

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to the Debt Management Office (DMO), Nigeria's total public debt stock stood at N42.8tn in H1-2022. This represents a 20.8% y/y increase from N35.5tn recorded in H1-2021. On a quarterly basis, the overall public debt stock increased by 3.0% from N41.6 trillion in Q1-2022.

However, domestic debt from the local debt market increased by 20.6% year over year to N26.2 trillion in H1-2022., domestic debt from the local debt market rose by 20.6% y/y to N26.2tn in H1-2022. In spite of underperforming revenue collection due to lower-than-expected oil output (caused by theft, pipeline vandalism, and inadequate CAPEX budgets) and the depreciation of the Naira, Nigeria's debt burden is still getting worse.

Given the existing fiscal imbalance caused by the revenue deficit in 2022, we expect total public debt stock to continue to rise. We anticipate that revenue will fall short of projections, owing mostly to poor oil revenue performance, which has returned only 39% of the expected budget as of April 2022.

EQUITIES

The local bourse ended the week on a negative note as the All Share Index (NGX ASI) depreciated by 3.41% Week-on-Week to settle at 47,351.43 basis points. This result was primarily due to selling activities noticed in stocks such as NASCON (-13.64%), CORNERST (-10.71%), NEIMETH (-10.00%), PRESCO (-9.99%), and CADBURY (-9.93%). Consequently, the Month-To-Date (MTD) return depreciated by 3.41% as the Year-To-Date (YTD) return remained positive to settle at 10.85% from 14.8 % with Market Capitalization settling at 25.79trn Naira at the close of the trading session.

Sector performance was broadly negative for the week as the NGX-Banking Index was the highest loser (-3.37%). Likewise, NGX-Oil/Gas Index declined by (-1.02%), followed by NGX-Consumer Goods Index (-0.56%), and NGX-Industrial Index (-0.33%) respectively.

GLOBAL ECONOMY

According to the US Department of Labor, the non-farm payrolls (NFP) increased by 263,000 in September, the least since April of 2021 but above market forecasts of 250,000 and a decline from an average of 438,000 in the first eight months of the year, as higher interest rates and prices started to weigh on the economy.

Nonetheless, the figure would indicate a tight labor market with job gains exceeding the monthly average of 167,000 in the 2010s, boosting employment up roughly 500K,000 from its pre-pandemic level. Meanwhile, the unemployment rate is expected to stay at 3.7%, and wages increased by 0.3% month to month, the same as in August, while annual pay growth slowed to 5.1% from 5.2%.

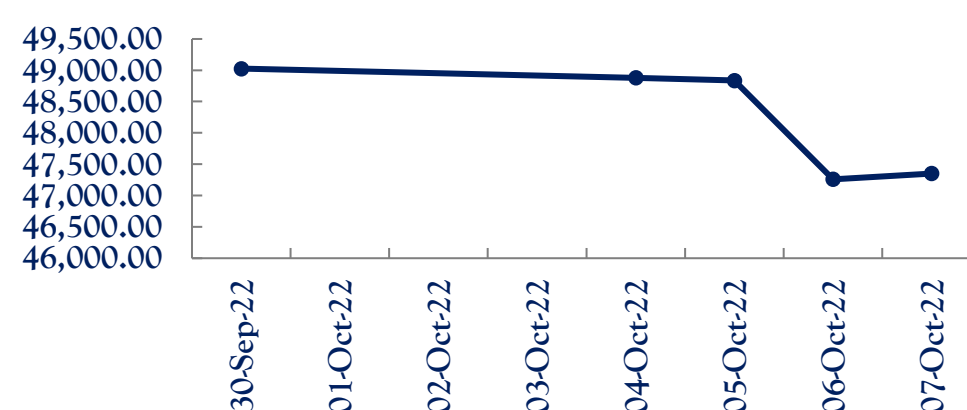
ECONOMIC INDICATORS

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	20.52%	19.64%

KEY METRICS

Metrics	Outcome
All-Share Index	47,351.43
WTD	-3.41%
MTD	-3.41%
YTD	10.85%
52-week High	54,085.30
52-week Low	24,026.05
Market Capitalization (N'trn)	25.791

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 30-Sep-2022	Wk. Close 07-Oct-2022	% WTD	% YTD
NGX-Banking	382.59	366.42	-3.37	-9.76
NGX-Industrial	1,721.36	1,767.43	-0.33	-11.99
NGX Oil/Gas	507.25	503.10	-1.02	45.82
NGX-Consumer Goods	605.09	581.43	-0.56	-1.33

GLOBAL MARKET

In the US market, the Dow Jones increased by (+1.97%) week-on-week. Likewise, the S&P 500 and Nasdaq fell by (+1.51%) and (+0.73%) respectively.

Likewise, the European market showed a bullish performance, FTSE 100 (+1.41%), CAC 40 (+1.82%), and Euro STOXX (+1.73%).

In the Asian market, it showed a mixed performance, the China A50 decreased by (-0.00%), While the Nikkei 225 increased by (+4.55%), followed by Hang Seng (+3.00%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

Last week, money market rates increased as liquidity became tighter as a result of the higher MPR.

At the close of trading on Friday, the Open Repo Rate (OPR) and Overnight Rate (O/N) increased by +4.84% and +7.81%, to close at 17.25 and 16.25 respectively.

FGN BONDS AND TREASURY BILLS

Buying activity persisted in most trading sessions last week.

However, on Friday the average benchmark yield for NTB increased by +2.38%, settling at 7.31. While the OMO bill closed bearish, and the average benchmark yield fell by -0.27% settling at 10.95.

In the absence of any major factors, we expect the market will maintain a consistent trend for the next week.

Last week, bond prices declined sharply as selloffs dominated the majority of trading sessions in line with the ongoing FGN savings bond primary auction.

At the close of the trading session on Friday, it closed bullish with the average benchmark yield curve increased by 14.00% (W-o-W) from 13.66% in the previous week.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
MULTIVERSE	3.69	4.50	0.81	▲ 21.95
GEREGU POWER	100.00	120.90	20.90	▲ 20.90
LIVESTOCK	1.02	1.14	0.12	▲ 11.76

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
NASCON	11.00	9.50	-1.50	▼ -13.64
CORNERST	0.56	0.50	-0.06	▼ -10.71
NEIMETH	1.40	1.26	-0.14	▼ -10.00

FIG 2: T-BILLS YIELD CURVE (%)

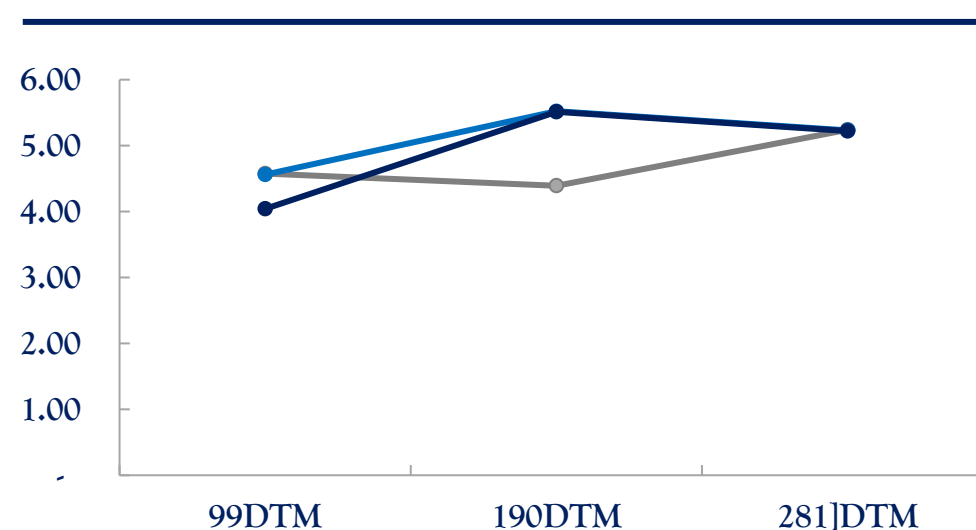
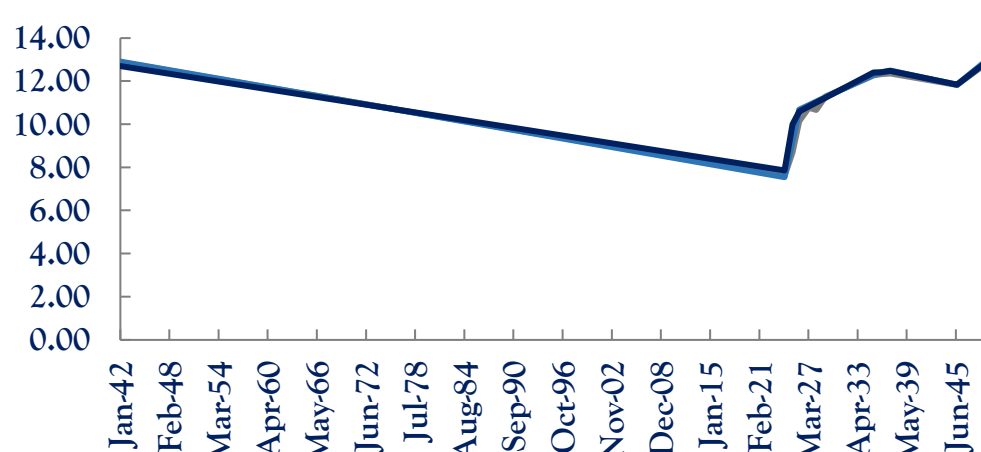


FIG 3: FGN BOND YIELD CURVE (%)



FOREIGN EXCHANGE

The Naira fell to N439.17/USD at the Investor and Exporter fixing on Friday, representing a week-on-week decrease of 0.49%. At the parallel market, the naira depreciated by 1.12% to NGN736.62/USD from NGN745.00/USD.

In the NAFEX window, Naira appreciated to N435.75/USD from N436.78/USD, indicating a week-on-week increase of 0.24%.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude appreciated by 9.20% w/w to close at \$93.20 per barrel. Likewise Gold appreciated by 1.77% to close at \$1,709.1 from \$ 1,655.70.

Accordingly, the OPEC Basket price closed at \$98.29 per barrel for the week indicating a 23.32% weekly loss.

TOP BUSINESS HEADLINES FOR THE WEEK

- OPEC+ Cut Required Production Levels in November 2022 to 41.9mb/d.
- Senate Approves MTEF/FSP for 2023 Budget, Raises Oil Benchmark to \$73/barrel.
- Renewable energy jobs hit 12.7m globally.
- FG to Re-open 180,000bpd Pipeline Shut in April.

INTERBANK OFFERED RATE

	30-Sep-22	07-Oct-22	Change(%)
OPR	15.50	17.25	+3.33
OVN	16.00	16.25	+7.81

OIL & COMMODITIES PRICES

Instrument	30-Sep-2022	07-Oct-2022	Change (%)
Brent Crude	\$79.70	\$98.29	23.32
WTI Oil	\$85.35	\$93.20	9.20
Gold	\$1679.3	\$1709.1	1.77

FOREIGN EXCHANGE (Spot & Forward rate)

Tenor	Closing Rate (\$/N)
I&E FX Window	439.17
1M	418.51
3M	421.64
6M	434.08
1Y	448.82

For enquiries, please contact us at:

Phoenix Global Capital Markets Limited
9a, Sir Samuel Manuwa Street,
Victoria Island,
Lagos,
Nigeria.

Email: info@phoenixcapital.africa

Website: www.phoenixcapital.africa

Disclaimer: The information contained herein is provided for informational purposes only, without any express or implied warranty of any kind, including warranties of accuracy, completeness, or fitness for any particular purpose. The information contained herein is not intended to be and does not constitute financial, investment or any other form of advice. No individual should make any financial or investment decision without undertaking a thorough and independent due diligence and consultation with a professional and competent financial advisor.