

# Weekly Market Summary



## Highlights

- **Business Activity in Nigeria Improves for Sixth Consecutive Month**
- **Nigerian Stock Market Sheds -0.08% to Close the Week.**
- **System Liquidity Marginally Declines**
- **ECB Embraces Dovish Shift: Cuts Rates by 25bps**

Economic Data	07-06-24	31-05-24	WoW	YTD
NGXASI	99,221.14	99,300.38	-0.08%	32.70%
NGXLII	6,230.97	6,243.99	-0.21%	34.88%
Market Cap (₦'bn)	56,128.19	56,172.46	-0.08%	37.17%
Official Exchange Rate (₦/\$)	1,485.82	1,475.19	-0.16%	-39.43%
Oil Prices (\$'pb)	79.62	81.62	-2.45%	3.35%
External Reserves (\$'bn)	32.80	32.69	0.34%	-0.33%
LC Managed Funds				
Halal Investment Fund (₦)	1.981	1.974	0.32%	8.58%
Halal Fixed Income Fund (₦)	1,224.891	1,221.857	0.25%	6.33%
Lotus Halal Equity ETF (₦)	29.774	29.810	-0.12%	31.96%

## NIGERIAN MARKET UPDATE

### **Business Activity in Nigeria Improves for Sixth Consecutive Month**

Despite grappling with several macroeconomic headwinds, Nigeria continues to demonstrate resilience as business activities increase. This is evidenced by the country's Purchasing Managers' Index (PMI), which surged to 52.1 points in May 2024, up from 51.1 points in April 2024. This consistent upward trend, marking the sixth consecutive expansion in business activities, signifies an enhancement in the business landscape for Nigeria's private sector.

Despite the elevated inflation rate in the country which stood at 33.69% in April 2024, there's a noticeable uptick in consumer demand in the country. This has stimulated an increase in both private sector output and new orders. However, the Central Bank of Nigeria's hawkish monetary stance which is evident in its monetary policy committee's recent benchmark lending rate hike of 150bps has the potential of slowing this expansion in private sector activity, although we do not foresee a contraction in business activity in the country.

### **Nigerian Stock Market Sheds -0.08% to Close the Week**

The local equities market closed the week negative as profit-taking resumes in the banking sector. The NGX-ASI shaved off -0.08% to moderate the market's year-to-date return to 32.70%. Market capitalization of the NGX was hence pegged at N56.13 trillion at the end of the week.

The NGX Lotus Islamic index followed the direction of the general market to shed -0.21% in the week. This pegged the ethical index's year-to-date return at 34.88%. Across the five sectoral indices, sentiment was relatively balanced with two gainers, two losers, and one index closing the week flat. The Consumer Goods sector index gained 0.33% to end the week as the best performing sector index. Conversely, the Banking Sector index led the laggards' chart with a -0.62% decline.

## *System Liquidity Marginally Declines*

During the week, there was marginal decline in system liquidity. As a result of this, both the overnight rate (ON) and the overnight policy rate contracted in the week to settle at 30.65% (previous week:29.94%) and 29.95% (previous week: 29.09%) respectively.

The Naira weakened across various trade windows in the week, down by -0.16% at the official window to trade at ₦1,485.82/\$. Similarly, the Naira weakened by -1.48% at the parallel market to exchange for ₦1,482.00/\$ at the end of the week.

## *GLOBAL MARKETS*

### *ECB Embraces Dovish Shift: Cuts Rates by 25bps*

The European Central Bank recorded a significant policy shift by embracing a dovish stance, opting to cut benchmark policy rate by 25bps. This decision is coming even as Eurostat forecasts May inflation rate for the Euro Area to reach 2.60%, higher than the 2.40% inflation reading for April. This decision also marks an end to the nine months of stable policy rate. With inflation close to the ECB's target rate of 2.00%, we expect further rate cuts from the European monetary authority in the absence of any spike in inflation.

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

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