

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

The Federal Government's (FG) fiscal deficit increased by 52.85% to NGN12.87 trillion (5.6% of GDP) in 2023FY (2022FY: NGN8.42 trillion or 4.22% of GDP), according to CBN's Quarterly Statistical Bulletin. This was due to higher fiscal expenditure (40.70% to NGN18.84 trillion) than higher retained revenue (19.88% to NGN5.97 trillion). The improvements in exchange rates and independently generated revenue were the main causes of the growth in fiscal revenue. Higher capital (130.69% to NGN 4.36 trillion) and recurring (25.83% to NGN 11.50 trillion) expenditures were the main drivers of the growth in total expenditure.

However, the actual deficit for the 2023 fiscal year was 6.60 percent less than the projected deficit of NGN13.78 trillion due to lower overall spending than the approved budget's NGN24.82 trillion in combination with lower-than-expected retained revenue of NGN8.63 trillion.

EQUITIES

The local bourse ended the week on a negative note as the All Share Index (NGX ASI) depreciated by -1.39% week-on-week to settle at 98,152.91 basis points with selloff seen in stocks such as OANDO (-19.57%), SOVRENIN (-18.18%), THOMASWY (-16.82%) and FBNH (-18.54%).

Consequently, the Month-To-Date (MTD) return depreciated by -6.13% as the Year-To-Date (YTD) return remained positive settling at 31.27% for the week with Market Capitalization settling at 55.51trn 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 (-3.10%), Likewise, The Oil/Gas Index and NGX-Consumer Goods Index declined by (-1.41%) and (-1.15%) respectively. While NGX-Industrial Index increased by (+0.38%).

GLOBAL ECONOMY

According to preliminary estimates from the US Bureau of Economic Analysis, the US economy grew by 1.6% q/q in Q1-24 (Q4-23: +3.4% q/q), which is significantly less than market projections of +2.5% q/q and the lowest print since the contraction in 2022 (-0.6% q/q). Consumer spending (+2.5% q/q vs. Q4-23: +3.3% q/q), exports (+0.9% q/q vs. Q4-23: +5.0% q/q), and government expenditure (+1.2% q/q vs. Q4-23: +4.6% q/q) all slowed down during the weak growth period, while imports (+7.2% q/q vs. Q4-23: +2.2% q/q) increased more strongly. Nonetheless, the rate of growth in the services sector (+4.0% q/q vs. Q4-23: +3.4% q/q) and residential investments (+13.8% q/q vs. Q4-23: +2.3% q/q) increased.

The slower growth is attributed to several factors, including (1) the depletion of pandemic-era reserves, (2) a more cautious fiscal policy, (3) the spill-over effect of the US Fed's tightening cycle, and (4) heightened geopolitical tension. However, pricing pressures have remained high, owing mostly to the robustness of the services sector and wage increases.

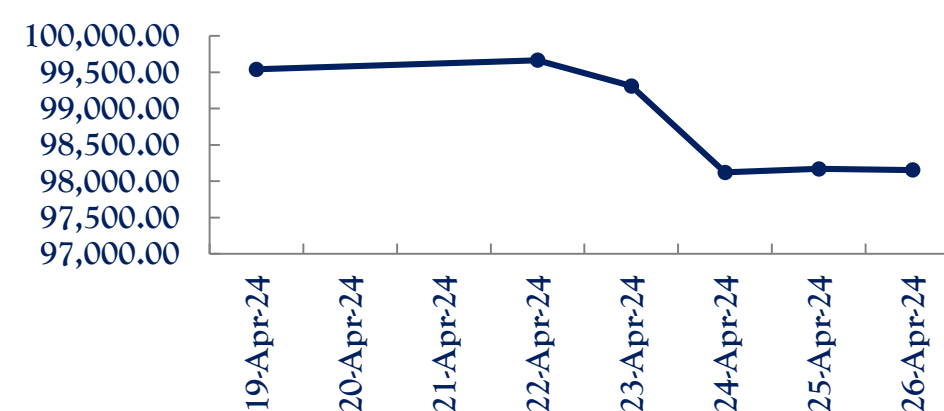
ECONOMIC INDICATORS

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	98,152.91
WTD	-1.39%
MTD	-6.13%
YTD	31.27%
52-week High	102401.88
52-week Low	24,026.05
Market Capitalization (N'trn)	55.51

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 19-04-2023	Wk. Close 26-04-2023	% WTD	% YTD
NGX-Banking	891.02	764.50	-3.10	-14.79
NGX-Industrial	4816.96	4,704.32	0.38	73.45
NGX Oil/Gas	1290.74	1,272.53	-1.41	22.00
NGX-Consumer Goods	1604.36	1,570.61	-1.15	40.07

GLOBAL MARKET

Global markets rose last week as geopolitical tensions in the Middle East eased, reviving investors' appetite for riskier assets while reducing holdings of safe-haven assets.

The S&P 500 and Nasdaq appreciated by (+1.78%) and (3.08%) respectively.

In the European market, the Euro STOXX and CAC 40 appreciated by (+1.17%) and (+0.67%) respectively. Likewise the FTSE 100 increased by (+1.91%).

In the Asian market, the China A50 increased by (+2.76%), Likewise Nikkei 225 and Hang Seng appreciated by (+1.33%) and (+7.48%) respectively.

MONEY MARKET AND FIXED INCOME

MONEY MARKET

System liquidity experienced slight enhancement at the start of the week but diminished following the NTB auction settlement, leading to a rise in interbank rates.

The Open Repo Rate (OPR) and the Overnight rate (O/N) rising to 30.25% and 31.35%, respectively.

FGN BONDS AND TREASURY BILLS

Following the NTB primary auction, there was increased demand in the secondary treasury bill market. The appealing stop rate at the auction stimulated this demand, resulting in a positive weekly outcome. Consequently, the average benchmark yield decreased by 1082 basis points to 22.42%.

Similarly, the OMO bills market saw a slight increase in demand, leading to a 38 basis points decrease in the average yield for the week, dropping from 18.60% to 18.53%.

We expect investors to maintain a positive outlook on short-term instruments.

In the mid-week NTB auction, the Debt Management Office put forward N143 billion, attracting a total subscription of N757.84 billion. The oversubscription was evident across all three maturity periods but was particularly pronounced for the 364-day paper, with subscriptions reaching N725.66 billion against an offer of N121.76 billion. The DMO allocated N362 billion, distributing N16.48 billion for the 91-day, N11.99 billion for the 182-day, and N333.98 billion for the 364-day tenors. Stop rates for each tenor remained steady at 16.24%, 7.00%, and 20.70%, respectively.

Despite the NTB auction, the bond market began the last week positively, showing a bullish trend, particularly in the Feb 2034, June 2038, and Feb 2031 papers. This moderate demand persisted over the week, resulting in a 63 basis points week-on-week decrease in the average yield, which settled at 18.84%.

We anticipate the continuation of a buying sentiment as liquidity enhances.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
SUNUASSUR	1.00	1.25	0.25 ▲	25.00
CAP	24.00	28.85	4.85 ▲	20.21
LIVESTOCK	1.45	1.66	0.21 ▲	14.48

TOP LOSERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
OANDO	11.50	9.25	-2.25 ▼	-19.57
SOVRENIN	0.44	0.36	-0.08 ▼	-18.18
THOMASWY	2.14	1.78	-0.36 ▼	-16.82

FGN BOND

Maturity	Bid Yield	Offer Yield	Δ Bid	Δ Offer
NIGB 13.53% MAR 25	18.50%	17.80%	0.00%	0.00%
NIGB 12.500% JAN 26	18.50%	18.00%	0.00%	0.00%
NIGB 16.2884% MAR 27	19.00%	18.20%	0.00%	0.00%
NIGB 19.94% MAR 27	19.80%	19.45%	0.10%	0.25%
NIGB 13.98% FEB 28	19.00%	18.00%	0.00%	0.00%
NIGB 14.55% APR 29	19.40%	18.20%	0.00%	0.00%
NIGB 19.30% APR 29	19.20%	18.95%	0.00%	0.00%
NIGB 12.50% APR 32	18.80%	18.00%	0.00%	0.00%
NIGB 14.70% JUN 33	18.50%	18.00%	0.00%	0.00%
NIGB 19.00 FEB 34	19.70%	19.45%	0.00%	0.00%
NIGB 12.149% JUL 34	19.00%	18.00%	0.00%	0.00%
NIGB 12.5000% MAR 35	19.00%	17.95%	0.00%	0.00%
NIGB 12.40% MAR 36	19.20%	18.00%	0.00%	0.00%
NIGB 16.25% APR 37	19.10%	18.10%	0.00%	0.00%
NIGB 15.45% JUN 38	18.60%	18.25%	0.00%	0.00%
NIGB 13.00% JAN 42	18.70%	18.10%	0.00%	0.00%

FOREIGN EXCHANGE

Nigeria's foreign exchange reserves halted their five-week decline, with gross reserves increasing by USD10.76 million to USD32.12 billion as of April 24. Meanwhile, at the Nigerian Autonomous Foreign Exchange Market (NAFEM), the naira experienced a depreciation of 12.6% to USD/NGN1,339.23/USD, despite the Central Bank of Nigeria (CBN) selling around USD80.00 million to banks within the range of NGN1,100.00 – NGN1,150.00. As of April 25, total turnover at the NAFEM decreased by 37.5% week-to-date to USD 893.56 million, with trades occurring within the NGN1,000.00 – NGN1,435.00/USD band.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude appreciated by 1.98% w/w to close at \$83.85 per barrel. While Gold depreciated by -2.76% to close at \$2,347.2 from \$2,413.8.

Accordingly, the OPEC Basket price closed at \$88.21 per barrel for the week indicating a 1.05% weekly gain.

TOP BUSINESS HEADLINES FOR THE WEEK

- Nigeria Launches New Fiscal Incentives Aims to Attract \$10bn in Investment
- POS Transactions Crash by N226 billion in Q1 2024 as Cash Outside Banks Climbs.
- Only 10 Of 39 MDAs Scored Above 50% In Business Facilitation – PEBEC.
- Nigeria Secures \$2.25bn Loan from World Bank at 1% Interest Rate.
- Paper Industry Contracts By 0.56%, Valued At N398bn.

INTERBANK OFFERED RATE

	19-Apr-2024	26-Apr-2024	Change(%)
OPR	29.39	30.25	+2.93
OVN	30.25	31.35	+3.64

OIL & COMMODITIES PRICES

Instrument	19-Apr-2024	26-Apr-2024	Change (%)
Brent Crude	\$87.29	\$88.21	1.05
WTI Oil	\$82.22	\$83.85	1.98
Gold	\$2413.8	\$2347.2	-2.76

FOREIGN EXCHANGE (Spot & Forward rate)

Currency	Closing Rate (\$/N)
NAFEM Window	1339.23
GBP	1570
EUR	1360
CAD	900

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