



Veritas
GLANVILLS PENSIONS
PLC

Q3 2023 NEWSLETTER

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Veritas Glanvills Pensions
Limited*

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Dear Esteemed Client,

We would like to welcome you to the last quarter of the year 2023 and to another edition of our periodic newsletter. In this edition, you will find updates on the Macroeconomic Environment, the Financial Markets, the Pension Industry, and other relevant information.

Please if you are yet to undergo the data recapture exercise as required by PenCom, kindly click this link <https://mobileapp1.vgpensions.com:83/> to update your record.

If you have any questions, kindly send an email to info@vgpensions.com, contactcenter@vgpensions.com, or call us on 01-2803550. You can also reach us through any of our social media platforms.

We would love to hear from you.



Foreign Exchange Inflow

- The Central Bank of Nigeria's Quarterly Statistical Bulletin for the Q3, 2023 shows that total foreign exchange (FX) inflow into the Nigerian economy rose by 17.5% to US\$17.2bn in Q1, 2023 from US\$14.62 bn in Q4, 2022.
- FX inflow through the CBN increased to US\$7.17bn, from US\$6.21bn in the preceding quarter.
- FX inflow through autonomous sources increased to US\$10.08bn from US\$8.41bn in the preceding period.
- On the other hand, FX outflows through the economy increased by 12.8% from US\$8.85bn in Q4, 2022 to US\$9.98bn
- FX outflow through the CBN increased by 17.9% to US\$8.86bn, from US\$7.51bn in the preceding quarter.
- However, autonomous outflow fell by 16.2% to US\$1.12bn from US\$1.34bn in the preceding period.

Uptick in Public Debt



- The Debt Management Office's (DMO) recent data on domestic debt stock shows that the FGN's domestic debt nearly doubled, rising from N24.7 trillion in Q1 to N48.3 trillion in Q2 '23.
- The increase in the FGN's domestic debt is due to the securitization of N22.7trn ways and means (W&M) advances, which were approved by the National Assembly in May 2023.

Nigeria Equities Market Update

- In September 2023, the Nigerian equities market experienced a negative close for the first time since May 2023. The NGX ASI depreciated by -0.25%, settling at 66,382.14 points. However, Q3: 2023 closed in green by 8.88%. Consequently, the Year-to-Date (YtD) return decreased from +29.85% in August to +29.52% in September.
- All the NGX Indices appreciated Year-to-Date (YtD) with NGX Oil & Gas Index leading with a +97.63%. The NGX Consumer Goods Index followed with a return of +92.28% while the NGX Insurance Index rose by +62.31%. NGX pension Index recorded a return of +58.90%.



- The investment apathy by the offshore community continued in August 2023 as the total value of transactions executed by Domestic Investors outperformed transactions executed by Foreign Investors by circa 90%.

Money Market Update

- The Money Market space has been challenging this year. As of September 30, 2023, the Overnight (OVN) and Overnight Policy Rate (OPR) stood at 3.40% and 2.70% respectively compared to 2.00% and 1.36% respectively on June 30, 2023.
- Fixed Deposit rates also ranged between 12.50% - 14.50% for both A and BBB-rated banks from N1 billion.



Bond & Treasury Bills Markets Update

- The activities in the bond space ended the month of September on a bearish note as average yields expanded to 14.44%. Across the benchmark curve, the average yield climbed up at the short (+41bps), mid (+37bps) and long (+36bps) segments.
- Similarly, at the last NTB's auctions, the CBN offered instruments worth ₦177.12bn across the 91-day, 182-day and 364-day maturities. The auction witnessed increased demand compared to the previous PMA, with the total subscription reaching N786.79 billion. Ultimately, the CBN allocated the entire offering at respective stop rates of 4.99%, 6.55%, and 11.37%.

Update on External Reserves

- The Nigeria external reserves in Q3, 2023 contracted by US\$881.84mn to close at US\$33.23 billion at the end of September, as against US\$34.12bn recorded in Q2, 2023. The sharp drop in the reserves is primarily attributed to an increasing demand for foreign currency amid insufficient FX supply.
- Global crude oil prices however rose during the quarter—reaching new 2023 high - supported by falling inventories in the United States and the deal reached between Saudi Arabia and Russian to deepen production cuts.
- While Brent crude oil price increased QoQ by 22.26% to US\$92.20 per barrel, the WTI crude oil price appreciated by 29.83% to US\$91.71 per barrel.



Inflation Rates

- The headline inflation increased from 24.08% in July 2023 to 25.80% in August 2023. It is expected that there will still be upward pressure on the headline figure.
- The elevated inflationary pressures have continued to hinder demand, with both input and output costs increasing. This was primarily attributed to the effect of security challenges in food-producing regions, heightened transportation costs following the removal of fuel subsidies, compounded by currency weakness.

PENSION INDUSTRY NEWS

PENSION FUND ASSETS:

- The latest monthly data (July 2023) from the National Pension Commission (PenCom) showed that total national pension Assets Under Management (AUM) increased by 18.9% YoY from N14.36 trillion in July 2022 to N17.1 trillion in July 2023. This represents a slight increase compared to the 17.5% YoY growth observed in the preceding month.
- The asset class composition of pension fund AUM has barely changed over the years. However, the share of Equities in the overall portfolio increased by 45.75% YoY to N1.31 trillion. The substantial YoY surge in equity investments was fueled by investors' favorable outlook on the recent policies implemented by the Government.
- The PenCom data also revealed that the total number of RSA holders stood at 10,025,314 for the same period.

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The Pension Reform Act 2014 (PRA 2014) allows RSA holders to use a portion of their RSA balance towards payment of equity for a residential mortgage. The objective is to improve the standard of living of RSA holders under the Contributory Pension Scheme (CPS) and Micro Pension Plan (MPP) by facilitating their ownership of residential homes during their working life among others. For more information, please click <https://tinyurl.com/vgpensions-mortgage>.

Thank you for reading