

What Moved the Markets this Week?

According to recent data released by the Bureau of Labour Statistics, the unemployment rate in the U.S. remained steady at 3.70% in January 2024, marking the third consecutive month without change and the 24th consecutive month with an unemployment rate below 4.00%. Notably, the non-farm payroll expanded by 353,000 jobs in January, primarily fueled by growth in professional and business services. The sustained stability in the labour market underscores its resilience and hints at a promising trajectory for economic recovery. Moreover, this data lessens the likelihood of a rate cut in March and shifts the timeline for the first rate adjustment to mid-2024. Additionally, German inflation eased to 3.02% in January (vs 3.80% in December 2023), driven by a drop in energy prices - solid fuel, heating oil and natural gas. In the Sub-Saharan region, the Central Bank of Kenya raised its monetary policy rate for the second time in a row by 50bps to 13.00% from 12.50%, its highest level since 2012, as risks to inflation remain elevated. In our view, the Monetary Policy Committee is likely to maintain its contractionary stance in the immediate term in bid to bring inflation rate to its target range midpoint of 5%. At its inaugural Eurobond offering, Benin drew significant demand (9350.00bn), with investors oversubscribing to the offering by over six times despite the West African country's junk status of "B-". The issuance of 14-year bonds at a rate of 8.37% will see the proceeds directed towards financing Benin's 2024 budget. This impressive demand and successful issuance highlight the enduring appeal of riskier emerging market assets to investors.

In a circular issued on February 8, the Central Bank of Nigeria (CBN) announced the removal of the 2.50% cap spread on interbank FX transactions, along with lifting restrictions on the sale of interbank proceeds. This move aligns with the CBN's FX market reforms, aimed at fostering a market-based price discovery system and enhancing transparency in foreign exchange dealings. The directive signifies a shift towards a market-driven approach, allowing authorized dealers to conduct transactions without spread restrictions. Additionally, the lifting of restrictions on interbank proceeds sale provides greater flexibility in foreign currency exchange. In a recent announcement, the CBN introduced the naira as a payout option for receiving international money transfers. This means that individuals receiving money from abroad through CBN-approved International Money Transfer Operators (IMTOs) now have the option to receive their payments in Naira, alongside USD and others. This decision aligns with recent directives from the CBN, mandating that all inbound money transfers to Nigeria be paid exclusively in naira through a bank account or in cash at the prevailing rate to its target range midpoint of 5%. At its inaugural Eurobond offering, Benin drew significant demand (9350.00bn), with investors oversubscribing to the offering by over six times despite the West African country's junk status of "B-". The issuance of 14-year bonds at a rate of 8.37% will see the proceeds directed towards financing Benin's 2024 budget. This impressive demand and successful issuance highlight the enduring appeal of riskier emerging market assets to investors.

Following five consecutive weeks of positive closes, the local bourse tipped to the negative zone for the first time in 2024, as the All-share index (NGXASI) lost 2.45% WoW to reach 101,858.37pts. Thus, the Year-to-Date return fell to 36.22%. The negative sentiment was broad-based as all sectoral indices closed down: **NGXBANK** (-6.86% WoW), **NGXCNSMRGDS** (-0.14% WoW), **NGXOLIGAS** (-0.40% WoW), **NGXINS** (-1.48% WoW), and **NGXINDUSTR** (-2.45% WoW).

At the Tbilisi primary auction held during the week, the total subscription (NGN1.98trn) was 1.98x the total allotment amount (NGN1.00trn). Consequently, stop rates across the 91-day, 182-day, and 364-day instruments increased by 124bps, 108bps, and 146bps to 17.49%, 18.00%, and 19.00%, in the secondary fixed income market, the bearsish sentiment was sustained as both average 7-bills and bond yields climbed to 13.66% and 15.88%, respectively (as compared to 8.5% and 14.9% in the previous week).

Nigeria | February 9th, 2024

Market Performance

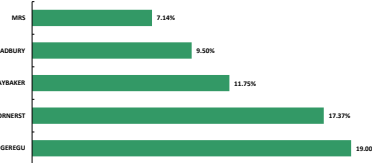
Equities	This Week	Previous Week	% Δ
NGXASI	101,858.37	104,412.23	-2.45%
Volume (bn)	2.47	3.87	-36.20%
Value (bn)	41.78	59.06	-56.05%
Mkt. Cap. (trn)	55.74	57.15	-2.47%
Market Breadth	0.35x	0.47x	

	WTD	MTD	YTD
NGXBANK	-6.86%	4.61%	1.28%
NGXCNSMRGDS	-0.14%	6.04%	31.83%
NGXOLIGAS	-0.40%	-0.37%	19.52%
NGXINS	-1.48%	5.13%	27.92%
NGXINDUSTR	-4.16%	-3.97%	100.23%
NGX-ASI	-2.45%	0.70%	36.22%

Other Indices	WTD	MTD	YTD
NGX-30	-2.47%	0.71%	17.40%
NGX-PENSION	-4.56%	2.57%	15.84%

Market Outliers

Top Gainers

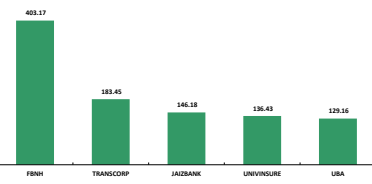


Top Losers

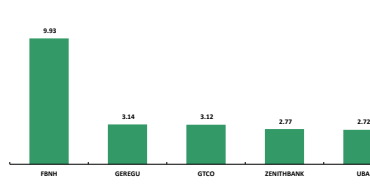


Weekly Trading Activity

Volume (mn)



Value (bn)



	This Week	Previous Week	% Δ
NAFEM (per USD)	1,469.97	1,435.53	-2.34%

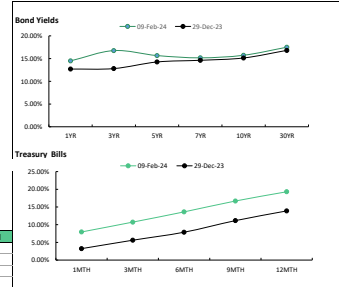
Bond Yields	This Week	Previous Week	% Δ
1YR	14.49%	12.50%	14.37%
3YR	16.26%	14.87%	1.09%
5YR	15.66%	14.29%	1.14%
7YR	15.16%	14.78%	0.38%
10YR	15.73%	15.08%	0.65%
30YR	17.50%	16.18%	1.32%

In Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.61%	0.00%	1.81%	-0.85%	-0.09%	-0.33%	-0.50%	-0.14%
WTD	-2.45%	0.17%	0.00%	-1.29%	-0.93%	0.17%	0.94%	-0.03%
YTD	36.22%	1.52%	14.13%	-1.01%	-4.16%	1.77%	-2.56%	-0.61%
D/E	14.7%	5.40x	13.65x	5.07x	15.92x	11.26x	14.94x	14.87x

Money Market Rates	This Week	Previous
OBB	15.50%	20.20%
OVN	17.00%	21.20%
Average	16.25%	20.70%

Treasury Bill Yields	This Week	Previous
1MTH	7.94%	4.23%
3MTH	10.73%	6.73%
6MTH	13.62%	8.15%
9MTH	16.69%	11.12%
12MTH	19.30%	13.24%
Average	13.66%	8.49%

Fixed Income Monitor



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Bloomberg: MERI NGSD

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

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