The NGX All-Share Index and Market Capitalization depreciated by 0.42% to close the week at 66,915.41 and N36.764 trillion respectively.

Similarly, all other indices finished lower with the exception of NGX CG, NGX Premium, NGX Banking, NGX AFR Bank Value, NGX AFR Div. Yield, NGX MERI Value and NGX Sovereign Bond which appreciated by 0.47%, 0.54%, 3.52%, 1.82%, 3.24%, 2.99% and 3.08% respectively while the NGX ASeM index closed flat.

Top Gainers as at -20-OCT-2023

Stock	Close ₦	% Chg.
DAAR COMMUNICATION PLC	0.23	9.52

Stock	Close ₦	% Chg.
JULIUS BERGER NIG.PLC	36.00	9.09
UNITED BANK FOR AFRICA PLC	19.00	8.26
CHAMS HOLDING COMPANY PLC	1.49	6.43
THOMAS WYATT NIG. PLC.	3.63	29.64

A total turnover of 1.496 billion shares worth N24.284 billion in 29,298 deals was traded this week by investors on the floor of the Exchange, in contrast to a total of 1.470 billion shares valued at N24.431 billion that exchanged hands last week in 29,683 deals.

The Financial Services Industry (measured by volume) led the activity chart with 1.047 billion shares valued at N12.709 billion traded in 13,667 deals; thus contributing 69.99% and 52.34% to the total equity turnover volume and value respectively.

The ICT Industry followed with 94.997 million shares worth N1.445 billion in 1,982 deals. The third place was the Conglomerates Industry, with a turnover of 80.655 million shares worth N526.409 million in 1,459 deals.

Trading in the top three equities namely United Bank for Africa Plc, Fidelity Bank Plc and Access Holdings Plc (measured by volume) accounted for 447.125 million shares worth N6.488 billion in 4,913 deals, contributing 29.88% and 26.72% to the total equity turnover volume and value respectively.

Notable Highlights

- The equities market recorded a mixed performance – the listed equities market, NGXASI, recorded a decrease of 0.42% W-o-W, and the NASD OTC increased by 2.11%.
- The NAFEM depreciated while the NAFEX rate appreciated.
- The BDC rates depreciated to 1,180.
- The price of Brent crude oil and Gold closed positively at the end of the week.
- The FMDQ Debt Market Size was not available when reporting.
- The AFEX ACI and AEI were not available when reporting.

Top Losers as at 20-OCT-2023

Stock	Close ₦	% Chg.
SOVEREIGN TRUST INSURANCE PLC	0.33	-17.50
CADBURY NIGERIA PLC	12.60	-16.00
STANBIC IBTC HOLDINGS PLC	69.55	-13.06
FLOUR MILLS NIG.PLC	28.20	-11.88
OKOMU OIL PALM PLC	236.80	-9.96

WEEKLY STOCK RECOMMENDATION

1. Access Holdings Plc
2. United Bank for Africa Plc
3. Chams Holding Company Plc
4. Zenith Bank Plc

5. Dangote Sugar Refinery Plc
6. Nascon Allied Plc
7. Guaranty Trust Holding Company Bank

ECONOMY REVIEW

Nigeria's Inflation Rate and Individual Purchasing Power

Nigeria's inflation rate has maintained an upward trend, reaching 26.72% in September 2023, and the highest rate since September 2005. The increase is attributed to the removal of fuel subsidies in May 2023, which had a significant effect on the cost of transportation and energy for consumers and businesses, the devaluation of the official exchange rate in June 2023, which inflates imports and exports prices, and reduced the purchasing power of Nigerians, and the increased insecurity issues in the northern part of the country.

The prices of food and non-alcoholic beverages, alcohol and tobacco, housing utilities, health, transport, restaurants and hotels, and miscellaneous goods and services have all increased.

On a monthly basis, the Consumer Price Index (CPI) data rose by 3.18% in August 2023, the highest growth in 15 years, and is now a 2.10% increase in September 2023. The CPI data increased year-on-year by 5.94%, comparing September 2022 to September 2023. The inflation problem has worsened the economic misery of millions of Nigerians who struggle to afford basic necessities.

Of Inflation and Financial Market Performance

The rising inflation has kept investment real return negative, affecting market participation and performance. Foreign market participation has declined, reflecting the foreign investors' disinterest in the market and diversion to countries with positive real returns and less currency volatility, like the US. Meanwhile, domestic investors have reacted to the rising inflation with a growing preference for assets with higher returns that can mitigate loss. The equity market became one of the preferred assets, with the ASI generating a year-to-date return of 30.80% as of October 16, 2023, higher than the September inflation rate of 26.72%.

Analysts observed investors deserted fixed-rate investments due to the higher inflation expectation, as evidenced by the aggressive selloffs in the bond market.

The average bond yield has increased to 14.68% as of October 16, 2023, from 13.02% as of January 02, 2023. Similarly, the money market has been relatively bearish, with the yield curve experiencing a bumpy trend, and the average yield settled at 5.85% as of October 15, 2023, from 5.29% on January 02, 2023.

Currency Market

CBN's removal of foreign exchange restrictions on the 43 items intensified demand at the official market this week, making the naira fall to a record low of N890/US1 on Tuesday. To close the week, the naira settled at N808.27/US$1, a weekly depreciation of 568bps. Nevertheless, the insufficient supply at the official market continued to drive demand at the parallel market, with the naira reaching a record low of N1170 on Friday.

The Nigerian banking industry has grappled with numerous challenges, with over-regulation being the most prominent, particularly affecting bank sizes and profitability. The CBN employs both statutory and discretionary Cash Reserve Ratio (CRR) deductions to enforce monetary and price stability, but the measures have had adverse consequences on credit expansion and the intermediation role of banks.

High CRR is credit-negative for the banking sector as it restricts banks' lending ability and dampens their profitability.

The Central Bank of Nigeria (CBN) raised the Cash Reserve Ratio CRR for banks from 27.5% at the beginning of the year to 32.5% in 2022. CRR at

32.5% in addition to the statutory liquidity ratio of 30% made it hard for banks to meet the required loan-to-deposit ratio, which has generally fallen below the 65% target.

HAVE AN AWESOME WEEK AHEAD!!!