

Local Economic Updates

Last week, the Federal House of Representatives passed the 2022 Appropriation Bill, raising total estimates of the Federal Government's budget from N16.14trn to N17.1trn, up by N735.9bn. Also, the oil price benchmark was raised to \$62.0/barrel from \$57.0bn. Others include Statutory Transfers, Debt Service and Recurrent (Non-Debt). The Expenditures were increased by 13.0%, 7.0% and 1.1% respectively.

According to a press release published on Nigerian Exchange Limited, the Union Bank Nigeria Plc announced it has reached an agreement to sell a majority stake to Titan Trust Bank Ltd. The deal will see existing core investors in Union Bank, Union Global Partners Ltd (64.98%), Atlas Mara (25.53%) and other shareholders divest their core holdings of 89.39% in Union Bank to Titan Trust Bank, though no purchase consideration was mentioned it could cost Titan Bank between N6 and N8 per share or close to N200 billion as the market valuation of Union Bank currently stand around N147 billion.

Elsewhere, a report from the NNPC showed that a total amount of N1.2trn has been spent on petrol subsidy between Jan'21 and Nov'21.

The Minister of Water Resources, Suleiman Adamu, disclosed a total sum of \$700mn has been secured as a loan from the World Bank for specific water projects in Nigeria, with seven states (Imo, Delta, Bauchi, Ekiti, Katsina, Kaduna and Plateau) expected to benefit from the first tranche of the loan.

Global and Emerging Market Economic Updates

In the past week, corroborating reports from South Africa and the U.K. revealed that the probability of hospitalisation is 70% less for people infected with Omicron relative to that of the Delta variant. Also, the reports from the leading pharmaceutical companies tout the effectiveness of existing COVID-19 vaccines, booster shots, and new COVID-19 anti-viral treatments in taming the new variant.

Elsewhere, the Biden administration in the U.S. suffered a major setback, as conservative Democrat representing West Virginia, Sen. Joe Manchin, openly aired his intention to reject the President's "Build Back Better" plan, hence, practically stifling a U\$1.75 trillion social spending and climate policy bill that will require all Senate Democrats' votes and a tie-breaking vote from Vice President Kamala Harris. Manchin anchored his decision to withhold support for the Bill around the potential bloating impact on inflation and the national debt.

In China, the People's Bank of China cut its benchmark lending rate for the first time since Apr'20, during the height of the coronavirus pandemic in the country. As a result, the Central Bank reduced the 1-year loan prime rate to 3.8%, down from 3.9%. Also, the bank affirmed its plans to use its monetary policy tools to stabilize the economy in 2022.

In the oil market, oil rose by 4.07% to close at \$76.51 on the back of the reports or signs that the Omicron variant may be less severe than previous strains.

Nigerian Equities Market

The NGX ASI closed the week in red by 0.21% as it closed negative in 3 of the 5 trading sessions during the week. It declined on the back of sell pressures in bellwether stocks such as JBERGER (-9.88%) and MRS (-9.85%). Consequently, at 42,262.85 points, the equities market's Year-to-Date return declined to 4.95% as market capitalisation decreased by 0.23% to close at N22.06trillion.

Market breadth (a measure of investor sentiment) strengthened in the previous week, increasing from 1.14x to 1.32x as 33 stocks appreciated against 25 stocks that declined. MBENEFIT and CHIPLC topped the market gainers with 23.08% and 20.69% WoW respectively, while JBERGER and MRS were the top losers with declines of 9.88% and 9.85% respectively WoW.

The activity level weakened as the trade volume and value declined by 26.73% and 18.75% respectively WoW. A total turnover of 965.061 million shares worth N12.455 billion in 14,802 deals were traded during the week by investors on the floor of the Exchange. Trading in the top three equities by volume were UACN, FBNH and SOVRENINS. They accounted for 378.56 million shares worth N3.27 billion in 1,480 deals; contributing 39.23% and 26.22% to the total equity turnover volume and value respectively.

Outlook for the week

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

NGX EQUITIES MARKET

NGX Indices	Close	WoW
NGX ASI	42,262.85	-0.21%
NGX 30	1,763.17	0.44%
Market Cap (N'tn)	22.06	-0.23%
Volume (N'bn)	0.97	-26.73%
Value (N'bn)	12.46	-18.75%
Deals	14802	-19.08%
Market Breadth	1.32x	15.50%

NGX TOP MARKET GAINERS

Stocks	Price	WoW(%)
MBENEFIT	0.32	23.08
CHIPLC	0.70	20.69
UBN	5.55	20.65
ROYALEX	0.77	11.59
MAYBAKER	4.51	10.00

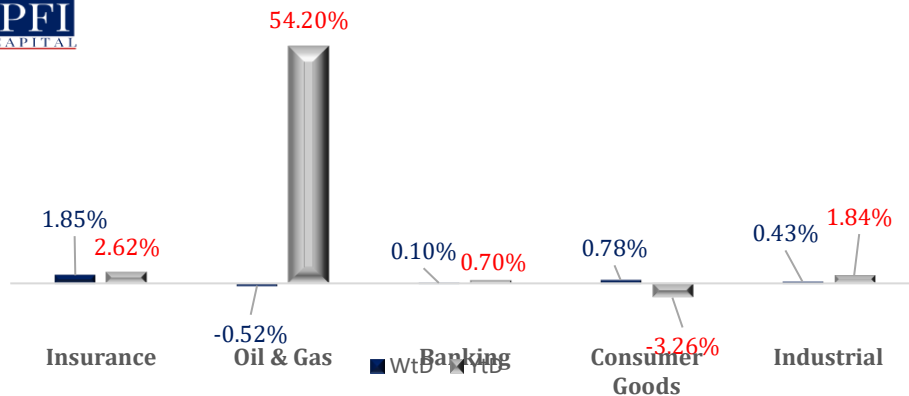
NGX TOP MARKET LOSERS

Stocks	Price	WoW(%)
JBERGER	22.35	-9.88
MRS	12.35	-9.85
CORNERST	0.46	-9.80
CILEASING	4.20	-8.70
LEARNAFRCA	1.17	-7.14

NGERIAN ECONOMY

Indicator	Current
GDP Growth (%)	▲+4.03%
MPR (%)	11.50%
External Reserve (\$'bn)	40.59
Inflation (%)	▼15.40%

Weekly Sectoral Performance



NGX ASI Relative Share Index (RSI)



Nigerian Fixed Income Market

There was bearish sentiment in the bond market last week as three (3) of the five (5) tenor yields under coverage closed higher, the yields on the 1, 10 and 30-Year tenor bonds increased by 26bps, 1bp and 13bps respectively WoW while the 5-Year bond paper closed flat at 11.28%. The yield on the 3-Year tenor bond compressed by 10bps WoW.

On the other hand, the activity in the Nigerian Treasury Bills Market was bullish as the 91, 182 and 364-day paper yields compressed by 0.01%, 0.01% and 0.39%, respectively WoW.

In the Money Market space, the Open Buy Back (OBB) and Overnight (O/N) rates increased to 12.00% and 12.50% from 11.25% and 11.75% 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 positive sentiment in the global market as all the six indices under coverage closed in green WoW.

Similarly, there was a positive performance in the African Market as 3 of the 4 indices under coverage closed in green WoW while the NGX ASI, the only loser under coverage declined by 0.21% 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	3.89	0.26%
3 Years	9.18	-0.10%
5 Years	11.28	0.00%
10 Years	12.60	0.01%
30 Years	13.28	0.13%

TREASURY BILLS AND MONEY MARKET RATES

Tenor	Current	Change
91 Days	3.27%	-0.01%
182 Days	3.73%	-0.01%
364 Days	5.24%	-0.39%
OPR	12.00%	0.75%
O/N	12.50%	0.75%

CURRENCY

	Current	Change (₦)
Parallel		
I&E	415.10	-0.01
NAFEX	414.59	-0.25

COMMODITIES

	Current	WoW (%)
Brent Crude	76.51	4.07%
Gold	1,809.05	0.59%
Silver	22.90	2.43%

GLOBAL AND AFRICAN STOCK MARKET INDICES

Index	Close	WoW
S&P	4,725.79	2.28%
FTSE	7,372.10	1.41%
DAX	15,756.31	1.45%
NIKKEI	28,666.67	0.42%
DOW JONES	35,950.46	1.65%
NASDAQ	15,653.40	3.19%
S'AFRICA JALSH	71,570.64	0.52%
EGX 30	11,856.21	2.51%
KENYA NSE	170.57	4.23%