Monthly Economic and Financial Market Outlook

FGN Savings Bond: Deepening the Nigerian Financial Market

March 2017

Executive Summary

- The Organization of Petroleum Exporting Countries (OPEC) opines that global economic growth is expected at 3.0% and 3.2% in 2016 and 2017, respectively

- The Nigerian real Gross Domestic Product (GDP) contracted by 1.30% in Q4 2016, compared with the growth of 2.11% recorded in Q4 2015 but better than the contraction of 2.24% recorded in Q3 2016. The real GDP contracted by 1.51% in 2016, compared with the growth of 2.79% recorded in 2015

- We are of the opinion that the Nigerian economy should move into positive territory in Q2 2017. This recovery is based on the improvements in crude oil production, oil price above US$50/b and the rise in external reserves, amongst others

- The Debt Management Office (DMO) has concluded plans to diversify its investors' base in FGN securities and enable the FGN to finance its projects from diverse sources.

- The DMO has increased the minimum investment for the regular bond and treasury bills in the primary market to N50,001,000. This is to re-direct retail investors to the FGN Savings Bond.

- We expect the inflation rate to decrease to 16.95% in February 2017, from 18.72% in January 2017

- The CBN recent intervention in meeting the foreign exchange demand for invisible items at the foreign exchange market is expected to ease the persistent upward pressure on the Naira

- Retail investors should take advantage of the FGN Savings Bond when it opens, as we expect the interest rate to be higher than the returns on savings accounts in banks

- We expect to see some improvements in investor appetite for equity investment in March 2017.

1.0 Global Developments:

The prices of government bonds appreciated in more countries in February 2017 than they depreciated.

In the countries we monitored, the prices of government bonds appreciated in more countries in February 2017 than they depreciated. The 17% April 2022 Egypt Government Bond and the 8.8% September 2023 Turkey Government Bond recorded the highest month-on-month price increases of 1.04% and 0.77% to 100.47 and 91.50, respectively. **The 8.15% June 2022 India Government Bond recorded a month-on-month price decrease of 1.47% to 105.15.** This was followed by the 7.60% April 2021 Russia Government Bond with a marginal decrease of 0.74% to 97.80. The Egypt, Nigeria and United States (U.S.) Bonds closed the month at negative real yields. Other bonds we monitored closed the month at positive real yields. **The Kenya Government Bond offers the most attractive real yield amongst the selected bonds in February 2017**.

The US economy grew by 1.9% in Q4 2016, while it grew by 1.6% in 2016. Inflation rate also increased to 2.5% in January 2017, from 2.1% in December 2016.

According to the second estimates that the United States (U.S.) Bureau of Economic Analysis released, the U.S. economy grew by 1.9% in Q4 2016, slowing from a 3.5% growth in Q3 2016. Consumer spending rose faster than anticipated while business investment was revised lower. In 2016, the GDP grew by 1.6%, the lowest since 2011. Similarly, the inflation rate in the U.S. increased at 2.5% in January 2017, compared with 2.1% in December 2016; and above market expectations of 2.4%. The inflation rate accelerated for the sixth consecutive month to the highest since March 2012, mainly boosted by gasoline prices. At 2.5% the inflation rate is 0.5% above the 2% target that the Federal Open Market Committee (FOMC) set for the economy. This may suggest a change in monetary policy.

Table 1: Summary of Key Indicators

S/N	Indicators	China	Egypt	India	Kenya	Nigeria	Russia	South Africa	Turkey	USA
1	Bond Price	102.66	100.47	105.15	97.14	101.05	97.80	97.45	91.50	97.71
2	Bond Yield	3.03%	16.84%	6.96%	13.46%	16.06%	8.41%	8.30%	10.62%	2.15%
3	Bond Price MoM Change	(0.67%)	1.04%	(1.47%)	(0.08%)	0.27%	(0.74%)	0.65%	0.77%	0.20%
4	Bond Yield MoM Change	0.12%	(0.30%)	0.33%	0.02%	(0.10%)	0.23%	(0.14%)	(0.14%)	(0.03%)
5	Bond Price YTD Change	(1.02%)	(1.03%)	(1.31%)	0.00%	(1.33%)	(0.41%)	1.57%	2.58%	0.33%
6	Bond Yield YTD Change	0.17%	0.31%	0.27%	0.00%	0.39%	0.14%	(0.32%)	(0.49%)	(0.04%)
7	Real Yield	0.53%	(11.26%)	3.79%	6.47%	(2.66%)	3.41%	1.70%	1.40%	(0.35%)
8	Volatility	0.41	0.44	0.71	0.09	0.39	0.41	0.41	0.34	0.29
9	FX Rate MoM Change*	(0.25%)	(19.26%)	(1.76%)	(0.96%)	1.12%	(3.10%)	(2.64%)	(4.17%)	(2.10%)
10	FX Rate YTD Change*	(1.14%)	(14.78%)	(1.85%)	0.38%	(0.03%)	(5.41%)	(4.66%)	3.05%	0.56%
11	Inflation Rate	2.50%	28.10%	3.17%	6.99%	18.72%	5.00%	6.60%	9.22%	2.50%
12	Policy Rate	4.35%	14.75%	6.25%	10.00%	14.00%	10.00%	7.00%	8.00%	0.75%
13	Debt to GDP	43.90%	85.00%	69.00%	52.80%	11.50%	17.70%	50.10%	32.90%	104.17%
14	GDP Growth Rate	6.80%	2.30%	7.30%	5.70%	(2.24%)	(0.40%)	0.70%	(1.80%)	1.90%
15	Nominal GDP (US$)	11,008bn	331bn	2,095bn	63bn	481bn	1,331bn	315bn	718bn	18,037bn
16	Current Acct to GDP	1.90%	(3.40%)	(1.25%)	(11.40%)	(3.80%)	1.80%	(4.40%)	(4.50%)	(2.70%)

-ve means appreciation while +ve means depreciation

Sources – Bloomberg, Central Banks, FSDH Research Analysis and Trading Economics

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OPEC indicated a global growth forecast of 3.0% and 3.2% for 2016 and 2017, respectively in its monthly report for February 2017.

1.1 The Global GDP:

The Organization of the Petroleum Exporting Countries (OPEC) released a global growth forecast of 3.0% and 3.2% for 2016 and 2017, respectively in its monthly report for February 2017. OPEC added that the Organization for Economic Cooperation and Development (OECD) economies are expected to grow by 1.9% in 2017. The OECD growth is expected from fiscal stimulus in the United States (U.S.). The organization believes that the continuation of the rebalancing of the oil market after the historic OPEC and non-OPEC declaration of cooperation in December 2016 may support oil producers further. This should lead to improvements in economic activity, along with renewed investments.

The OPEC report added that most of the emerging economies will record improved economic activities. Improving oil sector and sound domestic economic developments would boost Russia's economic growth. After the removal of large denomination bills in India, which caused some dampening of domestic consumption, growth for 2016 was revised down, while it remains unchanged at 7.1% for 2017. The forecasts for Brazil and China also remain unchanged. Brazil is forecast to recover to 0.4% in 2017, after a deep recession of 3.4% in 2016. China is expected to grow by 6.2% in 2017, lower than the estimate of 6.7% in 2016.

The downside risks to the global growth forecast are from uncertainties of policy issues across the globe and monetary policy decisions

The downside risks to the global growth forecast are from uncertainties of policy issues across the globe and monetary policy decisions. OPEC also expects the normalisation of US Federal Reserve (Fed) monetary policy to continue in 2017, and the ongoing rebalancing of the oil market would boost the normalization Policy.

Table 2: Economic Growth Rate Forecast

	2016F	2017F
World	3.0%	3.2%
OECD	1.7%	1.9%
USA	1.6%	2.2%
Japan	1.0%	1.1%
Euro-zone	1.7%	1.6%
China	6.7%	6.2%
India	7.1%	7.1%
Brazil	(3.4%)	0.4%
Russia	(0.5%)	1.0%

Source: OPEC Monthly Report, February 2017

The GDP contracted by 1.51% in 2016, compared with the growth of 2.79% in 2015.

1.2 Domestic Real GDP:

In line with our expectations, the Nigerian economy contracted in Q4 2016 and Full Year (FY) 2016 according to the Gross Domestic Product (GDP) figures that the National Bureau of Statistics (NBS) published. The real GDP contracted by 1.30% (year-on-year) in Q4 2016, compared with the growth of 2.11% recorded in Q4 2015 but better than the contraction of 2.24% recorded in Q3 2016. The real GDP contracted by 1.51% in 2016, compared with the growth of 2.79% recorded in 2015.

In Q4 2016, the oil sector recorded a decline of 12.38%, compared with the decline of 22.01% and 8.23% recorded in Q3 2016 and Q4 2015, respectively. It also contributed approximately 8.42% to the real GDP in 2016, lower than the 9.61% contribution in 2015.

The non-oil sector recorded a contraction of 0.33% in Q4 2016, compared with the growth of 3.14% in Q4 2015; and the marginal growth of 0.03% in Q3 2016. In FY 2016 it contracted by 0.22% compared with the growth rate of 3.75% in 2015. The contraction recorded in the real estate sector mainly contributed to the performance of the non-oil sector. The Manufacturing, Construction and Trade sectors also made significant downwards contributions, but boosted by strong growth in Agriculture (crop production) sector.

The nominal GDP stood at N101.60trn in 2016. This represents a marginal increase of 7.92% from N94.14trn recorded in 2015. In 2016, the services sector contributed 53.55% to the GDP, followed by agriculture at 24.43% and industries at 22.02%. The real GDP at 2010 Constant Price stood at N67.98trn in 2016 lower than N69.02trn in 2015.

The NBS noted that the contraction in the year 2016 was on account of weaker inflation induced consumption demand and an increase in pipeline vandalism, significantly reduced foreign reserves. The country also suffered from a concomitantly weaker currency, and problems in the energy sector such as fuel shortages and lower electricity generation.

Table 3: Quarterly Real GDP Growth Rates (Year-on-Year)

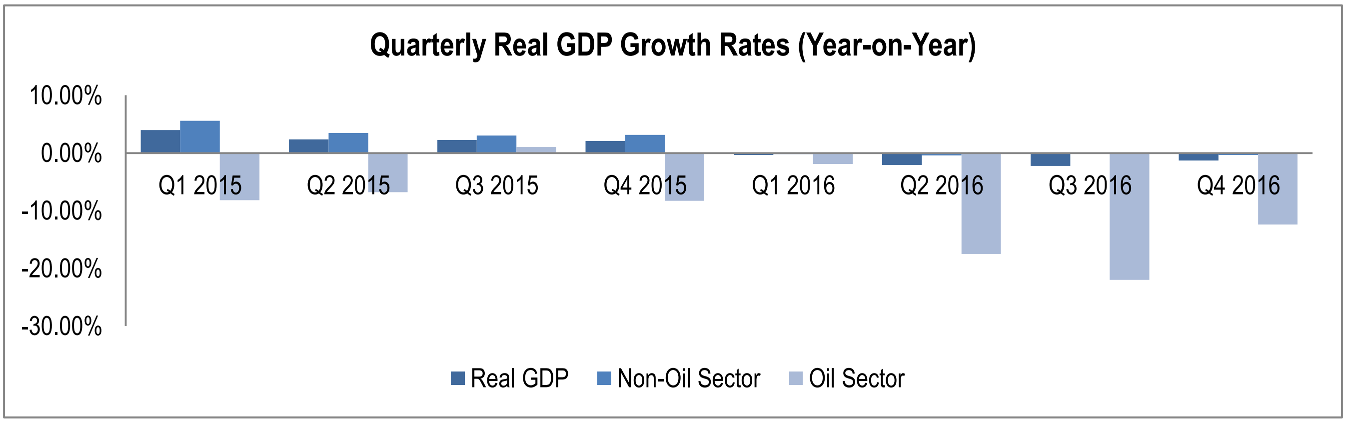
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Real GDP	3.96%	2.35%	2.24%	2.11%	(0.36%)	(2.06%)	(2.24%)	(1.30%)
Non-Oil Sector	5.59%	3.46%	3.05%	3.14%	(0.18%)	(0.38%)	0.03%	(0.33%)
Oil Sector	(8.15%)	(6.79%)	1.06%	(8.28%)	(1.89%)	(17.48%)	(22.01%)	(12.38%)

Source: National Bureau of Statistics

Table 4: Quarterly Sector Performance (Year-on-Year)								
Contribution to GDP	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Agriculture	19.79%	21.12%	26.79%	24.18%	20.48%	22.55%	28.65%	25.49%
Industries	25.65%	24.52%	23.51%	21.52%	24.33%	22.65%	21.11%	20.33%
Services	54.56%	54.36%	49.70%	54.30%	55.20%	54.80%	50.24%	54.18%
Quarterly Sector Growth Rate (Year-on-Year)								
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Agriculture	4.70%	3.49%	3.46%	3.48%	3.09%	4.53%	4.54%	4.03%
Industries	(2.53%)	(3.31%)	(0.13%)	(2.24%)	(5.49%)	(9.53%)	(12.21%)	(6.74%)
Services	7.04%	4.67%	3.97%	4.78%	0.80%	(1.25%)	(1.17%)	(1.52%)
Source: National Bureau of Statistics								

Table 5: Yearly Real GDP Growth Rates					
	2012	2013	2014	2015	2016
Real GDP	4.21%	5.49%	6.22%	2.79%	(1.51%)
Non-Oil Sector	5.81%	8.42%	7.18%	3.75%	(0.22%)
Oil Sector	(4.95%)	(13.07%)	(1.32%)	(5.45%)	(13.65%)
Source: National Bureau of Statistics					

Table 6: Yearly Sector Contribution to GDP					
Contribution to GDP	2012	2013	2014	2015	2016
Agriculture	23.91%	23.33%	22.91%	23.11%	24.43%
Industries	25.61%	24.81%	24.93%	23.71%	22.02%
Services	50.48%	51.86%	52.16%	53.18%	53.55%
Yearly Sector Growth Rate					
	2012	2013	2014	2015	2016
Agriculture	6.70%	2.94%	4.27%	3.72%	4.11%
Industries	2.43%	2.16%	6.76%	(2.24%)	(8.53%)
Services	3.97%	8.38%	6.85%	4.78%	(0.82%)
Source: National Bureau of Statistics					


Quarterly Real GDP Growth Rates (Year-on-Year)
10.00%
0.00%
-10.00%
-20.00%
-30.00%
Q1 2015
Q2 2015
Q3 2015
Q4 2015
Q1 2016
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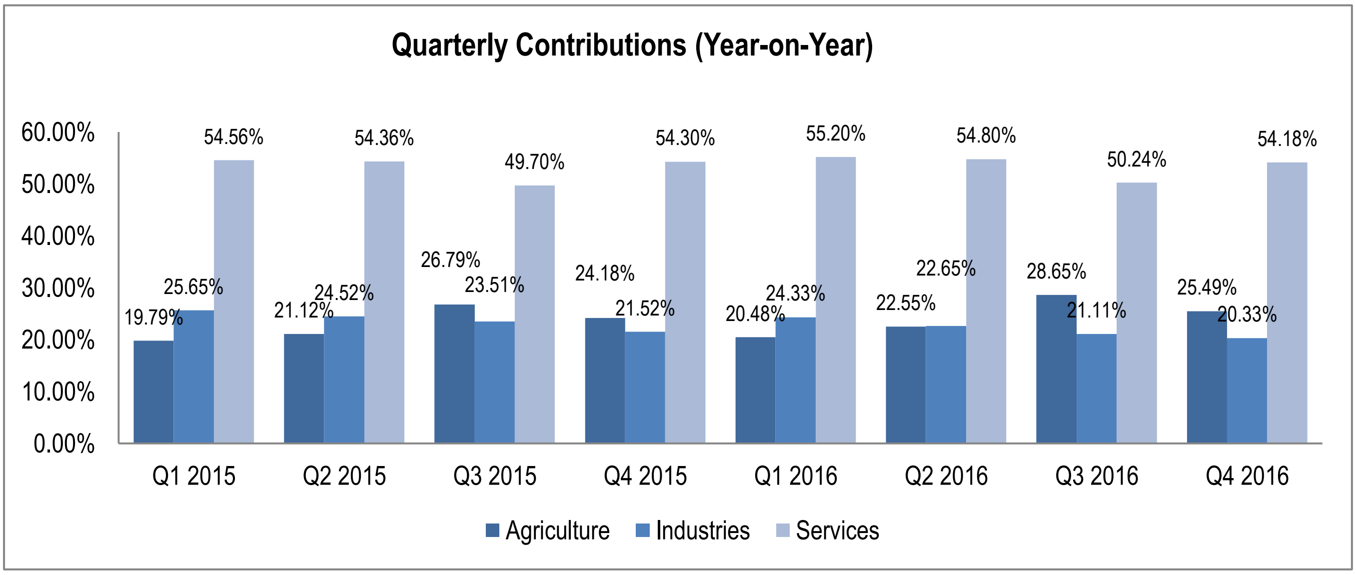
Q4 2016
Real GDP
Non-Oil Sector
Oil Sector


Quarterly Contributions (Year-on-Year)
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
19.79%
25.65%
54.56%
21.12%
24.52%
54.36%
26.79%
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20.33%
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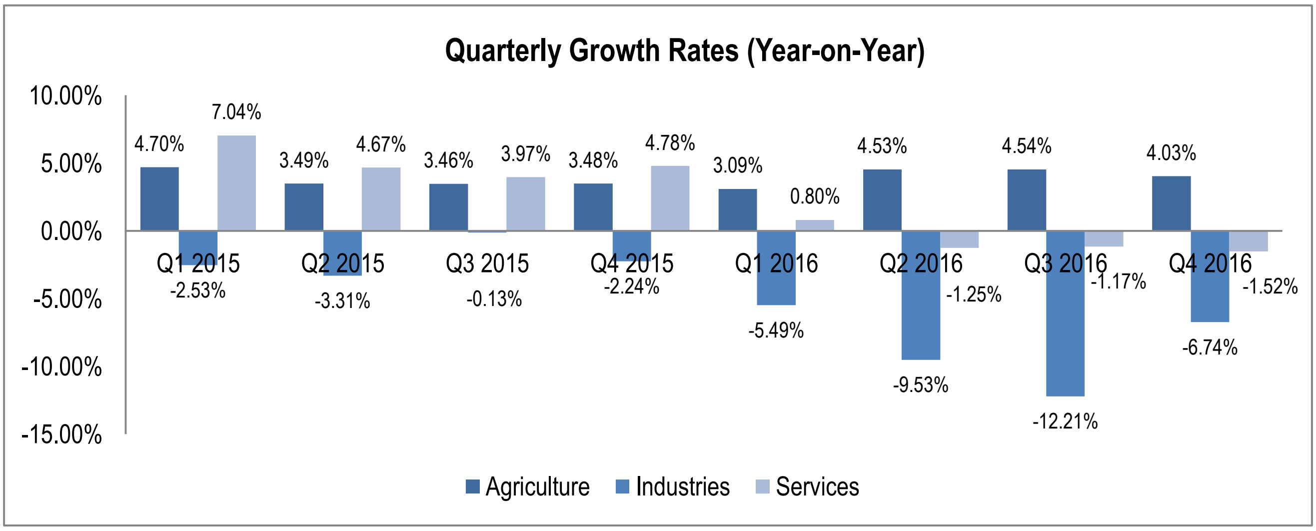
Agriculture
Industries
Services


Quarterly Growth Rates (Year-on-Year)
10.00%
5.00%
0.00%
-5.00%
-10.00%
-15.00%
4.70%
-2.53%
7.04%
3.49%
-3.31%
4.67%
3.46%
-0.13%
3.97%
3.48%
-2.24%
4.78%
3.09%
-5.49%
0.80%
4.53%
-9.53%
-1.25%
4.54%
-12.21%
-1.17%
4.03%
-6.74%
-1.52%
Q1 2015
Q2 2015
Q3 2015
Q4 2015
Q1 2016
Q2 2016
Q3 2016
Q4 2016
Agriculture
Industries
Services

We are of the opinion that the Nigerian economy should move into positive territory in Q2 2017. This recovery is based on the improvements in crude oil production, oil price above US$50/b and the rise in external reserves. The planned FGN Savings Bond and the efforts of the Federal Government to reflate the economy also support this argument.

1.3 New CBN Foreign Exchange Sale for Invisible Transactions:

The Central Bank of Nigeria (CBN) has introduced a new foreign exchange regulation for invisible transactions at the foreign exchange market in February 2017. The intention of the CBN is to increase the foreign exchange supply in the market, particularly for invisible trades in order to accommodate more demand from the parallel market. The CBN is able to achieve this because of the rising external reserves. Our analysis using data from the CBN shows that these items represent about 5% of the total foreign exchange utilization

Table 7: Sectorial Utilization of Foreign Exchange

A. Visible (Imports)	2012A	2013A	2014A	2015E	Average
Industrial Sector	18.01%	15.42%	15.94%	12.80%	**15.54%**
Food Product	12.98%	8.85%	7.89%	6.61%	**9.09%**
Manufactured Products	11.16%	8.00%	8.51%	5.99%	**8.42%**
Transport Sector	4.32%	3.22%	3.12%	1.45%	**3.03%**
Agricultural Sector	0.58%	0.63%	0.81%	0.37%	**0.59%**
Minerals	0.84%	0.67%	0.55%	0.77%	**0.71%**
Oil Sector	20.50%	16.23%	16.87%	13.42%	**16.76%**
B. Invisibles					
Business Services	2.52%	3.16%	4.44%	3.52%	**3.41%**
Communication Services	0.98%	1.16%	1.33%	0.83%	**1.08%**
Construction and Related Engineering Services	0.27%	0.14%	0.14%	4.56%	**1.27%**
Distribution Services	0.15%	0.12%	0.19%	0.10%	**0.14%**
Educational Services	0.54%	0.57%	0.55%	0.74%	**0.60%**
Financial Services	23.65%	38.52%	36.13%	36.97%	**33.82%**
Tourism and Travel Related Services	0.18%	0.27%	0.44%	10.16%	**2.76%**
Transport Services	2.75%	2.51%	2.54%	1.16%	**2.24%**
Other Services Not Included Elsewhere	0.57%	0.52%	0.56%	0.56%	**0.55%**

Source: Central Bank of Nigeria; FSDH Research Analysis:

Implication:

Although this is small, we think the initiative from the CBN will help to bring down the foreign exchange rate, particularly in the parallel market.

1.4 Telecommunication Industry:

According to the National Bureau of Statistics (NBS), the total number of subscribers has increased rapidly over the past decade; at the end of 2005 there were 19.51mn subscribers, but by the end of 2015 there were 151.01mn which is equivalent to an increase of 13.14mn subscribers every year. However, growth has been declining more recently, possibly as a result of high market penetration leaving less room for large expansion. In December 2016, there were 154.52mn subscribers, compared with 153.29mn in September 2016, which represents an increase of 0.80%.

The GSM subscribers contribute 99.74% to the total subscribers as at Q4 2016, followed by Code Division Multiple Access (CDMA) with 0.14% of the total, whilst fixed wired and wireless make up 0.08% and 0.02% respectively. MTN remains the largest provider of GSM subscriptions, accounting for 40.12%. The second largest provider was Globacom, which accounted for 24.24% of subscriptions, Airtel share was 22.14%. Etisalat accounts for the least number of subscriptions at 13.50% of the total, but it is the fastest growing operator in Nigeria. It has gained rapid market share since its launch.

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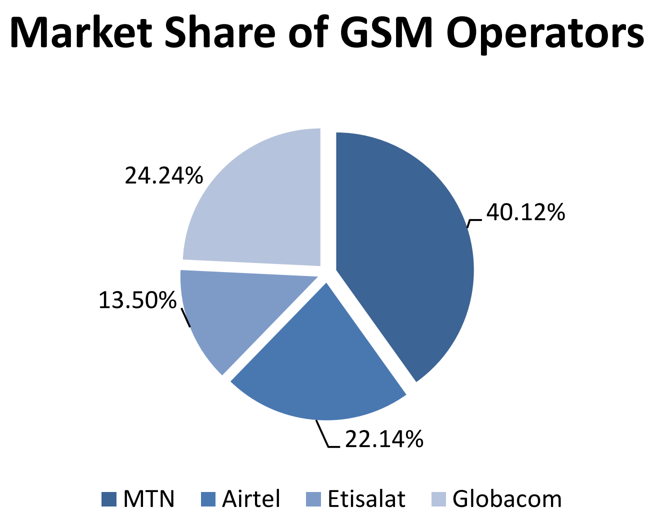


The total number of internet subscribers with the GSM operators stood at 91.88mn as at December 2016. The number increased in most of the quarters in 2014 and 2015, but reversed in 2016, in which the proportion fell in every quarter. The proportion of GSM users with internet subscriptions dropped in Q4 2016 to 59.61%, from 61.21% recorded in September 2016. This drop was caused by MTN and Etisalat. As at end-December 2016, the internet subscribers of the GSM carriers were: MTN 34.56mn; Globacom 29.40mn; Airtel 21.07mn and; Etisalat 14.97mn.

In December 2015, MTN's Share was 41.15% and Globacom's was 25.85%, However by December 2016, MTN's had fallen to 34.56%, and Globacom's had increased to 29.40%. Etisalat's share in December 2016 fell to 14.97%, compared to 15.65% in December 2015. By contrast, Airtel increased their share from 17.35% to 21.07% over the same period.

Table 8: Internal Market Share by GSM Operators

S/N	Operators	Market Share		Change
		2016	2015	
1	MTN	34.56%	41.15%	(6.59%)
2	Globacom	29.40%	25.85%	3.60%
3	Airtel	21.02%	17.35%	3.67%
4	Etisalat	14.97%	15.65%	(0.68%)
	Total	100%	100%	

Source: National Bureau of Statistics

There were a total of 49,547 incoming porters in Q4 2016, a decrease from 55,558 in Q3 2016, but a decline of 10.82% from 52,335 porters recorded in Q4 2015. Quarter-on-quarter, every provider recorded a decline in incoming porting activity. As in the previous quarter, Airtel recorded the largest declines in percentage terms, with quarterly and year-on-year declines of 38.65% and 63.38% respectively. Globacom and MTN recorded quarterly declines of 4.52% and 6.97% respectively; However MTN recorded a year on year increase of 95.40%. Etisalat recorded a year increase of 6.87%, but Globacom recorded a year on year increase of 30.18%. Etisalat remained the top destination for incoming porters, and accounted for 77.52%, compared to 75.18% in the previous quarter. Airtel, Globacom and MTN accounted for 6.95%, 6.69% and 8.83% respectively in Q4 2016.

The current slowdown in economic activities within the country is also impacting the activities in the telecommunications sector.

1.5 Inflation Rate:

The inflation rate stood at 18.72% in January 2017, from 18.55% recorded in December 2016.

The inflation rate maintained its upward trend in January 2017 in line with our expectations. The pass-through effect of the weak currency kept the inflation rate higher. However, we observed a slow-down in the month-on-month inflation rate, reflecting a slow-down in inflationary pressure. **The inflation rate stood at 18.72% in January 2017, from 18.55% recorded in December 2016.** The inflation rate in January 2017 was driven by the faster growth in all major divisions of the Headline Index. Year-on-year (y-o-y), the Food Price Index (FPI) increased by 17.82% in January 2017, from 17.39% in December 2016. The FPI was driven by higher prices of Bread and Cereals, Meat, Oil and Fats and Fish. The Core Index increased by 17.90% in January 2017, lower than 18.10% recorded in December 2016. In January 2017, the largest increases in the Core Index were recorded in the Electricity, Gas, Passenger Transport by Air, Liquid Fuel, Fuel and Lubricants for Personal Transport Equipment and Solid Fuels.

We expect February inflation rate at 16.95%.

In the short-term, we expect that the inflation rate will drop on account of the base effect. However we note that an increase in the price of PMS and electricity tariff will place upward pressure on the inflation rate**. We estimate that the inflation rate would be at 16.95% in February 2017** as shown on table 9 below.

Table 9: Inflation Rate Actual Vs Forecast

Month	Jan-17 A	Feb-17F	Mar-17F	Apr-17F	May-17F	Jun-17F	Jul-17F	Aug-17F	Sep-17F	Oct-17F	Nov-17F	Dec-17F
Actual/Forecast	18.72%	16.95%	15.47%	14.53%	12.34%	11.30%	10.68%	10.31%	10.21%	10.04%	10.00%	9.87%

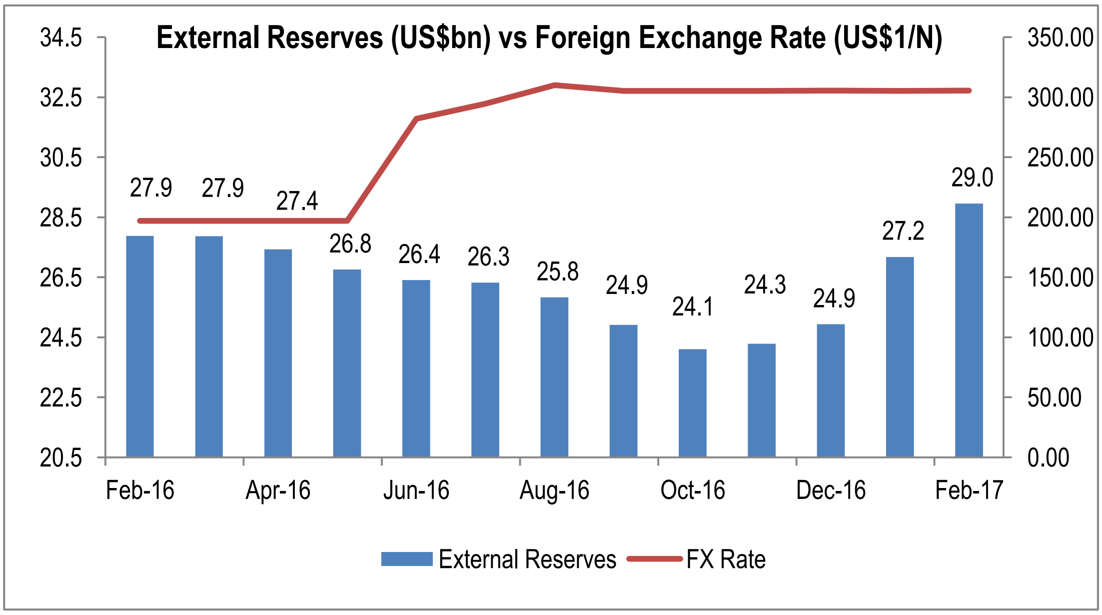
Source: National Bureau of Statistics and FSDH Research Analysis

1.6 Movement in the External Reserves:

The external reserves increased by 5.44% to US$29.65bn as at end-February 2017, from US$28.12bn at end-January 2017.

The external reserves have been increasing because of the increase in oil production, oil price and other foreign capital flows. The relative peace in the oil producing Niger Delta region is responsible for the increase in crude oil production. On the other hand, the impressive compliance by the OPEC and non-OPEC members is mainly responsible for the increase in oil prices. The 30-day moving average external reserves increased by 5.44% to US$29.65bn as at end-February 2017, from US$28.12bn at end-January 2017. The average external reserves stood at US$28.96bn in February 2017, from US$27.18bn in January 2017.

The efforts of the Federal Government of Nigeria (FGN) to source external borrowings from the international financial market are also expected to boost the external reserves. **We also note that the concerted efforts of the FGN to improve infrastructure in the country should make the country more competitive. This will lead to the development of the non-oil sector and ultimately lead to the increase in the external reserves export.**



1.7 Crude Oil Market and Bonny Light Price:

The average price of Bonny Light was US$55.50/b in February 2017, a marginal increase of 0.71% from the average price of US$55.11/b recorded in January 2017.

Nigeria produced a total of 57.56 million barrel (mb) of crude oil and condensate for the month of November 2016, representing an average daily production of 1.92mbd. This represents an increase of 4.30%, relative to October 2016. This is according to the Nigerian National Petroleum Corporation (NNPC) monthly report, December 2016 edition. The Joint Ventures (JVs) and Production Sharing Contracts (PSC) contributed about 31.94% and 47.34% respectively to the November 2016 production level. Other production arrangements accounted for 20.72%. **The sustained efforts of the FGN at collaborating with the Niger Delta region to resolve the agitation in the region would help to sustain desired oil production level.** The new Joint Venture production funding agreement between the FGN and the oil producing companies, the expected global economic growth in 2017 and the OPEC and non-OPEC oil output cut agreement are additional boost for oil output.

Nigeria produced a total of 57.56 million barrel (mb) of crude oil and condensate for the month of November 2016, representing an average daily production of 1.92mbd.

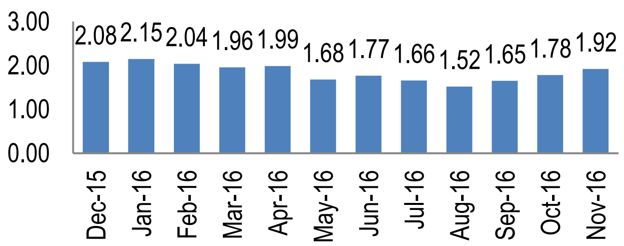
Table 10: Nigeria's Crude Oil and Condensate Production (mbd)

	Joint Ventures	Production Sharing Contracts	Others	Total Production	Average Daily Production
Dec-15	18.91	28.33	17.33	64.57	2.08
Jan-16	20.02	28.70	17.91	66.63	2.15
Feb-16	20.52	25.42	13.27	59.21	2.04
Mar-16	20.33	27.68	12.68	60.68	1.96
Apr-16	20.24	27.86	11.48	59.57	1.99
May-16	14.30	27.37	10.50	52.17	1.68
Jun-16	14.59	27.35	11.13	53.07	1.77
Jul-16	16.09	27.22	8.07	51.37	1.66
Aug-16	12.79	28.19	6.28	47.26	1.52
Sep-16	14.52	27.73	7.20	49.46	1.65
Oct-16	16.91	28.66	9.62	55.19	1.78
Nov-16	18.38	27.25	11.93	57.56	1.92
Total	188.69	303.41	120.07	612.18	

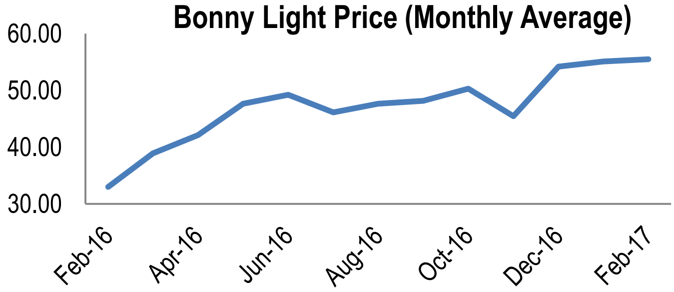
Source: NNPC Monthly Report, December 2016

According to the data from Thomson Reuters, the Bonny Light oil price decreased by 2.64% to US$54.19/b as at end-February 2016, from end-January 2017. The average price of Bonny Light was US$55.50/b in February 2017, a marginal increase of 0.71% from the average price of US$55.11/b recorded in January 2017.

Monthly Average Crude Oil Production



Bonny Light Price (Monthly Average)



1.8 Foreign Exchange Rate:

The policy intervention of the CBN to increase the supply of foreign exchange for invisible items led to the appreciation in the value of the Naira in the parallel market.

The policy intervention of the CBN to increase the supply of foreign exchange for invisible items led to the appreciation in the value of the Naira in the parallel market. The CBN was able to achieve this because of the rising foreign reserves on the back of the increase in oil prices, oil production and the improvement in foreign capital flows. The value of the Naira was unchanged at the official market after the adoption of the new CBN rules on invisible trades. The Naira appreciated by 15.85% at the parallel market to close at US$1/N448 after the introduction of the new CBN policy on February 20, 2017 from US$1/N519. Month-on-moth, the parallel market appreciated by 11.94% to close at US$1/N448 at end-February 2017 from US$1/N501.50 at end-January 2017. The average exchange rate at the parallel market depreciated by 0.32% to stand at US$1/N498.23 in February 2017, compared with US$1/N496.64 in January 2017.

The inter-bank market rate depreciated in February 2017.

The inter-bank market rate depreciated in February 2017. As at end-February 2017, the value of the Naira closed at US$1/N305.50 at the inter-bank market, a marginal depreciation of 0.08% from US$1/N305.25 at end-January 2017.

The CBN recent intervention in meeting the foreign exchange demand for invisible items at the foreign exchange market is expected to ease the persistent upward pressure on the Naira. The improvement in oil production and the increase in oil price in the international market from an OPEC and non-OPEC output cut action should continue to increase the external reserves. In addition, the expected gradual inflow of foreign capital through various sources should help to stabilize the value of the Naira at the inter-bank market. This should also lead to an appreciation at the parallel market segment. The diversification of the revenue stream of the country via extensive improvement in the infrastructure is critical to achieving a sustainable stability in the value of the Naira.

1.9 FGN Savings Bond - Changing the Fixed Income Secondary Market:

The Debt Management Office (DMO) has concluded plans to diversify the investors' base of the FGN Bond with the issuance of the FGN Savings Bond. This bond will open on March 13, 2017. The product is targeted at the retail end of the market. It will have a minimum investment of N5,000 and subsequent investments in multiples of N1,000 subject to a maximum of N50,000,000. The bond will be issued monthly and coupon paid quarterly. There will also be an active and liquid secondary market for the bond through the stock brokers. **The DMO has increased the minimum investment for the regular bond and treasury bills in the primary market to N50,001,000. This is to re-direct retail investors to the FGN Savings Bond.**

1.9.1 Strategy and Implications:

We believe the FGN Bond initiative will increase the savings culture in Nigeria. It will also diversify the investors' base in the instrument and enable the FGN to finance its projects from diverse sources. The following are the implications for the fixed income market:

- Drop in the yields on Treasury Bills and FGN Bonds from the current levels
- Movement of funds from the savings accounts of banks to the product to take advantage of the interest rate than available on savings account
- Increase in the weighted cost of funds for the banks
- Participants in the private sector will be able to raise long term money from the market at lower interest rates
- Increased awareness of the investment opportunities in the Nigeria fixed income market on account of the FGN Bond

We show below the possible scenarios on the amount the FGN can raise from the FGN Savings Bond

Table 11: FGN Savings Bond: Funding the FGN

		Number of Subscribers						
		5,000,000	10,000,000	15,000,000	20,000,000	30,000,000	40,000,000	50,000,000
Amount of Investment	5,000	25,000,000,000	50,000,000,000	75,000,000,000	100,000,000,000	150,000,000,000	200,000,000,000	250,000,000,000
	7,500	37,500,000,000	75,000,000,000	112,500,000,000	150,000,000,000	225,000,000,000	300,000,000,000	375,000,000,000
	10,000	50,000,000,000	100,000,000,000	150,000,000,000	200,000,000,000	300,000,000,000	400,000,000,000	500,000,000,000
	15,000	75,000,000,000	150,000,000,000	225,000,000,000	300,000,000,000	450,000,000,000	600,000,000,000	750,000,000,000
	20,000	100,000,000,000	200,000,000,000	300,000,000,000	400,000,000,000	600,000,000,000	800,000,000,000	1,000,000,000,000
	25,000	125,000,000,000	250,000,000,000	375,000,000,000	500,000,000,000	750,000,000,000	1,000,000,000,000	1,250,000,000,000

Source: FSDH Research Analysis

2.0 Interest Rate and Yield Analysis:

Yields trended lower in the fixed income securities market in the month of February 2017 than the yields recorded in January 2017. The major drivers are:

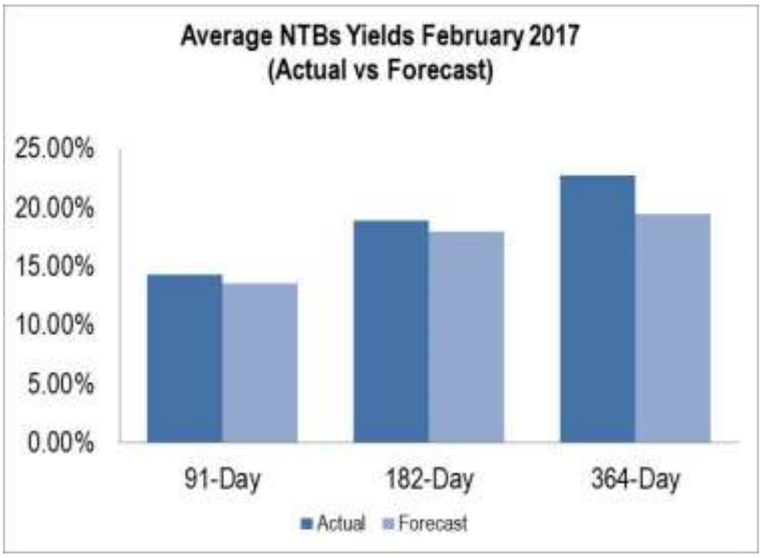
The yields on fixed income securities closed higher in November 2016, compared with October 2016.

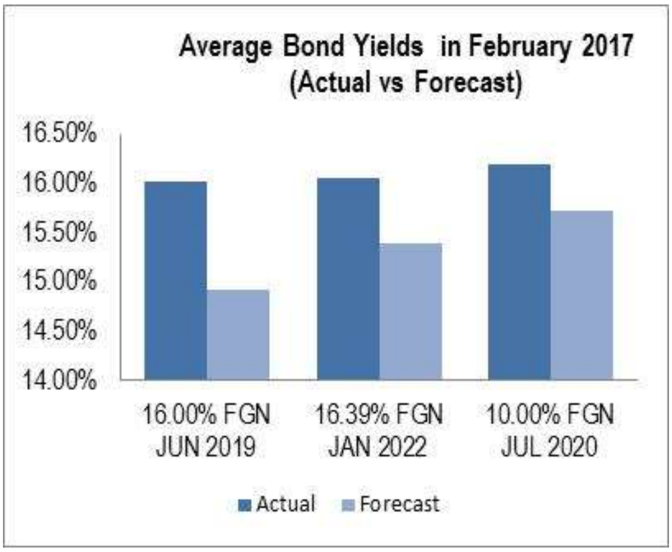
- **The benign outlook in inflation rate**
- **The expectation that the MPC will soon change its monetary policy stance.**
- **The increased demand for fixed income securities**

The fixed income market analysis for February 2017 shows a net inflow of about N205bn, compared with a net outflow of about N1,080bn in January 2017. The major outflows in February 2017 were the Open Market Operations (OMO) and Repurchase Bills (REPO) of N605bn, Primary NTBs of about N505bn, and the bond auction of about N160bn. Meanwhile, in January 2017, the major outflow were from the OMO and REPO of N1,055bn, Primary NTBs of about N443bn, and the bond auction of about N215bn. The major inflows in February 2017 were the matured OMO and REPO Bills of N533bn, matured NTBs of about N505bn, and the Federation Account Allocation Committee (FAAC) injection of about N195bn. In January 2017, matured NTBs of about N443bn, and the FAAC injection of about N190bn were the major inflows.

At the NTBs auction, average yields increased across the various tenors in November 2016, compared with October 2016.

At the NTBs auction, average yields decreased marginally across the various tenors in February 2017, compared with January 2017. The average 91-day NTB yield stood at 14.23% in February, down from 14.45% in January. The average 182-day NTB yield closed at 18.81%, down from 19.02% in January. The average 364-day NTB yield closed at 22.69%, down from 22.95% in January 2017. Meanwhile, the average 30-day NIBOR closed at 16.89% in February 2017, down from 16.95% in January 2017. The average 90-day NIBOR increased to 19.19%, from 18.61% in the preceding month.





The yields on the FGN Bonds monitored closed marginally lower in February 2017, compared with January 2017.

Table 12: Average Bond Yields			
	16.00% FGN JUN 2019	16.39% FGN JAN 2022	10.00% FGN July 2030
January 2017	16.27%	16.08%	16.26%
February 2017	16.02%	16.05%	16.19%
Change	(0.25%)	(0.03%)	(0.07%)
Source: Financial Market Dealers Quotation			

Table 13: Average Interest Rate and Yields							
NIBOR					Treasury Bill Yields		
	Call	30 Day	90 Day	180 Day	91-Day	182-Day	364-Day
January 2017	8.89%	16.95%	18.61%	22.34%	14.50%	19.17%	22.98%
February 2017	25.43%	16.89%	19.19%	23.14%	14.23%	18.81%	22.69%
Change	16.53%	(0.05%)	0.58%	0.80%	(0.27%)	(0.35%)	(0.29%)
Source: CBN and Financial Market Dealers Quotation							

Table 14: Market Liquidity (N'bn)						
	January 2017			February 2017		
	Total Inflow	Total Outflow	Net flow	Total Inflow	Total Outflow	Net Flow
Primary Market: NTB	443	443	0	505	505	0
Open Market Operations (OMO) & Rev Repo	0	1,055	(1,055)	533	605	(72)
BOND	0	215	(215)	0	160	(160)
FAAC	190	0	190	195	-	195
FX Market	-	-	-	202	-	202
CRR Debit/Credit	-	-	-	-	-	-
TSA Implementation	-	-	-	40	-	40
Total	**633**	**1,713**	**(1,080)**	**1,475**	**1,270**	**205**
Source: Central Bank of Nigeria and Federal Ministry of Finance						

The expectation of lower inflation rate coupled with the commencement of the FGN Savings Bond should result in lower yields going forward.

2.1 Revised Outlook Going Forward:

A total inflow of about N646bn should hit the money market from the various maturing government securities and FAAC in the month of March 2017. Our expected outflows from the various sources such as government securities and statutory withdrawals are estimated at N773bn, leading to a net outflow of about N126bn. **The expectation of lower inflation rate coupled with the commencement of the FGN Savings Bond should result in lower yields going forward. In addition, the new market structure on the minimum stipulated subscription for the existing NTBs and Bonds is a major driver for a drop in yields in March 2017.**

Table 15: Expected Inflow and Outflow Analysis - November 2016 (N'bn)

Date	03-Mar-17	09-Mar-17	16-Mar-17	-	-	-	Others	Total
Inflows	310.23	-	143.67	-	-	-	192.50*	646.40
Outflows	310.23	135.00	143.67	-	-	-	183.87**	772.76
*Source: FSDH Research Analysis, *Statutory Allocation (FAAC), ** Cash Reserve Requirement (CRR) Debit*								**(126.37)**

Table 16: Revised Yields – Actual Vs Forecast

	Treasury Bills (Primary Market)			FGN Bonds (Secondary Market)		
	91-Day	**182-Day**	**364-Day**	**Jun-19**	**Jan-22**	**Jul-30**
JanA-17	14.45%	19.02%	22.95%	16.27%	16.08%	16.26%
FebA-17	14.23%	18.81%	22.69%	16.02%	16.05%	16.19%
MarF-17	12.10%	16.47%	18.97%	13.53%	13.98%	14.33%
AprF-17	11.16%	16.03%	18.03%	13.78%	14.46%	14.58%
MayF-17	10.47%	13.84%	16.34%	14.10%	14.52%	14.90%
JunF-17	9.43%	12.80%	15.30%	13.06%	13.48%	13.86%
JulF-17	8.81%	12.18%	14.68%	13.04%	13.46%	13.84%
AugF-17	8.44%	11.81%	14.31%	12.67%	13.09%	13.47%
SepF-17	8.34%	11.71%	14.21%	12.57%	12.99%	13.37%
OctF-17	8.32%	11.54%	14.19%	12.50%	12.92%	13.30%
NovF-17	8.28%	11.50%	14.15%	12.46%	12.88%	13.26%
DecF-17	8.15%	11.37%	14.02%	12.33%	12.75%	13.13%
Source: CBN, FMDQ, and FSDH Research Forecasts						

The following factors will influence yields on fixed income securities in March 2017:

- We expect a downward pressure on inflation rate in the short term
- The Federal Governments recent initiative on the FGN Savings Bond
- The new market structure on minimum subscription for the NTBs and Bonds

2.2 Strategy:

- Investors should take advantage of the current yields on one year Treasury Bills. The NTBs remain attractive as it is higher than the inflation rate
- Investors should also maintain a balanced portfolio in other fixed income securities, particularly in bonds in order to minimise reinvestment risk
- Investors should take advantage of existing yield in the market prior to the release of the inflation rate figure for the month of February
- Retail investors should take advantage of the FGN Savings Bond when it opens, as we expect the interest rate to be higher than the returns on savings accounts in banks.

The average yields on the FGN Eurobonds were lower in February 2017 than in January 2017. Consequently, the average prices of the bonds closed higher in the month of February, than January 2017. The attractiveness of the yields on the FGN Euro bond compared with similar risk profiled bonds led to the increase in the prices in February 2017.

Table 17: FGN Eurobonds

	10-Year 6.75% FGN Eurobond January 2021		10-Year 6.375% FGN Eurobond July 2023		5-Year 5.125% FGN Eurobond July 2018	
Date	**Price (US$)**	**Yield (%)**	**Price (US$)**	**Yield (%)**	**Price (US$)**	**Yield (%)**
01-Feb-17	101.875	6.2110	97.709	6.819	101.583	3.976
02-Feb-17	101.958	6.1870	97.734	6.815	101.625	3.943
03-Feb-17	102.125	6.1390	97.914	6.779	101.625	3.941
06-Feb-17	102.500	6.0320	98.345	6.695	101.750	3.849
07-Feb-17	102.813	5.9430	98.488	6.667	101.594	3.959
08-Feb-17	102.875	5.9250	98.622	6.641	101.583	3.960
09-Feb-17	103.781	5.6690	99.728	6.426	101.917	3.715
10-Feb-17	104.500	5.4680	100.452	6.287	101.792	3.803
13-Feb-17	104.563	5.4500	100.630	6.253	101.708	3.862
14-Feb-17	104.667	5.4200	101.045	6.174	101.750	3.829
15-Feb-17	104.750	5.3970	101.156	6.152	101.750	3.819
16-Feb-17	104.917	5.3470	101.375	6.110	101.833	3.755
17-Feb-17	104.708	5.4040	101.265	6.131	101.750	3.814
20-Feb-17	104.719	5.4010	101.285	6.127	101.667	3.875
21-Feb-17	105.125	5.2870	102.001	5.992	101.708	3.842
22-Feb-17	105.375	5.2170	102.441	5.909	101.833	3.742
23-Feb-17	106.333	4.9510	103.344	5.740	102.000	3.615
24-Feb-17	106.333	4.9500	103.323	5.743	101.917	3.668
27-Feb-17	106.583	4.8780	103.338	5.740	102.000	3.603
28-Feb-17	106.500	4.8990	103.156	5.773	101.875	3.693

Source: Bloomberg

3.0 Equity Market:

3.1 The Secondary Market:

The equity market recorded a MoM loss in February 2017, as the macroeconomic challenges continued to impact the performance of quoted companies

The equity market recorded a MoM loss in February 2017, as macroeconomic challenges continued to impact the performance of quoted companies. The Nigerian Stock Exchange All Share Index (NSE ASI) depreciated by 2.72% (a loss of 2.80% in US$) in February 2017 to close at 25,329.08 points. **The Year-to-Date (YTD) performance of the Index remains negative, closing February with a YTD loss of 5.75%.** Similarly, the market capitalisation recorded a MoM loss of 2.31% (a loss of 2.39% in US$) to close at N8.77trn (US$25.78bn). The difference in the rate of change between the market capitalization and the Index was due to the listing of 29.46bn Jaiz Bank Plc shares on The Nigerian Stock Exchange (NSE). Medview Airline also listed 9.75bn shares on The NSE.

The Year-to-Date (YTD) performance of the Index remains negative, closing February with a YTD loss of 5.75%.

Market activities declined in the month of February 2017, compared with January 2017. The volume of stocks traded decreased by 42.78% to 4.39bn. Zenith Bank Plc was the most highly traded stock in February 2017 probably due to its positive full-year results. The value of stocks traded on The NSE in February 2017 also decreased by 21.71% to N37.06bn.

All the Sectoral Indices fell in February 2017 except the NSE Banking Index, compared with January 2017.

All the Sectoral Indices declined in February 2017 compared with January 2017, except the NSE Banking Index which remained the same at 277.32 points. Month-on-month (MoM), The NSE Consumer Goods Index recorded the highest depreciation of 11.03%, with a YTD depreciation of 17.44%. The NSE Industrial Index recorded a MoM loss of 8.59%, with a YTD loss of 3.20%. The loss in the NSE Consumer Goods Index is mainly attributed to the decreases in the share price of Nestle (21.60%), Unilever (18.37%) and Nigerian Breweries (7.58%).

Table 18: Nigerian Equity Market: Key Indicators

Month	Volume (bn)	Value (N'bn)	NSEASI	Market Cap. (N'trn)	Banking*	Insurance*	Consumer Goods*	Oil/Gas*	Industrial*
January	7.68	47.33	26,036.24	8.97	277.32	124.89	661.26	299.35	1736.36
February	4.39	37.06	25,329.08	8.77	277.32	122.91	588.35	288.06	1587.13
Change	(42.78%)	(21.71%)	(2.72%)	(2.31%)	0.00%	(1.59%)	(11.03%)	(3.77%)	(8.59%)
YTD	-	-	(5.75%)	(5.20%)	1.09%	(2.68%)	(17.44%)	(7.87%)	(3.20%)

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

Table 19: Major Earning Announcements in February 2017						
Company and Result	**Turnover (Nm)**	**Change (%)**	**PBT (Nm)**	**Change (%)**	**PAT (Nm)**	**Change (%)**
Chellarams Plc.						
9 Months, Dec. 2016	9,393	(41.16)	403	(74.12)	339	(67.40)
Multiverse Plc.						
Full Year, Dec. 2016	58	17.54	-406	0.00	-387	0.00
Northern Nigeria Flour Mills Plc.						
9 Months, Dec. 2016	461,143	(39.30)	-38,849	(153.92)	-38,849	(153.92)
Academy Press Plc.						
9 Months ,Dec 2016	1,389	(9.98)	-284	0.00	-284	0.00
United Capital Plc .						
Full Year, Dec. 2016	9,001	46.27	6,367	95.08	6,913	168.95
Nigerian Breweries Plc.						
Full Year, Dec. 2016	313,743	6.90	39,675	(27.22)	28,417	(25.33)
Transcorp Hotels Plc.						
Full Year, Dec. 2016	15,312	9.53	5,235	(2.66)	4,095	1.17
Africa Prudential Registrars Plc.						
Full Year, Dec. 2016	2,419	(4.96)	1,446	(11.26)	1,019	(29.61)
Zenith Bank Plc.						
Full Year, Dec. 2016	507,997	17.45	156,748	24.78	129,652	22.70
Greif (Nig) Plc.						
3 Months, Jan 2017	333	96.95	26	112.77	20	112.89
Nig Enamelware Comp. Plc.						
9 Months Jan. 2017	2,231	12.00	84	(20.08)	64	(21.12)
Dangote Cement Plc.						
Full Year, Dec. 2016	615,103	25.09	180,929	(3.91)	186,624	2.92
Source: NSE Website						

Table 20: Major Earning Announcements in February 2017						
Company	**Result**	**DPS(N)**	**Bonus Ratio**	**Closure Date**	**Payment Date**	**Interim/final**
Stanbic IBTC Holdings Plc.	Full Year, December 2016	**0.05**	-	03-Jan-17	09-Mar-17	Final
Vitafoam Nig Plc.	Full Year, September 2016	**0.12**	-	13-Feb-17	09-Mar-17	Final
Nigerian Brew Plc.	Full Year, December. 2016	**2.58**	-	08-Mar-17	NA	Final
United Capital Plc	Full Year, December. 2016	**0.50**	-	03-Mar-17	22-Mar-17	Final
Greif (Nig) Plc.	Full Year, October 2016	**0.60**	-	22-Mar-17	05-May-17	Final
Zenith Bank Plc.	Full Year, December 2016	**2.02**	-	13-Mar-17	23-Mar-17	Final
Dangote Cement Plc.	Full Year, December 2016	**8.50**	-	-	-	Final
Source: NSE Website						

The Dow Jones Industrial Average (US) recorded the highest MoM appreciation of 4.77%, with a YTD appreciation of 5.31%.

Table 21 below shows the performance of some selected foreign equity markets around the world. The Dow Jones Industrial Average (US) recorded the highest MoM appreciation of 4.77%, with a YTD appreciation of 5.31%. This is followed by the GSE All-Share Index (Ghana) with a MoM gain of 4.40%, and a YTD gain of 9.79%. The FTSE/JSE Africa All Share Index (South Africa) recorded the highest MoM depreciation of 3.11% MoM but a YTD appreciation of 0.97%. This was followed by the NSE All-Share Index (Nigeria) with a MoM loss of 2.72%, and a YTD loss of 5.75%.

Table 21: Foreign Equity Market Performance in February 2017

North/Latin America	YTD Change		Month-on-Month Change
Dow Jones Industrial Average	5.31%		4.77%
S&P 500 Index	5.57%		3.72%
NASDAQ Composite	8.22%		3.75%
Brazil Stock Market Index	10.68%		3.08%
Europe			
Swiss Market Index	3.97%		3.06%
FTSE 100 Index (UK)	1.69%		2.31%
CAC 40 Index (France)	(0.08%)		2.31%
DAX Index (Germany)	3.08%		2.59%
Africa			
NSE All-Share Index	(5.75%)		(2.72%)
FTSE/JSE Africa All Share Index	0.97%		(3.11%)
Nairobi All Share Index (Kenya)	(6.34%)		2.18%
GSE All-Share Index (Ghana)	9.79%		4.40%
Asia/Pacific			
NIKKEI 225 Index (Japan)	0.02%		0.41%
S&P BSE SENSEX Index (India)	7.95%		3.93%
Shanghai Stock Exchange Composite Index (China)	4.45%		2.61%
Hang Seng Index (Hong Kong)	7.91%		1.63%

Source: Bloomberg

3.2. Outlook for the Month of March:

We expect to see some improvements in investor appetite for equity investment in March 2017. The following factors may drive performance:

- Improved supply of foreign exchange at the FX market
- Improved confidence on the outlook of the Nigerian economy
- The increase in oil price and production
- Expected gradual return of foreign investors into the market.

3.3. Strategies:

- We recommend that investors should maintain a medium-to-long term position in the equity market
- We maintain that long-term investors should take long positions in stocks that have strong fundamentals
- Building materials, food and beverages Agro-allied processing and banking stocks offer attractive returns.

Table 22: Equity Market Trend Analysis (2011-2016) – NSE ASI Analysis

	Year				
Months	**2012**	**2013**	**2014**	**2015**	**2016**
February	20,137.51	33,075.14	39,558.89	30,103.81	24,570.73
March	20,756.19	33,536.24	38,748.01	31,744.82	25,306.22
% Change	**3.07%**	**1.39%**	**(2.05%)**	**5.45%**	**2.99%**

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

The performance of the equity market in the last five years shows that the market recorded positive performances between February and March.

The performance of the equity market in the last five years shows that the market recorded positive performances between February and March. **The equity market may follow historical trend as the economic outlook becomes increasingly positive.**

Table 23: Revised Asset Allocation	
Asset Class	**Fund Allocation**
Equities	25%
Fund Placement	15%
Treasury Bills	15%
Real Estate Investment Trust (REIT)	5%
Bonds	20%
Collective Investment Schemes	20%

Source: FSDH Research

Table 24 One Year Target Price

Stocks	Max Entry Price	52 Week Low	52 Week High	Trailing EPS	Trailing PE Ratio	Target Price
Dangote Cement	172.37	141.75	203.96	3.41	49.56	205.00
Dangote Sugar	6.38	5.17	7.19	1.03	5.87	8.00
FBNH	3.41	2.95	4.39	0.21	15.23	5.00
Flour Mills	19.22	16.20	24.99	7.85	2.27	31.00
NASCON	6.49	6.01	8.70	1.19	5.07	10.20
Nigerian Breweries	139.54	93.00	150.00	3.58	36.05	169.90
Nestle Nigeria Plc	615.60	570.00	855.00	8.81	64.69	967.70
Stanbic IBTC	19.42	13.00	18.00	2.55	7.06	22.53
Total Nigeria	305.64	137.75	345.00	38.02	7.44	370.00
UACN	14.74	12.02	22.00	3.35	4.07	22.25
UBA	5.40	2.88	5.19	1.75	2.86	7.07
United Capital	3.81	1.30	3.82	1.15	3.06	4.54
Zenith Bank	15.58	10.50	17.70	4.13	3.56	18.00

Source: FSDH Research

Table 25: Bond Recommendation

S/N	Security Description	Tenor To Maturity (Yrs)	Coupon	Current Price (N)	Current Yield	Modified Duration
1	16% FGN JUN 2019	2.33	16.00%	100.25	15.83%	1.84
2	15.54% FGN FEB 2020	2.95	15.54%	98.65	16.12%	2.28
3	14.50% FGN JUL 2021	4.37	14.50%	94.65	16.24%	3.05
4	16.39% FGN JAN 2022	4.91	16.39%	101.60	15.89%	3.26

Source: FSDH Research

The Eurobonds of the following companies are trading at huge discounts: Fidelity Bank, Diamond Bank and First Bank. Investments in them may generate good returns for investors who have U.S. Dollar holdings and can take the associated risks.

Table 26: Attractive Fixed Income Securities Trading on the FMDQ as at March 02, 2017

Issuer	Description	Coupon	Maturity Date	TTM (Years) *	Current Yield	Price
			State Bonds			
Lagos	10.00% LAGOS 19-APR-2017	10.00%	19-Apr-17	0.13	11.21%	99.79
Lagos	14.50% LAGOS 22-NOV-2019	14.50%	22-Nov-19	2.73	18.08%	92.48
Lagos	13.50% LAGOS 27-NOV-2020	13.50%	27-Nov-20	3.74	17.41%	89.50
			Corporate Bonds			
UBA	13.00% UBA 30-SEP-2017	13.00%	30-Sep-17	0.58	20.96%	95.83
UBA	14.00% UBA II 30-SEP-2018	14.00%	30-Sep-18	1.58	20.87%	91.10
FCMB	15.00% FCMB 6-NOV-2020	15.00%	06-Nov-20			
Lafarge Africa Plc	14.25% LAFARGE 15-JUN-2019	14.25%	15-Jun-19	3.68	20.59%	85.97
NAHCO	15.75% NAHCO II 14-NOV-2020	15.75%	14-Nov-20	3.70	17.11%	94.96
Transcorp Hotels Plc	15.50% TRANSCORP 4-DEC-2020	15.50%	04-Dec-20	2.20	20.20%	92.24
Lafarge Africa Plc	14.75% LAFARGE 15-JUN-2021	14.75%	15-Jun-21	4.29	17.06%	93.12
FCMB	14.25% FCMB I 20-NOV-2021	14.25%	20-Nov-21	4.72	18.54%	86.83
UBA	16.45% UBA I 30-DEC-2021	16.45%	30-Dec-21	4.83	17.03%	98.07
Fidelity Bank	16.48% FIDELITY 13-MAY-2022	16.48%	13-May-22	5.20	17.40%	98.03
Transcorp Hotels	16.00% TRANSCORP 26-OCT-2022	16.00%	26-Oct-22	3.37	18.91%	93.31
Stanbic IBTC	182D T.bills+1.20% STANBIC IA 30-SEP-2024	16.29%	30-Sep-24	7.58	17.29%	95.82
Stanbic IBTC	13.25% STANBIC IB 30-SEP-2024	13.25%	30-Sep-24	7.58	17.29%	83.25
			Supranational Bonds			
IFC	10.20% IFC 11-FEB-2018	10.20%	11-Feb-18	0.95	19.41%	92.34%
AfDB	11.25% AFDB 1-FEB-2021	11.25%	01-Feb-21	2.17	15.57%	92.59%
			Corporate Eurobonds			
Access Bank Plc	7.25% JUL 25, 2017	7.25%	25-Jul-17	-	5.19%	100.76
Fidelity Bank Plc	6.88% MAY 09, 2018	6.88%	02-May-18	-	16.00%	90.55
GT Bank Plc	6.00% NOV 08, 2018	6.00%	08-Nov-18	-	4.55%	102.30
Zenith Bank Plc	6.25% APR 22, 2019	6.25%	22-Apr-19	-	5.90%	100.69
Diamond Bank Plc	8.75% May 21, 2019	8.75%	21-May-19	-	17.67%	84.20
First Bank Plc	8.25% AUG 07, 2020	8.25%	07-Aug-20	-	12.78%	88.14
Access Bank Plc II	9.25%/6M USD LIBOR+7.677% JUN 24, 2021	9.25%	24-Jun-21	-	11.49%	93.26
First Bank Ltd.	8.00%/2Y USD SWAP+6.488% JUL 23 2021	8.00%	23-Jul-21	-	13.01%	83.81
Ecobank Nig. Ltd	8.75% AUG 14, 2021	8.75%	14-Aug-21	-	13.38%	84.97
			Commercial Paper			
Issuer	Description	Yield@Issue	Maturity Date	DTM (Years) **	Valuation Yield (%)	Discount Rate (%)
FSDH Merchant Bank Ltd	FSDH CP II 26-MAY-17	21.89%	26-May-17	85	16.98%	16.34%
Access Bank Plc	ACCESS CP II 30-MAY-17	4.22%	30-May-17	89	15.95%	15.36%
Access Bank Plc	ACCESS CP II 25-AUG-17	22.33%	25-Aug-17	176	19.49%	17.82%

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

Table 27: Select Global Bonds Issue		
Country	**Bond**	**TTM***
China	**3.52% February 21, 2023**	**8**
Egypt	**17% April 03, 2022**	**7**
India	**8.15% June 11, 2022**	**7**
Kenya	**12.705% June 13, 2022**	**7**
Nigeria	**16.39% FGN January 2022**	**7**
Russia	**7.60% April 14, 2021**	**6**
South Africa	**7.75% February 28, 2023**	**8**
United States	**1.75% May 15, 2023**	**8**

*TTM – Tenor to maturity

Sources: Bloomberg

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