

Global Updates

The People's Bank of China (PBOC) held its one-year loan prime rate (LPR) at 3.10% and five-year LPR at 3.60%, opting for caution despite persistent deflationary pressures and weak credit demand. This decision reflects concerns over overheating in the bond market, where a buying surge has sharply lowered yields, and a weakening yuan driven by a widening yield gap with U.S. Treasuries. The unchanged rates limit immediate support for economic recovery but help mitigate risks of further yuan depreciation and capital outflows. Going forward, the PBOC may leverage reserve requirement ratio (RRR) cuts to inject liquidity while carefully balancing growth support with financial and currency stability.

Furthermore, Japan's service-sector inflation rose to 3.00% in November, marking a second consecutive month of acceleration. This increase, supported by rising wages, suggests that more firms are passing on higher costs to consumers. The services producer price index, which measures the prices companies charge each other for services, climbed from a 2.90% gain in October, reaching its highest level since March 1995. The rise was driven by price increases across a variety of services, including accommodation, machinery repair, and construction. This trend is closely monitored by the Bank of Japan as it assesses whether demand-driven price gains are broadening enough to warrant further interest rate hikes. In our opinion, with inflation continuing to edge higher, the BOJ may continue tightening measures, particularly if wage growth continues to support higher service-sector prices. Consequently, while rates were kept steady in December, further hikes remain likely if inflation remains on track to meet the BOJ's 2.00% target sustainability.

Meanwhile, Egypt's central bank held its overnight lending and deposit rates steady at 28.25% and 27.25%, respectively, signaling its commitment to a tight monetary stance as inflation, while easing, remains elevated. This decision aligns with expectations of decelerating inflation, which fell to 25.56% in November from a peak of 38.00% in September 2023, its lowest level since December 2022. Looking ahead, the elevated interest rate environment is likely to persist until inflation shows a consistent path toward moderation, which is expected to occur significantly in early 2025. This anticipated decline, supported by prior monetary tightening and favorable base effects, paves the way for a potential easing of rates in the near term.

Domestic Updates

The Nigerian National Petroleum Company Limited (NNPC Ltd) has launched the Production Monitoring Command Centre (PMCC), a state-of-the-art initiative aimed at enhancing operational efficiency and transparency in the oil and gas sector. By integrating advanced analytics, real-time monitoring, and predictive technologies, the PMCC seeks to minimize production disruptions, foster stakeholder collaboration, and optimize asset reliability through predictive maintenance. This move aligns with NNPC's broader strategy to combat oil theft, improve operational efficiency, and increase revenue generation. We expect the PMCC to drive improved operational stability, higher production outputs, and stronger investor confidence, though its success will hinge on continued execution and effective stakeholder collaboration.

In a related development, NNPC has joined the Oil and Gas Methane Partnership (OGMP) 2.0, a United Nations Environment Programme (UNEP) initiative, as part of its commitment to achieving net zero methane intensity by 2030. This partnership provides a comprehensive framework for methane measurement and reporting, reinforcing transparency and accountability. Additionally, NNPC's MoU with TotalEnergies to deploy the AUSA methane detection technology further underscores its dedication to mitigating environmental impact. We view this as a significant step in aligning with global climate goals and enhancing NNPC's role in Nigeria's energy transition.

In the mining sector, the Federal Government has lifted the mining ban in Zamfara State, imposed in 2021 to curb banditry and illegal mining. The lifting of the ban, following security improvements, is expected to revitalize the local economy by enabling regulated mining operations. Zamfara's rich mineral deposits, including gold, lithium, and copper, offer substantial potential for job creation, infrastructure development, and foreign investment, thus contributing to national revenue growth and the revival of the mining sector.

On the corporate front, Saipem, in partnership with KOA Oil & Gas and AVEON Offshore, has secured a USD1.00bn EPCI contract from Shell Nigeria Exploration and Production Company Limited (SNEPCo) for the Bonga North Project. Saipem's share of the deal is valued at USD90.00mn, with a strong emphasis on local content through Nigerian suppliers and subcontractors. The project, Nigeria's first deepwater oil venture in over a decade, is expected to produce up to 110,000 barrels per day at peak, enhancing oil production and contributing to oil revenues, foreign exchange earnings, and government fiscal targets. The project will also create jobs and bolster investor confidence in Nigeria's oil and gas sector.

Market Updates

The Nigerian equities market ended the week in the green zone for the third consecutive time, as the NGX All-Share Index (NGXASI) advanced by 0.59% week-over-week (WoW) to close at 102,247.62pts, bringing the YTD returns to +36.59%. Sectoral performance was predominantly bullish, with **NGXINS** (+7.87% WoW), **NGXBNK** (+1.97% WoW), **NGXNSMRGDS** (+3.13% WoW), **MER-AGRIC** (+3.72% WoW), **MER-TELECOM** (+0.53% WoW) and **NGXINDUSTR** (+0.09% WoW) closed in the green zone, while **NGXOLIGAS** (-0.12% WoW) closed the week in the red zone. **HEXAHOTEL** (+32.79% WoW), **MULTIVERSE** (+32.61% WoW), **PZ** (+26.09% WoW), **UNWINGSUN** (+25.00% WoW) and **ROYALEX** (+24.66% WoW) topped the gainers chart. Conversely, **THOMASWY** (-10.00% WoW), **ARADEL** (-6.44% WoW), **AUSTINAZ** (-4.29% WoW), **DAARCOMM** (-4.45% WoW), and **NEMETH** (-5.00% WoW) led the losers chart. Total volume and value traded declined by -5.10% and -2.04% to 1.34bn and NGN38.46bn respectively. **UBA** led the volume chart, while **ARADEL** dominated the value chart.

In the secondary fixed-income market, performance was bearish as average yields on bonds and treasury bills edged up by 2bps and 48bps to 19.75% and 25.72% (vs. 19.73% and 25.24% in the previous week) respectively. The increase was largely attributed to weak demand amid tight system liquidity and investors' cautious sentiment ahead of the new year.

The eurobond market closed the week on a bearish note, with the average yield increasing by 3bps to 9.67%, up from 9.64% the previous week. This rise was primarily driven by mid sell-offs across most of the curve, with the exception of the FEB-2032 instrument, which saw a slight dip of 1bps, falling to 9.89% from 9.90% the prior week.

Alternative Assets

During the week, oil prices rose slightly by 1.25% WoW as Brent crude edged up to USD73.83 per barrel and WTI crude by 1.17% to USD69.45, supported by hopes of a lightening U.S. crude market after API data showed a 3.20mn barrel drop in inventories. However, trading volumes were thin as the year-end approached, with traders cautious about the outlook for 2024, while expectations of fiscal stimulus in China continued to provide some support for global oil demand. Similarly, Gold returned a 0.30% gain in the week to USD2,618.19 per ounce, likely supported by short-covering activities despite the downward pressure from a strong dollar following the Fed's rate last week.

In the cryptocurrency space, performance was bullish as Bitcoin (BTC) and Ethereum posted a weekly gains of +2.50% and +3.10% to register at USD94,187.74 and USD3,341.04. This was driven by improving market sentiments amidst continued optimism in the cryptocurrency market.

Market Performance

Indices	This Week	Previous Week	%
NGXASI	102,247.62	101,244.01	0.99%
Volume (Tmn)	1.34	1.41	-5.10%
Value (Tmn)	38.46	39.32	-2.04%
Mkt. Cap. (TnN)	61.52	61.52	0.00%
Market Breadth	3,544	3,465	27.76%
Sectoral Performance			
Index	WoW	MoM	YTD
NGXINS	7.87%	6.80%	21.80%
NGXNSMRGDS	3.13%	7.36%	52.20%
NGXINDUSTR	0.12%	13.80%	159.81%
NGXBNK	7.87%	36.89%	107.64%
NGXOLIGAS	0.09%	1.11%	31.47%
NGX-AGP	0.99%	4.74%	36.59%
MER-TELECOM	0.53%	0.63%	4.56%
MER-AGRIC	3.72%	6.76%	89.94%
Other Indices			
Index	WoW	MoM	YTD
NGX-30	1.36%	3.03%	35.38%
NGX-PERF50N	2.08%	5.61%	39.05%

Market Outliers

Top Gainers

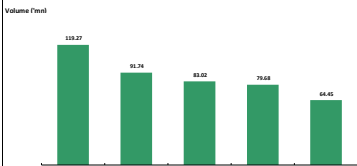


Top Losers

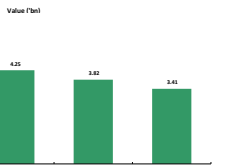


Weekly Trading Activity

Volume (Tmn)



Value (TnN)



	This Week	Previous Week	%
NAFEM (per USD)	1,538.19	1,536.93	-0.09%

Money Market Rates			
	This Week	Previous	Change
ORB	26.50%	31.73%	-5.23%
ORB	27.13%	32.33%	-5.20%
Average	26.83%	32.06%	-5.26%

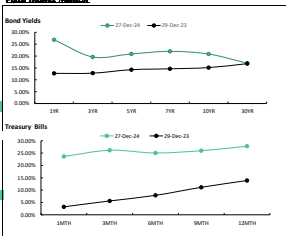
Bond Yields			
	This Week	Previous Week	%
1YR	26.87%	27.13%	-0.26%
3YR	19.62%	19.62%	-0.00%
5YR	20.90%	21.12%	-2.12%
7YR	21.98%	21.97%	0.01%
10YR	20.81%	21.00%	-0.73%
30YR	16.93%	16.99%	-0.00%

Treasury Bill Yields			
	This Week	Previous	Column
1MTH	23.64%	23.40%	
3MTH	26.13%	25.14%	
6MTH	25.09%	25.13%	
9MTH	25.98%	25.91%	
12MTH	27.78%	27.95%	
Average	25.72%	25.24%	

Key Ratios

	Nigeria	China	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Taxity	0.85%	11.68%	0.51%	0.50%	0.17%	0.11%	0.11%	0.11%
WFD	0.99%	0.61%	-1.80%	0.55%	-0.10%	1.19%	1.16%	0.77%
YFD	36.59%	56.16%	21.13%	32.87%	9.91%	2.95%	5.95%	0.76%
P/E	10.18x	5.11x	6.52x	5.34x	17.02x	N/A	13.84x	14.05x

Bond Income Monitor



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