

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to a report released by the National Bureau of Statistics (NBS) on the Nigerian Gross Domestic Product Report - Expenditure and Income Approach for Q3'2020 and Q4'2020. Nigeria's real GDP at basic prices increased by 4.03 percent YoY in the third quarter of last year, indicating a gradual upturn from the economic crisis in 2020. There was however a further increase in Q4'2021 with a positive GDP growth rate of 3.98 percent. The negative quarterly growth rates in Q2 and Q3'2020 culminated in a recession, resulting in a negative annual growth rate of -1.92 percent for 2020, compared to 2.27 percent in 2019."

Annual growth in 2021 stood at 3.40 percent, an improvement from 2020, GDP performance in 2021 indicated an increase by 7.65 percent points and 3.87 percent points higher in Q3 and Q4'2021 compared to Q3 and Q4'2020.

Household Consumption Expenditure in Q3 and Q4'2021, grew by 19.36 percent and 7.30 percent in real terms year-on-year.

EQUITIES

The equity market closed bullish this week, as the All-Share Index closed the week at 53,098.46 points indicating an increase of 4.25% week-on-week supported by bargain hunting which was noticed in several stocks such as Seplat Energy Plc (+8.33%), Zenith Bank Plc (+2.08%), and Guaranty Trust Holding Company Plc (+1.27%) respectively.

Consequently, the Month-To-Date (MTD) and Year-To-Date (YTD) returns increased by +6.97% and +24.30% respectively with market capitalization settling at 28.62 trillion naira.

Sectoral performance was broadly positive for the week, with the NGX-Oil/Gas (+6.94%) closing as the highest gainer for the week followed by NGX- Consumer Goods (+5.38%), NGX- Industrial Goods (+2.33%), and NGX- Banking (+0.04%).

GLOBAL ECONOMY

The annual inflation in the United States fell to 8.3 percent in April, down from a 41-year high of 8.5 percent in March but less than market expectations of 8.1 percent. Gasoline prices jumped 30.3 percent, compared to 32 percent in March (43.6 percent versus 48 percent), while fuel oil prices increased by 80.5 percent. Food costs surged a little higher by 9.4 percent, their biggest leap since April 1981, while accommodation prices rose by 5.1 percent as well as new car prices increased by 13.2 percent. Consumer prices rose by 0.3 percent month-on-month, slightly higher than predictions of 0.2 percent but down from a 16-year high of 1.2 percent in March.

The gasoline index declined by 6.1 percent, offsetting improvements in the natural gas and electricity indexes of 3.1 percent and 0.7 percent, respectively.

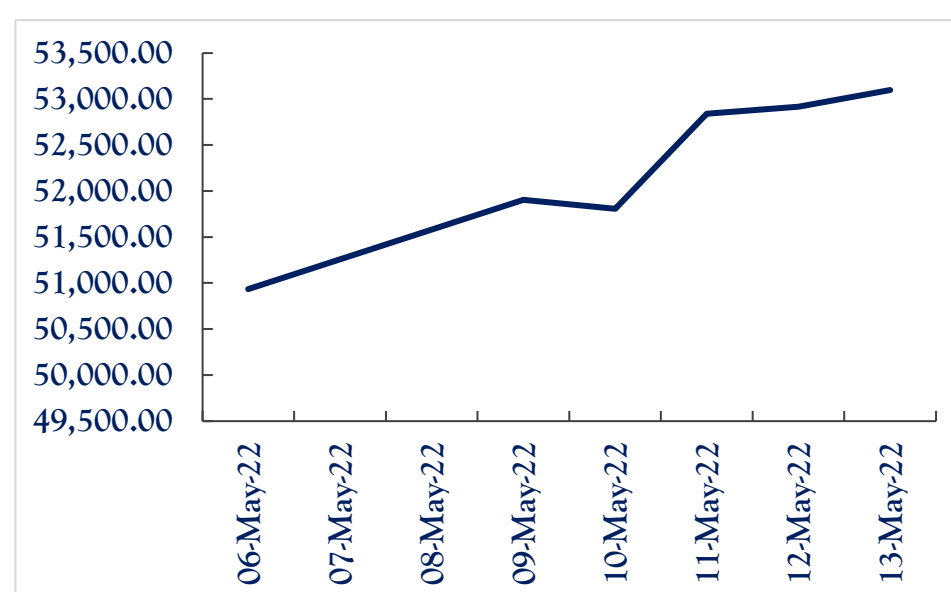
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	4.03%	5.01%
Unemployment	33.3%	33.3%
MPR	11.5%	11.5%
External Reserve	\$39.08billion	\$39.43billion
Inflation	15.92%	15.63%

KEY METRICS

Metrics	Outcome
All-Share Index	53,098.46
WTD	2.61%
MTD	2.61%
YTD	19.24%
52-week High	53,098.46
52-week Low	24,026.05
Market Capitalization (N'trn)	28.625

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 6-May-2022	Wk. Close 13-May-2022	% WTD	% YTD
NGX-Banking	435.97	436.15	0.04	7.41
NGX-Industrial	2,255.75	2,308.32	2.33	14.94
NGX Oil/Gas	518.62	554.62	6.94	60.75
NGX-Consumer Goods	662.68	698.32	5.38	18.50

GLOBAL MARKET

Global equities witnessed mixed performance for the week on the back of concerns about aggressive policy tightening followed by sluggish economic growth. In US Market, the Dow Jones gained more than 200 points at the open of the trading session on Friday, while the S&P 500 and Nasdaq gained 1.1 percent and 1.5 percent, respectively, as investors took advantage of lower valuations at the end of a wild week marked by concerns about aggressive monetary policy tightening and slowing economic growth. At the end of the week, the Dow Jones and S&P 500 were down by 2.4% and 2.9% respectively with the Nasdaq Composite declining by 4% for the week.

In the European market, the Stoxx 600 and the DAX both closed 2.1 percent higher on Friday following remarks from Fed Chair Janet Yellen which calmed fears about quicker interest-rate rises.

Powell announced that the Fed is expected to hike rates by 50 basis points in its next two meetings and is not "actively contemplating" a 75 basis point increase. Travel and leisure companies surged by 4.7 percent to lead advances across sectors, followed by banks, oil and gas, and technology stocks. On a weekly basis, the Stoxx 600 increased 0.8 percent avoiding its sixth consecutive weekly fall with widespread support from nearly all sectors while the DAX increased 2.5 percent.

MONEY MARKET AND FIXED INCOME

MONEY MARKET

The money market rate increased this week following the market's low liquidity. The market closed with the Open Repo Rate (OPR) at 8.67% and the Overnight Rate (O/N) at 9.17% reflecting a W-o-W increase of +82.53 and 86.38 percent respectively.

Following the positive outlook on liquidity expectations in the system, we expect rates to rise in the following week.

FGN BONDS AND TREASURY BILLS

Nigerian Treasury bills were bullish this week with the average benchmark showing an increase of 3.52% with its average yield decreasing to 5.38% week-on-week.

At the close of the trading session on Friday, the average benchmark settled at 3.87% with its yield declining by 1.53% supported by the modest buying interest on OMO bills.

The Central Bank of Nigeria (CBN) is set to host a Treasury Bills Primary Market Auction (PMA). Existing T-Bills worth NGN127.47 billion will mature and be rolled over at the PMA (NGN1.91 billion, NGN3.00 billion, and NGN122.56 billion for the 91-day, 182-day, and 364-day instruments, respectively).

The Treasury bond market closed bullish with modest purchasing interest at both the short and long ends of the yield curve. Its overall average benchmark yield closed at 11.57% indicating a decline of -0.34%.

We expect rates to fall much more with the liquidity expected following bond auctions in the coming week.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
MCNICHOLS PLC.	0.84	1.34	0.50	▲ 59.52
ROYAL EXCHANGE PLC.	1.01	1.53	0.52	▲ 51.49
CHAMPION BREW. PLC.	3.34	4.37	1.03	▲ 30.84

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
ACADEMY PRESS PLC.	1.75	1.51	-0.24	▼ -13.71
IKEJA HOTEL PLC.	1.28	1.14	-0.14	▼ -10.94
GUINNESS NIG PLC.	110.00	98.00	-12.00	▼ -10.91

FIG 2: T-BILLS YIELD CURVE (%)

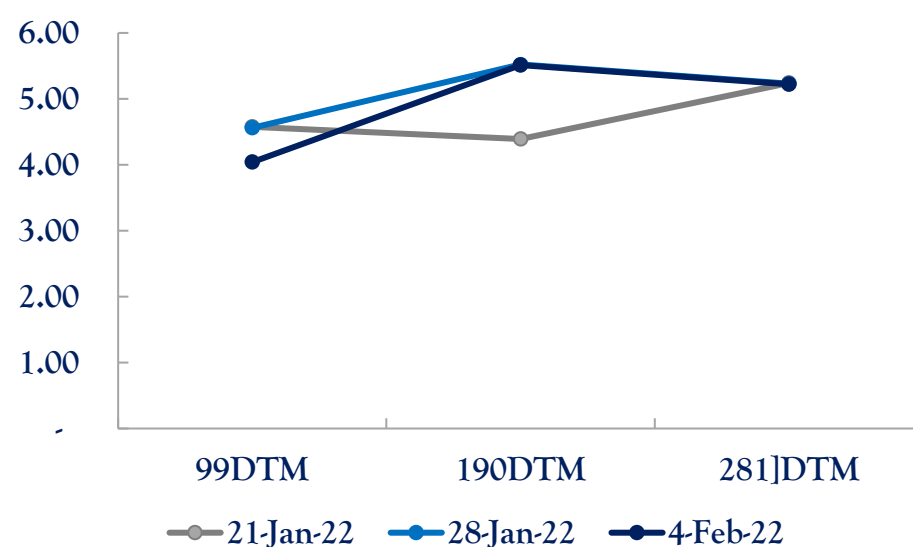
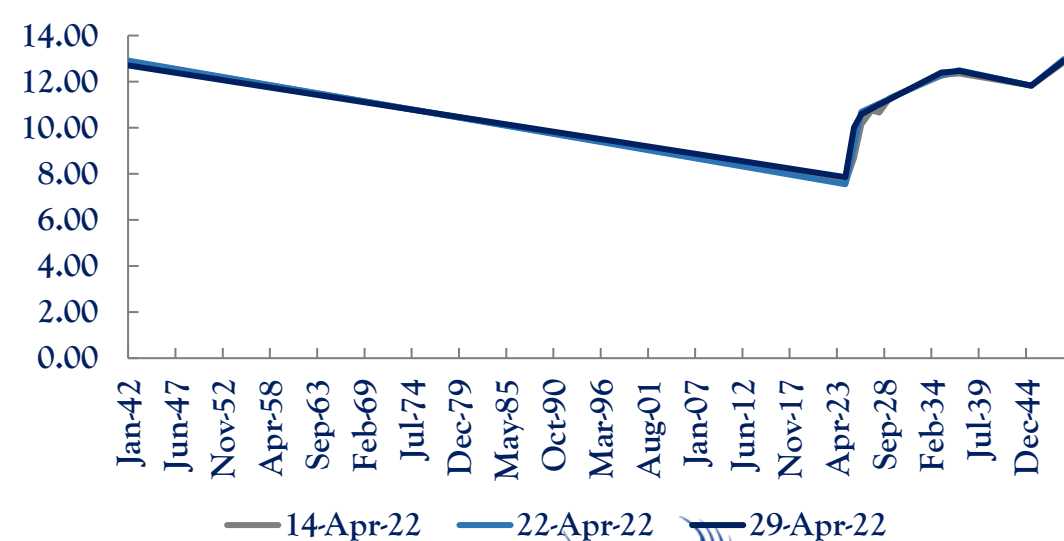


FIG 3: FGN BOND YIELD CURVE (%)



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FOREIGN EXCHANGE

Across the FX market, the naira depreciated 0.5% and 1.7% to NGN419.00/USD and NGN599.00/USD at the I & E window and the parallel market respectively. However at the I & E window, total turnover increased by 60.2% week-on-week to USD575.81 million with trades completed within the NGN410.84 - NGN453,25/USD band.

Elsewhere, the Nigerian FX reserves dipped by USD234.81 million w/w to USD39.07 billion as of 11th May 2022.

OIL PRICES AND COMMODITIES

According to the recent Organization of Petroleum Exporting Countries Monthly Oil Market Report (MOMR), Nigeria's oil output fell by -1.34 percent M-o-M from 1.340 mb/d in March to 1.322 mb/d in April 2022, the lowest in four months. Nigeria's oil production also declined by -1.53% M-o-M from 1.238 mb/d in March to 1.219 mb/d in April 2021.

Over the week, the West Texas Intermediate (WTI) Crude appreciated by 0.66% w/w to close at \$110.49 per barrel. While Gold decreased by -3.81% to close at \$1811.28.

Accordingly, the OPEC Basket price closed at \$110.49 per barrel for the week indicating a -3.39% weekly decline. Likewise, Nigeria's headline crude, Bonny Light closed at \$113.69 for the week indicating a decline of 2.35%

In the coming week, oil prices are projected to fall as inflationary pressure on global growth reduces.

TOP BUSINESS HEADLINES FOR THE WEEK

- Nigeria loses N1.22tn to deficit oil production.
- Nigerians spend N108.47 trillion on household consumption in 2021.
- Nigeria's fiscal deficit rises to a record N7.3 trillion in 52 weeks.

INTERBANK OFFERED RATE

	6-May-22	13-May-22	Change(%)
OPR	4.75	8.67	+82.53
OVN	4.92	9.17	+86.38

OIL & COMMODITIES PRICES

Instrument	6-May-2022	13-May-2022	Change (%)
Brent Crude	\$114.37	\$110.49	-3.39
WTI Oil	\$109.77	\$110.49	0.66
Gold	\$1882.93	\$1811.28	-3.81
Nigeria Bonny Light	\$116.43	\$113.69	-2.35

FOREIGN EXCHANGE (Spot & Forward rates)

Tenor	Closing Rate (\$/N)
I&E FX Window	419.00
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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