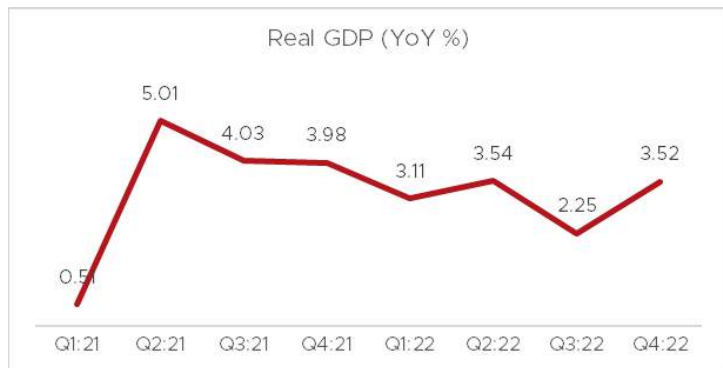


Monthly Market Report

March 2023

Gross Domestic Product

The GDP of Nigeria closed 2022FY with a Q4 growth of 3.52% and an aggregate growth of 3.10% YoY. Growth recorded during the quarter was majorly driven by the Service sector which grew by 5.69%. On the other hand, in Q4'22 the Oil sector contracted by 13.38% due to lower crude oil output, whereas the non-oil industry expanded by 4.34%.

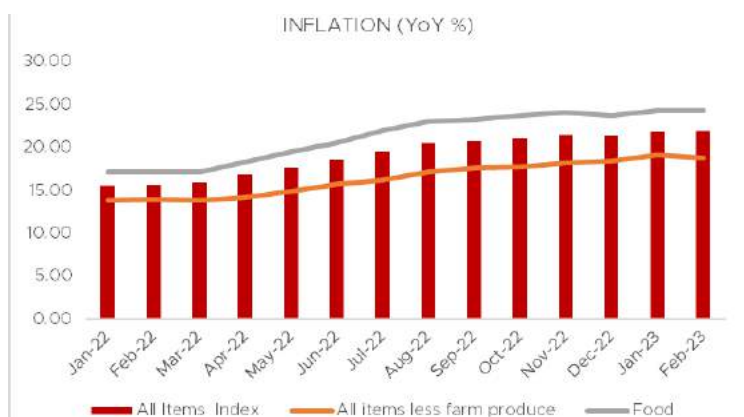


Outlook: The period under review witnessed fuel supply shortages resulting in increased energy prices, Naira scarcity as a result of Naira redesign policy and Naira devaluation and its attendant impact on importation costs. We expect the aforementioned factors to negatively impact Q1' 2023 GDP numbers, despite the recent increase in crude oil production.

Inflation

Nigeria's headline inflation rate for the month of February increased by 0.09% to settle at 21.91% YoY (vs 21.82% in January). The upward trajectory in inflation figures has been attributed to several factors such as the scarcity of the new Naira notes due to the redesign policies, and the uncertainties surrounding the presidential election. However, on a month-on-month basis, headline inflation declined by 0.16% to settle at 1.71% (vs 1.87% in January).

Food inflation also increased by 0.04% to 24.35% (YoY) from 24.32% recorded the previous month. On the other hand, "All items less farm produce" or Core inflation, which excludes the price of volatile agricultural produce decreased by 0.76% to 18.84% (YoY) from 19.16% recorded in January 2023.

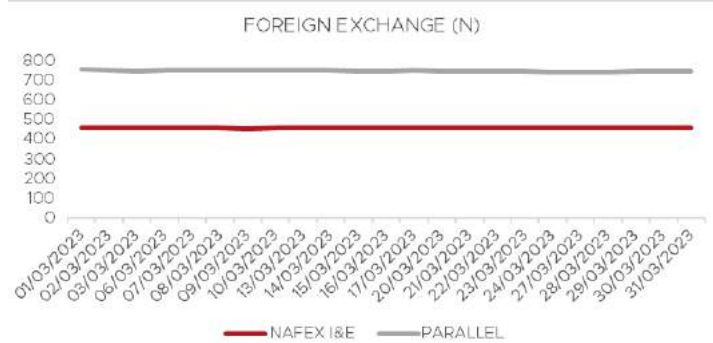


Outlook: In the month of March, we expect a further increase in inflation rate though marginal as a result of higher energy prices, Naira scarcity and higher food prices. The continuous increase in food prices has been fueled by persistent insecurity in food producing states, poor road network and the depreciation of the Naira against the dollar.

Foreign Exchange

Nigeria's crude oil production fell by 2% to 1.517 million barrels per day in March 2023, from 1.547 million bpd in February 2023, for the first time in six months. In a similar vein, the price of Brent crude fell by 6.30%, largely as a result of negative sentiments due to the banking crisis which started with the fall of Silicon Valley Bank (SVB). With the reduction in crude oil production and a drop in prices, the country's foreign reserves fell 3.03% to \$35.57 billion (vs \$36.68 billion recorded in February).

In the domestic market, the Naira performance improved across all segments as it appreciated by 0.79% at the parallel market and 0.13% at the Importers and Exporters Window to close the month at N750/USD and N461.50/USD respectively (vs N756/ USD and N462 in February).



Outlook: We expect Brent crude oil prices to rise in April following OPEC+ expressed intention to cut output by roughly 1.16 million barrels per day to 3.66 million bpd. Nigeria's foreign reserve level is expected to see moderate accretion should she be able to increase and maintain her oil output.

Monetary Policy

The Monetary Policy Committee (MPC) of the CBN held its second policy meeting of the year between the 20th and 21st of March 2023. At the end of the two-day session, the Committee voted to increase the benchmark lending rate by 50bps to 18.00% from 17.50%. The Committee reassured that hiking rates had a positive impact on inflation, especially because Nigeria's inflation rate has started to decline month over month (MoM). It also observed that other macroeconomic variables were trending positively, therefore they concluded that rate hikes were going in the right direction.



Outlook: At the next Monetary Policy Committee meeting scheduled to hold between 22nd and 23rd of May, 2023, we expect the rate change decision to be driven by inflation release figures for the months of February and March as well as the Q1' 2023 GDP growth rate. Given our expectation that the inflation rate would trend downwards as its key drivers moderate and the lower GDP growth rate expected, we don't see the Committee increasing the MPR again at its gathering in May.

Monthly Market Report

March 2023

Equities

In the month of March 2023, investors trading on the Nigerian Exchange (NGX) largely sold down their positions in high-cap stocks such as SEPLAT (-13.21%), AIRTELAFRI (-8.70%), FBNH (-4.31%), and MTNN (-2.24%) forcing the benchmark All Share Index (ASI) and market capitalization down by 2.82% to 54,232.34 points and N29.54 trillion respectively (vs 55,806.26 points and N30.40 trillion recorded in February 2023). Subsequently, year to date return (as at 31 March, 2023) dropped to 7.04% (vs 8.90% in February).

Transaction levels were however mixed, as total volume of shares traded increased by 17.63% to 7.16 billion units (vs 6.07 billion units in February) whereas value of transactions dropped by 37.60% to close at N58.04 billion (vs N93.01 billion the month before).

Similar bearish sentiments dominated sectoral performance, with the Oil and Gas (-9.65%), Banking (-2.95%), Industrial (-2.44%), and Insurance (-2.26%) Indices all closing lower than previous levels, while the Consumer Goods Index (+4.36%) was the lone gainer for the month. Market breadth closed positive at 1.08x, with only 40 gainers and 37 losers registered during the month.

We are of the opinion that the equities market performance for April 2023 will largely be determined by the following factors:

- Investors reaction to the release of year-end audited financial and dividend benefit declarations.
- Activities in the primary segment of the fixed income market and change in offer rates,
- Ongoing delay in the release of result of key companies such as GTCO, ACCESSCORP and others outside the baking space.
- Share price adjustments for declared dividends.
- Spill over of profit taking activities recorded in the month of March.
- Bargain hunting at the latter end of the month as the sell pressure wanes.

We expect the bearish sentiments to weigh heavily on the broad market and force prices lower. The lower prices will then serve as attractive entry levels for Q2' 2023. However, the delay in the release of audited numbers especially in the banking sector could result in a prolonged bearish trend, shifting possible recovery to the latter end of the month of April.

Equities Market Summary

	31-Mar	28-Feb	% Change
NGX-ASI	54,232.34	55,806.26	2.82%
MKT CAP (N'BN)	29,543.69	30,400.66	2.82%
VOLUME (mn)	7,159.75	6,086.58	17.63%
VALUE (N'mn)	58,041.60	93,010.16	37.60%

Sector Index Performance

	31-Mar	28-Feb	% Change
NGX-BANKING INDEX	452.97	466.76	2.95%
NGX-INDUSTRIAL INDEX	2456.45	2517.77	2.44%
NGX-INSURANCE INDEX	177.51	179.55	1.14%
NGX-OIL & GAS INDEX	510.83	565.38	9.65%
NGX-CONSUMER GOODS	702.74	673.39	4.36%

Gainers

S/N	COMPANY	CLOSE	OPEN	GAINS	%CHANGE
1	OANDO	5.70	3.95	1.75	44.30%
2	GEREGU	323.00	255.00	68.00	26.67%
3	BUAFOODS	102	81	21.00	25.93%
4	CILEASING	3.98	3.30	0.68	20.61%
5	NASCON	12.8	11	1.80	16.36%
6	CHAMPION	5.55	4.78	0.77	16.11%
7	TRIPPLEG	2.7	2.41	0.29	12.03%
8	NNFM	11.95	10.7	1.25	11.68%
9	CHIPLC	0.68	0.61	0.07	11.48%
10	TRANSCORP	1.39	1.25	0.14	11.20%

Losers

S/N	COMPANY	CLOSE	OPEN	LOSS	%CHANGE
1	UCAP	11.20	15.45	-4.25	27.51%
2	SEPLAT	1,150.00	1,325.00	-175.00	13.21%
3	NB	37	42	-5.00	11.90%
4	CAP	17.90	20.20	-2.30	11.39%
5	RTBRISCOE	0.25	0.28	-0.03	10.71%
6	FTNCOCOA	0.26	0.29	-0.03	10.34%
7	GLAXOSMITH	6.2	6.85	-0.65	9.49%
8	IMG	7.3	8.05	-0.75	9.32%
9	AIRTELAFRI	1479	1620	-141.00	8.70%
10	CHAMS	0.24	0.26	-0.02	7.69%

Monthly Market Report

March 2023

Fixed Income

Bearish trading sentiments drove the fixed income market in the month of March, with selloffs dominating the FGN Bond, NT-Bills, and OMO segments of the market.

At the FGN Bond primary market, the Debt Management Office (DMO) opened a total bond offer of N360 billion comprising the 13.98% FEB 2028, 12.50% APR 2032, 16.25% APR 2037, and 14.80% APR 2049 maturities. At the end of the auction, a total subscription worth ₦808.61 billion was realized with investors particularly buying into the APR 2037 and APR 2049 instruments, with stop rates for the four new issues settling at 14.0%, 14.75%, 15.20% and 15.75% respectively.

Negative investor sentiments also prevailed at the FGN Bond secondary market, with average yields rising by 29 basis points to 13.61% (up from 13.27% in February). Particularly, of the 21 listed maturities, investors mainly sold off the 14-Mar-24 instrument during the month.

Three NT-Bills primary market auctions were conducted by the Central Bank of Nigeria (CBN) in March, with stop rates for each maturity fluctuating at each of the auctions. The first auction of the month took place on March 8th, with stop rates for the 91-day, 182-day, and 364-day instruments settling at 1.44%, 6.00%, and 10.00%, respectively.

On March 15, the second auction was held with increased stop rates for the 91-day and 182-day bills, but lower stop rate for the 364-day bill as they settled at 2.55%, 5.00%, 9.49% respectively.

The month's last auction was held on March 29th, with stop rates for the 91-day, 182-day, and 364-day bills at 6.00%, 8.00%, and 14.74%, respectively, indicating the highest rates for the month.

The secondary market aligned with the market sentiments as investors exited their positions to participate at the primary market auctions. The longest-term listed NT-bill maturity instrument, the 07-Mar-24 bill, saw the biggest selloff of the month, with its yield increasing by 12.39%. As a result, average yields rose to 7.73%, up from 4.04% at the end of February.

The OMO market saw maturity of the 7-Mar-23 instrument hence leaving the 2-May-23 instrument as the only listed maturity. Nevertheless, investors' sentiments toward this maturity was bearish as selloff was recorded during the period under review, hence average yields dropped by 25bps to rest at 4.01% from 3.76% in February.

The Open-Buy-Back and overnight rates varied throughout the month of March, but they closed at 18.50% and 18.88% at the end of the month, up by 8.00% and 8.05% from the 10.50% and 10.83% recorded the month before.

The Naira depreciated against the US dollar at the Investors and Exporters Window, the CBN official spot rate and parallel market as they closed at N461.38, N460.85 and N750 (vs N461.35, N460.97 and N756 in February).

We expect the month of April should be bearish as negative investors sentiments persist.

Federal Government Bond

	03-Mar-23	10-Mar-23	17-Mar-23	24-Mar-23	31-Mar-23
2-Year	7.47	6.58	8.49	10.19	11.01
4-Year	11.41	11.15	12.45	12.51	12.73
6-Year	13.99	13.93	14.07	14.07	14.00
8-Year	14.23	14.23	14.23	14.17	14.31
10-Year	14.42	14.42	14.42	14.27	14.75

Nigerian Treasury Bills Auction Details

Auction Date	Maturity Date	Tenor	Stop Rate	Offer (NGN'million)	Subscription (NGN'million)
08-Mar-23	06-Aug-23	91-Day	1.44	1028.893	4353.517
08-Mar-23	09-Jul-23	182-Day	6	10554.288	11308.093
08-Mar-23	03-Jul-24	364-Day	10	212920.47	890549.757
3/15/2023	6/15/2023	91-Day	2.55	1101.072	70846.51
3/15/2023	9/14/2023	182-Day	5	918.383	17846.431
3/15/2023	3/14/2024	364-Day	9.49	159845.79	1007174.97
3/29/2023	6/29/2023	91-Day	6	2162.924	1746.83
3/29/2023	9/28/2023	182-Day	8	3343.241	1560.401
3/29/2023	3/28/2024	364-Day	14.74	139963.3	165277.509

Nigerian Treasury Bills Secondary Market

	03-Mar-23	10-Mar-23	17-Mar-23	24-Mar-23	31-Mar-23
91-Days	2.01	1.78	3.11	3.48	4.61
182-Days	4.16	4.5	4.97	5.39	7.14
364-Days	3.79	3.79	8.68	8.66	12.39

Open Market Operation

	03-Mar-23	10-Mar-23	17-Mar-23	24-Mar-23	31-Mar-23
02-May-23	3.01	3.01	3.01	4.02	4.01

Foreign Exchange Rate

	03-Mar-23	10-Mar-23	17-Mar-23	24-Mar-23	31-Mar-23
NAFEX I&E	461.75	461.50	461.83	461.33	461.38
CBN OFFICIAL RATE	460.96	461.02	460.94	460.98	460.85
PARALELL MARKET RATE	748	752	753	745	750

Monthly Market Report

February 2023

Notable Macroeconomic Release Data Calendar for April 2023

Release Dates	Reports
April 15th	CPI and Inflation Report March 2023
April 23rd	Federation Account Allocation Committee (FAAC) March 2023 Disbursement