

What Moved the Markets this Week?

On the global scene, the Bank of Japan (BOJ) announced the result of its November inflation survey. According to the report, Japan's inflation rate rose to 3.80% YoY in November (vs 3.70% YoY in October). This represents the highest inflation rate recorded since 1981. Also, the core CPI increased by 3.70% YoY during the same month (compared to 3.60% YoY in the previous month). The higher food prices were the primary driver of the higher inflation rate. In our view, despite recently adjusting its yield control policy, the rising inflationary pressures may induce the BOJ to reduce its stimulus programme. Additionally, the World Bank cut China's growth projections for 2022 and 2023 to 2.70% and 4.30% (from 2.80% and 4.50%), respectively. The multilateral lender revised its forecast for the growth of the world's second largest economy after considering the ongoing COVID-19 crisis, the expected trajectory of policies, and the lingering stress in the real sector.

During the week, the International Monetary Fund (IMF) announced that its executive board has authorized the immediate release of USD203mn to the Democratic Republic of Congo (DRC). According to the IMF, the fund aims to assist the nation in improving its external reserves and macroeconomic environment. Due to increased mining output throughout the year, the DRC's economy has remained resilient despite the global economic downturn (the growth rate for 2022 is predicted to be 6.60%). As a result, we anticipate that the financial assistance will support the country's macroeconomic climate and reduce its budget deficit.

On the domestic scene, the Central Bank of Nigeria revised the previously announced cash withdrawal caps. Specifically, the cap was adjusted the maximum weekly cash withdrawal limit for individuals and corporate bodies through all channels from NGN100,000 and NGN500,000 to NGN500,000 and NGN5,000m, respectively. Moreover, the processing fee for cash withdrawals made by individuals and business organizations exceeding the established restrictions was reduced to 3% and 5% (from 5% and 10%), respectively. The amended policy is expected to lessen the friction that may be involved in the shift to a more cashless economy. Furthermore, the Securities and Exchange Commission (SEC) approved the guidelines for listing Nigerian technology-focused businesses on the Technology Board of the Nigeria Exchange Limited. This move is anticipated to boost awareness and encourage investments in these companies.

This week, the Nigerian equities market closed in the green zone, as the All-Share Index increased by 0.79% to close at 49,706.09pts. Hence, the Year-to-Date return rose to 16.43% (vs 15.45% last week). The positive sentiment was also evident across sectors as all sectoral indices recorded week-on-week gains.

In the secondary fixed income market, performance was bullish, as average T-bills and bond yields declined to 8.12% and 13.07% (vs 9.04% and 13.47% last week), respectively.

Nigeria | December 23, 2022

Market Performance

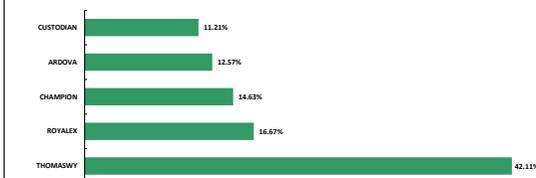
Equities	This Week	Previous Week	% Δ
NGXASI	49,706.09	49,316.29	0.79%
Volume (bn)	0.85	0.80	6.36%
Value (bn)	16.14	12.20	32.23%
Mkt. Cap. (bn)	26.86	26.86	0.00%
Market Breadth	2.44x	1.25x	

Sectoral Indices	WTD	MTD	YTD
NGXBNK	1.97%	6.58%	4.12%
NGXCNSMRGDS	0.98%	3.63%	-4.69%
NGXTHICAS	0.91%	1.92%	30.92%
NGXINS	0.32%	2.24%	-15.09%
NGXINDUSTR	0.04%	12.29%	19.50%
NGX-ASI	0.79%	4.29%	16.36%

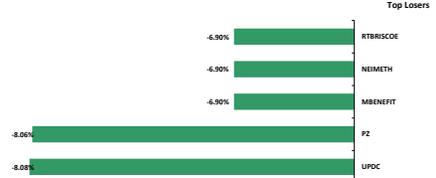
Other Indices	WTD	MTD	YTD
NGX-30	0.62%	4.59%	4.32%
NGX-PENSION	2.80%	5.08%	9.64%

Market Outliers

Top Gainers

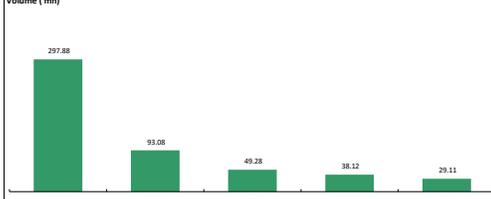


Top Losers

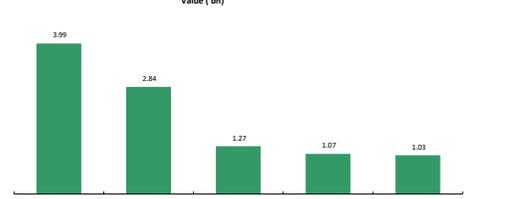


Weekly Trading Activity

Volume (mn)



Value (bn)



	This Week	Previous Week	% Δ
I & E (per USD)	456.50	451.50	-1.10%

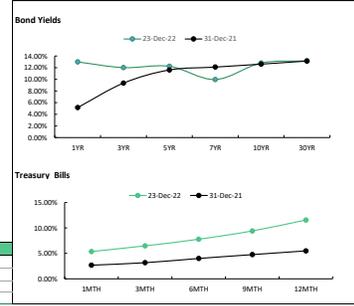
Bond Yields	This Week	Previous Week	% Δ
1YR	12.98%	13.87%	-0.61%
3YR	12.01%	13.09%	-1.08%
5YR	12.24%	12.86%	-0.62%
7YR	9.96%	13.84%	-3.87%
10YR	12.80%	14.25%	-1.45%
30YR	13.17%	14.79%	-1.62%

In Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.42%	0.00%	-0.41%	-0.05%	0.37%	-0.18%	1.16%	-0.57%
WTD	0.79%	-0.20%	0.00%	-0.31%	0.69%	-0.30%	0.71%	0.51%
YTD	16.36%	-12.47%	21.20%	-23.05%	-0.29%	-20.40%	-21.75%	-16.68%
P/E	10.13x	4.84x	8.84x	6.69x	9.61x	9.29x	10.79x	13.59x

Money Market Rates	This Week	Previous
OBBS	12.00%	9.63%
OVN	12.75%	10.50%
Average	12.38%	10.07%

Treasury Bills Yields	This Week	Previous
1MTH	5.36%	6.09%
3MTH	6.48%	7.20%
6MTH	7.78%	8.70%
9MTH	9.41%	10.27%
12MTH	11.56%	12.83%
Average	8.12%	9.04%

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: MER:GD

Capital IQ: www.capitaliq.com

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

Reuters: www.thomsonreuters.com

FactSet: www.factset.com

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