

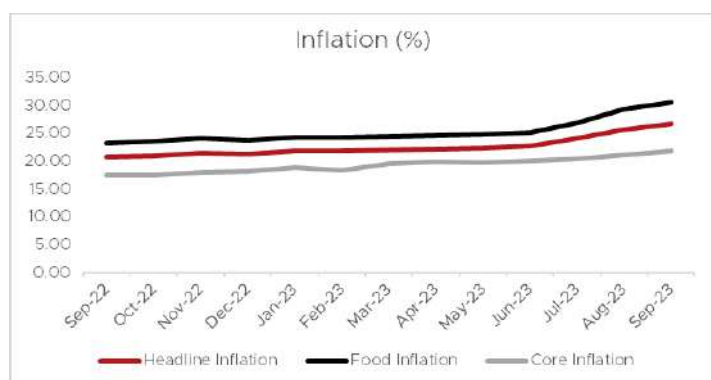
Like previous months October was laced with significant local and international developments. To begin with, in the early part of the month, the Central Bank eased the foreign exchange restrictions placed on importers for 43 commodities, these commodities ranged from food to metals, steels, and so on. The Central Bank lifted the ban to relieve the parallel market of the foreign exchange demand precipitated by the initial ban.

In other news, the Supreme Court delivered its judgment on the appeals filed to dispute the verdict of the Presidential Election Tribunal Court (PEPC) that affirmed Bola Tinubu's victory in the February 25, 2023 election. The appeal was granted in favor of Bola Ahmed Tinubu, retaining him as the president of Nigeria.

Inflation

According to the monthly report released by the National Bureau of Statistics (NBS), Nigeria's inflation rate increased by 0.92% year-on-year (YoY) in September to 26.72% (from 25.80% in August), as the economy continues to suffer from the price pressures following the removal of petroleum subsidies and the liberalization of the foreign exchange rate, both of which continue to have a significant impact on consumer buying power.

On the other hand, month-on-month inflation rate decreased for the first time in six months, as it dropped by 1.08% to 2.10% (from 3.18% in August).



Food inflation rose to 29.34% from 26.98% as prices of oil and fat, bread and cereals, fish, fruit, meat, vegetables and potatoes, yam and other tubers, vegetable, milk, cheese and eggs continue to appreciate in price.

"All items less farm produce and energy" or Core inflation, which excludes volatile agricultural produce and energy rose by 0.69% year-on-year to 21.84% from 21.15% in August. The highest increases were recorded in the prices of Passenger Transport by Road and by Air. Similarly, month-on-month basis, increased by 0.05% to 2.22% from in August.

Outlook: As the country continues to suffer from the lingering effect of the petroleum subsidy removal, the persistent depreciation of the Naira and food insecurity we expect a further increase in inflation figures, even as we approach the year-end festive period.

International Crude Oil Prices

Brent crude oil prices dropped 9.18% to \$86.56 per barrel as fears of a wider Middle East conflict diminished, while US demand showed indications of weakening.

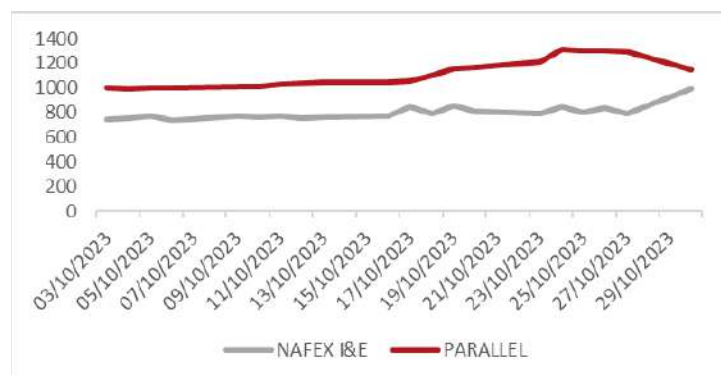
Foreign Reserves

Nigeria's foreign reserves climbed by 0.48% in October, settling at \$33.40 billion, up from \$33.24 billion at the end of September. The growth in her foreign reserve levels can be attributed to the increase in crude oil output. According to a statement issued by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) in October, crude oil production reached an all-time high this year, with a total production of 1.35 million barrels produced in September, representing an increase of 165,429 barrels per day (bpd) from 1.18 million barrels produced in August.

Foreign Exchange

The Nigerian Naira continued its persistent fall against the US Dollar, falling 31.58% to N993.82/USD (from N755.27/USD in September) at the Nigerian Autonomous Foreign Exchange Market (NAFEM). Similarly, it also fell by 14.09% in the parallel market to N1150/USD (from N1008/USD in September). The Naira's devaluation can be linked to increased demand for the greenback outweighing current supply.

FOREIGN EXCHANGE	30-Oct	29-Sep	%Change
I & E Window	993.82	755.27	↑ 31.58%
Parallel	1150	1008	↑ 14.09%



Outlook: The Central Bank of Nigeria (CBN) has begun its proposed intervention to clear foreign exchange backlogs, coupled with potential inflows from remittances, we forecast a possible strengthening of the Naira as we approach the end of the year.

Equities Market

In the month of October, the equities market showed positive performance, with the NGX All-Share Index and Market Capitalization increasing by 4.30% and 4.70% to reach 69,236.19 and N38.03 trillion, respectively, compared to their values in September, which were 66,382.14 and N36.33 trillion. The difference in the rise between the ASI and market capitalization was primarily due to the listing of 190,027,365 Ordinary Shares priced at N244.88 per share by VFD Group on October 6, 2023. As a result, the Year-to-Date ASI return stood at an impressive 35.09%.

However, transaction levels experienced a decline, with both the volume and value of transactions decreasing by 41.33% and 25.94%, totaling 7.07 billion units and N109.56 billion, compared to 12.06 million units and N147.93 million in the previous month.

Sectoral performance was largely positive, as four out of five sectoral Indices under our coverage recorded gains. The Banking Index was the top gainer for the month, rising by 7.54%, driven by the tier-1 banking stocks with UBA (+24.40%) taking the lead. The Industrial Goods Index also saw significant growth, as it rose by 6.54%, led by UACN (+57.00%), BUACEMENT (+25.15%), JAPAUFGOLD (+20.41%), JBERGER (+17.50%), and BERGER (+13.30%). The Oil and Gas Index increased by 2.38%, owing to gains in OANDO (+10.83%), MRS (+5.72%), and SEPLAT (+3.70%). The Consumer Goods Index rose by 1.48% and was driven by DANSUGAR (+16.88%), UNILEVER (+3.24%), and NESTLE (+2.44%). On the other hand, the Insurance Index was the only decliner, falling by 1.48%, primarily due to share price declines in CUSTODIAN (-7.19%), CORNERST (-6.83%), and LINKASSUR (-5.00%).

Outlook

The month of November is expected to see mixed trading sentiments, with some investors looking for bargains among key stocks with solid fundamentals and entry levels, while others take profit from price appreciations seen in the last few trading sessions. In the absence of market-generated triggers to drive prices, developments in the macro – economic space will play a major role in market movements in the near term.

We expect investors in the Banking sector to watch for attractive entry levels as prices retreat from recent highs due to profit taking. Currently, the banks we cover in the sector boast of a trailing dividend yield (6.69) on the NGX. As we approach year-end this will increasingly become a key parameter for investing in the market.

The Consumer Goods space initially recorded selloffs on the back of foreign exchange losses printed in their half-year earnings. The sector, however, recovered to lead gainers for the month of September with a 6.53% rise. We therefore see investors reviewing the Q3' 2023 numbers before deciding whether to take their profits or hold for the medium to long-term.

The Industrial Goods Index which comprises mainly building material companies posted a decline of 6.91% for the period, largely due to the loss of 13.7% in BUA Cement and 5.56% recorded in Dangote Cement Plc. The recent price slash in the ex-factory price of BUA Cement prices has however seen increased interest in the shares of the cement maker. Other cement makers such as Dangote and Lafarge WAPCO are expected to respond to the price slash from BUACEMENT.

INDICATORS	31-Oct	29-Aug	%Change
NGX- ASI	69,236.19	66,382.14	4.30%
Market Cap (N'tn)	38,038.62	36,331.42	4.70%
Volume Traded (Units' m)	7,078.82	12,065.45	(41.33%)
Value Traded (b)	109,564.31	147,932.93	(25.94%)

SECTOR	31-Oct	29-Aug	% Change
BANKING INDEX	716.42	666.22	7.54%
INDUSTRIAL INDEX	2,837.10	2,662.86	6.54%
CONSUMER GOODS INDEX	1149.17	1132.38	1.48%
OIL & GAS INDEX	935.81	914.02	2.38%
INSURANCE INDEX	278.44	283	(1.61%)

Top Gainers

Symbol	Opening Price(N)	Closing Price(N)	% Change (+)
THOMASWY	4.04	1.92	110.42%
CHAMS	2.22	1.28	73.44%
UACN	15.7	10	57.00%
NNFM	19.95	15.25	30.82%
BUACEMENT	107	85.5	25.15%
UBA	20.9	16.8	24.40%
IKEJAHOTEL	3.99	3.25	22.77%
JAPAUFGOLD	1.18	0.98	20.41%
AIRTELAFRI	1540.1	1290	19.39%
TANTALIZER	0.38	0.32	18.75%

Top Losers

Symbol	Opening Price(N)	Closing Price(N)	% Change (-)
SOVRENINS	0.31	0.38	(18.42%)
CHIPLC	1.03	1.26	(18.25%)
PRESTIGE	0.41	0.5	(18.00%)
DAARCOMM	0.21	0.25	(16.00%)
ELLAHLAKES	3.5	4.08	(14.22%)
CADBURY	13.85	16.1	(13.98%)
ETRANZACT	8.4	9.4	(10.64%)
NGXGROUP	21.9	24.4	(10.25%)
OKOMUDIL	236.8	263	(9.96%)
MEYER	2.74	3.04	(9.87%)

Fixed Income Market

Bearish sentiments towards the fixed income market persisted in the month of October as selloffs were seen in the FGN Bonds and Nigerian Treasury Bills.

On the 19th of October, the Debt Management Office (DMO) reopened the APR 2029, JUN 2033, JUN 2038, and JUN 2053 bond instruments at the primary market with N90 billion offers each.

Aside from the JUN 2053, the other issued instruments were under-subscribed, thus offer-to-subscription ratio stood at 0.46x, 0.27x, 0.74x, and 2.79x, respectively. As a result, marginal rates increased to 14.90%, 15.75%, 15.80% and 16.60% from 14.50%, 15.45%, 15.55%, and 15.25% in the previous auction.

Nevertheless, the original coupon rates of 14.55% for the FGN APR 2029, 14.70% for the FGN JUN 2033, 15.45% for the FGN JUN 2038 and 15.70% for the FGN JUN 2053 were maintained.

On the other hand, at the FGN Bond secondary market selloffs was prominent across all listed instruments with the highest sales seen in the shortest dated bond instrument (14-Mar-24). Consequently, average yields increased by 88 basis points to 15.33% from 14.44% in September.

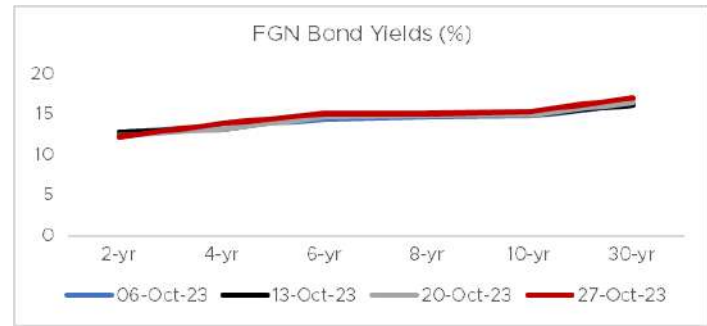
The Central Bank of Nigeria (CBN) held two NT-Bills primary market auctions, totaling N144.69 billion (from N393.88 billion in September). The first auction of the month was held on the 11th of October with stop rates for 91-day, 182-day, and 364-day bills at 3.67%, 5.11%, and 9.25%, respectively. However, by the next auction on 25th of October, stop rates for the 91-day, 182-day and 364-day instruments increased to 5.999%, 9.000% and 13.000% respectively.

The NT-Bills secondary market witnessed significant selloffs across the yield curve, as well as the maturing of the 26-Oct-23 bill and the listing of two new instruments, 12-Sep-24 and 26-Sep-24 bills in the month of October. Average yields significantly grew on the last two trading days of the week, thus average yields increased by 2.99% to 10.93% from 7.94% in September.

System liquidity fell significantly by 91.56% to N34.19 billion (from N405.20 billion in September) owing to a drop in opening balances and primary market sales in the OMO and NT-Bills market. Subsequently, average yields fell sharp to 10.93% from 7.94% in September. Due to the fall in system liquidity, Open-Buy-Back and Overnight rates rose to 15.58% and 16.46% from 2.7% and 3.40% in September.

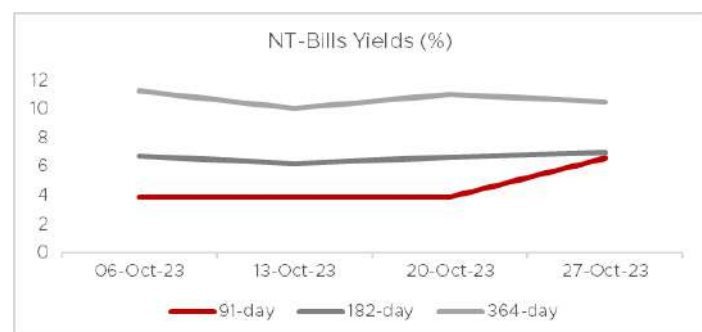
Outlook: In the month of November, we expect market direction to be determined by liquidity levels and policy actions.

FGN BOND	29-Sep	31-Aug	%Change
2-Year	12.8	11.37	↑ 12.58%
4-Year	13.59	13.05	↑ 4.14%
6-Year	14.51	14.04	↑ 3.35%
8-Year	14.7	14.33	↑ 2.58%



Auction Date	Maturity Date	Tenor	Stop Rate	Offer (NGN'million)	Subscription (NGN'million)
11-Oct-23	10-Jan-24	91-Day	3.670%	2,777.58	5,655.2
11-Oct-23	10-Apr-24	182-Day	5.110%	3,023.35	9,652.1
11-Oct-23	09-Oct-24	364-Day	9.250%	30,756.39	305,833.3
25-Oct-23	25-Jan-24	91-Day	5.9990%	2,846.50	7,077.3
25-Oct-23	25-Apr-24	182-Day	9.0000%	7,954.58	6,636.9
25-Oct-23	24-Oct-24	364-Day	13.0000%	97,329.78	773,071.2

NT-BILLS	29-Sep	31-Aug	%Change
91-Days	3.95	4.35	↓ (9.20%)
182-Days	7.56	6.98	↑ 8.31%
364-Days	13.41	12.06	↑ 11.19%



Macroeconomic Release Data Calendar for November 2023

Release Dates	Indicators
November 6th	Demographic Statistics Bulletin 2022
November 7th	Federation Account Allocation Committee (FAAC) (August 2023 Disbursement)
November 15th	CPI and Inflation Report October 2023 Selected food prices October 2023
November 17th	Transport Fare Watch (October 2023)
November 19th	Liquefied Petroleum Gas (Cooking Gas) Price Watch October 2023 National household kerosene price watch October 2023
November 20th	Federation Account Allocation Committee (FAAC) (September 2023 Disbursement)
November 21st	Automotive gas oil (DIESEL) Price watch October 2023 Premium motor spirit (PETROL) Price watch October 2023
November 22nd	Federation Account Allocation Committee (FAAC) (October 2023 Disbursement) Foreign Trade in Goods Statistics (Q3 2023)
November 24th	Nigerian Gross Domestic Product by Output Report (Q3 2023)
November 26th	Nigerian Capital Importation (Q3 2023) Pension Asset and Membership Data (Q3 2023) Company income Tax (Q3 2023)
November 28th	Sectoral Distribution of Value Added Tax (Q3 2023)