

What Moved the Markets this Week?

According to the Bureau of Labour Statistics, headline inflation in the United States eased to 3.40% YoY in April 2024, from 3.50% in March 2024, marking its first decline after two consecutive months of increase. Similarly, core inflation decelerated to 3.60% in April (vs 3.80% in March). This slowdown was primarily driven by a decline in food and shelter prices which offset the uptrend in energy and gasoline costs. In the near term, we expect the Fed to continue to monitor the potential triggers to inflation (tight labour market and housing prices). Also, given that inflation remains above the 2% target, we expect rates to remain unchanged in its next meeting. In the Eurozone, Eurostat reported that the Eurozone grew at its strongest pace since Q3:2022 by 0.30% QoQ in Q1:2024 (compared to a decline of -0.10% in Q4:2023). This upswing was primarily spurred by a rebound in Germany, the region's largest economy, which grew by 0.20% after contracting by 0.50% in Q4:2023. Additionally, marginal expansions in production and fixed asset investments contributed to the Euro area's growth. Looking ahead, we anticipate continuous improvement in the region's GDP, hinged on higher government spending, increasing consumption and easing inflationary pressure. In the Asian clime, the National Bureau of Statistics revealed that China's industrial output grew by 6.70% YoY in the month of April, up from 4.50% in March. This indicates an expansion in the manufacturing sector buoyed by higher exports and government intervention in the manufacturing sector. Contrarily, retail sales slowed to its lowest since December 2022 at 2.30% YoY (vs. 3.10% increase in March) primarily due to weak domestic demand. We expect the Chinese government to continue implementing stimulus measures aimed at boosting domestic demand and reforms to revive the ailing real estate sector.

In the domestic scene, the National Bureau of Statistics reported that Nigeria's headline inflation increased for the sixteenth consecutive month, albeit lower-than-expected at 33.69% YoY in April 2024 (vs 33.20% in March). Also, food and core inflation rose by 52bps and 94bps to 40.53% and 26.84% from 40.01% and 25.90% in March, respectively. This upward trend could be attributed to rising food prices fuelled by heightened demand and cost pressures, exchange rate fluctuations, and supply constraints aggravated by soaring cost of transportation. In the near term, we anticipate a continued upward trajectory in inflation, driven by persistent supply constraints in the food sector, compounded by recent salary increases for civil servants. As such, in its meeting next week, we expect the monetary policy committee (MPC) to maintain its hawkish stance by raising rate by 100bps to 25.75%. In addition, the Organisation of Petroleum Exporting Countries (OPEC) reported that Nigeria's crude oil production rose after 3 consecutive months of downturn, to 1.28mbpd in April 2024 (compared to 1.23mbpd recorded in March), reclaiming its position as the largest oil producer in Africa. This improvement is linked to the repair of the Trans Niger Pipeline and the resumption of operations across major terminals where maintenance was ongoing in Q1:2023. Going forward, we foresee continued increase in oil output propelled by government's focus on addressing insecurity in the oil producing regions amid oil theft & vandalism as well as exploration in new oil wells. Furthermore, the Federal Government has directed all its Ministries, Departments and Agencies (MDAs) to only procure vehicles powered by compressed natural gas (CNG) henceforth. This decision is targeted at enhancing energy security and promoting cost-effective transportation solution and reducing the reliance on PMS usage. This also complements the increasing interest in the domestic gas sector and transition into cleaner energy sources with lower emissions.

The Nigerian equities market closed in the red zone as the NGXASI lost 0.11% WoW to settle at 98,125.73pts, reducing the year-to-date return to 31.23%. Across sectoral indices, performance was predominantly bearish, as only **NGXINDSTR** (0.13% WoW) closed marginally in the green zone. On the other hand, the **NGXOILGAS** (-6.49% WoW), **NGXBANK** (-5.31% WoW), **NGXINS** (-3.98% WoW) and **NGXNSMRGDS** (-3.29% WoW), closed in the negative territory.

In the FGN primary bond auction that was held during the week, with an offering of NGN450 billion across three maturities: FGN 29, FGN 31, and FGN 33 (new issue), total sales amounted to NGN380.77bn, significantly lower than the NGN626.81bn at the last auction and indicating a lower demand. The stop rates for the different maturities were 19.29%, 19.74% and 19.89%, for FGN 29, FGN 31, and FGN 33 (new issue) respectively. At the secondary fixed income market, sentiments were bearish as both average T-bills and bond yields increased to 22.17% and 18.69%, down from 21.15% and 18.61%, respectively.

Nigeria | May 17th, 2024

Market Performance

Equities	This Week	Previous Week	% Δ
NGXASI	98,125.73	98,234.24	-0.11%
Volume (bn)	1.46	2.18	-33.14%
Value (bn)	40.06	50.17	-20.16%
Mkt. Cap. (trn)	55.51	55.56	-0.10%
Market Breadth	0.52x	1.08x	

	WTD	MID	YTD
NGXBANK	-5.31%	2.22%	-11.78%
NGXNSMRGDS	-1.29%	-1.14%	36.28%
NGXOILGAS	-6.49%	-7.10%	12.93%
NGXINS	-3.98%	-3.49%	13.90%
NGXINDSTR	0.01%	0.10%	72.98%
NGX-ASI	-0.11%	-0.10%	31.23%

Other Indices	WTD	MID	YTD
NGX-30	-0.11%	-0.03%	30.21%
NGX-PENSION	-1.69%	1.48%	8.56%

Market Outliers

Top Gainers

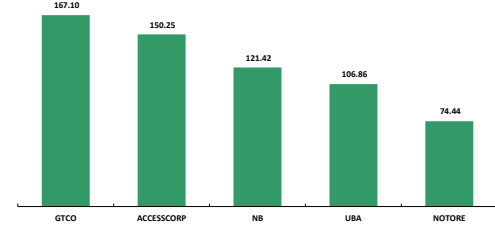


Top Losers

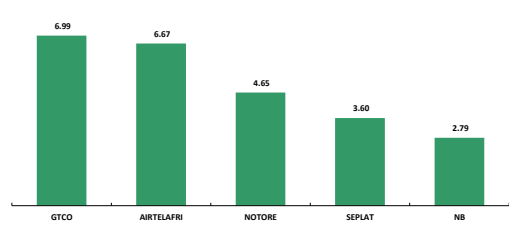


Weekly Trading Activity

Volume (mn)



Value (bn)



	This Week	Previous Week	%Δ
NAFEM (per USD)	1,497.33	1,466.31	-2.07%

Money Market Rates

	This Week	Previous
OBBL	29.96%	28.00%
OVN	30.68%	28.63%
Average	30.32%	28.31%

Bond Yields

	This Week	Previous Week	%Δ
1YR	19.10%	18.97%	0.13%
3YR	19.44%	19.45%	-0.00%
5YR	18.80%	18.95%	-0.14%
7YR	19.65%	19.49%	0.16%
10YR	17.64%	17.91%	-0.27%
30YR	17.41%	17.81%	-0.40%

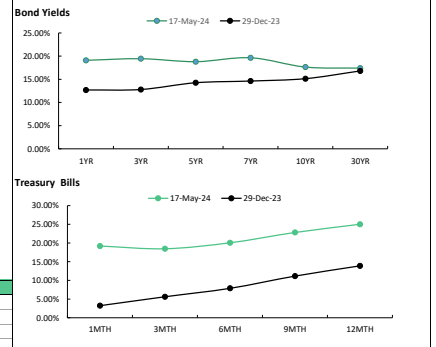
Treasury Bills Yields

	This Week	Previous
1MTH	19.19%	18.57%
3MTH	18.46%	18.46%
6MTH	20.06%	20.42%
9MTH	22.81%	23.03%
12MTH	25.01%	25.24%
Average	21.11%	21.57%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.03%	0.45%	1.21%	-0.14%	0.49%	1.28%	0.19%	
WTD	-0.11%	2.70%	0.00%	3.78%	1.19%	1.21%	2.51%	1.51%
YTD	31.23%	19.64%	5.02%	19.98%	3.26%	3.62%	7.31%	6.50%
P/E	12.92x	5.08x	9.99x	5.50x	16.64x	11.31x	15.63x	16.24x

Fixed Income Monitor



Contact Information

Investment Research

research@meristemng.com

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

Bloomberg: MERI<CO>

Capital IQ: www.capitaliq.com

ISI Emerging Markets: www.securities.com/ch.html?pc=NG

Reuters: www.thomsonreuters.com

FactSet: www.factset.com

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