

What Moved the Markets this Week?

According to Eurostat, the Euro area inflation fell faster-than-expected to a 4-month low of 2.40% in March 2024, down from 2.60% in February. Core inflation also moderated to 2.90% from 3.10% in the previous month. This downturn is primarily attributed to lower food prices, which offset the uptrend in services and energy costs. Looking ahead, we foresee the region's inflation to sustain its decline. However, the continuous increase in crude oil prices due to heightened geopolitical tensions in the Middle East poses a significant threat to the energy costs and inflation. As such, we envisage that during its April meeting, the European Central Bank (ECB) will leave its benchmark rates unchanged. In the Asian Climes, the Chinese National Bureau of Statistics reported that the country's Manufacturing PMI expanded above 50pts for the first time in 12 months to 50.80pts in March 2024 from 49.10pts in February 2024. This surge is owed to an increase in raw material inventories, propelled by strong new foreign orders and a resurgence in domestic retail sales following the conclusion of the Lunar New Year holiday. Coupled with the recent stimulus measures, this development is expected to contribute to the recovery of the Chinese economy. In Sub-Saharan Africa, the Central Bank of Kenya (CBOK) has opted to maintain its policy rate at 13.00%, after two consecutive rate hikes. This decision was chiefly influenced by a deceleration in the country's headline inflation to a 2-year low of 5.70% in March 2024 from 6.30% recorded in February 2024 due to reductions in food and transportation prices. We expect rates to remain unchanged in the near term as the CBOK observe the potential impact of resurging global disruption on domestic prices.

In the Domestic front, the Central Bank of Nigeria (CBN) has increased the minimum capital requirement for banks and provided a 24-month window (effective from April 1, 2024 to March 31, 2026) for banks to raise the required amount of Tier 1 capital as per the new directives. The capital is restricted to share capital and share premium only, excluding retained earnings. This move is expected to strengthen banks' core equity base, thereby enhancing their capacity in the event of losses and drive further expansion in the banking sector. We anticipate a surge in capital market activities via rights issues, public offers, and private placements. According to our estimates, cumulative estimated funding gap for all listed banks amounts to NGN2.83trn and some banks have indicated their intentions to raise capital. In a bid to phase out electricity subsidies, the Nigerian Electricity Regulatory Commission (NERC) has approved a 243.15% increase in electricity tariffs for Band A users from NGN68.00 to NGN25.00 per kilowatt hour (kwh). The Band A customers get 20hrs of supply daily, accounting for c. 40% of total electricity consumption in the country. This tariff revision is anticipated to contribute to the development of the domestic power sector by fostering increased power supply and stimulating investments within the industry. On the other hand, it will exert additional upward pressure on the country's inflation in the near term. Furthermore, in the generation segment of the power sector, the federal government has implemented an upward review in the wholesale price of natural gas supplied to power plants from USD2.18 per Million British Thermal Units (MMBTU) to USD2.42 per MMBTU. This measure follows the disbursement of USD120.00mn by the government to upstream gas suppliers last month in response to reduced gas supply to power plants due to unpaid invoices of USD1.20bn. This price adjustment is anticipated to offer some respite to gas suppliers, as prices closely align with market realities, thereby potentially enhancing their capacity to supply gas to power plants. For power generating companies, this review is expected to augment their input costs, consequently exerting pressure on their profit margins in the near term. On corporate actions, Nigerian Breweries Plc (NIB) has disclosed its plan to raise additional capital of NGN600bn via a rights issue. The basis for allotment, offer price and date of issue remain undisclosed as the process is pending approvals from shareholders and regulatory authorities. This strategic move is poised to enhance the company's capital structure, particularly in light of dwindling shareholders' funds and heightened debt levels attributed to the effects of naira depreciation and high cost of borrowings.

The Nigerian equities market closed down for the third consecutive week, as the All-Share Index (NGXASI) declined by 1.08% WoW, to settle at 103,437.67pts and +38.33% YTD return. Across sectors, the performance was largely negative as the NGXBNK (-6.73% WoW), NGXINS (-0.85% WoW), and NGXINDUSTR (-0.27% WoW) closed in the red zone while NGXCNMRGDS (+0.94% WoW) had weekly gains.

In the primary market this week, the DMO issued FGN Savings bond of 2-years and 3-years maturities with interest rates at 17.05% and 18.05% respectively. Also, the CBN issued OMO bills across three maturities of 97-Day, 188-Day, and 363-Day. Total subscription (NGN1.19trn) was 2.38x the offered amount of NGN500bn, however, total allotted amount was NGN676.56bn. Thus, stop rates across the trio instruments was 17.00%, 17.70% and 21.12%, respectively. In the secondary fixed-income market, sentiments was bullish as average T-bills yield and average Bond yield declined to 18.62% and 19.31% from

Nigeria | April 5th, 2024

Market Performance

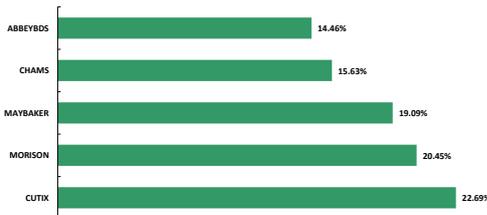
Equities	This Week	Previous Week	% Δ
NGXASI	103,437.67	104,562.06	-1.08%
Volume ('bn)	3.24	1.76	84.73%
Value ('bn)	55.96	47.74	17.24%
Mkt. Cap. ('trn)	58.48	59.12	-1.08%
Market Breadth	0.78x	1.23x	

	WTD	MTD	YTD
NGXBNK	-6.73%	-6.73%	7.04%
NGXCNMRGDS	0.94%	0.94%	45.01%
NGXOILGAS	0.00%	0.00%	24.09%
NGXINS	-0.85%	-0.85%	25.12%
NGXINDUSTR	-0.27%	-0.27%	78.02%
NGX-ASI	-1.08%	-1.08%	38.33%

Other Indices	WTD	MTD	YTD
NGX-30	-1.17%	-1.17%	37.45%
NGX-PENSION	-3.68%	-3.68%	16.92%

Market Outliers

Top Gainers

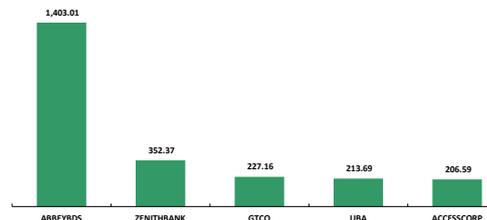


Top Losers

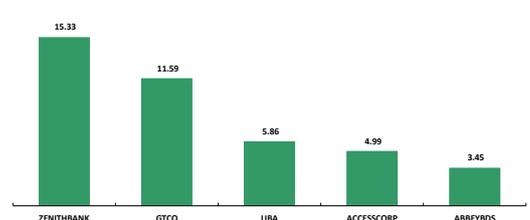


Weekly Trading Activity

Volume ('mn)



Value ('bn)



	This Week	Previous Week	%Δ
NAFEM (per USD)	1,251.05	1,309.39	4.66%

Money Market Rates

	This Week	Previous
OBB	22.11%	27.29%
OVN	23.00%	28.21%
Average	22.56%	27.75%

Bond Yields

	This Week	Previous Week	%Δ
1YR	19.62%	22.70%	-3.08%
3YR	20.29%	20.29%	-0.00%
5YR	19.50%	19.49%	0.02%
7YR	20.06%	19.77%	0.28%
10YR	18.60%	18.71%	-0.11%
30YR	18.70%	18.65%	0.05%

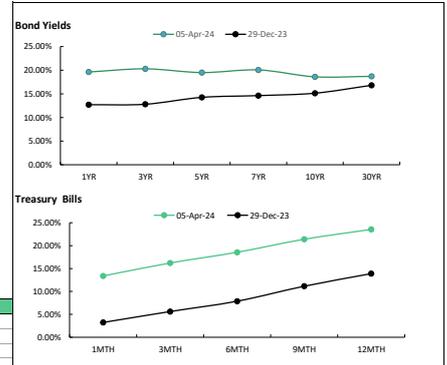
Treasury Bills Yields

	This Week	Previous
1MTH	13.39%	13.14%
3MTH	16.21%	16.22%
6MTH	18.56%	18.58%
9MTH	21.39%	21.91%
12MTH	23.55%	24.49%
Average	18.62%	18.87%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.29%	0.00%	2.04%	-0.06%	-1.29%	0.06%	0.53%	0.72%
WTD	-1.08%	0.23%	0.00%	0.24%	-0.19%	0.32%	0.53%	-0.15%
YTD	38.33%	10.67%	14.51%	23.07%	-3.25%	5.28%	2.44%	4.91%
P/E	16.65x	5.14x	10.86x	5.81x	13.35x	11.62x	15.18x	15.19x

Fixed Income Monitor



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Meristem Research portal: <https://research.meristemng.com/reports>

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