

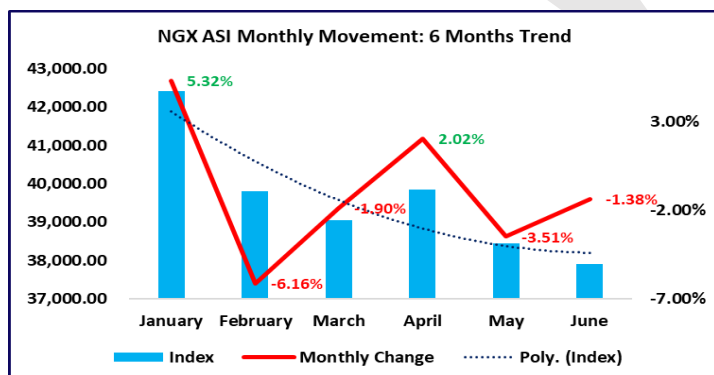
Quarterly Financial Markets Update – June 2021

FINANCIAL MARKETS HIGHLIGHT



NIGERIA EQUITIES MARKET UPDATE

- The Nigerian equities market ended Q2:2021 on a negative note as the primary health indicator of the Exchange – the All-Share Index (NGX ASI), depreciated by 2.91%. The NGX ASI Year-to-Date (YtD) loss has expanded to -5.87%.
- The enduring impact of COVID-19 on the economy and associated uncertainties continue to influence investors' participation in the market negatively. This impacted on the general performance of listed stocks and continued to subdue market performance.
- Participation in the market was also dominated by domestic investors - as foreign investors were still largely on the sidelines in the face of FX liquidity challenge.
- Performance of the NGX Indices during the period was mixed. While the NGX Oil & Gas, NGX Consumer Goods and NGX Banking indices closed in the positive zone, NSE Industrial Goods led the losers' chart.



FIXED INCOME MARKET

FGN BONDS

- The fixed income market continues to recover as the impact of the CBN's OMO regulation fades out. Hence, yields increased across all segments of the market. Average yield in the FGN Bond market surged to 11.82% as at Q2:2021 from 6.12% at the beginning of the year.
- Rising yields are driven by the numerous liquidity management strategies of the CBN to stabilize the market which include:
 - ✓ Introduction of the CBN Special Bill;
 - ✓ Week on Week OMO Auctions; and
 - ✓ Direct debit on banks' cash balances
- Also, the expanded government's debt programme for the year influenced interest rates movement.

TREASURY BILLS

- Yields in the Treasury Bill space also rose in Q2:2021. Average yield in the NT-Bill market increased to 6.58% on June 30, 2021, from 0.46% at the beginning of the year.
- Average OMO yields also increased to 9.87% on June 30, 2021, from 0.58% at the beginning of the year.

EXCHANGE RATE

- In the second quarter of 2021, the Naira was fairly stable in the I&E window, relative to the previous quarter. The Naira closed at N411.5/US\$, having opened the quarter at N409.31/US\$.
- The country's external reserves were severely pressured and lost 4.4% of its value in the quarter.
- In the parallel market, the Naira depreciated, reaching N500/US\$ due to forex scarcity and speculative activities, following the CBN's adoption of NAFEX rate in May 2021. Consequently, the gap between the NAFEX rate and the parallel market expanded in the quarter.

MONEY MARKET

- The overnight (O/N) and Open-buy-back (OBB) rates closed at 12.00% and 11.50% respectively on June 30, 2021, compared to 9.25% and 8.25% respectively on March 31, 2021.

INFLATION RATE



- The Inflation rates as at the end-May stood at 17.93% as against 18.12% in April 2021. The moderation in headline inflation for May 2021 was due to a softening in food inflation to 22.28% Year-on- Year (YoY) from 22.72% in April.



PENSION INDUSTRY NEWS



- Unaudited Valuation Report as at the end of April 2021 showed that total pension fund assets in Nigeria increased to N12.40 trillion from N12.34 trillion recorded in March 2021.
- Total number of enrollees as of April 30, 2021, stood at 9,328,340.
- The Federal Government during the period under review approved the payment of some of the outstanding pension liabilities under the CPS which include the outstanding accrued pension rights for verified and enrolled retirees of treasury funded MDAs and the 2.5% differential in rate of employer pension contribution that was increased from 7.5% to 10% by the PRA 2014.

VG PENSIONS: INVESTMENT RETURNS

- Veritas Glanvills Pensions Limited continues to perform well in all the Fund categories. Please see the table below:

Funds	Unit Price (N)		YTD Growth (%)
	Mar-21	Jun-21	
Fund I	1.5733	1.6116	3.41%
Fund II	3.7829	3.8833	3.81%
Fund III	1.4272	1.4653	3.90%
Fund IV	4.2968	4.4012	4.29%
Fund V	1.0775	1.1008	3.14%

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