Weekly Market Summary

LOTUS CAPITAL
HALAL INVESTMENTS

May 31st, 2024.

Highlights

- ***Money Supply Rises to Record Level in Nigeria***
- ***Nigerian Stock Market Gains by 1.73% to Close the Week.***
- ***System Liquidity Marginally Improves***
- ***Manufacturing Activity Declines in China***

Economic Data	31-05-24	24-05-24	WoW	YTD
NGXASI	99,300.38	97,612.51	1.73%	32.80%
NGXLII	6,243.99	6,234.99	0.14%	35.16%
Market Cap (₦'bn)	56,172.46	55,217.53	1.73%	37.28%
Official Exchange Rate (₦/$)	1,475.19	1,479.69	0.40%	-39.00%
Oil Prices ($'pb)	81.62	82.12	-0.61%	5.94%
External Reserves ($'bn)	32.69	32.74	-0.13%	-0.67%
LC Managed Funds				
Halal Investment Fund (₦)	1.974	1.967	0.38%	8.23%
Halal Fixed Income Fund (₦)	1,221.857	1,218.300	0.29%	6.08%
Lotus Halal Equity ETF (₦)	29.810	29.831	-0.07%	32.12%

NIGERIAN MARKET UPDATE

Money Supply Rises to Record Level in Nigeria

The money supply, a critical measure of liquidity in a country, remains elevated in Nigeria, despite concerted efforts by the authorities to reduce excess liquidity. Recent data released by the Central Bank of Nigeria highlights this situation, indicating that the country's M2 money supply stood at ₦96.96 trillion in April 2024, up from ₦92.33 trillion in March 2024. M2 is a comprehensive measure of money supply that includes cash, checking deposits, certificates of deposit, and other savings account deposits, making it a valuable indicator of overall liquidity in the economy.

The persistently high liquidity levels in Nigeria are contributing to the sustained inflationary pressures in the country. The country's inflation rate was estimated at 33.69% in April 2024, higher than the 33.20% recorded in March 2024. The link between high liquidity and inflation is well-documented in economic theory. When there is an excess supply of money in the economy, it can lead to increased consumer spending and demand for goods and services. This heightened demand, in turn, exerts upward pressure on prices, leading to inflation. In Nigeria's case, the elevated M2 levels suggest that there is a significant amount of money circulating within the economy, despite monetary authorities' contractionary policies that has seen benchmark lending rate hiked by a cumulative 750bps this year.

Hence for authorities to record any success in slowing inflation, there is the need for effective interventions to manage and reduce the money supply in the country.

Nigerian Stock Market Gains by 1.73% to Close the Week

Following three consecutive bearish weeks, the local equities market swayed positive to close the week on a positive note. This outing was influenced by recovery in the Banking and Oil & Gas sectors that led the NGX-ASI to gain 1.73% in the week. At the end of the week, the year-to-date return of the local bourse was pegged at 32.80%. Investors made a gain of ₦954 billion in the week, as market capitalization of the local equities rose to ₦56.17 trillion at the end of the week (previous week: ₦55.22 trillion).

The Oil & Gas and Banking sector indices were the best performing sectoral indices in the week, up by 9.08% and 8.72% respectively. Whereas the Industrial Goods sector index was the sole laggard of the week, losing

-0.13% to close the week. The Lotus Islamic Index however followed suit the direction of the general market to gain 0.14% in the week, bringing its year-to-date return to 35.16%.

System Liquidity Marginally Improves

During the week, there was marginal improvement in system liquidity. As a result of this, both the overnight rate (ON) and the overnight policy rate contracted by 306bps and 331bps respectively. The ON was pegged at 29.94% at the end of the week while the OPR stood at 29.09%.

The Naira strengthened across various trade windows in the week, gaining 0.40% at the official window to trade at ₦1,475.19/$. Similarly, the Naira strengthened by 2.26% at the parallel market to exchange for ₦1,460.00/$ at the end of the week.

GLOBAL MARKETS

Manufacturing Activity Declines in China

In the People's Republic of China, Manufacturing PMI missed market forecast to decline to 49.50points in May 2024. This signals a contraction in manufacturing activity in the second largest economy in the world following two months of expansion. Although sentiment remained upbeat in China, this contraction in PMI underlines China's struggles with weak local and international demand.

Lotus Capital, Creating Wealth the Halal Way

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