

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to recently released data by the National Bureau of Statistics (NBS), domestic economic activity maintained a growing pace for the third consecutive quarter, as real GDP grew by 3.46% y/y in Q4-23 (Q3-23: +2.54% y/y). The oil sector recovered pace after 14 consecutive quarters of decline, rising by 12.11% y/y (Q3-23: -0.85%) – the highest print since Q1-18 (+14.02% y/y). This rebound is attributed to increased crude oil production volumes (1.53mb/d compared to 1.43mb/d in Q3-23 and 1.35mb/d in Q4-22), supported by government efforts to combat oil theft and pipeline vandalism.

Meanwhile, the non-oil sector maintained its growth trajectory, expanding by 3.07% y/y (compared to +2.75% y/y in Q3-23). This growth was driven by increases in the Finance & insurance (+29.78% y/y compared to +28.21% y/y in Q3-23), Agriculture (+2.10% y/y compared to +1.30% y/y in Q3-23), and Manufacturing (+1.38% y/y compared to +0.48% y/y in Q3-23) sectors, despite a slight slowdown in the Trade sub-sector (+1.40% y/y compared to +1.53% y/y in Q3-23). Overall, real GDP growth for the fiscal year 2023 settled at +2.74% y/y, a slight decrease from the +3.10% y/y recorded in 2022.

EQUITIES

The local bourse ended the week on a negative note as the All Share Index (NGX ASI) depreciated by -3.44% week-on-week to settle at 102,088.30 basis points with buying interest seen in stocks such as MORISON (-32.66%), CONHALLPLC (-19.35%), STERLINGNG (-18.69%) and GUINEA (-16.67%).

Consequently, the Month-To-Date (MTD) return appreciated by 0.92% as the Year-To-Date (YTD) return remained positive settling at 36.53% for the week with Market Capitalization settling at 55.861trn Naira at the close of the trading session.

Sector performance showed mixed performance for last week as the NGX-Consumer Goods Index was the highest gainer increasing by (+2.01%), Likewise, the NGX-Oil/Gas Index increased by (+0.01%). While the NGX-Industrial Index decreased (-7.94) and the NGX-Banking Index (-2.10%).

GLOBAL ECONOMY

The People's Bank of China (PBoC) voted at its February monetary policy meeting to decrease the five-year loan prime rate by 25 basis points to 3.95% (previously: 4.20%), following eight months of keeping the rate unchanged.

This action is attributed to the government's objectives of enhancing economic confidence, stimulating investment and consumption, and alleviating pressure on the real estate sector. Meanwhile, the central bank opted to keep the one-year loan prime rate unchanged at 3.45% for the seventh consecutive month, contrary to market anticipation of a decrease to 3.30%.

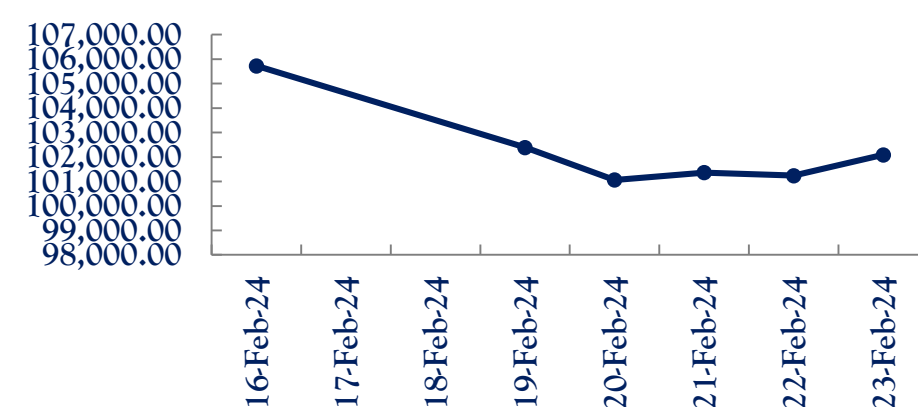
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	3.46%	2.54%
Unemployment	33.3%	33.3%
MPR	18.75%	18.50%
External Reserve	\$34.22 billion	\$34.35 billion
Inflation	28.92%	28.20%

KEY METRICS

Metrics	Outcome
All-Share Index	102,088.30
WTD	-3.44%
MTD	0.92%
YTD	36.53%
52-week High	102401.88
52-week Low	24,026.05
Market Capitalization (N'trn)	55.86

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 16-02-2023	Wk. Close 23-02-2023	% WTD	% YTD
NGX-Banking	896.45	877.60	-2.10	-2.18
NGX-Industrial	5,331.50	4,908.28	-7.94	80.97
NGX Oil/Gas	1,312.08	1,312.22	0.01	25.80
NGX-Consumer Goods	1,640.29	1,673.33	2.01	49.23

GLOBAL MARKET

The global market closed positively as the Investors digested dovish remarks from ECB policymakers while keenly monitoring a new set of European earnings results.

The S&P 500 increased by (+1.66%) week-on-week in the US market. Likewise, the Nasdaq and Dow Jones increased by (+1.40%) and (+1.30%) respectively.

In the European market, the Euro STOXX increased by (+2.11%), Likewise the CAC 40 increased by (+2.20%). While FTSE 100 decreased by (-0.62%).

The Asian market showed a positive performance as the Hang Seng increased by (+2.97%), followed by Nikkei 225 increased by (1.92%) and China A50 by (1.10%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

The NTB and bond auction settlement increased system liquidity, keeping interbank rates high throughout the week.

The Open repo rate (OPR) and Overnight rate (O/N) soared by 5329bps and 5210bps week-on-week to 24.91% and 25.75%.

We expect rates to moderate next week due to the FAAC inflow.

FGN BONDS AND TREASURY BILLS

The Treasury bill market remained quiet last week, with investors focused on the bond and treasury bill auction held mid-week. The market experienced a slight selloff on selected papers following the auction, concluding the week bearish, with the average yield rising to 16.84% from 15.73% in the previous week.

The selloff sentiment moved to the OMO bills market, as the average yield climbed by 189 basis points week on week to 17.28%.

We expect a quiet session while investors await the outcome of the MPC meeting.

Last week's NTB PMA had a total subscription of N2.24 trillion, with N265.50 billion offered across the normal maturities. Analysts believe that the higher stop rates offered at the previous auction fueled the robust subscription in the current auction. However, 91-day and 182-day stop rates fell by 24bps and 50bps, respectively, to 17.00% and 17.50%, while 364-day paper remained steady at 19.00%. The oversubscription occurred across all three tenors, with the 364-day bill being the highest at N1.71 trillion. Eventually, the CBN settled for N1.59 trillion, -29% less than the total subscription.

The Bond market witnessed a quiet session due to the primary auction. The average yield increased by 402bps week-on-week to 16.82% as investors became cautious ahead of the MPC meeting.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
JULI	1.47	2.34	0.87 ▲	59.18
SUNU ASSURANCES NIGERIA PLC.	1.78	2.09	0.31 ▲	17.42
FBNH	28.00	31.00	3.00 ▲	10.71

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
MORISON	2.48	1.67	-0.81 ▼	-32.66
CONHALLPLC	1.55	1.25	-0.30 ▼	-19.35
STERLINGNG	5.35	4.35	-1.00 ▼	-18.69

FGN BOND

Maturity	Bid Yield	Offer Yield	Δ Bid	Δ Offer
NIGB 13.53% MAR 25	17.00%	15.00%	0.00%	0.00%
NIGB 12.500% JAN 26	17.50%	16.20%	0.00%	0.00%
NIGB 16.2884% MAR 27	16.55%	16.40%	-0.65%	0.00%
NIGB 13.98% FEB 28	17.50%	16.40%	0.00%	0.00%
NIGB 14.55% APR 29	17.25%	16.80%	0.05%	0.15%
NIGB 12.50% APR 32	18.00%	16.65%	0.00%	0.00%
NIGB 14.70% JUN 33	17.40%	16.40%	0.00%	0.00%
NIGB 12.149% JUL 34	19.00%	18.50%	0.00%	0.00%
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	17.75%	17.20%	0.00%	0.00%
NIGB 15.45% JUN 38	18.30%	18.10%	0.00%	0.15%
NIGB 13.00% JAN 42	18.00%	16.50%	0.00%	0.00%
NIGB 14.80% APR 49	17.50%	16.90%	0.00%	0.00%
NIGB 12.98% MAR 50	18.30%	17.30%	0.00%	0.00%
NIGB 15.70% JUN 53	18.30%	17.90%	0.00%	0.00%

FOREIGN EXCHANGE

Nigeria's foreign exchange reserves increased by USD151.79 million week-on-week to close at USD33.45 billion (21 February). Meanwhile, the naira fell 7.7% to NGN1,665.50/USD on the Nigerian Autonomous Foreign Exchange Market (NAFEM).

Midweek, the CBN resumed the two-way FX quote system, with trading hours from 10 a.m. to 2 a.m. In addition, the central bank established a standard transaction size of USD100,000 and a bid/offer spread of NGN50.00 (+/-5.0% of the previous day's NAFEX rate).

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by -2.01% w/w to close at \$76.49 per barrel. While, Gold appreciated by 1.71% to close at \$2,049.4 from \$2,014.9.

Accordingly, the OPEC Basket price closed at \$80.8 per barrel for the week indicating a -2.49% weekly loss.

TOP BUSINESS HEADLINES FOR THE WEEK

- Total Value of Capital Imported into Nigeria Improved by 66% Q-o-Q to USD1.1bn in Q4 2023.
- FG Seeks \$10bn to Stabilize Exchange Rate as Naira Tumbles.
- Peg Dollar Rate At N750/\$1, Gas Suppliers Urge Federal Government.
- Developers Reject N8,000 Cement Price.
- Nigeria's Unemployment Rate Rises by 0.8 Per Cent in Q3 2023 - NBS.

INTERBANK OFFERED RATE

	16-Feb-2024	23-Feb-2024	Change(%)
OPR	16.25	24.91	+53.29
OVN	16.96	25.75	+52.10

OIL & COMMODITIES PRICES

Instrument	16-Feb-2024	23-Feb-2024	Change (%)
Brent Crude	\$82.86	\$80.8	-2.49
WTI Oil	\$78.03	\$76.49	-2.01
Gold	\$2014.9	\$2,049.4	1.71

FOREIGN EXCHANGE (Spot & Forward rate)

Currency	Closing Rate (\$/N)
NAFEM Window	1,665.50
GBP	1910.35
EUR	1630.17
CAD	1280.29
DOLLAR(CBN Rate)	1506.35

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