

FIRST IDEAS CAPITAL MARKET REPORT

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KEY ECONOMIC INDICATORS

THE ECONOMY

NIGERIA KEY ECONOMIC INDICATORS														
	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	30/6/21	30/9/21	31/12/21	31/3/22	Change
Bonny Light Crude Oil Prices (USD/B)quarter average	64.75	71.32	64.25	64.87	52.51	26.75	43.29	44.01	61.04	70.47	73.87	80.43	106.29	32%
Average Crude Oil production quarter ended (mb/d)	1.99	2.02	2.04	2	2.07	1.81	1.67	1.56	1.72	1.61	1.57	1.5	1.49	-1%
Real GDP growth Quarter ended	2.10%	1.94%	2.28%	2.55%	1.87%	-6.10%	-3.62%	0.11%	0.51%	5.01%	4.03%	3.98%	3.11%	-0.9%
Industry capacity quarter ended					48.89	39.09%	43.52%	43.93	44.34	45.07	55.9	55.1		
External reserves (USD billion)*	44.74	44.75	40.90	38.06	33.69	35.78	35.67	36.46	35.138	32.99	41.57	36.4	39.28	8%
Exchange Rate (N/USD)	306.95	306.9	307	307	361	361	380	380	380	411.28	410.8	413.49	416.25	-1%
Net inflow of forex through CBN(USD billion)	1.40	3.80	-3.70	-2.30	-2.60	-4.40	-0.02	0.30	-1.20	-2.40	8.85	-1.40		
Forex sales(WDAS and BDC) quarter ended(USD billion)	10.66	7.37	10.13	9.98	13.7	4.5	4.37	5.62	5.3	6	5.346	5.2		
I&E Fx interventon(USD billion)	0.83	0.08	2.02	2.62	0.6	0.48	0.39	1.6	0.8	1	0.796	1.9		
Headline Inflation Month ended	11.25%	11.22%	11.24%	11.98%	12.26%	12.56%	13.71%	15.75%	18.17%	17.75%	16.63%	15.63%	15.92%	0.3%
MPR	13.5%	13.5%	13.5%	13.5%	13.5%	12.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	0.0%
91 days treasury bill yield	10.56%	11.63%	12.68%	4.52%	3.28%	1.94%	1.10%	0.35%	2.43%	4.96%	3.90%	3.13%	2.68%	-0.5%
Interbank Call Rate Month ended	11.50%	8.38%	11.61%	3.32%	10.29%	5.75%	2.00%	1.25%	10.10%	16.57%	13.00%	0.00%	11.33%	11.3%
30 days NIBOR rate	12.20%	11.61%	13.25%	10.79%	14.71%	5.15%	2.38%	0.38%	5.44%	15.36%	15.03%	9.63%	1.99%	-7.6%
FGN 10 years bond Yield	14.36%	14.50%	14.43%	12.00%	12.60%	9.76%	7.69%	7.26%	11.50%	13.50%	12.02%	12.60%	10.87%	-1.7%
Prime Lending Rate(quarter average)	16.05%	15.80%	15.33%	14.99%	14.71%	15.10%	11.80%	11.42%	11.20%	11.40%	11.64%	11.68%	11.77%	0.1%
Credit growth to private sector quarter ended	5.70%	3.20%	2.90%	4.80%	5.80%	3.30%	1.90%	1.50%	3.60%	4.50%	4.00%	3.70%	3.30%	-0.4%
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	8406	3,624	6,203	1,303	1,811.99		1,700.46	136.13						
CBN Standing Deposit Facilities accepted (SDF) Nbillion	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.)	1,292	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 Equites (USDm)	247	223	203	250	214	149	415	249	155	78	108	358	155	-57%
Foreign Portfolio Investments(Equities) (USDm)	656	498	386	354	640	53	44	18	27	85	57	38	32	-16%
Foreign Portfolio Investments (Bonds) (USDm)	567	316	92	47	231	-	-	-	139	15	365	46	310	575%
Foreign Portfolio Investments (Money Mkt.)(USDm)	5,883	3,535	2,550	1,483	3,439	332	363	17	809	452	796	559	616	10%
Foreign Other Investments (Loans/Trade Credit/Others)	1,156	1,480	2,397	1,669	1331.06	761.04	639.44	785.8	783.19	246	406	1,187	461	-61%
Total Foreign Portfolio Investments (USDm)	7,106	4,349	3,027	1,884	4,309	385	407	35	974	551	1,217	643	958	49%
Total Foreign Investment Inflows (USDm)	8,508	6,052	5,627	3,802	5,855	1,295	1,461	1,070	1,912	876	1,731	2,187	1,573	-28%
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 2022

- Nigeria's economy recorded Real GDP growth of 3.11% in Q1 2022 as against 3.98% in Q4 2021 attributable principally to growth in Non-Oil GDP.

- *Publication of International Monetary Fund (IMF) Nigeria Report of January 2022 raising concerns on the country's increasing Government Fiscal Deficit estimated at 5.9% of GDP in 2021 and Federal Government Interest to Revenue Ratio projected to rise from 86% in 2021 to 93% in 2022.*
- *Extension of concessionary interest rate of 5% on intervention loans by the Central Bank of Nigeria (CBN) for one more year to March 1, 2023.*
- *Introduction of RT 200 Fx Program by the CBN to increase Non-Oil Exports repatriated to USD200 billion in three to five years.*
- *Submission of Federal Government of Nigeria (FGN) 2022 Supplementary Budget of N2.557 trillion by the President to the National Assembly on 15th February 2022 to fund additional Petroleum Subsidy. The amount was further reviewed of N3.522 trillion on 7th April 2022 increasing 2022 FGN Budget Deficit to N7.35 trillion.*
- *Rise in crude oil prices to 9 years high of USD118/barrel on 2nd March 2022 following imposition of sanctions on Russia by the West and OPEC+ decision to retain the monthly production increase of 400,000 barrels/day.*
- *Successful placing on 17th March 2022 of Nigeria's USD1.25 billion 7 years Eurobond issue at yield of 8.375%.*

Nigeria's Real GDP grew by 3.11% in Q1 2022 sustaining the recovery trend over the last five quarters. The positive year on year growth recorded during the quarter was attributable to growth in Non-Oil Real GDP. Non-Oil Real GDP recorded year on year growth of 6.08% while Oil Real GDP declined by -26.04% compared to same period in 2021. Quarter on quarter Oil Real GDP growth was however positive and increased by 9.1%.

All major non-Oil sectors recorded positive year on year growth led by Telecommunications, Trade and Manufacturing sectors with growth rates of 14.5%, 6.5% and 5.9% respectively.

Sector	Q1 2022 Real GDP Growth
Telecommunications	+14.5%
Trade	+6.5
Manufacturing	+5.9%
Real Estate/Construction	+4.6%
Agriculture	+3.2%

International crude oil prices rose significantly in the first quarter of 2022 with Brent crude price recording 9 years high of USD118/barrel on 2nd March 2022. This followed the imposition of sanctions on Russia by

the West for the incursion in Ukraine. Russia is one of the largest exporters of crude oil in the World. Price of Nigeria's Bonny Light Crude increased by 46% from USD76.25/barrel on 31/12/21 to USD111.51/barrel on 31/3/22. Average price of Nigeria's Bonny Light Crude increased by 32% from USD80.43/barrel in Q4 2021 to USD106.29/barrel in Q1 2022. This trend has continued in the second quarter with crude oil prices expected to remain above USD100/barrel for the rest of the year. IMF revised its 2022 average crude oil price projection from USD65.9/barrel in its January 2022 World Economic Outlook (WEO) to USD106.83/barrel in its April WEO with the continuation of the war in Ukraine.

Nigeria's crude oil production however declined from an average of 1.5 million barrels per day (mbpd) in Q4 2021 to 1.49 mbpd in Q1 2022 remaining significantly below its OPEC quota and 2022 budget estimates of 1.88 mbpd. Nigeria's crude oil revenues increased by 32% despite the marginal decline in production. The expected boost to Nigeria's Government fiscal balances and the Economy has remained muted due to increased spending on petroleum subsidy.

Nigeria's Trade Balance turned positive during the quarter following two consecutive quarters of negative balances. This was attributable to the 23% increase in Export Revenues and marginal decline of -1% in imports. Nigerian Foreign Investment Inflows however declined by -28% from USD2.187 billion in Q4 2021 to USD1.573 billion in Q1 2022. This was attributable to the -57% decline in Foreign Direct Investments and -16% decline in Foreign Equity Portfolio Investments during the period.

Nigeria's External Reserves increased by 8%, from USD36.4 billion on 31/12/21 to USD39.28 billion on 31/3/22. This was attributable to the increase in Oil & Gas Export Revenues and USD1.25 billion Eurobond borrowing during the period.

Naira Exchange Rate appreciated marginally on the Investors & Exports market (NAFEX rate) but depreciated on the parallel cash market. NAFEX rate appreciated by 4% from N435/USD on 31/12/21 to N416/USD on 31/3/22 while parallel market rate depreciated by -4% from N565/USD to N587/USD in the same period. The widening gap between the official NAFEX rate and the parallel market rate remains a major concern and reflects largely unsatisfied demand for forex at the official window and highlights the need for significant policy reforms.

Nigeria's Inflation rates increased in the first quarter of 2022 arising partly from the impact of the conflict in Ukraine and Western sanctions on Russia. Headline Inflation increased from 15.63% in December 2021 to 15.92% in March 2022. This was driven principally by the increase in Core Inflation from 13.87% in December 2021 to 13.91% in March 2022. The rise in Core Inflation (All items less Farm Produce) has been attributed to increase in energy cost of diesel and electricity. This trend has continued in the second quarter with the sharp rise in Headline Inflation to 16.82% in April 2022 reflecting sharp increases in Food and Core Inflation to 18.37% and 14.1% respectively. The outlook for Inflation during the year is elevated and expected to worsen. IMF revised its forecast of Nigeria's 2022 average Inflation Rate in its April 2022 WEO from 14.3% to 16.1%.

Credit Growth to the Private Sector in Nigeria remained strong but declined marginally from 3.7% in Q4 2021 to 3.3% in Q1 2022. This was attributable to sustained disbursements of CBN intervention funds which increased from N321 billion in November-December 2021 to N560.6 billion in January-February 2022. Breakdown of disbursements of CBN intervention funds are set out below:

Disbursements under CBN Intervention Funds between September and February 2022				
	Sep-Oct 21	Nov-Dec 21	Jan-Feb 22	
Facility	Amount (N bil)	Amount (N bil)	Amount (N bil)	Total
Anchor Borrowers Program	43.19	75.996	29.67	975.61
Targeted Credit Facility	363.49	20.29	21.66	390.45
Real Sector Facility			428.31	1750
100 for 100 Policy			29.51	29.51
AGSMEIS	134.63	151.23		285.86
Commercial Agriculture Credit Scheme (CACS)	5.88	1.76	19.15	735.7
Wheat program	41.2			41.2
Manufacturing interventions	261.92			261.92
Healthcare Support Intervention Fund	5.39	0.498	8.5	116.72
Health Sector Development Grant			0.0147	0.0147
National Mass Metering Program	56.35	47.83		104.18
Nigerian Bulk Electricity Trading Payment Assurance Facility	27.03	20.58	11.11	1280
Nigerian Electricity Stabilization Facility 2	37.69		12.64	232.93
Auto-Gas Conversion Programme	39	3		42
Tertiary Institutions Entrepreneurship Scheme (TIES)		0.293		0.293
	1,015.77	321.48	560.56	1,897.81

Other Recent Developments

Publication of IMF April 2022 World Economic Outlook Update

IMF published its April 2022 World Economic Outlook Update (WEO) on 24th May 2022 against the background of the war in Ukraine and Russian sanctions related tightening of global financial conditions, lowered risk appetite, induced flight to quality, intensified supply disruptions and rising inflation and interest rates. 2022 Global Growth Forecast was revised down from 4.9% in January 2022 WEO to 3.6% in April 2022 WEO. Nigeria's 2022 GDP Growth Forecast was however revised upwards from 2.7% to 3.4% in

the April WEO reflecting higher crude oil price assumptions. IMF revised 2022 average price of crude oil from USD62.9/barrel in January 2022 WEO to USD106.83/barrel representing an increase of 70%.

OPEC upward review Nigeria's Oil Production Quota

OPEC revised upwards Nigeria's crude oil production quota for June 2022 at its meeting of 5th April 2022 from 1.735 mbpd to 1.772 mbpd. It also adjusted upwards the monthly aggregate increase of total OPEC production by 432,000 barrels/day. Nigeria's production has remained below its quota because of technical difficulties, pipeline vandalization and diversion with average production declining from 1.5 mbpd in Q4 2021 to 1.49 mbpd in Q1 2022.

Revision of Federal Government of Nigeria 2022 Budget provision for Petroleum Subsidies.

Nigeria's President submitted revised estimates for 2022 Petroleum Subsidies to the National Assembly on 7th April 2022 increasing the provision from N3 trillion of February 15th 2022 to N4 trillion being second revision in three months. This represents a further increase of N965.42 billion in the 2022 Budget and increase in the Budget Deficit to N7.35 trillion representing 3.99% of GDP. The increase is to be funded from increase in domestic borrowings. The Revised Budget was approved by the National Assembly on 14th April 2022 reflecting the following adjustments to the 2022 Approved Budget:

- Increase in Budget Deficit from N6.39 trillion to N7.35 trillion.
- Increase in Oil Price benchmark from USD62/barrel to USD73/barrel.
- Reduction in Crude Oil Production benchmark from 1.88 mbpd to 1.6 mbpd.

2022 Recapitalization of Pension Fund Administrators

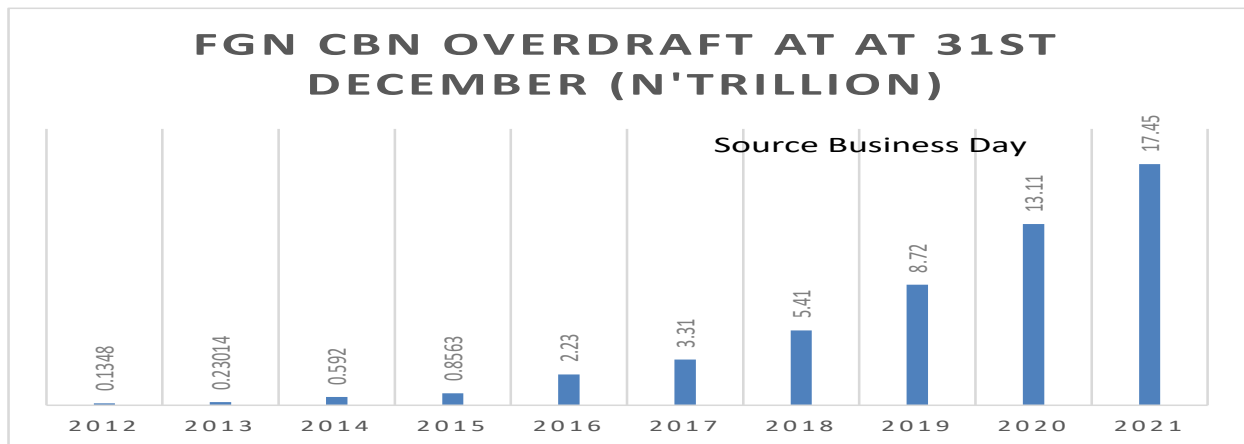
The Nigerian National Pension Commission (PENCOM) announced the successful recapitalization of all existing PFAs on 27th April 2022 having complied with the increase in capital from N1 billion to N5 billion as at expiry date of 27th April 2022. As part of this exercise, PENCOM approved the following mergers and acquisitions:

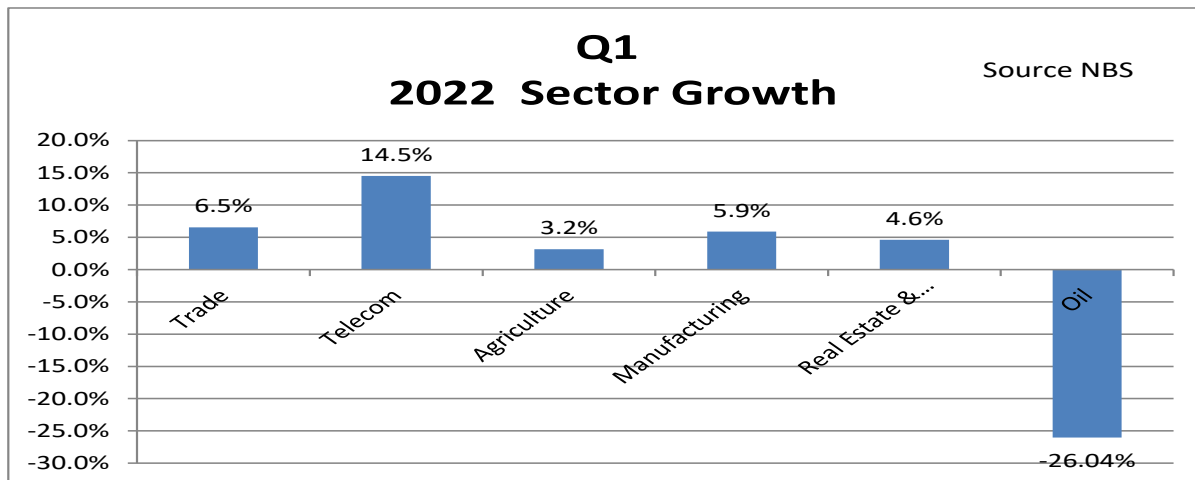
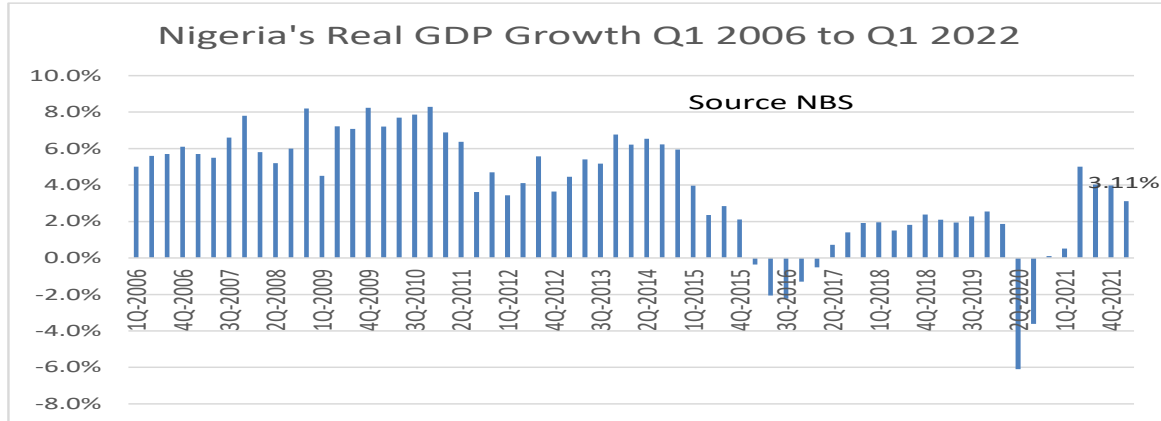
- Acquisition of AIICO Pension Managers Limited by FCMB Pension Limited.
- Merger between Tangerine Pensions Limited and APT Pension Fund Managers Limited and change of name to Tangerine APT Pensions Limited.
- Acquisition of IEI-Anchor Pension Managers Limited by Norrenberger Financial Services Group following its acquisition of International Energy Insurance Plc, the majority shareholder of the pension fund administrator.

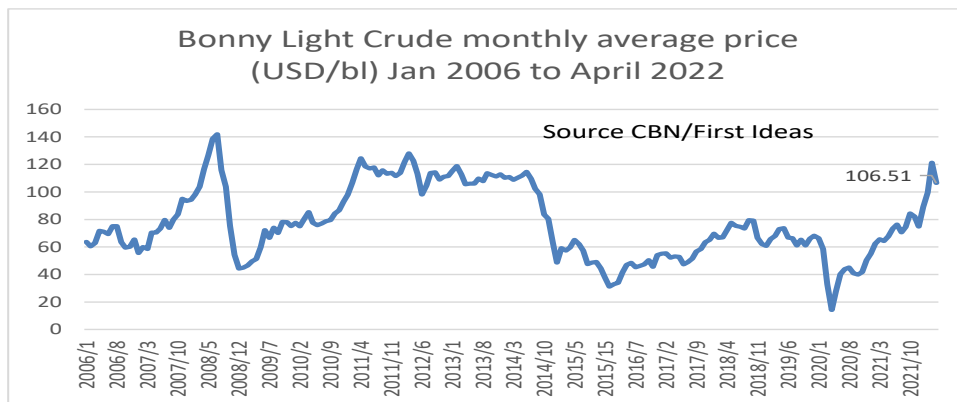
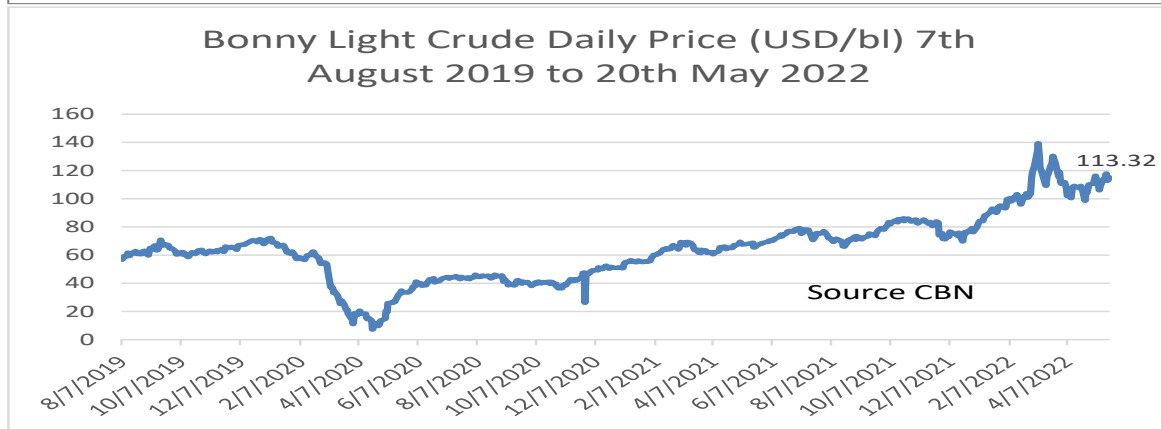
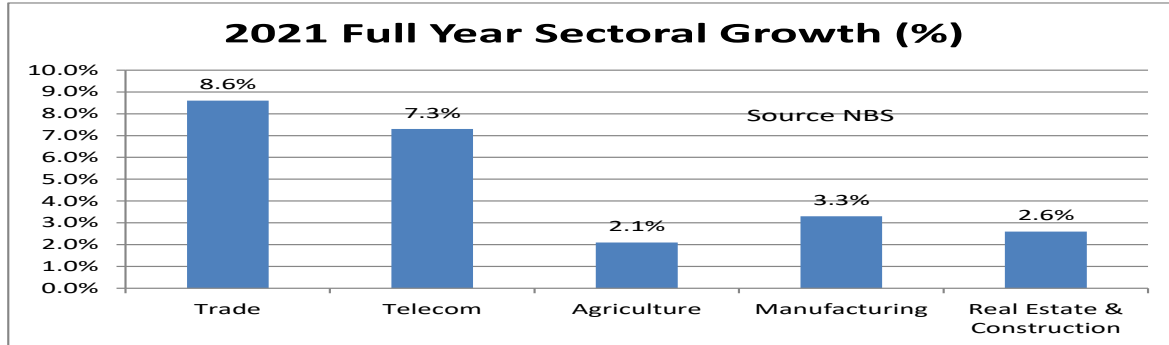
Access Holdings Plc announced on May 19th, 2022, the execution of a agreement to acquire majority interest in First Guarantee Pension Limited following receipt of clearance from regulators. This followed the divestment of the Pension Custodian subsidiary of Access Bank Plc to First Bank Custodian Limited.

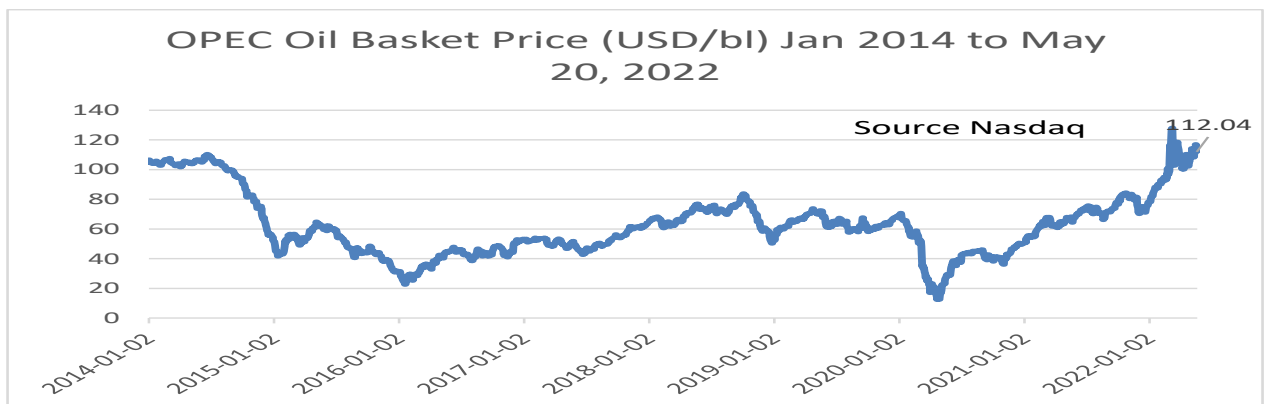
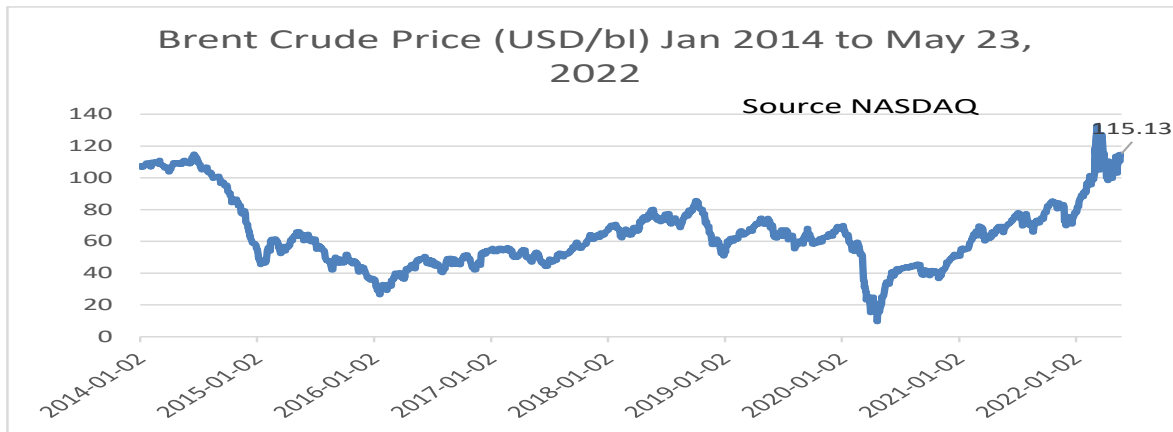
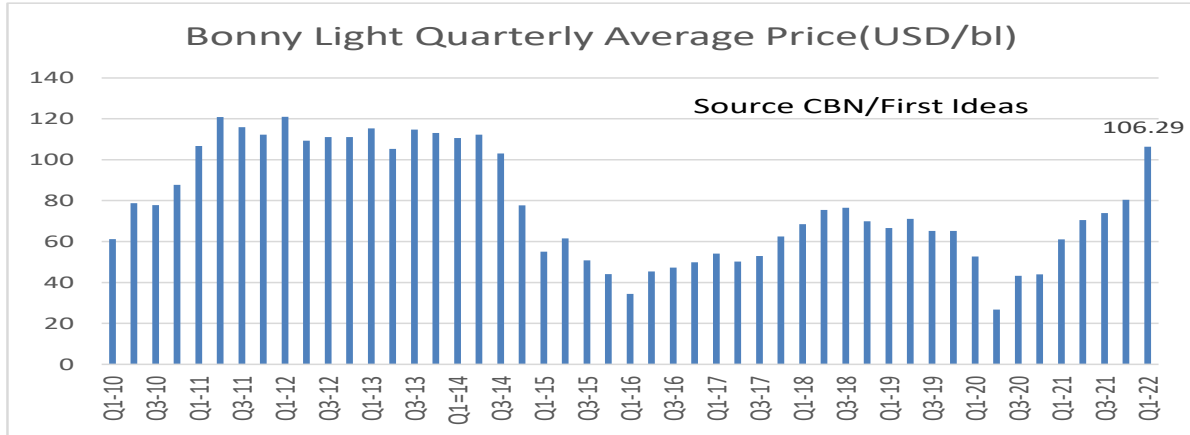
Increase in CBN Monetary Policy Rate to 13%

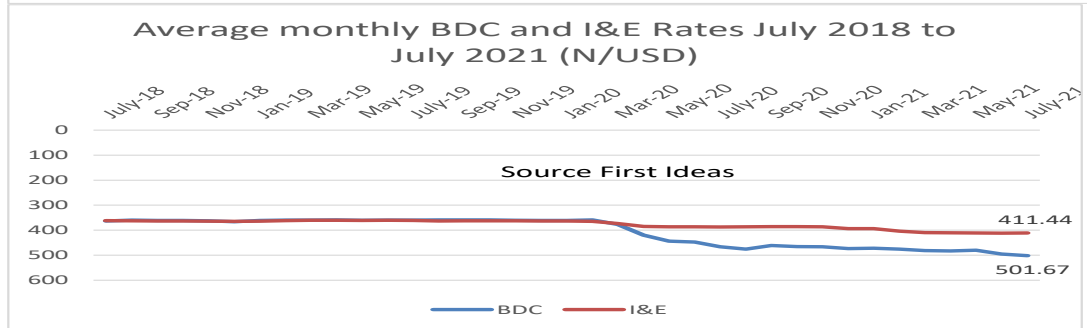
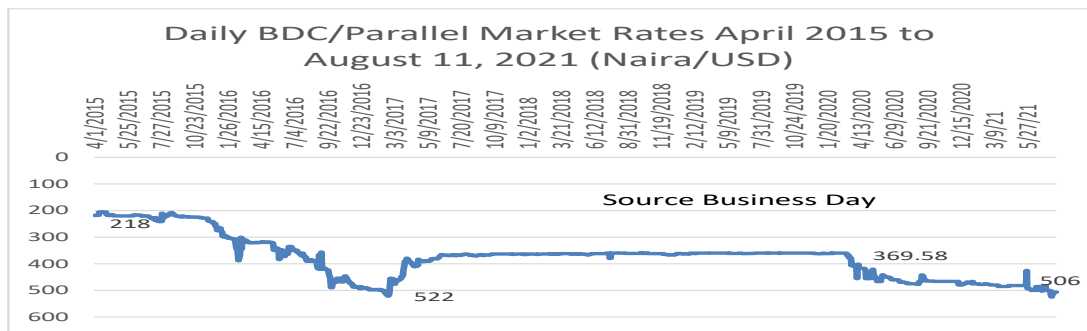
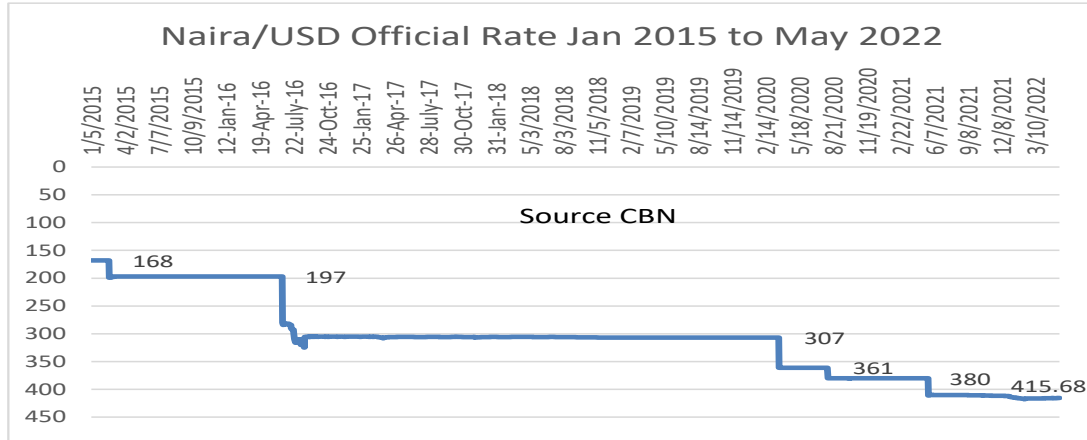
The Central Bank of Nigeria Monetary Policy Committee (MPC) increased the Monetary Policy Rate (MPR) on 24th May 2022 by 150 basis points to 13%. This was the first increase in about 6 years. The aggressive increase is intended to reduce the prevailing negative real interest rates, encourage domestic savings and investment, increase foreign portfolio inflows, reduce demand for forex and moderate inflationary pressures arising from Naira exchange rate depreciation. The immediate impact is to increase the CBN overnight lending rate under its Standing Lending Facilities from 12.5% to 14% and deposit rate under its Standing Deposit Facilities from 4.5% to 6%. The Minimum Savings Rate of banks will also increase from 1.15% to 1.3%. The increase in MPR will signal the need to reduce Government domestic borrowings which has increased significantly in recent years. FGN domestic borrowings from the Central Bank through Ways & Means Advances is estimated to have increased from N17.46 trillion as at 31st December 2021 to N19.01 trillion as at April 2022 representing about 387% of FGN 2021 Retained Revenue and way above statutory limit of 5% specified in the CBN Act 2007. The exceptionally large scale of monetary financing by the CBN is a major concern for the Nigerian economy with major inflationary implications.

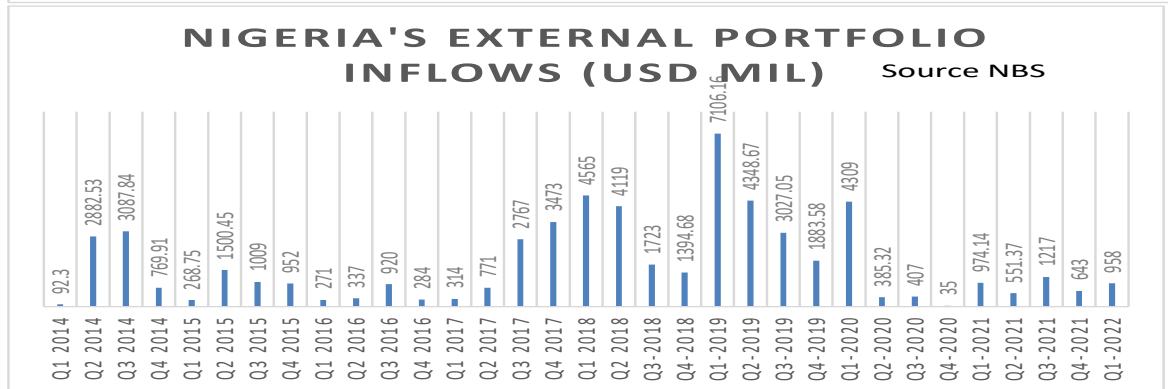
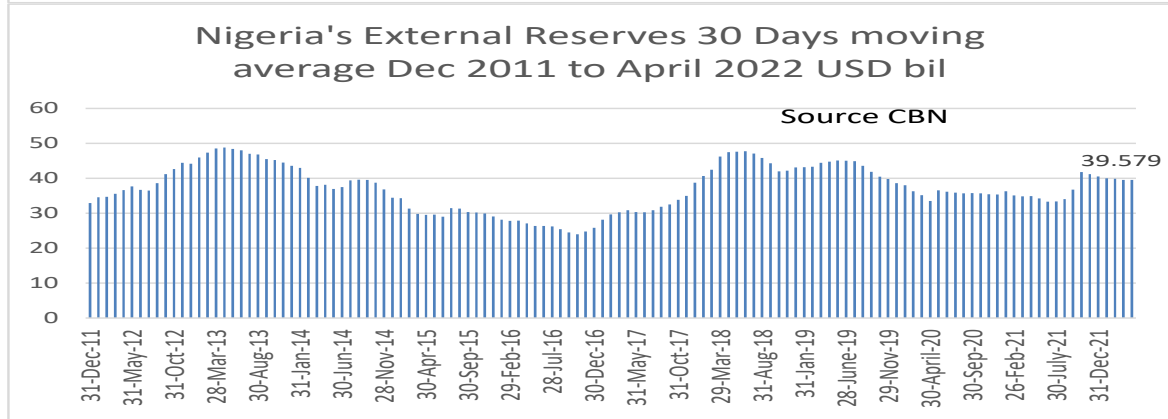
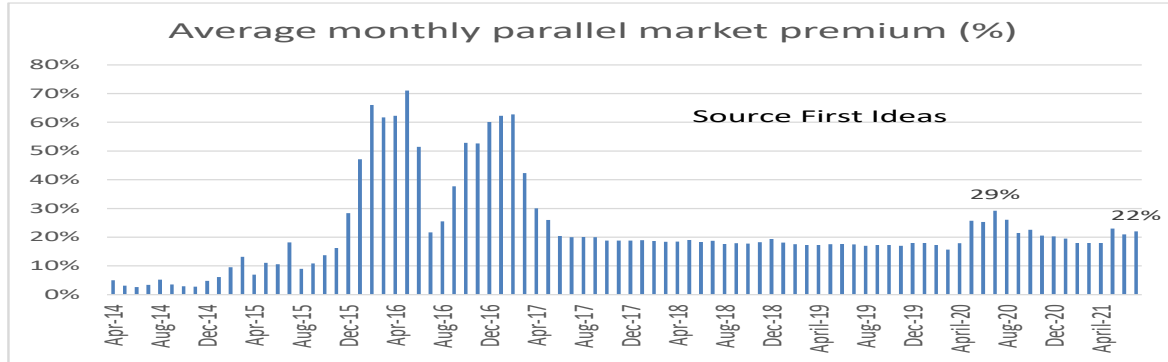


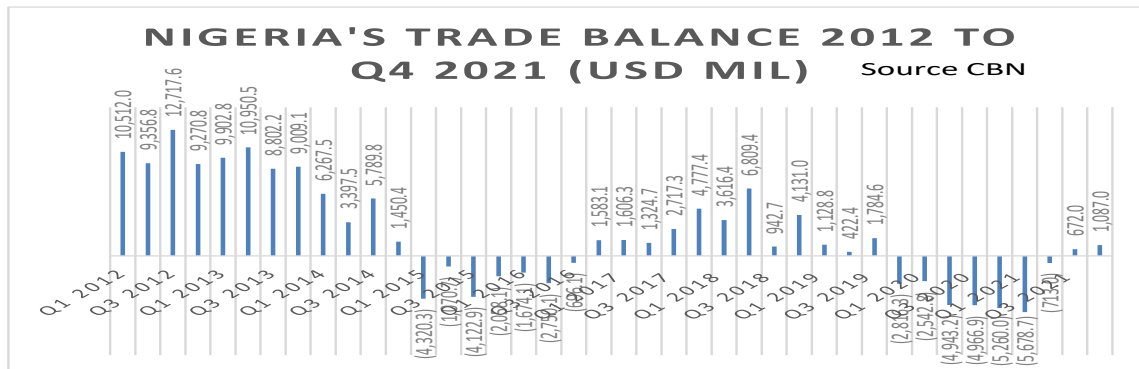
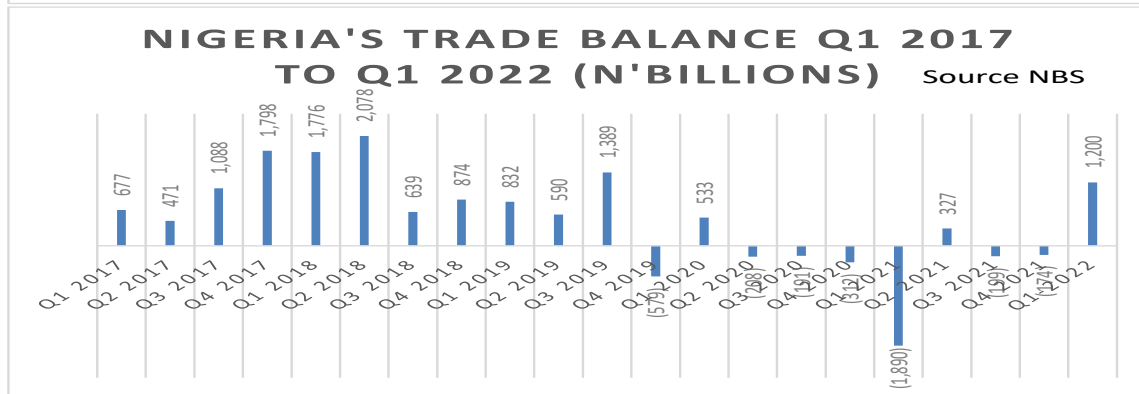
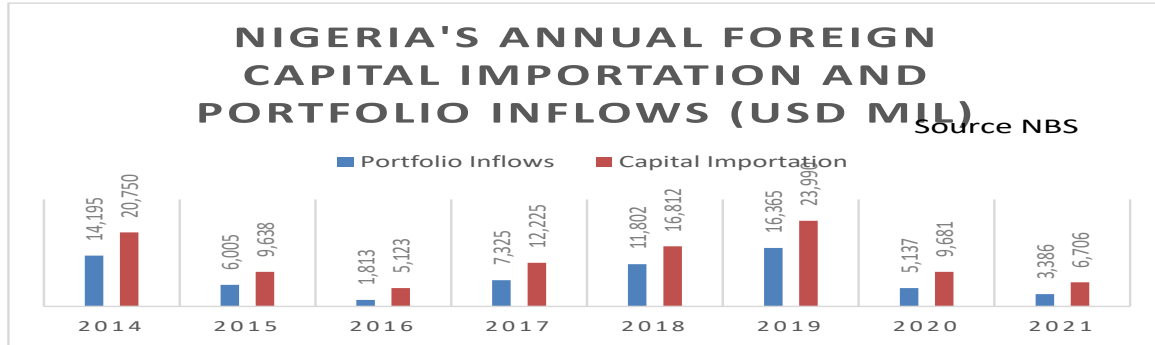


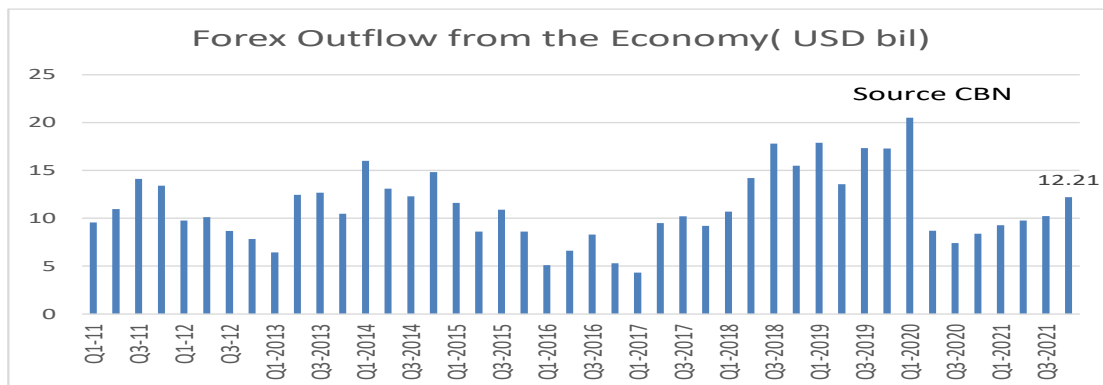
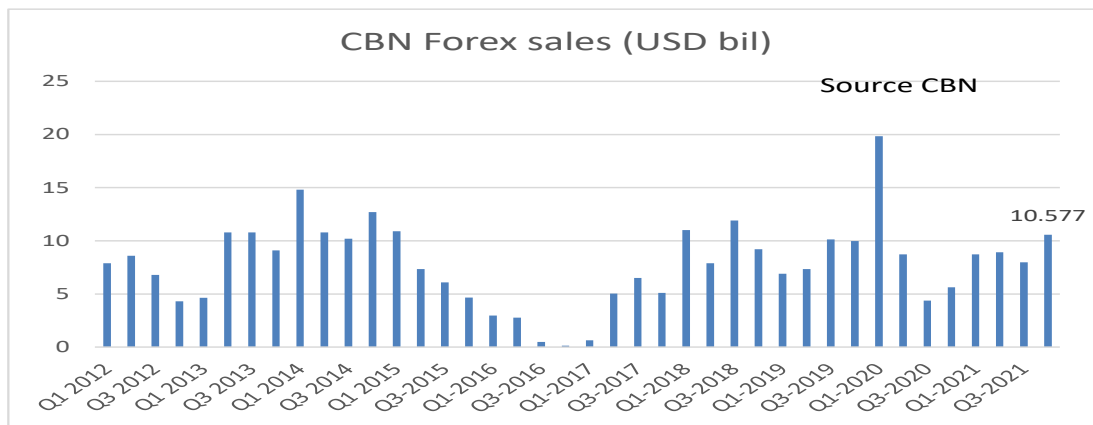
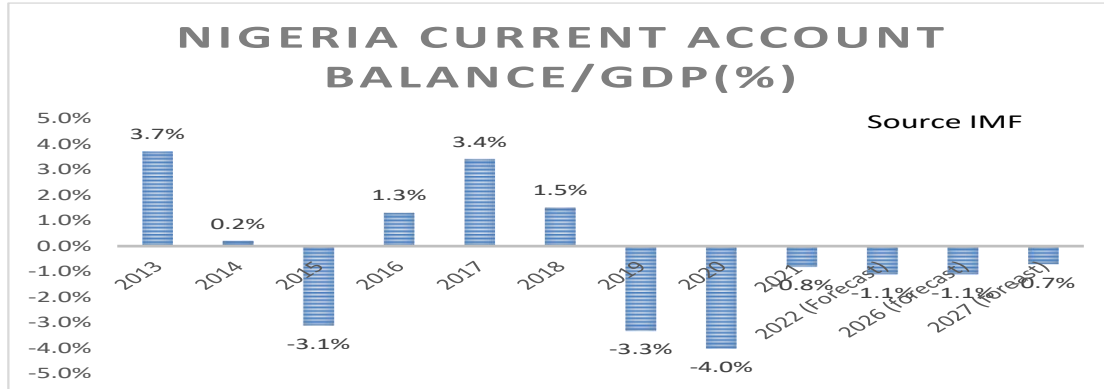


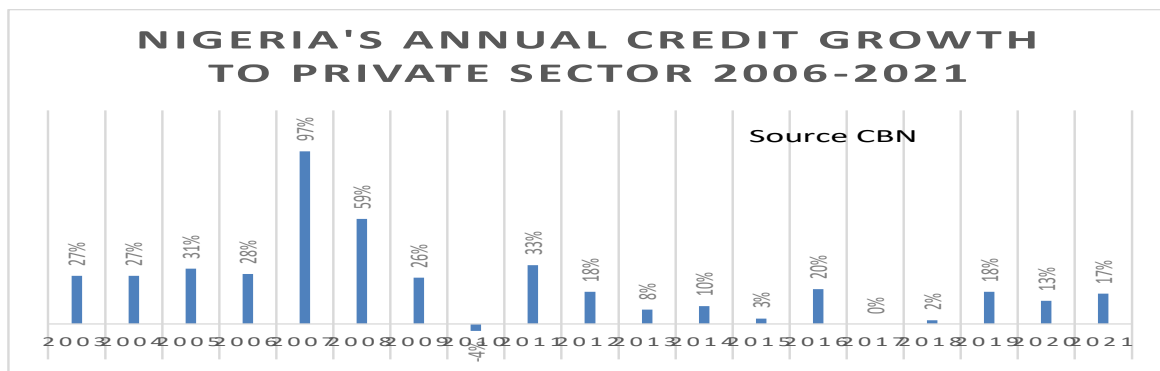
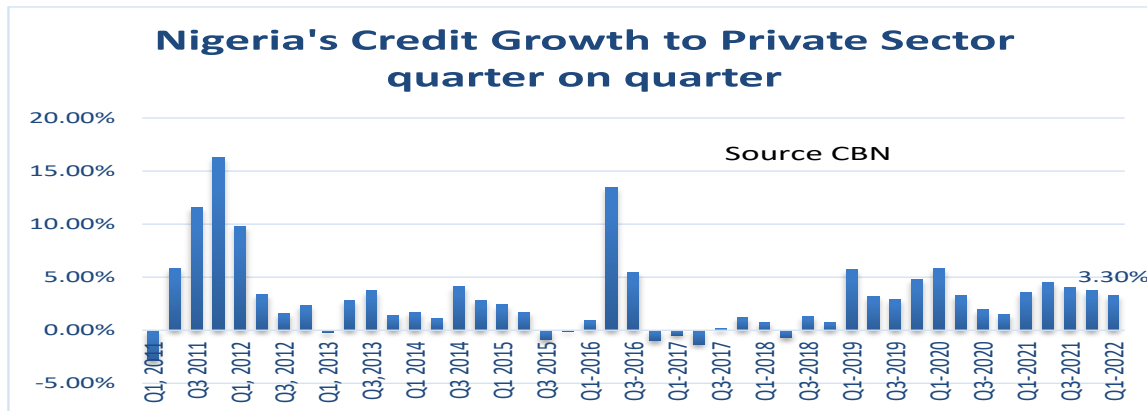
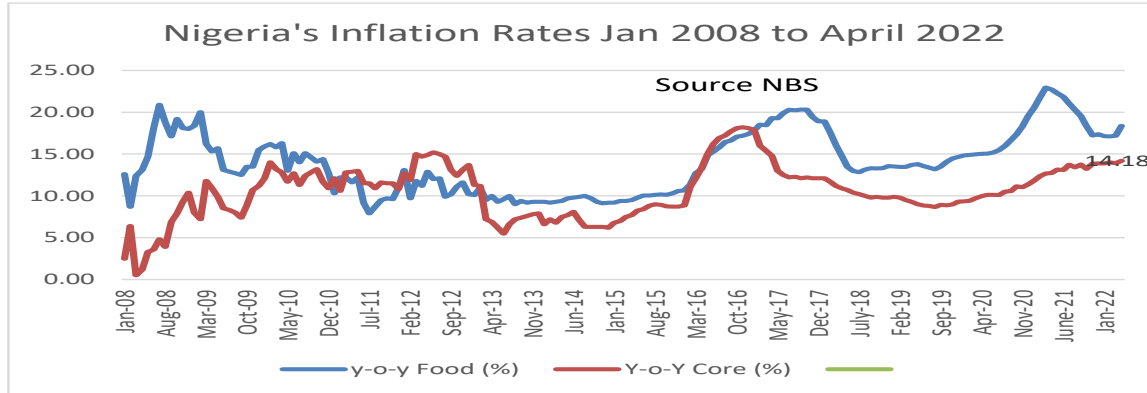


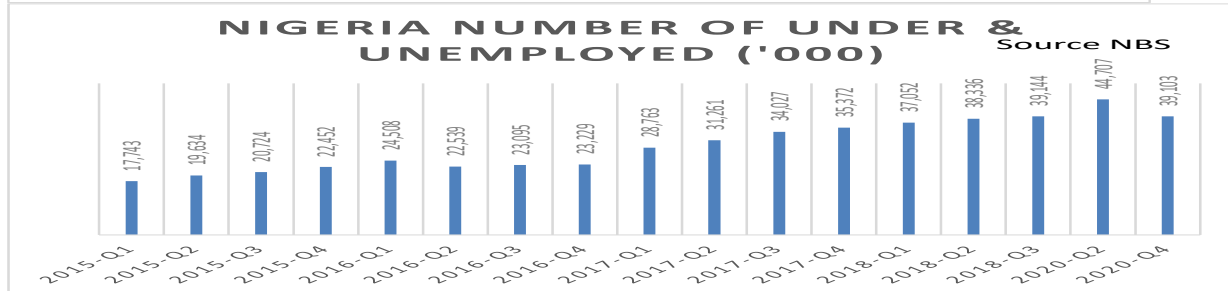
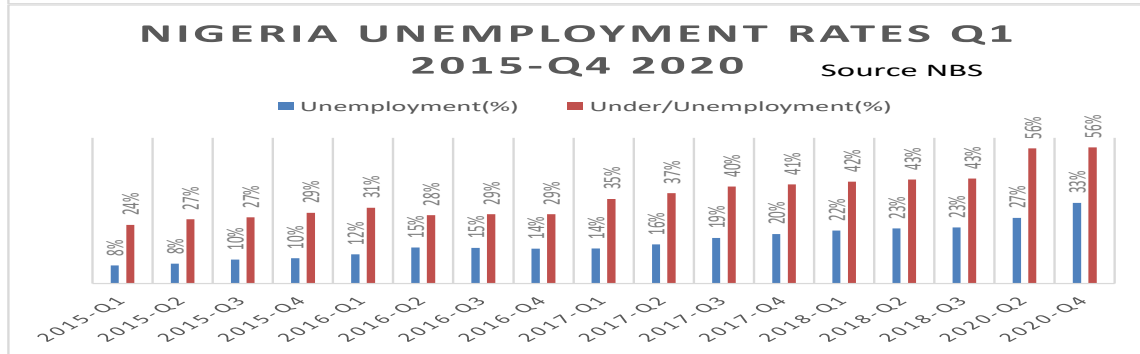
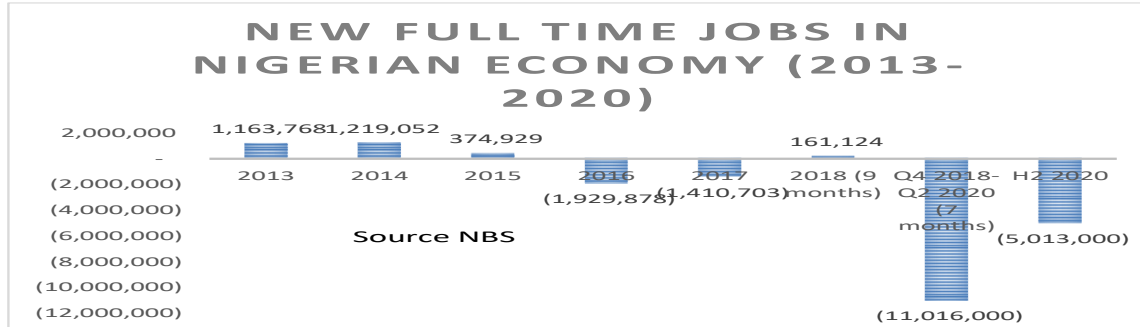












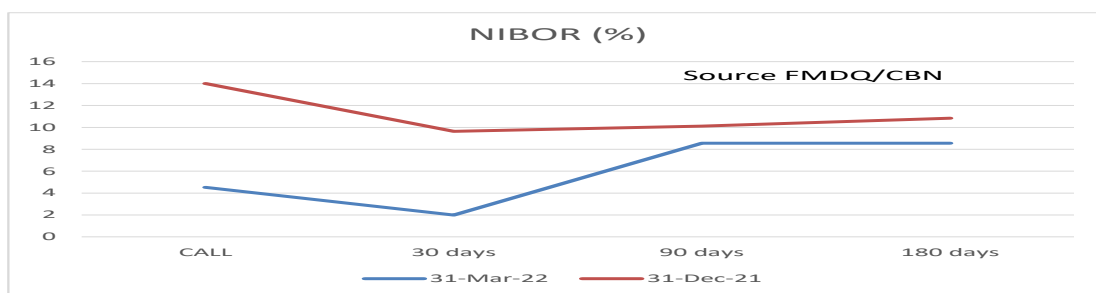
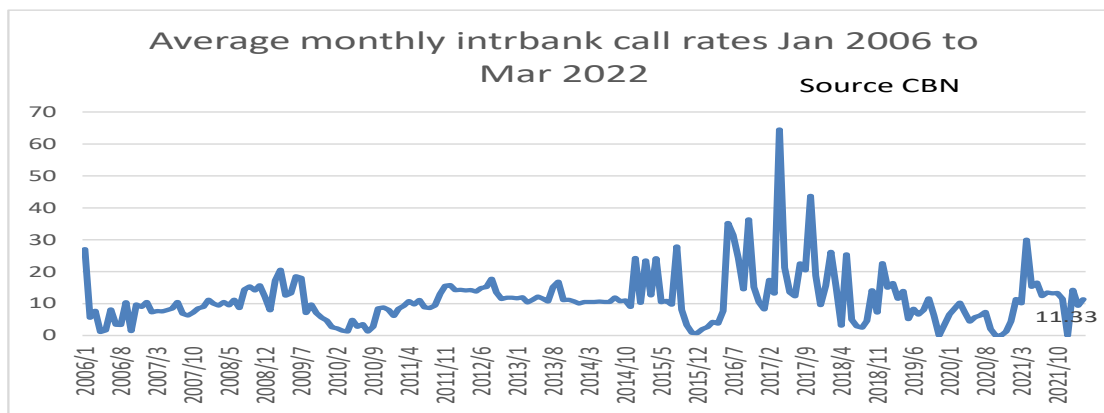
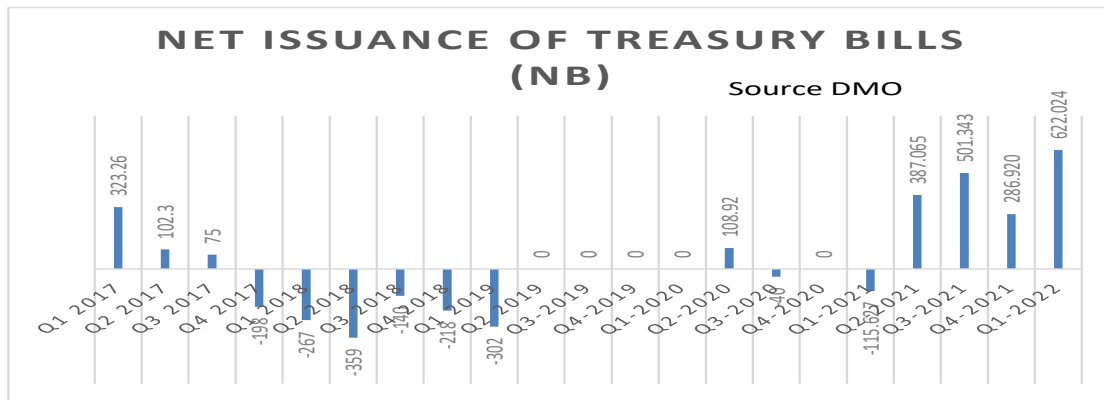
LABOUR FORCE STATISTICS Q4 2020									
State	Labour Force	Work 40 Hrs	Work 20 -39 H	Full/Under-employe	Total unemploye	total unemployed	Unemployment	Unemployment	
	Fully employed	Underemployed				Underemployed	Rate	Underemployment Rate	
Imo	1,946,682	340,034	504,123	844,157	1,102,525	1,606,648	56.64%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

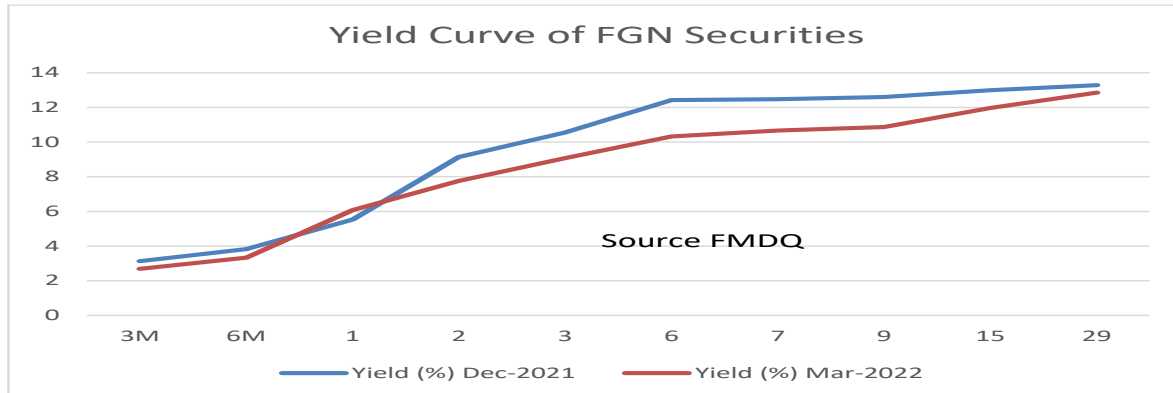
THE MONEY MARKET

The declining interest rates of the second half of 2021 continued in Q1 2022 with 30 days, 90 days, and 180 days NIBOR declining by an average of 382 basis points to close at 1.99%, 8.56% and 8.56% respectively. Short term FGN Treasury Bill rates also followed similar trend with 91 days and 182 days treasury yields declining by an average of 48 basis points to close at 2.68% and 3.33% respectively. Yields on 364 days treasuries however increased by 110 basis points to close at 6.07% on 31/3/22.

The declining trend has been attributable to strong liquidity in the money markets as reflected in the record high subscription volumes at the FGN Bond auctions during the quarter of N1.5 trillion and unsuccessful bid values of N302 billion at the last auction of the quarter. Net issuance of Treasury Bills during the quarter was at a five years high of N622 billion while total additional domestic borrowings of FGN through bonds and treasury bills was N901.4 billion. Total FGN domestic borrowings in the 2022

Revised Budget is N3.53 trillion but expected to be more as government cuts back on budgeted foreign borrowings of USD6.2 billion.





THE BOND MARKET

Yields on long term FGN bonds declined by an average of 142 basis points during the quarter following the trend in the money market yields. Secondary market yields on the FGN benchmark 10 years bonds declined from 12.6% at 2021 year end to 10.87% at the end of the first quarter of 2022.

Subscription volumes at the Debt Management Office (DMO) FGN bond auctions increased by 128% to an all-time high of N1.5 trillion during the quarter reflecting investor preference for the tax free instruments. Foreign portfolio bond inflows also increased by 575% during the quarter to USD310 million (N128 billion). Allotment as a percentage of FGN bond offers increased from 129% in Q4 2021 to 170% in Q1 2022 reflecting over-allotment to lock in current low yields.

Domestic Corporate Bond issue volume declined significantly from N146 billion in Q4 2021 to N33.5 billion Q1 2022. Details of the four bond issues by three corporates are set out below:

- Suntory Foods Plc N2.5 billion 5 years 13.5% Fixed Rate Bond due 2026.
- Ardova Plc N11.444 billion 6 years 13.3% Fixed Rate Bond due 2028.
- Ardova Plc N13.856 billion 9 years 13.65% Fixed Rate Bond due 2031.
- etransact International Plc N5.772 billion Zero Coupon Unsecured Subordinated Irredeemable Convertible Debenture stock.

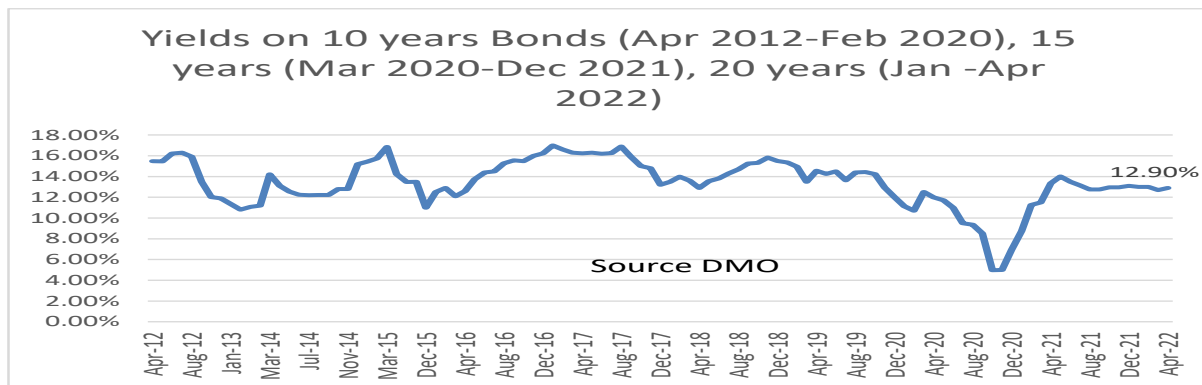
Other developments in the domestic bond market during the period include the publication of early redemption notice of Wema Bank Plc N6.295 billion 18.5% Fixed Rate Bond due 2023. The Bond was redeemed on 12th August 2022 in exercise of issuer’s call option.

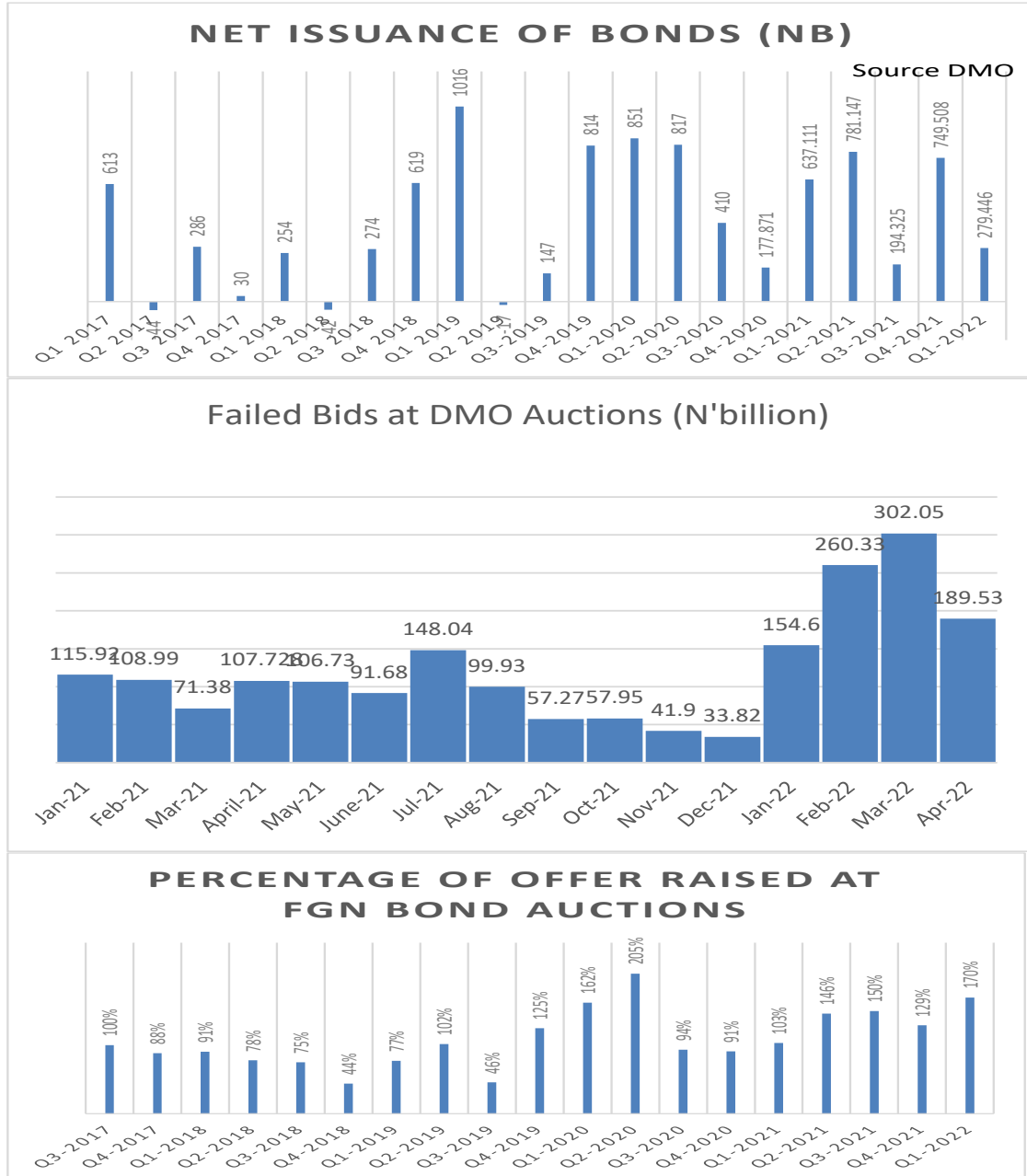
The primary market for domestic subnational bonds was dormant during the period.

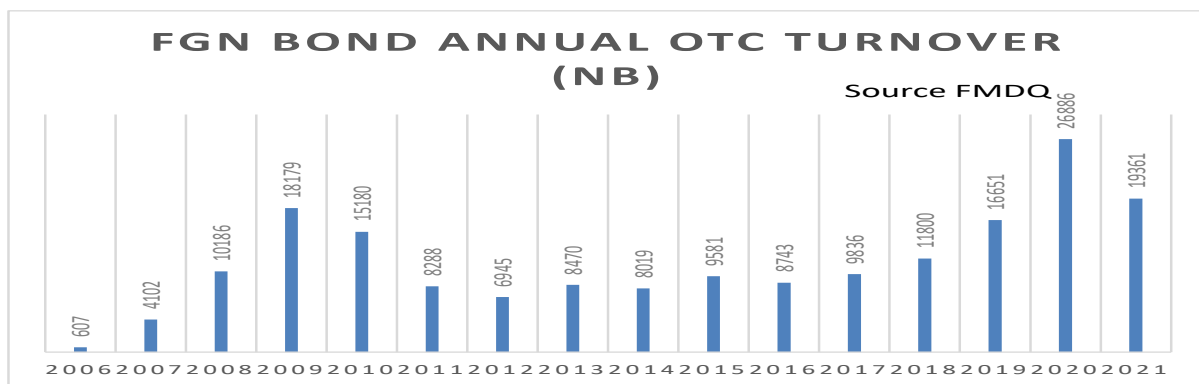
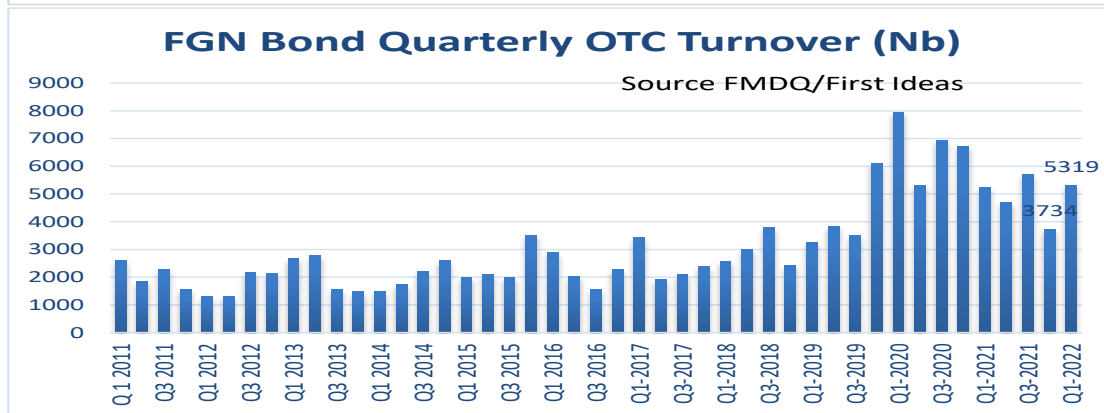
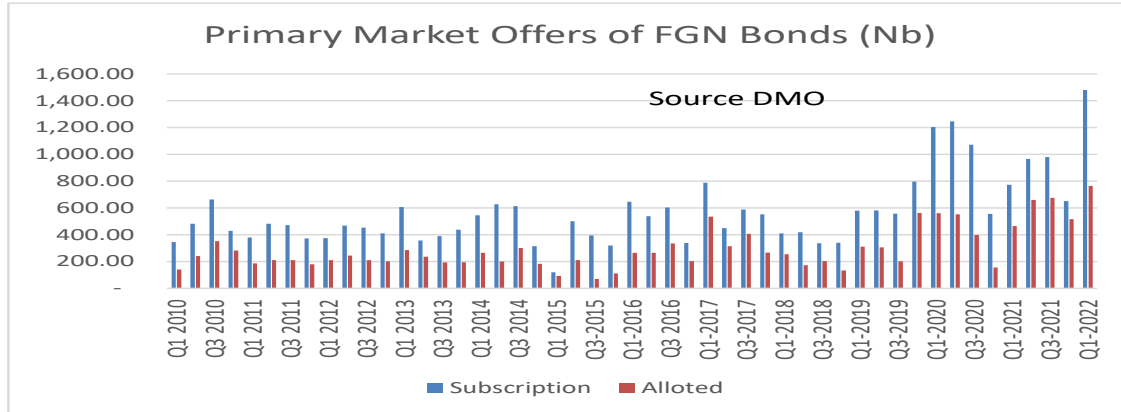
International borrowings by Nigerian government and agencies concluded during the period include:

- Nigeria’s Bank of Industry (BOI) 700 million Euros 7.5% 5 years Guaranteed Participation Notes due 2027.
- FGN USD1.25 billion 7 years Eurobond at yield of 8.375%.

The yield on the March 2022 FGN Eurobond was 225 basis points above the yield on the 7 years Eurobond issued in September 2021 reflecting significant deterioration in borrowing terms and increased cost of borrowing.







THE EQUITY MARKET

The primary market for equities was dormant in the first quarter of 2022 with no new issue announced. This followed the very strong 2021 fourth quarter dominated by the MTN Plc landmark issue.

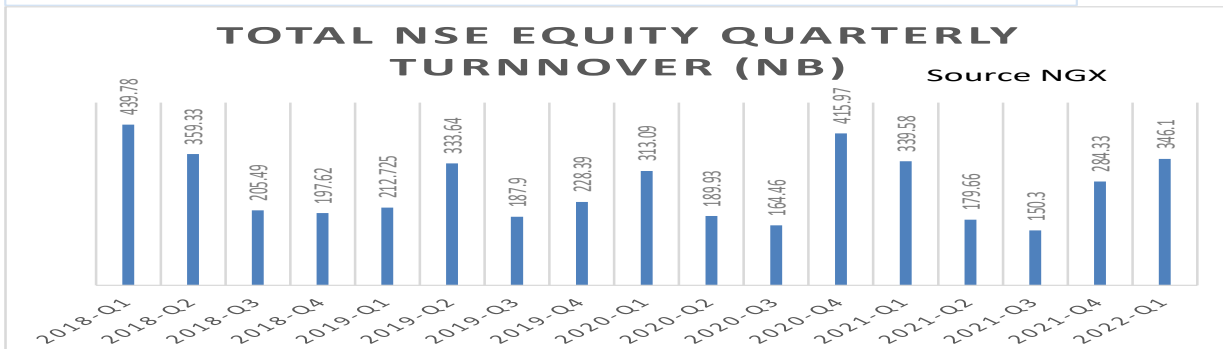
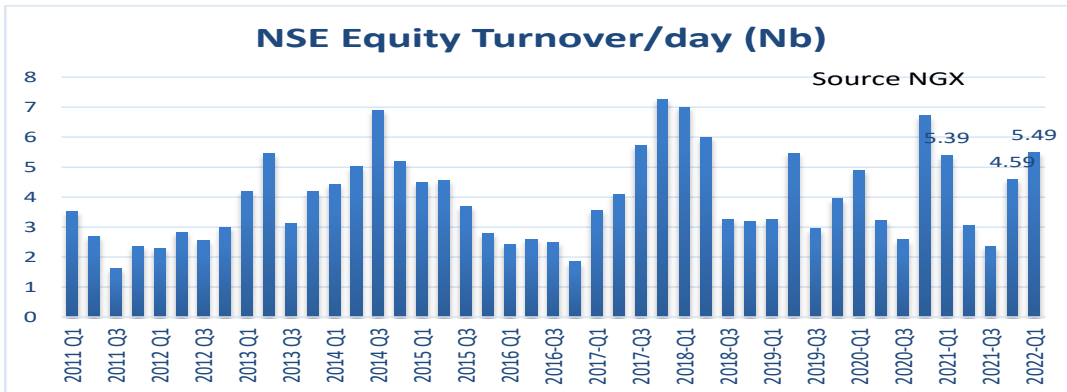
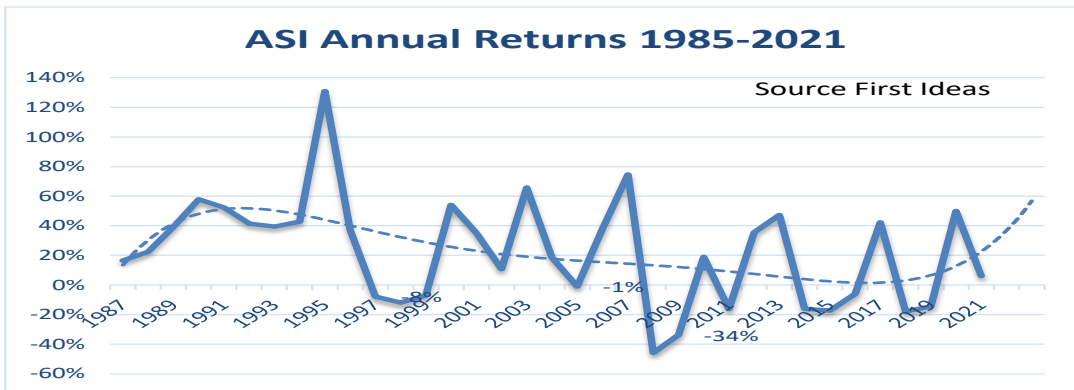
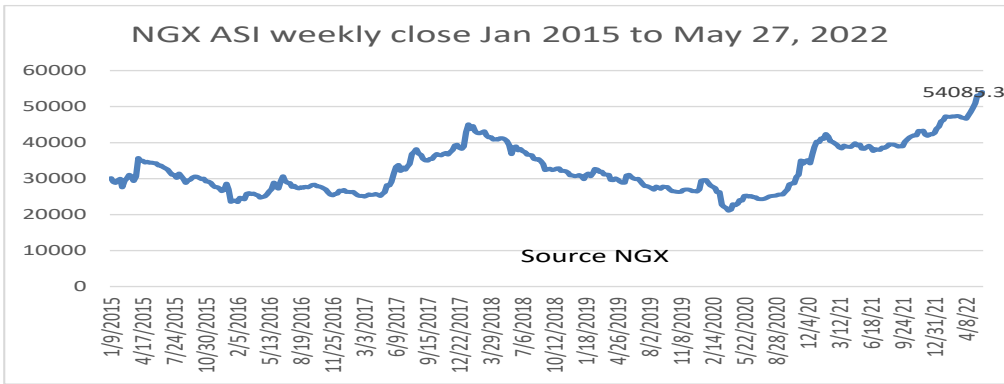
Other developments in the quarter include:

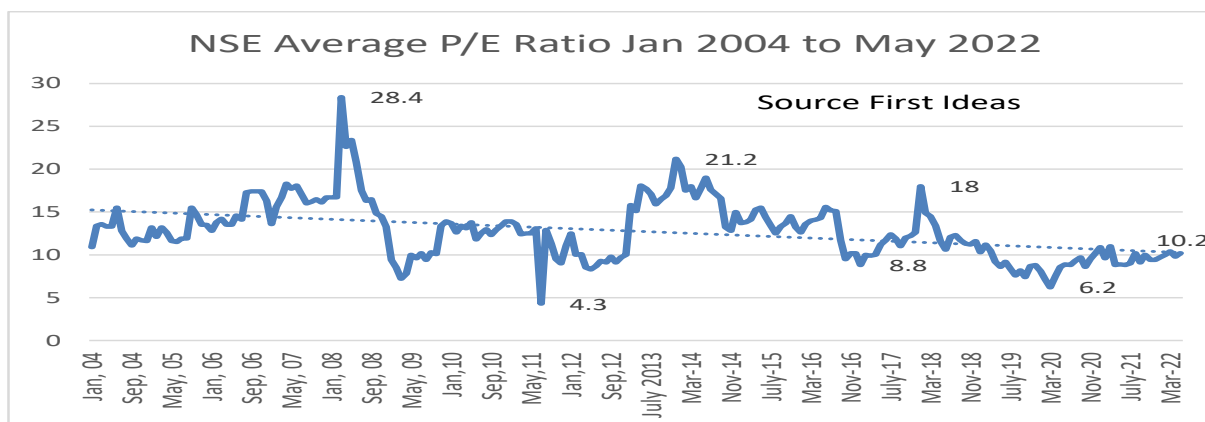
- Listing by introduction of 18 billion shares of Bua Foods Plc at N40/share representing valuation of N720 billion. The listing of 5th January 2022 was through sale of 5.6% shareholding of the promoter valued at N40.5 billion.
- Announcement of 26th January of the completion of Dangote Cement Plc Tranche 2 Share Buy-back Program involving the repurchase of 126,748,153 shares valued at N35.1 billion. The exercise representing 0.74% of the company's share capital was executed between 19th and 20th January 2022 at an average price of N276.89/share. The Tranche 2 Share Buy-back Program was announced on 12th January 2022 for the repurchase of 1% of issued capital less 40.2 million Treasury shares purchased in the first tranche. Total purchases were slightly below target of 170,003,074 ordinary shares and leaving an opportunity for tranche 3.
- Publication of Tender Offer for acquisition of 100,000 shares of minority shareholders in Industrial Gases Nigeria Plc at N11.65/share by T.Y Holdings. Tender was 189% subscribed.
- Announcement by Guaranty Trust Holding Company Plc of acquisition of 100% of two subsidiaries of Investment One Financial Services Limited. The acquired subsidiaries are Investment One Pension Managers Limited and Investment One Funds Management Limited.
- Opening of Champion Breweries Plc mandatory offer to minority shareholders on 10th January 2022. Champion Breweries Plc is part of Heinekens Group.
- Publication of notice of Union Bank of Nigeria Plc (UBN) Extra Ordinary General Meeting to approve divestment of shares of Union Bank UK Plc to all shareholders pro-rata to their existing shareholding in UBN. Scheme shares of small investors holding less than 0.2546% shareholding will be held under a Trust.
- Notification of 16th February 2022 of 5.17% mandatory disclosure shareholding in NGX Group Plc by VFD Group Plc.

- Announcement of 25th February of execution of sale and Purchase Agreement by Seplat Energy Offshore Limited, a subsidiary of Seplat Energy Plc on the acquisition of the entire share capital of Mobil Producing Nigeria Unlimited for consideration of USD1.283 billion plus USD300 million contingent consideration subject to adjustment for working capital and other adjustments. The proposed transaction involves the acquisition of the entire offshore shallow water business of Exxon Mobil in Nigeria but excludes Exxon's deep water assets in Nigeria. The transaction which was to be partly funded by borrowings of USD825 million was disapproved by Nigerian Government.
- Announcement of 8th March 2022 of acquisition of SIAT Nigeria Limited by Presco Nigeria Plc for cash consideration of N21 billion. SIAT is the operator of Ubiama Estate, Elele Estate and Risonpalm Estate, three oil palm estates in Rivers State.
- Announcement of receipt of court sanction of the Scheme of Arrangement of Access Bank Plc on restructuring to a holding company. Access Bank commenced operation as a holding company on 29th March 2022 with four subsidiaries as follows:
 - Commercial Banking subsidiary – Access Bank Plc
 - Consumer Lending and Agency Banking subsidiary
 - Payment and Switching Services subsidiary
 - Insurance Brokerage and Wealth Management subsidiary
- The Group is in the process of acquiring a Pension Fund Administration company after divesting its Pension Custodian subsidiary.
- Notice of Extraordinary General Meeting of Capital Hotels Plc of 25th April 2022 to approve the private placement of 1,611,995,510 shares of the company with 22 HOSPITALITY Limited at N7/share. Transaction valued at N11.28 billion represents 51% controlling interest in the hotel group and operator of Abuja Sheraton Hotel. The issue was priced at a premium of 119% on the quoted price of N3.19 as at 29/3/22.
- Approval of 29th March 2022 of shareholders of Neimeth International Pharmaceuticals Plc of capital raising of N5 billion through a combination of N3.67 billion Rights Issue of ordinary shares at N1.55/share (five for every 4 shares held) and private placement of N1.32 billion at N2.1/share. The combined issue represents controlling interest of 51.5% of enlarged capital.

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

- Acquisition of 1,678,319 shares of Nestle Nigeria Plc by Nestle SA valued at N2.34 billion. This was against total acquisition of N12.73 billion in Q4 2021.





NSE ALL SHARE INDEX QUARTERLY PERFORMANCE

Date	31.12.20	Q1 2021	Q2 2021	Q3 2021	Q4 2021	31.12.21	Q1 2022
	Year					Year	
ASI	40,270.72	39,799.89	37,907.28	40,221.17	42,717.44	42,717.44	46,965.48
Growth	+50.03%	-1.17%	-4.76%	+6.1%	+6.2%	+6.19%	+9.94%

Average Dividend Yield as at 31/3/22 (First Ideas Index): 5.2%

2022 Prospective P/E Ratio (First Ideas Index un-weighted) as at 31/3/22: 10.4

Market Capitalization (Equity) as at 31/3/22: N25.32 trillion (USD60.85 billion)

Equities Daily Average Turnover in Q1 2022: N5.49 billion (USD13.19 million)

Currency Exchange rate (I&E) as at 31/3/22: N416.09/USD.

Trading days Q1 2022: 63

The Nigerian Stock Market was bullish in the first quarter of 2022 with the NGX All Share Index (ASI) recording impressive growth of +9.94%. This was against growth of +6.2% in Q4 2021 and negative growth Morgan Stanley Emerging Market Index (MSCI) of -5.16% during the period. The bullish trend has been attributed to the robust growth in 2021 corporate earnings, dividend growth expectations, recovery in crude oil prices and impact on oil sector stocks and banking oil sector loans, the N35 billion Share Buy-back by Dangote Cement Plc.

Equity Turnover on the Nigerian Stock Exchange (NGX) increased by 22% from N284 billion in Q4 2021 to N346 billion in Q1 2022. Average Equity Turnover/day also increased from N4.59 billion to N5.49 billion in the same period. Equity turnover growth in Q1 2022 was driven principally by growth in domestic institutional investments of 40%, from N150 billion in Q4 2021 to N211 billion. Net NSE institutional equity flows increased from N21 billion in Q4 2021 to N75 billion in Q1 2022. Foreign Portfolio Equity Inflows however declined by -20% from N69 billion in Q4 2021 to N55 billion in Q1 2022 while Net Foreign Equity Investments inflows remained negative and worsened from -N8.32 billion to -N18.25 billion. Gross Foreign Equity Investment Inflows into the Nigerian economy declined by -16% during the quarter.

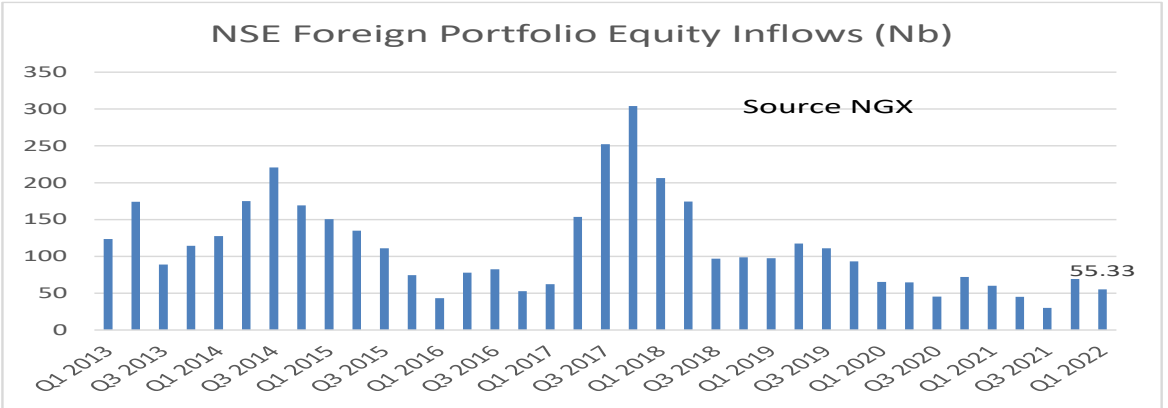
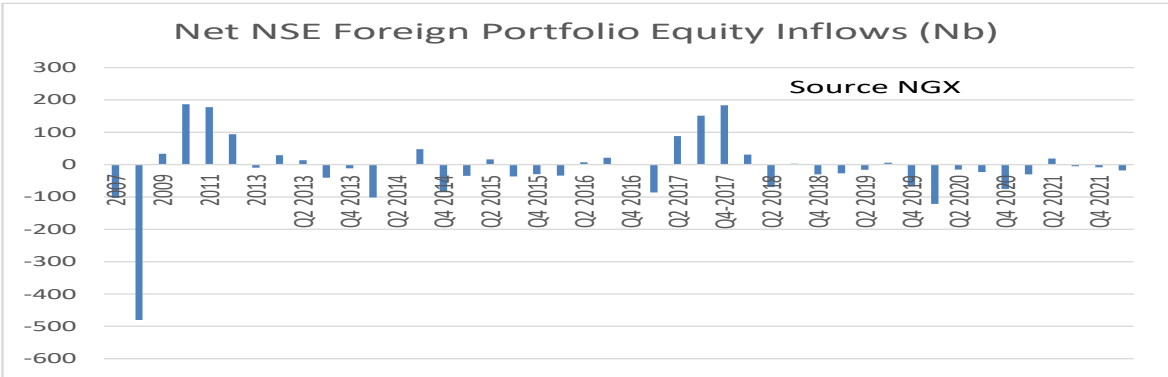
Performance of the NSE Sectoral Indices during the quarter was mixed with robust growth in the Oil & Gas and Industrial indices but negative growth in the Insurance and Consumer Goods indices.

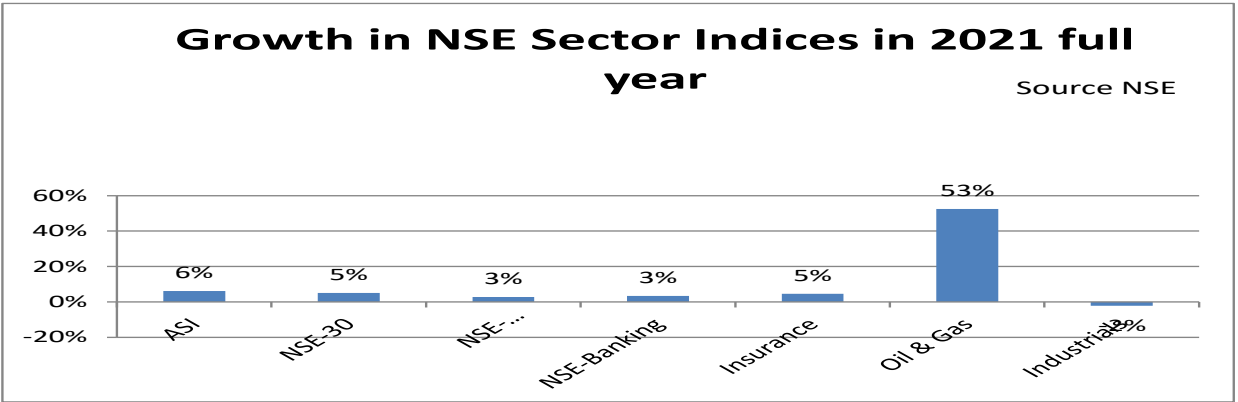
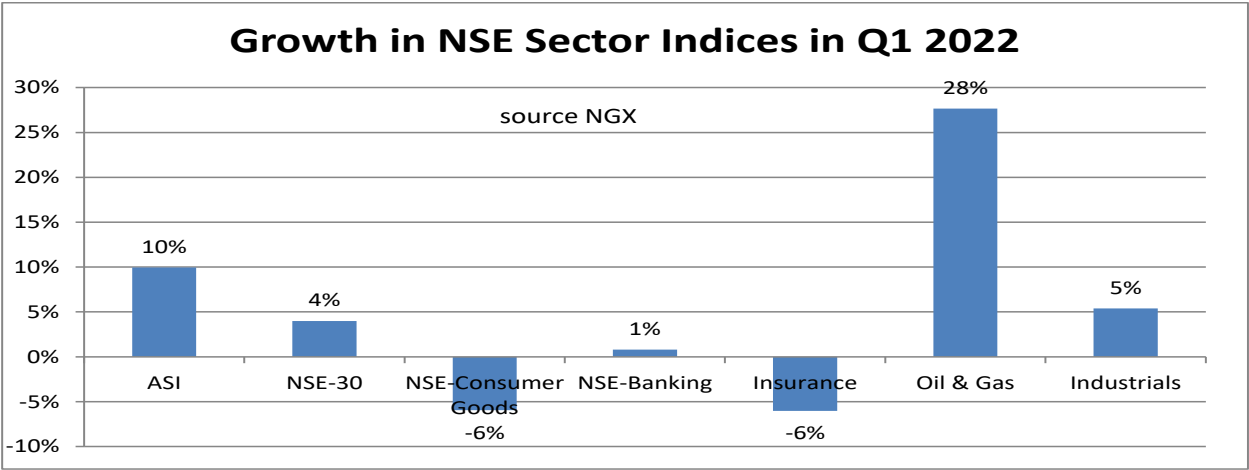
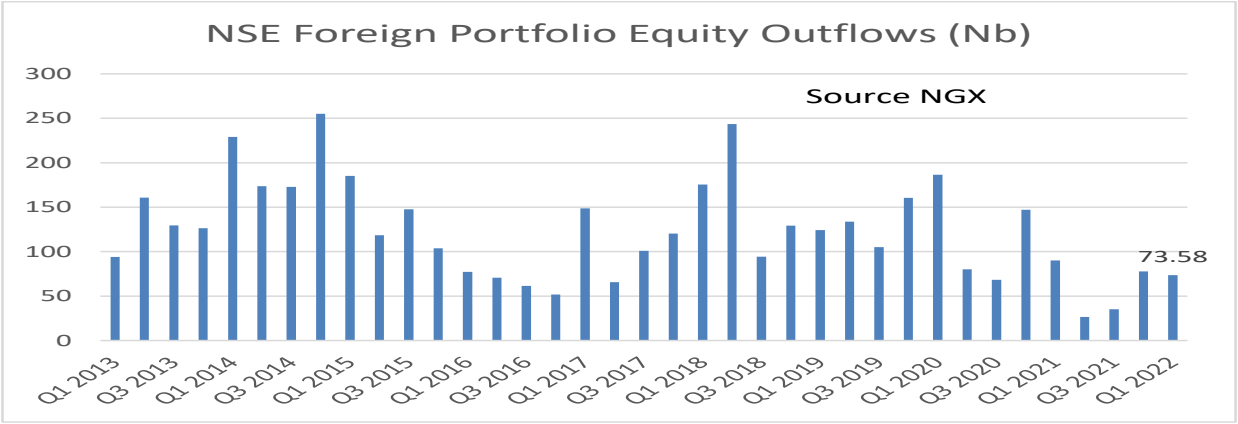
Sector Index	2021 Full year	Q1 2022
Oil & Gas	+53%	+28%
Industrials	-2%	+5%
Banking	+3%	+1%
Consumer Goods	+3%	-6%
Insurance	+5%	-6%

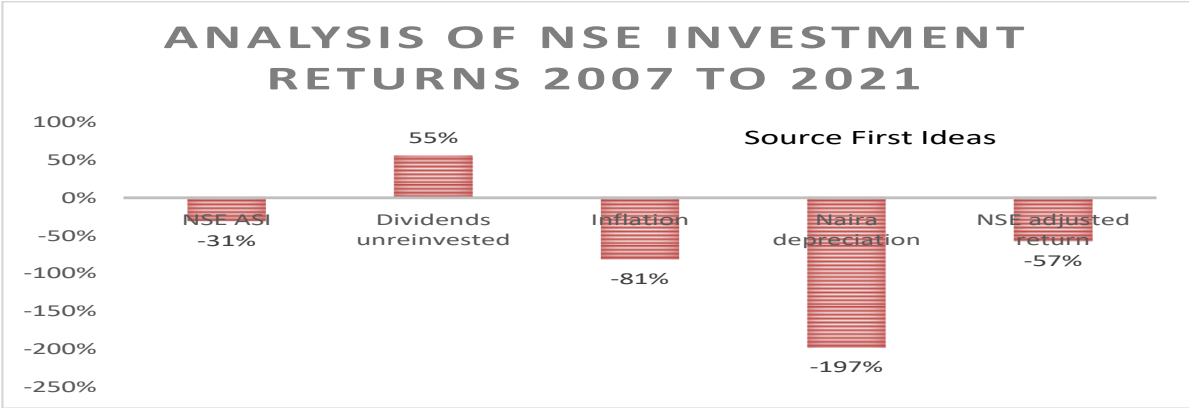
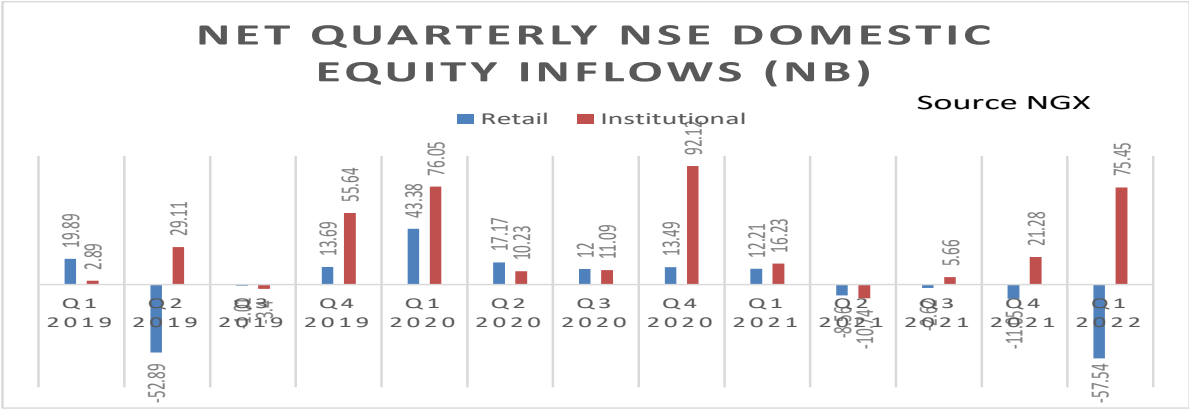
The leading sectors in our First Ideas Index in Q1 2022 are Agriculture, Conglomerates, Telecommunications and Breweries with growth rates of 28%, 27%, 20% and 17% respectively. The worst performing sectors are Paint and Pharmaceuticals with negative growth rates of -9% and -5% respectively.

We expect the domestic equity market to be constrained in the second and third quarters of 2022. This will be driven by continuing decline in foreign portfolio inflows in advance of elections, rising interest rates and yield on fixed income securities, increased uncertainty, lowered risk appetite and flight to quality. 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







Average Prospective P/E Ratio by Sector	
31/3/22	
Sector	P/E
Banking	4.5
Construction	4.9
Insurance	6.9
Petroleum Marketing	7.7
Pharmaceuticals	8.8
Agriculture	9.8
Paint	12.3
Food	13
Cement	15.7
Telecomm	16.8
Breweries	17.3
Conglomerate	24.8
Average Dividend Yield by Sector	
31/3/22	
Sector	Yield
Construction	9.7%
Paint	8.2%
Banking	8.1%
Pharmaceuticals	6.5%
Cement	6.5%
Insurance	4.6%
Food	4.5%
Petroleum Marketing	3.8%
Telecomm	3.7%
Agriculture	3.4%
Conglomerate	3.1%
Breweries	2.3%
Profit Growth of select sectors	
Period ended 31/3/22	
Breweries	405%
Paint	132%
Conglomerates	122%
Pharmaceuticals	81%
Agriculture	67%
Telecom	64%
Cement	45%
Banking*	33%
Contstruction	32%
Petroleum Marketing	21%
Food	17%
Insurance	-18%
Note * Reports published as at 31/5/22	

BANKING RATIOS AS AT 31st MARCH 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
		31/3/22	3 months	3 months	3 months	31/3/22								
		N'mil	N mil	N mil	N mil	N il	%	%	%	%	%			%
Tier 1 Banks (Total assets above N4 trillion)														
1	Zenith Bank Plc	10,324,269	191,523	67,991	58,124	1,329,220	49%	0.7%	21.0%	2.6%	18%	0.6	4.2%	42%
2	Access Bank Plc	12,082,447	280,810	65,134	56,494	1,075,514	60%	0.1%	23.5%	2.6%	18%	0.3	2.0%	21%
3	First Bank of Nigeria Plc	9,205,828	180,500	36,518	31,942	896,813	67%	1.1%	16.0%	1.6%	14%	0.5	6.0%	45%
4	GTBank Plc	5,498,222	117,017	54,285	42,319	889,855	47%	0.3%	23.8%	3.9%	19%	0.7	5.9%	41%
5	UBA	8,888,384	166,146	44,484	38,933	797,309	61%	0.5%	22.0%	2.0%	20%	0.3	2.7%	49%
Tier 2 Banks (Total assets between N1 trillion and N4 trillion)														
6	Stanbic IBTC bank Plc	3,099,239	67,284	19,599	14,344	386,385	64%	0.0%	15.3%	2.5%	15%	1.1	2.2%	29%
7	Fidelity	3,556,796	71,332	10,324	9,515	308,486	69%	0.0%	20.1%	1.2%	12%	0.3	2.8%	24%
8	Union	2,577,181	43,415	6,434	5,507	268,900	67%	0.2%	15.6%	1.0%	8%	0.7	4.3%	29%
9	FCMB Plc	2,480,519	58,305	6,019	5,096	247,998	72%	1.1%	15.4%	1.0%	8%	0.3	4.1%	24%
10	Sterling Bank Plc	1,662,971	38,050	3,741	3,543	151,719	70%	1.1%	14.3%	0.9%	9%	0.3	0.8%	31%
Average (Industry)							63%	0.5%	19%	2%	14%	0.5	4%	34%
Average Tier 1 banks							57%	0.5%	21%	3%	18%	0.5	4%	40%
Average Tier 2 banks							68%	0.5%	16%	1%	11%	0.5	3%	27%
Note														
* Income adjusted to exclude non-recurring and exceptional income														
** Market price as at 31/5/22														
NA: Not available														
COR: Cost of Risk														
NPL: Non Performing Loan ratio														
Ranking by Net Asset Value														
Banks Mandatory Reserves with CBN as at 31/3/22* (N' millions)														
		Reserves	Reserves	Deposits										
	Bank	31/12/21	31/3/22	31/3/22	%									
	FBN	1,348,086	1,402,916	6,139,215	23%									
	Access	1,466,414	1,701,323	7,494,464	23%									
	Zenith	1,330,897	1,621,427	7,253,795	22%									
	UBA	969,869	943,370	6,653,742	14%									
	GTB	952,295	997,245	4,045,287	25%									
	Fidelity	686,097	693,363	2,066,164	34%									
	Union	454,802	467,964	1,313,316	36%									
	Stanbic	443,995	489,760	1,202,199	41%									
	FCMB	329,739	374,860	1,571,545	24%									
	Wema	313,847	326,316	1,009,462	32%									
	Sterling	243,869	273,257	1,208,449	23%									
		8,539,910	9,291,801	39,957,638	23%									
Note														
* Statutory CRR as at 31/3/22 was 27.5%														

RANKING OF SECTORS BY CAPITAL APPRECIATION				
Quarter ended	Year ended		Sector	Capital Appreciation
31/3/22	31/12/21			
1		2	Agriculture	28%
2		6	Conglomerates	27%
3		7	Telecomm	20%
4		4	Breweries	17%
5		3	Construction	15%
6		5	Petroleum Marketing	12%
7		11	Food/Beverages	7%
8		8	Banking	6%
9		10	Cement	4%
10		1	Insurance	1%
11		12	Pharmaceuticals	-5%
12		9	Paint	-9%

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)								Old New Limits (Min-Max)						
	3/31/2021	6/30/2021	9/30/2021	12/31/21	3/31/2022	Percentage	Growth Q1 2022	Prudential Max Limits	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6
Domestic ordinary shares	841,798	843,197	873,489	915,308	944,263	7%	3%	25%	17.5%-30%	7.5%-25%	5%-10%	0%-5%	0%-5%	0%-25%
Foreign ordinary shares	97,005	105,191	105,202	122,494	112,270	1%	-8%							
Private Equity/Infrastructure	100,814	100,597	113,530	116,309	114,182	1%	-2%	5%	2.5%-10%	2.5%-5%	0.00%	0.00%	2.5%-10%	0%-20%
Open/Closed Funds	62,092	31,967	33,451	36,553	52,928	0%	45%	20%	0%-25%*	0%-20%*	0%-10%	0%-5%		0%-20%
Govt Securities	8,615,736	8,572,888	8,311,173	8,943,980	8,673,671	62%	-3%	80%	0%-70%	0%-85%	0%-100%	0%-100%	0%-75%	0%-85%
Corporate Bonds/Supra-National	620,572	950,984	968,265	943,338	1,007,115	7%	7%	35%	0%-35%	0%-40%	0%-45%	0%-45%	0%-35%	0%-40%
Money Market instruments	1,684,049	1,736,972	2,299,442	2,034,488	2,261,699	16%	11%	35%	0%-30%	0%-30%	0%-35%	0%-35%	0%-60%	0%-30%
Real Estate/REIT	241,886	241,255	236,828	240,972	239,596	2%	-1%	5%	0%-10%*	0%-5%*				
Others/cash	76,008	74,123	59,791	71,375	472,848	3%	562%							
Total	12,339,960	12,657,174	13,001,170	13,424,816	13,878,571	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