

Weekly Market Summary



September 06th, 2024

Highlights

- ***Nigeria's Private Sector Activity Begins Recovery as PMI Ends 13-Month Contraction***
- ***Nigerian Equities Market down by -0.15% to Close Week on a Negative Note***
- ***CBN Mops Up Liquidity with Treasury Bills and OMO Issuance***
- ***China's Factory Slump Deepens as August PMI Falls***

Economic Data	06-09-24	30-08-24	WoW	YTD
NGXASI	96,433.53	96,580.01	-0.15%	28.97%
NGXLII	6,217.23	6,305.94	-1.41%	34.58%
Market Cap (₦'tn)	55.394	55.478	-0.15%	35.38%
Official Exchange Rate (₦/\$)	1,593.32	1,598.56	0.33%	-34.53%
Oil Prices (\$'pb)	71.06	78.80	-9.82%	-7.76%
External Reserves (\$'bn)	36.34	36.31	0.09%	10.41%
LC Managed Funds				
Halal Investment Fund (₦)	2.18	2.15	1.66%	19.64%
Halal Fixed Income Fund (₦)	1,234.33	1,232.07	0.18%	9.83%
Lotus Halal Equity ETF (₦)	30.46	30.82	-1.15%	35.01%

NIGERIAN MARKET UPDATE

Nigeria's Private Sector Activity Begins Recovery as PMI Ends 13-Month Contraction

Nigeria's private sector activity exhibited early signs of recovery in August 2024, as the composite Purchasing Managers' Index (PMI) rose to 50.2 points from 49.7 in July. This marks the first time the index has crossed into expansion territory after 13 consecutive months of contraction. The PMI, a key indicator of business activity and economic health, suggests that the economy is slowly regaining momentum after a challenging period, driven by improvements in certain key sectors.

According to the Central Bank of Nigeria's (CBN) PMI survey report, the expansion was primarily led by the services and agricultural sectors. The services sector, a critical component of the economy, posted its third consecutive month of growth, underscoring its resilience. Meanwhile, the agricultural sector expanded for the first time in over a year, highlighting renewed activity in a sector that is vital for food security and employment. While the industrial sector continued to contract, the pace of contraction eased compared to the previous month, indicating a gradual recovery within that segment.

Out of the 36 sub-sectors analysed across the industry (which includes manufacturing, construction, mining etc), services, and agricultural sectors, 17 reported growth, while 19 sub-sectors experienced decline. The positive movement in the August PMI data points to a potential shift in Nigeria's economic outlook, raising optimism for a sustained recovery after more than a year of contraction in business activity. As businesses gradually regain confidence and key sectors start to stabilize, the stage may be set for stronger growth in the coming quarters, provided that economic conditions become more favourable.

Nigerian Equities Market down by -0.15% to Close Week on a Negative Note

The Nigerian equities market reversed previous weeks' positive outing to close the week on a negative note. The NGX All Share Index shaved-off -0.15% to end the first trading week of the month at 96,433.53 points. This outing moderated the market capitalization of the NGX lower to stand at ₦55.47 trillion at the end of the week.

The NGX Lotus Islamic (NGXLII) also followed suit to shed -1.41% in the week, as year-to-date return of the ethical index moderated to 34.58%

CBN Mops Up Liquidity with Treasury Bills and OMO Bills Issuance

Weekly Market Summary



System liquidity halted its uptrend to contract in the week as the CBN issues ₦692.92 billion in OMO and Treasury Bills. This led both the Overnight Rate (ON) and the Overnight Policy Rate (OPR) to surge higher in the week. The ON rate subsequently increased to 31.70% by the end of the week, up from 20.06% in the previous week. Similarly, the OPR increased to 31.25% at the end of the week, compared to 18.11% in the prior week.

In the week, the Naira strengthened by 0.33% at the official window to trade at ₦1,593.32/\$, up from the ₦1,598.56/\$ it traded at the end of the previous week. At the parallel market however, the Naira remained downbeat, closing the week at ₦1,641.00/\$ (previous week: ₦1,615.00/\$).

GLOBAL MARKETS

China's Factory Slump Deepens as August PMI Falls

China's Manufacturing Purchasing Managers' Index (PMI) fell to 49.1 in August 2024, down from 49.4 in July, highlighting ongoing difficulties in reigniting the country's industrial growth. This marked the fourth consecutive month of contraction in factory activity and the steepest decline since February, with output shrinking to 49.8 after five months of modest expansion (50.1). The continued downturn points to deeper structural challenges within China's manufacturing sector, driven by weak domestic and external demand, supply chain disruptions, and global economic uncertainties.

This decline in China's manufacturing sector has broader implications for the global economy. As the world's largest exporter and a key link in global supply chains, weaker factory output in China can lead to disruptions in international trade, affecting industries reliant on Chinese goods. Additionally, it could dampen global demand for commodities, especially metals and energy, further impacting emerging markets and major economies.

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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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Weekly Market Summary

