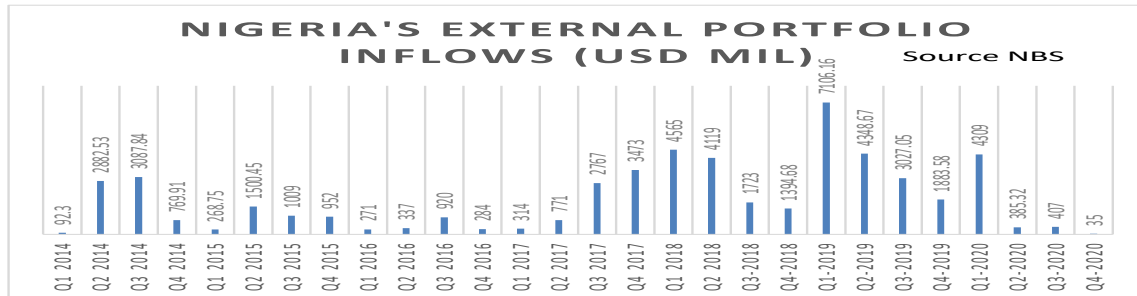
CBN adopted the Investors and Export rate (I&E rate or NAFEX rate) as the official exchange rate of the Naira on 25th May 2021. This followed the adoption of the NAFEX rate for all government forex transactions in March 2021. The adoption resulted in depreciation of -8% in the official rate from N380/USD to N410.25/USD on 25th May 2021 and represents a major step towards unification of exchange rates in the forex market. More than 90% of transactions in the forex market are already settled at NAFEX rate.

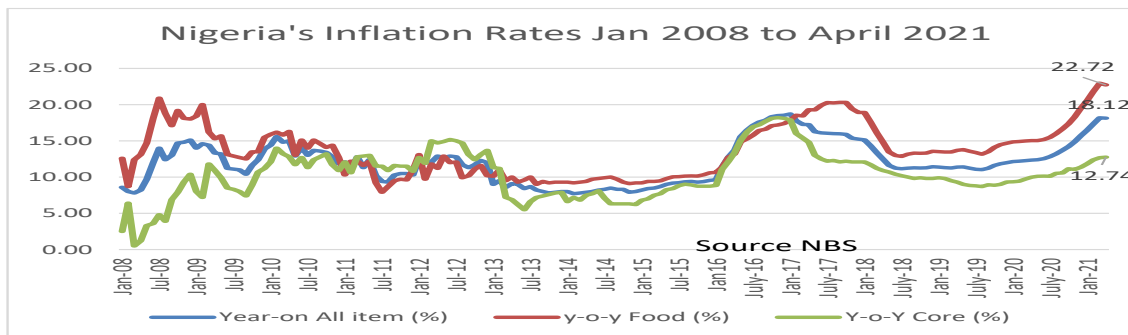
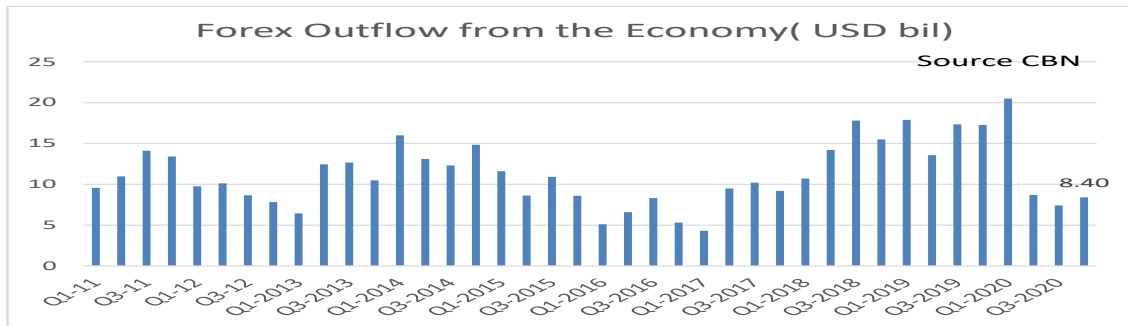
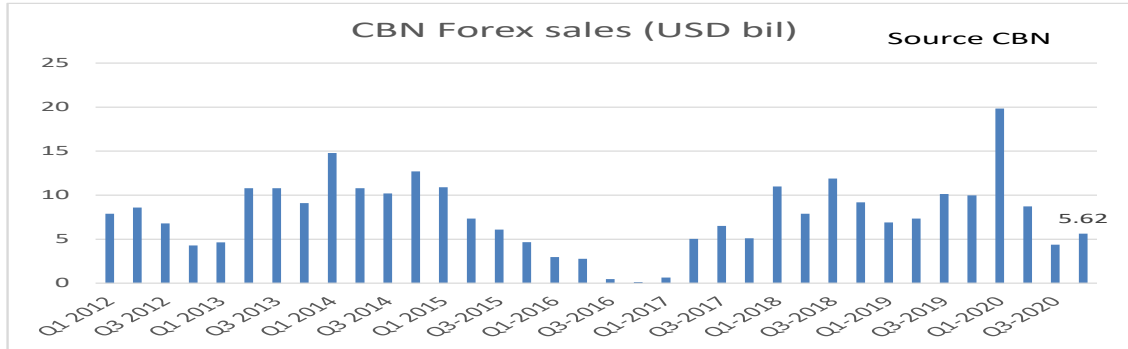


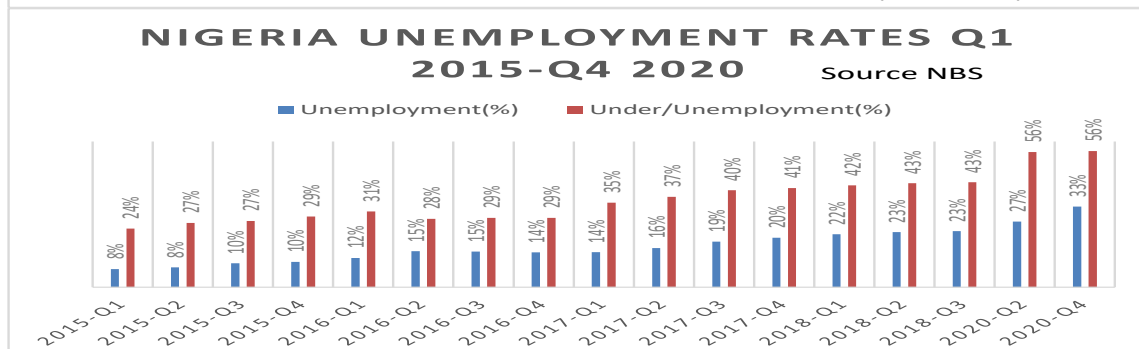
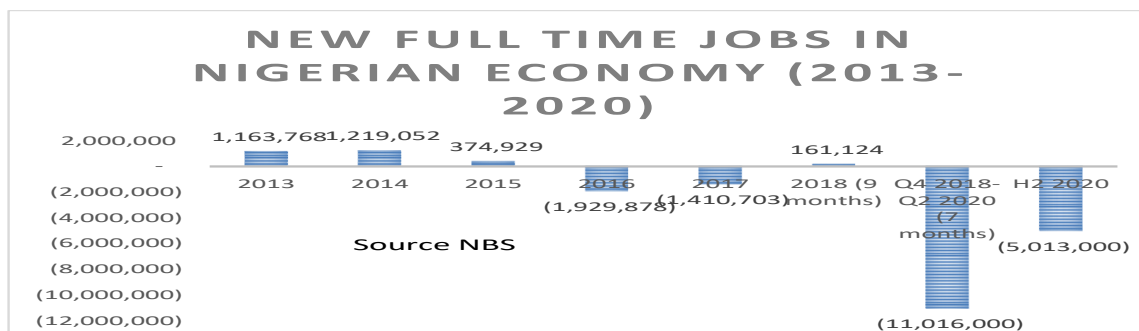
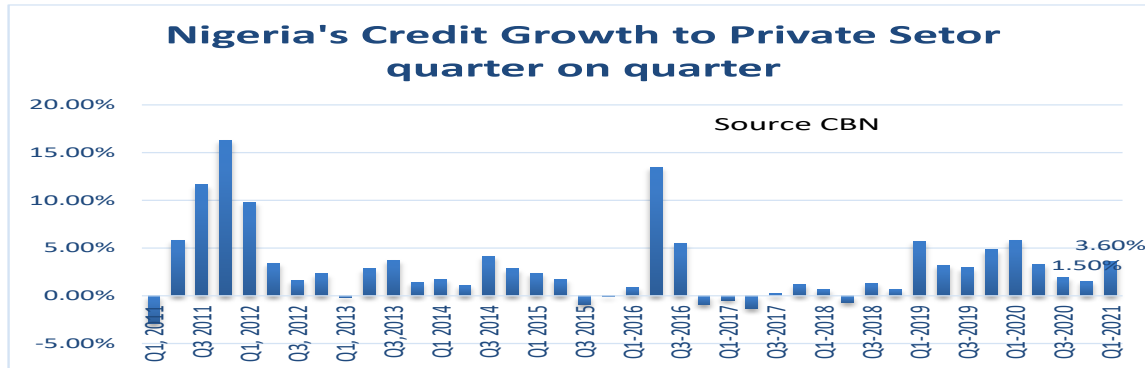


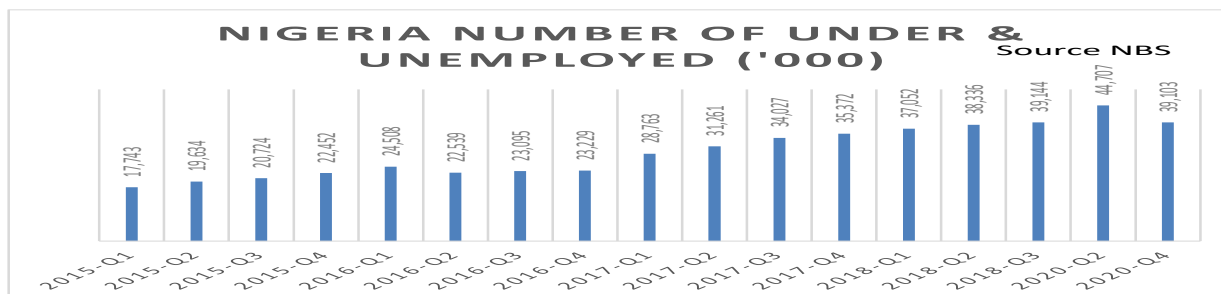










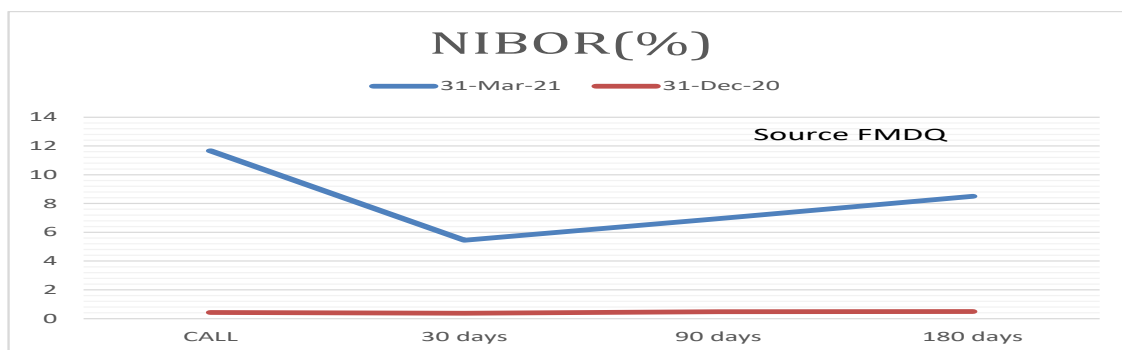
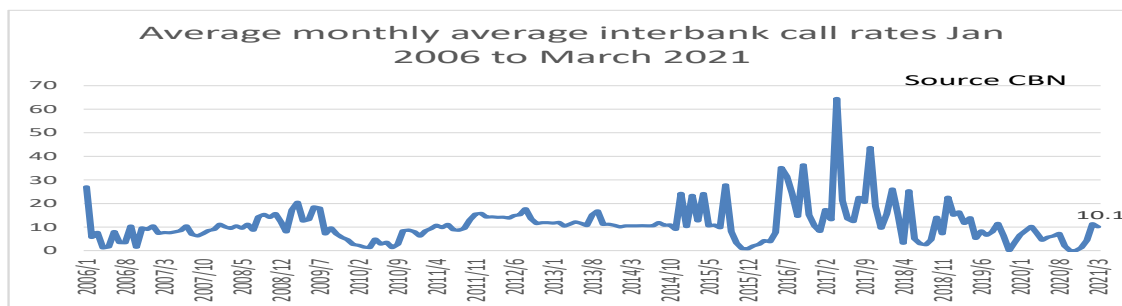
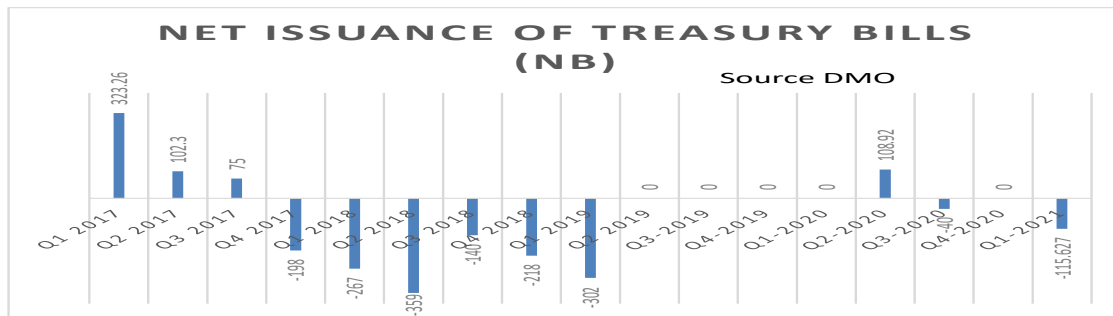


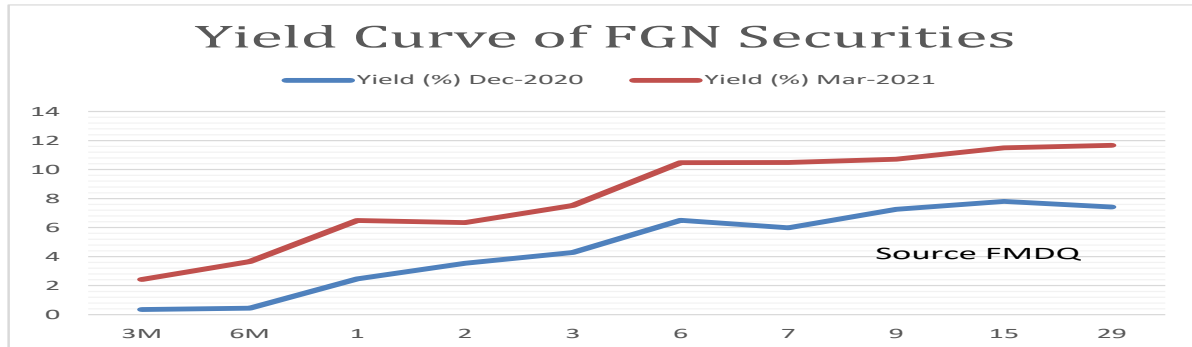
LABOUR FORCE STATISTICS Q4 2020								
State	Labour Force	Work 40 Hrs	Work 20 -39 H	Full/Under-employe	Total unemploye	total unemployed	Unemployment	Unemployment
		Fully employed	Underemployed			Underemployed	Rate	Underemployment Rate
Imo	1,946,682	340,034	504,123	844,157	1,102,525	1,606,648	56.64%	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

Interest rates in the money market which picked up in December 2020 rose significantly in the first quarter with average monthly interbank rates increasing from 1.25% in December 2020 to 11.43% in February and slowing down to 10.1% in March 2021. 30days, 90 days and 180 days NIBOR increased by an average of 651 basis points to close at 5.4%, 6.9% and 8.5% respectively on 31/3/21 while 91 days,

182 days and 364 days Nigerian Treasury Bills increased by an average of 311 basis points to close at 2.43%, 3.66% and 6.49% respectively. This trend has continued in the second quarter with average interbank rate of 30% in April representing three and half years high. The recovery in rates reflects investors' expectations in the light of the elevated inflation rates and the outlook for inflation and government domestic borrowings.





THE BOND MARKET

Yields on FGN Bonds followed the trend in the money market with yields rising by an average of 371 basis points in the first quarter. Yields on the FGN 15 years bonds at the DMO monthly auction increased from 6.95% in December 2020 to 11.5% in March 2021, 13.34% in April and 14% in May 2021.

Subscription volumes at the DMO auctions also increased by 39% from N555 billion in Q4 2020 to N772 billion in Q1 2021. Percentage of offer amount raised increased from 91% to 103% during the period reflecting front loading of demand by DMO in the light of rising rates. Net FGN Bond issuance increased from N178 billion in Q4 2020 to N637 billion in Q1 2021 representing 27% of FGN 2021 domestic borrowing budget.

Secondary market turnover on the FGN over the counter market (OTC) declined significantly by 22% from N6.7 trillion in Q4 2020 to N5.2 trillion in Q1 2021. This might be as a result of improving yields and success rate at the primary auction and usual reluctance to realize losses on bond portfolio holdings.

Corporate Bond issue volumes increased significantly from N52 billion by three issuers in Q4 2020 to N212.833 billion by six issuers in Q1 2021. Details of the issues during the quarter are as follows:

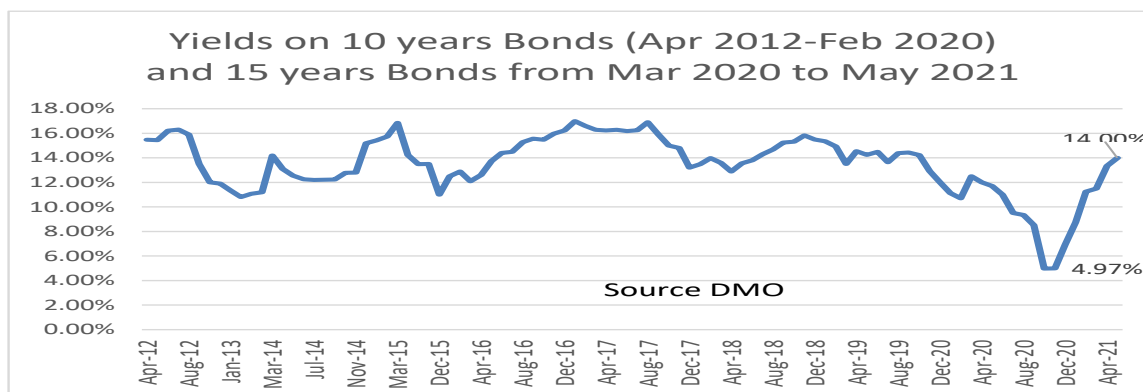
- Bua Cement Plc N115 billion 7 years 7.5% Fixed Rate Bond.
- Emzor Pharmaceuticals Limited N13.73 billion 5 years 10% Fixed Rate Senior Unsecured Bond.
- Flour Mills Plc N4.89 billion 5.5% 5 years Fixed Rate Bond.
- Flour Mills Plc N25 billion 6.25% 7 years Fixed Rate Bond.

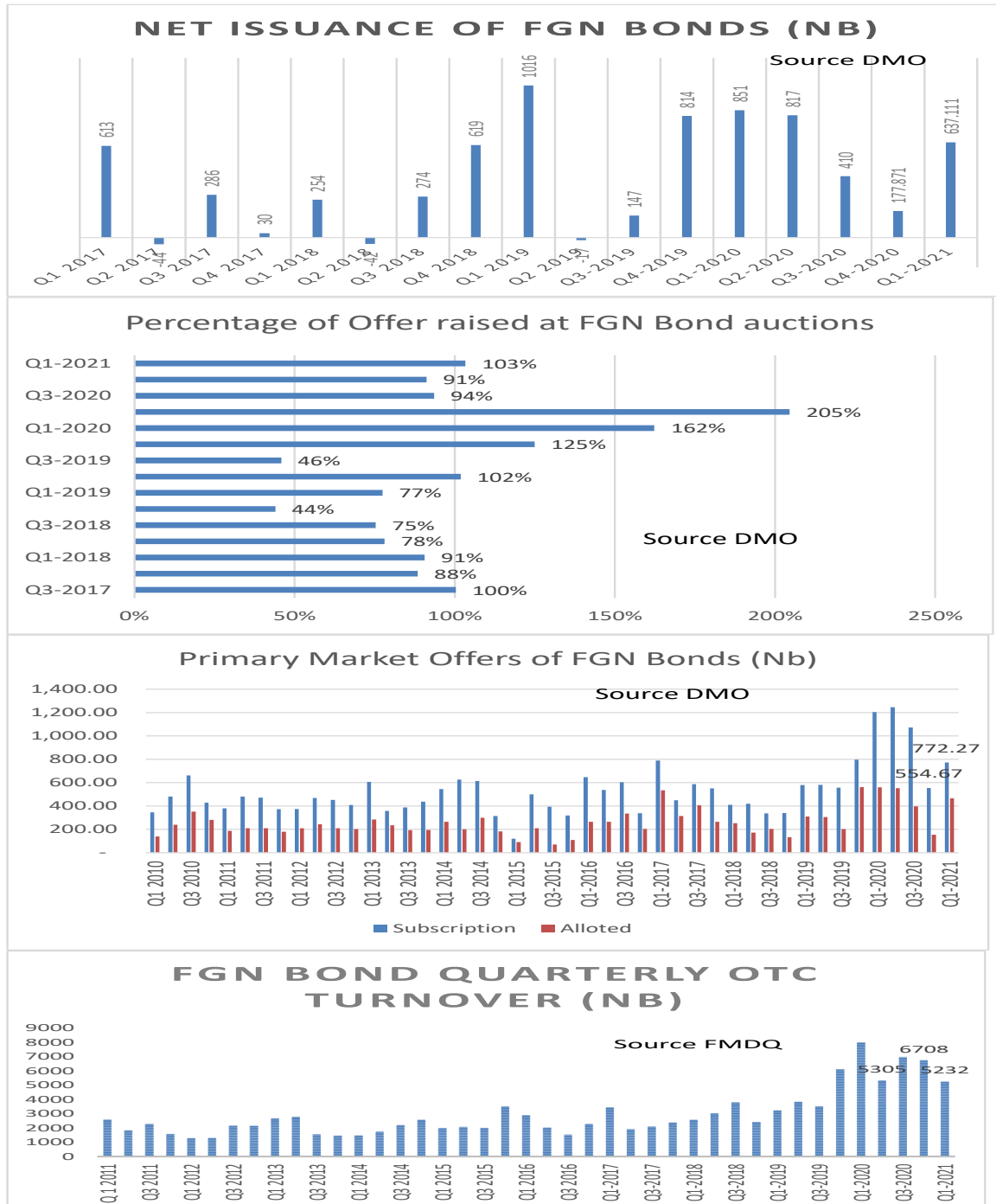
- Fidelity Bank Plc N41.213 billion 8.5% 10 years Fixed Rate Bond due 2031.
- FBNQ MB Funding SPV (FBN Quest Limited) N8 billion 10 years 6.25% Fixed Rate Subordinated Bond due 2030.
- Cardinal Stone Financing SPV Plc N5 billion 5 years 7% Fixed Rate Bond due 2025.

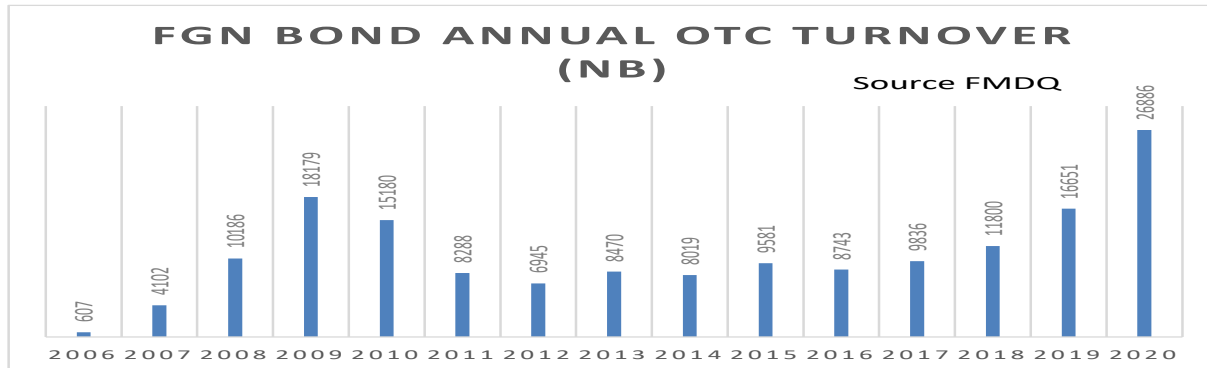
The primary market for subnational bonds remained dormant during the period except for the restructuring of Kogi State bonds. The State Government obtained the consent of bond holders on 29th March 2021 to extend the maturity date of the N5 billion 15% Fixed Rate Bond by three years to 2023 and N3 billion 17% Fixed Rate Bond to 2025.

Major external bonds by local corporates during the period include:

- African Finance Corporation (AFC) USD250 million Tier 2 capital from United States Development Finance Corporation (DFC).
- Seplat Petroleum Development Plc USD650 million 5 years 7.75% Senior Notes due 2026.
- Ecobank Nigeria Limited USD300 million 5 years 7.125% Bond.







THE EQUITY MARKET

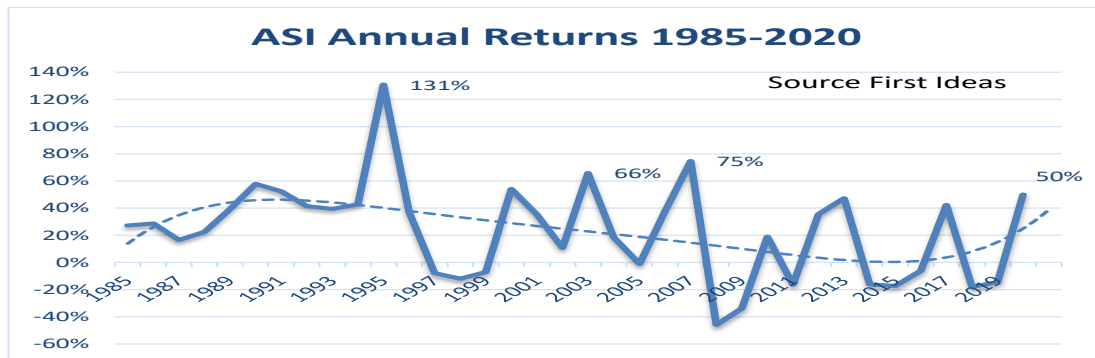
The primary market for equities remained dormant during the first quarter reflecting issuers preference for cheaper debt issues. There was only one Rights Issue of ordinary shares by a quoted company in Q1 2021. The Abbey Mortgage Bank Plc N3.028 billion Rights Issue of ordinary shares at 82 kobo per share opened on 4th January 2021 and represents 36% of enlarged capital. The issue was priced at 22% discount on the quoted price of N1.05/share.

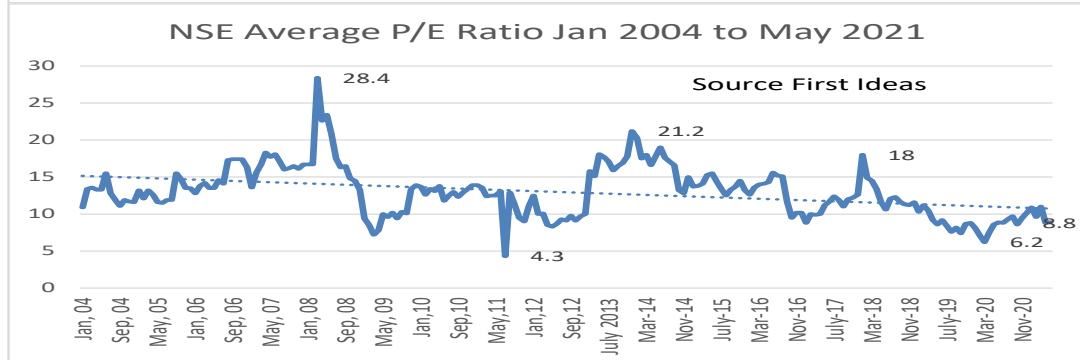
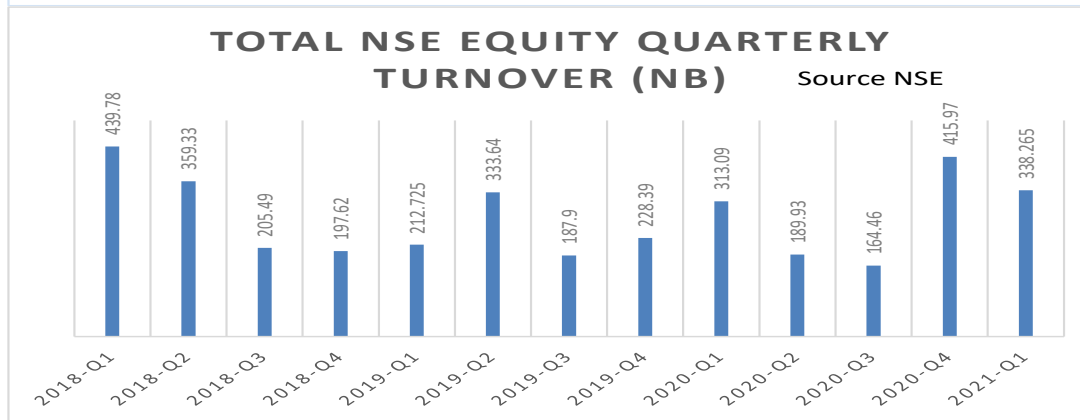
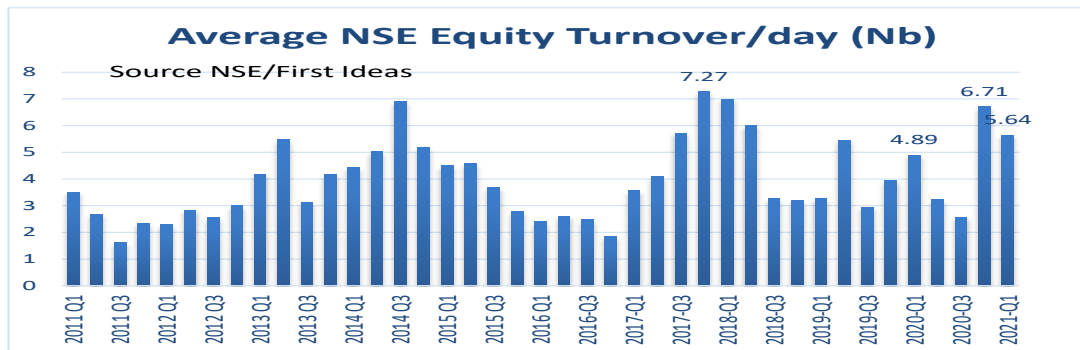
Other developments in the first quarter include:

- Union Diagnostics and Clinical Services Plc shareholders approval on 25th January 2021 of the bid by Cedar Advisory Partners to acquire 39.62% minority interest at 35 kobo per share. The transaction valued at N492.75 million represents transfer of control and will increase the holding of Cedar Advisory Partners to 59.65%.
- Court ordered meetings of 18th February 2021 to approve the merger of Chemical & Allied Products Nigeria Plc (CAPL) and Portland Paints and Products Plc (Portland). Shareholders of Portland will receive one share of CAPL for every eight shares held or cash consideration of N2.9/share representing 18% premium on the quoted price as at 31/12/20. The cash offer

represents 40% premium on the pre-announcement price of Portland on 23/10/20. Both companies are part of the UAC of Nigeria Group with common controlling shareholder. UAC Nigeria Plc owns 51% of CAPL and 86% of Portland pre-offer.

- SEC approval of consolidation and reverse share split of one for every four shares of Lasaco Assurance Plc. The scheme will reduce outstanding shares of the company from 7,334,343,420 to 1,833,585,855 and increase Net Asset/share.
- SEC and CAC approval of NSE demutualization and unbundling into a holding company and three operating subsidiaries in March 2021. The Group was quoted on the NASD OTC Securities Exchange on 13th April 2021
- Major secondary market acquisitions by foreign controlling shareholders in domestic quoted subsidiaries include:
 1. Acquisition of 1,903,609,538 ordinary shares of Champion Breweries Plc representing 24% holding by Raysun Nigeria Limited (subsidiary of Heinekens Group) at N2.6/share. The transaction valued at N4.95 billion represents 206% premium on the company’s quoted price of 85 kobo per share and increased the holding of Heinekens Group from 60% to 84.5%.
 2. Acquisition of 3,422,665 shares of Nestle Nigeria Plc by Nestle SA valued at N4.65 billion. This followed the acquisition of 2.71 million shares in H2 2020.





NSE ALL SHARE INDEX QUARTERLY PERFORMANCE

Date	31.12.19	Q1 2020	Q2 2020	Q3 2020	Q4 2020	31.12.20	Q1 2021
	Year					Year	
ASI	26,842.07	21,300.47	24,479.22	26,831.76	40,270.72	40,270.72	39,799.89
Growth	-14.6%	-20.6%	+14.92%	+9.61%	+50.09%	+50.03%	-1.17%

Average Dividend Yield as at 31/3/21 (First Ideas Index): 4.6%

Average P/E Ratio (weighted) as at 30/9/20: 23.94

2021 Prospective P/E Ratio (First Ideas Index un-weighted) as at 31/3/21: 11.0

Market Capitalization (Equity) as at 31/12/20: N21.06 trillion (USD51.33 billion)

Equities Daily Average Turnover in Q1 2021: N5.64 billion (USD13.84 million)

Currency Exchange rate (I&E) as at 31/3/21: N407.63/USD.

Trading days Q1 2021: 60

The Nigerian Stock Market reverted to a bear market in the first quarter with the NSE All Share Index (ASI) declining by -1.17%. This was against the record growth of +50.03% in Q4 2020. Performance of comparable indices in the period ended April 7th, 2021, was as follows:

- South Africa JSE-AS Index in local currency: +7.2%
- Morgan Stanley Emerging Market Index: +3.7%

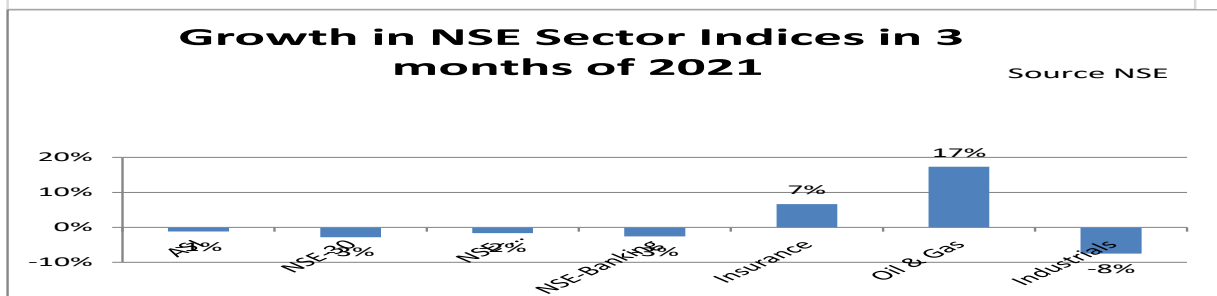
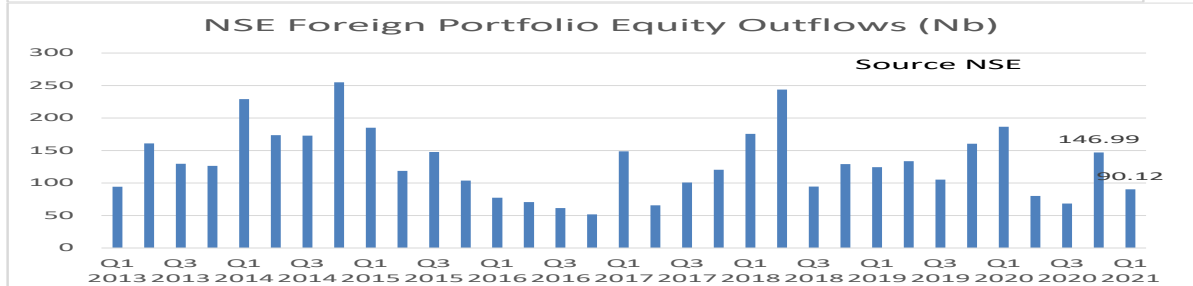
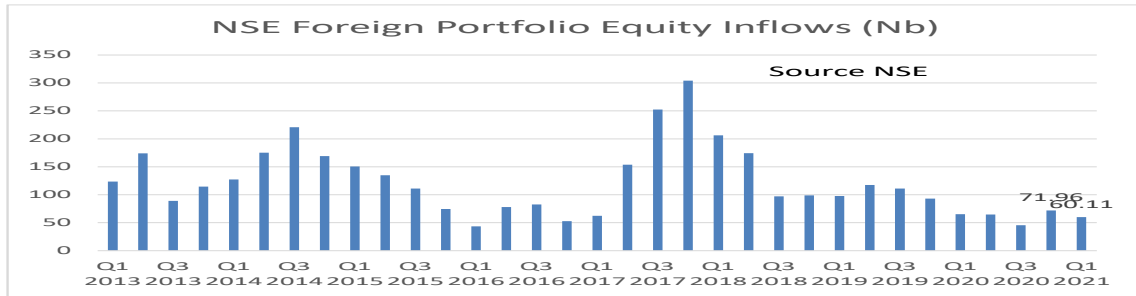
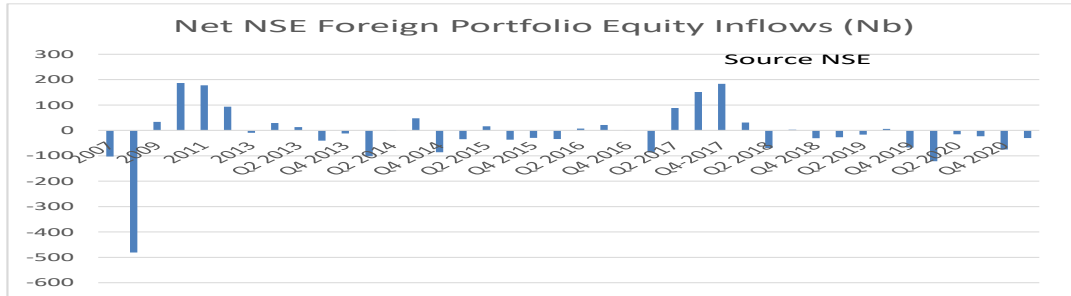
The negative market trend has been attributed to the recovery of yields on fixed income securities and persisting negative investors sentiments arising from heightened insecurity. Domestic Institutional and Retail equity investments on the NSE declined by -34% and -10% respectively in Q1 2021. Foreign Portfolio Equity Inflows on the NSE also declined by -16% during the quarter resulting in net outflow of -N30 billion.

Total Equity Turnover on the NSE declined by -19% from N416 billion in Q4 2020 to N338 billion in Q1 2021 while average Turnover/day declined from N6.71 billion to N5.64 billion.

The performance of the NSE Sector Indices during the quarter was mixed. Oil & Gas and Insurance Sector Indices recorded positive growth of +17% and +7% respectively while other major sector indices declined with the worst performance by the Industrials Sector Index of -8%. The decline recorded in the Industrial Sector was principally attributable to correction in the share price of Dangote Cement Plc following the +71% Share Buyback runup in Q4 2020.

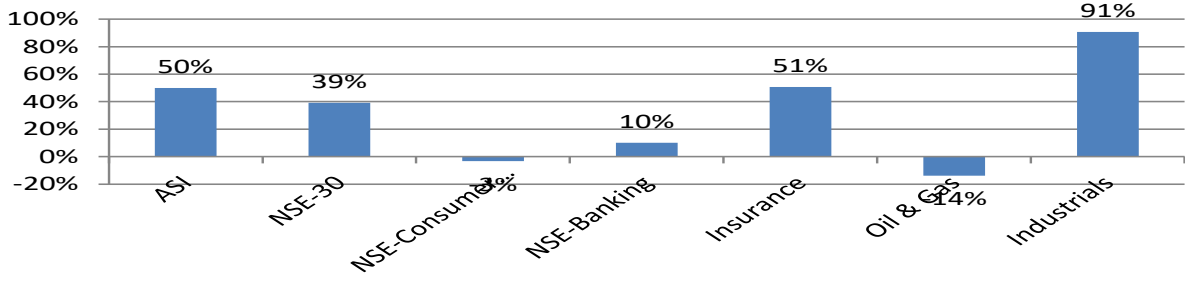
The leading sectors in our First Ideas Limited Index ranking in Q1 2021 are Breweries, Construction, and Insurance with average capital appreciation of +20%, +12% and +8% respectively. The worst performance was by the Banking and Cement sectors with average capital appreciation of -6% and -4% respectively.

We expect a slow upturn in the second half driven by continuing crude oil revenue powered recovery of the Nigerian economy, strong half year earnings of major corporates, positive corporate action by tier 1 Banks and the reinstated Share Buyback program of Dangote Cement Plc.



Growth in NSE Sector Indices in 12 months of 2020

Source NSE



Average Prospective P/E Ratio by Sector	
31/3/21	
Sector	P/E
Banking	4.3
Insurance	4.9
Conglomerate	12.1
Agriculture	12.4
Paint	12.8
Petroleum Marketing	13.6
Food	14.2
Pharmaceuticals	16.4
Cement	19.7
Telecomm	23.5
Breweries	52.2
Construction	NM
Average Dividend Yield by Sector	
31/3/21	
Sector	Yield
Construction	10.0%
Pharmaceuticals	7.8%
Banking	6.8%
Paint	5.2%
Food	5.1%
Cement	4.9%
Conglomerate	4.4%
Petroleum Marketing	3.8%
Agriculture	3.6%
Insurance	3.5%
Telecomm	3.5%
Breweries	1.9%
Profit Growth of select sectors	
Year ended 31/12/20	
Insurance	59%
Cement	51%
Conglomerates	47%
Agriculture	31%
Pharmaceuticals	19%
Food	14%
Banking*	5%
Telecom	-4%
Breweries	-41%
Petroleum Marketing	-43%
Paint	-49%
Note * Reports published as at 31/4/21	

BANKING RATIOS AS AT 31ST DECEMBER 2020														
S/N	BANK	Total Assets	Gross Earnings	PBT	PAT	Equity	COST/INCOME*	COR	CAR***	ROA (pre tax)	ROE (after tax)	MARKET-BOOK RATIO**	NPL ***	Securities/Risk Assets
		31/12/20	12 months	12 months	12 months	31/12/20								
		N mil	N mil	N mil	N mil	N il	%	%	%	%	%	Times	%	%
Tier 1 Banks (Total assets above N3 trillion)														
1	Zenith Bank Plc	8,481,272	696,450	255,861	230,374	1,116,499	50%	1.4%	20.0%	3.0%	21%	0.6	6.6%	42%
2	GTBank Plc	4,944,653	455,230	238,095	199,609	798,615	42%	1.1%	23.7%	4.8%	25%	1.2	5.9%	39%
3	First Bank of Nigeria Plc	7,689,028	579,429	83,703	87,986	756,086	70%	2.2%	16.0%	1.1%	10%	0.3	7.7%	34%
4	Access Bank Plc	8,679,748	764,717	125,922	106,010	743,703	58%	1.9%	15.9%	1.5%	14%	0.4	3.7%	33%
5	UBA	7,697,980	576,453	131,860	109,327	695,068	62%	1.0%	20.0%	1.7%	16%	0.3	2.3%	51%
Tier 2 Banks (Total assets between N1 trillion and N3 trillion)														
6	Stanbic IBTC bank Plc	2,486,306	234,446	94,717	80,939	371,023	47%	1.5%	19.4%	3.8%	22%	1.5	1.5%	55%
7	Fidelity	2,758,148	206,204	28,054	26,650	273,533	57%	1.3%	18.2%	1.0%	10%	0.3	3.7%	23%
8	Union	2,191,026	160,292	25,974	18,672	257,638	80%	0.0%	15.8%	1.2%	7%	0.6	4.0%	34%
9	FCMB Plc	2,058,393	199,439	21,912	19,420	226,741	71%	2.6%	15.8%	1.1%	9%	0.3	3.3%	33%
10	Sterling Bank Plc	1,299,075	138,897	12,372	11,242	135,753	78%	1.3%	18.0%	1.0%	8%	0.4	1.9%	29%
Average (Industry)							62%	1.4%	18%	2%	14%	0.6	4%	37%
Average Tier 1 banks							56%	1.5%	19%	2%	17%	0.6	5%	40%
Average Tier 2 banks							67%	1.3%	17%	2%	11%	0.6	3%	35%
Note														
* Income adjusted to exclude non-recurring and exceptional income														
** Market price as at 31/3/21														
*** increased CAR of Sterling reflects sale of N19.5 billion loan assets to Cambridge Springs Investment Limited in Q4 2020 representing 3% of gross loans.														
NA: Not available														
COR: Cost of Risk														
NPL : Non Performing Loan ratio														
Ranking by net asset value														

RANKING OF SECTORS BY CAPITAL APPRECIATION				
Quarter ended	Year ended		Sector	Capital Appreciation
31/3/21	31/12/20			
	1	12	Breweries	20%
	2	7	Construction	12%
	3	10	Insurance	8%
	4	8	Paint	6%
	5	11	Conglomerates	4%
	6	1	Telecomm	2%
	7	9	Petroleum Marketing	2%
	8	2	Pharmaceuticals	0%
	9	4	Agriculture	0%
	10	5	Food/Beverages	-2%
	11	3	Cement	-4%
	12	6	Banking	-6%

Structure of Commercial Banks Deposits (N millions)										
	3/31/2018	6/30/2018	9/30/18	12/31/2018	3/31/2019	6/30/19	9/30/19	12/31/19	Percentage	Growth Q4 2019
Private Sector and States demand deposits	6,585,747	6,210,238	6,318,277	6,724,353	6,434,455	6,439,537	6,466,061	6,964,259	28%	8%
Private Sector/States Time and Savings	8,824,386	9,293,989	9,547,554	11,046,541	11,266,837	11,450,878	11,067,780	12,185,722	48%	10%
Federal Govt Naira deposits	95,577	126,275	82,509	86,409	97,688	113,631	130,811	122,332	0%	-6%
FX/Domiciliary accounts	4,566,060	4,818,905	5,048,023	5,574,730	5,912,494	6,320,363	6,151,318	5,911,673	23%	-4%
Total Deposits	20,071,770	20,449,407	20,996,364	23,432,032	23,711,474	24,324,408	23,815,971	25,183,986	100%	6%

Structure of Pension Fund Investments (N millions)														
	3/31/2020	6/30/2020	9/30/2020**	12/31/2020	3/31/2021	Percentage	Growth Q1 2021	Prudential Max Limits	New Limits (Min-Max)					
									Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6
Domestic ordinary shares	442,370	524,766	585,770	858,465	841,798	7%	-2%	25%	17.5%-30%	7.5%-25%	5%-10%	0%-5%	0%-5%	0%-25%
Foreign ordinary shares	59,422	70,851	76,460	92,919	97,005	1%	4%							
Private Equity/Infrastructure	86,226	88,808	89,030	99,666	100,814	1%	1%	5%	2.5%-10%	2.5%-5%	0.00%	0.00%	2.5%-10%	0%-20%
Open/Closed Funds	14,183	24,199	22,920	76,359	62,092	1%	-19%	20%	0%-25%*	0%-20%*	0%-10%	0%-5%		0%-20%
Govt Securities	7,172,675	7,608,597	7,703,200	8,267,272	8,615,736	70%	4%	80%	0%-70%	0%-85%	0%-100%	0%-100%	0%-75%	0%-85%
Corporate Bonds/Supra-National	652,790	750,917	671,790	837,781	620,572	5%	-26%	35%	0%-35%	0%-40%	0%-45%	0%-45%	0%-35%	0%-40%
Money Market instruments	1,606,094	1,630,130	2,026,630	1,706,158	1,684,049	14%	-1%	35%	0%-30%	0%-30%	0%-35%	0%-35%	0%-60%	0%-30%
Real Estate/REIT	228,256	234,142	229,780	244,736	241,886	2%	-1%	5%	0%-10%*	0%-5%*				
Others/cash	65,512	153,384	162,210	122,797	76,008	1%	-38%							
Total	10,327,468	11,085,794	11,567,790	12,306,153	12,339,960	100%	0%							

Note * Minimum for private equity includes open/closed end funds and Real estate.

**56% of RSA Funds in Fund 2 and 33% in Fund 3