

What Moved the Markets this Week?

The Bureau of Economic Analysis reported that the US economy expanded by 4.90% YoY and 1.20% QoQ (vs. 2.70% YoY in Q3-2022 and 2.10% YoY in Q2-2023), marking the highest growth since Q4-2021. This notable growth was supported by higher government and consumer spending (spurred by increases in manufacturing & retail trade and higher wages). This better-than-expected performance underscores the economy's resilience in the face of rapid rate hikes by the Fed. This data may likely motivate the Fed to resume its rate to ensure price stability. Elsewhere, the European Central Bank (ECB) held its benchmark interest rate constant at 4.50% at its latest policy meeting, marking the first pause since it began its hawkish cycle in July 2022 (c. 450bps). The latest inflation data influenced this decision to hold rates, which decelerated to 4.30% in September (vs. 5.20% in August 2023) and slower than expected economic growth in the region. We expect this move to support business activities and consumer spending as the region faces weak economic output evinced by sluggish growth in the bloc's largest economy - Germany. In sub-Saharan Africa, the World Bank has approved a USD1.00bn loan to South Africa to solve the ongoing energy crunch, as the crisis is peaked this year with regular blackouts. We see the loan from the Washington-based institution as a significant stride in addressing the pressing energy shortage in South Africa, which is crucial to the country's economic growth, and in addition to the USD439.50mn earlier received to support the country's shift to more sustainable energy sources.

In a ruling made under the Business and Property Court in London, the Federal Government of Nigeria successfully overturned the USD11.00bn damages claim charged against it by Process and Industrial Development Ltd (PID) regarding the 2011 collapsed gas processing deal. This ruling is favourable given the country's tight fiscal position and lean external reserve. In addition, MSCI Inc., a prominent provider of equity and fixed-income indices, disclosed that the MSCI Nigeria indexes will undergo a single-step reclassification from Frontier Markets to Standalone Markets status. This aligns with feedback from market participants and the ongoing issues with limited foreign exchange (FX) accessibility in the Nigerian equities market. On the heels of the FTSE Russell downgrade last month, we expect this development to further contribute to the dwindling investors' confidence and, thus, discourage foreign investments into the country. In other developments, the FGN Power Company (an SPV tasked with executing the Presidential Power Initiative (PPI) on behalf of the Federal Ministry of Power), in partnership with the China Civil Engineering Construction Corporation (CCECC) and TBEA Energy, has signed a USD463.00mn deal. This agreement aims to upgrade and improve the power distribution lines in the region currently served by the Abajig, Jos, Kaduna and Kano discos and establish a super grid. We anticipate that this agreement will bolster the government's initiatives to enhance electricity distribution in the country, providing relief from the recurring issues affecting the stability of the national grid.

Despite losing thrice out of the five trading days, the local bourse gained 0.33% WoW. The All-Share Index at the end of the week stood at 67,136.58pts, bringing the Year-to-Date return to 31.00%. Sectoral performance was mixed as the **NGXCONMRGDS** (-0.04% WoW), **NGXINDUSTR** (-0.15% WoW) and **NGXINS** (-1.12% WoW) recorded losses week-on-week while the **NGXOILGAS** (+2.07% WoW) **NGXBANK** (+1.04% WoW) recorded week-on-week gains.

At the T-bills primary market auction held during the week, the total subscription surged to NGN38.12bn from NGN32.14bn at the last auction. Notwithstanding, average stop rates across the 91-day, 182-day and 364-instruments rose to 5.90%, 9.00% and 13.00% from 3.67%, 5.11% and 9.25% at the previous auction, respectively. In the secondary fixed income market, sentiment was bearish as the average T-bills and bond yields rose to 7.92% and 14.88% from 6.64% to 14.64% last week.

Nigeria | October 27th, 2023

Market Performance

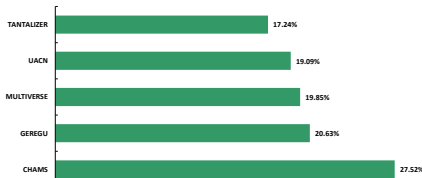
Indices	This Week	Previous Week	% Δ
NGXASI	67,136.58	66,915.41	0.33%
Volume ('bn)	1.44	1.49	-3.72%
Value ('bn)	25.39	24.27	4.61%
Mkt. Cap. ('trn)	36.89	36.76	0.33%
Market Breadth	1.03x	0.69x	

	WTD	MTD	YTD
NGXBANK	1.04%	5.27%	67.98%
NGXCONMRGDS	-0.04%	1.06%	94.21%
NGXOILGAS	2.07%	2.38%	102.35%
NGXINS	-1.12%	-4.24%	55.43%
NGXINDUSTR	-0.15%	3.35%	14.52%
NGX-ASI	0.33%	1.14%	31.00%

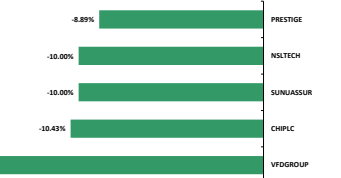
Other Indices	WTD	MTD	YTD
NGX-30	0.33%	1.11%	34.02%
NGX-PENSION	-0.18%	0.81%	60.19%

Market Outliers

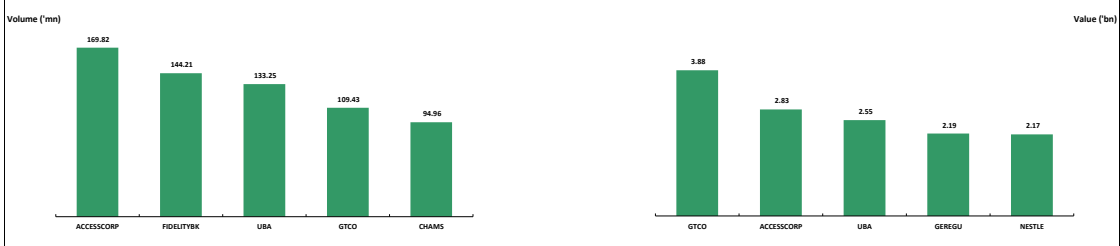
Top Gainers



Top Losers



Weekly Trading Activity



	This Week	Previous Week	% Δ
NAFEM (per USD)	789.94	808.27	2.32%

Money Market Rates

	This Week	Previous
OBB	14.40%	1.50%
OVN	14.75%	2.22%
Average	14.58%	1.86%

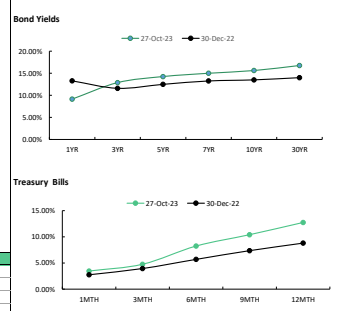
Bond Yields

	This Week	Previous Week	% Δ
1YR	9.14%	8.92%	0.22%
3YR	12.88%	13.10%	-0.22%
5YR	14.25%	14.06%	0.19%
7YR	15.00%	14.96%	0.04%
10YR	15.62%	15.85%	-0.23%
30YR	16.76%	16.41%	0.34%

Treasury Bills Yields

	This Week	Previous
1MTH	3.46%	2.83%
3MTH	4.76%	4.15%
6MTH	8.24%	6.30%
9MTH	10.41%	8.83%
12MTH	12.74%	11.10%
Average	7.92%	6.64%

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 INFORMATION:

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 (SC) 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.