

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

The Central Bank of Nigeria (CBN), in its Purchasing Manager's Index (PMI) survey report, stated that Nigeria's composite PMI increased to 50.2 points from 49.7 points in August 2024, marking the first time it surpassed the 50-point threshold this year. This rise was driven by improvements in the services (50.7) and agricultural (50.5) sectors.

However, the manufacturing sector's PMI remained below the 50-point mark, indicating stagnant business conditions for private sector firms. While ongoing growth in the service sector and the agricultural harvest season could support a continued increase in the composite PMI above 50, the manufacturing sector will likely underperform due to ongoing macroeconomic challenges, especially rising energy and financing costs.

EQUITIES

The local bourse ended the week on a negative note as the All Share Index (NGX ASI) depreciated by 0.15% week-on-week to settle at 96,433.53 basis points with selloff seen in stocks such as RTBRISCOE (-27.61%), FTNCOCOA (-18.38%), OMATEK (-18.18%) and TIP (-13.18%).

Consequently, the Month-To-Date (MTD) return depreciated by 0.15% as the Year-To-Date (YTD) return remained positive settling at 28.97% for the week with Market Capitalization settling at 55.39trn Naira at the close of the trading session.

Sector performance was negative for last week as the NGX- Oil/Gas Index was the sole gainer by (+1.52%). While The NGX Consumer Goods Index declined by (-1.17%). NGX-Banking Index and NGX-Industrial Index declined by (-0.12%) and (-0.17%) respectively.

GLOBAL ECONOMY

The United States Bureau of Labor Statistics reported that total non-farm payroll employment in the US grew by 142,000 jobs in August (compared to 89,000 jobs in July), falling short of market expectations of 160,000 jobs. Significant job gains were observed in the construction (+34,000 jobs) and healthcare (+31,000 jobs) sectors.

Meanwhile, the labor force participation rate remained steady at 62.7% month-on-month (same as July), and the employment-population ratio also held at 60.0% month-on-month (unchanged from July). The unemployment rate slightly decreased to 4.2% from 4.3% in July. Despite the rise in employment levels, the figures remained below the 12-month and H1-24 averages of 202,000 and 217,500 jobs, respectively, indicating a more subdued labor market.

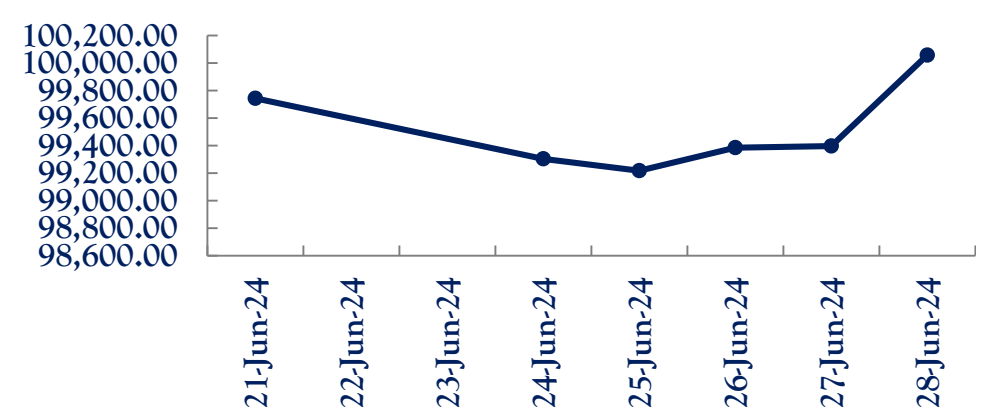
ECONOMIC INDICATORS

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	96,433.53
WTD	-0.15%
MTD	-0.15%
YTD	28.97%
52-week High	102401.88
52-week Low	24,026.05
Market Capitalization (N'trn)	55.39

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 30-08-2024	Wk. Close 06-08-2024	% WTD
NGX-Banking	857.21	856.20	-0.12
NGX-Industrial	3854.57	3,848.02	-0.17
NGX Oil/Gas	1861.08	1,889.46	1.52
NGX-Consumer Goods	1574.97	1,556.48	-1.17

GLOBAL MARKET

Global equity market sentiment soured last week as weak US manufacturing data reignited concerns about a potential US recession, triggering selloffs in tech stocks and a stronger yen. However, indications of continued economic cooling, highlighted in the recent August report, have bolstered expectations for a more substantial rate cut by the Federal Reserve at its next policy meeting.

The Nasdaq and S&P 500 depreciated by (-5.77%) and (-4.25%) respectively. The Dow Jones declined by (-2.93%).

In the European market, the CAC 40 declined by (-3.28%). Likewise, the Euro STOXX and FTSE 100 depreciated by (-1.59%) and (-4.02%) respectively.

In the Asian market, the Nikkei 225 depreciated by (-6.67%). The China A50 and Hang Seng declined by (-2.80%) and (-2.69%) respectively.

MONEY MARKET AND FIXED INCOME

MONEY MARKET

The mid-week auction absorbed system liquidity, leading to an increase in interbank rates. The Open Repo Rate (OPR) and the Overnight rates (O/N) rose significantly to 31.25% and 31.70%, respectively.

We expect rates will remain near current levels.

FGN BONDS AND TREASURY BILLS

The subdued demand following the auction weighed on last week's Unmet demand at the auction boosted bids in the secondary market, causing the average yield to drop by 804 basis points week-on-week to 19.64% on Friday, down from 21.45% the previous week.

The OMO bills market saw modest demand, slightly lowering the average benchmark yield to 22.51% on Friday from 22.52% last week.

We expect a subdued market next week due to tightening liquidity.

Nigerian Treasury Bill Auction

The Debt Management Office (DMO) offered N233.31 billion and received total subscriptions of N1,129.42 billion, with oversubscriptions across all tenors. The CBN sold the exact amount offered, and the high subscription drove rates down to 17.00%, 17.50%, and 18.94% for the 91-day, 182-day, and 364-day tenors, respectively, compared to 18.20%, 19.20%, and 20.90% previously.

The bullish trend in bonds continued last week, with strong bids across all tenors, reducing the average benchmark yield by 154 basis points to 18.52% on Friday, compared to 18.81% the previous week.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
IMG	26.40	35.00	8.60 ▲	32.58
BERGER	14.30	18.75	4.45 ▲	31.12
ETRANZACT	5.10	6.15	1.05 ▲	20.59

TOP LOSERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
RTBRISCOE	3.55	2.57	-0.98 ▼	-27.61
FTNCOCOA	1.85	1.51	-0.34 ▼	-18.38
OMATEK	0.88	0.72	-0.16 ▼	-18.18

FGN BOND

Maturity	Bid Yield	Offer Yield
NIGB 12.500% JAN 26	19.80%	19.50%
NIGB 16.2884% MAR 27	19.60%	18.85%
NIGB 19.94% MAR 27	19.20%	18.90%
NIGB 13.98% FEB 28	19.30%	18.80%
NIGB 14.55% APR 29	19.90%	19.00%
NIGB 19.30% APR 29	19.50%	19.00%
NIGB 18.50% FEB 31	19.95%	19.50%
NIGB 12.50% APR 32	18.00%	16.30%
NIGB 14.70% JUN 33	18.95%	17.50%
NIGB 19.89% MAY 33	19.95%	19.70%
NIGB 12.149% JUL 34	19.80%	19.50%
NIGB 19.00 FEB 34	19.75%	19.50%
NIGB 12.5000% MAR 35	19.00%	17.20%
NIGB 12.40% MAR 36	18.10%	17.30%
NIGB 16.25% APR 37	17.95%	17.65%
NIGB 15.45% JUN 38	17.50%	17.00%

FOREIGN EXCHANGE

Nigeria's foreign exchange reserves fell by USD 1.03 million week-on-week to USD 36.30 billion (as of September 4), marking the fifth consecutive week of decline. Meanwhile, the naira showed resilience against the dollar, appreciating by 0.3% week-on-week to NGN 1,593.32/USD in the Nigerian Autonomous Foreign Exchange Market (NAFEM), despite a 24.5% decline in total NAFEM turnover to USD 764.61 billion (as of September 5), with trades occurring within the NGN 1,400.00/USD to NGN 1,650.00/USD range.

In the forwards market, naira rates for the 1-month (-2.3% to NGN 1,660.59/USD), 3-month (-3.7% to NGN 1,733.99/USD), 6-month (-5.0% to NGN 1,843.32/USD), and 1-year (-8.2% to NGN 2,074.04/USD) contracts declined.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by -8.75% w/w to close at \$67.61 per barrel. Likewise, Gold depreciated by -0.35% to close at \$2,527.70 from \$2536.60

Accordingly, the OPEC Basket price closed at \$71.06 per barrel for the week indicating a -9.88% weekly loss.

TOP BUSINESS HEADLINES FOR THE WEEK

- CBN August 2024 PMI Survey: Index Rises from 49.7pts in July 2024 to 50.2pts in August 2024.
- Lagos signs MoU with Chinese firm to construct green line rail.
- Power generation hits 5,313MW, first time in three years.
- NEPC: Non-oil Exports Yielded \$2.7bn at Half-year.

INTERBANK OFFERED RATE

	30-Aug-2024	06-Sept-2024	Change(%)
OPR	18.11	31.25	72.56
OVN	20.06	31.70	58.03

OIL & COMMODITIES PRICES

Instrument	30-Aug-2024	06-Sept-2024	Change (%)
Brent Crude	\$78.85	\$71.06	-9.88
WTI Oil	\$74.09	\$67.61	-8.75
Gold	\$2,536.60	\$2,527.70	-0.35

FOREIGN EXCHANGE (Spot & Forward rate)

Currency	Closing Rate (\$/N)
NAFEM Window	1,593.32
GBP	2129.28
EUR	1839.06
CAD	1200.97

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