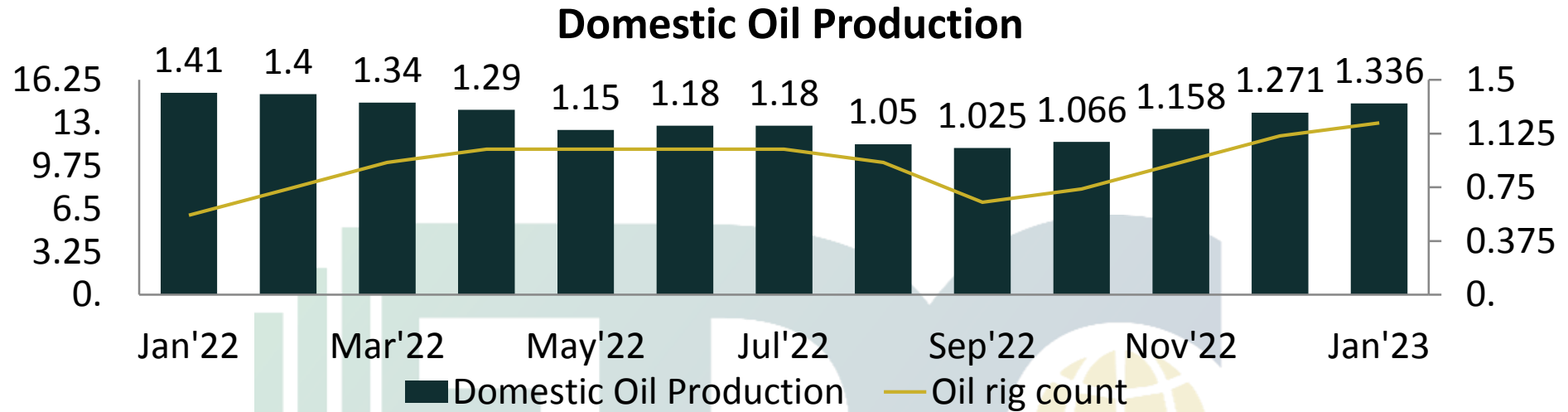




PART B

MARKET PROXIES



DOMESTIC OIL PRODUCTION

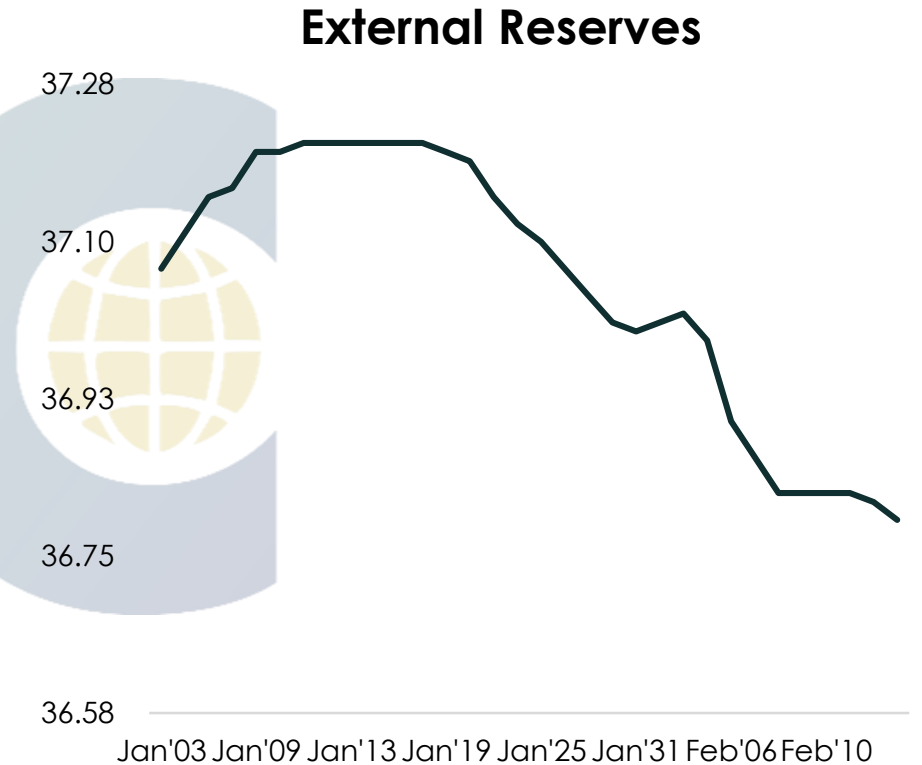


- Domestic oil production maintained steady improvement for the fifth consecutive month
- Rose by 4.72% to 1.34mbpd in Jan'23 from 1.27mbpd in Dec'22
- Active oil rig count increased to 13 in Jan'23 from 12 in Dec'22
- Oil production expected to improve further in Feb'23 and Q1'22
- Due to sustained efforts by the government oil curb oil theft
- And more terminals resume operations



EXTERNAL RESERVES

- External reserves lost 0.97% in February 2023 to close at \$36.71bn
- From \$37.07bn at the beginning of the year due to:
 - Sustained CBN's interventions in the forex market
 - Exacerbated by limited oil earnings due to bloated oil subsidy payments
- Major sources of forex inflows are falling
 - FDI  5.04%
 - FPI  20.91%
- Will further contribute to the depletion of the external reserves



FAAC ALLOCATION SLUMPS BY 24.24%

- FAAC allocation dipped 24.24% to N750.17bn in Feb '23 from N990.19bn in the previous month

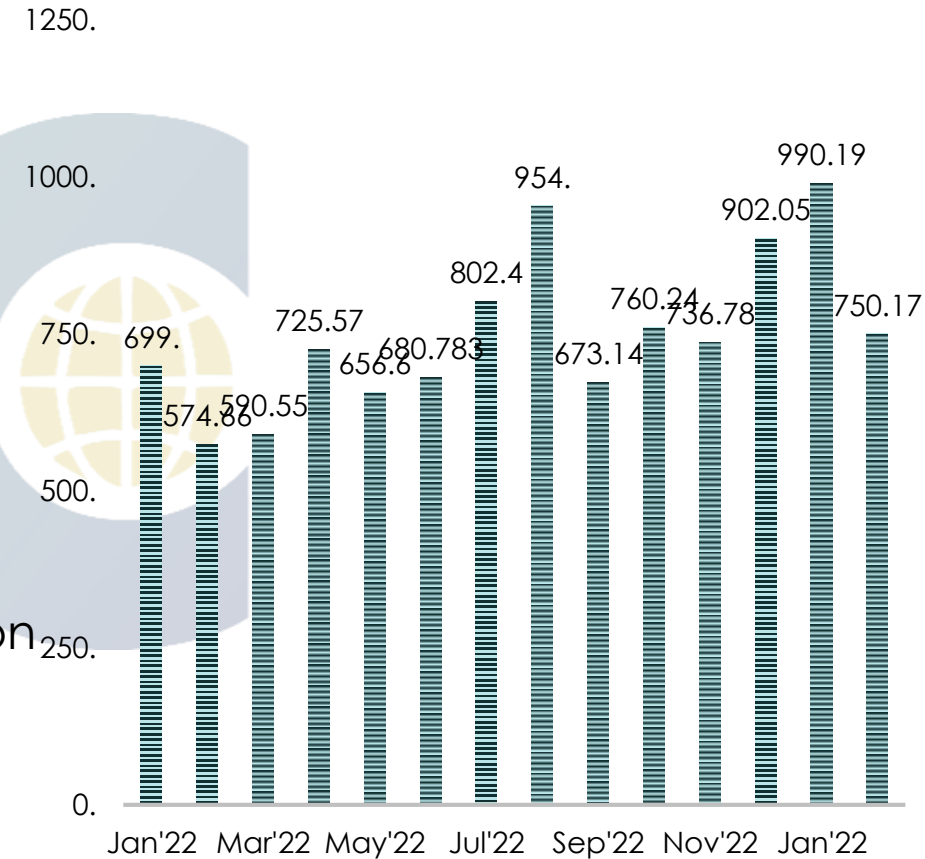
- Shortfall was due to lower earnings from PPT, CIT, oil & gas royalties and VAT

- Excess crude account balance stood at \$473,754.57

- Bourgeoning subsidy payment will weigh on FAAC allocation in March 2023

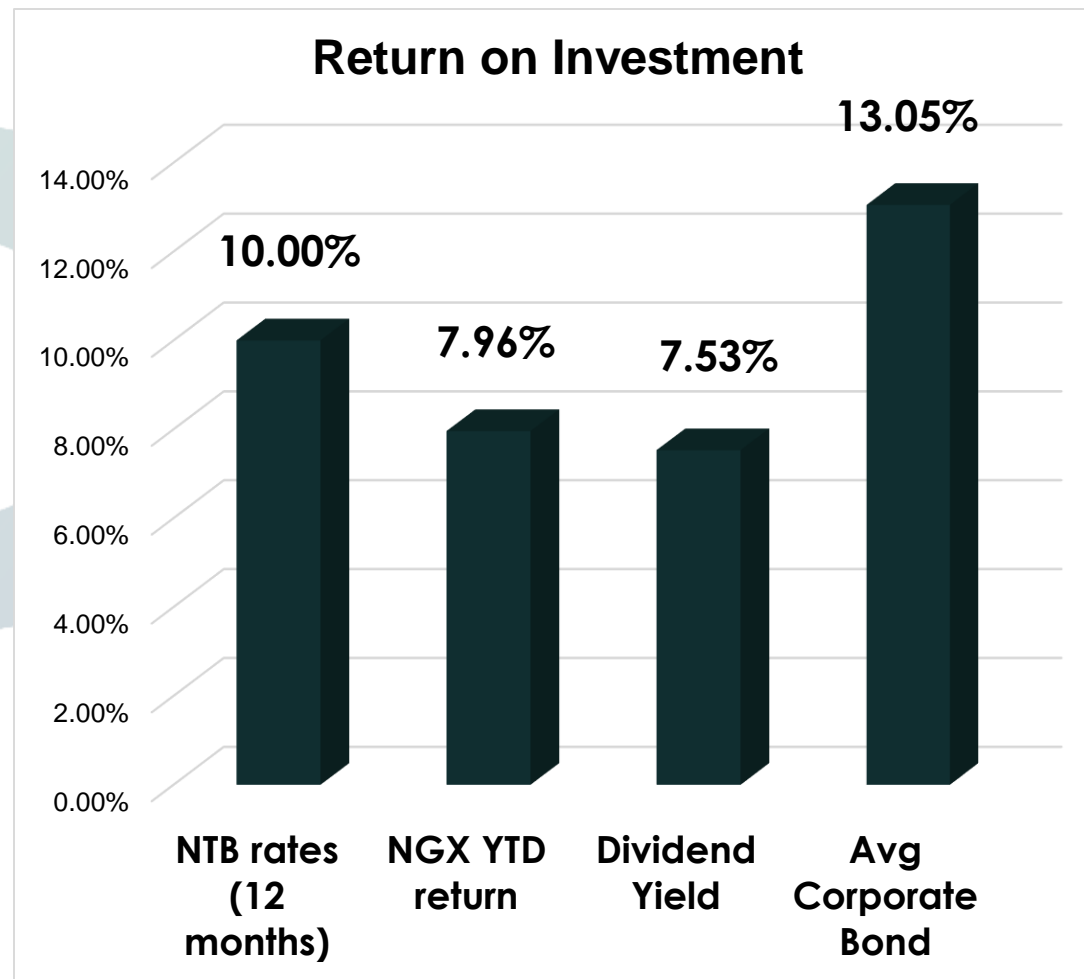
- Over N400bn is spent on fuel subsidy monthly

FAAC Allocation (Nbn)



MONEY MARKET INSTRUMENTS OR EQUITIES? MARCH OUTLOOK

- Investor sentiment will be driven by earnings performance, GDP growth, interest rate movement, dividend yields, and stock specific events
- A decline in fixed income yields will prompt investors to flock to equities
- Speculative investors will stick to attractive dividend yield








MONEY MARKET INSTRUMENTS OR EQUITIES? MARCH OUTLOOK

- Capital preservation will remain priority for conservative investors
- The declining yields on FGN securities will create an opportunity for increased corporate bond activities
- Portfolio rebalancing across asset classes to favour equities
- Investors expected to position for opportunities in sectors/stocks that will benefit from favourable economic reforms

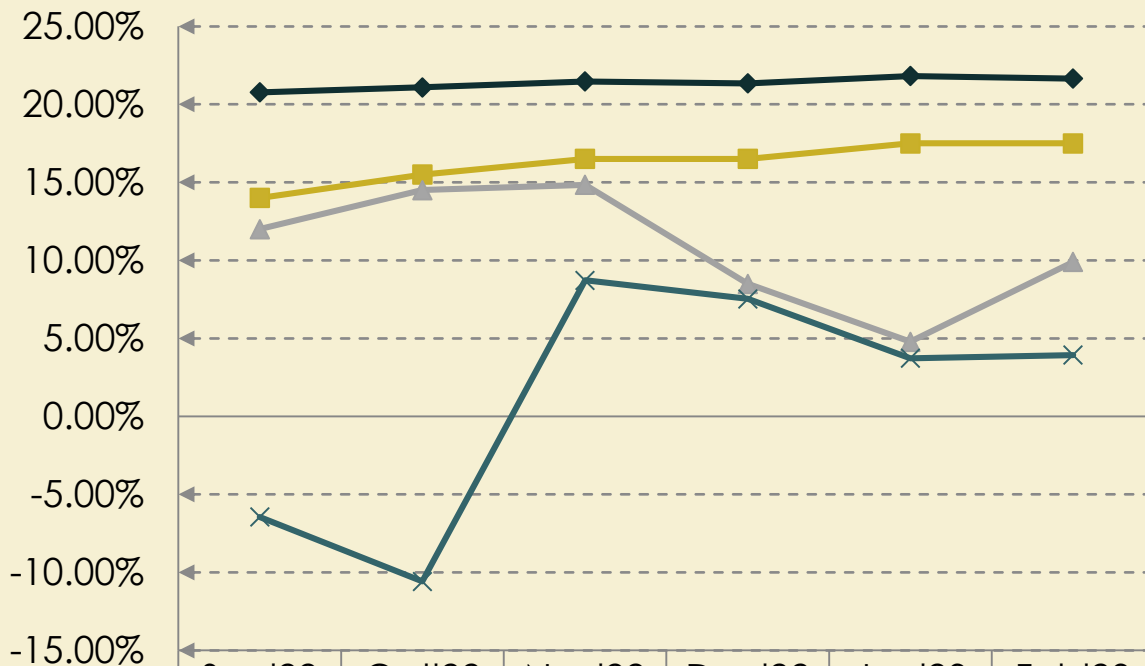


NGX OUTPERFORMS MAJOR EQUITIES MARKET

Markets	Feb'23 Return	Driver
NGX	 4.82%	<ul style="list-style-type: none"> • Rally for attractive prices • Lower fixed income yields • Impressive corporate earnings
S&P 500	 0.88%	<ul style="list-style-type: none"> • Fears that a resilient U.S. economy would lead the Fed to keep interest rates higher for a longer period
SSE	 0.07%	<ul style="list-style-type: none"> • Renewed investor sentiment towards economy recovery
JSE	 2.66%	<ul style="list-style-type: none"> • Fall in the value of Rand
GSE	 2.87%	<ul style="list-style-type: none"> • Low- interest rates on treasury securities pushes investors to dividend- paying stocks

INFLATION, INTEREST RATE, NTB RATES AND STOCK MARKET

Inflation, Interest Rates Vs. Investment Assets



- Monetary policy rate (MPR) moving in the same direction as spiraling inflation
- Nigerian treasury bills rate in diversion from the monetary policy rate
- An inverse relationship between the stock market and fixed income securities

Dangote Sugar has a **NEW LOOK**

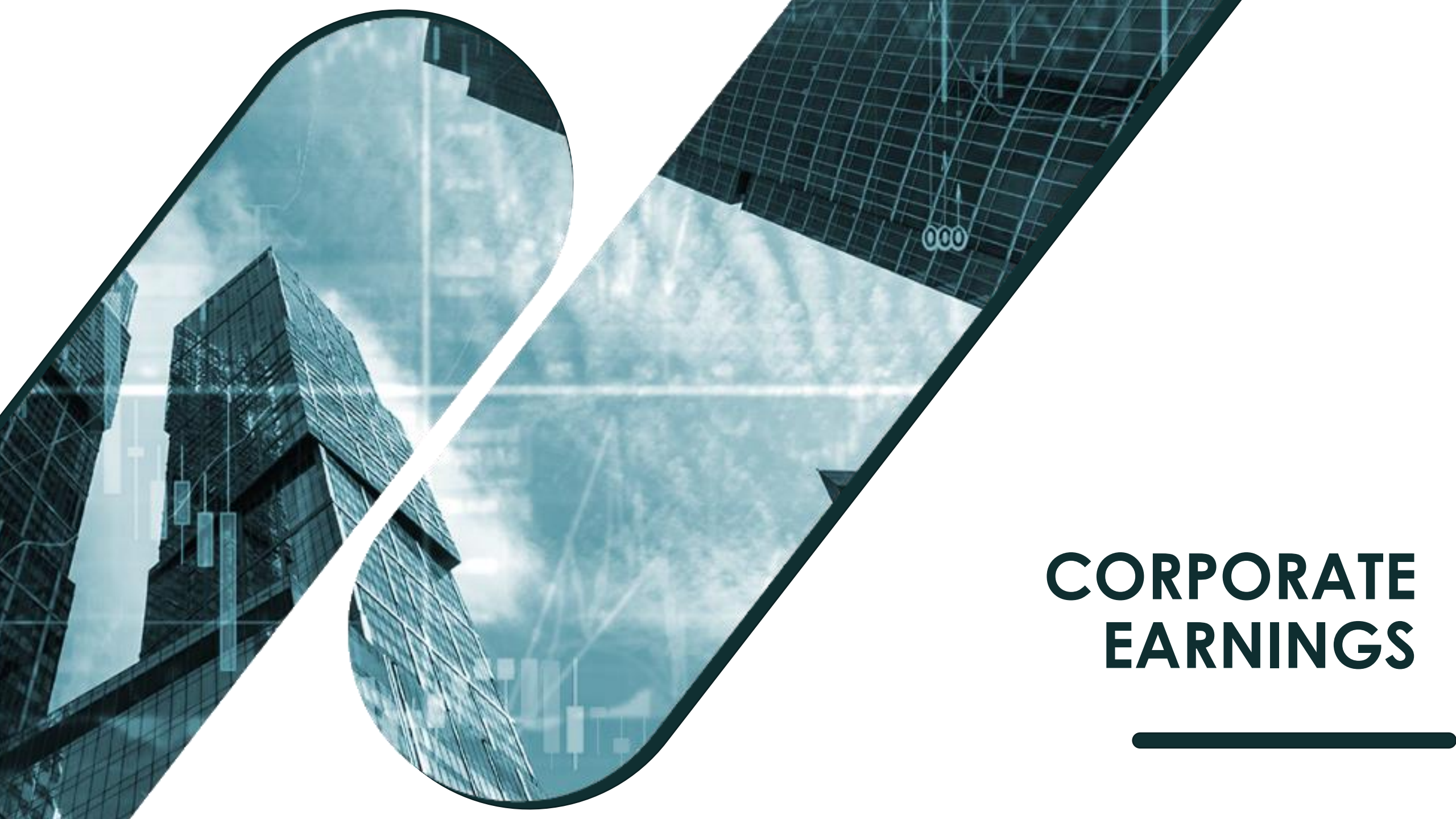


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CORPORATE EARNINGS



FY'22 CORPORATE EARNINGS SUMMARY

- Nigerian companies thrived despite underwhelming economic and business environment
- Companies on our earnings dashboard recorded a revenue growth of 24% to N3.12 trillion
- Driven by higher prices, increased marketing activities, increased customer base and demand for digital services
- Net income growth of 25% to N599 billion

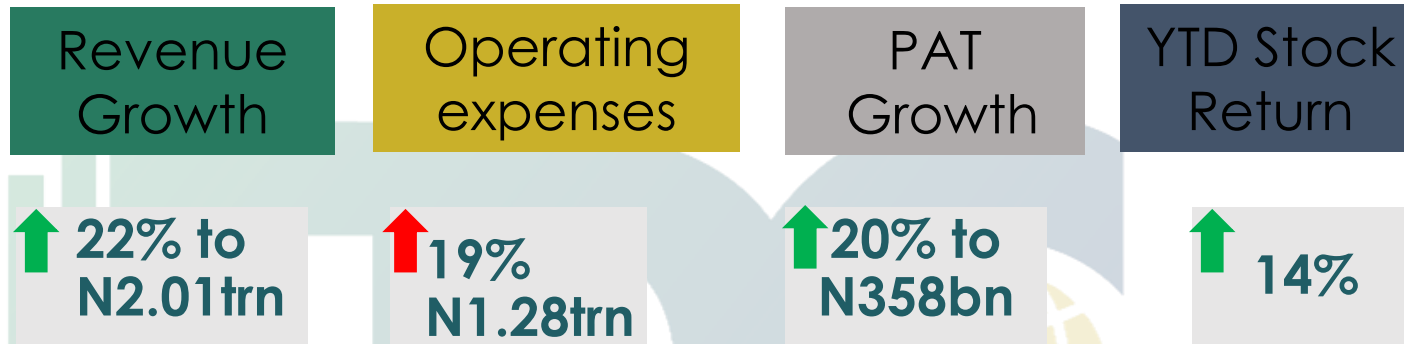


FY'22 CORPORATE EARNINGS & Q1'23 OUTLOOK

Telecom Sector



2022 Performance



Q1'23 Outlook and projection

- Disruption in internet services and infrastructure damage due to political sabotage will taper top line performance and heighten cost
- Offset by increased demand for digital and internet services due to cash crunch

Revenue ↑
25% to N588bn

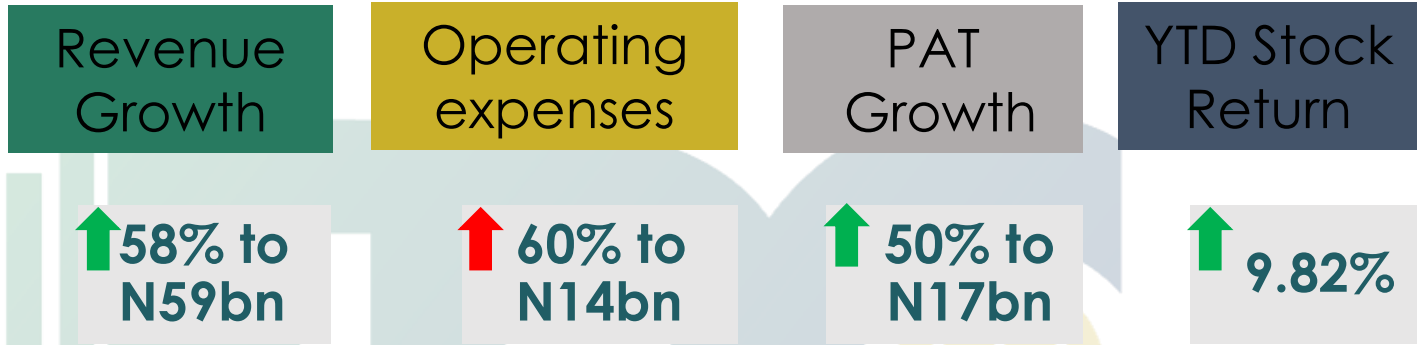
PAT ↑
20% to N116bn

FY'22 CORPORATE EARNINGS & Q1'23 OUTLOOK

Agriculture Sector



2022 Performance



Q1'23 Outlook and projection

- Cash crunch will taper turnover
- Effective cost cutting strategies will enhance net income growth

Revenue ↑
40% to N28bn

PAT ↑
45% to N13.7bn

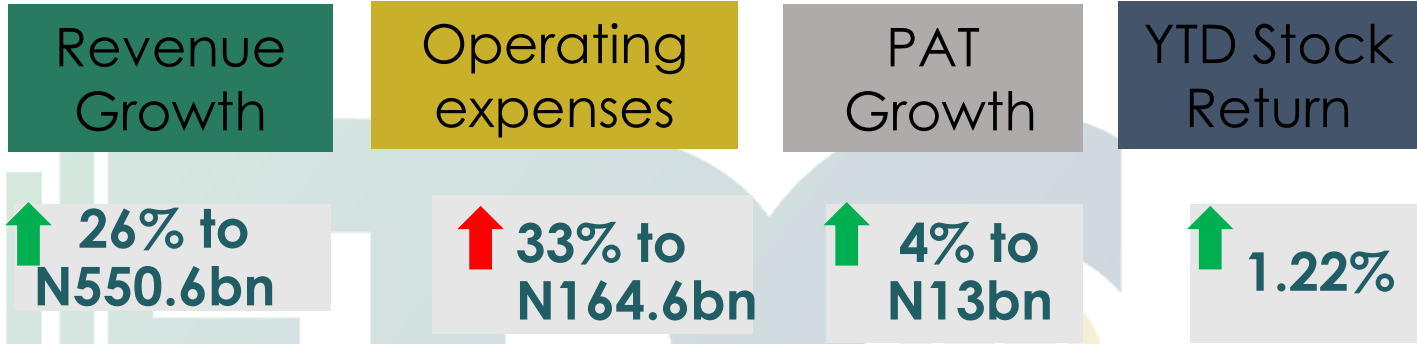


FY'22 CORPORATE EARNINGS & Q1'23 OUTLOOK

Brewery Sector



2022 Performance



Q1'23 Outlook and projection

- Decline in aggregate demand will stall top line performance
- Will be offset by sales from election spending
- Fx challenges remain a threat to bottom line

Revenue ↑
25% to N172bn

PAT ↑
37% to N18.6bn



FY'22 CORPORATE EARNINGS & Q1'23 OUTLOOK

Banking Sector



2022 Performance

Revenue Growth	Operating expenses	PAT Growth	YTD Stock Return
↑ 39% to N287bn	↑ 21% to N129bn	↑ 42% to N81bn	↑ 3.14%

Q1'23 Outlook and projection

- Non-interest income will benefit from increased electronic banking operations due to cashless policy
- Underwhelming Interest rates will trigger declining yields on investment securities
- Asset quality will suffer from embattled business environment and decline in aggregate demand

Revenue ↑ 27% to N85bn	PAT ↑ 5% to N15.8bn
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TRAVEL & TOURISM

GLOBAL UPDATE - IATA



- Global aviation industry ended on a strong note in 2022
- Air passenger traffic rebounded significantly
 - Global RPKs now at 77% of 2019 levels
- Ticket sales have seen an uptick largely due to China's reopening
- Most regions to be at or exceed the pre-pandemic levels of demand by the end of 2023

Chart 1: Global air passengers, RPK billion

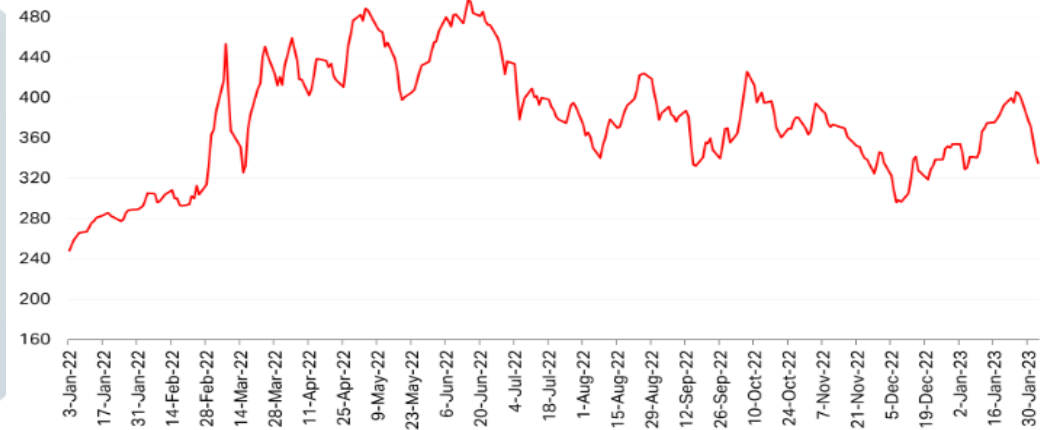


GLOBAL UPDATE - IATA



- For FY'22, industry-wide cargo tonne-kilometers (CTKs) were 8.0% below 2021 levels and 1.6% below 2019 levels
- Global air cargo market recorded a marginal drop in demand as economic headwinds persist
- Airfares have eased from last year's highs,
- But a resurgence in jet-fuel prices could push fares higher

Jet Fuel Price Index (2000 = 100)



Source: S&P Global

GLOBAL UPDATE

- London Heathrow airport swung to a pre-tax profit of \$204 million in 2022
- Passenger numbers surged to 61.6 million from 19.4 million in 2021
- 2023 shaping up to be a year of renewal after the COVID-19 pandemic
- Heathrow's resource level now close to pre-pandemic level
- Lufthansa airlines plans to cancel 34000 summer flights



DOMESTIC TRAVEL UPDATE

- The National association of Nigeria Travel Agencies (NANTA) recorded a revenue loss of \$500m in 2022 due to a decline in ticket sales
- Over 720,000 jobs were lost
- Airfares have surged by 95% as jet fuel scarcity bites harder
 - Average airfares now N74,000 from N38,000 in the same period in 2022
- Airlines could be compelled to reschedule flights leading to delayed departures or total cancellation of the flight



DOMESTIC TRAVEL UPDATE

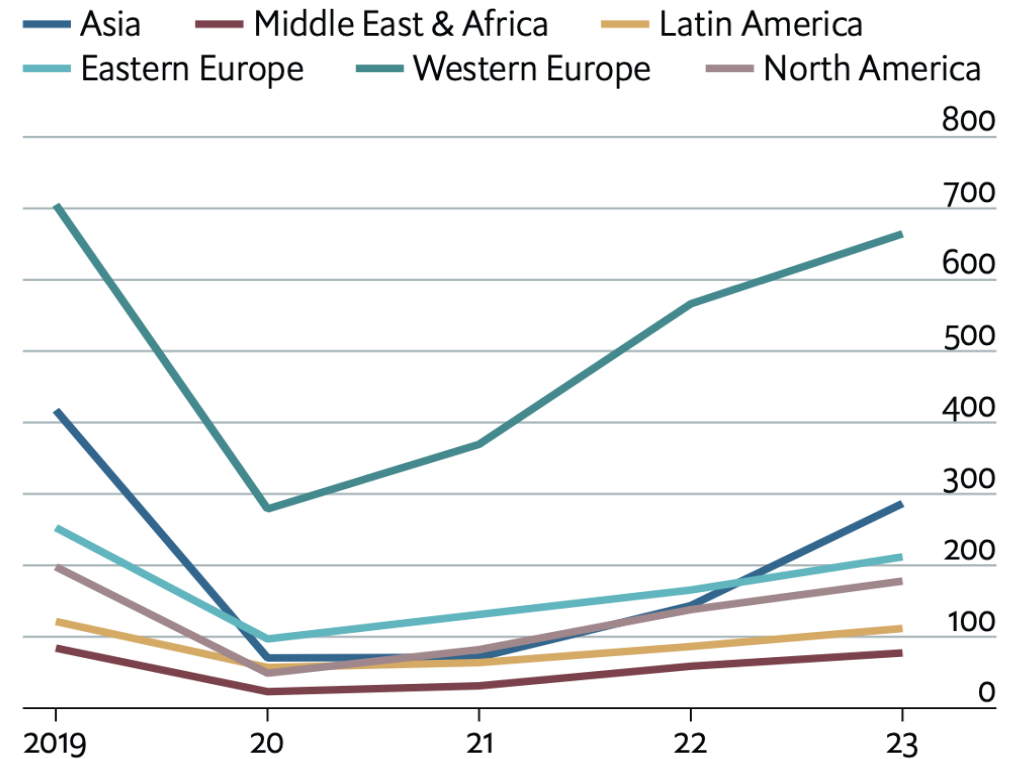
- Nigeria Air remains on ice for now
- As court case challenges its establishment as a joint venture between the Nigerian government and a consortium led by Ethiopian Airlines
- The new airline has a startup budget of \$250m and the capacity to create about 70,000 jobs
- Direct flights between Nigeria and Seychelles to begin soon as both countries sign a Bilateral Air Services Agreement (BASA)
- Air Peace to commence direct flights to Mumbai (India), Maiduguri, Jos and Johannesburg



GLOBAL TRAVEL & TOURISM UPDATE

- Growth in global tourist arrival likely to slow to 30% in 2023 from 60% in 2022
- Industry performance will be impacted by a number of factors
 - The global economic slowdown
 - Sanctions on Russia
 - China's zero-covid policy
- Labor shortages, higher wage demand, rising costs of food and energy will negatively affect hotels, restaurants, and airports

Tourism arrivals will fall short of 2019 levels (International arrivals; m*)



Sources: World Tourism Organisation; EIU. *2022 and 2023 are forecasts

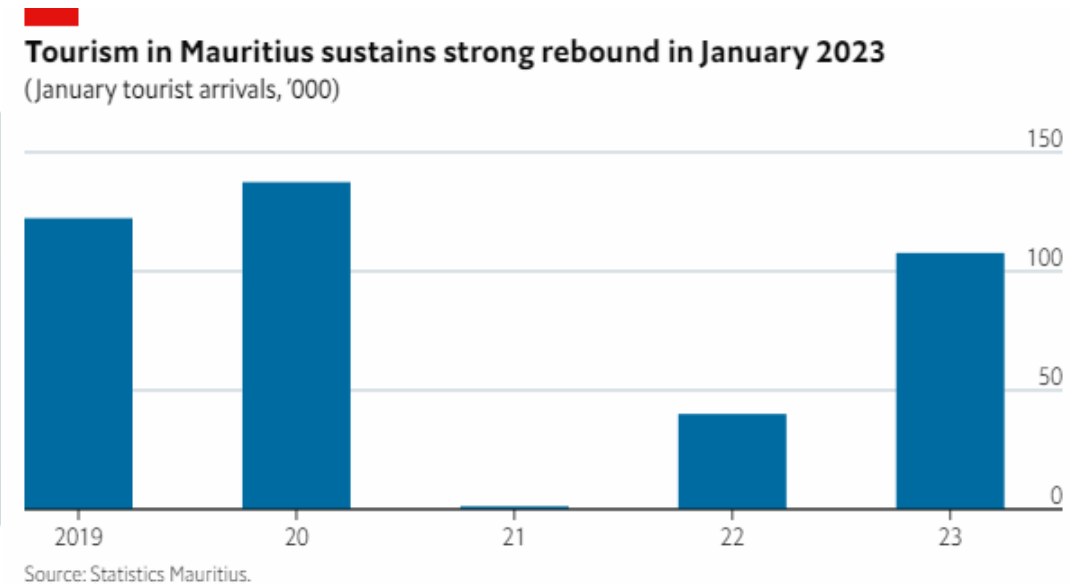
GLOBAL TRAVEL & TOURISM UPDATE

- Kenya's tourism earnings surged by 83% in 2022 to \$2.13bn as travel curbs ease
- Visitors rebounded to 72% of their pre-pandemic level in 2019
- Kenya's tourism earnings expected to rise to \$3.37bn in 2023



GLOBAL TRAVEL & TOURISM UPDATE

- About 107,684 tourists arrived in Mauritius in January, up 169% (y-o-y)
- Reflecting sustained recovery from covid-induced lows in 2020-21
- Government aims to attract 1.4mn tourists in 2023
- Tourism expected to recover to about 90% of 2019 levels



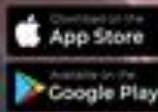


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DOMESTIC TRAVEL & TOURISM UPDATE

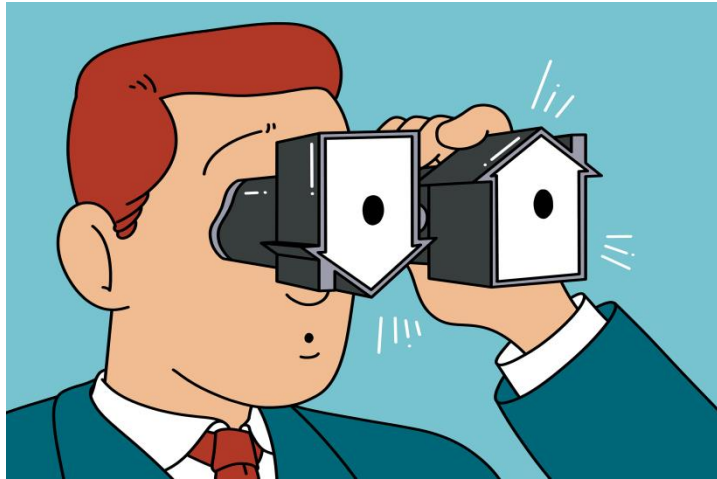
- Nigeria's travel and tourism sector's contribution to GDP will increase on average by 5.4% between 2022 and 2032
- Tourism hotspots in Nigeria to attract tourists include places such as Calabar, Badagry, Edo, Ekiti.
- Travel and tourism industry projected to generate up to \$2.95bn in revenue
- The market's largest segment is “Package Holidays” with a projected market volume of \$1.24bn.





OUTLOOK FOR THE MONTH OF MARCH

OUTLOOK FOR THE MONTH OF MARCH



- MPC will meet and leave rates unchanged
- Inflation for February to come in at 20.96%
- Governorship elections will hold with strategic alliances between parties
- Horse trading between those with common interests
- Voting on March 11 will be more violent and disruptive than the presidential election
- The naira will trade flat at N760 – N780/\$ in March
- A transition team will be announced by the president elect after the governorship elections
- The stock market will adopt a wait & see attitude
- Nigerian Eurobonds will rally after a pro-reform transition team is announced



**THANK
YOU**

Bismarck J. Rewane, MD/CEO
Financial Derivatives Company Ltd.
Lagos, Nigeria
01-6320213