

What Moved the Markets this Week?

On the global scene, another unpleasant financial institution crisis unfolded. The shares and bonds of Credit Suisse (the second-largest bank in Switzerland) plummeted as concerns about a potential worldwide banking catastrophe grew. Investors' confidence decreased due to the company's history of corporate scandals, poor investment choices, and losses. Additionally, the company's financial hardship was exacerbated by Swiss National Bank's (a major shareholder) decision to pause any additional investment into the company due to regulatory concerns, which led to a more significant sell-off of its financial instruments. However, Swiss National Bank has given the bank a buffer (USD\$3.70 billion), which increased investors' confidence and led to a rise in the share price (+19.15% on Thursday). However, we believe that the buffer is a temporary fix and a more significant intervention is required to restore stability. In the Eurozone, inflation moderated to 8.50% YoY in February 2023 (vs 8.60% YoY in January 2023). This was mostly driven by lower energy prices. Nonetheless, the European Central Bank (ECB) raised its key interest rates by 50 basis points in line with the Governing Council's plans to ensure prompt actualization of its 2.00% medium-term inflation target as inflation remains elevated. In the United States, inflation maintained its southward trend as it moderated to 6.00% YoY for February 2023 (vs 6.40% YoY for January 2023), which is the slightest YoY change since September 2021. The major contributors were sharp decline in the energy index and fuel oil to 5.20% and 9.20% from 8.70% and 27.70% in January 2023, respectively. Therefore, we posit that the Fed would consider this to deliver a lower rate hike (likely 25bps) at its next week meeting.

In Ghana, the Government announced the elimination of fuel subsidies in the nation through the National Petroleum Authority (NPA). This development comes as one of its regulatory initiatives to promote stability in the downstream industry. Recall that the Russian-Ukrainian war's impact on the global oil and gas markets, the country's rising demand against its constrained supply, and other factors had a significant role in its current economic issues. To improve the efficacy of the policy, a special fund has been established by the Ghanaian government through the NPA to help refineries increase their output.

In the domestic scene, the National Bureau of Statistics announced that inflation rose to 21.91% YoY in February 2023 (vs 21.82% YoY in January 2023) due to a significant surge in food prices partly enabled by the cash crunch. On the other hand, core inflation slightly moderated to 18.84% YoY in February 2023 (vs 19.16% YoY in January 2023), which can be attributed to the decline in international gas prices (-38.76% YoY) and the relative stability of the exchange rate on the I & E window (average of NGN461.54/USD in February 2023 vs NGN461.55/USD in January 2023). In our opinion, this continued rise in the inflation rate could prompt the Monetary Policy Committee to further hike the Monetary Policy Rate, albeit at a slower pace.

The Nigerian equities market closed negative as the All-Share Index declined by 1.54% WoW to close at 54,935.20pts. Hence, the Year-to-Date return declined to 7.19% (vs 8.87% last week). Across sectors, performance was negative as only NGXCNSMRGDS recorded week-on-week gains while NGXINDUSTR (-0.27% WoW), NGXINS (-2.45% WoW), NGXBNK (-4.59% WoW) recorded losses and NGXOLGAS closed flat.

At the last T-bills auction, the total subscription (NGN1032.11bn) was about six times the total amount offered (NGN161.87bn), driven by robust market liquidity. Consequently, the stop rates on the 182-Day and 364-Day instruments declined to 5.00% and 9.49% (vs 6.00% and 10.00% in the last auction), respectively. However, the 91-Day instrument rose by 11bps to 2.55% in the secondary fixed income market, performance was bearish as the average bond and T-bills yields rose to 13.27% and 6.74% (vs 13.07% and 4.55% last week).

Nigeria | March 17th, 2023

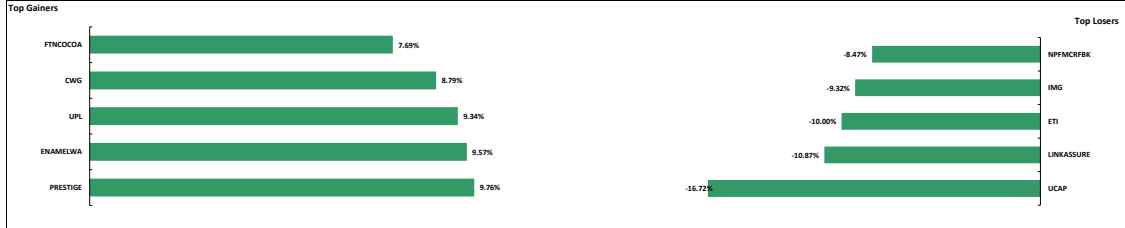
Market Performance

Equities	This Week	Previous Week	% Δ
NGXASI	54,935.20	55,794.51	-1.54%
Volume ('bn)	0.80	1.02	-21.71%
Value ('bn)	11.84	20.22	-41.44%
Mkt. Cap. ('bn)	29.93	30.39	-1.54%
Market Breadth	0.45x	0.64x	

	WTD	MTD	YTD
NGXBNK	-4.59%	-7.25%	3.69%
NGXCNSMRGDS	1.39%	4.44%	19.42%
NGXOLGAS	0.00%	-7.79%	12.73%
NGXINS	-2.45%	-2.18%	0.73%
NGXINDUSTR	-0.27%	1.36%	6.19%
NGX-ASI	-1.54%	-1.56%	7.19%

Other Indices	WTD	MTD	YTD
NGX-30	-1.52%	-1.79%	6.46%
NGX-PENSION	-2.73%	-4.35%	4.87%

Market Outliers



Weekly Trading Activity



	This Week	Previous Week	% Δ
I & E (per USD)	461.83	461.50	-0.07%

Bond Yields	This Week	Previous Week	% Δ
1YR	8.85%	7.81%	1.04%
3YR	12.10%	12.10%	0.00%
5YR	13.59%	13.67%	-0.08%
7YR	14.06%	14.23%	-0.18%
10YR	14.35%	14.56%	-0.21%
30YR	15.01%	15.08%	-0.08%

vs. Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.04%	-0.14%	-0.14%	-3.18%	-0.11%	-0.50%	-0.58%	0.90%
WTD	-1.54%	9.40%	0.00%	-12.28%	-4.75%	-2.99%	-1.46%	-3.12%
YTD	7.19%	11.00%	0.72%	-18.88%	-0.31%	-1.67%	-1.57%	2.27%
P/E	10.45x	3.96x	7.97x	5.65x	9.87x	9.99x	12.35x	13.80x

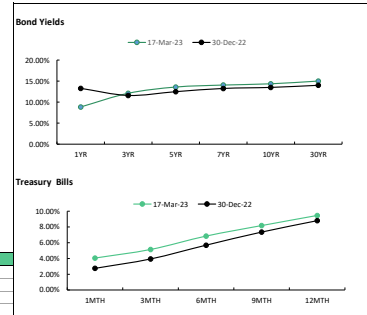
Money Market Rates

	This Week	Previous
OBB	13.25%	10.50%
OVN	13.80%	10.81%
Average	13.53%	10.66%

Treasury Bills Yields

	This Week	Previous
1MTH	4.05%	3.22%
3MTH	5.14%	3.85%
6MTH	6.85%	4.52%
9MTH	8.18%	5.19%
12MTH	9.46%	5.97%
Average	6.74%	4.55%

Fixed Income Monitor



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