

What Moved the Markets this Week?

According to preliminary estimates by the United States Bureau of Economic Analysis, the US economy expanded by 3.30% YoY in Q4-2023 (vs. 4.90% in Q3-2023). Annual real GDP growth stood at 2.50%, up from 1.90% in 2022, indicating the nation's economic resilience throughout 2023. The key drivers of this growth include increased consumer spending, higher non-residential fixed investment, elevated state and local government expenditures, improved exports, and increased federal government spending. In our view, this stronger-than-anticipated economic expansion, coupled with the rise in the country's December inflation metrics, suggests a delayed onset of rate cuts by the Federal Reserve in 2024. In the Eurozone, the European Central Bank (ECB) opted to maintain its key interest at 4.50%, stating that prior interest rate hikes have significantly influenced demand and resulted in a downturn in inflation for the area. Additionally, the ECB reaffirmed its commitment to achieving its 2.00% inflation target, emphasizing that maintaining the current interest rates for an extended period will help bring inflation back to the desired level. Furthermore, in Sub-Saharan Africa, Ivory Coast returned to the international market after a two-year hiatus, raising USD2.60bn through two Eurobonds with maturities of nine and thirteen years. The issuance attracted over 400 investors, with an oversubscription USD8.00bn (the highest in West Africa). The newly issued bonds have interest rates of 6.30% and 6.85%, respectively. We believe this development is likely to usher other sub-Saharan countries to raise funds in the international capital market.

On the domestic scene, the Central Bank of Nigeria (CBN) revealed that inflationary pressure in the country is anticipated to decline in 2024 with CBN's inflation-targeting policy, which aims to curb inflation to 21.40%. According to the apex bank, the decline is expected to be driven by enhanced agricultural output and alleviated global supply chain constraints. However, we opine that while increased agricultural output may contribute to slowing inflation and a high base effect could moderate inflation figures (especially in the latter half of the year), reaching this target range in 2024 is unlikely as persistent factors such as the depreciation of the naira and rising transportation costs continue to drive inflation in the country. On the corporate scene, a notice by the Federal Competition and Consumer Protection Commission disclosed the acquisition of 81.82% of ARM Pension Managers (PFM) by Access Pension Limited, a subsidiary of Access Holdings. Following the acquisition, ARM Pension will merge with Access Pensions Limited, combining assets, liabilities, and operations under Access Pensions, resulting in an entity with assets under management surpassing NGN2.21trn. In our assessment, the merger is expected to enhance financial performance through expanded market share, increased revenue, and improved service offerings. Lastly, Notore Chemical Industries, in a recent notice of an Extraordinary General Meeting, revealed its intention to raise additional capital of NGN105.79bn by issuing 2.42bn ordinary shares at NGN43.75 per share to a specific investor through a Private Placement, pending approval from relevant regulatory authorities. Furthermore, the company intends to raise the Share Capital from NGN2.00bn to NGN2.015bn by creating 30,165,000 ordinary shares at NGN50 each.

The Nigerian equities market continued its positive streak for the fourth consecutive week in 2024, as the All-share index surged by 8.32% WoW to reach 102,401.88pts, with the Year-to-Date return increasing to 36.95%. Sector-wise, performance remained predominantly bullish, with the **NGXNSMRGDS** (+5.29% WoW), **NGXOILGAS** (+11.57% WoW), and **NGXINDUSTR** (+13.20% WoW) recording week-on-week gains. However, the **NGXBANK** (-1.63% WoW) and **NGXINS** (-4.10% WoW) registered a week-on-week decline.

During the treasury bills auction held this week, total subscriptions declined to NGN1.09trn from NGN1.41trn in the previous auction. In contrast, total allotment rose to NGN231.82bn compared to NGN56.56bn in the last auction. Subsequently, the yield for the 91-Days, 182-Days, and 364-Days instruments increased to 5.00%, 7.15%, and 11.54%, respectively, from 2.44%, 4.22%, and 8.40% recorded at the previous auction. In the secondary fixed income market, the sentiment was bearish as the average T-bills and bond yields rose to 5.93% and 13.79% respectively from 4.71% and 13.56% last week.

Nigeria | January 26th, 2024

Market Performance

Equities	This Week	Previous Week	% Δ
NGXASI	102,401.88	94,538.12	8.32%
Volume ('bn)	2.94	5.14	-42.72%
Value ('bn)	57.74	77.28	-25.29%
Mkt. Cap. ('trn)	56.04	51.74	8.32%
Market Breadth	0.72x	5.50x	

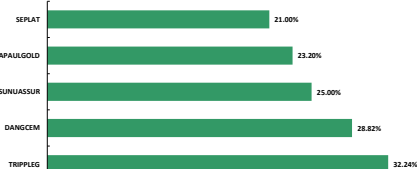
	WTD	MTD	YTD
NGXBANK	-1.63%	13.89%	13.89%
NGXNSMRGDS	5.29%	30.33%	30.33%
NGXOILGAS	11.57%	23.03%	23.03%
NGXINS	-4.10%	35.35%	35.35%
NGXINDUSTR	23.20%	96.43%	96.43%
NGX-ASI	8.32%	36.95%	36.95%

Other Indices

	WTD	MTD	YTD
NGX-30	8.42%	38.05%	38.05%
NGX-PENSION	1.76%	23.66%	23.66%

Market Outlook

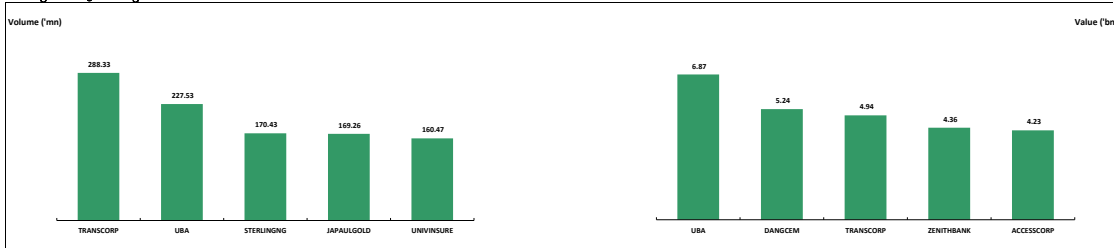
Top Gainers



Top Losers



Weekly Trading Activity



	This Week	Previous Week	% Δ
NAFEM (per USD)	891.90	902.45	1.18%

Bond Yields

	This Week	Previous Week	% Δ
1YR	12.72%	9.21%	3.51%
3YR	13.31%	12.82%	0.49%
5YR	13.97%	13.62%	0.36%
7YR	14.01%	13.76%	0.25%
10YR	15.32%	15.00%	0.32%
30YR	15.63%	15.74%	-0.11%

Money Market Rates

	This Week	Previous
OBB	17.58%	22.10%
OVN	18.83%	23.25%
Average	18.21%	22.68%

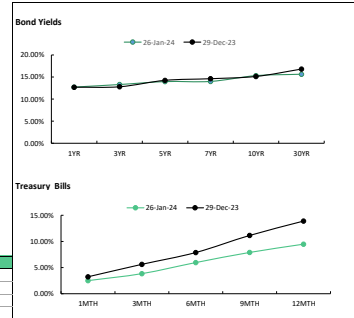
Treasury Bills Yields

	This Week	Previous
1MTH	2.50%	2.25%
3MTH	3.84%	3.42%
6MTH	5.95%	4.41%
9MTH	7.89%	5.87%
12MTH	9.47%	7.57%
Average	5.93%	4.71%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Toby	0.25%	0.00%	0.29%	-1.74%	1.11%	-0.47%	0.61%	-0.29%
WTD	8.32%	0.57%	0.00%	-3.21%	3.03%	0.19%	1.79%	1.45%
YTD	36.95%	1.35%	11.13%	-1.89%	-2.64%	1.03%	-3.46%	-1.13%
P/E	14.82x	5.80x	13.29x	5.07x	16.12x	11.15x	14.79x	14.81x

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 (SEC) 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 2024.