

## WEEKLY ECONOMIC AND MARKET RECAP

### NIGERIAN ECONOMY

#### Pre-MPC: March 2022

The Monetary Policy Meeting (MPC) is expected to hold its second meeting of the year on the 21<sup>st</sup> and 22<sup>nd</sup> of March 2022. Following the fresh headwinds that have emerged on the back of global health concerns and build-up domestic inflationary pressures. We expect the Committee to examine global economy's health within the context of withdrawal of monetary stimulus despite on-going war between Russia and Ukraine as well as the inflationary pressures on the domestic level to lean towards an accommodative monetary policy stance.

**In the interim, we envisage that the committee will likely retain MPR at 11.5% alongside other monetary policy parameters.**

According to the National Bureau of Statistics (NBS), headline inflation rose by 10bps to 15.70% y/y in February (January: 15.60% y/y). The increase was majorly impacted by increased utility prices following global surge in energy prices as the core basket increased by (14 bps to 14.0% y/y).

Consequently, prices rose across the sub-components of the core inflation. Particularly, utilities (+37bps to 11.82% y/y) and transport (+4bps to 15.12% y/y) sub-baskets which rose to their highest levels since May 2017 (12.91% y/y) and March 2017 (15.43% y/y), respectively. However, for food prices the favorable base from the prior year ensured prices eased marginally year-on-year (-2bps to 17.11% y/y).

### EQUITIES

The Equity market closed bearish this week on the back of profit-taking activities in heavyweight stocks, SEPLAT (-6.1%), ACCESS (-3.5%), NB (-3.3%) and GTCO (-3.0%) as All-Share Index closed at 47,282.67 recording a decrease of -0.33 Week-On-Week. The Month-to Date (MTD) and Year-to-Date (YTD) return settled at -0.2% and +10.69% respectively.

Performance across sectors was mixed this week as NGX- Industrial was the highest gainer for the week with (+0.14). While, NGX- Oil and Gas recorded the highest decline with (-3.87), likewise NGX- Consumer Goods (-0.43), NGX- Banking (-0.17).

### GLOBAL ECONOMY

US Consumer Inflation expectations for the year ahead increased again to 6% in February of 2022, showing similar record in both December and November but reversing some of January's sharp declines. However all commodity price change expectations increased, namely for food (9.2%), gas (8.8%), medical care (9.6%), college education (9%), and rents (10.1%). Median home price expectations, on the other hand, declined (5.7%).

Meanwhile, earnings growth expectations remained unchanged, while expectations about unemployment, perceived job loss, and job finding all improved. Median three-year ahead inflation expectations also ticked up by 0.3 percentage points to 3.8%

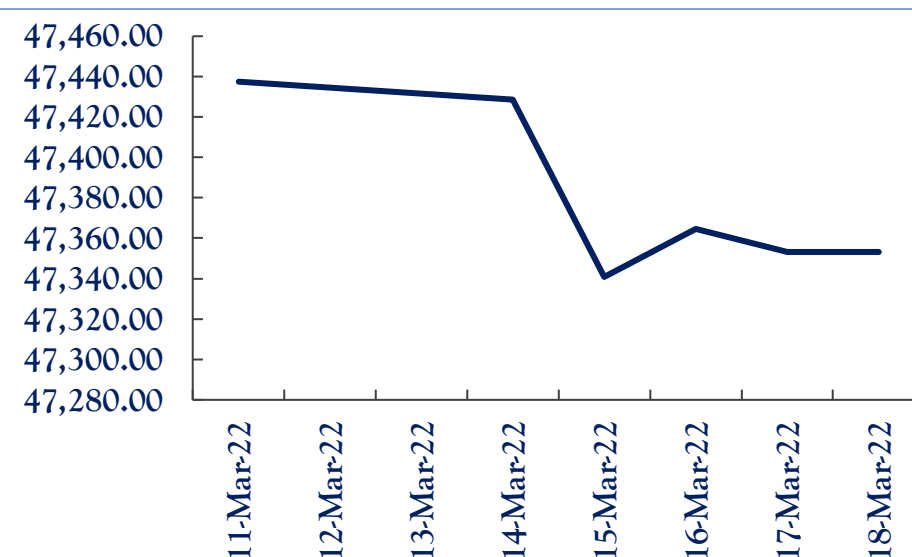
### ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	4.03%	5.01%
Unemployment	33.3%	33.3%
MPR	11.5%	11.5%
External Reserve	\$39.70billion	\$39.77billion
Inflation	15.70%	15.63%

### KEY METRICS

Metrics	Outcome
All-Share Index	47,282.67
WTD	-0.33%
MTD	-0.24%
YTD	10.69%
52-week High	45,957.35
52-week Low	24,026.05
Market Capitalization (N'trn)	25.482

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



### SECTOR PERFORMANCE

Index	Wk. Close 11-Mar-2022	Wk. Close 18-Mar-2022	% WTD	% YTD
NGX- Banking	444.46	443.72	-0.17	9.27
NGX- Industrial	2,114.06	2,116.94	0.14	5.41
NGX Oil/Gas	459.92	442.11	-3.87	28.14
NGX- Consumer Goods	573.23	570.78	-0.43	-3.14

## GLOBAL MARKET

US stocks closed higher on Friday, with the Dow Jones down nearly 0.6%, the S&P 500 trading around the flatline, while the tech-heavy Nasdaq outperformed by rising almost 1%. The Dow Jones added nearly 4.7% while the S&P advanced about 5%, both on track for its best week since November 2020. The tech-heavy Nasdaq increased almost 6%.

Notably, Investors have been digesting the kickstart of the Federal Reserve monetary tightening and the ongoing war between Russia and Ukraine. Accordingly, the US central bank announced a widely expected 25 basis point rate hike and signalled six more hikes this year. The US President Joe Biden is set to discuss the conflict in Ukraine with Chinese President Xi Jinping while warning of retaliation if Beijing supports Russia in Ukraine.

## MONEY MARKET AND FIXED INCOME

### MONEY MARKET

Interbank system liquidity slightly improved with a credit balance of ca ₦380.78 billion as against the previous day's opening balance of ca ₦326.39 billion, System liquidity was impacted this week by both outflows and inflow, the market saw a PMA settlement, OMO repayment, and FX auction at the end of the week, however, rates traded in single digits.

At the close of the trading on Thursday, open repo (OPR) and overnight rates (O/N) settled at 9.00% and 9.67% respectively indicating a W-o-W rise of +86.34% and +114.89%.

**We expect rates to hover around current levels barring any significant outflows from the Apex bank.**

### FGN BONDS AND TREASURY BILLS

The Average benchmark yields in the Treasury Bills market were mostly unchanged this week.

At the close of trading on Friday, the market was bullish with buying interest seen across maturities. Average benchmark yields for T. Bills fell by -7.95%, benchmark yields on OMO bills also declined, it fell by -2.30% on a W-on-W basis.

The DMO sold N172.61 billion worth of notes against N58.03 billion offered at its NTB auction this week. The 91-day, 182-day & 364-day notes were allotted at 1.74%, 3.00%, and 4.00%, respectively. Compared to the previous auction, rates on the 91-day, 182-day, and 364-day notes fell by 1bps, 28bps, and 10bps respectively.

The Treasury Bond secondary market was dominated by buy-side activity with investors cherry-picking on securities.

At the close of trading on Friday, the overall average benchmark yields closed at 10.45%, benchmark yield falling by -0.29%.

**We expect activity next week to be weak depending on the market liquidity situation.**

### TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
P Z CUSSONS NIGERIA PLC.	7.35	8.60	1.25	▲ 17.01
U A C N PLC.	10.65	12.20	1.55	▲ 14.55
NPF MICROFINANCE BANK PLC.	2.10	2.31	0.21	▲ 10.00

### TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
CORNERSTONE INSURANCE PLC.	0.74	0.58	-0.16	▼ -21.62
S C O A NIG. PLC.	2.83	2.38	-0.45	▼ -15.90
MRS OIL NIGERIA PLC.	13.55	12.20	-1.35	▼ -9.96

FIG 2: T-BILLS YIELD CURVE (%)

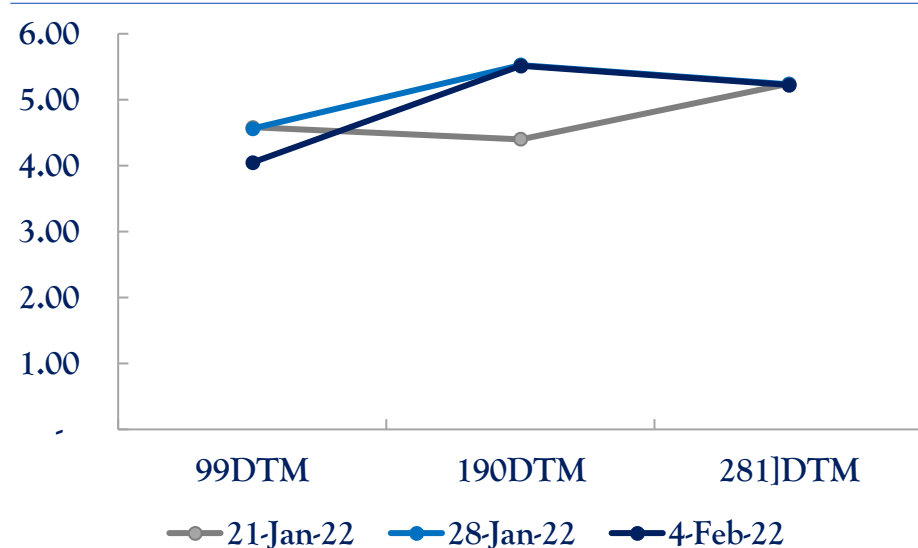
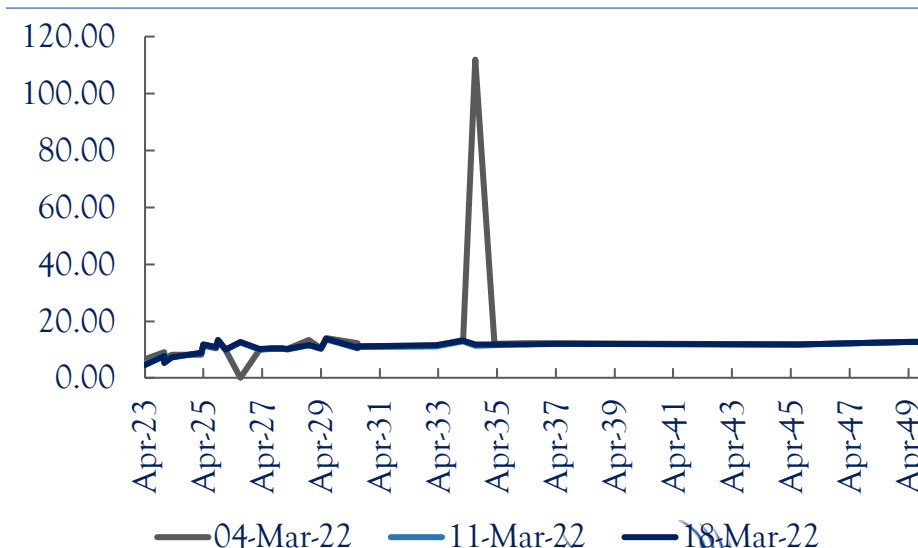


FIG 3: FGN BOND YIELD CURVE (%)



## FOREIGN EXCHANGE

This week, the Naira was relatively stable at the I & E FX window, as it remained flat for most trading sessions.

On Thursday, the Naira closed at the N416.67/USD, indicating a decline on a week-on-week (W-on-W) basis as Naira fell by +0.04% at the I&E FX Window and at the Nigerian Autonomous Foreign Exchange Fixing (NAFEX) window depreciated by +0.06% but closed flat at NGN578.00 at the parallel market.

Elsewhere, the Nigeria's FX reserve declined by USD39.40 million week-on-week to USD39.70 billion. At the I&E Window, total turnover declined by 27.2% WTD to USD507.94 million as transactions executed were within the NGN410.00/USD - NGN453.25/USD range.

## OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude decreased by -4.01% w/w to trade at \$104.95 per barrel. Likewise, Gold also decreased by -2.86% to trade at \$1928.90.

Accordingly, the OPEC Basket traded at \$117.23 per barrel for the week indicating a 4.05% week-on-week increase. Nigeria's headline crude, Bonny Light closed at \$113.44 for the week indicating a 1.18% decline.

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

## INTERBANK OFFERED RATE

	10-Mar-22	18-Mar-22	Change(%)
OPR	4.83	9.00	86.34
OVN	4.50	9.67	114.89

## OIL & COMMODITIES PRICES

Instrument	11-Mar-2022	18-Mar-2022	Change (%)
Brent Crude	\$112.67	\$117.23	4.05
WTI Oil	\$109.33	\$104.95	-4.01
Gold	\$1985.6	\$1928.90	-2.86
Nigeria Bonny Light	\$114.80	\$113.44	-1.18

## FOREIGN EXCHANGE (Spot & Forward rates)

Tenor	Closing Rate (\$/N)
I&E FX Window	416.67
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

## TOP BUSINESS HEADLINES FOR THE WEEK

- Nigeria to attract 1.3 million Chinese tourists, calls for facilitation of \$500 million media digitalization loan.
- Nigeria borrowed N6.64tn, serviced debt with N2.93tn in 2021, says DMO.

### For enquiries, please contact us at:

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

Email: [info@phoenixcapital.africa](mailto:info@phoenixcapital.africa)

Website: [www.phoenixcapital.africa](http://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.