

What Moved the Markets this Week?

For the second straight policy meeting, the US Federal Reserve has maintained its interest rates at the current level of 5.25% - 5.50%, marking the continuation of the highest interest rates seen in 22 years. This is in response to the gradual alleviation of inflationary pressures. Despite the current rate stability, it is noteworthy that the Fed remains resolute in its commitment to controlling inflation. This decision implies that there might still be potential for further rate hikes in the near future as part of their strategy to stabilize prices. Similarly, the Bank of England has kept its rates unchanged for the second time in a row, maintaining them at a 15-year high of 5.25% during their most recent Monetary Policy Committee (MPC) meeting. This decision aligns with our expectations, as we anticipate that the BoE will continue to monitor movements in inflation vigilantly. Similar to the situation in the US, the possibility of additional rate hikes in the near future is not to be dismissed. In the Euro Area, headline and core inflation rates declined in October, at 2.20% and 4.20%, respectively. This decline can be attributed to a combination of lower energy prices and the influence of base effects in the year-over-year calculations compared to October of the previous year.

The Central Bank of Nigeria (CBN) has taken a proactive step to address outstanding foreign exchange (FX) forward contracts to restore confidence in Nigeria's economy. Specifically, it is reported that the apex bank has commenced the disbursement to several banks and airlines, effectively clearing the backlog. This action underscores the government's commitment to stabilizing the naira. In response, the naira at the official window (NAFEM) appreciated week-on-week by 1.78% to settle at NGN776.14/USD. Additionally, the Senate has approved a supplementary budget of NGN1.17tn for 2023, with a deficit of NGN6.25tn (c. 3.35% of the country's GDP). This supplementary budget allocation, which addresses critical national priorities, includes NGN65bn allocated for bolstering security and national defence efforts. We expect that this budget will assist in confronting ongoing security challenges effectively and stimulate economic growth in the country. On corporate actions, Stanbic ITC Holdings Plc (STANBIC) announced that its banking subsidiary, Stanbic ITC Bank, has been re-registered as a private limited company, effective October 31, 2023. Importantly, this transition maintains the bank's status as a wholly owned subsidiary of STANBIC, with no alterations in ownership, shareholding structure, or core business objectives. The re-registration is primarily intended to streamline the bank's legal entity, eliminating any prior confusion in the market where investors and the public often incorrectly identified the bank as the listed entity rather than STANBIC. Furthermore, GlaxoSmithKline Consumer Nigeria Plc (GLAXOSMITH) has received approval from the Securities & Exchange Commission (SEC) to propose a Scheme of Arrangement to shareholders to dissolve GSK's business. Under the terms of the Scheme, all outstanding shares of GLAXOSMITH will subsequently be cancelled, while all shareholders (except GSK UK) will receive a total cash distribution of NGN17.42 per share owned.

This week, the ASI gained 4.56% WoW to a historic high of 70,196.77pts, bringing the Year-to-Date return to a new level of 36.97% (vs. 31.00% in the previous week). All sectoral indices recorded week-on-week gains save the **NGXOILGAS**, which closed flat WoW.

Two OMO auctions were held this week (October 30 and November 1), with the average stop rate rising to as high as 15.36% amidst a significant drop in subscription level from NGN62.75bn at the Monday auction to NGN128.95bn on Wednesday. In the secondary market, the mood was predominantly bearish as the average T-Bills and bond yields rose to 10.53% and 15.61% (vs. 7.92% and 14.88% last week), respectively.

Nigeria | November 3rd, 2023

Market Performance

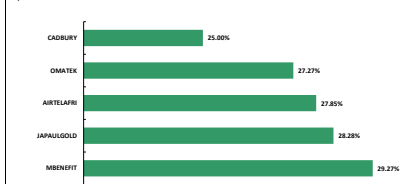
Equities	This Week	Previous Week	% Δ
NGXASI	70,196.77	67,136.58	4.56%
Volume (bn)	2.91	1.44	102.42%
Value (bn)	47.45	25.39	86.87%
Mkt. Cap. (Tn)	38.57	36.89	4.54%
Market Breadth	2.19x	1.02x	

	WTD	MTD	YTD
NGXBNK	2.87%	0.50%	72.46%
NGXNSMRGDS	0.47%	0.04%	55.22%
NGXOILGAS	0.00%	0.00%	102.35%
NGXINS	7.96%	5.08%	67.80%
NGXINDUSTR	0.73%	-2.29%	15.35%
NGXASI	4.56%	1.93%	36.97%

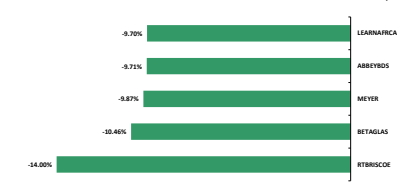
Other Indices	WTD	MTD	YTD
NGX 30	4.52%	1.33%	40.07%
NGX-PENSION	4.30%	0.90%	67.08%

Market Outliers

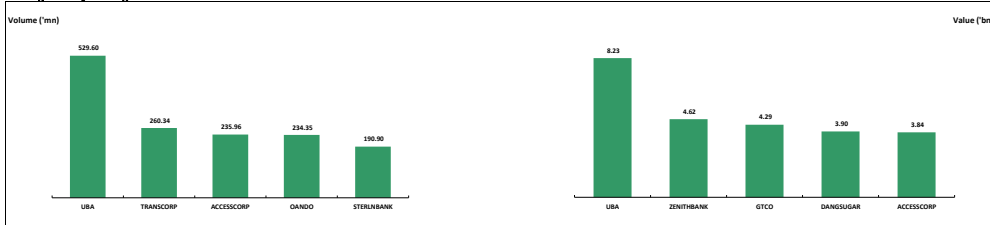
Top Gainers



Top Losers



Weekly Trading Activity



	This Week	Previous Week	% Δ
NAFEM (per USD)	776.14	789.54	1.78%

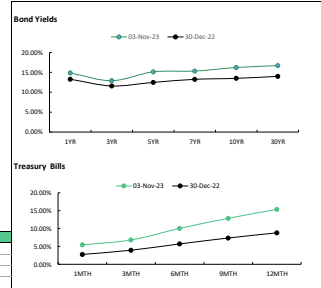
Money Market Rates	This Week	Previous
ONB	16.17%	14.40%
OVN	16.69%	14.75%
Average	16.43%	14.58%

Bond Yields	This Week	Previous Week	% Δ
1YR	14.86%	5.72%	
3YR	12.92%	12.88%	0.04%
5YR	15.13%	14.25%	0.88%
7YR	15.33%	15.00%	0.33%
10YR	16.23%	15.62%	0.61%
30YR	16.70%	16.76%	-0.06%

Treasury Bill Yields	This Week	Previous
1MTH	5.42%	2.46%
3MTH	6.80%	4.76%
6MTH	10.03%	8.24%
9MTH	12.85%	10.41%
12MTH	15.38%	12.74%
Average	10.10%	7.92%

In Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.22%	0.19%	0.92%	-1.48%	2.06%	1.27%	1.60%	1.91%
WTD	4.56%	0.37%	0.00%	-4.12%	4.90%	1.17%	1.18%	3.12%
YTD	36.97%	28.37%	35.08%	-32.74%	-0.27%	-2.72%	-2.69%	3.20%
P/E	10.02x	6.65x	10.98x	4.73x	11.22x	8.88x	13.43x	13.29x

Bond Income Monitor



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Meristem Research portal: <https://research.meristemng.com/reports>

Bloomberg: MERI <GO>

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FactSet: www.factset.com

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