

What Moved the Markets this Week?

According to the preliminary data published by Eurostat, the Eurozone inflation rate declined to 2.50% in June, down from 2.60% in May. This decrease was driven by a reduction in food inflation, which also fell to 2.50% in June from 2.60% in May. While the decline in inflation shows a positive sign, we anticipate that the European Central Bank (ECB) will further await more signals on a moderating inflationary pressures before considering an additional rate cut. Germany's inflation rate continued to converge towards the European Central Bank's (ECB) 2% target, slowing to 2.20% YoY in June from 2.40% in May. While MoM inflation rose by 0.50%, core inflation - which excludes food and energy prices - fell to its lowest level since February 2022. The decline in overall inflation was driven by significant decreases in energy costs (2.10% vs 1.10% in May) and goods prices (0.80% vs 1.00% in May), offsetting the rise in food prices. Given the sustained downward trend in inflation, we expect further monetary policy easing, potentially including a rate cut by the central bank. In Sub-Saharan Africa, the Kenya National Bureau of Statistics (KNBS) reported that the country's GDP grew by 5.00% YoY in Q1-2024, down from 5.50% YoY in Q1-2023. This growth was driven by expansion in agriculture (+6.10%), real estate (+6.60%), financial and insurance sectors (+7.70%). This is positive, especially following the downtrend in inflation (currently 4.60% as of June 2024) numbers after peaking in March 2023. Nevertheless, we expect the Kenya's monetary authorities to hold rates steady for the second time at their next meeting after hiking in December and February.

According to the National Bureau of Statistics, Nigeria's capital importation saw a significant surge of 210.16% quarter-on-quarter, reaching USD3.38bn in Q1-2024. This substantial growth was primarily driven by an increase in Foreign Portfolio Investment (FPI), which rose to USD2.08bn. The high-interest environment attracted investors to short-term fixed-income instruments, particularly short-dated instruments offering high yields. Other investments, totaling USD1.18bn, also contributed to the growth, while Foreign Direct Investment (FDI) declined during the period. Looking ahead, we expect sustained high yields to support continued growth in foreign inflows. In a recent development, the Federal Government has introduced new regulations concerning compliance and withholding tax (WHT) deductions at the source. Key changes in the regulations include the implementation of a unified WHT system across capital gains tax, personal and company income tax, and petroleum profits tax. Additionally, WHT has been removed for over-the-counter transactions involving small trade businesses, and manufacturers, as well as on imported items, are now exempt from WHT. Furthermore, there are reduced WHT rates for SMEs and businesses with low-profit margins. These measures are aimed at closing loopholes in the tax system while fostering an environment where businesses and industries can thrive. The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) has announced that Oando Plc has successfully acquired 100% of the shares of Nigerian Agip Oil Company Limited (NAOC Ltd). Although this acquisition was initially announced in September 2023, it faced delays due to pending regulatory approvals. This transaction, along with recent acquisitions involving three other major oil companies in Nigeria, highlights significant developments in the energy sector. Lastly, in an effort to address issues of non-remittance, the federal government has increased licensing fees and rates for operators in the mining sector. The revised fees include NGN3mn for a mining lease, NGN300,000 for a small-scale mining lease, NGN600,000 for an exploration license, amongst others. These new regulations aim to maximize revenue from key minerals and enhance the country's overall revenue base.

The local bourse reversed gains from the prior week as the NGXASI recorded a marginal loss of 0.04% WoW to settle at 100,022.03pts, thereby, bringing the Year-to-Date (YTD) performance to 33.77%. Across sectors, performance was predominantly positive as only NGXCNSMRGDS (-0.69% WoW) closed negative, while NGXINS (+2.26% WoW), NGXBNK (+3.87% WoW), NGXOILGAS (+3.01% WoW), and NGXINDUSTR (+0.22% WoW) closed in the green territory. In the secondary market, sentiment were mixed as average average bond yield declined to 19.93% from 19.93% in the previous week, while the T-bills market was bearish at 22.21% (vs. 21.70% recorded in the previous week).

Nigeria | July 5th, 2024

Market Performance

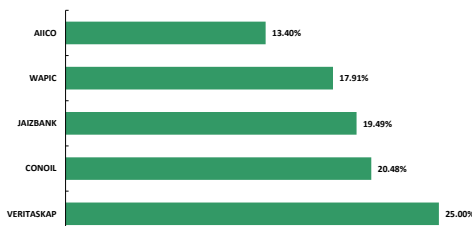
Equities	This Week	Previous Week	% Δ
NGXASI	100,022.03	100,057.49	-0.04%
Volume ('bn)	2.26	2.65	-14.77%
Value ('bn)	30.99	49.96	-37.97%
Mkt. Cap. ('trn)	56.58	56.60	-0.04%
Market Breadth	0.87x	1.39x	

	WTD	MTD	YTD
NGXBNK	3.87%	3.87%	-3.89%
NGXCNSMRGDS	-0.69%	-0.69%	40.08%
NGXOILGAS	3.01%	3.01%	42.28%
NGXINS	2.26%	2.26%	24.17%
NGXINDUSTR	0.22%	0.22%	73.53%
NGX-ASI	-0.04%	-0.04%	33.77%

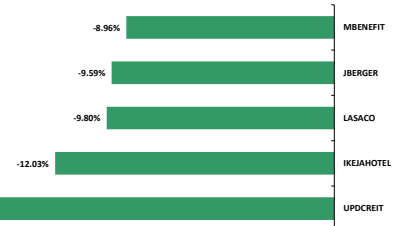
Other Indices	WTD	MTD	YTD
NGX-30	-0.27%	-0.27%	32.62%
NGX-PENSION	0.51%	0.51%	16.67%

Market Outliers

Top Gainers

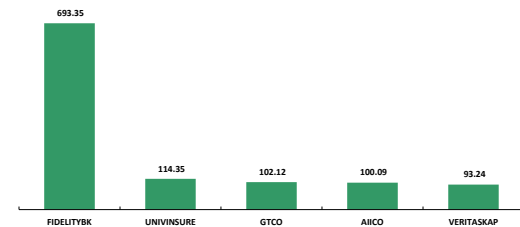


Top Losers

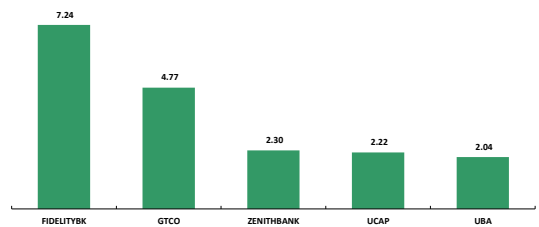


Weekly Trading Activity

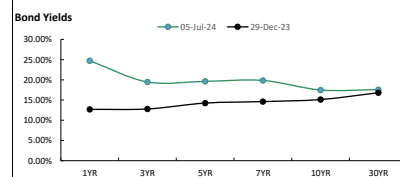
Volume ('mn)



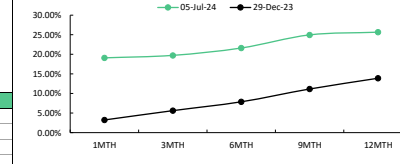
Value ('bn)



Fixed Income Monitor



Treasury Bills



	This Week	Previous Week	%Δ
NAFEM (per USD)	1,509.67	1,485.53	-1.60%

Money Market Rates

	This Week	Previous
OBB	32.06%	25.25%
OVN	32.53%	26.04%
Average	32.30%	25.65%

Bond Yields

	This Week	Previous Week	%Δ
1YR	24.73%	25.47%	-0.75%
3YR	19.48%	19.48%	-0.01%
5YR	19.63%	19.36%	0.27%
7YR	19.86%	20.01%	-0.15%
10YR	17.49%	17.68%	-0.19%
30YR	17.58%	17.58%	0.00%

Treasury Bills Yields

	This Week	Previous
1MTH	19.10%	18.53%
3MTH	19.73%	19.15%
6MTH	21.61%	21.31%
9MTH	24.96%	24.36%
12MTH	25.65%	25.18%
Average	22.21%	21.70%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.04%	0.51%	0.72%	0.31%	-0.52%	0.58%	1.08%	0.79%
WTD	-0.04%	2.24%	0.00%	-0.43%	1.28%	1.93%	1.65%	2.30%
YTD	33.77%	25.08%	13.94%	18.36%	4.99%	2.92%	7.86%	5.89%
P/E	14.58x	5.30x	8.09x	5.30x	23.64x	11.23x	15.94x	16.04x

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