

Weekly Market Summary



Highlights

- **Nigerian Economy Expands by 3.19% in the Second Quarter of 2024**
- **Nigerian Equities Market up by 0.63% to Close Week on a Positive Note**
- **Liquidity Boost Led to Dip in Overnight Rates**
- **US Economy Growth Estimate for Q2'2024 Increased to 3.00%**

Economic Data	30-08-24	23-08-24	WoW	YTD
NGXASI	96,579.54	95,973.45	0.63%	29.16%
NGXLII	6,305.94	6,129.08	2.89%	36.50%
Market Cap (₦'tn)	55.478	55.129	0.63%	35.58%
Official Exchange Rate (₦/\$)	1,598.56	1,570.14	-1.78%	-34.75%
Oil Prices (\$'pb)	78.80	79.02	-0.28%	2.28%
External Reserves (\$'bn)	36.31	36.44	-0.36%	10.31%
LC Managed Funds				
Halal Investment Fund (₦)	2.15	2.06	4.06%	17.69%
Halal Fixed Income Fund (₦)	1,232.07	1,228.96	0.25%	9.64%
Lotus Halal Equity ETF (₦)	30.82	29.73	3.67%	36.58%

NIGERIAN MARKET UPDATE

Nigerian Economy Expands by 3.19% in the Second Quarter of 2024

Nigeria's economy demonstrated robust growth in the second quarter of 2024, with GDP expanding by 3.19% year-on-year, an acceleration from the 2.98% growth recorded in the first quarter of the year. This positive performance underscores the resilience of the Nigerian economy amidst global uncertainties. A significant contributor to this growth was the oil sector, which surged by 10.15% in Q2, up from 5.70% in Q1. This expansion was driven by an increase in oil output, highlighting the sector's continued importance to Nigeria's economic stability. Although average daily crude oil production slightly decreased to 1.41 million barrels per day (mbpd) in Q2 from 1.57 mbpd in Q1 2024, it remained higher than the 1.22 mbpd recorded in the same quarter last year, reflecting ongoing improvements in the sector's operational efficiency.

Beyond the oil sector, Nigeria's non-oil sector continued to show solid growth, maintaining a steady pace of 2.80% in Q2, consistent with Q1's performance. This sector's resilience is largely attributed to the strength of the services industry, which grew by 3.79% and contributed 58.76% to the country's GDP. Within the services sector, Financial Services industry emerged as key driver, contributing 28.79% to GDP. The Information and Communication sector, particularly telecommunications, also played a crucial role, expanding by 5.17% in the period.

Meanwhile, the industrial sector advanced by 3.53%, reflecting ongoing investments and improvements in manufacturing and related activities. The agricultural sector also saw modest growth, rising by 1.41%, indicating the sector's steady contribution to the overall economy despite challenges. On a quarterly basis, Nigeria's GDP was nearly flat in Q2, following a -16.1% decline in Q1. Although this stabilization in economic activity between quarters suggests a recovery trajectory, activity in Nigeria's private sector as measured by the purchasing managers' index continues to contract as monetary authorities maintain a hawkish policy to curb inflation which slowed to 33.40% in July, as against 34.19% in June 2024.

Nigerian Equities Market up by 0.63% to Close Week on a Positive Note

The Nigerian equities market reversed previous losses to close the week on a positive note. The NGX All Share Index was up by 0.63% at the end of the week, standing at 96,579.54 points. This outing pegged the market capitalization of the NGX at ₦55.47 trillion as investors earned ₦348.34 billion in the week.

The NGX Lotus Islamic (NGXLII) also followed suit to gain 2.89% in the week, as year-to-date return of the ethical index rose to 36.50%

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Liquidity Boost Led to Dip in Overnight Rates

Liquidity in Nigeria's financial system remains at elevated levels, pushing both the Overnight Rate (ON) and the Overnight Policy Rate (OPR) lower at the end of the week. The ON rate subsequently decreased to 20.06% by the end of the week, down from 26.17% in the previous week. Similarly, the OPR experienced a decline, closing the week at 18.11%, compared to 25.78% in the prior week.

In the week, the Naira weakened by -1.78% at the official window to trade at ₦1,598.56/\$, down from the ₦1,570.14/\$ it traded at the end of the prior week. This sentiment reverberated at the parallel market, where the Naira remained downbeat, closing the week at ₦1,615.00/\$ (previous week: ₦1,605.00/\$).

GLOBAL MARKETS

US Economy Growth Estimate for Q2'2024 Increased to 3.00%

The estimate for real Gross Domestic Product (GDP) growth in the United States was revised upward, indicating that the economy expanded at an annual rate of 3.0% in the second quarter of 2024, compared to the initial estimate of 2.8% and a 1.4% growth rate in the first quarter. This upward revision was largely driven by stronger-than-expected consumer spending, which grew by 2.9%, surpassing the earlier reported figure of 2.3%. With a robust GDP growth in the U.S. underscoring the resilience of the American economy, the US Federal Reserve could use this as an indicator not to rush into interest rate cuts. Interest rates remaining at elevated levels in the United States could limit capital flow into emerging markets like Nigeria with lower risk-adjusted returns than the US.

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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

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