

# Weekly Market Summary



February 18, 2022

## Highlights

- Nigeria's economy expands by 3.98% in Q4'2021.
- NGX All Share Index declines by 0.13%.
- China: Inflation moderates to 0.90% in January 2022.

Economic Data	18-02-22	11-02-22	Change	YTD
NGXASI	47,140.48	47,202.30	-0.13%	10.36%
NGXLII	3,045.36	3,035.61	0.32%	1.19%
Market Cap (₦'bn)	25,406.15	25,435.62	-0.12%	13.95%
Official Exchange Rate (₦/\$)	416.37	416.00	0.09%	0.70%
Oil Prices (\$'pb)	93.54	94.44	-0.95%	20.26%
External Reserves (\$'bn)	39.78	39.87	-0.23%	-1.85%
LC Managed Funds				
Halal Investment Fund (₦)	1.56	1.56	0.00%	2.63%
Halal Fixed Income Fund (₦)	1,150.74	1,148.34	0.21%	1.23%
Lotus Halal Equity ETF (₦)	14.16	14.11	0.29%	1.00%

## NIGERIAN MARKET UPDATE

### *Nigeria's economy expands by 3.98% in Q4'2021*

Data released by the National Bureau of Statistics (NBS) showed that Nigeria's economy grew by 3.98% in the fourth quarter of 2021. Although this is marginally slower than 4.03% in Q3'2021 it was sufficient to bring the full year growth to 3.40%, which is a significant improvement from 2020 (-1.92%). Notably, the full year performance is the strongest in seven years and outpace the IMF's estimate of 3.00%.

The impressive performance was largely underpinned by growth in the non-oil sector (4.73%) including Services (+5.58%), Agriculture (+3.58%) and Manufacturing (+2.28%). Consequently, the non-oil sector accounted for 92.8% of GDP in 2021 (2020: 91.8%).

Conversely, the non-oil sector contracted by -8.3% in 2021 as average oil output dropped from 1.57mbpd in Q3'2021 to 1.5mbpd in Q4'2021. We attribute this to the impact of aging oil facilities as well as a lower OPEC quota of circa 1.68mbpd during the period.

In the near term, we expect the non-oil sector to continue to support GDP growth while existing technical and structural challenges may constrain the oil sector.

Additional data from the National Bureau of Statistics (NBS) showed that annual headline inflation in January 2022 moderated slightly by 3bps to 15.60%. This was driven primarily by a 24bps dip in food inflation to 17.13%. Meanwhile, the core sub-index remained unchanged at 13.87%.

In the coming month, we expect inflation moderate further on base year support. However, higher energy prices as well as a revised tax regime under the 2021 Finance Act may exacerbate pricing pressures.

### *NGX All Share Index declines by 0.13%*

This week, bearish sentiment returned to the equities market and dragged the NGX All-Share index by -0.13%. Year-to-date, the index has returned 10.36%. On the other hand, the NGX Lotus Islamic Index recorded a weekly gain of 0.32%, with year-to-date performance increasing to 1.19%.

Sectorial performance was largely mixed as the NGX Consumer Goods (+2.35%) and Insurance (+1.05%) indices posted gains while the Oil and Gas (-3.45%), Banking (-0.74%) and Industrial Goods (-0.32%) indices declined.

### ***Overnight rises to 14%***

This week, the Overnight rate rose to 14.00% following the results of FGN Bond auctions, CRR Debits and weekly OMO auctions which mopped up system liquidity.

At the currency market, the naira weakened slightly against the US Dollar at the investors and exporters' window to end the week at ₦416.75/\$ against ₦416.00/\$.

## ***GLOBAL MARKETS***

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### ***China: Inflation moderates to 0.90% in January 2022***

In China, data released by the National Bureau of Statistics (NBS) showed that the Consumer Price Index (CPI) rose by 0.9% in January 2022 compared to 1.50% in December 2021, marking the lowest reading since September 2021.

The improvement was mainly on account of lower food prices such as meat and vegetables which dropped by 25.6% and 41.6% respectively. Nevertheless, price pressures were upheld by Transportation & Communication which recorded the highest yearly increase of 5.2% among other items.

In addition, the country's Purchasing Managers' Index (PMI) in January printed at 50.1pts against 50.3 points recorded in December. Although the index remains above the 50pts threshold, the slower reading is attributed to price pressure in the international commodities market.

Given the prevailing high commodity prices, and lingering economic stimulus we expect an uptick in inflation in China and its closely integrated markets.

## ***OUTLOOK***

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Next week, we expect upbeat activities at the equities market ahead of dividend declarations. At the money market, we expect scheduled FGN coupon payments and OMO maturities to support system liquidity.

# ***Lotus Capital, Creating Wealth the Halal Way***

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## Definitions:

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Bpd:	Barrels per day
Bps:	Basis points
CPI:	Consumer Price Index
CBN:	Central Bank of Nigeria
CAPEX:	Capital Expenditure
DMO	Debt Management Office
DJIA	Dow Jones Industrial Average (US Equity Market)
FAAC:	Federation Account Allocation Committee
FGN:	Federal Government of Nigeria
FMDQ	Financial Markets Derivatives Quotation
I&E:	Investors & Exporters Window
MoM:	Month on Month
MPC	Monetary Policy Committee
MPR:	Monetary Policy Rate
NSEASI:	Nigerian Stock Exchange All-Share Index
NSEBNK	Nigerian Stock Exchange Banking Index
NSECNSMRGDS:	Nigerian Stock Exchange Consumer Goods Index
NSELII:	Nigeria Stock Exchange Lotus Islamic Index
NSEIND:	Nigerian Stock Exchange Industrial Goods Index
NSEINS:	Nigerian Stock Exchange Insurance Index`
NSEOILGAS:	Nigerian Stock Exchange Oil and Gas Index
OMO:	Open Market Operations
OPEC:	Organization of Petroleum Exporting Countries
PMI:	Purchasing Managers Index
QoQ:	Quarter on Quarter
Sukuk:	Non-interest Bonds
WoW:	Week on Week
YoY:	Year on Year

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