

What Moved the Markets this Week?

The Bureau of Economic Analysis (BEA) reported that the US real GDP grew by 2.80% YoY in Q3-2024, lower than the real GDP of 3.00% and 4.90% reported in Q2-2024 and Q3-2023 respectively. The growth in Q3-2024 was driven by increased consumer spending (goods and services), export (capital good), and government spending on defense. We expect continued growth in the US economy in 2024FY due to the disinflation trend and the easing of the monetary policies in the US to boost production activities. According to Eurostat, the Eurozone headline inflation rate is expected to climb to 2.00% YoY in October from the 1.80% YoY reported in September, to mark the first rise after two consecutive months of slowdown. A major contributor could be the rise in services (+3.90%), supported by increase in price of food, alcohol & tobacco (+2.90%, from +2.40% in September). Looking ahead, we expect the ECB to take a more cautious stance as they monitor movements in macroeconomic indicators and the escalation in geopolitical tension in making decisions at its next meeting. Meanwhile, the International Monetary Fund (IMF) approved a disbursement of USD605mn to Kenya as part of the seventh and eighth reviews under the Extended Fund Facility (EFF) and the Extended Credit Facility (ECF) arrangements, and the newly established Resilience and Sustainability Facility (RSF). The disbursement is aimed at strengthening the country's fiscal position and enhancing its resilience against climate-related shocks. Looking ahead, while the funding from the IMF may provide a temporary buffer for Kenya's economy, this is not sustainable. We anticipate renewed effort to boost revenue generation while managing public expectations following recent protests.

In the domestic scene, the Federal Government, through the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), issued a new series of licenses aimed at boosting refining capabilities and infrastructure within the country. Specifically, these licenses include nine Licenses to Establish (LTEs), seven Licenses to Construct (LTCs), and four Licenses to Operate (LTOs) modular refineries. These licensing rounds form a crucial part of the government broader strategy to liberalize the energy sector, promoting increased private sector involvement through targeted policies and incentives. In our view, the government's proactive licensing initiative is anticipated to improve the nation's self-sufficiency in refined petroleum products, thereby reducing reliance on imports and stabilizing domestic supply. However, we are concerned about insecurity in oil producing regions and possible threat to operation of new refineries.

Also, the Federal Government introduced a nine-month Voluntary Currency Disclosure, Depositing, Repatriation, and Investment Scheme under Executive Order No. 15 of 2023. Through the disclosure scheme, Nigerians can disclose, repatriate, and formalize their foreign currency holdings by depositing such into Nigerian banks. The scheme seeks to improve transparency and integrate foreign currency currently held outside the formal financial system into the formal economy. The initiative, backed by the CBN and Ministry of Justice, offers tax immunity, asset protection, confidentiality, tax-free interest, and flexibility for repatriation at prevailing rates. In our view, the disclosure scheme presents an opportunity to integrate foreign currencies held outside the financial sector, channel it for productive use by the real sector, and improve FX supply.

Furthermore, the International Finance Corporation (IFC) pledged over USD1bn to support critical sectors in the country. This investment is set to target essential areas including agriculture, housing, infrastructure, energy, and the creative industry. These sectors were selected for their potential to drive sustainable economic growth, create jobs, and improve living standards across Nigeria. A key aspect of the IFC's involvement is its planned partnership with the CBN, aimed at expanding domestic currency financing. This collaboration is expected to provide Nigerian businesses with access to naira-denominated loans at more sustainable and stable interest rates. In our view, this initiative has the potential to create a positive ripple effect across the economy. If executed effectively, it could enhance the long-term growth and stability, particularly in the targeted sectors.

On corporate action, Transnational Corporation Plc (TRANSCORP) delisted from the local bourse as part of its share capital restructuring initiative. This restructuring consolidated the company's issued shares at a ratio of 1 for every 4 shares held, thereby reducing the number of shares issued and fully paid shares from 40.60bn to 10.20bn. Although, the share count decreased proportionately, the total value of shareholders' investments remains the same, with no dilutive impact on the shareholders. The company thereafter re-listed on the exchange after completing the restructuring exercise.

This week, the Nigerian equities market returned bearish, as the NGXASI shed -2.03% WoW to settle at 97,432.02pts, hence bringing the year-to-date (YTD) performance to +30.30%. This negative performance was driven by selloffs on ARADEL (-25.75% WoW) and some industrial goods tickers- BUACEMENT (-11.09% WoW). Across sectors, performance was mixed, as NGXOILGAS (+1.15% WoW) and NGXBANK (+0.91% WoW) closed on a positive note, while NGXINDUSTR (-3.70% WoW), NGXINS (-0.40% WoW), MERI-TELCO (-0.23% WoW), NGXCNSMRGDS (-0.22% WoW), and MERI-AGRIC (-0.04% WoW) index closed in the negative territory. Top gainers for the week were TRANSCORP (+314.03%) - buoyed by reconstruction activities on the ticker, EUNISELL (+60.57% WoW), JOHNHOLT (+20.00% WoW), UPL (+18.28% WoW), and LIVESTOCK (+12.32% WoW) while, ARADEL (-25.75% WoW), CAVERTON (-20.00% WoW), ELLAHLAKES (-12.59% WoW), REGALINS (-12.50% WoW), ROYALEX (-11.27% WoW) topped the losers chart for the week.

During the week, the fixed income market's performance remained largely bearish, with average yields on treasury bills and bonds increasing by 50bps and 18bps to 23.63% and 19.49%, respectively, compared to 23.13% and 19.31% in the prior week. Liquidity in the system during the week stood at NGN170.51bn compared to NGN170.08bn in the previous week, as evidenced by the decline in OBB and O/N to 19.25% and 19.68% (vs 29.78% and 30.14% in the previous week) respectively. Looking into the coming week, we expect yields in the market to hover around current levels.

In the Nigerian Eurobond market this week, there was a significant rise in average yield to 9.73%, from 9.58% in the previous week driven by sell-off activities across all Eurobond instruments spurred by investors continued chase of higher premium. Looking ahead, we expect muted activities in the Eurobond market next week, driven by investor cautious approach towards the market.

Nigeria | November 1st, 2024

Market Performance

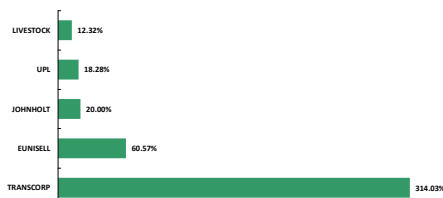
Equities	This Week	Previous Week	% Δ
NGXASI	97,432.02	99,448.91	-2.03%
Volume ('bn)	2.69	2.14	25.73%
Value ('bn)	53.43	85.93	-37.85%
Mkt. Cap ('trn)	59.04	60.26	-2.03%
Market Breadth	0.78x	2.81x	-72.08%

	WTD	MTD	YTD
NGXBANK	0.19%	1.15%	11.58%
NGXCNSMRGDS	-0.22%	0.23%	38.77%
NGXOILGAS	1.15%	-0.07%	121.06%
NGXINS	-0.40%	0.15%	39.22%
NGXINDUSTR	-3.70%	-0.01%	27.27%
NGX-ASI	-2.03%	-0.22%	30.30%

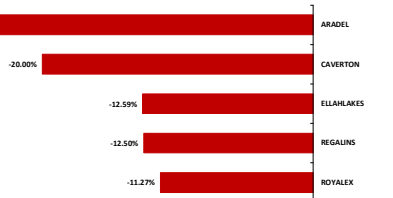
Other Indices	WTD	MTD	YTD
NGX-30	-0.91%	0.18%	31.69%
NGX-PENSION	-0.03%	0.48%	30.34%

Market Outliers

Top Gainers

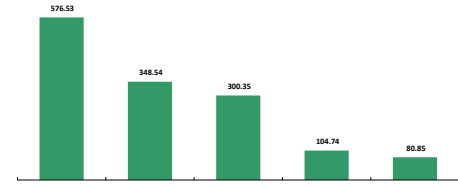


Top Losers

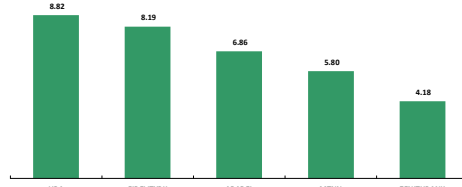


Weekly Trading Activity

Volume ('mn)



Value ('bn)



	This Week	Previous Week	%Δ
NAFEM (per USD)	1,666.72	1,600.00	-4.00%

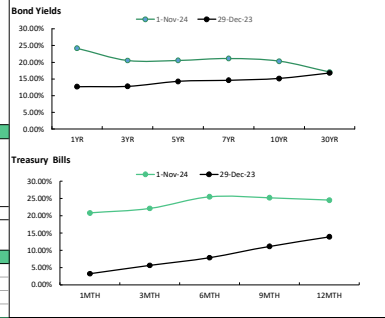
Bond Yields	This Week	Previous Week	%Δ
1YR	24.22%	19.51%	4.71%
3YR	20.53%	19.92%	0.61%
5YR	20.55%	20.05%	0.50%
7YR	21.13%	18.06%	3.07%
10YR	20.32%	18.75%	1.57%
30YR	17.08%	16.73%	0.35%

Money Market Rates	This Week	Previous
OBB	19.25%	29.78%
OVN	19.68%	30.14%
Average	19.47%	29.96%

Treasury Bills Yields	This Week	Previous	Column1
1MTH	20.81%	20.27%	
3MTH	22.12%	21.35%	
6MTH	25.51%	25.11%	
9MTH	25.21%	24.96%	
12MTH	24.50%	23.97%	
Average	23.63%	23.13%	

In Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	-0.22%	0.58%	0.94%	-0.34%	0.34%	-0.78%	-0.62%	-0.89%
WTD	-2.03%	0.97%	0.00%	1.84%	-0.95%	-0.73%	-1.35%	-1.21%
YTD	30.30%	40.93%	23.15%	27.68%	12.09%	6.17%	9.36%	4.33%
P/E	10.68x	4.57x	8.06x	5.28x	18.42x	11.90x	15.56x	15.94x

Fixed Income Market



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