

FIRST IDEAS CAPITAL MARKET REPORT

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KEY ECONOMIC INDICATORS

THE ECONOMY

NIGERIA KEY ECONOMIC INDICATORS														
	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	30/9/22	Change
Bonny Light Crude Oil Prices (USD/B)quarter average	64.25	64.87	52.51	26.75	43.29	44.01	61.04	70.47	73.87	80.43	106.29	117.85	106.78	-9%
Average Crude Oil production quarter ended (mb/d)	2.04	2	2.07	1.81	1.67	1.56	1.72	1.61	1.57	1.5	1.49	1.43	1.2	-16%
Real GDP growth Quarter ended	2.28%	2.55%	1.87%	-6.10%	-3.62%	0.11%	0.51%	5.01%	4.03%	3.98%	3.11%	3.54%	2.25%	-1.3%
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)*	40.90	38.06	33.69	35.78	35.67	36.46	35.138	32.99	41.57	36.4	39.28	39.22	37.39	-5%
Exchange Rate (N/USD)	307	307	361	361	380	380	380	411.28	410.8	413.49	416.25	415.72	432.87	-4%
Net inflow of forex through CBN(USD billion)	-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)	10.13	9.98	13.7	4.5	4.37	5.62	5.3	6	5.346	5.2	4.5			
I&E fx interventon(USD billion)	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	11.24%	11.98%	12.26%	12.56%	13.71%	15.75%	18.17%	17.75%	16.63%	15.63%	15.92%	18.60%	20.77%	2.2%
MPR	13.5%	13.5%	13.5%	12.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	13.0%	15.5%	2.5%
91 days treasury bill yield	12.68%	4.52%	3.28%	1.94%	1.10%	0.35%	2.43%	4.96%	3.90%	3.13%	2.68%	4.64%	7.29%	2.7%
Interbank Call Rate Month ended	11.61%	3.32%	10.29%	5.75%	2.00%	1.25%	10.10%	16.57%	13.00%	0.00%	11.33%	11.10%	0.00%	-11.1%
30 days NIBOR rate	13.25%	10.79%	14.71%	5.15%	2.38%	0.38%	5.44%	15.36%	15.03%	9.63%	1.99%	7.37%	12.12%	4.8%
FGN 10 years bond Yield	14.43%	12.00%	12.60%	9.76%	7.69%	7.26%	11.50%	13.50%	12.02%	12.60%	10.87%	12.50%	13.85%	1.4%
Prime Lending Rate(quarter average)	15.33%	14.99%	14.71%	15.10%	11.80%	11.42%	11.20%	11.40%	11.64%	11.68%	11.77%	12.03%	12.23%	0.3%
Credit growth to private sector quarter ended	2.90%	4.80%	5.80%	3.30%	1.90%	1.50%	3.60%	4.50%	4.00%	3.70%	3.30%	5.70%	5.40%	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	6,203	1,303	1,811.99		1,700.46	136.13	1,690.00	2,140.00	1,810.00	1,893.62	902.17	3,580.00	1,190.00	-66.8%
CBN Standing Deposit Facilities accepted (SDF) Nbillion	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.)	1,349	1,286	1,290	1,479	1,522	1,471	1,441	1,460	1,736	1,835				
Foreign Direct Investments Equities (USDm)	203	250	214	149	415	249	155	78	108	358	155	147		-5%
Foreign Portfolio Investments(Equities) (USDm)	386	354	640	53	44	18	27	85	57	38	32	13		-60%
Foreign Portfolio Investments (Bonds) (USDm)	92	47	231	-	-	-	139	15	365	46	310	322		4%
Foreign Portfolio Investments (Money Mkt.)(USDm)	2,550	1,483	3,439	332	363	17	809	452	796	559	616	423		-31%
Foreign Other Investments (Loans/Trade Credit/Others)	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)	3,027	1,884	4,309	385	407	35	974	551	1,217	643	958	757		-21%
Total Foreign Investment Inflows (USDm)	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 Q3 2022

- Nigeria's economy slows as Real GDP Growth declines from 3.54% in Q2 2022 to 2.25% in Q3 2022.
- Takeover of three electricity distribution companies (DISCOS) by lenders. This followed the takeover of Port Harcourt and Ibadan Discos by the Asset Management Corporation leaving three independent discos.

- *Prequalification by Nigeria Bureau of Enterprises (BPE) of 16 firms for the privatization of five National Integrated Power Projects at Geregu, Omotosho, Olorunsogo, Calabar and Benin-Ihorbor.*
- *Second and third consecutive increases in the Central Bank of Nigeria Monetary Policy Rate (MPR) in July and September 2022 by aggregate of 2.5% to 15.5%. The CBN also increased Banks Cash Reserve Ratio (MPR) from 27.5% to 32.5% effective 29/9/22.*
- *Presentation of Federal Government of Nigeria (FGN) draft 2023-25 Medium Term Fiscal Policy/Fiscal Strategy Paper (MTFF/FSP) to the National Assembly on 21/7/22.*
- *Publication of International Monetary Fund (IMF) July 2022 World Economic Outlook Update on 26th July 2022 revising downwards 2022 Global GDP Growth from 3.6% to 3.2%.*
- *Increase in the Minimum Savings Rate from 10% of MPR to 30% of MPR effective August 1, 2022.*
- *Publication by Nigeria National Pension Commission (PENCOM) of guidelines for accessing pension assets for equity contribution in residential mortgages.*

Nigeria's GDP growth declined in the third quarter reflecting the sharp decline in crude oil output and prices. Real GDP Growth slowed from 3.54% in Q2 2022 to 2.25% in Q3 2022. Nigeria's Oil Real GDP declined by 22.67% while Non-Oil Real GDP grew by 4.27% during the quarter.

The key drivers of growth in non-oil GDP in the third quarter are Telecommunications, Trade and Real Estate/Construction with year on year growth rates of 10.06%, 5.08% and 4.92%. The largest sector Agriculture Real GDP Growth increased from 1.2% in Q2 2022 to 1.34% in Q3 2022 representing 40% month on month growth. Manufacturing year on year Real GDP Growth was negative in the third quarter but represented 9% month on month growth.

The sharp decline in Oil Real GDP is attributable to the decline of 16% in Nigeria's crude oil output from 1.43 million barrels/day (mbpd) in Q2 2022 to 50 years low of 1.2 mbpd in Q3 2022 arising from massive crude oil theft. Crude oil prices also declined with average price of Nigeria's Bonny Light Crude declining by 9% from USD117.85/barrel in Q2 2022 to USD106.78/barrel in Q3 2022. The decline in crude oil prices has been attributed to slowdown in Chinese economy and global demand. Spot price of Nigeria's Bonny Light Crude declined by 20% from USD115.61/barrel on 30/6/22 to USD92.34/barrel on 30/9/22. This trend has continued in the fourth quarter despite reduction in the production of members of OPEC with prices declining to USD80/barrel on 30/11/22. IMF reviewed forecast of average crude oil prices in its October 2022 WOE update from USD103.88 and USD91.07 for 2022 and 2023 to USD98.19 and USD85.52 respectively.

Nigeria's Goods Trade Balance declined from +N1,972 billion in Q2 2022 to +N269 billion in Q3 2022. This is attributable to the 20% decline in exports from N7.4 trillion in Q2 2022 to N5.9 trillion in Q3 2022. Crude Oil and Non-Oil Exports declined by 21% and 35% respectively during the period while imports increased marginally by 4%. The pressure on capital flows increased during the quarter with foreign portfolio equity

inflows on the Nigerian Stock Exchange (NSE) declining by 40%. Nigeria's External Reserves declined by 5% from USD39.22 billion on 30/6/22 to USD37.35 billion on 30/9/22.

The Exchange Rate of the Naira depreciated significantly in the parallel market in the third quarter reflecting the rising backlog of demand for forex. The Bureau de Change (BDC)/parallel market rate depreciated by 21% from N610/USD on 30/6/22 to N740/USD on 30/9/22. This trend has continued in the fourth quarter with the Naira depreciating to all time low of N800/USD at the parallel market following the announcement of redesign of the Naira on October 26, 2022. The official Nigeria Autonomous Foreign Exchange Rate (NAFEX) however declined marginally by 3% to close at N437.74/USD on 30/9/22, increasing the parallel market premium to 69%.

Nigeria's Inflation rates accelerated further in the third quarter with Headline Inflation rising from 18.6% in June to 20.77% in September 2022 representing eight consecutive increase in rates and 17 years high. This has been attributed to pass through effects of Naira depreciation, rising energy prices and increase in transport costs, persisting insecurity and electioneering spending. Food Inflation increased from 20.6% in June to 23.34% in September 2022 while Core Inflation (All items less Farm Produce) increased from 15.75% to 17.6% during the same period.

The elevated Inflation trend has continued in the fourth quarter despite aggressive monetary tightening by CBN. Headline Inflation increased further to new highs of 21.09% in October and 21.47% in November 2022. Month on month Headline Inflation annualized however slowed from 24.16% in July to 15.9% in October before picking up to 18.02% in November 2022. IMF projection of Nigeria's 2022 year end Inflation is 21% slightly below November Inflation but 5.4% above December 2021 Inflation rate of 15.6%.

Credit Growth to the Private Sector remained strong with growth of 5.4% in the third quarter against growth of 5.7% in the second quarter. This has been attributed to continuing injection of CBN intervention funds amounting to N145.44 billion in July and August 2022. CBN confirmed that aggregate loans disbursed under its intervention Scheme as at 27/9/22 was N9.3 trillion less repayments of N3.7 trillion. The net balance represents about 11% of Money Supply (Broad Money) and 14% of total Credit to the Private Sector.

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

Disbursements under CBN Intervention Funds between July and August 2022	
	July-Aug 2022
Facility	Amount (N bil)
Real Sector Facility	66.99
100 for 100 Policy	20.17
Healthcare Support Intervention Fund	4
Export Facility Initiative	3.24
NEXIM	50
Tertiary Institutions Entrepreneurship Scheme	0.039
National Gas Expansion Programme	1
	145.44

Other Recent Developments

Increase in CBN Cash Reserve Ratio and Monetary Policy Rate

The Monetary Policy Committee of the CBN increased the Monetary Policy Rate (MPR) by 1.5% on 27th September 2022 to 15.5%, the highest rate in 20 years. It also increased the Cash Reserve Ratio (CRR) of banks from 27.5% to 32.5%, one of the highest in the world. This aggressive increases were aimed at reducing Inflation which has risen sharply by 2.8% between May and August, way above CBN inflation target of 9%. The MPR was increased further by 1% in November 2022 to 16.5% bringing the aggregate increase in MPR in 6 months to 5%. Interest rates and yields on fixed income securities have risen in the domestic economy raising concerns about growth and increase in non-performing loans in the banking system.

Guidelines on utilization of Pension Assets for Residential Mortgages.

Nigerian National Pension Commission (PENCOM) released guidelines for accessing Pension Fund balances for equity contribution in residential mortgages on 27/9/22. Eligibility criteria include minimum five years membership of scheme, more than three years remaining to mandatory retirement, maximum withdrawal of 25% of pension balance. Mortgage lenders will be approved by PENCOM.

Presentation of Nigeria's N20.507 trillion draft 2023 National Budget to the National Assembly

Nigeria's President presented the draft 2023 National Budget to the National Assembly on 7th October 2022. The N20.507 trillion Deficit Budget represents an increase of 18% on 2022 Revised Budget and fiscal deficit of N10.782 trillion representing 4.78% of GDP. The deficit is to be funded 65% from domestic borrowings, 16% from foreign borrowings, 16% from multilateral/bilateral project tied loans and 3% from

privatization proceeds. The budget assumes that Petroleum Subsidy will remain up to mid-2023 with provision of N3.36 trillion. Our principal concern with the Budget proposals is with the higher provisions for Budget Deficit and Borrowings against background of recurring Revenue shortfalls and very high debt service ratios. 52% of the 2023 Budget is to be funded from new borrowings with an estimated debt service ratio of 86%. IMF projects Nigeria's fiscal deficit for 2022 and 2023 at -6.58% and -5.8% of GDP.

Highlights of the Budget proposals are set out in the attached table.

Assumptions	2020 Budget Revised	2020 Actual Jan-Aug	2020 Actual	2021 Budget Proposed	2021 Budget Approved	2021 Revised Budget	2021 Actual	2022 Budget Proposed	2022 Budget Approved	2022 Budget Amended	2022 Actual 8 months	2023 Budget Proposed
Crude oil Price	USD28	USD38.64	USD43.02	USD40	USD40		USD71.28	USD57	USD62	USD73		
Average oil production	1.8 mbpd	1.86	1.79	1.86	1.86		1.6	1.86	1.86	1.6		1.69
Naira Exchange Rate	N360/USD	N379/USD	N379/USD	N379/USD	N379/USD		N383/USD	N410.15	N410.15	N410.15		N435.57
Projected GDP growth	-4.42%	-2.18%	-2.48%	3.00%	3.00%		3.40%	4.20%	4.20%	3.55%		3.55%
Nominal GDP (Naira trillion)	139.52		142.69	142.69	142.69		173.528	184.382	184.382	199.930		225.507
Inflation	14.13%		14.89%	11.95%	11.95%		16.98%	13%	13%	16.11%		17.16%
Budget (Naira billions)												
Gross Revenue (Naira billions)				8,433		10,291.26	9,690.02	17,700		15,818.48		16,870
Oil & Gas Revenue						5,185.57	4,260.46					
Non-oil Revenue*						5,107.69	5,437.55					
FG Retained Revenue (excl. GOEs)	5,365.42	2,522.08	3,937.34	6,537.58	6,637.58	6,772.58	4,788.45	8,404.07	9,012.41	8,240.78	3,667.13	7,306.75
Oil	1,013.77	1,105.40	1,521.44	2,011.02	2,011.02	2,011.02	997.83	3,153.66	3,362.01	2,190.37	395.06	1,861.87
NLNG & BOI Div and Minerals	80.38		146.09	208.54	211.191	211.19	211.84	198.632	198.632	198.64	96.44	85.431
Non-Oil income (CIT, VAT, Customs)	1,624.93	831.41	1,276.09	1,488.92	1,488.92	1,488.92	1,792.58	2,132.08	2,132.08	2,060.11	1,502.42	2,265.967
Independent Revenue	932.84	281.81	519.36	961.90	1,061.90	1,061.90	1,251.28	1,816.22	2,216.22	2,616.22	866.16	2,217.002
Share of Oil Price Royalties											96.94	13.367
Recoveries/ Fines/Signature bonus/balances	1,232.53	302.01	474.37	1,009.69	1,009.69	1,144.7	519.27	607.788	607.788	679.76	461.56	552.136
Sale of Govt equity in JVs											0	
Stamp Duty/Electronic Money Transfer Levy	200.00			500.00	500	500.00	15.66	29.37	29.37	29.37	11.73	19.09
Exchange Rate Differentials												
Education Tax (TEFUNO)								305.998	63.777		306	248.269
Grants and Donor Funding	279.07			354.85	354.85	354.85		63.38	305.99		63.38	43.028
FG Total Expenditure (EXCLUDING GOEs and project loans)	9,973.67	6,245.59	10,083.17	11,023.90	11,529.51	12,512.23	12,069.40	13,519.39	14,255.24	14,447.76	9,047.13	16,317.43
Fiscal Deficit	(4,608.25)	(3,723.51)	(6,145.83)	(4,486.32)	(4,891.93)	(5,739.65)	(7,280.95)	(5,115.33)	(5,242.83)	(6,206.98)	(5,380.00)	(9,010.67)
GDP	139,517.50		142,694.42	142,694.42	142,694.42	142,694.42	173,528	184,382	184,382	198,930		225,507
% of GDP	-3.30%		-3.14%	-4.0%	-4.0%	-4.0%	-4.2%	-2.8%	-2.8%	-3.1%		-4.0%
Debt Service Ratio	50%		48%	47%	47%	46%	88%	43%	40%	45%		86%
Primary Capex to Non Debt Expenditure	42%		55%	67%	83%	65%	72%	79%	67%	41%		41%
Total Capex to Aggregate Non Debt Expenditure	33%		39%	42%	44%	39%	42%	40%	43%	38%		38%
Recurrent/Total Primary Expenditure	46%		42%	40%	38%	37%	42%	40%	41%	40%		40%
Borrowing / Aggregate Capex	181%		130%	123%	124%	208%	115%	115%	0%	198%		198%
Primary Debt Service Ratio	50%		48%	47%	46%	88%	43%	40%	45%	86%		86%
Total Debt Service Ratio (incl. GEO revenues)	46%		40%	39%	38%	69%	36%	34%	37%	65%		65%
Financing Sources												
Non-Oil Asset sales												
Privatization proceeds	126.04			205.15	205.154	205.154	-	90.73	90.73			206.183
Multilateral /Bilateral Project tied loans	387.30			709.69	709.686	709.686	369.93	1,155.82	1,155.823			1,771.404
Restructured loans/Foreign aid					45.63							
Borrowing from Special Accounts	263.63											
domestic borrowings	2,213.89		2,057.54	2,140.58	2,343.39	2,744.44	5,058.87	2,506.00	2,569.76			7,043.593
Foreign borrowings	1,984.68		1,224.00	2,140.58	2,343.39	2,744.44	1,623.60	2,506.00	2,569.76			1,760.898
CBN Financing			2,864.29			45.63						
Other FGN recoveries				5,196.01	5,647.25	6,449.35	7,052.40	6,258.56	6,386.07			10,782.08
Financing Gap						-						
FGN Expenditure composition												
Recurrent**	4,633.86	2,996.89	4,645.21	4,637	4,628.73	4,752.06	4,457.97	6,829.02	6,909.85	6,039.89	3,306.39	6,688.16
Capex**	1,960.07	761.79	1,744.46	2,558.40	3,079.87	3,939.27	2,893.25	4,891.78	5,467.40	4,059.37	1,666.4	2,741.33
Debt Service	2,678.81	2,137.00	3,260.89	3,124.38	3,124.38	3,124.38	4,221.05	3,609.24	3,609.24	3,685.38	3,524.25	6,809.871
Statutory transfers****	428.03	349.91	428.03	484.49	496.53	496.53	496.52	768.28	869.67	817.70	550.08	744.11
Debt Sinking Fund	272.90		4.58	220.00	200.00	200.00	0.60	292.71	270.71	292.71		247.73
Others												
Total FGN expenditures excluding GOEs	9,974	6,246	10,083	11,024	11,530	12,512	12,069	16,391	17,127	14,895	9,047	16,731
Net Revenue from GOEs	470		1,349	1,349	1,348.84	1,348.84	1,310.28	1,728.39	1,728.39	1,728.39		2,419.11
Total Revenue incl GOEs	5,835		7,866	7,986	7,986	8,121	6,099	10,132.46	10,740.80	9,969.17		9,725.86
Aggregate Capex including Govt enterprises & project tied loans****	2685.308		3,850.60	4,374.199	4,984.55	3,993.79	5,354.31	5,467.40	5,862.27	1,777.53		5,348.12
Total FGN Revenue including Govt enterprises & project tied loans	5,835		7,866.41	7,986.41	8,121.42	6,098.73	10,132.46	10,740.80	9,969.17	4,233.71		9,725.86
Total FGN Expenditure including Govt enterprises & project tied loans	10,810.549		13,082.42	13,588.03	14,570.76	13,035.37	16,391.02	17,126.87	17,320	9,564.89		20,507.94
Total Deficit	(4,976)		(5,196)	(5,602)	(6,449)	(6,937)	(6,299)	(6,386)	(7,351)	(5,331)		(10,782)
GDP	139,518		142,694	142,694	142,694	142,694	173,528	184,382.00	184,382.00	198,930.00		225,507.00
Deficit %	-3.57%		-3.64%	-3.93%	-4.52%	-4.86%	-3.63%	-3.46%	-3.99%	-2.69%		-4.78%
Note												
* Recurrent include Special intervention of N350 billion in 2018, 2019, 2020, 2021 and 2022 budgets; N200 billion in 2023 budget.												
** 2019 Revenue Budget has netted off USD1 billion (N305 billion) for NNPC under-recovery on PPMs (petroleum subsidy)												
**** Capex in statutory transfers of N196.77 billion and N246.92 billion in 2020 and 2021 Budget proposals												

Publication of IMF October 2022 World Economic Outlook Update

The IMF published its World Economic Outlook Update for October 2022 on 11th October 2022 projecting a further slowdown in global GDP growth from 6% in 2021 to 3.2% in 2022 and 2.7% in 2023 representing weakest growth since 2001 except for the COVID 19 crisis of 2020. The revised 2023 growth projections is 0.2% below the forecast in the July 2022 WOE Update with growth in the three largest economies of United States, European Union and China expected to decline significantly. The decline in global growth has been attributed to continuing conflict in Ukraine, rising inflationary pressures and monetary tightening in the Western countries, strengthening of the United States dollar, China Zero Covid Policy and weakening of China's property sector. External environment is expected to remain challenging for emerging and developing economies with risk of severe debt distress and capital outflows. IMF advised debt restructuring for the most distressed countries to avert a wave of sovereign debt crisis. IMF in its October 2022 Regional Economic Outlook for Sub Sahara Africa expects regional indebtedness to approach levels of the early 2000 before the Heavily Indebted Poor Countries Initiative with rising debt service costs and higher rollover risks.

Moody's downgrade of Nigeria's Sovereign Debt

Moody's Rating Agency downgraded Nigeria's local currency, foreign currency long term issuer rating and foreign currency senior unsecured debt rating on 24th October 2022 from B2 to B3. The downgrade reflects the risk of increasing foreign currency rationing, impact on capacity to meet foreign currency obligations by banks and potential impact of further Naira devaluation on capitalization and asset quality of domestic financial institutions.

Sale of Polaris Bank Limited

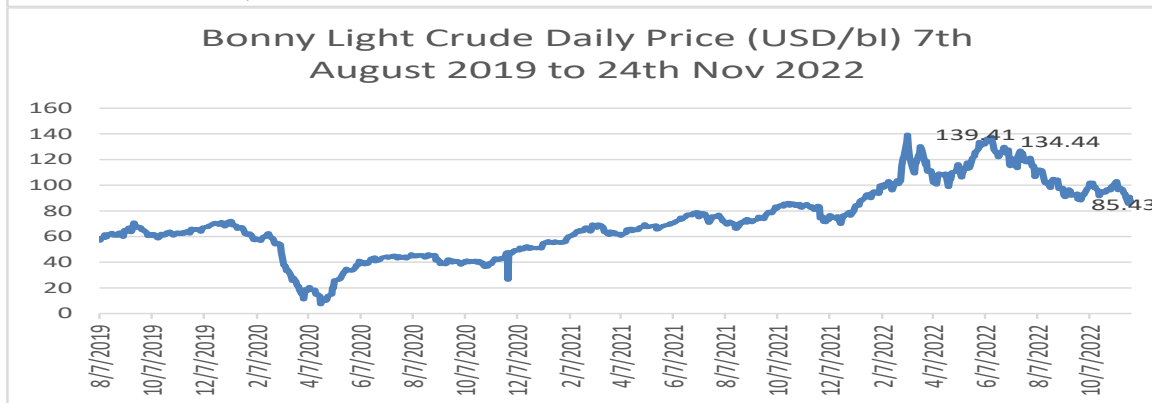
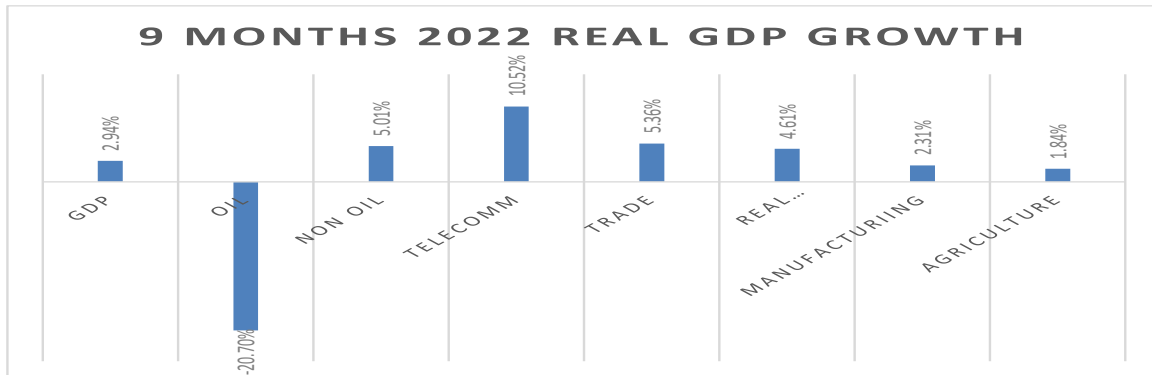
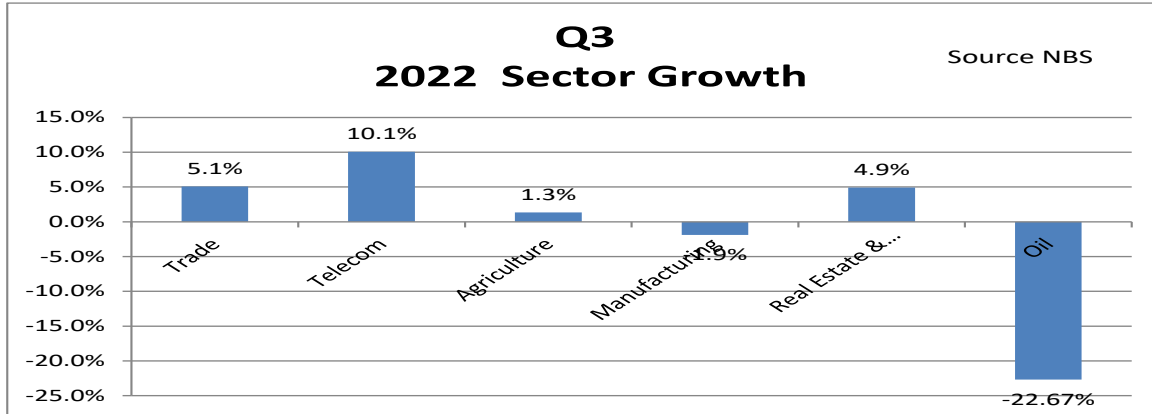
Nigeria's Asset Management Corporation (AMCON) announced the sale of 100% shareholding of Polaris Bank Limited (previously Sky Bank Plc) on 20th October 2022 to Strategic Capital Investors Limited for N50 billion plus assumption of CBN debt of N1.305 trillion. The loan representing current value of CBN intervention funds of N898 billion is to be repaid over 25 years at a nominal interest rate of 9%. Polaris Bank Limited was incorporated in 2018 and is the last of the bridge banks formed after the banking crisis of 2014.

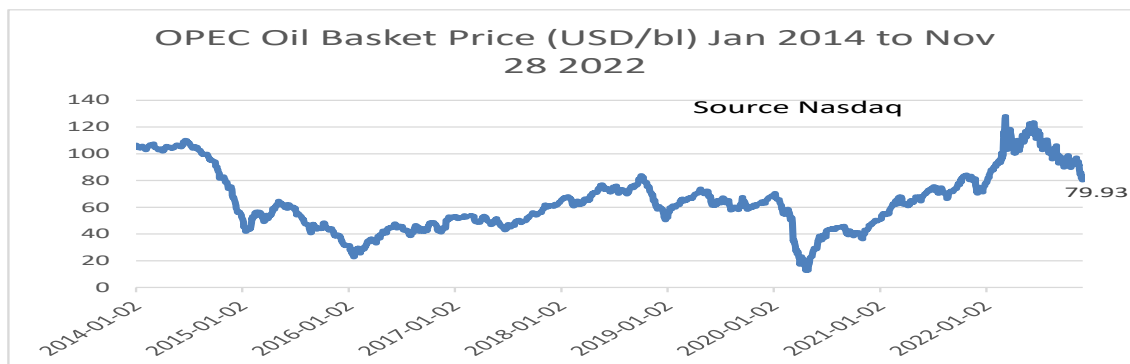
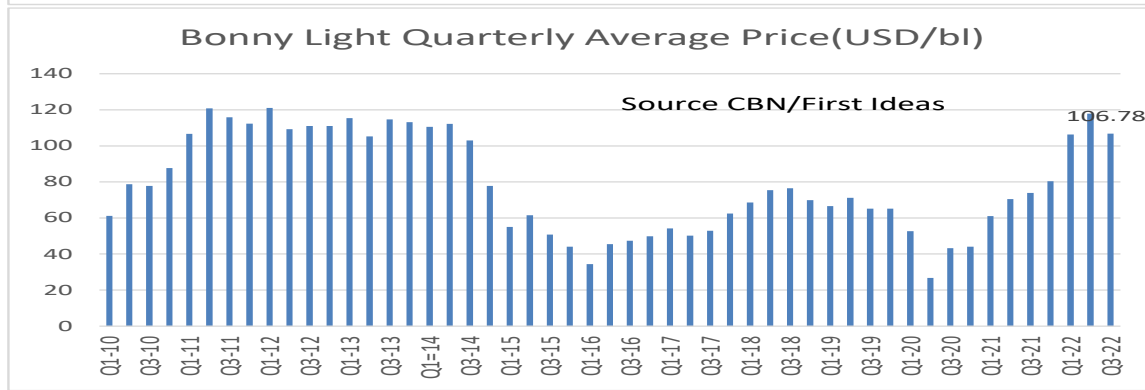
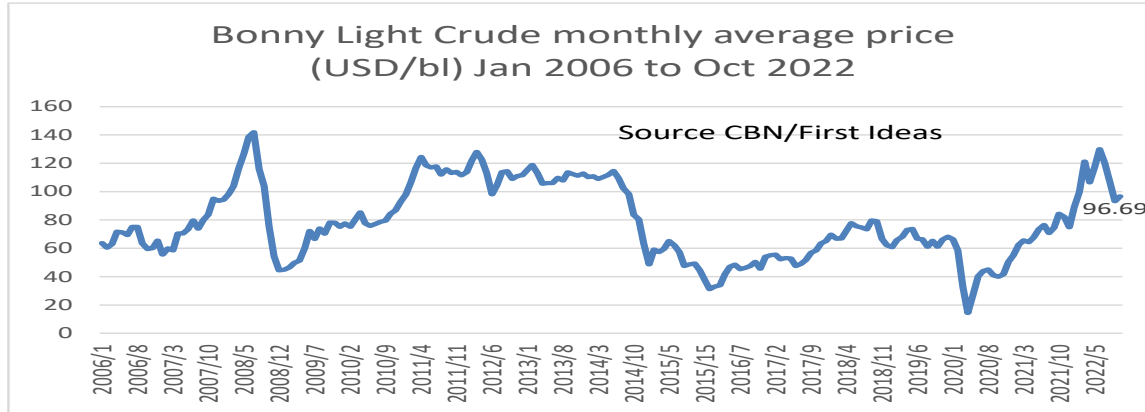
Announcement of CBN Redesign of the Naira

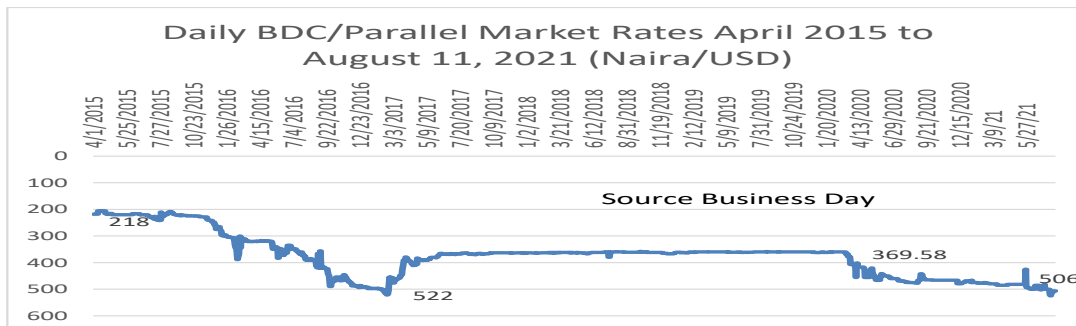
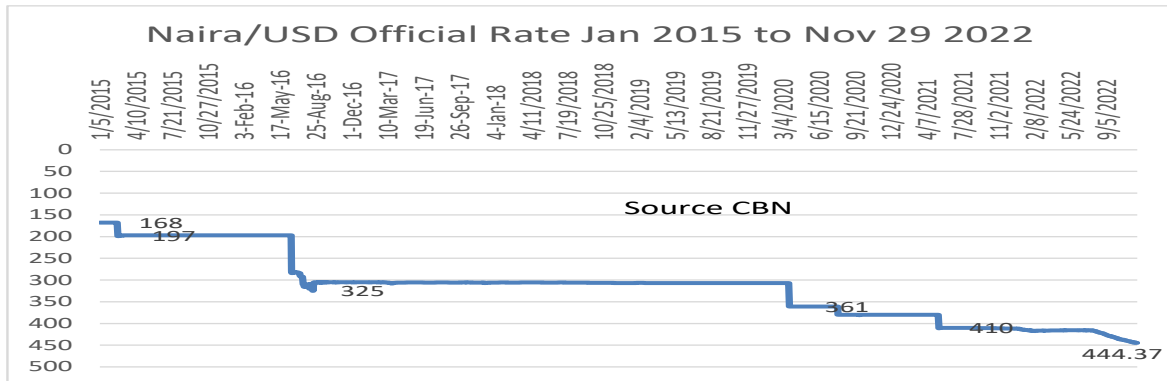
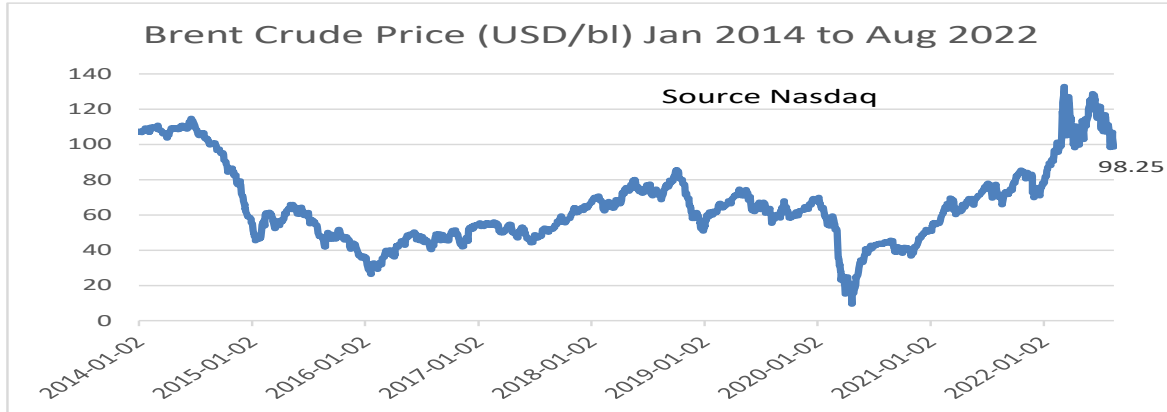
The Governor of the Central Bank of Nigeria announced the proposed issuance of redesigned Naira Notes on October 26th, 2022. The new notes will be in circulation from December 15, 2022, while the old notes will cease to be legal tender from January 31, 2023. The stated objectives of the Naira redesign include

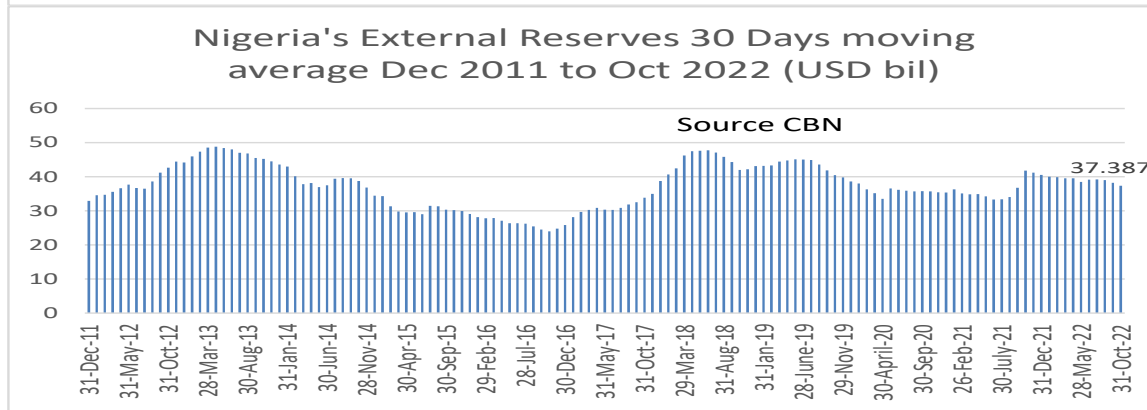
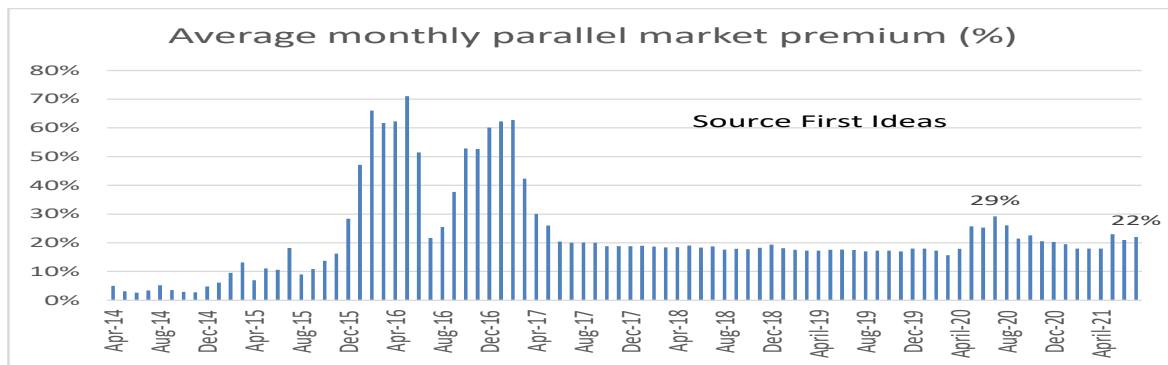
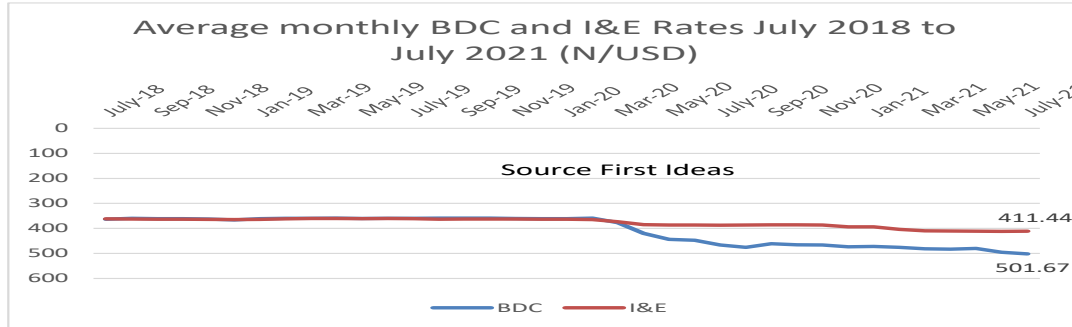
combating Naira counterfeiting, improved effectiveness of monetary policy by reducing currency outside the banking system and reduction in the illegal use and abuse of the currency. CBN has since introduced additional measures including limits on Naira cash withdrawals effective from January 9, 2023.

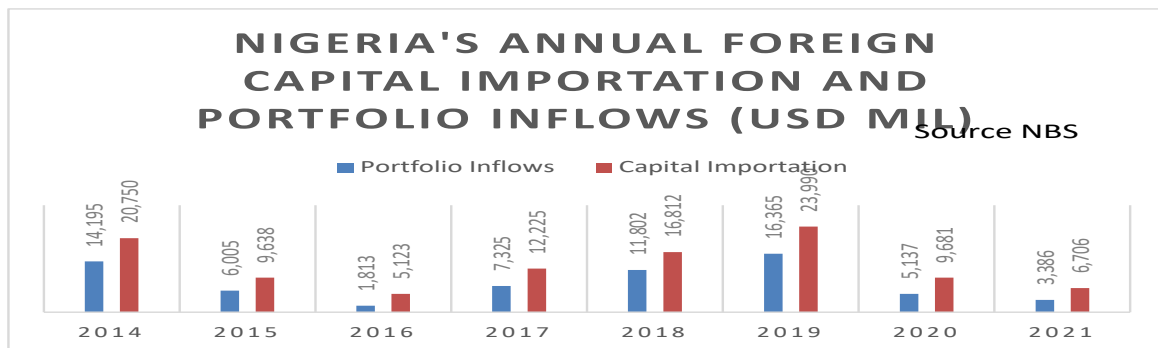
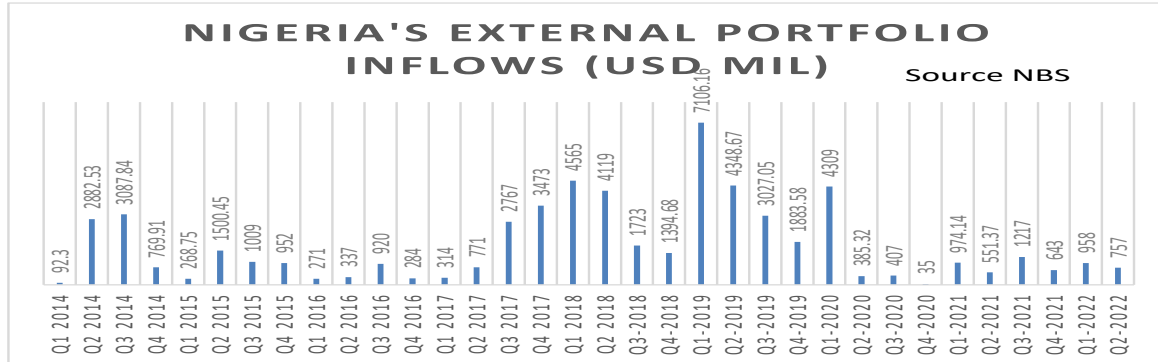


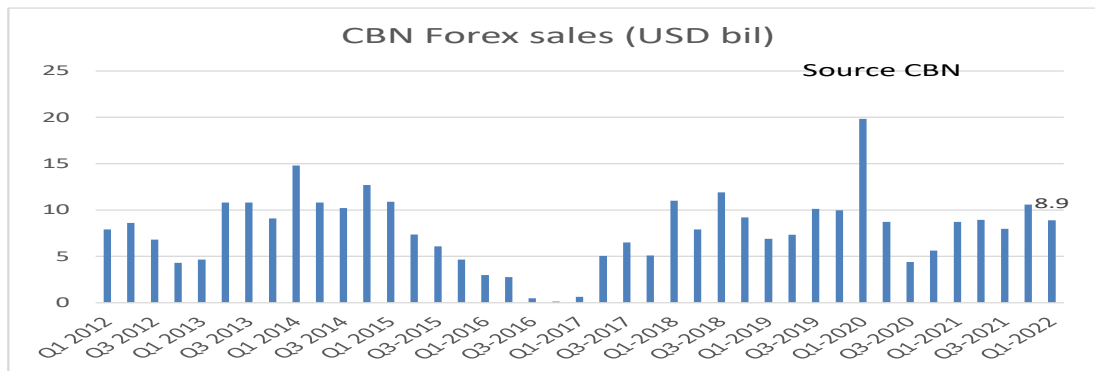
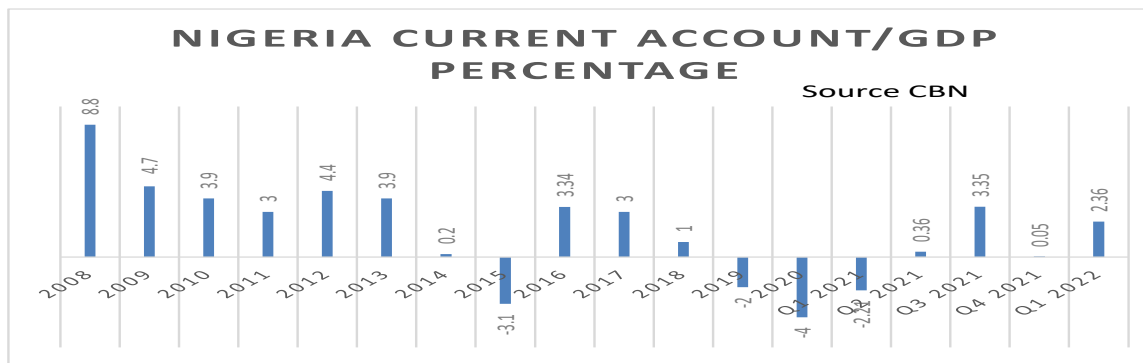
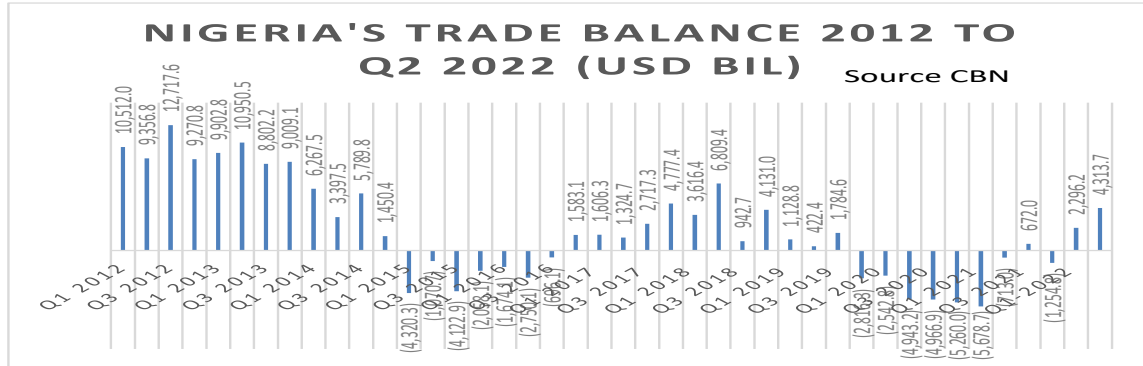


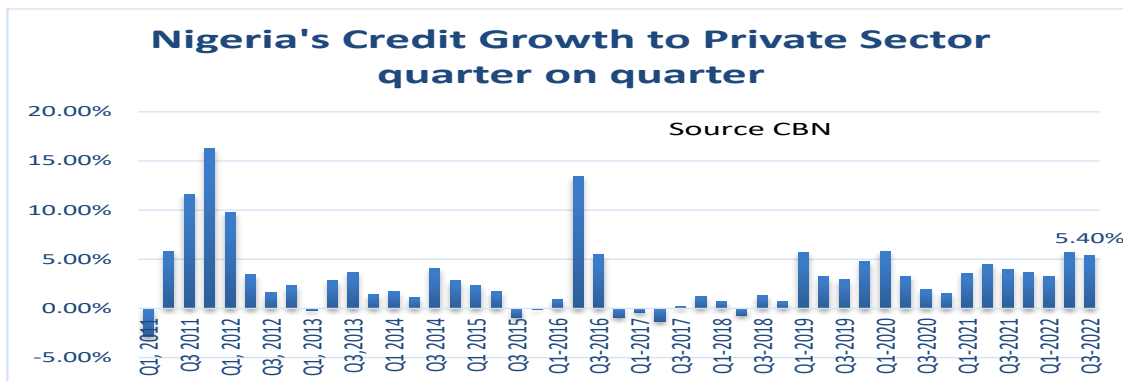
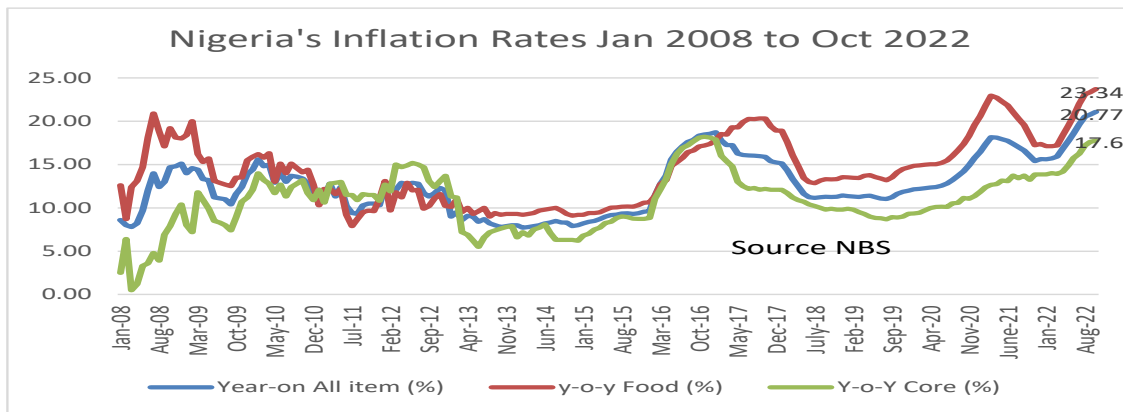
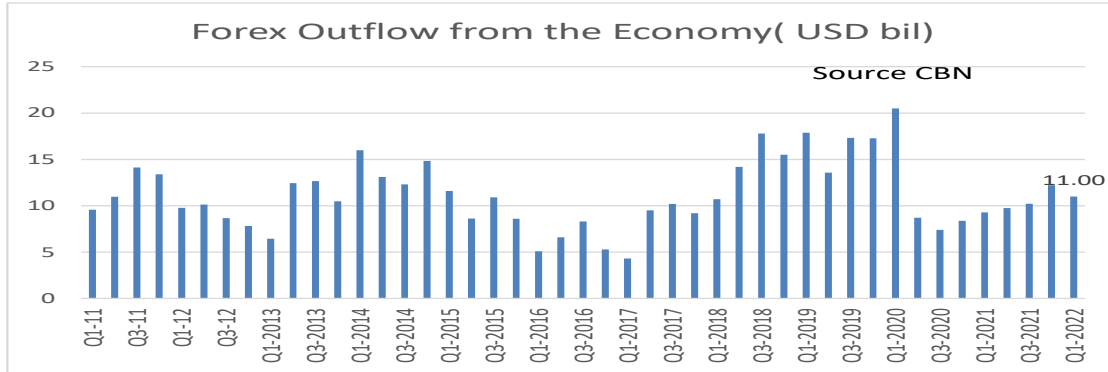


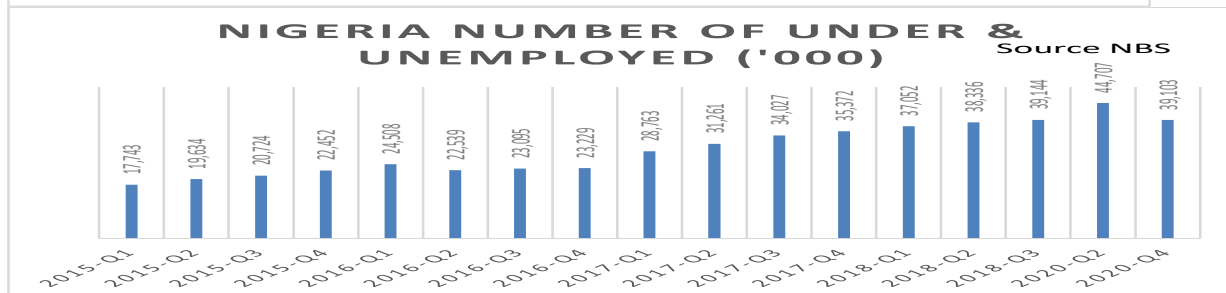
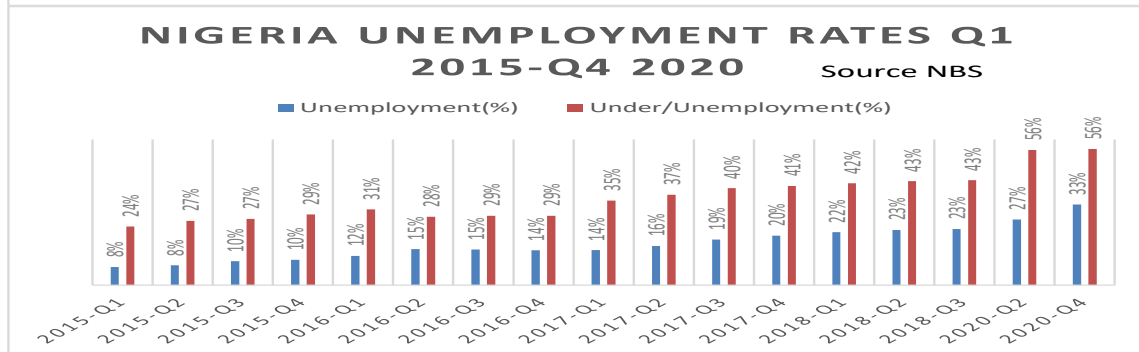
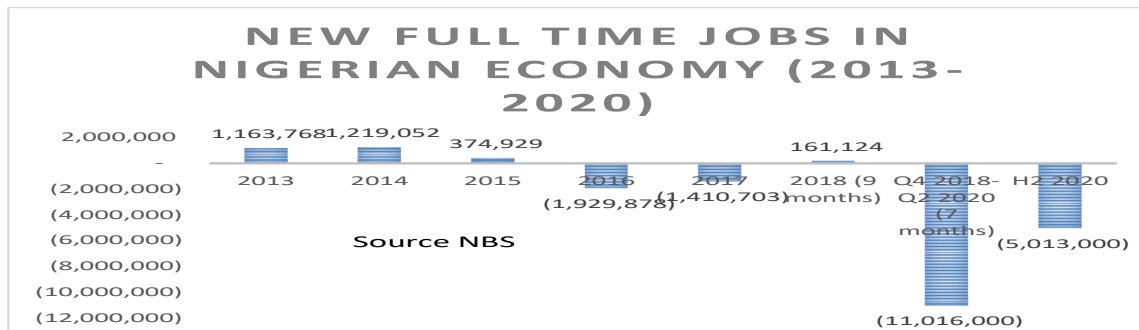
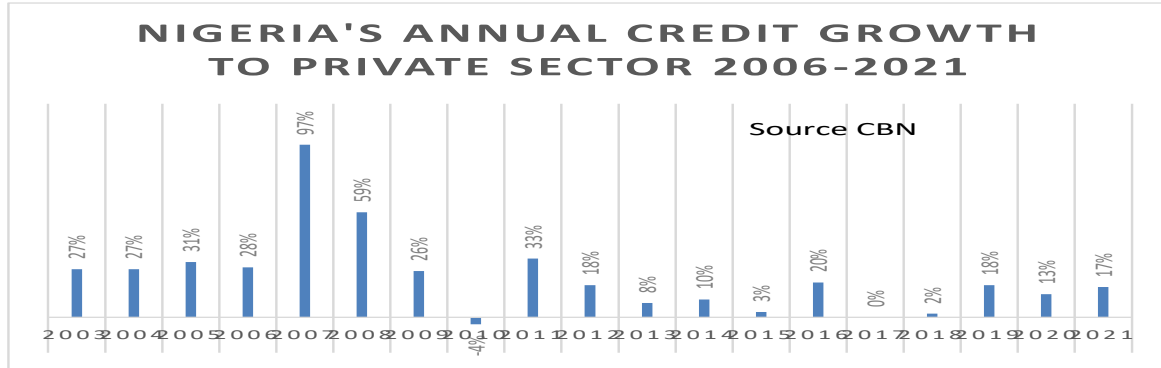








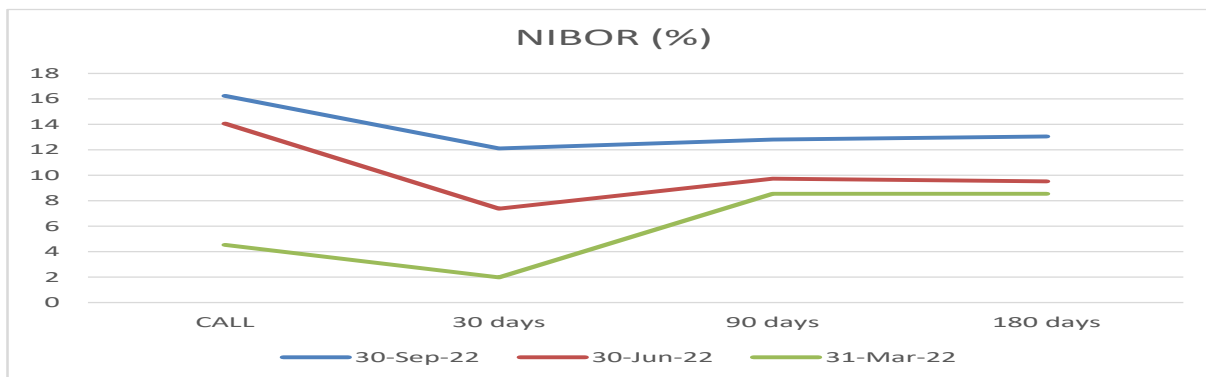
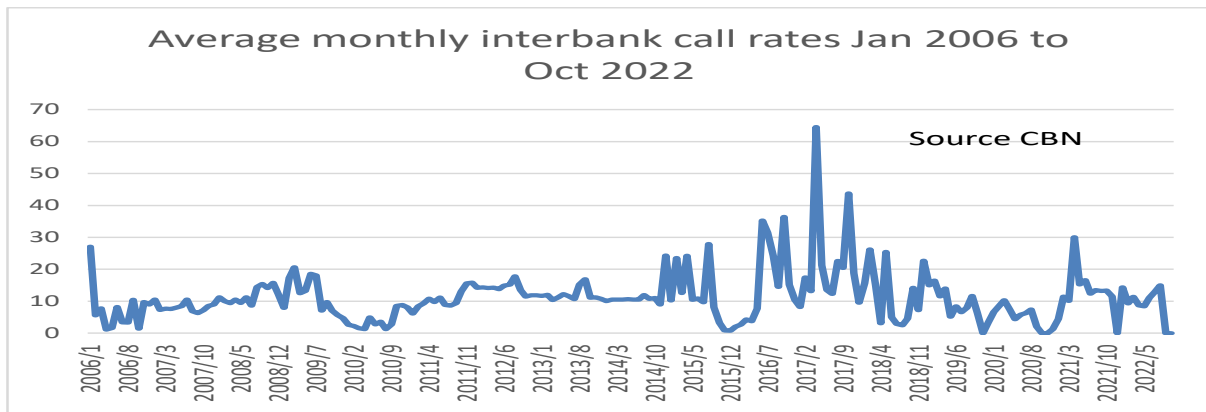
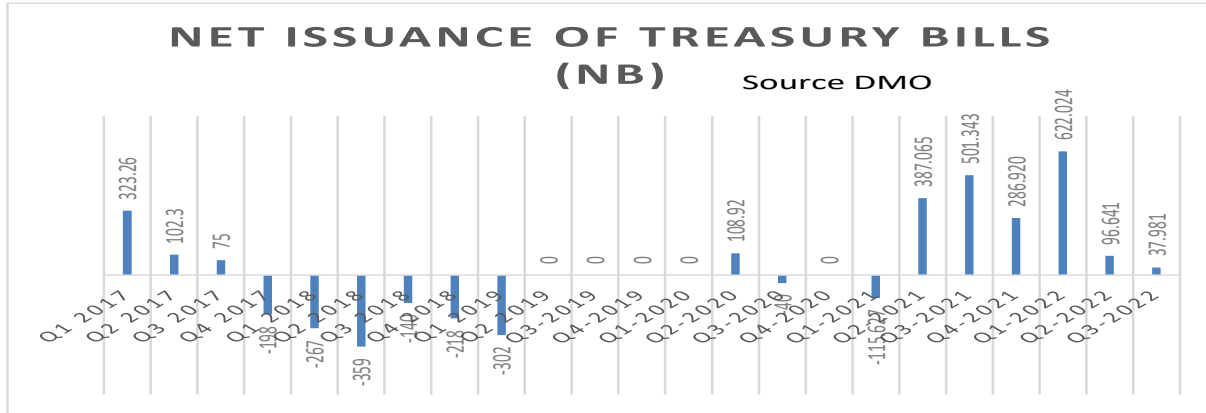


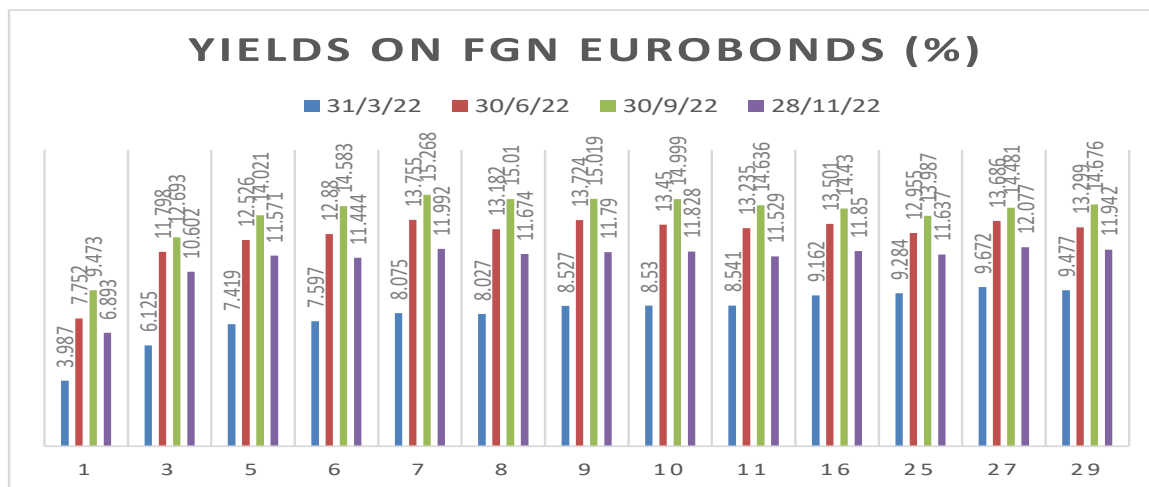
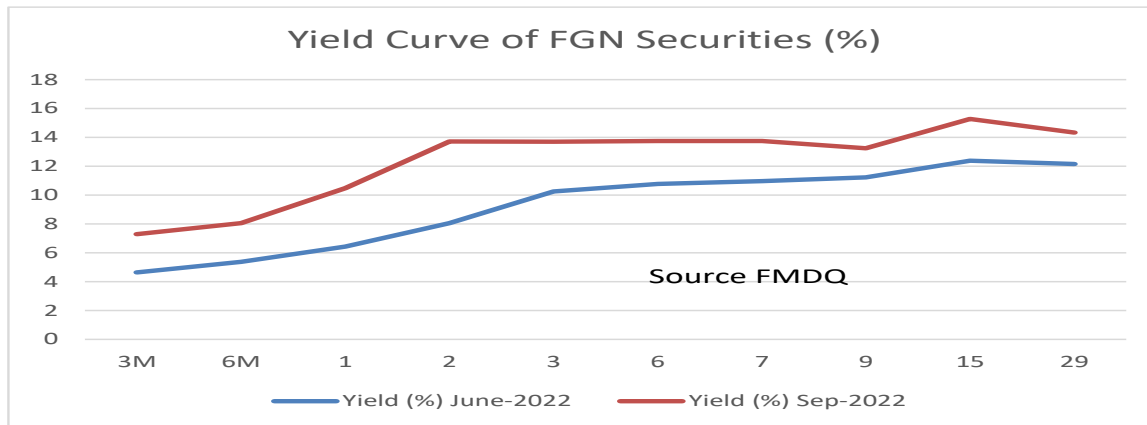


LABOUR FORCE STATISTICS Q4 2020									
State	Labour Force	Work 40 Hrs	Work 20 -39 H	Full/Under-employe	Total unemploye	total unemployed	Unemployment	Unemployment	
	Fully employed	Underemployed				Underemployed	Rate	Underemployment Rate	
Imo	1,946,682	340,034	504,123	844,157	1,102,525	1,606,648	56.64%	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 money markets tightened further in the third quarter arising from the aggressive 250 basis points increase in the MPR and increase in Cash Reserve Ratio of banks to record high of 32.5%. Interbank rates remained volatile increasing from an average of 11.1% in June to 15% in August but declining in September 2022. 30 days, 90 days, and 180 days NIBOR increased by an average of 377 basis points to close at 12.12%, 12.81% and 13.05% respectively on 30/9/22. 91 days, 182 days and 364 days Nigerian Treasury Bills increased by an average of 313 basis points to close at 7.29%, 8.06% and 10.48% respectively. Net treasury bills issuance declined marginally by 6% in Q3 2022 while net FGN Bond issuance increased significantly by N1.5 trillion. Aggregate bond and treasury bills net issuance in the nine months ended September 2022 was N2.6 trillion and represents 100% of full year provision for domestic borrowings in the 2022 Revised Budget.





THE BOND MARKET

Yields on long term FGN Bonds increased by an average of 314 basis points in the third quarter arising from the CBN monetary tightening measures during the period. Yields on 10 years benchmark bonds at the DMO bond auctions increased by 140 basis points from 12.5% in June to 13.85% in September, rising to 15% in October and 15.2% in November 2022.

Subscription volumes at the DMO FGN Bond auctions declined significantly by 59% to N640 billion in the third quarter of 2022 while percentage of offer subscribed declined from 117% to 82%. Secondary market turnover on the FGN Bond over the counter market (OTC) also declined sharply by 33% to N2.1 trillion in the third quarter representing 5 years low.

Yields on FGN Eurobonds in the secondary market also rose sharply by an average of 135 basis points from range of 7.8% to 13.8% on 30/6/22 to a range of 9.5% to 15.3% on 30/9/22 reflecting the downgrade in Nigeria sovereign debt rating. Yields however recovered significantly in November following slow down in Inflation in the United States and expectation of less hawkish interest rate increases by the United States Federal Reserve Bank.

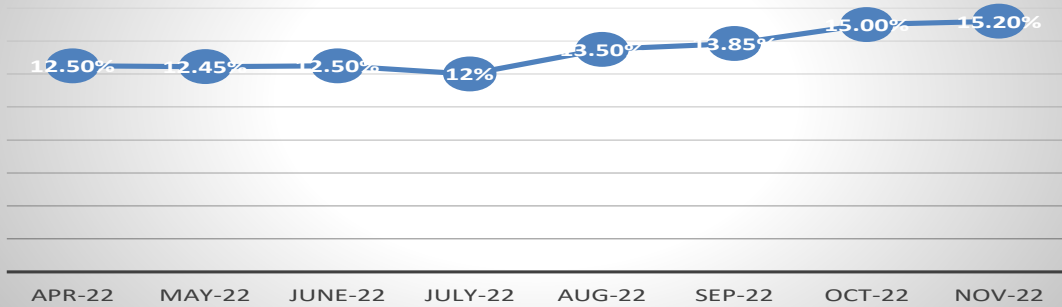
Domestic Corporate Bond issuance increased by 97% from N180 billion in Q2 2022 to N355 billion in Q3 2022. Details of the seven issues by five issuers are set out below:

- Dangote Industries Limited N10.465 billion 7 years 12.75% Senior Unsecured Fixed Rate Bond due 2029.
- Dangote Industries Limited N177.199 billion 10 years 13.5% Senior Unsecured Fixed Rate Bond due 2032.
- Geregu Power Plc N40.085 billion 7 years 14.5% Senior Unsecured Fixed Rate Bonds due 2029.
- Parthian Partners Funding SPV N10 billion 3 years 13.5% Senior Unsecured Fixed Rate Bonds due 2025.
- Accelerex Funding SPV Plc N2.3 billion 5 years Senior Unsecured Bonds.
- MTN Plc N10.09 billion 4 years 13.5% Fixed Rate Bonds due 2026.
- MTN Plc N104.91 billion 10 years 14.5% Fixed Rate Bonds due 2032.

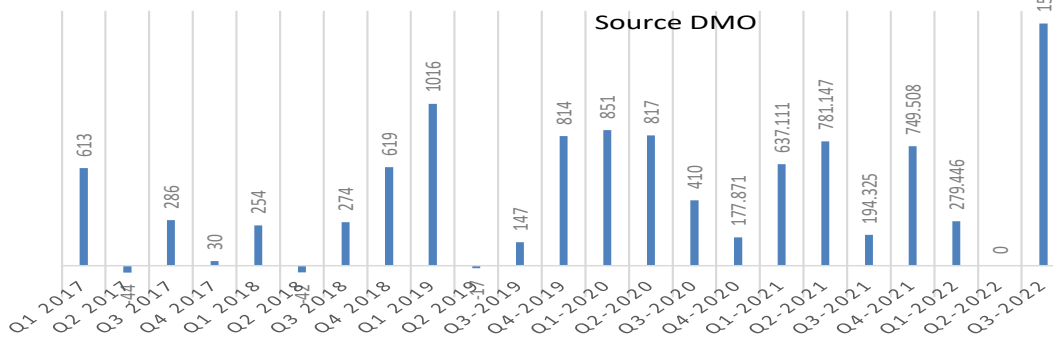
The primary market for subnational bonds was dormant in the third quarter.

Significant external borrowings announced during the period was the Bank of Industry (BOI) Euro 1 billion 2 years Guaranteed Senior Loan Facility guaranteed by Africa Finance Corporation (AFC).

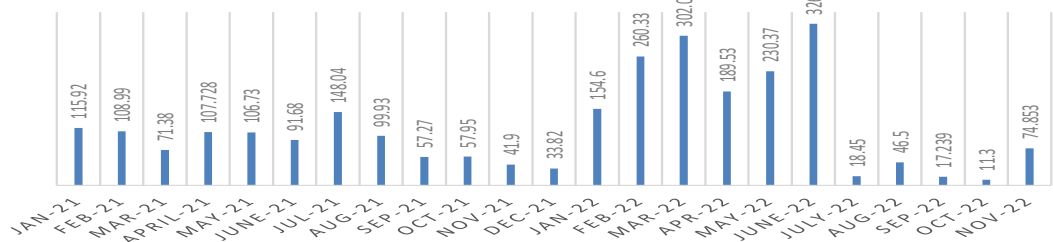
Yields on 10 years FGN Bonds (April 22 to Nov 22)

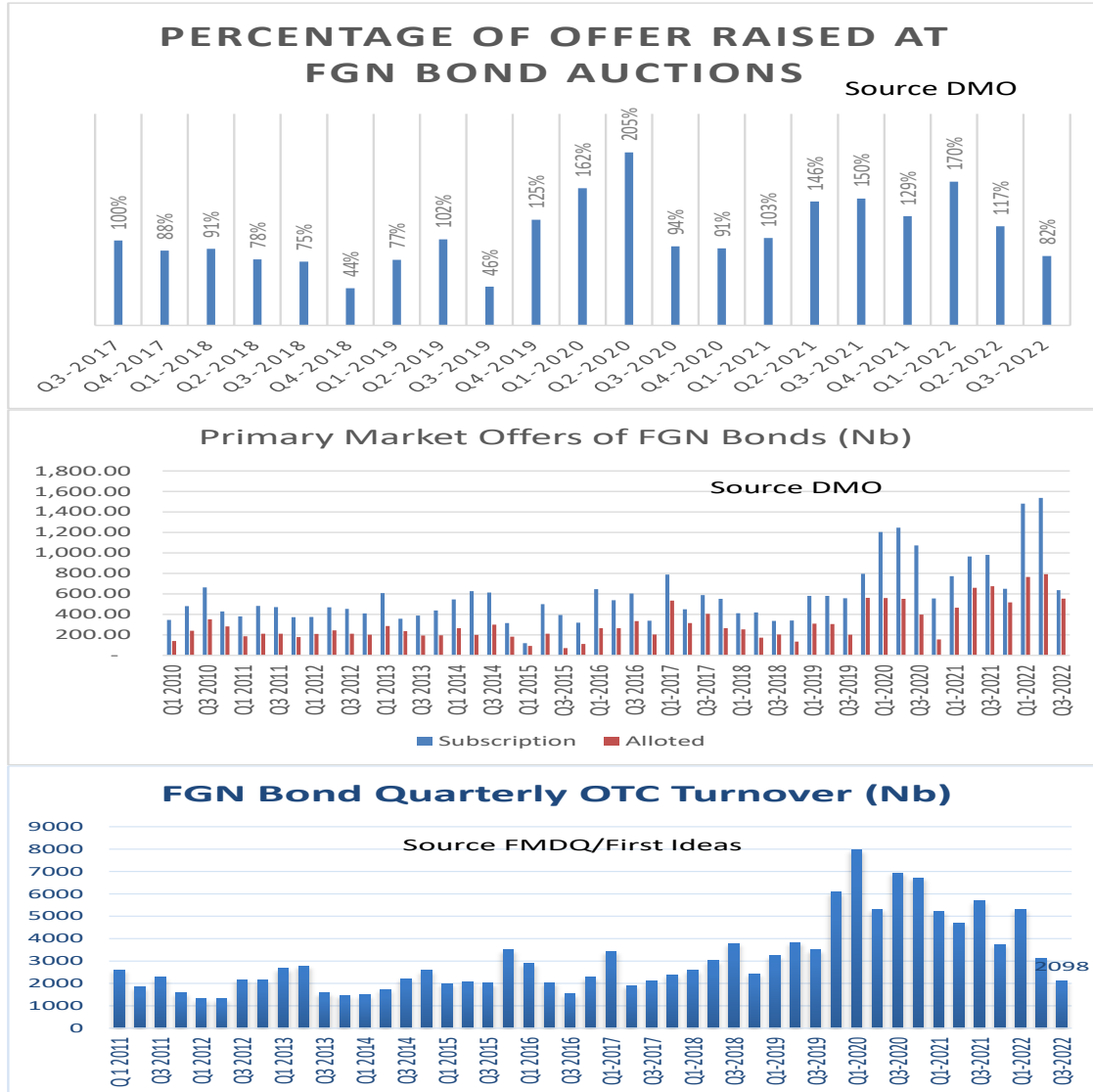


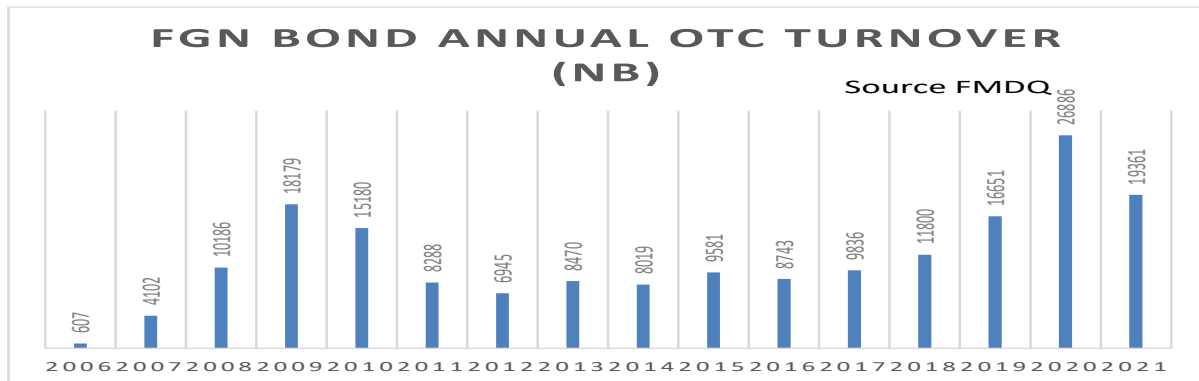
NET ISSUANCE OF BONDS (NB)



FAILED BIDS AT DMO AUCTIONS (N' BILLION)







THE EQUITY MARKET

Nigeria’s equities primary market remained relatively dormant with no announced public issue or Rights. The ABC Transport N394.5 million Rights Issue of the second quarter was 65% subscribed reflecting the continuing weak investor appetite for equity risk.

Other developments in the quarter include:

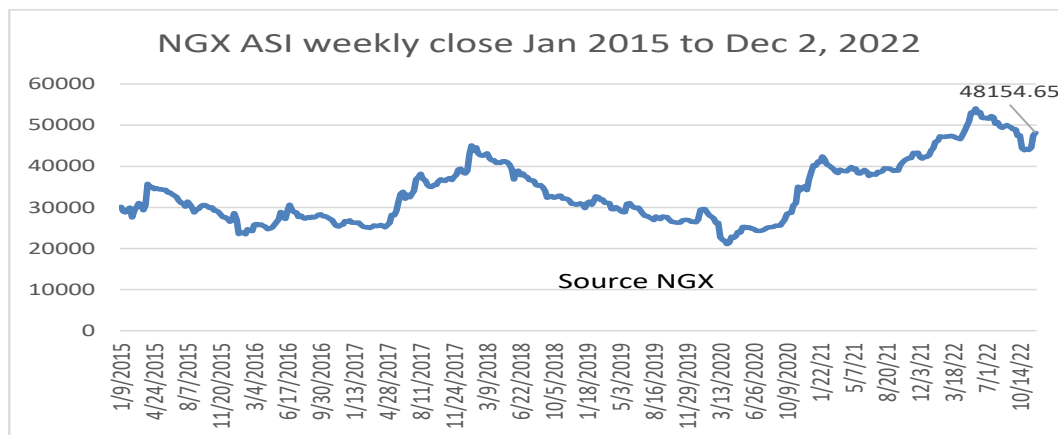
- Publication of mandatory takeover bid for 1.3 million shares held by minority shareholders in Eterna plc by Preline Limited at N13.5/share. Preline’s pre-bid shareholding was 60.98% and offer is for an insignificant 0.1% shareholding aimed at meeting statutory requirements.
- Publication of mandatory takeover bid by Flour Mills Plc for minority shareholders of Honeywell Flour Mills Plc representing 1% shareholding at N4.2/share and valuation of N333 million. Flour Mills pre-bid shareholding through Ecowise Horizon Limited was 76.75%.
- Announcement of execution of binding agreement on the acquisition of 100% shareholding of Union Bank UK Plc by Fidelity Bank Plc.
- Approval of shareholders of Sterling Bank Plc of restructuring of the bank into a holding company with incorporation of a non-interest banking subsidiary.

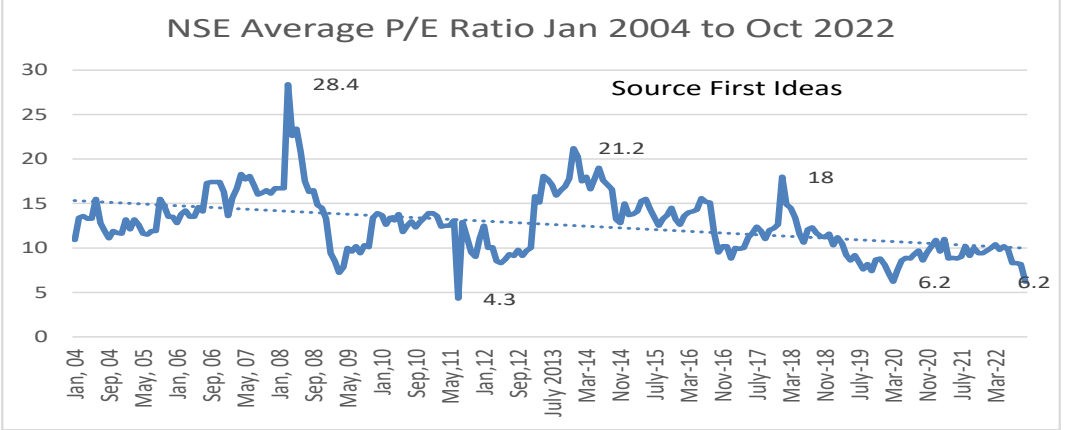
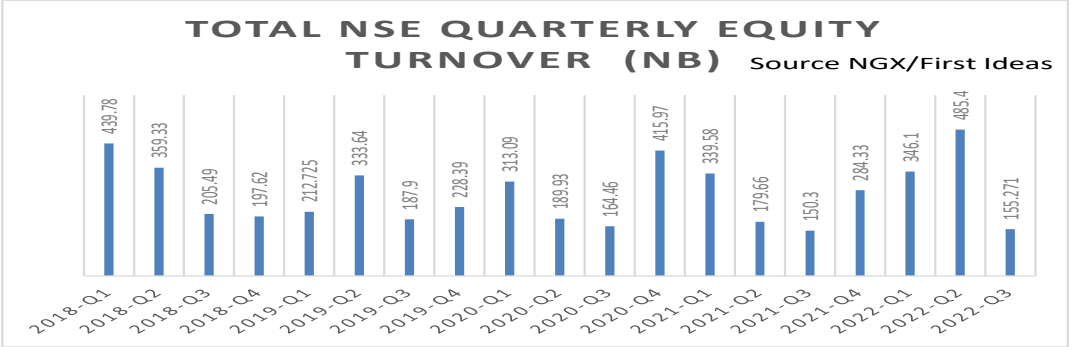
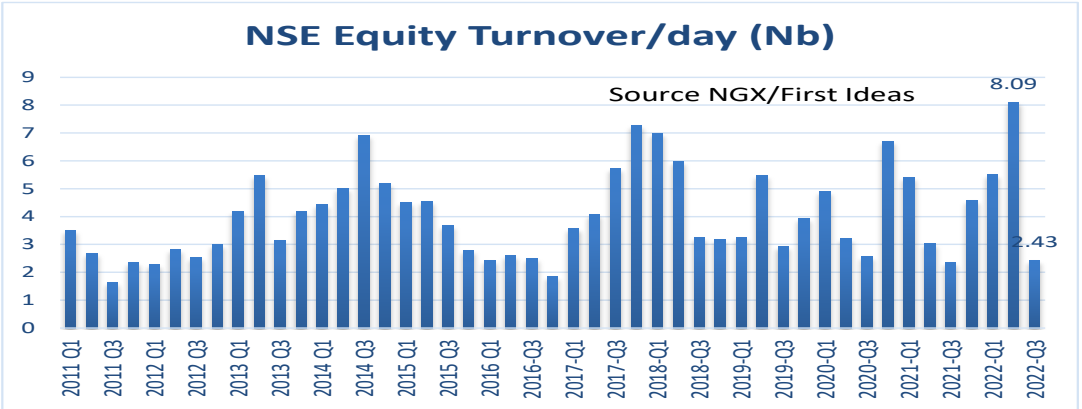
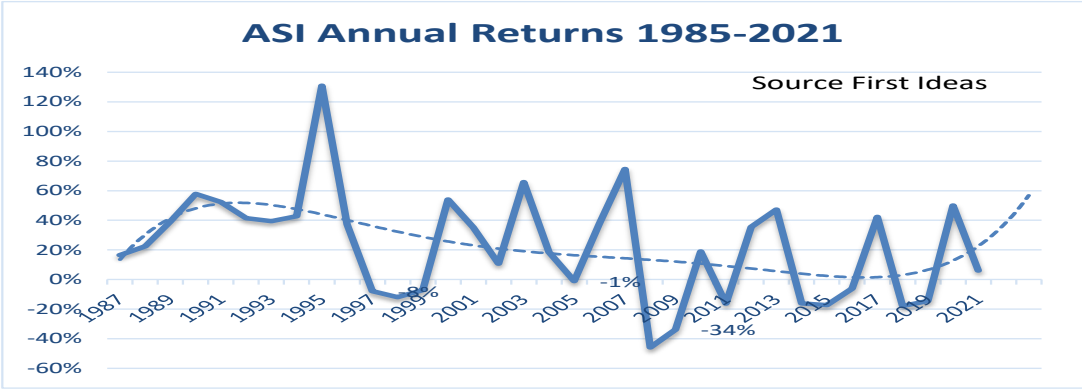
Significant secondary market activities during the period include:

- Statutory notification on 20th July 2022 of 7.84% shareholding as at 30/6/22 in NGX Group Plc, operators of the Nigerian Stock Exchange by Miri Strategic Emerging Markets Fund LP.
- Listing of 145,074,002 shares of NBL Plc on 7th July 2022 arising from the exercise of scrip dividend option by shareholders.
- Listing of 1,611,995,510 of Capital Hotels Plc on 5th August 2022 arising from private placement exercise subscribed by 22 Hospitality Plc.
- Listing of 44,835,076 shares of UACN Plc on 2nd September 2022 arising from the exercise of scrip dividend option by shareholders.
- Acquisition of additional 478,203,630 shares of Capital Hotels Plc by 22 Hospitality Plc representing 15.13% shareholding of Hans Gremlin Limited and Associated Ventures International Limited increasing its shareholding to 66.13%.

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

- Acquisition of 2,453,537 shares of Nestle Nigeria Plc by Nestle SA valued at N3.27 billion. This was against total acquisition of N5.75 billion in Q2 2022 and N2.34 billion in Q1 2022.





NSE ALL SHARE INDEX QUARTERLY PERFORMANCE

Date	Q3 2021	Q4 2021	31.12.21 Year	Q1 2022	Q2 2022	Q3 2022	9 months 30.9.22
ASI	40,221.17	42,717.44	42,717.44	46,965.48	51,817.59	49,024.16	49,024.16
Growth	+6.1%	+6.2%	+6.19%	+9.94%	+10.33%	-5.39%	+14.76%

Average Dividend Yield as at 30/9/22 (First Ideas Index): 5.9%

2022 Prospective P/E Ratio (First Ideas Index un-weighted) as at 30/9/22: 8.2

Market Capitalization (Equity) as at 30/9/22: N26.42 trillion (USD60.36 billion)

Equities Daily Average Turnover in Q3 2022: N2.43 billion (USD5.6 million)

Currency Exchange rate (I&E) as at 30/9/22: N437.74/USD.

Trading days Q3 2022: 64

The Nigerian Stock Exchange (NSE) secondary market for equities was bearish in the third quarter following a strong first half. The NGX All Share Index declined by -5.39% in Q3 2022 reducing growth in the nine months of 2022 to +14.76%. The quarter's downturn has been attributed to the rise in interest rates and yields on fixed income instruments, increased risk aversion in advance of elections, Naira devaluation and worsening forex rationing. The overall year to date performance however compares favorably with peer emerging market equity indices. The Morgan Stanley Emerging Markets Equity Index and South Africa JS AS Index recorded negative returns of -28.54% and -11.09% respectively during the period.

Equity Turnover on the NSE declined sharply by 68% from N485 billion in Q2 2023 to N155 billion in Q3 2022 attributable partly to seasonal and base effects. 39% of Q2 Turnover was attributable to the Union Bank divestment exercise. Q3 2022 Turnover represented a marginal increase on the same quarter in 2021. Domestic Institutional and Retail inflows declined by 80% and 47% respectively during the quarter with Institutional investors as net buyers while Retail Investors were net sellers. Foreign Portfolio Equity Inflows declined by 39% attributable to the challenging external environment and concerns around capital repatriation and forex policy.

All major NSE Sector indices recorded negative growth during the quarter with worst performance by the Industrials Sector Index which recorded return of -18%. All the major sector indices except Oil & Gas recorded negative returns in the nine months ended 30/9/22 with worst performance by Insurance, Industrials and Banking Indices.

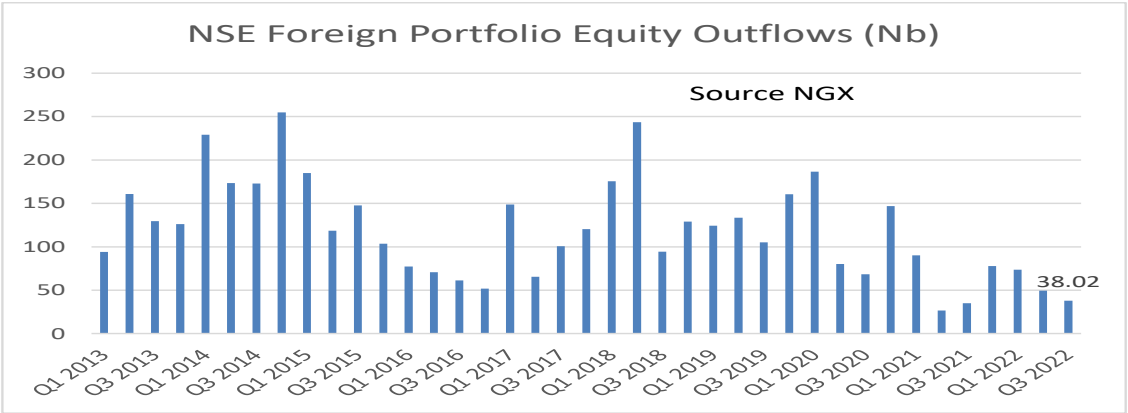
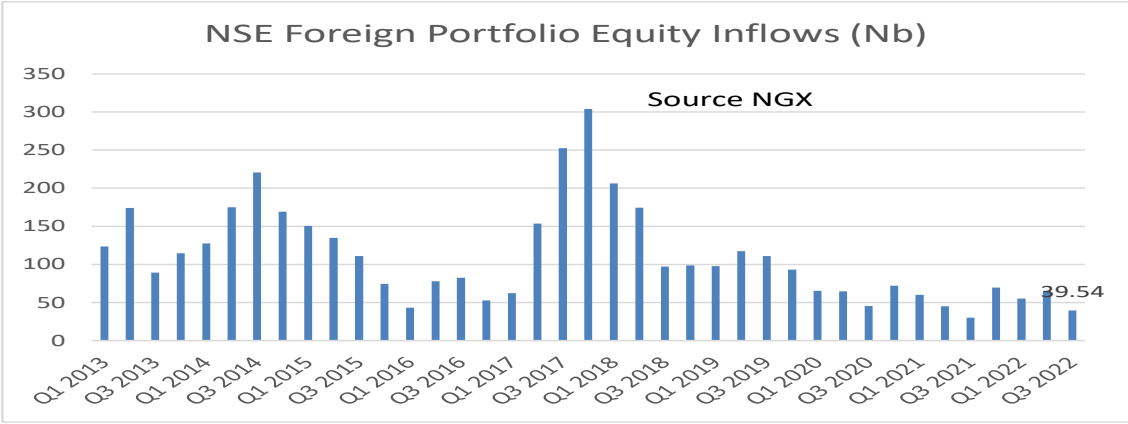
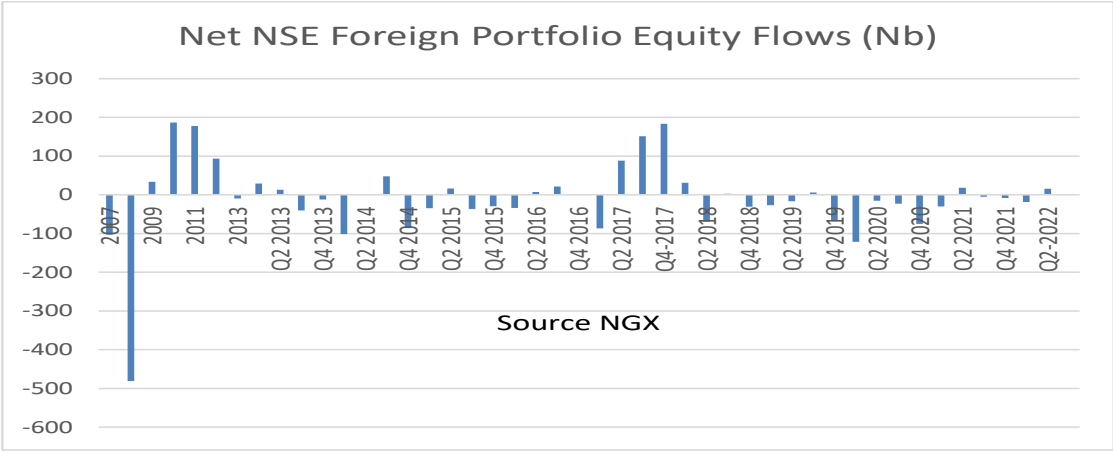
Sector Index	Q3 2022	9 months ended 30/9/22
Oil & Gas	-7%	+47%
Consumer Goods	-6%	-1%
Banking	-5%	-7%
Industrials	-18%	-12%
Insurance	-5%	-15%

The leading sectors in our First Ideas unweighted Index of 49 stocks for the first nine months of 2022 are Telecommunications, Agriculture, Breweries and Petroleum (Oil & Gas) with returns of +55%, +40%, +36% and +23% respectively. The worst sectors are Paint and Insurance with negative returns of -20% and -17% respectively.

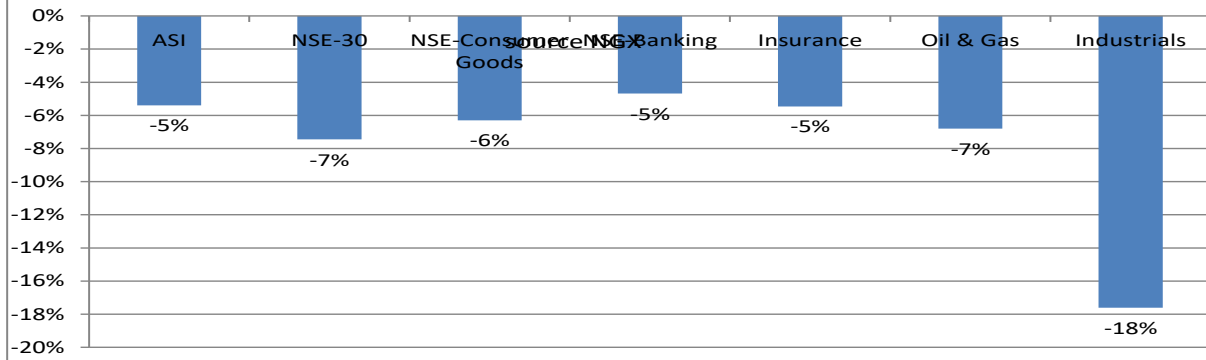
We expect the market to weaken further in the last quarter as a result of continuing weakness in foreign portfolio inflows, increasing yields on fixed interest securities and lowered risk appetite. This is expected to persist until the general elections scheduled for February 2023.

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

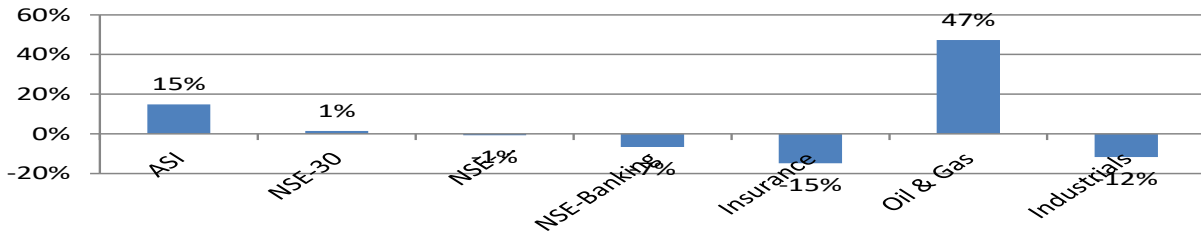


Growth in NSE Sector Indices in Q3 2022



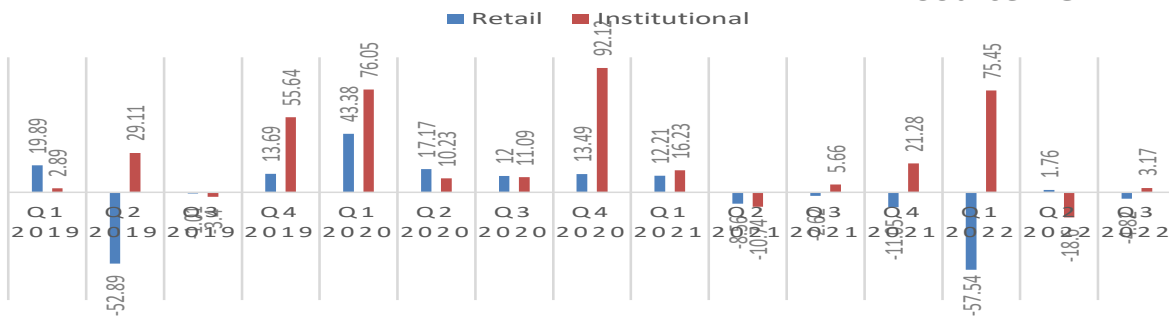
Growth in NSE Sector Indices in 9 months 2022

Source NSE

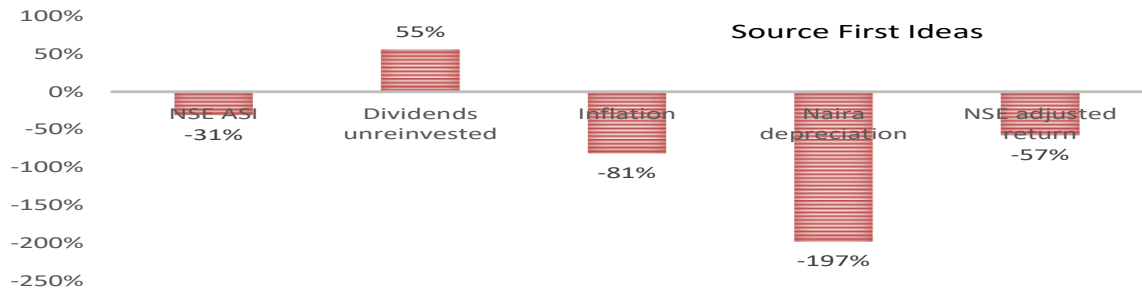


NET QUARTERLY NSE DOMESTIC EQUITY INFLOWS (NB)

Source NGX



ANALYSIS OF NSE INVESTMENT RETURNS 2007 TO 2021



Average Prospective P/E Ratio by Sector	
30/9/22	
Sector	P/E
Construction	3.5
Banking	3.9
Agriculture	5.3
Insurance	6.3
Petroleum Marketing	6.3
Paint	7.4
Pharmaceuticals	8.4
Food	9.2
Cement	10.6
Breweries	11
Telecomm	19.1
Conglomerate	28.9
Average Dividend Yield by Sector	
30/9/22	
Sector	Yield
Construction	9.7%
Paint	9.3%
Banking	8.7%
Cement	7.1%
Pharmaceuticals	6.8%
Breweries	6.0%
Insurance	5.7%
Food	5.0%
Agriculture	4.8%
Petroleum Marketing	3.9%
Telecomm	3.6%
Conglomerate	3.5%
Profit Growth of select sectors	
Period ended 30/9/22	
Paint	78%
Pharmaceuticals	62%
Petroleum Marketing	55%
Breweries	43%
Food	41%
Agriculture	36%
Insurance	34%
Banking*	29%
Construction	17%
Telecom	14%
Cement	0%
Conglomerates	NM
Note * Reports published as at 30/11/22	

BANKING RATIOS AS AT 30th SEPTEMBER 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
		30/9/22	9 months	9 months	9 months	30/9/22								
		N'mil	N mil	N mil	N mil	N il	%	%	%	%	%			%
Tier 1 Banks (Total assets above N3 trillion)														
1	Zenith Bank Plc	11,341,979	620,574	202,549	174,331	1,307,650	53%	1.2%	20.0%	2.4%	18%	0.5	4.4%	42%
2	First Bank of Nigeria Plc	9,852,816	547,200	105,532	90,083	881,861	84%	1.3%	15.6%	1.4%	14%	0.5	4.7%	33%
3	Access Bank Plc	13,450,166	906,934	147,296	137,154	809,723	66%	1.2%	22.4%	1.5%	23%	0.4	3.7%	33%
4	GTBank Plc	5,808,804	355,671	169,724	127,632	853,392	46%	0.3%	22.0%	3.9%	20%	0.7	5.6%	42%
5	UBA	9,318,700	552,118	138,493	116,042	776,668	63%	0.6%	20.0%	2.0%	20%	0.3	2.6%	51%
6	Stanbic IBTC bank Plc	2,951,110	201,002	68,946	53,131	372,841	56%	0.8%	14.9%	3.1%	19%	1.1	2.6%	36%
7	Fidelity	3,799,779	241,894	37,792	34,959	319,134	70%	0.2%	19.8%	1.3%	15%	0.4	2.7%	23%
Tier 2 Banks (Total assets between N1 trillion and N3 trillion)														
8	Union	2,662,806	141,534	10,166	8,809	262,986	74%	0.3%	15.3%	0.5%	5%	0.7	4.2%	30%
9	FCMB Plc	2,934,543	200,068	26,505	22,603	262,497	67%	1.8%	15.4%	1.2%	12%	0.3	4.1%	34%
10	Sterling Bank Plc	1,805,344	119,591	14,364	13,399	150,349	77%	1.1%	14.8%	1.1%	12%	0.3	1.3%	25%
11	Wema	1,340,033	95,354	9,457	8,180	75,240	80%	0.6%	11.7%	0.9%	15%	0.6	2.5%	39%
Average (Industry)							67%	1%	17%	2%	15%	0.5	3%	35%
Average Tier 1 banks							63%	1%	19%	2%	18%	0.6	4%	37%
Average Tier 2 banks							75%	1%	14%	1%	11%	0.5	3%	32%
Note														
* Income adjusted to exclude forex valuation gains.														
** Market price as at 30/11/22														
*** Zenith, GTB and UBA CAR as at 30/6/22. FCMB, Sterling and Wema CAR as at 31/12/21. Access and UBA NPL as at 30/6/22. FCMB and Wema NPL as at 31/12/21														
**** Equity is defined as Shareholders Equity and excludes preference shares														
NA: Not available														
COR: Cost of Risk														
NPL : Non Performing Loan ratio														
Ranking by Shareholders Equity.														
Banks Mandatory Reserves with CBN as at 30/9/22* (N' millions)														
		Reserves	Reserves	Reserves	Reserves	Deposits	Ratio							
	Bank	31/12/21	31/3/22	30/6/22	30/9/22	30/9/22	%							
	Access	1,466,414	1,701,323	1,830,711	1,854,973	8,189,263	23%							
	Zenith	1,330,897	1,621,427	1,475,342	1,694,532	8,042,101	21%							
	UBA	969,869	943,370	1,011,198	1,215,729	7,028,740	17%							
	FBN	1,348,086	1,402,916	1,382,830	1,401,381	6,600,595	21%							
	GTB	952,295	997,245	954,312	976,245	4,257,438	23%							
	Fidelity	686,097	693,363	700,736	741,695	2,294,670	32%							
	FCMB	329,739	374,860	374,458	442,876	1,816,842	24%							
	Union	454,802	467,964	323,388	348,962	1,527,444	23%							
	Sterling	243,869	273,257	246,941	265,213	1,249,657	21%							
	Stanbic	443,995	489,760	490,517	442,390	1,138,677	39%							
	Wema	313,847	326,316	347,416	363,916	1,079,576	34%							
		8,539,910	9,291,801	9,137,849	9,747,912	43,225,003	23%							
Note														
* Statutory CRR was increased from 27.5% to 32.5% on 27th September 2022.														

RANKING OF SECTORS BY CAPITAL APPRECIATION				
9 months ended	Half Year ended		Sector	Capital Appreciation
30/9/22	30/6/22			
1		3	Telecomm	55%
2		1	Agriculture	48%
3		2	Breweries	36%
4		4	Petroleum Marketing	23%
5		7	Construction	16%
6		5	Food/Beverages	15%
7		6	Conglomerates	14%
8		9	Banking	3%
9		10	Pharmaceuticals	-8%
10		8	Cement	-9%
11		11	Insurance	-17%
12		12	Paint	-20%

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 2021
Private Sector and States demand deposits	6,318,277	6,724,353	6,434,455	6,439,537	6,466,061	6,964,259	11,086,936	12,550,978	33%	13%
Private Sector/States Time and Savings	9,547,554	11,046,541	11,266,837	11,450,878	11,067,780	12,185,722	14,133,498	16,541,351	44%	17%
Federal Govt Naira deposits	82,509	86,409	97,688	113,631	130,811	122,332	-	-	0%	
FX/Domiciliary accounts	5,048,023	5,574,730	5,912,494	6,320,363	6,151,318	5,911,673	6,236,524	8,520,716	23%	37%
Total Deposits	20,996,364	23,432,082	23,711,474	24,324,408	23,815,971	25,183,986	31,456,958	37,613,044	100%	20%

Structure of Pension Fund Investments (N millions)														
	9/30/2021	12/31/21	3/31/2022	6/30/2022	9/30/2022	Percentage	Growth Q3 2022	Prudential Max Limits	Old/New Limits (Min-Max)					
									Fund 1	Fund 2	Fund 3	Fund 4	Fund 5	Fund 6
Domestic ordinary shares	873,489	915,308	944,263	969,155	868,582	6%	-10%	25%	17.5%-30%	7.5%-25%	5%-10%	0%-5%	0%-5%	0%-25%
Foreign ordinary shares	105,202	122,494	112,270	99,906	96,292	1%	-4%							
Private Equity/Infrastructure	113,530	116,309	114,182	127,238	146,519	1%	15%	5%	2.5%-10%	2.5%-5%	0.00%	0.00%	2.5%-10%	0%-20%
Open/Closed Funds	33,451	36,553	52,928	53,854	56,908	0%	6%	20%	0%-25%*	0%-20%*	0%-10%	0%-5%		0%-20%
Govt Securities	8,311,173	8,943,980	8,673,671	9,168,860	9,358,881	65%	2%	80%	0%-70%	0%-85%	0%-100%	0%-100%	0%-75%	0%-85%
Corporate Bonds/Supra-National	968,265	943,338	1,007,115	1,197,681	1,496,760	10%	25%	35%	0%-35%	0%-40%	0%-45%	0%-45%	0%-35%	0%-40%
Money Market Instruments	2,299,442	2,034,488	2,261,699	2,149,495	2,105,082	15%	-2%	35%	0%-30%	0%-30%	0%-35%	0%-35%	0%-60%	0%-30%
Real Estate/REIT	236,828	240,972	239,596	238,498	232,086	2%	-3%	5%	0%-10%*	0%-5%*				
Others/cash	59,791	71,375	472,848	262,862	63,181	0%	-76%							
Total	13,001,170	13,424,816	13,878,571	14,267,549	14,424,291	100%	1%							

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