



Global Economy

Earlier this week, data from the Chinese National Bureau of Statistics (NBS) showed China's inflation was modest in June 2024. According to the NBS, China's national consumer price index (CPI) increased by 0.2% YoY, compared to a 0.3% YoY increase in May 2024. Among them, urban prices rose by 0.2% YoY, while rural prices rose by 0.4% YoY. Food prices declined by 2.1% YoY, while non-food prices escalated by 0.8% YoY. Consumer goods prices decreased by 0.1% YoY, while service prices ascended by 0.7% YoY. On a MoM basis, consumer prices declined by 0.2% in June 2024 (vs. -0.1% MoM in May 2024). Among them, urban prices lowered by 0.2% MoM and rural prices dropped by 0.2% MoM. Food prices declined by 0.6% MoM and non-food prices fell by 0.2% MoM. Consumer goods prices slumped by 0.4% MoM, while service prices remained flat. Meanwhile, in the US, according to the Bureau of Labor Statistics (BLS), the headline CPI rose 3.0% YoY in June 2024, vs. 3.3% YoY in May 2024. Core CPI rose 3.3% YoY and was the smallest YoY increase in that index since April 2021. The energy index increased 1.0% YoY in June 2024 while the food index increased 2.2% YoY during the same period. On a MoM basis, headline CPI declined by 0.1% in June 2024, after being flat in May 2024.

Domestic Economy

During the week, the Central Bank of Nigeria (CBN) sold USD122mn to authorized dealers to stabilize the foreign exchange market. These funds are designated for trade-backed transactions, with dealers required to report their usage within 72 hours. By increasing market liquidity, the CBN aims to stabilize the exchange rate and control inflation. We believe this strategic move supports trade activities, ensuring businesses can access necessary foreign currency, and boosts overall market confidence, signaling the CBN's commitment to economic stability. Elsewhere, The Federal government, through the Nigeria Upstream Petroleum Regulatory Commission (NUPRC), has permitted the sale of crude oil to domestic refiners at market prices, ending a supply dispute with international oil companies. This decision aims to ensure fair pricing and support efficiency in local refining operations. By promoting transparency through monthly price quotes from producers and refiners, NUPRC seeks to strengthen Nigeria's energy sector, fostering economic stability and sustainable development in the oil industry.



Equities

The Nigerian Equities market remained in the red zone this week, as the NGX All Share Index (NGX ASI) lost 35bps WoW to print at 99,671.28 points. This is following losses in the Banking (-2.08% WoW), Insurance (-0.36% WoW) and Consumer Goods (-0.09% WoW) sectors, after UBA (-4.01% WoW to NGN22.75), NEM (2.38% WoW to NGN8.20) and GUINNESS (7.14% WoW to NGN65.00) raked in losses. On the other hand, the Oil and Gas (+1.38% WoW) and Industrial Goods (+0.05% WoW) sectors closed positive, riding on the back of gains in CONOIL (8.26% WoW to NGN136.95) and LAFARGE (0.83% WoW to NGN36.30). Consequently, the market's Year-to-Date (YtD) returns declined to 33.30% (vs. last week: 33.75% YtD). This week, LIVESTOCK (+27.0% WoW to NGN2.35), ABCTRANS (+20.30% WoW) and ETERNA (+18.4% WoW to NGN18.00) led the gainers' chart, while AFRIPUD (-17.8% WoW to NGN7.40), PZ (-10.0% WoW to NGN19.80) and CWG (-9.8% WoW to NGN6.90) led the losers' chart. We expect that the high yield environment in the fixed income market would continue to pull traction from the equities market. However, this bearish sentiment could be offset by bargain-hunting activities as investors position themselves ahead of the release of Q2:2024 earnings results.

Fixed Income

Earlier this week, the CBN conducted an NT-bills auction, offering NGN166.11bn worth of Treasury bills (T-bills) across the 91-day (NGN27.11bn), 182-day (NGN1.49bn), and 364-day (NGN137.50bn) tenors. The average stop rate increased by 19bps to 18.33%, up from 18.14% at the previous auction. This rise was primarily driven by a 56bps increase in the 364-day bill rate, which reached 21.24%. Consequently, the average bid-to-cover ratio declined by 153bps to 1.86x, down from 3.38x at the previous auction, indicating a decrease in investor demand. Notably, the CBN sold NGN207.27bn worth of T-bills. In the secondary market, the NT-bills ended in negative territory as the average yield climbed 57bps WoW to 23.33%. This yield increase was driven by selloffs in long-tenor bills. Similarly, the FGN bond market experienced bearish sentiment, with the average yield rising by 49bps WoW to 19.26%. This was due to selloffs across the yield curve, particularly in the MAR-2025 (+329bps), MAR-2028 (+116bps), and JUN-2033 (+139bps) instruments. Overall, the Naira fixed income market concluded the week on a bearish note, with the average yield surging by 53bps WoW to 21.29%. Looking ahead, we expect this bearish trend to persist, particularly at the short end of the yield curve.



	This Week	Prior Week	WoW (%)	YTD (%)	Report released this week (Click Link below for Full report)
External Reserve (\$'bn)	35.28	34.66	1.79%	7.20%	
USD/NGN (₦/\$)					
NAFEM	1554.65	1520.24	-2.21%	-41.65%	
Parallel	1595.0	1512.5	-5.17%	-25.08%	
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	CBN to slow down rate hikes soon – Cardoso
Oil	5.7	12.11	-0.85	-2.22	Real estate investment key to overcoming economic crisis – Casafina
Agriculture	2.90	2.10	1.30	1.13	S&P: Dangote Refinery Capable of Solving Nigeria's FX Problems, Catalysing Economic
Manufacturing	1.49	1.38	0.48	1.4	Guinness Reaffirms Commitment to Nigerian Market, Rewards Trade Partners
Information and Communication	5.43	6.33	6.69	7.91	German exports fall more than forecast in May
Labor Data (%)		Q3 23	Q2 23	Q1 23	Naira weakens to 1,523/\$ at official market
Unemployment Rate		5	4.2	4.1	Zenith Retains Best Commercial Bank in Nigeria, Best Corporate Governance Awards
Underemployment		12.3	11.8	12.2	Nikkei hits record high; investors await Fed chair's testimony
Capital Importation (\$'mn)	Q1 24	Q4 23	QoQ (%)	YoY (%)	Access Holdings eyes N10tn profit by 2027
Foreign Portfolio Investment – Equities	49.37	10.83	355.7%	-77.79%	Liquidity: Banks, Others Deposit N4.95tn with CBN in June 2024
Bonds	420.81	67.16	526.61%	39.77%	Japan's wholesale inflation picks up as weak yen raises import costs
Money Market	1,605.41	231.78	592.7%	1175.19%	FG, IOCs agree on crude supply to Dangote, local refineries
Foreign Direct Investment	119.18	183.97	-35.22%	150.35%	No official announcement on \$2bn crude-backed loan – NNPC
Monetary Policy Rates (%) (May 2024)	Latest	Prior		CHG (%)	NRC: Nigeria Needs \$66bn to Effectively Deliver Rail Transport Infrastructure Nationwide
MPR	26.25%	24.75%		1.5%	Explainer: Why does China's central bank have a new cash management tool?
Cash Reserve Ratio (CRR)	45%	45%		0.0%	Recapitalisation: Retained earnings exclusion will aid transparency, says Cardoso
Liquidity Ratio	30%	30%		0.0%	Report: Global FDI Falls by 2% to \$1.3tn
Source: CBN, NBS, FMDQ, ARM Research					China's exports top forecasts, but falling imports point to more stimulus

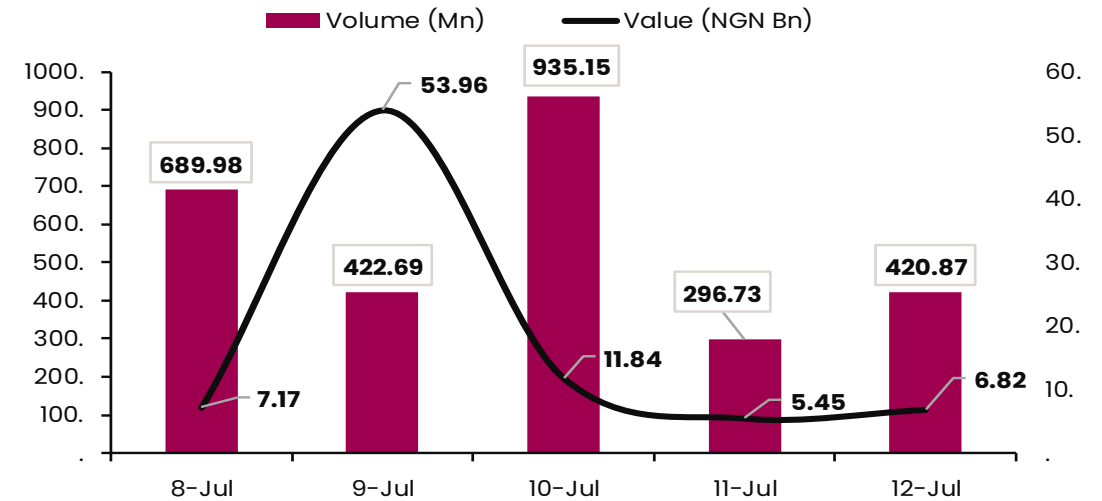


Weekly Equities Market Snapshot

Friday, July 12, 2024

Top Gainers						Top Losers					
Ticker	Price	Δ (%)	Yr High	Yr Low	YtD	Ticker	Price	Δ (%)	Yr High	Yr Low	YtD
LIVESTOCK	2.35	27.0%	2.42	1.30	27.0%	AFRIPRUD	7.40	-17.8%	10.10	5.40	0.0%
ABCTRANS	0.77	20.3%	1.35	0.45	-4.9%	PZ	19.80	-10.0%	40.00	16.20	-25.8%
ETERNA	18.00	18.4%	37.70	11.15	30.0%	CWG	6.90	-9.8%	9.50	2.14	-16.9%
CAVERTON	1.58	17.0%	2.30	1.17	-11.7%	SOVRENINS	0.47	-9.6%	0.79	0.31	67.9%
CUTIX	4.62	10.0%	4.62	2.11	96.6%	CHAMS	2.17	-8.8%	3.65	0.86	10.2%
LEARNAFRCA	3.52	10.0%	4.23	2.80	10.3%	IKEJAHOTEL	6.35	-8.6%	10.20	2.25	5.8%
CADBURY	18.25	9.9%	31.95	11.25	-3.9%	GUINNESS	65.00	-7.1%	74.00	42.05	-1.5%
OMATEK	0.71	9.2%	1.15	0.27	-6.6%	CHAMPION	3.06	-7.0%	4.00	2.49	-26.3%
LINKASSURE	1.14	8.6%	1.60	0.63	42.5%	JBERGER	83.50	-5.8%	98.00	28.00	94.2%
DAARCOMM	0.52	8.3%	1.29	0.21	-42.2%	STERLINGNG	3.85	-5.2%	8.20	2.81	175.0%

Tickers	Pts/₦	WoW	MtD	QtD	YtD
NGXASI	99,671.28	-0.35%	-0.39%	-0.39%	33.30%
Market Cap	56.38trn	-0.35%	-0.39%	-0.39%	37.80%
NGX Banking	844.41	-2.08%	1.71%	1.71%	-5.88%
NGX Industrial	1,569.27	0.05%	0.27%	0.27%	73.61%
NGX Consumer	844.41	-0.09%	-0.78%	-0.78%	39.95%
NGX Oil & Gas	1,504.55	1.38%	4.43%	4.43%	44.24%
NGX Insurance	1,569.27	-0.36%	1.89%	1.89%	23.72%



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)	32.45%	32.06%	0.39%	28-Jun-24	Nil	Nil	22.48%	28-Jun-24	Nil	Nil	264.33				
Open Repo Rate (OPR)	31.61%	32.53%	-0.92%	19-Jun-24	Nil	19.48%	22.30%	19-Jun-24	Nil	1.00	985.88				
NIBOR - 1M	26.11%	26.11%	0.00%	04-Jun-24	18.74%	19.59%	22.33%	04-Jun-24	10.00	16.00	487.95				
NIBOR - 3M	28.00%	27.00%	1.00%	29-May-24	0.00%	19.64%	22.34%	29-May-24	10.00	5.65	1142.56				
NIBOR - 6M	28.88%	27.86%	1.02%	24-May-24	19.00%	19.74%	22.49%	24-May-24	20.50	1.00	239.15				
Treasury Bills				Treasury Bills				Treasury Bills							
					91 Day	182 Day	364 Day		91 Day	182 Day	364 Day				
1-month	19.11%	19.03%	0.08%	10-Jul-24	16.30%	17.44%	21.24%	10-Jul-24	28.47	9.16	169.64				
3-month	20.06%	19.88%	0.17%	26-Jun-24	16.30%	17.44%	20.68%	13-Jun-24	28.15	36.44	219.67				
6-month	22.19%	21.85%	0.34%	13-Jun-24	16.30%	17.44%	20.50%	5-Jun-24	6.78	8.36	40.09				
9-month	25.33%	25.08%	0.25%	5-Jun-24	16.50%	17.50%	20.67%	22-May-24	19.61	12.74	246.55				
12-month	26.35%	25.72%	0.63%	22-May-24	16.50%	17.45%	20.69%	8-May-24	60.69	28.46	549.83				
FGN Bonds (Local)				FGN Bonds				FGN Bonds							
					Mar-27	Apr-29	Feb-31	May-33	Feb-34		Mar-27	Apr-29	Feb-31	May-33	Feb-34
13.53% 23-MAR-2025	23.50%	20.20%	3.30%	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	19.55%	18.62%	0.93%	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	19.62%	18.80%	0.82%	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	19.31%	19.30%	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	18.65%	18.65%	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				24.45%	22.03%	2.42%					
7.625 21-NOV-2025	7.96%	8.01%	-0.05%	VIATHAN 16.00% 14-DEC-2027				20.41%	19.58%	0.83%					
6.50% 28-Nov-2027	8.93%	9.22%	-0.29%	UNION 16.20% 27-JUN-2029				22.21%	22.08%	0.13%					
7.875% 16-FEB-2032	9.95%	10.34%	-0.39%	FIDELITY 8.50% 7-JAN-2031				21.83%	21.07%	0.76%					
7.625% 28-Nov-2047	10.43%	10.76%	-0.33%	MTN COM PLC 12.75 II 4-NOV-2031				21.71%	21.00%	0.71%					
Source: DMO, CBN,FMDQ, ARM Research															

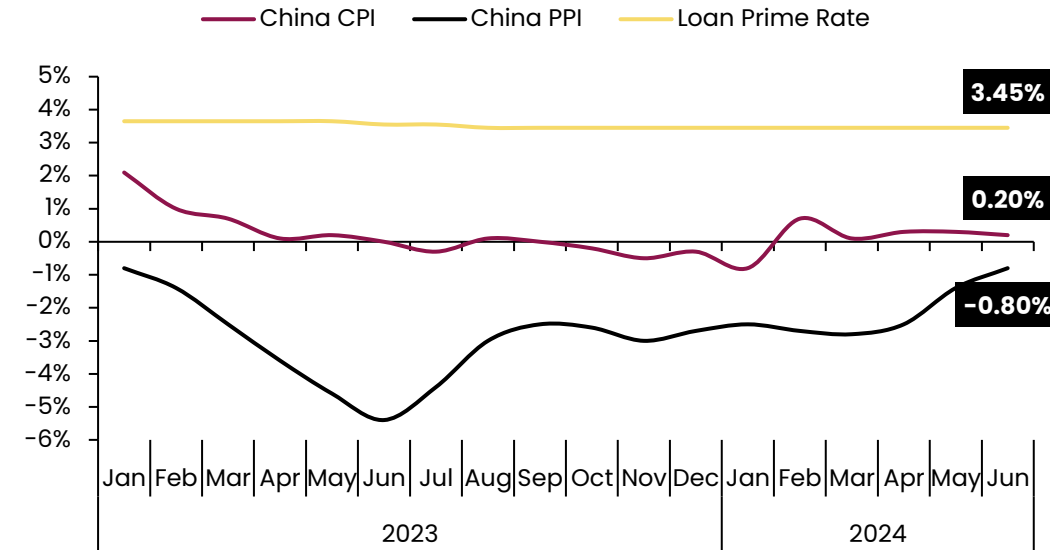


Diverging Inflation Paths: China Battles Deflation as US Inflation Eases

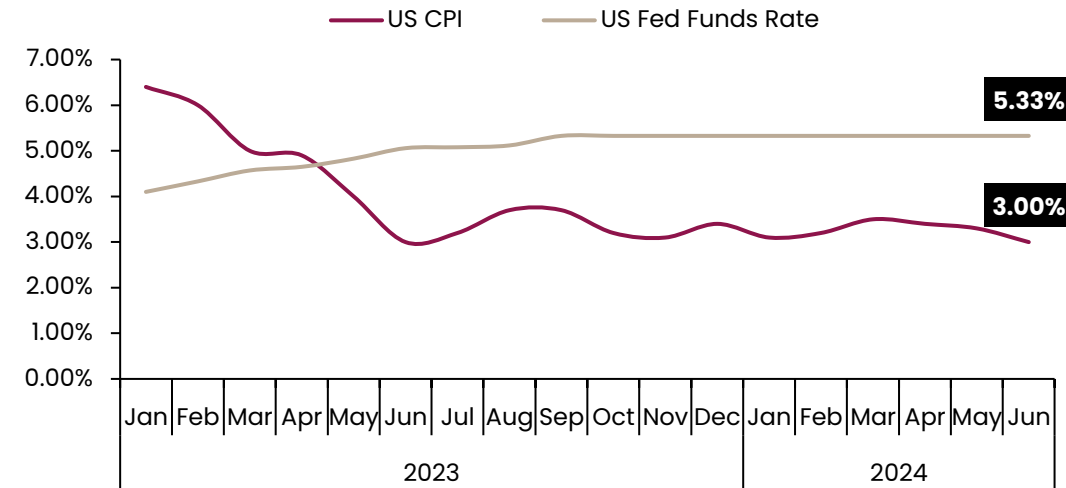
China's Consumer Price Index (CPI) continued rising for the fifth consecutive month in June 2024, up 0.2% year-on-year (YoY), slower than May's 0.3% YoY increase, indicating ongoing deflationary pressures from weak domestic demand. Food prices fell by 2.1% YoY, with significant declines in fresh vegetables (-7.3% YoY), fresh fruits (-8.7% YoY), beef (-13.4% YoY), and mutton (-7.1% YoY), offsetting an 18.1% YoY surge in pork prices. Core inflation remained at 0.6% YoY, while month-on-month inflation decelerated by 0.2%, down from May's 0.1% decrease. The Producer Price Index (PPI) continued its deflationary trend, falling 0.8% YoY in June, an improvement from May's 1.4% YoY decline, marking the smallest decrease in 17 months due to a lower base effect from June 2023. Excess manufacturing capacity remains a concern with continued declines in consumer durable factory-gate prices. The People's Bank of China (PBOC) has maintained an accommodative stance, keeping interest rates at 3.45% since August 2023. China's consumer inflation is expected to remain subdued through 2025 unless significant policy interventions are implemented, though some relief for the PPI is anticipated.

In the US, consumer prices rose by 3.0% year-on-year (YoY) in July 2024, a slowdown from the 3.3% YoY increase recorded in May. This moderation was largely due to declining gasoline prices, which fell by 3.8% YoY, offsetting rising shelter costs that climbed by 5.2% YoY. Core inflation, excluding volatile food and energy prices, increased by 3.3% YoY, down from 3.4% the previous month, marking its lowest rise since April 2021. Energy and food prices saw increases of 1.0% and 2.2% YoY, respectively. On a month-to-month basis, headline CPI edged up by 0.1% after remaining unchanged in May, while core inflation and food prices rose by 1.0% and 0.2% MoM, respectively.

Although still above the Federal Reserve's 2% target, the slowdown in inflation in June sets the stage for potential interest rate cuts. Market expectations, as indicated by the CME Fed Watch Tool, suggest an 80% probability of the first rate cut occurring in September 2024.



Source: Bloomberg, ARM Research



Source: BLS, FRED, ARM Research



CONSUMER GOODS	CP	TP	Upside/Downside	RECOMMENDATION
DANGOTE SUGAR REFINERY PLC	41.60	30.9	-25.72%	SELL
FLOUR MILLS NIG. PLC.	43.75	36	-17.71%	SELL
FINANCIAL SERVICES	CP	TP	Upside/Downside	RECOMMENDATION
ACCESS HOLDINGS PLC	19.05	25.47	33.70%	STRONG BUY
FBN HOLDINGS PLC	22.25	29.95	34.61%	STRONG BUY
UNITED BANK FOR AFRICA PLC	22.75	29.57	29.98%	STRONG BUY
ZENITH BANK PLC	37.05	44.04	18.87%	OVERWEIGHT
ICT	CP	TP	Upside/Downside	RECOMMENDATION
AIRTEL AFRICA PLC	2100.00	2300.03	9.53%	NEUTRAL
MTN NIGERIA COMMUNICATIONS PLC	200.00	270.16	35.08%	STRONG BUY
INDUSTRIAL GOODS	CP	TP	Upside/Downside	RECOMMENDATION
LAFARGE AFRICA PLC (WAPCO)	36.30	45.01	23.99%	STRONG BUY
OIL AND GAS	CP	TP	Upside/Downside	RECOMMENDATION
SEPLAT ENERGY PLC	3730.00	3,790.80	1.63%	NEUTRAL
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	Qualification Date
Linkage Assurance Plc	10-Jul-24				NGN0.05	2023FY	31-Jul-24	15-Jul-24	12-Jul-24
Prestige Assurance Plc	5-Jul-24				NGN0.02	2023FY	9-Aug-24	31-Jul-24	30-Jul-24
Fidson Healthcare Plc	8-Jul-24				NGN0.60	2023FY			

Source: NGX, ARM Research



Thank You





ARM Securities Contact

Research	234 (1) 270 1653	research@armsecurities.com.ng
Institutional Sales & Trading	234 (1) 448 8833	trading@armsecurities.com.ng
Customer Service	234 (1) 448 8282	customerservice@armsecurities.com.ng

Copyright © 2024 Asset & Resource Management Company Limited (“ARM”).

All rights reserved. Unauthorized use, reproduction, distribution, or disclosure of this document is strictly prohibited. This material has been issued by Asset & Resource Management Company Limited (“ARM”), a Company regulated by the Nigerian Securities and Exchange Commission. The analyst(s) primarily responsible for preparing this research report, in whole or in part, certifies that with respect to each security or issuer covered; all of the views expressed accurately reflect his/her personal views about the subject securities and issuers and no part of his/her compensation was, is, or will be, directly or indirectly, related to the inclusion of specific recommendations or views in the report.

This research report is based on information from sources that ARM, and its analysts believe to be reliable. Neither ARM nor any of its Research Analysts, nor any member of the ARM Group, gives any representation or warranty, express or implied, or undertaking of any kind or assumes responsibility or liability of any kind with respect to the accuracy or completeness of the information set out in this report or any third party’s use (or the results of such use) of such information. This report is provided solely for informational purposes and is not to be construed as providing advice, recommendations, or endorsements of any kind whatsoever. The investments and strategies discussed here may not be suitable for all investors; counsel of investment advisor should be obtained with regard to such investments and or strategies. This research report is not a replacement for advice from an accountant, lawyer, personal finance advisor or other category of investment advisor. The investments discussed in this report may oscillate in price or value. Opinions and information provided are made as of the date of the report issue and are subject to change without notice. This research report is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Reference herein to any specific security or financial instrument does not necessarily constitute or imply its endorsement or recommendation by ARM, its directors, officers, employees, or designated agents. Members of ARM may act as broker, advisor, or lender, or make a market in any investments or issuers referenced in this report. Further information on any of the securities discussed herein may be obtained upon request to ARM. By accepting this document, you agree to be bound by the foregoing limitations.



www.arm.com.ng

    @armengage

1 Mekunwen Road,
Off Oyinkan Abayomi Drive,
Ikoyi, Lagos, Nigeria

