

What Moved the Markets this Week?

Global Updates

During the week, Japan's Composite PMI reported by au Jibun Bank rose after two consecutive declines to 50.10pts in November 2024 from 49.60pts in October, indicating a broad stabilization in private sector activity. This was primarily driven by an increase in the services PMI, which rose to 50.0pts in November from 49.7pts in October, offsetting the decline in the manufacturing PMI, which fell slightly to 49.0pts in November from 49.2pts in October. This indicates a modest improvement in demand, stabilized new orders, and growth in employment rates. Looking ahead, we maintain a cautious outlook for economic activity, constrained by persistent inflationary pressures and subdued demand. This aligns with IMF projections, which anticipate Japan's economic growth slowing to 0.30% in 2024, down from 1.70% in 2023.

In Sub-Saharan Africa, Ghana's inflation rate rose for the third consecutive month in November 2024, reaching 23.00% YoY—the highest level since May—up from 22.10% in October. This surge was primarily driven by a sharp increase in the food index to 25.50%. Fueled by reduced supply of staple foods and amplified by pre-election government spending, which likely injected additional liquidity into the economy. However, the non-food index eased slightly to 20.70% YoY from 21.50% in October 2024, as the cost stabilized in the period. Given the sustained reversal from the previous disinflationary trend, we believe that this could compel the Bank of Ghana to adopt a cautious approach in its upcoming meeting as it closely monitors mounting inflationary pressures.

Also, the International Monetary Fund (IMF) approved a US\$360.00mn disbursement to Ghana under its US\$3.00bn Extended Credit Facility (ECF) program. This approval follows the successful completion of the third review of its 36-month ECF. The IMF highlighted Ghana's debt restructuring progress, including domestic debt restructuring, a June 2024 G20 creditors' agreement, Eurobond exchange completion, and ongoing talks with external creditors. To date, total disbursements under the program amount to US\$1.52bn. Moving forward, we expect the approval to boost investor confidence and strengthen efforts toward fiscal discipline and completing debt restructuring. However, while the medium-term outlook is positive, risks remain from election outcomes and potential policy shifts under a new administration.

Domestic Updates

The National Pension Commission (PenCom) lifted its suspension on investments by Licensed Pension Fund Administrators (LPFAs) in commercial papers with non-bank capital market operators acting as Issuing and Paying Agents (IPAs). This followed the Securities and Exchange Commission (SEC) address of regulatory concerns by releasing an exposure of the new rules on issuance of commercial papers, which proposed among others that a list of investors acquiring 5.00% or more of the CPs and quarterly use of the issue proceeds until it is fully utilized be reported. PenCom had previously restricted LPFAs from investing in specific commercial papers due to the absence of clear regulatory guidelines from SEC governing issuance of commercial papers. Looking ahead, we expect this development to promote sustained participation in capital-raising activities, benefiting corporate entities while safeguarding pension fund investments. Additionally, it is likely to bolster confidence in the capital markets.

Nigeria recently re-entered the international debt market by issuing dual-tranche Eurobonds, marking its first such issuance in over two years (March 2022). The country issued US\$700mn in 6.50-year bonds with a coupon rate of 9.63%, alongside a benchmark-size offering of US\$1.50bn in 10-year bonds at a rate of 10.38%. The market's response was overwhelmingly positive, with the transaction peaking at a total order book of over US\$9bn, representing a 4.18x the offer amount. This strong level of oversubscription underscores investor confidence and signals healthy demand for Nigerian assets, which is supportive of currency stability. In our view, the issuance could help to boost foreign inflows and strengthen the foreign reserves, thereby supporting exchange rate interventions and promoting greater stability in the FX market. However, the elevated debt and resulting debt service could place additional pressure on public finances.

Also, the Federal Government implemented the Electronic Money Transfer Levy (EMTL) under the Finance Act 2020, imposing a NGN50.00 charge on electronic transfer of NGN10,000 and above on fintech platforms (like Opay, Moniepoint, and Kuda), taking effect on December 1, 2024. The EMTL was implemented as part of the government's strategy to boost revenue collection, especially within the digital economy. In our opinion, the levy could contribute to the country's revenue as our assessment of the 2025-2027 Medium Term Fiscal Framework and Fiscal Strategy Paper (MTFF/FSPP), shows an expected revenue of NGN230.00bn from EMTL applying the projected chargeable number of 4.60bn online transfer transactions in 2025. On the flip, the cumulative effect of the NGN50.00 charge could discourage higher transaction volumes as users seek to minimize costs. The perception of higher transaction costs could also slow user adoption, particularly in price-sensitive and low-income demographics.

In other developments, the Nigerian government has unveiled plans to launch the National Youth Unemployment Benefits Scheme (NYUBS), a strategic initiative aimed at improving the standard of living of unemployed youth, particularly within the informal sector. The scheme seeks to offer financial assistance to unemployed, underemployed, and self-employed individuals, fostering greater economic inclusion. If properly implemented, this could reduce financial pressures on households, stimulate consumer spending, and provide crucial support to small businesses. However, without careful management and transparency, the funding of this program could result in more unproductive spending.

Market Updates

This week, the Nigerian equities market was bullish, as the NGKASI gained 0.72% WoW to settle at 98,328.80pts, bringing the YTD performance to +31.34%. This positive performance was mainly driven by investors' buying interest in WAPCO (+27.59% WoW) and SEPLAT (+7.53% WoW). Across sectors, performance was broadly bullish, as NGKIND (+10.50% WoW), NGKOLGAS (+4.84% WoW), NGKINDUSTRY (+2.52% WoW), NGKBANK (+1.30% WoW), NGKNSMRGDS (+0.13% WoW), and MEN-AGRIC (+0.34% WoW) closed on a positive note, while MERI-TELCO closed flat for the week. Top gainers for the week were GOLDREW (+45.95% WoW), SUNUASSUR (+29.49% WoW), WAPCO (+27.59% WoW), NSTECH (+27.27% WoW), and CONNHALLPC (+25.00% WoW) while LEARNAFRICA (-11.75% WoW), ARADEL (-10.06% WoW), REDSTAREX (-10.00% WoW), ETRANZACT (-10.00% WoW), and JOHNHOLT (-9.98% WoW) topped the losers chart for the week. On the activity chart, the total volume and value traded increased by +31.36% and +38.78% to 3.12bn and NGN65.54bn respectively. WEMABANK topped the volume chart while WAPCO led the values chart.

Over the week, the Central Bank of Nigeria (CBN) issued treasury bills totalling NGN583.20bn across three tenors, with stop rate for the 91day and 182day maintained at 18.00% and 18.50% respectively, while the 364-day instrument registered a 57bps fall in rate to 23.9% (vs 23.50% in the last auction). While the 91-day instrument saw limited demand, the other tenors experienced oversubscription. As a result, subscription-to-offer ratio averaged 4.37x, significantly higher than the 1.93x recorded in the previous auction. Post auction, a total of NGN756.71bn was allotted. Meanwhile, performance in the fixed-income secondary market was bearish as the average treasury bills and bond yield rose to 25.38% and 19.49% (vs 24.71% and 19.46% in the previous week).

The Eurobond market sustained its bullish momentum for the second consecutive week, with the average yield declining to 9.80% from 9.66% in the prior week. This reflects improved investor sentiment, supported by broad-based buying interest across all maturities. Also, the new issuance in over two years further rekindled a bullish drive among investors. In the week ahead, we anticipate cautious trading activity as market participants assess evolving global economic conditions, including potential shifts in U.S. Treasury yields and central bank policy signals.

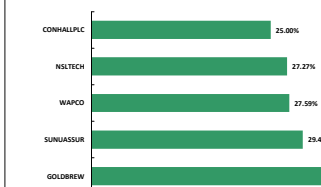
Nigeria | December 06th, 2024

Market Performance

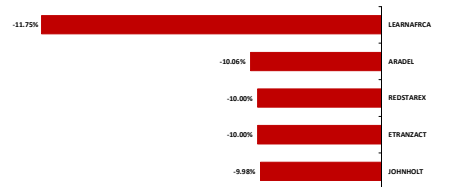
Equities	This Week	Previous Week	% Δ
NGKASI	98,328.80	97,624.82	0.72%
Volume (Tn)	3.12	2.38	31.36%
Value (Tn)	69.54	50.11	38.78%
Mkt Cap. (Tn)	59.75	59.32	0.72%
Market Breadth	1.61x	0.64x	150.95%
	WTD	MTD	YTD
NGKBANK	1.30%	1.30%	15.53%
NGKNSMRGDS	0.13%	0.13%	41.95%
NGKOLGAS	4.84%	4.84%	139.35%
NGKINDUS	10.50%	10.50%	67.61%
NGKINDUSTRY	2.52%	2.52%	33.29%
NGX-ASI	0.72%	0.72%	31.34%
MERI-TELCO	0.00%	-1.98%	3.90%
MERI-AGRIC	0.34%	-0.31%	86.95%
Other Indices	WTD	MTD	YTD
NGX-30	1.20%	1.20%	33.97%
NGX-PENSION	1.73%	1.73%	33.95%

Market Outliers

Top Gainers

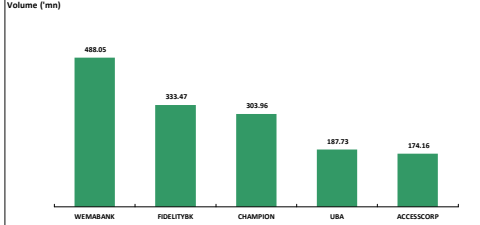


Top Losers

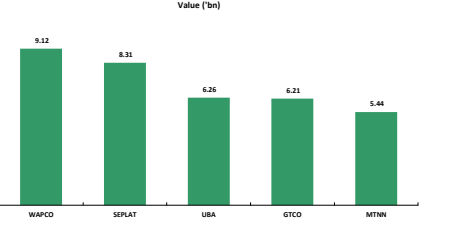


Weekly Trading Activity

Volume (Tn)



Value (Tn)



Bond Yields

	This Week	Previous Week	% Δ
NAFEM (per USD)	1,533.76	1,672.69	9.06%
WTD	21.64%	21.33%	
1YR	28.94%	28.18%	0.76%
3YR	20.53%	19.63%	0.89%
5YR	20.91%	20.79%	0.12%
7YR	21.86%	21.90%	-0.04%
10YR	20.47%	20.46%	0.00%
30YR	17.41%	16.98%	0.13%
Average	21.64%	21.33%	

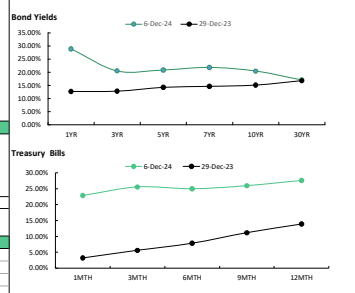
Money Market Rates

	This Week	Previous
OBB	27.67%	26.09%
OVN	28.17%	26.88%
Average	27.92%	26.49%

Treasury Bill Yields

	This Week	Previous	Column1
1MTH	22.86%	21.55%	
3MTH	25.55%	24.87%	
6MTH	24.98%	25.07%	
9MTH	25.92%	25.41%	
12MTH	27.60%	26.65%	
Average	25.39%	24.71%	-1.27x

Fixed Income Monitor



In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.10%	0.00%	0.02%	0.79%	0.11%	0.75%	0.16%	0.55%
WTD	0.72%	0.94%	1.98%	3.30%	2.87%	1.58%	2.20%	1.83%
YTD	31.34%	51.37%	24.90%	25.08%	13.06%	4.86%	7.67%	5.46%
P/E	9.64x	4.98x	6.36x	5.14x	17.46x	N/A	14.07x	14.73x

Contact Information

Investment Research

research@meristemng.com

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