

# Weekly Market Summary



## Highlights

- **Monetary Authorities Remain Hawkish as Consumer Prices Surge to Unprecedented Levels**
- **Nigerian Stock Market Shaves off -0.52% to Close the Week.**
- **Treasury Bills Auction Pushes Overnight Rate Higher**
- **UK Inflation Drops to 2.30%**

Economic Data	24-05-24	17-05-24	WoW	YTD
NGXASI	97,612.51	98,125.73	-0.52%	30.54%
NGXLII	6,234.99	6,207.48	0.44%	34.96%
Market Cap (₦'bn)	55,217.53	55,507.59	-0.52%	34.95%
Official Exchange Rate (₦/\$)	1,479.69	1,501.02	1.46%	-39.18%
Oil Prices (\$'pb)	82.12	83.98	-2.21%	6.59%
External Reserves (\$'bn)	32.74	32.66	0.22%	-0.53%
LC Managed Funds				
Halal Investment Fund (₦)	1.961	1.967	0.36%	7.83%
Halal Fixed Income Fund (₦)	1,218.300	1,215.173	0.26%	5.79%
Lotus Halal Equity ETF (₦)	29.831	29.683	0.50%	32.21%

## NIGERIAN MARKET UPDATE

### **Monetary Authorities Remain Hawkish as Consumer Prices Surge to Unprecedented Levels**

The Monetary Policy Committee (MPC) of the CBN held its third meeting in the year, as committee members voted to raise benchmark interest rate by 150bps. This hike which was in response to rising consumer prices pushed the monetary policy rate to 26.25%, marking its highest level in history. At the meeting, monetary authorities emphasized their focus on price stability and reigning in inflation. With this focus in mind, a rate hike was not surprising, as recent inflation data released by the Nigerian Bureau of Statistics a week prior showed consumer prices in Nigeria maintaining their incline. Nigeria's annual inflation rate rose to 33.69% in April 2024, an unprecedented level not witnessed since early 1996.

Moreover, with economic indicators affirming the country's strong growth trajectory, a rate hike does not risk a disruption to economic growth in Nigeria. This is evidenced by the country's GDP data for Q1'2024 that showed 2.98% economic expansion on the back of improved oil output. In addition, the monetary authority's decision to raise interest rates has the potential of strategically attracting foreign capital into the country by enhancing domestic investment returns. With improved foreign capital inflow, the country would be able to build its foreign reserves and meet its foreign exchange needs.

### **Nigerian Stock Market Shaves off -0.52% to Close the Week**

The local equities market closed the week on a negative note, with the NGX-ASI declining by -0.52% week-on-week. This outing was influenced by the MPC's decision to hike interest rates, as investors in the banking sector led the profit-taking in the market. This is evidenced by the banking sector's index that shed -7.35% in the week to lead the laggard's chart. The year-to-date return of the local bourse moderated to 30.54%. At the end of the week, the market capitalization of the local equities was pegged at ₦55.22 trillion (previous week: ₦55.51 trillion).

With the exception of the banking sector index and the insurance sector index, all other sectoral indices closed the week higher. Consequently, the Lotus Islamic Index also inched higher as it gained 0.44% in the week to bring its year-to-date return to 34.96%. This outing was as a result of the ethical index's low exposure to the banking sector that dragged the general market lower.

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## *Treasury Bills Auction Pushes Overnight Rate Higher*

During the week, the DMO issued ₦638.98 billion in treasury bills which further tightened the liquidity in the system. This led both the overnight rate (ON) and the overnight policy rate to increase by 232bps and 244bps respectively. The ON was pegged at 33.00% at the end of the week while the OPR stood at 32.40%.

The Naira strengthened in the week, gaining 1.46% at the official window to trade at ₦1,479.69/\$. At the parallel market however, the Naira exchanged for ₦1,493.00/\$ at the end of the week.

## *GLOBAL MARKETS*

### *UK Inflation Drops to 2.30%*

In the United Kingdom, authorities continue to record success against rising consumer prices as inflation slows for the third consecutive month. Annual inflation rate, according to the data released by the Office of National Statistics slowed to 2.30% in April 2024 (3.2% in March 2024). Falling energy prices were the key driver of the decline in inflation as the British Office of Gas and Electricity Markets (OFGEM) lowers the country's energy price cap in April 2024. This decline in inflation rate raises concerns of interest rate cuts by the Bank of England as inflation inches closer to its target rate of 2.00%.

## *Lotus Capital, Creating Wealth the Halal Way*

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