

## WEEKLY ECONOMIC AND MARKET RECAP

### NIGERIAN ECONOMY

According to the latest data from the National Bureau of Statistics (NBS), the domestic economy continued to grow positively, with real GDP increasing by 2.98% year-on-year in Q1 2024 (Q4 2023: +3.46% y/y). On one hand, we note that the oil sector remained positive for the second consecutive month, although growth slowed to 5.70% y/y in Q1 2024 (Q4 2023: +12.11%), indicating a slight increase in crude oil production volumes in Q1 2024 (1.54 mb/d vs Q4 2023: 1.53 mb/d | Q1 2023: 1.53 mb/d).

This improvement in crude oil production is attributed to government efforts to reduce crude oil theft and vandalism. On the other hand, the non-oil sector grew at a slower rate of 2.80% y/y (Q4 2023: +3.07% y/y) due to a slowdown in the ICT (+5.43% y/y vs Q4 2023: +6.33% y/y), trade (+1.23% y/y vs Q4 2023: +1.40% y/y), and agriculture (+0.18% y/y vs Q4 2023: +2.10% y/y) sub-sectors, while the finance and insurance (+31.24% y/y vs Q4 2023: 29.78% y/y) and manufacturing (+1.49% y/y vs Q4 2023: +1.38% y/y) sub-sectors showed growth.

the Central Bank of Nigeria (CBN) Monetary Policy Committee (MPC) maintained a hawkish approach by increasing the monetary policy rate by 150 basis points to 26.25% from 24.75%. This decision came after inflation data showed Nigeria's inflation rose to 33.65% in April 2024 from 33.20% in March 2024.

**We anticipate that the rate hike will stimulate activity in the fixed-income market and have a slightly positive impact on the naira; however, inflation is expected to persist as the main drivers of inflation remain unaddressed.**

### EQUITIES

The local bourse ended the week on a negative note as the All Share Index (NGX ASI) depreciated by -0.52% week-on-week to settle at 97,612.51 basis points with selloff seen in stocks such as DEAPCAP (-24.53%), FTNCOCOA (-16.67%), TRANSCORP (-12.13%) and UBA (-12.13%).

Consequently, the Month-To-Date (MTD) return depreciated by -0.62% as the Year-To-Date (YTD) return remained positive settling at 30.54% for the week with Market Capitalization settling at 55.218trn Naira at the close of the trading session.

Sector performance showed bullish performance for last week as the NGX-Banking Index was the sole loser declining by (-7.35%), While, The Oil/Gas Index increased by (+0.72%). Likewise NGX-Consumer Goods Index and NGX-Industrial Index also increased by (+0.31%) and (+0.19%) respectively.

### GLOBAL ECONOMY

The Office for National Statistics (ONS) reported that the UK's headline inflation dropped by 90 basis points to 2.3% year-on-year in April (March: 3.2% y/y), marking the lowest level since July 2021 (2.0% y/y). Despite this decline, Inflation rate was above the Bank of England's (BOE) target of 2.0% y/y and the financial market expectation of 2.1% y/y.

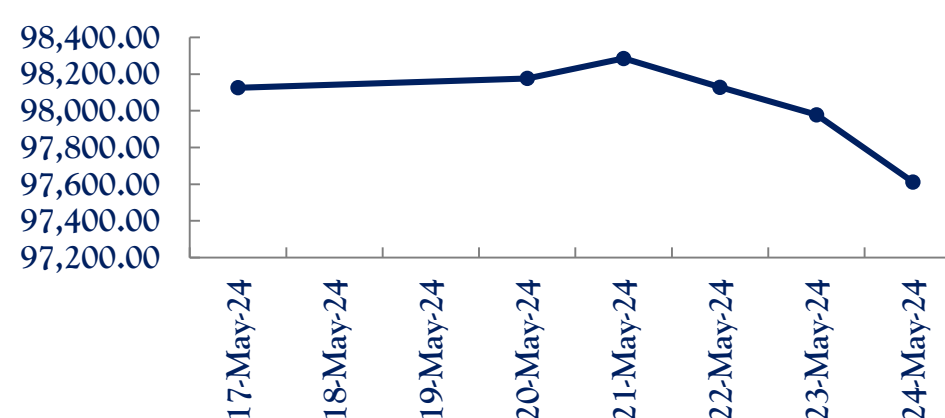
### ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	3.46%	2.54%
Unemployment	33.3%	33.3%
MPR	26.25%	24.75%
External Reserve	\$34.22 billion	\$34.35 billion
Inflation	33.69%	33.20%

### KEY METRICS

Metrics	Outcome
All-Share Index	97,612.51
WTD	-0.52%
MTD	-0.62%
YTD	30.54%
52-week High	102401.88
52-week Low	24,026.05
Market Capitalization (N'trn)	55.21

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



### SECTOR PERFORMANCE

Index	Wk. Close 17-05-2023	Wk. Close 24-05-2023	% WTD	% YTD
NGX-Banking	791.54	733.39	-7.35	-18.26
NGX-Industrial	4,691.57	4,700.55	0.19	73.31
NGX Oil/Gas	1,177.92	1,186.45	0.72	13.75
NGX-Consumer Goods	1,528.13	1,532.89	0.31	36.71

Breaking down the data, energy prices fell further (-16.7% y/y vs March: -12.7% y/y) due to reduced gas and electricity costs following a government cut in the cap on household energy bills. Meanwhile, food prices (+2.9% y/y vs March: +4.0% y/y) decreased for the 13th consecutive month. On a month-on-month basis, consumer prices fell by 0.3% (March: 0.6% m/m).

### GLOBAL MARKET

Global markets turned bearish due to uncertainties surrounding the interest rate policies of major central banks.

The Nasdaq appreciated by (+0.75%), While the Dow Jones and S&P 500 declined by (-1.85%) and (-0.06%) respectively.

In the European market, the FTSE 100 declined by (-1.27%), Likewise the Euro STOXX and CAC 40 depreciated by (-0.73%) and (-1.31%) respectively.

In the Asian market, the China A50 declined by (-1.58%), Likewise Nikkei 225 and Hang Seng depreciated by (-0.44%) and (-4.05%) respectively.

### MONEY MARKET AND FIXED INCOME

#### MONEY MARKET

Despite the FAAC inflow, system liquidity remained tight, pressured by the NTB auction settlement. Consequently, the Open Repo Rate (OPR) and the Overnight Rate (O/N) increased by 814bps and 756bps week-on-week, reaching 32.40% and 33.00%, respectively.

#### FGN BONDS AND TREASURY BILLS

The mid-week auction and MPC meeting resulted in a relatively quiet Nigerian treasury market. However, the higher rates offered on the 91-day and 182-day tenors sparked modest demand in the secondary market on Thursday and Friday. Consequently, the market closed bullish, with the average yield decreasing by 22bps to 22.32%.

Similarly, the OMO bills market reversed the previous week's selloffs, with the average benchmark yield declining by 78bps week-on-week to 21.59% from 21.76% last week.

#### Nigerian Treasury Bill Auction:

At the mid-week NTB auction, the Debt Management Office offered N508.98bn and received total subscriptions of N1.59trn. The oversubscription occurred across all three tenors, with the 364-day paper seeing the highest demand at N1.43trn compared to the N168.67bn offered. The DMO allotted N638.98bn, 26% more than initially offered. The allotment distribution was N60.69bn for the 91-day, N28.45bn for the 182-day, and N549.83bn for the 364-day. The stop rates for the 91-day and 182-day increased by 26bps and 44bps to 16.50% and 17.45%, respectively, while the 364-day rate declined by 1bp to 20.69%.

The FGN bond market remained quiet for most of the week as investors awaited the outcomes of the MPC meeting and focused on the NTB auction held on Wednesday.

### TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
BERGER	12.35	14.90	2.55 ▲	20.65
REGALINS	0.31	0.37	0.06 ▲	19.35
CUTIX	3.04	3.35	0.31 ▲	10.20

### TOP LOSERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
DEAPCAP	0.53	0.40	-0.13 ▼	-24.53
FTNCOCOA	1.44	1.20	-0.24 ▼	-16.67
TRANSCORP	11.95	10.50	-1.45 ▼	-12.13

### FGN BOND

Maturity	Bid Yield	Offer Yield	Δ Bid	Δ Offer
NIGB 12.500% JAN 26	19.00%	17.50%	0.50%	0.00%
NIGB 16.2884% MAR 27	19.10%	17.50%	0.60%	0.00%
NIGB 19.94% MAR 27	19.75%	19.50%	0.00%	0.00%
NIGB 13.98% FEB 28	19.70%	19.00%	0.00%	0.00%
NIGB 14.55% APR 29	19.00%	18.80%	0.00%	0.00%
NIGB 19.30% APR 29	19.25%	19.15%	0.00%	0.00%
NIGB 18.50% FEB 31	19.85%	19.70%	0.00%	0.00%
NIGB 12.50% APR 32	18.80%	17.60%	0.00%	0.00%
NIGB 14.70% JUN 33	20.05%	19.80%	0.00%	0.00%
NIGB 19.89% MAY 33	20.00%	19.85%	0.00%	0.00%
NIGB 19.00 FEB 34	19.90%	19.75%	0.00%	0.00%
NIGB 12.149% JUL 34	18.55%	17.00%	0.00%	0.00%
NIGB 12.5000% MAR 35	18.50%	17.05%	0.00%	0.00%
NIGB 12.40% MAR 36	18.50%	17.00%	0.00%	0.00%
NIGB 16.25% APR 37	19.10%	17.10%	0.00%	0.00%
NIGB 15.45% JUN 38	18.30%	17.90%	0.00%	0.00%

Later in the week, there was light cherry-picking of long tenors, which nudged the average benchmark yield slightly down to 18.55% on Friday from 18.57% the previous week.

**We anticipate a less active market as investors stay cautious.**

#### FOREIGN EXCHANGE

Nigeria's foreign exchange reserves saw significant accumulation as the gross reserves level rose by USD73.05 million w/w to USD32.74 billion (May 22). At the Nigerian Autonomous Foreign Exchange Market (NAFEM), the naira gained 1.0% to USD/NGN1,482.81, While the market's total turnover (as of May 23) decreased by 39.4% WTD to USD851.83 million, with trades completed within the USD/NGN1,400.00 - USD/NGN1,549.00 range. The 1-month (+1.1%), 3-month (+1.4%), and 6-month (+0.6%) contracts saw an increase in naira rates in the forwards market relative to USD/NGN1,504.10, USD/NGN1,546.65, and USD/NGN1,621.89. In other places, the 1-year contract's rate dropped (-0.1% to USD/NGN1,769.62).

#### OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by -2.43% w/w to close at \$77.58 per barrel. Likewise Gold depreciated by -3.27% to close at \$2,335.90 from \$2,414.90.

Accordingly, the OPEC Basket price closed at \$82.01 per barrel for the week indicating a -1.87% weekly loss.

#### TOP BUSINESS HEADLINES FOR THE WEEK

- Reps to NUPRC: Stop Granting Consent to Divesting IOC's.
- BDC Agents Reject New CBN Licensing Guidelines.
- Paper Industry Contracts By 0.56%, Valued At N398bn.

#### INTERBANK OFFERED RATE

	17-May-2024	24-May-2024	Change(%)
OPR	29.96	32.40	+8.14
OVN	30.68	33.00	+7.56

#### OIL & COMMODITIES PRICES

Instrument	17-May-2024	24-May-2024	Change (%)
Brent Crude	\$83.57	\$82.01	-1.87
WTI Oil	\$79.51	\$77.58	-2.43
Gold	\$2,414.90	\$2,335.90	-3.27

#### FOREIGN EXCHANGE (Spot & Forward rate)

Currency	Closing Rate (\$/N)
NAFEM Window	1482.81
GBP	1865.39
EUR	1627.73
CAD	1063.07

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