

**What Moved the Markets this Week?**

During the week, the United States Federal Reserve raised the Federal Fund Rate by 50bps to a 15-year high of 4.25% - 4.50%. The Committee reiterated that further increase in the target range will be necessary to achieve a monetary policy stance adequate to bring inflation to the 2.00% target band. We expect the cumulative rate hikes to slow-down output growth in the United States, as indicated by the Purchasing Managers' Index (46.40pts in November vs. 48.20pts in October). Also, the Bank of England raised its base rate for the ninth consecutive time this year by 50bps to a 15-year high of 3.50% (vs. 3.00% at its last meeting). While we envisage a slowdown in the pace of further tightening by the BoE, we project that the last rate hike in 2022 would increase the UK's likelihood of entering into a recession in Q4 2022.

According to Ghana Statistical Service, the country's inflation rate for November 2022 climbed to a 21-year high of 50.30% YoY (vs. 40.40% YoY in October 2022). This was propelled by increase in food (+55.30% YoY vs +43.70% YoY in October) and non-food (+46.50% vs. +37.80% YoY in October) inflation. For the month of December, we expect a slower increase in prices which could moderate inflation rate on a month-on-month basis. However, it is projected that the year-on-year inflation rate would remain elevated.

On the domestic scene, the inflation report released by the National Bureau of Statistics (NBS) for November 2022 reveals that headline inflation accelerated to 21.47% YoY (vs. 21.09% YoY in October 2022). This was majorly driven by spikes in both the food and core indices by 24.13% YoY and 18.24% YoY, respectively. In the same vein, all the indices grew on a month-on-month basis: headline (+1.39% vs. -1.24% in October), food (+1.40% vs. +1.23% in October), core (+1.67% vs. +0.93% in October). We expect festivities driven demand and high transportation cost to keep inflation tilted towards the upside. Hence, we anticipate that the Monetary Policy Committee will maintain its contractionary monetary stance, especially in its January 2023 meeting.

The local bourse ended the week positive, as the All-Share Index increased by 0.89% to close at 49,316.29pts. Hence, the Year-to-Date return grew to 15.45% (vs. 14.43% last week). Across sectors, performance was bullish as all sectoral indices recorded week-on-week gains except **NGKNSMRGDS** (0.20% WoW).

At the bond auction held during the week, the Debt Management Office (DMO) raised NGN264.52bn (vs. NGN255.00bn offered). Rate's declined across the trio instruments - 14.55% FGN APR 2029 to 14.60% (vs. 14.75% at the last auction), 12.50% FGN APR 2037 to 14.75% (vs. 15.20% at the last auction), 16.25% FGN APR 2037 to 15.80% (vs. 16.20% at the last auction). Also at the Treasury Bills Primary Market Auction held during the week, the Federal Government raised NGN3.58bn which equaled the amount offered. Notably, total subscription was 32.84x the total amount allotted signifying robust investors' demand for the instruments. Consequently, stop rates declined across the three instruments - 91-Day instrument to 5.50% (vs. 6.49% at the last auction), 182-Day instrument to 7.30% (vs. 8.00% at the last auction), and the 364-Day instrument to 9.89% (vs. 13.05% at the last auction).

In the secondary fixed income market, performance was bullish, as average T-bills and bond yields declined to 9.04% and 13.47% (vs. 11.25% and 14.09% last week), respectively.

**Nigeria | December 16, 2022**

**Market Performance**

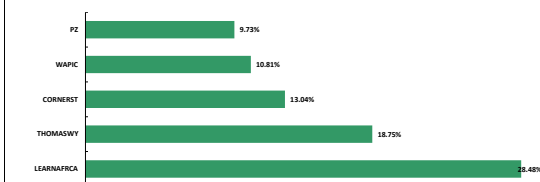
Equities	This Week	Previous Week	% Δ
NGXASI	49,316.29	48,881.93	0.89%
Volume (bn)	0.80	0.76	6.15%
Value (bn)	12.20	13.63	-10.48%
Mkt. Cap. (bn)	26.86	26.62	0.89%
Market Breadth	1.25x	1.33x	

Sectoral Indices	WTD	MTD	YTD
NGKBNK	2.87%	4.52%	2.11%
NGKNSMRGDS	-0.20%	2.63%	-5.61%
NGXNFI&AS	0.36%	1.00%	29.73%
NGXINS	0.47%	1.91%	-15.36%
NGXINDUSTR	3.44%	12.25%	19.46%
NGX-ASI	0.89%	3.48%	15.45%

Other Indices	WTD	MTD	YTD
NGX-30	1.86%	2.95%	2.68%
NGX-PENSION	-0.39%	1.29%	5.68%

**Market Outliers**

**Top Gainers**

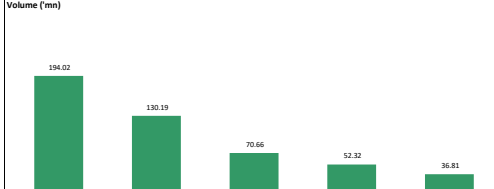


**Top Losers**



**Weekly Trading Activity**

**Volume (mn)**



**Value (bn)**



	This Week	Previous Week	% Δ
I & E (per USD)	451.50	446.50	-1.11%

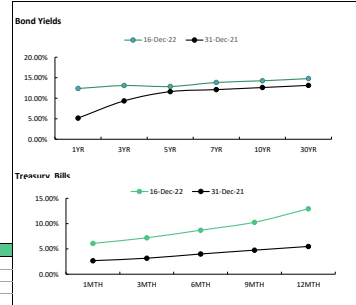
Bond Yields	This Week	Previous Week	% Δ
1YR	12.37%	11.71%	0.66%
3YR	13.05%	13.84%	-0.75%
5YR	12.86%	13.74%	-0.88%
7YR	13.84%	14.43%	-0.59%
10YR	14.25%	14.95%	-0.70%
30YR	14.75%	14.75%	0.00%

In Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.17%	0.01%	-1.54%	0.33%	-1.76%	-0.81%	-1.38%	-2.58%
WTD	0.89%	-0.28%	0.00%	1.61%	-2.09%	-1.28%	-1.85%	-0.88%
YTD	15.45%	-12.15%	26.72%	-22.81%	-0.98%	-19.55%	-22.06%	-16.03%
P/E	10.06x	4.84x	9.24x	6.71x	9.56x	9.39x	10.75x	13.69x

Money Market Rates	This Week	Previous
ORB	9.63%	13.63%
OVN	10.50%	14.13%
Average	10.07%	13.88%

Treasury Bills Yields	This Week	Previous
1MTM	6.09%	8.63%
3MTM	7.20%	8.90%
6MTM	8.70%	10.82%
9MTM	10.27%	12.86%
12MTM	12.93%	15.07%
Average	9.04%	11.25%

**Fixed Income Monitor**



**Contact Information**

**Investment Research**

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

Bloomberg: MER-GD-

Capital IQ: [www.capitaliq.com](http://www.capitaliq.com)

ISI Emerging Markets: [www.securities.com/ch.html?pc:NG](http://www.securities.com/ch.html?pc:NG)

Reuters: [www.thomsonreuters.com](http://www.thomsonreuters.com)

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