

Weekly Market Summary



Highlights

- **Nigeria's Inflation Cools to 6-Month Low as Food Prices Ease**
- **Nigerian Equities Market up by 0.81% to Extend Positive Run**
- **Naira Strengthens at Official Trade Window**
- **US Fed Cuts Interest Rates by 50 Basis Points Amid Softening Inflation and Job Growth**

Economic Data	20-09-24	13-09-24	WoW	YTD
NGXASI	98,247.99	97,456.62	0.81%	31.39%
NGXLII	6,314.29	6,295.39	0.30%	36.68%
Market Cap (₦'tn)	56.457	56.002	0.81%	37.98%
Official Exchange Rate (₦/\$)	1,541.52	1,546.41	0.32%	-41.15%
Oil Prices (\$'pb)	74.49	71.61	4.02%	-3.31%
External Reserves (\$'bn)	37.47	36.94	1.43%	13.85%
LC Managed Funds				
Halal Investment Fund (₦)	2.11	2.09	0.78%	20.88%
Halal Fixed Income Fund (₦)	1,239.29	1,237.32	0.16%	10.24%
Lotus Halal Equity ETF (₦)	30.87	30.76	0.36%	36.80%

NIGERIAN MARKET UPDATE

Nigeria's Inflation Cools to 6-Month Low as Food Prices Ease Rise

Nigeria's headline inflation rate moderated for the second consecutive month in August 2024, slowing to 32.20%, the lowest level in six months, this marked a further deceleration from July's rate of 33.40%. The easing of inflation was primarily driven by a slowdown in food prices, which constitute the largest component of the inflation basket. Food inflation declined to 37.5% in August, down from 39.5% in July, supported by improved corn yields and a six-month duty-free window for corn and wheat imports. The increased supply from higher agricultural production and reduced import costs helped stabilize food prices, providing relief to consumers.

In addition to food inflation, other sectors also saw a slowdown in price increases. Inflation for housing and utilities eased to 28.10% in August from 29.40% in the previous month, while inflation in the restaurants and hotels category fell slightly to 29.30%, compared to 29.90% in July. Healthcare costs increase also showed a modest decline, with inflation in the sector decreasing to 22.50% from 23.20%. These slowdowns reflect the broader cooling of inflationary pressures across various sectors of the economy, likely due to both supply-side improvements and temporary government interventions, such as the import duty waivers.

Despite these positive trends, core inflation, which excludes volatile components like food and energy, rose slightly to 27.60% in August, up from 27.50% in July. The uptick in core inflation suggests that underlying price pressures remain persistent, particularly in non-food sectors. On a month-on-month basis, consumer prices increased by 2.22% in August, down slightly from the 2.28% rise recorded in July. While the overall inflation trend is moving in a positive direction, the marginal rise in core inflation signals that underlying cost pressures continue to pose a challenge, indicating that further policy measures may be required to sustain the recent inflation slowdown.

Nigerian Equities Market up by 0.81% to Extend Positive Run

The Nigerian equities market extended its positive run in the week as the NGX All Share Index gains 0.81% to stand at 98,247.99 points. This outing pushed the market capitalization of the NGX higher to stand at ₦56.46 trillion at the end of the week.

The NGX Lotus Islamic (NGXLII) also followed suit to gain 0.30% in the week, as year-to-date return of the ethical index inches higher to 36.68%

Weekly Market Summary



Naira Strengthens at Official Trade Window

System liquidity improved in the week. As a result, the ON rate marginally decreased to 29.97% by the end of the week, from 31.73% in the previous week. The OPR followed suit to decrease to 29.69% at the end of the week, compared to 31.20% in the prior week.

The Naira strengthened by 0.32% at the official window to trade at ₦1,541.52/\$, up from the ₦1,546.41/\$ it traded at the end of the previous week. At the parallel market however, the Naira remained downbeat, closing the week at ₦1,656.00/\$ (previous week: ₦1,650.00/\$).

GLOBAL MARKETS

US Fed Cuts Interest Rates by 50 Basis Points Amid Softening Inflation and Job Growth

The US Federal Reserve implemented its first interest rate cut since March 2020 at the onset of the COVID-19 pandemic, reducing its benchmark lending rate by -50 basis points. This cut brought the federal funds rate to a range of 4.75% - 5.00%. The move is aimed at mitigating a potential slowdown in the labor market as both employment growth and inflation show signs of softening.

This marks the first half-point cut outside of emergency COVID measures since the 2008 financial crisis. The Federal Open Market Committee (FOMC) expressed increased confidence that inflation, which eased to 2.50% in August from 2.90% in July, is on a sustainable path toward the Fed's 2.00% target. The Committee also noted that risks to achieving its inflation and employment goals appear balanced, signaling a more cautious approach to future monetary policy adjustments.

Lotus Capital, Creating Wealth the Halal Way

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