

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to the Central Bank of Nigeria (CBN), credit extended to the private sector (CPS) experienced a year-on-year increase of 49.8%, reaching NGN62.52 trillion in December (compared to NGN41.74 trillion in December 2022). This led to an annual average CPS of NGN52.19 trillion in the 2023 fiscal year, a notable rise from NGN38.95 trillion in 2022.

The sustained growth in CPS is attributed to the CBN's implementation of a 65.0% loan-to-deposit ratio and favorable domestic macroeconomic conditions compared to the previous year. Additionally, currency in circulation rose by 21.3% year-on-year to NGN3.65 trillion (compared to NGN3.01 trillion in December 2022).

Nigeria's Purchasing Managers' Index (PMI) increased for the second time to 54.5. This is a 3.42% growth from 52.7 in December 2023 and Nigeria's highest PMI level since February 2022, reaching 57.3. While this reflects increased corporate momentum, analysts believe that greater macroeconomic stability in the country is required for improved productivity.

EQUITIES

The local bourse ended the week on a positive note as the All Share Index (NGX ASI) appreciated by 1.97% week-on-week to settle at 104,421.23 basis points with buying interest seen in stocks such as TRIPPLEG (+42.05%), MEYER (+20.79%), CORNERST (+20.25%) and VERITASKAP (+18.64%).

Consequently, the Month-To-Date (MTD) return appreciated by +3.23% as the Year-To-Date (YTD) return remained positive settling at 39.65% for the week with Market Capitalization settling at 57.158trn Naira at the close of the trading session.

Sector performance showed mixed performance for last week as the NGX-Industrial Index was the highest gainer increasing by (+6.36%), Likewise, the NGX-Consumer Goods Index increased by (+1.30%). While the NGX-Banking Index decreased (-4.52%) and the NGX-Oil/Gas Index (-2.47%).

GLOBAL ECONOMY

The Bank of England kept the key Bank Rate unchanged at a 16-year high of 5.25% for the fourth consecutive time during its first meeting of 2024, in line with market expectations. However, two officials wanted a 25bps rise, while one advocated a 25bps decrease. The central bank stated that monetary policy must stay restrictive for long enough to sustainably return inflation to the 2% objective in the medium term, but dropped a reference to further tightening and acknowledged that the risks to inflation are more balanced. Nonetheless, key indicators of inflation persistence remain elevated although services inflation and wage growth have decreased slightly more than expected.

Policymakers expect GDP growth to progressively accelerate throughout the projection period, owing in significant part to a declining impact on growth from past increases in Bank Rates.

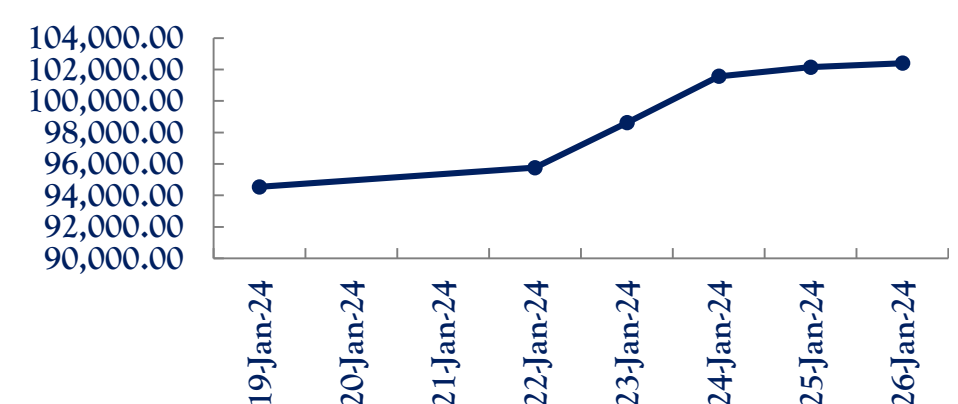
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	2.54%	2.51%
Unemployment	33.3%	33.3%
MPR	18.75%	18.50%
External Reserve	\$34.22 billion	\$34.35 billion
Inflation	28.92%	28.20%

KEY METRICS

Metrics	Outcome
All-Share Index	104,421.23
WTD	1.97%
MTD	3.23%
YTD	39.65%
52-week High	102401.88
52-week Low	24,026.05
Market Capitalization (N'trn)	57.15

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 26-01-2023	Wk. Close 02-02-2023	% WTD	% YTD
NGX-Banking	1,021.80	975.61	-4.52	8.74
NGX-Industrial	5,327.77	5,666.47	6.36	108.92
NGX Oil/Gas	1,283.30	1,251.64	-2.47	20.00
NGX-Consumer Goods	1,461.34	1,480.32	1.30	32.02

CPI inflation is projected to fall temporarily to the 2% target in Q2 2024 before increasing again in Q3 and Q4.

GLOBAL MARKET

Following the Federal Reserve's rejection of any expectations for early interest rate decreases this year, investors turned their focus to a series of positive corporate reports and the imminent publication of US non-farm payroll data for signs that may cause a revision of the Fed's stance in March.

The S&P 500 increased by (+0.62%) week-on-week in the US market. Likewise, the Nasdaq and Dow Jones increased by (+0.01%) and (+0.82%) respectively.

In the European market, the FTSE 100 increased by (+0.17%), likewise the Euro STOXX increased by (+0.47%). While the CAC 40 decreased by (-0.59%).

The Asian market showed a negative performance as the Hang Seng increased by (-3.53%), followed by China A50 (-0.86%). While the Nikkei 225 increased by (-0.91%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

The OMO and Bond sale helped restore system liquidity over the week, which caused the interbank rates to rise.

The open repo rate (OPR) and Overnight rate (O/N) increased week-on-week by 1490bps and 1259bps to settle at 20.20% and 21.20%, respectively.

We expect rates to remain stable, barring any major inflows.

FGN BONDS AND TREASURY BILLS

The FGN bond prices fell further this week as investors focused on the primary auction and expected the CBN's rate hike. The average benchmark yield soared by 615bps week-on-week to 15.37% on Friday.

Investor interest in the week's primary auctions fueled the selloff sentiment in Nigeria's treasury bill market last week. The average yield rose by 6332bps week-on-week to close at 9.93%.

Despite an excess demand at the OMO auction, the secondary market concluded the week negative, with the average yield increasing by 1969bps week-on-week to settle at 10.09%.

We expect the NTB auction to boost market demand this week.

The January primary bond auction was oversubscribed by 68% at N604.56 billion, against N360bn offered by DMO but lower than the December subscription of N886.41bn. The oversubscription was at the 2027 and 2028 tenors at N166.99bn and N311.88bn, while the 2029 and 2033 were undersubscribed at N56.84bn and N68.85bn respectively. However, the debt management office eventually sold N418.20bn, which was 31% lower than the total subscription but 16% higher than the amount offered.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
TRIPPLEG	2.83	4.02	1.19 ▲	42.05
MEYER	3.56	4.30	0.74 ▲	20.79
CORNERST	1.58	1.90	0.32 ▲	20.25

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
DAAR	0.90	0.70	-0.20 ▼	-22.22
ETERNA	27.45	22.10	-5.35 ▼	-19.49
SUNUASSUR	2.25	1.82	-0.43 ▼	-19.11

FGN BOND

Maturity	Bid Yield	Offer Yield	Δ Bid	Δ Offer
NIGB 13.53% MAR 25	14.00%	11.30%	0.00%	0.00%
NIGB 12.500% JAN 26	15.40%	15.00%	0.90%	1.35%
NIGB 16.2884% MAR 27	16.25%	15.50%	1.00%	0.75%
NIGB 13.98% FEB 28	15.60%	14.90%	0.75%	0.95%
NIGB 14.55% APR 29	15.60%	15.00%	0.00%	0.00%
NIGB 12.50% APR 32	15.80%	14.10%	0.00%	0.00%
NIGB 14.70% JUN 33	15.45%	14.70%	0.00%	0.00%
NIGB 12.149% JUL 34	15.90%	13.90%	0.00%	0.00%
NIGB 12.5000% MAR 35	16.00%	14.40%	0.00%	0.00%
NIGB 12.40% MAR 36	16.20%	14.50%	0.00%	0.00%
NIGB 16.25% APR 37	16.20%	15.25%	0.30%	0.00%
NIGB 15.45% JUN 38	17.40%	17.20%	0.30%	0.60%
NIGB 13.00% JAN 42	16.40%	15.30%	0.00%	0.00%
NIGB 14.80% APR 49	16.60%	15.65%	0.00%	0.00%
NIGB 12.98% MAR 50	17.00%	16.45%	0.15%	0.00%
NIGB 15.70% JUN 53	17.45%	17.00%	0.15%	0.10%

The significant subscription resulted to a decline in stop rates across every paper to 15.00%, 16.00%, 16.50%, and 17.15% from 15.50%, 16%, 16.50%, and 17.15% in 2029, 2033, 2038, and 2053.

FOREIGN EXCHANGE

The adjustment in FMDQ's foreign exchange market rate pricing methodology led to the naira reaching a record low at the official window, surpassing the rate in the parallel market. As a result, the naira experienced a week-on-week depreciation of 3787 basis points, falling to NGN/USD1,435.53 per US dollar on NAFEM, as opposed to the previous week's rate of NGN/USD891.90 per US dollar.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by -7.35% w/w to close at \$72.28 per barrel. Likewise, Gold depreciated by -0.86% to close at \$2,053.7 from \$2,036.1.

Accordingly, the OPEC Basket price closed at \$77.33 per barrel for the week indicating a -6.78% weekly loss.

TOP BUSINESS HEADLINES FOR THE WEEK

- Customs Generates N5.08bn From Lekki Port, N74.048 From Lagos Free Zone.
- LPG Prices Soar Higher Despite 7.5% VAT Removal, Customs Duty Waiver.
- Nigeria Records 18% National Identity Attacks. Petrol Price.
- NPA, NCS to Deepen Collaboration to Drive Exports, Trade Facilitation.

INTERBANK OFFERED RATE

	26-Jan-2024	02-Feb-2024	Change(%)
OPR	17.58	9.93	+63.32
OVN	18.83	10.09	+19.69

OIL & COMMODITIES PRICES

Instrument	26-Jan-2024	02-Feb-2024	Change (%)
Brent Crude	\$82.95	\$77.33	-6.78
WTI Oil	\$78.01	\$72.28	-7.35
Gold	\$2,036.1	\$2,053.7	-0.86

FOREIGN EXCHANGE (Spot & Forward rate)

Tenor	Closing Rate (\$/N)
NAFEM Window	1,435.53
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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