

What Moved the Markets this Week?

During the week, the International Monetary Fund (IMF) completed its third review of Zambia's Extended Credit Facility and approved an immediate disbursement of US\$569.60 mn. Additionally, the Fund's board has agreed to increase its financial support from US\$1.30bn to US\$1.70bn as the country is also affected by a severe drought that has led to crop losses and disrupted power generation. We expect this decision to further bolster Zambia's progress in its economic and structural reforms. We also expect improved fiscal and debt sustainability in the near term, positively influencing the country's growth prospects. Similarly, Ghana has reached a preliminary agreement to restructure its US\$13.00bn international bond. Under this agreement, Ghana's bondholders will forgo c.US\$4.70bn in principal and interest payment. In our view, this step aligns with the country's ongoing efforts in addressing its debt challenges and meeting the IMF's requirements in its debt restructuring program. While this move may temporarily dampen Investor's sentiment towards Ghana's instrument, we expect the improving macroeconomic condition and fiscal prudence to brighten the country's outlook in the near term.

On the domestic scene, the Nigerian Deposit Money Banks (DMBs) have started repaying debts totaling US\$132mn (NGN200bn) for Unstructured Supplementary Service Data (USSD) to telecom operators. This long-standing issue, which has persisted for over six years, was addressed following the intervention of the Central Bank of Nigeria (CBN) and the Nigerian Communications Commission (NCC) towards the end of 2023. However, the telecom operators remain concerned about the slow repayment pace as no timeline for full payment has been set. While this repayment is expected to boost the income of the telecom companies, it may substantially taper the banks' earnings and impact their liquidity levels. The Nigerian National Petroleum Corporation (NNPC) has delayed the completion of the 127-kilometre Obiafu-Orikom-Oberu (OBS) gas pipeline project till August 2024, from the initial completion date set for March 2024 due to delays stemming from the River Niger Crossing Operation - The project, which has an estimated cost of US\$700.00mn is aimed to transport natural gas from the southern to the northern regions of the country. Upon completion, we anticipate an increased gas distribution network in the country, helping to meet the growing demand for gas across regions in Nigeria. On corporate action, VFD Group Plc (VFDGROUP) has secured shareholder approval to raise an additional NGN30bn through various market instruments, including share issuance, global depository receipts, and commercial papers. During its 8th Annual General Meeting (AGM), the company announced that the specific form of this capital raise would be revealed soon. This significant infusion is expected to strengthen VFD's financial position and support future initiatives, acquisitions, and the growth capital needed for the expansion of its investee companies. Also, the board approved a bonus issue of four new shares for every one share held. We believe this move is in line with the company's aim to drive its growth strategies and expansion plans which is expected to spur the company's profitability while creating value to shareholders.

The local bourse ended the week in the green zone, as the All-Share Index (NGXASI) registered a 0.32% WoW gain reaching 100,057.49pts, bringing its year-to-date (YTD) return to 33.81%. Across all sectoral indices under our coverage, performances were mixed as - NGXINS (+3.33% WoW), and NGXBANK (+1.14% WoW) closed in the green zone, while NGXOILGAS (+5.71% WoW), NGXNSMRGDS (-0.56% WoW), and NGXINDUSTR (-0.33% WoW) closed in the negative territory.

During the week, the Debt Management Office offered a sum of NGN450bn in the Bond primary market auction (PMA) across three different maturities (re-openings) - APR 29, FEB 31 and MAY 33. Total allotment from the auction registered NGN297.01bn. Consequently, the marginal rate on the APR 29, FEB 31 and MAY 33 penciled at 19.64%, 20.19% and 21.50%, respectively. At the T-bills PMA, the CBN offered a total of NGN228.71bn (vs NGN44.23bn in the previous auction) which attracted subscription of NGN773.98bn (vs NGN407.76bn in the previous auction). A total of NGN284.26bn was allotted (vs NGN55.23bn in the previous auction) at stop rates of 16.30%, 17.44% and 20.68% across the 91-Day, 182-Day and 364-Day maturities respectively. In the secondary market, sentiments were mixed, as the average treasury bill yields increased to 21.70% from 21.26% recorded in the previous week, while the average bond yield declined marginally by 20bps WoW to 18.75%.

Nigeria | June 28th, 2024

Market Performance

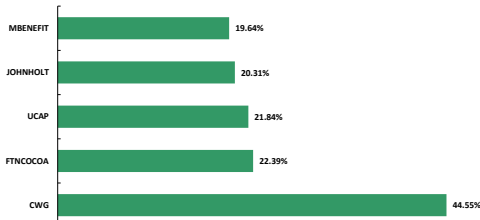
Equities	This Week	Previous Week	% Δ
NGXASI	100,057.49	99,743.05	0.32%
Volume ('bn)	2.65	2.74	-3.43%
Value ('bn)	49.96	43.62	14.53%
Mkt. Cap. ('trn)	56.60	56.53	0.13%
Market Breadth	1.39x	2.00x	

	WID	MID	YTD
NGXBANK	1.14%	4.12%	-7.47%
NGXNSMRGDS	-0.56%	1.11%	41.05%
NGXOILGAS	5.71%	11.32%	38.12%
NGXINS	3.33%	6.36%	21.42%
NGXINDUSTR	-0.33%	0.03%	73.14%
NGX-ASI	0.32%	0.76%	33.81%

Other Indices	WID	MID	YTD
NGX-30	0.42%	0.92%	32.97%
NGX-PENSION	1.99%	4.48%	16.08%

Market Outliers

Top Gainers

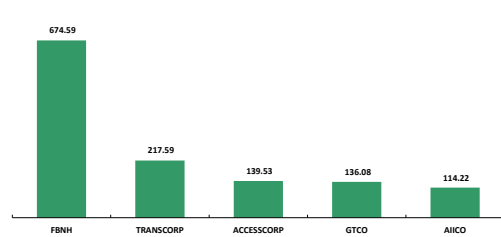


Top Losers

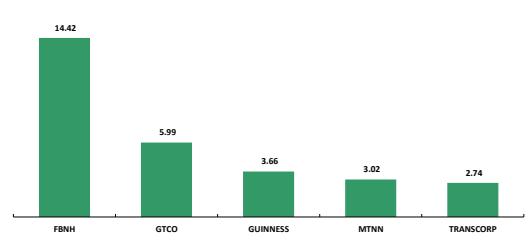


Weekly Trading Activity

Volume ('mn)



Value ('bn)



	This Week	Previous Week	%Δ
NAFEM (per USD)	1,505.30	1,485.53	-1.31%

Money Market Rates

	This Week	Previous
ORB	24.17%	25.23%
OVN	25.00%	26.04%
Average	24.59%	25.65%

Bond Yields

	This Week	Previous Week	%Δ
1YR	25.47%	24.85%	0.62%
3YR	19.48%	19.69%	-0.21%
5YR	19.36%	18.92%	0.44%
7YR	20.01%	19.41%	0.60%
10YR	17.68%	17.53%	0.15%
30YR	17.58%	17.50%	0.08%

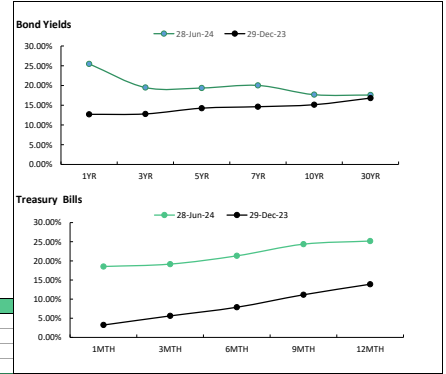
Treasury Bills Yields

	This Week	Previous
1MTH	18.53%	18.02%
3MTH	19.15%	18.85%
6MTH	21.31%	20.80%
9MTH	24.36%	23.48%
12MTH	25.18%	25.17%
Average	21.70%	21.26%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.67%	0.00%	0.97%	0.43%	1.07%	-0.13%	-0.40%	-0.26%
WID	0.32%	1.08%	0.00%	-2.89%	0.06%	0.96%	-0.47%	0.27%
YTD	33.81%	22.34%	11.54%	18.87%	3.80%	0.92%	5.68%	3.48%
P/E	14.51x	5.19x	7.92x	5.31x	21.67x	11.02x	15.59x	15.72x

Fixed Income Monitor



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