

What Moved the Markets this Week?

On the global scene, the International Monetary Fund (IMF) revised its global economic growth projection for 2023 to 2.70% (from 2.90% forecasted in the July 2022 outlook). Some of the reasons cited for the downgrade include heightened global inflation, the lingering Eastern-Europe crisis and the impact of higher interest rates on borrowing costs of businesses. The downgrade further underpins existing concerns about global economic growth and the risk of a global recession. The IMF also revised its 2022 growth forecast for Nigeria to 3.20% (vs. 3.40% projection in July 2022) owing to tighter financial liquidity.

Elsewhere, Ghana's inflation rate surged to a 21-year high of 37.20% YoY in September 2022 (vs. 33.90% in August 2022). The surge in inflation is attributable to increase in both food (+37.80% YoY) and non-food (+36.80% YoY) inflation. On a month on month basis, inflation rate was 2.00%. We expect Ghana's Monetary Policy Committee to maintain its hawkish stance to curtail the inflationary pressures.

During the week, the Nigerian Upstream Petroleum Regulatory Commission reported that crude oil production in September 2022 tapered for the third consecutive month by 3.56% MoM to 937,766mbpd (vs. 972,395mbpd in August 2022). The Commission attributed the decline to the challenges which continue to plague the oil sector such as crude oil theft, and pipeline vandalism. We note that the decline in oil production volume continues to adversely affect oil revenue of the government and foreign exchange earnings.

The Nigerian equities market ended the week on a positive note, following 5 consecutive weeks of decline, as the All-Share Index increased by 0.46%WoW to 47,569.04pts. Hence, the Year-to-Date return increased to 11.36% (from 10.85% last week). Across sectors, performance was mixed as **NGXBNK** (+1.93%), **NGXINS** (+1.72%) and **NGXINDUSTR** (+3.17%) recorded week-on-week gains, while **NGXNSMRGDS** (-0.74%) and **NGXOILGAS** (-2.13%) closed negative.

At the Treasury Bills Primary Market Auction held during the week, the Federal Government raised NGN34.82bn. We note a decline in the rate on the 91-day instrument to 6.47% (vs. 6.49% at the last auction). However, rates on the 182-day and 364-day instruments increased to 7.50% and 13.00% (vs. 7.50% and 13.00% at the last auction). In the secondary fixed income market, the mood was bearish as average bond and T-bills yields increased to 13.74% and 10.85% (vs. 13.53% and 9.99% last week), respectively.

Nigeria | October 14, 2022

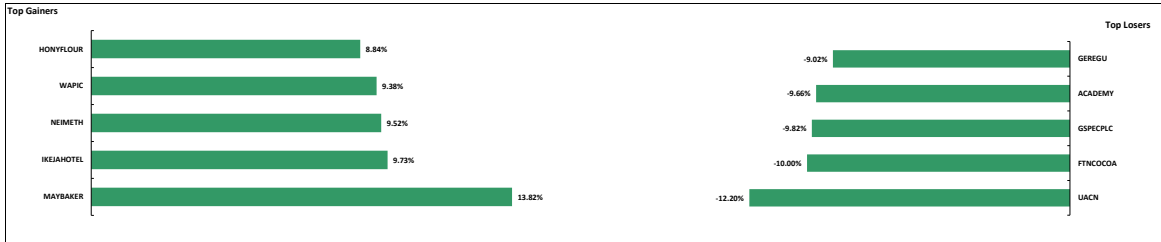
Market Performance

| Equities | This Week | Previous Week | %Δ |
|----------------|-----------|---------------|---------|
| NGXASI | 47,569.04 | 47,351.43 | 0.46% |
| Volume (bn) | 0.48 | 0.56 | -14.45% |
| Value (bn) | 11.92 | 7.90 | 50.86% |
| Mkt. Cap. (bn) | 25.79 | 25.79 | 0.00% |
| Market Breadth | 0.96x | 0.27x | |

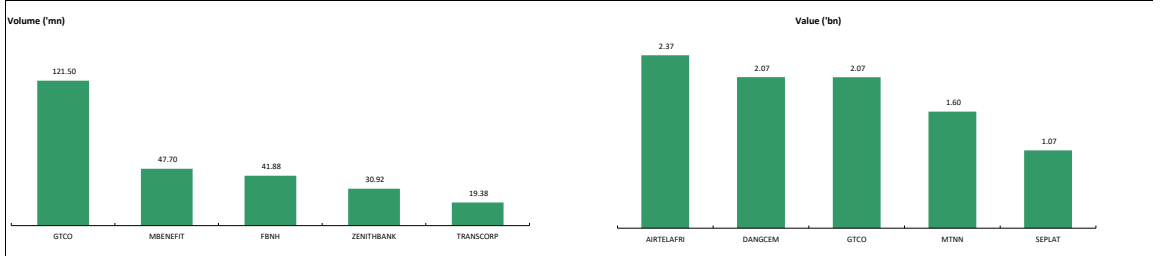
| Sectoral Indices | WTD | MID | YTD |
|------------------|--------|--------|---------|
| NGXBNK | 1.93% | -1.51% | -8.03% |
| NGXNSMRGDS | -0.74% | -1.29% | -2.06% |
| NGXOILGAS | -2.13% | -3.13% | 42.71% |
| NGXINS | 1.72% | 0.54% | -14.44% |
| NGXINDUSTR | 3.17% | 2.83% | -9.20% |
| NGX-ASI | 0.46% | -2.97% | 11.36% |

| Other Indices | WTD | MID | YTD |
|---------------|-------|--------|--------|
| NGX-3D | 0.65% | -2.82% | -1.43% |
| NGX-PENSION | 0.38% | -1.94% | 0.19% |

Market Outliers



Weekly Trading Activity



| | This Week | Previous Week | %Δ |
|-----------------|-----------|---------------|--------|
| I & E (per USD) | 441.38 | 439.17 | -0.50% |

| Bond Yields | This Week | Previous Week | %Δ |
|-------------|-----------|---------------|--------|
| 1YR | 13.94% | 7.94% | 6.00% |
| 3YR | 14.13% | 14.06% | 0.06% |
| 5YR | 13.60% | 13.56% | 0.04% |
| 7YR | 13.68% | 13.25% | 0.43% |
| 10YR | 12.80% | 14.37% | -1.57% |
| 30YR | 13.65% | 13.65% | 0.00% |

vs. Other Markets

| | Nigeria | Ghana | Egypt | Kenya | South Africa | Frontier | Emerging | Developed |
|-------|---------|---------|---------|---------|--------------|----------|----------|-----------|
| Today | 0.09% | -0.09% | 0.54% | 0.85% | 0.39% | 0.41% | -1.25% | 0.22% |
| WTD | 0.46% | -0.04% | 0.00% | 2.83% | -1.57% | -0.90% | -4.81% | -2.48% |
| YTD | 11.36% | -11.90% | -17.54% | -21.96% | -12.30% | -26.86% | -30.64% | -29.30% |
| P/E | 9.73x | 5.23x | 6.49x | 6.90x | 9.26x | 8.28x | 9.52x | 11.49x |

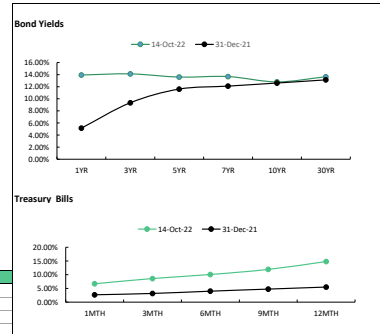
Money Market Rates

| | This Week | Previous |
|---------|-----------|----------|
| OBB | 16.17% | 16.25% |
| OVN | 16.50% | 17.25% |
| Average | 16.34% | 16.75% |

Treasury Bills Yields

| | This Week | Previous |
|---------|-----------|----------|
| 1MTH | 6.69% | 6.53% |
| 3MTH | 8.60% | 7.75% |
| 6MTH | 10.07% | 8.79% |
| 9MTH | 11.92% | 10.34% |
| 12MTH | 14.80% | 12.79% |
| Average | 10.42% | 8.24% |

Fixed Income Monitor



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

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