



# **SAMTL Economic & Financial Markets Report For the Week Ended 21ST October 2022**

**October 2022**



# Content



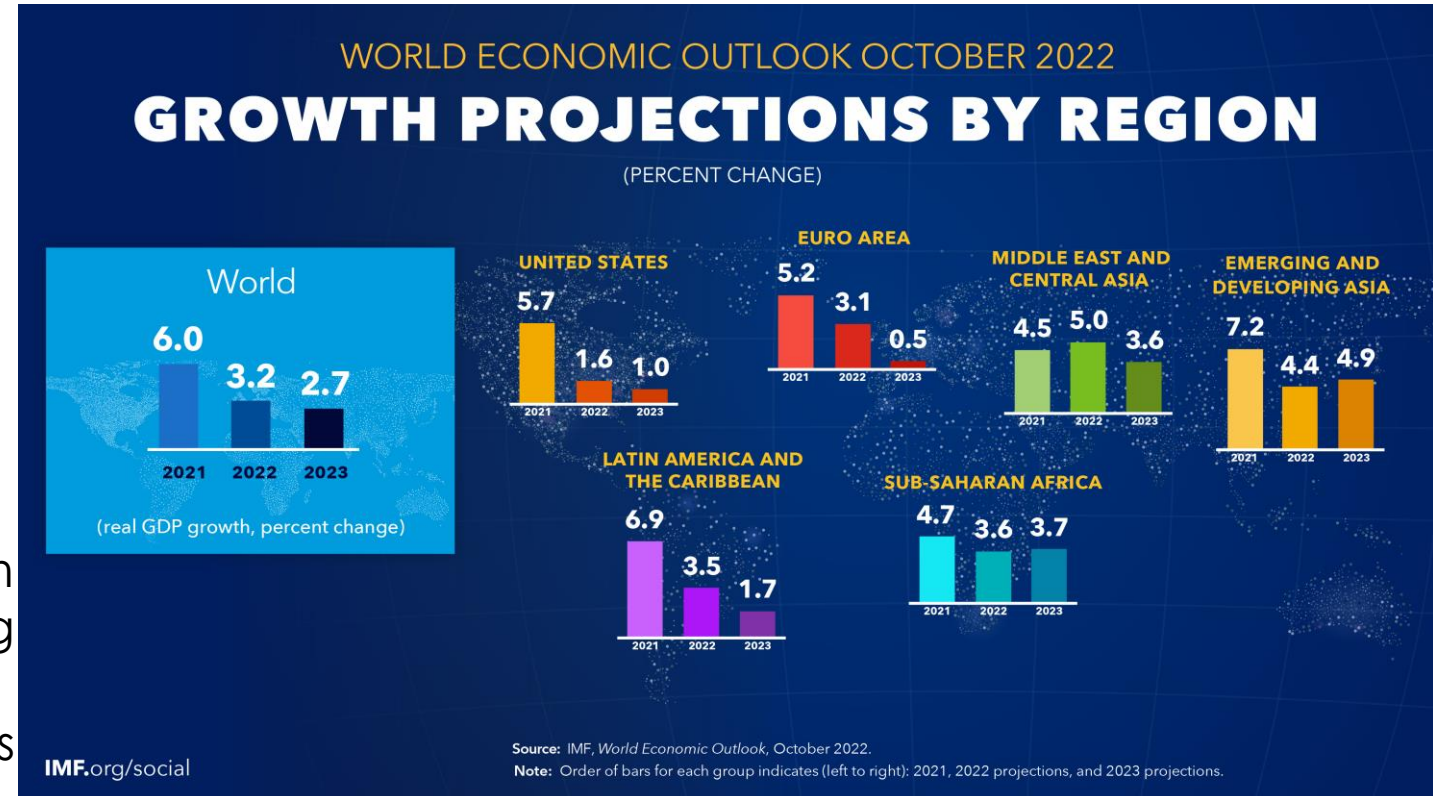
■ Global Economy.....	3
■ Crude Oil Market .....	7
■ Commodities Market .....	8
■ Global Financial Market.....	9
■ Domestic Economy.....	10
■ Stock Market.....	13
■ Money Market.....	16
■ Fixed Market .....	16
■ Exchange Rate.....	17
■ Foreign Reserves.....	18
■ Outlook.....	19

## Disclaimer

This report is prepared with due care and diligence based on publicly available information and neither guarantees its accuracy nor completeness as the sole investment guidance for the readership. Therefore, neither SAMTL nor any of their associates and employees can be held responsible for any loss suffered from the reliance on this report as it is not an offer to buy or sell securities.

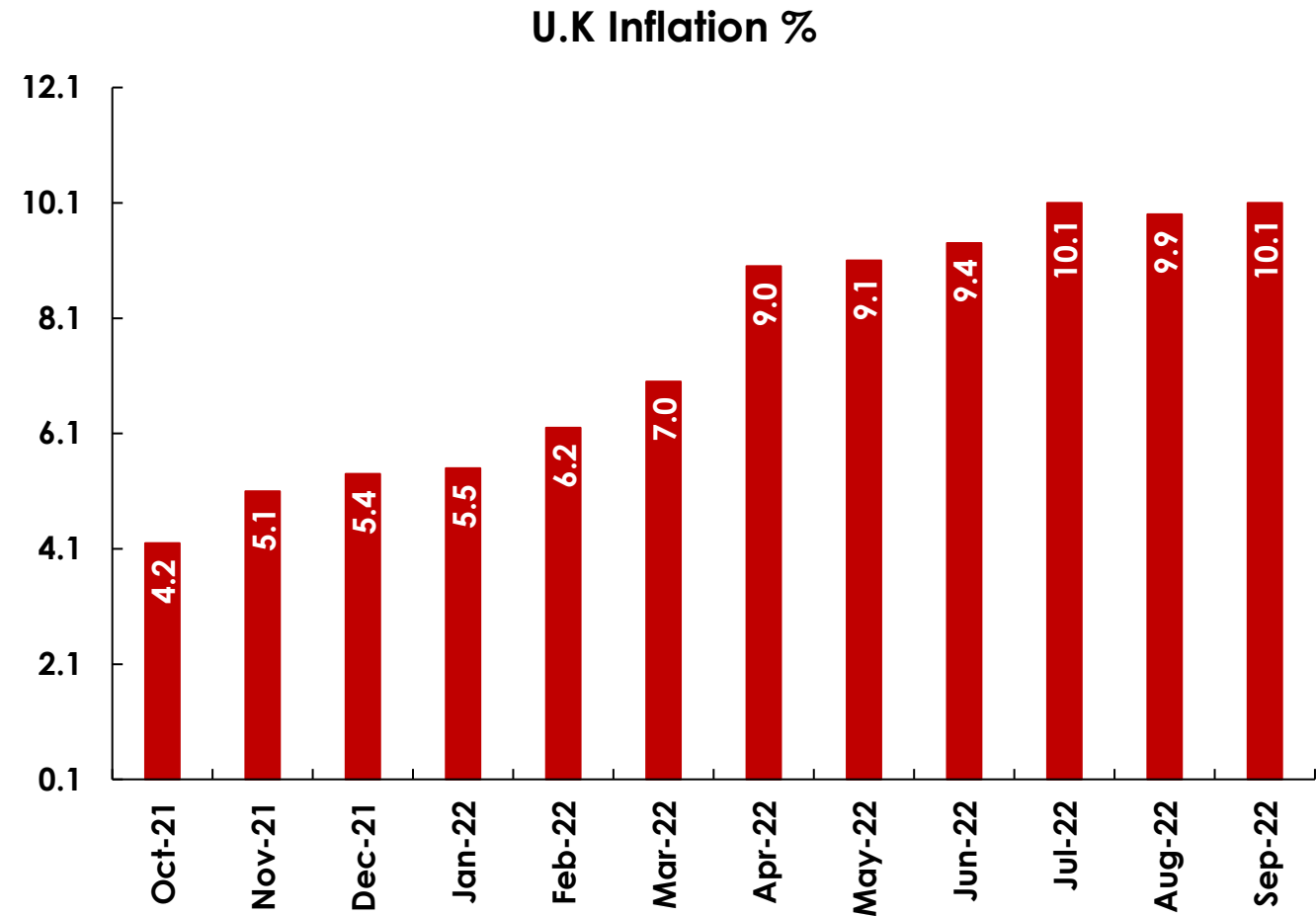
# IMF downgrades global growth outlook to 3.2%

- With the global economy experiencing a number of turbulent challenges
- And high inflation, tighter financial conditions in most regions, Russia's invasion of Ukraine, and the persisting COVID-19 epidemic all weigh heavily on the prospects.
- According to the IMF global growth is forecast to slow from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023.
- Global inflation is expected to climb from 4.7% in 2021 to 8.8% in 2022 before falling to 6.5% in 2023 and 4.1% in 2024.
- Sub-Saharan Africa's economic prognosis is slightly poorer than predicted in July, with a drop from 4.7% in 2021 to 3.65 and 3.7% in 2022 and 2023.
- With Nigeria's economy downgraded from 3.6% in 2021 to 3.2 in 2022 and 3.05 in 2023



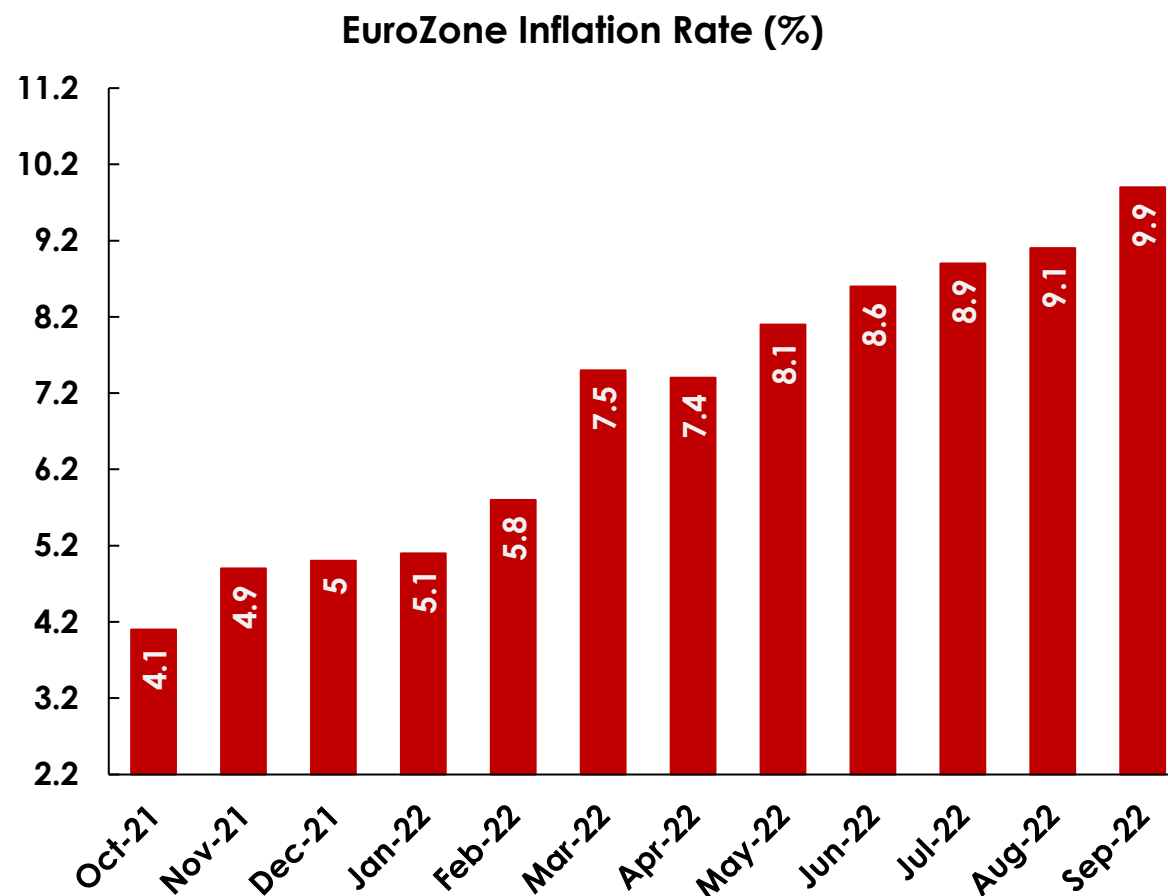
# U.K Inflation to 10.1% in September 2022

- The annual inflation rate in the U.K increased to 10.1% in September 2022 from 9.9% in August, returning to the 40-year high reached in July.
- while on a month-on-month basis rose by 0.5% in September, unchanged from 0.5% in August.
- Core inflation, was up 6.5% (vs 6.3% y/y in August)
- Food and non-alcoholic beverages rose to (14.8% vs. 13.4% in August) which made the largest upward contribution to the monthly rates in September 2022.
- Consumer costs for housing and utilities also rose considerably (20.2% vs 20%), owing to rising prices for electricity, gas, and home fuels.
- The continued decline in the price of motor fuels had the most, partially offsetting, downward influence on the rate change (10.6% vs 12% in August).



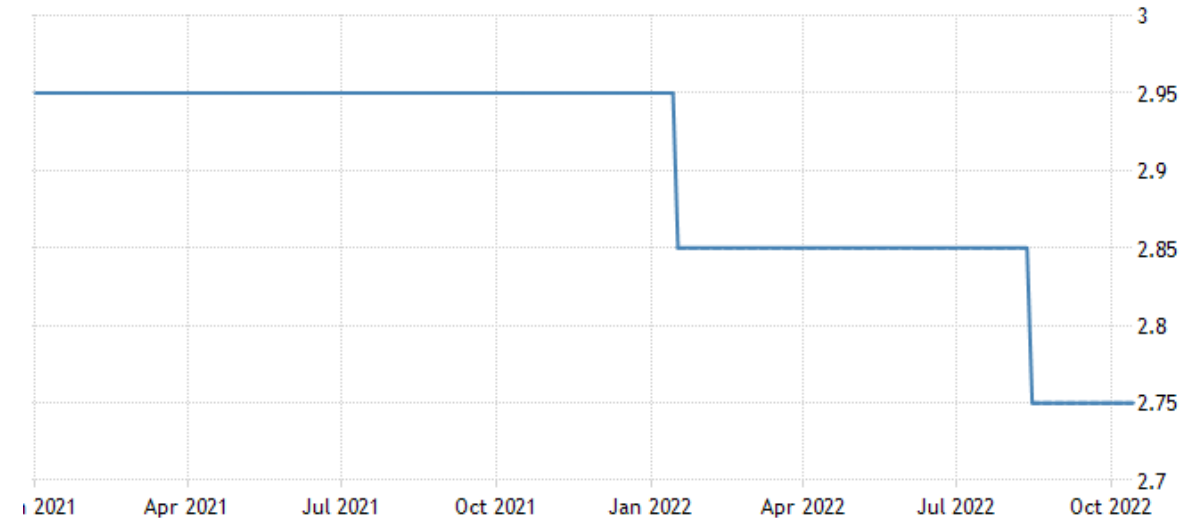
# Annual inflation up to 9.9% in the euro area

- The annual inflation rate for the **euro area** increased to 9.9% In September 2022 ( vs 9.1% in August).
- Inflation in the **European Union** increased to 10.9% in September 2022 ( vs 10.1% in August).
- Price pressures in energy increase (40.7% vs. 38.6% in August), had the largest contribution to the annual inflation rate in the euro area, followed by food, alcohol, and tobacco (11.8% vs. 10.6%), services (4.3% vs. 3.8%), and non-energy industrial goods (5.5% vs 5.1%).
- Core inflation, climbed to 4.8% in September, also the highest on record
- Headline inflation increased to 1.2% m/m(vs 0.5% m/m in August).
- The pressure on the ECB to continue raising interest rates significantly is likely to remain high despite the risks of a recession.



# China maintained its key lending rates

- With the yuan rapidly depreciating and policymakers attempting to prevent a dramatic policy divergence with other major economies.
- The People's Bank of China maintained its key lending rates constant for a 2<sup>nd</sup> consecutive month at the October fixing.
- The five-year rate, which serves as a benchmark for mortgages, remained at 4.3%, while the one-year loan prime rate (LPR), was held at 3.65%.
- In response to a revival of COVID-19 cases and a persistent real estate slowdown, China lowered benchmark lending rates in August.
- The central bank did not offer any injections into or withdrawals from the financial system earlier this week, maintaining its medium-term policy rate at 2.75%.



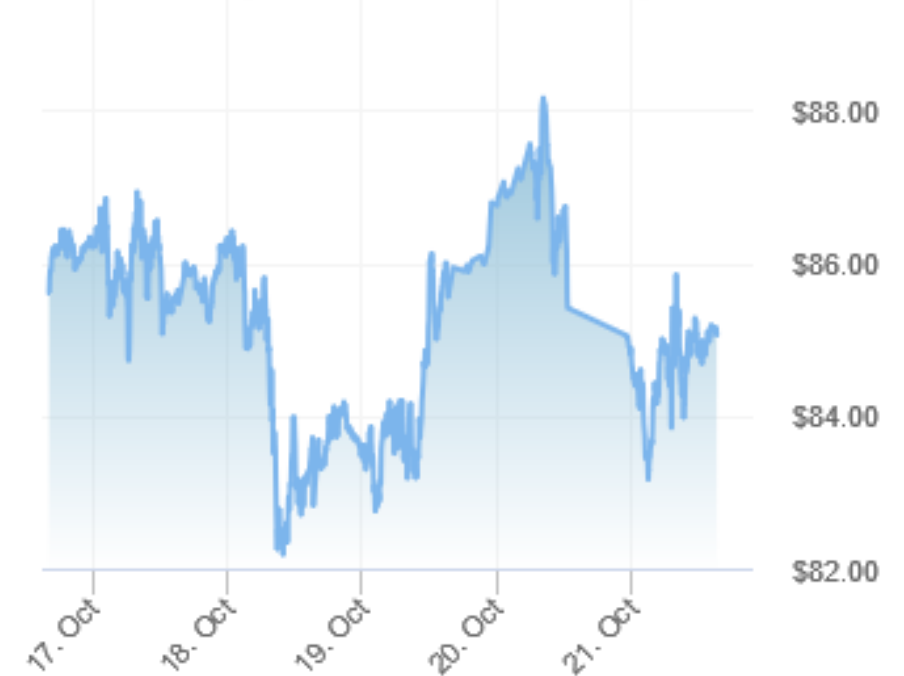
TRADINGECONOMICS.COM | PEOPLE'S BANK OF CHINA



# Economic Fears Hold Oil Prices Steady Despite Bullish Catalysts

- Brent crude futures surged 1% to above \$93 per barrel, up from session lows of \$91.2 and extending weekly gains to about 2%, as a dollar advance stalled and anticipation of increased Chinese demand and OPEC+ output cuts boosted confidence.
- OPEC and its allies, including Russia, agreed to cut production by 2 million barrels per day in November, the largest reduction since the outbreak began, while speculation rises that the oil cartel may interfere more in markets to support prices.
- on the demand side, investors expected China's oil consumption to rise as coronavirus-induced limitations eased and economic activity picked up.
- Nonetheless, there are concerns about a weakening growth forecast amid growing macro headwinds such as high inflation and tighter financial conditions.

WTI Crude(December Contract)



OIL AND NATURAL GAS PRICES (as of 08:10 AM CT 10/21/2022)

	Price	Change	%Change	Contract
WTI	84.75	+0.13	+0.15%	DEC 2022
Brent	92.65	+0.27	+0.29%	DEC 2022
Natural Gas (Nymex)	5.042	-0.316	-5.9%	DEC 2022

WEEKLY U.S. OIL PRODUCTION (million barrels per day)

	Change from previous week	10/14/22	10/07/22	09/30/22	09/23/22	09/16/22	09/09/22
U.S. production	+0.100	12.000	11.900	12.000	12.000	12.100	12.100

SOURCE: OIL PRICE,OPEC

# Commodity market closed mixed

- The Crude Oil (WTI ) gained 0.54%
- Likewise Brent price increase by 1.22%
- Natural gas plunged more than 20% to below \$5 MMBtu, marking the 9th consecutive week of declines.
- The commodities with the biggest weekly gains are Palm Oil , Silver, Platinum, and Brent, with 6.99%, 6.21%, 3.71%, and 1.22% respectively.
- The commodities with the biggest weekly loss are Natural Gas, Lead, Rubber, and Aluminum, with -22.61%, -7.90%, -5.81%, and -4.34%, respectively.

Energy	Price	Weekly	Monthly	YTD
Crude Oil(WTI) (USD/BBL)	85.107	0.54%	2.50%	3.16%
Brent (USD/BBL)	93.504	1.22%	4.44%	9.32%
NATURAL GAS (USD/MMBTU)	4.9941	-22.61%	-30.57%	-5.41%
Metals	Price	Weekly	Monthly	YTD
GOLD (USD/ T. OZ)	1,657.18	0.94%	-0.80%	-7.55%
SILVER (USD/ T. OZ)	19.39	6.21%	-1.32%	-20.24%
PLATINUM (USD/ T. OZ)	932.06	3.71%	3.52%	-10.42%
LEAD (USD/MT)	1,912	-7.90%	4.04%	-22.35%
ALUMINUM (USD/TONNE)	2,206	-4.34%	-1.01%	-23.08%
TIN (USD/MT)	19,348	-3.74%	-8.61%	-48.06%
ZINC (USD/MT)	2,928	-0.44%	-5.75%	-15.07%
Agricultural	Price	Weekly	Monthly	YTD
WHEAT (USD/BU)	847.56	-1.42%	-6.94%	12.11%
PALM OIL (MYR/MT)	4,101	6.99%	7.19%	-16.71%
RICE (USD/CWT)	16.385	-2.09%	-5.75%	21.33%
RUBBER (USD Cents/KG)	124.8	-5.81%	-6.73%	-29.05%
SUGAR (USD CENTS/LB)	18.38	-2.44%	-0.59%	-3.67%
COCOA (USD/MT)	2,306.00	-2.99%	-0.65%	-10.72%



# Equities Market – Global Comparisons

Stock Exchange	Level	Weekly Change(%)	YTD(%)	CURRENT GDP RATE (%)	CURRENT INFLATION RATE (%)	CURRENT INTEREST RATE(%)
NSE ASI (Nigeria)	44,396.73	-6.67	+3.93	3.54	20.77	15.50
Dow Jones (USA)	31,082.56	4.89%	-12.88	1.80	8.50	3.250
NASDAQ (USA)	10,859.72	5.78%	-28.03	1.80	8.50	2.50
FTSE (England)	6,969.73	-2.05	-3.26	4.4	10.10	2.25
DAX (Germany)	12,730.90	-1.94	-18.09	1.7	10.0	1.25
Nikkei (Japan)	26,890.58	-0.82	-6.65	1.6	3.0	-0.10
Shanghai Composite	3,184.52	-1.26	-15.19	0.40	2.80	3.65
CAT SX (Canada)	18,861	2.92	-11.10	2.90	6.9	3.25
SENSEX (India)	59,307	2.40	-2.49	13.5	7.41	5.90
TA SI (Saudi Arabia)	11,964	4.74	7.84	12.2	3.10	3.75

SOURCE: NGX,TRADING ECONOMIC

# Nigeria Macroeconomics Indicators

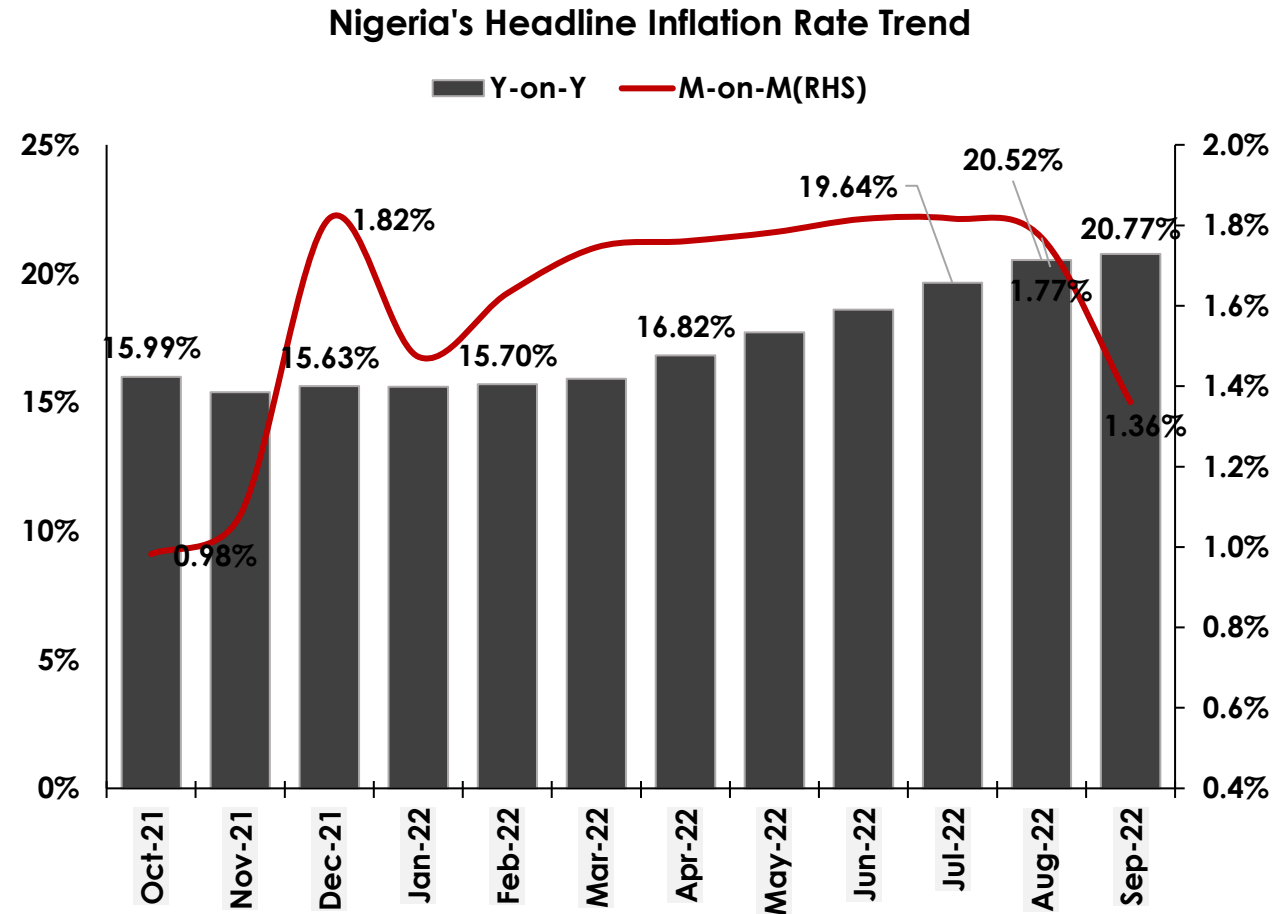


Marco Indicators	Current	Previous	% Change
Real GDP Growth(%)	3.54%	3.11%	0.43%
CPI(Inflation Rate)%	20.77%	20.52%	0.25%
MPR	15.50%	14.00%	1.50%
Unemployment	33.28%	27.10%	6.18%
Exchange rate (N/USD)	436.78	435.56	0.28%
I&E FX Window (N/USD)	441.67	441.38	0.07%
Foreign reserve (USD billion)	38.92	38.69	0.59%
Brent crude oil price (USD)	92.65	91.53	1.22%
FAAC( NGN billion)	673.14	954.09	-29.45%

# Nigeria's Inflation rate maintained its upward trend but at a slower Pace

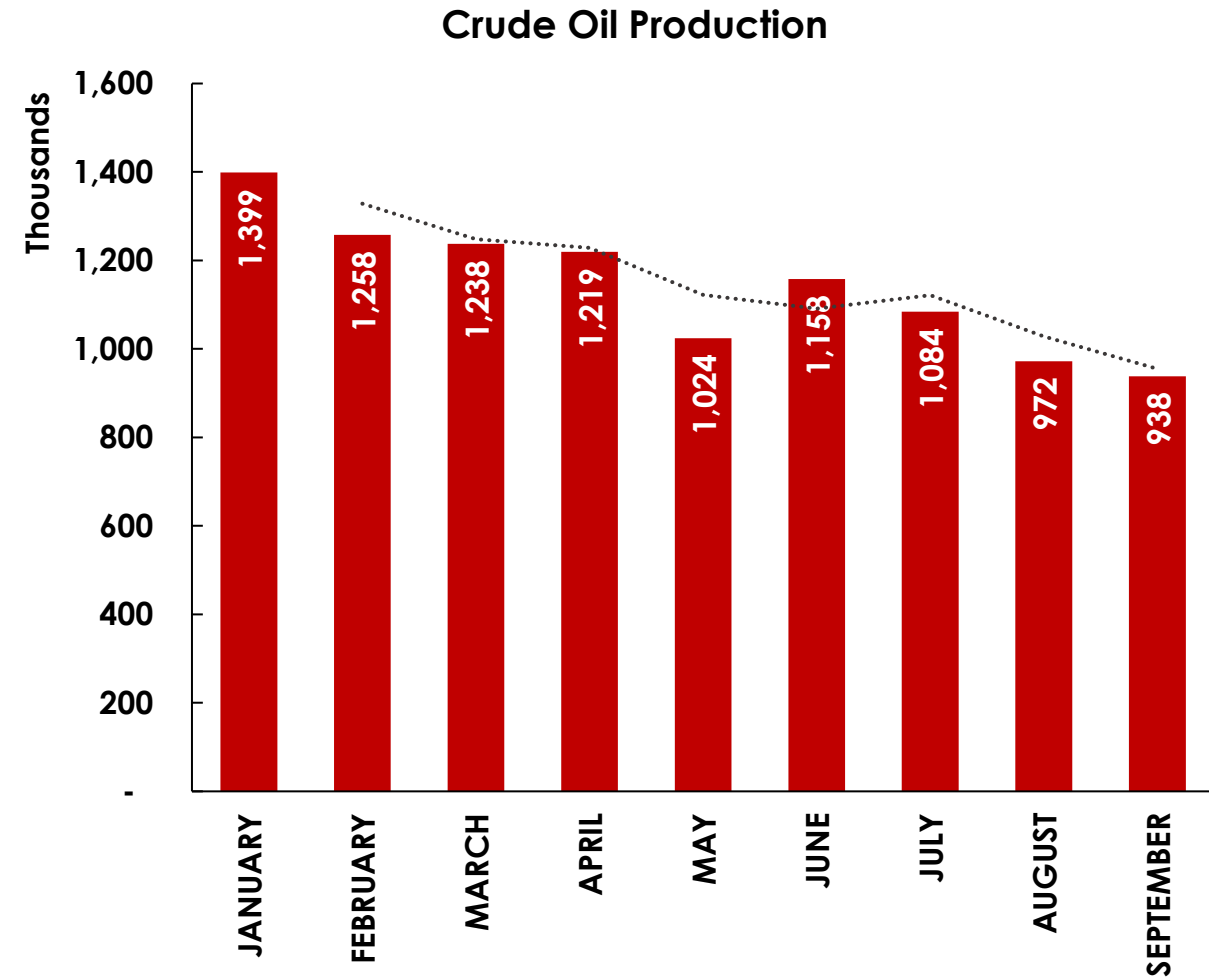


- According to the National Bureau of Statistics (NBS), Nigeria's Inflation rate increased to by 0.25% to 20.77% in the month of September 2022 from 20.52% in August y/y
- While it declined m/m to by 0.41% to 1.36% In September from 1.77% in August 2022
- Core Inflation Increased to 17.20% (Vs 17.20% in August 2022)
- Food Inflation Increased to 23.12% (Vs 20.12% in July 2022)
- Factors Responsible For the raise.
  - Disruption in the supply of food products
  - Increase in import cost due to the persistent currency depreciation
  - General increase in the cost of production
- Decline in the monthly food index due to harvest season.
- Because of the flooding in some food-producing states, we predict food inflation to contribute significantly to the rising inflation rate in October.



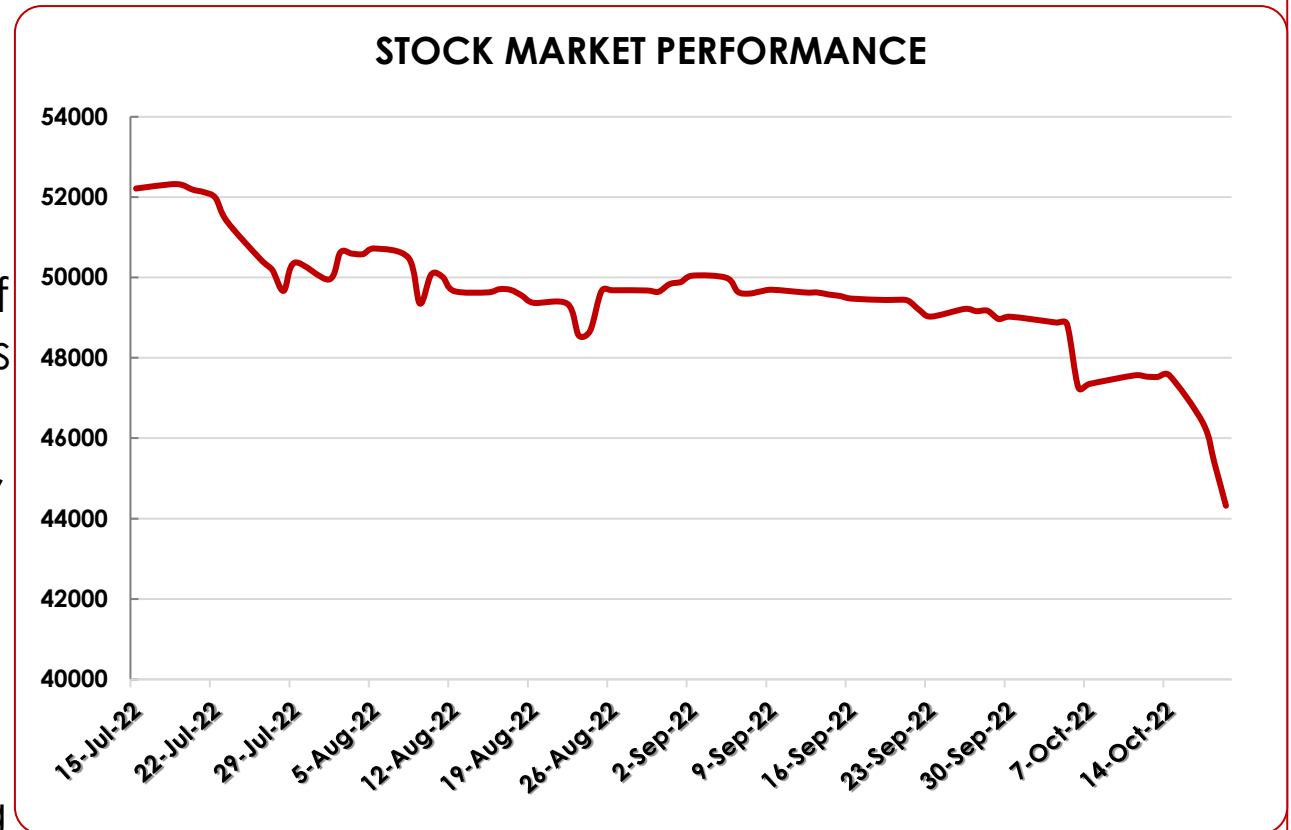
# September crude oil production drops by 24.73%

- Nigeria's crude oil production continues to fall to new lows, falling for the third month in a row in September.
- According to the Nigerian Upstream Regulatory Commission (NUPRC), aggregate crude oil output (including condensates) fell 3.6% m/m to 1.137 million barrels per day in September (August: 1.179 million barrels per day).
- The number of operational oil rigs(Crude Oil Production) in Nigeria fell in September, despite a record low monthly output of 938,000 barrels per day (bpd), or roughly 35,000 bpd less than the 972,000 bpd in August.
- Hope, as Shell has resumed oil flows from a key Nigerian terminal following a months-long pause.
- The resumption of oil flowing into Forcados for export could lead to a sharp increase in Nigeria's oil production and exports.



# Domestic Market maintained its bearish trend

- Following a week of profit-taking, local stocks experienced their heaviest loss of the year.
- As a result, the All-Share Index fell 6.67% year on year to conclude at 44,396.73 points.
- The market's performance was undermined in particular by the selloffs of the market's biggest telecommunications provider, AIRTELA FRI (-27.1%).
- As a result, the MTD loss climbed to -9.4%, while the YTD return reduced to +3.9%.
- However, activity levels were up, with trade volume and value increasing by 90.7% and 40.1%, respectively, year on year.
- The Industrial Goods (+3.2%) and Banking (+1.2%) indexes climbed, while the Insurance (-3.7%), Oil and Gas (-1.5%), and Consumer Goods (-0.9%) indices fell.



# Equities Market – African Comparisons

Stock Exchange	Level	Weekly Change(%)	YTD(%)	CURRENT GDP RATE (%)	CURRENT INFLATION RATE (%)	CURRENT INTEREST RATE(%)
NSE ASI (Nigeria)	44,396.73	-6.67%	+3.93%	3.54	20.77	15.50
GSE (Ghana)	2,365.89	-3.84%	-15.18%	4.8	37.2	24.50
EGX 30 (Egypt)	10273.53	-4.26%	-14.02%	5.4	13.60	11.25
JSE (South Africa)	65,539.25	-1.97%	-11.08%	0.2	7.5	6.25
Nairobi (Kenya)	129.80	+1.23%	-22.02%	5.2	9.2	8.25
TUN (Tunisia)	8,121.67	+0.04%	+15.27%	2.8	9.1	7.25
ZSI Industrials (Zimbabwe)	47,018.02	+3.47%	+17.44%	5.8	280	200.00
USE ASI (Uganda)	1,254.76	+3.90%	-11.68%	5.90	10	10.0
Gaborone (Botswana)	7,537.52	0.85%	+7.53%	5.6	13.8	2.65
NSX Overall (Namibia)	1,498.93	+4.75%	-4.63%	5.6	7.1	5.50



# Equities Market – NGX Index Overview

INDEX	14`/10/2022	19/10/2022	WTD(%)	YTD(%)
NGX All-Share Index (ASI)	47,569.04	44,396.73	-6.67	3.93
NGX Premium Index	4,400.85	4,363.18	-0.86	4.69
NGX Banking Index	373.48	377.79	1.15	-6.96
NGX Pension Index	1,627.17	1,636.67	0.58	0.77
NGX Insurance Index	169.51	163.2	-3.72	-17.62
NGX Consumer Goods Index	577.12	572.02	-0.88	-2.93
NGX Oil/Gas Index	492.37	485.21	-1.45	40.64
NGX Industrial Index	1,823.48	1,882.17	3.22	-6.28
Market Capitalization	25.91	24.18	-6.67	8.45

# Money Market & Fixed Income rate continue to trend upward

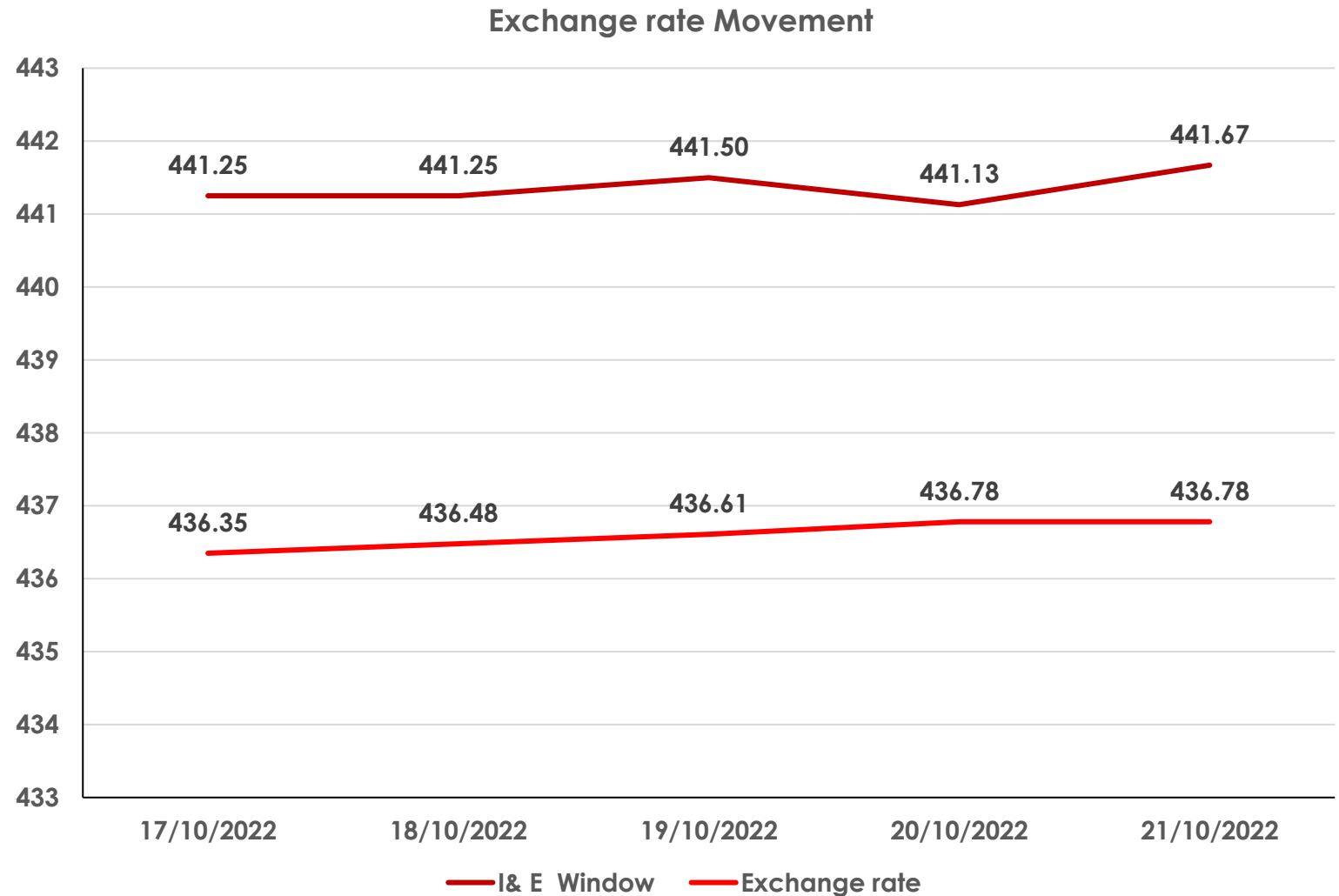
- **Money market:** The overnight (OVN) rate remained unchanged at 16.55 while Open repo(OPR) rates increased to 16.33%.
- As debits for the FGN bond (NGN107.88 billion) and FX auctions outweighed the sole inflow from FGN bond coupon payments (NGN46.44 billion)
- DMO conducted FGN Bond issuance for October.
- As investors were offered instruments worth NGN225.00 billion through the reopenings of the 14.55% FGN APR 2029 (Stop rate: 14.50%), 12.50% FGN APR 2032 ( Stop rate: 15.00%), and 16.2499% FGN APR 2037 (Stop rate: 16.00%)

NTB		September 14 <sup>th</sup> 2022			24-Aug-22
Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sales (N'bn)	Rate (%)
91 days	6.47	14.27	1.64	1.54	5.50
182 days	7.9	25.55	2.61	2.51	6.00
364 days	13	15.10	107.67	30.75	9.75
FGN Bonds		October 17 , 2022			18-Sept -2022
Maturity	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sales (N'bn)	Rate (%)
MAR 2025	14.50	75.00	7.425	3.125	13.50
APR 2032	15.00	75.00	15.601	11.901	13.84
APRIL 2037	16.00	75.00	96.154	92.854	14.50
FGN Saving Bonds		September 05 <sup>th</sup> 2022			03-August-22
Maturity	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sales (N'bn)	Rate (%)
SEP 2024	11.04	50.00	50.00	50.00	9.41
SEP 2025	12.04	50.00	50.00	50.00	10.41
OMO		september15 <sup>th</sup> , 2022			02-June-22
Tenor	Rate (%)	Offer (N'bn)	Sub (N'bn)	Sales (N'bn)	Rate (%)
96 DAYS	7	5,000	17000	5,000	7.00
194 DAYS	8.5	5,000	24500	5,000	8.50
362 DAYS	10.1	10000	121168	10,000	10.1

SOURCE: FMDQCBN, DMO, SAMTL Research

# Nigeria's Exchange Rate

- Over the week, the Naira depreciated by against the dollar by 0.1% to NGN441.67/USD at the I&E window (IEW).
- Likewise at the official Exchange rate the naira depreciated by 0.1% to 436.78



# External reserve dipped over the week

- Nigeria's foreign exchange reserves continued its decline, falling by USD224.80 million w/w to USD37.68 billion (20<sup>th</sup> October)



# Outlook For The Week

## Equity Market

- We expect experienced investors to take advantage of last week's considerable decline in bellwether stock prices and re-enter businesses with strong fundamentals and excellent dividend yields.
- We do not, however, rule out the prospect of continued profit-taking activities.
- As a result, we anticipate bumpy trading conditions.
- Therefore, we encourage investors to only invest in stocks that are Good performance , as the disappointing macro story continues to be a substantial headwind for corporate earnings.

## Fixed Income Market Treasury bills

- Given the projected inflows into the system, we foresee a downward trend in T-bill secondary market yields next week.
- In addition, we expect participants will shift their attention to next week's NTB PMA, as the CBN is set to roll over NGN240.26 billion in maturities.

## Bonds

- We expect steady increase in rates over the short term, since the FGN's borrowing plan for 2022FY and predicted fiscal deficit suggest to a high supply.
-

***Thank you***

**Find out more about our work at** The logo for SAMTL GROUP. It features a red circular icon with a white 'S' inside, followed by the word 'SAMTL' in bold red capital letters, and 'GROUP' in smaller black capital letters to the right, separated by a vertical line.

**Website: [www.samtlng.com](http://www.samtlng.com)**

**Email: [info@samtlng.com](mailto:info@samtlng.com)**