

Q1 2024 NEWSLETTER



Dear Esteemed Client,

We would like to welcome you to another edition of our periodic newsletter. In this edition, you will find updates on the Macroeconomic Environment and Financial Markets, the Pension Industry, and VGP Pensions update.

If you have any questions, kindly send an email to info@vgpensions.com, contactcenter@vgpensions.com, or call us on 02012803550. You can also reach us through any of our social media platforms.

We would love to hear from you.

Thank you for reading.



GDP grew Marginally by +3.46%

The Nigerian economy maintained its growth trajectory for the fourth consecutive quarter in Q4-23. According to the recently published GDP report by the National Bureau of Statistics (NBS), the domestic economy expanded by +3.46%

YoY (compared to +2.54% YoY in Q3-23). The growth recorded in the Q4-23 was driven by the service sector, which grew by +3.98% YoY and contributed 55.61% to the GDP.

The QoQ rise in total debt level was mainly due to fresh domestic borrowings used to finance the fiscal deficit of the 2024 Appropriation Act. An additional reason for the increase was a rise in the external debt component due to the depreciation of the Naira.

Update on External Reserves

During the quarter, the Nigeria external reserves rose by US\$973.19 million to US\$33.89 billion, attributed largely to foreign capital inflows and an increase in remittances from Nigerians living abroad.

Inflation Rates

Headline inflation increased by +180bps from 29.90% to 31.70% in February 2024. This rise is attributed to hike in naira exchange rate which led to higher cost of production and imports as well the adverse effect of insecurity on food production in food-growing regions of the country, and other infrastructural deficits. The surge in the headline rate was mainly sustained by the continued pressure on food prices which rose to 37.9% in February 2024.

PUBLIC DEBT



In the most recent quarterly report on Nigeria's public debt, the Debt Management Office (DMO) revealed that the nation's overall debt burden increased by +11% QoQ to N97.3 trillion in Q4-23. In terms of composition, the domestic and external debt components make up 61% and 39% of the gross public debt respectively.

Nigeria Equities Market Update

Despite hikes in interest rates, the Nigerian equities market closed Q1-24 on a bullish note as the NGX All Share Index (ASI) experienced an increase of +39.84%, closing at 104,562.06 points. All the NGX Indices appreciated Quarter-to-Date (QtD) with NGX Industrial Goods Index leading with a +78.49% return and was closely followed by the NGX Banking Index with +43.66%.

Bond & Treasury Bills Markets Update



The activities in the bond space during the quarter were largely bearish as average yields expanded across various maturities with increases of 565bps, 376bps, and 276bps observed in the short, mid, and long ends, respectively, reaching 19.64%, 18.94%, and 18.58%, respectively. Similarly, there was a rise in yields observed in both the Treasury and OMO bills markets. In the most recent treasury bills auction, the stop rate for the 364-Day bill surged to 21.124%, translating to a yield of roughly 28.29%. Likewise, the latest OMO auction concluded with a stop rate of 21.50% for the 361-Day bill, resulting in a yield of 27.38%.

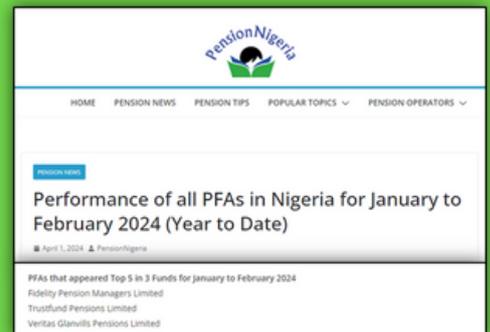
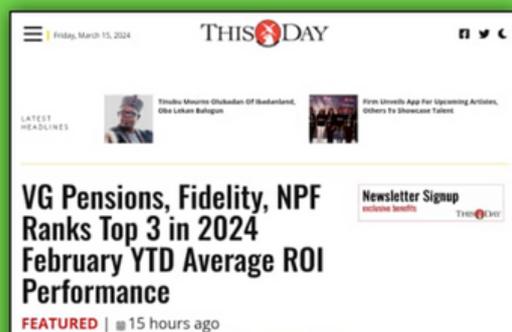
Money Market Update

Following the Monetary Policy Committee's (MPC) decision to increase the Cash Reserve Ratio (CRR) of commercial banks to 45.00%, fixed deposit rates have been on an upward trend ranging from 22.00% to 24.00%. As of end-March, the overnight (O/N) and Overnight Policy Rate (OPR) closed at 28.21% and 27.29%, respectively. Several Commercial Papers are also currently available in the market at attractive yields of as high as 25.00%.

PENSION INDUSTRY NEWS

- Nigeria's pension industry has consistently achieved remarkable growth, driven by the implementation of various regulatory reforms.
- The latest monthly data (February 2024) from the National Pension Commission (PenCom) showed that Assets Under Management (AUM) increased by 1.17% MoM from N19.53trn in January 2024 to N19.76trn in February 2024.
- The asset class composition of pension fund AUM has barely changed over the years. However, the share of domestic equities in the overall portfolio increased significantly by 79.04% YoY from N1.07 trillion in February 2023 to N1.92 trillion in February 2024.
- The substantial YoY rise in PFAs' investment in the equity market reflects the impressive performance of the Nigeria Exchange (NGX) in Q1-2024.
- The PenCom data also revealed that the total number of RSA holders stood at 10,258,611.
- Current year compliance certificates are now required from all PMIs and Banks that are giving out 25% Equity Mortgage Loans.
- The Commission held a one-day virtual workshop on the revised RSA Registration Guideline. Key highlights of the new guidelines are as follows:
 - RSAs are not to be opened going forward without the required supporting documentation.
 - All prospective clients MUST fill the approved enrolment forms of the PFA.
 - Except for cross border clients, originals of all supporting documents MUST be sighted and signed by authorized officers.
 - Official section of RSA forms must be duly filled and signed by the authorized officers.
 - Generating PINs for RSA holders on Legacy data would attract administrative sanction going forward.

VG PENSIONS BRAND NEWS



<https://www.thisdaylive.com/index.php/2024/03/22/redefining-the-nigerian-pension-scheme-veritas-glanvills-pensions-limited-leading-the-way-to-a-brighter-future/> <https://www.thisdaylive.com/index.php/2024/03/15/vg-pensions-fidelity-npf-ranks-top-3-in-2024-february-ytd-average-roi-performance/>
<https://www.pensionnigeria.com/pension-news/performance-of-all-pfas-in-nigeria-for-january-2024/>
<https://businessday.ng/sponsored/article/redefining-the-nigerian-pension-scheme-veritas-glanvills-pensions-limited-leading-the-way-to-a-brighter-future/>

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