

What Moved the Markets this Week?

On this week's global highlights, Eurostat reported that Eurozone's January 2023 inflation rate declined to 8.60% YoY (vs 9.20% YoY in December 2022). The slowdown in energy costs (18.90% YoY vs. 25.30% YoY in December 2022) drove this decline, which is the third in a row since October 2022. While services prices stayed unchanged at 4.40% YoY, other major components like non-energy industrial goods (6.70% YoY, vs 6.4% YoY in December 2022) and food, beverage, and tobacco (14.10% YoY, vs 13.80% YoY in December 2022) saw an increase. We expect that the monetary authority would still maintain its hawkish stance in its subsequent meeting although at a less aggressive rate to combat inflation. Furthermore, Germany which contributes significantly to Eurozone's GDP, experienced negative growth (0.30%) in Q4 2022 (vs 0.50% and 0.00% in Q3 2022 and Q4 2021, respectively). This decrease can be partly ascribed to a decline in consumer spending, which fell by 1.00% due to rising inflation and the energy crisis translated to reduced consumers' real purchasing power. We anticipate that this will adversely impact the Q4 2022 GDP for Eurozone. In January 2023, Japan's inflation rate rose to 4.30% YoY, the highest in 41 years (vs 4.00% YoY in December 2022). All components, including costs for food, housing, fuel, light, water, transportation and communication, were responsible for the increase. The Bank of Japan has maintained its dovish stance despite inflation trending above the 2% target. This has resulted to a dip in the value of yen relative to other major currencies and raises concerns on the economy's productivity.

According to the National Bureau of Statistics, Nigeria's GDP increased by 3.10% YoY in 2022FY (vs. 2.40% YoY in 2021FY). The non-oil sector, which continues to be a primary driver of economic growth in Nigeria, grew by 4.84% YoY, due to increases in the major contributors such as trade (16.00%), ICT (16.51%), and agriculture (25.58%). In contrast, the oil sector shrank by 19.22% YoY (compared to -8.30% YoY in 2021FY) due to lower production volumes (1.37mbpd in 2022 vs 1.51mbpd in 2021) as oil price rose by c.+40% YoY. On the corporate scene, GEREGU declared that 5% of its shares had been acquired by the Fund for Export and Development in Africa (FEDEA), a division of the Africa Export and Import Bank (Afreximbank). This suggests that 5% of the shares of Geragu Power Plc are now owned by FEDEA. In our opinion, this would result in increased cashflow for the company and may be used to offset some of its recently acquired debt thereby reducing pressure on bottom line performance. In furtherance of the adoption of cashless policy, the Central Bank of Nigeria announced the launch of a USSD channel for eNaira on a platform named Bullnet. This is expected to promote the use of cashless transactions and increase financial inclusion in the nation.

The Nigerian equities market reversed from its first week-on-week loss to close in the green zone, as the All-Share Index gained 2.13% to close at 54,949.21pts. Thus, the Year-to-Date return rose to 7.22% (vs 4.98% the previous week). Consequently, performance across all sectors was positive as all sectoral indices recorded week on week gains.

The Central Bank of Nigeria (CBN) offered NGN263.50bn during the Treasury Bills Auction conducted on Wednesday. Due to the decreased interbank liquidity, subscription to offer was 1.1x (vs 4.87x in the last auction) which resulted in an uptick in stop rates for all instruments. Stop rates for the 91-Day, 182-Day, and 364-Day instruments increased to 3.00%, 3.24%, and 3.90%, respectively, from 0.10%, 0.30%, and 2.24% at the previous auction. In the secondary fixed income market, performance was mixed, as average bond yield declined to 13.14% (vs. 13.26% last week), while the average T-Bills yield increased to 3.68% (vs. 1.71% last week).

Nigeria | February 24th, 2023

Market Performance

Equities	This Week	Previous Week	%Δ
NGXASI	54,949.21	53,804.46	2.13%
Volume (bn)	0.64	0.74	-13.49%
Value (bn)	16.79	20.57	-18.39%
Mkt. Cap. (bn)	29.93	29.31	2.13%
Market Breadth	1.70x	1.13x	

Sectoral Indices	WTD	MID	YTD
NGXBNK	2.21%	1.78%	9.43%
NGXCONSRVCS	6.30%	5.81%	11.78%
NGXOILGAS	2.73%	13.87%	20.04%
NGXINS	0.00%	-3.57%	1.60%
NGXINDUSTR	0.34%	1.07%	3.23%
NGX-ASI	2.13%	3.21%	7.22%

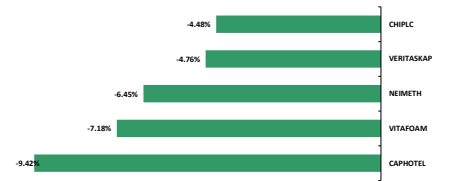
Other Indices	WTD	MID	YTD
NGX-30	1.92%	2.96%	6.87%
NGX-PENSION	1.31%	2.58%	7.51%

Market Outliers

Top Gainers

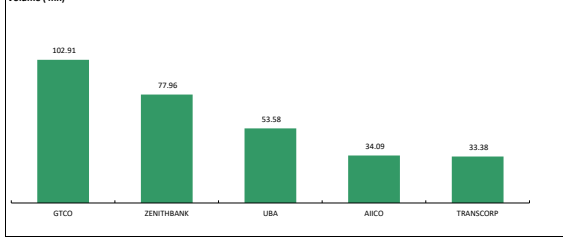


Top Losers

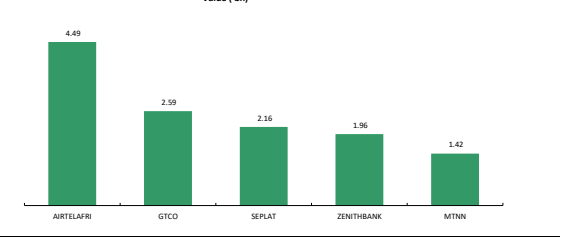


Weekly Trading Activity

Volume (mn)



Value (bn)



	This Week	Previous Week	%Δ
I & E (per USD)	461.17	461.25	0.02%

Money Market Rates

	This Week	Previous
OBB	10.50%	17.13%
OVN	10.81%	17.81%
Average	10.66%	17.47%

Bond Yields	This Week	Previous Week	%Δ
1YR	2.38%	2.92%	-0.54%
2YR	12.37%	12.37%	0.00%
5YR	13.90%	13.90%	-0.00%
7YR	14.13%	14.50%	-0.37%
10YR	14.41%	14.81%	-0.40%
30YR	14.97%	14.97%	0.00%

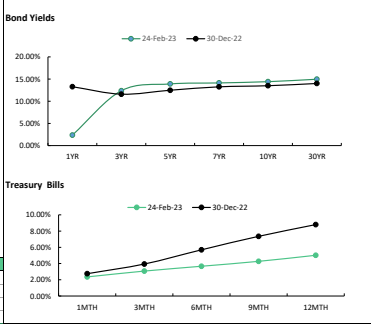
Treasury Bills Yields

	This Week	Previous
1MTH	2.35%	0.83%
3MTH	3.07%	1.17%
6MTH	3.67%	1.49%
9MTH	4.27%	2.23%
12MTH	5.02%	2.83%
Average	3.68%	1.71%

ix. Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.55%	-0.13%	1.35%	-0.09%	-2.76%	-0.07%	0.58%	-0.37%
WTD	2.13%	0.45%	0.00%	-1.21%	-3.08%	-1.21%	-1.17%	-1.23%
YTD	7.22%	-0.76%	16.48%	-0.78%	5.18%	2.33%	3.28%	6.05%
P/E	10.22x	3.95x	10.18x	6.70x	10.56x	10.63x	12.31x	13.72x

Fixed Income Monitor



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