

What Moved the Markets this Week?

The Eurozone's Purchasing Managers' Index (PMI) for August declined to its lowest level in 33 months at 47.00pts (vs 48.60pts in July). This decrease was mainly due to a contraction in the service sector and a reduction in manufacturing output, thus threatening the region's economic growth. This report puts the European Central Bank (ECB) in a difficult position, especially as it looks to rein in the high inflation rate in the region. Notwithstanding, we posit that the ECB will likely pause its September meeting to spur consumer spending and support economic growth. In the BRICS (Brazil, Russia, India, China, and South Africa) 15th summit held in South Africa this week, the discussions were focused on enhancing economic collaborations among the member countries and exploring the expansion of the group. Consequently, the bloc officially invited six new member countries (Argentina, Egypt, Iran, Ethiopia, Saudi Arabia, and the United Arab Emirates), with plans to admit them effective January 1, 2024. This expansion aligns with the BRICS' plans to rebalance the world order by encompassing a broader range of emerging economies. We expect this move to solidify the bloc's power amongst other global institutions and drive investments among the member countries. According to Statistics South Africa, the country's inflation rate for July eased to a 2-year low of 4.70% YoY (vs 5.40% YoY in June). As inflation trends toward the mid-point of the bank's target of 3-6%, we expect the South African Rand Bank (SARB) to maintain its stance of keeping its key rates unchanged.

On the domestic front, the Nigerian Bureau of Statistics reported that the Nigerian economy grew by 2.51% YoY in Q2-2023 (vs 3.54% YoY in Q2-2022 and 2.31% YoY in Q1-2023). The growth was primarily driven by an improvement in the services sector, contributing 58.42% to the output growth. Amongst the sectors, tele-communications and information services (63%) contributed the highest GDP growth during the quarter. In the second half of 2023, we expect reforms in the real sector and an improvement in the oil production volume to spur more growth than witnessed in the year's first half. In addition, in the country's Labour Force Survey, the Nigerian Bureau of Statistics disclosed that the unemployment rate for Q4-2022 and Q1-2023 stood at 5.36% and 4.10% (vs the last reported 33.33% in Q4-2020). This significant downward adjustment is attributed to the revised methodology in accordance with the International Labour Organization (ILO) guidelines. One significant change in this new approach is expanding the working-age population to 15 years and above (as opposed to the previous range of 15 - 64 years) and the review of employment threshold to include working-age individuals who participated in activities to produce goods or provide services for a minimum of one hour. Furthermore, according to the Central Bank of Nigeria (CBN), Nigeria's currency in circulation and currency outside banks dipped in July 2023 to NGN2,596m and NGN2,209m from NGN2,629m and NGN2,269m in June, respectively. This marks the first decline since the naira redesign policy in February 2023 and is attributed to the CBN's efforts to mop up excess liquidity in the system to stabilise the naira and curb inflation. However, we do not expect this will significantly affect the inflation rate in the near term.

At the local bourse, the bulls rebounded as the market recorded gains in four trading sessions. As a result, the All-Share Index gained +1.26% WoW to settle at 65,558.91pts, pushing the YTD return to 27.52%. Performance across sectors was broadly mixed as NGXBNK (+3.57% WoW), NGXOLGAS (+2.40% WoW) and NGXINDUSTR (+0.01% WoW) recorded WoW losses, while NGXNSMRGDS (+11.58% WoW) and NGXINS (+1.23% WoW) rebounded as well.

At the T-bills auction held this week, the total subscription of NGN1,547m was 5.09% (vs 5.43% in the previous auction), higher than the total offer amount of NGN302,212m. Notwithstanding, stop rates increased across the ten instruments to 5.19%, 8.00%, and 13.97% (vs 5.00%, 5.90%, and 9.00% in the previous auction), respectively. In the secondary market, the sentiment was largely bearish as the average T-bills and average bond yields increased to 7.55% and 14.15% (vs 7.26% and 13.83% last week), respectively.

Nigeria | August 25th, 2023

Market Performance

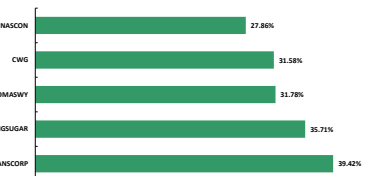
Equities	This Week	Previous Week	% Δ
NGXASI	65,558.91	64,743.96	1.26%
Volume (bn)	1.80	1.78	1.23%
Value (bn)	29.27	26.11	12.12%
Mkt. Cap. (Tm)	35.88	35.42	1.29%
Market Breadth	0.70x	0.60x	

	WTD	MTD	YTD
NGXBNK	-3.57%	-3.95%	54.19%
NGXNSMRGDS	11.58%	17.43%	70.23%
NGXOLGAS	-2.40%	-4.15%	93.03%
NGXINS	1.23%	3.87%	55.68%
NGXINDUSTR	-0.01%	0.22%	18.62%
NGX-ASI	1.26%	1.90%	27.92%

Other Indices	WTD	MTD	YTD
NGX-30	2.11%	2.89%	30.85%
NGX-PENSION	0.39%	1.28%	54.07%

Market Outlets

Top Gainers

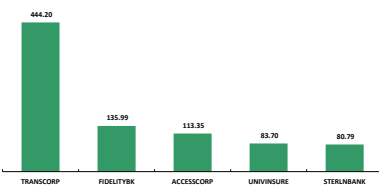


Top Losers

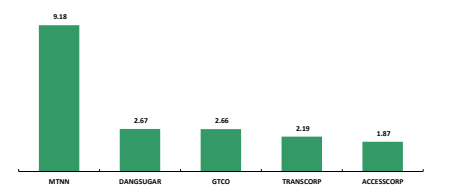


Weekly Trading Activity

Volume (mn)



Value (bn)



	This Week	Previous Week	% Δ
I & E (per USD)	778.42	739.52	-5.00%

Bond Yields	This Week	Previous Week	% Δ
1YR	9.36%	9.79%	-0.44%
3YR	12.44%	11.82%	0.62%
5YR	13.61%	13.32%	0.29%
7YR	14.34%	13.80%	0.55%
10YR	14.65%	14.19%	0.46%
30YR	14.99%	14.99%	0.00%

Money Market Rates	This Week	Previous
ORB	24.25%	20.19%
OVN	25.20%	19.79%
Average	24.73%	19.99%

Treasury Bills Yields	This Week	Previous
1MTH	3.53%	3.44%
3MTH	5.27%	5.07%
6MTH	7.65%	7.05%
9MTH	9.62%	9.26%
12MTH	11.66%	11.50%
Average	7.55%	7.26%

In Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.24%	0.64%	0.41%	-0.94%	0.32%	1.25%	-0.32%	
WTD	1.26%	0.24%	0.00%	-1.94%	1.21%	-0.28%	1.85%	0.78%
YTD	27.92%	25.57%	24.72%	-22.04%	1.25%	2.70%	2.73%	6.68%
YTD	12.75%	4.86%	9.69%	4.99%	11.63%	10.13%	4.38%	16.40%

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Fixed Income Monitor

