

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to the recently released CPI report by the National Bureau of Statistics (NBS), headline inflation in September 2022 rose by 20.77%, which was 4.14% points higher compared to the rate recorded in September 2021, which was (16.63%). On a month-on-month basis, the Headline inflation rate in September 2022 was 1.36%, this was 0.41% lower than the rate recorded in August 2022 (1.77%). This was due to (i) Higher import costs as a result of ongoing currency depreciation (ii) Disruption in food product supply (iii) A general increase in production costs.

Food inflation rose by 23.34% on a year-on-year basis in September 2022 which was 3.77% higher compared to 19.57% recorded in September 2021. This was caused by an increase in prices of Bread and cereals, Potatoes, yam and other tubers, fish, meat, oil and fat. On a month-on-month basis, food inflation fell to 1.43%, this was a 0.54% decline compared to the rate recorded in August 2022 (1.98%).

The Core inflation rose to 17.60% in September 2022 which was 3.86% higher on a year-on-year basis, when compared to the rate recorded in September 2021 (13.74%). The most significant increases were seen in the pricing of gas, liquid fuel, air travel, road travel, and solid fuel. On a month-on-month basis, the core inflation rate was 1.59% in September 2022, This was relatively the same rate recorded in August 2022.

Given the harvesting effect, Inflation is expected to fall in the next months. However, the recent flood in most food-producing states, particularly Benue, is likely to limit food availability and raise prices.

EQUITIES

The local bourse ended the week on a negative note as the All Share Index (NGX ASI) depreciated by 6.7% Week-on-Week to settle at 44,396.73 basis points with selloff seen in stock such AIRTELAFRI (-27.1%). Consequently, the Month-To-Date (MTD) return depreciated by -9.4% as the Year-To-Date (YTD) return remained positive to settle at 3.93% from 11.36% with Market Capitalization settling at 25.90trn Naira at the close of the trading session.

GLOBAL ECONOMY

According to the Office for National Statistics (ONS), the United Kingdom increased to 10.1% in September 2022, up from 9.9% in August, returning to the 40-year peak reached in July and exceeding market estimates of a 10% rate. The largest contribution to the increase was from food, namely oils and fats and dairy products (September 2022:14.8%, compared to August 2022: 13.4%). The annual core rate, which does not include energy, food, alcohol, or tobacco, increased to a record high of 6.5% against predictions of 6.4%. Consumer prices increased by 0.5% on a monthly basis in September, remaining unchanged from the previous month.

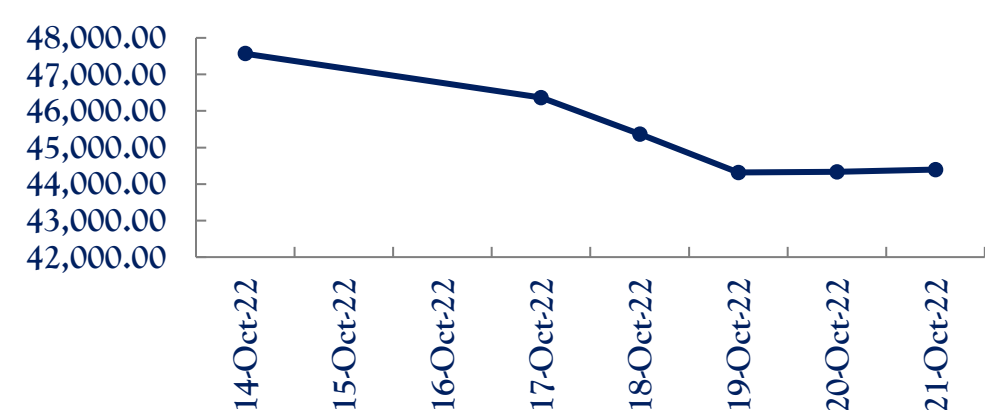
ECONOMIC INDICATORS

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	44,396.73
WTD	6.67 %
MTD	-9.44%
YTD	3.93%
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 14-Oct-2022	Wk. Close 21-Oct-2022	% WTD	% YTD
NGX-Banking	373.48	377.79	1.15	2.93
NGX-Industrial	1,823.48	1,882.17	3.22	-6.28
NGX Oil/Gas	492.37	485.21	-1.45	40.64
NGX-Consumer Goods	577.12	572.02	-0.88	2.93

GLOBAL MARKET

Last week, there was a general uptrend in global markets as a result of strong corporate profits and expectations that the Fed will slow the pace of tightening.

In the US market, the Dow Jones increased by (+4.85%) week-on-week. Likewise, the S&P 500 and Nasdaq rose by (+4.74%) and (+5.22%) respectively.

The European market showed a bullish performance, FTSE 100 increased by (+1.62%), Likewise CAC 40 increased (+1.74%), and Euro STOXX (+2.81%).

The Asian market showed a bearish performance, the China A50 decreased by (-3.76%), followed by Hang Seng (-2.27%), and Nikkei 225 (-0.74%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

The bank's funding rate remained in the double digits throughout the week with no substantial increase in system liquidity.

At the close of trading on Friday, the Open Repo Rate (OPR) increased slightly by +0.99% to 16.33% W-o-W, while the Overnight Rate (O/N) remained flat at 16.50% W-o-W.

FGN BONDS AND TREASURY BILLS

The average benchmark yield of the NTB rose for the majority of trading sessions this week as investors' interest waned due to lower inflation projections.

However, on Friday the average benchmark yield for the treasury bills and OMO bills settled at 10.46% and 10.22% respectively.

We expect the secondary market to be quiet in the coming week as investors will shift their attention to the next NTB PMA, as the CBN is set to roll over NGN240.26 billion in maturities.

The FGN secondary bond market began the week on a low note as investors were distracted by the bond primary auction.

At the close of the trading session on Friday, it closed bearish with the average benchmark yield curve increasing by 163bps% (W-o-W) to 14.35%.

Investor's interest in the fixed-income market has decreased over the past two months as a result of increasing inflation predictions.

At the FGN Bond Market Primary auction, the N225 billion worth of bonds offered received only 52% of the total demand, with the poor demand concentrated in the 2029 and 2032 maturities. The rates in 2029, 2032, and 2037 maturities were issued at 14.50%, 15.00%, and 16.00%, indicating a 380bps, 115bps, and 150bps rise compared to the previous auction.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
ACADEMY	1.31	1.46	0.15	▲ 11.45
FIDELITYBK	3.45	3.80	0.35	▲ 10.14
UCAP	11.35	12.50	1.15	▲ 10.13

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
AAF	1,800.00	1,312.20	-487.80	▼ -27.10
NEM	4.91	4.42	-0.49	▼ -9.98
BETAGLAS	46.10	41.50	-4.60	▼ -9.98

FIG 2: T-BILLS YIELD CURVE (%)

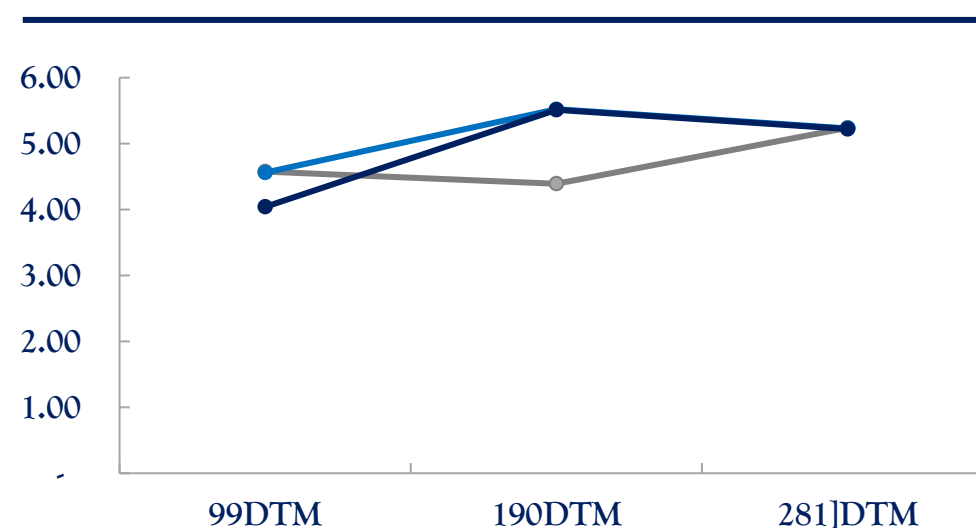
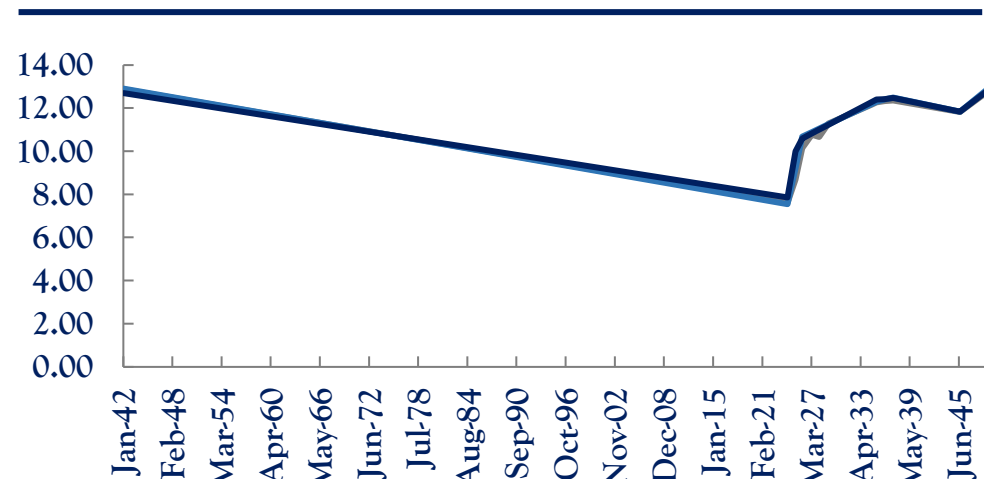


FIG 3: FGN BOND YIELD CURVE (%)



FOREIGN EXCHANGE

The Naira appreciated to N441.67/USD at the Investor and Exporter fixing on Friday, representing a week-on-week increase of 0.07%.

Total turnover recorded at the I & E Window indicated a decrease of 6.4% week-on-week to USD282.42million.

Elsewhere, Nigeria's FX reserves declined for the seventh consecutive week, declining by USD114.56million (WoW) to USD37.68 billion.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by 8.16% w/w to close at \$84.00 per barrel. While Gold appreciated by 0.08% to close at \$1,653.4 from \$ 1,652.1.

Accordingly, the OPEC Basket price closed at \$93.60 per barrel for the week indicating a 93.60% weekly gain.

TOP BUSINESS HEADLINES FOR THE WEEK

- FG Set to Open N30trn Govt Assets for Investment, Restructuring of MOFI.
- Liz Truss Resigns as UK Prime Minister, After 45 days in Office.
- Nigeria to Convert \$25 Billion CBN Financing to 30-Year Debt.
- NNPC, Senegal, Mauritania Sign Agreements On \$25bn Gas Pipeline.

INTERBANK OFFERED RATE

	14-Oct-22	21-Oct-22	Change(%)
OPR	16.17	16.33	+0.99
OVN	16.50	16.50	+0.00

OIL & COMMODITIES PRICES

Instrument	14-Oct-2022	21-Oct-2022	Change (%)
Brent Crude	\$85.55	\$93.60	9.41
WTI Oil	\$91.46	\$84.00	-8.16
Gold	\$1652.1	\$1653.4	0.08

FOREIGN EXCHANGE (Spot & Forward rate)

Tenor	Closing Rate (\$/N)
I&E FX Window	441.67
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

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