

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to the National Bureau of Statistics (NBS) recently released trade report, the trade balance was in deficit in Q4-23 (NGN1.41 trillion vs. NGN1.31 trillion in Q3-23), following two consecutive quarters of surplus. The trade deficit was due to a faster increase in total imports (+56.0% q/q to NGN14.11 trillion) compared to exports (+22.0% q/q to NGN12.69 trillion). The significant increase in imports was due to (1) greater local demand despite persistent FX issues, (2) higher global commodity prices, and (3) the significant importation of tanks and other armored battle vehicles (35.9% of total imports) during the period. At the same time, the increased export was attributed to a 20.8% q/q increase in crude oil exports. (81.2% of total exports) influenced by improved crude oil production volumes in Q4-23 (1.53 mb/d | Q3-23 average: 1.43 mb/d).

According to the Central Bank of Nigeria (CBN), credit to the private sector (CPS) grew by 85.2% year on year to NGN76.94 trillion in January (January 2023: NGN41.54 trillion). The ongoing growth in CPS reflects the impact of the CBN's enforcement of the 65.0% loan-to-deposit ratio and the naira's depreciation. On a month-on-month basis, the CPS increased by 23.0% in January (December 2023: +4.8% m/m to NGN62.54 trillion). At the same time, the currency in circulation increased by 163.3% year on year to NGN3.65 trillion (January 2023: NGN1.39 trillion), owing primarily to a significant increase in money in circulation relative to the same period last year, which saw a temporary decrease due to the Naira redesign policy.

EQUITIES

The local bourse ended the week on a positive note as the All Share Index (NGX ASI) appreciated by +2.61% week-on-week to settle at 101,330.85 basis points with buying interest seen in stocks such as TRANSCORP (+46.38%), JULI (+32.53%), INTENEGI (+20.86%) and TRANSCORP GROUP (+19.05%).

Consequently, the Month-To-Date (MTD) return appreciated by +1.35% as the Year-To-Date (YTD) return remained positive settling at 35.52% for the week with Market Capitalization settling at 57.29trn Naira at the close of the trading session.

Sector performance showed mixed performance for last week as the NGX-Industrial Index was the highest gainer increasing by (+1.59%), Likewise, the NGX-Oil/Gas Index was unchanged at (+0.0%). While The NGX-Banking Index and NGX-Consumer Goods Index declined by (-1.40%) and (-1.21%).

GLOBAL ECONOMY

The European Central Bank (ECB) voted to keep interest rates on hold in March 2024. The bank's primary refinancing rate has remained at 4.5%, its highest level in 22 years. The marginal lending rate was also left unchanged at 4.75%, the highest point in 24 years, while the deposit facility rate remained at 4%. The European Central Bank acknowledged that inflation in Europe has declined while emphasizing its commitment to restore eurozone stability.

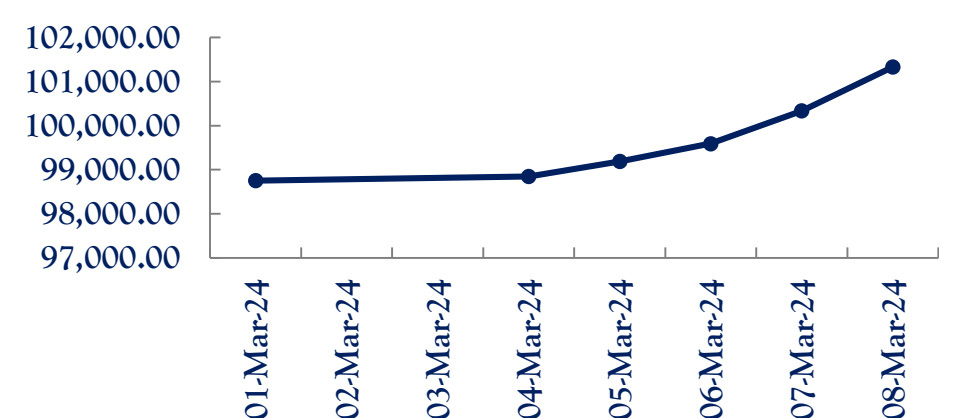
ECONOMIC INDICATORS

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	101330.85
WTD	+2.61%
MTD	+1.35%
YTD	35.52%
52-week High	102401.88
52-week Low	24,026.05
Market Capitalization (N'trn)	57.29

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 01-03-2023	Wk. Close 08-03-2023	% WTD	% YTD
NGX-Banking	871.51	859.27	-1.40	-4.23
NGX-Industrial	4,718.27	4,793.50	1.59	76.73
NGX Oil/Gas	1,291.86	1,291.86	0.00	23.85
NGX-Consumer Goods	1,629.54	1,609.76	-1.21	43.56

GLOBAL MARKET

The global stock market was mixed, even as investors cheered the prospect of an imminent rate easing cycle led by major central banks while eagerly awaiting the release of US non-farm payroll data for insights into the labour market's condition in the face of rising interest rates.

The S&P 500 declined by (-0.14%) week-on-week in the US market. Likewise, the Nasdaq and Dow Jones declined by (-0.76%) and (-0.69%) respectively.

In the European market, the Euro STOXX increased by (+0.36%), Likewise the CAC 40 increased by (+0.55%). While FTSE 100 decreased by (-0.09%).

The Asian market, the China A50 increased by (1.95%), While Nikkei 225 and Hang Seng declined by (-3.11%) and (-0.05%) respectively.

MONEY MARKET AND FIXED INCOME

MONEY MARKET

The NTB auction settlement increased system liquidity tightness this week, keeping interbank rates at elevated levels.

The Open repo rate (OPR) and Overnight rate (O/N) rose to 29.82% and 31.00% by 979bps and 997bps week-on-week, respectively.

We expect interbank rates to moderate slightly next week due to coupon payments and maturity inflows.

FGN BONDS AND TREASURY BILLS

Despite the attractive rate at the NTB the primary auction, secondary market demand was weak, resulting in a 4.34bps week-on-week rise in the average benchmark yield to 18.98 percent.

Similarly, the OMO bills market experienced selloffs, raising the average yield by 860bps week-on-week to 19.19%.

We expect restricted liquidity to cause selloffs this week.

Last week's NTB PMA had a total subscription of N1.66trn against N337.89bn offered across the standard maturities. Investors' expectations of increasing interest rates resulted in strong bids during the auction. Stop rates for the 91-day and 182-day periods increased by 24bps, 50bps, and 249bps to close at 17.24%, 18.00%, and 21.49%, respectively. The oversubscription was spread among three tenors, with the 364-day bill having the largest value at N1.54 trillion. The CBN settled for N1.32 trillion, -21% lower than the total subscription.

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.

We expect sell pressure to continue as system liquidity remains low and investors await February inflation data.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
TRANSCORP	240.00	351.30	111.30	▲ 46.38
JULI	3.75	4.97	1.22	▲ 32.53
INTENEGL	1.39	1.68	0.29	▲ 20.86

TOP LOSERS

COMPANY	OPEN	CLOSE	LOSS (N)	% CHANGE
GUINNESS	51.00	42.05	-8.95	▼ -17.55
ECOBANK	24.10	20.00	-4.10	▼ -17.01
NEM	6.60	5.50	-1.10	▼ -16.67

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%

FOREIGN EXCHANGE

Nigeria's foreign exchange reserves grew by USD/NGN347.53 million week-on-week to USD34.11 billion (07 March). Meanwhile, the naira fell 4.9% to USD/NGN1,627.40 on the Nigerian Autonomous Foreign Exchange Market (NAFEM). At the NAFEM, total turnover (as of 07 March 2024) decreased by 35.4% WTD to USD1.00 billion, with trades consummated within the NGN1,400.00 - NGN1,652.00/USD limit.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by -2.57% w/w to close at \$82.08 per barrel. While, Gold appreciated by 4.28% to close at \$2,185.5 from \$2,095.7.

Accordingly, the OPEC Basket price closed at \$78.01 per barrel for the week indicating a -6.63% weekly decline.

TOP BUSINESS HEADLINES FOR THE WEEK

- NPA Generated N501bn Revenue in 2023, Reiterates \$1bn Port Reconstruction Plan.
- Minimum Wage: Labour Slashes Demand to N500,000.
- FG Threatens to Revoke Licences of DisCos Over Power Supply.
- KPMG Fined £1.5mn Over Audit of M&C Saatchi.
- Deloitte: Oil, Gas Upstream to Generate \$800bn This Year.
- Senate Moves to Increase Bank Recapitalization To N1trn.

INTERBANK OFFERED RATE

	01-Feb-2024	01-Feb-2024	Change(%)
OPR	27.16	29.82	+9.79
OVN	28.19	31.00	+9.97

OIL & COMMODITIES PRICES

Instrument	01-Mar-2024	08-Mar-2024	Change (%)
Brent Crude	\$83.55	\$78.01	-6.63
WTI Oil	\$79.97	\$82.08	-2.57
Gold	\$2,095.7	\$2,185.5	4.28

FOREIGN EXCHANGE (Spot & Forward rate)

Currency	Closing Rate (\$/N)
NAFEM Window	1627.40
GBP	1593.84
EUR	2062.96
CAD	1758.97
DOLLAR(CBN Rate)	1185.04

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