

## Global Economy & Market Update

### Global Economy

The Federal Open Market Committee (FOMC) decided to raise the target for the federal funds rate to the range of 3.00% - 3.25% in a unanimous vote. The choice was made following the central bank's highest rate increases in 28 years of 75 basis points on June 15 and another 75 basis points on July 27.

Sweden's central bank set off a wave of significant interest rate rises in Europe and said that more policy tightening may be necessary to keep inflation under control. Other central banks agreed with this assessment.

It was more than anticipated that the Riksbank increased its benchmark rate by 1.00% to 1.75%. The benchmark rate for Switzerland increased by 0.75 percentage points to 0.5%, marking the first time since 2015 that the country's central bank has moved into positive territory.

For the third time in a row, authorities in Norway raised interest rates by 50 basis points to 2.25%. For the second consecutive month, the Bank of England (BoE) increased its benchmark interest rate by 0.5 percentage points to 2.25%.

The Bank of Japan kept its ultra-accommodative monetary policy unchanged, which includes keeping the short-term interest rate at -0.1% and buying Japanese government bonds (JGB) to protect the 0.25% ceiling on 10-year JGB rates.

The Ministry of Internal Affairs and Communications said that in August, Japan's core consumer price inflation, which excludes volatile food prices, surged to an annual 2.8%, the sharpest increase since October 2014. The reading was up from 2.4% in July and above expectations for a 2.7% increase. The rise was caused by rising power costs, food and grocery prices, and a diminishing impact from lower mobile phone fees.

At its monthly fixing, the Chinese central bank left unaltered its benchmark lending rates. The one-year loan prime rate (LPR) was maintained by the People's Bank of China at 3.65%. Additionally, it kept the five-year LPR, which serves as a benchmark for mortgages, at 4.30%. The statement by the central bank follows its decision last week to maintain the rate on the one-year medium-term lending facility (MLF) at 2.75%. The MLF rate often serves as a benchmark for the LPR in the markets.

### Global Market

After Federal Reserve officials disclosed that they anticipated official short-term interest rates to continue rising rapidly over the coming several months, stocks saw a second week of significant losses.

Market watchers noted that trading was rather tepid at the beginning of the week since everyone's attention was focused on the Fed policy meeting, which ended on Wednesday. The Dow Jones Industrial Average, the S&P 500 Index, and the Nasdaq Composite all closed lower by 3.99%, 4.65%, and 5.07%, respectively.

Shares in Europe rose on strong corporate earnings results and signals from the European Central Bank (ECB) that interest rates would stay low for some time. In local currency terms, the pan-European STOXX Europe 600 Index ended 1.67% higher. Germany's Xetra DAX Index gained 2.33%, France's CAC 40 Index rallied 3.08%, and Italy's FTSE MIB Index climbed 3.42%. The UK's FTSE 100 Index advanced 1.25%, as the UK pound weakened against the U.S. dollar after the Bank of England (BoE) unexpectedly kept interest rates unchanged.

In Asia, Japanese equities were buoyed over the week by the convincing election victory of Prime Minister Fumio Kishida's ruling Liberal Democratic Party (LDP), with the Nikkei 225 rising 2.49% and the broader TOPIX Index gaining 2.01%. Conversely, Chinese markets recorded a weekly loss. The CSI 300 Index slipped 1.4% and the Shanghai Composite Index retreated 1.6% as headlines about the beleaguered property sector and a growing COVID-19 outbreak across the country dampened sentiment.

## Domestic Economy & Market Update

### Domestic Economy

According to data issued on Monday (19th September 2022) by the Debt Management Office (DMO), the total amount of Nigeria's sovereign debt increased by NGN1.24 trillion in Q2 2022, from NGN41.60 trillion (USD100.07 billion) in March 2022 to NGN42.84 trillion (USD103.31 billion) in June 2022. This is happening at a time when the federal government is struggling to increase income collection in the face of dire economic conditions.

The DMO also stated that from Q1 to Q2 2022, the country's external debt remained constant at N16.61 trillion (\$40.06 billion), and that 58% of this debt was made up of concessional and semi-concessional loans from bilateral lenders like Germany, China, Japan, India, and France as well as multilateral lenders like the World Bank, the International Monetary Fund, Afrexim, and African Development Bank.

It also stated that fresh borrowings by the federal government, state governments, and the Federal Capital Territory (FCT) were responsible for the increase in domestic debt to N26.23 trillion (\$63.24 billion).

Inflation YoY (August)	Latest (%)	Prior (%)	Change	2021 Average
Headline	20.52%	19.64%	0.88%	16.98%
Core	17.20%	16.26%	0.94%	13.14%
Food	23.12%	22.02%	1.10%	20.50%

GDP (%) - YoY	Q2 22	Q1 22	Q4 21	Q3 21
Real GDP	3.54%	3.11%	3.98%	4.03%
Oil	-11.77%	-26.04%	-8.06%	-10.73%
Agriculture	1.20%	3.16%	3.58%	1.22%
Manufacturing	3.00%	3.35%	2.28%	4.29%

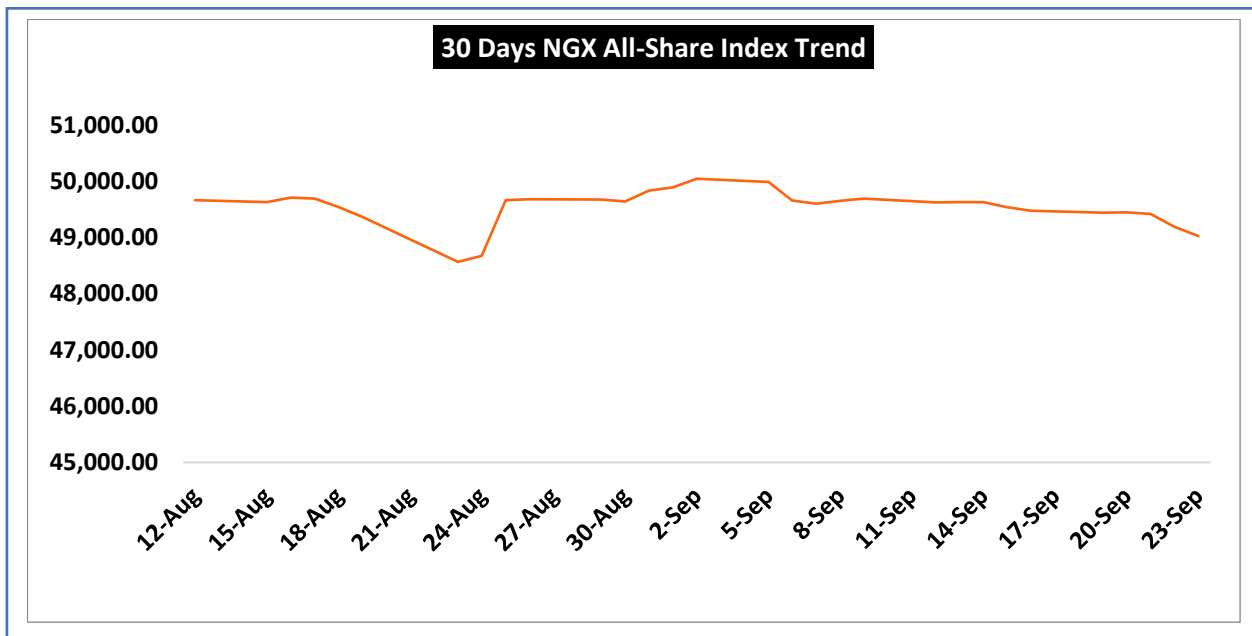
Labour Data (%) Q4 20	Latest (%)	Prior (%)	Change (%)
Unemployment Rate	33.3	27.1	6.2
Underemployment	28.8	20.1	8.7

Source: NBS, Alpha Morgan Research

## Equities Market

Equity market activity came to a negative conclusion for the week. As a result of declines in GUINNESS (-13.71%), BUACEMENT (-10.39%), UCAP (-6.28%), GTCO (-6.09%), SEPLAT (-3.85%), and WAPCO (-0.41%), the benchmark All Share Index (ASI) fell by 0.91% to 49,026.62 points. The overall returns for the month and year were -1.63% and +14.77%, respectively.

Figure 1: NGX ASI Trend



Investors traded 562.856 million shares worth N9.438 billion in a total of 16,013 deals this week, compared to 719.398 million shares worth N8.004 billion that were traded in a total of 17,444 deals the week before.

Key Market Metrics			Key Market Metrics		
All share index	49,026.62		NGX Banking	2.27%	↑
Friday's return	-0.33%	↓	NGX Consumer	-0.16%	↓
WTD	-0.91%	↓	NGX Industrial	-3.92%	↓
MTD	-1.63%	↓	NGX Insurance	-2.08%	↓
YTD	14.77%	↑	NGX Oil & Gas	-4.68%	↓
Market Cap (N'bn)	26,445.00				

Top Gainers			Top Losers		
Stock	Price (N)	WoW Change	Stock	Price (N)	WoW Change
VITAFOAM	22.45	12.25%	PRESTIGE	0.42	-17.65%
FIDELITYBK	3.78	10.85%	NGXGROUP	17.00	-13.92%
UNITYBNK	0.44	10.00%	CADBURY	11.85	-13.82%
ETRANZACT	3.20	9.97%	GUINNESS	75.85	-13.71%
RTBRISCOE	0.35	9.38%	BUACEMENT	47.85	-10.39%
TRANSEXPR	0.75	8.70%	CWG	0.81	-10.00%
INTBREW	5.10	6.25%	ABCTRANS	0.27	-10.00%
ACCESSCORP	8.80	6.02%	CHAMS	0.27	-10.00%
REGALINS	0.26	4.00%	TOTAL	211.10	-9.98%
AIICO	0.56	3.70%	BERGER	5.95	-9.85%

Source: NGX, Alpha Morgan Research

## Treasury Bills Market

Over the course of the week, NTB secondary market activity was somewhat mixed. The average rate therefore decreased by 15bps to settle at 7.21%.

Benchmark T-Bills Discounted Rates				
Tenor	23-Sep-22	16-Sep-22	Change	Direction
59 DAYS	11.25%	11.25%	0.00%	↔
171 DAYS	7.54%	5.37%	2.17%	↑
255 DAYS	6.45%	6.45%	0.00%	↔

Source: FMDQ, Alpha Morgan Research

## FGN Bonds

The FGN secondary market's trading actions during the course of the week were negative due to expansions of 51bps, 14bps, and 5bps at the short, mid, and long ends of the curve. The average yield increased as a result, rising by 15bps to settle at 11.30%.

FGN Bond Yield				
Tenor	23-Sep-22	16-Sep-22	Change	Direction
* Short-tenor	10.57%	10.06%	0.51%	↑
** Mid-tenor	12.91%	12.77%	0.14%	↑
*** Long-tenor	13.55%	13.50%	0.05%	↑

2021-2024\*, 2025-2029\*\*, 2030-2049\*\*\*

Source: FMDQ, Alpha Morgan Research

## FG Eurobonds

The rate increases announced this week by the Federal Reserve, European Central Bank, and Bank of England among others, to rein in soaring inflation, have sparked a sell-off by international investors on the world's main stock and bond markets. Risk assets throughout African markets were repriced lower in response to major central banks' decisions about interest rates, which led to a gloomy week-end for the Eurobond market. The overall average yield for the FGN sovereign curve climbed 38bps to settle 12.62%

Eurobond Yields				
Tenor	23-Sep-22	16-Sep-22	Change	Direction
Jul-23	9.47%	9.44%	0.03%	↑
Nov-25	11.83%	11.63%	0.20%	↑
Nov-27	11.83%	11.63%	0.20%	↑
Sep-28	13.06%	12.54%	0.52%	↑
Feb-30	13.93%	13.45%	0.48%	↑
Jan-31	13.59%	13.01%	0.58%	↑
Feb-32	13.76%	13.30%	0.46%	↑
Sep-33	13.67%	13.21%	0.46%	↑
Feb-38	13.46%	12.99%	0.47%	↑
Nov-47	13.57%	13.15%	0.42%	↑
Jan-49	13.32%	12.97%	0.35%	↑
Sep-51	13.71%	13.33%	0.38%	↑

Source: FMDQ, Alpha Morgan Research

## Nigeria FX

The Nigeria's FX reserves dropped by ca.USD185.53 million WoW to ca.USD38.46 billion, as the outflows for the CBN's interventions across the various FX windows outweighed dollar inflows.

However, the naira depreciated by 0.02% against the USD at the I&E Window to close at NGN436.33/USD.

FX Rates				
	23-Sep-22	16-Sep-22	Change	Direction
I&E FX Window	436.33	436.25	-0.02%	↓
1M	439.24	435.85	-0.77%	↓
2M	441.53	437.76	-0.85%	↓
3M	444.21	440.08	-0.93%	↓
6M	457.57	452.42	-1.13%	↓
1Y	484.03	475.74	-1.71%	↓

Source: FMDQ, Alpha Morgan Research

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