

What Moved the Markets this Week?

In the global scene, the US Federal Reserve (Feds) maintained its accommodative stance, keeping key policy rate unchanged at 5.25%-5.50% in its last meeting during the week. This decision was chiefly influenced by the steady inflationary pressure, as headline inflation rose marginally to 2.0% in February 2024 (vs. 2.1% in the previous month). In our view, while the Feds have indicated the possibility of three rate cuts this year, a continued uptick in inflation may further delay potential dovish stance by the monetary authority. Meanwhile, the Bank of Japan (BOJ) in its last meeting, hiked interest rates for the first time in seventeen years, bringing an end to its negative interest rate regime which had been in operation since February 2007. This rates increase brings the overnight lending rates to the range of 0.00% to 0.10% from -0.10%. The Bank has also abandoned its Yield Curve Control which entailed the bank buying government bonds to keep interest rate lower. These moves came on the back of the perceived improvement in the economy driven by increased domestic demand. We expect the BOJ to maintain positive interest rates in the near term, particularly as inflation rose in February 2024 remains above the bank's target rate of 2.00%. Elsewhere, the South African Reserve Bank (SARB) revealed that the country's inflation increased more than expected to 7.00%YoY in February 2024, from 6.50% in January. On a month-on-month basis, inflation rose by 0.7% in February (vs. -0.1% in the previous month). We attribute this uptick in inflation to higher prices of housing and utilities, miscellaneous goods and services, food & non-alcoholic beverages during the period. Also, the persistent power cuts adversely impacted business activities and put further pressure on prices. We expect the higher inflation figures to influence the monetary authority's decision to hike rates in its next meeting, as inflation rate remains above its target band of 3.00%-6.00%.

On the domestic front, the Central Bank of Nigeria (CBN) announced that it has concluded the payment of USD1.50bn residual balance of FX backlog during the week, thus successfully clearing the USD7.00bn total FX backlog. According to the apex bank, all valid FX backlog claims were settled while invalid transactions were referred to the relevant authorities for further investigation. In our view, this aligns with key commitments made by the new CBN administration to address the issues plaguing the FX market and bolster investors' confidence in the Nigerian economy. We expect this move to serve as a catalyst for FX inflows in the near term and further cushion the volatilities in the FX market. Also, the CBN revealed that the country's external reserve increased significantly to USD34.11bn as of March 2024, its highest level in eight months (vs. USD33.12bn in the previous month). This uptick is largely attributed to increased purchase of government debt instruments by foreign investors and higher diaspora remittances during the period. We expect the concerted efforts by the fiscal and monetary authorities to boost accretion to the external reserve in the near term. Meanwhile, the DMO disclosed that Nigeria's public debt stock stood at NGN97.34trn (USD108.22bn) in 2023FY (from NGN87.91trn in 9M-2023). This increase was driven by new domestic borrowings during the period chiefly to finance fiscal deficit and the impact of Naira depreciation on external borrowings. The DMO also revealed that total domestic debt (NGN59.12trn) represents 61.00% of the total public debt stock while external debt accounts for 38.00% (NGN38.22trn). While we expect the country's public debt to stay elevated in the near term, we anticipate ongoing debt management efforts and expectation of higher government revenue to reduce the reliance on debt. On corporate action, Access Holdings Plc (ACCESSCORP) announced that its banking subsidiary, Access Bank Plc has entered a binding agreement with KCB Group Plc (KCB), a Kenyan based entity, to acquire the entire shares of its subsidiary, National Bank of Kenya (NBK). This move aligns with ACCESSCORP's strategic objective to extend its market presence across the African continent. While this transaction is still subject to regulatory approvals, we expect that this acquisition will result in higher earnings and growth prospects for the company and increase investors' optimism towards their overall performance.

The domestic equities market closed on a negative note this week after two consecutive weeks of recording positive returns. The All-Share Index (NGXASI) declined by 0.43% week-on-week, thus pulling Year-to-Date return lower to 39.94%. However, the performance across sectoral indices was broadly positive as the NGXBNK (+4.19% WoW), NGXOLGAS (+0.30% WoW), NGXINS (+8.92% WoW), and NGXINDUSTR (+0.57% WoW) while NGXNSMRGRS (-0.37% WoW) closed in the red zone for the week.

At the Bonds primary auction held during the week, the DMO offered a total of NGN450.00bn across three instruments (NGN150.00bn each) - FEB 2031, FEB 2034 and one new instrument - MAR 2027. The total subscription printed at NGN450.00bn, of which a total of NGN475.66bn was allotted. Consequently, the marginal rate at the MAR 2027 printed at 19.94% while the marginal rates for the FEB 2031 and FEB 2034 increased by 150bps and 40bps to 20.00% and 20.45%, respectively. In the secondary fixed-income market, the sentiment was mixed as the average T-Bills yield declined to 18.88%, from 19.99% last week while the average Bonds yield rose to 19.26% (vs. 18.40% last week).

Nigeria | March 22nd, 2024

Market Performance

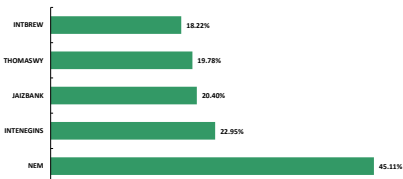
Equities	This Week	Previous Week	% Δ
NGXASI	104,647.37	105,085.25	-0.42%
Volume (bn)	1.74	1.77	-1.83%
Value (bn)	48.85	52.80	-7.48%
Mkt. Cap. (Tn)	59.17	59.42	-0.42%
Market Breadth	1.69x	2.07x	

	WTD	MID	YTD
NGXBNK	4.19%	18.92%	12.59%
NGXNSMRGRS	-0.37%	0.19%	45.06%
NGXOLGAS	0.30%	-0.66%	24.09%
NGXINS	8.92%	7.03%	22.30%
NGXINDUSTR	0.57%	-1.13%	78.13%
NGX-ASI	-0.42%	4.67%	39.95%

Other Indices	WTD	MID	YTD
NGX-30	-0.52%	3.06%	39.31%
NGX-PENSION	0.13%	9.78%	20.49%

Market Outliers

Top Gainers

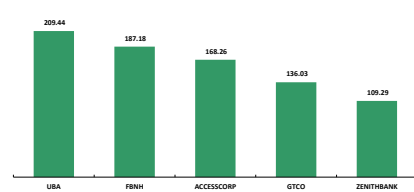


Top Losers



Weekly Trading Activity

Volume (mn)



Value (bn)



	This Week	Previous Week	%Δ
NAFEM (per USD)	1,431.49	1,602.75	11.96%

	This Week	Previous Week	%Δ
1YR	17.61%	23.89%	-6.28%
3YR	19.83%	17.60%	2.71%
5YR	18.97%	18.14%	0.74%
7YR	19.70%	18.59%	1.11%
10YR	18.57%	15.41%	3.16%
30YR	18.52%	18.26%	0.26%

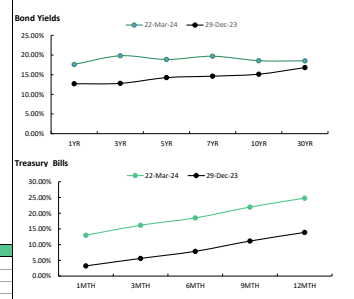
  

	This Week	Previous
1MTH	12.97%	13.08%
3MTH	16.18%	17.04%
6MTH	18.49%	19.81%
9MTH	21.95%	23.20%
12MTH	24.78%	26.83%
Average	18.88%	19.99%

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.25%	0.09%	1.63%	2.20%	0.92%	1.07%	1.57%	1.23%
WTD	-0.42%	5.43%	0.00%	5.74%	0.13%	1.16%	1.31%	1.34%
YTD	39.95%	13.03%	16.71%	16.88%	-4.95%	5.53%	2.46%	5.38%
D/E	17.59%	4.07%	11.36%	9.71%	14.85%	11.63%	14.87%	15.24%

Fixed Income Monitor



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