

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to the latest quarterly data released by the Debt Management Office (DMO), Nigeria's total public debt has increased by approximately 8% quarter-on-quarter (q/q) to NGN49.9 trillion (USD66.1 billion) in the first quarter of 2023. On a year-on-year (y/y) basis, the total debt stock has expanded by 20%. The composition of the debt shows that domestic debt makes up about 61% of the gross public debt, while external debt accounts for approximately 39%.

Nigeria's total public debt stock now stands at around 25% of the country's 2022 GDP, slightly higher than the 24% recorded in the previous year. The increase in overall total debt in the fourth quarter of 2022 was mainly driven by a 10% q/q rise in the domestic debt stock, reaching NGN30.2 trillion. Foreign debt also increased by 5% q/q to NGN19.6 trillion.

The Debt Management Office (DMO) may need to raise the public debt ceiling from the current 40% due to the proximity to the debt limit. The rapid increase in public debt raises concerns about its sustainability, especially considering the government's revenue underperformance. Efforts to improve revenue generation capacity and reduce the fiscal deficit are still necessary.

EQUITIES

The local bourse ended the week on a positive note as the All Share Index (NGX ASI) appreciated by 2.98% week-on-week to settle at 60,968.27 basis points with buying interest seen in stocks such as IKEJAHOTEL (+33.00%), TRANSCOHOT (+32.95%), STERLINGNG (+30.74%) and CHAMS (+29.82%).

Consequently, the Month-To-Date (MTD) return appreciated by +9.32% as the Year-To-Date (YTD) return remained positive settling at 18.96% for the week with Market Capitalization settling at 33.198trn 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 (+7.78%), followed by NGX-Oil/Gas Index (+4.56%), NGX-Consumer Goods Index (+1.12%) and NGX-Industrial Index increased by (+0.63%).

GLOBAL ECONOMY

In Q1 2023, the US economy experienced a quarter-on-quarter growth of 2%, surpassing both the previous estimate of 1.3% and the forecast of 1.4%. Consumer spending exhibited stronger-than-expected growth, reaching 4.2%, the highest in almost two years (compared to 3.8% in the previous estimate), despite persistently high inflation. The growth in spending on durable goods was remarkable at 16.3%, while services saw a rise of 3.2%. Exports increased by 7.8%, while imports grew at a slower rate of 2%, resulting in a higher contribution from net trade at 0.58 percentage points.

However, the growth in nonresidential fixed investment was smaller than initially predicted (0.6% compared to 1.4%), and government spending was revised downward (5% compared to 5.2%).

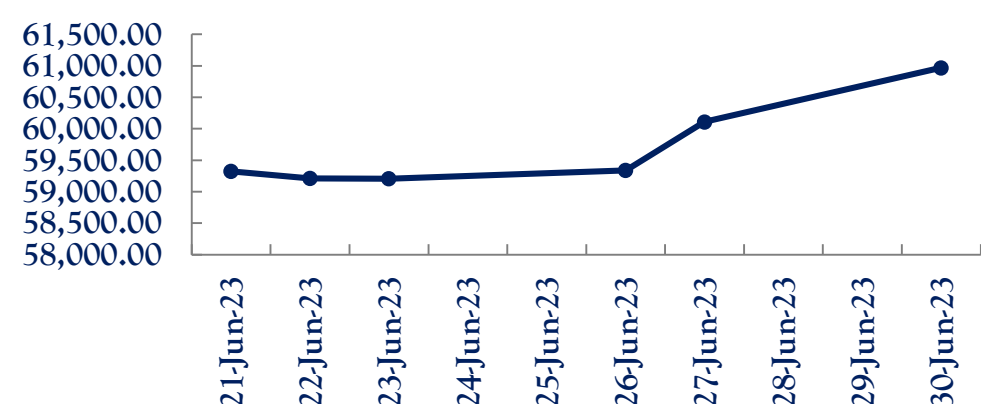
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	2.31%	3.52%
Unemployment	33.3%	33.3%
MPR	18.50%	18.00%
External Reserve	\$34.22 billion	\$34.35 billion
Inflation	22.41%	22.22%

KEY METRICS

Metrics	Outcome
All-Share Index	60,968.27
WTD	2.98%
MTD	9.32%
YTD	18.96%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	33.19

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 23-Jun-2023	Wk. Close 30-Jun-2023	% WTD	% YTD
NGX-Banking	598.85	645.42	7.78	54.59
NGX-Industrial	2,475.82	2,491.31	0.63	3.66
NGX Oil/Gas	742.01	775.85	4.56	67.76
NGX-Consumer Goods	884.85	894.76	1.12	51.93

The main factors dragging down GDP growth were private inventory investment (-2.14 pp, consistent with the previous estimate) and residential fixed investment (-4% compared to -5.4%). In the previous quarter, the US economy grew by 2.6%. The Federal Reserve anticipates growth to reach 1% this year.

GLOBAL MARKET

Global markets closed positive as investors look ahead to the latest personal consumption expenditures data, the Federal Reserve's preferred inflation gauge.

In the US market, the S&P 500 increased by (+2.35%) week-on-week. Likewise, the Nasdaq and Dow Jones increased by (+2.19%) and (+2.01%) respectively.

The European market showed a bullish performance, FTSE 100 increased by (+0.93%), Likewise CAC 40 increased (+3.30%), and Euro STOXX (+2.98%).

The Asian market showed a positive performance, the Nikkei 225 increased by (+1.24%), followed by Hang Seng (+0.14%). While the China A50 declined by (-4.46%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

Last week, interbank rates continued to decline as liquidity improved.

On Friday, The Open repo rate (OPR) and Overnight rate fell week-on-week by -5310bps and -4118bps to 1.365 and 2.00% respectively.

We expect funding rates to rise this week as liquidity tightens due to the FGN Savings bond auction.

FGN BONDS AND TREASURY BILLS

The Treasury Bill secondary market experienced little activity over the three trading sessions last week, as investors cherry picks at specific papers.

On Friday, the average yield declined slightly by 16bps to 6.21%.

Similar to the previous NTB auction, the strong demand was fueled by robust liquidity, resulting in a total subscription of N748.07 billion, which was greater than the N187.12 billion offered. The CBN only sold the N187.12 billion initial offer, with spreads of N1.75 billion, N17.16 billion, and N168.21 billion during the 91-day, 182-day, and 364-day periods, respectively. Compared to the previous auction, the stop rate dropped across the three tenors to 2.87%, 4.37%, and 6.23% accordingly.

Last week, the bond market remained positive, with demand present across all tenors. Bond prices are becoming more competitive as investors' interest in long-term assets has increased.

The average benchmark yield fell by 519bps (W-o-W) to 13.16%.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
IKEJAHOTEL	3.00	3.99	0.99	▲ +33.00
TRANSCOHOT	17.60	23.40	5.80	▲ +32.95
ETERNA	15.85	21.00	5.15	▲ +32.49

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
NSLTECH	0.38	0.33	-0.05	▼ -13.16
GUINEAINS	0.24	0.21	-0.03	▼ -12.50
UNIVINSURE	0.24	0.21	-0.03	▼ -12.50

FIG 2: T-BILLS YIELD CURVE (%)

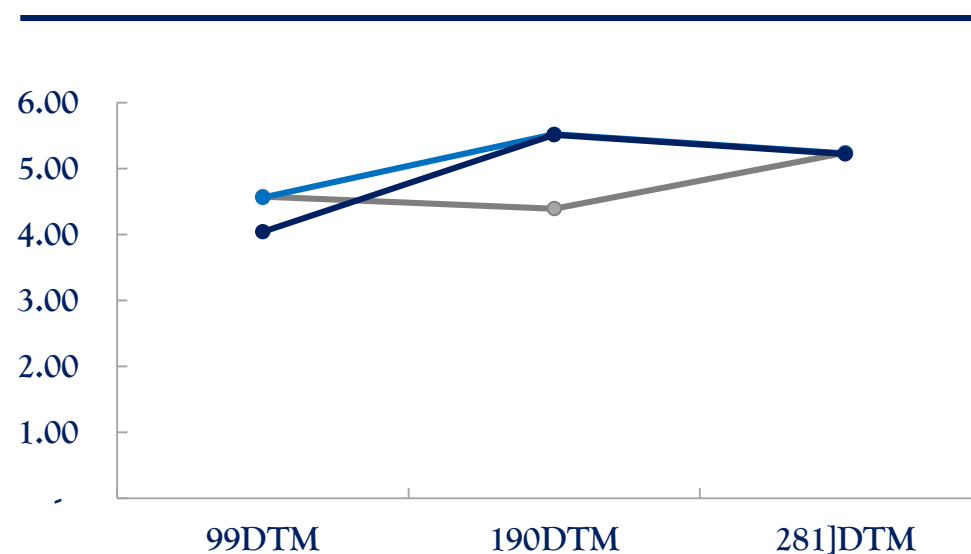
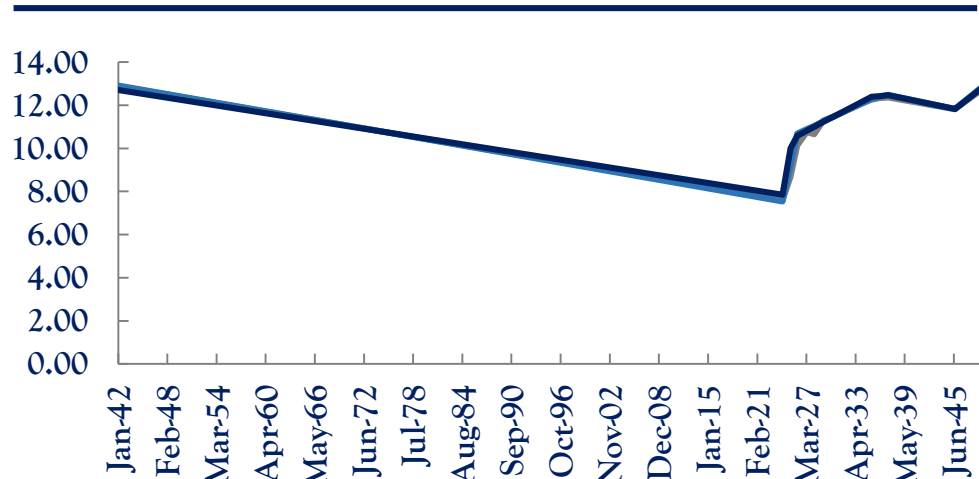


FIG 3: FGN BOND YIELD CURVE (%)



FOREIGN EXCHANGE

Last week, at the Investor and Exporter FX Window (I&E), Naira appreciated to N769.25/USD from N770.17/USD indicating a weekly gain of 0.12%.

Likewise, at the Nigerian Autonomous Foreign Exchange Fixing (NAFEX), Naira appreciated to N752.19/USD from N756.35/USD indicating a weekly gain of 0.55%.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude appreciated by 3.05% w/w to close at 70.7 per barrel. While Gold depreciated by -0.52% to close at \$1,925.7 from \$1,935.7.

Accordingly, the OPEC Basket price closed at \$74.88 per barrel for the week indicating a 2.18% weekly gain.

TOP BUSINESS HEADLINES FOR THE WEEK

- CBN Limits Transactions Via Contactless Payments to N50,000 Per Day.
- KPMG to Cut 5% of US Jobs In Fresh Round of Layoffs.
- Africa's External Debt to Hit \$1.13trn in 2023 - Adesina.
- IMF Approves \$1.8 Billion in Loans for Senegal to Revive Economy.

INTERBANK OFFERED RATE

	23-Jun-2023	30-Jun-2023	Change(%)
OPR	2.90	1.36	-53.10
OVN	3.40	2.00	-41.18

OIL & COMMODITIES PRICES

Instrument	23-Jun-2023	30-Jun-2023	Change (%)
Brent Crude	\$73.28	\$74.88	2.18
WTI Oil	\$68.61	\$70.7	3.05
Gold	\$1935.7	\$1925.7	-0.52

FOREIGN EXCHANGE (Spot & Forward rate)

Tenor	Closing Rate (\$/N)
I&E FX Window	769.25
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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