

What Moved the Markets this Week?

According to the United Kingdom's Office for National Statistics, headline inflation rate in the country declined to 7.80% YoY in April 2023 (vs. 8.90% YoY in March 2023), representing the lowest since May 2022. The disinflation was driven by lower gas and electricity prices. However, core inflation still remained elevated at 6.8.0% YoY (vs. 6.20% YoY in March 2023), largely due to an upward effect from telecommunications services and services for personal transport equipment. In sub-Saharan Africa, the Bank of Ghana held the policy rate constant at 29.50% during its Monetary Policy Committee (MPC) meeting held on May 22, 2023. We opine that the downward trend of inflation in the country, recording a four-month low of 41.20% YoY in April 2023 vs. 45.00% in March 2023), and expectations of a sustained decline fuelled the decision. We expect the hold decision coupled with the bailout fund received from the International Monetary Fund (IMF) to support output growth in the country. On the other hand, the South African apex bank raised its key policy rate by 50bps to a 14-year-high of 8.25%, despite a moderation in its inflation to 6.80% YoY in April (vs 7.10% YoY in March). We envisage that this would further pressure output growth given that existing electricity related issues in the country remain unresolved.

In the domestic scene, the National Bureau of Statistics (NBS) reported GDP growth for Q1-2023 as 2.31% YoY (vs. 3.11% in Q1-2022), representing a slowdown that can be attributed to the adverse impact of the cash crunch in the economy as the manufacturing, trade and information and communication sector recorded slower growth. The non-oil sector remained the major contributor to output growth (c. 94%) - driven largely by the services sector, which contributed 57.29%, while the oil sector contributed a marginal 6.21%. In line with broad expectations, the Monetary Policy Committee (MPC) prioritised price stability as it hiked the policy rate by 50bps to 18.50% while keeping other parameters constant. Given that this decision was broadly expected, we anticipated a muted impact on asset prices. In the financial sector, the central bank of Nigeria revoked the operating licenses of 179 microfinance banks, finance companies, and primary mortgage banks for failing to meet statutory requirements. This reflects the apex banks commitment to protect consumers, however, we posit that this could lead to a temporary set back on financial inclusion. Furthermore, the commissioning of the Dangote refinery was a major development during the week, and it is expected to be functional in Q3-2023. In the near to long term, it is expected to boost investors confidence and support economic growth through lower import bills, savings on petroleum-product freight costs, and lower logistics costs.

After two consecutive week-on-week losses, the Nigerian equities market closed on a positive note as the All-share Index gained 1.51% WoW to settle at 52,973.88 points. Similarly, the year-to-date return edged higher by 3.36% (vs. 1.83% in the previous week). Across sectors, positive sentiments prevailed as all indices recorded gains except **NGXINDUSTR** (-0.70% WoW), which closed in the negative zone.

In the Primary Market Auction (PMA) for T-bills held this week, stop rates recorded a significant decline across the 91 -Day, 182-Day, and 364-Day instruments to 2.29%, 4.99%, and 7.99% (vs. 4.50%, 6.44%, and 8.99% in the previous auction), respectively. This result was driven by the robust system liquidity (NGN382.74tn), which impacted subscription levels during the period. In the same vein, the average subscription-to-offer ratio was 4.50x. In the secondary fixed income market, performance was mixed as average bond yield rose to 13.98% (vs. 13.35% last week) while average yields declined to 5.77% (vs. 6.76% last week).

Nigeria | May 26th, 2023

Market Performance

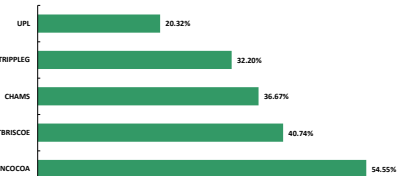
Equities	This Week	Previous Week	% Δ
NGXASI	52,973.88	52,187.93	1.51%
Volume ('bn)	1.94	2.80	-30.73%
Value ('bn)	33.85	32.08	5.53%
Mkt. Cap. ('bn)	28.84	28.42	1.51%
Market Breadth	2.74x	1.59x	

	WTD	MTD	YTD
NGXBNK	5.63%	13.22%	18.80%
NGXCNSMRGDS	3.10%	5.99%	32.48%
NGXOILGAS	3.24%	12.23%	21.88%
NGXINS	3.59%	13.69%	20.22%
NGXINDUSTR	-0.70%	-3.97%	-2.22%
NGX-ASI	1.51%	1.09%	3.36%

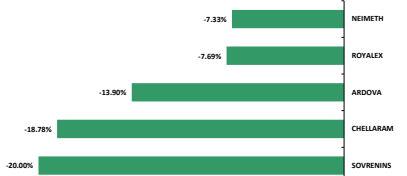
Other Indices	WTD	MTD	YTD
NGX-30	1.85%	1.30%	3.96%
NGX-PENSION	4.55%	11.69%	17.84%

Market Outliers

Top Gainers

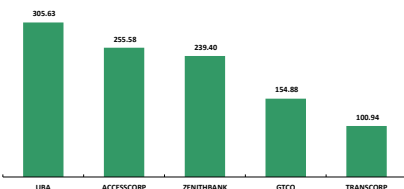


Top Losers

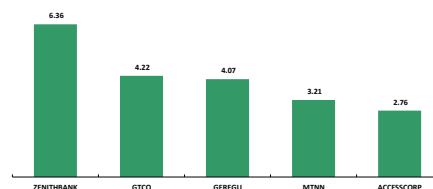


Weekly Trading Activity

Volume ('mn)



Value ('bn)



	This Week	Previous Week	% Δ
I & E (per USD)	464.51	463.00	-0.33%

Bond Yields

	This Week	Previous Week	% Δ
1YR	8.19%	8.84%	-0.65%
3YR	12.65%	12.65%	0.00%
5YR	13.19%	13.97%	-0.78%
7YR	14.10%	14.10%	0.00%
10YR	14.87%	14.85%	0.02%
30YR	15.78%	15.79%	-0.01%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.29%	0.14%	-0.27%	0.27%	0.29%	-0.72%	-0.71%	-0.78%
WTD	1.51%	-1.82%	0.00%	-0.60%	-2.27%	-1.33%	-1.35%	-2.92%
YTD	3.36%	3.29%	16.75%	-23.17%	4.59%	-0.76%	0.80%	6.46%
P/E	9.67x	3.47x	9.22x	4.92x	10.44x	9.37x	12.59x	13.84x

Money Market Rates

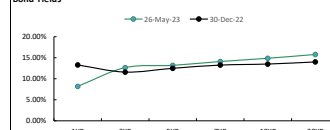
	This Week	Previous
OBB	12.75%	14.88%
OVN	13.25%	15.63%
Average	13.00%	15.26%

Treasury Bills Yields

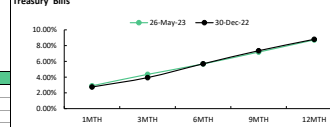
	This Week	Previous
1MTH	2.90%	4.23%
3MTH	4.35%	5.50%
6MTH	5.67%	6.50%
9MTH	7.18%	7.98%
12MTH	8.72%	9.58%
Average	5.77%	6.76%

Fixed Income Monitor

Bond Yields



Treasury Bills



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