

What Moved the Markets this Week?

On the global scene, the Eurostat reported that the Eurozone's inflation has ticked higher during the period, rising to 2.60% in July, up from 2.50% in June 2024. This increase in price levels is driven by higher rates in energy (+1.00%), housing and utilities (+0.61%), and Transportation (+1.09%). Looking ahead, we expect this upward trend to continue, partly due to lower base effects on the energy index and sustained demand for services. However, it is anticipated that the European Central Bank (ECB) will tread cautiously with any potential interest rate cuts, as inflation is on the rise amid ongoing uncertainties. In the Sub-Saharan region, As part of its debt restructuring efforts, Ghana has announced plans to initiate the final phase of its debt overhaul of its dollar-denominated bonds next week. In June, Ghana reached a preliminary agreement with bondholders to restructure USD1.3bn in Eurobonds. Two restructuring options have been proposed: the DISCO option, which includes a 37% haircut and the issuance of two new bonds maturing in July 2029 and 2035, with interest rates set at 5.00% until July 2028, rising to 6.00% thereafter, and the PAR option, which offers a 1.50% interest rate on new bonds maturing in January 2037, without any haircuts. This marks a significant milestone in Ghana's debt restructuring process, one of the swiftest among African nations that have defaulted on debt repayments. While the restructuring may pose challenges for investors, its successful completion is expected to significantly alleviate the country's debt burden in the long term. Additionally, South Africa's inflation rate fell to 4.60% in July 2024, marking its lowest point in three years and nearing the central bank's mid-target of 4.50%. This decline from 5.10% in June 2024 is driven mainly by decreasing prices in key categories: food and non-alcoholic beverages (4.50% vs 4.60%), transport costs (4.20% vs 5.50%), and housing and utility prices (5.30% vs 5.50%).

In the domestic economy, the Debt Management Office (DMO), on behalf of the Federal Government, has officially launched the USD500.00m bond with a 9.75% annual yield, maturing in five years. This bond is part of a broader USD2.00bn domestic dollar bond program, available to Nigerians both within the country and in the diaspora. The primary goal is to attract foreign investments into the country and to strengthen Nigeria's external reserves. We anticipate that this initiative, coupled with ongoing government reforms and policies, to boost dollar inflows, support stability of the Naira, and enhance the country's foreign reserves. Additionally, the Central Bank of Nigeria (CBN) has announced a surge in remittance inflows, reaching USD553.00m in July 2024, a 130.00% YoY increase compared to July 2023. This growth is largely driven by recent policy initiatives aimed at boosting liquidity in Nigeria's foreign exchange market, including the issuance of licenses to new international Money Transfer Operators (MTOs) and the adoption of a willing buyer-willing seller model, which ensures IMTOs have timely access to Naira liquidity. Looking ahead, we expect remittance inflows to continue their upward trajectory, supported by these policies and additional strategic efforts to enhance stability in the FX market. In another development, the Federal Government has granted approval for the Nigerian National Petroleum Company (NNPC) Ltd to use NGN2.10trn from its 2023 final dividends owed to the federation to cover petrol subsidies from August to December 2024. Additionally, the government has suspended the payment of 2024 interim dividends, royalties, and taxes to the Federal Government for the remainder of the year. These actions aim to address the gap in PMS imports between the NNPC and the Federation, ballooning subsidy bills, reconcile foreign exchange discrepancies, and enhance NNPC's cash flow. By improving liquidity, these measures are expected to alleviate supply constraints on petrol, helping to stabilize domestic fuel prices.

On the corporate front, Oando Plc has finalized the USD783mn acquisition of Eni's subsidiary, Nigerian Agip Oil Company (NAOC), after receiving the green light from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) following a nine-month regulatory review. This acquisition doubles Oando's stake in Oil Mining Leases (OMLs) 60, 61, 62, and 63 from 20% to 40%, significantly enhancing its production capacity. Looking ahead, this revitalization of previously underutilized assets is expected to increase Oando's total reserves, strengthen investor confidence in the oil and gas sector, and boost Nigeria's oil output as operations ramp up.

This week, the Equities market sustained a bearish bias, as profit-taking activities on **DANGCEM** (-10.00%), further drove the **NGXASI** down by 1.16% WoW to settle at 95,973.45pts, thereby reducing the year-to-date (YTD) performance to 28.35%. Across sectors, the performance was mixed, as **NGXOILGAS** (+3.54% WoW), **NGXINS** (+1.90% WoW), and **NGXBNK** (+0.37% WoW) closed in the positive zone, while **NGXINDUSTR** (-4.94% WoW) and **NGXCNSMRGDS** (-1.42% WoW) closed in the red zone.

At the N1.0bills primary market auction held during the week, NGN409.98 was offered, compared to the NGN126.08bn at the last auction. The total subscription increased significantly to NGN1.03trn (vs NGN218.20bn at the last auction), while the amount allotted also increased to NGN291.03 (vs 216.08bn at the previous auction). As a result, stop rates on the 91-day, 182-day and 364-day instrument decreased to 18.20%, 19.20% and 20.90% (vs 18.50%, 19.50% and 21.9% at the previous auction), respectively. The secondary fixed-income market traded on a bullish note this week, as both average T-bills and bond yield declined to 22.91% and 21.00% (vs 24.41% and 21.26% at the previous week), respectively.

Nigeria | August 23rd, 2024

Market Performance

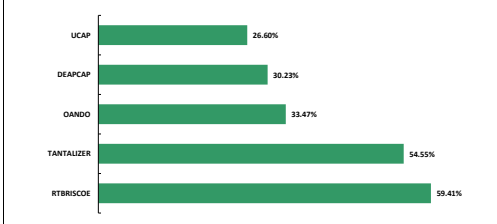
Equities	This Week	Previous Week	% Δ
NGXASI	95,973.45	97,100.31	-1.16%
Volume ('bn)	1.84	2.34	-21.37%
Value ('bn)	32.36	51.55	-37.23%
Mkt. Cap. ('trn)	55.13	55.13	0.00%
Market Breadth	1.31x	0.85x	53.87%

	WTD	MTD	YTD
NGXBNK	0.37%	4.91%	-6.29%
NGXCNSMRGDS	-1.42%	0.80%	35.74%
NGXOILGAS	3.54%	12.79%	64.44%
NGXINS	1.90%	5.39%	24.68%
NGXINDUSTR	-4.94%	-13.13%	42.01%
NGX-ASI	-1.16%	-1.84%	28.35%

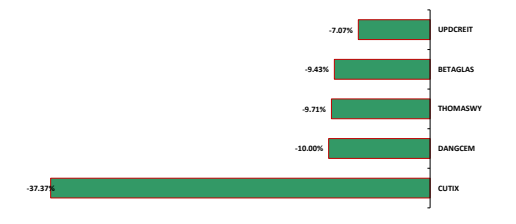
Other Indices	WTD	MTD	YTD
NGX-30	-1.29%	-1.72%	27.30%
NGX-PENSION	-0.06%	3.42%	16.08%

Market Outliers

Top Gainers

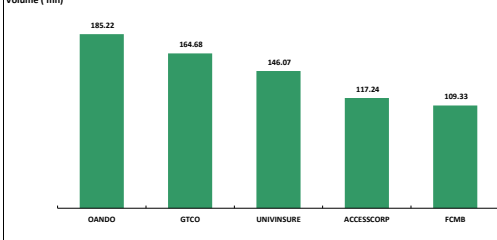


Top Losers

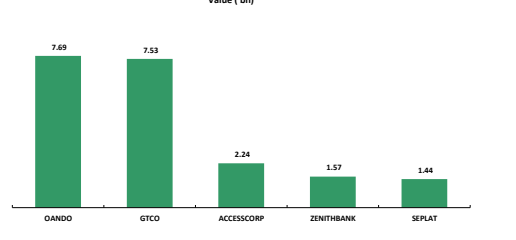


Weekly Trading Activity

Volume ('mn)



Value ('bn)



	This Week	Previous Week	% Δ
NAFEM (per USD)	1,579.89	1,570.14	-0.62%

Money Market Rates		
	This Week	Previous
OBB	25.78%	32.30%
OVN	26.17%	32.98%
Average	25.98%	32.64%

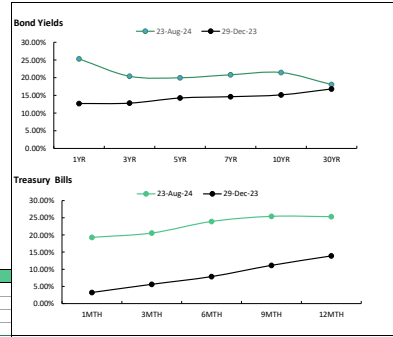
Bond Yields			
	This Week	Previous Week	% Δ
1YR	25.31%	25.75%	-0.44%
3YR	20.39%	20.39%	0.01%
5YR	19.97%	20.39%	-0.43%
7YR	20.81%	21.00%	-0.19%
10YR	21.45%	21.82%	-0.37%
30YR	18.05%	18.20%	-0.15%

Treasury Bills Yields		
	This Week	Previous
1MTH	19.30%	20.06%
3MTH	20.56%	21.18%
6MTH	23.93%	25.71%
9MTH	25.42%	26.80%
12MTH	25.33%	26.36%
Average	22.91%	24.02%

vs Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.27%	0.00%	0.76%	-0.19%	1.04%	0.02%	0.01%	0.14%
WTD	-1.16%	-1.98%	0.00%	2.40%	2.01%	1.38%	0.67%	1.68%
YTD	28.35%	39.07%	21.08%	13.92%	9.88%	5.86%	7.54%	7.98%
P/E	14.40x	6.36x	7.30x	5.14x	23.46x	11.87x	15.19x	16.59x

Fixed Income Monitor



Contact Information

Investment Research
research@meristemng.com

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