

What Moved the Markets this Week?

On the global scene, the Office of National Statistics reported that UK inflation fell to its 2-year low at 3.20% in March 2024 from 3.40% in February. This decline is majorly attributed to the slowdown in the prices of food and housing. We do not expect the Bank of England to cut rate in its next meeting as some underlying factors still pose threats to price levels (continuous increase in wages and the escalating geopolitical tensions in the Middle East). According to the Chinese National Bureau of Statistics, the China's economy expanded at a higher-than-expected pace by 5.30% YoY in Q1:2024 (vs 4.50% in Q1:2023 and 5.20% in Q4:2023). This growth is attributed to expansions in industrial production and fixed asset investments and increased government spending during the quarter. In the near term, we expect continuous efforts by the Chinese government to support the country's growth, however, the ailing property sector and weak domestic consumption will impede the extent of growth. In Sub-Saharan Africa, South Africa's consumer price index declined to 5.30% in March 2024 from 5.60% in February. This was driven by a deceleration in the prices of food and non-alcoholic beverages to their lowest level in 42 months. We expect the country's inflation to continue its decline in the near term. Thus, we expect the South African Reserve Bank to keep rates unchanged in its next meeting while assessing the potential impact of global supply chain disruptions on prices.

On the domestic scene, the Nigerian Bureau of Statistics reported that the country's headline inflation increased for the fifteenth consecutive month to 33.20% YoY in March 2024 (vs 31.70% in February). Also, food and core inflation rose by 209bps and 77bps from 40.01% and 25.90%, respectively. This uptrend is owed to increases in the prices of food driven by heightened demand during festive periods and supply constraints during Ramadan. However, the Naira appreciation in March led to decline in month-on-month headline, food, and imported food inflation to 3.02% MoM, 3.62% and 3.86%, (vs 3.12%, 3.62%, and 4.24%), respectively. In the near term, we expect a continuous uptrend in inflation hinged on upward revision of electricity tariffs and the persistent structural challenges such as insecurity and other inefficiencies in the agricultural value chain. As such, we expect the monetary authority to remain hawkish stance in the near term. In line with its recent contractionary stance, the Central Bank of Nigeria (CBN) has adjusted the Loan-to-Deposit Ratio (LDR) for Deposit Money Banks, reducing it from 65% to 50%. This move is in tandem with the increase in the cash reserve ratio (CRR) to 45% at the last MPC meeting. We expect this measure to aid the absorption of excess liquidity in the financial system and eventually contribute to price stability in the country. Also, the Federal Government has announced the merging and scaling of some of its parastatals as indicated in the Oronsaye report. We expect this execution to reduce the government's recurrent spendings and increase spendings on CAPEX and sectors that will create more value for the Nigerian economy in the long run. Also, the International Monetary Fund (IMF) has revised Nigeria's 2024 GDP forecast upwards to 3.30%, from the previously estimated 3.00%. The institution's revised estimates was anchored on recent policy directions from both monetary and fiscal authorities, recovery in the oil sector and improved output from the agricultural sector. Looking ahead, we anticipate that the economy will sustain its growth trajectory, based on our projection of higher oil output (average of 1.55mbpd for 2024FY) on the back of various government initiatives aimed at boosting output in the sector. For the non-oil sector, our outlook remains modest specifically from continued pressure on the manufacturing sector, considering the elevated borrowing costs and its constraints on production activities in the sector.

The Nigerian equities market closed down for the fifth consecutive week, as the All-Share Index (NGKASI) recorded a 2.72% WoW decline to settle at 99,539.75pts. This brought the year-to-date return to +33.12%. Sector-wise, performance was predominantly bearish as all sectoral indices closed the week in the red zone - NGXBNK (-11.46% WoW), NGXOILGAS (0.00% WoW), NGXINS (-2.80% WoW), NXCNSMRGDS (-0.96% WoW) and NGXINDUSTR (-2.71% WoW).

In the FGN primary auction held during the week, with an offering of NGN450 billion across three maturities: FGN 29, FGN 31, and FGN 34. Surprisingly, the total sales amounted to NGN626.81 billion, indicating strong demand. However, this auction showed a bid-to-cover ratio of 1.47x, significantly lower than the previous auction's ratio of 7.77x, suggesting a decreased level of oversubscription. The stop rates for the different maturities was 19.30%, 19.75% and 20.00% for FGN 29, FGN 31, and FGN 34 respectively. In the secondary fixed-income market, sentiment was mixed. The average Treasury bills (T-bills) yield saw an increase, climbing to 20.03% from 19.33% in the previous week. On the other hand, the average bond yield decreased to 19.09% from 19.84% in the preceding week. These fluctuation in yields suggest varying levels of investor interest and risk perception in the fixed-income market.

Nigeria | April 19th, 2024

Market Performance

Equities	This Week	Previous Week	% Δ
NGKASI	99,539.75	102,314.56	-2.71%
Volume ('bn)	1.56	1.12	38.96%
Value ('bn)	32.21	28.60	12.63%
Mkt. Cap. ('trn)	57.86	57.86	0.00%
Market Breadth	0.19x	0.52x	

	WID	MID	YTD
NGXBNK	-11.46%	-23.38%	-12.07%
NXCNSMRGDS	-0.96%	-1.36%	41.71%
NGXOILGAS	0.00%	-0.28%	23.75%
NGXINS	-2.80%	-5.99%	18.64%
NGXINDUSTR	-2.71%	-3.20%	72.79%
NGX-ASI	-2.71%	-4.80%	33.12%

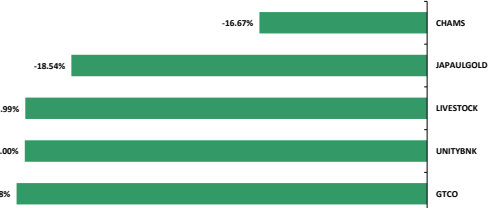
Other Indices	WID	MID	YTD
NGX-30	-2.84%	-4.96%	32.18%
NGX-PENSION	-5.76%	-11.86%	7.00%

Market Outliers

Top Gainers

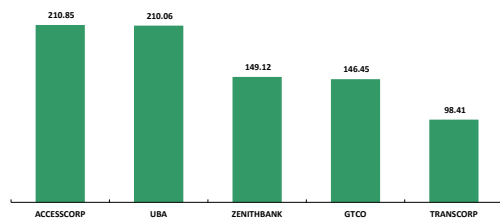


Top Losers

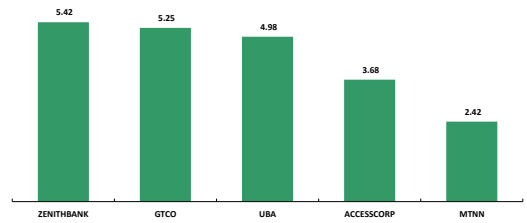


Weekly Trading Activity

Volume ('mn)



Value ('bn)



	This Week	Previous Week	%Δ
NAFEM (per USD)	1,169.99	1,142.38	-2.36%

Money Market Rates

	This Week	Previous
ORB	29.67%	29.67%
OVN	30.07%	30.07%
Average	29.87%	29.87%

Bond Yields

	This Week	Previous Week	%Δ
1YR	19.03%	23.25%	-4.22%
3YR	19.42%	19.41%	0.01%
5YR	19.12%	19.58%	-0.46%
7YR	19.75%	19.75%	0.00%
10YR	18.61%	18.61%	0.00%
30YR	18.45%	18.45%	0.00%

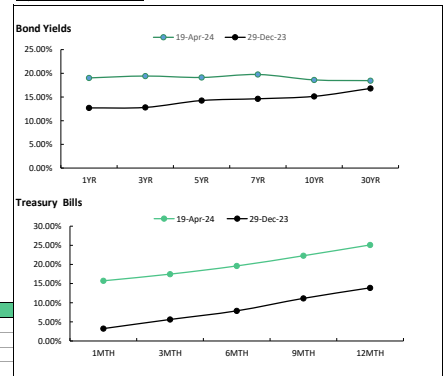
Treasury Bills Yields

	This Week	Previous
1MTH	15.73%	14.43%
3MTH	17.47%	16.96%
6MTH	19.61%	19.14%
9MTH	22.28%	21.32%
12MTH	25.10%	24.79%
Average	20.03%	19.33%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.31%	0.00%	-4.50%	-1.69%	-0.17%	0.13%	0.61%	0.42%
WTD	-2.71%	1.82%	0.00%	-3.64%	-2.88%	-2.79%	-2.22%	-1.85%
YTD	33.12%	11.95%	13.81%	15.73%	-4.87%	0.22%	-0.50%	0.51%
P/E	13.36x	4.57x	10.61x	5.37x	13.23x	11.02x	14.74x	14.54x

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](http://www.capitaliq.com)

ISI Emerging Markets: [www.securities.com/ch.html?pc=NG](http://www.securities.com/ch.html?pc=NG)

Reuters: [www.thomsonreuters.com](http://www.thomsonreuters.com)

FactSet: [www.factset.com](http://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](http://www.meristemng.com); Email: [research@meristemng.com](mailto:research@meristemng.com). © Meristem Securities Limited 2024.