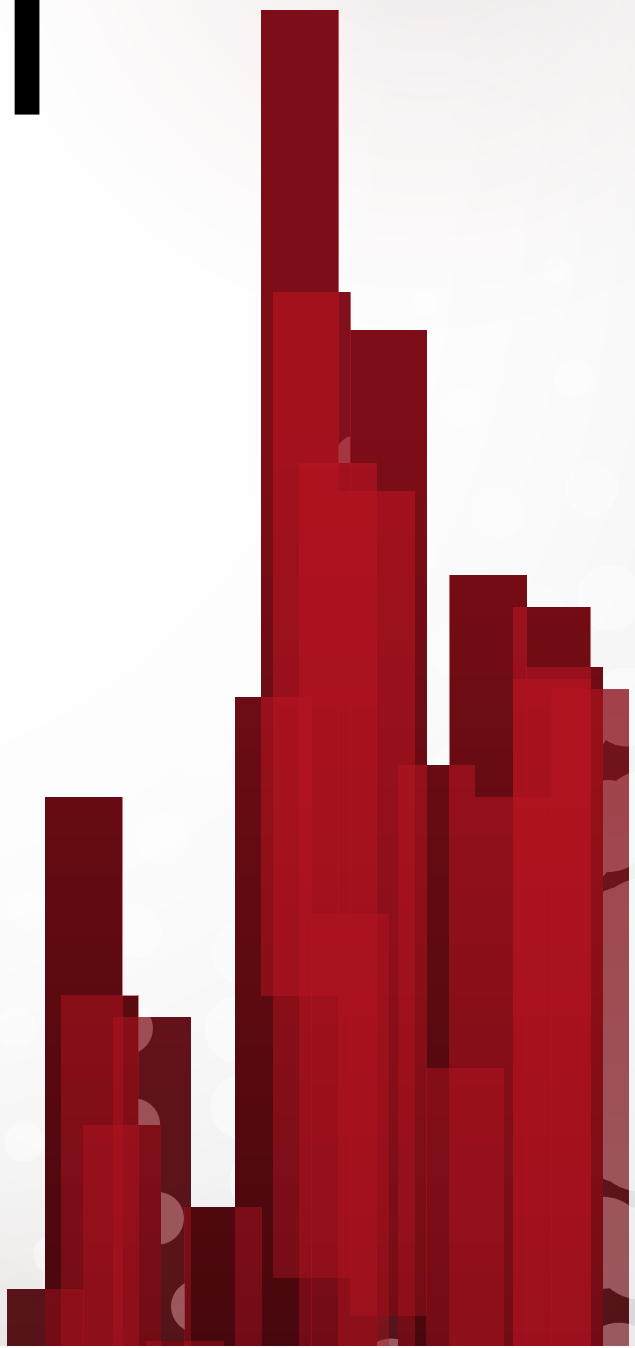


# MONTHLY REPORT

JULY 2024



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## EQUITIES MARKET

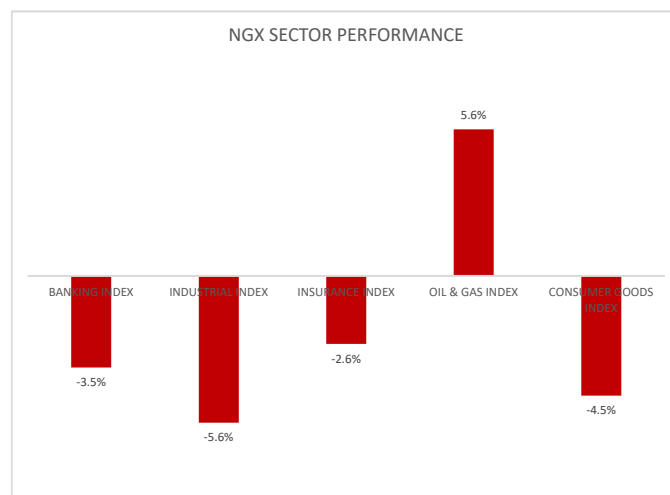
In July, the Nigerian equities market experienced a largely bearish trend, driven by several negative macroeconomic factors, including the 70% levy on realized exchange gains of banks from 2023 to 2025, increased primary market issues, weakness in high-cap stocks, and high-yield money market/fixed income instruments. The NGX All-Share Index (ASI) decreased by 2.28%, closing at 97,774.22 points, down from 100,057.49 points in June.

	31-Jul	28-Jun	% Change
NGX-ASI	97,774.22	100,057.49	↓ -2.28%
Market Cap (N'bn)	55,513.61	56,601.58	↓ -1.92%
Volume Traded (Units' mn)	14,025.12	10,287.44	↑ 36.33%
Value Traded (N'mn)	245,803.49	177,279.81	↑ 38.65%

Investor wealth also dropped by N1.09 trillion (-1.92%), closing at N55.51 trillion, following the listing of 2,418,099,300 Ordinary Shares of Notore Chemical at 50 Kobo each at N43.75 per share offered through private placement. As a result, the year-to-date ASI return stood at 30.76%.

SECTOR	31-Jul	28-Jun	% Change
NGX-BANKING INDEX	801.43	830.2	↓ -3.47%
NGX-INDUSTRIAL INDEX	4433.85	4,694.42	↓ -5.55%
NGX-INSURANCE INDEX	380.55	390.57	↓ -2.57%
NGX-OIL & GAS INDEX	1520.65	1440.7	↑ 5.55%
NGX-CONSUMER GOODS INDEX	1509.98	1581.6	↓ -4.53%

However, transaction levels improved, with trading volume and value increasing by 36.33% and 38.65%, respectively. The volume of shares traded rose to 14.02 billion shares worth N245.80 billion, compared to 10.28 billion shares worth N177.28 billion in June.



Sectoral performance was mostly negative, with four out of five indices closing in the red. The Industrial Goods Index was the worst performer, dropping by 5.55%, driven by losses in BERGER (-10.00%), DANGCEM (-9.99%), and JBERGER (-1.02%). The Consumer Goods Index followed, declining by 4.53% due to losses in NB (-14.41%), DANGSUGAR (-13.60%), NESTLE (-9.78%), and GUINNESS (-7.61%). The Banking Index fell by 3.47%, with notable declines in UBA (-9.58%), ZENITHBANK (-7.28%), FBNH (-4.34%), ACCESSCORP (-3.43%), and GTCO (-2.22%). The Insurance Index dropped by 2.57%, with losses in LINKASSUR (-12.00%), MBENEFIT (-8.96%), MANSARD (-6.65%), CORNERST (-2.38%), PRESTIGE (-1.96%), and INFINITY (-0.71%).

The Oil and Gas Index was the only gainer in July, rising by 5.55% due to significant increases in OANDO (+66.67%) and CONOIL (+37.14%). This growth was driven by positive earnings results following higher oil prices.

## Major Gainers

S/N	COMPANY	CLOSE	OPEN	GAINS	%CHANGE
1	OANDO	25.00	15.00	10.00	↑ 66.67%
2	CONOIL	144.00	105.00	39.00	↑ 37.14%
3	LIVESTOCK	2.39	1.87	0.52	↑ 27.81%
4	WAPIC	0.85	0.67	0.18	↑ 26.87%
5	SOVRENINS	0.55	0.45	0.10	↑ 22.22%
6	NEIMETH	1.95	1.6	0.35	↑ 21.88%
7	IMG	14.30	11.9	2.40	↑ 20.17%
8	LEARNAFRCA	3.95	3.3	0.65	↑ 19.70%
9	ETERNA	19	16	3.00	↑ 18.75%
10	SUNUASSUR	1.47	1.25	0.22	↑ 17.60%

Source: NGX

## Major Losers

S/N	COMPANY	CLOSE	OPEN	LOSS	%CHANGE
1	NSLTECH	0.39	0.59	-0.20	↓ -33.90%
2	CONHALLPLC	1.30	1.65	-0.35	↓ -21.21%
3	CWG	6.35	7.95	-1.60	↓ -20.13%
4	OMATEK	0.56	0.69	-0.13	↓ -18.84%
5	THOMASWY	1.95	2.4	-0.45	↓ -18.75%
6	UPDCREIT	4.45	5.45	-1.00	↓ -18.35%
7	UNIVINSURE	0.3	0.36	-0.06	↓ -16.67%
8	TANTALIZER	0.42	0.5	-0.08	↓ -16.00%
9	NASCON	29.5	34.5	-5.00	↓ -14.49%
10	NB	25.25	29.50	-4.25	↓ -14.41%

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

Bearish sentiments are expected to continue due to a lack of sufficient market triggers to force a reversal. However, the market will experience intermittent short-term trading opportunities as falling process unearth more attractive trading ratios in stocks. The active primary equities market is also causing a bearish tilt in the secondary market. Our recommended strategy is to accumulate fundamentally sound stocks for the long-term and trade cautiously in the short-term.



## FIXED INCOME REPORT

The fixed income market traded largely positive during the month of July albeit with mixed sentiments mainly across the treasury bill and bond market with slightly repressed offers as investors switched between assets to maximize returns from investment. There was however a keen interest for shorter dated instruments across both markets as investors gave preference to investments with near cash value.

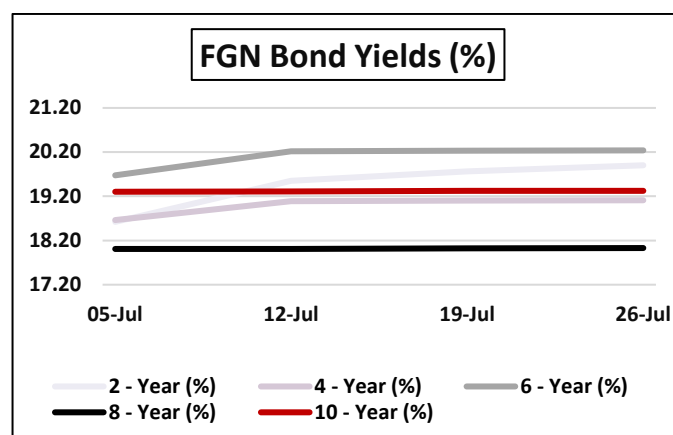
### Bonds

The Debt Management Office (DMO) issued three (3) bond instruments on the 22nd of July 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 N300 billion being offered. There was a total bid of N279.67 billion with N225.72 billion being allotted. The stop rate on the bonds stood at 19.89% for the 2029 bond, 21.00% for the 2031 bond and 21.98% for the 2033 bond.

The FGN Bond secondary market however recorded an increase in transaction levels with an uptick in offers across several listed instruments and improved activities across the curve. There was an increase in demand during the month although this was slightly less than offers recorded with all tenors recording improved yields. Longer dated bonds which have been largely quiet for months saw more traction during the month pushing the average yields up by 101bps to close at 19.76% from 18.75% in June.

DATE	BOND	OFFER SIZE (N'BN)	BID RANGE (N'BN)	ALLOTTED VOLUME (N'BN)	RATE
22-Jul-24	NIGB 19.30 04/17/29	100.00	21.49	18.89	19.89%
22-Jul-24	NIGB 18.50 02/21/31	100.00	16.53	6.18	21.00%
22-Jul-24	NIGB 19.89 05/15/33	100.00	241.65	200.65	21.98%
		<b>300.00</b>	<b>279.67</b>	<b>225.72</b>	

Source: DMO



Source: FMDQ

FGN BOND	31-Jul	30-Jun	% Change
2 - Year(%)	19.96	18.54	↑ 7.66%
4 - Year(%)	19.89	18.65	↑ 6.65%
6 - Year(%)	20.65	19.67	↑ 4.98%
8 - Year(%)	18.03	18.00	↑ 0.17%

Source: FMDQ



### Treasury Bills

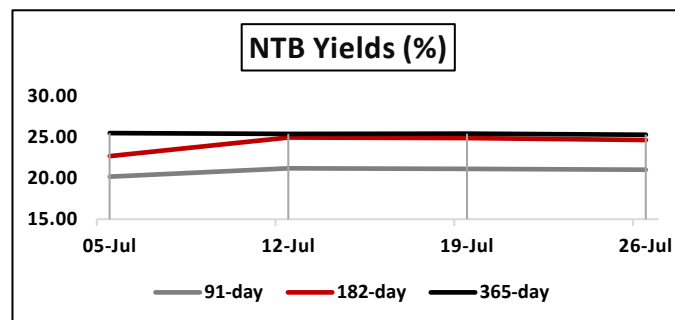
Two NT-Bills primary market auctions were conducted in May by the Central Bank of Nigeria (CBN), with a combined offer value of N446.06 billion. The first auction took place on the 10th of July, with stop rates closing flat at 16.30%, 17.44%, and 21.24% for 91-day, 182-day, and 364-day bills, respectively.

Auction Date	Maturity	Tenor	Stop Rate	Offer (NGN'billion)	Subscription (NGN'billion)	Allotment (NGN'billion)
10-Jul-24	09-Oct-24	91-Day	16.30%	27.11	29.71	28.47
10-Jul-24	09-Jan-25	182-Day	17.44%	1.49	9.64	9.16
10-Jul-24	10-Jul-25	364-Day	21.24%	137.50	269.31	169.64
24-Jul-24	24-Oct-24	91-Day	18.50%	16.48	13.14	13.14
24-Jul-24	23-Jan-25	182-Day	19.500%	6.44	6.40	6.40
24-Jul-24	24-Jul-25	364-Day	22.10%	255.04	354.40	258.42

Source: DMO

Stop rates for the bills however saw slight changes at the second auction which held on the 24th of July 2024 with the 91-day, 182-day, and 364-day bills closing at 18.50%, 19.50%, and 22.10% respectively indicating more interest and improved market pricing.

The NT-Bills secondary market followed the trend of the primary market with auction results driving yields higher. There were significant offers at the short and Mid dated bonds with the longer dated bond recording more demand than offers. As a result, average yields went up by 311 basis points to 25.18% in July, up from 22.07% in June. Additionally, the 11th-July-24 and 25th-July-24 instruments were delisted as they matured during the month.



Source: FMDQ

NT - BILLS	31-Jul	30-Jun	% Change
91 - Days(%)	20.98	19.7	↑ 6.50%
182 - Days(%)	25.24	21.5	↑ 17.40%
364 - Days(%)	25.2	26.04	↓ -3.23%

Source: FMDQ



### OUTLOOK

In August, we anticipate a continuous increase in activities across the NTB market with demand dominating this space. A slightly repressed demand with increased offers at the FGN Bond market is expected, mainly driven by higher yields prevalent in the market and investors repositioning to get the best possible return on their investment from the market. We also expect further fluctuation in liquidity with an uptick in rates mainly driven by market pricing.

## MACRO ECONOMIC INDICATORS

### System Liquidity And Market Rates

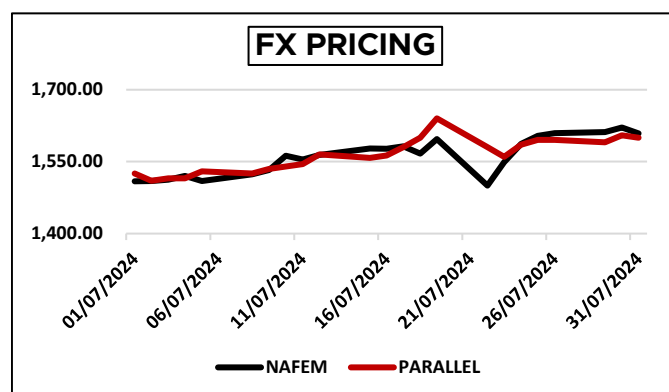
System liquidity fluctuated throughout the month dropping by 23.61% and this was mainly driven by a fall in the opening balances and an increase in standing lending facilities. Liquidity closed at the end of the month gaining N121.41 billion to close at N635.58 billion from N514.17 billion recorded in June.

Driven by the increase in monetary policy rate (MPR), Open-Buy-Back and Overnight rates also went up by 126bps and 85bps respectively to 25.43% and 25.85% in July from 24.17% and 25.00% in June.

MONEY MARKET	31-Jul	30-Jun	Change	% Change
System Liquidity (N'billion)	635.58	514.17	↑ 121.41	23.61%
Open-Buy-Back Rate (%)	25.43	24.17	↑ 1.26	5.21%
Overnight Rate (%)	25.85	25.00	↑ 0.85	3.40%

Source: CBN, FMDQ

The NAFEM hit a low of N1,621.12/\$ during the month but rose to its closing levels at the end of the month while the Parallel market reached a low of N1,640 / \$ during the same period driven by increased speculation by FX traders, limited supply and increased demand.



Source: FMDQ, NAIRAMETRICS

## OUTLOOK

In August, we anticipate a continuous increase in activities across the NTB market and the FGN Bond market mainly driven by better yields prevalent in the market and investors repositioning to get the best possible yield on their investment from the market.

### Foreign Exchange

In July, the Naira continued to record a volatile trend with mixed sentiments across the Parallel and NAFEM segments. During the month, the Naira dropped further in both markets despite mild strengthening during the month and closing at N1,608.73/\$ at the NAFEM and N1,600/\$ at the parallel market representing a loss of 6.61% and 4.92% M-o-M.

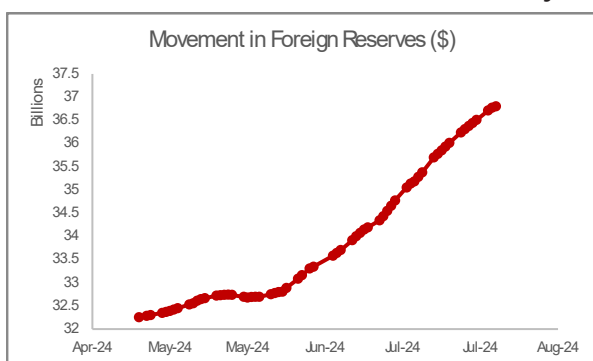


## OUTLOOK

We expect mixed sentiments in August with a slight recovery in the Naira across both markets. This will be largely driven by the forces of demand and supply despite the CBN's drive to manage the Naira.

## Foreign Reserves

In July, Nigeria’s foreign reserves experienced a notable increase of \$2.61 billion, or 7.62%, reaching a total of \$36.79 billion by 31st July 2024. This rise from \$34.19 billion on 28th June 2024, was significantly supported by several key measures. The World Bank played a crucial role by providing a \$500 million loan for electricity distribution and a \$2.25 billion economic support package aimed at stabilizing the economy. Additionally, the Central Bank of Nigeria (CBN) implemented strategic foreign exchange policies, including tighter controls on forex demand, the reintroduction of sales to Bureau de Change operators, and the FX unification policy. These measures have enhanced dollar liquidity, mitigated market speculation, and preserved reserves, contributing to the increase in reserves, which stood at \$34.79 billion as of July 2024.



Source: CBN

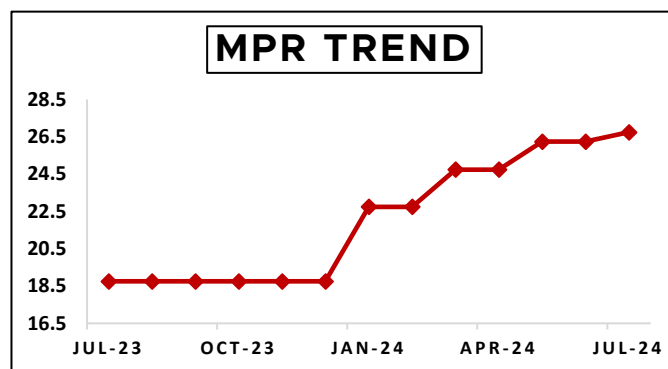
## OUTLOOK

The outlook for Nigeria's foreign reserves appears optimistic, dependent on continued international support, effective foreign exchange policies, and broader economic stability as well as the success of ongoing World Bank interventions, and the efficacy of the FX unification policy. However, the management of external debt are critical factor additionally, global economic conditions, including oil prices and international financial trends, will play a significant role in determining whether the positive trend in reserves can be sustained.

## Monetary Policy Rate

In July, the MPR went up by 50bps to close at 26.75% as against its previous figure of 26.25%. During the MPC meeting, which was the fourth of the year, the Central Bank Governor stated that the key policy rate was significantly tightened to address liquidity surplus and persistently high inflation which reached 34.19% in June 2024.

The MPC in its previous meetings had increased the MPR by a total of 750bps. The hike of 50bps during the month takes the total to 800 bps which should impact market rates. The asymmetric corridor was adjusted to +500bps/-100bps from +100bps/-300bps, the Liquidity Ratio was retained at 30.0% and the Cash Reserve Ratio (CRR) was retained at 45.0% and 14.0% for Deposit Money Banks and Merchant Banks, respectively.



Source: CBN

## OUTLOOK

The next meeting is expected to impact major market indices with an anticipated increase in the MPR as a result of surging inflationary trends persistent in the market. In response to the tightened system liquidity, there would be a further revision of lending and deposit rates. While this adjustment is intended to address liquidity concerns, its effects are varied.



## Inflation

In June 2024, Nigeria's inflation increased to 34.19%, up by 0.24 percentage points from 33.95% in May, mainly due to rising food prices. The Food and Non-Alcoholic Beverages category saw a notable rise of 17.71%, heavily influencing the overall inflation. Significant pressures also came from Housing, Water, Electricity, Gas, and Other Fuel, which increased by 5.2%, as well as smaller increases in Clothing and Footwear (+2.62%), Transport (+2.23%), and Education (+1.35%). On a month-on-month basis, food inflation increased by 0.27 percentage points, reaching 2.55% in June from 2.28% in May 2024.

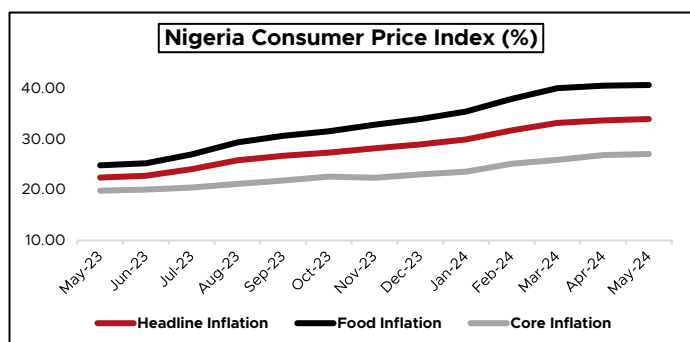
Year-on-year, food inflation grew to 40.87% in June 2024, up by 0.21 percentage points from 40.66% in June 2023, driven by higher prices for key staples like millet flour, garri, and various oils and meats. Core inflation, which excludes volatile agricultural produce and energy, saw a significant increase of 7.34 percentage points, rising to 27.40% in June 2024 from 20.06% in June 2023. Notable contributors to this surge in core inflation included housing rentals, city transport, and medical services.



## OUTLOOK

We expect that inflationary pressures will continue in the coming months at a moderate pace, driven by the persistent fluctuation and depreciation of the Naira and elevated food prices for selected commodities. We expect July's inflation numbers to impact the benchmark rates with the possibility of further tightening in monetary policy tools to maintain the attractiveness of investing in Naira assets for foreign portfolio investors. This should further bolster the fixed-income market as rates are expected to rise in tandem with elevated inflation numbers.

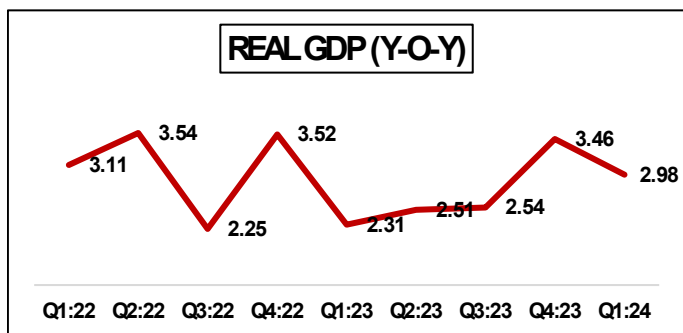
Nonetheless, the expected hike in the monetary policy key rate could have minimal effect on the Consumer Price Index (CPI) as persistent challenges including heightened insecurity, economic outcry for increased wages and the ripple effect of increased interest rates on production costs are expected to exert more pull on inflation figures, contributing to the overall inflationary pressures within the economy.



Source: NBS

## GDP

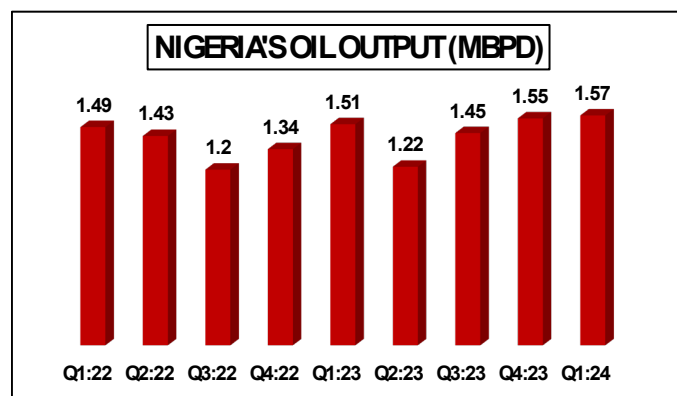
Nigeria's Gross Domestic Product (GDP) was released for Q1 2024 and it increased by 2.98% year-on-year in Q1'2024, down from 3.46% in Q4'2023 and up from 2.31% in Q1'2023. The service sector drove the performance, growing by 4.32% and contributing 58.04% to aggregate GDP. The agricultural sector grew by 0.18% (vs. 2.10% in Q4'23), while the industrial sector grew from its previous figure by 2.19% (vs 3.86% in Q4'23).



Source: NBS

Nigeria recorded an average daily oil production of 1.57 million barrels per day (mbpd), higher than the daily average production of 1.51mbpd recorded in the same quarter of 2023 by 0.06mbpd and higher than the fourth quarter of 2023 production volume of 1.55 mbpd by 0.02mbpd.

On a quarter-on-quarter basis, the oil sector recorded a growth rate of -6.41% in Q1 2024. Overall, the oil sector contributed 6.38% to aggregate GDP in Q1'24 (up from 4.70% in Q4'23).



Source: NBS



## OUTLOOK

We anticipate a further slowdown in the growth rate mainly driven by persistent inflationary trends (which should slow down demand for major consumables), increased insecurity, and huge volatility in the FX rate. We however foresee growth in the oil sector, as a result of the federal government initiatives to boost remittance of crude oil proceeds and the increased operations of the Dangote Refinery.

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