

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to the National Bureau of Statistics (NBS), Nigeria's agricultural growth slowed to 1.88% in 2022, due to massive flooding recorded in key crop-producing states and the supply chain obstruction caused by the Russian-Ukraine war. In real terms, the sector grew by 1.88% in 2022, 25 basis points less than the 2.13% recorded in 2021. Despite the agriculture industry expanding by 2.05% in Q4 2022, this growth was still much lower than the 3.58% recorded in 2021.

The movement restrictions imposed by COVID-19 during the planting season have had a substantial impact on farming operations in 2020. The sector's output was put under strain, though, by issues including the invasion of Ukraine, floods, an increase in input costs, and deteriorating security. Large-scale devastation of agricultural output was caused by floods that wiped out hundreds of farmlands throughout the nation. The damage is estimated to have cost more than N30 billion. Although the nation has previously experienced seasonal flooding, the Ministry of Agriculture claims that the floods of 2022 were the worst since 2012.

Insecurity also remains a major problem, as Farmers continue to call on the government to address issues such as terrorism, banditry, and herdsmen attacks across the country, as well as armed robbery and kidnapping, which have put farmers and their investments in jeopardy.

We expect that some of the funds provided through intervention policies should be used to address long-standing congestion in order to fully realize Nigeria's promise in the agricultural sector.

EQUITIES

The local bourse ended the week on a positive note as the All Share Index (NGX ASI) appreciated by 1.06% week-on-week to settle at 55,529.21 basis points with buying interest seen in stocks such as GEREGU (+27.45%), CILEASING (+20.61%), STANBIC (+18.84%) and OANDO (+14.00%).

Consequently, the Month-To-Date (MTD) return depreciated by -0.50% as the Year-To-Date (YTD) return remained positive settling at 8.35% for the week with Market Capitalization settling at 30.25trn Naira at the close of the trading session.

Sector performance showed positive performance for the week as the NGX-Consumer Goods Index recorded the highest gain (+5.65%), followed by NGX-Industrial Index (+1.40%), NGX-Banking Index (+1.16%). While the NGX-Oil/Gas Index declined by (-2.36%).

GLOBAL ECONOMY

According to data released by the US Labor Department on Thursday, the number of Americans filing first-time unemployment claims dropped by 2,000 last week to 190,000. The figure was lower than forecasts of 195,000, while the previous week's figure remained unchanged at 192,000. The US economy had added 517,000 jobs in January, while the unemployment rate fell to 3.4% from 3.5% the previous month. Economic activity in the services sector expanded for the second consecutive month in February, according to the Services PMI, which registered 55.1 marking the 32nd

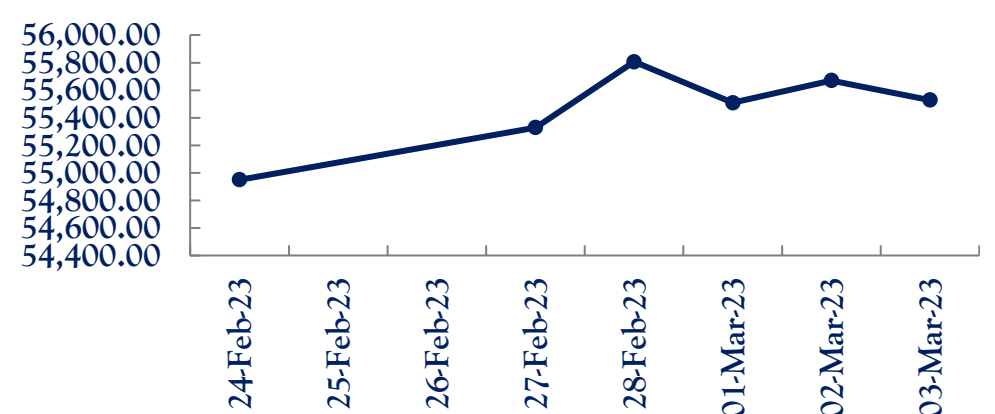
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	3.52%	2.25%
Unemployment	33.3%	33.3%
MPR	17.5%	16.5%
External Reserve	\$36.65 billion	\$36.72 billion
Inflation	21.82%	21.34%

KEY METRICS

Metrics	Outcome
All-Share Index	55,529.21
WTD	1.06%
MTD	-0.50%
YTD	8.35%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	30.25

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 24-Feb-2023	Wk. Close 03-Mar-2023	% WTD	% YTD
NGX-Banking	456.85	462.14	1.16	10.69
NGX-Industrial	2,480.93	2,515.77	1.40	4.68
NGX Oil/Gas	555.15	542.03	-2.36	17.20
NGX-Consumer Goods	658.28	695.47	5.65	18.09

expansion in the previous 33 months, with a single contraction in December. While the strong labor market and service sector activity indicate a 'no-landing' scenario the FOMC would be preparing to raise rates further to slow the economy.

However, economic activity in the US manufacturing sector continued to contract in February, albeit at a slower pace than in January, with the ISM Manufacturing PMI rising to 47.7 from 47.4. This reading fell short of the market's expectation of 48.

GLOBAL MARKET

Global markets closed positively as investors digested Fed official speeches and new economic data.

In the US market, the Nasdaq increased by (+2.58%) week-on-week. Likewise, the Dow Jones and S&P 500 declined by (+1.75%) and (+1.90%) respectively.

The European market showed a bullish performance, FTSE 100 increased by (+0.87%), Likewise CAC 40 increased (+2.24%), and Euro STOXX (+2.78%).

The Asian market showed a positive performance, the Hang Seng increased by (+2.79%) followed by Nikkei 225 (+1.73%) and China A50 (+1.61%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

Last week, system liquidity remained strong thanks to the 150m maturities of OMO bills and FX swaps, while funding rates remained unchanged for the majority of trading sessions.

On Friday, the Open repo rate (OPR) and Overnight rate rose to 12.13% and 12.43%. The OPR and O/N rates rose by 1552bps and 1499bps week-on-week.

FGN BONDS AND TREASURY BILLS

Last week, there were only slight buying interests in the Treasury Bill secondary market, which remained flat for the majority of trading sessions.

The average benchmark yield declined by 211bps to 4.17% week-on-week. The maturity of the OMO was 7-May-23, and the average benchmark yield dropped to 3.01%

In the Treasury Bond market, the buying interest at the mid-to-long tenors was outweighed by the selloffs at the short end of the curve.

The average benchmark yield rose by 37bps week-on-week to settle at 13.52%.

The Central Bank of Nigeria has allocated N1.13 trillion in Treasury bill issuance for the second quarter of 2023, a 22% increase over the N926 billion issued in the second quarter of 2022. The anticipated issuance of treasury bills serves as a rollover of maturing bills for the corresponding period. The CBN raised N540.9 billion in January and February alone, as robust liquidity favored the large supply. The CBN will raise N531.74 billion in March, N280.96 billion in April, and N324.36 billion in May, according to the document. The notes will be issued in three tenors: 91-day, 182-day, and 364-day.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
GEREGU	255.00	325.00	70.00	▲ +27.45
CILEASING	3.30	3.98	0.68	▲ +20.61
MCNICH0	0.66	0.79	0.13	▲ +19.70

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
CHAMS	0.28	0.25	-0.03	▼ -10.71
MULTIVERSE	4.40	3.96	-0.44	▼ -10.00
JOHNHOLT	1.76	1.59	-0.17	▼ -9.66

FIG 2: T-BILLS YIELD CURVE (%)

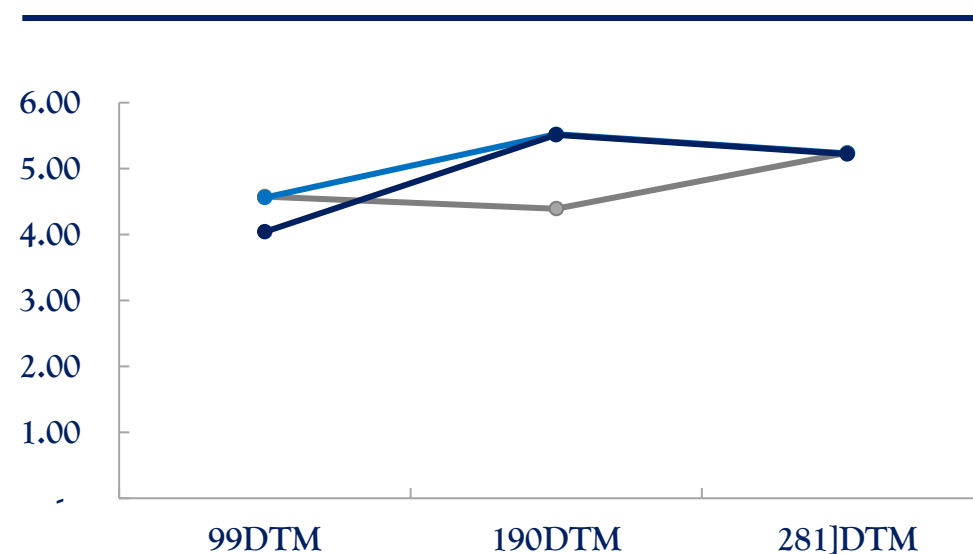
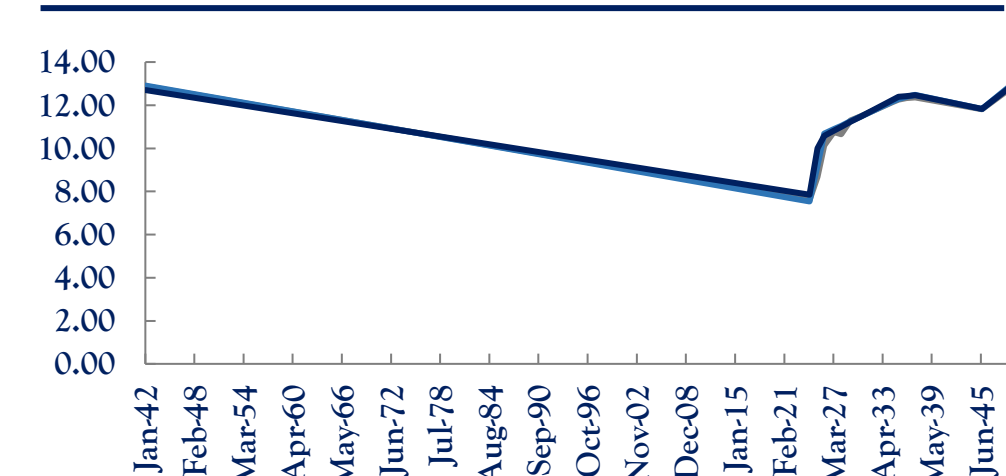


FIG 3: FGN BOND YIELD CURVE (%)



Nigeria's treasury bill rate fell to a record low in January 2023, but recovered in February, rising to 3% for 91-day bills, 3.24 for 182-day bills, and 9.9% for one-year bills at the most recent auction.

FOREIGN EXCHANGE

Last week, at the Investor and Exporter FX Window (I&E), Naira depreciated to N461.75/USD from N461.17/USD indicating a weekly loss of 0.13%.

Likewise in the parallel market, Naira depreciated to N750/USD from N730/USD indicating a 2.74% week-on-week loss.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by 2.63% w/w to close at 79.85 per barrel. While Gold appreciated by 2.40% to close at \$1,862.80 from \$ 1,819.15.

Accordingly, the OPEC Basket price closed at \$79.85 per barrel for the week indicating a 6.28% weekly gain.

TOP BUSINESS HEADLINES FOR THE WEEK

- Only 24% of CBN Anchor Borrowers' Loans Repaid - IMF.
- Banks' Assets Rise to N73tn - CBN.
- Amidst Macro Economic Challenges, Banks' Prime Lending Rate Hit 13.67% in January.

INTERBANK OFFERED RATE

	24-Feb-2023	03-Nar-2023	Change(%)
OPR	10.50	12.13	+15.52
OVN	10.81	12.43	+14.99

OIL & COMMODITIES PRICES

Instrument	24-Feb-2023	03-Nar-2023	Change (%)
Brent Crude	\$75.13	\$79.85	6.28
WTI Oil	\$82.01	\$79.85	-2.63
Gold	\$1,819.15	\$1,862.80	2.40

FOREIGN EXCHANGE (Spot & Forward rate)

Tenor	Closing Rate (\$/N)
I&E FX Window	461.75
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

For enquiries, please contact us at:

Phoenix Global Capital Markets Limited
9a, Sir Samuel Manuwa Street,
Victoria Island,
Lagos,
Nigeria.

Email: info@phoenixcapital.africa

Website: www.phoenixcapital.africa

Disclaimer: The information contained herein is provided for informational purposes only, without any express or implied warranty of any kind, including warranties of accuracy, completeness, or fitness for any particular purpose. The information contained herein is not intended to be and does not constitute financial, investment or any other form of advice. No individual should make any financial or investment decision without undertaking a thorough and independent due diligence and consultation with a professional and competent financial advisor.