

What Moved the Markets this Week?

According to the data released by the Bureau of Labour Statistics, the US Consumer Price Index (CPI) rose by 3.20% YoY and 0.40% MoM. This upward movement was primarily influenced by the higher prices of gasoline (+3.80%) and shelter (+0.40%). Given the persistent high levels of inflation, we anticipate that both the Federal Reserve and investors will remain vigilant, closely monitoring upcoming data releases to assess the likelihood and timing of any adjustments to interest rates. In the Sub-Saharan region, Ghana's inflation rate for February decreased to 23.20%, reflecting a 30bps decline from January's rate of 23.50%. This marks its lowest level since March 2022. The decrease was attributed to reductions in both food and non-food inflation rates, which dropped to 27.00% and 20.00% respectively, down from 27.20% and 20.50% in January. This decline was primarily influenced by moderations in the prices of food, beverages, and transportation. As a result, we anticipate that this alleviation of inflationary pressures will contribute to a gradual easing of the monetary authority's aggressive monetary tightening phase. In another development, Ghana's international bondholders have commenced formal talks with the government regarding the restructuring of more than USD1.8bn in international bonds. This substantial move comes after the bondholders and the Ghanaian authorities entered into non-disclosure agreements (NDAs). We view this development as a positive step for the country, as it signifies progress towards addressing its debt challenges and achieving financial stability. Moreover, Western and Central Africa recently faced a substantial internet outage spanning regions from the north to the south of the continent. This disruption was caused by multiple failures in undersea cables, notably the West Africa Cable System (WACS) and the Africa Coast to Europe (ACE). These undersea cables are vital for providing internet connectivity to numerous countries across the region. Consequently, we expect citizens to continue to face challenges accessing basic internet services, social media platforms, and international communication channels, while businesses reliant on digital platforms will experience delays and incur financial losses. Specifically, banks could record lower digital transactions negatively impacting fees and commission income.

On the domestic front, the National Bureau of Statistics (NBS) published its latest inflation data for February 2024, revealing upticks in headline, food, and core inflation rates to 31.70%, 37.82%, and 25.13% respectively (compared to 21.51%, 24.35%, and 18.37% in February 2023). This rise can be attributed to increases in food prices, persistent structural challenges, the ongoing depreciation of the Naira, and insecurities in food-producing regions. In light of this, we anticipate another round of monetary tightening measures by the Monetary Policy Committee during its upcoming meeting on the 25th and 26th of March to address inflationary pressures. The Organization of Petroleum Exporting Countries (OPEC) reports that Niger's crude oil production increased to 1.48 million barrels per day (bpd) from the 1.43 million bpd recorded in January, retaining its status as Africa's largest oil producer among OPEC's continental members. With Nigeria's potential to sustain this upward trend in oil production, coupled with the current higher oil prices currently USD83.39 per barrel, we anticipate a boost in oil receipts and foreign exchange inflows. This could play a significant role in stabilizing the Naira. Additionally, the NBS reported a surge in the country's total trade, which increased by 128.60% YoY and 62.50% QoQ to NGN18.8trn in Q4 2023, primarily attributed to the depreciation of the Naira. However, signaling a shift, the country recorded a trade deficit of NGN1.40trn for the first time in five quarters, driven by a significant increase in imports (+163.10% YoY to NGN14.11trn) surpassing total exports (+99.56% YoY to NGN12.69trn). The oil sector remained the largest contributor to exports, while the manufacturing sector accounted for 4.63% of imports. Looking ahead, while total trade levels are expected to rise further, driven by both imports and exports, the country is projected to remain in a deficit position, primarily due to substantial crude imports by the Dangote refinery.

The domestic equities market extended its positive streak, closing in the green zone for the second consecutive week. The AllShare Index (NGXASI) surged by 3.71% week-on-week, driving the Year-to-Date return to 40.54%. Across sectors, most performance were positive, with gains observed in **NGXBANK** (+12.84% WoW), **NGXCNSMRGDS** (+1.41% WoW), **NGXINS** (+2.52% WoW), and **NGXINDUSTR** (+0.20% WoW). However, **NGXOILGAS** (-0.11% WoW) was the only sector to close in the negative zone for the week.

At the Tbilisi primary auction held during the week, NGN161.50bn was offered (vs NGN37.89bn at the last auction). The total subscription amounted to NGN1.50trn, while the amount allotted was NGN161.50bn. Subscription-to-offer and the bid-to-cover ratios were both 3.27x. Consequently, the stop rates for the 3-day, 182-day, and 364-day instruments declined to 16.24%, 17.00%, and 21.12% (vs 17.24%, 18.00%, and 21.49% in the previous auction), respectively, in the secondary fixed-income market, settlement was bearing for 1-bills instruments as the average yield rose to 19.88% (vs 18.48% last week) while average bond yield remained constant at 18.40%.

Nigeria | March 8th, 2024

Market Performance

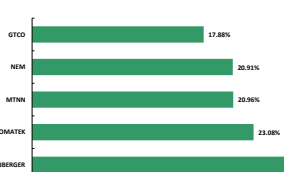
Equities	This Week	Previous Week	% Δ
NGXASI	105,085.25	101,330.30	3.71%
Volume (bn)	1.77	2.11	-16.08%
Value (bn)	52.80	98.14	-46.20%
Mkt. Cap. (trn)	59.42	57.29	3.71%
Market Breadth	2,07x	0.28x	

	WTD	MTD	YTD
NGXBANK	12.84%	14.14%	8.07%
NGXCNSMRGDS	1.41%	0.56%	45.59%
NGXOILGAS	-0.11%	-0.96%	23.72%
NGXINS	2.52%	-1.74%	12.28%
NGXINDUSTR	0.20%	-1.69%	77.30%
NGX-ASI	3.71%	5.11%	40.54%

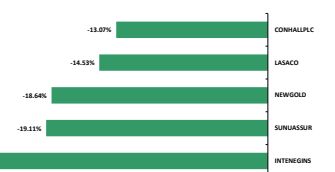
Other Indices	WTD	MTD	YTD
NGX-30	3.30%	3.50%	40.04%
NGX-PENSION	7.59%	9.64%	20.33%

Market Outliers

Top Gainers

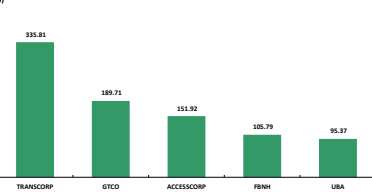


Top Losers

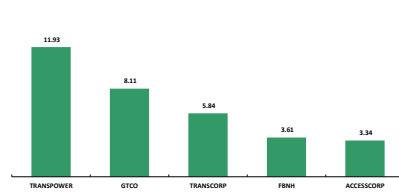


Weekly Trading Activity

Volume (mm)

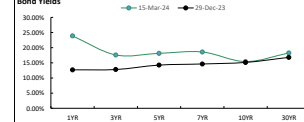


Value (bn)

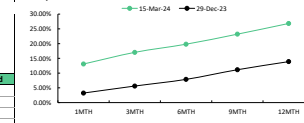


Fixed Income Monitor

Bond Yields



Treasury Bills



	This Week	Previous Week	% Δ
NAFEM (per USD)	1,602.75	1,627.40	1.54%

Money Market Rates	This Week	Previous
OBB	30.29%	29.82%
OVN	31.07%	31.00%
Average	30.68%	30.41%

Bond Yields	This Week	Previous Week	% Δ
1YR	23.89%	21.93%	1.96%
3YR	17.60%	17.58%	0.02%
5YR	18.14%	17.72%	0.37%
7YR	18.59%	18.58%	0.01%
10YR	15.41%	16.06%	-0.65%
30YR	18.26%	18.23%	0.03%

Treasury Bill Yields	This Week	Previous
1MTH	13.08%	12.49%
3MTH	17.04%	15.86%
6MTH	20.83%	18.27%
9MTH	23.20%	21.37%
12MTH	26.83%	24.38%
Average	19.99%	18.48%

in Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.99%	0.14%	0.98%	1.78%	-0.30%	0.22%	0.21%	-0.52%
WTD	3.71%	0.60%	0.00%	7.20%	-0.81%	1.18%	1.20%	-1.00%
YTD	40.54%	7.21%	25.80%	10.54%	-4.90%	4.59%	2.44%	4.39%
P/E	17.19x	3.86x	12.03x	5.40x	14.90x	11.49x	15.71x	15.14x

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