

What Moved the Markets this Week?

On the global front, Germany's annual inflation held steady at 2.40%, breaking the previous downward trend in its inflation trajectory. Core inflation, which excludes volatile items like food and energy, edged up to 3.00% YoY from 2.90% in October. Highlighting persistent underlying price pressures. Energy prices continued to decline, falling by 3.70% YoY, while food prices increased by 1.80% YoY, reflecting contrasting sectoral trends. We anticipate that the European Central Bank (ECB) will closely monitor broader Eurozone inflation dynamics and other macroeconomic indicators to guide its monetary policy decisions in the upcoming meeting.

Additionally, during the week, the Kenya National Bureau of Statistics reported that the country's inflation rate rose to 2.80% YoY, up from 2.70% in October. This increase was primarily driven by higher food prices, which had a significant impact on overall consumer costs since food and non-alcoholic beverages account for a substantial portion of household expenditures. Furthermore, the month-on-month inflation rate rose to 0.30%, compared to 0.20% in the previous month. Despite the uptick, inflation remains well within Kenya's medium-term target range of 2.50% to 7.50%. We expect that Kenya's inflation will remain within the target range in the near term, supported by stable food supply (as harvest period approached) and energy prices. However, disruptions in agricultural output, global commodity price volatility, or currency pressures could pose risks to this stability.

On the domestic front, the National Bureau of Statistics (NBS) reported that Nigeria's GDP grew by 3.40% YoY in Q3-2024, up from 2.54% in Q3-2023 and 3.19% in Q2-2024, driven by expansions in both the oil and non-oil sectors. The oil sector grew by 5.17% YoY (vs -0.80% in Q3-2023 and -0.15% in Q2-2024). This growth was supported by increased crude oil production, which rose to 1.47 million barrels per day (mbpd) from 1.41 mbpd in Q2-2024 and 1.45 mbpd in Q3-2023. The non-oil sector expanded by 3.37% YoY, largely propelled by the financial services sector, which registered a 30.83% YoY increase, fuelled by increased investment activities and expansion in loan portfolios. Looking ahead, economic performance is expected to remain subdued, with potential for sustained recovery depending on factors such as improved oil output and the impact of favourable fiscal measures. However, persistent inflation, the continuous weakening of the Naira and high borrowing costs could limit growth prospects.

Meanwhile, the monetary authority committee in its 298th meeting opted to raise the MPR by 25bps to 27.50% in November 2024, citing the persistent inflationary pressures as headline inflation rose by 33.88% YoY in October 2024. This marks the sixth consecutive rate hike in 2024, resulting in a cumulative year-to-date increase of 875bps, and is aimed at curbing the persistent rise in core and food inflation. The Central Bank also maintained the Cash Reserve Ratio at 30.00% and the Liquidity Ratio at 30.00%, keeping the asymmetric corridor unchanged. While this policy tightening targets ongoing inflation concerns, it may exert additional pressure on economic growth, particularly in the real sector. However, we anticipate that this stance will sustain elevated yields in the fixed income market, with a modest impact on the equities market.

Additionally, the Central Bank of Nigeria (CBN) has mandated the use of the Bloomberg B-Match platform for interbank FX trading, effective December 2, 2024. This system is designed to enhance market efficiency, transparency, and price discovery by automating trade matching and providing the CBN with improved oversight capabilities. The implementation is expected to foster operational uniformity across banks, reduce bid-ask spreads, and improve liquidity in the FX market, which could strengthen investor confidence. It may also help mitigate market manipulation, enhancing trust among participants. However, the transition poses short-term challenges, as banks will need to invest in technology, integration, and personnel training to meet the system's requirements. In the mid term, the system is anticipated to reduce inefficiencies, mitigate speculations and ultimately improve stability in the FX market.

In other developments, the Port Harcourt Refinery has resumed operations, with current production at 60,000 barrels per day (bpd) (below its total capacity of 210,000 bpd). This resumption, marks a significant step after years of delays and underperformance. The refinery's operations were halted for an extended period due to technical difficulties, mismanagement, and inadequate funding, hindering its ability to operate at full capacity. Looking ahead, we expect that the Port Harcourt Refinery's gradual resumption of production combined with existing refining capacity could boost local refining capacity, ease Nigeria's fuel import burden and contribute to better energy security in the near term. This could also incentivize increased investment and participation in the country's refining landscape. However, the sustainability of these operations will depend on consistent maintenance, technical upgrades, and further infrastructure investment in the sector.

The local bourse ended the week on a negative note as the NGXASI shed 0.34% WoW, to settle at 97,624.82pts, bringing its 1YD returns to 30.40%. Performance was driven mainly by profit-taking activities on ETERNA (-16.13% WoW), GTCD (-5.00% WoW) and UNILEVER (-9.97% WoW), which subdued the buying interest on NASCON (+13.09% WoW), M&P (+8.53% WoW), WAPCO (+7.41% WoW) and QANDO (+6.65% WoW). Across sectors under our coverage, performance was mixed, as NGXINS (+1.23% WoW), NGXINDUSTR (+0.62% WoW) and MERI-AGRIC (+0.03% WoW) closed positive, while NGXBNK (-0.28% WoW), NGXOILGAS (-1.93% WoW), NGXCOMRGDS (+0.38% WoW) and MERI-TELCO (+0.03% WoW) indices closed in the red zone. Top gainers for the week are SUNUASSUR (+21.42%), SOVRNINS (+15.87%), NASCON (+13.09%), NIMETH (+11.22%), and NCR (-0.28%) while AUSTINLAZ (-26.32%), JOHNHOLT (-18.91%), LASACO (-16.47%), ETERNA (-16.13%), and DEAPCAP (-10.17%) emerged as the top losers for the week. FBNI topped both the volume and the value chart, with total volume and value traded increasing by +25.86% WoW and +40.88% WoW to reach NGN2.38bn and NGN50.11bn.

This week, the fixed income market was bearish, with average bond and treasury bill yields rising marginally by 6bps and 9bps, respectively, reaching 19.40% and 24.80% (vs 19.40% and 24.71% in the previous week). Increased market activity was noted at the belly of the bond curve, with notable sell-offs in instruments maturing in May 2033 (MAY-33), June 2033 (JUN-33), and February 2034 (FEB-34).

The Eurobond market rebounded with a bullish sentiment following two consecutive weeks of bearish performance. The average yield decreased by 4bps, settling at 9.66% (compared to 9.70% in the previous week). This shift is attributed to increased investor confidence, driven by the relative attractiveness of emerging markets amid global rate cuts. Additionally, market participants are keenly awaiting the outcome of the upcoming Federal Reserve meeting (with an expectation of a rate cut), which is further fueling optimism in the market.

Nigeria | November 29th, 2024

Market Performance

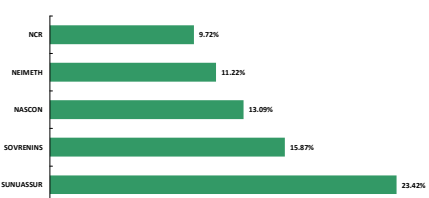
Equities	This Week	Previous Week	% Δ
NGXASI	97,624.82	97,955.03	-0.34%
Volume ('bn)	2.38	1.89	25.86%
Value ('bn)	50.11	35.57	40.88%
Mkt. Cap. ('trn)	59.32	59.52	-0.33%
Market Breadth	0.64x	1.54x	-58.44%

	WD	MD	YTD
NGXBNK	-0.28%	3.39%	14.05%
NGXCOMRGDS	-0.38%	2.40%	41.77%
NGXOILGAS	-1.93%	3.20%	128.30%
NGXINS	1.23%	9.11%	51.69%
NGXINDUSTR	0.62%	2.14%	30.02%
NGX-ASI	-0.33%	-0.15%	30.40%
MERI-TELCO	-0.03%	-1.98%	3.90%
MERI-AGRIC	0.03%	-0.54%	76.98%

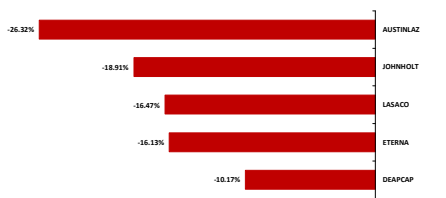
Other Indices	WD	MD	YTD
NGX-30	-0.40%	-0.04%	31.40%
NGX-PENSION	-0.63%	1.50%	31.67%

Market Outliers

Top Gainers

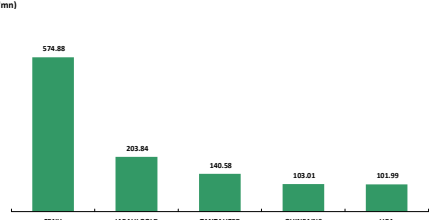


Top Losers

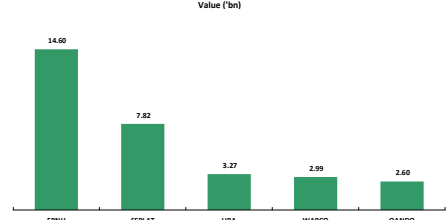


Weekly Trading Activity

Volume ('mn)



Value ('bn)



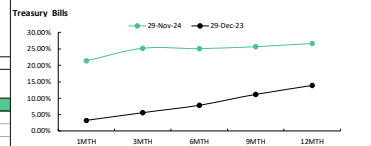
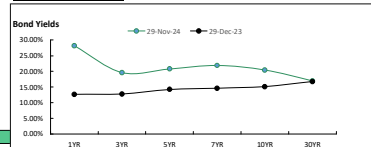
	This Week	Previous Week	%Δ
NAFEM (per USD)	1,672.69	1,652.25	-1.22%

Bond Yields	This Week	Previous Week	%Δ
1YR	28.18%	29.03%	-0.85%
3YR	19.63%	20.12%	-0.49%
5YR	20.79%	20.65%	0.15%
7YR	21.90%	21.74%	0.17%
10YR	20.46%	20.19%	0.27%
30YR	16.98%	16.99%	-0.01%
Average	21.33%	21.45%	-0.12%

Money Market Rates	This Week	Previous
OBBL	26.09%	26.09%
OVN	26.88%	26.88%
Average	26.49%	26.49%

Treasury Bills Yields	This Week	Previous	Column1
1MTH	21.40%	21.55%	
3MTH	25.20%	24.97%	
6MTH	25.06%	25.07%	
9MTH	25.70%	25.41%	
12MTH	26.66%	26.65%	
Average	24.80%	24.71%	-1.85x

Fixed Income Monitor



In Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.28%	0.00%	1.33%	0.80%	0.06%	-0.34%	-0.73%	0.33%
WD	-0.33%	0.62%	-1.27%	-1.07%	-0.90%	-0.70%	-0.70%	1.23%
YTD	30.40%	49.96%	22.48%	21.08%	10.33%	3.71%	5.48%	2.95%
P/E	9.55x	4.95x	6.29x	4.97x	16.15x	#N/A	13.72x	14.41x

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