

What Moved the Markets this Week?

On the global scene, Saudi Arabia and Russia - the world's largest crude oil exporters, announced their intention to extend their voluntary oil production cuts by 1.00mbpd and 0.30mbpd, respectively, throughout the remainder of 2023. Following the disclosure, Brent crude price surged to USD90.58 per barrel (the highest level since Nov 2022). In the near term, we anticipate that oil prices will remain elevated, potentially impacting energy prices and fuel inflationary pressure across global economies. After two consecutive rate hikes in June and July, the Bank of Canada (BoC) maintained its key overnight interest rate at 5.00%. This pause targeted at supporting the economic growth which saw an unexpected decline of -0.20% in Q2-2023 despite the unrelenting price levels. We anticipate this move to support business activities and improve consumer spending in the near term. In addition, Statistics South Africa (SSA) reported that South Africa's GDP grew by 0.60% QoQ in Q2-2023 (vs 0.4% QoQ in Q1-2023) driven by agricultural, manufacturing and mining expansions. In our view, the economy will likely sustain its growth trajectory owing to new export relations and the monetary authority's hike pause, which will continue driving business activities.

In the domestic front, the National Bureau of Statistics reported that Nigeria's total trade declined by 7.60% YoY to NGN12.74trn in Q2-2023 (vs NGN13.79trn in Q2-2022) while it increased by 5.77% QoQ from NGN12.05trn in Q1-2023. During the period, total exports and imports declined by -5.20% YoY and -10.40% YoY to NGN7.01trn and NGN5.70trn (vs NGN6.39trn and NGN7.40trn in Q2-2022), respectively. However, the trade surplus experienced a notable improvement, rising by +7.40% YoY to reach NGN1.29trn during the same period. We anticipate an increase in the subsequent quarters, hinged on higher crude oil prices and production levels. Furthermore, the Nigerian Electricity Regulatory Commission (NERC) approved an upward review in the prices of single-phase and three-phase prepaid meters by 4.40% and 4.31%, respectively, effective September 6, 2023. While we recognize that the development is poised to assist meter asset providers in guaranteeing a sustainable return on investment, this will result in higher operating costs for the end-user customers amidst the elevated general price level of goods in the country. On corporate actions, Oando Plc (OAND) announced its agreement with ENI to acquire 100% of the outstanding shares of Nigerian Agri Oil Company Limited (NAOC Ltd). Still subject to regulatory approvals, the proposed transaction has the potential to significantly augment OANDO's production capacity and bolster its position within the Nigerian upstream oil and gas sector. Also, PZ Cussons Nigeria Ltd (PZ) revealed that its majority shareholder (PZ Cussons Holdings Limited) has offered to purchase all outstanding shares held by minority shareholders in PZ at a price of NGN21.00 per share and subsequently delist from the Nigerian Exchange.

This week, the local bourse recorded gains in three trading sessions pushing the AllShare Index by +0.91% WoW to settle at 68,143.34pts. Thus, the Year-to-Date return advanced to 32.96%. Across sectoral indices, performance was mixed as two indices closed up while the **NGXOILGAS**, **NGXINDUSTR** and **NGXINS** recorded week-on-week losses.

At the T-bills primary auction held during the week, the total subscription stood at NGN875.75bn with a subscription-to-offer ratio of 4.08x. Consequently, the average stop rate declined by 103bps to 8.03% (vs. 9.05% at the previous auction). The mood was predominantly bearish in the secondary fixed income market as the average T-bills and average bond yields rose to 7.83% and 14.33% (vs. 7.83% and 14.06% last week), respectively.

Nigeria | September 8th, 2023

Market Performance

Equities	This Week	Previous Week	% Δ
NGXASI	68,143.34	67,527.19	0.91%
Volume ('bn)	2.54	2.49	1.85%
Value ('bn)	45.46	32.78	38.68%
Mkt. Cap. ('trn)	37.30	36.96	0.91%
Market Breadth	1.51x	2.14x	

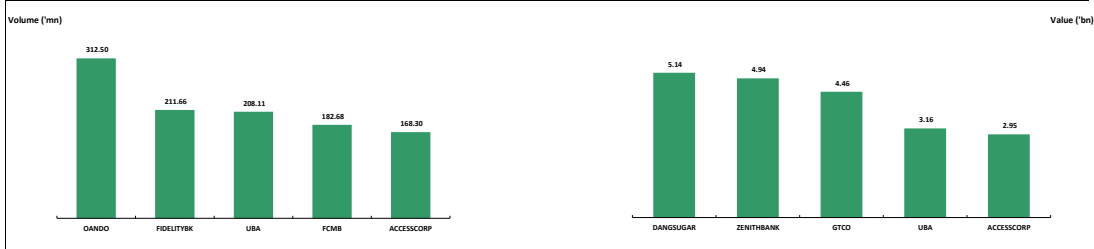
	WTD	MID	YTD
NGXBANK	5.55%	10.50%	71.06%
NGXCNSMRGDS	2.24%	3.74%	87.24%
NGXOILGAS	-0.12%	-0.06%	103.13%
NGXINS	-2.94%	-1.31%	52.12%
NGXINDUSTR	-0.49%	1.13%	20.37%
NGX-ASI	0.91%	2.40%	32.96%

Other Indices	WTD	MID	YTD
NGX-30	0.78%	2.50%	36.18%
NGX-PENSION	1.49%	3.32%	61.67%

Market Outliers



Weekly Trading Activity



	This Week	Previous Week	%Δ
I & E (per USD)	722.33	740.33	2.45%

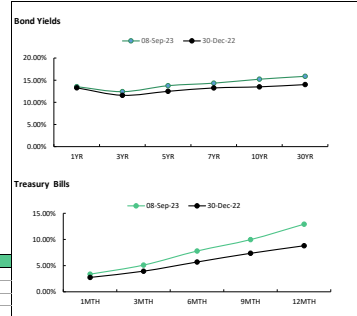
Money Market Rates			
	This Week	Previous	
08B	18.75%	1.67%	
08V	17.83%	2.42%	
Average	18.29%	2.05%	

Bond Yields			
	This Week	Previous Week	%Δ
1YR	13.54%	13.51%	0.02%
3YR	12.41%	12.41%	0.00%
5YR	13.76%	13.38%	0.38%
7YR	14.33%	14.29%	0.04%
10YR	15.22%	15.71%	-0.49%
30YR	15.87%	15.87%	0.00%

Treasury Bills Yields			
	This Week	Previous	
1MTH	3.36%	3.28%	
3MTH	5.10%	4.72%	
6MTH	7.79%	7.59%	
9MTH	9.97%	9.38%	
12MTH	12.92%	11.93%	
Average	7.83%	7.38%	

In Other Markets								
	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.09%	0.07%	0.79%	0.73%	0.31%	-0.40%	-0.80%	-0.22%
WTD	0.91%	0.65%	0.00%	0.57%	-1.83%	-1.00%	-1.23%	-1.28%
YTD	32.96%	25.69%	32.72%	-22.97%	0.50%	2.46%	1.80%	6.85%
P/E	12.32x	4.92x	8.88x	4.87x	11.44x	9.47x	14.06x	13.48x

Fixed Income Monitor



Contact Information

Investment Research
research@meristemng.com

Meristem Research can also be accessed on the following platforms:
 Meristem Research portal: <https://research.meristemng.com/reports>
 Bloomberg: MERI <GO>
 Capital IQ: www.capitaliq.com
 ISI Emerging Markets: www.securities.com/eh.html?pc=NG

Reuters: www.thomsonreuters.com
 FactSet: www.factset.com

IMPORTANT

Meristem Securities Limited ("Meristem") equity reports and its attendant recommendations are prepared based on publicly available information and are meant for general information purposes only and it may not be reproduced or distributed to any other person. All reasonable care has been taken to ensure that the information contained herein is not misleading or untrue at the time of publication; Meristem can neither guarantee its accuracy nor completeness as they are an expression of our analysts' views and opinions.

Meristem and any of its associated or subsidiary companies or the employees thereof cannot be held responsible for any loss suffered by relying on the said information as this information as earlier stated, is based on publicly available information, analysts' estimates and opinions and is meant for general information purposes and should not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell securities or any financial instruments. The value of any investment is subject to fluctuations, i.e. may fall and rise. Past performance is no guide to the future. The rate of exchange between currencies may cause the value of investment to increase or diminish. Hence investors may not get back the full value of their original investment. Meristem Securities is registered with the Securities and Exchange (SEC) and is also a member of The Nigerian Stock Exchange (The NSE). Meristem Securities' registered office is at 20A Gerard Street, Ikoyi, Lagos, Nigeria. Website: www.meristemng.com; Email: research@meristemng.com. © Meristem Securities Limited 2023.