

WEEKLY REPORT

ECONOMIC / CAPITAL MARKET REVIEW

GLOBAL ECONOMY

The World Bank has further lowered its global growth forecast for the year 2023. The bank had initially forecasted global growth of 4.1% in October 2022. In January 2023, it lowered its forecast to 2.9%, citing the war in Ukraine and its spillovers as the main reasons. On June 06, 2023, the World Bank further downgraded its forecast to 2.1% for 2023. This is the lowest forecast since the 2008 financial crisis. The Bank warned that the global economy is facing a "synchronized slowdown" and that the outlook is "precarious." The Bank called for countries to take steps to boost growth, including fiscal and monetary stimulus, investment in infrastructure, and trade facilitation.

The United States' trade deficit in goods and services widened to \$74.6 billion in April 2023, from \$60.6 billion in March. This was slightly below market expectations of a \$75.2 billion shortfall. Exports declined 3.6% to \$249 billion, led by crude oil, fuel oil, pharmaceutical preparations, gem diamonds, jewelry, financial services, and government goods and services. Imports rose 0.9% to \$323.6 billion. The widening trade deficit is a result of several factors, including the strong U.S. economy, which is driving up demand for imports, and the ongoing trade war between the U.S. and China, which has made it more expensive for U.S. companies to import goods from China. Some economists are concerned that the widening trade deficit could lead to a slowdown in the U.S. economy. However, other economists argue that the trade deficit is not a major concern, as it is offset by the U.S. surplus in services trade. The U.S. trade deficit is expected to remain wide in the coming months, but it is not expected to have a significant impact on the U.S. economy.

DOMESTIC ECONOMY

The World Bank has maintained its 2023 GDP growth forecast for Nigeria at 2.80%, down from 3.3% in 2022. The World Bank attributed the downgrade to a number of factors, including high inflation, the naira redesign cash crunch in Q1 2023, and low foreign exchange availability. The World Bank also noted that Nigeria's growth has averaged about 1.5% in the last decade, which is too slow to address the challenges of extreme poverty. The bank said that growth in Nigeria is expected to remain barely above the population growth rate with its per capita income growing by an average of only 0.4 percent annually in 2023-2024, which is far slower than needed to make significant inroads into mitigating extreme poverty. The Bank further stated that Nigeria is facing elevated financing needs due to higher borrowing costs, lower oil production and prices, and persistent fiscal and external pressures. These challenges are further exacerbated by weak domestic revenue mobilization, which is putting a strain on Nigeria's economic recovery and growth prospects. To overcome these hurdles, Nigeria must prioritize structural reforms that will diversify the economy and reduce its reliance on oil revenues. These reforms should focus on promoting private sector investment, developing new industries, and improving the country's infrastructure.

The value of Nigeria's foreign trade declined by N2.6 trillion (about \$6.4 billion) in the first quarter of 2023, according to the National Bureau of Statistics (NBS). The decline was attributed to a shortage of foreign exchange, which made it difficult for businesses to import goods and services. The NBS data showed that the value of exports fell by 8.66% to N6.49 trillion in the first quarter of 2023, from N7.1 trillion in the same period of 2022. The value of imports also fell by 25.83% to N5.56 trillion, from N7.5 trillion in the same period of 2022. The decline in foreign trade is a major setback for the Nigerian economy, which is heavily dependent on oil exports. The shortage of foreign exchange has made it difficult for businesses to import essential goods and services, which has led to higher prices and shortages.

In a move to promote the use of gas as a cleaner and more affordable alternative to petrol, the Nigerian government has converted 800 petrol tankers to transport CNG. The conversion was carried out by a number of oil marketers, including the Independent Petroleum Marketers Association of Nigeria (IPMAN). CNG is a cleaner burning fuel than petrol and is also more abundant in Nigeria. The conversion of the tankers is expected to help to reduce the country's reliance on petrol and to improve air quality. The conversion of the tankers is a significant step in the government's efforts to promote the use of gas in Nigeria. The government has set a target of converting 5,000 petrol tankers to CNG by the end of 2023. The conversion of the tankers is also expected to create jobs and boost the economy. The conversion of the tankers is a positive development for Nigeria. It will help to reduce the country's reliance on petrol, improve air quality, and create jobs. The government should be commended for its efforts to promote the use of gas in Nigeria.

EQUITY MARKET

The Nigerian equities market closed the trading week with a bearish sentiment as the NGX All-Share Index and market capitalization appreciated to 55,930.97 and N30.455 trillion, a 0.20% increase from the previous week's value of 55,820.50 and N30.395 trillion, respectively.

For the week ended, all other indices appreciated except for the NGX ASeM which closed flat, and six indices (NGX Premium, NGX AFR Div. Yield, NGX Lotus II, NGX Industrial Goods, NGX Growth, and NGX Sovereign Bond) which depreciated by 0.75%, 0.06%, 0.08%, 1.31%, 0.51%, and 1.50% respectively.

On the Exchange floor for the week ended, investors traded 2.196 billion shares with a value of N45.971 billion in 31,655 deals showing a massive growth from the previous week when 2.586 billion shares were exchanged for N46.643 billion in 35,422 deals.

Metrics	Outcome
All-Share Index	55,930.97
Week-To-Date	0.20%
Month-To-Date	0.29%
Year-To-Date	9.13%
Market Capitalization (NGN Billions)	30.455

According to NGX, Fifty-two (52) equities appreciated in price during the week lower than sixty-six (66) equities in the previous week. Twenty-seven (27) equities depreciated in price higher than twenty-three (23) in the previous week, while seventy-seven (77) equities remained unchanged, higher than sixty-seven (67) recorded in the previous week.

We have ETERNA PLC and JOHN HOLT PLC leading the gainers and the losers list having an increase of 45.41% and a decrease of -26.70% respectively.

NGX ASI Top Gainers ▲			NGX ASI Top Losers ▼		
ETERNA PLC	13.45	45.41%	JOHN HOLT PLC	1.40	-26.70%
UNITY BANK PLC	0.72	44.00%	RT BRISCOE PLC	0.34	-10.53%
FTN COCOA PROCESSORS PLC	0.93	40.91%	SUNU ASSURANCE NIG PLC	0.43	-10.42%
SECURE ELECTRONIC TECH PLC	0.36	38.46%	COURTEVILLE BUSINESS SOLN PLC	0.46	-9.80%
CORNERSTONE INSURANCE PLC	1.14	37.35%	MULTIVERSE MINING PLC	3.70	-9.54%

Date	Deals	Turnover Volume	Turnover Value (N)	Traded Stocks	Advanced Stocks	Declined Stocks	Unchanged Stocks
6/5/2023	7221	369779627	19841209191	122	26	27	69
6/6/2023	6165	322494757	5824460118	114	28	24	62
6/7/2023	5613	397624810	6537185971	119	33	12	74
6/8/2023	6061	531784757	7682322123	115	42	13	60
6/9/2023	6595	574737084	6085344068	120	33	17	70

FIXED INCOME

A total of 125,410 units valued at N126.521 million were traded this week in 35 deals compared with a total of 44,858 units valued at N44.174 million transacted last week in 24 deals.

Security	Deals	Volume	Value
VETBANK	3	3000200	15631056
VETGRIF30	1	1500000	29250000
STANBICETF30	87	48810	11713859.21
MERVALUE	3	480	10536
NEWGOLD	21	65	1045648.53
VETINDEF	1	15	345
TOTAL	116	4549570	57651444.74

TOP BROKERS BY VOLUME FOR THE WEEK ENDED			
BROKER	DESCRIPTION	QUANTITY	% Of volume
CSL	CSL STOCKBROKERS LIMITED	468303630	10.64
RAML	REGENCY ASSETS MANAGEMENT LIMITED	418485321	9.51
MCSE	MORGAN CAPITAL SECURITIES LIMITED	262763001	5.97
MERI	MERISTEM STOCKBROKERS LIMITED	257015630	5.84
APT	APT SECURITIES AND FUNDS - BRD	233710554	5.31
TOP BROKERS BY VALUE FOR THE WEEK ENDED			
BROKER	DESCRIPTION	VALUE	% VALUE
APT	APT SECURITIES AND FUNDS - BRD	34337436624	37.2
CSSL	CARDINALSTONE SECURITIES LIMITED	6699888429	7.26
SISB	STANBIC IBTC STOCKBROKERS LIMITED	4472533007	4.85
MERI	MERISTEM STOCKBROKERS LIMITED	4019004441	4.35
PSLC	PARTHIAN SECURITIES LIMITED	3268583144	3.54

MACROECONOMIC INDICES

The Monetary Policy Rate (MPR) has been raised for the third time in the year from 18.0% to 18.5% indicating a 50 basis points increase. This had at the beginning of the year cycled at 16.60%.

The inflation rate rose by 0.18% from 22.04% recorded in March to 22.22%. The increase was seen in the food inflation, which rose from 24.45% to 24.61%, and the core inflation, which rose to an all-time high of 20.14% from 19.86% in the previous month.

There has been a consecutive drop in the external foreign reserve in the economy since the beginning of the year, this is attributed to several factors like the fall in oil prices, oil theft, and a slowdown in foreign investment inflows. The measures the CBN took, like the tightening restriction on foreign exchange transactions and increasing interest rates to curtail its effect, have yet to produce any significant result.

The Investors/Exporters (I/E) Windows currency rate is a market-driven exchange rate system for trading the naira. It seeks to improve the country's foreign exchange market and attract foreign investments. It however poses some challenges like inflation and exchange rate volatility when not managed efficiently. It is currently at N 472.50/ 1 USD depreciating further by 2.05% from the previous week's value.

Key Index	Current	Previous
MPR	18.5%	18.0%
INFLATION	22.22%	22.04%
GROSS EXTERNAL RESERVE	35.160USD(billion)	35.290USD(billion)
I/E WINDOW (USD/N)	472.50	463.00
GDP	2.31%	3.52%

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