

What Moved the Markets this Week?

According to the Bureau of Labor Statistics, the United States' headline inflation for October decelerated to 3.20% YoY from 3.70% in September. This decline is attributed to the drop in gasoline prices and housing & shelter costs, which outweighed the increase in food prices. Although inflation is still above the Fed's target of 2.0%, the continuous slowdown in both core and headline CPI might influence the Fed to maintain its second consecutive hold stance at its upcoming meeting this month. Similarly, in the United Kingdom, the Office for National Statistics reported that October's headline inflation fell sharply to a 2-year low of 4.6% compared to 6.7% in September. This substantial decline is due to a slowdown in housing & household services and a downturn in food prices. A similar decline in core inflation (5.7% from 6.1% in September) suggests that the Bank of England's effort to rein in inflation into the target band of 2% is beginning to yield results. Thus, the bank might retain its pause stance in its next meeting to bolster its weak economy, which saw no growth in Q3 2023. Meanwhile, Japan's economy contracted at its fastest rate in two years by 2.1% YoY in Q3 2023 compared to the robust growth of 4.8% in Q2 2023. This downturn is primarily attributed to weak private consumption, a surge in inventory accumulation, and dwindling corporate investments. In addition to maintaining its key rates at zero and below zero levels, the Japanese government has announced a stimulus package of c. USD113bn. This move aims to support low-income households, revitalize consumer spending, and boost economic growth.

On the domestic front, the National Bureau of Statistics reported that Nigeria's headline inflation surged for the 10th consecutive time to 27.33% YoY in October (vs 26.72% in September 2023). This uptick was propelled by increased essential food items (like tubers, oil and fat, eggs, etc.), escalating transport costs, and depreciation of the Naira, increasing imported items' prices. As inflation continues to trend higher without signs of a slowdown, we expect the Monetary Policy Committee to hike the rate by 25bps to 19.00% in its meeting next week to maintain price stability. Additionally, the Central Bank of Nigeria (CBN) has announced that all old designs of naira notes will indefinitely remain as legal tender beyond the initial stipulated deadline of December 31, 2023. This move is expected to mitigate the growing resurgence of an artificial scarcity of the Naira, addressing concerns about a recurrence of the situation witnessed in the first quarter of the year. In other developments, the Nigerian National Petroleum Company Limited (NNPC) has resolved the lingering disagreement between the Petroleum and Natural Gas Senior Staff Association (PENGASSAN) and Total Energies. This resolution led to the restoration of 275,000 bpd that was initially suspended. In the near term, we anticipate this development to boost the country's oil production levels, which have mainly been unstable in recent months (1.35mtpd in October), bringing it closer to our DPEC+ quota of 1.74mtpd. On the corporate front, the Union Bank of Nigeria (UBN) has announced its intention to delist from the Nigerian Exchange (NGX), subject to approval from regulatory bodies to finalize the delisting process, the bank's shareholders will receive a scheme consideration of NGN7.70 per share, presenting a premium of 15.79% from its current price of NGN6.65 as of November 17.

The local bourse closed in the green zone for the third consecutive week. The All-share index gained 0.37% WoW to reach 71,112.99pts and a Year-to-Date return of 38.75%. Sectoral performance was mixed as the **NGKNSMRGDS** (+0.20% WoW), **NGKINS** (+0.91% WoW), **NGKOILGAS** (+2.61% WoW) recorded week-on-week gains while the **NGXBNK** (-0.04% WoW) and **NGKINDUSTR** (-1.18% WoW) recorded losses for the week.

At the bond primary market auction held during the week, the total subscription (NGN 445.30bn) was 1.24x higher than the amount on offer (NGN360bn). Hence, stop rates climbed to 16.00%, 17.00%, 17.50%, and 18.00% (from 14.90%, 15.75%, 15.80%, and 16.60% at the last auction). In the secondary fixed-income market, sentiment was mixed as the average T-bills yields declined to 12.45% from 12.66% last week while average bond yields rose to 15.95% from 15.67% last week.

Nigeria | November 17th, 2023

Market Performance

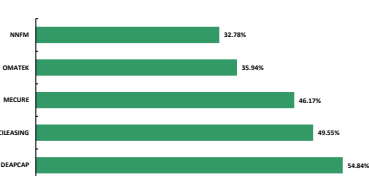
Equities	This Week	Previous Week	% Δ
NGXAS	71,112.99	70,854.18	0.37%
Volume (bn)	1.96	2.50	-21.34%
Value (bn)	27.59	45.25	-39.02%
Mkt. Cap. (Trn)	36.89	38.91	-5.20%
Market Breadth	1.81x	1.07x	

	WTD	MTD	YTD
NGXBNK	-0.04%	1.64%	74.41%
NGKNSMRGDS	0.20%	0.30%	95.71%
NGKOILGAS	2.61%	5.60%	113.67%
NGKINS	0.91%	5.48%	68.44%
NGKINDUSTR	-1.18%	-0.81%	17.10%
NGX-ASI	0.37%	2.71%	38.75%

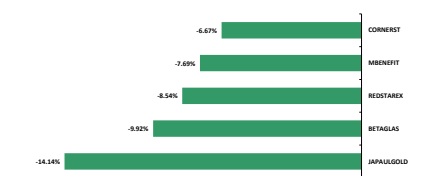
Other Indices	WTD	MTD	YTD
NGX-30	0.35%	2.49%	41.68%
NGX-PENSION	0.91%	2.60%	69.90%

Market Outliers

Top Gainers

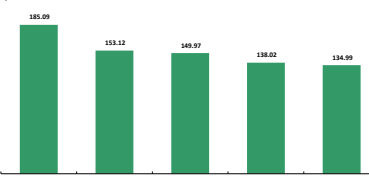


Top Losers

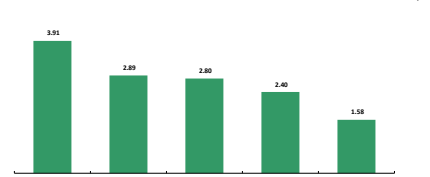


Weekly Trading Activity

Volume (mn)



Value (bn)



	This Week	Previous Week	% Δ
NAFEM (per USD)	791.75	780.14	-1.47%

Money Market Rates

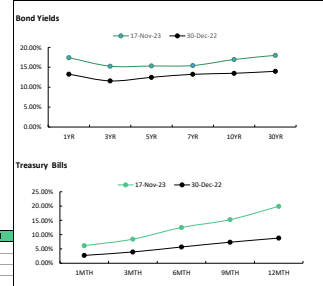
	This Week	Previous
OIB	20.83%	16.58%
OVN	22.20%	17.80%
Average	21.52%	17.19%

Bond Yields	This Week	Previous Week	% Δ
1YR	17.43%	14.50%	2.53%
3YR	15.29%	13.65%	1.63%
5YR	15.34%	15.34%	0.01%
7YR	15.45%	15.44%	0.01%
10YR	16.96%	16.74%	0.22%
30YR	18.01%	17.03%	0.98%

Treasury Bills Yields	This Week	Previous
1MTN	6.16%	7.03%
3MTN	8.42%	9.20%
6MTN	12.50%	12.48%
9MTN	15.24%	15.21%
12MTN	19.21%	19.21%
Average	12.45%	12.66%

FX Rates	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.12%	0.00%	1.01%	0.37%	0.35%	0.51%	-0.13%	-0.41%
WTD	0.17%	0.00%	0.00%	1.74%	3.64%	1.58%	3.58%	3.36%
YTD	38.75%	30.75%	67.03%	-29.00%	1.29%	1.50%	2.71%	6.97%
YFV	10.33x	6.79x	10.94x	4.80x	11.52x	9.86x	14.63x	13.87x

Fixed Income Monitor



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