

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to the World Bank Global Economic Prospects report, Nigeria's GDP growth rate is expected to slow down to 2.9 percent in 2023 and remain at that pace in 2024. Nigeria's growth slowed to 3.1% in 2022, a 0.3 percent point reduction from the June forecast. Oil production decreased to 1 million barrels per day, down more than 40% from its level in 2019, due to rising production costs, oil theft, a lack of payment discipline in joint ventures, and persistent underinvestment.

The financial developmental institution also stated that policy uncertainty, persistently high inflation, and insecurity would probably keep growth muted. Nigeria's fiscal situation would remain fragile due to high borrowing costs and lower energy prices, and agricultural growth would slow, as a result of the flooding from last year. Debt sustainability and investor sentiment deteriorated further in many other countries, resulting in higher borrowing costs and credit rating downgrades, as seen in Ghana and Nigeria.

We expect that the proposed removal of the fuel subsidy later in the year might lead to an increase of 184.92% in petrol prices from N179/liter to N510/ liter. This will cause a significant increase in the inflation rate as petrol is an essential input required for production and the transportation of goods and services in the country.

EQUITIES

The local bourse ended the week on a positive note as the All Share Index (NGX ASI) appreciated by 2.52% week-on-week to settle at 52,512.48 basis points with buying interest seen in stocks such as THOMASWY (+52.58%), CHAMS (17.39%), ABCTRANS (+16.00%) and STERLNBANK (+10.71%).

Consequently, the Month-To-Date (MTD) return appreciated by +2.46% as the Year-To-Date (YTD) return remained positive settling at 2.46% for the week with Market Capitalization settling at 28.60trn Naira at the close of the trading session.

Sector performance showed positive performance for the week as the NGX-Banking Index recorded the highest gain (+3.48%), followed by NGX-Industrial Index (+3.34%), NGX-Oil/Gas Index (+3.19%) and NGX-Consumer Goods Index (+0.68%).

GLOBAL ECONOMY

The annual inflation rate in the US slowed for a sixth straight month to 6.5% in December of 2022, the lowest since October of 2021, down from 7.1% in November 2022. On a monthly basis, average prices declined by 0.1% between November to December. Energy prices rose 7.3%, below 13.1% in November, while gasoline prices fell by 1.5%, following a 10.1% increase in November. In addition, fuel oil prices fell by 41.5% in December 2022, compared to 65.7% in November 2022.

Electricity prices increased slightly faster by (14.3% in December 2022 compared to 13.7% in November 2022). Food prices slowed by (10.4% in December, compared to 10.6% in November 2022), while the cost of used cars and trucks continued to fall (-8.8% in December compared to -3.3% in November 2022).

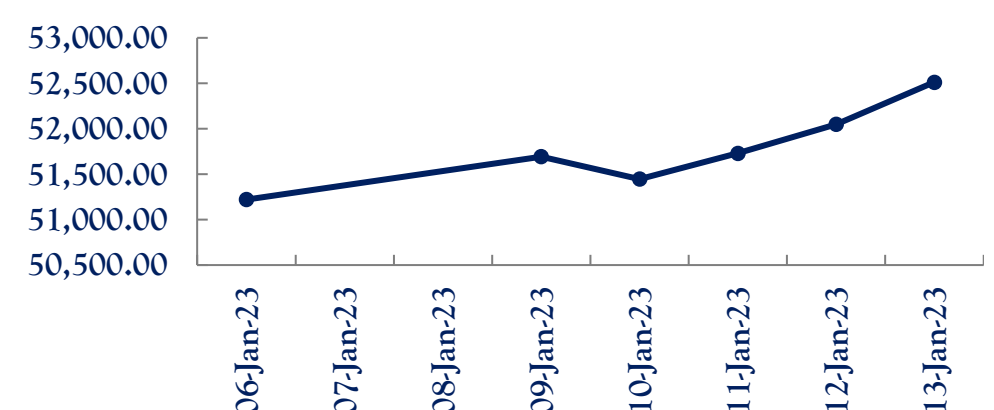
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	2.25%	3.54%
Unemployment	33.3%	33.3%
MPR	16.5%	15.5%
External Reserve	\$37.21 billion	\$37.15 billion
Inflation	21.47%	21.09%

KEY METRICS

Metrics	Outcome
All-Share Index	52,512.48
WTD	2.52%
MTD	+2.46%
YTD	2.46%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	28.60

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 06-Jan-2023	Wk. Close 13-Jan-2023	% WTD	% YTD
NGX-Banking	435.34	450.51	3.48	7.91
NGX-Industrial	2,389.38	2,469.29	3.34	2.75
NGX Oil/Gas	462.75	477.51	3.19	3.25
NGX-Consumer Goods	626.84	631.10	0.68	7.16

GLOBAL MARKET

Global markets closed bullish, as investors welcomed data showing Britain's economy unexpectedly expanded in November, lowering the likelihood of a technical recession at the end of 2022; while the US consumer prices decline recorded the lowest rate in 12 months, which may pave the way for the Federal Reserve to slow the pace of monetary tightening.

In the US market, the Dow Jones increased by (+2.00%) week-on-week. Likewise, the S&P 500 and Nasdaq increased by (+2.67%) and (+4.82) respectively.

The European market showed a bullish performance, FTSE 100 increased by (+1.88%), Likewise CAC 40 increased (+2.37%), and Euro STOXX (+3.31%).

The Asian market showed a bullish performance, the Hang Seng increased by (+3.56%) followed by China A50 (+3.12%) and Nikkei 225 (+0.56%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

Interbank rates remained unchanged for most of last week's trading sessions and were around single digits.

However, the Open Repo rate (OPR) and Overnight rate (O/N) dropped to 9.67% and 10% by 1,474bps and 2,340bps respectively following CRR refunds made by CBN.

We anticipate that rates will remain slightly unchanged as we do not expect inflows from maturing instruments or coupon payments to saturate the market this week.

FGN BONDS AND TREASURY BILLS

The Treasury Bills secondary market reversed buying interest seen in the previous week as the average benchmark yield rose by 453bps (W-o-W) to 3.46%.

The average benchmark yield on OMO bills remained unchanged week-on-week at 3.47 percent.

Strong demand for short-term treasury instruments has continued into the new year. As the recent Treasury Bill Auction received a high subscription of N389.04 billion, compared to the N56.93 billion offered.

The Central Bank sold the total amount of bills offered worth N56.93 billion. This massive demand led to a reduction in rates on the 91-day, 182-day, and 364-day by 75bps, 282bps, and 1992bps, respectively to 2%, 4.33%, and 7.30%.

The bid-to-offer ratios for the three papers were 14.45x, 37.72x, and 5.76x, respectively.

Activities in the Treasury Bond secondary market was mostly bearish, following sell-offs on instruments across all curve.

The average benchmark yield expanded by 154bps on a weekly basis to close at 13.22% as a result of the sell-offs outweighing the buying interest.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
THOMASWY	0.97	1.48	0.51	▲ 52.58
CHAMS	0.23	0.27	0.04	▲ 17.39
ABCTRANS	0.25	0.29	0.04	▲ 16.00

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
CHELLARAM	2.02	1.34	-0.68	▼ -33.66
ROYALEX	1.02	0.91	-0.11	▼ -10.78
ABBEYBDS	1.70	1.53	-0.17	▼ -10.00

FIG 2: T-BILLS YIELD CURVE (%)

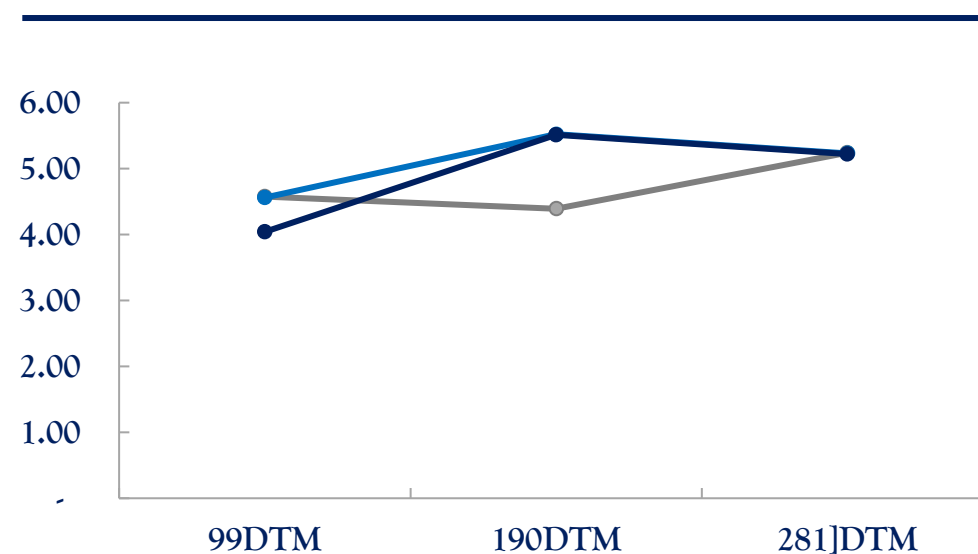
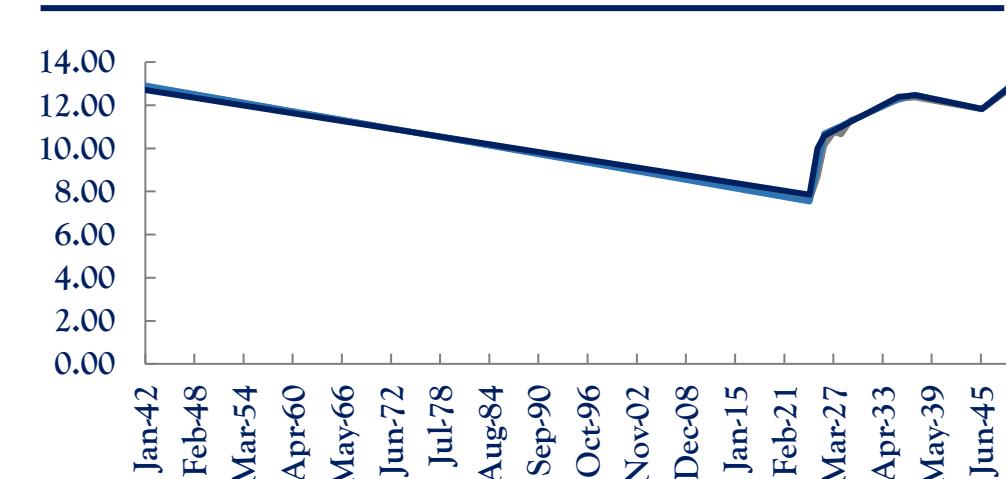


FIG 3: FGN BOND YIELD CURVE (%)



FOREIGN EXCHANGE

Last week, at the Investor and Exporter FX Window (I&E), Naira depreciated to N461.90/USD indicating a weekly decline of 0.04%.

However, at the Parallel Market, Naira appreciated by 3.72% to close at N740/USD on Friday.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude appreciated by 14.46% w/w to close at 85.49 per barrel. While Gold appreciated by 4.44% to close at \$1,923.35 from \$ 1,841.6.

Accordingly, the OPEC Basket price closed at \$74.46 per barrel for the week indicating a 6.45% weekly loss.

TOP BUSINESS HEADLINES FOR THE WEEK

- Nigeria Spent \$12bn Importing Petroleum Products In 10 Months - CBN.
- Unmetered Electricity Consumers Rise To 7.8m.
- Nigeria Loses N57.6trn to Absence of 24-hour Port Operations.

INTERBANK OFFERED RATE

	06-Jan-2023	13-Jan-2023	Change(%)
OPR	13.00	9.67	+14.74%
OVN	14.50	10.00	+23.40%

OIL & COMMODITIES PRICES

Instrument	06-Jan-2023	13-Jan-2023	Change (%)
Brent Crude	\$79.59	\$74.46	-6.45
WTI Oil	\$74.69	\$85.49	14.46
Gold	\$1,841.6	\$1,923.35	4.44

FOREIGN EXCHANGE (Spot & Forward rate)

Tenor	Closing Rate (\$/N)
I&E FX Window	461.90
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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