

What Moved the Markets this Week?

According to the Office for National Statistics, the United Kingdom's inflation rate for May (8.70% YoY) remained the same as the previous month. Primarily, the increase in the price of air travel, leisure and culture-related goods and services, and used cars more than offset the slowdown in food and gasoline prices. As a result, the Bank of England raised its monetary policy rate by half a percentage point to 5.00%. This represents the highest level since the global financial crisis. The posture of the policymakers signals a likely continuation in the tightening cycle to combat the stubbornly-high inflation rate. Following the rate cut of its seven-day reverse repo by 10bps last week, the People's Bank of China (PBOC) slashed two other lending rates by 10bps. As with the earlier rate cut this month, the current expansionary monetary policy of the PBOC aligns with its goal to boost economic growth in the nation. Surprisingly, for the first time since March 2021, Turkey hiked its rate by 650bps to 15.00% to combat the high inflation (59.60% in May). While the rate hike is a welcome move by the market, the country's currency dipped to a record low. Notwithstanding, we posit that further tightening could gradually restore investors' confidence.

In Sub-Saharan Africa, Zambia has agreed to restructure USD 6.30bn of its debt owed to other governments, mainly China, its biggest bilateral creditor. The debt is rescheduled to last 600 years with a three-year moratorium indicating a significant step towards economic recovery. According to Ghana's Statistical Service, the economy expanded by 4.20% YoY in Q1-2023 (vs 3.00% YoY in Q1-2022), marking the most substantial growth since Q2-2022. The services and agriculture sectors drove this significant growth in the country's GDP. We anticipate that the economy will continue to grow, driven by ongoing positive reforms. However, the upward reversal in inflation trend and a possible hike in interest rate to curb inflation pose a risk to economic growth. Moreover, South Africa's inflation rate for May dropped to its lowest point in 13 months (6.30% YoY) due to decreasing food and fuel prices. This takes the rate closer to the 3%-5% range that the South African Reserve Bank has set as its target range and raises the possibility that the 10th straight round of rate increases is coming to an end.

Amidst the several operational adjustments in the domestic foreign exchange market, the Central Bank of Nigeria (CBN) issued an order allowing holders of domiciliary accounts to deposit and access funds without restriction. The new directive also allows for daily withdrawals of up to USD 10,000 and is consistent with the government's attempts to unify the exchange rate. In the medium term, we anticipate that higher FX liquidity in the system would support the restoration of the value of the Naira. Furthermore, six businesses have been given permits by the Federal Government of Nigeria to bring petroleum products into the nation starting in July 2023. This is in response to the Central Bank of Nigeria's (CBN) order to lift the rate cap on the Naira in the B&E window of the foreign exchange market, which caused a devaluation of the Naira and raised the price of petroleum imports. Additionally, this is anticipated to lessen the petroleum market's monopoly, improve supply and reduce dependency on the NNPC.

The Nigerian equities market closed in the green zone as the NGXASI gained 0.35% WoW to close at 59206.63pts. As such, the Year-to-Date return increased to 15.52% (from 15.12% in the previous week). In addition, the positive sentiment was evident across sectors, as all sectoral indices recorded week-on-week gains.

In the primary market bond auction held during the week, three new securities were issued by the Debt Management Office: 14.70% FGN JUN 2033, 15.45% FGN JUN 2038, and 15.70% FGN JUN 2053. The total subscription was higher than the offer across all instruments on auction save for the 14.70% FGN JUN 2033 with NGN34.45bn vs NGN90.00bn offer. In the secondary market fixed income market, performance was mixed as the average bond yield rose to 13.78% (vs 13.68% last week), while the average T-bills yield declined to 5.92% (vs 6.27% last week).

Nigeria | June 23rd, 2023

Market Performance

Equities	This Week	Previous Week	% Δ
NGXASI	59,206.63	59,000.96	0.35%
Volume ('bn)	3.26	4.16	-21.74%
Value ('bn)	41.74	62.05	-32.74%
Mkt. Cap. ('trn)	32.24	32.13	0.34%
Market Breadth	1,70x	3.24x	

	WTD	MID	YTD
NGXBNK	1.13%	14.40%	43.44%
NGXCNSMRGDS	0.22%	4.34%	50.45%
NGXOILGAS	2.97%	24.50%	60.44%
NGXINS	3.22%	30.08%	55.94%
NGXINDUSTR	2.56%	-0.49%	3.02%
NGX-ASI	0.35%	6.16%	15.52%

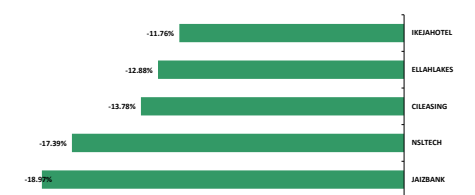
Other Indices	WTD	MID	YTD
NGX-30	0.17%	5.94%	16.32%
NGX-PENSION	1.91%	11.17%	37.86%

Market Outliers

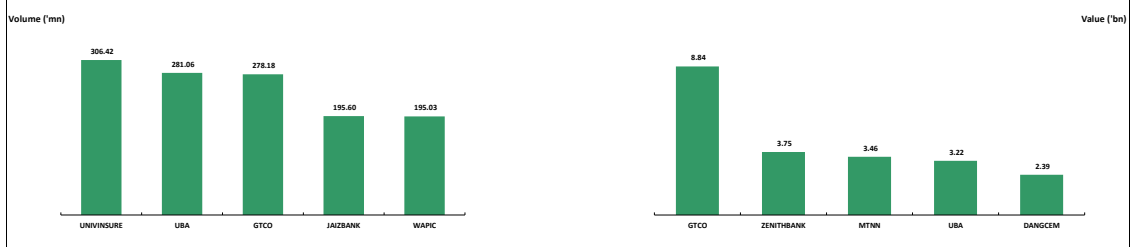
Top Gainers



Top Losers



Weekly Trading Activity



	This Week	Previous Week	% Δ
I & E (per USD)	770.17	663.04	-13.91%

Bond Yields	This Week	Previous Week	% Δ
1YR	8.02%	8.62%	-6.90%
3YR	11.61%	11.52%	0.09%
5YR	13.40%	13.55%	-0.15%
7YR	14.06%	14.23%	-0.17%
10YR	14.50%	14.59%	-0.09%
30YR	15.77%	15.47%	0.30%

vs. Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.01%	0.70%	0.04%	0.32%	-1.05%	-0.31%	-0.31%	-0.53%
WTD	0.35%	3.40%	0.00%	6.87%	-5.37%	-0.81%	-2.81%	-2.00%
YTD	15.52%	11.96%	21.33%	-15.87%	3.76%	3.38%	4.68%	9.44%
P/E	10.78x	3.73x	8.84x	5.39x	10.33x	9.56x	13.04x	14.24x

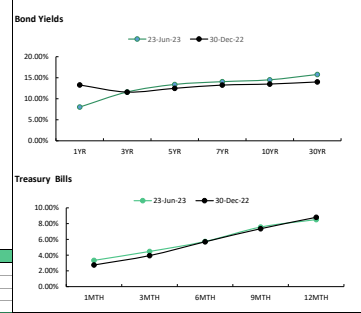
Money Market Rates

	This Week	Previous
OBB	2.90%	11.60%
OVN	3.40%	12.10%
Average	3.15%	11.69%

Treasury Bills Yields

	This Week	Previous
1MTH	3.33%	3.97%
3MTH	4.47%	4.87%
6MTH	5.73%	6.07%
9MTH	7.56%	7.66%
12MTH	8.51%	8.76%
Average	5.92%	6.27%

Fixed Income Monitor



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Meristem Research can also be accessed on the following platforms:

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

Bloomberg: MERI <GO>

Capital IQ: www.capitaliq.com

IS Emerging Markets: www.securities.com/eh.html?pc=NG

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