

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) voted during its first meeting of the year to raise the Monetary Policy Rate (MPR) by 400 basis points to 22.75%, the highest level ever recorded. We emphasize that the rate hike reflects the central bank's commitment to maintaining price stability and managing inflation expectations in the short term. In addition, the Committee voted to expand the asymmetric corridor to +100bps/-700bps (previously: +100bps/-300bps), increase the Cash Reserve Requirement (CRR) to 45.0% (previously: 32.5%), and keep the liquidity ratio at 30.0%.

According to the Nigerian Exchange's (NGX) Domestic and Foreign Portfolio Report, overall transactions on the local bourse reached a 6-month high in January, growing by 89.5% month on month to NGN651.52 billion (December 2023: NGN343.90 billion). Domestic transactions (91.8% of gross transactions) surged by 102.2% m/m to NGN598.41 billion (December 2023: 296.03 billion), driven by greater accretions from retail (+102.2% m/m) and institutional investors (+53.0% m/m). At the same time, foreign transactions (8.2% of gross transactions) increased by 11.0% each month to NGN53.11 billion (December 2023: NGN47.87 billion).

EQUITIES

The local bourse ended the week on a negative note as the All Share Index (NGX ASI) depreciated by -3.27% week-on-week to settle at 98,751.98 basis points with selloff seen in stocks such as MTNN (-18.91%), CONHALLPLC (-19.35%), SUNUASSUR (-18.18%) and NESTLE (-18.18%).

Consequently, the Month-To-Date (MTD) return depreciated by -3.27% as the Year-To-Date (YTD) return remained positive settling at 32.07% for the week with Market Capitalization settling at 54.03trn Naira at the close of the trading session.

Sector performance showed negative performance for last week as the NGX-Industrial Index was the highest loser declining by (-3.87%), Likewise, the NGX-Consumer Goods Index declined by (-2.62%). The NGX-Banking Index and NGX-Oil/Gas Index declined by (-0.69%) and (-1.55%) respectively.

GLOBAL ECONOMY

According to the Chinese National Bureau of Statistics (NBS), China's composite PMI stayed stable at 50.9 points in February (January: 50.9 points), as higher activity in the services sector was offset by lower industrial activity. Analyzing the breakdown, the non-manufacturing PMI (51.4 points vs. 50.7 points in January) reached its highest level in 5 months, owing in part to higher travel and tourism demand during the Lunar New Year holidays. Meanwhile, as measured by the manufacturing PMI (49.1 points vs. 49.2 points in January), factory activity moderated slightly, falling below the 50-point psychological threshold due to ongoing weakness in production activities and holiday-related closures in many factories.

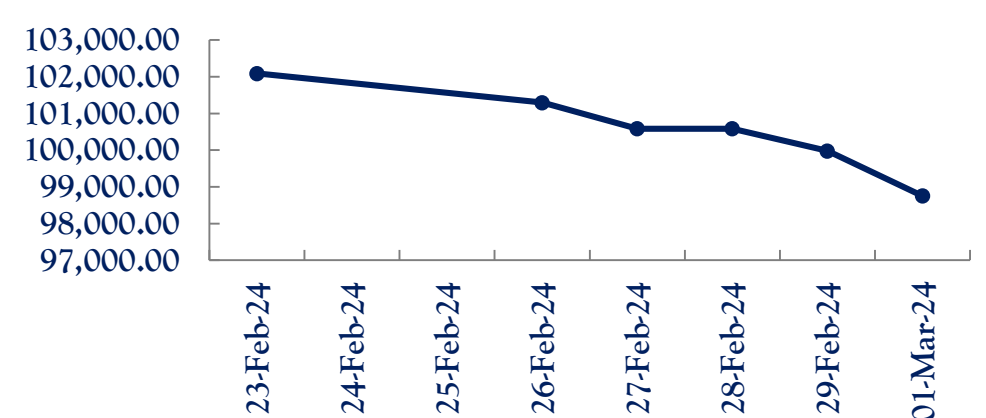
ECONOMIC INDICATORS

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	28.92%	28.20%

KEY METRICS

Metrics	Outcome
All-Share Index	98,751.98
WTD	-3.27%
MTD	-1.23%
YTD	32.07%
52-week High	102401.88
52-week Low	24,026.05
Market Capitalization (N'trn)	54.03

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 23-02-2023	Wk. Close 01-03-2023	% WTD	% YTD
NGX-Banking	877.60	871.51	-0.69	-2.86
NGX-Industrial	4,908.28	4,718.27	-3.87	73.96
NGX Oil/Gas	1,312.22	1,291.86	-1.55	23.85
NGX-Consumer Goods	1,673.33	1,629.54	-2.62	45.33

GLOBAL MARKET

The global market closed mixed as investors analyzed the prospects for the Federal Reserve interest rates following the release of the US personal consumption expenditures index (PCE) report.

The S&P 500 increased by (+1.33%) week-on-week in the US market. Likewise, the Nasdaq and Dow Jones increased by (+1.87%) and (+0.05%) respectively.

In the European market, the Euro STOXX increased by (+0.61%), Likewise the CAC 40 increased by (+0.05%). While FTSE 100 decreased by (-0.02%).

The Asian market showed a positive performance as the Nikkei 225 increased by (+2.18%), followed by China A50 increased by (0.88%) While the Hang Seng declined by (-0.76%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

System liquidity eased at the start of the week but tightened after the OMO auction settlement on Friday, retaining the interbank rate elevated.

The Open repo rate (OPR) and Overnight rate (O/N) increased by 903bps and 948bps week-on-week to 27.16% and 28.19%, respectively.

We expect Interbank rates to stay high as system liquidity tightens.

FGN BONDS AND TREASURY BILLS

The outcome of the MPC meeting maintained the selloff trend in the Nigerian treasury bill market.

The average yield rose by 802bps week-on-week to 18.19%. Similarly, the OMO bills market closed bearish as average yield inched up by 226bps week-on-week to 17.67%

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 yields to moderate next week as investors are enticed by higher interest rates on new auctions.

The CBN offered N500 billion over three tenors at the first OMO auction in March. The auction was oversubscribed by +128% to N1,137.55 billion, owing to the high-interest rate on the papers. The CBN settled for N1,056.30bn with the distribution of N37.05bn at the 95-day, N6.00bn for the 179-day and N1,013.25bn for the 364-day. The stop rates associated to the tenors settled at 19%, 19.50% and 21.50%, respectively.

The 400bps increase reinforced cautious sentiment in the bond market as sell pressure persisted. The average benchmark yield increased by 273bps week-on-week to 17.28%.

We expect that sell pressure will persist as investors pick short-term assets with attractive interest rates.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
JULI PLC	2.34	3.75	1.41 ▲	60.26
PZ	26.50	33.75	7.25 ▲	27.36
STERLINGNG	4.35	5.00	0.65 ▲	14.94

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
MTNN	247.50	200.70	-46.80 ▼	-18.91
SUNUASSUR	2.09	1.71	-0.38 ▼	-18.18
NESTLE	1,100.00	900.00	-200.00 ▼	-18.18

FGN BOND

Maturity	Bid Yield	Offer Yield	Δ Bid	Δ Offer
NIGB 13.53% MAR 25	17.00%	16.00%	0.00%	0.00%
NIGB 12.500% JAN 26	17.50%	16.30%	0.00%	0.00%
NIGB 16.2884% MAR 27	17.85%	17.30%	0.00%	0.00%
NIGB 13.98% FEB 28	18.00%	17.40%	0.00%	0.00%
NIGB 14.55% APR 29	18.10%	17.40%	0.00%	0.00%
NIGB 12.50% APR 32	18.80%	16.65%	0.00%	0.00%
NIGB 14.70% JUN 33	18.00%	17.10%	-0.90%	0.00%
NIGB 12.149% JUL 34	19.15%	18.85%	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	18.30%	17.20%	0.00%	0.00%
NIGB 15.45% JUN 38	18.70%	18.00%	0.00%	0.00%
NIGB 13.00% JAN 42	18.00%	16.80%	0.00%	0.00%
NIGB 14.80% APR 49	18.10%	17.00%	0.00%	0.00%
NIGB 12.98% MAR 50	18.50%	17.20%	0.00%	0.00%
NIGB 15.70% JUN 53	18.60%	18.20%	-0.10%	0.05%

FOREIGN EXCHANGE

Nigeria's foreign exchange reserves strengthened significantly, increasing by USD200.45 million w/w to USD33.72 billion (29 February). The naira appreciated by 7.6% to NGN/USD1,548.25 at the Nigerian Autonomous Foreign Exchange Market (NAFEM).

Last week, the CBN began the weekly sale of USD 20,000.00 to each of the 1,368 eligible BDCs, with the permitted spread limited to 1.0% of the purchase price.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude appreciated by 4.55% w/w to close at \$79.97 per barrel. Likewise, Gold appreciated by 2.26% to close at \$2,095.7 from \$2,049.4.

Accordingly, the OPEC Basket price closed at \$83.55 per barrel for the week indicating a 3.40% weekly gain.

TOP BUSINESS HEADLINES FOR THE WEEK

- Nigeria Attracts \$2bn Inflows in 2024 as Reforms Yield Fruit- Cardoso.
- Less than 5% of Nigerian Adults Invest in Stocks - SEC.
- Subsidy Removal: Petrol Import Crashes by 990million Liters Monthly.
- NIN-Bank Linkage: 85.51m Bank Customers Risk Account Suspension.
- Deloitte: Oil, Gas Upstream to Generate \$800bn This Year.
- Senate Moves to Increase Bank Recapitalization To N1trn.

INTERBANK OFFERED RATE

	23-Feb-2024	01-Feb-2024	Change(%)
OPR	24.91	27.16	+9.03
OVN	25.75	28.19	+9.48

OIL & COMMODITIES PRICES

Instrument	23-Feb-2024	01-Mar-2024	Change (%)
Brent Crude	\$80.8	\$83.55	3.40
WTI Oil	\$76.49	\$79.97	4.55
Gold	\$2,049.4	\$2,095.7	2.26

FOREIGN EXCHANGE (Spot & Forward rate)

Currency	Closing Rate (\$/N)
NAFEM Window	1548.25
GBP	1937.61
EUR	1653.28
CAD	1080.07
DOLLAR(CBN Rate)	1544.08

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