

Weekly Market Summary



Highlights

- **FACC Distribution Up by 0.39% M/M.**
- **NGX All Share Index up by 0.17% W/W.**
- **Money market rates Expands.**
- **MSCI World Index Up by 0.10% W/W.**

Economic Data	24-11-23	17-11-23	WoW	YTD
NGXASI	71,230.49	71,112.99	0.17%	38.98%
NGXLII	4,497.62	4,498.32	-0.02%	38.78%
Market Cap (₦'bn)	39,172.52	39,107.92	0.17%	40.33%
Official Exchange Rate (₦/\$)	806.11	840.54	-4.10%	79.51%
Oil Prices (\$'pb)	80.58	80.61	-0.04%	-6.51%
External Reserves (\$'bn)	33.20	33.30	-0.30%	-10.45%
LC Managed Funds				
Halal Investment Fund (₦)	1.78	1.78	0.20%	15.15%
Halal Fixed Income Fund (₦)	1,201.24	1,198.66	0.22%	9.77%
Lotus Halal Equity ETF (₦)	24.70	22.00	12.27%	68.60%

NIGERIAN MARKET UPDATE

Nigeria: Federation Account Allocation Committee (FACC) Distribution up by 0.39% M/M.

In October, the three tiers of government witnessed a 0.39% Month on Month increase in the total revenue amounting to ₦906.96bn as announced by the Federation Account Allocation Committee (FAAC). This reflects an uptick from the Previous month figure of: ₦903.40bn. Notably, this distribution represents a 20.90% increase year to date and a 7.80% rise when compared with the monthly distribution average of ₦841.32bn. These figures suggest a positive trend in the government's revenue generation. This observed increase is likely attributable to the removal of fuel subsidy, resulting in significant revenue gains for the government, additionally, the unification of foreign exchange (FX) rates which has yielded to FX gains has also contributed to the increased government revenue.

The distribution of the total sum of ₦906.96bn in October comprised 33.64% from statutory revenue, 35.67% from value added tax (VAT), and 30.70% from other sources.

Among the three tiers of government the Federal Government (FG) received the largest share, accounting for 35.65% of the distributable sum followed by the State Government (SG) who received 33.93%, and the Local Government (LG) received 24.83% while 5.59% was distributed to others.

During the month, the cost of collection experienced a -1.69% decrease totalling ₦53.483bn compared to ₦54.40bn previously). However, year-to-date, the cost of collection has surged by 434.80%, rising from ₦10.00bn to ₦53.48bn. The increase in cost of collection is likely as a result of the increase in the general level of price of goods and services during the period.

GDP Q3'2023 up by 2.54% Y/Y.

In the third quarter of 2023, Nigeria's GDP showed a positive growth, recording a year-on-year increase of 2.54%. This figure represents a 0.30% improvement from the Q3 2022 reading of 2.25% and a marginal 0.04% increase from the Q1 2023 figure of 2.51%. The services sector emerged as the primary driver of GDP growth during Q3'2023, expanding by 3.99% during the period to contribute 52.70% to the aggregate GDP.

On this basis, the non-oil sector played a dominant role accounting for 94.52% of the total GDP, marking a slight decrease of 0.14% from the 94.66% contribution to total GDP in Q2'2023. The non-oil sector grew by 2.75% in

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Q3'2023 reflecting a -0.84% reduction in the non-oil sector growth rate when compared to the 3.58% reading in Q2'2023 and a -1.52% reduction compared to the 4.27% recorded in Q3'2022. The decline in the non-oil sector is likely attributed to the removal of fuel subsidy and the unification of exchange rate during the review period.

Conversely, the oil sector showed a moderation in its growth rate from -13.43% in Q2'2023 to -0.85% in Q3'2023 representing a 12.58% increase on a quarter-on-quarter basis. The sector recorded a significant 21.83% year-on-year increase compared to the Q3'2023 of -22.67% driven by the improved average daily oil production of 1.45 million barrels per day (mbpd) which is 0.25mbpd higher than the daily average production of 1.20mbpd recorded in Q3'2022 and 0.23mbpd higher than Q2'2023 production volume of 1.22 mbpd. Additionally, the rise in global oil prices during Q3'2023 by 27.25% from \$74.90/bbl to \$95.31/bbl also improved the oil sector growth rate.

Nigerian Stock Market Closed on A Positive Note as ASI Gains by 0.17% W/W.

The local equities market closed the week on a positive note to push the NGX-ASI up by 0.17% w/w resulting in a year-to-date return of 38.98%. In addition, Market Capitalization of the local equities market increased by ₦64.61mn to ₦39.173tn at the end of the week. Three (3) out of the five (5) sectors under our coverage closed positive. The NGX insurance index closed 4.07% higher to become the best performing sector while the NGX consumer goods index closed negative -0.53% to become the least performing sector.

However, the Lotus Islamic Index lost -0.02% over the week resulting in a year-to-date return of 38.78%.

Money Market and Bond Market: Uptick in Rate.

The Overnight Purchase Rate (OPR) and Overnight Rate strengthened, by 10.72% and 14.02% respectively for the week to settle at 24.58% and 23.75% respectively. Additionally, the average T-bill rate declined by -17.65% to close at 10.50% for the week. Furthermore, the average FGN bond increased by 1.14% to settle at 15.91% for the week.

At the primary market segment for T-bills, the CBN on behalf of the federal government offered treasury bills worth ₦211.7bn across the 91 (₦9.7bn), 182 (₦1.8bn), and 364-day (₦199.9bn) tenors. Demand was robust across all tenors with an average bid-to-cover ratio of 5.8x due to robust system liquidity. Stop rates across the 91-day and 182-day instrument improved, each rising by 100bps to 7.0% (91-day) and 11.0% (182-day). Meanwhile, stop rate remained unchanged at 16.8% in the 364-day instrument.

In the coming week, we anticipate healthy liquidity conditions due to FAAC inflow and Bond coupon payment. Consequently, we expect buy sentiment to be sustained at the T-bills secondary market. Market participants are expected to maintain a hawkish interest rate outlook, repricing yields higher.

During the week, at the currency market the Naira strengthened by 4.10% against the US dollar to trade at ₦806.11/1\$ at the official window. While at the parallel market the Naira weakened by -1.76% to trade at ₦1,155.00/1\$ at the close of the week.

On the FMDQ (NAFEM) window the Naira traded lower by -0.40% for the week to close at ₦794.89/1\$.

GLOBAL MARKETS

MSCI World Index Up by 0.10% W/W.

The global stock index ended the week with a positive performance, recording a gain of 0.10%. This positive sentiment is likely driven by the increased confidence among investors regarding the expected soft landing in the United States and the United Kingdom.

During the week the Federal Open Market Committee (FOMC) minutes was released hinted the possibility of the Fed raising the rates if deemed necessary. However, investors exhibited some resistance to the notion that interest rates have peaked at 5.25%. Additionally, US technology stocks, particularly those associated with artificial intelligence (AI), continued to be favored by investors due to expectations of growth driven by AI technologies.

Consequently, US stocks marked their fourth consecutive week of gains, with the S&P 500 and NASDAQ showing gains of 1.0% and 0.8% week-over-week, respectively.

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