



PARTHIAN  
SECURITIES

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# Equity Market Wrap

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8th March 2024

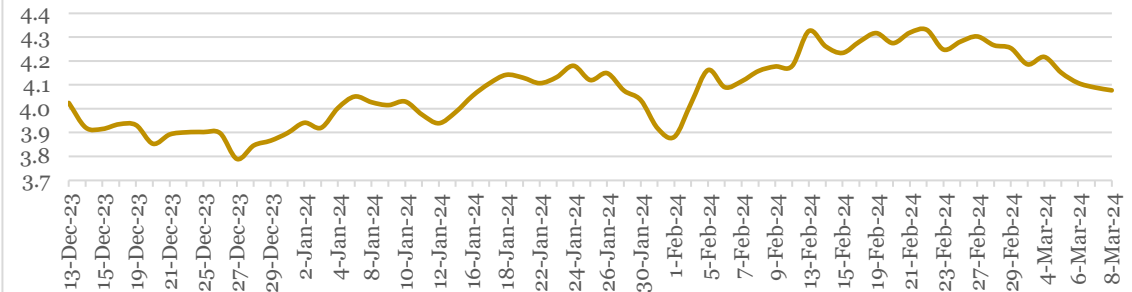
# Global Update

- At its March policy meeting, the European Central Bank (ECB) decided to keep its key interest rates unchanged, in line with market expectations. The main refinancing operations, marginal lending facility, and deposit lending facility remain at 4.50%, 4.75%, and 4.00%, respectively. The ECB emphasized its data-dependent approach to monetary policy and noted persistent domestic price pressures despite softening inflation indicators. It also announced plans to reduce the Pandemic Emergency Purchase Programme (PEPP) portfolio by EUR7.50 billion per month starting in the second half of 2024, with reinvestments set to end by year-end.
- In February, the Composite PMI for the United States, as reported by S&P Global, reached an eight-month high at 52.5 points, up from January's 52.0 points. This positive uptick is attributed to a robust expansion in factory activities and sustained momentum in the services sector. The Manufacturing PMI rose to 52.2 points, its highest level since July 2022, driven by increased production and a more pronounced uptick in new orders. While the Services PMI moderated slightly to 52.3 points compared to January's 52.5 points, influenced by softer international business and reduced optimism due to a recent pull-back in rate cut expectations, the overall outcome remained resilient, with output staying above the psychological threshold of 50 points for the thirteenth consecutive month.
- In February, the US added 275,000 jobs, surpassing the expected 198,000, according to the Labor Department. However, the unemployment rate rose to 3.9%. January's job growth was revised down from 353,000 to 229,000. December's figures were also revised down, resulting in 167,000 fewer jobs reported over two months. Average hourly earnings increased by 0.1% month-on-month, slightly below estimates, and were up 4.3% from a year ago, down from January's 4.5%.

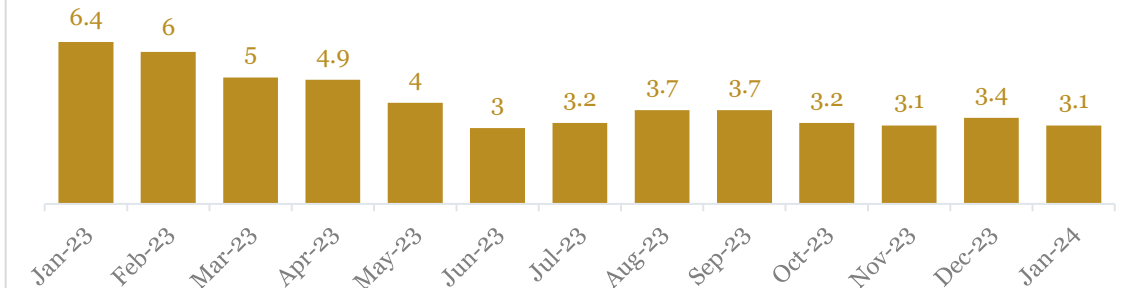
## Global Economic Data

	Current	Previous	Change
US GDP	4.90% (Q3-2023)	4.10% (Q2-2023)	2.80%
US Interest Rate	5.25% - 5.50% (Jan 2023)	5.25% - 5.50% (Dec. 2023)	0.00%
US Inflation	3.10% (Jan. 2024)	3.40% (Dec. 2023)	0.30%
China GDP	5.20% (Q4-2023)	4.90% (Q3-2023)	0.30%
China Interest Rate	3.95%	4.20%	0.25%
China Inflation	-0.30% (Dec. 2023)	-0.50% (Nov. 2023)	0.20%
US 10 Year Bond Yield	3.56%	3.88%	0.32%

### US 10 Year Bond Yields (%)

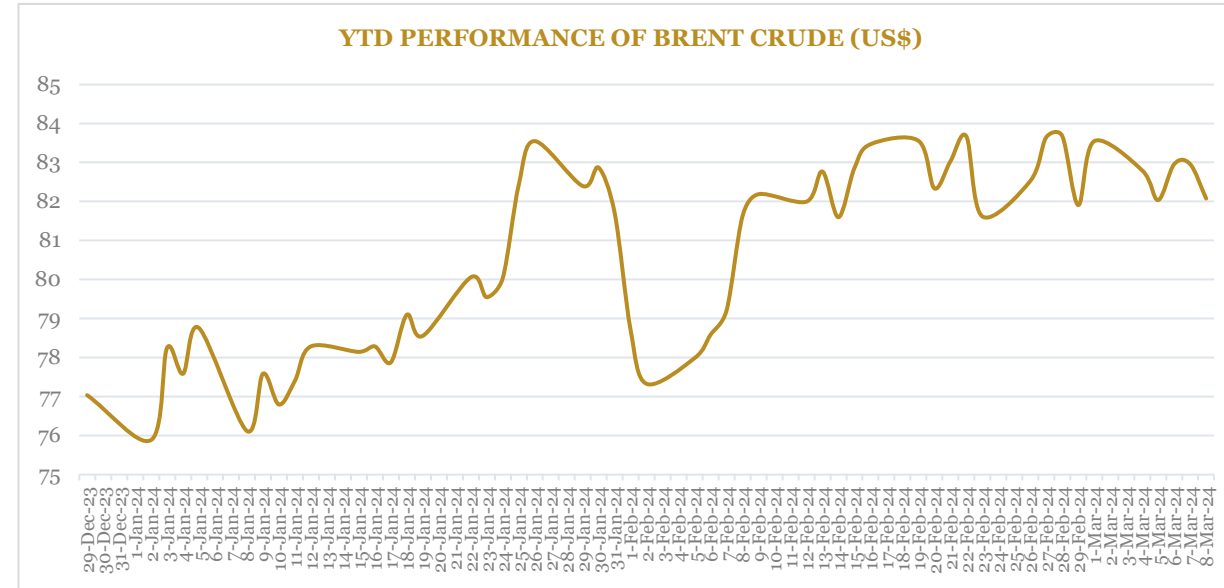


### US Inflation in 2024 (%)



# Crude Oil

- Oil prices closed the week in red, reflecting ongoing concerns about weakened Chinese demand. Despite the extension of supply cuts by the OPEC+ producer group, market sentiment remained cautious.
- On a week-on-week basis, Brent Crude Oil price declined by **1.76%** to settle at US\$82.08/b while the US Crude Oil (WTI) also further depreciated by **2.45%** to close at US\$78.01/b.



Source: Investing.com, PSL Research

## Energy Commodity Data

	Current	Previous	Change
Brent Crude Price (\$)	82.08	83.55	1.76%
WTI Crude Price (\$)	78.01	79.97	2.45%



## Domestic Update

- According to the Central Bank of Nigeria (CBN), Credit to the Private Sector (CPS) surged by 85.2% year-on-year to NGN76.94 trillion in January, up from NGN41.54 trillion in January 2023. This continuous rise in CPS is likely influenced by the CBN's enforcement of the 65.0% loan-to-deposit ratio and the depreciation of naira. Month-on-month, CPS saw a 23.0% increase in January compared to December 2023's 4.8% rise, reaching NGN62.54 trillion. Concurrently, the currency in circulation rose by 163.3% year-on-year to NGN3.65 trillion, up from NGN1.39 trillion in January 2023. This significant increase is primarily attributed to higher money circulation compared to the same period last year, which experienced a temporary reduction due to the Naira redesign policy.
- The latest trade report from the National Bureau of Statistics (NBS) reveals that in Q4-23, the trade balance shifted to a deficit of NGN1.41 trillion, compared to a surplus of NGN1.31 trillion in Q3-23, ending two consecutive quarters of surplus. The trade deficit resulted from a faster rise in total imports by 56.0% q/q to NGN14.11 trillion compared to a rise of 22.0%q/q in exports bringing the value to NGN12.69 trillion. The notable increase in imports was driven by growing domestic demand despite ongoing foreign exchange challenges, elevated global commodity prices, and substantial importation of tanks and other armored fighting vehicles making up 35.9% of total imports. On the flip side, the higher export figure was attributed to a 20.8% q/q rise in crude oil exports, accounting for 81.2% of total exports. This increase was influenced by improved crude oil production volumes in Q4-23, averaging 1.53 million barrels per day, compared to the Q3-23 average of 1.43 million barrels per day.
- Binance, a major cryptocurrency exchange, discontinued its support for the Nigerian naira on its platform last Tuesday. The announcement stated that any remaining naira balances in user accounts after that day would be automatically converted to Tether, a stablecoin pegged to the US dollar. Binance stopped accepting naira deposits on March 5 and ceased naira withdrawals on March 8. The conversion of remaining naira balances to USDT took place on March 8, at a ratio of 1 USDT = 1,515.13 NGN. Last week, the Nigerian government had demanded nearly \$10 billion in compensation from Binance for alleged forex manipulation on its platform.

## Foreign Exchange Update

- Last week, the Nigerian naira experienced a 4.9% depreciation, reaching ₦1,627.40 against the US dollar in the Nigerian Autonomous Foreign Exchange Market (NAFEM).
- Nigeria's foreign exchange reserves expanded, with a weekly increase of USD347.53 million, bringing the gross reserves to USD34.11 billion as of March 7th.

## Fixed Income Market

- Last week, the Treasury Bills market saw continued bearish activity, with the average yield across all instruments expanding by 140 basis points to 18.8%. Minimal demand were seen on the 20-Feb-25 bill bid at 20.25% and the newly issued 6-Mar-25 bill, which saw bids at 20.65% and offers at 20.45%. The Debt Management Office (DMO) offered ₦337.89 billion at the auction last week, resulting in total sales of ₦1.32 trillion against a subscription of ₦1.66 trillion. Stop rates for the 91-day, 182-day, and 364-day bills increased by 24 basis points, 50 basis points, and 249 basis points, closing at 17.24%, 18.00%, and 21.49%, respectively.
- The FGN local bond market experienced subdued trading activity last week. Nonetheless, there were improved offers on the 2033 and FEB 2034 bonds at 17.50% and 19.05%, respectively. Demand was observed on the 2053 bond, with bids at 18.30%, while offers remained limited. Additionally, there were offers on the short end of the curve, but few bids to match them. On a week-on-week basis, the average benchmark yield increased by 111 basis points to 18.39% compared to the previous week.

## Equity Market

- The equities market closed the week in green with the NGX All-Share Index and Market Capitalization appreciating by 2.61% and 6.03% to close the week at 101,330.85 and ₦57.293 trillion respectively.
- This positive performance was supported by the bargain hunting in MTNN, BUACEMENT, FBNH, and an increase demand for Transcorp following the recent listing of its subsidiary TRANSPOWER, on the NGX last week.
- Overall sector performance was mixed with the Insurance, Banking and Consumer Goods sector closing negative by 5.22%, 1.40%, and 1.21%, respectively. While the Industrial Goods sector closed positive by 1.59% and the Oil & Gas sector closed flat.
- The volume of shares traded experienced a 2.58% week-on-week decrease, amounting to 358.12 million units, while the value surged significantly by 193.09% to ₦19.88 billion.
- We expect mixed to positive sentiment at next week's trading session particularly as bargain hunting activities in some large cap stocks, additional earnings releases and potential dividend declarations are likely to act as catalysts for another wave of positive sentiment, encouraging increased buying activities on the Exchange.