

What Moved the Markets this Week?

During the week, Japan's core inflation slowed to 2.40% YoY in September 2024, down from 2.80% YoY in August, marking the first decline in five months. This was primarily driven by the government's subsidies on energy products, which eased utility costs. However, inflation (excluding energy costs), remained unchanged, reflecting continued price pressures in other sectors. We expect the Bank of Japan (BOJ) to maintain its current interest rate stance at its upcoming meeting, with inflation likely to soften further as energy subsidies continue to weigh on prices. However, weak wage growth and sluggish services inflation raises concerns about sustaining inflation around their 2.00% target. Meanwhile, according to the National Bureau of Statistics, China's GDP grew 4.60% YoY in Q3 2024. This is however lower than the 4.70% YoY recorded in Q2 2024. However, quarterly growth improved to 0.90% QoQ, driven by government stimulus measures, including a 50bps cut to the reserve requirement ratio (RRR), which helped to increase domestic demand amidst challenges in the property sector and slowing exports. Also, retail sales and industrial production grew during the period, boosting confidence that China can meet its 5.00% YoY GDP target for the year. However, we note that the downside risks from the property sector downturn and global trade headwinds may taper growth prospects. Furthermore, data from the Office of National Statistics (ONS) revealed that Headline inflation in the U.K. fell sharply to 1.70% YoY in September, down from 2.20% YoY in August. Core inflation also declined, falling to 3.20% YoY (vs. 3.60% in August 2024). This is attributed to lower fuel prices and a significant easing in services inflation. We expect that inflation will continue its descent, however, increase in energy cost could further push prices up. Additionally, while further rate cuts are likely, we believe the BOE will be cautious given uncertainties around the upcoming U.K. budget and its potential inflationary impact.

On the domestic front, The National Bureau of Statistics (NBS) reported that Nigeria's inflation rose to 32.70% YoY in September, up from 32.15% YoY in August. This increase was driven primarily by food inflation, which climbed to 37.77% due to higher prices for staples like rice and maize, worsened by flash floods in key agricultural regions and rising logistics costs from fuel price hikes. On a MoM basis, food inflation rose to 2.64%. Conversely, core inflation eased slightly to 27.43% YoY, despite Naira depreciation and rising transportation costs. In the near term, inflationary pressures are expected to persist due to lower agricultural yields, fuel costs, and increased festive season demand. Additionally, Nigeria's crude oil production fell to 1.32mbpd in September 2024, a 2.22% decline from August, and significantly below its 1.58 mbpd OPEC quota. This can be attributed to ongoing challenges such as pipeline vandalism, oil theft, and aging infrastructure. We expect oil production to improve in the near term hinged on the government's policies to boost investment and improve security in the oil and gas sector. Meanwhile, OPEC Revised its 2024 oil demand growth forecast downward due to weaker demand from China, further pressuring oil prices, which remain below USD78 per barrel. In another development, The World Bank has approved a USD500mn grant to boost Nigeria's post-pandemic recovery through the NG-CARES programme, which provides financial support to vulnerable households and Micro, Small Enterprises (MSEs). This additional funding follows the programme's success in disbursing USD625mn and exceeding its targets by 30.00%, reinforcing its role in strengthening economic resilience. However, long-term success will depend on the government's ability to sustain and institutionalize these initiatives. Furthermore, The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) rejected Shell Plc's proposed USD1.30bn sale of its onshore oilfields to the Renaissance Group, citing the buyer's inability to meet the operational and financial requirements necessary to manage the assets. This decision stems from concerns over Renaissance's capacity to handle the complexities of the Niger Delta, an area plagued by oil theft, sabotage, and environmental risks. Additionally, the sale is further complicated by ongoing legal claims from host communities seeking NGS050bn in compensation for environmental damages. Shell had aimed to divest these onshore assets as part of its strategy to focus on deepwater operations. While, this move could delay Shell's divestment plans, it reiterates the Nigerian government's emphasis on ensuring that future operators are both financially and operationally equipped to handle such sensitive assets.

This week, the Nigerian equities market retained its positive performance as the NGXASI closed up by 0.47% WoW to settle at 98,070.23pts bringing YTD performance to 31.16%. Performance was driven mainly by buying activities on the newly listed ARADEL. Across sectors, performance was mixed, as NGXOILGAS (1.08% WoW), NGKNSMRGDS (+1.42%) and NGXINDUSTR (0.04% WoW) closed in the green zone, while the NGXINS (1.23% WoW) and NGXBNK (0.51% WoW) indices closed in the negative territory. Top gainers for the week were MECURE (+42.01%), CHAMPION (+20.58%), GOLDBREW (+18.73%) UPL (+17.51%) and DANGSUGAR (13.23%) while, TRIPPLEG (65.59%), REGALINS (24.39%), RTBRISCOE (13.43%), CLEASING (12.06%) and UPDC (11.90%) emerged as the top losers for the week.

Sentiment in the fixed income secondary market was predominantly bearish as average T-bills and bonds yield rose to 22.37% and 19.40% from 21.27% to 19.40% and 18.84% respectively in the previous week. Meanwhile, we observed minimal activity in the Nigerian Eurobond market as the average yield printed at 9.44%, unchanged from last week, experienced a modest increase this week, with the average yield declining to 9.15%, down from 9.44% the previous week. Investor sentiment was positive across the curve, as all maturities saw price gains. We anticipate modest investor activity next week, hinged on improving confidence in SSA sovereign instruments, particularly as yields in advanced markets trend lower.

Nigeria | October 18th, 2024

Market Performance

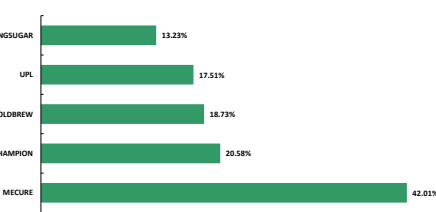
Equities	This Week	Previous Week	% Δ
NGXASI	98,070.23	97,606.63	0.47%
Volume (bn)	1.44	1.81	-20.86%
Value (bn)	73.84	27.86	165.05%
Mkt. Cap. (Tn)	56.09	56.04	0.09%
Market Breadth	0.82x	1.33x	-38.35%

	WTD	MTD	YTD
NGXBNK	-0.51%	-1.92%	3.25%
NGKNSMRGDS	1.42%	0.53%	40.25%
NGXOILGAS	1.08%	10.15%	110.23%
NGXINS	-1.23%	0.53%	34.36%
NGXINDUSTR	0.04%	-5.92%	32.03%
NGX-ASI	0.48%	-0.50%	31.16%

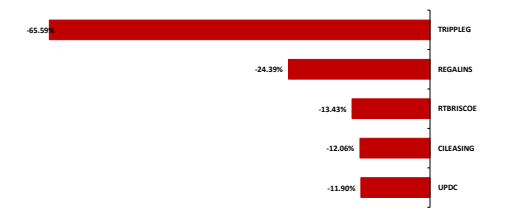
Other Indices	WTD	MTD	YTD
NGX-30	0.06%	-0.18%	30.98%
NGX-PENSION	0.62%	1.51%	25.69%

Market Outliers

Top Gainers

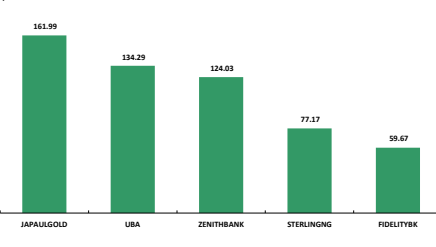


Top Losers

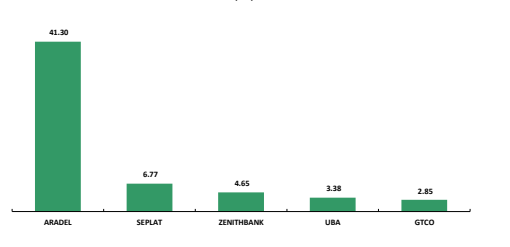


Weekly Trading Activity

Volume (mn)



Value (bn)



	This Week	Previous Week	% Δ
NAFEM (per USD)	1,600.78	1,641.27	2.53%

	This Week	Previous Week	% Δ
1YR	23.37%	19.51%	3.86%
3YR	19.50%	19.92%	-0.42%
5YR	19.55%	20.05%	-0.50%
7YR	21.49%	18.06%	3.43%
10YR	20.03%	18.75%	1.28%
30YR	16.60%	16.73%	-0.13%

In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.01%	0.00%	-1.31%	1.09%	0.72%	-0.11%	-0.78%	0.25%
WTD	0.48%	0.02%	0.00%	3.99%	1.22%	-0.83%	-2.11%	-0.79%
YTD	31.16%	38.88%	21.09%	24.33%	13.41%	7.21%	10.88%	7.31%
P/E	11.05x	4.53x	7.88x	5.63x	18.82x	12.03x	15.78x	16.42x

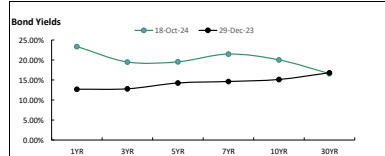
Money Market Rates

	This Week	Previous
09B	32.33%	32.36%
09N	32.56%	33.00%
Average	32.45%	32.68%

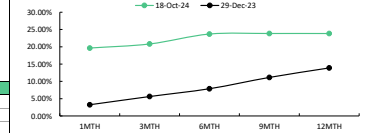
Treasury Bills Yields

	This Week	Previous
1MTH	19.65%	18.86%
3MTH	20.82%	20.22%
6MTH	23.70%	23.17%
9MTH	23.85%	23.71%
12MTH	23.84%	24.21%
Average	22.37%	21.27%

Fixed Income Market



Treasury Bills



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Meristem Research can also be accessed on the following platforms:

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

Bloomberg: MERI <GD>

Capital IQ: www.capitaliq.com

ISI Emerging Markets: www.securities.com/ch.html?pc=NG

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