



Global Economy

According to the US Bureau of Economic Analysis, US Real gross domestic product (GDP) increased by 1.40% YoY in Q1:2024, according to its "third" estimate (vs. 3.40% YoY in Q4:2023). The increase in real GDP primarily reflected increases in consumer spending, residential and nonresidential fixed investment, and state and local government spending that were partly offset by a decrease in private inventory investment. Imports also increased. Compared to Q4:2023, the deceleration in real GDP primarily reflected decelerations in consumer spending, exports, and government spending. An increase in imports also led to lower GDP. These movements were partly offset by an acceleration in residential fixed investment. Moreover, nominal GDP increased by 4.50% YoY, or USD312.2bn, in Q1:2024 to USD28.27trn, an upward revision of USD13.2bn from the previous estimate. The personal consumption expenditures (PCE) price index also increased by 3.40% YoY, an upward revision of 0.10%. Excluding food and energy prices, the PCE price index increased by 3.70% YoY, an upward revision of 0.10%.

Domestic Economy

During the week, the Central Bank of Nigeria (CBN) released a circular to announce the discontinuation of its Price Verification System (PVS) portal, effective from July 1, 2024. This decision means that importers will no longer be required to use the PVS Portal to verify the prices of goods and services. Despite the discontinuation, importers are still responsible for ensuring that they are paying fair prices for their imports. The PVS Portal was initially launched on August 31, 2023, to enhance transparency, accountability, and standardization in trade operations within Nigeria. All Form M applications had to be accompanied by a valid price verification report generated from the portal. However, the system faced criticism from various stakeholders. We believe that by removing the PVS Portal, the CBN aims to simplify import procedures and reduce bureaucratic barriers, potentially improving the business environment in the country. Furthermore, the CBN has introduced a new measure to enhance diaspora remittances, allowing money transfer operators to sell foreign currency directly to the CBN or authorized banks. Transactions can now be settled on the same day if confirmed before noon, using transparent official exchange rates. We see this measure as an effort by the CBN to stabilize the exchange rate, prevent misuse, and increase remittance inflows to Nigeria.



Equities

This week, the Nigerian equities market gained in three (3) out of the five (5) trading days of the week, bringing the NGX All Share Index (NGX ASI) to a close of 100,057.49 points, 0.32% WoW higher than the previous Friday's close (99,743.05 points). Consequently, the market's year-to-date (YtD) returns increased to 33.81% (vs. last week: 33.69% YtD). This week, the Banking (+1.14% WoW), Oil and Gas (+5.71% WoW) and Insurance (+3.33% WoW) sectors closed positive on the back of gains in UBA (+2.05% WoW), SEPLAT (+10.00% WoW) and NEM (+7.59% WoW) respectively. On the other hand, DANGSUGAR (-8.51% WoW) and LAFARGE (-7.47% WoW) spurred selloffs in the Consumer Goods (-0.56% WoW) and Industrial Goods (-0.33% WoW) sectors, respectively. The top gainers this week were CWG (+44.5% WoW to NGN7.95), FTNCOCOA (+22.4% WoW to NGN1.64) and JOHNHOLT (+20.3% WoW to NGN3.14), while JAIZBANK (-11.4% WoW to NGN1.95), DAARCOMM (-10.5% WoW to NGN0.51) and CHAMPION (-10.5% WoW to NGN3.50) led the laggards' chart. In the coming week, we expect investors to sustain bargain-hunting activities in anticipation of the release of the Q2:2024 earnings results.

Fixed Income

Today, the Central Bank of Nigeria (CBN) conducted an OMO auction offering NGN150bn worth of OMO bills across the short (NGN25bn), mid (NGN25bn) and long (NGN100bn) tenor bills. The average stop rate at the auction declined significantly by 643bps to 7.49% (vs. last auction: 13.93%), despite an increase in stop rate for the long tenor bill (+18bps to 20.48%). This is following no allocation for the short and mid-tenor bills. The average bid-to-cover ratio stood 1.97x the offer and the CBN sold NGN264.33bn worth of OMO bills. Earlier this week, the Debt Management Office (DMO) conducted a bond auction, offering NGN450bn worth of bonds across the reopening of APR-2029, FEB-31 and MAY-2033 at NGN150bn each. The average stop rate at the auction rose by 80bps to 20.44% compared to 19.64% at the May auction. This is on the back of increase in stop rates for the instruments APR-2029 (+35bps to 19.64%), FEB-2031 (+45bps to 20.19%) and MAY-2033 (+161bps to 21.50%). Despite the higher rates offered, investors' demand declined with the average bid-to-cover ratio down by 55bps to 0.68x compared to 1.23x at the previous auction. The DMO sold NGN297.006bn worth of bonds. Furthermore, the Central Bank of Nigeria (CBN) held an NT-bills auction, offering NGN228.72bn worth of treasury bills across the 91-, 182- and 364-day bills. The average stop rate at the auction rose by 6bps to 18.14% from 18.08% at the previous auction. This rise is on the back of an increase in the stop rate offered for the 364-day bill which rose by 18bps to 20.68%. Investors' demand at the auction was a significant 3.38x the offer amount. Notably, the CBN sold NGN284.26bn worth of bills, 1.24x more than the NGN228.72bn offered. At the secondary market, the NT-bills market closed on a bearish note as the average yield rose by 10bps WoW to settle at 22.07%. This is following selloffs on the long-tenor bills (+46bps). Conversely, the FGN bond market closed on a bullish note as the average yield fell by 2bps WoW to 18.75%. This is following buying interest in on all ends of the curve, specifically in the APR-2032 (-156bps) and JUN-2033 (-156bps) instruments. Overall, the Naira fixed income market concluded on a bearish note with the average yield up by 4bps WoW to 20.41%. Looking ahead, this bearish trend is expected to persist, particularly on the short end of the curve.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	34.07	33.64	1.28%	3.52%	
USD/NGN (₦/\$)					
NAFEM	1514.31	1483.02	-2.07%	-40.10%	
Parallel	1502.5	1487.0	-1.03%	-20.47%	
Economic Snapshot	Latest (%)	Prior	CHG (pps)	2 month Avg.	
Inflation YoY (May 2024)	May	April	CHG (pps)		
Headline	33.95	33.69	0.26	33.82	
Core	27.04	26.84	0.20	26.94	
Food	40.66	40.53	0.13	40.60	
GDP (%) - YoY	Q1 24	Q4 23	Q3 23	2023FY	News Headline for the week (click news for link)
Real GDP	2.98	3.46	2.54	2.74	FG to begin 150bn loan disbursement July
Oil	5.7	12.11	-0.85	-2.22	FG raises fresh N284bn as T-Bills debt hits N10tn
Agriculture	2.90	2.10	1.30	1.13	Cardoso: Nigeria Doesn't Require Funding Support from IMF to Close Liquidity Gap, for Now
Manufacturing	1.49	1.38	0.48	1.4	NNPC uncovers another 165 illegal refineries
Information and Communication	5.43	6.33	6.69	7.91	CBN halts FX price verification portal for importers July 1
Labor Data (%)		Q3 23	Q2 23	Q1 23	Amid High Interest Rate, Investors Staked N2.25tn in Stock Market in Five Months
Unemployment Rate		5	4.2	4.1	MPC: Domestic Financial Conditions Tight, Putting Pressure on Public Debt Service
Underemployment		12.3	11.8	12.2	Reforms will address economic challenges, says Tinubu
Capital Importation (\$'mn)	Q4 23	Q3 23	QoQ (%)	YoY (%)	CBN reforms boost diaspora remittances by \$172m in a month
Foreign Portfolio Investment - Equities	10.83	8.37	29.4%	122.77%	Bank of Japan opens door for a hawkish double surprise
Bonds	67.16	20.56	226.65%	-53.51%	Energy Prices Continue Rise, Fuel Transportation Costs Nationwide
Money Market	231.78	58.19	298.3%	70.47%	Dangote refinery: Operators seek FG intervention as marketers opt for fuel import
Foreign Direct Investment	183.97	59.77	207.80%	118.42%	FG spent \$15bn on debt servicing in five years – CBN report
Monetary Policy Rates (%) (May 2024)	Latest	Prior		CHG (%)	Japan warns against rapid FX moves, reiterates readiness for action
MPR	26.25%	24.75%		1.5%	Liquidity Pressure: Banks Borrow N3.76tn from CBN in Three Weeks
Cash Reserve Ratio (CRR)	45%	45%		0.0%	Crude price hike: Dangote alleges IOCs frustrating refinery
Liquidity Ratio	30%	30%		0.0%	Nigerians borrow N3.9tn as economic crisis bites harder
Source: CBN, NBS, FMDQ, ARM Research					



Weekly Equities Market Snapshot						Friday, June 28, 2024					
Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
CWG	7.95	44.5%	9.50	1.70	-4.2%	JAIZBANK	1.95	-11.4%	4.01	1.39	0.5%
FTNCOCOA	1.64	22.4%	4.10	1.07	10.8%	DAARCOMM	0.51	-10.5%	1.29	0.20	-43.3%
JOHNHOLT	3.14	20.3%	3.29	1.14	35.3%	CHAMPION	3.50	-10.5%	5.05	2.49	-15.7%
MBENEFIT	0.67	19.6%	1.00	0.37	26.4%	BETAGLAS	53.00	-8.6%	66.95	35.00	-10.8%
LASACO	2.55	18.1%	2.96	1.58	34.2%	DANGSUGAR	43.00	-8.5%	89.50	24.40	-24.6%
NSLTECH	0.59	18.0%	0.85	0.25	-20.3%	ACADEMY	1.84	-8.0%	2.50	1.67	-5.2%
AFRIPRUD	8.20	18.0%	10.10	5.40	10.8%	CAVERTON	1.30	-7.8%	2.30	1.17	-27.4%
CILEASING	3.20	13.1%	4.70	1.87	-42.9%	DEAPCAP	0.52	-7.1%	1.16	0.22	-10.3%
RTBRISCOE	0.70	12.9%	0.99	0.38	169.2%	NASCON	34.50	-6.2%	76.76	18.43	-35.8%
LINKASSURE	1.00	11.1%	1.60	0.61	25.0%	DAARCOMM	0.51	-5.6%	1.29	0.20	-43.3%

Tickers	Pts/₹	WoW	MtD	QtD	YtD
NGXASI	100,057.49	0.32%	0.76%	-4.31%	33.81%
Market Cap	56.6trn	0.32%	0.76%	-4.26%	38.33%
NGX Banking	830.20	1.14%	4.12%	-19.37%	-7.47%
NGX Industrial	1,581.55	-0.33%	0.03%	-3.00%	73.14%
NGX Consumer	830.20	-0.56%	1.11%	-1.82%	41.05%
NGX Oil & Gas	1,440.67	5.71%	11.32%	11.30%	38.12%
NGX Insurance	1,581.55	3.33%	6.36%	-3.79%	21.42%

Source: NGX, ARM Research

Weekly Commentary

Fixed Income



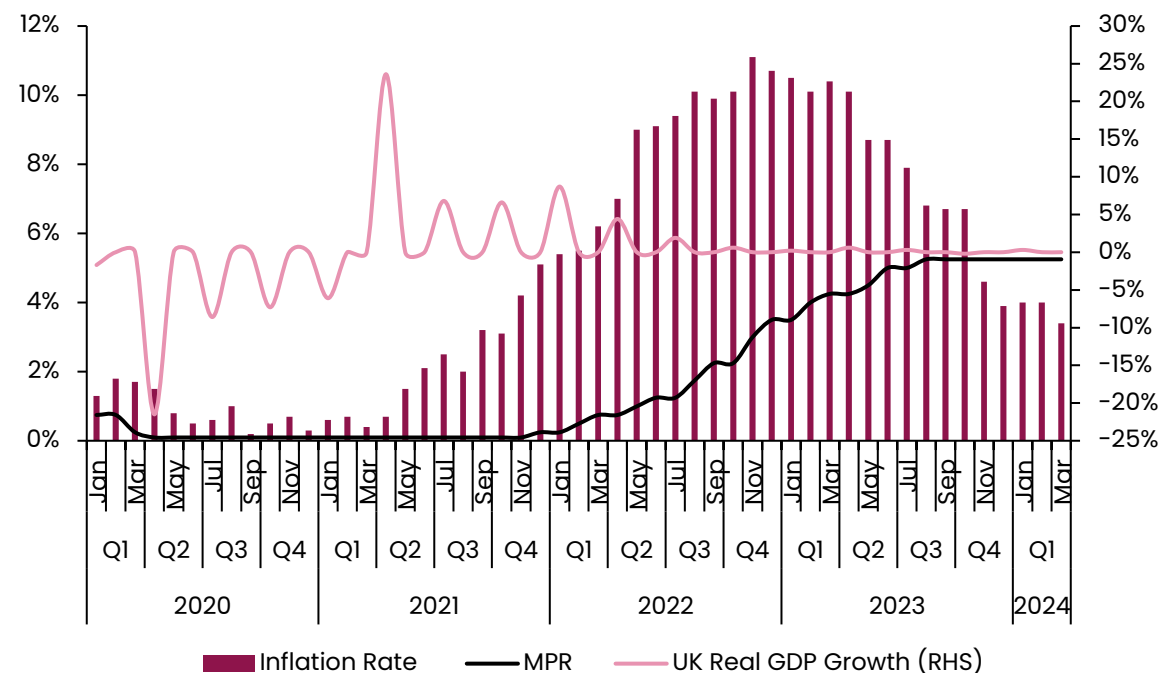
	This Week	Prior Week	WoW change	Primary Market Auction (Rates)	Short tenor	Mid tenor	Long Tenor	Issuance (N'billion)	Short tenor	Mid tenor	Long Tenor				
Money Market				OMO				OMO							
Overnight (O/N)	25.00%	25.10%	-0.10%	28-Jun-24	Nil	Nil	22.48%	28-Jun-24	Nil	Nil	264.33				
Open Repo Rate (OPR)	24.14%	26.40%	-2.26%	19-Jun-24	Nil	19.48%	22.30%	19-Jun-24	Nil	1.00	985.88				
NIBOR - 1M	23.42%	23.71%	-0.29%	04-Jun-24	18.74%	19.59%	22.33%	04-Jun-24	10.00	16.00	487.95				
NIBOR - 3M	23.18%	24.33%	-1.15%	29-May-24	0.00%	19.64%	22.34%	29-May-24	10.00	5.65	1142.56				
NIBOR - 6M	24.07%	25.04%	-0.97%	24-May-24	19.00%	19.74%	22.49%	24-May-24	20.50	1.00	239.15				
Treasury Bills				Treasury Bills	91 Day	182 Day	364 Day	Treasury Bills	91 Day	182 Day	364 Day				
1-month	18.88%	17.60%	1.28%	26-Jun-24	16.30%	17.44%	20.68%	26-Jun-24	28.15	36.44	219.67				
3-month	18.98%	18.96%	0.02%	13-Jun-24	16.30%	17.44%	20.50%	13-Jun-24	6.78	8.36	40.09				
6-month	21.28%	20.87%	0.41%	5-Jun-24	16.50%	17.50%	20.67%	5-Jun-24	19.61	12.74	246.55				
9-month	24.49%	23.33%	1.16%	22-May-24	16.50%	17.45%	20.69%	22-May-24	60.69	28.46	549.83				
12-month	25.00%	25.14%	-0.14%	8-May-24	16.24%	17.00%	20.70%	8-May-24	16.59	5.44	252.64				
FGN Bonds (Local)				FGN Bonds	Mar-27	Apr-29	Feb-31	May-33	Feb-34	FGN Bonds	Mar-27	Apr-29	Feb-31	May-33	Feb-34
13.53% 23-MAR-2025	20.04%	19.88%	0.16%	24-Jun-24	N/A	19.64%	20.19%	21.50%	N/A	24-Jun-24	N/A	22.13	45.38	229.50	N/A
12.50% 22-JAN-2026	18.54%	18.47%	0.07%	13-May-24	N/A	19.29%	19.74%	19.89%	N/A	13-May-24	N/A	32.67	62.98	285.12	N/A
16.2884% 17-MAR-2027	18.67%	18.66%	0.01%	15-Apr-24	N/A	19.30%	19.75%	N/A	20.00%	15-Apr-24	N/A	79.92	85.05	N/A	461.85
12.1493% 18-JUL-2034	19.29%	19.28%	0.01%	18-Mar-24	19.94%	N/A	20.00%	N/A	20.45%	18-Mar-24	151.93	N/A	47.84	N/A	275.85
16.2499% 18-APR-2037	18.64%	18.64%	0.00%	19-Feb-24	N/A	N/A	18.50%	N/A	19.00%	19-Feb-24	N/A	N/A	873.53	N/A	621.38
14.8% 26-APR-2049	17.50%	17.50%	0.00%		Corporate Bonds	This Week	Prior Week	WoW (%)							
FGN Eurobonds				ACCESS 15.50% 23-JUL-2026	21.93%	21.85%	0.08%								
7.625 21-NOV-2025	7.56%	7.40%	0.16%	VIATHAN 16.00% 14-DEC-2027	19.54%	19.55%	-0.01%								
6.50% 28-Nov-2027	9.17%	9.23%	-0.06%	UNION 16.20% 27-JUN-2029	22.06%	22.03%	0.03%								
7.875% 16-FEB-2032	10.56%	10.65%	-0.09%	FIDELITY 8.50% 7-JAN-2031	21.03%	20.87%	0.16%								
7.625% 28-Nov-2047	10.95%	11.07%	-0.12%	MTN COM PLC 12.75 4-NOV-2031	20.99%	20.83%	0.16%								

Source: DMO, CBN, FMDQ, ARM Research



UK Economy Shows Tentative Recovery

The UK's economy has shown signs of recovery, bolstered by upwardly revised GDP figures for Q1:2024. The Office for National Statistics (ONS) recently released its final estimates, revealing a 0.7% quarter-on-quarter (QoQ) growth in real GDP – a modest but positive revision from the initial 0.6% estimate. This uptick follows two (2) consecutive quarters of contraction in Q3 and Q4 of 2023, narrowly avoiding a technical recession. The growth which was primarily driven by the services sector (+0.8% QoQ) and the production sector (+0.6% QoQ), was slightly offset by a contraction in the construction sector (-0.9% QoQ). Additionally, year-on-year (YoY) growth figures were also revised upwards, with real GDP estimated to have increased by 0.3% compared to initial estimate of 0.2%. While the current economic upswing albeit modest, is encouraging, the ongoing battle against inflation remains a critical challenge. The Bank of England's (BOE) hawkish stance, characterized by interest rate hikes to a 15-year high of 5.25%, has undeniably contributed to sluggish economic growth post-pandemic. Despite this, the tightening approach seems to be yielding positive results. Recent ONS data reveals a significant milestone, with headline inflation reaching the desired 2% target in May 2024. Although some inflationary pressure persists, as evidenced by the all-items index excluding food, alcohol, and tobacco (3.5% YoY in May 2024), the success in bringing inflation down to the 2% target level strengthens the case for a policy shift in the second half of 2024. If the BOE opts for rate cuts, this could significantly stimulate economic expansion, building upon the momentum gained in Q1:2024.



Source: ONS, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	43.00	30.9	-28.14%	SELL
FLOUR MILLS NIG. PLC.	44.50	36	-19.10%	SELL
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	18.95	25.88	36.57%	STRONG BUY
FBN HOLDINGS PLC	21.90	29.95	36.76%	STRONG BUY
GUARANTY TRUST HOLDING COMPANY PLC	45.00	42.29	-6.02%	SELL
UNITED BANK FOR AFRICA PLC	22.45	29.57	31.71%	STRONG BUY
ZENITH BANK PLC	35.70	44.04	23.36%	STRONG BUY
ICT	CP	TP	Upside/Downside	RECOMMENDATION
AIRTEL AFRICA PLC	2097.00	2300.03	9.68%	NEUTRAL
MTN NIGERIA COMMUNICATIONS PLC	214.00	270.16	26.24%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
LAFARGE AFRICA PLC (WAPCO)	34.05	45.01	32.19%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	3794.90	3,790.80	-0.11%	UNDERWEIGHT
TOTALENERGIES MARKETING NIGERIA PLC	388.90	421.68	8.43%	NEUTRAL

Source: NGX, ARM Research



Company	Declaration Date	Total Dividend	Total Dividend/Share	Final Dividend	Final Dividend/Share	Financial Year	Payment Date	Register Date
Consolidated Hallmark Holdings Plc	27-Jun-24				NGN0.05	2023FY		14-Jun-24
Custodian Investment Plc	24-Jun-24		NGN0.80		NGN0.65	2023FY		12-Jun-24

Source: NGX, ARM Research



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