

## WEEKLY ECONOMIC AND MARKET RECAP

### NIGERIAN ECONOMY

According to the Central Bank Nigeria (CBN), Nigeria's current account surplus increased to USD5.1 billion in Q2 '22 compared with a revised surplus of USD2.6bn in Q1 '22. The improvement in the current account reflects an improvement in the trading account, which increased to USD5.7 billion in Q2'22 from USD3.5 billion in Q1.

Compared to the total exports recorded, the trade surplus increased by 5% to USD18.2bn on a quarterly basis however trade surplus declined by 10% to USD12.5bn when compared to the total imports recorded. This increase was due to a USD856m increase in oil exports which accounted for c.89% of total merchandise exports in Q2'22 and a decline of -USD953m in oil imports.

The net deficit on the services accounts increased to USD3.6bn from USD2.8bn in Q1. Despite the quarterly increase, the net deficit in services remains below pre-COVID levels of between USD5 billion and USD9 billion because expenses on imported services have not recovered to pre-pandemic levels. The CBN's FX scarcity due to a reduction in FX supply is largely responsible for the abstract decline in imported services. The net deficit on the income account fell to USD3.9 billion in Q2 from around USD2.6 billion in Q1 due to lower net outflows related to investment income.

**We envisage that the current account will remain in surplus if oil prices remain at current levels and the CBN continues with its FX demand management strategies.**

### EQUITIES

The local bourse ended the week on a negative note as the All Share Index (NGX ASI) depreciated by 0.68% week-on-week to settle at 43,968.75 basis points with selloff seen in stocks such as PRESTIGE (-15.22%), LEARNAFRCA (-10.71%), GUINNESS (-9.95%) and FLOURMIL (-9.90%).

Consequently, the Month-To-Date (MTD) return depreciated by +0.30% as the Year-To-Date (YTD) return remained positive settling at 2.93% for the week with Market Capitalization settling at 23.94trn Naira at the close of the trading session.

Sector performance showed mixed performance for the week as the NGX-Industrial Index recorded the highest gain (+0.29%), followed by NGX-Banking Index (+0.17%) While, NGX-Oil/Gas Index declined by (-0.74%) and NGX-Consumer Goods Index (-1.95%).

### GLOBAL ECONOMY

The British economy contracted by 0.6% month on month in September 2022, following a 0.1% decline in August and falling short of the market forecast of a 0.4% drop. This is the second consecutive month of declining economic activity and, most likely, the start of a long recession, with the Inflation rate and high standard of living.

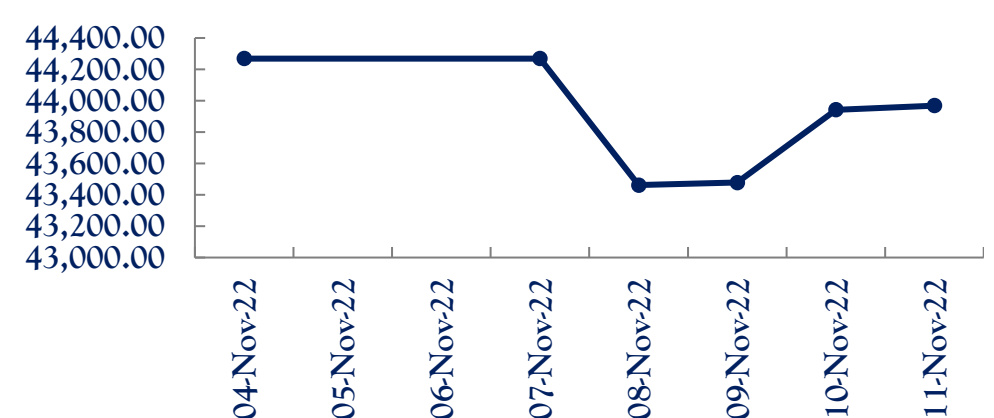
### ECONOMIC INDICATORS

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	43,968.75
WTD	-0.68%
MTD	-0.30%
YTD	2.93%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	23.94

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



### SECTOR PERFORMANCE

Index	Wk. Close 04-Nov-2022	Wk. Close 11-Nov-2022	% WTD	% YTD
NGX-Banking	370.98	371.61	0.17	-8.49
NGX-Industrial	1,989.55	1,983.76	0.29	-1.22
NGX Oil/Gas	458.04	454.66	-0.74	31.78
NGX-Consumer Goods	556.73	545.90	-1.95	-7.36

The services sector fell to 0.8%, led by a 3.2% decline in information and communication activity, a 2% decline in wholesale and retail trade, and the repair of motor vehicles and motorcycles. In addition, output in consumer-facing services fell by 1.7%.

On the other hand, industrial production increased by 0.2% as a result of a 1.5% increase in the supply of electricity, gas, steam, and air conditioning. Construction also increased by 0.4%.

### GLOBAL MARKET

Global markets performed positively as investors expected that the Fed will slow the pace of rate hikes and news that China has relaxed some Covid rules.

In the US market, the Dow Jones increased by (+4.14%) week-on-week. Likewise, the S&P 500 and Nasdaq rose by (+5.90%) and (+8.10) respectively.

The European market showed a mixed performance, FTSE 100 decreased by (-0.23%), While CAC 40 increased (+2.78%), and Euro STOXX (+4.88%).

The Asian market showed a bullish performance, the Hang Seng increased by (+7.21), followed by Nikkei 225 (+3.91%) and China A50 (+1.47%).

### MONEY MARKET AND FIXED INCOME

#### MONEY MARKET

Last week, Interbank rates remained in the single digits all week as liquidity stayed potent.

At the close of trading on Friday, the Open Repo Rate (OPR) rate and Overnight rate (O/N) settled at 12.00% and 12.83%, rising by +50.94% and +35.90% respectively.

#### FGN BONDS AND TREASURY BILLS

The Treasury bill secondary market remained quiet during the first half of the week, as investors focused on the FGN savings bond. However, the bullish sentiment returned on Thursday and continued into Friday last week.

The average benchmark yield for NTB and OMO bills settled at 11.02% and 10.16% recording a week-on-week decline of -2.82% and -0.29% respectively.

**We expect inflation figures to determine the direction of the market this week.**

In contrast to previous NTB Auctions, on Friday NTB Primary Auction had an oversubscription of N310.12 billion against the N193.04 billion offered. The 91-day and 182-day notes remained unchanged at 6.50% and 8.05% respectively, while the 364-day fell by 51 basis points to 13.99%. The bid-to-offer ratio was 0.72x, 0.19x, and 3.59x for the three papers, respectively.

Last week, the Treasury Bond secondary market traded mixed, with buying interests skewed across short-tenor instruments amid continued sell-offs at the mid-to-long tenor instruments.

On Friday, the average benchmark yield declined to 14.78 by 29bps, week-on-week.

### TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
UNITYBNK	0.42	0.57	0.15	▲ 35.71
ROYALEX	0.72	0.88	0.16	▲ 22.22
MRS	11.70	12.85	1.15	▲ 9.83

### TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
PRESTIGE	0.46	0.39	-0.07	▼ -15.22
LEARNAFRCA	1.68	1.50	-0.18	▼ -10.71
GUINNESS	82.90	74.65	-8.25	▼ -9.95

FIG 2: T-BILLS YIELD CURVE (%)

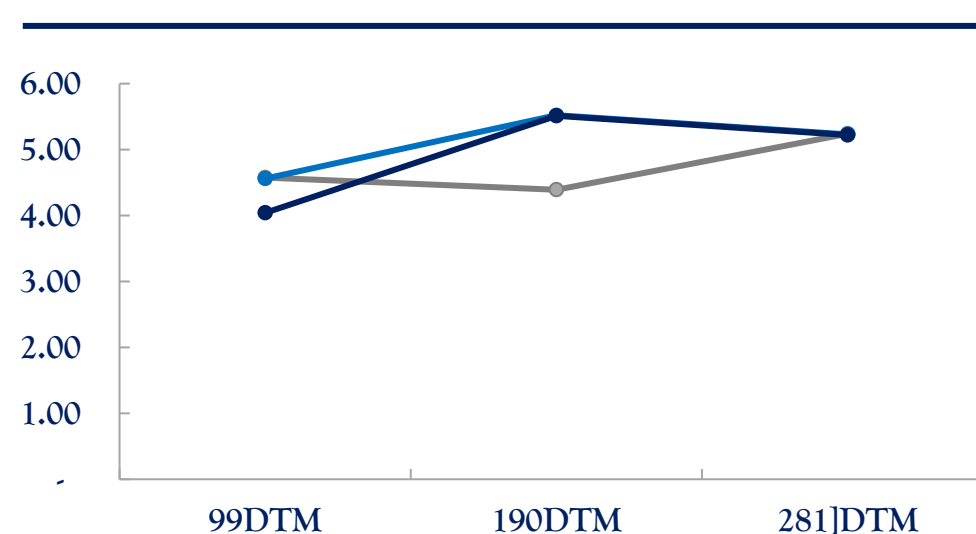
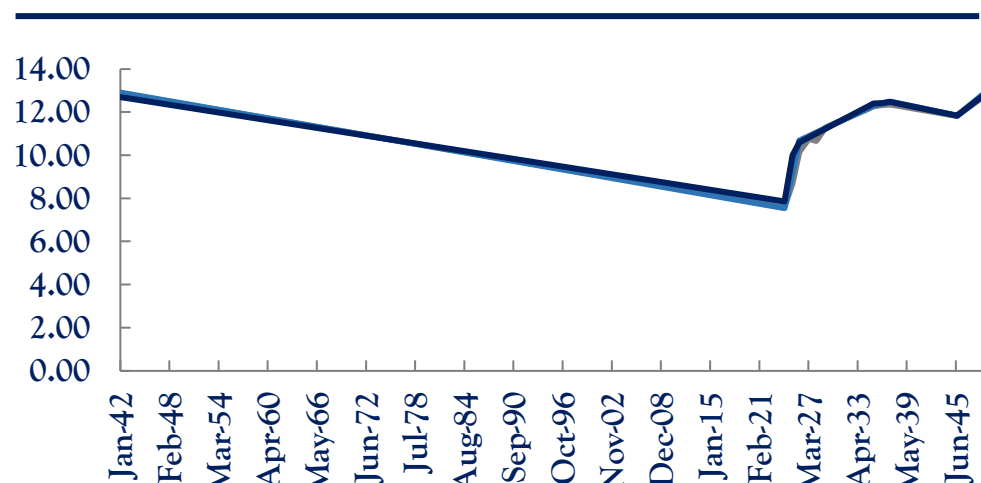


FIG 3: FGN BOND YIELD CURVE (%)



## FOREIGN EXCHANGE

During the week, FX supply improved at the parallel market as Naira appreciated closing at NGN690/USD up from a record low of N900/USD last week.

At the Investor and Exporter FX Window, Naira settled at N446.1/USD on Friday, indicating a week-on-week loss of 0.31%.

## OIL PRICES AND COMMODITIES

Nigeria's crude oil production increased for the first time in four months, rising from 937,766 barrels per day in September to 1.014 million barrels per day in October 2022.

According to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), the country's daily average production of liquid, including crude oil and condensate, for October recorded about 1.230mb/d (from 1.137 in September). The increase is due to a decrease in crude oil theft generated by surveillance projects by the NNPC Ltd, National security forces, and private contractors.

Over the week, the West Texas Intermediate (WTI) Crude depreciated by 4.04% w/w to close at \$88.86 per barrel. While Gold appreciated by 5.95% to close at \$1,774.2 from \$ 1,674.6.

Accordingly, the OPEC Basket price closed at \$95.78 per barrel for the week indicating a 3.01% weekly loss.

## TOP BUSINESS HEADLINES FOR THE WEEK

- AfDB, Others Mobilize \$31b Investment For Africa.
- Nigeria's Oil Production Deficit Hits 184.1m Barrels in Nine Months.
- COP27: Nigerians to Benefit from UK £95m Support.
- Nigeria's Crude Oil Production Drops Further to 0.938mbpd in September 202.

## INTERBANK OFFERED RATE

	04-Nov-22	11-Nov-22	Change(%)
OPR	16.17	12.00	+50.94
OVN	16.50	12.83	+35.90

## OIL & COMMODITIES PRICES

Instrument	04-Nov-2022	11-Nov-2022	Change (%)
Brent Crude	\$98.75	\$95.78	-3.01
WTI Oil	\$92.60	\$88.86	-4.04
Gold	\$1674.6	\$1,774.2	5.95

## FOREIGN EXCHANGE (Spot & Forward rate)

Tenor	Closing Rate (\$/N)
I&E FX Window	446.1
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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