

## WEEKLY ECONOMIC AND MARKET RECAP

### NIGERIAN ECONOMY

According to the recently released CPI report by the National Bureau of Statistics (NBS), headline inflation in January 2023 rose to 21.82%, which was 6.22% points higher compared to the rate recorded in January 2022, which was (15.60%). On a month-on-month basis, the Headline inflation rate in January 2023 was 1.87%, which was 0.15% points higher than the rate recorded in December 2022 (1.71%). The increase was due to protracted Premium motor spirit (PMS) shortage and resulting higher fuel costs.

Food inflation rose to 24.32% on a year-on-year basis in January 2023 which was 7.19% points higher compared to the rate recorded in January 2022 (17.13%). This was caused by an increase in prices of Fish, vegetables, fruits, meat, and other food products, along with bread and cereals, oil and fat, potatoes, yams, and other tubers. On a month-on-month basis, food inflation rose by 2.08%, this was 0.20% points higher compared to the rate recorded in December 2022 (1.89%).

The Core inflation rose to 19.16% in January 2023 which was 5.29% higher on a year-on-year basis, when compared to the rate recorded in January 2022 (13.87%). On a month-on-month basis, the core inflation rate was 1.82% in January 2023, this was a 0.49% increase compared to the rate recorded in December 2022 (1.33%). The highest increases were recorded in prices of Gas, Liquid Fuel, Passenger Transport by Air, Vehicles Spare Parts, Fuels, and Lubricants for Personal Transport Equipment, Solid Fuel.

### EQUITIES

The local bourse ended the week on a negative note as the All Share Index (NGX ASI) depreciated by -0.96% week-on-week to settle at 53,804.46 basis points with selloff seen in stocks such as CWG (+57.14%), FIDELITY (-14.70%), PHARMDEK (-10.00%) and NGXGROUP (-8.63%).

Consequently, the Month-To-Date (MTD) return depreciated by -1.06% as the Year-To-Date (YTD) return remained positive settling at 4.98% for the week with Market Capitalization settling at 29.31trn Naira at the close of the trading session.

Sector performance showed positive performance for the week as the NGX-Oil/Gas Index recorded the highest gain (+9.16%), followed by NGX-Banking Index (+2.49%), NGX-Industrial Index (+0.13%). While the NGX-Consumer Goods Index declined by (-0.42%).

### GLOBAL ECONOMY

The annual inflation rate in the UK fell to 10.1% in January of 2023 from 10.5% in December, below market forecasts of 10.3%. Inflation fell for a third consecutive month to the lowest since September last year. The largest downward contribution came from transportation (3.1%), particularly passenger transportation and motor fuels, and restaurants and hotels (10.8%). Prices for food and non-alcoholic beverages rose at a slower rate (16.7% vs 16.8%), clothing and footwear (6.2%), and furniture (9.2%).

In contrast, housing and utility inflation accelerated to (26.7% vs. 26.6%), recreation and culture (5%), health (6.3%), and alcoholic beverages and tobacco (5.1%). Compared to the previous month, the CPI fell 0.6%, the first decline in a year and the biggest since January of 2019.

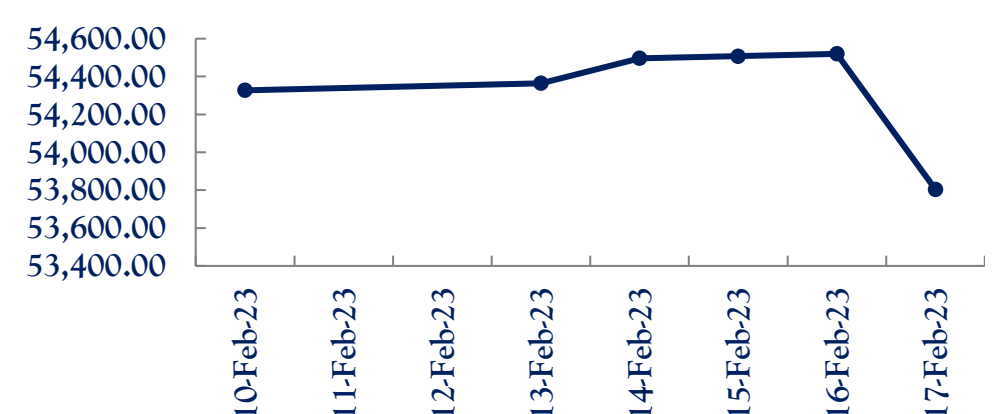
### ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	3.54%	3.11%
Unemployment	33.3%	33.3%
MPR	17.5%	16.5%
External Reserve	\$36.78 billion	\$36.82 billion
Inflation	21.82%	21.34%

### KEY METRICS

Metrics	Outcome
All-Share Index	53,804.46
WTD	-0.96%
MTD	-1.06%
YTD	4.98%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	29.31

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



### SECTOR PERFORMANCE

Index	Wk. Close 10-Feb-2023	Wk. Close 17-Feb-2023	% WTD	% YTD
NGX-Banking	453.02	446.97	-1.34	7.06
NGX-Industrial	2,471.03	2,472.44	0.06	2.88
NGX Oil/Gas	535.51	540.38	0.91	16.84
NGX-Consumer Goods	615.14	619.25	0.67	5.15

Major declines were seen for fuels (-3.8%) and air transportation (-41.7%).

### GLOBAL MARKET

Global markets closed mixed as Investors were concerned about the Fed raising rates more aggressively amid rising bond yields and inflation reports.

In the US market, the Nasdaq increased by (+0.59%) week-on-week. While the Dow Jones and S&P 500 declined by (-0.13%) and (-0.28%) respectively.

The European market showed a bullish performance, FTSE 100 increased by (+1.55%), Likewise CAC 40 increased (+3.06%), and Euro STOXX (+1.83%).

The Asian market showed a bearish performance, the Hang Seng decreased by (-2.22%) followed by China A50 (-1.38%) and Nikkei 225 (-0.57%).

### MONEY MARKET AND FIXED INCOME

#### MONEY MARKET

Last week's interbank rates increased as a result of the FGN bond primary auction, which removed excess liquidity.

On Friday, the Open repo rate (OPR) and Overnight rate settled at 17.13% and 17.81%, a week-on-week rise of 5935bps and 6016bps respectively.

#### FGN BONDS AND TREASURY BILLS

The Treasury Bill secondary market strayed from its bullish trend last week, with investors reacting to January inflation figures, which increased to 21.82%.

The NTB average benchmark yield rose by 15542bps week-on-week to 4.24%. Similarly, the OMO bill's average benchmark yield grew by 19225bps week-on-week to 3.77%.

In contrast to the bond offer of N360 billion for the February FGN bond auction, the CBN sold N770.56 billion, while investor subscriptions remained strong at N992.11 billion.

Across the four tenors, only Apr 2032 had a low subscription of N78bn and an allotment of N51.12bn while others had above N200bn allotment. The rates for the maturities of 2028, 2032, 2037, and 2049 were 13.99%, 14.90%, 15.90%, and 16%, respectively.

The Treasury Bond market reversed the buying interest seen in the previous week as Investors sold short and mid-to-long tenor bonds, raising the average benchmark yield to 13.49%, a week-on-week rise of 67bps.

**We anticipate Selloffs to likely continue as liquidity remains low.**

### TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
TRIPPLEG	1.37	1.99	0.62	▲ 45.26
LIVINGTR	1.98	2.30	0.32	▲ 16.16
CHAMS	0.25	0.29	0.04	▲ 16.00

### TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
CWG	0.98	0.81	-0.17	▼ -17.35
FIDELITY	5.58	4.76	-0.82	▼ -14.70
PHARMDEK	2.10	1.89	-0.21	▼ 10.00

FIG 2: T-BILLS YIELD CURVE (%)

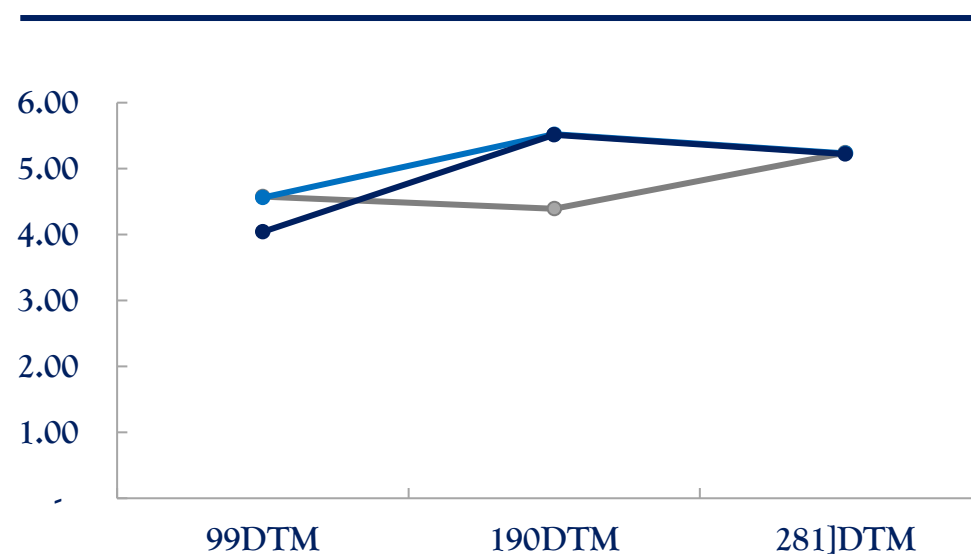
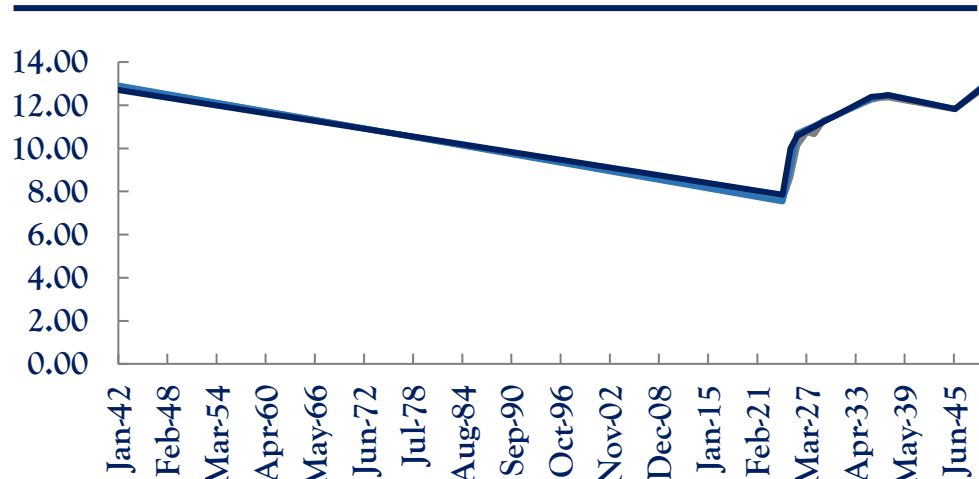


FIG 3: FGN BOND YIELD CURVE (%)



## FOREIGN EXCHANGE

Last week, at the Investor and Exporter FX Window (I&E), Naira appreciated to N461.25/USD from N461.50/USD indicating a weekly gain of 0.05%.

The cash shortage has increased demand for dollars, which has caused the naira to depreciate to a record low of N780/USD on Thursday before settling at N770/USD on Friday in the parallel market.

## OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by 3.54% w/w to close at 76.55 per barrel. Likewise Gold depreciated by 1.13% to close at \$1,851.45 from \$ 1,872.7.

Accordingly, the OPEC Basket price closed at \$83.15 per barrel for the week indicating a 3.37% weekly loss.

## TOP BUSINESS HEADLINES FOR THE WEEK

- President Buhari Signs Nigeria's First Business Facilitation Bill into Law.
- Climate Change: FG to Introduce Carbon Tax System in Nigeria.
- FX Utilization Drops by 13% Q-o-Q in Q3 2022.

## INTERBANK OFFERED RATE

	10-Feb-2023	17-Feb-2023	Change(%)
OPR	10.75	17.13	+59.35
OVN	11.13	17.81	+60.16

## OIL & COMMODITIES PRICES

Instrument	10-Feb-2023	17-Feb-2023	Change (%)
Brent Crude	\$86.05	\$83.15	-3.37
WTI Oil	\$79.36	\$76.55	-3.54
Gold	\$1,872.7	\$1,851.45	-1.13

## FOREIGN EXCHANGE (Spot & Forward rate)

Tenor	Closing Rate (\$/N)
I&E FX Window	461.25
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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