

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to the National Bureau of Statistics (NBS), consumer prices rose for the fourth consecutive month, increasing by 20 basis points (bps) to 34.80% year-on-year (y/y) in December, compared to 34.60% y/y in November. This brought the average headline inflation for 2024 to 33.18%, up from 24.52% in 2023. A closer look shows that food inflation slowed slightly, dropping by 8bps to 39.84% y/y, following three months of increases.

This was partly due to pre-emptive buying ahead of expected price hikes during the festive season and the delayed effects of the harvest. In contrast, core inflation rose by 53bps to 29.28% y/y, marking its third consecutive monthly increase, driven by seasonal holiday demand and higher energy costs. On a month-on-month (m/m) basis, headline inflation eased by 20bps to 2.44% in December, down from 2.64% in November. Looking forward, headline inflation is expected to decline in the short term, supported by (1) naira stability, (2) reduced consumer demand, and (3) easing energy prices.

EQUITIES

The local bourse ended the week on a negative note as the All Share Index (NGX ASI) depreciated by 2.94% week-on-week to settle at 102,353.68 basis points with selloff seen in stocks such as UNIVINS (-19.23%), ROYALEX (-18.35%), REGALINS (-17.78%) and SOVRENINS (-16.67%).

Consequently, the Month-To-Date (MTD) return depreciated by 0.56. The Year-To-Date (YTD) return moderated to -0.56% for the week. Market Capitalization settled at 60.242trn Naira at the close of the trading session.

Sector performance was negative last week as the NGX- Consumer Goods Index was the sole gain (+1.33%). NGX-Banking Index depreciated by (-0.46%) Likewise, the NGX-Industrial Index and NGX-Oil/Gas depreciated by (-8.20%) and (-0.78%) respectively.

GLOBAL ECONOMY

According to the Bureau of Labor Statistics (BLS) reported that consumer prices in the United States rose by 20 basis points (bps) to 2.9% year-on-year (y/y) in December, up from 2.7% y/y in November. This increase was mainly attributed to a slower decline in gasoline prices and higher food costs. Energy prices fell by just 0.5% y/y compared to a sharper decline of 3.2% y/y in November, as fuel and gasoline prices decreased at a slower rate than the previous year.

Meanwhile, food inflation climbed to 2.5% y/y (November: 2.4% y/y), continuing its upward trend for the third consecutive month. This was driven by a 20bps increase in the cost of food at home to 1.8% y/y, while the cost of food away from home remained steady at 3.6% y/y. On a month-on-month (m/m) basis, headline inflation rose by 0.4%, compared to 0.3% m/m in November.

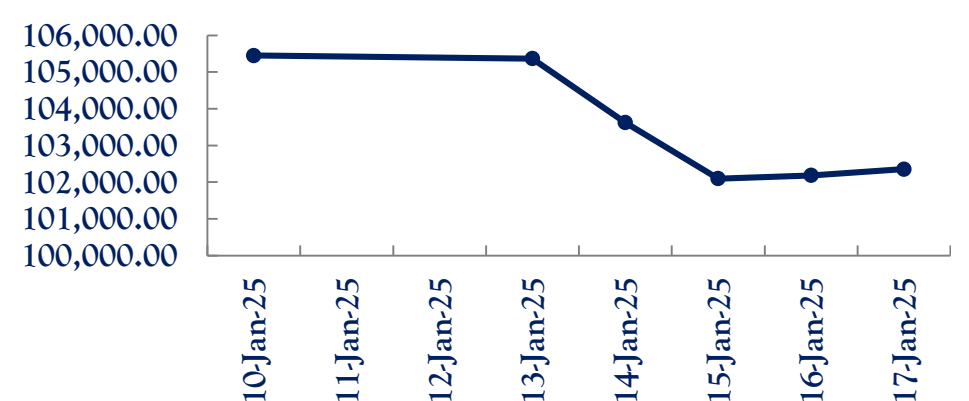
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	3.46%	3.19%
Unemployment	33.3%	33.3%
MPR	27.50%	27.25%
External Reserve	\$40.49 billion	\$40.56 billion
Inflation	34.8%	34.6%

KEY METRICS

Metrics	Outcome
All-Share Index	102,353.68
WTD	-2.94%
MTD	-0.56%
YTD	-0.56%
52-week High	102401.88
52-week Low	24,026.05
Market Capitalization (N'trn)	62.85

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 10-01-2025	Wk. Close 17-01-2025	% WTD	% YTD
NGX-Banking	1,120.41	1,115.22	-0.46	2.83
NGX-Industrial	3,573.90	3,280.92	-8.20	-8.15
NGX Oil/Gas	2,688.75	2,667.66	-0.78	-1.64
NGX-Consumer Goods	1,737.50	1,760.55	1.33	1.67

GLOBAL MARKET

Global stock markets experienced positive momentum this week, driven by optimism despite a higher CPI reading in the US. Contributing factors included cooling inflation in the UK, stronger-than-expected Q4 2024 GDP growth from China, and easing geopolitical tensions in the Middle East.

The Nasdaq appreciated by +2.87%. While Dow Jones and S&P 500 appreciated by (+2.87%) and (+2.75%) respectively.

European market, the FTSE 100 appreciated by (+3.59%). Euro STOXX and CAC 40 appreciated by (+4.00%) and (+4.20%) respectively.

In the Asian market, the China A50 and Hang Seng appreciated (+2.17%) and (+5.57%) respectively. Nikkei 225 depreciated by (-0.78%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

Liquidity tightened in the system this week, pushing interbank rates above 30%.

The Open Repo Rate (OPR) and Overnight Rate (O/N) rose sharply by 1847bps and 1755bps week-on-week to 32.23% and 32.75%, respectively.

We expected rate to remain around current levels.

FGN BONDS AND TREASURY BILLS

The release of December inflation data triggered further selloffs in the domestic bond market, leading to a 117bps increase in the average benchmark yield week-on-week, rising to 19.77% from 19.55% last week.

We anticipate continued selloffs as liquidity conditions remain tight.

Investor demand supported a bullish sentiment in the NTB market, slightly reducing the average benchmark yield by 13bps week-on-week to 25.23%, down from 25.27% the previous week.

Similarly, the OMO bill market closed on a bullish note, with the average yield declining by 54bps to 28.21%.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
NEIMETH	2.61	3.43	0.82 ▲	31.42
SCOA	2.06	2.48	0.42 ▲	20.39
NNFM	45.55	54.45	8.90 ▲	19.54

TOP LOSERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
UNIVINS	0.78	0.63	-0.15 ▼	-19.23
ROYALEX	1.09	0.89	-0.20 ▼	-18.35
REGALINS	0.90	0.74	-0.16 ▼	-17.78

FGN BOND

Maturity	Bid Yield	Offer Yield
NIGB 12.500% JAN 26	22.30%	21.30%
NIGB 16.2884% MAR 27	21.30%	20.20%
NIGB 19.94% MAR 27	21.30%	20.20%
NIGB 13.98% FEB 28	20.00%	19.50%
NIGB 14.55% APR 29	20.00%	19.55%
NIGB 19.30% APR 29	21.20%	20.95%
NIGB 18.50% FEB 31	21.60%	21.30%
NIGB 12.50% APR 32	18.75%	18.25%
NIGB 14.70% JUN 33	21.35%	21.00%
NIGB 19.89% MAY 33	21.85%	21.25%
NIGB 12.149% JUL 34	18.75%	18.40%
NIGB 19.00 FEB 34	21.70%	21.20%
NIGB 12.5000% MAR 35	18.70%	18.40%
NIGB 12.40% MAR 36	18.80%	18.30%
NIGB 16.25% APR 37	18.95%	18.65%
NIGB 15.45% JUN 38	19.70%	19.25%
NIGB 13.00% JAN 42	18.80%	18.20%
NIGB 14.80% APR 49	17.55%	17.20%
NIGB 12.98% MAR 50	17.40%	17.00%
NIGB 15.70% JUN 53	17.90%	17.40%

FOREIGN EXCHANGE

The naira weakened by 0.3% to NGN1,547.58/USD at the Nigerian Foreign Exchange Market (NFEM), despite the Central Bank of Nigeria (CBN) intervening with the sale of approximately USD300.90 million to authorized dealers. Consequently, the nation’s foreign exchange reserves fell by USD330.12 million week-on-week to USD40.42 billion as of January 15.

In the forwards market, naira rates rose across all tenors: 1-month (+0.2% to NGN1,589.78/USD), 3-month (+0.6% to NGN1,654.40/USD), 6-month (+1.4% to NGN1,751.59/USD), and 1-year (+3.0% to NGN1,935.72/USD).

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude appreciated by +2.79% w/w to close at \$75.87 per barrel. Likewise, Gold appreciated by +1.23% to close at \$2,721.20 from \$2,624.00.

Accordingly, the OPEC Basket price closed at \$78.94 per barrel for the week indicating a +2.37% weekly gain.

TOP BUSINESS HEADLINES FOR THE WEEK

- Nigeria’s Inflation Rate Rises to 34.80% in December 2024, Says NBS.
- Nigeria’s oil output rises by 6.3% in December 2024.
- Power generation increased by 30% in 2024 – Adelabu.
- World Bank projects 3.5% GDP growth for Nigeria in 2025.
- NNPCCL remitted N10tn in 2024 - Kyari

INTERBANK OFFERED RATE

	10-Jan-2025	17-Jan-2024	Change(%)
OPR	27.29	32.23	18.47
OVN	27.86	32.75	17.55

OIL & COMMODITIES PRICES

Instrument	10-Dec-2024	17-Dec-2024	Change (%)
Brent Crude	\$74.39	\$78.94	2.37
WTI Oil	\$71.59	\$75.87	2.79
Gold	\$2,624.00	\$2,721.20	1.23

FOREIGN EXCHANGE (Spot & Forward rate)

Currency	Closing Rate (\$/N)
NAFEM Window	1547.58
GBP	1991.22
EUR	1679.07
CAD	1157.98

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