

Foreign Investments

Comment on recent news – this page

Today's headlines – page two

Recommendations and valuations – page three

Fall outs of the Nigeria-India presidential roundtable and conference.

President Bola Ahmed Tinubu was able to secure a pledge of investments worth US\$14bn from Indian private investors and the Indian government at the Nigeria-India presidential roundtable and conference. These pledges are to be invested in the energy, petrochemical and steel sectors. One of the major deals worth US\$1bn involves aiding the Defence Industries Corporation of Nigeria (a corporation under the control of the government of Nigeria responsible for the production for defence equipments) to attain 40% self-sufficiency in local manufacturing. Also, the Indorama Corporation, the largest producer of polyolefins in West Africa especially Nigeria plans to invest an additional US\$8bn to expand its petrochemical facility in Nigeria while Skipperseil Ltd and Bharti Enterprises have pledged the total sum of c.\$2.3bn to build power generation plants. Another notable pledge of investment was from Jindal Steel and Power company, one of the largest steel companies in India with plans to invest US\$3bn in Nigeria's steel sector.

Nigeria's Gross Domestic Product (GDP) growth fell to 2.51% in Q2 2023 from 3.54% recorded in Q2 2022 but rose marginally by 20bps from 2.31% in Q1 2023 according to the National Bureau of Statistics (NBS). The service sector was the major driver of the country's GDP, recording a growth of 4.42% and contributing 58.42% to the aggregate GDP. The agriculture sector rose to 1.50%, higher than the growth performance of 1.20% recorded in Q2 2022, as the sector recovers slightly from incidences of insecurity. The Industries sector where these investments are expected to go into contracted by 1.94% y/y in Q2 2023 from a paltry growth rate of 0.31% y/y in Q1 2023. The industrial sector is in dire need of resuscitation and these Investments in the sector may encourage knowledge transfer, leading to more expansion and may boost the output of this sector in the long term. More so, investments in the sector could boost exports and become a source of foreign exchange inflow.

Sectorial GDP Performance



Source: CSL Research, NBS

MARKET UPDATE

Indicators	1 Year	30-Dec-22	1 Day
NSE-Index	53,086.86	51,251.06	67,378.88
Naira/US \$	415.63	461.50	742.10
Brent US\$/bbl	119.51	85.91	98.19
MPR	13.00	16.50	18.75

Source: NGX Exchange, Central Bank of Nigeria, Bloomberg. *NGX Exchange All-Share Index

CONTACT INFORMATION

Head of Research: Gloria Fadipe

+234 (1) 448 5436 ext.4516

gloria.fadipe@fcbm.com

Banks: Gloria Fadipe

+234 (1) 448 5436 ext.4516

gloria.fadipe@fcbm.com

FMCGs: Sunmisola Ikoli-Oluwo

+234 (1) 448 5436 ext.4457

sunmisola.ikoli@fcbm.com

Brewers: Goke Adetoyinbo

+234 (1) 448 5436 ext.4457

adegoke.adetoyinbo@fcbm.com

Industrials: Mustapha Umaru

+234 (1) 448 5436 ext.4512

mustaphaumar@fcbm.com

Research Team: cslresearch@fcbm.com

Retail Team: cslcsu@fcbm.com

Sales Team: cslrmt@fcbm.com

<https://cslportal.fcbm.com>



News headlines:

CBN Dispels Rumours Of Naira Redenomination: The Central Bank of Nigeria (CBN) has denied plans to re-denominate the naira, saying, the statement credited to it on the various social media platforms are fake. Messages making the rounds on social media platforms such as WhatsApp and Facebook claim that the CBN plans to introduce a new naira policy that will see the naira being redenominated. However, the apex bank yesterday said, the message currently circulating on social media is false and should be disregarded. The CBN, in 2007, under the governorship of Professor Chukwuma Soludo had mulled the idea of redenominating the naira but the policy never saw the light of day. Source: Leadership

<https://leadership.ng/cbn-dispels-rumours-of-naira-redenomination/>

Nigeria cutting agro-export delay as Lilypond terminal begins full operations: The volume of post-harvest loss recorded by exporters of perishable agro-allied products is beginning to reduce as Nigeria begins to reap the gains of seamless processing of export commodities into the port with the commencement of full operations by the Lilypond Export Processing Terminal Ijora. The Nigerian Ports Authority (NPA) said there has also been an increase in the volume of the export of Nigerian commodities through the nation's seaport as exporters that used to export through the neighbouring countries are beginning to bring in their cargo through Nigerian ports. Source: BusinessDay

<https://businessday.ng/maritime/article/nigeria-cutting-agro-export-delay-as-lilypond-terminal-begins-full-operations/>

FG Approves Review of NCC ACT to Streamline Regulatory Roles with NITDA, Boost Telecoms' Growth: In order to clearly differentiate the regulatory roles of the Nigerian Communications Commission (NCC) from the Information Technology (IT) policy development and implementation roles of the National Information Technology Development Agency (NITDA), the federal government has approved the review of NCC Act 2003. The decision of the federal government to distinctly differentiate the roles of both government agencies is coming on the heels of the recent friction between NCC and NITDA over industry regulatory issues, which almost undermined the contribution of the telecoms' sector to national Gross Domestic Products (GDP).. Source: ThisDay.com

<https://www.thisdaylive.com/index.php/2023/09/14/fg-approves-review-of-ncc-act-to-streamline-regulatory-roles-with-nitda-boost-telecoms-growth>

Fidelity Bank completes 100% acquisition of Union Bank UK: Fidelity Bank on Wednesday announced the completion of its 100 percent acquisition of Union Bank UK, a subsidiary of Union Bank Plc. This development was disclosed in the corporate disclosure filed with the Nigerian Exchange Limited. The bank said that this completion is furtherance to its notice of acquisition made on August 2, 2022, and signifies the bank's intent to expand its international portfolio. The bank said, "The bank is pleased to announce the completion of the transaction and receipt of the approval of the Bank of England's Prudential Regulatory Authority (PRA) for the change of control of UBUK." Source: BusinessDay

<https://businessday.ng/companies/article/fidelity-bank-completes-100-acquisition-of-union-bank-uk/>

Analyst Certification

Each research analyst principally responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all the views expressed in this research report accurately reflect his/her personal views about those issuer(s) or securities that the research analyst covers in this research report. Each research analyst also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this research report.

Important disclosures

Analysts' compensation is based upon activities and services intended to benefit the investor clients of CSL Stockbrokers Limited, Lagos and the affiliates of FCMB Group, Lagos, Nigeria ("the Group"). Analysts receive compensation that is impacted by overall profitability of the Group, which includes revenues from, among other business units, Institutional Sales and Trading and Capital Markets/Investment Banking.

CSL Research Ratings Distribution

	Buy	Hold	Sell	Not Rated	Total
Coverage universe	17	10	5	3	35
% distribution	49%	29%	14%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

Explanation of CSL Research's equity research rating system

Buy:	The analyst expects the stock to outperform the Benchmark over the next 12 months or the stated investment horizon.
Hold:	The analyst expects the stock to perform in line with the Benchmark over the next 12 months or the stated investment horizon.
Sell:	The analyst expects the stock to underperform the Benchmark over the next 12 months or the stated investment horizon.
Not Rated:	The rating and price target have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when CSL Capital UK or the Group is acting in an advisory capacity in a merger or strategic transaction involving the company or due to factors which limits the analysts ability to provide forecasts for the company in question.
Benchmark:	The benchmark is the trailing three-year average yield of the 12-month T-Bill plus one standard deviation rounded to the nearest %.
Price targets:	Price targets, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings fall short of estimates.
Asset allocation:	Asset allocation is the responsibility of the strategy team. The recommended weight (Buy, Hold and Sell) for equities, cash and fixed income instruments is based on a number of metrics and does not relate to a particular size change in one variable.

Important Risk Warnings and Disclaimers

CSL Stockbrokers Limited ("CSLS") is regulated by the Securities and Exchange Commission, Nigeria. CSLS is a member of the Nigerian Stock Exchange. CSL Capital (UK) Ltd (Firm Reference Number: 913994, Registered Number: 11818051), trading in the name of 'CSL Stockbrokers' for its activities, is authorised by the Financial Conduct Authority (FCA).

Both CSLS and CSL Capital (UK) Ltd are members of the FCMB Group ("the Group") of Nigeria, a group of companies which also includes First City Monument Bank Ltd.

RELIANCE ON THIS PUBLICATION FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE YOU TO A SIGNIFICANT RISK OF LOSS. By receiving this document, you will not be deemed a client or provided with the protections afforded to clients of CSLS and CSL Capital (UK) Ltd. When distributing this document, CSLS, or any member of the Group is not acting for any recipient of this document and will not be responsible for providing advice to any recipient in relation to this document. Accordingly, CSLS or any member of the Group will not be responsible to any recipient for providing the protections afforded to its clients.

If you are in the UK, you are a person to whom either Articles 19 or 49 of the Financial Services and Markets 2000 (Financial Promotion) Order 2005 apply or a person to whom this communication may otherwise be lawfully made.

In the United Kingdom, this document is available only to such persons described above and persons of any other description should not rely on this document. Transmission of this document to any other person in the United Kingdom is unauthorized and may contravene the Financial Services and Markets Act 2000 (FSMA). If you are not such a person or if the distribution of this document is otherwise unlawful where you are, you are required to return the document immediately to CSLS. This document is not intended for Retail Clients in the UK.

This document is not an offer to buy or sell or to solicit an offer to buy or sell any securities. This document does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The appropriateness of a particular investment will depend on an investor's individual circumstances and objectives. The investments and shares referred to in this document may not be suitable for all investors.

CSLS or any other member of the Group may effect transactions in shares mentioned herein and may take proprietary trading positions in those shares and may receive remuneration for the publication of its research and for other services. Accordingly, this document may not be considered as objective or impartial. Additionally, information may be available to CSLS, or the Group, which is not reflected in this material. Further information on CSLS' policy regarding potential conflicts of interest in the context of investment research and CSLS' policy on disclosure and conflicts in general are available on request.

This document is based on publicly available information obtained from sources which CSLS believes are reliable, but which it has not independently verified. Neither CSLS, or their advisors, directors or employees make any guarantee, representation, or warranty as to the accuracy, reasonableness or completeness of this information and neither CSLS or their advisors, directors or employees accepts any responsibility or liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. The opinions contained in this document are subject to change without notice and are not to be relied upon and should not be used in substitution for the exercise of independent judgment.

Past performance is not a guarantee of future performance. Investments may go down in value as well as up and you may not get back the full amount invested. Where an investment is denominated in a currency other than the local currency of the recipient of the research report, changes in the exchange rates may have an adverse effect on the value, price or income of that investment. In case of an investment for which there is no recognised market it may be difficult for investors to sell their investment or to obtain reliable information about their value or the extent of the risk to which they are exposed.



The information contained in this document is confidential and is solely for use of those persons to whom it is addressed and may not be reproduced, further distributed to any other person, or published, in whole or in part, for any purpose.

@Copyright CSL Stockbrokers Limited, 2022. All rights reserved.

CSL Stockbrokers Limited

Member of the Nigerian Stock Exchange

PO Box 9117

Lagos State, NIGERIA

CSL Stockbrokers

A trading name of CSL Capital (UK) Ltd

43-44 New Bond Street

London

W1s 2SA

United Kingdom