

WEEKLY ECONOMIC AND MARKET RECAP

NIGERIAN ECONOMY

According to recently released data by the Debt Management Office (DMO), Nigeria's public debt grew by 6.0% quarter-on-quarter (q/q) to NGN142.32 trillion in Q3-24, up from NGN134.30 trillion in Q2-24. This increase is largely attributed to new borrowings to fund rising government expenditures and the depreciation of the naira (+8.2% q/q to NGN1,601.03), which impacted foreign debt. Domestic debt, accounting for 51.6% of total public debt, rose by 3.1% q/q to NGN73.43 trillion (Q2-24: NGN71.22 trillion), while external debt, representing 48.4% of the total, edged up by 0.3% q/q to USD43.03 billion (compared to USD42.90 billion in Q2-24) due to increased obligations to multilateral creditors.

In naira terms, external debt surged by 9.2% q/q to NGN68.89 trillion (Q2-24: NGN63.07 trillion). Year-on-year, total debt grew by 61.9%, pushing the debt-to-GDP ratio to 53.8% (Q2-24: 50.8%). Looking ahead, we expect a notable rise in total public debt driven by (1) increased federal government borrowings to address the 2024 budget deficit (estimated at NGN12.85 trillion) and (2) the effect of naira depreciation on external debt. We project total public debt to reach NGN146.94 trillion (55.6% of GDP) by the end of 2024.

EQUITIES

The local bourse ended the week on a positive note as the All Share Index (NGX ASI) appreciated by 1.22% week-on-week to settle at 103,598.30 basis points with interest seen in stocks such as SCOA (+59.68%), ROYALEX (-18.35%), UPDC (+19.05%) and WAPIC (+15.32%).

Consequently, the Month-To-Date (MTD) return appreciated by +0.65%. The Year-To-Date (YTD) return remained positive settling at to +0.65% for the week. Market Capitalization settled at 63.64trn Naira at the close of the trading session.

Sector performance was mixed last week as the NGX-Banking and NGX-Industrial Index increased by (+4.09%) and (+0.12%). NGX- Consumer Goods Index and NGX-Oil/Gas depreciated by (-1.20%) and (-0.93%) respectively.

GLOBAL ECONOMY

The U.S. Department of Labor reported that initial jobless claims rose by 6,000 to 223,000 in the week ending January 18, compared to 217,000 in the previous week. This increase points to a gradual slowdown in the labor market as job openings continue to decline.

On a non-seasonally adjusted basis, significant increases were observed in Michigan (+14,985), California (+12,731), and Texas (+11,439), while the largest decreases occurred in New York (-15,396), Washington (-3,877), and Wisconsin (-3,830). Meanwhile, continuing claims for unemployment insurance rose by 87,908 to 2.30 million for the week ending January 4. On a four-week moving average, initial jobless claims increased by 750 to 213,500, up from 212,750 in the week ending December 11.

The Bank of Japan's (BoJ) Monetary Policy Committee (MPC) voted 8-1 to raise the key policy rate.

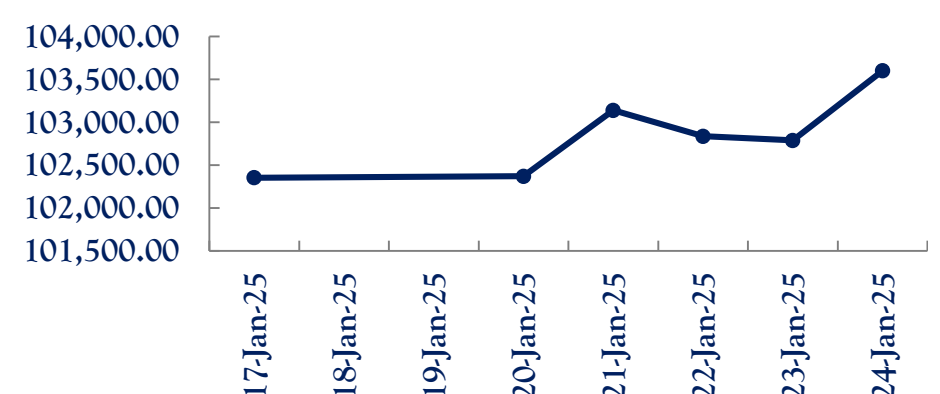
ECONOMIC INDICATORS

Economic Indicators	Current	Previous
GDP Growth	3.46%	3.19%
Unemployment	33.3%	33.3%
MPR	27.50%	27.25%
External Reserve	\$40.40billion	\$40.09 billion
Inflation	34.8%	34.6%

KEY METRICS

Metrics	Outcome
All-Share Index	103,598.30
WTD	1.22%
MTD	0.65%
YTD	0.65%
52-week High	102401.88
52-week Low	24,026.05
Market Capitalization (N'trn)	63.64

FIG 1: NGX ALL SHARE INDEX - 5 DAYS CHART



SECTOR PERFORMANCE

Index	Wk. Close 17-01-2025	Wk. Close 24-01-2025	% WTD	% YTD
NGX-Banking	1,115.22	1,160.88	4.09	7.04
NGX-Industrial	3,280.92	3,284.78	0.12	-8.05
NGX Oil/Gas	2,667.66	2,642.83	-0.93	-2.55
NGX-Consumer Goods	1,760.55	1,739.35	-1.20	0.44

The committee increased the short-term interest rate by 25 basis points to 0.50% (previously 0.25%), marking the highest level since October 2008. This decision reflects strong wage growth and rising inflation, aligning with the BoJ’s view that a “virtuous cycle,” where higher wages drive price increases, is necessary for further rate hikes. Although the MPC did not provide explicit forward guidance, it emphasized that interest rate increases would continue if economic and inflation forecasts materialized. Additionally, the BoJ raised its inflation forecast for fiscal year 2025 to 2.40% year-on-year (previously 1.90%) due to upside risks from wage growth, while maintaining its GDP growth projection at 1.1% year-on-year for the same period.

GLOBAL MARKET

Global stock markets continued to trend upward last week, driven by optimism over Trump’s economic policies, strong corporate earnings, and a positive economic outlook, which bolstered investor confidence.

The Nasdaq appreciated by +1.65%. Likewise the Dow Jones and S&P 500 appreciated (+2.15%) and (+1.74%) respectively.

European market, the CAC 40 appreciated (+1.55%). FTSE 100 and Euro STOXX depreciated by (-0.45%) and (-0.35%) respectively.

In the Asian market, the Nikkei 225 and Hang Seng appreciated by (+1.87%) and (+1.36%) respectively. China A50 declined by (-0.57%).

MONEY MARKET AND FIXED INCOME

MONEY MARKET

The robust system liquidity drove interbank rates below 30% last week. The Open Repo Rate (OPR) and Overnight Rate (O/N) fell by 1649bps and 1603bps week-on-week to 27.00% and 27.50%, respectively.

We anticipate higher rates as the bond auction absorbs excess liquidity.

FGN BONDS AND TREASURY BILLS

The bond market remained bearish, with sell-offs concentrated at the mid- and long-term maturities. Consequently, the average benchmark yield climbed to a record high of 20.09%, up from 19.77% last week.

We anticipate selective buying after the bond auction.

Unmet demand at the mid-week Primary Market Auction (PMA) spurred activity in the secondary market, leading to a bullish close for NTBs. The average benchmark yield declined by 87bps week-on-week to 25.01%, compared to 25.23% the previous week.

Similarly, OMO bills saw sustained bullish sentiment, with the average benchmark yield dropping by 99bps week-on-week to 27.93% from 28.21%.

We expect a subdued market next week as investors shift focus to the bond auction.

TOP GAINERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
SCOA	2.48	3.96	1.48 ▲	59.68
UPDC	1.68	2.00	0.32 ▲	19.05
WAPIC	2.22	2.56	0.34 ▲	15.32

TOP LOSERS

COMPANY	OPEN	CLOSE	GAIN (N)	% CHANGE
SUNUASSUR	6.69	5.01	-1.68 ▼	-25.11
EUNISELL	15.62	12.66	-2.96 ▼	-18.47
JOHNHOLT	10.18	8.30	-1.88 ▼	-18.47

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 appreciated by 1.1% to NGN1,531.20/USD at the Nigerian Foreign Exchange Market (NFEM) due to the CBN's intervention, which involved selling approximately USD113.85 million to authorized dealers. However, these interventions reduced FX reserves by USD303.95 million week-on-week to USD39.99 billion as of January 23.

In the forwards market, naira rates weakened across all tenors: 1-month (-0.1% to NGN1,591.41/USD), 3-month (-0.8% to NGN1,667.93/USD), 6-month (-1.6% to NGN1,779.33/USD), and 1-year (-1.4% to NGN1,962.32/USD).

OIL PRICES AND COMMODITIES

Over the week, the West Texas Intermediate (WTI) Crude depreciated by -4.42% w/w to close at \$74.54 per barrel. While, Gold appreciated by +1.04% to close at \$2783.40 from \$2,721.20.

Accordingly, the OPEC Basket price closed at \$78.40 per barrel for the week indicating a -2.98% weekly loss.

TOP BUSINESS HEADLINES FOR THE WEEK

- Tax bills set for passage in March, with implementation slated for July.
- NCC approves a 50% increase in telecom tariffs.
- Federal Government grants a license for a 10,000-barrel-per-day refinery.
- Debt servicing reached N3.57 trillion in Q3 2024, according to the DMO.
- CBN forecasts 4.1% economic growth in 2025.

INTERBANK OFFERED RATE

	17-Jan-2024	24-Jan-2024	Change(%)
OPR	32.23	27.00	-16.49
OVN	32.75	27.50	-16.03

OIL & COMMODITIES PRICES

Instrument	17-Dec-2024	24-Dec-2024	Change (%)
Brent Crude	\$78.94	\$78.4	-2.98
WTI Oil	\$75.87	\$74.54	-4.42
Gold	\$2,721.20	\$2783.40	1.04

FOREIGN EXCHANGE (Spot & Forward rate)

Currency	Closing Rate (\$/N)
NAFEM Window	1531.20
GBP	1992.30
EUR	1681.66
CAD	1134.10

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