

What Moved the Markets this Week?

During the week, the U.S. Bureau of Labor Statistics reported that the country's inflation rate decreased to 3.00% YoY in June 2024, from 3.30% YoY in May 2024, marking the lowest level since May 2021. This decline in inflation is largely attributed to lower energy prices (-3.80% YoY), during the period. Also, following the recent moderation in the labor market (additional jobs in June declined by 24.26% MoM), we expect U.S. inflation to continue its downward trend, potentially increasing the likelihood of a rate cut by the Federal Reserve in September. Similarly, in the Asian region, China's inflation fell to 0.20% YoY in June 2024 (vs 0.30% YoY in May 2024). This decline, following an unchanged rate in May, can be attributed to improved food supply, with food prices dropping by 2.10% YoY, and a slower growth in the prices of non-food items (+0.80% YoY). Given that domestic demand in China remains weak amidst supply disruptions, we anticipate this downward trend to continue in the near term. In the same vein, across Sub-Saharan Africa, Ghana's inflation eased for the third consecutive month to 22.80% YoY (from 23.10% YoY in May 2024). This decrease is attributed to a reduction in non-food prices (-8.47% YoY). Looking ahead, we anticipate Ghana's inflation will continue its downward trend, hinged on continued moderation in prices and favourable fiscal reforms.

On the domestic scene, the Organisation of Petroleum Exporting Countries (OPEC), Nigeria's crude oil production increased by 1.57% to 1.27mpd in June (vs. 1.25% recorded in May). This growth allows Nigeria to retain its position as the largest oil producer in Africa, surpassing Angola's June production by 40.18%, as the country produced 906,000bpd. However, the Nigerian National Petroleum Corporation indicates that Nigeria has the capacity to produce up to 2.00mpd but is falling short due to ongoing challenges such as oil theft and Pipe-line vandalism, which has significantly impacted oil output and supply to local refineries. Despite this, there is optimism for improved outcomes in the short term, driven by the efforts of the Nigeria Security and Civil Defence Corps (NSCDC) in protecting the infrastructures, as well as the investment in the Obaifu-Orikon-Okon (OBS) and the Ajaokuta-Kidana-Kano gas pipelines aimed at boosting domestic gas production. Also, in a bid to reduce food crises in Nigeria and mitigate the impact of high fertilizer prices on farmers, the Federal Government has distributed over 2,700 trucks of fertilizers to various states, with each state receiving 60 trucks. Additionally, each senator and House of Representatives member will receive two trucks and one truck of fertilizers, respectively for distribution to their various constituents. Additionally, the government has also approved a 150-day duty-free window for the importation of maize, rice, and wheat. We believe these moves will positively impact the agricultural sector by easing the prices of fertilizers, thus cushioning the inflationary impact on food prices in the near term. In another development, the Ministry of Power has signed a NGN115.20bn (USD75.00mn) Memorandum of Understanding (MoU) with the United States Agency for International Development (USAID), to support electricity sector reforms. We believe this investment will significantly enhance market transparency and liquidity, and expand access to affordable power. As such, we expect this move to contribute to the country's target of achieving sustainable and reliable electricity supply in the near to mid term. In another development, the Nigerian Exchange Limited (NGX) has launched the NGX Impact Board for, a platform for listing sustainability instruments. This aims to promote sustainable finance solutions through the listing of instruments such as green bonds, Sustainability bonds, social bonds, and other related instruments. This initiative acknowledges that the government alone cannot provide the necessary funds to. We believe this action will help create a broad ecosystem for responsible investing, attracting investors committed to driving sustainable development and address environmental issues in the country, such as floods, pollution, and deforestation. We expect this to also increase the general participation in the equities market.

The Nigerian Equities market closed on a negative note this week as the **NGXASI** recorded a loss of 0.35% WoW to settle at 99,671.28pts, thereby, bringing the Year-to-Date (YTD) performance to 33.30%. Across sectors, performance was predominantly negative as only the **NGXOILGAS** (+1.38% WoW), and **NGXINDUSTR** (+0.05% WoW) closed positive, while **NGXNSMRGDS** (-0.09% WoW), **NGXINS** (-0.36% WoW), and **NGXBANK** (-2.08% WoW), closed in the red territory.

At the T-Bills PMA, the CBN offered a total of NGN166.11bn (vs NGN228.71bn in the previous auction) which attracted a lower subscription of NGN308.66bn (vs NGN773.98bn in the previous auction). Ultimately, a total of NGN207.27bn was allotted (vs NGN284.26bn in the previous auction). While the stop rates for the 91-Day and 182-Day instruments was constant at 16.30%, and 17.44%, the rate on the 364-Day instrument increased by 56bps to 21.24% (vs.20.68% recorded at the previous auction). In the secondary market, sentiment were bearish as average bond yields improved to 17.79% from 17.58% in the previous week. The T-bills yield also advanced at 22.52% (vs. 22.21% recorded in the previous week).

Nigeria | July 12th, 2024

Market Performance

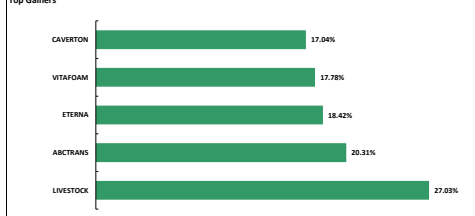
Equities	This Week	Previous Week	% Δ
NGXASI	99,671.28	100,022.03	-0.35%
Volume ('bn)	2.64	2.26	17.33%
Value ('bn)	35.50	30.99	14.55%
Mkt. Cap. ('trn)	56.38	56.58	-0.35%
Market Breadth	1.03x	0.70x	

	WTD	MID	YTD
NGXBANK	-2.08%	1.71%	-5.88%
NGXNSMRGDS	-0.09%	-0.78%	39.95%
NGXOILGAS	1.38%	4.43%	64.24%
NGXINS	-0.36%	1.89%	23.72%
NGXINDUSTR	0.05%	0.27%	73.61%
NGX-ASI	-0.35%	-0.39%	33.30%

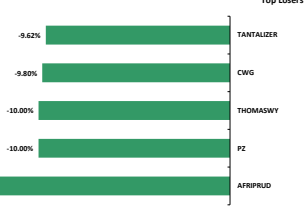
Other Indices	WTD	MID	YTD
NGX-30	-0.03%	-0.86%	3.30%
NGX-PENSION	-0.05%	-0.11%	41.56%

Market Outliers

Top Gainers

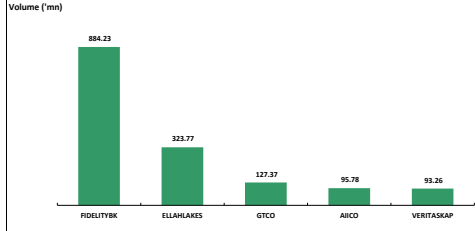


Top Losers

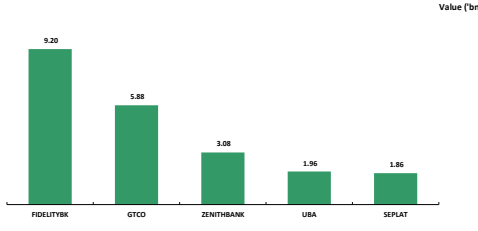


Weekly Trading Activity

Volume ('mn)



Value ('bn)



	This Week	Previous Week	% Δ
NAFEM (per USD)	1,563.80	1,509.67	-3.46%

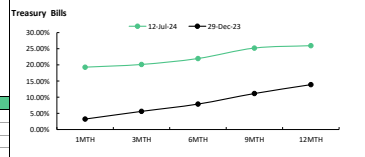
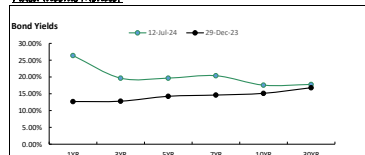
Bond Yields	This Week	Previous Week	% Δ
1YR	26.39%	24.73%	1.66%
3YR	19.66%	19.48%	0.18%
5YR	19.67%	19.63%	0.04%
7YR	20.38%	19.86%	0.52%
10YR	17.57%	17.49%	0.09%
30YR	17.79%	17.58%	0.20%

Money Market Rates	This Week	Previous
OBB	31.61%	32.05%
OVN	32.45%	32.53%
Average	32.03%	32.30%

Treasury Bills Yields	This Week	Previous
1MTH	19.30%	19.10%
3MTH	20.14%	19.73%
6MTH	21.98%	21.61%
9MTH	25.21%	24.96%
12MTH	25.95%	25.65%
Average	22.52%	22.21%

Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.20%	5.77%	-0.63%	0.32%	0.56%	0.76%	1.23%	1.48%
WTD	-0.35%	6.00%	0.00%	0.93%	1.04%	1.81%	1.62%	
YTD	33.30%	33.77%	13.63%	19.46%	6.66%	4.14%	9.88%	7.44%
P/E	14.78x	5.30x	7.94x	5.35x	23.69x	11.37x	16.27x	16.30x

Fixed Income Monitor



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