

# Weekly Market Summary



## Highlights

- ***CBN Unveils Strategic Measures to Boost Naira Liquidity***
- ***Nigerian Stock Market Gains 0.32% to Close the Week.***
- ***System Liquidity Marginally Declines***
- ***US Inflation Slows in May: Potential Fed Rate Cuts on the Horizon***

| Economic Data                 | 28-06-24   | 21-06-24  | WoW    | YTD     |
|-------------------------------|------------|-----------|--------|---------|
| NGXASI                        | 100,057.49 | 99,743.05 | 0.32%  | 33.81%  |
| NGXLII                        | 6,287.43   | 6,274.78  | 0.20%  | 36.10%  |
| Market Cap (₦'tn)             | 56.602     | 56.421    | 0.32%  | 38.33%  |
| Official Exchange Rate (₦/\$) | 1,470.69   | 1480.52   | 0.67%  | -38.81% |
| Oil Prices (\$'pb)            | 84.91      | 85.24     | -0.39% | 10.22%  |
| External Reserves (\$'bn)     | 34.14      | 33.70     | 1.31%  | 3.74%   |
| LC Managed Funds              |            |           |        |         |
| Halal Investment Fund (₦)     | 2.01       | 1.99      | 0.92%  | 10.17%  |
| Halal Fixed Income Fund (₦)   | 1,235.04   | 1,231.65  | 0.28%  | 7.17%   |
| Lotus Halal Equity ETF (₦)    | 30.45      | 30.40     | 0.17%  | 34.95%  |

## NIGERIAN MARKET UPDATE

### ***CBN Unveils Strategic Measures to Boost Naira Liquidity***

The Central Bank of Nigeria (CBN) has unveiled strategic measures to enhance naira liquidity and bolster diaspora remittances. According to a recently issued circular, eligible International Money Transfer Operators (IMTOs) can now access naira liquidity through the CBN's window, thereby streamlining the settlement processes for remittances. This initiative permits IMTOs to execute foreign exchange transactions either directly via the CBN or through their Authorized Dealer Banks (ADB), with transaction pricing reflecting NAFEX traded rates.

This initiative is coming barely a month after the CBN granted approvals-in-principle to 14 IMTOs as the apex bank continues to seek ways to improve foreign capital inflow. The CBN's aim with this circular is to reduce remittance cost, thereby enhancing financial inclusion by boosting foreign capital inflows through formal channels. This would in essence help to stabilize the foreign exchange market, mitigate exchange rate volatility, and support a market-driven fair value for the naira.

### ***Nigerian Stock Market Gains 0.32% to Close the Week***

The local equities market closed the week positive as bargain-hunting pushes the NGX-ASI up by 0.32%. This outing pegged the year-to-date return of the local bourse at 33.81%. Market capitalization of the NGX inched higher by 0.32% to settle at N56.60 trillion at the end of the week.

The NGX Lotus Islamic index followed the direction of the general market to gain 0.20% in the week. This pegged the ethical index's year-to-date return at 36.10%. Across sectoral indices, the oil and gas sector index gained 5.71% to end the week as the best performing sector index. Conversely, the Consumer Goods Sector index led the laggards' chart with a -0.56% decline.

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## *System Liquidity Marginally Declines*

During the week, there was marginal decline in system liquidity as the CBN issues N284.26 billion treasury bills to mop up liquidity. As a result of this, both the overnight rate (ON) and the overnight policy rate contracted in the week to settle at 25.00% (previous week:24.54%) and 24.17% (previous week: 23.71%) respectively.

The Naira strengthened by 0.67% at the official window to trade at ₦1,470.69/\$. At the parallel market however, the US Dollar traded for c.₦1,520.00/\$ at the end of the week.

## *GLOBAL MARKETS*

### *US Inflation Slows in May: Potential Fed Rate Cuts on the Horizon*

The United States has released the Personal Consumer Expenditure (PCE) Index inflation rate for May, indicating a deceleration in inflation to 2.6%, down from 2.7% in April. The PCE, the Federal Reserve's preferred measure of inflation, recorded a month-over-month increase of 0.1%, marking its slowest rise since November 2023. A downward trend in this critical economic indicator enhances the probability of interest rate cuts by the Federal Reserve.

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