

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

Gross Domestic Product (GDP) grew by 2.25% year-on-year in the third quarter of 2022. This growth rate fell from 4.03% in the third quarter of 2021. This was due to the recession's underlying effects as well as the difficult economic circumstances that limited productive activities. The growth rate in Q3-2022 declined by 1.78% points from 4.03% in Q2-2022. However real GDP grew at 9.68% quarter-on-quarter in Q3-2022, reflecting higher economic activity in Q3 2022 compared to the previous quarter.

Oil-Sector - The real growth of the oil sector was -22.67% year-on-year in Q3-2022 indicating a decrease of 11.94% points relative to the rate recorded in the corresponding quarter of 2021. Growth also decreased by 10.91% points when compared to Q2 2022 which was -11.77%. Quarter-on-Quarter. This was due to the decline in daily oil production of 1.20mbpd in Q3-22, compared with 1.57mbpd recorded in the same quarter of 2021 by 0.37mbpd and lower than the second quarter of 2022 production volume of 1.43 mbpd by 0.24mbpd. The Oil sector contributed 5.66% to the total real GDP in Q3-2022, which was lower than the figures for the same period in 2021 and the preceding quarter, where it contributed 7.49% and 6.33% respectively.

Non-Oil Sector - The non-oil sector grew by 4.77% in real terms during the reference quarter (Q3-2022). This was 1.18% lower than the rate recorded in the same quarter of 2021 and 0.50% points lower than the second quarter of 2022. This sector was primarily driven by Information and Communication (Telecommunication); Trade; Transportation (Road Transport); Financial and Insurance (Financial Institutions); Agriculture (Crop Production) and Real Estate, accounting for positive GDP growth in the third quarter of 2022. In real terms, the non-oil sector contributed 94.34% higher than the share recorded in the third quarter of 2021 which was 92.51%.

EQUITIES

The local bourse ended the week on a positive note as the All Share Index (NGX ASI) appreciated by 6.88% week-on-week to settle at 47,554.34 basis points with buying interest seen in stocks such as NB (+18.67%), SOVRENINS (+16.67%), PRESTIGE (+16.22%) and CORNERST (+15.91%).

Consequently, the Month-To-Date (MTD) return appreciated by +8.47 % as the Year-To-Date (YTD) return remained positive settling at 11.33% for the week with Market Capitalization settling at 25.90trn Naira at the close of the trading session.

Sector performance showed positive performance for the week as the NGX-Industrial Index recorded the highest gain (+7.70%), followed by NGX-Banking Index (+3.06%) and NGX-Consumer Goods Index (+0.15%) While NGX-Oil/Gas Index declined (-1.29%).

GLOBAL ECONOMY

According to a preliminary estimate, the S&P Global/CIPS United Kingdom Composite PMI was 48.3 in November 2022, up from 48.2 the previous month and above market expectations of 47.5. Nonetheless, the

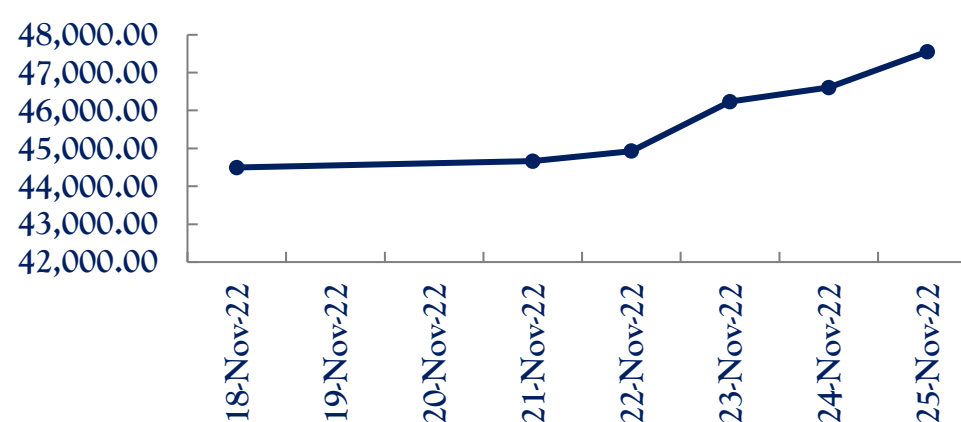
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	2.25%	3.54%
Unemployment	33.3%	33.3%
MPR	16.5%	15.5%
External Reserve	\$38.95 billion	\$38.88 billion
Inflation	21.09%	20.77%

KEY METRICS

Metrics	Outcome
All-Share Index	47,554.34
WTD	6.88%
MTD	8.47 %
YTD	11.33%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	25.90

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 18-Nov-2022	Wk. Close 25-Nov-2022	% WTD	% YTD
NGX-Banking	387.31	399.15	3.06	-1.70
NGX-Industrial	1,976.36	2,163.07	9.45	7.71
NGX Oil/Gas	448.56	442.77	-1.29	28.34
NGX-Consumer Goods	550.89	551.70	0.15	-6.38

Manufacturing output fell the least since July due to reduced supply constraints, while service activity fell by the same amount as the previous month. Overall, new work volumes fell at the fastest rate since January 2021, while job creation slowed to the slowest in 21 months. In terms of prices, input cost inflation has slowed only slightly since October, while output charges have slowed to their lowest level since August 2021. Finally, due to widespread worries about the domestic economic outlook, higher borrowing costs, and reductions in non-essential spending, business confidence was at its second-lowest level since May 2020.

GLOBAL MARKET

Global markets closed mixed as Investors kept analyzing the recently released PMI.

In the US market, the Dow Jones increased by (+1.78%) week-on-week. Likewise, the S&P 500 and Nasdaq increased by (+1.53%) and (+0.72%) respectively.

The European market showed a bullish performance, FTSE 100 increased by (+1.37%), Likewise CAC 40 increased (+1.02%), and Euro STOXX (+0.96%).

The Asian market showed a mixed performance, the Nikkei 225 increased by (+1.37%), While Hang Seng declined by (-2.33%) and China A50 (-0.24%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

Interbank rates were elevated for three trading sessions last week due to the lack of liquidity. However, FAAC inflow on Thursday, increased liquidity as rates declined to a single digit.

At the close of trading on Friday, the Open Repo Rate (OPR) rate and Overnight rate (O/N) settled at 12.25% and 16.63% on Friday, indicating a weekly decline of -24.62% and -23.45% respectively.

FGN BONDS AND TREASURY BILLS

The Treasury secondary market was mostly quiet last week as investors were distracted by the mid-week NTB primary auction.

On Friday, the NTB traded bullish as the average benchmark yield declined by -5.91% to 10.34 while the average benchmark yield for OMO bills declined by -0.18 to 10.80, week-on-week.

We expect improved liquidity should spark some buying interest in the Treasury Bill Secondary Market.

On Wednesday CBN offered exactly N213.43 billion in the primary auction, the 364-day tenor was 147% oversubscribed, while the 91-days and 182-days tenors were -63% and -93% undersubscribed, respectively. The 91-day and 182-day rates remained unchanged at 6.50% and 8.05%, respectively, while the 364-day rate increased by 85 basis points to 14.84%.

The Treasury Bond secondary market experienced massive selloffs in response to the MPR hike, particularly at the long end of the curve. The selloff sentiment waned on Thursday as investors showed interest in specific bonds, lowering the average benchmark yield.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
NB	41.25	48.95	7.70	▲ 18.67
SOVRENINS	0.24	0.28	0.04	▲ 16.67
PRESTIGE	0.37	0.43	0.06	▲ 16.22

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
NESTLE	1,215.00	963.90	-251.10	▼ -20.67
CAPHOTEL	3.40	3.06	-0.34	▼ -10.00
SCOA	1.29	1.17	-0.12	▼ 9.30

FIG 2: T-BILLS YIELD CURVE (%)

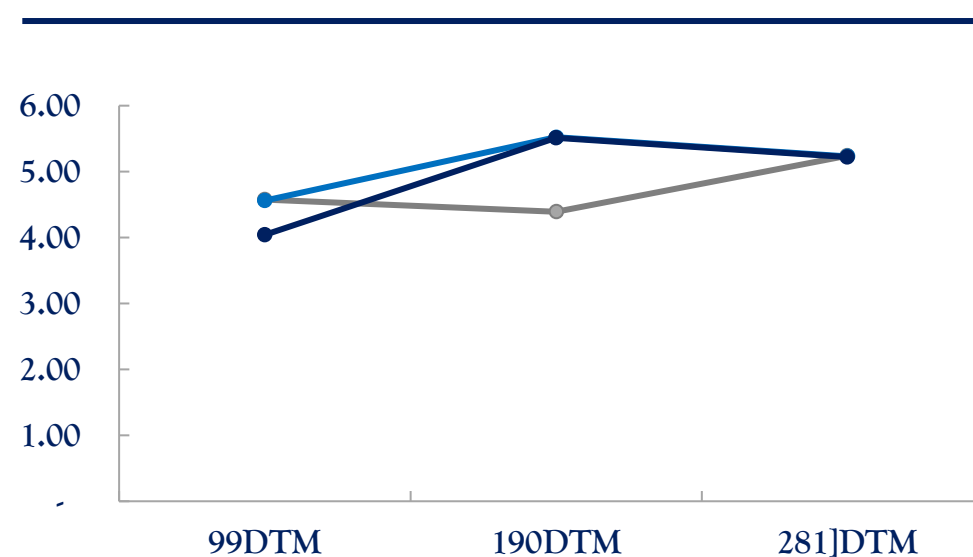
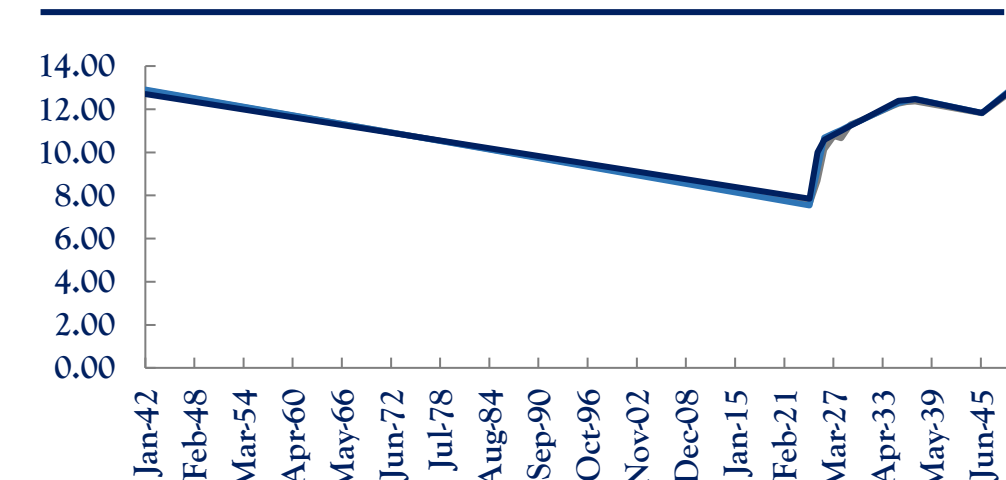


FIG 3: FGN BOND YIELD CURVE (%)



On a weekly basis, the average benchmark declined by 20bps to 14.65%.

FOREIGN EXCHANGE

Naira gained slightly last week on the parallel market, reaching N775/USD on Friday from N800/USD.

Naira depreciated both at the Investor and Exporter FX and NAFEX window N446.33/USD and 444.38/USD, indicating a weekly loss of +0.15% and +0.03% respectively.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by 4.59% w/w to close at \$83.71 per barrel. Likewise Gold depreciated by 0.10% to close at \$1,749.8 from \$ 1,752.

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 MPC Raises MPR to 16.50% at the End of November 2022 MPC Meeting.
- Nigeria Exported 36% of Value-Added Products in H1 – NEPC.
- Buhari Kick-starts Oil Drilling in the North as \$3bn Kolmani River Oil Wells Takes Off.
- FEC Approves Additional N14bn For Road Project in Kano – Budget Now N36bn.
- CBN: 4m Smallholder Farmers Have Benefitted from Our Credit Facilities.

INTERBANK OFFERED RATE

	18-Nov-22	25-Nov-22	Change(%)
OPR	16.25	12.25	-24.62%
OVN	16.50	12.63	-23.45%

OIL & COMMODITIES PRICES

Instrument	18-Nov-2022	25-Nov-2022	Change (%)
Brent Crude	\$87.74	\$83.71	-4.59
WTI Oil	\$80.11	\$76.55	-4.44
Gold	\$1,752	\$1749.8	-0.10

FOREIGN EXCHANGE (Spot & Forward rate)

Tenor	Closing Rate (\$/N)
I&E FX Window	446.33
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

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