

**What Moved the Markets this Week?**

Following five consecutive months of disinflation, Eurozone's inflation rate increased to 7.00% YoY in April 2023 (vs. 6.90% YoY in March). The increase in inflation was primarily driven by higher food, alcohol and tobacco prices (+13.5% YoY). Also, prices of non-energy industrial goods increased by 6.20% YoY, and energy prices increased by 2.4% YoY (vs. 40.9% YoY decline in March). Conversely, core inflation moderated to 3.60% YoY (vs. 3.70% in March). In its most recent meeting in May, the European Central Bank maintained its hawkish stance, hiking its benchmark rate by 25bps, as the bank cited the high inflation as its foremost consideration. Therefore, its recent increase in inflation raises concerns about the sustainability of the previous moderation in inflation and the possibility of the ECB sticking to its hawkish stance longer than expected. Elsewhere in Japan, the country's inflation rate for April 2023 ticked upwards to 3.02% YoY, following a sometime deceleration to 3.20% YoY in March 2023. Also, on a monthly basis, inflation came in higher at 0.60% MoM (vs. 0.40% MoM in March). Specifically, the spike in food inflation to 8.40% YoY (the highest in 43 years) contributed significantly to the spike in the country's inflation rate. Similarly, core inflation rate edged higher to 3.40% YoY (vs. 3.10% YoY in March). Furthermore, Russia agreed to extend its Black Sea grain deal with Ukraine for another two months. This followed previous threats by Russia to discontinue the deal. With the deal in place, we expect global food prices to remain moderate in the near term. We note that the Food and Agriculture Organization (FAO) recorded a slight uptick in its food price index in April 2023 after 12 consecutive months of decline.

In Sub-Saharan Africa, the International Monetary Fund (IMF) disclosed that its Executive Board has approved a US\$3.00bn 36-month Extended Credit Facility (ECF) to Ghana alongside an immediate disbursement of USD600mn. Importantly, this credit facility comes in the form of a bailout to Ghana amid prevailing financial challenges within the country. We note that the country has been going through fiscal distress lately, which has deepened investors' sentiment. Thus, we expect the approval of the credit facility to induce investors' confidence in the country.

Despite the persistent rate hikes by the Monetary Policy Committee to rein in inflation, headline inflation, as reported by the National Bureau of Statistics (NBS), sustained its upward trend rising to 22.22% (vs. 22.04% in March 2023). The increase in food inflation to 24.63% YoY (vs. 24.46% YoY in March) and core inflation to 20.14% YoY (vs. 19.80% YoY in March) contributed to the increase in headline inflation. We expect the unabating inflationary pressure to be a major consideration of the Monetary Policy Committee in its upcoming meeting and thus anticipate a further hike in the Monetary Policy Rate by 50bps. Additionally, the Nigerian Sovereign Investment Authority (NSIA) and the National Council on Climate Change (NCCC) signed a Memorandum of Understanding (MOU) indicating the commitment of both parties to boost Nigeria's climate action agenda. Some of the key areas of collaboration between both parties include the development of Nigeria's climate change framework, developing and implementing a carbon emission trading mechanism, managing a national carbon registry, amongst others. The collaboration demonstrates stakeholders' dedication to climate change and Environment, Social and Governance (ESG) goal.

The Nigerian equities market recorded weak week losses for the second consecutive week. The All-Share Index shed 0.20% WoW to settle at 32,187.83 pts. Thus, the Year-to-Date return declined to 1.33% (vs. 1.88% last week). Across sectors, performance was mixed as the NGXINS (+1.20% WoW), NGXBNK (+2.88% WoW), and NGXNSMRGDS (+1.86% WoW) closed up while the NGXOLGAS (-1.67% WoW) and NGXINDUSTR (-0.03% WoW) closed down.

At the FGN Bond auction held during the week, a total subscription of NGN478.92bn was recorded, which was 1.33x higher than the total amount offered (NGN360.00bn). Stop rates on the Feb-2028 and Apr-2032 instruments rose by 10bps to 14.10% and 14.80% respectively, while rate on the Jan-2042 instrument increased by 2bps to 15.80%. On the other hand, stop rate on the Mar-2050 instrument remained flat at 15.80%. In the secondary fixed income market, performance was mixed as average bond yield declined to 13.35% (vs. 13.69% last week) while Tbilis yield rose to 6.76% (vs. 6.72% last week).

**Nigeria | May 19th, 2023**

**Market Performance**

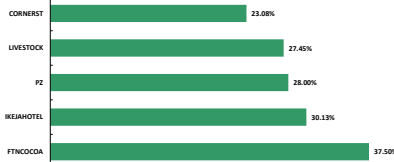
Equities	This Week	Previous Week	% Δ
NGXASI	52,187.93	52,214.62	-0.05%
Volume ('bn)	2.80	3.59	-21.95%
Value ('bn)	32.08	36.44	-11.96%
Mkt. Cap. ('bn)	28.42	28.43	-0.05%
Market Breadth	1.59x	1.47x	

	WTD	MID	YTD
NGXBNK	2.88%	7.19%	12.47%
NGXNSMRGDS	1.86%	2.80%	28.49%
NGXOLGAS	-1.67%	8.75%	18.05%
NGXINS	5.20%	9.75%	16.06%
NGXINDUSTR	-0.03%	-3.30%	-1.53%
NGX-ASI	-0.05%	-0.41%	1.83%

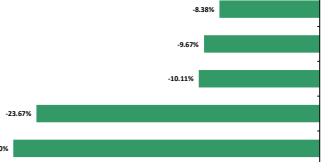
Other Indices	WTD	MID	YTD
NGX-3D	-0.09%	-0.53%	2.05%
NGX-PENSION	2.75%	6.83%	12.71%

**Market Outliers**

**Top Gainers**

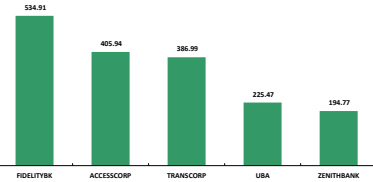


**Top Losers**

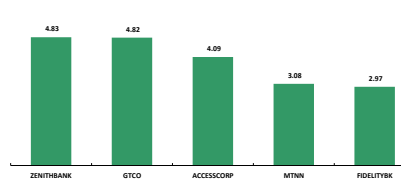


**Weekly Trading Activity**

**Volume ('mn)**

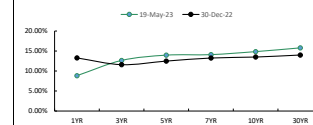


**Value ('bn)**

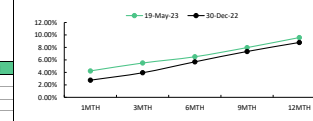


**Fixed Income Monitor**

**Bond Yields**



**Treasury Bills**



	This Week	Previous Week	% Δ
I & E (per USD)	463.00	462.23	-0.17%

**Bond Yields**

	This Week	Previous Week	% Δ
1YR	8.84%	8.60%	0.24%
3YR	12.65%	12.65%	0.00%
5YR	13.97%	14.02%	-0.05%
7YR	14.10%	14.49%	-0.39%
10YR	14.85%	14.76%	0.09%
30YR	15.79%	15.79%	0.00%

**In Other Markets**

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.15%	0.29%	-0.58%	0.18%	-0.42%	0.24%	0.06%	
WTD	-0.05%	-5.52%	0.00%	5.28%	-0.22%	-0.41%	0.53%	-0.47%
YTD	1.83%	5.20%	14.71%	-22.71%	6.99%	0.24%	2.28%	8.87%
YTD	9.54x	3.65x	9.09x	4.96x	10.74x	9.47x	12.73x	14.11x

**Money Market Rates**

	This Week	Previous
ORB	14.88%	12.13%
OVN	15.63%	12.63%
Average	15.26%	12.38%

**Treasury Bills Yields**

	This Week	Previous
1MTH	4.23%	3.56%
3MTH	5.50%	5.13%
6MTH	6.50%	6.43%
9MTH	7.58%	8.25%
12MTH	9.58%	10.17%
Average	6.76%	6.72%

**Contact Information**

**Investment Research**

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Meristem Research can also be accessed on the following platforms:

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

Bloomberg: MERI <GD>

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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