

What Moved the Markets this Week?

This week, the Statistics Bureau of Japan reported that the Japanese economy expanded at an annualized rate of 0.90% YoY in Q3:2024, down from 2.20% in Q2:2024, driven largely by a dip in capital spending and disruptions from adverse weather events, including typhoons and earthquake alerts. However, consumer spending provided some unexpected support, partially offsetting these setbacks. Capital spending declined by 0.20%, reflecting global economic headwinds, especially in sectors like chip manufacturing. Additionally, net external demand subtracted 0.50% from growth, marking a larger contraction than in the previous quarter. Looking ahead, we expect Japan's economy to continue its gradual recovery, supported by improved labor market conditions, wage growth, and rising consumption. Nevertheless, challenges persist, including risks from global economic uncertainty, adverse weather events, and market volatility.

In Sub-Saharan Africa, the International Monetary Fund (IMF) has reached a staff-level agreement for the fourth review of Zambia's loan program, potentially unlocking around USD185.50mm in funding to support the country amid its economic challenges. The IMF highlighted that Zambia's economy has been hit hard by drought, which has reduced agricultural output and caused electricity shortages, disrupting overall economic activity. Consequently, the IMF has revised its 2024 real GDP growth forecast for Zambia to 1.20%, down from its previous projection of 2.30% in June. In our view, while the IMF's assistance could provide some economic stability, further structural reforms to address its long-term challenges need to be pursued.

On the domestic front, the U.S. Agency for International Development (USAID) recently allocated USD2.30mm for the procurement of 4.80mm malaria treatment tablets from Swiss Pharma Nigeria (Swipha), marking a significant boost for Nigeria's public health efforts. Through the President's Malaria Initiative, this funding aims to improve access to high-quality malaria treatment for vulnerable populations and support local pharmaceutical production. Swipha's recent World Health Organization (WHO) prequalification for sulfadoxine/pyrimethamine (SP) tablets highlights its capacity to meet global quality standards, reducing dependency on costly imports and strengthening Nigeria's healthcare infrastructure. Looking ahead, we expect this partnership to enhance Nigeria's healthcare system by driving local production, and decreasing reliance on imports. It is also likely to attract further investments and improve access to affordable malaria treatments, supporting Nigeria's long-term public health objectives.

On fiscal matters, the Federal Government has unveiled plans to raise USD1.70bn through Eurobonds and an additional USD500mm via Islamic Sukuk bonds to address the projected NGN 9.10tn (USD5.20tn) budget deficit for 2024. These issuances, driven by revenue shortfalls due to underwhelming oil production levels. If successful, these funding efforts could bolster Nigeria's access to foreign capital, but will also increase the nation's external debt (which currently stands at USD42.90bn), and heighten exposure to currency risk, particularly as Naira devaluation inflates debt servicing costs. Consequently, fiscal sustainability will depend on strengthening domestic revenue sources and reforms to lessen dependency on external borrowing.

In a separate development, Nigeria has secured a USD134mm loan from the African Development Bank (AfDB) to support its 2024/2025 National Dry Season Farming program, focusing on seed and grain production. This funding, part of the National Agricultural Growth Support Scheme-Agro Pocket (NAGS-AP), seeks to increase year-round agricultural output for key staples like wheat, rice, maize, and cassava. The initiative aims to enhance food security, curb import reliance, and strengthen local production by supporting 250,000 wheat farmers and 150,000 rice farmers, with expected yields of 750,000 metric tons of wheat and 450,000 metric tons of rice. This program aligns with Nigeria's broader economic goals, leveraging agriculture to drive national development. We anticipate that it will significantly boost food reserves, improve food security, and ease food inflation in the medium term.

Meanwhile, the National Bureau of Statistics reported that Nigeria's headline inflation rose for the second consecutive month in October 2024, reaching 33.89%, up from 32.70% in September, marking a 118 basis point increase. This rise is largely due to significant increases in food and core inflation, which hit 39.20% and 28.40%, respectively, compared to 31.52% and 22.58% in October 2023. The spike in food inflation reflects ongoing impacts from previous floods that disrupted harvests, coupled with insecurity and high transportation costs, while the core index rose mainly due to higher fuel prices affecting transport costs. Looking forward, inflationary pressures are likely to remain high in the short term, fueled by lower food supply, festive season demand, increased transport expenses, and elevated fuel prices.

Lastly, the Federal Executive Council (FEC) has approved a NGN47.90tn budget estimate for the 2025 fiscal year, in line with the Medium Term Expenditure Framework (MTEF) for 2025-2027, pending approval by the National Assembly. The budget is based on key assumptions, including a crude oil price of USD75.00 per barrel, an exchange rate of NGN1,400/USD, and an oil production volume of 2.06 million barrels per day (mbpd). If approved, this budget could help stabilize fiscal projections and foster a more resilient economy.

The Nigerian equities market reversed its bearish bias as the NGX All-Share Index (NGXASI) rose by 0.57% WoW, closing at 97,788.78pts. This gain comes after two consecutive weeks of losses, bringing the year-to-date (YTD) performance to +30.69%. This performance was primarily driven by buying interest in FLOURMILL (+10.00% WoW), OANDO (+4.42% WoW), and GTCO (+2.75% WoW). Across sectors, performance was mixed, as NGXBNK (+2.32% WoW), NGXINS (+2.84% WoW), NGXNSMRGDS (+0.60% WoW), and MERI-TELCO (+0.01% WoW) closed on a positive note, while the NGXOLGAS (-0.29% WoW), NGXINDUSTR (-0.20% WoW), and MERI-AGRIC (-0.02% WoW) index closed in the negative territory. Top gainers for the week were FLOURMILL (+10.00% WoW), FUNSELL (+10.00% WoW), JOHNHOLT (+9.97% WoW), CONHALLPLC (+9.94% WoW), and SUNUIASSUR (+9.88% WoW) while DEAPCAP (-9.17% WoW), IKEIAHOTEL (-8.54% WoW), DAARCOMM (-6.45% WoW), UNVINSURE (-5.88% WoW), and FIDSON (-5.63% WoW) topped the losers chart for the week.

In the secondary fixed income market, performance was predominantly bearish as average treasury bills yields and bond yields increased by 38bps and 2bps to reach 24.27% and 19.43% (vs 23.89% and 19.41% in the previous week).

The average yield in the Nigerian Eurobond market rose to 9.66% from 9.31% last week due to widespread sell-offs as investors sought higher premiums. Looking forward, we anticipate that yields will stay high as investors continue to demand premium returns. However, there may still be increased buying interest in certain specific maturities.

Nigeria | November 15th, 2024

Market Performance

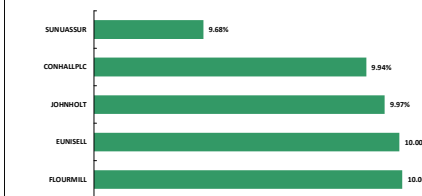
Equities	This Week	Previous Week	% Δ
NGXASI	97,788.78	97,236.19	0.57%
Volume ('bn)	1.48	3.28	-55.08%
Value ('bn)	38.85	69.79	-44.33%
Mkt. Cap. ('trn)	59.42	59.08	0.56%
Market Breadth	1.63x	0.76x	117.11%

	WTD	MTD	YTD
NGXBNK	2.32%	6.41%	17.38%
NGXNSMRGDS	0.60%	0.85%	39.62%
NGXOLGAS	-0.29%	5.04%	132.38%
NGXINS	2.84%	3.11%	43.34%
NGXINDUSTR	-0.20%	-0.23%	26.99%
NGX-ASI	0.50%	0.08%	30.69%
MERI-TELCO	0.01%	-1.98%	3.90%
MERI-AGRIC	-0.02%	0.09%	78.09%

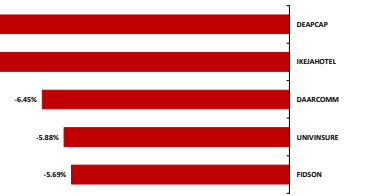
Other Indices	WTD	MTD	YTD
NGX-30	0.31%	0.33%	31.88%
NGX-PENSION	1.17%	2.61%	33.10%

Market Outliers

Top Gainers

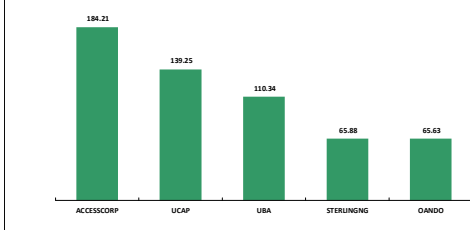


Top Losers

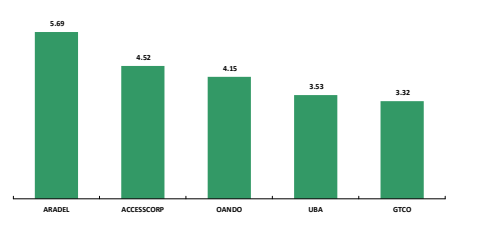


Weekly Trading Activity

Volume ('mm)



Value ('bn)



	This Week	Previous Week	% Δ
NAFEM (per USD)	1,652.25	1,678.87	1.61%

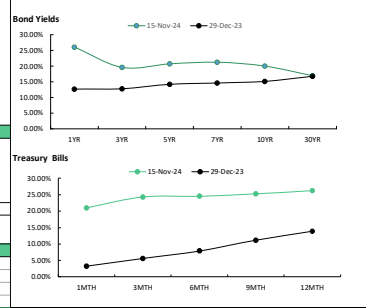
	This Week	Previous Week	% Δ
1YR	26.11%	28.00%	-1.89%
3YR	19.64%	20.65%	-1.00%
5YR	20.75%	20.47%	0.28%
7YR	21.26%	21.08%	0.18%
10YR	20.05%	20.10%	-0.05%
30YR	16.98%	16.87%	0.11%

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.51%	0.26%	0.09%	-0.30%	0.06%	-0.53%	-0.85%	0.41%
WTD	0.50%	0.64%	0.00%	-0.50%	-1.46%	-2.03%	-4.51%	-2.16%
YTD	30.69%	48.92%	26.38%	24.80%	9.09%	3.47%	5.93%	2.24%
P/E	9.64x	4.85x	7.93x	5.21x	14.26x	11.70x	13.18x	14.18x

	This Week	Previous
OBB	26.09%	31.95%
OVN	26.88%	32.48%
Average	26.49%	32.22%

	This Week	Previous	Column1
1MTH	21.02%	20.54%	
3MTH	24.31%	23.37%	
6MTH	24.53%	24.93%	
9MTH	25.28%	25.19%	
12MTH	26.21%	25.42%	
Average	24.27%	23.89%	

Fixed Income Monitor



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RI Emerging Markets: [www.securities.com/eh.htm?pc=NG](http://www.securities.com/eh.htm?pc=NG)

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