

What Moved the Markets this Week?

On the global scene, OPEC+ held its 33rd meeting during which its members agreed to an oil production cut of 2.00mbpd. The reason cited for the production cut is the uncertainties in the oil market. Brent crude is up 7.28% to USD98.09 per barrel since the decision was taken. The oil cut is expected to keep oil price elevated as the oil market was already experiencing a supply squeeze amid a growing recession concern in the global economy. In the U.S. the Bureau of Economic Analysis reported a decrease in trade deficit in to USD67.39bn in August (vs. 70.45bn in July). This is the fifth consecutive month of narrowing trade deficit in the world's largest economy. This trend might soon reverse however, as US exports become more expensive due to a strengthening USD value against other currencies.

The Bank of Ghana hiked its policy rate by 250bps to 24.50% on concerns of high inflation. The hike is in continuation of the efforts taken by the monetary policy authority to tame rising inflation and stabilize the value of the currency.

In Nigeria, the week closed with the presentation of the Federal Government's 2023 budget by President Muhammadu Buhari. According to the President, the planned total expenditure is NGN 20.51tr (vs NGN17.32tr budgeted in 2022). Out of this, NGN5.35tr was earmarked for capital expenditure, NGN 6.31tr for debt servicing and a sinking fund of NGN247.73bn to retire maturing bonds. Also, out the expected total federally collectible revenues of NGN16.87tr in 2023, only NGN9.73tr will be available to fund the 2023 budget. This translates to a budget deficit of NGN10.78tr. The assumptions upon which the budget was drafted include oil price of USD70 per barrel, estimated production level of 1.60mbpd, exchange rate of NGN435.57/USD, projected GDP growth of 3.75% and inflation rate of 17.16%.

In the Nigerian equities market, the local bourse welcomed the listing of 2.50bn units ordinary shares of Geregu Power Plc (tickers: GREGU). Although the shares were originally listed at NGN100.00 per unit, the ticker ended the week 20.90% higher at NGN120.90. Meanwhile, the local bourse ended the week on a negative note, as the All-Share Index declined significantly by 3.41% WoW to close at 47,351.43pts. Thus, the Year-to-Date return declined to 10.85% (from 14.77% last week). Performance was negative across all sectors, with the NGXBNK (-3.37% WoW) and NGXINS (1.16% WoW) recording the worst performance.

In the secondary fixed income market, yields sustained an uptrend with the average T-Bills and bond yields rising to 9.99% and 13.53% (vs. 8.24% and 13.29% last week), respectively.

Nigeria | October 07, 2022

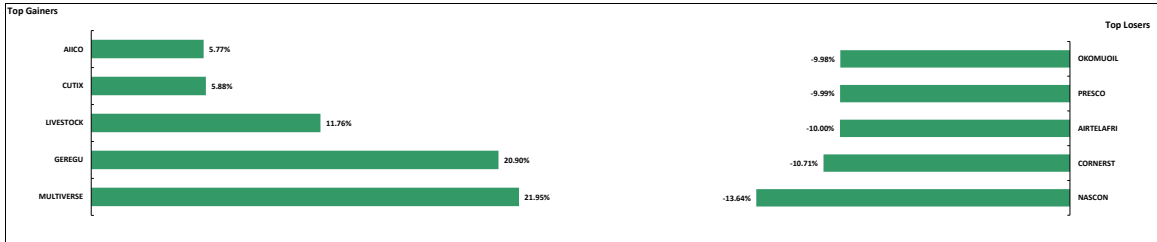
Market Performance

Equities	This Week	Previous Week	%Δ
NGXASI	47,351.43	49,024.16	-3.41%
Volume (bn)	0.56	0.99	-43.00%
Value (bn)	7.90	10.40	-24.02%
Mkt. Cap. (bn)	25.79	26.45	-2.50%
Market Breadth	0.27x	0.82x	

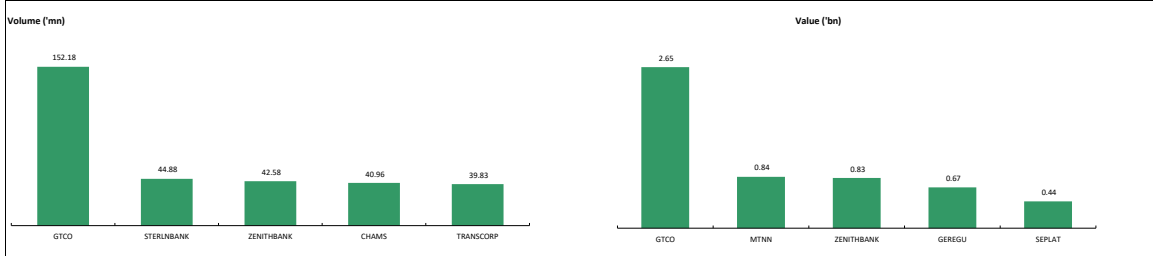
Sectoral Indices	WTD	MID	YTD
NGXBNK	-3.37%	-3.37%	-9.76%
NGXCONSMRGDS	-0.56%	-0.56%	-1.33%
NGXOILGAS	-1.02%	-1.02%	45.82%
NGXINS	-1.16%	-1.16%	-15.89%
NGXINDUSTR	-0.33%	-0.33%	-11.99%
NGX-ASI	-3.41%	-3.41%	10.85%

Other Indices	WTD	MID	YTD
NGX-3D	-3.45%	-3.45%	-2.07%
NGX-PENSION	-2.31%	-2.31%	-0.19%

Market Outliers



Weekly Trading Activity



	This Week	Previous Week	%Δ
I & E (per USD)	439.17	437.03	-0.49%

Money Market Rates

	This Week	Previous
OBB	16.25%	15.50%
OVN	17.25%	16.00%
Average	16.75%	15.75%

Bond Yields

	This Week	Previous Week	%Δ
1YR	7.94%	6.74%	1.20%
3YR	14.06%	13.29%	0.78%
5YR	13.56%	13.07%	0.48%
7YR	13.25%	13.13%	0.12%
10YR	14.37%	14.03%	0.34%
30YR	13.65%	13.65%	0.00%

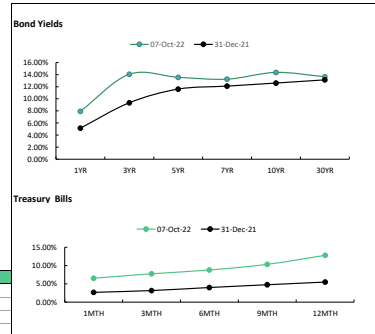
Treasury Bills Yields

	This Week	Previous
1MTH	6.53%	6.42%
3MTH	7.75%	7.29%
6MTH	8.79%	8.06%
9MTH	10.34%	8.93%
12MTH	12.79%	10.48%
Average	9.24%	8.24%

vs. Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.19%	0.00%	0.88%	2.18%	-0.74%	-0.86%	0.12%	-0.44%
WTD	-3.41%	0.05%	0.00%	-1.63%	2.54%	1.97%	3.97%	3.42%
YTD	10.85%	-11.87%	-16.22%	-24.11%	-11.34%	-25.63%	-26.09%	-26.44%
P/E	9.75x	5.23x	6.69x	6.70x	9.39x	8.63x	10.18x	11.95x

Fixed Income Monitor



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Meristem Research can also be accessed on the following platforms:

Meristem Research portal: <https://research.meristemng.com/reports>

Bloomberg: MERI <GD>

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