

**What Moved the Markets this Week?**

On the global scene, the Federal Deposit Insurance Corporation sold First Republic Bank's assets worth USD22.9bn to JPMorgan Chase & Co, ending the most significant US bank failure since the global financial crisis in 2008. JP Morgan's investors perceived the deal that will cost the bank USD10.6bn as an attractive agreement. Thus, the bank's shares rose by c.2.14% after the news surfaced. This arrangement will likely ease the heightened global financial stability concerns and ensure a safe US banking system. Also, the US Federal Reserve raised the Fed Fund Rate for the tenth consecutive time by 25bps to the range of 5.00% - 5.25%. However, the tone in the policy statement suggests that the Fed is likely to suspend further rate hikes, thereby giving it ample time to evaluate the global banking crisis, the outcome of US debt ceiling deliberation, and the inflation trajectory. Nonetheless, the latest job report which revealed that US nonfarm payrolls increased by 253,000 in April (above expectations of 185,000), casts doubt on the chances of a likely interest rate pause in June. Similarly, the European Central Bank (ECB) hiked its key interest rate by 25bps to 3.25%, marking the slowest pace of increase since July 2022. This was driven by data indicating negligible growth in the Eurozone and the banking crisis experienced in the previous month. However, the ECB Governor referred to future policy decisions, as inflation remains higher than the 2% target band in the region. We expect this to slow growth in the Eurozone economy further. Elsewhere, Kenya's economy grew at a slower rate of 4.80% in 2022 owing to a protracted regional drought, worsening macroeconomic variables, and external shocks from the Russian invasion of Ukraine. This figure came in lower than both the Government's expectation and IMF forecast of 5.50% and 5.40%, respectively. In 2023, the government anticipates a recovery as it intends to implement policies to foster economic reforms.

In the domestic economy, the Debt Management Office (DMO) disclosed that the Senate and House of Representatives have approved the Federal Government's request to securitize the NGN22.72bn Ways and Means loan owed to the Central Bank of Nigeria (CBN). According to the DMO, the loan will be issued to the Central Bank of Nigeria (CBN), with a tenor of 40 years, a principally amortizing of 3 years, and an interest rate of 9.00% per annum. This arrangement further threatens the nation's fiscal sustainability as this will increase the debt stock. Also, it could prompt a downward review of the country's credit ratings, resulting in a higher cost of borrowing from the international market. Additionally, Stanbic IBTC Nigeria reported an increase in Nigeria's Purchasing Managers' Index (PMI) for April 2023 above the 50pts benchmark to 53.80pts (vs 42.30pts in March 2023), indicating improved business conditions in the private sector. This is attributable to an improvement in the cash crunch experienced in the first quarter of the year, which adversely impacted economic activities. However, despite an improvement in the cash crunch, the surging inflationary pressure in the country continues to keep production costs elevated for businesses. Furthermore, the Nigerian government signed a USD99.50m deal with the United Nations Food and Agriculture Organisation (FAO) to implement the FAO Country Programming Framework (CPF) from 2023 to 2027. This agreement seeks to support the country in achieving its development goals in line with the United Nations Sustainable Development Cooperation Frameworks. Essentially, the deal is expected to ensure better nutrition and the environment for the populace.

The local bourse sustained its bullish sentiment from the previous week, as the All-Share Index gained 0.12% to close at 52,466.52pts. Consequently, the Year-to-Date return ticked up to 2.37% (vs. 2.25% last week). The bullish sentiment was broad-based, as all sectoral indices closed in the green.

In the secondary fixed income market, performance was mixed as the average bond yield increased to 14.16% (vs 14.13% last week), while the T-bills yield declined to 7.08% (vs 7.29% last week).

**Nigeria | May 5th, 2023**

**Market Performance**

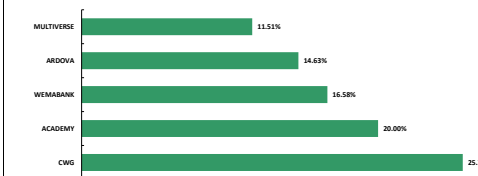
Equities	This Week	Previous Week	% Δ
NGXASI	52,466.52	52,403.51	0.12%
Volume (bn)	2.34	4.82	-51.54%
Value (bn)	21.15	34.66	-38.98%
Mkt. Cap. (bn)	28.57	28.53	0.12%
Market Breadth	2.20x	2.65x	

	WTD	MID	YTD
NGXBNK	5.23%	5.23%	10.41%
NGXCNSMRGDS	0.02%	0.02%	25.03%
NGXOLGAS	5.08%	5.08%	14.12%
NGXINS	3.08%	3.08%	9.00%
NGXINDUSTR	0.09%	0.09%	1.92%
NGX-ASI	0.12%	0.12%	2.37%

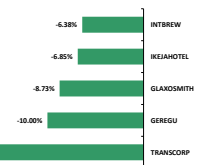
Other Indices	WTD	MID	YTD
NGX-30	-0.12%	-0.12%	2.30%
NGX-PENSION	2.89%	2.89%	8.55%

**Market Outliers**

**Top Gainers**

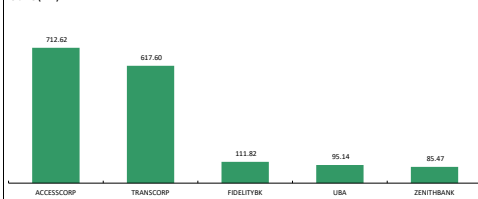


**Top Losers**

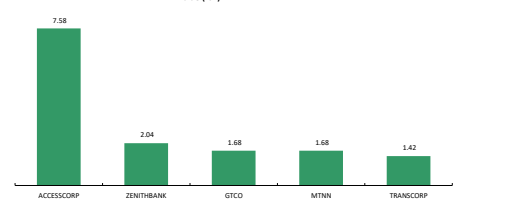


**Weekly Trading Activity**

**Volume (mn)**

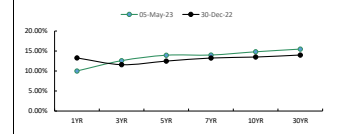


**Value (bn)**

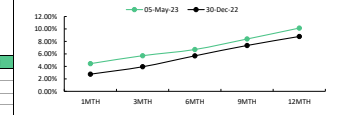


**Fixed Income Monitor**

**Bond Yields**



**Treasury Bills**



	This Week	Previous Week	% Δ
<b>I &amp; E (per USD)</b>	462.23	463.00	0.17%

	This Week	Previous Week	% Δ
<b>Bond Yields</b>			
1YR	10.01%	9.73%	0.28%
3YR	12.59%	12.75%	-0.16%
5YR	13.95%	13.97%	-0.02%
7YR	14.00%	14.00%	0.00%
10YR	14.81%	14.64%	0.17%
30YR	15.48%	15.01%	0.47%

	This Week	Previous
<b>Money Market Rates</b>		
ORB	11.00%	12.63%
OVN	11.38%	13.13%
Average	11.19%	12.88%

	This Week	Previous
<b>Treasury Bills Yields</b>		
1MTH	4.44%	4.50%
3MTH	5.71%	6.17%
6MTH	6.71%	7.51%
9MTH	8.39%	9.90%
12MTH	10.14%	11.67%
Average	7.08%	7.95%

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
<b>In Other Markets</b>								
Today	-0.34%	-2.16%	0.00%	-1.36%	1.01%	-0.10%	0.70%	-0.42%
WTD	0.12%	-2.58%	0.00%	-4.26%	-0.21%	-0.71%	-0.07%	-0.62%
YTD	2.37%	9.28%	18.47%	-19.16%	6.85%	1.70%	2.09%	9.60%
YTD	9.32x	3.83x	9.17x	5.14x	10.75x	11.13x	12.57x	14.51x

**Contact Information**

**Investment Research**

research@meristemng.com

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)

Factset: [www.factset.com](http://www.factset.com)

**IMPORTANT**

Meristem Securities Limited ("Meristem") equity reports and its attendant recommendations are prepared based on publicly available information and are meant for general information purposes only and it may not be reproduced or distributed to any other person. All reasonable care has been taken to ensure that the information contained herein is not misleading or untrue at the time of publication; Meristem can neither guarantee its accuracy nor completeness as they are an expression of our analysts' views and opinions.

Meristem and any of its associated or subsidiary companies or the employees thereof cannot be held responsible for any loss suffered by relying on the said information as this information as earlier stated, is based on publicly available information, analysts' estimates and opinions and is meant for general information purposes and should not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell securities or any financial instruments. The value of any investment is subject to fluctuations, i.e. may fall and rise. Past performance is no guide to the future. The risk of exchange between currencies may cause the value of investment to increase or diminish. Hence investors may not get back the full value of their original investment. Meristem Securities is registered with the Securities and Exchange (S&C) and is also a member of The Nigerian Stock Exchange (The NSE). Meristem Securities' registered office is at 20A Gerard Street, Lagos, Nigeria. Website: [www.meristemng.com](http://www.meristemng.com); Email: [research@meristemng.com](mailto:research@meristemng.com). © Meristem Securities Limited 2023.