

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

The Monetary Policy Committee of the Central Bank of Nigeria (CBN) voted to raise the monetary policy rate by 25 basis points at its 292nd meeting in Abuja. The interest rate increased from 18.50% to 18.75%. The decision aimed to offset the impact of rising inflation, currently at 22.79%. The CBN's Acting Governor, Mr. Folashodun Adebisi Shonubu, disclosed the outcome of the MPC meeting and emphasized the need for policies to encourage domestic investments and reduce unemployment.

The decision also considered challenges such as food inflation, security issues, high energy costs, and economic foreign exchange pressures. Despite calls for lower borrowing costs, the CBN defended its independence and continued its monetary tightening to control inflation. The International Monetary Fund projected a global economic growth rate of 3% for the remainder of 2023, with Nigeria expected to grow at 3.2%.

EQUITIES

The local bourse ended the week on a positive note as the All Share Index (NGX ASI) appreciated by 0.02% week-on-week to settle at 65,056.39 basis points with buying interest seen in stocks such as SKYAVN (+43.83%), LASACO (+26.88%), NASCON (+24.14%) and FTNCOCOA (+23.50%).

Consequently, the Month-To-Date (MTD) return appreciated by +6.71% as the Year-To-Date (YTD) return remained positive settling at 26.83% for the week with Market Capitalization settling at 26.94trn Naira at the close of the trading session.

Sector performance showed negative performance for the week as the NGX-Oil/Gas Index recorded the sole gainer (+9.28%), While NGX-Consumer Goods Index declined by (-2.36%), followed by NGX-Banking Index (-2.21%) and NGX-Industrial Index (-0.31%).

GLOBAL ECONOMY

The GDP data for the last quarter showed a 2.4% annualized growth rate, surpassing the 2.0% pace observed in January-March, and exceeding economists' projections of a 1.8% GDP growth rate for the April-June period. Additionally, the government's inflation measure, the price index for gross domestic purchases, rose at a 1.9% rate, the slowest in three years. Moreover, the personal consumption expenditures price index (PCE), which excludes food and energy, exhibited a 3.8% rate of increase, the smallest gain since the first quarter of 2021. The Fed closely monitors the PCE price indexes to guide its monetary policy decisions.

Economists are confident in a "soft landing" scenario with easing inflation, low unemployment, and an economy avoiding recession. President Joe Biden sees the GDP report as evidence of the success of his economic plan. Consumer spending rose at a 1.6% pace in Q2, driven by increased spending on services, recreational goods, and vehicles, but reduced spending on automobiles and clothing. The Federal Open Market Committee voted for a 25 basis point hike in the federal funds rate, bringing its benchmark rate to a 22-year high of between 5.25% and 5.5%.

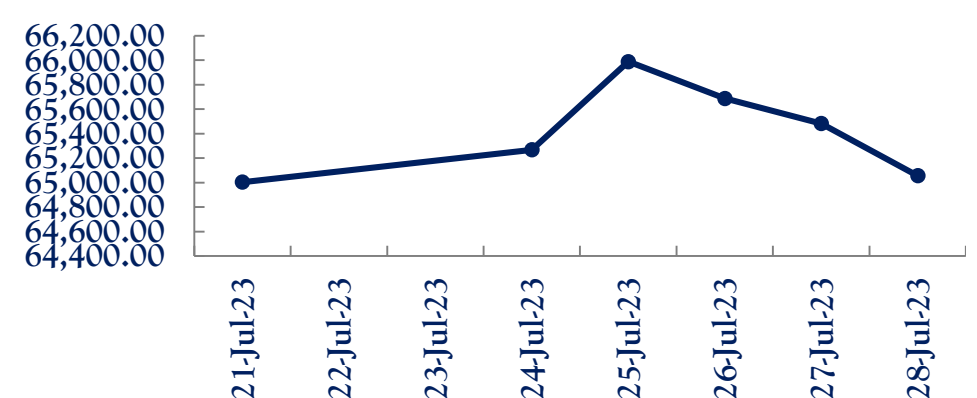
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	2.31%	3.52%
Unemployment	33.3%	33.3%
MPR	18.75%	18.50%
External Reserve	\$34.22 billion	\$34.35 billion
Inflation	22.79%	22.41%

KEY METRICS

Metrics	Outcome
All-Share Index	65,056.39
WTD	0.02%
MTD	6.71%
YTD	26.83%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	26.94

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 21-07-2023	Wk. Close 28-07-2023	% WTD	% YTD
NGX-Banking	703.32	687.78	-2.21	64.74
NGX-Industrial	2,854.10	2,845.23	-0.31	18.39
NGX Oil/Gas	848.88	927.67	9.28	100.59
NGX-Consumer Goods	886.96	866.07	-2.36	47.06

Fed Chairman Jerome Powell emphasized a data-driven approach to ongoing monetary policy decisions.

GLOBAL MARKET

Global markets closed bullish as investors are still analyzing business reports while raising their bets that the Fed will soon stop its tightening campaign.

In the US market, the S&P 500 increased by (+1.01%) week-on-week. Likewise, the Dow Jones and Nasdaq increased by (+0.66%) and (+2.02%) respectively.

The European market showed a bullish performance, FTSE 100 increased by (+0.40%), Likewise, CAC 40 increased by (+0.59%) and STOXX (+1.73%).

The Asian market showed a positive performance, the China A50 increased by (+5.58%), followed by Hang Seng (+4.45%) and Nikkei 225 (+1.43%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

Interbank rates dropped to the single digits, owing mostly to the inflow of FAAC allocation.

The Open Repo Rate (OPR) and Overnight Rate slid to 1.30% and 0.90% week-on-week, declining by 9381bps and 9559bps respectively.

We expect increases in interbank rates are likely to occur in the upcoming week due to the debits associated with the Cash Reserve Ratio (CRR).

FGN BONDS AND TREASURY BILLS

The FGN bond market was negative last week as a result of the 25 basis point rate increase; selloffs began on Tuesday and continued through Friday, with minimal demand noted at the March 2025 maturity.

However, The average benchmark yield rose by 131bps week-on-week to 13.13%.

We expect a bearishness to continue this week as liquidity declines.

The treasury bill secondary market was quiet in anticipation of the conclusion of the MPC meeting and the NTB auction at the start of last week.

The increase in stop rates during the primary auction led to selling in the secondary market on Thursday and Friday, causing the average yield to surge by 6429 basis points to 6.67%.

In contrast to previous auctions in 2023, the treasury bill stop rate responded to the Central Bank Monetary Policy Committee (MPC) Monetary Policy Rate (MPR) hike for the first time in months. Despite a 200bps rate increase from January to May 2023, the NTB stop rate fell swiftly, with the 365-day falling below double digits due to robust liquidity pushing subscriptions, thereby negating stop rate increases.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
SKYAVN	16.20	23.30	7.10	▲ 43.83
LASACO	1.60	2.03	0.43	▲ 26.88
NASCON	29.00	36.00	7.00	▲ 24.14

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
CADBURY	17.00	12.45	-4.55	▼ -26.76
JOHNHOLT	2.86	2.20	-0.66	▼ -23.08
MULTIVERSE	3.71	2.98	-0.73	▼ -19.68

Maturity	Bid Yield	Offer Yield
NIGB 13.53% MAR 25	12.10%	10.45%
NIGB 12.500% JAN 26	12.70%	11.55%
NIGB 16.2884% MAR 27	12.60%	12.10%
NIGB 13.98% FEB 28	13.30%	12.75%
NIGB 14.55% APR 29	13.40%	12.90%
NIGB 12.50% APR 32	14.30%	13.80%
NIGB 14.70% JUN 33	14.20%	13.70%
NIGB 12.149% JUL 34	14.20%	13.70%
NIGB 12.5000% MAR 35	14.25%	13.70%
NIGB 12.40% MAR 36	14.25%	13.50%
NIGB 16.25% APR 37	14.70%	14.40%
NIGB 15.45% JUN 38	14.88%	14.60%
NIGB 13.00% JAN 42	14.85%	14.45%
NIGB 14.80% APR 49	15.10%	14.70%
NIGB 12.98% MAR 50	15.00%	14.75%
NIGB 15.70% JUN 53	15.10%	14.95%

At the NTB auction held on July 26, 2023, the stop rate spiked to 6.00%, 8.00%, and 12.15% for the 91-day, 182-day, and 364-day from 2.86%, 3.50%, and 5.94% recorded at the previous auction (July 12, 2023). The NTB auction received a greater subscription of N398.17 billion, with a spread of N7.85 billion, N6.44 billion, and N383.88 billion for the 91-day, 182-day, and 364-day tenors, compared to N264.33 billion offered by DMO. However, the CBN sold exactly the same amount given of N264.33 billion, but with a small adjustment in the spread, 91-day and 182-day allotments settled at N2.85 billion and N6.44 billion, respectively, higher than N1.74 billion and N1.26 billion provided, while 364-day allotment declined to N255.04 billion from N383.88 billion offered.

FOREIGN EXCHANGE

The naira depreciated against the US dollar by -26bps week-on-week to close at NN775.76/USD from N772.82/USD at the Investor and Exporter FX Fixing (I&EFX).

While, at the Nigerian Autonomous Foreign Exchange Fixing (NAFEX), Naira appreciated to N773.08/USD from N792.20/USD indicating a weekly gain of 2.41%.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude appreciated by 5.34% w/w to close at 80.67 per barrel. Likewise, Gold appreciated by 1.76% to close at \$1,999.90 from \$ 1,965.40.

Accordingly, the OPEC Basket price closed at \$84.29 per barrel for the week indicating a 4.68% weekly gain.

TOP BUSINESS HEADLINES FOR THE WEEK

- Nigeria Records 240 Crude Thefts In One Week - NNPC.
- Tin-Can Customs Records 110.8% Growth in Non-Oil Export.
- FAAC: NNPC Remits N123bn to Federation Account.
- IFAD Invested \$7.96b in Rural Communities for Food Production in 2022.

INTERBANK OFFERED RATE

	21-Jul-2023	28-Jul-2023	Change(%)
OPR	21.00	1.30	-93.81
OVN	20.40	0.90	-95.59

OIL & COMMODITIES PRICES

Instrument	21-Jul-2023	28-Jul-2023	Change (%)
Brent Crude	\$80.52	\$84.29	4.68
WTI Oil	\$76.58	\$80.67	5.34
Gold	\$1965.40	\$1999.90	1.76

FOREIGN EXCHANGE (Spot & Forward rate)

Tenor	Closing Rate (\$/N)
I&E FX Window	775.76
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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