

What Moved the Markets this Week?

According to the National Statistics Office, inflation in the United Kingdom fell to 2.00% in May 2024, down from 2.30% in April. This decrease was majorly influenced by lower food prices and slower price increases for recreation, culture, furniture, and household goods during the period. We anticipate further ease in inflationary pressure in the near term as food prices and other items continue to moderate. Meanwhile, the Bank of England (BOE), at its last meeting during the week, held interest rate steady at 5.25% for the seventh consecutive time. We expect the BOE to consider a rate cut in its next meeting as inflation rate has fallen to the bank's target rate of 2.00%. However, the bank may continue to maintain its accommodative stance while closely monitoring key variables and assessing potential upside risk in the near term. Across Asia, the Chinese Bureau of Statistics reported that China's industrial output and retail sales grew by 5.60% YoY and 3.70% YoY in May 2024, up from 5.3% YoY and 2.4% YoY, respectively in April. This reflects an expansion in the country's manufacturing sector activities during the period, driven by impactful government interventions, improved domestic demand and higher export. In Sub-Saharan Africa, Statistics South Africa reported that South Africa's headline inflation remained unchanged at 5.20% YoY in May 2024, unchanged from its April level. However, MoM inflation increased by 0.20% driven by slight upticks in some key segments including transport, alcoholic beverages, tobacco, recreation and culture. Going forward, we foresee a continued increase in South Africa's inflation rate but at a slower pace. Nonetheless, we still expect the South African Reserve Bank (SARB) to keep rates unchanged in the near term to reach its 3-6% inflation target.

In the domestic scene, the National Bureau of Statistics reported that Nigeria's headline inflation increased for the seventeenth consecutive month reaching 33.95% YoY in May 2024 (vs 33.69% in March). Additionally, food and core inflation rose to 40.66% and 27.04% in May, down from 40.53% and 26.84% in the previous month, respectively. This upward trend is attributed to rising food prices driven by the ongoing planting season for key crops like yam and tomatoes, the tomato leaf miner pest infestations that has generally led to lower output and scarcity. Other factors include exchange rate fluctuations, and supply chain constraints exacerbated by increasing transportation costs. In the near term, we expect inflation to keep rising due to ongoing challenges in the food sector. However, the government's recent initiatives to enhance agricultural output may help moderate inflationary pressures in the medium - long term. Consequently, we anticipate that the monetary policy committee (MPC) will maintain a hawkish stance in near term, to achieve its utmost goal of curbing inflation. Additionally, according to the data from the Debt Management Office, Nigeria's total public debt rose to NGN121.62trn in Q1-2024, up from NGN97.34trn in Q4-2023 which was primarily driven by increases in both external debt to NGN56.02trn and domestic debt to NGN65.65trn (from NGN38.22trn and NGN9.12trn, respectively). The rise in the total debt was mainly triggered by an expansion in domestic borrowing aimed at plugging the 2024 budget deficit and ensuring stability in the foreign exchange market during the period. Looking ahead, we anticipate a steady increase in the country's debt stock owing to growing borrowing needs, as government spending continues to outpace revenue. In a separate development, the Federal Government secured a USD3.50bn partnership with Afreximbank to rejuvenate the textile industry and encourage the adoption of Compressed Natural Gas (CNG) vehicles. This effort seeks to revive the dormant textile industry, generate employment, and foster sustainable economic development. We believe that this initiative will propel Nigeria's effort towards being a fully industrialized country and also strengthen investors' confidence for long-term investments. Furthermore, Total Energies and NNPC have finalized a USD550m investment decision for the Ubeta gas field, set to begin production in 2027 with an output of 300 million cubic feet per day. This initiative aims to stimulate investment in the oil and gas sector and to also improve domestic gas production and supply. Going forward, we anticipate that this strategic move would create job opportunities and enhance both foreign and domestic investors' confidence in the oil and gas sector in the longer term.

The Nigerian Stock Exchange market ended the week in the red zone, as the All-Share Index (NGXASI) recorded a decline of 0.18% WoW to reach 99,743.85pts, thereby reducing the year-to-date performance to 33.39%. Across sectoral indices, performance was mixed as - NGXINS (-1.31% WoW) and NGXBNK (-0.04% WoW) closed in the negative territory, while NGXOILGAS (+0.21% WoW), NGXCNSMRGDS (+0.29% WoW), and NGXINDUSTR (+0.10% WoW) recorded gains.

During the week, sentiments were largely bearish at the fixed-income secondary market, as the average treasury bill yields increased to 21.97% from 21.90% recorded last week, while the average bond yield decreased marginally to 18.77% from 18.76% the previous week.

Nigeria | June 21st, 2024

Market Performance

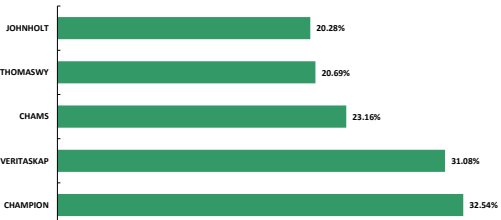
Equities	This Week	Previous Week	% Δ
NGXASI	99,743.05	99,925.88	-0.18%
Volume ('bn)	3.30	2.74	20.35%
Value ('bn)	53.12	43.62	21.77%
Mkt. Cap. ('trn)	56.63	56.53	0.18%
Market Breadth	1.73x	2.00x	

	WID	MID	YTD
NGXBNK	-0.04%	2.95%	-8.51%
NGXCNSMRGDS	0.29%	1.68%	41.85%
NGXOILGAS	0.21%	5.30%	30.65%
NGXINS	-1.31%	2.92%	17.51%
NGXINDUSTR	0.10%	0.37%	73.72%
NGX-ASI	-0.18%	0.45%	33.39%

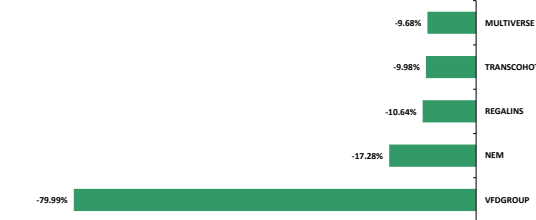
Other Indices	WID	MID	YTD
NGX-30	-0.16%	0.50%	32.41%
NGX-PENSION	0.20%	2.45%	13.82%

Market Outliers

Top Gainers

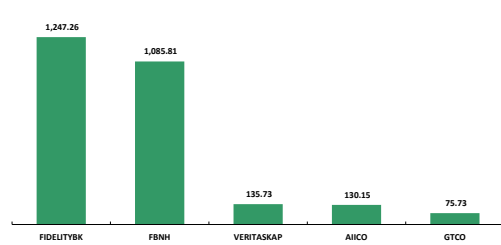


Top Losers

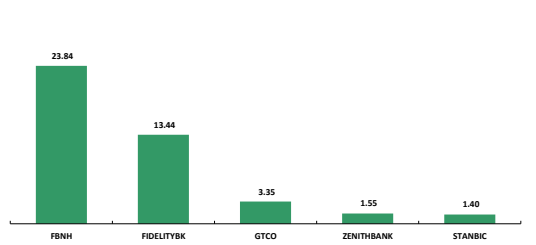


Weekly Trading Activity

Volume ('mn)



Value ('bn)



	This Week	Previous Week	%Δ
NAFEM (per USD)	1,485.53	1,482.72	-0.19%

Money Market Rates

	This Week	Previous
OBB	25.25%	25.63%
OVN	26.04%	26.25%
Average	25.65%	25.94%

Bond Yields

	This Week	Previous Week	%Δ
1YR	24.85%	25.18%	-0.34%
3YR	19.69%	19.66%	0.03%
5YR	18.92%	18.86%	0.06%
7YR	19.41%	19.96%	-0.55%
10YR	17.53%	17.75%	-0.22%
30YR	17.50%	17.41%	0.09%

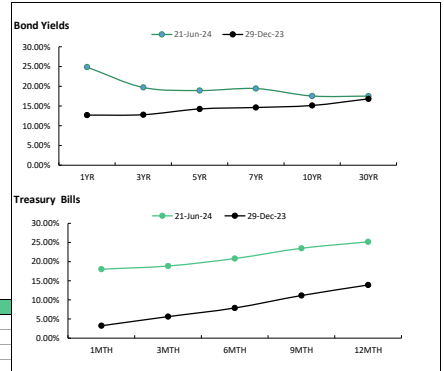
Treasury Bills Yields

	This Week	Previous
1MTH	18.02%	18.65%
3MTH	18.85%	19.01%
6MTH	20.80%	20.79%
9MTH	23.48%	23.45%
12MTH	25.17%	25.33%
Average	21.26%	21.45%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.10%	0.00%	1.09%	-1.54%	-0.38%	0.02%	0.04%	0.26%
WID	-0.18%	0.57%	0.00%	-0.80%	3.52%	0.43%	1.75%	0.94%
YTD	33.39%	21.04%	6.12%	22.41%	3.74%	0.94%	7.03%	4.11%
P/E	14.59x	5.14x	7.66x	5.58x	21.60x	11.03x	15.77x	15.99x

Fixed Income Monitor



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