

What Moved the Markets this Week?

South Africa's economy expanded by 0.40% in Q2:2024, a slight improvement from Q1:2024's 0.10% growth but below the 0.70% recorded in Q2:2023, as reported by Statistics South Africa. This recovery was primarily driven by a reduction in load-shedding hours and power cuts, which spurred household spending and improved consumer confidence. Key contributors to this positive performance included the electricity, gas & water sector (+3.10%), trade (+1.20%), manufacturing (+1.10%), and finance, real estate & business services (+1.30%). However, the transport (-2.20%) and agriculture (-2.10%) sectors experienced contractions during the period. While the outlook for the rest of the year is moderately positive due to expected improvements in consumer confidence and spending, ongoing structural issues such as power outages and logistics inefficiencies remain a downside to growth in the near term. In its September meeting, the Central Bank of Egypt held its key overnight rate steady at 27.25% for the third consecutive time, reflecting improved domestic conditions as inflation eased to 25.7% in July, marking the fifth consecutive decline. Moving forward, the central bank is expected to maintain a cautious approach, closely monitoring inflationary pressures while balancing efforts to support economic growth.

In the domestic scene, the Presidential Fiscal Policy and Tax Reforms Committee has proposed a series of tax reforms aimed at boosting Nigeria's fiscal stability. Key among these is a planned increase in Value Added Tax (VAT) from 7.50% to 10.00% by 2025, alongside the consolidation of Nigeria's multiple tax systems. The proposal also includes a phased reduction in personal income tax for individuals earning above NGN1.50m monthly, as well as a cut in corporate income tax from 30% to 25% over the next two years. Additionally, the committee aims to streamline the IT and education taxes into a unified rate of 4%, with plans to reduce this further to 2%. These reforms are a significant step toward harmonizing the tax system and expanding the tax base. While the VAT increase could broaden revenue generation and enhance fiscal stability, it may also introduce cost burdens and contribute to inflation, especially for consumer goods. On the other hand, the reduction in personal and corporate taxes is expected to stimulate business activity and boost disposable income for high earners, which could have positive effects on economic growth. Furthermore, the Federal government through the Ministry of Agriculture and Food Security has initiated the sale of 30,000MT of subsidized milled rice at NGN40,000 per 50kg bag, representing a 55% discount compared to the current market price. To prevent multiple claims on the commodity, beneficiaries will be verified through their National Identification Number (NIN) and phone numbers to forestall multiple access to the commodities. We expect this initiative to increase the availability of staple food items, reduce price pressures, and improve living standards across the country. On the corporate front, Nigerian Breweries Plc (NB) has received approval from the Securities and Exchange Commission (SEC) to commence a Rights Issue of 22.61bn ordinary shares of 50 kobo each, priced at NGN26.50 per share. The offer is structured to provide existing shareholders with eleven new shares for every five held as of July 12, 2024. NB has faced considerable challenges, including rising cost pressures, mounting debt, and increased foreign exchange (FX) losses. However, this Rights Issue is expected to provide much-needed relief by enabling the company to settle its FX-denominated debt, enhance its capital structure, and improve overall operational efficiency. This strategic move is anticipated to help the company stabilize financially and position the company for long-term growth amidst challenging market conditions.

This week, the equities market reversed last week's gains as the NGXASI closed down by 0.51% WoW to settle at 96,433.53pts, thus bringing the year-to-date (YTD) performance to 28.96%. This resulted from profit-taking activities on large cap tickers, particularly MTNN (10.41% WoW), and TRANSPOWER (9.99% WoW). Performance was largely bearish across sector as NGXCNSMRGDS (1.20% WoW), NGXINS (0.20% WoW), NGXINDUSTR (0.20% WoW), and NGXBANK (0.10% WoW) closed in the negative region, while the NGXOILGAS (1.50% WoW) closed up.

At the fixed income secondary market, the sentiment was mixed as the average T-bills increased to 22.91% (vs 21.22% recorded at the previous week), while average bond yield decreased to 18.69% (vs 19.98% at the previous week).

Nigeria | September 6th, 2024

Market Performance

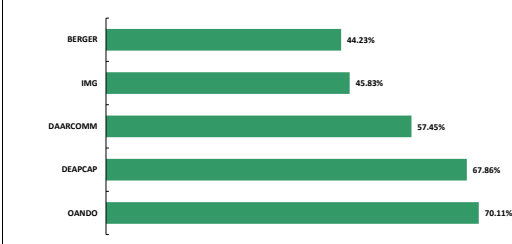
Equities	This Week	Previous Week	% Δ
NGXASI	96,433.53	96,580.01	-0.15%
Volume ('bn)	2.11	2.81	-25.01%
Value ('bn)	47.58	52.92	-10.09%
Mkt. Cap. ('trn)	55.39	55.48	-0.15%
Market Breadth	1.44x	2.07x	-30.63%

	WTD	MID	YTD
NGXBANK	-0.10%	-0.68%	-5.11%
NGXCNSMRGDS	-1.20%	-1.28%	38.66%
NGXOILGAS	1.50%	1.73%	81.50%
NGXINS	-0.20%	-3.54%	27.20%
NGXINDUSTR	-0.20%	0.00%	42.11%
NGX-ASI	-0.15%	-0.38%	29.00%

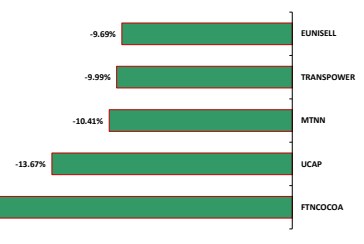
Other Indices	WTD	MID	YTD
NGX-30	-0.38%	-0.38%	28.17%
NGX-PENSION	-0.77%	-0.77%	15.96%

Market Outliers

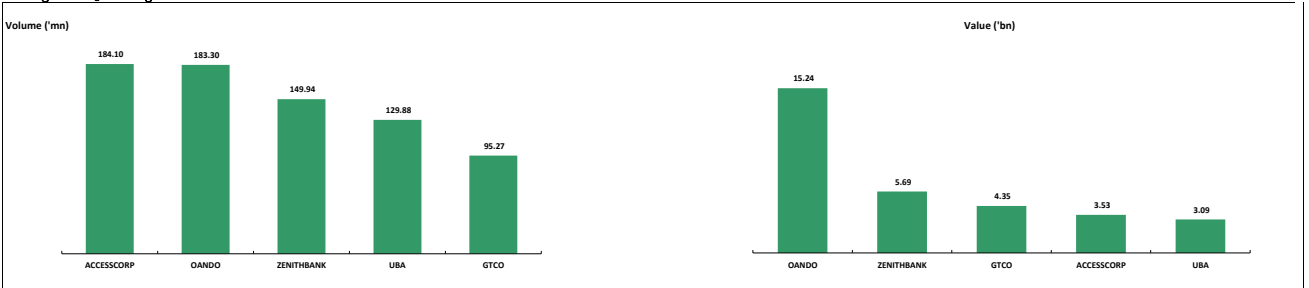
Top Gainers



Top Losers



Weekly Trading Activity



	This Week	Previous Week	%Δ
NAFEM (per USD)	1,593.32	1,579.89	-0.84%

Money Market Rates

	This Week	Previous
OBB	31.25%	25.78%
OVN	31.70%	26.17%
Average	31.48%	25.98%

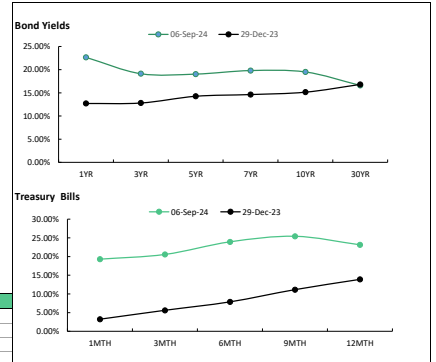
Bond Yields

	This Week	Previous Week	%Δ
1YR	22.65%	23.71%	-1.06%
3YR	19.12%	19.41%	-0.29%
5YR	19.04%	19.49%	-0.45%
7YR	19.80%	20.32%	-0.52%
10YR	19.50%	19.58%	-0.08%
30YR	16.60%	17.36%	-0.76%

Treasury Bills Yields

	This Week	Previous
1MTH	19.30%	18.30%
3MTH	20.56%	19.20%
6MTH	23.93%	21.62%
9MTH	25.42%	23.22%
12MTH	23.14%	23.78%
Average	22.91%	21.22%

Fixed Income Monitor



In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.23%	0.00%	0.10%	0.50%	0.32%	-0.01%	-1.52%	-1.19%
WTD	-0.15%	-0.27%	0.83%	1.99%	-1.87%	-1.02%	-2.39%	-1.94%
YTD	28.67%	38.90%	24.65%	14.79%	6.88%	5.20%	4.87%	7.59%
P/E	13.6x	6.3x	7.64x	5.14x	22.71x	11.81x	14.91x	16.55x

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Meristem Research portal: <https://research.meristemng.com/reports>

Bloomberg: MERI <GD>

Capital IQ: [www.capitaliq.com](http://www.capitaliq.com)

ISI Emerging Markets: [www.securities.com/ch/html?pci=NG](http://www.securities.com/ch/html?pci=NG)

Reuters: [www.thomsonreuters.com](http://www.thomsonreuters.com)

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