

## WEEKLY ECONOMIC AND MARKET RECAP

### NIGERIAN ECONOMY

According to the Central Bank of Nigeria's (CBN) Money and Credit Statistics, bank credit to the economy increased by 34% year on year (YoY) to N63.3 trillion in Q3 2022, from N46.9trn in the corresponding period of 2021. The total credit includes N22.8 trillion in government borrowing and N40.5 trillion in private-sector borrowing.

This indicates that public sector borrowing increased by 75% while lending to the private sector increased by only 19%, reflecting the government's increasing reliance on borrowing to fund its fiscal operations. The slow rate of increase in credit to the private sector is due in part to prohibitive lending rates that mirror upward adjustments in the Monetary Policy Rate (MPR).

### EQUITIES

The local bourse ended the week on a positive note as the All Share Index (NGX ASI) appreciated by 0.81% week-on-week to settle at 44,269.18 basis points with buying interest seen in stocks such as FTNCOCOA (+13.33%), NAHCO (+10.47%), DANGCEM (+8.84%) and COURTVILLE (+8.70%).

Consequently, the Month-To-Date (MTD) return appreciated by +0.98% as the Year-To-Date (YTD) return remained positive settling at 3.63% for the week with Market Capitalization settling at 24.11trn Naira at the close of the trading session.

Sector performance showed mixed performance for the week as the NGX-Industrial Index recorded the sole gainer (+5.35%), While, NGX-Oil/Gas Index declined by (-5.37%), followed by NGX-Consumer Goods Index (-2.32%) and NGX-Banking Index(-1.87%).

### GLOBAL ECONOMY

The Bank of England (BOE) raised its key interest rate by 75 basis points (bps), the biggest increase in 33 years. The majority of monetary policy committee members believe rates will rise further, though not to the 5.2% previously predicted.

Similarly, the FED raised its key interest rate by 0.75 percentage points to a range of 3.75-4.0% in order to further dampen inflation, which is currently at a 40-year high of 8.2%, exceeding the US target of 2%. The decision of major central banks to keep raising interest rates aggressively may tip the global economy into recession.

The deposit rate at the European Central Bank increased last week by the same amount to 1.5%. Future rate increases may occur in smaller steps, according to the Fed.

### GLOBAL MARKET

Stocks fell after the Federal Reserve dashed market hopes for an impending pivot in monetary policy in the form of a pause or slower pace of rate hikes. The technology-heavy Nasdaq Composite Index was hit particularly hard as growth stocks declined more than value companies.

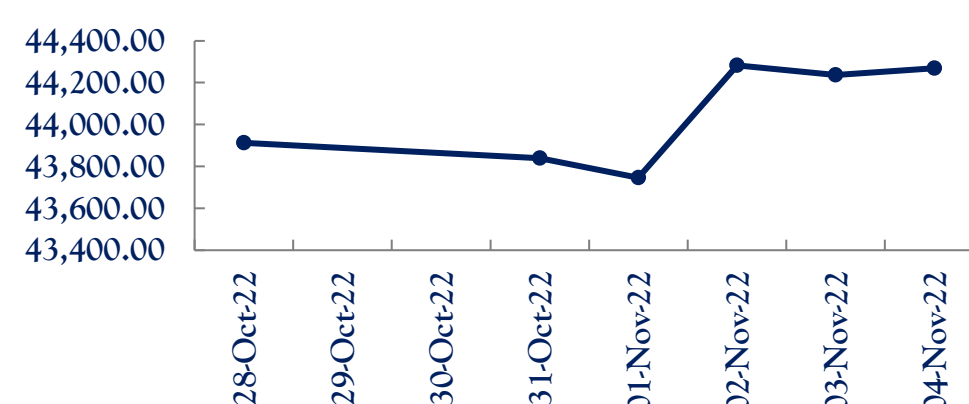
### ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	3.54%	3.11%
Unemployment	33.3%	33.3%
MPR	15.5%	14.00%
External Reserve	\$38.95 billion	\$38.88 billion
Inflation	20.77%	20.52%

### KEY METRICS

Metrics	Outcome
All-Share Index	44,269.18
WTD	0.81%
MTD	0.98%
YTD	3.63%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	24.11

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



### SECTOR PERFORMANCE

Index	Wk. Close 28-Oct-2022	Wk. Close 04-Nov-2022	% WTD	% YTD
NGX-Banking	378.05	370.98	-1.87	-8.64
NGX-Industrial	1,888.51	1,989.55	5.35	-0.93
NGX Oil/Gas	484.03	458.04	-5.37	32.76
NGX-Consumer Goods	569.98	556.73	-2.32	-5.52

In the US market, the Dow Jones decreased by (-1.39%) week-on-week. Likewise, the S&P 500 and Nasdaq rose by (-3.35%) and (-5.65%) respectively.

On Friday, European stocks rose as markets concluded a significant week for central bank policy decisions and corporate earnings.

The European market showed a bullish performance, FTSE 100 increased by (+4.07%), Likewise CAC 40 increased (+2.29%), and Euro STOXX (+2.08%).

The Asian market showed a bullish performance, the Hang Seng increased by (+8.73%), followed by China A50 (+6.30%) and Nikkei 225 (+0.35%).

## MONEY MARKET AND FIXED INCOME

### MONEY MARKET

Last week, the system liquidity was improved by the FAAC inflow, which caused the funding rate to drop to a single digit.

At the close of trading on Friday, the Open Repo Rate (OPR) and Overnight Rate (O/N) fell to 8.50% and 8.83%, indicating a W-o-W decline of -47.43% and -46.48% respectively.

### FGN BONDS AND TREASURY BILLS

The Nigerian Treasury Bill Market traded negatively throughout the entire last week. However, the average benchmark yield for NTB rose by 318bps to +11.34% while the OMO bills declined by -6.43% to 10.19%.

**We anticipate a calm market this week due to the Primary Auction.**

Last week, the bond market continued to decline due to rising inflation, tightened liquidity, and negative returns.

The Treasury bond secondary average benchmark yield rose to 14.82% by 109bps on a week-on-week basis.

### FOREIGN EXCHANGE

Following the decision of the CBN's redesigned policy, People who had naira notes stashed rushed to exchange them for dollars last week, causing the naira to the dollar to be out of control on the parallel market. On Thursday, the naira hit a record low of N900/USD before settling at N895/US\$1 on Friday at the parallel market.

The Naira depreciated to N445.50/USD from N444.75/USD at the Investor and Exporter fixing on Friday, representing a week-on-week decline of 1.00%. While at the NAFEX fixing, the naira settled at N443.75/\$1 on Thursday.

### TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
FTNCOCOA	0.30	0.34	0.04	▲ 13.33
NAHCO	5.16	5.70	0.54	▲ 10.47
DANGCEM	220.50	240.00	19.50	▲ 8.84

### TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
CHAMS	0.27	0.23	-0.04	▼ -14.81
IKEJAHOTEL	1.08	0.94	-0.14	▼ -12.96
CORNERST	0.50	0.44	-0.06	▼ -12.00

FIG 2: T-BILLS YIELD CURVE (%)

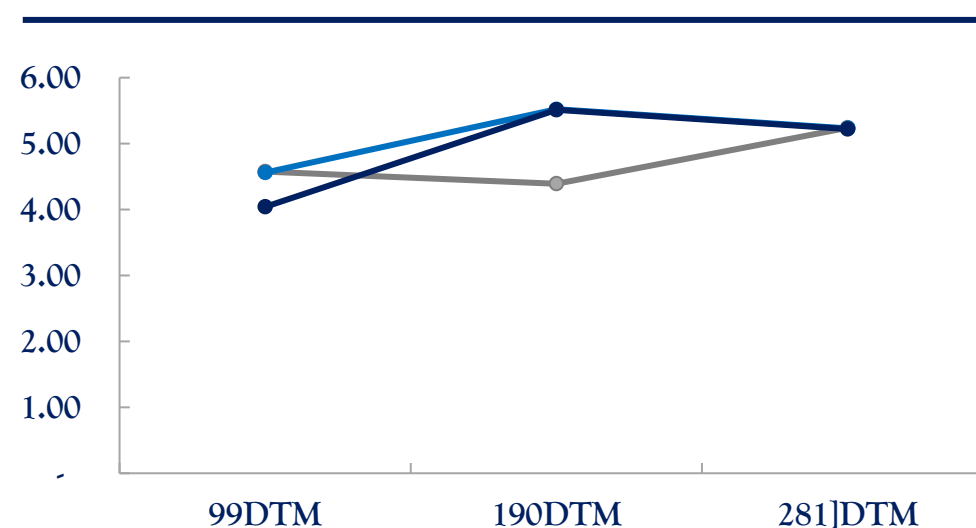
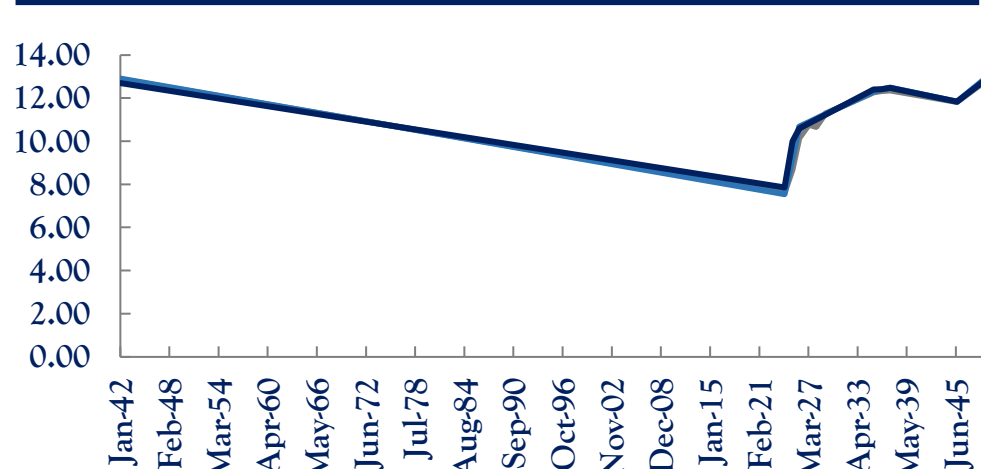


FIG 3: FGN BOND YIELD CURVE (%)



**OIL PRICES AND COMMODITIES**

The latest World Oil Outlook (WOO) of the Organization of Petroleum Exporting Countries (OPEC) showed that 1.2mb/d of the 7.3mb/d global additional refining capacity expected in the medium term (2022-2027) would come from Africa. Dangote's 650,000b/d refinery complex will account for more than half of Africa's expected refining facilities.

The Dangote refinery will join Angola's 100tb/d, Algeria's 110tb/d, Egypt's 160tb/d, the Democratic Republic of the Congo's 110tb/d, and other modular refineries from Guinea, Ghana, and Senegal, among others. Asia-Pacific, the Middle East, and Africa will account for more than 90% of the long-term (2022-2045) refining capacity addition to the global economy.

**We expect that the addition of these refineries will help to alleviate the tightness in Africa's downstream oil sector. The increase in refining and exports, as well as the suspension of petroleum imports, will relieve pressure on the Naira against the dollar.**

Over the week, the West Texas Intermediate (WTI) Crude appreciated by 4.77% w/w to close at \$92.60 per barrel. Likewise Gold appreciated by 1.71% to close at \$1,674.6 from \$ 1,646.4.

Accordingly, the OPEC Basket price closed at \$98.75 per barrel for the week indicating a 4.81% weekly gain.

**TOP BUSINESS HEADLINES FOR THE WEEK**

- New Naira Notes to Be Printed Locally, Says CBN.
- Power: Senate to Grill Minister Over N147bn Projects.
- \$12.1trn Investment Required To Meet Global Oil Demand - OPEC.
- NPA: Export Processing Terminal Will Boost Nigeria's \$2.5bn Non-oil Export.

**INTERBANK OFFERED RATE**

	28-Oct-22	04-Nov-22	Change(%)
OPR	16.17	16.17	-0.98
OVN	16.50	16.50	+0.00

**OIL & COMMODITIES PRICES**

Instrument	28-Oct-2022	04-Nov-2022	Change (%)
Brent Crude	\$94.22	\$98.75	4.81
WTI Oil	\$88.38	\$92.60	4.77
Gold	\$1646.4	\$1674.6	1.71

**FOREIGN EXCHANGE (Spot & Forward rate)**

Tenor	Closing Rate (\$/N)
I&E FX Window	445.50
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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