

# Weekly Market Summary



## Highlights

- **Nigeria's Headline Inflation Surges to 34.19%**
- **Nigerian Stock Market Reverses Losses to Close the Week 0.87% Higher.**
- **System Liquidity Marginally Increases**
- **Chinese Economy Expands by 4.70% in Q2'2024**

Economic Data	19-07-24	12-07-24	WoW	YTD
NGXASI	100,539.40	99,671.28	0.87%	34.46%
NGXLII	6,301.39	6,278.86	0.36%	36.40%
Market Cap (₦'tn)	56.929	56.441	0.86%	39.13%
Official Exchange Rate (₦/\$)	1,596.92	1,563.80	-2.07%	-34.68%
Oil Prices (\$'pb)	82.63	85.03	-2.82%	7.26%
External Reserves (\$'bn)	35.93	35.38	1.58%	9.18%
LC Managed Funds				
Halal Investment Fund (₦)	2.02	2.01	0.21%	10.58%
Halal Fixed Income Fund (₦)	1,212.36	1,209.20	0.26%	8.02%
Lotus Halal Equity ETF (₦)	30.60	30.74	-0.47%	35.61%

## NIGERIAN MARKET UPDATE

### **Nigeria's Headline Inflation Surges to 34.19%**

Nigeria's headline inflation rate surged to 34.19% in June 2024, marking its highest level since March 1996. This significant increase is largely attributed to the removal of fuel subsidies and the depreciation of the local currency. These factors have contributed to widespread economic pressures, manifesting in the cost of essential goods and services across the country. The elimination of fuel subsidies, in particular, has led to higher transportation costs, driving up prices and affecting the overall cost of living.

Food inflation, which constitutes a substantial portion of Nigeria's inflation basket, reached an unprecedented 40.87% in June, up from 40.66% in May. The sharp rise in food prices is driven by increases in the costs of staples such as bread, cereal, potatoes, and fish. This spike in food prices places a severe burden on households, particularly those with lower incomes, exacerbating food insecurity and economic hardship. The agricultural sector, facing challenges such as high production costs and logistical issues, struggles to keep up with the demand, further intensifying the situation.

Additional inflationary pressures are evident in the housing, utilities, and beverage sectors. These rising costs reflect broader economic challenges and highlight the urgent need for comprehensive policy measures to stabilize the economy. The increased cost of housing and utilities strains household budgets, while higher beverage prices impact consumer spending patterns. The convergence of these factors creates a complex economic environment that requires targeted interventions to mitigate adverse effects and support economic stability. Notably, this surge in inflation comes despite a 750-basis points interest rate hike implemented in the first half of 2024, underscoring the persistent and multifaceted nature of the inflationary pressures. These inflationary trends are expected to play a critical role in the decisions at the upcoming Monetary Policy Committee (MPC) meeting. With inflation rates at record highs, the committee will likely consider further tightening of monetary policy to curb inflationary pressures.

### **Nigerian Stock Market Reverses Losses to Close the Week 0.87% Higher**

The Nigerian equities market closed the week on a positive note, with the NGX All Share Index gaining 0.87% in the week, bringing the year-to-date return of the NGX ASI to 34.46%. This outing pegged the market capitalization of the NGX at ₦56.44 trillion at the end of the week (previous week: ₦56.93 trillion). The NGX Lotus Islamic followed suit to gain 0.36% in the week to bring its year -to-date return to 36.40%.

# Weekly Market Summary



## *System Liquidity Marginally Increases*

System liquidity continued to improve, with the marginal increase pushing both the overnight rate (ON) and the overnight policy rate (OPR) lower in the week. The ON rate slowed to 32.02% (previous week: 32.45%) at the end of the week, while the OPR declined to 31.39% to close the week (previous week: 31.61%).

The Naira weakened by -2.07% at the official window to trade at ₦1,596.92/\$ (previous week: ₦1,563.80/\$). Similarly, at the parallel market, the Naira weakened to trade at c.₦1,570 at the end of the week (previous week: ₦1,550.00/\$).

## *GLOBAL MARKETS*

### *Chinese Economy Expands by 4.70% in Q2'2024*

The Chinese economy expanded by 4.70% year-on-year in Q2'2024, slowing from a 5.3% growth in Q1. This marked the weakest annual advance since Q1 2023, reflecting the ongoing challenges facing the Chinese economy. Contributing factors include a persistent property downturn, weak domestic demand, a falling yuan, and trade frictions with the West.

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

For enquiries, please contact us at:

Lotus Capital Ltd  
182, Awolowo Road  
Ikoyi, Lagos  
Nigeria  
T1: +234-1-291 4626  
T2: +234 -1-291 4624

***DISCLAIMER: - The information contained herein is provided for informational purposes only, without any express or implied warranty of any kind, including warranties of accuracy, completeness, or fitness for any particular purpose. The information contained herein is not intended to be and does not constitute financial, investment or any other form of advice. No one should make any financial or investment decision without undertaking a thorough and independent due diligence and consultation with a professional and competent financial advisor. Anybody relying on this information does so AT HIS/HER OWN RISK.***