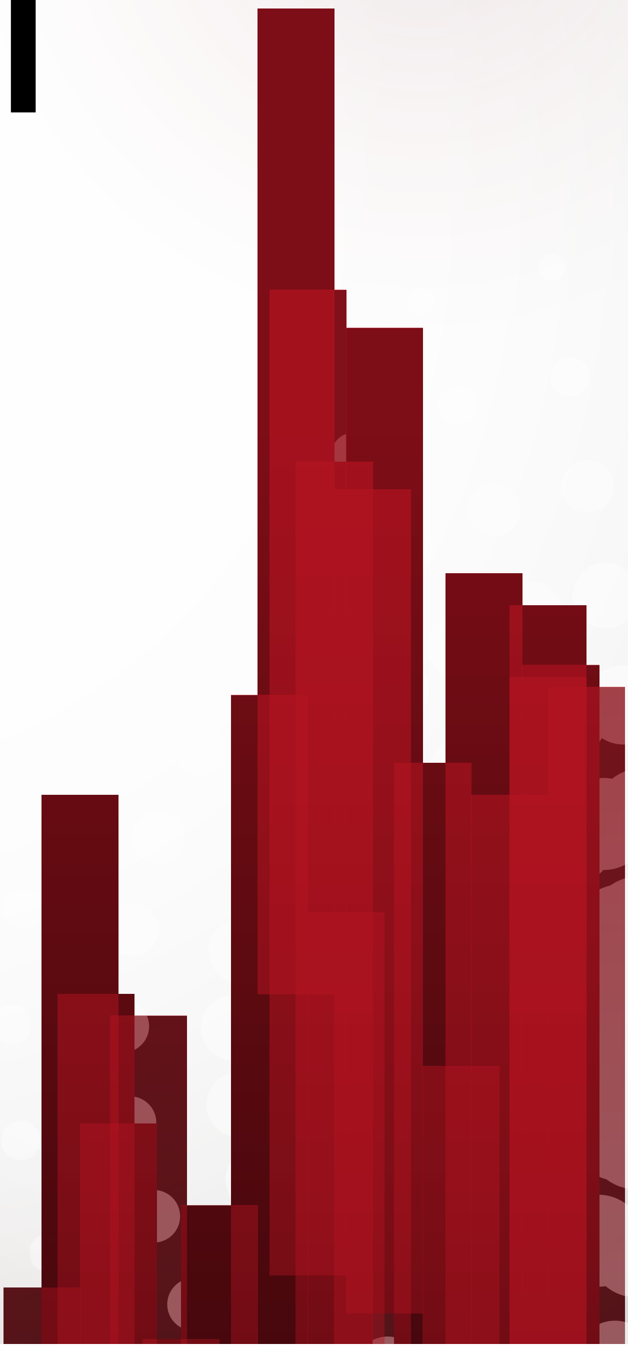
MONTHLY REPORT

AUGUST 2024



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EQUITIES MARKET

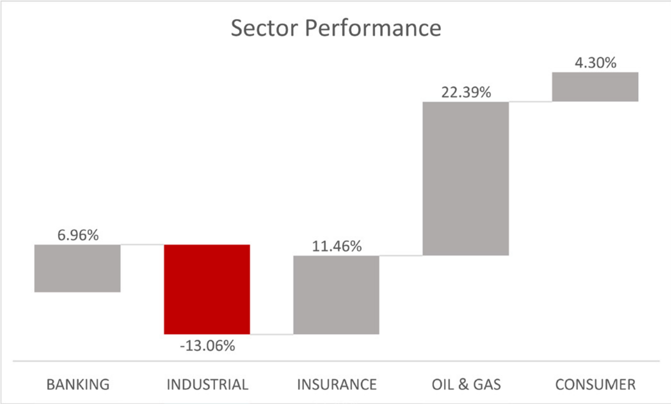
In the month of August 2024, the equities market experienced a bearish trend, marked by a significant price decline in the Industrial Goods sector. The NGX All-Share Index (ASI) fell by 1.22%, dropping to 96,579.54 points from 97,774.22 points in July. Market capitalization saw a slight decline of 0.06%, largely due to the listing of 141.4 million and 2.4 billion units of additional shares of International Breweries Plc and Notore Chemical Plc, respectively. Consequently, the year-to-date ASI return dipped to 29.16%.

	30-Aug	31-Jul	% Change
NGX-ASI	96,579.54	97,774.22	-1.22%
MKT CAP (N'BN)	55,477.57	55,513.61	-0.06%
VOLUME TRADED (UNITS' M)	13,950.60	14,025.12	-0.53%
VALUE TRADED (B)	189.75	245.80	-22.80%

Trading activity also slowed, with the volume of traded shares decreasing by 0.53% and the value of traded shares dropping by 16.94%. In total, 13.95 billion shares worth N189.75 billion were traded, compared to July's 14.02 billion shares worth N245.80 billion.

SECTOR	30-Aug	31-Jul	% Change
NGX-BANKING INDEX	857.21	801.43	6.96%
NGX-INDUSTRIAL INDEX	3854.57	4433.85	-13.06%
NGX-INSURANCE INDEX	424.16	380.55	11.46%
NGX-OIL & GAS INDEX	1861.08	1520.65	22.39%
NGX-CONSUMER GOODS INDEX	1574.97	1509.98	4.30%

Despite the overall market decline, sector performance was generally bullish, with four out of the five sectors tracked recording gains. The Industrial Goods Index, the main contributor to the market's decline, dropped by 13.06%, driven by price corrections in BUACEMENT (-20.46%) and DANGCEM (-10.00%). MTNN in the ICT/Telecom sector also declined by 10.00%.



On the positive side, the Oil and Gas Index was the top performer, rising 22.39%, driven by strong gains in OANDO (+207.60%), TOTAL (+73.28%), and ETERNA (+45.26%). The Insurance Index followed with an 11.46% rise, boosted by gains in GUINEANS (+35.29%), CORNERST (+31.71%), and SOVRENINS (+23.64%), among others. The Banking Index also saw gains, with ZENITHBANK (+15.56%), UBA (+13.05%), FBNH (+7.40%), STERLINGNG (+6.49%), and GTCO (+3.41%) contributing to its rise. The Consumer Goods Index increased by 4.30%, supported by positive movements in HONYFLOUR (+24.22%), INTBREW (+16.67%), and FTNCOCOA (+12.12%), among others.

Market breadth was strong, with a ratio of 2.62x gainers to losers, compared to 0.69x in July. A total of 71 stocks gained, while 27 declined.

Major Gainers

S/N	COMPANY	CLOSE	OPEN	GAINS	%CHANGE
1	RTBRISCOE	3.55	0.76	2.79	367.11%
2	OANDO	76.90	25.00	51.90	207.60%
3	IMG	26.4	14.3	12.10	84.62%
4	JBERGER	170.50	97.00	73.50	75.77%
5	TOTAL	673.9	388.9	285.00	73.28%
6	DEAPCAP	0.88	0.52	0.36	69.23%
7	NSLTECH	0.66	0.39	0.27	69.23%
8	DAARCOMM	0.73	0.44	0.29	65.91%
9	MCNICHOLS	1.55	0.98	0.57	58.16%
10	OMATEK	0.88	0.56	0.32	57.14%

Source: NGX

Major Losers

S/N	COMPANY	CLOSE	OPEN	LOSS	%CHANGE
1	UCAP	18.20	31.00	-12.80	-41.29%
2	CUTIX	3.08	5.13	-2.05	-39.96%
3	BUACEMENT	113.9	143.2	-29.30	-20.46%
4	THOMASWY	1.57	1.95	-0.38	-19.49%
5	CWG	5.5	6.35	-0.85	-13.39%
6	SUNUASSUR	1.28	1.47	-0.19	-12.93%
7	FIDSON	13	14.75	-1.75	-11.86%
8	TRANSPOWER	335.2	373.9	-38.70	-10.35%
9	MTNN	180	200	-20.00	-10.00%
10	DANGCEM	532	591.10	-59.10	-10.00%

Source: NGX

Market breadth, indicating the ratio of gainers to losers, was negative at 0.69x, with 41 stocks recording gains while 59 stocks declined.

OUTLOOK

In September, we anticipate increased positioning for both short-term and medium to long-term investments, driven by expectation of the earnings season and the upcoming Santa Claus rally. The release of half-year earnings and dividend distributions is expected to boost market activity. Additionally, inflation moderation is likely to spur greater activity in both the secondary fixed income and equities markets. High-yield money market and fixed income products continue to attract investors, while primary market offerings from UBA, FCMB, and Zenith Bank are expected to draw significant interest. The formation of higher lows in the market may also encourage speculative trading in the near term.

FIXED INCOME REPORT

The fixed income market was largely active during the month of August with downward trending auction results albeit mixed trading sentiments across the treasury bill and bond market as investors switched between assets to maximize returns from investment. There was a drive to accumulate the short and mid dated instruments across both markets as investors looked to capitalize on current rates before bond yields move downwards.

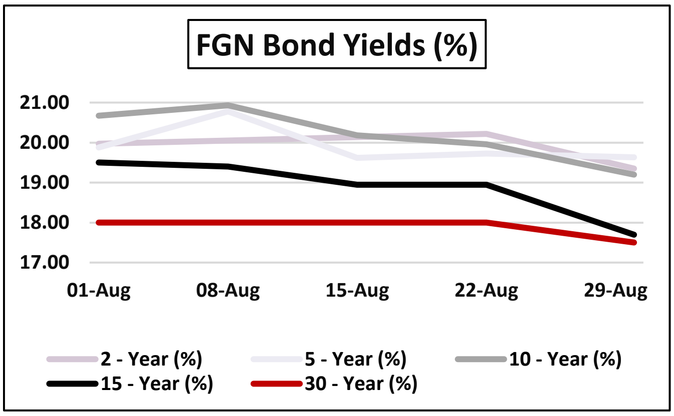
Bonds

The Debt Management Office (DMO) issued three (3) bond instruments on the 19th of August 2024, a Five (5) year April 2029 bond, a seven (7) year Feb 2031 bond and a Nine (9) year May 2033 bond with a total of value of N190 billion being offered. There was a total bid of N460.18 billion with N374.75 billion being allotted. The stop rate of the bonds stood at 20.30% for the 2029 bond, 20.90% for the 2031 bond and 21.50% for the 2033 bond.

The FGN Bond secondary market however recorded an increase in transaction levels with an uptick in demand across several instruments leading to a downward spiral in yields across all tenors. There was a drive to accumulate the mid and short-dated bonds, and the longer dated bonds which have been largely quiet, recorded more traction during the month pushing the average yield down by 80bps to close at 18.96% from 19.76% in July.

DATE	BOND	OFFER SIZE (N'BN)	BID RANGE (N'BN)	ALLOTED VOLUME (N'BN)	RATE
19-Aug-24	NIGB 19.30 04/17/29	70.00	24.35	18.35	20.30%
19-Aug-24	NIGB 18.50 02/21/31	70.00	60.75	42.19	20.90%
19-Aug-24	NIGB 19.89 05/15/33	50.00	375.08	314.21	21.50%
		190.00	460.18	374.75	

Source: DMO



Source: FMDQ

FGN BOND	30-Aug	31-Jul	% Change
2 - Year(%)	19.35	19.96	-3.06%
5 - Year(%)	19.63	19.92	-1.46%
10 - Year(%)	19.20	20.66	-7.07%
15 - Year(%)	17.70	19.80	-10.61%
25 - Year(%)	17.50	18.00	-2.78%

Source: FMDQ

Treasury Bills

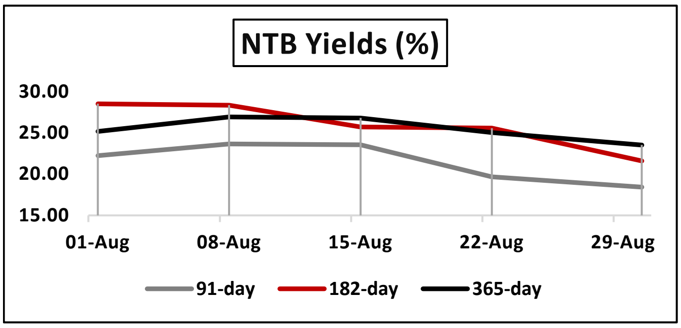
Two NT-Bills primary market auctions were conducted in August by the Central Bank of Nigeria (CBN), with a combined offer value of N625.97 billion. The first auction took place on the 7th of August, with stop rates closing flat at 18.50%, 19.50%, and 21.889% for 91-day, 182-day, and 364-day bills, respectively.

Auction Date	Maturity	Tenor	Stop Rate	Offer (NGN'billion)	Subscription (NGN'billion)	Allotment (NGN'billion)
07-Aug-24	06-Nov-24	91-Day	18.50%	16.59	21.83	20.75
07-Aug-24	06-Feb-25	182-Day	19.50%	51.25	33.46	32.63
07-Aug-24	07-Aug-25	364-Day	21.889%	148.15	431.58	162.72
21-Aug-24	21-Nov-24	91-Day	18.20%	60.69	61.14	41.89
21-Aug-24	20-Feb-25	182-Day	19.200%	66.25	56.52	52.00
21-Aug-24	21-Aug-25	364-Day	20.90%	283.04	909.45	197.14

Source: DMO

Stop rates for the bills however saw slight changes at the second auction which held on the 24th of August 2024 with a slight drop in rates and the 91-day, 182-day, and 364-day bills closing at 18.20%, 19.20%, and 20.90% respectively indicating more interest driven by a robust system liquidity.

The NT-Bills secondary market followed the trend of the primary market with auction result driving the yields downwards and the mid-dated bonds recording more demand. This drove the average yield down by 397 basis points to 21.21% in August, down from 25.18% in July. Additionally, the 8th-August-24 and 22nd-August-24 instruments were delisted as they matured during the month.



Source: FMDQ

NT - BILLS	30-Aug	31-Jul	% Change
91 - Days(%)	18.40	20.98	-12.30%
182 - Days(%)	21.54	25.24	-14.66%
364 - Days(%)	23.46	25.2	-6.90%

Source: FMDQ

OUTLOOK

In September, we anticipate a continuous increase in activities across the NTB market with demand dominating this space. We also anticipate slightly repressed offers with increased demand at the FGN Bond market mainly driven by the drive to accumulate at current yields, robust liquidity prevalent in the market and investors repositioning to get the optimum returns on their investment from the market. We also expect further fluctuation in liquidity with an uptick in rates mainly driven by market pricing.

MACRO ECONOMICE INDICATORS

System Liquidity And Market Rates

System liquidity fluctuated throughout the month dropping by 1.78% and this was mainly driven by a rise in the opening balances and a decrease in standing lending facilities. Liquidity dropped at the end of the month shedding N11.3 billion to close at N624.28 billion from N635.58 billion recorded in July.

The Open-Buy-Back and Overnight Rates also went down by 732bps and 579bps respectively to 25.43% and 25.85% in August from 25.43% and 25.85% in July.

MONEY MARKET	30-Aug	31-Jul	Change	% Change
System Liquidity (N'billion)	624.28	635.58	-11.3	-1.78%
Open-Buy-Back Rate (%)	18.11	25.43	-7.32	-28.78%
Overnight Rate (%)	20.06	25.85	-5.79	-22.40%

Source: CBN, FMDQ

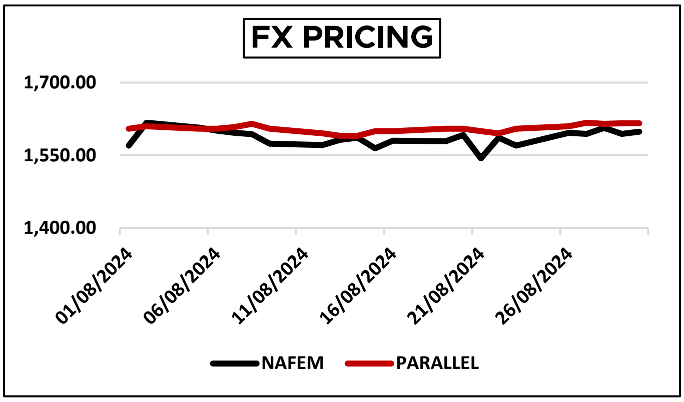
OUTLOOK

In September, we anticipate a slight decline in rates because of robust liquidity driven by coupon payments expected during the month. Improved liquidity should drive yields down, although little fluctuation in the OPR and ON is expected during the month.

Foreign Exchange

In August, the Naira continued to record volatile trends with mixed sentiments across the Parallel and NAFEM segments. During the period, the Naira dropped further in both markets despite little recoveries during the month and closing at N1,598.56/$ at the NAFEM and N1,616/$ at the parallel market representing a loss of 1.82% and 0.69% M-o-M.

The NAFEM hit a low of N1,617.08/$ during the month but rose to its closing levels at the end of the month with the Parallel market also reaching a low of N1,617/$, this was driven by increased speculation by FX traders, limited supply and increased demand.



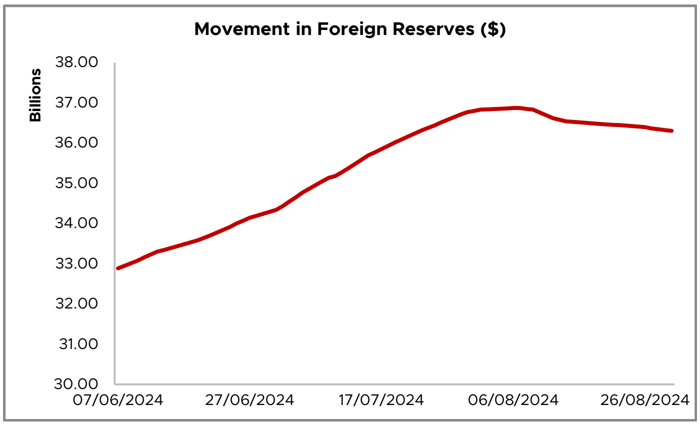
Source: FMDQ, NAIRAMETRICS

OUTLOOK

We expect mixed sentiments in September with increased likelihood of further drop in the Naira across both market segments. We still expect the forces of demand and supply to drive market sentiments.

Foreign Reserves

Nigeria's foreign exchange reserves dropped by $491.81 million (-1.10%) in the month of August. The Central Bank of Nigeria's latest figures showed a downward movement in the country's foreign reserves. Specifically, Nigeria's reserves stood at $36.30 billion as at August 30, 2024, a decline from a $36.80 billion on the 31st of July 2024.



Source: CBN

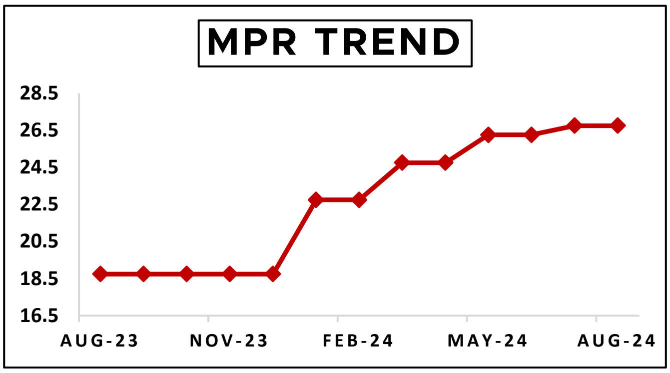
OUTLOOK

We anticipate moderate downward pressure in reserves due to reduced capital inflows, as lower fixed-income yields may deter foreign investors, and tight liquidity conditions could increase demand for foreign exchange. However, this could be mitigated by the Central Bank's focus on improving FX market efficiency, which may help preserve reserves by reducing speculative pressure on the Naira. Additionally, the government's cautious borrowing approach could limit external debt accumulation, providing some support to reserves despite ongoing inflationary challenges due to the increase in PMS prices.

Monetary Policy Rate

In August, the MPR still maintained its 26.75% levels as against its previous figure of 26.25% as there was no MPC meeting during the month. The last meeting saw key policy rates significantly tightened to address liquidity surplus and high inflation.

The MPC in its previous meetings had increased the MPR by a total of 750bps. The hike of 50bps during the month of July took the total to 800 bps which impacted market rates.



Source: CBN

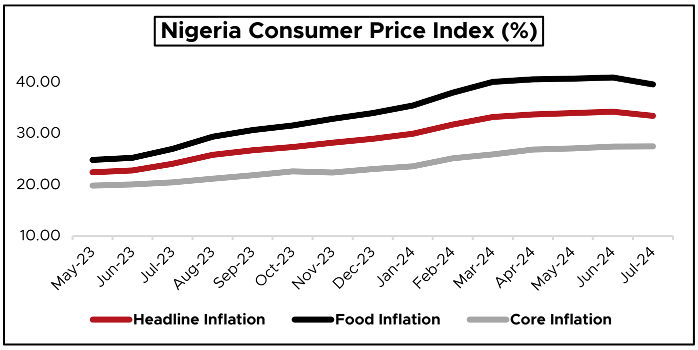
OUTLOOK

The next meeting is expected to impact major market indices with an anticipated hold in the MPR as a result of the previous drop-in inflationary rate seen at the last inflation report.

Inflation

Nigeria's inflation rate decreased for the first time in 19 months, driven by lower food prices. The inflation rate dropped by 0.79% month-on-month, from 34.19% in June 2024 to 33.40% in July 2024, according to the final data released by the Nigerian Bureau of Statistics (NBS).

On a year-on-year basis, food inflation grew by 12.55%, reaching 39.53% in July 2024 compared to 26.98% in July 2023. However, on a month-on-month basis, food inflation slightly decreased by 0.08%, reaching 2.47% in July 2024 from 2.55% in June 2024. Core inflation, which excludes volatile agricultural produce and energy, rose by 6.99% year-on-year to 27.47% in July 2024, up from 20.47% in July 2023.



Source: NBS

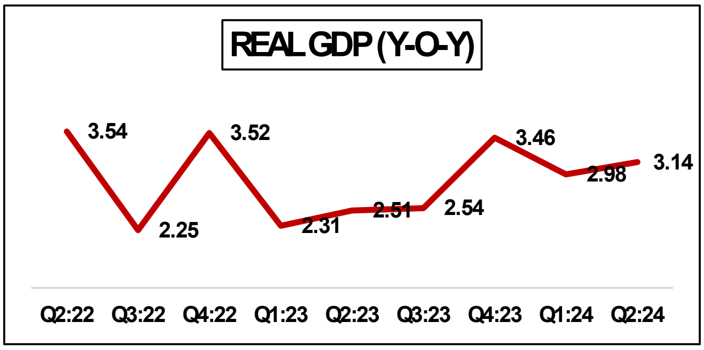
OUTLOOK

We expect that inflation figures would continue to cool off in the coming months. Food inflation is expected to inch upwards at a reducing rate with a notably improvement in food supply as well as the Federal government and the Central Bank's commitment to ensuring price stability. Fiscal policies like the 6-month duty free import window for key food commodities (agricultural outputs like maize, wheat among others) which was recently implemented should also help address inflationary pressures.

Looking forward, the expected cool off in inflation figures should have a positive impact on real returns for already invested players in the fixed income market. The subsequent reduction in cost of funding should help bolster the local economy. This does not however negate other challenges including heightened insecurity and the ripple effect of increased interest rates on production costs.

GDP

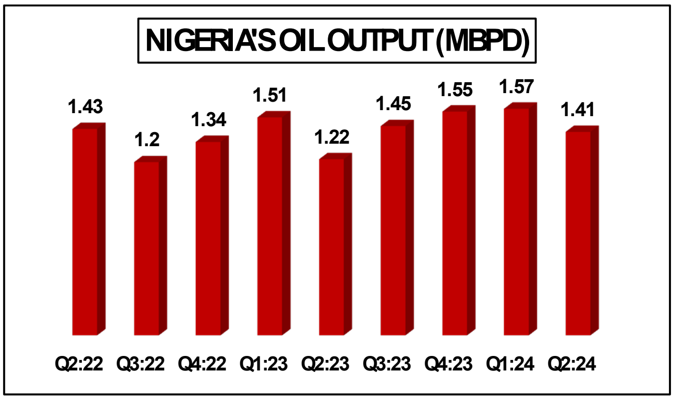
Nigeria's Gross Domestic Product (GDP) increased by 3.19% year-on-year in Q2'2024, up from 2.98% in Q1'2024 and up from 2.51% in Q2'2023. The Service sector drove the quarter's performance, growing by 3.79% (vs. 4.32% in Q1'24) and contributing 58.76% to aggregate GDP (vs. 58.04% in Q1'24). The Agricultural sector grew by 1.41% (vs. 0.18% in Q1'24), while the Industrial sector grew from its previous quarter figure by 3.53% (vs 2.19% in Q1'24).



Source: NBS

According to the National Bureau of Statistics (NBS), aggregate GDP at basic price stood at N60.930trillion ($41.002 billion) in nominal terms. This performance is higher when compared to the second quarter of 2023 which recorded aggregate GDP of N52.103 trillion ($67.732 billion), indicating a year-on-year nominal growth of 16.94%.

In the second quarter of 2024, the country recorded an average daily oil production of 1.41 million barrels per day (mbpd), higher than the daily average production of 1.22 mbpd recorded in the same quarter of 2023 by 0.19 mbpd and lower than the first quarter of 2024 production volume of 1.57mbpd.
On a quarter-on-quarter basis, the Oil sector recorded a growth rate of -10.51% in Q2 2024. Overall, the sector contributed 5.70% to aggregate GDP in Q2'24 (down from 6.38% in Q1'24)



Source: NBS

OUTLOOK

Our outlook for Nigeria's economic growth in Q3 2024 is cautiously optimistic. The Service sector is expected to continue as a key driver, contributing significantly to GDP despite a slight slowdown in recent numbers. The Agricultural sector's improved performance, along with potential growth in the Oil sector due to federal initiatives and increased operations at the Dangote Refinery, should provide further support. However, with higher inflation characteristic of the "ember" months, persistent insecurity, and FX volatility are likely to dampen overall economic momentum, suggesting that growth may slow in the upcoming quarter but remain above the 3% levels.

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