

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to data from the National Bureau of Statistics (NBS), the headline inflation for December 2023 reached a 27-year peak, rising by 72bps to 28.92% year-on-year in December (compared to 28.20% in November). Consequently, the average inflation rate for the full year of 2023 settled at 24.52% year-on-year, marking a notable increase from the 2022 full-year average of 18.77% year-on-year. The price rise during the review month can be attributed primarily to (i) the lingering effects of currency pressures, (ii) elevated energy prices, and (iii) heightened food demand associated with the holiday season.

Food prices soared by 109 basis points to 33.93% year-on-year, hitting a 19-year high, while non-food inflation increased by 51 basis points to 23.07% year-on-year. On a month-on-month basis, headline inflation rose by 20 basis points to 2.29% (compared to 2.09% in November), marking the second consecutive monthly increase.

We expect that consumer prices will remain high in the short to medium term, driven partly by factors such as a below-average harvest season, increased energy costs, and ongoing currency pressures.

EQUITIES

The local bourse ended the week on a positive note as the All Share Index (NGX ASI) appreciated by 13.84% week-on-week to settle at 94,538.12 basis points with buying interest seen in stocks such as TIP (+59.78%), DANGCEM (+53.94%), HONYFLOUR (+50.77%) and MAYBAKER (+50.46%).

Consequently, the Month-To-Date (MTD) return appreciated by +26.43% as the Year-To-Date (YTD) return remained positive settling at 26.43% for the week with Market Capitalization settling at 51.735trn Naira at the close of the trading session.

Sector performance showed positive performance for last week as the NGX-Industrial Index was the highest gainer increasing by (+46.88%), Likewise, the NGX-Oil/Gas Index increased by (+8.82%) and the NGX-Consumer Goods Index (8.18%). While the NGX-Banking Index (-0.12%) was the sole loser for last week.

GLOBAL ECONOMY

According to the UK Office for National Statistics, the inflation rate increased to 4.0% in December 2023, up from 3.9% in November 2023. This would indicate a 0.1% month-on-month (M-o-M) increase in the UK inflation rate, the first rise in ten months. In December 2023, core inflation was 5.1%, which was the same as in November 2023.

The statistical report attributes the inflationary uptick to notable increases in sectors such as communication, alcohol and tobacco, recreation and culture, furniture, and household goods, as well as footwear and clothing. Analysts suggest that the battle against inflation is ongoing, and the anticipated early rate cuts by investors may face delays.

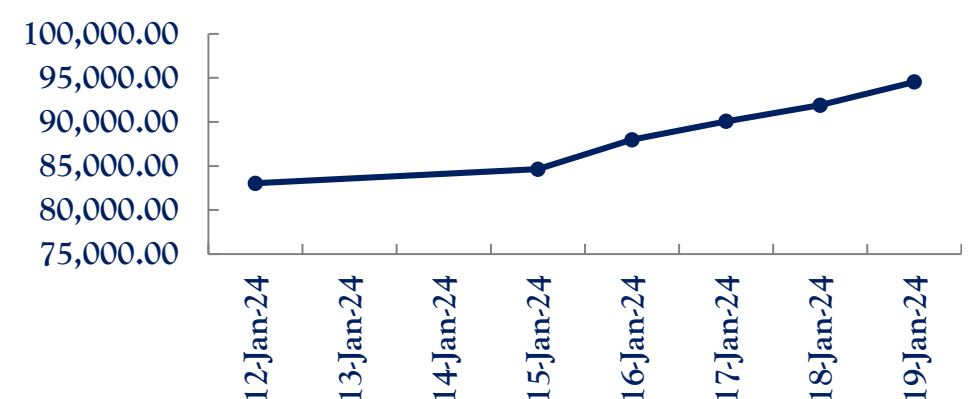
ECONOMIC INDICATORS

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	94,538.12
WTD	13.84%
MTD	26.43%
YTD	26.43%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	51.73

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 12-01-2023	Wk. Close 19-01-2023	% WTD	% YTD
NGX-Banking	1,040.02	1,038.72	-0.12	15.77
NGX-Industrial	2,944.24	4,324.36	46.88	59.44
NGX Oil/Gas	1,057.02	1,150.23	8.82	10.27
NGX-Consumer Goods	1,283.03	1,387.96	8.18	23.78

GLOBAL MARKET

Last week, the global stock market experienced a downturn as a result of uninspiring economic (GDP) data from China and increasing uncertainty regarding when the Federal Reserve might implement rate cuts.

The S&P 500 increased by (+1.17%) week-on-week in the US market. Likewise, the Nasdaq and Dow Jones increased by (+2.26%) and (+0.72%) respectively.

In the European market, the FTSE 100 declined by (-1.53%), while the Euro STOXX increased by (+0.50%) and the CAC 40 (+0.08%) respectively.

The Asian market showed a negative performance as the Hang Seng declined by (-7.74%), followed by China A50 (-0.39%). While the Nikkei 225 increased by (+0.39%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

Last week, interbank rates surged due to the tight system liquidity, rising above 20% on Thursday.

The Open repo rate (OPR) and Overnight rate (O/N) rose by 3329bps and 3062bps week-on-week to settle at 22.10% and 23.25% on Friday.

FGN BONDS AND TREASURY BILLS

The Local bond market traded mixed, with demand on the short end and selloffs at the mid-to-long end of the curve.

The FGN local bond market was uneven, with short-term demand and selloffs in the mid-to-long end of the curve.

Analysts estimate that the recent rise in inflation to 28.92% for December 2023 has prompted investors to seek assets with lower negative real returns and higher positive real returns. As a result, the average benchmark yield increased to 13.93% on Friday, up 131bps week-on-week.

We expect that the selloff will persist this week, given the low liquidity and optimistic equities market.

Last week, the Treasury bills market experienced mixed sentiments, with demand interest in short-term papers and selling pressure in mid-to-long-term papers. At the end of last week, the selling activity surpassed the demand, causing the average benchmark yield to 3.28% from 3.10% in the previous week.

However, the OMO bill market remained in bullish territory, with the average yield declining by 24bps week-on-week to 8.44% on Friday.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
TIP	1.84	2.94	1.10 ▲	59.78
DANGCEM	350.00	538.80	188.80 ▲	53.94
ONYFLOUR	3.88	5.85	1.97 ▲	50.77

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
ROYALEX	0.98	0.76	-0.22 ▼	-22.45
IKEJAHOTEL	8.61	7.70	0.91 ▼	-10.57
LINKASSURE	1.47	1.35	0.12 ▼	-8.16

FGN BOND

Maturity	Bid Yield	Offer Yield	Δ Bid	Δ Offer
NIGB 13.53% MAR 25	12.50%	11.50%	0.00%	0.00%
NIGB 12.500% JAN 26	13.00%	12.00%	0.00%	0.00%
NIGB 16.2884% MAR 27	13.25%	12.50%	0.00%	0.00%
NIGB 13.98% FEB 28	13.40%	13.00%	-0.20%	0.00%
NIGB 14.55% APR 29	13.95%	13.80%	-0.55%	0.00%
NIGB 12.50% APR 32	14.50%	13.85%	0.00%	0.00%
NIGB 14.70% JUN 33	14.90%	14.00%	0.00%	0.00%
NIGB 12.149% JUL 34	14.50%	14.00%	0.00%	0.00%
NIGB 12.5000% MAR 35	14.85%	14.30%	0.00%	0.00%
NIGB 12.40% MAR 36	15.10%	14.50%	0.00%	0.00%
NIGB 16.25% APR 37	15.30%	14.75%	0.00%	0.00%
NIGB 15.45% JUN 38	15.30%	15.10%	-0.10%	0.15%
NIGB 13.00% JAN 42	15.35%	14.90%	0.00%	0.00%
NIGB 14.80% APR 49	15.40%	15.05%	0.10%	0.05%
NIGB 12.98% MAR 50	15.50%	15.05%	0.00%	0.00%
NIGB 15.70% JUN 53	15.80%	15.65%	-0.05%	0.03%

FOREIGN EXCHANGE

Nigeria's foreign exchange reserve continued to accumulate, increasing by USD82.42 million w/w to close at USD33.20 billion (16 January 2024).

The naira depreciated week-on-week for the second consecutive week, closing at USD/N902.45 on Friday at the Nigerian Autonomous Foreign Exchange Market (NAFEM). The naira depreciated by 132 basis points week-on-week. Additionally, it set a new all-time low at the parallel market on Friday at N1,365/US\$1, compared to N1,265/US\$1 in the previous week.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by -0.95% w/w to close at \$73.25 per barrel. While, Gold appreciated by 3.37% to close at \$2,021.6 from \$ 2089.7.

Accordingly, the OPEC Basket price closed at \$78.56 per barrel for the week indicating a -0.68% weekly decline.

TOP BUSINESS HEADLINES FOR THE WEEK

- China's Population Fell by 2mn in 2023 as Economy Grew 5.2%.
- Electricity: DisCos' Revenue Collection Rises 30% to N782.74bn.
- Nigeria Lost N5trn To Tax Holidays Granted 34 Companies - Report -
- Shell to Sell Nigeria Onshore Oil Business for \$1.3 Billion.
- NERC: FG Halts Tariff Hike, Agrees to Pay N1.6trn Subsidy in 2024.
- FG Targets 1.9m Bpd Crude Oil Production.

INTERBANK OFFERED RATE

	12-Jan-2024	19-Jan-2024	Change(%)
OPR	16.58	22.10	+33.29
OVN	17.80	23.25	+30.62

OIL & COMMODITIES PRICES

Instrument	12-Jan-2024	19-Jan-2024	Change (%)
Brent Crude	\$79.10	\$78.56	-0.68
WTI Oil	\$73.95	\$73.25	-0.95
Gold	\$2021.6	\$2,089.7	3.37

FOREIGN EXCHANGE (Spot & Forward rate)

Tenor	Closing Rate (\$/N)
NAFEM Window	902.45
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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