

## WEEKLY ECONOMIC AND MARKET RECAP

### NIGERIAN ECONOMY

According to the National Bureau of Statistics (NBS), VAT collection reached a new high in Q1-22, increasing by 18.6 percent year on year to NGN588.60 billion in Q1-22 (Q1-21: NGN496.39 billion). The enhanced VAT collection during the review period was largely driven by increased local VAT (+53.0 percent y/y to NGN344.04 billion) and import VAT (+26.7 percent y/y to NGN126.57 billion) collections. The Increased local collections coincided neatly with a rise in domestic spending under increasing price pressures.

The increase in international CIT collection (+75.3%) during the review quarter was offset by a drop in non-import foreign VAT collections, which fell by 31.3% y/y to NGN117.99 billion. Finally, we emphasize that VAT revenues climbed by 4.4 percent on a quarter-on-quarter basis. Absent a significant shock to the domestic economy.

**We expect the increased VAT and CIT collections to strengthen the FGN's non-oil revenue in 2022E.**

### EQUITIES

The Nigerian Stock Market ended the week on a negative note with sell-offs in NB (-5.5%), WAPCO (-3.2%), BUACEMENT (-3.2%) and DANGCEM (-0.7%) respectively. The NGX-ASI closed the week at 51,705.61 basis points recording a weekly decline of 0.14%.

Consequently, the Month-To-Date (MTD) return depreciated by 2.42% as the Year-To-Date (YTD) return remained positive to settle at 21.04% with Market Capitalization settling at 27.87trn naira at the close of the trading session.

Sectoral performance was mixed for the week as the NGX- Banking (+0.33%) recorded the highest gainer followed by the NGX- Oil/Gas (+0.32%), while the NGX- Consumer Goods declined by (-2.02%), and NGX- Industrial Goods (-1.89%).

### GLOBAL ECONOMY

Retail sales in the United Kingdom declined by 4.7 percent year on year in May, following a 5.7 percent drop in April. However, the most recent estimate fell short of the 4.5 percent reduction predicted by the market. This comes amid growing inflation as UK people battle with the cost of a living challenge. The drop in retail sales has been attributed to a 1.6 percent drop in grocery store attendance. According to the Office for National Statistics, the consumer price index increased by 9.1 percent year on year in May, the fastest rate in 40 years.

In May 2022, industrial production in the United States increased to 0.2 percent from the previous month, following an upwardly revised by 1.4 percent increase in April and falling short of market forecasts of a 0.4 percent increase. It is the year's smallest growth in industrial activity, owing mostly to a 0.1 percent drop in manufacturing, including wood products (-2.6 percent) and equipment. The mining industry, on the other hand, increased by 1.3 percent, while utility output increased by 1 percent, as unexpectedly warm weather in May increased demand for air conditioning. Electric utility output increased by 1.9 percent, while natural gas utility output decreased by 4.5 percent.

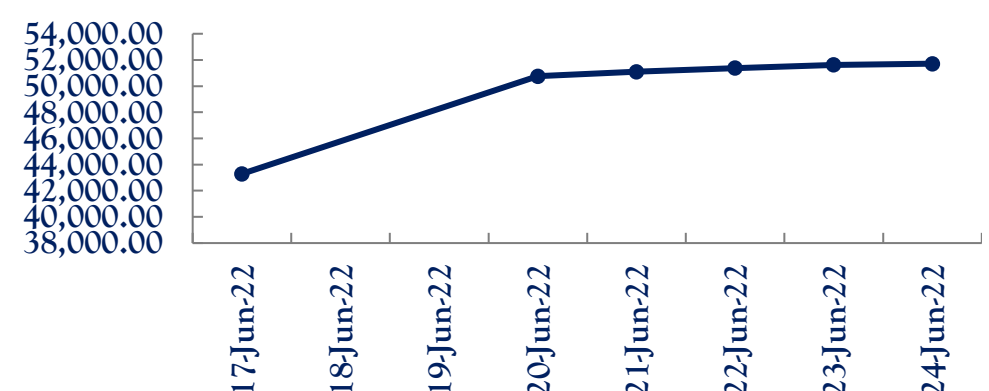
### ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	3.11%	3.98%
Unemployment	33.3%	33.3%
MPR	13.00%	11.5%
External Reserve	\$38.88billion	\$38.66billion
Inflation	17.71%	16.82%

### KEY METRICS

Metrics	Outcome
All-Share Index	51,705.61
WTD	-0.14%
MTD	-2.42%
YTD	21.04%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	27.875

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



### SECTOR PERFORMANCE

Index	Wk. Close 17-June-2022	Wk. Close 24-June-2022	% WTD	% YTD
NGX- Banking	393.72	395.02	0.33	-2.72
NGX- Industrial	2,197.38	2,155.90	-1.89	7.35
NGX Oil/Gas	542.80	544.53	0.32	57.83
NGX- Consumer Goods	639.38	626.45	-2.02	6.31

## GLOBAL MARKET

The UK stock market, the FTSE 100 gained 2.68 percent an increase of more than 2.7 percent after three weeks of losses, as global markets recovered. Investors fled to risky assets as bond yields fell and stock valuations dropped, while sentiment rose as markets anticipated that recession fears would prompt central banks to back off aggressive rate hikes by the end of 2022.

US equities (DJIA: +2.6 percent; S&P 500: +3.3 percent) was prepared to end a series of weekly losses. Similarly, European (STOXX Europe: +0.2%; and FTSE 100: +0.5%) equities closed higher as investors reduced their expectations of the degree of monetary policy tightening by major central banks.

Asian stock markets performed well, with the Nikkei 225 (+2.0 percent) finishing the week higher, following Wall Street's advance and gains in chip-related stocks. Similarly, the SSE (+1.0%) gained as optimistic signs of economic stimulation emerged.

## MONEY MARKET AND FIXED INCOME

### MONEY MARKET

Interbank rates remained in the double digits throughout the week as system liquidity remained low.

At the close of the trading session on Friday, the Open Repo Rate (OPR) and Overnight Rates (O/N) settled at 14.00 percent at the close of the trading session on Friday, indicating a week-on-week rise of +35.53% and +28.21% respectively

The interbank rates are expected to fall to the single digits in the following week, with the influx of FAAC allocation.

### FGN BONDS AND TREASURY BILLS

The Nigerian Treasury bills market was volatile this week, with different purchasing and selling interests.

The treasury bills activity was minimal, with the average yield benchmark remaining unchanged at 4.66 (W-o-W). The OMO bills closed bearish, with the average yield benchmark rising by +13.97 percent (W-o-W) to 5.14.

The DMO issued notes valued at N225.00 billion at the bond auction on Monday, June 20th, and sold a total of N226.13bn. Despite the oversubscription throughout the tenors, the rates on the 2025 and 2042 tenors increased by 10bps and 25bps to 10.10 percent and 13.15 percent, respectively, while the 2032 rate remained constant at 12.50 percent. The 2025, 2032, and 2042 maturities' bid-to-cover ratios closed at 1.77x, 1.12x, and 4.47x, respectively.

The bond market remained largely optimistic throughout the week, as investors' attention was directed to the higher yields from the primary auction.

At the close of the trading on Friday, the market was bullish with buyers interested in all tenors. The benchmark yield curve dropped to 11.49 by 66bps.

We expect the secondary market to be relatively quiet in the coming week as investors' enthusiasm for the increased yield fades off.

## TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
NIGERIAN AVIATION HANDLING COMPANY PLC.	7.60	8.40	0.80	▲ 10.53
CHAMPION BREW. PLC.	3.40	3.74	0.34	▲ 10.00
MRS OIL NIGERIA PLC.	14.80	16.25	1.45	▲ 9.80

## TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
CWG PLC.	0.94	0.80	-0.14	▼ -14.89
R T BRISCOE PLC.	0.56	0.48	-0.08	▼ -14.29
GLAXO SMITHKLINE CONSUMER NIG. PLC.	7.05	6.10	-0.95	▼ -13.48

FIG 2: T-BILLS YIELD CURVE (%)

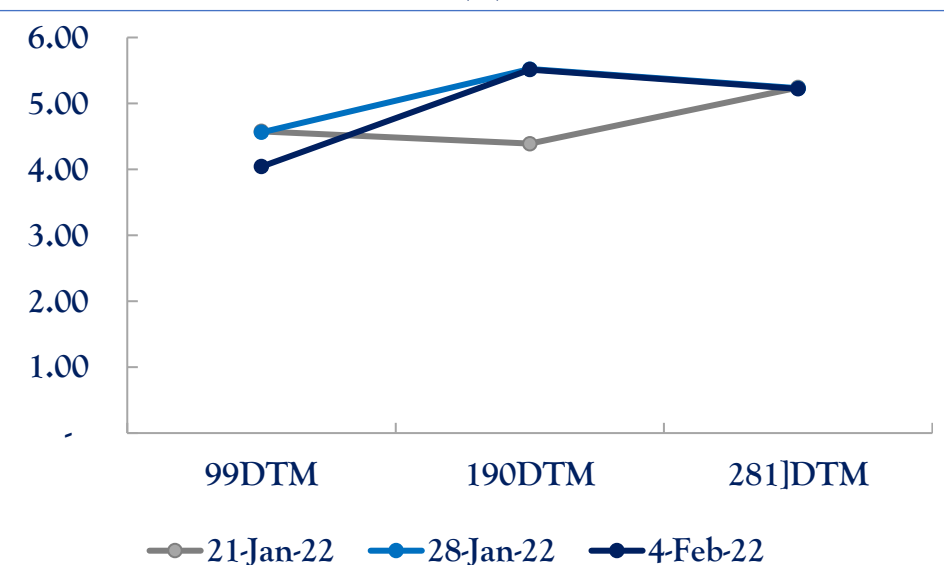
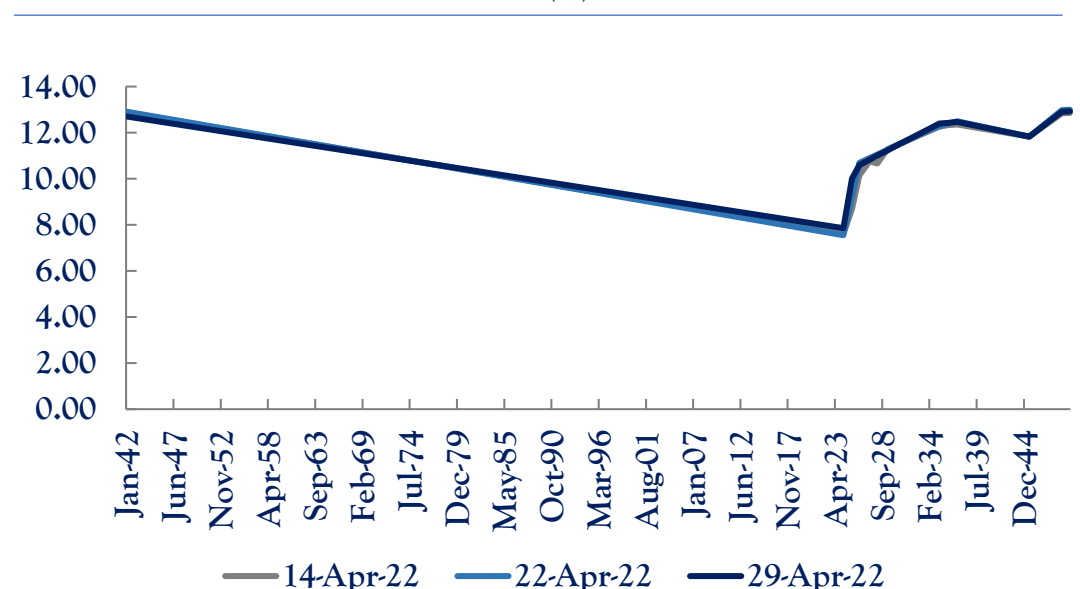


FIG 3: FGN BOND YIELD CURVE (%)



# THE WEEKLY ECONOMIC AND MARKET RECAP | June 24, 2022

## FOREIGN EXCHANGE

This week, the naira gained over the majority of the trading sessions in the I & E FX windows. Following the trading session on Friday, the Naira appreciated by +0.28 percent (W-o-W) to N420.13 at the Investor and Exporter FX fixing.

At the close of trading on Thursday, Naira declined by 0.11 percent (W-o-W) to N419.17 at the Nigerian Autonomous Foreign Exchange Fixing (NAFEX).

## OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by 1.77% w/w to close at \$107.2 per barrel. Likewise Gold depreciated by 0.73% to close at \$1828.6.

Accordingly, the OPEC Basket price closed at \$112.35 per barrel for the week indicating a 1.77% weekly loss. Likewise, Nigeria's headline crude, Bonny Light closed at \$124.9 for the week indicating a decrease of 2.24%.

**In the coming week, oil prices are expected to stabilize as the United States reduces fuel taxes.**

## TOP BUSINESS HEADLINES FOR THE WEEK

- Nigerian States to Lose N19bn in Oil, Gas Revenues in 2022 - World Bank.
- Aviation Fuel, Others to Cost Airlines \$9.7b Losses in 2022.

## INTERBANK OFFERED RATE

	17-June-22	24-June-22	Change(%)
OPR	10.33	14.00	+35.53
OVN	10.92	14.00	+28.21

## OIL & COMMODITIES PRICES

Instrument	17-June-2022	24-June-2022	Change (%)
Brent Crude	\$113.22	\$112.35	-0.77
WTI Oil	\$109.56	\$107.62	-1.77
Gold	\$1842.1	\$1828.6	-0.73
Nigeria Bonny Light	\$127.55	\$124.69	-2.24

## FOREIGN EXCHANGE (Spot & Forward rates)

Tenor	Closing Rate (\$/N)
I&E FX Window	420.13
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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