

**What Moved the Markets this Week?**

As an update on the financial crisis that recently rocked Credit Suisse bank, Switzerland's largest bank (Union Bank of Switzerland) agreed to buy the bank for USD3.20bn. However, the primary losers were the bank's riskiest bondholders - the additional tier 1 (AT1) - who are faced with a total wipe-out of USD27bn. Thus, this is likely to negatively impact the European bond market, which could spill over to other bond markets. Despite the ongoing turmoil in the US banking sector, the Federal Reserve continued its battle to combat the high inflation rate by raising the Fed Funds rate by 25bps. In the last twelve months, the Fed has hiked the rate by 475bps - signalling deliberate efforts to rein in inflation. Also, the Fed hinted at optimism in the country's banking system - with no expectation of a significant deal to the economy. Nonetheless, dovish policy guidance was implied to reduce the effect on the economy. On the same side, the Bank of England (BoE) raised interest rates by 25bps to 4.25% - its eleventh consecutive rate increase since December 2021. The BoE considers concerns about price stability (especially as its inflation rate surprisingly increased to 10.40% in February). Furthermore, the International Monetary Fund has warned about a potential economic stagnation in South Africa due to ongoing electricity crises. The country has been experiencing regular power cuts, which have had an adverse effect on the economy. Hence, it is estimated that the persistent power cut could result in a productivity loss of more than USD50m daily.

In the domestic scene, the Monetary Policy Committee (MPC) raised the Monetary Policy Rate (MPR) by 50bps, bringing it to 18.00% from 17.50% while holding other parameters constant. The Committee reiterated its intention to employ key policies to restore price stability. Also, the CBN governor spoke confidently about the stability in the banking sector amid the global banking crisis and fears of a likely contagion. In addition, the Nigerian president signed 16 constitutional amendment bills into law, which was famously celebrated as a foundation for fiscal autonomy and restructuring. One of these bills allows the states to generate, transmit and distribute electricity in areas covered by the national grid. Therefore, we posit that this promises to aid the States' revenue generation capacity. On the corporate scene, Access Holdings Plc, through one of its subsidiaries, Access Bank Zambia Limited, has received final authorization for the merger of African Banking Corporation Zambia Limited. Thus, we expect that once the operations are fully integrated (expected in Q3-2023), the transaction would create one of the top 5 banks in Zambia, leading to significant synergies.

The Nigerian equities market closed negative as the All-Share Index declined by 0.08% WoW to close at 54,892.53pts. Hence, the Year-to-Date return declined to 7.11% (vs 7.19% last week). Across sectors, performance was negative as only NGXBNK recorded week-on-week gains while NGXINDUSTR (-0.49% WoW), NGXINS (-0.53% WoW), NGXNSMRGDS (-1.01% WoW) recorded losses and NGXOLGAS closed flat.

At the last Bond auction, the total subscription (NGN808.61bn) was about 2.2 times higher than the total amount offered (NGN360.00bn), driven by robust market liquidity. Consequently, the stop rates on Apr-2032, Apr-2037 and Apr-2049 instruments declined by 150bps, 70bps, and 250bps to 14.75%, 15.20% and 15.75%, respectively while that of Feb-2028 increased marginally by 10bps to 14.00%. In the secondary fixed income market, performance was mixed as the average bond yield increased to 13.19% (vs 13.07% last week) while T-bills yields declined to 6.51% (vs 6.74% last week).

**Nigeria | March 24th, 2023**

**Market Performance**

Equities	This Week	Previous Week	% Δ
NGXASI	54,892.53	54,935.20	-0.08%
Volume (bn)	1.67	1.70	-1.34%
Value (bn)	11.06	8.75	26.37%
Mkt. Cap. (bn)	29.90	29.93	-0.08%
Market Breadth	0.91x	0.45x	

	WTD	MID	YTD
NGXBNK	0.93%	-6.39%	4.66%
NGXNSMRGDS	-1.01%	3.38%	18.21%
NGXOLGAS	0.00%	-7.79%	12.73%
NGXINS	-0.53%	-2.70%	0.19%
NGXINDUSTR	-0.49%	0.86%	5.66%
NGX-ASI	-0.08%	-1.64%	7.11%

**Other Indices**

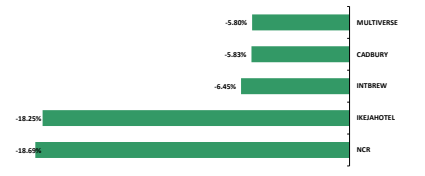
	WTD	MID	YTD
NGX-30	-1.52%	-1.79%	6.46%
NGX-PENSION	-2.73%	-4.35%	4.87%

**Market Outliers**

**Top Gainers**

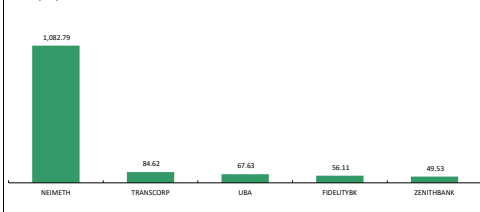


**Top Losers**

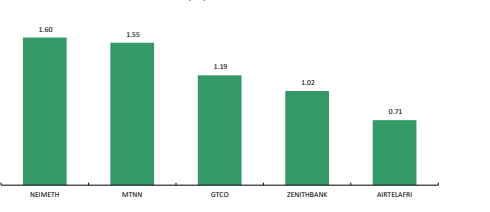


**Weekly Trading Activity**

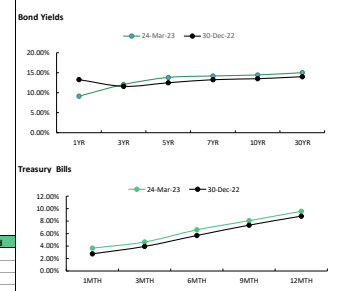
**Volume (mn)**



**Value (bn)**



**Fixed Income Monitor**



	This Week	Previous Week	% Δ
I & E (per USD)	461.33	461.50	0.04%

Bond Yields	This Week	Previous Week	% Δ
1YR	9.12%	8.85%	0.28%
3YR	12.04%	12.10%	-0.06%
5YR	13.81%	13.59%	0.23%
7YR	14.19%	14.06%	0.13%
10YR	14.44%	14.35%	0.09%
30YR	15.01%	15.01%	0.00%

**Money Market Rates**

	This Week	Previous
OBBL	18.25%	10.50%
OVN	18.88%	10.81%
Average	18.57%	10.66%

**Treasury Bills Yields**

	This Week	Previous
1MTH	3.67%	4.05%
3MTH	4.65%	5.14%
6MTH	6.60%	6.85%
9MTH	8.07%	8.18%
12MTH	9.58%	9.46%
Average	6.51%	6.74%

**In Other Markets**

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.06%	0.00%	2.44%	0.02%	-1.18%	0.39%	1.69%	0.69%
WTD	-0.08%	3.32%	0.00%	7.27%	2.99%	1.64%	2.76%	3.29%
YTD	7.11%	14.69%	7.03%	-12.98%	2.26%	0.26%	2.24%	5.56%
YTD	10.83x	4.10x	8.42x	5.73x	9.93x	10.71x	12.45x	14.19x

**Contact Information**

**Investment Research**

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Bloomberg: MERI <GO>

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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