

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to the National Bureau of Statistics (NBS), headline inflation increased for the second consecutive month, rising by 21bps to 15.92% y/y in March (February: 15.70% y/y) – its highest point since October 2021 (15.99% y/y). The increase was primarily driven by the food basket (+9bps to 17.20% y/y), given the indirect impact of increased transportation costs amidst pre-existing structural challenges. Meanwhile, the core inflation (-10bps to 13.91% y/y) reversed the previous month's uptrend despite higher utilities and transport prices. Notably, Transport (+25bps to 15.37% y/y) prices rose to a five-year high while Utilities (+50bps to 12.32% y/y) prices are at their highest level since May 2017 (12.91% y/y).

We expect inflationary pressures to be sustained in April given the impact of (1) Easter and Ramadan-induced increased food demand amidst limited supply, (2) higher gas and other energy prices and (3) increased taxes in line with the 2021 Finance Act.

EQUITIES

The Equity market closed bullish this week, as the All-Share Index closed at 48,459.65 recording an increase of 2.00% Week-On-Week followed by investors' buying interest in GUINNESS (+17.5%), WAPCO (+10.6%), NB (+8.3%), INTBREW (+7.1%), AIRTELAfri (+4.7%), SEPLAT (+4.6%), and FLOURMILL (+4.6%) which supported market performance.

The Month-To-Date (MTD) and Year-To-Date (YTD) return increased by +3.2% and +13.44% with market capitalization settling at 26.125trillion. Profit-taking was witnessed in Zenith Bank Plc (+4.12%), Nigerian Breweries (+1.14%), and Guaranty Trust Holding Company Plc (+0.41%).

Sectoral performance across sectors was positive this week, as NGX-Oil/Gas was the highest gainer for the week with (+6.36), followed by NGX-Consumer Goods (+3.31), NGX-Industrial Goods (+1.65) and NGX Banking (+0.65).

GLOBAL ECONOMY

According to the recent report by S&P Global/CIPS, UK Services PMI decreased by 4.3 points to 58.3 points in April of 2022 from 62.6 points in the previous month. This is the sharpest drop in any month since Omicron hit business activity across the sector at the end of 2021. New orders slowed due to squeezed household finances and rising prices for essential items. Looking ahead, confidence deteriorated to the lowest since May 2020.

Likewise, the S&P Global US Services PMI fell to 54.7 points in April of 2022 from 58 points in March, the lowest in 3 months and well below forecasts of 58 points. New business growth eased to a three-month low amid reports of labor and supply shortages and inflation dampening customer willingness to spend. The easing of travel restrictions allowed new export orders to tick higher again, as the rate of growth reached the fastest since data collection began in September 2014.

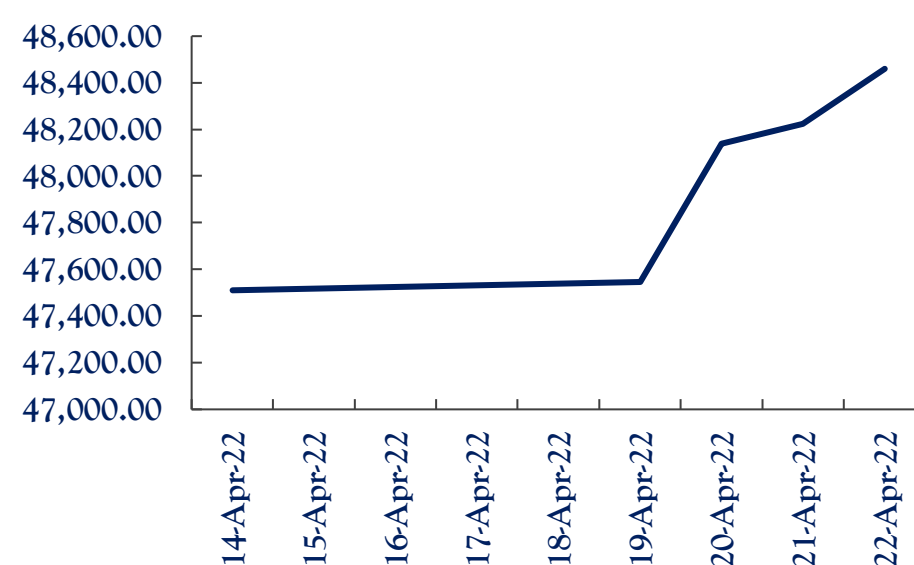
ECONOMIC INDICATORS

| Economic Indicators | Current | Previous |
|---------------------|----------------|----------------|
| GDP Growth | 4.03% | 5.01% |
| Unemployment | 33.3% | 33.3% |
| MPR | 11.5% | 11.5% |
| External Reserve | \$39.81billion | \$39.71billion |
| Inflation | 15.92% | 15.70% |

KEY METRICS

| Metrics | Outcome |
|-------------------------------|-----------|
| All-Share Index | 48,459.65 |
| WTD | 2.00% |
| MTD | 3.18% |
| YTD | 13.44% |
| 52-week High | 45,957.35 |
| 52-week Low | 24,026.05 |
| Market Capitalization (N'trn) | 26.125 |

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

| Index | Wk. Close 14-Apr-2022 | Wk. Close 22-Apr-2022 | % WTD | % YTD |
|--------------------|--------------------------|--------------------------|----------|-------|
| NGX-Banking | 438.78 | 441.42 | 0.60 | 8.71 |
| NGX-Industrial | 2,138.84 | 2,174.20 | 1.65 | 8.26 |
| NGX Oil/Gas | 447.37 | 475.84 | 6.36 | 37.92 |
| NGX-Consumer Goods | 562.60 | 581.22 | 3.31 | -1.37 |

GLOBAL MARKET

Mixed sentiments dominated the global equity market as investors digested a batch of corporate earnings, hawkish comments from the Federal Reserve Chairman, and developments in the ongoing war between Russia and Ukraine. Consequently, in the US market, the Dow lost over 800 points hitting a five-week low of around 34,000, while the S&P 500 and the Nasdaq declined by 2.5% and 2.3%, respectively, as investors assessed hawkish remarks from the head of the Fed while digesting a slew of corporate earnings results.

Stocks in the European market performed bearish as the FTSE 100 fell by 0.5% on Friday, with financials and commodity stocks among the worst performers due to mounting concerns about the economic outlook following hawkish comments from Fed Chair Powell and weak domestic data.

MONEY MARKET AND FIXED INCOME

MONEY MARKET

The money market witnessed a bearish performance this week. At the close of trading on Friday, the open repo rate (OPR) closed at 5.67% while the overnight rate (O/N) closed at 5.00% indicating a weekly decline of -49.24% and -53.83% respectively.

We expect rates to hover around current levels barring any significant outflows from Apex bank.

FGN BONDS AND TREASURY BILLS

Activity in the NTB secondary market was subdued at the close of the week, following mild interest seen on CBN special bills and mild sell-offs on mid to long-dated papers.

The average benchmark rose by +11.35% on a week-on-week basis to 3.63 while the yield on OMO bills rose by +9.38% week-on-week to 3.85.

We expect a further increase in the T-bills yields given an expected tight liquidity situation in the market. Furthermore, CBN is set to hold its bi-weekly NTB PMA with N5.86 billion worth of maturing bills on offer.

The local bond market was bearish this week, with selling pressure seen across broad.

At the close of trading on Friday, the overall average benchmark yields closed at 11.14% indicating a W-on-W increase of +1.21%.

We expect to see more trade activities as investors stayed on the sidelines ahead of next week's FGN bonds auction.

TOP GAINERS

| COMPANY | OPEN | CLOSE | GAIN (N) | % CHANGE |
|-------------|------|-------|----------|----------|
| MEYER PLC. | 1.60 | 2.33 | 0.73 | ▲ 45.63 |
| ETERNA PLC. | 5.00 | 6.65 | 1.65 | ▲ 33.00 |
| OANDO PLC. | 4.83 | 5.86 | 1.03 | ▲ 21.33 |

TOP LOSERS

| COMPANY | OPEN | CLOSE | LOSS (N) | % CHANGE |
|--|------|-------|----------|----------|
| ACADEMY PRESS PLC. | 1.44 | 1.17 | -0.27 | ▼ -18.75 |
| JOHN HOLT PLC. | 0.86 | 0.71 | -0.15 | ▼ -17.44 |
| NEIMETH INTERNATIONAL PHARMACEUTICALS PLC. | 1.58 | 1.36 | -0.22 | ▼ -13.92 |

FIG 2: T-BILLS YIELD CURVE (%)

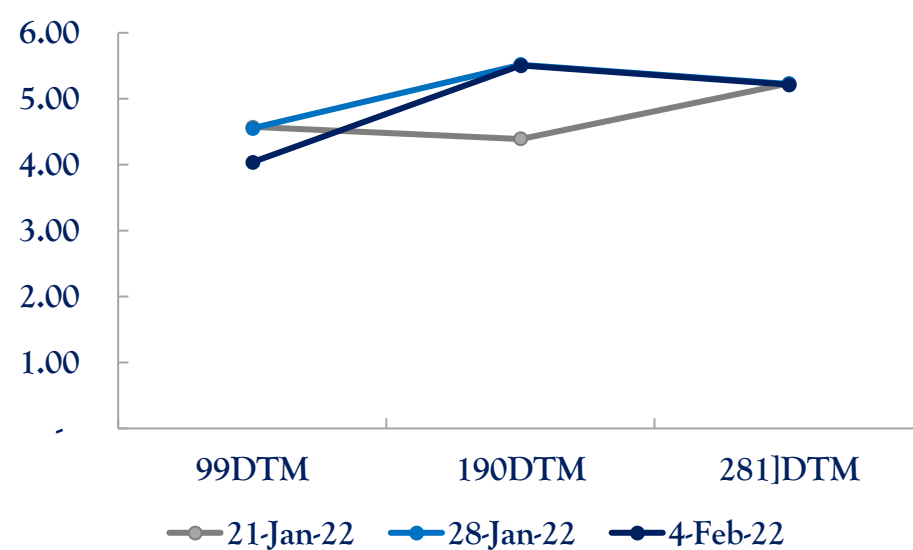
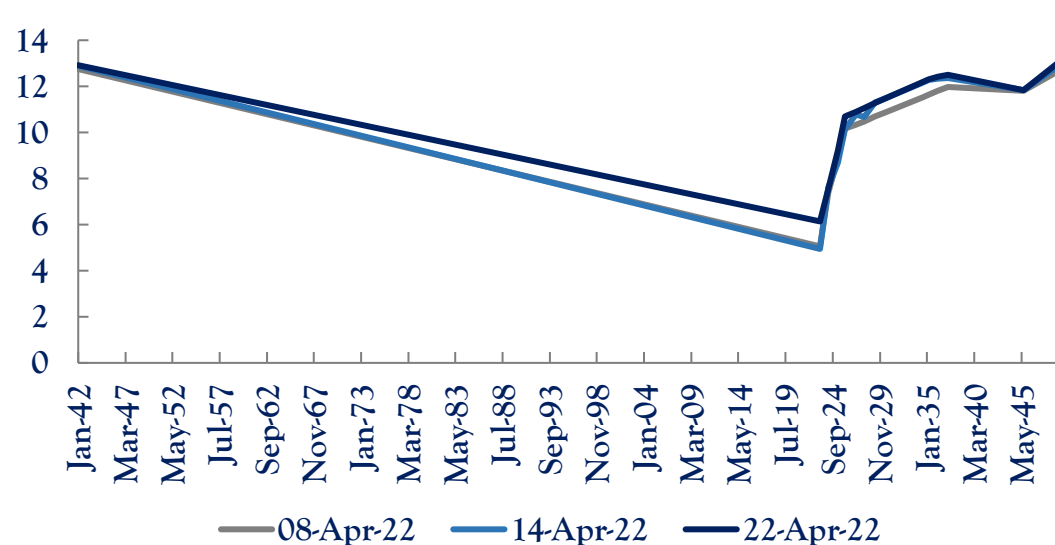


FIG 3: FGN BOND YIELD CURVE (%)



FOREIGN EXCHANGE

This week, the naira depreciated at the I & E FX window and the Nigerian Autonomous Foreign Exchange Fixing (NAFEX) market closing at N418.33/USD at the I & E window, indicating a -0.20% depreciation week-on-week and -0.23% at the NAFEX window, -0.23% week-on-week decline. However, the currency appreciated by 0.2% week-on-week to NGN589/USD at the parallel market.

Total turnover at the I&E Window declined by 4.3% WTD to USD556.21 million, as trades consummated within the NGN410.00 - NGN453.15/USD price range.

OIL PRICES AND COMMODITIES

Oil prices rose by more than 1% on Monday, with Brent crude topping \$114 per barrel, as outages in Libya deepened concern over tight global supply amid the Ukraine crisis. Libya's National Oil Company (NOC) had recently declared force majeure on a key Libyan oil field, the 300,000 b/d Al-Sharara oil field, amid protests that had earlier shut down production at two spots and the El Feel oil field on Sunday causing a decline in oil production by 50% from its 1.2 mb/d production level.

Over the week, the West Texas Intermediate (WTI) Crude depreciated by -4.59% w/w to trade at \$101.65 per barrel. Likewise, Gold also decreased by -1.80% to trade at \$1936.8.

Accordingly, the OPEC Basket traded at \$107.66 per barrel for the week indicating a -0.79% week-on-week decrease. Nigeria's headline crude, Bonny Light trades at \$107.41 for the week.

In the coming week, oil prices are expected to decline in the coming week as global demand slows.

TOP BUSINESS HEADLINES FOR THE WEEK

- Lagos State to upgrade business suite to enhance e-governance.
- High food prices to continue in Nigeria till 2023 - IMF
- Oil earnings drop by N75.96bn despite monthly price hike

INTERBANK OFFERED RATE

| | 14-Apr-22 | 22-Apr-22 | Change(%) |
|-----|-----------|-----------|-----------|
| OPR | 10.83 | 5.67 | -49.24 |
| OVN | 11.17 | 5.00 | -53.83 |

OIL & COMMODITIES PRICES

| Instrument | 14-Apr-2022 | 22-Apr-2022 | Change (%) |
|---------------------|-------------|-------------|------------|
| Brent Crude | \$108.52 | 107.66 | -0.79 |
| WTI Oil | \$106.54 | \$101.65 | -4.59 |
| Gold | \$1972.3 | \$1936.8 | -1.80 |
| Nigeria Bonny Light | \$109.100 | \$107.410 | -1.55 |

FOREIGN EXCHANGE (Spot & Forward rates)

| Tenor | Closing Rate (\$/N) |
|---------------|---------------------|
| I&E FX Window | 418.33 |
| 1M | 418.51 |
| 3M | 421.64 |
| 6M | 434.08 |
| 1Y | 448.82 |

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