

## WEEKLY ECONOMIC AND MARKET RECAP

### NIGERIAN ECONOMY

According to the recently released CPI report by the National Bureau of Statistics (NBS), headline inflation in March 2024 rose to 33.20%. Which was 11.16% points higher compared to the rate recorded in March 2023, which was (22.04%). The increase was due to (i) exchange rate pass-through affecting consumer prices, (ii) enduring structural obstacles hindering food supply, (iii) high gas and energy prices, and (iv) the unfavorable comparison to the previous year's base effect.

Consequently, food prices surged by 209 basis points to reach 40.01% year-on-year, marking a 19-year peak, whereas core inflation climbed by 77 basis points to 25.90% year-on-year, reaching its highest level since March 2004, which stood at 32.60% year-on-year. Nevertheless, the monthly headline inflation eased by 10 basis points to 3.02% month-on-month, chiefly attributed to the slowdown in food price escalations.

### EQUITIES

The local bourse ended the week on a negative note as the All Share Index (NGX ASI) depreciated by -2.27% week-on-week to settle at 99,539.75 basis points with selloff seen in stocks such as GTCO (-19.08%), UNITYBNK (-19.00%), LIVESTOCK (-18.99%) and JAPPAULGOLD (-18.54%).

Consequently, the Month-To-Date (MTD) return depreciated by -4.80% as the Year-To-Date (YTD) return remained positive settling at 33.12% for the week with Market Capitalization settling at 56.296trn Naira at the close of the trading session.

Sector performance showed bearish performance for last week as the NGX-Banking Index was the highest loser declining by (-7.22%), Likewise, the NGX-Consumer Goods Index declined by (-1.33%). The Index -Oil/Gas Index and NGX-Industrial Index declined by (-0.28%) and (-0.23%).

### GLOBAL ECONOMY

The UK Office for National Statistics (ONS) announced that year-on-year inflation for March 2024 decreased to 3.2% from February 2024's 3.4%. The drop was largely influenced by decreased food inflation, which fell to 4% in March 2024 from 5% in the prior month. Persistent inflationary pressures persist due to elevated transportation and housing costs, which remained high in March 2024.

**We anticipate the Bank of England (BOE) to maintain its cautious stance regarding further declines in inflation rates.**

According to data from China's National Bureau of Statistics, the country's economy expanded by 5.3% in the first quarter of 2024, despite experiencing a slowdown in domestic demand and facing a crisis in the property sector, which saw a 9.5% decline in investment in the previous quarter. The growth in the first quarter of 2024 was primarily fueled by expansionary policies implemented by the government to bolster weak sectors of the economy, increased consumer spending during the lunar year festivities, and government initiatives aimed at stimulating domestic demand.

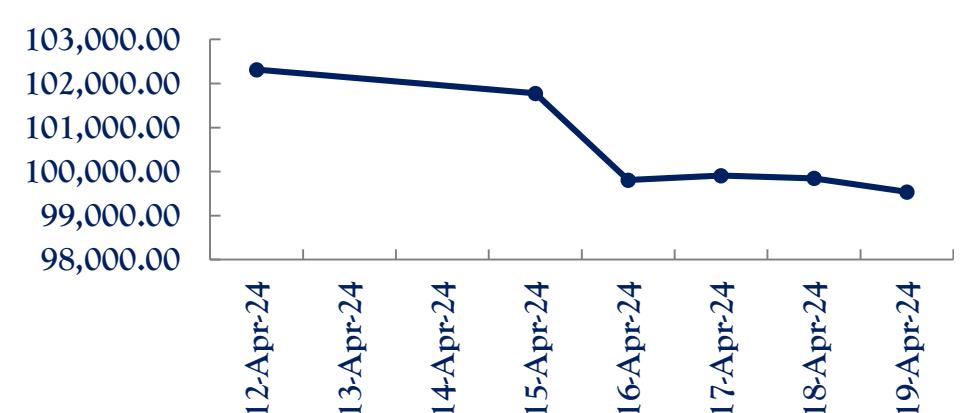
### ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	3.46%	2.54%
Unemployment	33.3%	33.3%
MPR	22.75%	18.75%
External Reserve	\$34.22 billion	\$34.35 billion
Inflation	31.70%	28.92%

### KEY METRICS

Metrics	Outcome
All-Share Index	99,539.75
WTD	-2.27%
MTD	-4.80%
YTD	33.12%
52-week High	102401.88
52-week Low	24,026.05
Market Capitalization (N'trn)	56.29

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



### SECTOR PERFORMANCE

Index	Wk. Close 05-04-2023	Wk. Close 12-04-2023	% WTD	% YTD
NGX-Banking	960.32	891.02	-7.22	-0.69
NGX-Industrial	4828.25	4816.96	-0.23	77.60
NGX Oil/Gas	1294.38	1290.74	-0.28	23.75
NGX-Consumer Goods	1626.01	1604.36	-1.33	43.08

Analysts anticipate additional intervention from the Chinese government in the coming quarters to further support economic growth.

### GLOBAL MARKET

The global stock markets continued to experience risk aversion because of geopolitical tensions in the Middle East. Additionally, ongoing speculation about the possibility of the Fed postponing rate cuts further contributed to this cautious sentiment.

The S&P 500 and Nasdaq declined by (-1.87%) and (-3.80%) week-on-week in the US market. While, the Dow Jones appreciated by (+0.67%).

In the European market, the Euro STOXX and CAC 40 declined by (-1.31%) and (-0.36%) respectively. While the FTSE 100 increased by (+0.17%).

The Asian market, the China A50 declined by (-0.11%), Likewise Nikkei 225 and Hang Seng declined by (-4.52%) and (-0.53%) respectively.

### MONEY MARKET AND FIXED INCOME

#### MONEY MARKET

The bond auction held in the middle of the week added to the tightness in system liquidity, keeping interbank rates high.

However, the Open Repo Rate (OPR) slightly declined by 94bps (W-o-W) to 29.29%, while the Overnight rate (O/N) rose by 60bps (W-o-W) to 30.25%.

#### FGN BONDS AND TREASURY BILLS

The bond auction and limited liquidity in the system weakened the demand observed earlier in the week. As a result, the treasury bill market ended on a negative note, with the average benchmark yield increasing significantly by 3239 basis points to reach 25.14%.

Conversely, the OMO bills market maintained some demand, with the average yield decreasing slightly to 18.60% this week from 18.67% last week.

**We expect moderate interest this week as high rates attract investors.**

Despite the increased inflation rate and system liquidity, demand pressure in the bond market was mainly focused on short and mid-term papers. The attractive rates offered at the primary auction drew investors to the new issuance, resulting in a decrease of 115 basis points in the average benchmark yield to 18.96%.

The FGN bond market saw limited demand at the mid and long tenors, but the selloffs outweighed the demand, raising the average yield to 18.39% on Friday from 17.28% the previous week.

During the April bond auction, the CBN offered N450 billion, comprising the April 2027 bond (a new issue, 5-year bond), a reopening of the February 2031 bond (7-year), and a reopening of the February 2034 bond (10-year).

### TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
MORISON	2.56	3.72	1.16 ▲	45.31
GUINNESS	50.00	55.00	5.00 ▲	10.00
ACADEMY	1.74	1.91	0.17 ▲	9.77

### TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
GTCO	41.40	33.50	-7.90 ▼	-19.08
UNITYBNK	2.00	1.62	-0.38 ▼	-19.00
LIVESTOCK	1.79	1.45	-0.34 ▼	-18.99

### FGN BOND

Maturity	Bid Yield	Offer Yield	Δ Bid	Δ Offer
NIGB 13.53% MAR 25	17.90%	16.50%	0.00%	0.00%
NIGB 12.500% JAN 26	17.95%	17.35%	0.00%	1.05%
NIGB 16.2884% MAR 27	17.95%	17.45%	0.00%	0.00%
NIGB 13.98% FEB 28	18.00%	17.85%	0.00%	0.00%
NIGB 14.55% APR 29	18.10%	17.40%	0.00%	0.00%
NIGB 12.50% APR 32	18.55%	18.00%	0.00%	0.00%
NIGB 14.70% JUN 33	18.00%	17.40%	0.00%	0.00%
NIGB 12.149% JUL 34	19.20%	18.90%	0.00%	-0.10%
NIGB 12.5000% MAR 35	18.20%	16.50%	0.00%	0.00%
NIGB 12.40% MAR 36	18.30%	16.50%	0.00%	0.00%
NIGB 16.25% APR 37	18.20%	17.20%	0.00%	0.00%
NIGB 15.45% JUN 38	18.45%	18.20%	-0.05%	0.00%
NIGB 13.00% JAN 42	18.50%	16.80%	0.00%	0.00%
NIGB 14.80% APR 49	18.50%	17.50%	0.00%	0.00%
NIGB 12.98% MAR 50	18.30%	17.50%	0.00%	0.00%
NIGB 15.70% JUN 53	18.50%	18.20%	0.00%	0.00%

The total subscription for the auction amounted to N920.09 billion, which was 104% higher than the issuance, with allocations of N239.54 billion, N129.72 billion, and N550.83 billion for the 2027, 2031, and 2034 bonds, respectively. However, the DMO ultimately sold N626.82 billion, which was 31.87% lower than the total subscription. Compared to the March auction, the stop rates decreased to 19.30%, 19.75%, and 20% for the respective bonds.

### FOREIGN EXCHANGE

Last week witnessed a significant decrease in Nigeria's FX reserves, with gross reserves dropping by USD502.99 million w/w to a seven-year low of USD32.11 billion (18 April). In a similar vein, the naira halted its trend of appreciation, experiencing a 2.4% depreciation to NGN1,169.99 per USD at the Nigerian Autonomous Foreign Exchange Market (NAFEM). Nevertheless, the total turnover at the NAFEM window surged by 110.5% week-to-date, reaching USD1.25 billion by April 18th, 2024, with transactions occurring within the NGN981.04 to NGN1,227.00 per USD range.

### OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by -4.02% w/w to close at \$82.22 per barrel. While, Gold appreciated by 1.67% to close at \$2,413.8 from \$2,374.1.

Accordingly, the OPEC Basket price closed at \$87.29 per barrel for the week indicating a -3.49% weekly decline.

### TOP BUSINESS HEADLINES FOR THE WEEK

- FG May Revoke Unused Oil Well Licences Amid \$30bn Loss.
- FG to Execute \$3.8bn Gas Supply Agreement in May.
- CBN Slashes Banks' Loan-Deposit Ratio to 50%.
- IMF Raises Nigeria's Growth Forecast to 3.3% on Oil, Improved Agric Output, Security.

### INTERBANK OFFERED RATE

	12-Apr-2024	19-Apr-2024	Change(%)
OPR	29.67	29.39	-0.94
OVN	30.07	30.25	+0.60

### OIL & COMMODITIES PRICES

Instrument	12-Apr-2024	19-Apr-2024	Change (%)
Brent Crude	\$90.45	\$87.29	-3.49
WTI Oil	\$85.66	\$82.22	-4.02
Gold	\$2374.1	\$2413.8	1.67

### FOREIGN EXCHANGE (Spot & Forward rate)

Currency	Closing Rate (\$/N)
NAFEM Window	116.99
GBP	1420
EUR	1200
CAD	900
DOLLAR( CBN Rate)	1160.63

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