

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to the Nigerian Exchange (NGX) Domestic and Foreign Portfolio Report, total transactions on the local stock market reached NGN3.56 trillion in 2023, marking a 53.9% year-on-year increase from NGN2.32 trillion in 2022. Month-on-month, transactions surged to a six-month high, growing by 14.4% to NGN343.90 billion in December from NGN300.67 billion in November.

The rise was primarily fueled by a 29.1% increase in domestic transactions to NGN296.03 billion, largely led by institutional investors. However, foreign inflows remained weak, decreasing by 32.9% to NGN47.9 billion due to ongoing FX liquidity issues.

We expect Domestic investors to dominate the market in the short-to-medium term, while improved foreign participation is anticipated in the medium term, driven by expected FX inflows, CBN's efforts in clearing FX backlogs, and stable interest rates.

EQUITIES

The local bourse ended the week on a positive note as the All Share Index (NGX ASI) appreciated by 8.32% week-on-week to settle at 102,401.88 basis points with buying interest seen in stocks such as TRIPPLEG (+32.24%), DANGCEM (+28.82%), SUNUASSUR (+25.00%) and JAPAUFGOLD (+23.20%).

Consequently, the Month-To-Date (MTD) return appreciated by +36.95% as the Year-To-Date (YTD) return remained positive settling at 36.95% for the week with Market Capitalization settling at 56.038trn 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 (+23.20%), Likewise, the NGX-Oil/Gas Index increased by (+11.57%) and the NGX-Consumer Goods Index (5.29%). While the NGX-Banking Index (-1.63%) was the sole loser for last week.

GLOBAL ECONOMY

The United States (US) economy expanded by 3.3% in Q4-23 of 2023(Q3-23: +4.9% q/q), surpassing consensus estimates of +2.0%. This growth was driven by strong consumer spending, which increased by +2.8% q/q, compared to the previous quarter(Q3-23: +5.8% q/q)supported by a resilient labor market. Government spending also increased, albeit at a slower pace, in line with rises in gross investment and compensation of state and local government employees.

Non-residential investments expanded due to a rebound in equipment and intellectual property products, while residential investments (+1.1% q/q vs Q3-23: +6.7% q/q) grew at a slower rate. Despite concerns about elevated interest rates leading to a recession, the economy grew by 2.5% y/y in 2023FY (2022FY: 1.9% y/y), exceeding expectations.

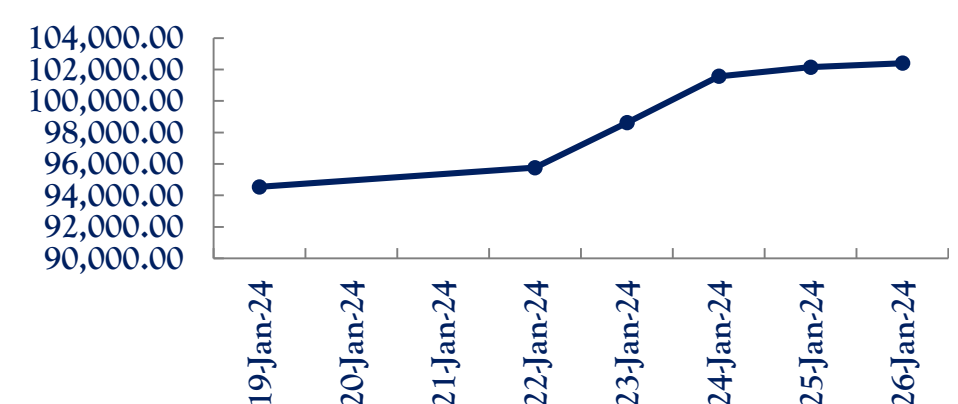
ECONOMIC INDICATORS

| 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 | 102,401.88 |
| WTD | 8.32% |
| MTD | 36.95% |
| YTD | 36.95% |
| 52-week High | 102401.88 |
| 52-week Low | 24,026.05 |
| Market Capitalization (N'trn) | 56.03 |

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

| Index | Wk. Close 19-01-2023 | Wk. Close 26-01-2023 | % WTD | % YTD |
|--------------------|-------------------------|-------------------------|----------|-------|
| NGX-Banking | 1,038.72 | 1,021.80 | -1.63 | 13.89 |
| NGX-Industrial | 4,324.36 | 5,327.77 | 23.20 | 96.43 |
| NGX Oil/Gas | 1,150.23 | 1,283.30 | 11.57 | 23.03 |
| NGX-Consumer Goods | 1,387.96 | 1,461.34 | 5.29 | 30.33 |

GLOBAL MARKET

Global markets experienced gains, buoyed by encouraging corporate earnings and economic indicators from both Europe and the United States. Additionally, optimism regarding China's stimulus efforts added to the overall positive outlook.

The S&P 500 increased by (+0.84%) week-on-week in the US market. Likewise, the Nasdaq and Dow Jones increased by (+0.62%) and (+0.28%) respectively.

In the European market, the FTSE 100 increased by (+2.33%), while the Euro STOXX increased by (+3.46%) and the CAC 40 (+3.10%) respectively.

The Asian market showed a positive performance as the Hang Seng increased by (+4.61%), followed by China A50 (+2.39%). While the Nikkei 225 declined by (-1.42%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

The slight enhancement in system liquidity prompted a decline in interbank rates over the course of last week.

The Open repo rate (OPR) and Overnight rate (O/N) declined by 2045bps and 1901bps week-on-week to settle at 17.58% and 18.83% respectively.

We expect rates to fall further this week as the FAAC inflow continues.

FGN BONDS AND TREASURY BILLS

The FGN bond market had a more bearish tone, with selloffs highlighted from the short-to-long curve end. Analysts believe that exchange rate volatility is reducing investor interest in the market.

The average benchmark yield increased to 14.48% on Friday by 395bps week-on-week.

The Treasury bills market open the week bearishly, with a skew towards the mid-to-long end of the curve, but gradually quieted down over the final two trading days of the week.

However, the NTB market closed bearish, with the average benchmark yield rising to 6.08% by 8537bps week-on-week.

The OMO bill market had modest demand last week, lowering the average yield to 8.43% from 8.44% the previous week.

TOP GAINERS

| COMPANY | OPEN | CLOSE | GAIN (N) | % CHANGE |
|-----------|--------|--------|----------|----------|
| TRIPPLEG | 2.14 | 2.83 | 0.69 ▲ | 32.24 |
| DANGCEM | 538.80 | 694.10 | 155.30 ▲ | 28.82 |
| SUNUASSUR | 1.80 | 2.25 | 0.45 ▲ | 25.00 |

TOP LOSERS

| COMPANY | OPEN | CLOSE | LOSS (N) | % CHANGE |
|------------|-------|-------|----------|----------|
| VERITASKAP | 0.77 | 0.59 | -0.18 ▼ | -23.38 |
| TIP | 2.94 | 2.30 | -0.64 ▼ | -21.77 |
| CADBURY | 29.00 | 22.95 | -6.05 ▼ | -20.86 |

FGN BOND

| Maturity | Bid Yield | Offer Yield | Δ Bid | Δ Offer |
|----------------------|-----------|-------------|--------|---------|
| NIGB 13.53% MAR 25 | 12.50% | 11.20% | 0.00% | 0.00% |
| NIGB 12.500% JAN 26 | 13.30% | 12.30% | 0.00% | 0.00% |
| NIGB 16.2884% MAR 27 | 14.25% | 13.85% | -0.05% | -0.05% |
| NIGB 13.98% FEB 28 | 14.60% | 13.80% | 0.00% | 0.00% |
| NIGB 14.55% APR 29 | 14.90% | 14.10% | 0.00% | 0.00% |
| NIGB 12.50% APR 32 | 14.80% | 14.10% | 0.00% | 0.00% |
| NIGB 14.70% JUN 33 | 14.80% | 14.20% | 0.00% | 0.00% |
| NIGB 12.149% JUL 34 | 14.70% | 13.90% | 0.00% | 0.00% |
| NIGB 12.5000% MAR 35 | 15.10% | 14.40% | 0.00% | 0.00% |
| NIGB 12.40% MAR 36 | 15.10% | 14.50% | 0.00% | 0.00% |
| NIGB 16.25% APR 37 | 15.60% | 14.80% | 0.30% | 0.00% |
| NIGB 15.45% JUN 38 | 13.90% | 13.65% | -1.90% | -1.95% |
| NIGB 13.00% JAN 42 | 15.40% | 14.90% | 0.00% | 0.00% |
| NIGB 14.80% APR 49 | 15.60% | 15.10% | 0.00% | 0.00% |
| NIGB 12.98% MAR 50 | 15.60% | 15.15% | 0.00% | 0.00% |
| NIGB 15.70% JUN 53 | 15.16% | 15.75% | -0.79% | 0.10% |

FOREIGN EXCHANGE

Nigeria's foreign exchange reserves rose by USD77.69 million w/w to USD33.35 billion on January 23. Meanwhile, the naira rose 1.2% to NGN/USD 891.90 on the Nigerian Autonomous Foreign Exchange Market (NAFEM).

Despite the naira's fast decline in the parallel market, it reached a record low of N1,425/US\$1 on Friday.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude appreciated by +6.50% w/w to close at \$78.01 per barrel. Likewise, Gold appreciated by 2.63% to close at \$2,036.1 from \$2089.7.

Accordingly, the OPEC Basket price closed at \$82.95 per barrel for the week indicating a +5.59% weekly gain.

TOP BUSINESS HEADLINES FOR THE WEEK

- FG to Sell Five Power Plants for \$1bn.
- Electricity Subsidy: FG Pays Over N5trn In 10 Years.
- FG Urged to Implement Zero Duties on Imported LPG, Gas Accessories.
- Petrol Price Increased By 225% In 12 Months – NBS.

INTERBANK OFFERED RATE

| | 19-Jan-2024 | 26-Jan-2024 | Change(%) |
|-----|-------------|-------------|-----------|
| OPR | 22.10 | 17.58 | +20.45 |
| OVN | 23.25 | 18.83 | -19.01 |

OIL & COMMODITIES PRICES

| Instrument | 19-Jan-2024 | 26-Jan-2024 | Change (%) |
|-------------|-------------|-------------|------------|
| Brent Crude | \$78.56 | \$82.95 | 5.59 |
| WTI Oil | \$73.25 | \$78.01 | 6.50 |
| Gold | \$2,089.7 | \$2,036.1 | 2.63 |

FOREIGN EXCHANGE (Spot & Forward rate)

| Tenor | Closing Rate (\$/N) |
|--------------|---------------------|
| NAFEM Window | 891.90 |
| 1M | 418.51 |
| 3M | 421.64 |
| 6M | 434.08 |
| 1Y | 448.82 |

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