

What Moved the Markets this Week?

In Sub-Saharan Africa, Ethiopia officially defaulted on its debt obligations after failing to make a USD33mn coupon payment on its sole Eurobond which was due on December 26, 2023. Earlier in the month, the Ethiopian government hinted the possibility of a default, citing a dire fiscal position exacerbated by the lingering impacts of the pandemic and the two-year civil war that broke out in the country. Similar to other African nations that have defaulted in their debt obligations, it is anticipated that the Ethiopian government will initiate a debt restructuring process to facilitate a more manageable repayment structure.

In the domestic scene, the Central Bank of Nigeria (CBN) has reversed its ban on crypto trading transactions, which was initially imposed in February 2021. The CBN has now given authorization to banks and financial institutions (FIs) to open accounts, offer designated settlement accounts and services, and serve as channels for forex inflows and trade for businesses engaging in crypto asset transactions. It is anticipated that this move will encourage a redirection of more funds into the formal financial system, moving away from reliance on peer-to-peer market. This regulatory change reflects a recognition of the evolving landscape of digital assets and a willingness to integrate them into the mainstream financial sector. According to the National Bureau of Statistics (NBS), Nigeria's Terms of Trade (TOT), a metric that gauges the ratio between a country's export prices and import prices, declined marginally by 0.03% in Q3-2023. This dip is attributed to a faster increase in the All Commodity Group Import Index (+0.21%) compared to the Export Index (+0.18%). The rise in import prices is associated with changes in the prices of specific categories, particularly in "Textiles and textile articles," "Mineral products," and "Wood and articles of wood, wood charcoal, and articles." We owe this decline to the depreciating value of the Naira which has increased the cost of imported goods and made export prices relatively cheaper for foreign buyers. On the corporate scene, VFD Group Plc (VFDGROUP) has disclosed its intention to raise additional capital through a rights issue process of 63,342,455 ordinary shares of 50kobo each, at a price of NGN197.33 per share on the basis of 1 new share for every 3 held. This offer price represents a discount of 2.75% from VFDGROUP's closing price of NGN202.30 on December 29, 2023. The qualification date is October 12, 2023, and the application list opened on December 20, 2023 as approved by the Securities and Exchange Commission (SEC).

The Nigerian equities market closed in the green zone for the ninth consecutive week as the All-Share Index (NGX-ASI) gained 1.01% WoW to reach 74,773.77pts. On the sectoral front, all indices recorded positive returns: **NGXBNK** (+1.08% WoW), **NGXINDUSTR** (+0.01%), **NGXOILGAS** (+0.37% WoW), and **NGXINS** (+8.19% WoW), save for the **NGXNSMRGDS** (-1.46% WoW) which closed down for the week. In addition, at the close of the last trading week of the year, the local bourse returned +45.90% YoY (vs +19.98% YoY in 2022FY).

In the secondary fixed income market, sentiment was largely mixed as average T-bills yield climbed to 8.35% vs 8.33% in the previous week while average bond yield declined to 14.13% from 14.38% in the previous week.

Nigeria | December 29th, 2023

Market Performance

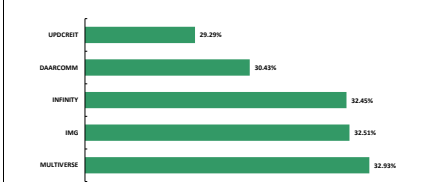
Equities	This Week	Previous Week	% Δ
NGX-ASI	74,773.77	74,023.27	1.01%
Volume (bn)	1.16	2.03	-42.58%
Value (bn)	31.38	37.95	-17.32%
Mkt. Cap. (Tn)	40.92	40.51	1.01%
Market Breadth	7.6%	1.5%	

	WTD	MTD	YTD
NGXBNK	1.08%	19.94%	114.90%
NGXNSMRGDS	-1.46%	-3.81%	90.39%
NGXOILGAS	0.37%	-0.34%	125.54%
NGXINS	8.19%	6.24%	84.48%
NGXINDUSTR	0.01%	-2.52%	12.86%
NGX-ASI	1.01%	4.78%	45.90%

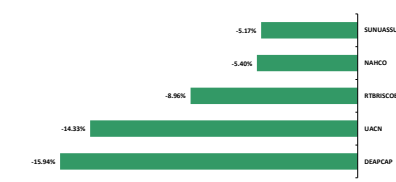
Other Indices	WTD	MTD	YTD
NGX-30	1.01%	6.28%	51.44%
NGX-PENSION	1.67%	5.92%	80.80%

Market Outliers

Top Gainers

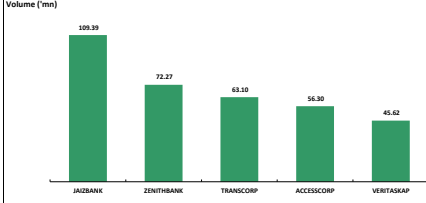


Top Losers

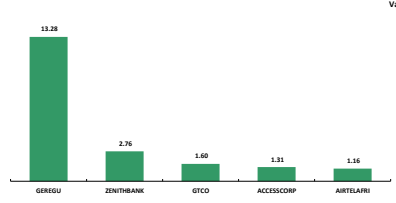


Weekly Trading Activity

Volume (mn)



Value (bn)

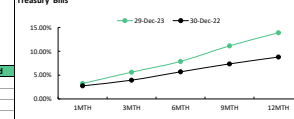


Fixed Income Monitor

Bond Yields



Treasury Bills



	This Week	Previous Week	% Δ
NAFEM (per USD)	907.11	885.88	-2.34%

Bond Yields

	This Week	Previous Week	% Δ
1YR	12.67%	12.62%	0.08%
3YR	12.80%	12.80%	0.00%
5YR	14.26%	14.25%	0.00%
7YR	14.63%	14.63%	0.00%
10YR	15.13%	15.23%	-0.20%
30YR	16.81%	16.39%	0.51%

Foreign Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.36%	0.00%	1.40%	0.49%	0.53%	0.45%	1.29%	0.23%
WTD	3.01%	0.00%	0.00%	0.74%	3.38%	0.69%	3.09%	1.36%
YTD	45.90%	28.08%	69.14%	-28.08%	3.26%	8.27%	6.95%	15.29%
P/E	10.80x	5.73x	11.86x	5.12x	12.30x	11.63x	15.17x	14.96x

Money Market Rates

	This Week	Previous
ORB	15.66%	14.86%
OVN	15.47%	15.29%
Average	15.27%	15.08%

Treasury Bill Yields

	This Week	Previous
1MTH	8.34%	8.30%
3MTH	8.62%	8.60%
6MTH	7.88%	7.50%
9MTH	11.14%	11.20%
12MTH	13.89%	13.96%
Average	8.35%	8.33%

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

Bloomberg: MERI <GO>

Capital IQ: www.capitaliq.com

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

Reuters: www.thomsonreuters.com

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