

# Weekly Market Summary



## Highlights

- ***CBN Unveils Electronic FX-Matching System***
- ***Profit-Taking Pushes Nigerian Equities Market Lower***
- ***Naira Weakens at Official Trade Window***
- ***US Unemployment Rate Slows***

Economic Data	04-10-24	27-09-24	WoW	YTD
NGXASI	97,520.54	98,458.68	-0.95%	30.42%
NGXLII	5,933.80	6,105.60	-2.81%	28.44%
Market Cap (₦'tn)	56.039	56.578	-0.95%	36.96%
Official Exchange Rate (₦/\$)	1,631.21	1,540.78	-5.54%	-44.39%
Oil Prices (\$'pb)	78.08	71.54	9.14%	1.35%
External Reserves (\$'bn)	38.61	38.06	1.44%	17.30%
LC Managed Funds				
Halal Investment Fund (₦)	2.09	2.09	0.12%	20.31%
Halal Fixed Income Fund (₦)*	1,213.53	1,242.42	0.35%	10.85%
Lotus Halal Equity ETF (₦)	28.96	29.86	-3.02%	28.35%

\* Marked down for ₦33.20 dividend

## NIGERIAN MARKET UPDATE

### ***CBN Unveils Electronic FX-Matching System***

The Central Bank of Nigeria (CBN) has announced the launch of an Electronic Foreign Exchange Matching System (EFEMS), a significant step aimed at overhauling the country's foreign exchange market. Set to go live on December 1, 2024, upon a two-week pilot in November, the system is designed to modernize the way foreign exchange transactions are executed within the Nigerian interbank market.

The EFEMS is poised to enhance market transparency and efficiency by promoting a market-driven exchange rate mechanism that is accessible to the public. By requiring all authorized dealers to conduct foreign exchange transactions exclusively through the platform, the CBN aims to foster real-time visibility and accurate reflection of trades within the market. According to a circular from the Director of the Financial Markets Department at the CBN, this new system will be instrumental in reducing opacity, improving price discovery, and ensuring a more stable and responsive exchange rate environment. The introduction of EFEMS signals the CBN's commitment to aligning Nigeria's foreign exchange practices with global standards, fostering greater confidence and participation in the foreign exchange market.

### ***Profit-Taking Pushes Nigerian Equities Market Lower***

The Nigerian equities market reversed previous gains to close the week on a negative note. The NGX All Share Index shed -0.95% in the week to moderate its year-to-date return to 30.42%. This outing pushed the market capitalization of the NGX lower to stand at ₦56.04 trillion at the end of the week.

The NGX Lotus Islamic (NGXLII) followed suit to close the week lower by -2.81%, moderating its year-to-date gain to 28.44%.

### ***Naira Weakens at Official Trade Window***

Liquidity marginally contracted in the week to push both the overnight (ON) rate and overnight repos (OPR) rate higher. The ON rate increased to 32.77% by the end of the week, from 30.02% in the previous week. The OPR also increased to 32.23% at the end of the week, compared to 29.43% in the prior week.

In the week, the Naira weakened by -5.54% at the official window to trade at ₦1,631.21/\$, down from the ₦1,540.78/\$ it traded at the end of the previous week. At the parallel market however, the Naira remained strengthened, closing the week at ₦1,656.00/\$ (previous week: ₦1,680.00/\$).

## ***GLOBAL MARKETS***

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### ***US Unemployment Rate Slows***

The U.S. unemployment rate dropped to 4.10% in September 2024, the lowest in three months, beating market expectations of 4.20%. This decline saw 281,000 fewer unemployed individuals, bringing the total to 6.83 million, while employment rose by 430,000 to 161.86 million. The labor force participation rate held steady at 62.70%, and the employment-population ratio edged up to 60.20%.

This strong labor market performance may influence the Federal Reserve's decision on further rate cuts, as tighter employment conditions could push inflationary pressures, making the Fed more cautious about continuing to lower interest rates.

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