

What Moved the Markets this Week?

Nigeria | January 5th, 2024

Contrary to the disinflationary trend witnessed for most of the second half of 2023, the Eurozone's inflation rate in December 2023 increased by 50bps to 2.90% (vs 2.40bps in November). The increase in the general price level was anticipated mainly owing to the base effect from the energy market, which triggered a lower decline in energy prices. However, core inflation – the most preferred inflationary measure by the European Central Bank – slowed down to 3.40% in December compared to the 3.50% reported in November. Given this development, we project that the rate cut likelihood may be delayed until the second half of 2024. In the U.S., the addition of non-farm payrolls for December was 216,000, higher than the previous month's 173,000. This uptick was mainly influenced by positive developments in the education, health, leisure, and hospitality sectors. It is essential to highlight that job availability remains below pre-pandemic levels despite this increase. However, there are concerns that this could fuel inflationary pressures. Similar to our expectation for the ECB, we believe there is a likelihood for the Fed to commence its rate cut after summer.

On the domestic scene, the Federal Government has initiated collaboration with a Chinese firm (Luan Steel Holding Group) to establish a functional steel industry and kickstart the production of military hardware at the Ajakuta Steel Plant. This strategic move is anticipated to draw significant foreign direct investments, bolster the national economy, generate hundreds of thousands of job opportunities, and contribute to the ongoing efforts in combating insecurity and terrorism. Additionally, in line with the government's objective of poverty alleviation, the Federal Government has allocated NGN150bn to implement poverty alleviation programs in 2024 under the National Poverty Reduction and Growth Strategy. The amount is to be spent under the four pillars of macroeconomic stability; industrialization, structural policies/institutional reforms, and redistributive policies/programs of the government. The program is expected to run for ten years (2021-2031), with an estimated implementation cost of USD1.60 trillion. Furthermore, the Central Bank of Nigeria (CBN) recently lifted a two-year restriction on cryptocurrency transactions but has now imposed stringent rules on crypto operations and anti-money laundering checks. We are optimistic that this regulation aligns with the CBN's oversight role and will go far in forestalling the risk of investment loss, money laundering, illicit fund flows, terrorism financing, and criminal activities.

The Nigerian equities market opened the new year on a bullish note as the All-Share Index (NGX-ASI) gained 6.54% WoW to reach 79,664.66pts. On the sectoral front, all indices recorded positive returns: **NGXBANK** (+10.29% WoW), **NGXCNSMRGDS** (+4.40% WoW), **NGXOILGAS** (+3.00% WoW), **NGXINS** (+14.08% WoW), and **NGXINDUSTR** (+3.58% WoW). Market breadth, which measures the ratio of gainers to losers, advanced to 4.45x from 2.68x in the previous week.

In the secondary fixed income market, sentiment was largely bullish as average T-bills and bond yields fell to 7.50% and 13.73% (vs 8.33% and 14.13% in the previous week).

Market Performance

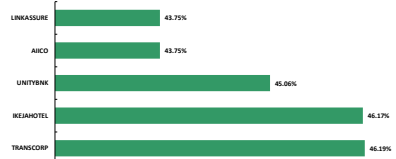
Equities	This Week	Previous Week	% Δ
NGXASI	79,664.66	74,773.77	6.54%
Volume (bn)	3.29	1.16	182.58%
Value (bn)	41.61	31.38	32.60%
Mkt. Cap. (trn)	43.59	40.92	6.54%
Market Breadth	4.45x	2.68x	

	WTD	MTD	YTD
NGXBANK	10.29%	10.29%	10.29%
NGXCNSMRGDS	4.40%	4.40%	4.40%
NGXOILGAS	3.00%	3.00%	3.00%
NGXINS	14.08%	14.08%	14.08%
NGXINDUSTR	3.58%	3.58%	3.58%
NGX-ASI	6.54%	6.54%	6.54%

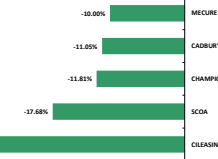
Other Indices	WTD	MTD	YTD
NGX-30	6.88%	6.88%	6.88%
NGX-PENSION	9.70%	9.70%	9.70%

Market Outliers

Top Gainers

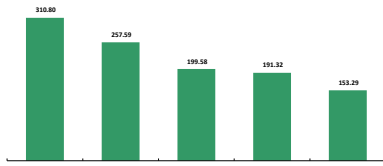


Top Losers

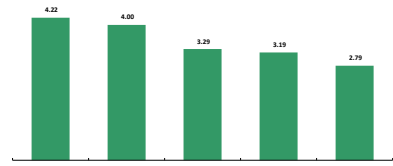


Weekly Trading Activity

Volume (mn)



Value (bn)



	This Week	Previous Week	% Δ
NAFEM (per USD)	892.23	869.39	-2.80%

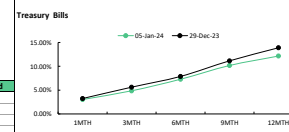
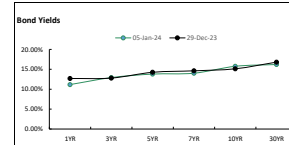
Bond Yields	This Week	Previous Week	% Δ
1YR	11.15%	12.59%	-1.53%
3YR	12.92%	12.80%	-0.12%
5YR	13.81%	14.26%	-0.45%
7YR	14.02%	14.63%	-0.60%
10YR	15.76%	15.12%	0.62%
30YR	16.21%	16.81%	-0.59%

in Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	2.11%	0.00%	-0.23%	0.08%	-0.26%	1.21%	0.11%	0.64%
WTD	6.54%	-0.04%	0.00%	0.48%	-3.34%	1.01%	-1.90%	-1.50%
YTD	6.54%	-0.04%	1.83%	0.48%	-1.34%	1.01%	-1.90%	-1.50%
P/E	11.51x	5.73x	12.18x	5.09x	16.00x	11.16x	15.09x	14.74x

Money Market Rates	This Week	Previous
ORB	14.25%	15.06%
OVN	14.90%	15.47%
Average	14.58%	15.08%

Treasury Bill Yields	This Week	Previous
1MTH	3.03%	3.24%
3MTH	4.86%	5.62%
6MTH	7.28%	7.88%
9MTH	10.17%	11.14%
12MTH	12.15%	13.89%
Average	7.50%	8.33%

Fixed Income Monitor



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