

Local Economic Updates

Last week, the Inflation Report released for the month of Nov'21 showed that the headline inflation rate eased for an eighth consecutive month on the back of the sustained trend of disinflation in the food index, while the core segment resumed its uptrend. The Consumer Price Index (CPI), which measures inflation rose by 15.40% Year-on-Year (YoY) in Nov'21. This is 0.59% lower than the rate recorded in Oct'21 (15.99%) while on a month-on-month (MoM) basis, the Headline Index increased by 1.08% in Nov'21, this is 0.17% lower than the rate (0.98%) recorded in the previous month. With both food and core subindices on the uptrend, monthly headline inflation increased.

The high base effect continues to lend support to the YoY disinflationary trend that has now lasted for eight consecutive months. On a monthly basis, while the increase in food inflation may result from the impact of the year-end food harvest shrugged-off by the upsurge in food demand ahead of the festive season, the core inflation upsurge is on the back of increases in utilities (impacted by elevated electricity tariff and the relatively heightened price of gas) and hospitality product/services (linked to the increased activities around the holiday season).

Elsewhere, the data released by Debt Management Office (DMO) indicated that Nigeria's total public debt rose by 7.16% q/q to ₦38.00trn as of Sept'21 (from ₦35.47trn recorded in Jun'21). The increase was due to the rise in domestic and external debt by 13.58% and 3.10% to ₦22.43trn & US\$37.98bn. The US\$4bn Eurobond issued in Sept'21 majorly accounted for the increase in external debt.

Also, the Infrastructural Corporation of Nigeria Limited (INFRACO) plans to raise ₦15trn to fund infrastructural projects in the country. While the ₦1trn of the ₦15trn would be contributed as equity by the CBN, the African Finance Corporation (AFC), Nigerian Sovereign Investment Authority, and others, the remaining ₦14bn would be accessed through the debt market with a large chunk (not less than 50%) of the debt funding would be raised locally from banks and PFAs.

Global and Emerging Market Economic Updates

In the past week, major economies central banks are gradually walking-back on monetary policy supports that were put in place to cushion the shriveling impact of the COVID-19 pandemic to taking a hawkish monetary policy stance in order to subdue surging inflation.

In the U.S., the Federal Reserve seeks to tame inflation by accelerating the pace of tapering its monthly asset purchase program, and possibly using interest rate hikes as a measure to bulwark inflationary pressures once it has completely would-down the US\$120 billion monthly bond purchases. At the last Federal Open Market Committee meeting for the year unanimously agreed to increase the pace of tapering by doubling the initially agreed \$15bn. The new \$30bn monthly reduction would bring all asset purchases to a halt by Mar'22, faster than the middle of next year (of \$15bn reduction).

Elsewhere, the Bank of England has taken more drastic measures to address inflation, as it hiked its main interest by 0.15% (to 0.25%) from its historic low of 0.10%. This represents the first increase in benchmark interest rate by the Bank since the emergence of the pandemic.

In Europe, the Central Bank's monetary policy committee decided to increase its asset purchases, while promising to retain an accommodative policy stance to support the eurozone economy going into 2022. The committee also voted to keep interest rates unchanged at the historic low of 0% in order to support the economy fighting against the emergence of Omicron variant rather than suppressing inflationary pressures.

In the oil market, oil dipped by 2.17% to close at \$73.52 amid concerns about the impact of the Omicron Variant and tighter monetary policy to tame the surging inflation rate.

Nigerian Equities Market

The NGX ASI closed the week in green by 1.12% as it closed positive in 3 of the 5 trading sessions during the week. It improved on the back of buy pressures in bellwether stocks such as MTNN (+7.16%) and DANGSUGAR (+6.58%). Consequently, at 42,353.31 points, the equities market's Year-to-Date return improved to 5.17% as market capitalisation increased by 1.19% to close at N22.11trillion.

Market breadth (a measure of investor sentiment) weakened in the previous week, decreasing from 1.30x to 1.14x as 32 stocks appreciated against 28 stocks that declined. MEYER and ROYALEX topped the market gainers with 27.27% and 15.00% WoW respectively, while CHAMPION and UPDC were the top losers with declines of 13.65% and 10.17% respectively WoW.

The activity level weakened as the trade volume and value declined by 49.92% and 43.01% respectively WoW. A total turnover of 1.32 billion shares worth N15.33 billion in 18292 deals were traded during the week by investors on the floor of the Exchange. Trading in the top three equities by volume were FBNH, INTBREW and ACCESS. They accounted for 469.88 million shares worth N4.17 billion in 1,958 deals; contributing 35.68% and 27.20% to the total equity turnover volume and value respectively.

Outlook for the week

We expect positive performance to persist in the coming week as the equities market still presents decent opportunities for investors chasing positive real return on investments.

NIGERIAN EQUITIES MARKET

NGX Indices	Close	WoW
NGX ASI	42,353.31	1.12%
NGX 30	1,755.46	1.38%
Market Cap (N'tn)	22.11	1.19%
Volume (N'bn)	1.32	-49.92%
Value (N'bn)	15.33	-43.01%
Deals	18292	-12.26%
Market Breadth	1.14x	-11.84%

NGX TOP MARKET GAINERS

Stocks	Price	WoW(%)
MEYER	0.42	27.27
ROYALEX	0.69	15.00
FTNCOCOA	0.42	13.51
PHARMADEKO	2.20	10.00
CUSTODIAN	7.80	9.86

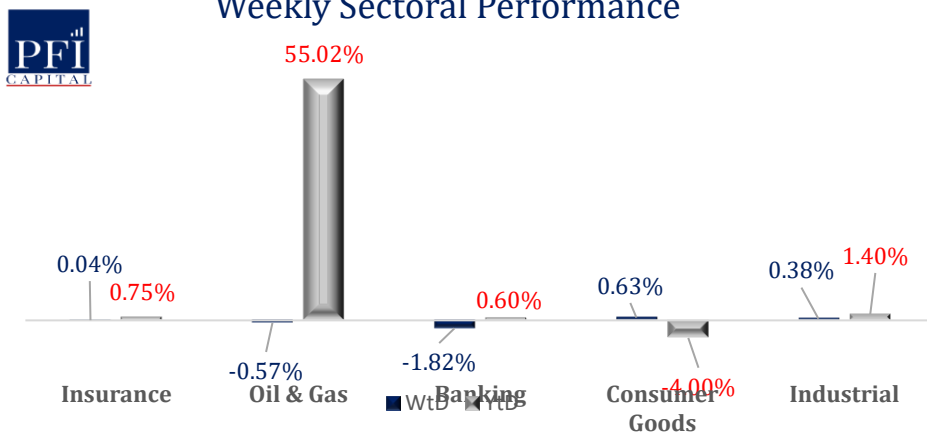
NGX TOP MARKET LOSERS

Stocks	Price	WoW(%)
CHAMPION	2.34	-13.65
UPDC	1.06	-10.17
ETRANZACT	1.89	-9.57
CUTIX	2.40	-9.43
UPDC	4.10	-6.82

NIGERIAN ECONOMY

Indicator	Current
GDP Growth (%)	▲+4.03%
MPR (%)	11.50%
External Reserve (\$'bn)	40.71
Inflation (%)	▼15.40%

Weekly Sectoral Performance



NGX ASI Relative Share Index (RSI)



Nigerian Fixed Income Market

There was mixed sentiment in the bond market last week as two (2) of the five (5) tenor yields under coverage closed lower, the yields on the 1-Year and 10-Year tenor bonds increased by 7bps and 10bps WoW respectively while the 5-Year bond paper closed flat at 11.28%. The yields on the 3-Year and 30-Year tenor bonds compressed by 3bps and 1bp respectively WoW.

On the other hand, the activity in the Nigerian Treasury Bills Market was mixed as the 91-day paper yield increased by 0.83% WoW, the 182-day papers closed flat at 3.74% while the yield on the 364-day paper compressed by 0.01% WoW.

In the Money Market space, the Open Buy Back (OBB) and Overnight (O/N) rates decreased to 11.25% and 11.75% from 17.50% and 17.75% respectively WoW.

Outlook for the week

We expect market activity in the fixed income market to be influenced by liquidity levels and foreign investor participation.

The Global and African Market

There was negative sentiment in the global market as five of the six indices under coverage closed in red WoW while the NIKKEI index, the only gainer closed positive WoW by 0.38%.

On the other hand, there was mixed performance in the African Market as 2 of the 4 indices under coverage closed in red WoW while the NGX and Kenya NSE improved by 1.12 % and 0.53% respectively WoW.

Outlook for the week

Market activity would likely be dictated by bargain hunting sentiment in the near term.

FGN BOND

Tenor	Current	Change
1 Year	3.63	0.07%
3 Years	9.28	-0.03%
5 Years	11.28	0.00%
10 Years	12.90	0.10%
30 Years	11.17	0.01%

TREASURY BILLS AND MONEY MARKET RATES

Tenor	Current	Change
91 Days	3.28%	0.83%
182 Days	3.74%	0.00%
364 Days	5.63%	-0.01%
OPR	11.25%	-6.25%
O/N	11.75%	-6.00%

CURRENCY

	Current	Change (₦)
Parallel		
I&E	415.07	-0.01
NAFEX	414.23	-0.02

COMMODITIES

	Current	WoW (%)
Brent Crude	73.52	-2.17%
Gold	1,784.15	0.85%
Silver	22.358	0.67%

GLOBAL AND AFRICAN STOCK MARKET INDICES

Index	Close	WoW
S&P	4,620.64	-1.94%
FTSE	7,269.92	-0.30%
DAX	15,531.69	-0.59%
NIKKEI	28,545.68	0.38%
DOW JONES	35,365.44	-1.68%
NASDAQ	15,169.68	-2.95%
S'AFRICA JALSH	71,203.13	-0.67%
EGX 30	11,565.72	-1.22%
KENYA NSE	163.64	0.53%