

Weekly Market Summary



Highlights

- ***CBN Hikes Benchmark Policy Rate to 26.75%***
- ***Nigerian Stock Market Shaves Gains by -2.33% in the Week***
- ***System Liquidity Marginally Increases***
- ***People's Bank of China Cut Lending Rate by 10bps***

Economic Data	26-07-24	19-07-24	WoW	YTD
NGXASI	98,201.49	100,539.40	-2.33%	31.33%
NGXLII	6,155.14	6,301.39	-2.32%	33.24%
Market Cap (₦'tn)	55.605	56.929	-2.33%	35.90%
Official Exchange Rate (₦/\$)	1,609.29	1,596.92	-0.77%	-35.18%
Oil Prices (\$'pb)	81.13	82.63	-1.82%	5.31%
External Reserves (\$'bn)	36.44	36.01	1.18%	10.71%
LC Managed Funds				
Halal Investment Fund (₦)	2.02	2.02	-0.08%	10.50%
Halal Fixed Income Fund (₦)	1,215.13	1,212.36	0.23%	8.25%
Lotus Halal Equity ETF (₦)	29.76	30.60	-2.75%	31.88%

NIGERIAN MARKET UPDATE

CBN Hikes Benchmark Policy Rate to 26.75%

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria has raised its benchmark lending rate by 50 basis points from 26.25% to 26.75%, marking the fourth consecutive interest rate hike this year. This decision follows increases of 150 basis points in May, 200 basis points in March, and 400 basis points in February. These consistent rate hikes underscore the central bank's commitment to tackling the nation's inflation challenges and stabilizing the economy.

The recent hike aims to combat the rising inflation rate, which surged from 22.79% in June 2023 to 34.20% in June 2024. This spike in inflation is largely driven by the partial removal of fuel subsidies and a significant depreciation of the naira which has led to an increase in import bills. Additionally, the MPC adjusted the Asymmetric Corridor around the Monetary Policy Rate (MPR) to +500/-100 basis points, from the previous +100/-300 basis points. This adjustment is intended to provide greater flexibility in managing liquidity conditions and influencing short-term interest rates, thereby enhancing the effectiveness of monetary policy in controlling inflation.

Nigerian Stock Market Shaves Gains by -2.33% in the Week

The Nigerian equities market swayed bearish to close the week on a negative note. The NGX All Share Index shaved off -2.33% in value in the week as investors take profit. This moderated the year-to-date return of the local equities market to 31.33%. As a result of this outing, the market capitalization of the NGX was down by N1.32 trillion to stand at ₦55.61 trillion at the end of the week (previous week: ₦56.93 trillion).

The NGX Lotus Islamic (NGXLII) followed suit, closely mirroring the all-share index to shed -2.32% in the week. This moderated the NGXLII's year-to-date return to 33.24%. All sectoral indices also mirrored the performance of the general market to close the week on a negative note. Across all sectoral indices, the NGX Industrial Goods index recorded the worst performance in the week, as it sheds -5.89% to close at 4,435.11 points.

Weekly Market Summary



System Liquidity Marginally Increases

Although the CBN maintains its monetary tightening stance with a 50bps hike in the monetary policy rate in the week, system liquidity continued to improve. This led to further decline in both the overnight rate (ON) and the overnight policy rate (OPR) in the week. The ON rate slowed to 26.66% (previous week: 32.02%) at the end of the week, while the OPR declined to 26.13% to close the week (previous week: 31.39%).

The Naira weakened by -0.77% at the official window to trade at ₦1,609.29/\$ (previous week: ₦1,596.92/\$). Similarly, at the parallel market, the Naira marginally weakened to trade at c.₦1,586.00/\$ at the end of the week (previous week: ₦1,570.00/\$).

GLOBAL MARKETS

People's Bank of China Cut Lending Rate by 10bps

The People's Bank of China slashed key lending rates to new record lows in July to bolster a fragile economic recovery. The one-year loan prime rate (LPR), which serves as the benchmark for most corporate and household loans, was reduced by 10 basis points to 3.35%. Similarly, the five-year rate, used as a reference for property mortgages, was also cut by 10 basis points to 3.85%. This rate cut is expected to redirect capital flows towards emerging markets like Nigeria, which currently has elevated interest rates.

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.