

## WEEKLY ECONOMIC AND MARKET RECAP

### NIGERIAN ECONOMY

According to the recently released CPI report by the National Bureau of Statistics (NBS), headline inflation in October 2022 rose by 21.09%, which was 5.09% points higher compared to the rate recorded in October 2021, which was (15.99%). This increase was due to the (i) Rising import costs as a result of persistent currency depreciation. (ii) Disruption in food product supply. (iii) A general increase in production costs, such as an increase in energy costs. On a month-on-month basis, the Headline inflation rate in October 2022 was 1.24%, this was 0.11% lower than the rate recorded in September 2022 (1.36%). This decline was due to food index changes relative to the reference month index This could be because of the current harvesting season.

Food inflation rose by 23.72% on a year-on-year basis in October 2022 which was 5.39% higher compared to 18.34% recorded in October 2021. The price increase in Bread and cereal, food items n.e.c., potatoes, yams, and other tubers, as well as oil and fat, contributed to the rise in food inflation. On a month-on-month basis, food inflation fell to 1.23%, this was a 0.21% decline compared to the rate recorded in September 2022 (1.43%). This decline was attributed to the decrease in the cost of some food items, such as vegetables, maize, beans, tubers, and palm oil.

The Core inflation rose by 17.76% in October 2022 which was 4.52% higher on a year-on-year basis, when compared to the rate recorded in October 2021 (13.24%). On a month-on-month basis, the core inflation rate was 1.59% in October 2022. It was 1.59 % in September 2022. The most significant increases were seen in the prices of Gas, liquid fuel, Air passenger transport, Solid fuel, and Vehicle spare parts.

**We expect inflation to continue to soar due to the effect of the flood and the impact of the exchange rate on domestic prices.**

### EQUITIES

The local bourse ended the week on a negative note as the All Share Index (NGX ASI) appreciated by 1.22% week-on-week to settle at 44,492.73 basis points with buying interest seen in stocks such as MANSARD (+15.69%), UBN (+13.04%), GTCO (+10.83%) and BREW (+10.29%).

Consequently, the Month-To-Date (MTD) return appreciated by +1.22% as the Year-To-Date (YTD) return remained positive settling at 4.16% for the week with Market Capitalization settling at 24.23trn Naira at the close of the trading session.

Sector performance showed negative performance for the week as the NGX-Banking Index recorded the sole gain (+4.40%), While, NGX-Consumer Goods Index declined by (-1.05%) followed by NGX-Oil/Gas Index (-0.84%) and NGX-Industrial Index (-0.66%).

### GLOBAL ECONOMY

According to Office for National Statistics (ONS), the Annual inflation rate in the UK rose by 11.1% in October 2022 from 10.1% in September 2022, the highest inflation rate since October 1981.

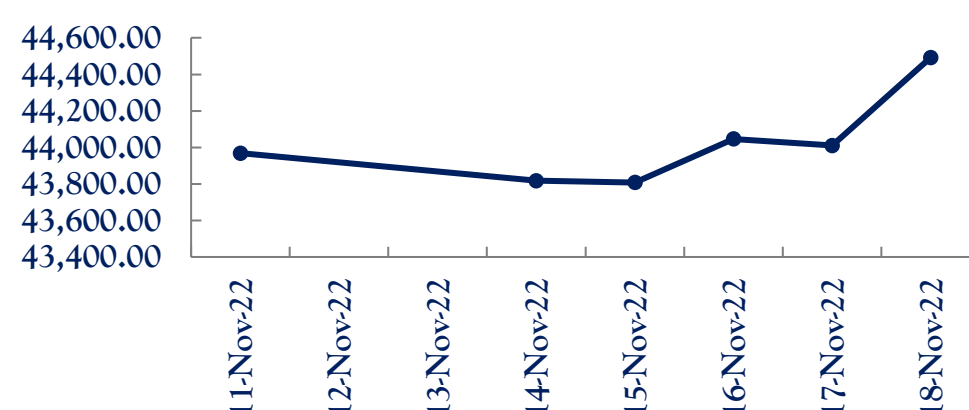
### ECONOMIC INDICATORS

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	21.09%	20.77%

### KEY METRICS

Metrics	Outcome
All-Share Index	44,492.73
WTD	1.22%
MTD	1.49%
YTD	4.16%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	24.23

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



### SECTOR PERFORMANCE

Index	Wk. Close 11-Nov-2022	Wk. Close 18-Nov-2022	% WTD	% YTD
NGX-Banking	371.61	387.31	4.40	-4.62
NGX-Industrial	1,983.76	1,976.36	-0.66	-1.59
NGX Oil/Gas	454.66	448.56	-0.84	30.01
NGX-Consumer Goods	545.90	550.89	-1.05	-6.51

On a monthly basis, CPI rose by 2.0% in October 2022, compared to the rate recorded in October 2021 (1.1%). This increase was due to (i) an Increase in the cost of living (ii) an Increase in the cost of transportation (primarily the cost of fuel and second-hand car prices) (iii) an increase in food prices.

There was also price increases for food and non-alcoholic beverages (October 2022: 16.4%, compared to September 2022:14.6%). Housing and household service costs increased by 11.7% in October 2022, from 9.3% in September 2022. The annual inflation rate was higher in March 1991 when it was 12.5%. The prices for liquid fuels and for electricity increased by 70.0% and 65.7%, respectively, in the year to October 2022, Despite the introduction of the government's Energy Price Guarantee.

### GLOBAL MARKET

Global markets closed mixed as investors tried to ignore the hawkish comments made by US Federal Reserve officials, who hinted that they are prepared to tighten policy even more to combat inflation.

In the US market, the Dow Jones declined by (-0.01%) week-on-week. Likewise, the S&P 500 and Nasdaq declined by (-0.69%) and (-1.57%) respectively.

The European market showed a bullish performance, FTSE 100 increased by (++)0.92%), Likewise CAC 40 increased (+0.76%), and Euro STOXX (+1.46%).

The Asian market showed a mixed performance, the Hang Seng increased by (+3.85%), followed by China A50 (+0.05%) While Nikkei 225 (-1.29%).

### MONEY MARKET AND FIXED INCOME

#### MONEY MARKET

The funding rate remained high last week as the bond primary auction drained system liquidity.

At the close of trading on Friday, the Open Repo Rate (OPR) rate and Overnight rate (O/N) settled at 16.25 basis points and 16.50 basis points, rising by +26.66% and +37.50% respectively.

#### FGN BONDS AND TREASURY BILLS

Last week, investors showed mild buying interest in the Nigerian Treasury secondary market, lowering the average benchmark yield by -0.27% to 10.99. While OMO average benchmark yield increased by +6.50% to 10.82, week-on-week.

**We expect The market's direction should be determined by the MPC decision this week.**

Reversing the low subscription seen in recent months, the primary auction had a 20% oversubscription at N269 billion in notes against the N225 billion offered. The 2037 tenor was heavily oversubscribed, while the 2029 and 2032 tenors had low subscriptions of N39.45bn and 34.82bn, respectively. Rates on maturities in 2029, 2032, and 2037 rose by 25bps, 20bps, and 20bps to settle at 14.75%, 15.20%, and 16.20%, respectively.

The Treasury Bond secondary market saw some buying interest in the midweek, reversing the quiet mood at the beginning of last week.

### TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
MANSARD	1.53	1.77	0.24	▲ 15.69
UBN	5.75	6.50	0.75	▲ 13.04
GTCO	17.55	19.45	1.90	▲ 10.83

### TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
SCOA	1.75	1.29	-0.46	▼ -26.29
GUINNESS	74.65	60.50	-14.15	▼ -18.96
REGALINS	0.27	0.23	-0.04	▼ -14.81

FIG 2: T-BILLS YIELD CURVE (%)

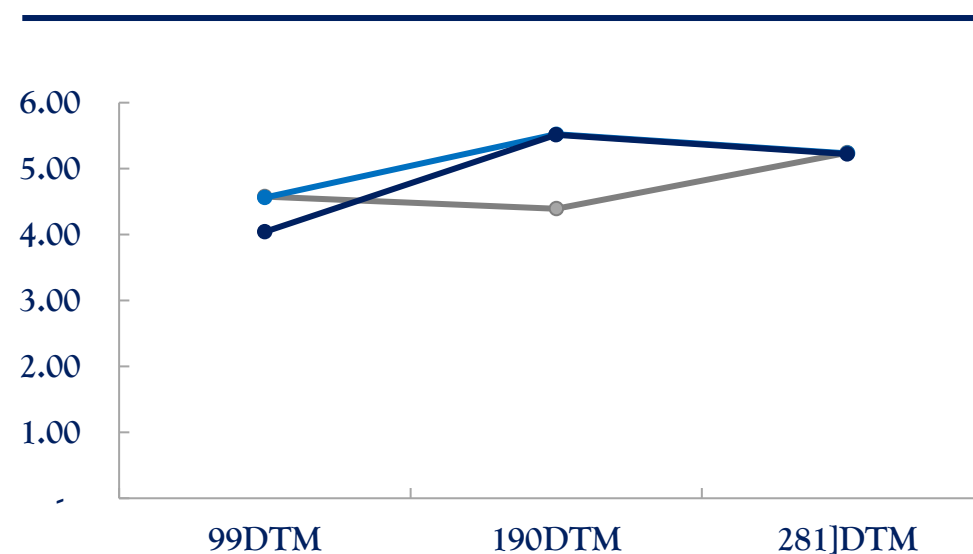
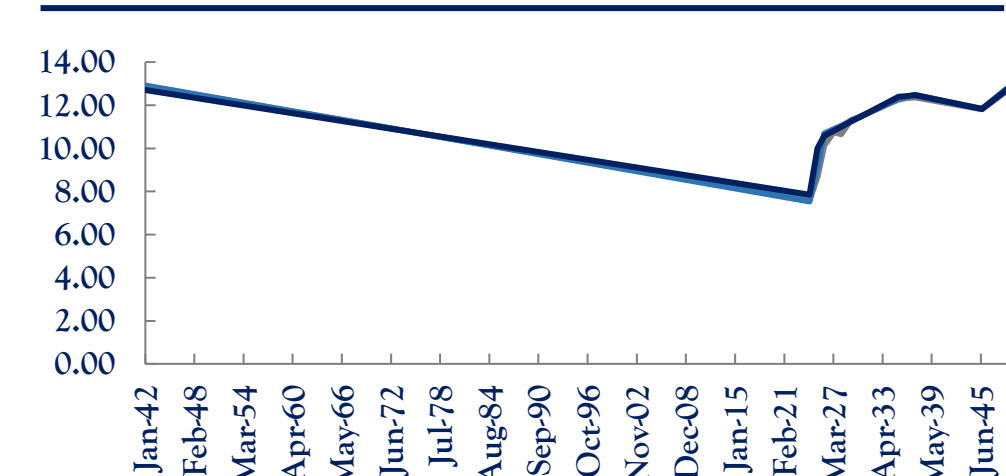


FIG 3: FGN BOND YIELD CURVE (%)



The average benchmark yield declined by 68bps to 14.68%, week-on-week.

#### FOREIGN EXCHANGE

As the naira depreciated to N800/USD from N690/USD recorded last Friday, the naira movement in the parallel market slowed on Tuesday. The naira fluctuated between N780 and N850 for the rest of the week before settling at N785/USD on Friday.

At the Investor and Exporter FX fixing, the naira appreciated by -0.10% week-on-week to settle at N445.67/USD. However, Naira fell at the NAFEX fixing to N444.38/USD on Thursday, indicating a weekly loss of 0.06%

#### OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by 9.85% w/w to close at \$80.11 per barrel. Likewise Gold depreciated by 1.25% to close at \$1,752 from \$ 1,774.2

Accordingly, the OPEC Basket price closed at \$87.74 per barrel for the week indicating an 8.39% weekly loss.

#### TOP BUSINESS HEADLINES FOR THE WEEK

- CBN: Banks Granted N28.12tr Loans to Businesses In 12 Months.
- States To Get \$1bn Grant From World Bank Dec - Mrs. Zainab Ahmed.
- Nigerian Banks' Assets Rise by N10tn, Hit N66tn.
- African Airlines Record 90.5% Surge Amid Global Passenger Recovery.

#### INTERBANK OFFERED RATE

	11-Nov-22	18-Nov-22	Change(%)
OPR	12.00	16.25	+26.66
OVN	12.83	16.50	+37.50

#### OIL & COMMODITIES PRICES

Instrument	11-Nov-2022	18-Nov-2022	Change (%)
Brent Crude	\$95.78	\$87.74	-8.39
WTI Oil	\$88.86	\$80.11	-9.85
Gold	\$1,774.2	\$1,752	-1.25

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

Tenor	Closing Rate (\$/N)
I&E FX Window	445.67
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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