

What Moved the Markets this Week?

In the global scene, the United Kingdom, through the Office for National Statistics, reported that the economy grew by 0.10% QoQ in Q4 2022, with the services sector (0.10% QoQ) and construction sector (1.30% QoQ) contributing to this improvement. Also, it was reported that the real households' disposable income grew by 1.30% in Q4 2022 after declining for four consecutive quarters. Similarly, in the United States of America, the Bureau of Economic Analysis reported that GDP grew by 2.60% YoY in Q4 2022. Primarily, the growth witnessed in the fourth quarter was driven by an improvement in inventory investment and personal spending. In addition, it was noted that the private goods-producing industries (4.00% YoY), private services-producing industries (2.30% YoY) and government spending (2.10% YoY) also contributed to the GDP growth. In 2023, we expect output growth to be sustained in the advanced economies, albeit at a slower pace, due to the consolidated effect of the consecutive rate hikes by the monetary authorities as well as the persisting geo-political tensions. In the Sub-Saharan African region, the prime loan rate in South Africa has reached 11.25% - the highest level since 2009. This jump resulted from the country's monetary policy committee's decision to raise the repo rate by 50 basis points to 7.75%. We posit that this increase could further strain the already-struggling economy as higher borrowing costs are likely to discourage companies' use of credit facilities.

In the domestic scene, the Debt Management Office (DMO) reported that Nigeria's total public debt stock grew to NGN46.25bn in Q4 2022 (vs NGN39.56bn in Q4 2021). The DMO attributed this increase to the Federal Government and Sub-national Governments' acquisition of new credit facilities to fund deficit budgets and execute special projects, as well as the issuance of promissory notes to meet up with certain financial obligations. As a result, in 2023, we expect the country's debt levels to surge as the budget deficit for the year (NGN10.78trn) will be predominantly funded by domestic borrowings. Furthermore, the CBN issued a new circular prohibiting banks and other financial organizations from changing their current banking network after the application process has started for re-categorization and conversion licenses. As a result, after the conversion process has started, banks and other financial organizations are not permitted to introduce new products and services or make any business decisions.

For the second consecutive week, the Nigerian equities market closed negative as the All-Share Index declined by 0.06% WoW to close at 54,857.96pts. Hence, the Year-to-Date return declined to 7.05% (vs 7.11% last week). However, across sectors, performance was positive as only NGXOILGAS recorded week-on-week loss while NGXINDUSTR (+0.46% WoW), NGXINS (+1.08% WoW), NGXCNSMRGDS (+0.85% WoW) and NGXBNK (+3.59% WoW) recorded gains.

At the last T-bills auction, the subscription-to-offer declined to 1.16x (vs 6.38x in the last auction) as the total subscription stood at NGN168.58bn, and the total amount offered was NGN145.47bn. We attribute this decline to lower liquidity levels, and consequently, stop rates jumped across all three instruments. Consequently, the 91-Day, 182-Day, and 364-Day instruments rose to 6.00%, 8.00%, and 14.74% (vs 2.55%, 5.00%, and 9.49% in the last auction), respectively. In the secondary fixed income market, performance was bearish as the average bond and T-bills yields increased to 13.56% and 6.89% (vs 13.19% and 6.51% last week), respectively.

Nigeria | March 31st, 2023

Market Performance

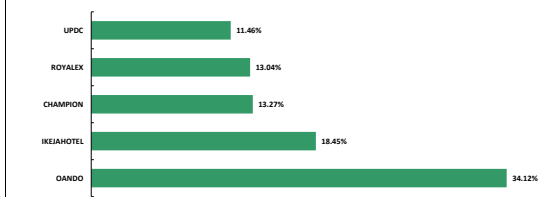
Instrument	This Week	Previous Week	%Δ
Value (T'bn)	15.74	11.05	51.33%
Mkt. Cap. (T'bn)	29.88	29.90	-0.06%
Market Breadth	1.29x	0.91x	

	WTD	MTD	YTD
NGXBNK	3.59%	-3.03%	8.41%
NGXCNSMRGDS	0.85%	4.26%	19.22%
NGXOILGAS	-2.02%	-9.65%	10.45%
NGXINS	1.08%	-1.65%	1.27%
NGXINDUSTR	0.46%	1.32%	6.15%
NGX-ASI	-0.06%	-1.69%	7.85%

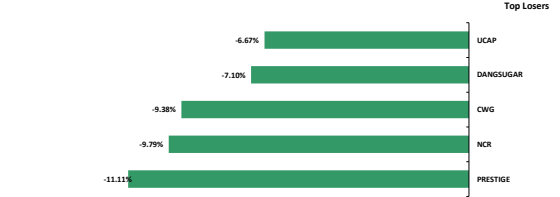
Other Indices	WTD	MTD	YTD
NGX-30	0.02%	-1.96%	6.27%
NGX-PENSION	1.28%	-2.97%	6.38%

Market Outlook

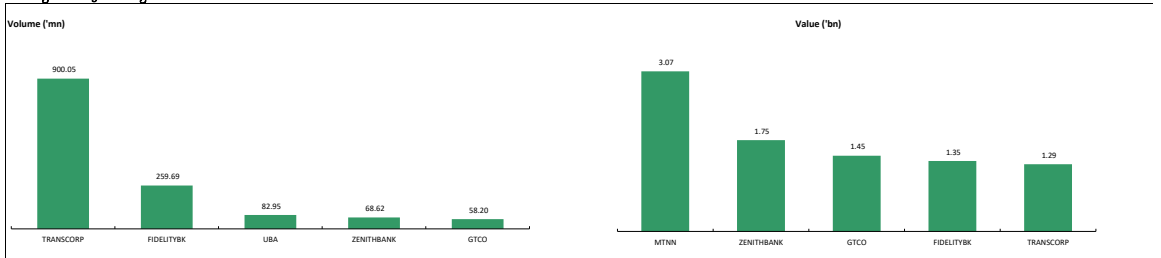
Top Gainers



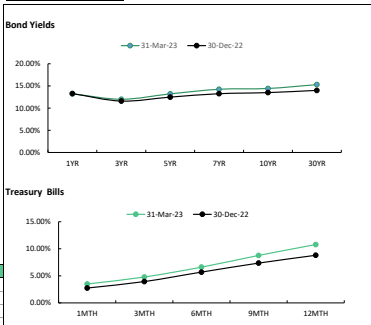
Top Losers



Weekly Trading Activity



Fixed Income Monitor



	This Week	Previous Week	%Δ
I & E (per USD)	461.38	461.33	-0.01%

Money Market Rates		
	This Week	Previous
DBB	18.50%	18.25%
OVN	18.88%	18.88%
Average	18.69%	18.57%

Bond Yields			
	This Week	Previous Week	%Δ
1YR	13.24%	9.12%	-4.11%
3YR	12.00%	12.04%	-0.04%
5YR	13.21%	13.81%	-0.60%
7YR	14.25%	14.19%	0.07%
10YR	14.43%	14.44%	-0.01%
30YR	15.30%	15.01%	0.29%

Treasury Bills Yields		
	This Week	Previous
1MTH	3.50%	3.67%
3MTH	4.78%	4.65%
6MTH	6.61%	6.60%
9MTH	8.77%	8.07%
12MTH	10.78%	9.58%
Average	6.89%	6.51%

In Other Markets								
	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.82%	3.57%	#REF!	0.91%	-0.72%	0.39%	0.57%	1.10%
WTD	-0.06%	0.04%	0.00%	1.65%	1.95%	1.91%	1.40%	3.34%
YTD	7.05%	14.73%	0.00%	-11.54%	4.25%	2.41%	3.07%	7.23%
P/E	10.43x	3.99x	0.00x	5.78x	10.19x	10.94x	12.62x	14.38x

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Bloomberg: MERI <GO>

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