

What Moved the Markets this Week?

On the global scene, the US Bureau of Statistics reported that the country's inflation rate eased to 2.90% YoY in July 2024 (vs 3.00% YoY in June). This marks the fourth consecutive decline and the slowest inflation pace since March 2021. This downturn is largely attributed to lower commodity prices, and slower job additions during the period. However, MoM inflation rate reversed its downward trend, increasing by 0.20% (vs. 0.10% recorded in June). This was driven by a slight increase in certain food items like Meat, poultry and fish (+1.90%), Milk (+1.20%) etc. Meanwhile, prices of items such as airfares (-2.80%), and gasoline (-2.20%) witnessed marginal declines. We anticipate that the easing job growth, and unemployment rate (now at 4.30%) will further taper the inflationary pressures in the near term. As such, we expect this to influence the Fed's decision to cut interest rate in its next meeting September. On the other hand, the Bank of England (BOE) reported an uptick in the UK's inflation rate to 2.20% YoY in July 2024 (vs 2.00% YoY in June). This northward movement is attributed to higher prices in housing and household services (3.70% YoY vs 2.30% YoY in June). However, core inflation declined to 3.30% YoY (vs. 3.50% YoY in June). Going forward, we expect the monetary authority to maintain a more accommodative stance, as inflation rate now sits above its 2.00% target rate. Elsewhere, the Bank of Japan (BOJ) revealed during the week that the country's economy grew in Q2-2024, as GDP increased to 3.10%YoY, compared to a contraction of 2.30%YoY in Q1-2024. This represents the strongest expansion since Q2-2023. The data further revealed that this positive performance was primarily driven by a strong rebound in private consumption, spurred by real wage growth (highest in three decades), and increased business spending (following the recovery of the automotive industry). However, government spending remained sluggish during the period. Looking ahead, we expect sustained growth in GDP, supported by the reduced feed-rate tax in June and the electricity and gas bill subsidy beginning in August which should bolster consumer demand.

In the domestic economy, Nigeria's inflation rate eased by 79bps to 33.40% YoY, down from 34.19% YoY in June 2024, according to data from the National Bureau of Statistics (NBS). This marks the first disinflation trend since December 2022. This was primarily driven by a reduction in food inflation, which eased to 39.53%YoY (vs 40.87% YoY in June 2024), due to a drop in the average prices of food items like Palm fruit, Garri, Fish, Meat, Tomatoes etc. However, core inflation increased by 18bps to 27.47%YoY (vs. 27.40% YoY in June), driven by exchange rate volatility during the period. Going forward, we anticipate a continued decline in the inflation, as the high base effect from the previous periods continue to take effect. Also, we expect various policies such as the 150-day duty-free import window on essential food items like maize, wheat, and rice, the nationwide distribution of fertilizers, and particularly the upcoming harvest season, to further ease prices. In another development, the Central Bank of Nigeria (CBN) has reintroduced the publishing of certain macroeconomic reports including the Purchasing Managers' Index (PMI) which gauges performance of economic activity. The PMI data released during the week revealed the index declined to 49.7pts in July. This overall decline was due to a slower growth rate of New Orders and employment. However, the index improved on a MOM basis for the 13th consecutive months (vs 48.8 pts in June 2024). Sector wise, the service sector (50.30pts) recorded expansion for the second consecutive month, while the industry (48.3pts) and agricultural sectors (49.70pts) saw a slower contraction compared to June. Also, out of the 17 sub-sectors, only 6 sectors witnessed expansions. Going forward, we expect a continued recovery in PMI, supported by improved performance across key manufacturing sub-section, as we see less volatility in exchange rate. Additionally, the Organisation of the Petroleum Exporting Countries (OPEC) reported that Nigeria's crude oil production increased to an average of 1.31mbpd in July 2024, compared to 1.27mbpd in June. This increase was driven by higher production across all terminals, notably, Forcados (7.76mb vs 7.10mb in June) and Brass (0.81mb vs 0.79mb in June). However, the Odudu terminal which saw a slight decline. Despite this improvement, production level remains below OPEC's newly revised quota (1.5mbpd) for the country. We note that persistent challenges such as food theft and Pipe-line vandalism has continued to significantly limit the country's oil production capacity and supply to local refineries. Nonetheless, we expect improved output in the medium to long term, driven by the government's ongoing efforts to curtail oil theft and various policies to spur growth in the energy sector.

This week, the local bourse reversed its bullish trend, as profit taking activities on large cap tickers drove the NGXASI down by 1.53% WoW to settle at 97,100.31pts. This, brings the year-to-date return to 29.80%. Across sectors, the performance was mixed, as NGXCNSMRGDS (+0.37% WoW), NGXINS (+0.79% WoW), and NGXOILGAS (+5.25% WoW) recorded WoW gains, while NGXINDUSTR (-5.16% WoW) and NGXBANK (-2.28% WoW) closed in the red zone.

At the secondary fixed-income market, the sentiments was mixed, as average T-bills yield declined to 24.02% (vs. 24.41% last week), while average bond yields increased to 18.20%, up from 18.16% recorded last week.

Nigeria | August 16th, 2024

Market Performance

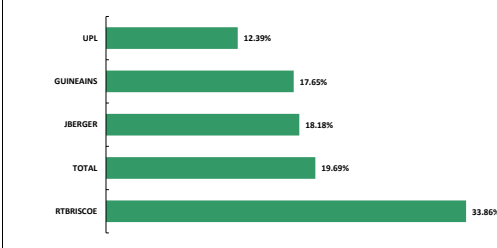
Equities	This Week	Previous Week	% Δ
NGXASI	97,100.31	98,605.79	-1.53%
Volume ('bn)	2.34	2.48	-5.82%
Value ('bn)	51.55	57.96	-11.05%
Mkt. Cap. ('trn)	55.13	55.98	-1.52%
Market Breadth	0.85x	1.33x	-35.78%

	WTD	MID	YTD
NGXBANK	-2.28%	4.52%	-6.64%
NGXCNSMRGDS	0.37%	2.25%	37.70%
NGXOILGAS	5.25%	8.94%	58.82%
NGXINS	0.79%	3.42%	22.35%
NGXINDUSTR	-5.16%	-8.62%	49.38%
NGX-ASI	-1.53%	-0.69%	29.86%

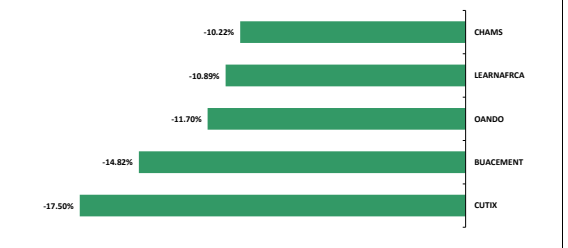
Other Indices	WTD	MID	YTD
NGX-30	-0.01%	3.31%	7.65%
NGX-PENSION	0.83%	27.63%	80.89%

Market Outliers

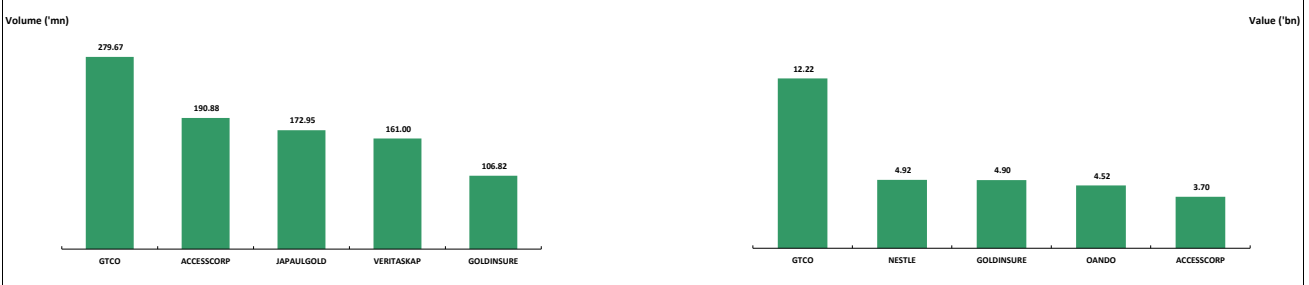
Top Gainers



Top Losers



Weekly Trading Activity



	This Week	Previous Week	% Δ
NAFEM (per USD)	1,579.89	1,617.08	2.35%

Money Market Rates

	This Week	Previous
OBB	33.39%	33.39%
OVN	33.97%	33.97%
Average	33.68%	33.68%

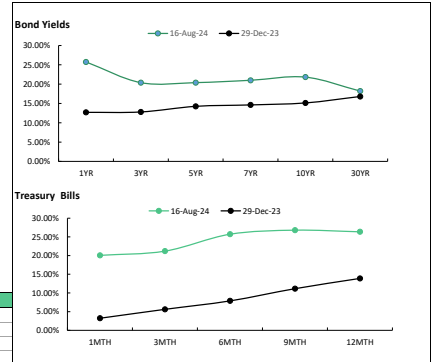
Bond Yields

	This Week	Previous Week	% Δ
1YR	25.75%	26.42%	-0.67%
3YR	20.39%	20.35%	0.04%
5YR	20.39%	20.19%	0.20%
7YR	21.00%	21.17%	-0.17%
10YR	21.82%	17.52%	4.30%
30YR	18.20%	18.16%	0.04%

Treasury Bills Yields

	This Week	Previous
1MTH	20.06%	20.23%
3MTH	21.18%	21.39%
6MTH	25.71%	26.37%
9MTH	26.80%	27.25%
12MTH	26.36%	26.83%
Average	24.02%	24.41%

Fixed Income Monitor



In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.00%	-0.22%	0.21%	0.45%	0.52%	0.25%	-0.05%	0.31%
WTD	-1.53%	0.27%	0.00%	0.40%	2.37%	1.69%	1.18%	2.72%
YTD	29.86%	42.24%	19.02%	11.25%	7.49%	3.50%	5.11%	4.90%
P/E	14.93x	6.05x	7.38x	4.99x	23.12x	11.30x	14.84x	0.51x

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