

What Moved the Markets this Week?

According to revised estimates from the US Bureau of Labour Statistics, the US economy grew by 3.40% YoY in Q4-2023, surpassing preliminary estimates of 3.20%. Moreover, for the 2023FY, the country expanded by 2.50% YoY, a notable improvement from 1.90% YoY recorded in 2022FY. The US economy's resilience is attributed to enhanced consumer spending, boosted business investments, and stronger exports, despite facing headwinds from policy rate hikes throughout the period. In Sub-Saharan Africa, Ghana's headline inflation decelerated to its lowest level in two years by 30bps to 23.20% YoY and 1.60% MoM in February 2024 (vs 23.50% and 2.00% in January 2024). Likewise, both food and core inflation moderated, slowing to 27.00% and 20.00% respectively, down from 27.10% and 20.50% in the preceding month. The reduced inflationary pressure was largely attributed to a relatively slower pace of price increases in food and beverages, and transportation costs during the period. Given this decline, we expect that the Bank of Ghana (BOG) will opt to either lower or hold interest rates while closely monitoring ongoing inflationary drivers. In a notable milestone, Zambia has reached an "agreement-in-principle" with its creditors concerning the restructuring of its Eurobonds. This development builds upon previous agreements made in 2023 with external bondholders, including restructuring plans with its Official Creditors Committee (OCC) and other international institutional investors, totaling USD6.30bn and USD3.00bn, respectively. We note that this development signifies a significant step forward in Zambia's debt restructuring journey and holds promise for alleviating the country's current debt distress.

On the domestic scene, the Monetary Policy Committee (MPC) during the second meeting this year, maintained its hawkish stance, increasing policy rate (MPR) by 200bps to 24.75% (from 22.75% at its February meeting). Also, the lower band of the asymmetric corridor was adjusted to -300bps from -700bps around the MPR, the Cash Reserve Ratio (CRR) of merchant banks was increased to 14.00% from 10.00%, while the CRR and liquidity ratio of Deposit Money Banks was retained at 45.00% and 30.00%, respectively. In our opinion, we believe that the MPC's decision would aid to control money supply and system liquidity within the country. Furthermore, we opine that hike in MPR could keep fixed income yields elevated in the near term, potentially spurring foreign investors interest in Nigeria's capital market. Furthermore, the Central Bank of Nigeria (CBN) has adjusted its foreign exchange (FX) sale rate to Bureau De Change (BOC) operators, reducing it from NGN1,310.00/USD in February to NGN1,269.90/USD, marking a decrease of 3.40%. Additionally, the CBN announced its plans to allocate an extra USD10,000 to each BOC at a rate of NGN1,251.00/USD, with a directive for BOCs to limit the spread on end-user sales to 1.50% of the purchase price. This directive is in line with recent reforms and is expected to further improve liquidity in the FX market while fostering stability in the country's currency. Lastly, the Federal Government recently announced the receipt of a JPY15.00bn loan (c. USD99.20mn) from the Japanese International Cooperation Agency (JICA) to support the country's National Agricultural scheme project. It was further revealed that the loan is payable over the next 30 years with a 10 year moratorium and an interest rate of 1.00%. This funding, combined with recent agricultural sector reforms, is anticipated to relieve pressure in the nation's food sector and bolster output in the short term. Additionally, the low-interest rates on the loan and the moratorium period will ease the strain on the government's borrowing expenses.

The domestic equities market closed on a negative territory for the second week, as the All-Share Index (NGXASI) declined by 0.08% WoW, causing the Year-to-Date return to decline to 39.84%. Evincably, the market breadth dropped to 1.23x from 1.69x in the previous week. However, across sectors, the performance was predominantly positive as the NGXBNK (+1.93% WoW), NGXINS (+3.19% WoW), and NGXINDUSTR (+0.21% WoW) recorded weekly gains, while the NGXCNSMRGDS (-0.97% WoW) closed in the red zone for the week.

At the T-bills primary market auction held this week, total amount offered was NGN161.32bn marginally lower than NGN161.50bn at the last auction. However, total subscription increased considerably to NGN2.62trn (vs. NGN1.50trn at the previous auction). As a result, total amount allotted spiked to NGN1.19trn up from NGN161.50bn at the previous auction. Consequently, the bid-to-cover ratio declined to 2.20x (vs. 9.27x at the previous auction). Furthermore, the stop rates on the 91-Day, 182-Day and 364-Day instruments remained unchanged at 16.24%, 17.00% and 21.12%, respectively. In the secondary fixed-income market, sentiments remained mixed as average T-bills yield fell marginally to 18.87% from 18.88% the previous week, while average Bond yield rose to 19.41% from 19.26% last week.

Nigeria | March 28th, 2024

Market Performance

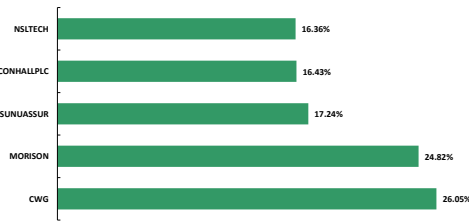
Equities	This Week	Previous Week	% Δ
NGXASI	104,562.06	104,647.37	-0.08%
Volume ('bn)	1.76	1.74	1.01%
Value ('bn)	47.74	48.85	-2.29%
Mkt. Cap. ('trn)	59.12	59.17	-0.08%
Market Breadth	1.23x	1.69x	

	WID	MID	YTD
NGXBANK	1.93%	21.21%	14.76%
NGXCNSMRGDS	-0.97%	-0.78%	43.66%
NGXOILGAS	0.00%	-0.66%	24.09%
NGXINS	3.19%	10.44%	26.20%
NGXINDUSTR	0.21%	-0.92%	78.49%
NGX-ASI	-0.08%	4.58%	39.84%

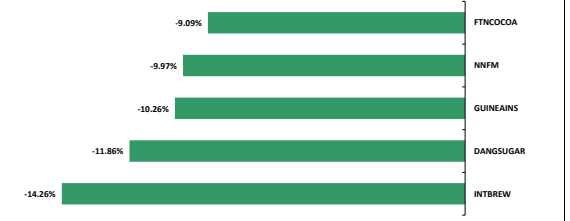
Other Indices	WID	MID	YTD
NGX-30	-0.16%	2.89%	39.08%
NGX-PENSION	0.75%	10.61%	21.39%

Market Outliers

Top Gainers

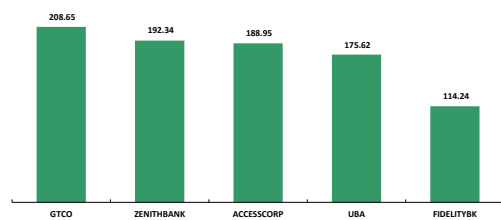


Top Losers

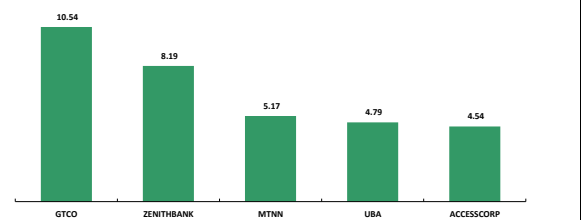


Weekly Trading Activity

Volume ('mn)



Value ('bn)



	This Week	Previous Week	%Δ
NAFEM (per USD)	1,309.39	1,431.49	9.32%

Money Market Rates

	This Week	Previous
OBBL	27.29%	26.22%
OVN	28.21%	27.29%
Average	27.75%	26.76%

Bond Yields

	This Week	Previous Week	%Δ
1YR	22.70%	17.61%	5.09%
3YR	20.29%	19.82%	0.48%
5YR	19.49%	18.87%	0.61%
7YR	19.77%	19.70%	0.07%
10YR	18.71%	18.57%	0.15%
30YR	18.65%	18.52%	0.13%

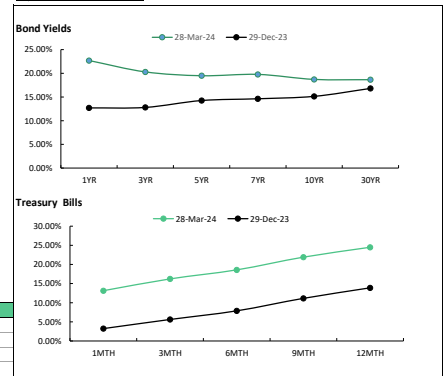
Treasury Bills Yields

	This Week	Previous
1MTH	13.14%	12.97%
3MTH	16.22%	16.18%
6MTH	18.58%	18.49%
9MTH	21.91%	21.95%
12MTH	24.49%	24.78%
Average	18.87%	18.88%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.27%	0.13%	-2.36%	-3.98%	0.70%	0.26%	-0.32%	0.23%
WID	-0.08%	-2.31%	-5.15%	5.04%	1.60%	-0.08%	-0.25%	0.17%
YTD	39.84%	10.41%	10.71%	22.78%	-3.20%	4.88%	1.27%	5.34%
P/E	17.40x	5.38x	10.97x	6.22x	15.04x	11.56x	14.95x	15.24x

Fixed Income Monitor



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