

What Moved the Markets this Week?

The Bureau of Labour Statistics revealed that the U.S. inflation rate decelerated in January 2024 to 3.10% YoY, from 3.40% YoY recorded in December 2023. This was however higher than the estimated 2.90% for the period. This downturn in inflation can be attributed to lower food and energy prices during the period with food inflation falling to 2.60% YoY (vs. 2.70% YoY in December 2023). The data also revealed that the core index which excludes farm products and energy remained unchanged at 3.30% YoY from the previous period. We expect the sticky inflation to further dissuade expectations of early rate cuts and influence the Fed's decision to maintain an accommodative stance in its next meeting as inflation rate still remains above the target rate of 2.00%. Meanwhile, according to data from the Office for National Statistics (ONS), the UK GDP contracted for the second consecutive quarter in Q4-2023 by 0.30%, following a decline of 0.10% in Q3-2023. Thus, indicating that the region has slipped into a recession for the first time since 2020. In our view, the negative economic growth was driven by the impact of the higher interest rate environment and elevated inflation during the period which has caused a drag on economic activities. While we do not expect immediate rate cuts as inflationary pressure remains elevated, we anticipate the implementation of measures such as tax cuts and other fiscal stimulus to spur economic activity. Similarly, Japan's economy recorded a second consecutive quarter of negative growth as the country's GDP contracted by 0.40% YoY in Q4-2023 from a decline of 3.30% YoY in Q3-2023. This decline is owed to the impact of weaker demand stemming from lower consumer spending, and weaker currency during the period. We expect this to further delay the Bank of Japan's (BoJ) imminent decision to increase interest rate for the first time since 2007 as the bank has been maintaining low interest rates low aimed at spurring domestic demand.

According to data released by the National Bureau of Statistics (NBS), Nigeria's headline inflation increased for the thirteenth consecutive month to 29.90% YoY in January 2024 (vs. 28.92 YoY in December 2023), bringing inflation to its 28-year high. This uptick in inflation was driven by higher food during the period, with the food index surging to 35.41% YoY. Also, the core index rose to 23.59%, ringed on higher prices of passenger transport and accommodation services. On a month-on-month (MoM) basis, headline, food, and core inflation rose to their highest levels in five months, reaching 2.64% MoM, 3.61% MoM, and 2.24% MoM, respectively. We expect inflationary pressure to remain persistent in the near term, driven by elevated transportation costs and FX depreciation which may continue to impact prices. In a circular issued on February 15, the Central Bank of Nigeria (CBN), has directed all authorized dealer banks to now payout Personal Travel Allowance (PTA) and Business Travel Allowance (BTA) through electronic means only and not cash. This move comes on the back of significant Naira depreciation in the foreign exchange market over the past weeks. In our view, this move aims to bolster transparency and stability in the foreign exchange market while curbing forex malpractices. In the same vein, the CBN has mandated all authorised banks to limit the initial repatriation of export proceeds to the parent accounts of International Oil Companies (IOCs) operating in Nigeria to 50% of the total amount. The directive further instructed that the remaining 50% should be pooled gradually over a 90-day period from inflow date of the export proceeds. While we note that this move may sway the confidence of IOCs from operating in the country, we posit that the initiative will help spur FX liquidity and cushion volatility in the FX market in the near term.

In contrast to the previous week, the local bourse closed on a positive note as the All-share index (NGXASI) gained 3.79% WoW to reach 105,722.78pts. Thus, the Year-to-Date increased to 41.39%. Across sectoral indices, the performance was however mixed as the **NGXCNSMRGDS** (+10.96% WoW), **NGXOILGAS** (+5.25% WoW), and **NGXINS** (+2.66% WoW) recorded week-on-week gains while the **NGXINDUSTR** (-2.45% WoW) while the **NGXBANK** (-1.34% WoW) and **NGXINDUSTR** (-1.83%) closed in the red zone.

The mood in the fixed income was predominantly bearish during the week as the average T-bills yield advanced to 16.41% from 13.66% the previous week. Also, the average bonds yield increased to 16.12%, from 15.85% the previous week.

Nigeria | February 16th, 2024

Market Performance

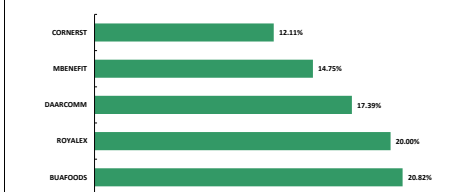
Equities	This Week	Previous Week	% Δ
NGXASI	105,722.78	101,858.37	3.79%
Volume ('bn)	1.56	2.47	-37.07%
Value ('bn)	36.43	41.78	-12.80%
Mkt. Cap. ('trn)	57.85	55.74	3.79%
Market Breadth	0.68x	0.35x	

	WTD	MTD	YTD
NGXBANK	-1.34%	3.41%	-0.08%
NGXCNSMRGDS	10.96%	17.66%	46.29%
NGXOILGAS	5.25%	4.86%	25.79%
NGXINS	2.66%	7.93%	31.33%
NGXINDUSTR	-1.83%	-5.43%	96.57%
NGX-ASI	3.79%	4.52%	41.39%

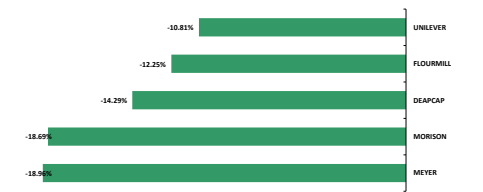
Other Indices	WTD	MTD	YTD
NGX-30	7.36%	6.68%	13.21%
NGX-PENSION	0.12%	-2.76%	11.87%

Market Outliers

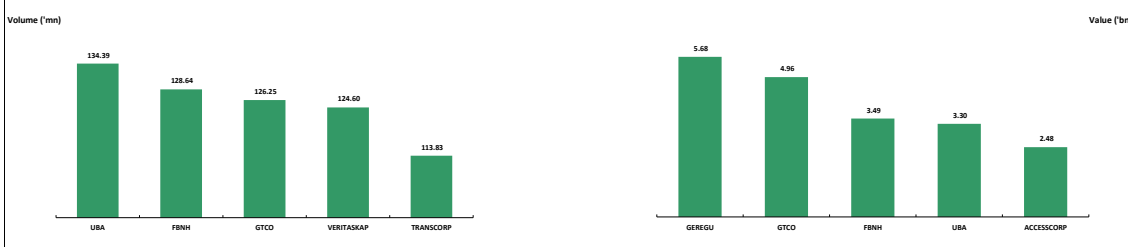
Top Gainers



Top Losers



Weekly Trading Activity



	This Week	Previous Week	% Δ
NAFEM (per USD)	1,537.96	1,469.97	-4.42%

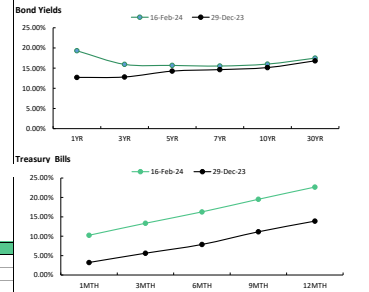
	This Week	Previous Week	% Δ
1YR	19.30%	14.49%	4.81%
3YR	15.93%	16.76%	-0.83%
5YR	15.67%	15.66%	0.00%
7YR	15.52%	15.16%	0.35%
10YR	16.00%	15.73%	0.27%
30YR	17.47%	17.50%	-0.03%

Money Market Rates		
	This Week	Previous
OBBL	16.25%	15.50%
OVN	16.93%	17.00%
Average	16.59%	16.25%

Treasury Bills Yields		
	This Week	Previous
1MTH	10.24%	7.94%
3MTH	13.34%	10.73%
6MTH	16.27%	13.62%
9MTH	19.53%	16.69%
12MTH	22.67%	19.30%
Average	16.41%	13.66%

Fixed Income Monitor



	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	1.56%	0.00%	0.18%	0.14%	0.61%	0.69%	0.89%	1.00%
WTD	3.79%	0.03%	0.00%	-0.11%	0.33%	0.93%	1.22%	0.59%
YTD	41.39%	1.55%	16.20%	-1.12%	-4.20%	2.87%	-1.57%	0.10%
P/E	15.30x	5.33x	13.90x	5.01x	15.97x	11.38x	15.09x	14.96x

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