

What Moved the Markets this Week?

According to preliminary estimates from Eurostat, the Eurozone inflation rose for the first time since December 2023 to 2.60% YoY in May from 2.40% in the previous month. Also, the core inflation printed at 2.90% YoY from 2.70% in April 2024. The uptick was driven by increases in services (4.10% vs 3.70% in April) and energy (0.30% vs -0.60% in April). Given the rising inflation, which dampens the prospects for rate cuts, we anticipate that the ECB will adopt a more cautious approach to policy easing, while closely monitoring the trend in inflation. The International Monetary Fund (IMF) has revised its GDP growth forecast for China, raising it by 0.40% to 5.00% for both 2024 and 2025. This upward adjustment considered China's robust 5.70% growth in Q1-2024 and various policy measures implemented to stimulate the economy. Despite this optimistic outlook, we envisage that deflationary pressures, trade disruptions, and ongoing challenges in the property sector remain a significant downside to the country's economic prospects. In Sub-Saharan Africa, the South African Reserve Bank (SARB) opted to maintain their benchmark rate at 8.25% for the sixth consecutive meeting. This decision comes in light of positive signals, such as a slight reduction in inflation, which dropped by 0.10% to 5.20% YoY in April. We expect the SARB to remain focused on achieving price stability. Thus, we anticipate that the Bank will keep rates unchanged at its upcoming meeting to further reduce inflation towards the 4.50% midpoint of its target range. Although, possible rate cuts may be considered towards the end of the year if the inflationary trend aligns with the Bank's projections.

On the domestic scene, the African Development Bank (AfDB) has committed USD2.90bn to agricultural development in Nigeria and other African nations, as announced at its recent annual summit. This funding follows the establishment of agencies tasked with implementing the Country Food and Agriculture Delivery Compacts agreed upon last year. We anticipate that this investment, alongside recent government initiatives aimed at ensuring food security, will boost the agricultural sector output. These efforts are expected to enhance crop production and food supply, thereby helping to mitigate food inflation in the medium term. In another development, NNPC has approved the sale of ExxonMobil's 40% stake in Mobil Producing Nigeria Unlimited (MPNU) to Seplat Energy Plc (SEPLAT). This follows a two-year delay since SEPLAT announced its acquisition plans in MPNU and a court order by NNPC refuting the sale. This delay led to a significant production decline of about 480,000 barrels per day (bpd) from the asset. With the agreement now finalized, we expect this to improve SEPLAT's production capacity, thereby enhancing Nigeria's overall crude oil output. Following the announcement, the ticker gained +13.64% WoW to reach its historical high of NGN 3,410.00. On the corporate front, Sterling Financial Holdco (STERLINGNG) is seeking shareholder approval for a NGN200bn capital raise. This move is in line with the recently announced bank recapitalization reforms aimed at enhancing the capital adequacy of Nigerian banks. Industry counterparts like FBNH, ZENITHBANK, and ACCESSCORP amongst others have already undertaken similar initiatives. We expect this strategic capital raise to strengthen the bank's capital position and solidify its financial resilience.

The Nigerian equities market closed up this week as the NGXASI rose by +1.73% WoW to settle at 99,300.56pts. As a result, the year-to-date return rose to +32.80%. To buttress this, market breadth improved to 1.69x from 0.41x last week. Across sectoral indices, performance was broadly positive as all indices closed in the green zone - NGXBNK (+8.72% WoW), NGXCNSMRGDS (+2.04% WoW), NGXOILGAS (+9.08% WoW), and NGXINS (+3.88% WoW), except for the NGXINDUSTR (-0.13% WoW), which closed in the red zone.

At the OMO auction held this week, a total of NGN500.00bn was offered across the three instruments. Subscription, however, declined to NGN903.78bn (vs NGN1.15trn at the last auction). Total sales also printed at NGN500.01bn (vs NGN1.15trn at the last auction). Although, no sale was recorded on the 90-day instrument, the stop rate on the 174-day and 363-day instruments printed at 19.64% and 22.28%, respectively. In the secondary fixed income market, the sentiment remained bullish as the average T-bills and bonds yield declined marginally to 21.02% and 18.57% (compared to 21.05% and 18.67% in the previous week).

Nigeria | May 31st, 2024

Market Performance

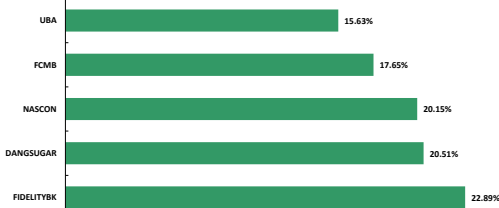
Equities	This Week	Previous Week	% Δ
NGXASI	99,300.56	97,612.51	1.73%
Volume ('bn)	2.18	1.96	11.06%
Value ('bn)	31.25	40.65	-23.12%
Mkt. Cap. ('trn)	56.17	55.22	1.73%
Market Breadth	1.69x	0.41x	

	WID	MID	YID
NGXBNK	8.72%	2.97%	-11.13%
NGXCNSMRGDS	2.04%	1.19%	39.50%
NGXOILGAS	9.08%	2.06%	24.07%
NGXINS	3.88%	-3.26%	14.17%
NGXINDUSTR	-0.13%	0.16%	73.08%
NGX-ASI	1.73%	1.09%	32.80%

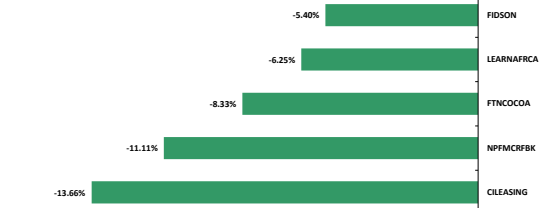
Other Indices	WID	MID	YID
NGX-30	1.83%	1.15%	31.76%
NGX-PENSION	5.27%	3.85%	11.10%

Market Outliers

Top Gainers

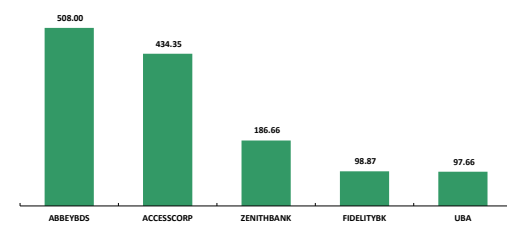


Top Losers

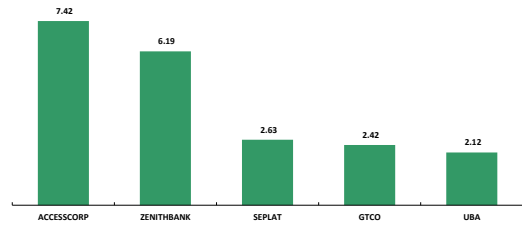


Weekly Trading Activity

Volume ('mn)



Value ('bn)



	This Week	Previous Week	%Δ
NAFEM (per USD)	1,485.99	1,482.81	-0.21%

Money Market Rates

	This Week	Previous
ORB	29.09%	32.40%
OVN	29.94%	33.00%
Average	29.52%	32.70%

Bond Yields

	This Week	Previous Week	%Δ
1YR	25.16%	25.23%	-0.07%
3YR	19.36%	19.44%	-0.08%
5YR	19.47%	18.81%	0.66%
7YR	20.20%	19.62%	0.59%
10YR	17.22%	17.72%	-0.50%
30YR	17.58%	17.40%	0.17%

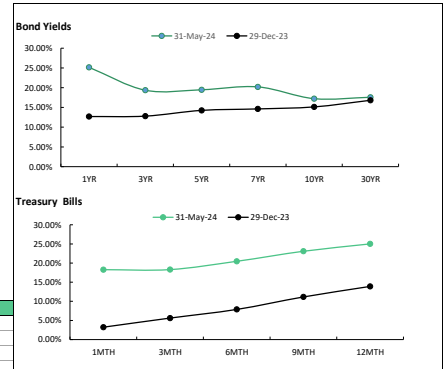
Treasury Bills Yields

	This Week	Previous
1MTH	18.27%	18.54%
3MTH	18.29%	18.42%
6MTH	20.46%	20.33%
9MTH	23.08%	22.89%
12MTH	25.00%	25.07%
Average	21.02%	21.05%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.02%	0.00%	-0.62%	-0.10%	-0.14%	-0.41%	-1.31%	0.46%
WID	1.73%	0.07%	0.00%	-0.11%	-2.65%	-1.33%	-2.30%	-0.82%
YID	32.80%	19.92%	8.15%	22.66%	0.21%	1.79%	3.35%	4.63%
P/E	12.95x	5.18x	10.32x	5.77x	16.61x	11.11x	15.09x	16.01x

Fixed Income Monitor



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