



Equities

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NGX ASI closes 2022 positive (+19.98%) against all odds

The Nigerian equities market closed the year 2022 positive as the NGX All Share Index gained +19.98% y/y to close the year at 51,251.06 compared with 42,716.44 as of December 31, 2021. This was amid the lingering ripple effects of Russia's invasion of Ukraine on 24 February 2022 which triggered a disruption in global supply chain, thereby fuelling global inflation. Crude oil and agricultural commodities (cereals, vegetable oil, sugar, meat, etc) were all impacted, hence energy, transport and food inflation remained high for most part of the year. In Nigeria, inflation remained consistently upbeat, rising to 21.47% in November (17-year high). In response, monetary policies were hawkish across the globe. The Central Bank of Nigeria consistently increased the Monetary Policy Rate (MPR) from 11.5% in January 2022 to 16.5% in November 2022.

Also, the local currency saw depreciatory pressure as supply of the US dollar decreased considerably amid low crude oil production resulting in higher operating costs for businesses, particularly the import dependent manufacturers. Consequently, investors were more apathetic. Foreign portfolio inflows ebbed as fund managers sought safer havens. However, corporate actions from many blue-chip companies provided some respite as some investors, particularly the local institutional investors, took positions. Local institutional investors accounted for 55.51% of total equities transaction while local retail and foreign portfolio investors accounted for 27.82% and 16.67% respectively as at November 2022. Nestle, Dangcem, Total, Guinness, Okomu, Presco, Seplat, MTN, Airtel, Stanbic, Zenith, GTB and BUA CEM led the pack in dividend declarations.

On a sectoral basis, Oil & Gas gained the most (+34.05%) buoyed by share price gains of Seplat (+53.85%), Ardova (+30.38%), Conoil (+20%) and MRS (+18.88%). Beyond the expectation of corporate earnings on the back of increase in the price of crude oil, Seplat's dual listing on NGX Exchange and London Stock Exchange endeared it to foreign portfolio managers as it created arbitrage opportunity and a way for Foreign Portfolio Investors (FPIs) to take funds out of Nigeria without waiting on the CBN. The industrial sector followed with +19.67% gain supported by +31.25% gain on the share prices of BUACEM but moderated by declines in the share prices of Dangcem (-1.13%) and Wapco (-4.38%). The Banking sector closed +2.81% higher while Insurance and Consumer sectors declined by -11.99% and -0.06% respectively.

MARKET UPDATE

	1 year	30-Dec-22	1 day
NSE - Index*	42,716.44	51,251.06	51,251.06
Naira/ US\$	435.00	461.50	461.50
Brent, US\$/bbl	78.98	86.00	86.00
MPR %	11.50	16.50	16.50

Source: NGX Exchange, Central Bank of Nigeria, Bloomberg. *NGX Exchange All-Share Index.

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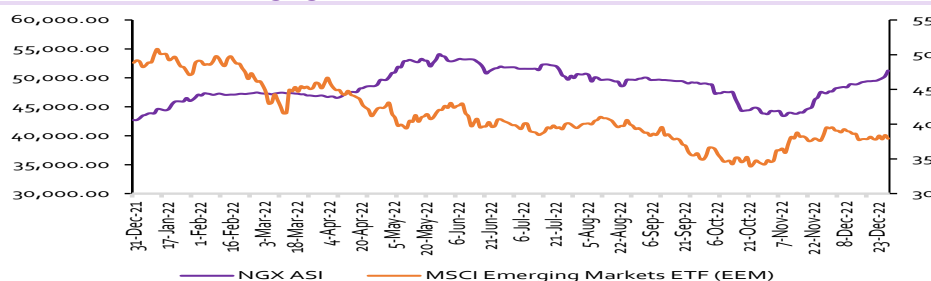
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NGX ASI vs MSCI Emerging Market Index



Source: CSL Research, NGX Exchange



News headlines:

Power generation crashes by 990MW, Gencos lose N1.8tn: The available generation capacity in Nigeria's power sector dropped again in 2022, as it crashed from the 6,336.52 megawatts recorded in 2021 to 5,346.82MW last year, latest data on electricity generation trend seen in Abuja on Monday, showed. It was also observed that the annual capacity payment loss to power generation companies had increased to N1.8tn, as data from the document further showed a decrease in the average utilised power in 2022. Figures obtained from power generation companies indicated that while the average quantum of electricity utilised in 2021 was 4,118.98MW, it dropped to 3,940.54MW in 2022. The document on Power Generation Trend (2013 – 2022), showed that Nigeria's average available generation capacity fluctuated between 4,000MW and...." .Source: Punchng.com....

<https://punchng.com/power-generation-crashes-by-990mw-gencos-lose-n1-8tn/>

One-third of the world will face recession this year, IMF warns: The International Monetary Fund, IMF, has warned that a third of the global economy will face recession this year. Managing Director of the IMF, Kristalina Georgieva, who disclosed this in an interview with CBS news, an American broadcast television and radio network, noted that economic activities in the United States, the European Union, and China are all slowing simultaneously. Georgieva said: "We expect one-third of the world economy to be in recession. Half of the European Union will be in a recession this year." Georgieva further explained that the rapid spread of Covid-19 in China, especially now that the government has dropped its severe containment policy, means that the country faces a fresh economic blow in the short term....

Source: vanguardngr.com

<https://www.vanguardngr.com/2023/01/one-third-of-the-world-will-face-recession-this-year-imf-warns/>

Fuel queues may persist at major marketers' outlets –IPMAN: Oil marketers have said fuel queues at filling stations across the country may persist if consumers and motorists' continue to buy the product at selected filling station dispensing the product below N200/litre. The National Operations Controller, Independent Petroleum Marketers Association of Nigeria, Mike Osatuyi, said on Monday that the lingering queues at some filling stations were caused by consumers who insisted on buying the fuel at cheaper retail outlets. "There is petrol in the country. No more scarcity, however, the long queues you still see on the expressways is caused by those who want to buy petrol at N180 per litre. Otherwise, those who can afford the more expensive product can easily drive into other stations and buy without queuing up", he said..... Source: Punchng.com

<https://punchng.com/fuel-queues-may-persist-at-major-marketers-outlets-ipman/>

Economic Pollsters Predict \$89.37 Per Barrel of Oil in 2023: Oil prices will only gain slightly in 2023, hitting \$89.37 on the average, thanks to a worsening global economic outlook as well as the latest COVID-19 outbreak in China, which will take a hit on oil demand. A survey of 30 economists and analysts predicted for Reuters that Brent crude will average \$89.37 a barrel in 2023, just 4 per cent higher than current price of \$85.91 per barrel and 4.6 per cent lower than the \$93.65 consensus in a November survey. If the forecast remains spot on this year, it means that Nigeria may be able to save about \$15 per barrel in its currently depleted Excess Crude Account (ECA) despite high oil prices. The National Assembly recently passed a N21.8 trillion budget, pegging Nigeria's crude oil benchmark at \$75 per barrel from the previous \$70 per barrel while production for 2023 was put at..... Source: Thisdaylive.com

<https://www.thisdaylive.com/index.php/2023/01/03/economic-pollsters-predict-89-37-per-barrel-of-oil-in-2023/>

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% distribution	49%	29%	14%	9%	
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% distribution	0%	50%	50%	0%	

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