

What Moved the Markets this Week?

During the week, the US Bureau of Labor Statistics reported that the country's inflation rate moderated to 6.40% YoY in January (vs 6.50% YoY in December 2022). However, on a month-on-month basis, energy and shelter costs drove the consumer price index (CPI) up by 0.50% in January (the highest since October 2022). Though the data reveals the continuation of the disinflation trend, it also suggests a slower deceleration than expected. In the United Kingdom, the inflation rate for January (10.50% YoY) declined for the third consecutive month, with the core CPI moderating by 50bps to 5.30% due to the significant dip in services inflation. The data provides some comfort to the Bank of England on the efficiency of its monetary policies; nonetheless, more efforts are required to combat the high inflation.

As an update on Ghana's Domestic Debt Exchange Programme, the Ministry of Finance announced that over 80% of the bondholders accepted the proposal. This is a crucial and positive development as the Government seeks to secure the USD3bn credit facility from the International Monetary Fund. Another comforting news for the West African country during the week was the first disinflation recorded since May 2021. The country's inflation rate declined to 53.60% in January (from 54.10% in December 2022) due to low or non-food prices. Therefore, we expect the monetary authority to maintain its aggressive stance to restore macroeconomic stability.

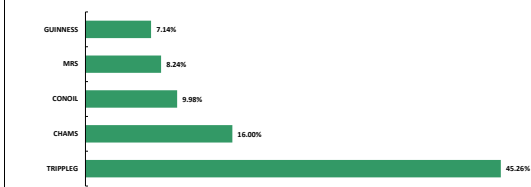
In Nigeria, the headline inflation for January increased to 21.82% YoY (vs 21.34% the previous month), driven by an uptick in both the core and food indices. In our opinion, the consolidated effect of the cash crunch, fuel scarcity, and further depreciation of the Naira triggered the reversal of the one-time disinflation experience in December. This increase further calls for a reassessment of the efficacy of the monetary authority's approach to combat rising inflation. Nevertheless, we anticipate further monetary tightening. Furthermore, the Nigerian Midstream and Downstream Regulatory Authority disclosed its plan to collaborate with other agencies, including the Central Bank of Nigeria, to establish a dependable data system that will help decide the best procedure for the transportation and bulk storage of crude oil and natural gas in Nigeria. It is expected that this should positively impact the monitoring of export returns and royalties paid by exporters, thus improving the remittances' transparency and accountability.

In line with our expectation, the local bourse recorded its first week-on-week loss in February as the All-Share Index shed 0.96% to close at 54,804.46pts. Hence, the Year-to-Date return declined to 4.98% (vs 6.00% last week). However, performance was positive on a sectoral basis, as only **NGXBNK** (-1.34% WoW) closed negative.

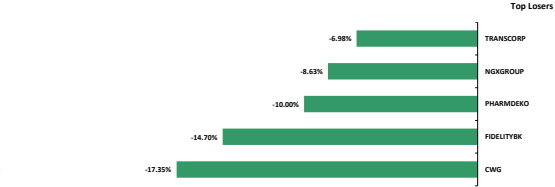
At the Bond Primary Market Auction held on Monday, a total of NGN770.56bn was allotted (vs NGN993.10bn). Also, the total subscription was 2.76x the amount offered, indicating increased investors' appetite. Subsequently, the average marginal rate increased by 5bps to 15.20%. On the other hand, the secondary fixed-income market performance was mixed. While the average T-bills yield declined to 1.71% (vs 1.78% last week), the average bond yield rose to 13.26% (vs 13.08% last week).

Market Outlines

Top Gainers

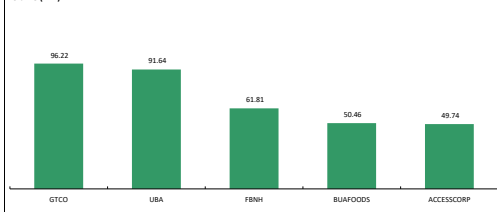


Top Losers

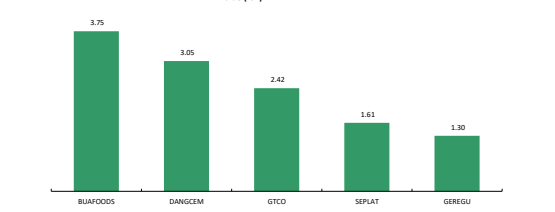


Weekly Trading Activity

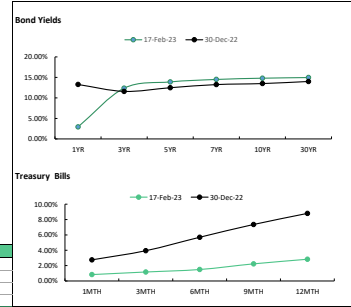
Volume (mn)



Value (bn)



Fixed Income Monitor



	This Week	Previous Week	%
I & E (per USD)	461.25	461.50	0.05%

Money Market Rates		
	This Week	Previous
ORB	17.13%	10.75%
OVN	17.81%	11.13%
Average	17.47%	10.94%

Bond Yields			
	This Week	Previous Week	%
1YR	2.92%	2.66%	0.26%
3YR	12.37%	12.37%	0.00%
5YR	13.90%	13.72%	0.18%
7YR	14.50%	14.70%	-0.20%
10YR	14.81%	14.73%	0.08%
30YR	14.97%	14.97%	0.00%

Treasury Bills Yields		
	This Week	Previous
1MTH	0.83%	1.06%
3MTH	1.17%	1.47%
6MTH	1.49%	1.90%
9MTH	2.23%	2.12%
12MTH	2.83%	2.37%
Average	2.71%	1.78%

In Other Markets								
	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-1.32%	0.18%	-0.19%	0.28%	-1.09%	0.18%	0.62%	0.33%
WTD	-0.96%	1.01%	0.00%	-0.18%	0.46%	-1.00%	-0.15%	0.52%
YTD	4.98%	-1.21%	19.80%	0.43%	8.63%	4.02%	5.73%	7.83%
P/E	10.17x	3.92x	10.45x	6.73x	10.79x	10.79x	12.49x	14.86x

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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/eh.html?pc=NG

Reuters: www.thomsonreuters.com

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