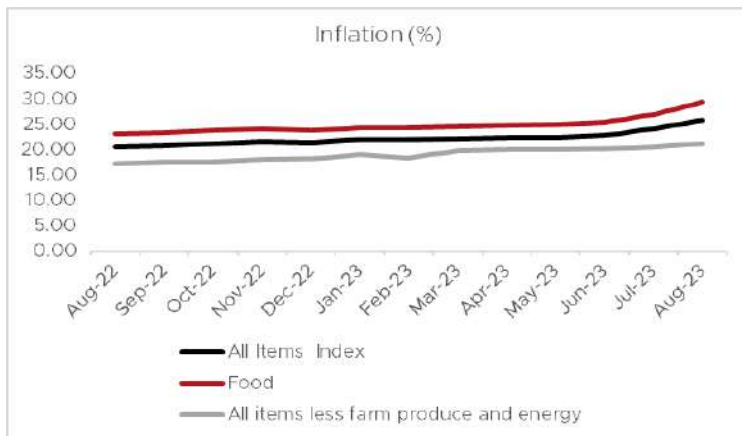


Various macroeconomic events occurred in September in Nigeria, with the highlight being the tribunal's decision to uphold President Bola Ahmed Tinubu's victory in the last election held on February 25th, 2023. However, the opposing parties - People Democratic Party (PDP) nominee Atiku Abubakar and Labour Party (LP) candidate Peter Obi - challenged the ruling and took it to the Supreme Court. In addition, the month saw the nomination and confirmation of Olayemi Cardoso as the new governor of the Central Bank of Nigeria (CBN) following the suspension and subsequent resignation of Mr Godwin Emefiele, the erstwhile governor. To underline other macroeconomic event which occurred in September, we have highlighted five macroeconomic indicators below:

**Inflation**

Nigeria's annual inflation rate rose for the eight consecutive month in August as it closed at 25.80% from 24.08% owing to the continual effect of the petroleum subsidy removal and the liberalization of the foreign exchange. Yet again, Food and Non-Alcoholic Beverages (13.36%) stood as the highest driver of inflation within the period. Similarly, on month-on-month basis, inflation rate increased by 0.29% to 3.18% (from 2.89% 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, climbed by 0.67% year-on-year to 21.15% (from 20.47% in July 2023). The highest increases were recorded in prices of Passenger Transport by Air and Road.

**Outlook:** Inflation outlook for the month of September is expected to maintain its upward trajectory as increased petroleum prices, Naira depreciation and food insecurity continue to put pressure on general price levels in the country.

**Monetary Policy Rate**

The Monetary Policy Committee (MPC) was scheduled to convene for its bi-monthly meeting on September 25th and 26th, unfortunately this was canceled. While the CBN has not divulged the particular reasons for the delay, it was most likely to allow the new Governor and Deputies complete their screening by the Upper House (Senate) and resume their duties.

However, given the quick rise in inflation numbers and the Committee's current mandate to reduce inflation, we expect a moderate increase in the key interest rate.

**Foreign Exchange**

The Naira has continued to struggle against the USD owing to continuous demand pressures for the USD within the economy.

In the parallel market, the Naira fell by 9.57%, going past the N1000/USD mark to N1008/USD from N920/USD in August. Furthermore, it fell 1.31% in the Nigerian Autonomous Foreign Exchange (NAFEX) segment, to close at N767.46/USD, up from N757.523 the previous month.

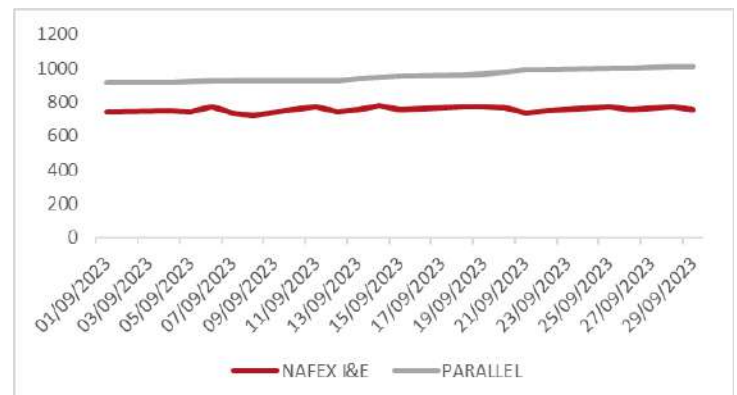
**International Crude Oil Prices**

Brent crude oil prices reached a new high in 2023, finishing at \$92.23 per barrel on average, as Saudi Arabia extended its voluntary cut of 1 million barrels per day until the end of the year. This reduction is in addition to the 1.66 million barrels per day of voluntary crude output cuts implemented by several OPEC members through the end of 2024.

**Foreign Reserves**

Furthermore, Nigeria's official foreign reserves fell 2.10% to \$33.242 billion in September from \$33.954 billion in August, as the government continues to face high demand for foreign currency and poor inflows.

FOREIGN EXCHANGE	29-Sep	31-Aug	%Change
I & E Window	755.27	762.71	↓ (0.98%)
Parallel	1008	920	↑ 9.57%



**Outlook:** Given these ongoing demand pressures and the decrease in foreign reserves, it is anticipated that the Naira may continue to weaken relative to the US Dollar in the coming months. This situation could pose challenges for Nigeria's economy, affecting various sectors and trade activities that rely on stable exchange rates.

## Equities Market

The Nigerian equities market ended the month of September on a bearish note, as the NGX-ASI and market capitalization fell by 0.25% to 66,382.14 points (vs 66,548.99 points in August) and N36.33 trillion (vs N36.42 trillion in August). Losses incurred during the month were primarily driven by a circular issued by FTSE Russell transferring the Nigerian stock market from "Frontier to Unclassified" status from September 18th 2023, due to foreign exchange illiquidity and the difficulty in recovering funds from Nigeria. Furthermore, the lower-than-expected 30 kobo dividend issued by ACCESSCORP generated a negative sentiment towards banking stocks such as GTCO (-6.13%), ACCESSCORP (5.12%), ZENITHBANK (-4.41%), and FBNH (-2.68%). On the other hand, the month saw a decline in the price of DANGCEM (-5.56%), MTNN (-3.83%), and DANGSUGAR (-2.00%). As a result, year-to-date return declined to 29.5% within the period under review.

Transactions levels however rose as volume and value traded increased by 31.86% and 11.37% to close at 12.06 billion units and N147.93 billion (vs 9.15 billion units and N132.83 billion in August).

Sectoral performance was mixed as three of the five sector indices under our coverage closed in the green. The Consumer Goods Index was the top gainer, rising by 6.53% as buy interests was recorded in CADBURY (+16.67%), PZ (+14.29%) and BUAFOODS (+12.67%), followed by the Insurance (+5.30%) and Banking (+3.08%) Indices. On the flip side, the Industrial Goods (-6.91%) and Oil and Gas (-2.75%) Indices closed in the red.

## Outlook

The month of October is predicted to see conflicting trading sentiments, with some investors looking for bargains among key stocks with solid fundamentals and entry levels, while others wait for Q3 statistics and better entry positions before making investment decisions. In the absence of market-generated triggers to drive prices, developments in the macro – economic space will play a more influential 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 and interim dividend adjustments. The sector also boasts of the highest trailing dividend yield (7.09%) 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 watching for the release of Q3' 2023 numbers to review their positions whether to take their profits or hold for the medium to long-term. numbers before returning to the space.

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 seen increased interest in the shares of the cement maker. Other cement makers such as Dangote and Lafarge WAPCO are expected to react to the price slash from BUACEMENT.

INDICATORS	29-Sep	31-Aug	%Change
NGX ASI	66,382.14	66,548.99	(0.25%)
Market Cap (N'bn)	36,331.42	36,422.73	(0.25%)
Volume Traded (Units' m)	12,065.45	9,150.23	31.86%
Value Traded (b)	147,932.93	132,833.20	11.37%

SECTOR	31-Aug	31-Aug	% Change
BANKING INDEX	666.22	646.29	↑ 3.08%
INDUSTRIAL INDEX	2,662.86	2,860.45	↓ (6.91%)
INSURANCE INDEX	283	268.76	↑ 5.30%
OIL & GAS INDEX	914.02	939.87	↓ (2.75%)
CONSUMER GOODS INDEX	1132.38	1063	↑ 6.53%

## Top Gainers

Symbol	Opening Price(N)	Closing Price(N)	% Change (+)
CWG	3.65	8.65	↑ 136.99%
BETAGLAS	39.00	60.90	↑ 56.15%
OANDO	5.60	7.85	↑ 40.18%
CHAMS	0.96	1.28	↑ 33.33%
NNFM	12.05	15.25	↑ 26.56%
UBA	14.00	16.80	↑ 20.00%
STANBIC	65.00	78.00	↑ 20.00%
FIDELITYBK	7.05	8.30	↑ 17.73%
ABBEYBDS	1.70	2.00	↑ 17.65%
CADBURY	13.80	16.10	↑ 16.67%

## Top Losers

Symbol	Opening Price(N)	Closing Price(N)	% Change (-)
FTNCOCOA	2.15	1.51	↓ (29.77%)
UNITYBNK	1.22	0.95	↓ (22.13%)
CONOIL	99.00	80.20	↓ (18.99%)
GLAXOSMITH	13.90	11.35	↓ (18.35%)
GUINEAINS	0.29	0.24	↓ (17.24%)
ROYALEX	0.60	0.50	↓ (16.67%)
UPL	2.58	2.18	↓ (15.50%)
COURTVILLE	0.65	0.55	↓ (15.38%)
SOVRENINS	0.43	0.38	↓ (11.63%)
THOMASWY	2.17	1.92	↓ (11.52%)

## Fixed Income Market

Selloffs were dominant at the fixed income market as players maintained a bearish stance towards FGN Bonds and Nigerian Treasury Bills.

The Debt Management Office (DMO) reopened the APR 2029, JUN 2033, JUN 2038, and JUN 2053 bond instruments at the FGN primary market with N90 billion offers each. Aside for the JUN 2053, most offers at the short-end were under-subscribed, resulting in offer-to-subscription ratio of 0.49x, 0.12x, 0.33x, and 2.29x, respectively. Consequently, marginal rates increased to 14.50%, 15.45%, 15.55%, and 15.25%, up from 13.85%, 15.00%, 15.20%, and 15.85% in the previous auction. The original coupon rates of 14.55% for FGN APR 2029, 14.70% for FGN JUN 2033, 15.45% for FGN JUN 2038, and 15.70% for FGN JUN 2053 were maintained.

Investors in the FGN Bond secondary market were bearish on all listed instruments, particularly the 23-Mar-25 (+1.43%) bond. As a result, average yields increased 0.38% to 14.44% (up from 14.06% the previous month).

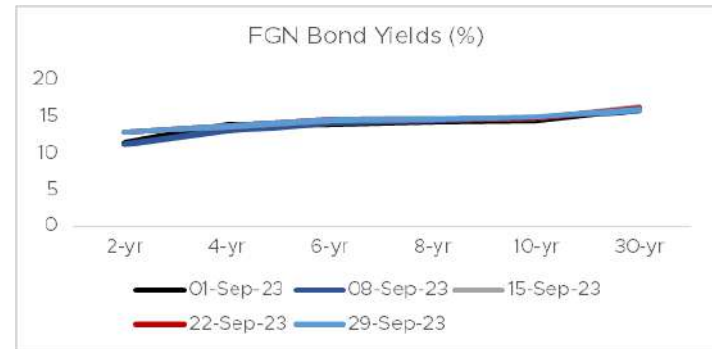
The Central Bank of Nigeria (CBN) held three NT-Bills primary market auctions, totaling N393.88 billion (down from N437.03 billion in August). The first auction of the month, held on September 6th, closed with stop rates for 91-day, 182-day, and 364-day bills at 4.50%, 7.00%, and 12.55%, respectively. By the subsequent auction on September 13, the stop rates for the 91-day and 364-day instruments increased to 6.50% and 12.98%, respectively, while it remained the same for the 182-day instrument at 7.00%. On the other hand, at the last auction held on the 28th of September, stop rates for the 91-day, 182-day and 364-day instruments fell to 4.99%, 6.55% and 11.37%.

Despite purchases across the curve, average yields in the NT-Bills secondary market increased by 0.68% to 7.94% from 7.27% owing to the delisting of the 7-Sep-23 and 14-Sep-23 instrument as well as the listing of the 08-Aug-24 and 22-Aug-24 bills.

System liquidity rose by 51.30% to N405.20 billion (from N267.81 billion in August) driven by increased opening balances and primary market auctions. Regardless, the Open-Buy-Back and Overnight rates increased by 0.08% each to 2.70% and 3.40% from 1.90% and 2.60% in August.

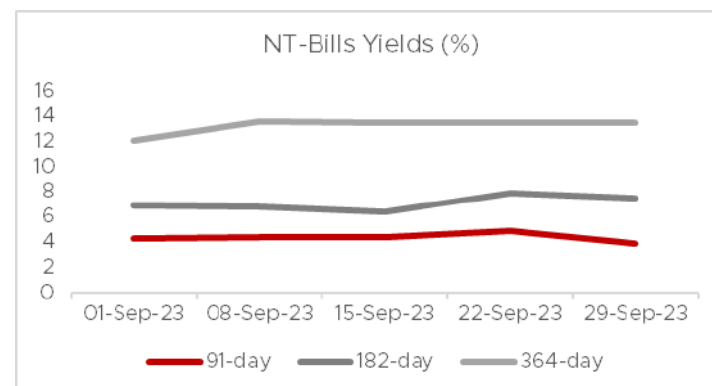
**Outlook:** In the month of October, we expect investors to tread cautiously as they watch for drivers in terms of liquidity levels and policy actions to determine market direction.

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)
06-Sep-23	07-Dec-23	91-Day	4.50%	1,028.89	4,629.88
06-Sep-23	08-Mar-24	182-Day	7.00%	10,554.29	29,165.23
06-Sep-23	05-Sep-24	364-Day	12.55%	203,153.25	831,948.48
13-Sep-23	14-Dec-23	91-Day	6.50%	1,101.07	1,274.08
13-Sep-23	14-Mar-24	182-Day	7.00%	918.38	3,931.87
13-Sep-23	12-Sep-24	364-Day	12.98%	150,18.92	638,670.84
28-Sep-23	28-Dec-23	91-Day	4.99%	1,746.83	7,077.31
28-Sep-23	28-Mar-24	182-Day	6.55%	1560.40	6,636.94
28-Sep-23	26-Sep-24	364-Day	11.37%	173,814.85	773,071.27

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 October 2023

Release Dates	Indicators
October 16th	CPI and Inflation Report September 2023
	Automotive gas oil (DIESEL) Price watch September 2023
October 18th	Premium motor spirit (PETROL) Price watch September 2023
	Liquefied Petroleum Gas (Cooking Gas) Price Watch September 2023
October 20th	National household kerosene price watch September 2023
	Selected food prices September 2023
October 22nd	Transport Fare Watch (September 2023)
October 25th	Federation Account Allocation Committee (FAAC) (September 2023 Disbursement)
October 31st	Demographic Statistics Bulletin 2022