

What Moved the Markets this Week?

During the week, the US Senate approved the suspension of the US debt ceiling and the imposition of expenditure caps, quenching the heightened concerns about potential default risk. We highlight that the deal would limit federal spending and extend the debt ceiling until January 1, 2025. Therefore, the long-anticipated approval prompted buying activities in the equities market as the S&P 500 and NASDAQ100 edged higher following the disclosure. Furthermore, the US labor market sent mixed signals as job growth accelerated while the unemployment rate jumped to 3.70% - the highest in seven months. Also, the wage growth moderated during the month, signalling that labor market conditions are easing, potentially making a case for the Federal Reserve to pause its monetary tightening. Following the sudden uptick experienced in April, Eurozone's headline and core inflation moderated to 6.10% and 5.30% in May (vs 7.00% and 5.60% in April), respectively. Lower energy costs primarily drove the decline in the core inflation during the month. This prompted the President of the European Central Bank (ECB), Christine Lagarde, to conclude that there is no clear evidence that the inflation in Eurozone has peaked. Thus, the ECB has positioned to continue monetary tightening, albeit at a slower pace. Despite the uptick in the country's inflation rate by 10bps to 8.00% in May, the Kenyan Central Bank held the interest rate unchanged at 5.50%. The decision was based mainly on the Bank's expectation that the last rate hike would consolidate with the duty-free import measure recently implemented by the government to ease inflation in the coming months.

In the domestic economy, the major update surrounded the significant economic policies reiterated by the President. In his inaugural speech, he signalled the imminent removal of fuel subsidy, unification of exchange rates and drive for lower interest rates. Following the declaration, there was notable fuel scarcity and higher petrol prices, prompting the Nigerian National Petroleum Company Limited to communicate its decision to adjust petrol prices to reflect current realities. In line with our expectation, the higher prices are expected to keep the inflation rate higher in the following months. For the second consecutive month, Nigeria's manufacturing Purchasing Managers' Index (PMI) stayed above the 50.0pts threshold, indicating improving business conditions. Particularly, in May, the PMI rose to 54.0pts (from 53.80pts in April) - the highest recorded in 2023. This expansion can be attributed to recovery from the cash crunch that limited the country's GDP growth in the year's first quarter. In the corporate scene, Nigerian Breweries Plc (NBI) disclosed an ongoing review of a proposal to acquire an 80% stake in Distell Wines & Spirits Nigeria Limited. The likely implication of this is an expansion of the firm's product portfolio, thereby improving its revenue.

After consecutive gains in the four trading days of the week, the All-share Index (ASI) gained 5.38% WoW to settle at 55,822.82 points. Notably, the ASI gained 5.23% on the week's first trading day. Thus, the year-to-date return increased to 8.92% (vs 3.36% in the previous week). The upbeat mood was also reflected across the sectoral indices, as all indices recorded week-on-week gains.

In the secondary fixed income market, performance was bullish as average bond and Tbilis yields declined to 13.88% and 5.56% (vs 13.98% and 5.77% last week).

Nigeria | June 2nd, 2023

Market Performance

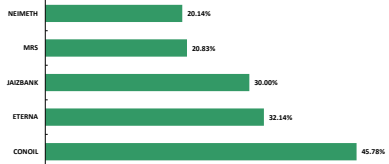
Equities	This Week	Previous Week	% Δ
NGXASI	55,822.82	52,973.88	5.38%
Volume ('bn)	2.58	1.94	32.59%
Value ('bn)	46.63	33.85	37.73%
Mkt. Cap. ('bn)	30.39	28.84	5.37%
Market Breadth	3.13x	2.74x	

	WTD	MTD	YTD
NGXBNK	4.89%	-0.62%	24.61%
NGXNSMRGDS	8.52%	-0.16%	43.77%
NGXOLGAS	10.46%	4.47%	34.62%
NGXINS	1.21%	1.49%	21.67%
NGXINDUSTR	5.83%	-0.05%	3.48%
NGX-ASI	5.38%	0.10%	8.92%

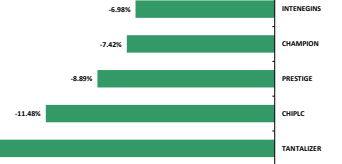
Other Indices	WTD	MTD	YTD
NGX-30	5.45%	-0.06%	9.63%
NGX-PENSION	5.12%	-0.11%	23.87%

Market Outliers

Top Gainers

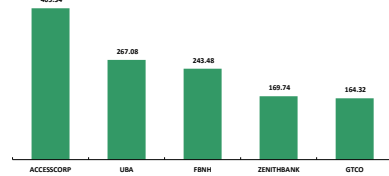


Top Losers

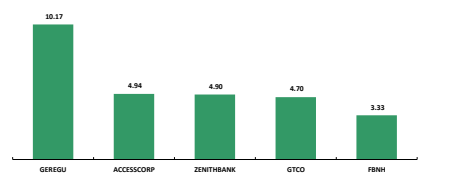


Weekly Trading Activity

Volume ('mn)



Value ('bn)



	This Week	Previous Week	% Δ
I & E (per USD)	464.67	464.51	-0.03%

Bond Yields	This Week	Previous Week	% Δ
1YR	7.87%	8.15%	-0.32%
3YR	12.65%	12.65%	0.00%
5YR	13.00%	13.19%	-0.18%
7YR	14.54%	14.10%	0.44%
10YR	14.71%	14.87%	-0.15%
30YR	15.77%	15.78%	-0.01%

Money Market Rates

	This Week	Previous
ORB	11.50%	12.75%
OVN	11.88%	13.25%
Average	11.69%	13.00%

Treasury Bills Yields

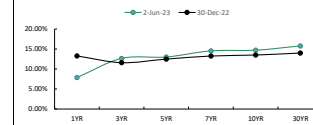
	This Week	Previous
1MTH	2.79%	2.50%
3MTH	4.04%	4.35%
6MTH	5.54%	5.67%
9MTH	6.95%	7.18%
12MTH	8.43%	8.72%
Average	5.66%	5.77%

In Other Markets

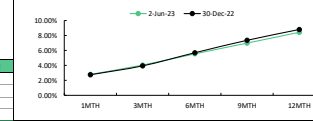
	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.03%	0.23%	0.21%	1.36%	1.87%	0.31%	0.34%	1.38%
WTD	5.38%	-0.13%	0.00%	7.32%	0.80%	-0.06%	-1.14%	-0.52%
YTD	8.92%	2.98%	20.10%	-17.55%	5.69%	-0.77%	0.57%	6.49%
YTD	10.37%	3.45%	9.23%	5.23%	10.60%	9.39%	12.49%	13.85%

Fixed Income Monitor

Bond Yields



Treasury Bills



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Bloomberg: MERI <GD>

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