

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

The Central Bank of Nigeria's (CBN) Monetary Policy Committee (MPC) unanimously decided to increase the Monetary Policy Rate (MPR) by 50 basis points to 27.25% from 26.75%, marking the fifth consecutive rate increase this year. This brings the total rate hikes in 2024 to 850bps (compared to 225bps in 2023). The Committee likely made this move to (1) bolster the ongoing reduction in inflation and manage inflation expectations, (2) support the naira, and (3) reduce the negative real rate of return. Additionally, the MPC raised the Cash Reserve Requirement (CRR) for Deposit Money Banks (DMBs) to 50% (up from 45%) and for Merchant Banks to 16% (up from 14%), while keeping other parameters unchanged, such as the asymmetric corridor around the MPR at +500bps/-100bps and the liquidity ratio at 30%.

According to Nigeria's Labour Force Survey from the National Bureau of Statistics (NBS), unemployment increased from 5% in Q3 2023 to 5.3% in Q1 2024, while annual inflation in 2023 was 5.4%. Despite the increase in unemployment, the market is expected to remain unresponsive. However, the labour force participation rate declined to 77.3% in Q1 2024 from 80.4% in Q3 2024. Concerns continue to arise about the ILO's methodology in accurately capturing Nigeria's unemployment situation, given the influx of new workers and the tendency for businesses to downsize. Unlike in developed economies, where unemployment is a key macroeconomic indicator, the labour force figures in Nigeria may not fully reflect local economic realities.

EQUITIES

The local bourse ended the week on a positive note as the All Share Index (NGX ASI) appreciated by 0.21% week-on-week to settle at 98,247.99 basis points with buying seen in stocks such as ELLAHLAKES (+59.74%), REGALINS (+53.33%), FLOURMILL (+22.89%) and STERLINGNG (+22.19%).

Consequently, the Month-To-Date (MTD) return appreciated by 1.95% as the Year-To-Date (YTD) return remained positive settling at 31.68% for the week with Market Capitalization settling at 56.57trn Naira at the close of the trading session.

Sector performance was mixed for last week as the NGX- Oil/Gas Index and NGX-Banking Index appreciated (+3.28%) and (+2.45%). While The NGX Consumer Goods Index NGX-Industrial Index declined by (-0.15%) and (-0.04%) respectively.

GLOBAL ECONOMY

Flash estimates from S&P Global show that the US Manufacturing PMI indicated a third consecutive month of contraction, falling to 47.0 points in September (August: 47.9 points). This drop is attributed to a sharp decline in new orders and employment, signaling weakening business conditions. Although the Services PMI slightly decreased (55.4 points vs. 55.7 in August), it remained strong due to solid growth in work inflows and fewer job losses. Overall, the Composite PMI dipped to 54.4 points (August: 54.6).

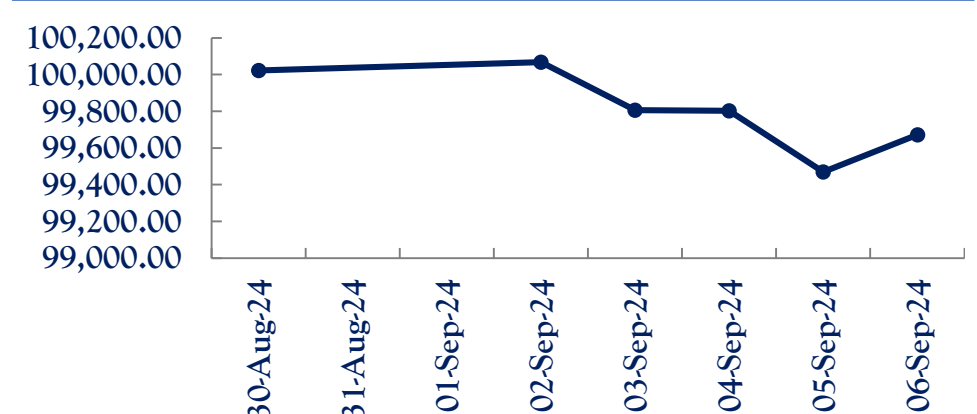
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	3.19%	2.98%
Unemployment	33.3%	33.3%
MPR	27.25%	26.75%
External Reserve	\$37.78 billion	\$37.39billion
Inflation	32.15%	33.4%

KEY METRICS

Metrics	Outcome
All-Share Index	98,247.99
WTD	0.21%
MTD	1.95%
YTD	31.68%
52-week High	102401.88
52-week Low	24,026.05
Market Capitalization (N'trn)	56.57

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 20-08-2024	Wk. Close 27-08-2024	% WTD	% YTD
NGX-Banking	911.43	933.79	2.45	4.08
NGX-Industrial	3,849.41	3,847.83	-0.04	41.87
NGX Oil/Gas	1,927.59	1,990.84	3.28	90.87
NGX-Consumer Goods	1,567.17	1,564.86	-0.15	39.56

GLOBAL MARKET

Global stocks gained positive momentum as expectations increased for another major US interest rate cut this year, with investors paying close attention to the upcoming personal consumption expenditures (PCE) data for further guidance. Risk sentiment was also bolstered by news of additional fiscal stimulus from Chinese authorities, adding to the monetary easing measures introduced earlier last week.

The Dow Jones appreciated by (+0.45%). The Nasdaq and S&P 500 appreciated by (+0.81%) and (+0.34%) respectively.

In the European market, the FTSE appreciated by (+0.26%). Likewise, Euro STOXX and CAC 40 appreciated by (+2.98%) and (+2.36%) respectively.

In the Asian market, the Nikkei 225 appreciated by (+0.47%). The China A50 and Hang Seng appreciated by (+23.75%) and (+15.82%) respectively.

MONEY MARKET AND FIXED INCOME

MONEY MARKET

The PMA settlement slightly impacted system liquidity. The Open Repo Rate (OPR) fell by 88bps week-on-week to 29.43%, while Overnight rates (O/N) increased by 17bps to 30.02%.

FGN BONDS AND TREASURY BILLS

The unexpected 50bps MPR hike caused investors to act cautiously, with selloffs observed at the short end of the curve.

As a result, the average benchmark yield rose by 39bps week-on-week to 18.67%. Selloff sentiment is expected to persist.

The recent rate hike and primary auction reduced investor demand for Nigerian Treasury Bills in the secondary market. Selloffs pushed the average benchmark yield up by 546bps to 21.94% from 20.80% the previous week.

The OMO bills market also saw mild selloffs, with the average benchmark yield increasing by 57bps week-on-week to 23.23%. Tight liquidity is expected to further intensify selloffs.

The Debt Management Office (DMO) offered N227.54 billion, receiving total bids of N304.26 billion. The oversubscription was concentrated on the 91-day and 364-day bills, but the CBN sold exactly the amount offered.

The 50bps MPR rate hike led investors to bid higher, pushing rates up across all tenors to 17.00%, 17.50%, and 20%, from the previous 16.63%, 17.00%, and 18.59%, respectively.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
ELLAHLAKES	3.08	4.92	1.84 ▲	59.74
REGALINS	0.45	0.69	0.24 ▲	53.33
FLOURMILL	50.45	62.00	11.55 ▲	22.89

TOP LOSERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
CAVERTON	3.69	2.68	-0.01 ▼	-27.37
MULTIVERSE	11.20	9.00	-2.20 ▼	-19.64
OKOMUOIL	417.70	363.00	-54.70 ▼	-13.10

FGN BOND

Maturity	Bid Yield	Offer Yield
NIGB 12.500% JAN 26	19.60%	19.20%
NIGB 16.2884% MAR 27	19.50%	18.80%
NIGB 19.94% MAR 27	19.20%	18.90%
NIGB 13.98% FEB 28	19.30%	18.80%
NIGB 14.55% APR 29	19.20%	18.70%
NIGB 19.30% APR 29	19.00%	18.75%
NIGB 18.50% FEB 31	21.35%	21.05%
NIGB 12.50% APR 32	17.50%	16.90%
NIGB 14.70% JUN 33	17.50%	17.00%
NIGB 19.89% MAY 33	21.85%	21.50%
NIGB 12.149% JUL 34	19.85%	19.40%
NIGB 19.00 FEB 34	20.10%	19.80%
NIGB 12.5000% MAR 35	18.00%	17.20%
NIGB 12.40% MAR 36	18.10%	17.30%
NIGB 16.25% APR 37	18.00%	17.70%
NIGB 15.45% JUN 38	17.50%	16.75%
NIGB 13.00% JAN 42	17.20%	16.90%
NIGB 14.80% APR 49	17.15%	16.70%
NIGB 12.98% MAR 50	17.25%	16.65%
NIGB 15.70% JUN 53	17.20%	16.70%

FOREIGN EXCHANGE

Nigeria's FX reserves increased for the fourth week in a row, rising by USD310.75 million to reach USD37.78 billion as of 24 September. The CBN continued its efforts to support the naira by injecting USD89 million into the market this week, slowing the naira's depreciation slightly to USD/NGN1,540.78 (+5bps w/w) at the Nigerian Autonomous Foreign Exchange Market (NAFEM).

Total turnover at NAFEM rose by 3.7% WTD to USD787.54 billion, with trades occurring within the USD/NGN1,540.00 – USD/NGN1,699.00 range. In the forwards market, naira rates fell across all contract periods, with declines of 2.7%, 2.6%, 2.0%, and 1.5% for the 1-month, 3-month, 6-month, and 1-year contracts, respectively.

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude appreciated by +4.01% w/w to close at \$72.04 per barrel. Likewise, Gold appreciated by +1.48% to close at \$2649.50 from \$2610.90.

Accordingly, the OPEC Basket price closed at \$74.62 per barrel for the week indicating a 1.48% weekly loss.

TOP BUSINESS HEADLINES FOR THE WEEK

- The Federal Government saved N900 billion for infrastructure funds over nine months.
- NBS reports petrol and diesel prices increased by 32.51% and 64.58%, respectively.
- Nigeria's unemployment rate climbed to 5.3% in Q1, according to a report.
- E-payments surged by 84.3% to reach N572 trillion in seven months.
- The landing cost of petrol dropped to N981 per litre.

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INTERBANK OFFERED RATE

	20-Sept-2024	27-Sept-2024	Change(%)
OPR	29.69	29.43	-0.88
OVN	29.97	30.02	0.17

OIL & COMMODITIES PRICES

Instrument	20-Sept-2024	27-Sept-2024	Change (%)
Brent Crude	\$74.62	\$72.01	-3.50
WTI Oil	\$72.04	\$68.3	-5.19
Gold	\$2,649.50	\$2,671.10	0.82

FOREIGN EXCHANGE (Spot & Forward rate)

Currency	Closing Rate (\$/N)
NAFEM Window	1540.78
GBP	2189.86
EUR	1869.11
CAD	1223.30