

What Moved the Markets this Week?

According to the Office of National Statistics, the United Kingdom's inflation rate surged by a 40-year high of 10.10% YoY in September from 9.90% YoY in August 2022. This was driven by the decade-high increase (to 14.80% YoY in September from 13.40% YoY in August 2022) in food prices and the continuous spike in energy prices. With the inflation rate sitting five times above the Bank of England's 2% target, we expect the Bank to hike the rate further at its next meeting in November. Elsewhere, the Statistics of South Africa reported a 7.50% YoY decline in South Africa's inflation rate for September 2022 (representing the second consecutive decline) from 7.60% YoY in August 2022. The deceleration was spurred by slower growth in food and transport prices to 11.30% YoY and 17.40% YoY (vs. 11.90% YoY and 21.20% in August 2022), respectively. On the other hand, core inflation increased to 4.70% (vs. 4.40% YoY in August 2022). In the coming months, we expect South Africa's headline inflation to increase owing to an uptick in energy prices following OPEC's decision to cut output. Furthermore, we envisage a gradual uptick in food prices given that the festive season is fast approaching.

On the domestic front, the National Bureau of Statistics released the Nigerian inflation report for September 2022. The report revealed that the Consumer Price Index (CPI) soared by 20.77% YoY (vs. 20.52% YoY in August 2022) due to the increase in the food and core indices. The uptick in the prices of food items like bread, oil and fat, cereals and tubers was largely responsible for the increase in food inflation as it increased to 23.34% YoY (vs. 23.12% YoY in August 2022). For core inflation, higher prices of items like gas, liquid fuel, solid fuel and transportation costs pushed it higher to 17.60% YoY (vs. 17.20% YoY in August 2022). Also, the Central Bank of Nigeria and the Asset Management Corporation of Nigeria (AMCDN) announced the completion of the sale of a 100% equity stake in Polarix Bank to Strategic Capital Investment Limited. In our view, this move will enable the CBN to recover funds initially ploughed into the Bank through AMCDN following the defunct Skye bank's license revocation.

Bearish mood dominated the local bourse this week, as the All-Share Index declined by 6.57% WoW to close at 44,396.73pts. Consequently, the Year-to-Date return contracted to 3.83% (from 11.36% last week). Across sectors, performance was mixed as NGXBNK(+1.15%) and NGXINDUSTR(+3.22%) recorded week-on-week gains, while NGXCONSMRGDS (-0.88%), NGXINS (-3.72%) and NGXOILGAS (-1.45%) closed negative.

At the bond auction held during the week, a total of NGN107.88bn was raised (vs. NGN225.00bn offered), with rates increasing across the trio instruments: 13.53% FGN MAR 2025 to 14.50% (vs. 13.50% last month), 12.50% FGN APR 2032 to 15.00% (vs. 13.85% last month) and 16.25% FGN APR 2037 to 16.00% (vs. 14.50% last month). On the other hand, in the secondary fixed income market, performance was bearish, as average bond and treasury bills yields increased to 14.15% and 13.05% (vs. 13.74% and 10.85% last week), respectively.

Nigeria | October 21, 2022

Market Performance

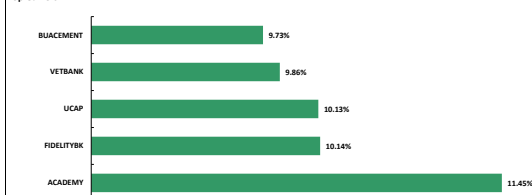
Equities	This Week	Previous Week	%Δ
NGXASI	44,396.73	47,569.04	-6.57%
Volume (bn)	0.92	0.48	92.21%
Value (bn)	16.70	11.92	40.09%
Mkt. Cap. (bn)	24.18	25.79	-6.24%
Market Breadth	1.13x	0.96x	

Sectoral Indices	WTD	MID	YTD
NGXBNK	1.15%	-0.37%	-6.96%
NGXCONSMRGDS	-0.88%	-2.17%	-2.93%
NGXOILGAS	-1.45%	-4.54%	40.64%
NGXINS	-3.72%	-3.20%	-17.62%
NGXINDUSTR	3.22%	6.14%	-6.38%
NGX-ASI	-6.67%	-9.44%	3.93%

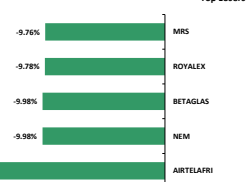
Other Indices	WTD	MID	YTD
NGX-30	-5.68%	-8.34%	-7.03%
NGX-PENSION	0.58%	-1.37%	0.77%

Market Outliers

Top Gainers

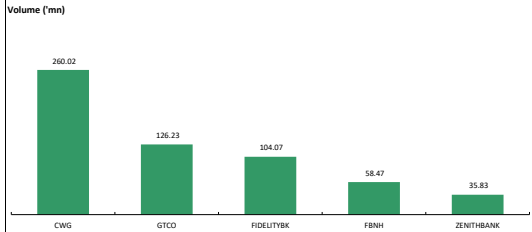


Top Losers

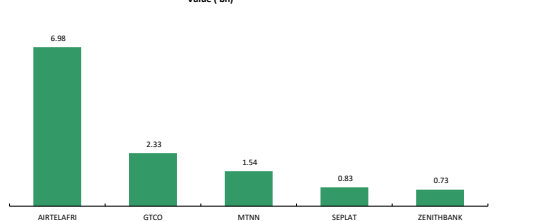


Weekly Trading Activity

Volume (mn)



Value (bn)



	This Week	Previous Week	%Δ
I & E (per USD)	441.38	441.38	0.00%

Money Market Rates

	This Week	Previous
OBB	16.33%	16.17%
OVN	16.50%	16.50%
Average	16.42%	16.34%

Bond Yields

	This Week	Previous Week	%Δ
1YR	14.58%	13.94%	0.64%
3YR	14.22%	14.13%	0.10%
5YR	14.36%	13.60%	0.76%
7YR	14.14%	13.68%	0.46%
10YR	12.90%	12.90%	0.00%
30YR	13.65%	13.65%	0.00%

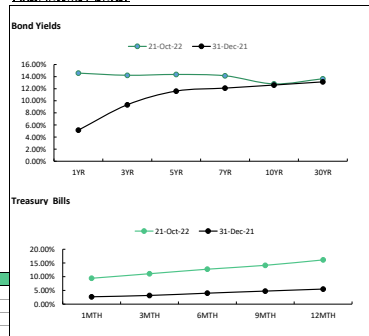
Treasury Bills Yields

	This Week	Previous
1MTH	9.43%	6.69%
3MTH	11.08%	8.60%
6MTH	12.73%	10.07%
9MTH	14.15%	11.92%
12MTH	16.12%	14.90%
Average	12.70%	10.42%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.15%	0.00%	1.15%	-1.16%	0.33%	-0.58%	-0.13%	0.41%
WTD	-6.67%	-3.84%	0.00%	-1.23%	2.71%	0.88%	0.17%	1.66%
YTD	3.93%	-15.29%	-14.02%	-22.92%	-10.44%	-26.23%	-29.81%	-27.30%
P/E	9.06x	5.03x	6.76x	6.82x	9.47x	8.35x	9.62x	11.81x

Fixed Income Monitor



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Bloomberg: MERI <GD>

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ISI Emerging Markets: www.securities.com/eh.html?pc=NG

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