

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to the National Bureau of Statistics' most recent report on the Consumer Price Index (NBS). Nigeria's inflation rate increased to 17.71 percent, the highest in 11 months, from 16.82 percent in April 2022. The Consumer Price index which measures the rate of inflation, increased by 17.71 percent year on year in May 2022 which is 0.89 percent point higher than the 16.82 percent recorded the previous month (April 2022). The headline index increased by 1.78 percent month on month in May 2022 compared to a 1.76 percent increase in the previous month.

Similarly, the urban inflation rate rose to 18.24 percent year-on-year recording a 0.27 percent decrease from the 18.51 percent recorded in May 2021. Rural inflation on the other hand, increased to 17.21 percent in May 2022 (year-on-year), a 0.15 percent decrease from the 17.36 percent recorded in the same month in 2021. Core inflation, which excludes volatile agricultural produce prices stood at 14.9 percent in May 2022, up 0.72 percent points from 14.18 percent in April 2022 and 1.75 percent points higher than the 13.15 percent recorded in May 2021.

EQUITIES

The Nigerian Stock Market ended the week on a negative note with sell-offs in MTNN (-7.9%), BUAFOODS (-7.9%), AIRTELAFRI (-1.2%), INTBREW (-15.0%) respectively. The NGX-ASI closed the week at 51,778.08 basis points recording a weekly decline of 2.68%.

Consequently, the Month-To-Date (MTD) return depreciated by 2.29% as the Year-To-Date (YTD) return remained positive to settle at 21.21% with Market Capitalization settling at 27.91trn naira at the close of the trading session.

Sectoral performance was broadly negative for the week as the NGX- Banking (-0.20%) recorded the highest loss followed by the NGX- Oil/Gas (-1.80%), NGX- Consumer Goods (-1.16%), and NGX- Industrial Goods (-0.08%).

GLOBAL ECONOMY

The Bank of England's Monetary Policy Committee (MPC) raised the key policy rate for the fifth time in a row, with members voting by a 6:3 margin to raise the bank rate by 25 basis points to 1.25 percent, the highest rate since January 2009 (1.50 percent). The Committee determined that an increase was necessary at the meeting due to the broader domestic inflationary pressures, tight labor market conditions, and the risks that inflationary pressures have become more persistent. Nonetheless, the Committee emphasized that the bank's market-implied path Rates had risen significantly since the previous MPC meeting, reaching around 2.90 percent by year's end. Given the improved labor market data and the ongoing inflationary pressures caused by high energy prices.

The National Bureau of Statistics (NBS) in China reported that industrial output increased by +0.7% year on year in May after falling by -2.9% in April. The increase in the industrial sector was attributed to the relaxation of COVID restrictions and strong global demand. China's exports increased by double digits in May, exceeding expectations as factories reopened and logistics issues were resolved.

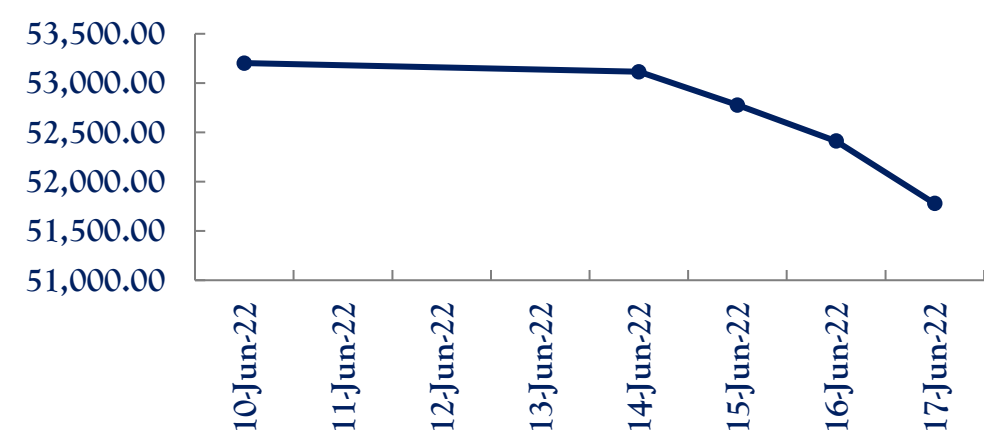
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	3.11%	3.98%
Unemployment	33.3%	33.3%
MPR	13.00%	11.5%
External Reserve	\$38.66billion	\$38.2billion
Inflation	17.71%	16.82%

KEY METRICS

Metrics	Outcome
All-Share Index	51,778.08
WTD	-2.68%
MTD	-2.29%
YTD	21.21%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	27.914

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 10-June-2022	Wk. Close 17-June-2022	% WTD	% YTD
NGX- Banking	415.33	393.72	-5.20	-3.04
NGX- Industrial	2,199.13	2,197.38	-0.08	9.41
NGX Oil/Gas	552.73	542.80	-1.80	57.33
NGX- Consumer Goods	646.90	639.38	-1.16	8.50

GLOBAL MARKET

In the US Stock market, all three main US stock indexes finished in mixed territory on Friday, with the tech-heavy NASDAQ leading advances with a 1.4 percent jump, the S&P 500 went up by 0.2 percent, and the Dow Jones following behind and closing at 0.1 percent down. Still, the major averages fell for the third week in a row, with the S&P 500 down 5.7 percent, the Dow Jones down 4.8 percent, and the NASDAQ down 4.4 percent, as investors worried that higher interest rates to combat growing inflation would pull the economy into a recession. The Fed hiked its benchmark interest rate by the highest since 1994 on Wednesday, and the central banks followed suit on Thursday.

On Friday, European stock markets were fairly spread, with Germany's DAX ending 0.6 percent up and the regional Stoxx 600 up 0.1 percent, while the French CAC 40 ended flat and the UK's FTSE 100 fell 0.6 percent. On a weekly basis, the Stoxx 600 plummeted 4.6 percent and the DAX fell 4.9 percent, with all sectors ending the week in the red, led by energy (-10.3 percent), and basic resources (-8.9 percent), and chemicals (-7.3 percent).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

Interbank rates remained quite high this week as liquidity remained tight despite the arrival of OMO maturities.

At the close of the trading session on Friday, the Open Repo Rate (OPR) and Overnight Rates (O/N) settled at 10.33% and 10.92% respectively, indicating a W-o-W decline of -24.87% and -22.00%.

The interbank rates are expected to remain elevated in the coming week with no significant inflows from the apex bank.

FGN BONDS AND TREASURY BILLS

The activities in the bills market was quiet this week, with all eyes on the Nigerian treasury bill auction.

The bills market was negative towards the end of trading on Friday, as the average yield benchmark for both bills climbed. The Treasury bill and OMO bills rose by +6.88% and +4.16%, settling at 4.66 and 4.51 respectively.

The DMO sold N34.88 billion in notes at the Nigerian Treasury bills auction on June 15th, which was matched by similar demand. Rates declined across all tenors due to oversubscription at the mid and long tenors with the 91-day rate dropping by 1bp to 2.49 percent, the 182-day rate dropping by 5bps to 3.79 percent, and the 364-day rate dropping by 37bps to 6.44 percent compared to the previous auction. The bid-to-cover ratio rose to 5.12x from 1.98x in the previous auction.

The treasury bond secondary market was bearish as market outcomes were mixed, with multiple purchasing and selling interests spread across the tenors. The overall average yield benchmark increased marginally to 11.57%.

We expect in the absence of a strong driver, the market is expected to maintain a similar trend next week.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
LEARN AFRICA PLC.	2.16	2.50	0.34	▲ 15.74
SUNU ASSURANCES NIGERIA PLC.	0.32	0.35	0.03	▲ 9.37
TRIPPLE GEE AND COMPANY PLC.	0.87	0.95	0.08	▲ 9.20

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
LIVESTOCK FEEDS PLC.	1.60	1.33	-0.27	▼ -16.88
INTERNATIONAL BREWERIES PLC.	7.35	6.25	-1.10	▼ -14.97
CUTIX PLC.	2.70	2.41	-0.29	▼ -10.74

FIG 2: T-BILLS YIELD CURVE (%)

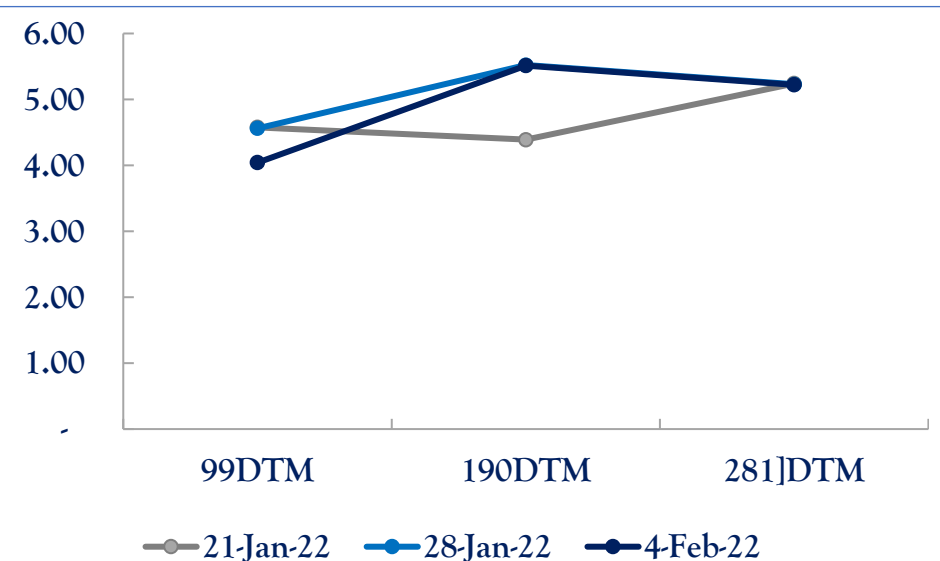
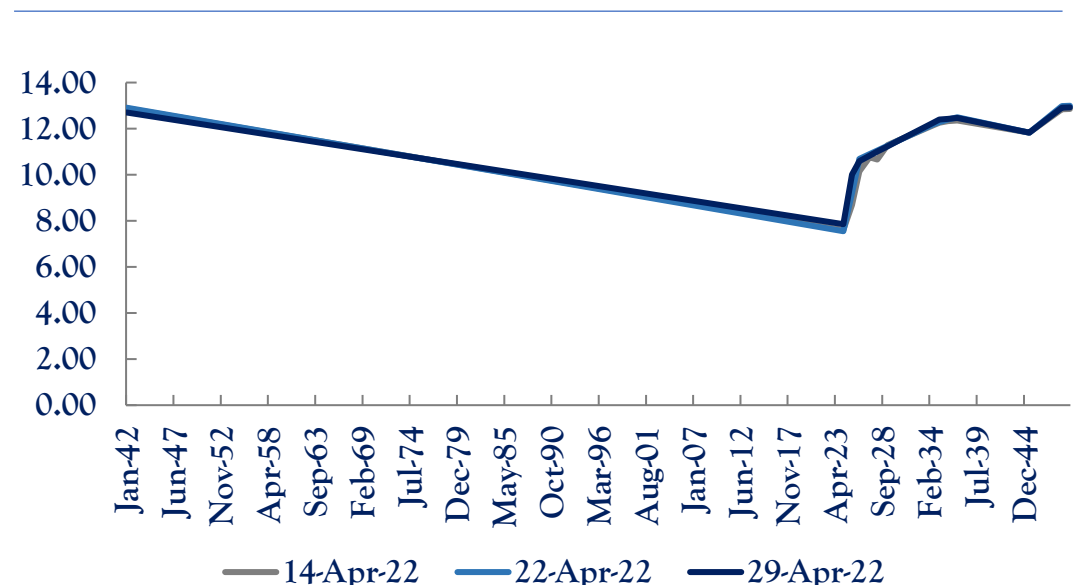


FIG 3: FGN BOND YIELD CURVE (%)



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FOREIGN EXCHANGE

At the close of the trading session on Friday, Naira closed at NN421.33/USD at the I&E Window indicating a -0.04% weekly decline.

Likewise, at the Parallel market, the Naira depreciated by -0.30% (W-o-W) to N608.00/USD at the closing of the market on Thursday. At the I & E window, total turnover decreased by 27.0% WTD to USD376.04 million as trades were completed within the NGN414.00 - NGN453.55/USD range.

Elsewhere, Nigeria's FX reserves increased for the second consecutive week by USD118.47 million (W-o-W) to USD38.66 billion.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by 7.83% w/w to close at \$109. per barrel. Likewise Gold appreciated by 1.80% to close at \$1842.10

Accordingly, the OPEC Basket price closed at \$118.97 per barrel for the week indicating a 3.43% weekly loss. Likewise, Nigeria's headline crude, Bonny Light closed at \$132.2 for the week indicating a decrease of 1.02%.

In the coming week, oil prices are projected to increase as a result of strong summer demand versus persistently tight supply.

TOP BUSINESS HEADLINES FOR THE WEEK

- Nigeria's FDI Doubles to \$4.8b, Says UNCTAD.
- African Airlines 'Traffic' Increases by 116.2%.
- Airlines to Shut Down Operation as Jet A1 Hits N714.
- Headline Inflation Increases by 17.71% YoY in May 2022 as Food Inflation Rises by 19.50%.

INTERBANK OFFERED RATE

	10-June-22	17-June-22	Change(%)
OPR	13.75	10.33	-24.87
OVN	14.00	10.92	-22.00

OIL & COMMODITIES PRICES

Instrument	10-June-2022	17-June-2022	Change (%)
Brent Crude	\$123.19	\$118.97	-3.43
WTI Oil	\$118.87	\$109.56	-7.83
Gold	\$1875.8	\$1842.1	-1.80
Nigeria Bonny Light	\$133.99	\$132.62	-1.02

FOREIGN EXCHANGE (Spot & Forward rates)

Tenor	Closing Rate (\$/N)
I&E FX Window	421.33
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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