

What Moved the Markets this Week?

The inflation reports that surfaced this week reinforce our submission that the trend of disinflation is present in advanced economies. Specifically, the Eurostat reported the Eurozone's inflation for March 2023 to be 6.90% YoY (vs 8.50% YoY in February 2023), marking the fifth consecutive month of disinflation, largely attributable to the dip in energy prices. However, inflation is steady over the European Central Bank's (ECB) target rate of 2.00%. Hence, we anticipate that the ECB would maintain its hiking cycle. In a similar vein, the Office of National Statistics stated that UK inflation eased to 10.10% in March 2023 (from 10.40% in February 2023). The slowdown in the costs of travel, housing and domestic services, furniture and household items, and clothing and footwear led to downward pressure on inflation. We believe that to combat the rising inflation, the Bank of England will raise its bank rate further at its forthcoming meeting in May. Furthermore, as the Chinese economy shook off the COVID-19 restrictions, the economy recorded stellar growth of 4.50% YoY in Q1-2023. Retail sales (+10.60% YoY) and industrial production (+3.90% YoY) were the key contributors to this expansion. We believe that the government will continue to take a pro-growth position to encourage economic recovery.

Amidst the inflationary challenges facing the Ghanaian economy coupled with high-interest rates, the country's statistical service reported that its GDP for Q4-2022 and 2022 rose by 3.70% YoY and 3.10% YoY, respectively. The major drivers were the information and communications sector (+20.50% YoY), mining and quarrying sector (+8.40% YoY), financial and insurance sector (+8.60% YoY) and the agriculture sector (+4.60% YoY). For 2023, we expect growth to be sustained (albeit at a slower pace) in the economy on the back of improving macroeconomic conditions and possible inflows from the International Monetary Fund (IMF). In addition, South Africa's inflation rate edged higher at 7.10% YoY (vs 7.00% the previous year) driven majorly by increases in the prices of food & non-alcoholic beverages, and transportation. Additionally, the recent electricity problem that has plagued the economy is a contributing factor to the rising prices. As a result, we anticipate further rate increases from the monetary authority to combat the surging inflationary pressures.

As released in the inflation report by the National Bureau of Statistics, headline inflation rose to 22.04% YoY for March 2023 from 21.91% YoY in February 2023. In addition, both the food and core indices grew by 24.45% YoY and 19.86% YoY, respectively in March 2023. To curtail the persistent rise in the inflation rate, we expect the Monetary Policy Committee to raise interest rates further in its May meeting. Also, in the Macro Poverty outlook for Nigeria, the World Bank highlighted the deteriorating macroeconomic conditions such as declining production volume, high-priced oil subsidies, exchange rate fluctuations, declining external reserves as well as the surging inflation rate. The World Bank also highlighted that the country's debt service to revenue spiked to 96.30% when compared to 83.20% in 2021. To improve the macroeconomic conditions, an increase in oil and non-oil revenue, monetary policy tightening to curb inflation as well as a unification of multiple foreign exchange windows were recommended as possible measures.

The bond market sustained its bearish sentiment as the AllShare Index shed 1.04% WoW to close at 51,355.74 pts. Consequently, the Year-to-Date return declined to 0.20% (vs 1.27% last week). The mood varied among sectors, with gains for NGXNSMRGDS (+0.17% WoW) and NGXINS (+1.14% WoW) offset by losses for NGXOLGAS (-1.43% WoW), NGXBNK (-2.54% WoW), and NGXINDUSTR (-0.17% WoW).

At the last bond auction, two new instruments were introduced and rates across the instrument include: FGN FEB 2028 (14.00%), FGN APR 2032 (14.80%), FGN JAN 2042 (15.40%), FGN APR 2049 (15.80%). In the secondary fixed income market, performance remained bearish as the average bond and T-bills yields increased to 13.85% and 9.27% (vs 13.72% and 8.99% last week), respectively.

Nigeria | April 20th, 2023

Market Performance

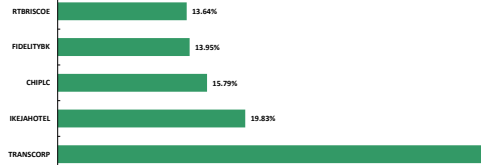
Equities	This Week	Previous Week	% Δ
NGXASI	51,355.74	51,893.94	-1.04%
Volume ('bn)	1.95	2.52	-22.55%
Value ('bn)	11.91	10.87	9.62%
Mkt. Cap. ('bn)	27.96	28.27	-1.10%
Market Breadth	0.92x	0.40x	

	WTD	MID	YTD
NGXBNK	-2.54%	-4.91%	3.17%
NGXNSMRGDS	0.17%	-0.40%	18.84%
NGXOLGAS	-1.43%	-1.54%	8.75%
NGXINS	1.14%	1.81%	3.65%
NGXINDUSTR	-0.17%	-4.20%	1.59%
NGX-ASI	-1.04%	-6.38%	0.20%

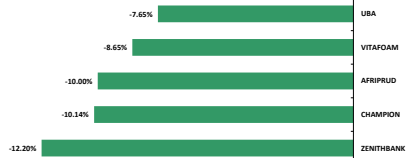
Other Indices	WTD	MID	YTD
NGX-30	-1.63%	-4.59%	0.94%
NGX-PENSION	-1.78%	-3.39%	2.75%

Market Outliers

Top Gainers

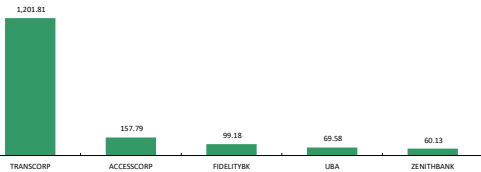


Top Losers

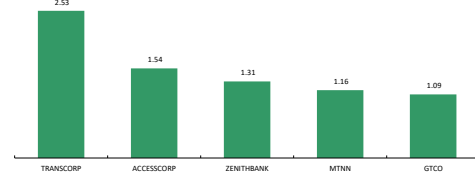


Weekly Trading Activity

Volume ('mn)

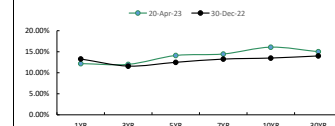


Value ('bn)

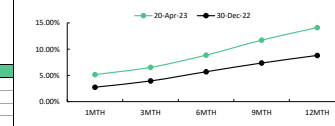


Fixed Income Monitor

Bond Yields



Treasury Bills



	This Week	Previous Week	% Δ
I & E (per USD)	463.67	464.00	0.07%

Bond Yields

	This Week	Previous Week	% Δ
1YR	12.18%	13.01%	-0.83%
3YR	12.00%	12.00%	0.00%
5YR	14.11%	14.12%	-0.02%
7YR	14.46%	14.47%	-0.01%
10YR	16.09%	14.84%	1.24%
30YR	15.01%	15.01%	0.00%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.35%	-0.01%	-0.13%	-0.75%	-0.20%	-0.28%	-1.02%	-0.22%
WTD	-1.04%	-0.69%	-0.88%	-3.33%	-0.30%	-1.19%	-1.01%	-0.03%
YTD	0.20%	9.01%	19.98%	-15.40%	7.65%	1.16%	3.55%	10.84%
P/E	9.78x	3.74x	9.26x	5.33x	10.84x	11.08x	12.57x	14.59x

Money Market Rates

	This Week	Previous
OBB	18.63%	18.63%
OVN	19.00%	19.00%
Average	18.82%	18.82%

Treasury Bills Yields

	This Week	Previous
1MTH	5.14%	4.83%
3MTH	6.53%	6.26%
6MTH	8.85%	8.58%
9MTH	11.71%	11.48%
12MTH	14.09%	13.82%
Average	9.27%	8.99%

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Meristem Research can also be accessed on the following platforms:

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

Bloomberg: MERI <GO>

Capital IQ: www.capitaliq.com

IS Emerging Markets: www.securities.com/eh.html?pc=NG

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