

What Moved the Markets this Week?

The US inflation slowed significantly to 3.00% in June (vs 4.00% in May), raising optimism that the Federal Reserve may soon conclude its aggressive interest-rate hikes. Despite the deceleration, we opine that the price pressures could push the US Fed to resume its monetary tightening to bring the elevated inflation rate within its target range. According to the Office for National Statistics, the UK economy contracted by 0.10% in May, less severe than the anticipated 0.30% decline. This is outcome is linked to strong consumer spending and reduced labour strikes. Nonetheless, we foresee a further decline in output and consumption growth as higher borrowing costs will strain economic activities. Furthermore, the International Energy Agency (IEA) expects global oil demand growth to slow down in the coming years due to high prices, prolonged geopolitical tension and the transition to a clean energy economy. This outlook is likely to adversely impact oil prices, which could limit oil producers' revenue.

In Nigeria, the National Bureau of Statistics (NBS) reported that the total capital inflows for Q1:2023 declined significantly by 28.00% YoY to USD1.13bn. However, capital inflows rose by 6.78% QoQ (vs USD1.06bn in the preceding quarter). Although all components (portfolio investment, direct investment and other investments) declined year-on-year, the Foreign Portfolio Investment accounted for the largest portion (6.57%). In the second quarter of the year, we expect an improvement in the capital inflows owing to increased investors' optimism in the reforms of the new administration. To reinforce its efforts to attract foreign investors and stabilize the exchange rate, the Central Bank of Nigeria announced that the sixty-two CBN-approved international money transfer operators could explore Naira as a payout option, including USD and e-Naira. Also, these operators must use the I&E rate to process the payments to the beneficiaries. This exercise is expected to attract more foreign remittances into the country due to the simplification of the payment system. On the corporate scene, Access Holdings Plc (ACCESSCORP) announced that Access Bank Plc would acquire a majority stake in Standard Chartered's subsidiaries in five African countries (Angola, Cameroon, Gambia, Sierra Leone, and Tanzania). Also, the bank has agreed to acquire a majority equity stake in Africa Banking Corporation. These operations are in tandem with ACCESSCORP's five-year strategy to strengthen its presence across sub-Saharan Africa and build a strong global franchise. We expect this to help the group diversify its income streams and expand its profitability.

Following seven consecutive weeks of bullish run, the All-Share Index shed 0.75% WoW to settle at 62,569.73pts. Across sectoral indices, performance was mixed as NGXOILGAS and NGXINDUSTR, while NGXBNK (-14.32% WoW), NGXNSMRGDS (-2.29% WoW), and NGXINS (-11.53% WoW) closed down.

In the T-bills auction this week, total subscription (NGN691.86bn) was higher than the amount offered (NGN141.77bn). Consequently, the stop rate declined across the trio instruments by 1bps, 8bps, and 29bps to 2.87%, 4.37%, and 6.23%, respectively. In the secondary fixed income market, performance was mixed as the average T-bills yield rose to 6.28% (from 4.22% last week) while average bond yield declined by 22bps to 12.73%.

Nigeria | July 14th, 2023

Market Performance

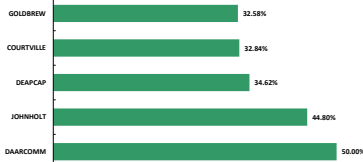
Equities	This Week	Previous Week	% Δ
NGXASI	62,569.73	63,040.87	-0.75%
Volume (bn)	5.23	9.83	-46.79%
Value (bn)	63.48	145.40	-56.34%
Mkt. Cap. (Tm)	34.07	34.33	-0.75%
Market Breadth	0.42x	3.28x	

	WTD	MID	YTD
NGXBNK	-14.32%	-5.91%	45.46%
NGXNSMRGDS	-2.29%	-2.50%	48.13%
NGXOILGAS	1.43%	8.72%	87.38%
NGXINS	-11.53%	-10.89%	41.61%
NGXINDUSTR	9.01%	11.44%	15.52%
NGX-ASI	-0.75%	2.63%	22.08%

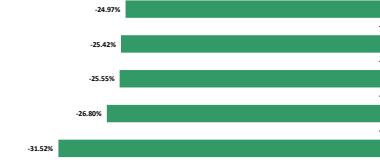
Other Indices	WTD	MID	YTD
NGX-30	-0.44%	1.49%	23.64%
NGX-PENSION	-2.78%	1.46%	46.14%

Market Outliers

Top Gainers

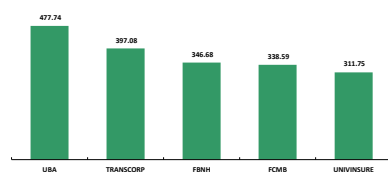


Top Losers



Weekly Trading Activity

Volume (mn)

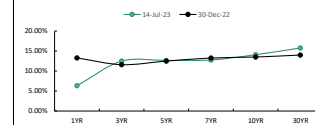


Value (bn)

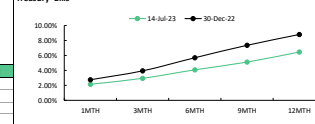


Fixed Income Monitor

Bond Yields



Treasury Bills



	This Week	Previous Week	% Δ
I & E (per USD)	746.28	742.31	-0.53%

Bond Yields

	This Week	Previous Week	% Δ
1YR	6.33%	6.62%	-0.28%
3YR	12.48%	12.48%	0.00%
5YR	12.65%	12.54%	0.11%
7YR	12.77%	12.79%	-0.02%
10YR	14.08%	14.50%	-0.42%
30YR	15.77%	15.77%	0.00%

Money Market Rates

	This Week	Previous
ORB	1.00%	0.86%
OVN	1.42%	1.25%
Average	1.21%	1.68%

Treasury Bills Yields

	This Week	Previous
1MTH	2.15%	2.38%
3MTH	2.94%	3.02%
6MTH	4.08%	4.22%
9MTH	5.11%	5.18%
12MTH	6.45%	6.30%
Average	4.14%	4.86%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.29%	0.10%	1.16%	-0.24%	0.56%	1.44%	1.49%	1.48%
WTD	-0.75%	-3.51%	0.00%	2.30%	3.91%	3.72%	4.07%	4.67%
YTD	22.08%	17.12%	18.79%	-10.62%	6.44%	5.62%	6.71%	12.42%
YTD	11.41x	3.08x	8.86x	5.76x	10.95x	9.97x	13.31x	14.62x

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