

What Moved the Markets this Week?

On the global scene, the Office for National Statistics reported that UK's inflation rose to 2.30% YoY in October 2024 up from 1.70% YoY in the previous month. This uptick was majorly driven by higher energy cost during the period. Particularly, household gas and electricity costs increased by an average of GBP149.00 during the period. The sharp rise in energy cost reflects increase energy consumption in the winter season kicks in, coupled with reduced government rebates for energy bills, and businesses passing on higher taxes and input costs to consumers. Looking ahead, we expect the inflationary pressure to persist in the near term, hinged on elevated energy prices. We also expect this to influence the Bank of England (BOE) decision in its upcoming meeting this month.

Additionally, the Japan Bureau of Statistics reported that Japan's inflation declined to 2.30%YoY in October 2024 from 2.50% in the previous month. This figure represents the lowest seen since January 2024. The moderation in inflationary pressures are attributed to lower electricity prices as the Japanese Government resumed providing utility subsidies. This decline was offset by increased services prices and higher prices of imported goods as the Yen depreciated within the period. Looking ahead, we expect the Bank of Japan to maintain a hawkish stance to further moderate inflationary pressures.

On the domestic front, Nigeria's federal government has announced plans to privatize the Ajakuta Steel Company Limited (ASCL) and its Itakpe Iron Ore Mine. This move aims to revitalize operations at the plants and reduce the nation's reliance on steel imports, which currently cost over USD4.00bn annually. This initiative is part of broader reforms aimed at positioning the mining sector as a cornerstone of Nigeria's economic diversification agenda. The government's strategy includes policy reforms, enhanced funding, and tackling illegal mining activities to boost the sector's contribution to GDP. We believe that the privatization plan signals a critical step towards leveraging Nigeria's vast mineral resources for sustainable growth and an attempt to reduce the reliance on crude as a major source of government revenue.

In another development, The Nigerian Consumer Credit Corporation (CRECICORP) has launched the S.C.A.L.E. initiative (Securing Consumer Access for Local Enterprises) to provide credit-backed support for Nigerian consumers to purchase locally manufactured goods and services. This initiative has a registration deadline for local manufacturers set for December 15, 2024. In our view, this programme aims to improve demand for homegrown industries, spanning sectors like home improvement, mobility, electronics, energy solutions, and general merchandise. We also note that this initiative complements prior efforts like the CALM Fund and partnerships with financial institutions to enhance consumer access to credit. In the near-to-mid term, we expect this program to spur job creation, and drive industrial growth by fostering improved connection between consumers and manufacturers.

Meanwhile, the Nigerian National Petroleum Corporation (NNPC) has introduced the Utazate crude oil blend to the international market, reflecting a strategic move to diversify Nigeria's crude export portfolio. The Utazate blend features low sulfur content (0.07%) and an eco-friendly production process, making it highly competitive in markets with stringent quality standards and has already seen strong demand, with exports to Spain and the U.S. The NNPC, currently producing 40,000 barrels per day (bpd), aims to double output to 80,000 bpd by 2025. This development aligns with NNPC's broader objective of increasing production to 2.00 mbpd by the end of 2024. We expect this development to drive growth in the oil sector, and increase the country's oil revenue and foreign exchange earnings.

On the corporate scene, Haldane McCall Pte (HMCA) listed its shares on the Main Board of NGX during the week. The company listed a total of 3.12 bn ordinary shares of 50 kobo each at NGN3.84 per share, with a market capitalization of NGN11.98bn. The company primarily engages in the development and marketing of luxury real estate apartment. We expect this move to deepen the activities of the equities market and drive increased participation from other players in the real estate sector.

This week, the Nigerian equities market sustained its positive performance as the NGXASI advanced by +0.16% WoW, to settle at 97,949.94pts bringing YTD performance to 30.83%. Performance was driven mainly by buying activities in WAPCO (+28.57%), CADBURY (+22.41%), and DANSUGAR (+16.67%). Across sectors, performance was largely bullish, as NGXINS (+5.45% WoW), NGXCNSMRGDS (+1.93%), NGXINDUSTR (+1.75% WoW), NGXOLIGAS (+0.18% WoW), and MERI-TELECO (+0.03% WoW) closed in the green zone, while the NGXBNK (-2.57% WoW) and MERI-AGRIC (-0.02% WoW) indices closed in the negative territory. Top gainers for the week were EUNSELL (+60.72%), TANTALIZER (+57.33%), JOHNHOLT (+42.49%), AUSTINLAZ (+34.34%), and WAPCO (+28.57%) while MERI-AGRIC (-0.02%), MULTIVERSE (-17.61%), PZ (-11.62%), UPL (-11.62%), and NFM (-10.00%) emerged as the top losers for the week. On the activity chart, the total volume traded increased by +3.16% to 1.89bn, in contracts, value traded fell by -2.13% to NGN35.57bn. JAPAUIGOLD topped the volume chart while WAPCO led the value chart.

At the Primary Market Auction (PMA) for bonds held during the week, the DMO reopened the APR-29 and FEB-31 instruments, offering a total of NGN120.00bn (NGN60bn each, respectively). Total subscription stood at NGN309.58bn, with total allotment printing at NGN346.15bn. As a result, the marginal rates on the APR-29 and FEB-31 instruments increased to 2.100% and 2.200%, respectively (vs. 2.075% and 2.174% at the previous auction). Similarly, at the T-Bills PMA, the CBN offered a total of NGN610.85bn (vs. NGN513.43bn at the previous auction) across the 91-day, 182-day, and 364-day instruments. Total subscription also increased notably, printing at NGN1.18bn (vs. NGN669.93bn at the previous auction). As such, the bid-to-cover ratio increased to 1.9x (vs. 1.30x in the prior auction). The CBN also allotted higher than the offered amount (NGN693.04bn vs NGN626.33bn at the previous auction). As a result, the Stop rates on the 91-day, and 182-day remained unchanged at 18.00% and 18.50% respectively, while the 364-day instruments rose by 50bps to 23.50%.

In the secondary fixed income market, the performance was predominantly bearish as average T-Bill and bond yields increased by 46bps and 55bps to 24.71% and 21.45% (vs 24.27% and 20.80% in the previous week).

In the Eurobond market, a bearish sentiment prevailed this week, as the average yield rose slightly to 9.70% (vs. 9.66% the previous week). We witnessed sell bias on the mid and longer dated instruments (SEP-33, NOV-47, and SEP-51). Looking ahead, we anticipate improved investor sentiment as the Monetary Policy Committee maintains its hawkish stance, spurring participation in Nigerian Sovereign Instruments.

Nigeria | November 22nd, 2024

Market Performance

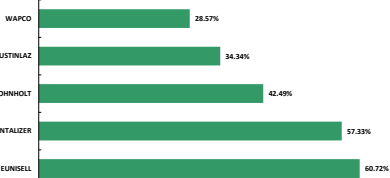
Equities	This Week	Previous Week	% Δ
NGXASI	97,955.03	97,788.78	0.17%
Volume ('bn)	1.89	1.83	3.16%
Value ('bn)	35.57	36.35	-2.13%
Mkt. Cap. ('trn)	59.52	59.42	0.17%
Market Breadth	1.54x	0.76x	103.01%

	WTD	MID	YTD
NGXBNK	-2.57%	3.68%	14.36%
NGXCNSMRGDS	1.93%	2.80%	42.31%
NGXOLIGAS	0.18%	5.24%	132.80%
NGXINS	4.54%	7.79%	48.85%
NGXINDUSTR	1.75%	1.52%	29.22%
NGX-ASI	0.16%	0.18%	30.83%
MERI-TELECO	0.03%	-1.95%	3.93%
MERI-AGRIC	-0.78%	-0.67%	86.27%

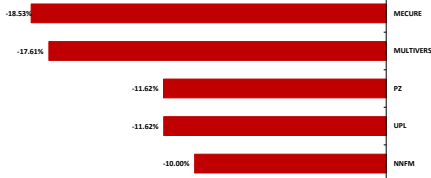
Other Indices	WTD	MID	YTD
NGX-30	0.31%	0.33%	31.88%
NGX-PENSION	1.17%	2.61%	33.10%

Market Outliers

Top Gainers

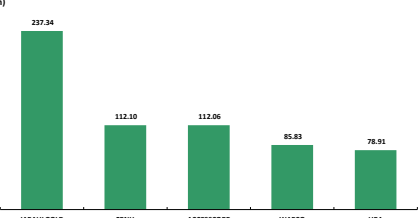


Top Losers

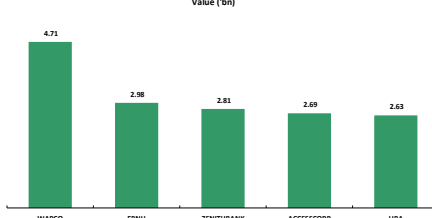


Weekly Trading Activity

Volume ('mn)



Value ('bn)



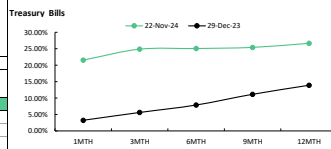
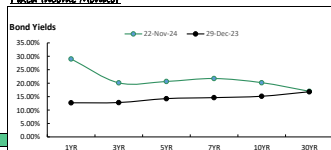
Money Market Rates

	This Week	Previous Week	% Δ
NAFEM (per USD)	1,652.25	1,652.25	0.00%

Treasury Bill Yields

	This Week	Previous	Column1
1MTH	21.55%	21.02%	
3MTH	24.87%	24.31%	
6MTH	25.07%	24.53%	
9MTH	25.41%	25.28%	
12MTH	26.65%	26.21%	
Average	24.71%	24.27%	-1.50x

Fixed Income Monitor



In Other Markets

	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.23%	0.23%	0.14%	0.03%	0.10%	-0.13%	-0.76%	0.29%
WTD	0.11%	0.15%	-2.64%	-1.97%	2.07%	0.68%	0.05%	-0.20%
YTD	30.83%	49.03%	24.06%	22.40%	11.33%	4.48%	6.03%	1.55%
P/E	9.56x	4.88x	6.11x	4.96x	16.34x	#N/A	13.82x	14.22x

Contact Information

Investment Research

research@meristem.com

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