

What Moved the Markets this Week?

After decelerating for the past ten months, the UK's December headline inflation rate unexpectedly increased to 4.00% YoY from 3.90% YoY in November 2023. The spike in tobacco duty implemented in the previous month (which led to the increase in tobacco prices) and an increase in air fares were the primary contributors to this rise. However, food inflation decelerated to 8.00% (vs. 9.20%), while the core inflation remained at 5.10%. We note that this rise might alter expectations of an early rate cut by the Bank of England (BOE). In Asia, China's National Bureau of Statistics (NBS) reported that the economy grew by 5.20% YoY and 1.00% QoQ in the year in Q4-2023 (vs. 4.90% YoY and 1.5% QoQ as of Q4-2022). We note that this growth primarily highlights efforts on policy stimulus to restore confidence and business activity in the ailing economy. Furthermore, Ghana successfully negotiated a debt moratorium until May 2026 with its official creditors, aiming to facilitate the restructuring of its USD1.2bn debt by the end of March 2024. The restructuring agreement includes a moratorium on payments for USD540bn of bilateral obligations, spread across two tranches with repayments scheduled in 16 and 17 years. The moratorium grants Ghana breathing room to execute its debt restructuring plan, restore financial stability, avert potential defaults and safeguard its credit rating. Additionally, the International Monetary Fund (IMF) approved a new loan of over USD941mn to support the financial stability of Kenya. The loan will be disbursed in two parts, with an immediate disbursement of USD624.50mn. This is expected to help stabilise the economy, strengthen policy frameworks, withstand external shocks, and foster a more inclusive and sustainable growth trajectory.

On the domestic scene, the National Bureau of Statistics reported that Nigeria's headline inflation continued northward for the twelfth consecutive month to 28.92% YoY and 2.92% MoM in December (vs 28.20% YoY and 2.09% MoM in November 2023). The surge is attributed to elevated food prices caused by persistent supply constraints in the country's agricultural value chain and heightened demand for food items during the festive season. Additionally, the continued depreciation of the Naira, leading to increased prices of imported goods, contributed to this upswing. We maintain that with inflation on a persistent rise and no indications of waning, we anticipate that the CBN would maintain its hawkish stance on the monetary policy rate (MPR) to maintain price stability. In a recent development, seven (7) oil marketers (including Conoil Plc, Ardova Plc, 11 Plc, MRS Oil Nigeria Plc, Total Energies Plc, OVI Energy Marketing Ltd and NNPC Retail) in addition to members of IPMAN, PETROAN and MOMAN have received approval to distribute refined petroleum products from Dangote Oil Refinery. We note the commencement of the deal follows the subsequent finalisation of the payment terms. This development rides on the commencement of oil production by Dangote Refinery, which began last week and is poised to reduce crude oil import dependency and lower the cost of fuel associated with landing costs and continued fluctuations in the exchange rate. Regarding corporate actions, Access Holdings Plc (ACCESSCORP) has announced that its banking subsidiary, Access Bank Plc, has taken action to acquire majority shareholding (c. 80%) in the Ugandan firm Finance Trust Bank Limited. This development aligns with ACCESSCORP's strategy to expand across the African continent. As such, we expect this transaction to result in higher earnings and growth prospects for the company and increase investors' optimism towards their overall performance.

The local bourse closed in the green zone for the third consecutive week in 2024 as the All-share index gained 13.84% WoW to reach 94,538.12pts. Furthermore, the Year-to-Date return rose to 26.43%. Sectoral performance was predominantly positive as all indices recorded week-on-week gains - NGXNSMRGDS (+8.18% WoW), NGXINS (+14.94% WoW), NGXOILGAS (+8.82% WoW) and NGXINDUSTR (+46.88% WoW), while the NGXBNK (-0.13% WoW) recorded a week-on-week loss.

At the OMO auction conducted in the primary fixed income market this week, the yield across the 97-Days, 181-Days, and 364-Days instruments declined to 10.00%, 13.50%, and 17.50% (from 10.50%, 14.00% and 17.75% at the previous auction), respectively. In the secondary fixed income market, sentiment was mixed as the average T-bills yield declined to 4.71% (vs 4.96% in the previous week), while the average bond yield rose to 13.66% (from 13.28% last week).

Nigeria | January 19th, 2024

Market Performance

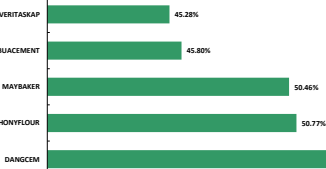
| Index | This Week | Previous Week | % Δ |
|------------------|-----------|---------------|---------|
| NGXASI | 94,538.12 | 83,042.96 | 13.84% |
| Volume ('bn) | 5.15 | 5.66 | -8.92% |
| Value ('bn) | 78.20 | 88.70 | -11.83% |
| Mkt. Cap. ('trn) | 51.74 | 45.44 | 13.85% |
| Market Breadth | 5.50x | 3.33x | |

| | WTD | MTD | YTD |
|------------|--------|--------|--------|
| NGXBNK | -0.13% | 15.77% | 15.77% |
| NGXNSMRGDS | 8.18% | 23.78% | 23.78% |
| NGXOILGAS | 8.82% | 10.27% | 10.27% |
| NGXINS | 14.94% | 41.13% | 41.13% |
| NGXINDUSTR | 46.88% | 59.44% | 59.44% |
| NGX-ASI | 13.84% | 26.43% | 26.43% |

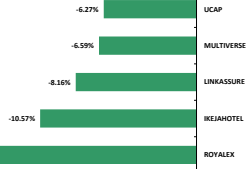
| Other Indices | WTD | MTD | YTD |
|---------------|--------|--------|--------|
| NGX-30 | 14.23% | 27.33% | 27.33% |
| NGR-PENSION | 5.98% | 21.52% | 21.52% |

Market Outlook

Top Gainers

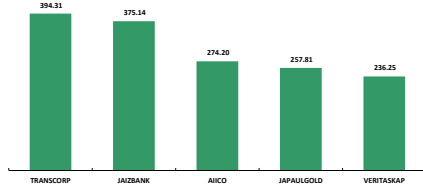


Top Losers

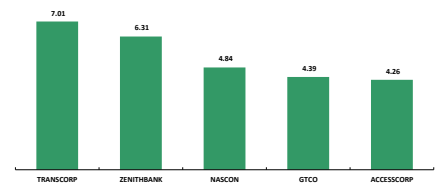


Weekly Trading Activity

Volume (mn)



Value ('bn)



| | This Week | Previous Week | % Δ |
|-----------------|-----------|---------------|--------|
| NAFEM (per USD) | 902.45 | 890.54 | -1.32% |

| Bond Yields | This Week | Previous Week | % Δ |
|-------------|-----------|---------------|-------|
| 1YR | 9.21% | 7.94% | 1.27% |
| 3YR | 12.82% | 12.12% | 0.70% |
| 5YR | 13.62% | 13.32% | 0.30% |
| 7YR | 13.76% | 13.67% | 0.09% |
| 10YR | 15.00% | 14.89% | 0.11% |
| 30YR | 15.74% | 15.68% | 0.06% |

| Money Market Rates | This Week | Previous |
|--------------------|-----------|----------|
| OBB | 22.10% | 16.58% |
| OVN | 23.25% | 17.80% |
| Average | 22.68% | 17.19% |

| Treasury Bills Yields | This Week | Previous |
|-----------------------|-----------|----------|
| 1MTH | 2.28% | 2.11% |
| 3MTH | 3.42% | 3.47% |
| 6MTH | 4.41% | 4.75% |
| 9MTH | 5.87% | 6.44% |
| 12MTH | 7.97% | 8.04% |
| Average | 4.71% | 4.96% |

In Other Markets

| | Nigeria | Ghana | Egypt | Kenya | South Africa | Frontier | Emerging | Developed |
|-------|---------|-------|--------|-------|--------------|----------|----------|-----------|
| Today | 2.87% | 0.01% | 0.32% | 0.16% | 0.39% | -0.02% | 0.31% | 0.38% |
| WTD | 13.84% | 0.55% | 0.00% | 0.61% | -2.17% | -0.49% | -3.51% | -2.50% |
| YTD | 26.43% | 0.45% | 7.83% | 1.37% | -5.55% | 0.54% | -6.09% | -2.91% |
| P/E | 13.66x | 5.75x | 12.90x | 5.13x | 15.74x | 11.10x | 14.43x | 14.54x |

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Bloomberg: MERI<GD>

Capital IQ: www.capitaliq.com

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

Reuters: www.thomsonreuters.com

FactSet: www.factset.com

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