

What Moved the Markets This Week?

Nigeria | January 17th, 2025

Global Updates

According to data from the Bureau of Labour Statistics, the US annual inflation rate increased to 2.90% YoY in December 2024, up from 2.70% in November. Also, on a monthly basis, inflation rose by 0.40% MoM, marking the most significant rise since March 2024, when it also stood at 0.40%. This increase was primarily driven by higher energy prices (2.60% MoM v. 0.40% MoM in November), particularly gasoline, and a notable increase in food prices by 0.30% MoM (albeit slower than the 0.40% MoM in November). With eggs experiencing a sharp rise due to an avian flu outbreak affecting poultry supplies during the period. In January, post-holiday demand is expected to sustain upward pressures on prices, especially on the food, service, and transport sectors. Furthermore, persistent challenges like the avian flu is expected to drive food inflation, while volatility in global oil prices could keep energy prices high. Overall, we expect a slight uptick in inflation in the near term.

The Office for National Statistics (ONS) revealed that UK's inflation moderated to 2.50% YoY in December 2024, up from 2.60% in November, marking the first decline in three months. This decline in inflation figures could be attributed to downward pressure on restaurants and hotels, which grew at a slower pace (3.40% v. 4.00% in November 2024). Conversely, the prior sector exerted upward pressure, owing to increased costs in transport services. Furthermore, core inflation rose by 3.20%, a modest decline from 3.50% in the prior period. This unexpected decline could motivate the Bank of England (BOE) to maintain its current monetary easing path. However, we anticipate the BOE will proceed cautiously, closely monitoring potential inflationary pressures that could emerge.

The National Bureau of Statistics of China revealed that the Chinese economy expanded 5.40% YoY in Q4-2024, up from 4.60% YoY in the same period last year. This robust performance helped the nation achieve its full year growth of 5.00%. This remarkable growth was fueled by several government stimulus initiatives including interest rate cuts and cash injections of USD1,400bn. Notably, exports surged by 7.10%, as companies accelerated shipments to avoid potential tariff hikes from the incoming U.S. administration, industrial production increased by 6.10%, while retail sales grew by 3.50%, reflecting steady consumer spending. Looking ahead, we expect the nation's persistent weaker consumer spending, deflationary pressures, and the struggling property market to temper sustained growth. Additionally, the resurgence of U.S. tariffs under the incoming US administration poses a risk to sustained recovery, especially to China's export market. However, the Chinese government has declared their intention to stimulate the economy through increased budget deficits and a loosening of monetary policy to counter the impact of expected US tariff hikes.

Domestic Updates

On the domestic scene, the National Bureau of Statistics (NBS) reported another 20bps uptick in Nigeria's headline inflation to 34.80% YoY in December 2024, marking the fourth consecutive month increase after a short-lived deflationary trend. This climb could be attributed to higher core inflation, which grew to 29.28% YoY from 28.75% YoY, while food inflation slightly eased to 39.84% YoY from 39.93% YoY. Furthermore, headline inflation slowed by 2.44% MoM, with food inflation also easing by 2.66% MoM, reflecting reduced flooding impacts on agricultural output. However, core inflation rose by 2.34% MoM, fueled by elevated transportation, clothing, and hospitality costs during the festive season. The continued depreciation of the Naira, which weakened by 7.12% MoM to NGN1,553.33/USD in December 2024, further impacted the northward movement of the core index. Looking ahead, inflationary pressures are expected to moderate due to ongoing agricultural reforms, relative exchange rate stability, and the high base effect from the previous year. Moreover, the CPI rebasing exercise could temper YoY inflation figures, providing some relief in headline inflation data.

The World Bank, in its latest economic report, projects Nigeria's GDP growth at 3.50% in 2025 and 3.70% in 2026. These projections reflect optimism about Nigeria's economic recovery, supported by policy reforms, such as the removal of the fuel subsidy and exchange rate unification, which fostered investor confidence. Additionally, anticipated inflation moderation, exchange rate stabilization, higher oil production volumes, and growth in critical sectors like oil and gas, telecommunications, and financial services further bolster this outlook. This projection aligns with our forecast for growth, albeit slightly higher, exceeding the World Bank's estimate by 19 bps.

The Organisation of the Petroleum Exporting Countries (OPEC) in its latest monthly report, projects total global oil demand to reach 105.20mbpd in 2025 and 106.60mbpd in 2026, driven by robust consumption in India, China, the Middle East, Latin America, and other Asian economies. This outlook is further supported by anticipated economic expansions in advanced economies, including the US, Europe, and Japan. With our outlook for higher oil production volumes reaching 1.50mbpd in 2025, barring risks from structural challenges and volatility in global oil prices, we expect robust oil demand to boost oil export revenue. This could enhance Nigeria's foreign reserve, providing stability for the Naira and entirely contributing to broader economic expansion.

Market Updates

The local bourse ended the week on a bearish note as the **NGXASI** returned 2.94% WoW to settle at 102,353.68bps, narrowing YTD gains to 0.55%. This negative performance was driven by profit taking activities on tickers such as **DANGCEM** (1.64% WoW), **TRANSPOWER** (1.10% WoW), **ARADIG** (1.00% WoW), **UBA** (0.81% WoW) and **ACCESSCORP** (1.43% WoW). Across sectoral indices under our coverage, performance was predominantly bearish as **NGXINDSTR** (8.20% WoW), **NGXINS** (6.23% WoW), **NGXBMX** (0.40% WoW), **MERTELCO** (0.75% WoW), and **MERAGRIC** (0.23% WoW) index landed in the red territory. However, only the **NGXCOMDRGS** index (1.24% WoW) closed on a positive note. Top gainers for the week were **MULTIVERGE** (38.53%), **UNIVOL** (18.17%), **NOVIFLOUR** (13.02%), **NEHEMETH** (14.28%), and **NASCON** (-23.04% WoW) while, **SUNUASSUR** (41.83%), **ROYALEX** (26.45%), **RTBRISCOE** (21.67%), **CAVERTON** (21.43%), and **EUNISELL** (18.94%) topped the losers chart for the week. Notably, trading activity fell, as the total volume and value traded dropped by 38.00% WoW and 39.83% WoW, reaching 2.22bn units and NGN56.52bn respectively from 3.40bn units and NGN71.00bn in the previous week. **UNIVOL** was the most traded stock by volume, while **GTCC** led in value traded chart.

The secondary fixed-income market, there were mixed performance as average yields on bonds expanded by 35bps to 21.61%, while average yields on treasury bills fell to 24.74% (compared to 21.26% and 25.38% in the previous week, respectively).

The Eurobond market closed the week on a positive note, buoyed by the release of US CPI data, which shifted investor sentiment toward emerging markets. This renewed interest pushed average yields lower by 8 bps, declining to 9.44% from 9.52% in the previous week. Buying interests were observed across the curve, with notable activities in the SEP-28, MAR-29, FEB-30, JAN-31, FEB-32, NOV-47 and JAN-49 maturities.

Alternative Assets

This week, in the cryptocurrency market, Bitcoin surged past the USD100,000 threshold, trading at USD108,244. This surge was fuelled by optimism surrounding potential pro-crypto regulatory changes ahead of the President-elect Donald Trump's inauguration on Monday. Similarly, Ethereum experienced growth, reaching USD3,624.20 from USD3,328.40.

In the oil commodity space, global oil prices extended their rally for the fourth consecutive week, with Brent oil climbing by 2.50% to USD81.73/b (vs USD79.97/b last week), while WTI increased by 3.6% to USD79.30/b (from USD77.00/b the prior week). This surge was chiefly driven by the imposition of stricter US sanctions on Russia's oil trade, which are expected to disrupt Russia's export and tighten global supply. Furthermore, colder weather across major markets has driven demand for heating oil, further bolstering higher prices for oil.

Gold prices continued their upward trajectory, marking a third consecutive week of gains. Spot gold rose slightly by 100bps WoW to trade at USD2,711.63 driven by renewed expectations of possible interest rate cuts by the Fed, following softer than expected US inflation data. Furthermore, concerns about President-elect Donald Trump policies fuelled the buying interest.

Market Performance

Index	This Week	Previous Week	% Δ
NGXASI	102,353.68	101,451.06	-2.94%
Volume (bn)	2.22	3.40	-35.00%
Value (bn)	56.52	71.00	-20.42%
Market Breadth	1,081	1,372	-21.50%

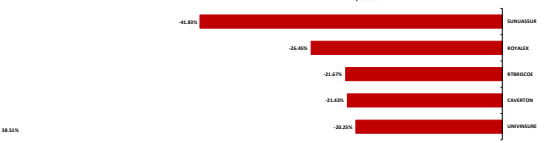
Index	YTD	MOY	WTD
NGXINDSTR	-8.80%	-2.81%	-2.87%
NGXCOMDRGS	1.33%	1.47%	-1.67%
NGXINS	-6.78%	-1.64%	-1.64%
NGXBMX	-0.25%	3.00%	1.00%
NGXINDVSTR	-8.20%	-8.55%	-8.55%
MERTELCO	-2.94%	-0.38%	-0.38%
MERAGRIC	-0.75%	1.76%	1.76%
MERAGRIC	-0.23%	-0.28%	-0.28%

Index	YTD	MOY	WTD
NGXFINANC	-1.11%	-0.24%	-0.24%
NGXPERSON	-1.86%	1.69%	1.69%

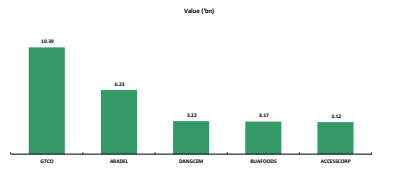
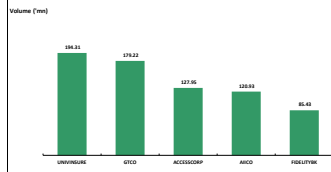
Market Performers



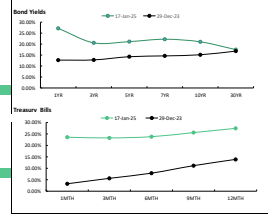
Top Losers



Volume Trading Activity



Fixed Income Returns



	This Week	Previous Week	% Δ
NAFEM four USD	1,547.58	1,542.03	-0.36%

	21-Jan-25	28-Dec-24	% Δ
1YR	27.20%	27.20%	0.00%
2YR	20.88%	21.62%	-0.86%
3YR	21.14%	20.86%	0.29%
5YR	22.22%	22.03%	0.20%
10YR	21.08%	20.88%	0.20%
20YR	21.26%	18.98%	0.52%

	This Week	Previous	Change
ORB	32.33%	27.20%	5.04%
OVN	30.71%	27.80%	2.91%
Average	28.24%	24.38%	3.86%

	This Week	Previous	Change
1MTH	23.58%	24.35%	-0.77%
3MTH	23.27%	25.51%	-2.24%
6MTH	23.80%	24.39%	-0.59%
12MTH	25.60%	26.33%	-0.73%
Average	24.74%	25.38	-0.64

	Region	Delta	Spread	Yield
Today	0.17%	0.02%	0.73%	0.20%
YTD	-2.26%	3.28%	0.54%	0.87%
1Y	-0.16%	-1.42%	-0.65%	0.92%
2Y	0.32%	4.45%	0.12%	0.00%

Contact Information

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