

**What Moved the Markets this Week?**

In IMF's recently published World Economic Outlook, 2023 global growth has been revised upward to 3.00% (vs 2.80% previously estimated in April). Nonetheless, this represents a decline in output growth from the 2022 figure (3.50%). This slower growth projection is primarily due to central banks raising policy rates to combat inflation, which strains economic activity. Furthermore, the Washington-based institution predicted that Euro Area's GDP would grow by 0.90% in 2023, with Germany (the largest economy in the economy) expected to be the only G7 member to record a contraction. In our view, this is a resultant effect of the hawkish monetary stance of the European Central Bank (ECB). On Thursday, the bank announced its ninth consecutive increase in the deposit rate by 25bps to 3.75%. Similarly, the United States Federal Reserve hiked the fed funds rate by 25bps for the eleventh time since March 2022. These monetary authorities have price stability as a significant objective and are relentlessly curbing price pressures. Despite the expected adverse effects on economic activity, the United States GDP for Q2-2023 rose by 2.40% QoQ and 2.60% YoY. This unexpected growth was spurred by resilience in consumer spending (+1.60% YoY), a slowdown in inflationary pressures, and a strong labor market. Elsewhere, Ghana's central bank surprisingly increased its benchmark interest rate by 50bps to a record high of 30% to address soaring inflationary (42.50% in June). The move will likely further hurt households and businesses already struggling with the high cost of living and could adversely impact economic growth. The situation remains challenging, and effective fiscal policies are required to complement the monetary policies in addressing inflationary pressures and ensuring economic stability.

In a bid to rein in the high inflation rate in Nigeria, the Monetary Policy Committee raised the Monetary Policy Rate (MPR) by a modest 25bps to 18.75%. Also, all other parameters were left unchanged, except for the reduction of the lower band of the asymmetric corridor to -300bps from -700bps. Though we assert that the rate hike is modest considering Nigeria's inflation challenges, we highlight the Committee's subtle mention of utilizing other tools (potentially involving an increase in the cash reserve ratio of banks not meeting minimum loan-to-deposit ratios) that could be pivotal in liquidity management. Despite the cumulative 220bps increase in MPR this year, the IMF has maintained its growth forecast for Nigeria at 3.20% and 3.00% for 2023 and 2024, respectively. However, this marks a slower growth relative to the estimated figure for 2022 (3.30%). The IMF attributes Nigeria's projected decline in growth to security concerns in the oil sector. We maintain that Nigeria's output for 2023 will grow by 2.94% owing to a significant improvement in business activities in H2-2023 and improved oil production volume.

Despite losing three out of the five trading days, the local bourse gained by 0.08% WoW to reach 65,056.39pts. However, the performance across sectoral indices was negative as only NGXOLGAS (+9.28% WoW) recorded week-on-week gain.

In the T-bills auction this week, total subscription (NGN 398.17bn) was higher than the amount offered (NGN 264.33bn). Nonetheless, the stop rate increased across the trio instruments by 313bps, 363bps, and 522bps to 6.00%, 4.37%, and 6.23%, respectively. In the secondary market, bullish sentiment reigned as the average T-bills and bond yields increased to 4.85% and 13.14% (from 3.75% and 12.75% last week).

**Nigeria | July 28th, 2023**

**Market Performance**

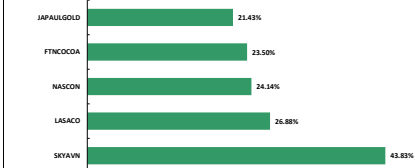
Equities	This Week	Previous Week	% Δ
NGXASI	65,056.39	65,003.39	0.08%
Volume ('bn)	2.84	4.22	-32.59%
Value ('bn)	37.63	102.70	-62.63%
Mkt. Cap. ('trn)	35.40	35.39	0.02%
Market Breadth	0.70x	4.05x	

	WTD	MID	YTD
NGXBNK	-2.21%	6.56%	64.74%
NGXCNSMRGDS	-2.36%	-3.21%	47.06%
NGXOLGAS	9.28%	19.97%	100.59%
NGXINS	-1.60%	-7.36%	47.21%
NGXINDUSTR	-0.31%	14.21%	18.39%
NGX-ASI	0.08%	6.71%	26.94%

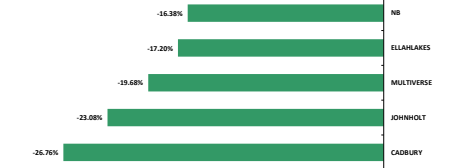
Other Indices	WTD	MID	YTD
NGX-30	0.10%	7.67%	28.63%
NGX-PENSION	0.35%	6.65%	53.60%

**Market Outliers**

**Top Gainers**

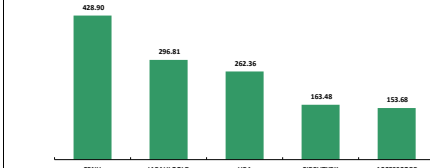


**Top Losers**

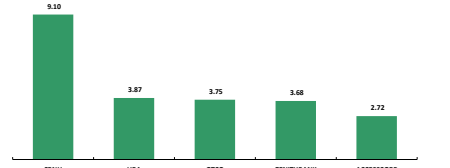


**Weekly Trading Activity**

**Volume ('mn)**

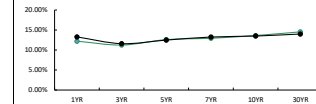


**Value ('bn)**

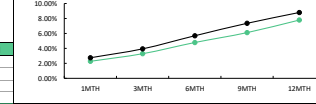


**Fixed Income Monitor**

**Bond Yields**



**Treasury Bills**



	This Week	Previous Week	% Δ
I & E (per USD)	775.76	777.82	0.27%

**Bond Yields**

	This Week	Previous Week	% Δ
1YR	12.21%	6.06%	6.16%
3YR	11.25%	12.48%	-1.23%
5YR	12.61%	12.71%	-0.10%
7YR	12.95%	12.85%	0.09%
10YR	13.62%	13.67%	-0.04%
30YR	14.55%	14.29%	0.26%

**Money Market Rates**

	This Week	Previous
ORB	0.90%	20.43%
OVN	1.40%	21.00%
Average	1.15%	20.72%

**Treasury Bills Yields**

	This Week	Previous
1MTH	2.27%	1.64%
3MTH	3.29%	2.38%
6MTH	4.79%	3.47%
9MTH	6.11%	4.85%
12MTH	7.79%	6.42%
Average	4.85%	3.75%

**In Other Markets**

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.65%	1.12%	-0.33%	-1.91%	0.31%	0.33%	0.32%	0.50%
WTD	0.08%	3.31%	0.00%	-4.84%	2.19%	0.83%	2.03%	0.74%
YTD	26.94%	21.35%	18.77%	-17.40%	7.47%	8.04%	8.24%	12.80%
YTD	11.90%	3.16%	9.23%	5.45%	11.06%	10.20%	13.52%	14.70%

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