

What Moved the Markets this Week?

According to the inflation report released by the statistical office of the European Union, Eurozone's inflation rate spiked to 10.00% YoY in September 2022 (from 9.10% YoY in August 2022). Similar to the trajectory that played out last month, the increase in energy and food prices was responsible for the uptrend. Going forward, we expect the European Central Bank to hike its key interest rates in its next meeting as it seeks to achieve its 2% target band inflation rate. In Germany, the inflation rate increased for the first time in over twenty years to 10.90% YoY in September 2022 from 8.80% YoY in August 2022, driven mainly by the increase in energy prices. To limit the impact of the rising energy prices on consumers, the German government announced its intention to implement a gas price cap projected to cost about 200bn Euros.

Elsewhere, the Kenyan Monetary Policy Committee (MPC) raised its key interest by 75bps to 8.25% in September 2022, representing the highest rate hike since July 2015. This decision was hinged on the Committee's decision to rein in the surging inflation (Kenya's inflation rate rose to 8.50% in August relative to the target band of 7.50%), impacting its economy.

In Nigeria, the MPC also hiked its benchmark rate (from 14.00% to 15.50%) for the third consecutive time this year in a bid to curb the high and rising inflation rate. The Committee also raised the Cash Reserve Ratio by 500bps from 27.50% to 32.50%, while other parameters were unanimously voted to be held constant. We expect this decision will trigger a further uptick in stop rates at the primary market auctions and elevate yields in the secondary fixed income market. Also, during the week, the World Bank approved USD 750mn State Action on Business Enabling Reforms (SABER) credit to Nigeria to improve the business environment in the country. We expect the proper allocation of these funds to spur job creation and on possibly support the social and economic welfare of the private and public sectors.

The Nigerian equities market recorded a week-on-week loss for the fourth consecutive time in September. The All-Share Index declined by 0.01% WoW to close at 49,024.16pts. Therefore, the Year-to-Date return declined to 14.77% (from 14.77% last week). On a sectoral basis, performance was mixed, as **NGXINDUSTR** (+3.02% WoW) and **NGXOLIGAS** (+0.20% WoW) gained, while others closed negative.

At the Nigerian Treasury Bills' primary market auction this week, a total of NGN 179.31bn was raised (vs. NGN141.34bn offered), with rates on the trio instruments increasing by 0.99%, 1.50%, and 2.25% to 6.49%, 7.50%, and 12.00%, respectively. In the secondary fixed income market, performance was largely bearish as the average T-Bills yield and bond yields increased to 8.24% and 13.29% (vs. 7.29% and 12.88% last week), respectively.

Nigeria | September 30, 2022

Market Performance

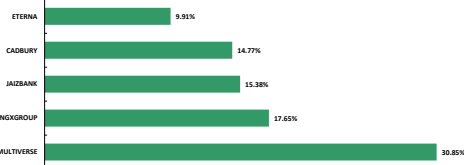
Equities	This Week	Previous Week	% Δ
NGXASI	49,024.16	49,026.62	-0.01%
Volume (Tn)	0.99	0.51	94.86%
Value (Tn)	10.40	9.44	10.15%
Mkt. Cap. (Tn)	26.45	26.44	0.03%
Market Breadth	0.82x	0.39x	

Sectoral Indices	WTD	MID	YTD
NGXBNK	-0.89%	-2.12%	-6.62%
NGXFM&MGDS	-3.37%	-2.64%	-0.78%
NGXOLIGAS	0.20%	-4.89%	47.32%
NGXINS	-3.25%	-6.45%	-14.90%
NGXINDUSTR	3.01%	-0.22%	-11.71%
NGX-ASI	-0.01%	-1.63%	14.77%

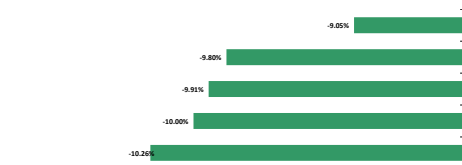
Other Indices	WTD	MID	YTD
NGX-30	0.04%	-1.68%	1.43%
NGX-PENSION	-1.33%	-2.80%	2.17%

Market Outliers

Top Gainers

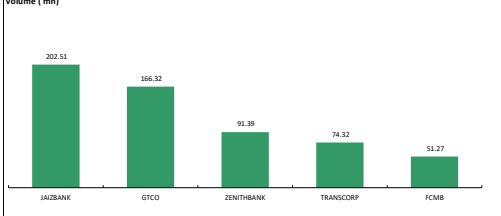


Top Losers

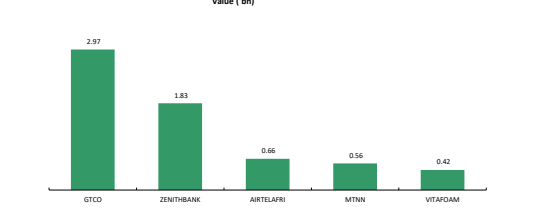


Weekly Trading Activity

Volume (Tn)



Value (Tn)



	This Week	Previous Week	% Δ
U & E (per USD)	437.03	436.33	-0.16%

Money Market Rates

	This Week	Previous
ORB	15.50%	14.83%
OMV	16.00%	15.00%
Average	15.75%	14.92%

Bond Yields

	This Week	Previous Week	% Δ
1YR	6.74%	9.43%	-2.69%
3YR	13.29%	13.30%	-0.01%
5YR	13.07%	13.00%	0.07%
7YR	13.13%	12.75%	0.37%
10YR	14.03%	13.29%	0.74%
30YR	13.65%	13.22%	0.43%

Treasury Bills Yields

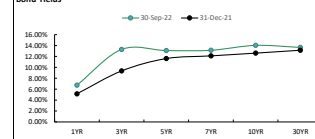
	This Week	Previous
1MTH	6.42%	6.06%
3MTH	7.29%	7.08%
6MTH	8.06%	7.11%
9MTH	8.93%	7.75%
12MTH	10.45%	8.39%
Average	8.24%	7.29%

In Other Markets

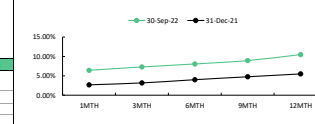
	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.12%	0.00%	1.29%	-0.47%	0.36%	-0.10%	-0.29%	0.06%
WTD	-0.01%	-1.13%	0.00%	-4.78%	0.12%	-3.82%	-3.59%	-1.94%
YTD	14.77%	-11.91%	-17.76%	-22.86%	-13.86%	-26.29%	-29.12%	-29.14%
P/E	10.12x	5.23x	6.66x	6.79x	9.14x	8.54x	9.78x	11.50x

Fixed Income Monitor

Bond Yields



Treasury Bills



Contact Information

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Bloomberg: MERI <GO>

Capital IQ: www.capitaliq.com

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

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