Monthly Economic & Financial Market Outlook

Monetary Policy Easing: Fiscal Policy Choices

Executive Summary

- *Against the expectations of most analysts in the market, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) suspended its monetary policy tightening during its last meeting in March*
- *The MPC cut down the Monetary Policy Rate by 50 basis points (bps) from 14.00% to 13.50%*
- *Declining inflation rate, the stability in the foreign exchange rate (and marginal appreciation in some cases), moderate improvement in crude oil price, increase in the external reserves, successful conclusion of the general elections, and the need to boost credit creation to stimulate economic growth were the major reasons for the rate cut*
- *FSDH Research notes that there are limitations to the use of monetary policy alone to stimulate economic growth*
- *As a result, there are a number of complementary fiscal measures that the Federal Government of Nigeria (FGN) needs to implement to ensure that Nigeria achieves the goal of inclusive growth*
- *These measures relate to the provision of a more conducive business environment in order to attract investments, both domestic and Foreign Direct Investment (FDI)*
- *It will also require government to spend money in certain critical sectors of the economy to stimulate household consumption to drive economic growth*
- *We understand that the government would require funds to implement these measures and pump money into the economy*
- *We are also aware that government's revenue is low at the moment while her expenses both on recurrent and capital projects are growing*
- *Therefore, government needs to devise ways to increase its ability to generate more revenue without necessarily increasing tax rate as this may reduce household consumption and reduce compliance*
- *FSDH Research's analysis shows that government can earn more revenue from VAT in Nigeria by developing strategies to increase household consumption and increase VAT compliance*
- *The consumption data and revenue from VAT in the Federation Account Allocation Committee (FAAC) shows that the ratio of VAT revenue to household consumption averaged 1.07% between 2014 and 2018. The highest of 1.15% was recorded in 2014. This is significantly lower than the actual VAT rate of 5%*
- *It is important to note, however, that some household consumption items are exempted from VAT. Therefore, the ratio of VAT revenue to household consumption that government collects may not necessarily be equal to the VAT rate of 5%. However, FSDH Research believes government can raise the ratio to 2.5% with appropriate measures in place*
- *We believe the low VAT revenue can be linked to the following factors: the large informal sector in Nigeria whose VAT is difficult to capture (The National Bureau Statistics (NBS) puts the size of the informal Gross Domestic Product (GDP) at 41.43% as at 2015 while the International Monetary Fund (IMF) put it at 65% in 2017); the non-remittance of VAT collected by certain collection agents and weak consumption in Nigeria*
- *If consumption grows and the ratio of VAT revenue to GDP increases to 2.5% from 2019 through 2023, Government may be able to raise VAT revenue from N1.09trillion in 2018 to N3.47trillion in 2023*
- *The efforts to increase VAT compliance and block leakages may increase VAT revenue by N8.25trillion between 2019 and 2023 without increasing the VAT rate from 5%.*
- *FSDH Research suggests the following measures to increase VAT revenue:*
  - *Leverage existing associations/ecosystems in the informal sector to encourage and aid in VAT collection and remittance to government*
  - *Continue to work with the different operators in the financial industry to increase financial inclusion and reduce informal sector of the economy*
  - *Enforcement of appropriate sanctions on any agent who defaults in VAT collections and remittances*
  - *Organize sensitization programs for collection agents to educate them on their roles in VAT collections and remittances*
  - *Deploy technology to capture VAT payers and give them incentives at the end of a fiscal year*
  - *Deploy technology to capture the collection agents and to give them collection incentives at the end of the fiscal year*
- *In addition, FSDH Research recommends the sale of government assets that are not currently profitable and are draining government's meagre resources. This will generate income for the government in the short-term and save income for the government in the long-term*
- *FSDH Research expects the March inflation rate to drop marginally to 11.29% from 11.31% in February 2019.*

International Scene:

- *The Federal Open Market Committee (FOMC) of the US Federal Reserve System maintained the interest rate at its March 2019 meeting*
- *Market expectation is that there will not be a hike in 2019 unless conditions change as the FOMC maintains its 'patient' stance.*

FSDH Research observed an increase in the prices of sovereign bonds in many countries in March 2019, except the Russia and Turkey Bond.

1.0 Global Developments:

FSDH Research observed an increase in the prices of sovereign bonds in many countries in March 2019, except the Russia and Turkey Bonds. The Turkey Bond continued to experience sell-off and consequently recorded the highest month-on-month (M-o-M) price decrease for the second consecutive month. The 8.8% September 2023 Turkey Government Bond recorded a M-o-M price depreciation of 9.64% to 71.20. This was followed by 7.60% April 2021 Russia Government Bond with a price decrease of 0.08% to 99.97. The 16.39% January 2022 Nigerian Government Bond recorded the highest M-o-M price increase of 1.41% to 105.45. This is a reflection of foreign investors taking advantage of the attractive bond yields in Nigeria. All the bonds we monitored recorded positive real yields in March except the Turkey Government Bond because of high inflation rate at 19.67%. **The Kenya Government Bond offered the most attractive real yield amongst the selected bonds in March.**

The Kenya Government Bond offered the most attractive real yield amongst the selected bonds in March.

The Federal Open Market Committee (FOMC) of the US Federal Reserve System maintained the interest rate at its March 2019 meeting. Market expectation is that there will not be a hike in 2019 unless conditions change as the FOMC maintains its 'patient' stance. Concerns over the expected slowdown of the global economy necessitate the current monetary policy stance. Real Gross Domestic Product (GDP) in the US increased at an annual growth rate of 2.2% in Q4 2018, according to the third estimate by the US Bureau of Economic Analysis (BEA) released on 28 March 2019. The real GDP increased by 2.9% in 2018, compared with an increase of 2.2% in 2017. In the third quarter, real GDP increased by 3.4%. Inflation rate in the US slowed for the fourth consecutive month to 1.5% in February 2019. It is the lowest rate since September 2016, mainly due to a fall in the cost of gasoline and clothing while prices of electricity stalled.

It is also unlikely there will be a hike unless conditions change as the FOMC maintains its 'patient' stance.

Table 1: Summary of Key Indicators

S/N	Indicators	China	Egypt	India	Kenya	Nigeria	Russia	South Africa	Turkey	USA
1	Bond Price	102.40	101.52	103.97	105.13	105.45	99.97	100.03	71.20	98.12
2	Bond Yield	2.87%	16.34%	6.74%	10.76%	13.97%	7.76%	7.74%	18.50%	2.23%
3	Bond Price MoM Change	0.07%	0.90%	0.49%	0.08%	1.41%	(0.08%)	0.27%	(9.64%)	1.21%
4	Bond Yield MoM Change	(0.03%)	(0.38%)	(0.21%)	(0.06%)	(0.67%)	0.05%	(0.08%)	3.10%	(0.29%)
5	Bond Price YTD Change	0.27%	4.45%	0.98%	0.81%	2.07%	0.32%	1.25%	(3.78%)	1.24%
6	Bond Yield YTD Change	(0.10%)	(1.80%)	(0.42%)	(0.41%)	(1.03%)	(0.16%)	(0.36%)	1.52%	(0.27%)
7	Real Yield	1.37%	1.94%	4.17%	6.41%	2.66%	2.56%	3.64%	(1.17%)	0.73%
8	Volatility	0.09	0.49	0.14	0.09	0.42	0.07	0.12	2.33	0.49
9	FX Rate MoM Change*	0.27%	(1.25%)	(2.29%)	0.80%	(0.23%)	(0.14%)	2.99%	4.21%	(1.46%)
10	FX Rate YTD Change*	(2.48%)	(3.26%)	(0.88%)	(0.97%)	(1.21%)	(5.51%)	0.83%	5.02%	(2.09%)
11	Inflation Rate	1.50%	14.40%	2.57%	4.35%	11.31%	5.20%	4.10%	19.67%	1.50%
12	Policy Rate	4.35%	15.75%	6.25%	9.00%	13.50%	7.75%	6.75%	24.00%	2.50%
13	Debt to GDP	47.60%	101.00%	68.70%	57.10%	21.30%	13.50%	53.10%	28.30%	105.00%
14	GDP Growth Rate	6.40%	5.50%	6.60%	6.00%	2.40%	1.50%	1.10%	(3.00%)	3.00%
15	Nominal GDP (US$'bn)	12,238bn	235bn	2,597bn	74.94bn	376bn	1,578bn	349bn	851bn	19,391bn
16	Current Acct to GDP	0.40%	(6.50%)	(1.90%)	(5.20%)	2.00%	2.20%	(2.50%)	(5.50%)	(2.40%)

-ve means appreciation while +ve means depreciation

Sources: Bloomberg, Central Banks of Various Countries; Trading Economics; and FSDH Research Analysis

OPEC maintained it downward revision of the global economy.

1.1 Global Economic Growth:

The Organization for Petroleum Exporting Countries (OPEC) maintained its April 2019 downward revision of the global economic growth forecast for 2019 at 3.3% from 3.6% in 2018.

The major drivers of the expected slowdown are:

- Ongoing trade tensions between the US and China
- Uncertainties surrounding Brexit
- Economic slowdown in China, Germany and France

The crude oil price continued its upward movement in March, therefore providing short-term monetary and fiscal stability for the Nigerian economy. The major drivers of the crude oil price are as noted in our recent monthly reports. These factors may not be sustainable, therefore efforts to develop the non-oil sector of the economy to boost exports would benefit the economy.

Table 2: Economic Growth Rate Forecast

	2017	2018E	2019F
World	3.8%	3.6%	3.3%
OECD	2.5%	2.3%	1.8%
USA	2.3%	2.9%	2.5%
Japan	1.7%	0.7%	0.7%
Euro-zone	2.5%	1.8%	1.3%
China	6.9%	6.6%	6.1%
India	6.3%	7.3%	7.1%
Brazil	1.0%	1.1%	1.8%
Russia	1.5%	1.6%	1.6%

Source: OPEC Monthly Report, March 2019; F- Forecast

The MPC of the CBN suspended its monetary policy tightening during its last meeting in March.

1.2 MPC Signals Monetary Policy Easing

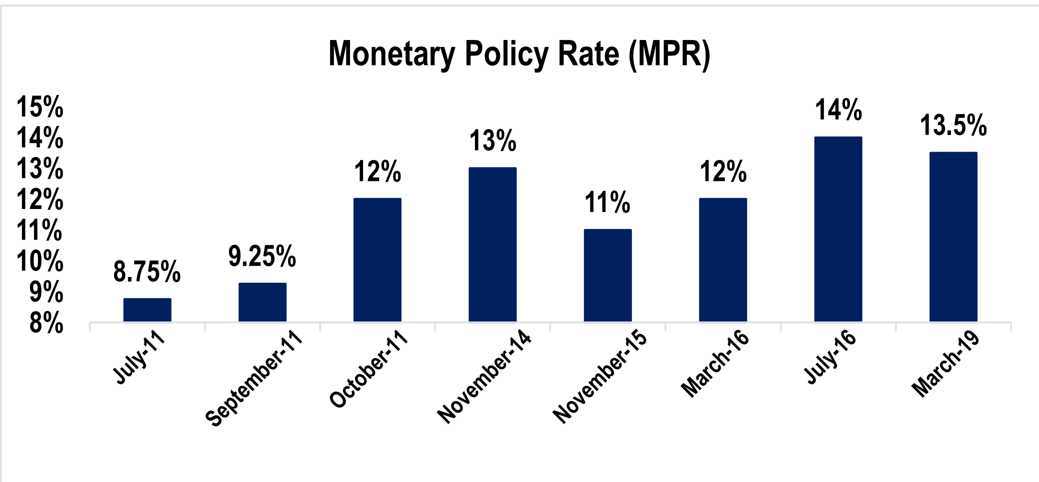
Contrary to the expectations of most analysts in the market, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) suspended its monetary policy tightening during its last meeting in March. The MPC reduced the Monetary Policy Rate (MPR) by 50 basis points (bps) from 14.00% to 13.50% to signal the beginning of monetary policy easing after maintaining a tight stance since July 2016.

Declining inflation rate, the stability in the foreign exchange rate (and marginal appreciation in some cases), moderate improvement in the crude oil price, increase in the external reserves, successful conclusion of the general election, and the need to boost credit creation to stimulate economic growth were the major reasons for the rate cut.

FSDH Research notes that there are limitations to the use of monetary policy alone to stimulate economic growth.

FSDH Research notes, however, that there are limitations to the use of monetary policy alone to stimulate economic growth. A number of complementary fiscal measures must be implemented by the FGN to ensure that Nigeria achieves the desired goal of inclusive growth. These measures relate to the provision of a more conducive business environment in order to attract investment, both domestic and Foreign Direct Investment (FDI). It will also require government to spend money in certain critical sectors of the economy to stimulate household consumption in order to drive economic growth. Deliberate policies are urgently needed that will grow the non-oil sector to make the economy less vulnerable to crude oil shocks.

We understand that the government would require funds to implement these measures and pump money into the economy. We are also aware that government's revenue is currently low while its expenses are growing, both on recurrent and capital projects. Therefore, government needs to devise ways to increase its ability to generate more revenue without necessarily increasing the tax rate as this may reduce household consumption and reduce compliance. FSDH Research offers some suggestions on how to increase government revenue here.



FSDH Research notes that the Nigerian economy is not expanding enough to lift citizens out of poverty.

1.3 Strategies to Increase Revenue from Value Added Tax (VAT):

FSDH Research's analysis shows that government can earn more revenue from VAT in Nigeria by developing strategies to increase household consumption and increase VAT compliance. The consumption data and revenue from VAT in the Federation Account Allocation Committee (FAAC) shows that the ratio of VAT revenue to household consumption averaged 1.07% between 2014 and 2018. The highest of 1.15% was recorded in 2014. This is significantly lower than the actual VAT rate of 5%.

It is important to note however, that some household consumption items are exempted from VAT. The products and services exempted from VAT include: all medical and pharmaceutical products and services, basic food items, baby products, books and educational materials and all exported products and services. Therefore, the ratio of VAT revenue to household consumption that the government collects may not necessarily be equal to the VAT rate of 5%. However, FSDH Research believes government can raise the ratio to 2.5% with appropriate measures in place.

Therefore, the ratio of VAT revenue to household consumption that the government collects may not necessarily be equal to the VAT rate of 5%.

We believe the low VAT revenue can be linked to the following factors: the large informal sector in Nigeria whose VAT is difficult to capture (The National Bureau Statistics (NBS) puts the size of the informal Gross Domestic Product (GDP) at 41.43% as at 2015 while the International Monetary Fund (IMF) put it at 65% in 2017); the non-remittance of VAT collected by certain collection agents and weak consumption in Nigeria. If the consumption grows and the ratio of VAT revenue to GDP increases to 2.5% from 2019 through 2023, Government may be able to raise VAT revenue from N1.09trillion in 2018 to N3.47trillion in 2023. The efforts to increase VAT compliance and block leakages may increase VAT revenue by N8.25trillion between 2019 and 2023 without increasing the actual VAT rate above 5%.

FSDH Research suggests the following measures to increase VAT revenue:

i. Leverage existing associations/ecosystems in the informal sector to encourage and aid in VAT collection and remittance to government
ii. Continue to work with the different operators in the financial industry to increase financial inclusion and reduce informal sector of the economy
iii. Enforcement of appropriate sanctions on any agent who defaults in VAT collections and remittances
iv. Organise sensitization programs for collection agents to educate them on their roles in VAT collections and remittances
v. Deploy technology to capture VAT payers and give them incentives at the end of a fiscal year
vi. Deploy technology to capture the collection agents and to give them collection incentives at the end of the fiscal year.

In addition, FSDH Research recommends the sale of government assets that are not currently profitable and are draining government's meagre resources. This will generate income for the government in the short-term and save income for the government in the long-term.

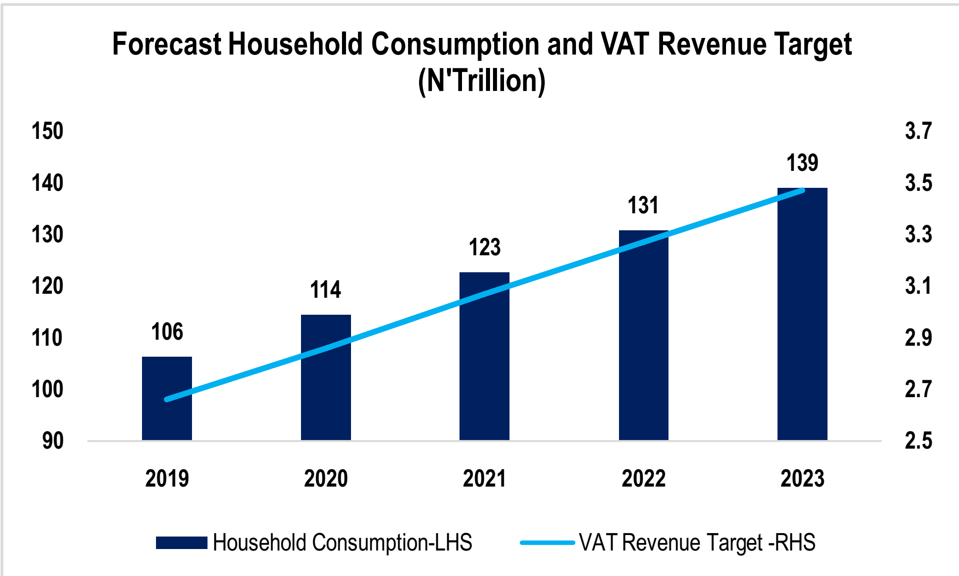
Table 3 : Consumption vs VAT (2019 - 2023)- N'trn				
	Household Consumption	VAT	VAT (2.50%)***	Increased Revenue for FGN**
2014A	63.60	0.73	1.59	0.86
2015A	74.41	0.78	1.86	1.08
2016A	83.22	0.81	2.08	1.27
2017A	91.35	0.97	2.28	1.32
2018A	96.02	1.09	2.40	1.31
2019F	106.25	1.22*	2.66	1.43
2020F	114.43	1.32*	2.86	1.54
2021F	122.60	1.41*	3.07	1.65
2022F	130.78	1.51*	3.27	1.76
2023F	138.96	1.60*	3.47	1.87

Sources: FSDH Research and National Bureau of Statistics

**Assuming a VAT of 1.15% which is the highest VAT to consumption ratio that the FGN earned between 2014-2018*

*** The incremental revenue from moving the ratio VAT revenue to consumption to from historical level to 2.5%*

****VAT Revenue Target*



The net inflow of money into the Nigerian economy from other countries in Q4 2018 remained fragile and was dominated by oil and gas transactions.

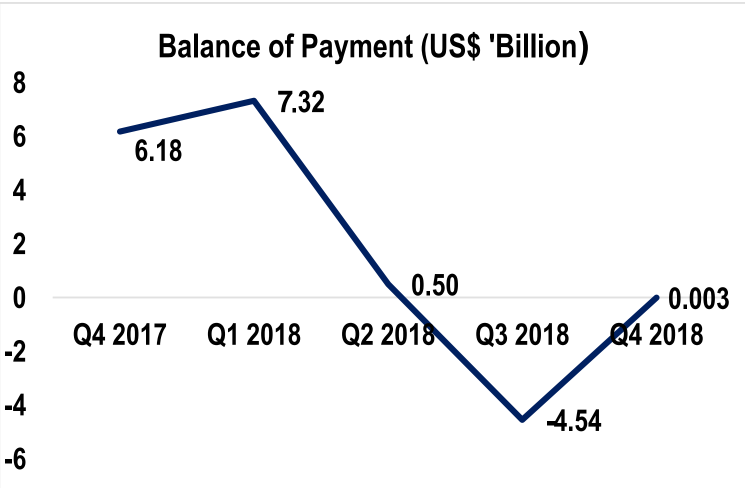
1.4 Fragile Balance of Payment Position: Policy Options

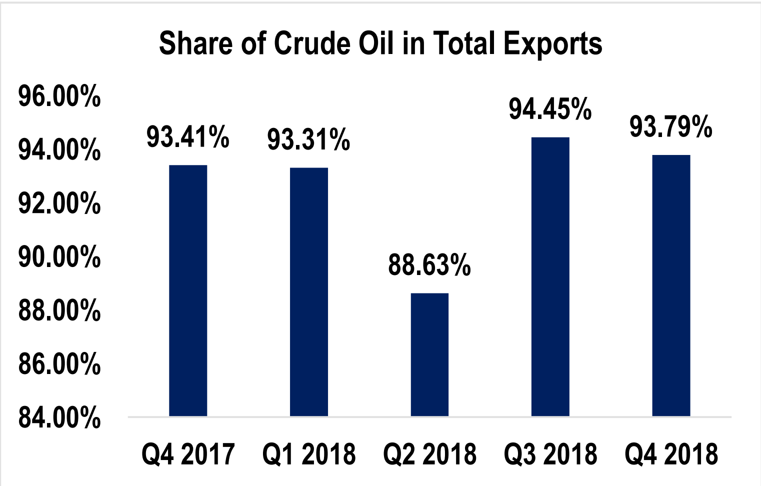
The net inflow of money into the Nigerian economy from other countries in Q4 2018 remained fragile and was dominated by oil and gas transactions. Clearly, the Nigerian economy is vulnerable to movements in the oil and gas market. FSDH Research makes this conclusion based on the latest report of the Central Bank of Nigeria (CBN) on the estimate of Balance of Payment (BOP) position of Nigeria as at Q4 2018. The weak BOP position buttresses the urgent need to create multiple sources of revenue and foreign exchange earnings for Nigeria.

In Q4 2018, Nigeria recorded a surplus of US$2.8million lower than the surplus of US$6.18billion it recorded in the corresponding period of 2017 but higher than the deficit of US$4.52billion recorded in Q3 2018. Between Q3 2018 and Q4 2018, Nigeria was able to reduce its imports and increased its export of goods. The effect of these actions led to a significant reversal of Nigeria's Current Account balance with its positive impact on the BOP. As in previous years, the main drivers of exports were crude oil and gas, representing 93.79% of total exports.

FSDH Research stresses the need to improve the business environment in Nigeria to attract direct investments.

The Financial Account balance was in deficit during the period as more investments moved from Nigeria to other countries than they moved to Nigeria. Investments from other countries to Nigeria were dominated by portfolio investments attracted by good return in the financial sector, particularly in fixed income securities. FSDH Research stresses the need to improve the business environment in Nigeria to attract direct investments. This will create jobs, and ensure foreign currency stability and prosperity of the Nigerian economy. In the March 2019 edition of our Monthly Economic and Financial Market report entitled 'Economic Realities: Policy Options', we discussed strategies to improve the Nigerian business environment. Some of the policies we suggested include: reduction in administrative delays in obtaining licences and approvals, investment in infrastructure through partnership with the private sector, and removal of multiple exchange rate systems.



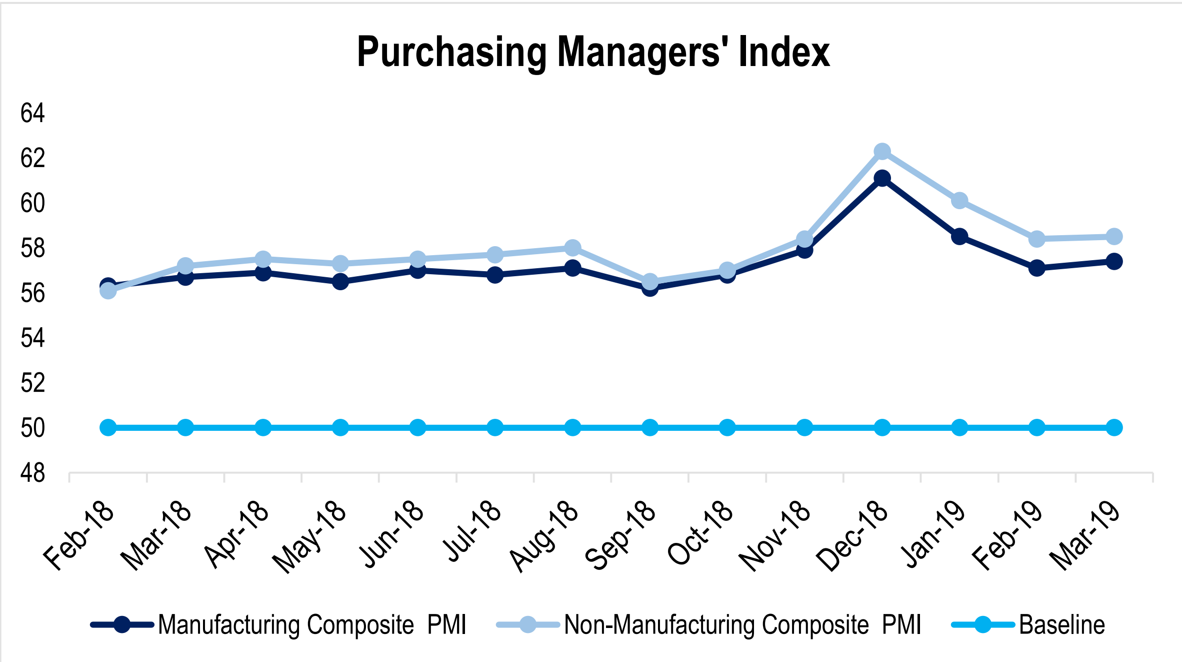


The PMI figures for March 2019 ticked up, following two consecutive months of slowdown.

1.5 Purchasing Managers' Index (PMI):

The PMI figures for March 2019 ticked up, following two consecutive months of a reduction of values in both Manufacturing and Non-Manufacturing divisions compared to the previous month. In March 2019, the overall Manufacturing PMI was 57.4 points, a faster growth rate than 57.1 points recorded in February 2019. This can be attributed to the faster rate of expansion in suppliers' delivery time, employment level, production level and raw materials. However, the level of new orders expanded at a slower pace than in February 2019.

The Non- Manufacturing PMI expanded at a faster pace than February and stood at 58.5. The level of new orders, employment level and inventory in the non-manufacturing sector expanded at a faster rate than in the previous month. However, business activity in the non-manufacturing sector expanded at a slower pace than in February. The expansion in the PMI in March is in line with historical trend.



FSDH Research expects the March inflation rate to drop marginally to 11.29% from 11.31% in February 2019.

1.6 Inflation Rate:

FSDH Research expects the March inflation rate to drop marginally to 11.29% from 11.31% in February 2019. However, month-on-month there was an increase in the general price level from 0.74% in February to 0.83% in March 2019. As the rainy season approaches, we expect an increase in the prices of food items, particularly vegetables. The price monitor that FSDH Research conducted on food and non-food items shows prices moved in varying directions in March compared with February. While the prices of most consumer goods increased faster in March compared with February 2019, the prices of a few consumer goods increased slower in March than in February. Our preliminary checks also suggest that imported inflation rate (i.e. prices of goods using imports as raw materials) lessened in March. The National Bureau of Statistics (NBS), the body authorised to ascertain the inflation rate in Nigeria, will release the actual figure for the month of March on Monday, 15 April 2019.

Going forward, if there is no adjustment to the pump price of Premium Motor Spirit (PMS) and electricity tariff, and the crude oil price remains in the region of US$70/b in 2019, then the inflation rate for the remaining months in 2019 should be in the range of 10.17% to 11.31%. As noted in our previous reports there is the need for adjustments to the PMS price and electricity tariff to free up more money for the Federal Government of Nigeria (FGN) to meet her growing expenses – both recurrent and capital. If these adjustments happen, the inflation rate may increase to the region of 13% in 2019.

Table 4: Inflation Rate Actual Vs. Forecast

Month	Jan-19A	Feb-19A	Mar-19A	Apr-19F	May-19F	Jun-19F	Jul-19F	Aug-19F	Sep-19F	Oct-19F	Nov-19F	Dec-19F
Inflation Rate	11.37%	11.31%	11.29%	11.31%	11.08%	10.72%	10.43%	10.27%	10.17%	10.26%	10.29%	10.57%
Adjusted Inflation Rate*	11.37%	11.31%	11.29%	11.31%	11.08%	12.84%	12.55%	12.39%	12.30%	12.38%	12.41%	12.69%

Sources: National Bureau of Statistics and FSDH Research Analysis.
*A- Actual, F – Forecast *Forecast after June assumes an adjustment to the electricity tariff and the PMS Pump Price*

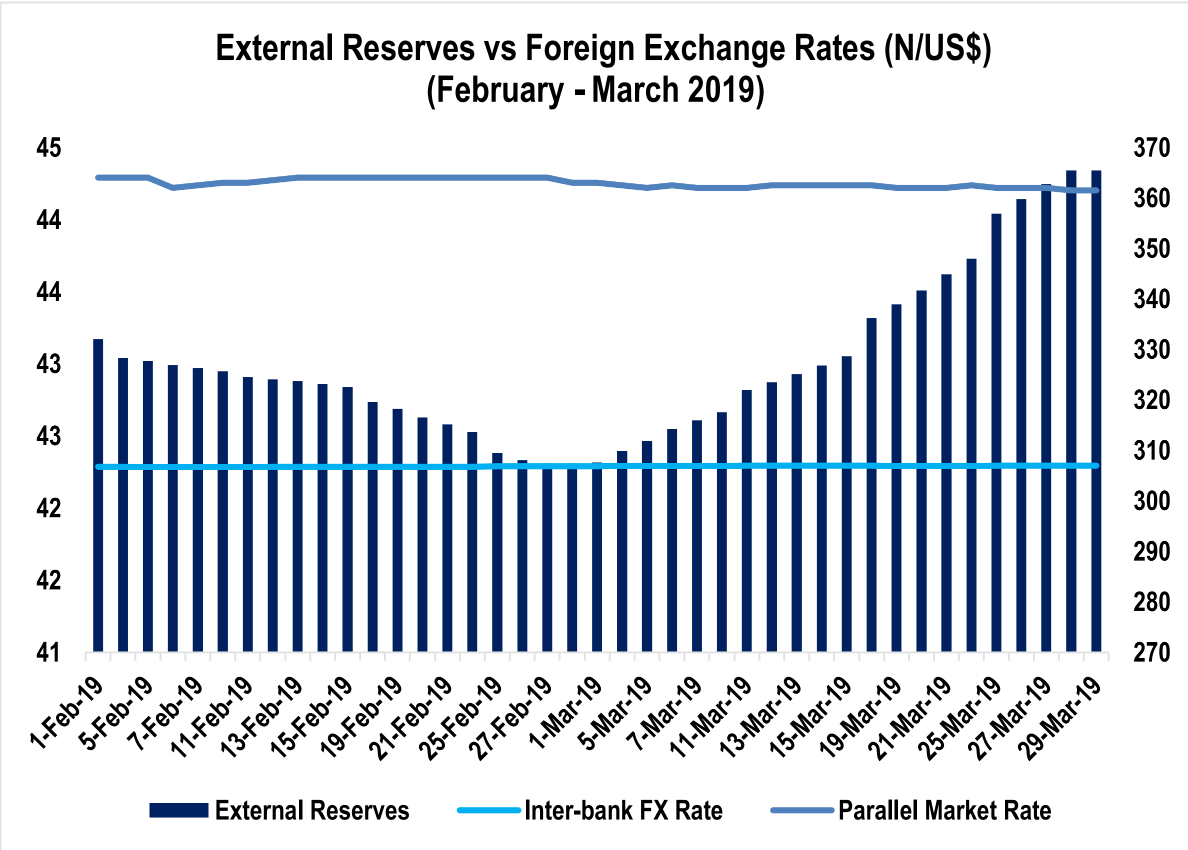
The external reserves maintained an upward trend in March 2019, rising to hit US$44.34bn, the highest figure since September 2018.

1.7 Movement in the External Reserves:

The external reserves maintained an upward trend in March 2019, rising to hit US$44.34bn, the highest figure since September 2018. The rise in the external reserves was driven by the significant rise in Foreign Portfolio Investments (FPI) in March and an increase in the price of crude oil, which also resulted in an appreciation in the value of the Naira. The FPI entered Nigeria to take advantage of the attractive yields in the fixed income market. We note that measures that will attract Foreign Direct Investments (FDIs) into Nigeria are desirable.

FSDH Research notes that measures that will attract FDIs in Nigeria are desirable.

The current position of external reserves continues to provide short-term stability for the value of the Naira. However, we reiterate that the medium-term stability in the foreign exchange market will depend on the country's ability to increase its foreign exchange receipts from both crude oil and non-oil products. The 30-Day moving average external reserves increased by 4.83%, from US$42.30bn at end-February to US$44.34bn at end-March 2019**.**



The inflow from I&E window in March recorded the highest capital importation since inception in April 2017, driven by FPIs.

1.8 Currency Transaction at the I&E Window

There was a significant increase in capital importation via Foreign Portfolio Investment (FPI) in the Investors' and Exporters' Foreign Exchange Window (I&E window) in March 2019. According to data released on Monday, 1 April 2019 from the FMDQ OTC Securities Exchange, contribution from FPI in March stood at US$4.47bn, accounting for 72.53% of total inflows. This was the highest FPI inflow via the I&E window since inception in April 2017. We believe this increase was as a result of foreign investors' interest in the Nigerian fixed income market due to attractive yields and the relatively stable foreign exchange rate. The increase in FPI provided short-term support for the foreign exchange. FSDH Research notes that inflows may not continue because of the drop in yields and interest rate in the Nigerian financial market.

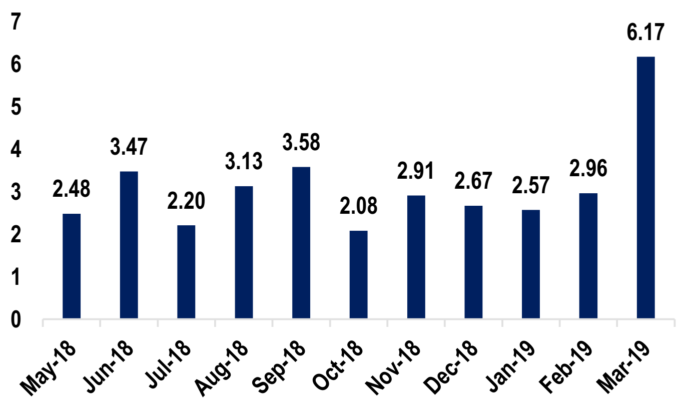
The total capital importation through the I&E window in March 2019 stood at US$6.17bn, the highest level recorded since inception. From inception to February 2019, capital importation through the I&E totalled U$60.92bn.

Table 5: Foreign Capital Importation through the I & E Window

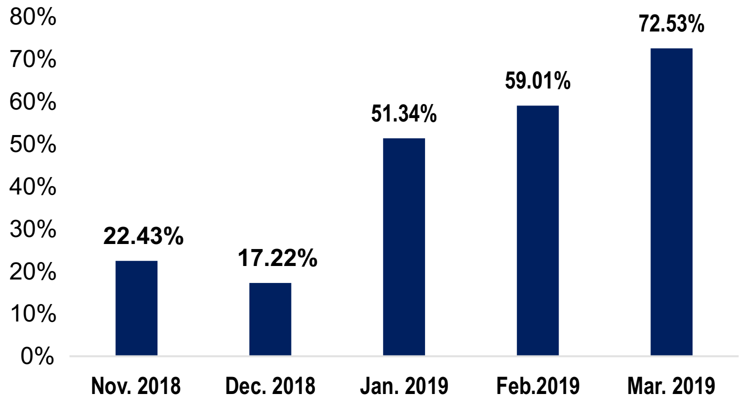
	December		January		February		March	
Source	**Value ($'bn)**	**PT**	**Value ($'bn)**	**PT**	**Value ($'bn)**	**PT**	**Value ($'bn)**	**PT**
FDIs	0.06	2.27%	0.23	8.79%	0.20	6.59%	0.20	3.21%
FPIs	0.46	17.22%	1.32	51.34%	1.75	59.01%	4.47	72.53%
Other Corporates	0.04	1.62%	0.05	1.97%	0.03	1.10%	0.02	0.33%
CBN	1.21	45.29%	0.45	17.65%	0.15	4.92%	0.77	12.42%
Exporters	0.14	5.35%	0.08	3.15%	0.08	2.72%	0.12	1.95%
Individuals	0.005	0.18%	0.00	0.18%	0.02	0.73%	0.02	0.40%
Non-Bank Corporates	0.63	23.57%	0.22	8.66%	0.74	24.94%	0.57	9.16%
Other Corporates	0.12	4.51%	0.21	8.26%	N/A	N/A	N/A	N/A
Total	**2.67**	**100%**	**2.57**	**100%**	**2.96**	**100%**	**6.17**	**100%**

Source: FMDQ; PT – Proportion of Total *N/A: Not Applicable

Foreign Capital Importation via the I&E Window - US$bn



Proportion of FPI in Total Inflows through the I&E Window



The daily crude oil production in Nigeria increased by 0.52% to 1.74mb/d in February 2019, from 1.73mb/d in January.

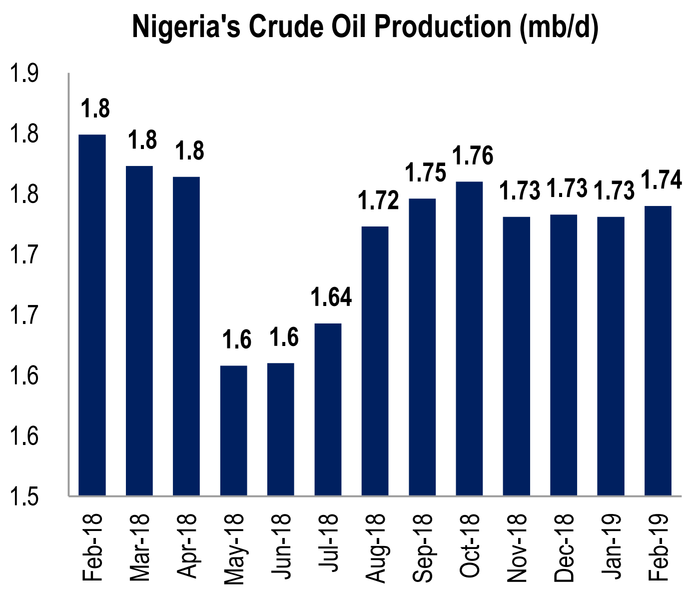
1.9 Crude Oil Market and Bonny Light Price:

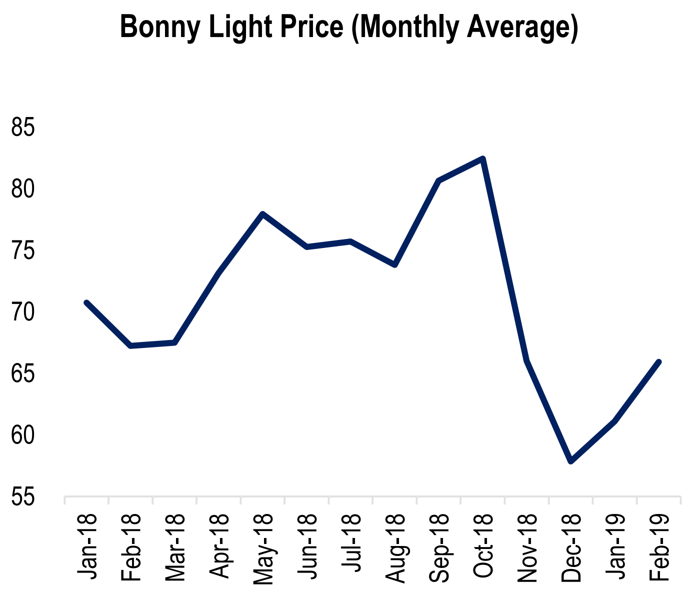
The crude oil price rallied to a four-month high in March 2019. OPEC production cut and sanctions on Iran and Venezuela continue to drive the price of crude oil upward. However, FSDH Research reiterates that the expectation of weakening global oil demand and the temporal nature of some of these factors do not support a consistent increase in the crude oil price. In its monthly report for March 2019, the U.S Energy Information Administration (EIA) stated that it expects global inventory build and rising OPEC spare capacity to limit significant upward oil price pressure in 2019 and 2020.

In its monthly report for March 2019, the EIA forecasts an average price of Brent crude oil of US$62.78/b and US$62/b in 2019 and 2020 respectively.

The EIA forecasts an average price of Brent crude oil of US$62.78/b and US$62.00/b in 2019 and 2020, respectively. The forecast is lower than the average price of Brent in 2018 which was US$71.19/b. This lower forecast further supports our position that Nigeria may generate lower revenue in 2019 than 2018.

According to secondary data available from OPEC's report for the month of March 2019, the daily crude oil production in Nigeria increased by 0.52% to 1.74mb/d in February 2019, from 1.73mb/d in January. This is below the 2019 budget benchmark of 2.3 mb/d. Market sources put crude oil production and condensates in Nigeria at an average of 1.9mpd.





mb/d - million barrels per day

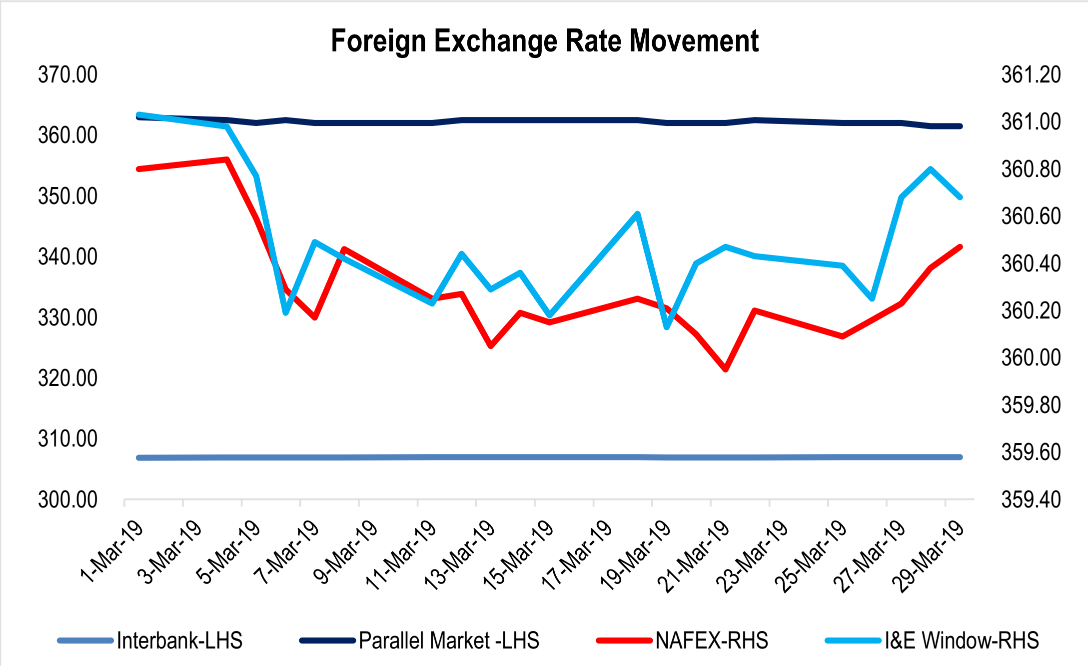
The higher crude oil price and a significant increase in FPI continues to provide short-term stability in the foreign exchange market.

1.10 Foreign Exchange Rate:

The higher crude oil price and a significant increase in FPI continues to provide short-term stability in the foreign exchange market. FSDH Research observed an appreciation in the value of the Naira in all markets except the inter-bank market where it depreciated marginally in March. Additionally, the premium between the inter-bank and parallel markets narrowed further in March 2019 compared with February 2019.

FSDH Research observes an appreciation in the value of the Naira in all markets except the inter-bank market.

Month-on-month, the value of the Naira depreciated marginally by 0.03% to close at N306.95/US at the inter-bank market while it appreciated by 0.41% to close at N361.50/US$ at the parallel market at the end of March compared with February 2019. At the I&E window, it appreciated by 0.09% to stand at N360.68/US$ at end-March. The highest rates recorded at the inter-bank, parallel market and I&E window in March were N306.95/US$, N363/US$ and N361.03/US$ respectively. The lowest values were N306.85/US$, N361.50/US$ and N360.13/US$ respectively.



The signal of the beginning of monetary easing sent to the market by the MPC in March 2019 led to a further drop in yields on fixed income securities.

2.0 Interest Rate and Yield Analysis:

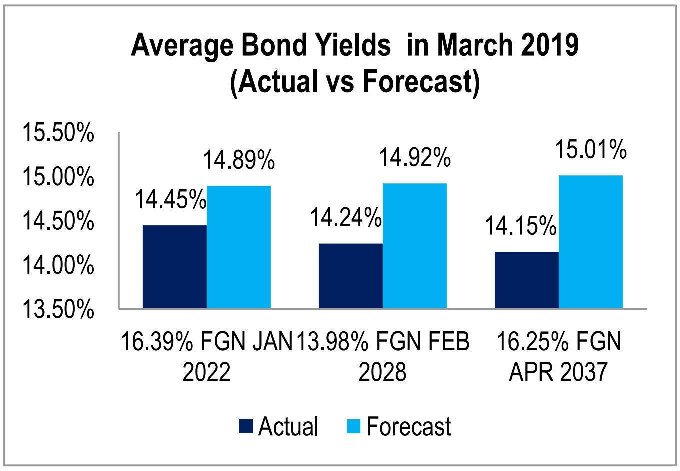
The signal of the beginning of monetary easing sent to the market by the MPC in March 2019 led to a further drop in yields on fixed income securities. Prior to the MPC's announcement, foreign investors had invested aggressively in the domestic fixed income securities forcing yields to drop. It is unclear if the FPI inflows will continue given the fact that yields have dropped by over 3% within the last two months.

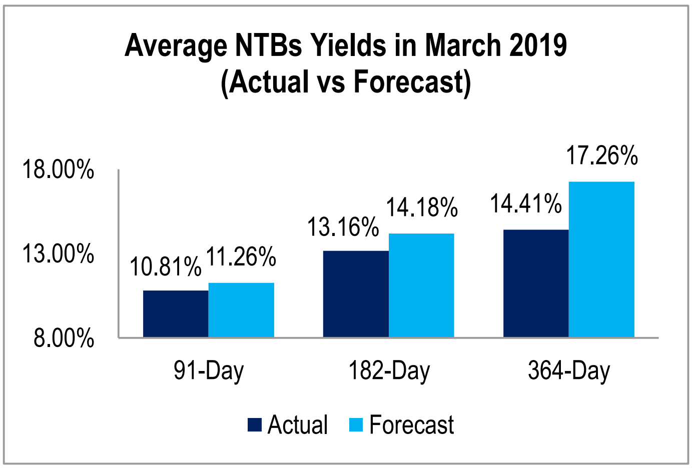
The yields on fixed income securities dropped significantly in March 2019.

The fixed income market analysis for the month of March shows a net outflow of N1.27trn, compared with a net outflow of N1.95trn in February. The major outflows in March were the Open Market Operations (OMO) and Repurchase (REPO) Bills of N1.66trn, CBN's Foreign Exchange Sale of N412bn, Primary Nigerian Treasury Bills (NTBs) of N138bn and the FGN Bond auction of N29bn. Meanwhile, in February, the major outflows were the OMO and REPO of N2.95trn, CBN's Foreign Exchange Sale of N1.03trn, Primary NTBs of N269bn and the FGN Bond auction of N150bn. The major inflows in March were the matured OMO and REPO Bills of N497bn, matured NTBs of N138bn, and the Federation Account Allocation Committee (FAAC)'s injection of about N335bn. The major inflows in February were the matured OMO and REPO Bills of N1.87trn, matured NTBs of N269bn, and the FAAC's injection of about N315bn.

The average 364-Day NTB yield stood at 14.41% in March from 17.18% in February.

At the NTBs auction, average yield decreased significantly across the various tenors in March 2019, compared with February 2019. The average 91-Day NTB yield stood at 10.81% in March, down from 11.24% in February. The average 182-day NTB yield closed at 13.16%, down from 14.14% in February. The average 364-Day NTB yield stood at 14.41% in March from 17.18% in February.





The average Nigerian Interbank Offered Rate (NIBOR) moved in varying directions in March compared with February. The average 30-day NIBOR stood at 10.83% in March down from 11.93% in February, while 90-day and 180-day NIBOR increased marginally to 12.85% and 14.74% respectively in March 2019, up from 12.77% and 14.70% in February. The yields on the FGN Bonds that we monitored closed lower in March than in February.

Table 6: Market Liquidity (N'bn)

	February 2019			March 2019		
	Total Inflow	Total Outflow	Net Flow	Total Inflow	Total Outflow	Net Flow
Primary Market: NTB	269	269	0	138	138	0
Open Market Operations & Rev Repo	1,874	2,952	(1,078)	497	1,663	(1,165)
Bond	0	150	(150)	2	29	(27)
FAAC	315	0	315	335	0	335
FX Market	0	1,034	(1,034)	0	412	(412)
CRR Debit/Credit	0	0	0	0	0	0
TSA Implementation	0	0	0	0	0	0
Total	**2,457**	**4,405**	**(1,947)**	**973**	**2,242**	**(1,269)**

Sources: Central Bank of Nigeria and Federal Ministry of Finance

Table 7: Average Bond Yields

	16.39% FGN JAN 2022	13.98% FGN FEB 2028	16.25% FGN APR 2037
February 2019	14.84	14.78	14.54
March 2019	14.45	14.24	14.15
Change	**(0.39)**	**(0.54)**	**(0.39)**

Source: Financial Market Dealers Quotation

Table 8: Average Interest Rate and Yields

	NIBOR				Treasury Bill Yields		
	Call	30-Day	90-Day	180-Day	91-Day	182-Day	364-Day
February 2019	18.93%	11.93%	12.77%	14.70%	11.24%	14.14%	17.18%
March 2019	12.88%	10.83%	12.85%	14.74%	10.81%	13.16%	14.41%
Change	**(6.04%)**	**(1.10%)**	**0.07%**	**0.04%**	**(0.43%)**	**(0.98%)**	**(2.77%)**

Sources: CBN and FMDQ

2.1 Revised Outlook Going Forward:

FSDH Research expects a total inflow of about N923bn to hit the money market from the various maturing government securities and FAAC in April 2019. We estimate a total outflow of approximately N748bn from the various sources, leading to a net inflow of about N175bn. The market is expected to be liquid in the month of April 2019.

We believe the short-term outlook doesn't justify the current yields as there are significant downside risk to the Nigerian economy in the long-term.

Although the short-term outlook of the economy seems stable, there are significant downside risks to the Nigerian economy in the medium-to-long-term. These long-term risks include fiscal deficit, weak exchange rate. An expected increase in the inflation rate due to possible adjustments to the electricity tariff and PMS pump price may not justify the current yields. Therefore, FSDH Research expects the yields on the bonds to increase from current levels starting from mid-year. We expect the inflation rate in March to trend marginally downward from the level recorded in February 2019.

Table 9: Expected Inflow and Outflow Analysis – April 2019 (N'bn)

Date	04-Apr-19	11-Apr-19	18-Apr-19	25-Apr-19	Others*	Total
Inflows	204.32	33.02	165.91	141.60	378.08	922.93
Outflows	95.68	-	58.49	115.00	479.00	748.17
Net flows	**108.64**	**33.02**	**107.42**	**26.60**	**(100.92)**	**174.76**

*Source: FSDH Research Analysis, *Statutory Allocation (FAAC), and Cash Reserve Requirement (CRR) Debit*

Table 10: Revised Average Yields – Actual vs Forecast

	Treasury Bills (Primary Market)			FGN Bonds (Secondary Market)		
	91-Day	192-Day	364-Day	Jan-22	Feb-28	Apr-37
Jan-19A	11.27%	14.17%	17.41%	15.07%	15.43%	15.23%
Feb-19A	11.24%	14.14%	17.18%	14.84%	14.78%	14.54%
Mar-19A	10.81%	13.16%	14.41%	14.45%	14.24%	14.15%
Apr-19F	10.68%	13.01%	14.18%	14.35%	14.21%	14.10%
May-19F	10.45%	12.78%	13.95%	14.12%	13.98%	13.87%
Jun-19F	11.86%	13.80%	15.06%	15.43%	15.49%	15.58%
Jul-19F	11.57%	13.50%	14.77%	15.14%	15.20%	15.29%
Aug-19F	11.41%	13.35%	14.61%	14.98%	15.04%	15.13%
Sep-19F	11.31%	13.25%	14.51%	14.89%	14.94%	15.04%
Oct-19F	11.39%	13.33%	14.60%	14.97%	15.02%	15.12%
Nov-19F	11.43%	13.36%	14.63%	15.00%	15.06%	15.15%
Dec-19F	11.70%	13.64%	14.91%	15.28%	15.33%	15.43%

Sources: CBN, FMDQ, and FSDH Research Forecasts

We expect the yields in the bond market to trend higher from the current levels starting from mid-year.

2.2 Strategy:

FSDH Research anticipates that the current yields on fixed income securities may be momentary. However, the current NTB yields may stimulate activities in the Commercial Paper (CP) market. We expect the yields in the bond market to trend higher from the current levels starting from mid-year.

- **Investors should adopt a strategy that will enable them respond to the movement in the yields in the market**
- **Investors may play at the short-end of the curve.**

The current yields on all the outstanding FGN Eurobonds are lower than the coupon rates.

The prices on the FGN Eurobonds were higher in March than in February 2019. Consequently, the yields on the bonds closed lower in the month of March than in February. The attractiveness of the yields on the FGN Euro bonds compared with similar risk-profiled bonds led to an increase in prices in March 2019. **The current yields on all the outstanding FGN Eurobonds are lower than the coupon rates, reflecting the low interest rate environment in the international market. It may be a good time to take profit on the bonds as the yields may move up gradually.**

Table 11: FGN Eurobonds

	15-Year 7.875% FGN Eurobond February 2032		10-Year 6.75% FGN Eurobond January 2021		10-Year 6.375% FGN Eurobond July 2023		5-Year 5.625% FGN Eurobond June 2022	
Date	**Price (US$)**	**Yield**	**Price (US$)**	**Yield**	**Price (US$)**	**Yield**	**Price (US$)**	**Yield**
01-Mar-19	102.09	7.62%	103.57	4.76%	103.10	5.56%	101.11	5.25%
04-Mar-19	101.67	7.67%	103.57	4.76%	103.09	5.56%	101.06	5.27%
05-Mar-19	101.53	7.69%	103.56	4.76%	103.00	5.59%	101.22	5.21%
06-Mar-19	102.11	7.62%	103.70	4.68%	103.22	5.53%	101.30	5.19%
07-Mar-19	101.62	7.67%	103.61	4.72%	103.04	5.57%	101.14	5.24%
08-Mar-19	101.03	7.75%	103.51	4.77%	102.61	5.68%	100.75	5.37%
11-Mar-19	102.11	7.62%	103.63	4.70%	103.02	5.58%	101.12	5.25%
12-Mar-19	102.88	7.52%	103.67	4.68%	103.17	5.54%	101.28	5.20%
13-Mar-19	102.88	7.52%	103.63	4.70%	103.10	5.56%	101.21	5.22%
14-Mar-19	103.46	7.45%	103.63	4.68%	103.35	5.49%	101.38	5.16%
15-Mar-19	104.29	7.35%	103.71	4.64%	103.69	5.40%	101.54	5.10%
18-Mar-19	104.74	7.30%	103.71	4.64%	103.99	5.33%	101.74	5.04%
19-Mar-19	105.34	7.23%	103.67	4.65%	104.24	5.26%	101.87	4.99%
20-Mar-19	104.62	7.32%	103.61	4.69%	104.10	5.30%	101.76	5.03%
21-Mar-19	105.32	7.23%	103.73	4.61%	104.47	5.20%	101.98	4.96%
22-Mar-19	104.33	7.35%	103.52	4.72%	104.01	5.32%	101.57	5.09%
25-Mar-19	104.31	7.35%	103.56	4.70%	104.01	5.31%	101.66	5.06%
26-Mar-19	104.65	7.31%	103.64	4.65%	104.05	5.30%	101.84	5.00%
27-Mar-19	103.18	7.48%	103.31	4.83%	103.33	5.49%	101.29	5.19%
28-Mar-19	103.69	7.42%	103.32	4.82%	103.27	5.51%	101.24	5.20%
29-Mar-19	104.16	7.37%	103.42	4.76%	103.60	5.42%	101.49	5.12%

Source: Bloomberg

The NSE ASI depreciated by 2.14% in March 2019 to close at 31,041.42 points.

3.0 Equity Market:

3.1 The Secondary Market:

The Nigerian Stock Exchange All Share Index (NSE ASI) depreciated by 2.14% in March 2019 (a depreciation of 2.06% in US Dollar) to close at 31,041.42 points. However, declining yields on fixed income securities have increased the attractiveness of the equity market, resulting in an increase in the Index in the last two trading days of the month. The Index depreciated by 1.24% in Q1 2019. The market capitalisation recorded a M-o-M loss of 1.33% (a loss of 1.24% in US Dollar) to close at N11.67trn (US$32.36bn). **The difference in the rate of change between the market capitalisation and the Index was due to the listing of 7,434,367,256 ordinary shares of Lafarge Africa Plc. These additional shares were as a result of the company's Rights Issue**.

Despite the release of impressive earnings and corporate actions, FSDH Research observed a drop in activity in the equity market in March.

Despite the release of impressive earnings and corporate actions, FSDH Research observed a drop in activity in the equity market in March. The volume of stocks decreased by 16.71% to 6.57bn in March 2019. Wema Bank Plc (1.75bn), Zenith Bank Plc (669.53mn), Access Bank Plc (656.71mn), FBN Holdings Plc (429.97mn), and UBA Plc (386.17mn) were the five most highly traded stocks in March. Similarly, the value of stocks traded on the NSE in March decreased by 39.63% to N56.16bn, from N93.02bn in February.

All the NSE Sectoral Indices depreciated in March.

All the NSE Sectoral Indices depreciated in March. The NSE Insurance Index recorded the highest M-o-M depreciation of 5.47%, with a YTD depreciation of 0.40%. The decrease in the Insurance Index can be mainly attributable to the decrease in share prices of NEM Insurance Plc. (11.20%), Wapic Insurance Plc. (6.98%) and AIICO Insurance Plc. (2.74%). The NSE Banking Index recorded the second highest M-o-M depreciation of 2.71% and a YTD depreciation of 3.87%.

Table 12: Nigerian Equity Market: Key Indicators

Month	Volume (bn)	Value (N'bn)	NSEASI	Market Cap. (N'trn)	Banking*	Insurance*	Consumer Goods*	Oil/Gas*	Industrial*
February	7.89	93.02	31,721.76	11.83	411.10	133.27	730.36	298.61	1273.20
March	6.57	56.16	31,041.42	11.67	403.96	125.98	711.29	290.52	1239.73
Change	(16.71%)	(39.63%)	(2.14%)	(1.33%)	(1.74%)	(5.47%)	(2.61%)	(2.71%)	(2.63%)
YTD			(1.24%)	(0.41%)	1.26%	(0.40%)	(5.01%)	(3.87%)	0.15%

*Sources: NSE and FSDH Research. * NSE Sectoral Indices*

Table 13: Major Earnings Announcements in March 2019						
Company and Result	**Turnover (Nm)**	**Change**	**PBT (Nm)**	**Change**	**PAT (Nm)**	**Change**
Guaranty Trust Bank Plc (GT Bank)						
Full year, Dec 2018	434,699	3.69%	215,587	9.06%	184,640	9.96%
Seplat Plc						
Full year, Dec. 2018	228,391	65.16%	80,615	499.19%	44,867	-44.68%
Nestle Nigeria Plc						
Full Year, Dec. 2018	266,275	9.06%	59,751	27.59%	43,008	27.53%
Stanbic IBTC Holdings Plc						
Full Year Dec 2018	222,360	4.67%	88,152	44.12%	74,440	53.86%
UBA PLC.						
Full year, Dec 2018	494,045	7.04%	106,766	2.44%	78,607	1.37%
Cadbury Nigeria Plc						
Full Year, Dec. 2018	35,973	8.75%	1,223	249.06%	823	174.36%
NASCON Allied Industries						
Full year, Dec 2018	25,769	-4.78%	6,449	-18.46%	4,420	-17.28%
11 Plc						
Full Year, Dec. 2018	164,610	31.42%	13,695	2.46%	9,329	24.08%
P Z Cussons Nigeria Plc.						
9 months, Feb. 2019	55,070	-12.95%	936	-52.40%	807	-39.65%
Union Diagnostic & Clinical Services Plc						
Full year, Dec. 2018	1,353	-13.68%	143	-59.15%	101	-66.55%
Beta Glass Co Plc						
Full Year, Dec. 2018	26,321	18.64%	7,188	22.78%	5,053	22.79%
Sterling Bank Plc						
Full Year, Dec. 2018	152,164	13.99%	9,489	17.08%	9,218	14.94%
Okomu Oil Palm Plc						
Full Year Dec 2018	20,258	-0.02%	10,337	-7.21%	8,502	-8.72%
Cement Co. Of North Nig. Plc						
Full Year, Dec. 2018	31,722	61.94%	7,592	80.62%	5,731	77.78%
Wema Bank Plc						
Full Year, Dec. 2018	71,530	9.59%	4,798	59.43%	3,326	47.48%

Source: NSE

Table 14: Major Corporate Action Announcements in March 2019					
Company	**Result**	***DPS (N)**	**Closure Date**	**Payment Date**	**Interim/Final**
Nestle Nigeria Plc	Full year, Dec. 2018	38.50	13-May-19	29-May-19	Final
GT Bank Plc	Full year, Dec. 2018	2.45	09-Apr-19	18-Apr-19	Final
Glaxo SmithKline Consumer Nig. Plc	Full year, Dec. 2018	0.50	23-Apr-19	24-May-19	Final
Access Bank Nigeria Plc	Full year, Dec. 2018	0.25	12-Apr-19	25-Apr-19	Final
Cadbury Nigeria Plc	Full year, Dec. 2018	0.25	20-May-19	19-Jun-19	Final
Julius Berger Nig Plc	Full year, Dec. 2018	2.00	03-Jun-19	21-Jun-19	Final
NASCON Allied Industries	Full year, Dec. 2018	1.00	31-May-19	17-Jun-19	Final
11 Plc	Full year, Dec. 2018	8.25	03-May-19	17-May-19	Final
B.O.C. Gases Plc (Igl)	Full year, Dec. 2018	0.40	03-Jun-19	21-Jun-19	Final
Portland Paints & Products Nigeria Plc	Full year, Dec. 2018	0.05	06-May-19	31-May-19	Final
CAP Plc	Full year, Dec. 2018	2.50	27-May-19	21-Jun-19	Final
Fidelity Bank Plc	Full year, Dec. 2018	0.11	15-Apr-19	26-Apr-19	Final
Beta Glass Plc	Full year, Dec. 2018	1.30	17-Jun-19	05-Jul-19	Final
Okomu Oil Palm Plc	Full year, Dec. 2018	3.00	15-May-19	25-Jun-19	Final

*Source: NSE; *DPS – Dividend Per Share*

Most of the stock markets that we monitored appreciated in Q1 2019 except the NSE All-Share Index and GSE Composite Index (Ghana).

Most of the stock markets that we monitored appreciated in Q1 2019 except the NSE All-Share Index and GSE Composite Index (Ghana). The NSE All-Share Index recorded the highest M-o-M depreciation of 2.14% in March, with a YTD depreciation of 1.24%. The S&P BSE SENSEX Index (India) recorded the highest M-o-M appreciation of 7.82% in March, with a YTD appreciation 7.22%. This was followed by the Shanghai Stock Exchange Composite Index (China) which appreciated by 5.09% M-o-M, with a YTD appreciation of 23.93%.

Table 15: Foreign Equity Market Performance in March 2019

North/Latin America	YTD Change		Month-on-Month Change
Dow Jones Industrial Average	11.15%		0.05%
S&P 500 Index	13.07%		1.79%
NASDAQ Composite	16.49%		2.61%
Brazil Stock Market Index	8.56%		(0.18%)
Europe			
Swiss Market Index	12.44%		0.95%
FTSE 100 Index (UK)	8.19%		2.89%
CAC 40 Index (France)	13.10%		2.10%
DAX Index (Germany)	9.16%		0.09%
SMSI Index (Madrid, Spain)	8.03%		(0.49%)
Africa			
NSE All-Share Index	(1.24%)		(2.14%)
FTSE/JSE Africa All Share Index	7.06%		0.82%
Nairobi All Share Index (Kenya)	12.27%		3.34%
GSE Composite Index (Ghana)	(4.58%)		(0.99%)
Asia/Pacific			
NIKKEI 225 Index (Japan)	5.95%		(0.84%)
S&P BSE SENSEX Index (India)	7.22%		7.82%
Shanghai Stock Exchange Composite Index (China)	23.93%		5.09%
Hang Seng Index (Hong Kong)	12.40%		1.46%

Sources: Bloomberg and Nigerian Stock Exchange (NSE)

3.2. Outlook for the Month of April 2019:

We expect the following factors to drive performance of the equity market in the short-term:

FSDH Research expects portfolio allocation in favour of the equity market very soon.

- Portfolio realignment in favour of the equity market on account of the drop in yields on fixed income securities
- Stability in the foreign exchange market
- Inflow of FPI
- Rising crude oil price.

3.3. Strategies:

- Investors should position in stocks that have good fundamentals that are currently trading below their fair value
- Investors should take position in stocks that have a history of good dividend payment
- We see opportunities in the banking, consumer goods, building materials, and oil and gas sectors of the equity market.

The equity market recorded more depreciations than appreciations in the last six years between March and April. This is an indication that the chance of a depreciation in April 2019 is higher than the chance of an appreciation. However, if the price of crude oil maintains a level close to US$70/b and there is no major global event that can lead to significant slowdown in the global economy, FSDH Research expects portfolio allocation in favour of the equity market very soon. This may lead to an appreciation in the equity market in April.

Table 16: Equity Market Trend Analysis (2013-2018) – NSE ASI Analysis

	Year					
Months	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
March	33,536.24	38,748.01	31,744.82	25,306.22	25,516.34	41,504.51
April	33,440.57	38,492.13	34,708.11	25,062.41	25,758.51	41,268.01
Change	**(0.29%)**	**(0.66%)**	**9.33%**	**(0.96%)**	**0.95%**	**(0.57%)**

Sources: The Nigerian Stock Exchange (NSE) and FSDH Research Analysis

Table 17: Revised Asset Allocation	
Asset Class	**Fund Allocation**
Equities	25%
Fund Placement	10%
Treasury Bills	25%
Real Estate Investment Trust (REIT)	5%
Bonds	20%
Collective Investment Schemes	15%

Source: FSDH Research

Table 18: Stock Recommendation One Year Target Price

Stocks	Max Entry Price	52 Week Low	52 Week High	Trailing EPS	Trailing PE Ratio	Target Price
Dangote Cement	189.00	170.00	260.00	22.91	8.25	240.00
FBNH	7.35	6.80	13.45	1.11	6.61	11.00
UBA	6.20	6.20	11.90	2.30	2.70	9.50
Zenith Bank	20.35	19.60	28.90	6.16	3.30	28.00
Seplat	590.00	520.00	769.00	76.25	7.74	760.00
Total Nigeria	196.00	177.60	249.00	23.45	8.36	235.00

Source: FSDH Research

Table 19: Bond Recommendation

S/N	Security Description	Tenor To Maturity (Yrs)	Coupon	Current Price (N)	Current Yield	Modified Duration
1	16.39% FGN JAN 2022	2.82	16.39%	104.60	14.43%	2.16
2	13.98% FGN FEB 2028	8.91	13.98%	98.10	14.34%	4.91
3	16.25% FGN APR 2037	18.04	16.25%	112.30	14.10%	5.95

Source: FSDH Research. Prices and yields as at 02 April, 2019

The prices of the Eurobonds of the following companies are trading at discounts to their face values: Access Bank, First Bank and Ecobank, all of which offer attractive prices and yields. Investments in these securities may generate good returns for investors who have US Dollar liquidity and can take the associated risks.

Table 20: Attractive Fixed Income Securities Trading on the FMDQ as at 01 April, 2019

Issuer	Description	Coupon	Maturity Date	TTM (Years) *	Current Yield	Price
			State Bonds			
Lagos	14.50% LAGOS 22-NOV-2019	14.50%	22-Nov-19	0.64	15.90%	99.12
Lagos	13.50% LAGOS 27-NOV-2020	13.50%	27-Nov-20	1.66	15.52%	97.10
			Corporate Bonds			
FCMB	15.00% FCMB 6-NOV-2020	15.00%	06-Nov-20	1.60	18.66%	95.07
Lafarge Africa Plc	14.25% LAFARGE 15-JUN-2019	14.25%	15-Jun-19	0.21	12.56%	100.24
NAHCO	15.25% NAHCO II 14-NOV-2020	15.25%	14-Nov-20	1.62	15.20%	100.01
Transcorp Hotels Plc	15.50% TRANSCORP 4-DEC-2020	15.50%	04-Dec-20	0.97	17.50%	98.25
Lafarge Africa Plc	14.75% LAFARGE 15-JUN-2021	14.75%	15-Jun-21	2.21	15.39%	98.77
FCMB	14.25% FCMB I 20-NOV-2021	14.25%	20-Nov-21	2.64	16.95%	94.44
UBA	16.45% UBA I 30-DEC-2021	16.45%	30-Dec-21	2.75	15.42%	102.16
Fidelity Bank	16.48% FIDELITY 13-MAY-2022	16.48%	13-May-22	3.12	15.61%	102.02
Transcorp Hotels	16.00% TRANSCORP 26-OCT-2022	16.00%	26-Oct-22	2.03	17.13%	98.18
Stanbic IBTC	182D T.Bills+1.20% STANBIC IA 30-SEP-2024	16.29%	30-Sep-24	5.50	15.29%	103.64
Stanbic IBTC	13.25% STANBIC IB 30-SEP-2024	13.25%	30-Sep-24	5.50	15.29%	92.60
			Supranational Bonds			
AfDB	11.25% AFDB 1-FEB-2021	11.25%	01-Feb-21	1.08	14.10%	97.25
			Corporate Eurobonds			
Zenith Bank Plc II	7.375% MAY 30, 2022	7.375%	30-May-22	3.16	6.22%	103.24
Access Bank Plc II	9.25%/6M USD LIBOR+7.677% JUN 24, 2021	9.25%	24-Jun-21	2.23	9.50%	100.79
First Bank Ltd.	8.00%/2Y USD SWAP+6.488% JUL 23 2021	8.00%	23-Jul-21	2.31	8.81%	99.88
Ecobank Nig. Ltd	8.75% AUG 14, 2021	8.75%	14-Aug-21	2.37	9.60%	99.70
Seplat Petroleum Development Company Plc	9.25% April 01, 2023	9.25%	01-Apr-23	4.00	8.28%	103.24
			Commercial Paper			
Issuer	Description	Yields at Issue	Maturity Date	DTM (Years) **	Current Yield	Discount Rate (%)
Dangote Cement Plc	DANGCEM CP IV 14-MAY-19	13.96%	14-May-19	43	12.82%	12.63%
Flour Mills Of Nigeria Plc	FLOUR MILLS CP IV 18-JUL-19	15.00%	18-Jul-19	108	12.88%	12.41%

*TTM – Tenor to Maturity; ** DTM – Day to Maturity
Source: FMDQ

Table 21: Select Global Bonds Issue	
Country	**Bond**
China	3.52% February 21, 2023
Egypt	17% April 03, 2022
India	8.15% June 11, 2022
Kenya	12.705% June 13, 2022
Nigeria	16.39% FGN January 2022
Russia	7.60% April 14, 2021
South Africa	7.75% February 28, 2023
Turkey	8.8% September 2023
United States	1.75% May 15, 2023

Source: Bloomberg

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