WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

The National Bureau of Statistics is scheduled to publish the headline inflation and related data for February on Tuesday, March 15. Official headline inflation is projected to decline marginally by 0.03% to 15.57% in February. The survey was carried out at the end of February, which was the beginning of the petrol scarcity and adulterated fuel scandal.

However, core inflation is estimated to increase by 0.11% to 13.98%. Even though domestic food prices are falling due to weak aggregate demand, consumer price resistance, and late harvest; living costs continue to climb. One price propelling factor is the pass-through effect of higher energy prices on transport and logistics costs. Notably, the scarcity of fuel has created some level of market inefficiencies and encouraged arbitrage practices. Presently, petrol and diesel are selling at different prices across the country, with some selling as high as N250/ liter and N650/ liter respectively.

EQUITIES

The equity market closed bullish this week as All-Share Index closed at 47, 437.48 recording an increase of 0.36% week-on-week. Gains in PRESCO (+19.6%), GTCO (+3.9%), INTBREW (+4.0%), and OKOMUOIL (+3.7%) drove the bullish performance witnessed in the market. Consequently, the Month-to-Date (MTD) return turned positive at +0.1% while the Year-to-Date (YTD) return increased to 11.1%.

Performance across sectors was mixed this week as NGX- Banking was the highest gainer for the week with (+1.29), followed by NGX-30 (+0.54). While, NGX- Oil and Gas recorded the highest decline with (-2.22), likewise NGX- Consumer Goods (-0.52), NGX- Industrial (-0.13).

GLOBAL ECONOMY

The benchmark 10-year U.S Treasury yield broke above the key 2% level, according to the CPI data the annual inflation rate in the US accelerated to 7.9% in February 2022, the highest since January 1982. The hot inflation reading came on the heels of better-than-expected non-farm payrolls numbers last week while surging commodities prices added to inflationary pressures.

Meanwhile, investors continued to monitor developments in the Russia-Ukraine crisis. Western states has implemented harsh sanctions against Russia after the country's move to launch a full-scale invasion of Ukraine last month.

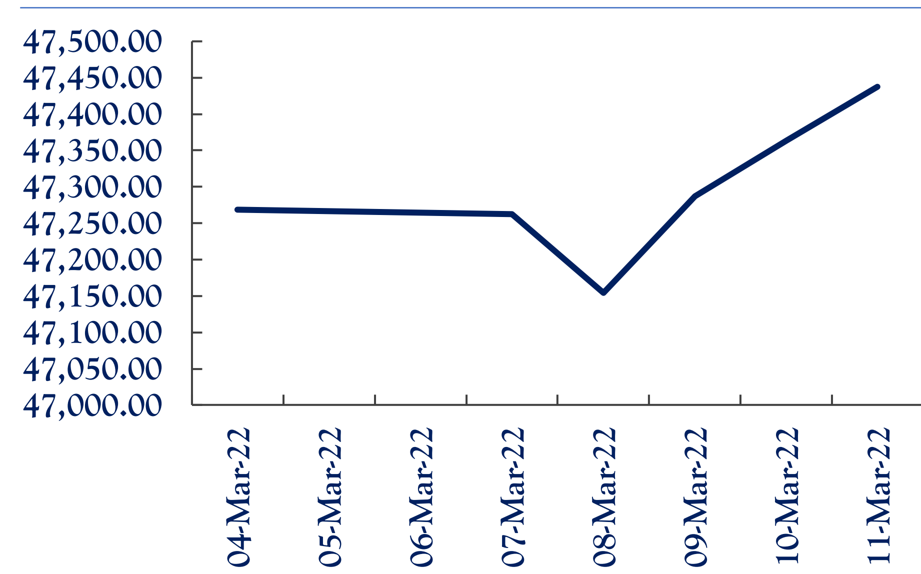
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	4.03%	5.01%
Unemployment	33.3%	33.3%
MPR	11.5%	11.5%
External Reserve	$39.77 billion	$39.87billion
Inflation	15.63%	15.40%

KEY METRICS

Metrics	Outcome
All-Share Index	47,437.48
WTD	0.36%
MTD	0.10%
YTD	11.05%
52-week High	45,957.35
52-week Low	24,026.05
Market Capitalization (N'trn)	25.566

FIG 1: NGX ALL SHARE INDEX – 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 4-Mar-2022	Wk. Close 11-Mar-2022	% WTD	% YTD
NGX-Banking	438.81	444.46	1.29	9.45
NGX-Industrial	2,116.84	2,114.06	-0.13	5.27
NGX Oil/Gas	470.36	459.92	-2.22	33.31
NGX-Consumer Goods	576.24	573.23	-0.52	5.69

GLOBAL MARKET

US Stocks declined on Friday with the Dow erasing its 300-point increase to close 230 points down at 32,943, while the S&P 500 and the Nasdaq 100 fell by 1.3% and 2.1%, respectively. After banning Russian energy imports this week, US President, Joe Biden called to downgrade Russia's "most favoured nation" status as a trading partner, enabling new tariffs to be implemented on Moscow and further lifting projections of higher consumer prices.

On the corporate front, DocuSign Shares plunged over 20% after announcing lower-than-expected guidance for the fiscal year. The Dow closed in the red for the fifth consecutive week, while war jitters pressured the S&P 500 and the Nasdaq to fall for the second consecutive week.

MONEY MARKET AND FIXED INCOME

MONEY MARKET

Interbank system liquidity declined slightly today, opening with a balance of ₦112.98 billion, lower than the previous day's opening balance of circa ₦153.93 billion. System liquidity was impacted this week by both outflows and inflow as the market witnessed a PMA settlement and OMO repayment.

At the close of the trading on Thursday, Open Repo (OPR) and Overnight Rates (O/N) settled at 4.83% and 4.50% respectively indicating a W-o-W rise of +141.50% and +63.64%.

In the coming week, we expect an improvement in system liquidity supported by inflows from FGN bond coupon payments (142.09 billion) and OMO maturities (NGN105.00 billion) which are likely to offset funding pressures for CB's auctions.

FGN BONDS AND TREASURY BILLS

The Nigerian Treasury Bond secondary market was undulated this week, with buying interest seen at the short end of the curve.

At the close of trading on Thursday, the overall average benchmark yields closed at 10.48%, benchmark yield falling by -0.76%

The average benchmark yields in the Treasury Bills market were mostly unaltered this week. At the close of the trading session on Thursday, the market was bearish with selling interest seen at the NTB market. Average benchmark yields for T. Bills rose by +2.33%, yields on OMO bills remained flat on a W-on-W basis.

The DMO sold N236.53 billion worth of notes against N94.00 billion offered at its NTB auction this week. The 91-day, 182-day & 364-day notes were allotted at 1.75%, 3.28%, and 4.10%, respectively. Compared to the previous auction, rates on the 91-day, 182-day, and 364-day notes fell by 49bps, and 25bps respectively.

We envisage that the need for reinvestment of coupon payments will drive demand for instruments thereby pushing yields lower.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
PRESCO PLC.	104.50	125.00	20.50	▲ 19.62
R T BRISCOE PLC.	0.63	0.73	0.10	▲ 15.87
CORNERSTONE INSURANCE PLC.	0.64	0.74	0.10	▲ 15.63

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
ELLAH LAKES PLC.	3.83	3.12	-0.71	▼ -18.54
MAY & BAKER NIGERIA PLC.	5.45	4.45	-1.00	▼ -18.35
UNIVERSITY PRESS PLC.	2.91	2.49	-0.42	▼ -14.43

FIG 2: T-BILLS YIELD CURVE (%)

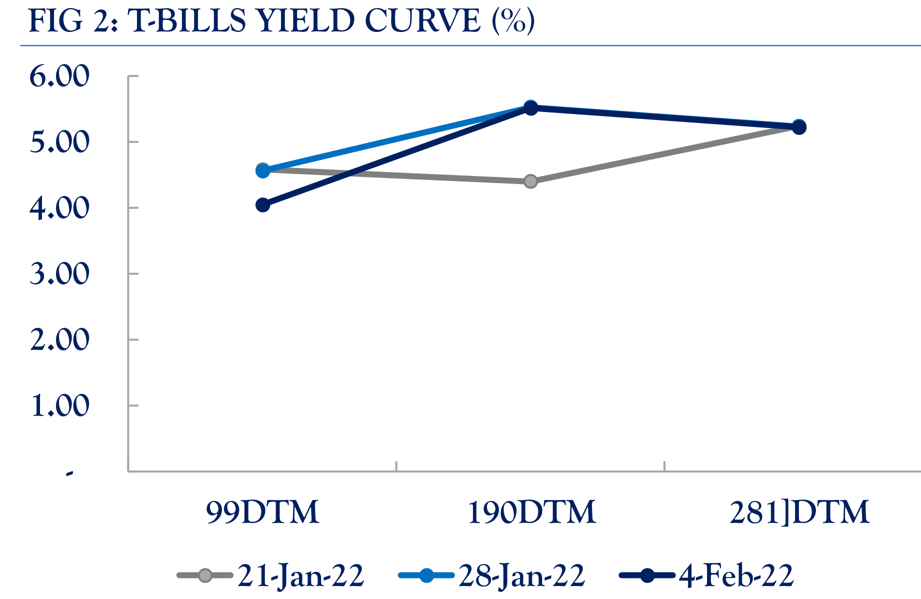
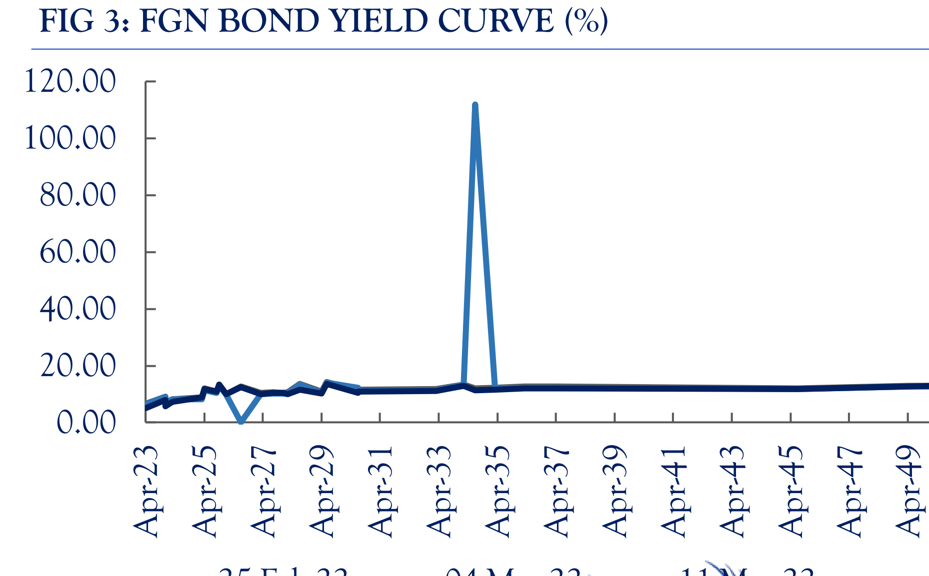


FIG 3: FGN BOND YIELD CURVE (%)



FOREIGN EXCHANGE

This week, the Naira was quite stable at the I & E FX window, as it was flat for most trading sessions closing at N416.50/USD for the week. However, the Naira closed at N579.00/USD, indicating a week-on-week (W-on-W) decrease of 0.3%. At the IEW, total turnover declined marginally by 0.4% WTB to USD550.64 million.

Elsewhere, the Nigerian FX reserve declined by USD102.51 million w/w to USD39.77 billion as of 10th March 2022.

INTERBANK OFFERED RATE

	3-Mar-22	10-Mar-22	Change(%)
OPR	2.00	4.83	141.50
OVN	2.75	4.50	63.64

OIL PRICES AND COMMODITIES

Oil prices climbed up by more than 9% on Monday, recording its highest since 2008, as the United States and European allies deliberate a Russian oil import ban and delays in the potential return of Iranian crude to global markets leading to tight supply fears.

Over the week, the West Texas Intermediate (WTI) Crude decreased by -2.60% w/w to trade at $112.67 per barrel. Although Gold prices increased by 0.95% to close at $1985.6 for the week.

Accordingly, the OPEC Basket traded at $113.29per barrel for the week indicating a 0.12% week-on-week increase. Nigeria's headline crude, Bonny Light to trade at $120.130 for the week indicating a week-on-week decrease of -2.25%.

In the coming week, oil prices are expected to rise with Western sanctions on Russia affecting the supply of Russian oil to the market.

OIL & COMMODITIES PRICES

Instrument	4-Mar-2022	11-Mar-2022	Change (%)
Brent Crude	$113.15	$113.29	0.12
WTI Oil	$115.68	$112.67	-2.60
Gold	$1967	$1985.6	0.95
Nigeria Bonny Light	$122.900	$120.130	-2.25

FOREIGN EXCHANGE (Spot & Forward rates)

Tenor	Closing Rate ($/N)
I&E FX Window	415.74
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

TOP BUSINESS HEADLINES FOR THE WEEK

- AfCFTA: Nigeria's strategic objective is to capture 10% of Africa's imports by 2035.
- Negotiations with Labour on Fuel Subsidy Removal Still Ongoing- FG.
- Gencos Disagree with TCN Over Outages, Blame Weak Transmission.
- Fuel Scarcity: New Plan to Reverse Current Crisis in Progress.

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