

What Moved the Markets this Week?

In September, Euro-area's core inflation slowed to its lowest rate in a year, reaching 4.50%, down from 5.30% in August. Similarly, the headline inflation rate moderated by 90bps to 4.30%, representing the lowest level since 2021. The decline in headline inflation was driven mainly by a drop in energy costs and a sharp services slowdown. In our view, the deceleration in general price level supports the notion that the European Central Bank may pause its monetary tightening cycle. During the week, the Office for National Statistics (ONS) reported that the UK economy expanded more than previously projected in the second quarter of 2023. Specifically, the GDP grew by 0.20% QoQ in Q2-2023, spurred by the 1.20% QoQ expansion in the production sector. While we highlight that the improvement is a positive development for the British economy, we assert that the high interest rate still threatens reduced productivity and sluggish economic growth. In its latest meeting, Ghana's monetary policy committee kept its benchmark interest rate unchanged at 30%, ending the series of interest rates that commenced in 2022. The recent disinflation trend primarily fueled this decision, as the country's inflation rate declined by 300bps to 40.10% in August. Although the margin between monetary policy and inflation rates remains wide, we believe the benchmark interest rate is comfortable supporting the bank's efforts to bring the inflation rate within its target range of 6% - 10% in the next three years.

In the domestic scene, the NNPC Limited and the Nigerian Content Development & Monitoring Board (NCDMB) have signed a Memorandum of Understanding (MoU) with International Oil Companies (IOCs) to streamline the contracting process to a maximum of 180 working days. This initiative aligns with the goals outlined in the Petroleum Industry Act (PIA), including ease of doing business, cutting costs, boosting efficiency, and ultimately leading to increased production, higher revenues, and improved profitability in Nigeria's oil and gas industry. Furthermore, NGX Regulation Limited (NGX RegCo), the self-regulatory authority overseeing activities at the Nigerian Exchange (NGX), has introduced a code of conduct for officials of dealing members. The main objective of this code is to establish and uphold acceptable standards of conduct, with a focus on promoting professionalism, integrity, and fairness in the interactions between approved individuals and a wide range of stakeholders within the financial and regulatory ecosystem. In the corporate scene, Capital Hotels Plc has issued a public notice regarding its voluntary delisting from the Nigerian Exchange Limited (NGX). This move is expected to allow the company to concentrate on implementing strategies for improved performance, cost reduction, and increased competitiveness in its industry. In addition, the company proposed an exit price of NGN5.00 per share owned by qualified shareholders, which offers a premium of 81.82% compared to its closing price of NGN2.75.

For the third consecutive week, the local bourse closed down as the All-Share Index shed 1.40% WoW, reaching 66,382.14pts. Thus, the Year-to-Date return declined to 29.52%. Performance across sectoral indices was mixed as the **NGXASI** (-4.17% WoW), **NGXINDUSTR** (-3.04% WoW) and **NGXOILGAS** (-1.24% WoW) recorded losses while **NGXNSMRGDOOS** (1.59% WoW) and **NGXNS** (2.77% WoW) ended the week positive.

At the 1-bills primary auction during the week, the total subscription increased to N6N786.79bn relative to the last auction (NGN643.88bn) due to improved system liquidity ahead of the auction. Consequently, the average stop rate fell by 119bps to 7.64% (vs. 8.83% at the previous auction). In the secondary market, settlement was mixed as the average T-bills yield declined to 7.86% from 8.13% last week while average bond yields climbed to 14.65% from last week's 14.47%.

Nigeria | September 29th, 2023

Market Performance

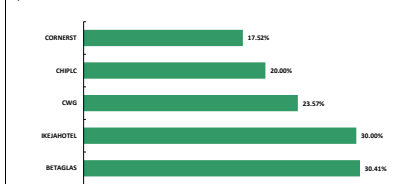
Equities	This Week	Previous Week	% Δ
NGXASI	66,382.14	67,324.59	-1.40%
Volume (bn)	1.33	3.90	-65.85%
Value (bn)	17.87	30.37	-41.17%
Mkt. Cap. (Tn)	36.33	36.85	-1.40%
Market Breadth	0.58x	1.27x	

	WTD	MTD	YTD
NGXBNK	-4.17%	3.08%	59.57%
NGXNSMRGDS	1.59%	6.53%	92.28%
NGXOILGAS	-1.24%	-2.75%	97.63%
NGXINS	2.77%	5.30%	62.31%
NGXINDUSTR	-3.04%	-6.91%	10.80%
NGXASI	-1.40%	-0.25%	29.52%

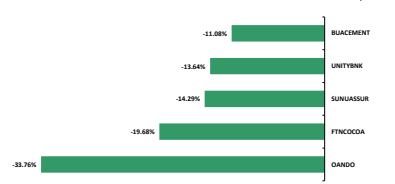
Other Indices	WTD	MTD	YTD
NGX 30	-1.47%	-0.23%	32.54%
NGX-PENSION	-1.40%	1.55%	58.90%

Market Outliers

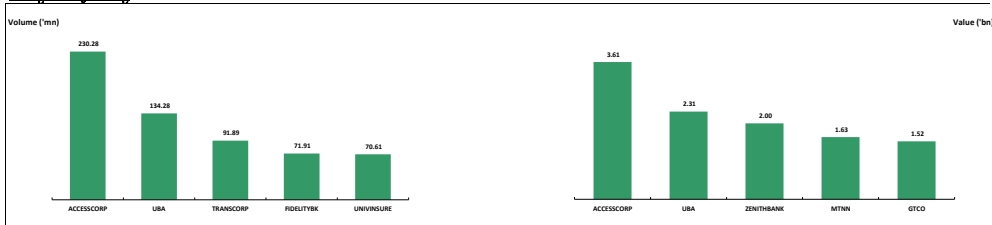
Top Gainers



Top Losers



Weekly Trading Activity



	This Week	Previous Week	% Δ
I & E (per USD)	755.27	747.76	-0.99%

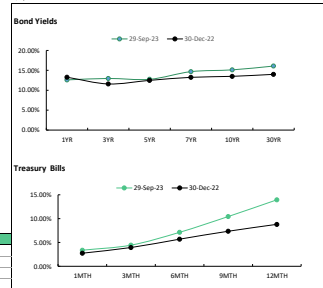
Bond Yields	This Week	Previous Week	% Δ
1YR	12.61%	13.71%	-0.90%
3YR	12.97%	13.00%	-0.04%
5YR	12.76%	14.02%	-1.27%
7YR	14.68%	14.57%	0.11%
10YR	15.12%	15.70%	-0.57%
30YR	16.08%	15.87%	0.22%

Money Market Rates	This Week	Previous
ONB	2.70%	2.56%
OVN	3.40%	3.30%
Average	3.05%	2.94%

Treasury Bill Yields	This Week	Previous
1MTH	3.30%	3.70%
3MTH	4.44%	5.03%
6MTH	7.13%	7.60%
9MTH	10.44%	10.15%
12MTH	13.54%	14.17%
Average	7.86%	8.13%

In Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.10%	0.00%	-0.89%	-0.08%	0.24%	0.05%	-0.44%	0.25%
WTD	-1.40%	0.13%	0.00%	-1.67%	-0.97%	-0.44%	-2.09%	-1.95%
YTD	29.52%	29.80%	38.19%	-25.30%	-0.50%	0.64%	-1.29%	4.14%
P/E	10.08x	5.09x	9.76x	4.81x	11.93x	9.18x	13.66x	13.04x

Bond Income Monitor



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

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