



PARTHIAN  
SECURITIES

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# Equity Market Wrap

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15th March 2024

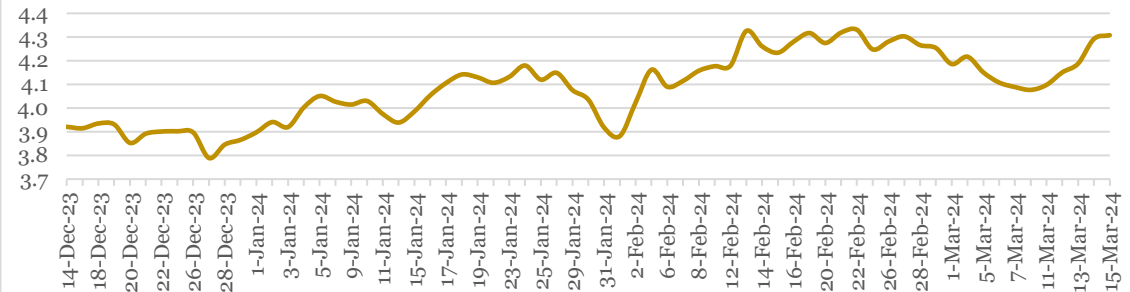
# Global Update

- In February, inflation surged once more, prompting the Federal Reserve to maintain its stance of delaying any interest rate reductions until at least summer. The Consumer Price Index, which gauges the overall costs of goods and services, climbed by 0.4% for the month and 3.2% compared to a year earlier, as reported by the Labor Department's Bureau of Labor Statistics last Tuesday. While the monthly increase aligned with expectations, the yearly rate slightly exceeded the Dow Jones consensus forecast of 3.1%. Excluding the volatile categories of food and energy prices, the core CPI witnessed a 0.4% increase for the month and a 3.8% rise over the year, both surpassing forecasts by one-tenth of a percentage point. A notable 2.3% uptick in energy costs contributed to the headline inflation figure. Meanwhile, food costs remained unchanged for the month, while shelter expenses climbed by another 0.4%.
- In February 2024, Ghana's inflation rate dipped to 23.2% from January's 23.5%, as announced by Samuel Kobina Annim, the Statistician-General of Ghana. Food inflation decelerated slightly to 27% from 27.1% in January, while non-food prices grew more slowly, dropping to 20% from 20.5%. The Bank of Ghana had forecasted inflation to range between 13% and 17% by year-end, gradually returning to its medium-term target of 6% to 10% by 2025. This modest decline reflects ongoing efforts to stabilize the economy and mitigate the high cost of living. It also aligns with policymakers' expectations for easing inflationary pressures, evidenced by the reduction in the benchmark rate from 30% to 29% in January. However, the persistent high rate of food inflation remains a significant concern, underscoring the necessity for continued initiatives to address factors driving up food prices and implement policies aimed at easing the burden on Ghanaian citizens. In 2023, Ghana encountered severe economic challenges, including an inflation rate surpassing 50%, triggered by a suspension of payments on a significant portion of its \$28.4 billion external debt. Recently, the IMF approved a \$3 billion rescue package for Ghana, and the nation is undergoing extensive debt restructuring to ensure long-term sustainability.

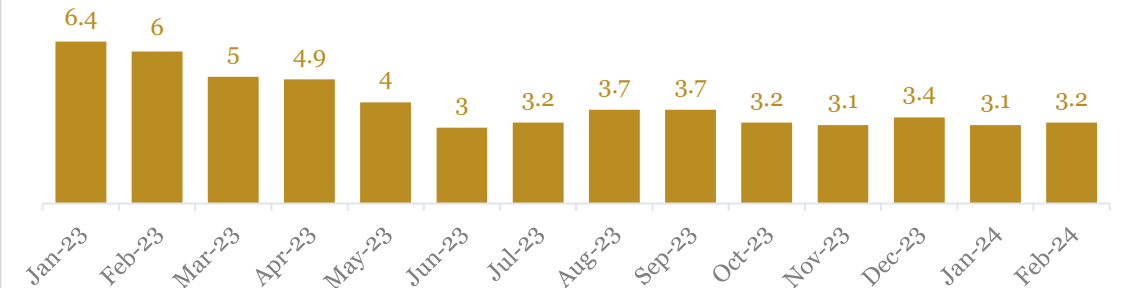
## Global Economic Data

	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	3.20% (Feb. 2024)	3.10% (Jan. 2024)	0.10%
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 (%)

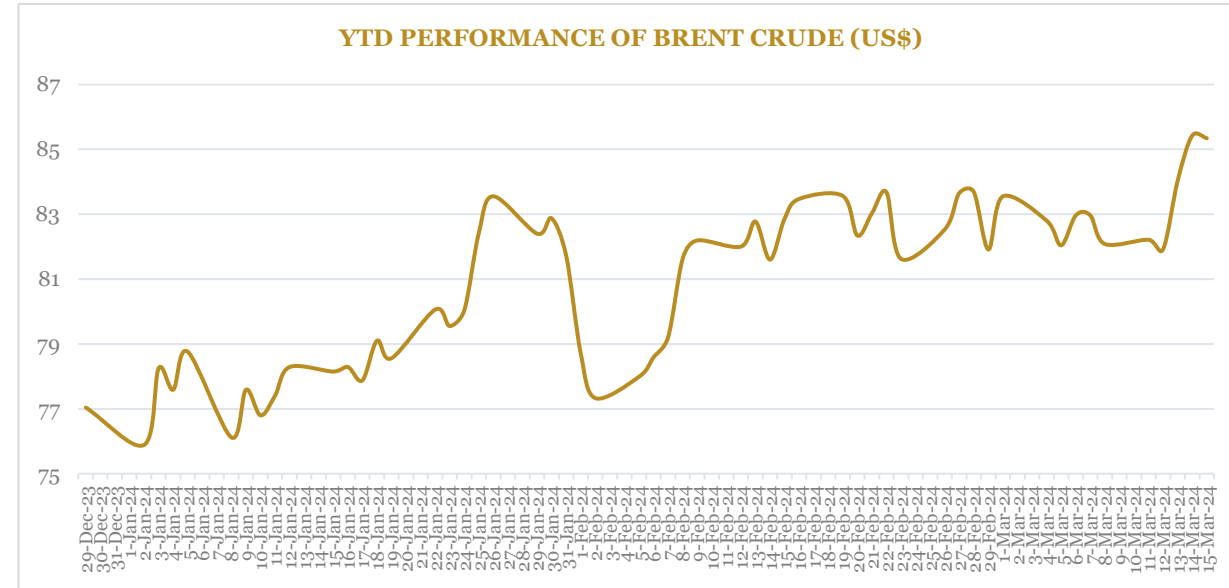


US Inflation in 2024 (%)



# Crude Oil

- Last Friday, oil prices experienced a slight decline following a peak above \$85 a barrel, marking the first time since November. Despite this, oil prices close the week more than 3% higher due to increased demand from U.S. refiners finishing scheduled maintenance work.
- The oil market fundamentals look strong, with refining margins supporting inventory reduction. However, excessive bullish speculation and declining front-month spreads indicate a potential easing of market tightness. Consequently, crude oil prices are expected to consolidate around the \$75-\$85 range until there's a significant increase in demand during the summer driving season.
- On a week-on-week basis, Brent Crude Oil price improved by **3.97%** to settle at US\$85.34/b while the US Crude Oil (WTI) also further appreciated by **3.88%** to close at US\$81.04/b.



Source: Investing.com, PSL Research

## Energy Commodity Data

	Current	Previous	Change
Brent Crude Price (\$)	85.34	82.08	3.97%
WTI Crude Price (\$)	81.04	78.01	3.88%



## Domestic Update

- According to the National Bureau of Statistics, headline inflation rose by 1.80% to reach 31.70% year-on-year in February, up from 29.90% in January. The uptick in consumer prices was driven by factors such as low food supply relative to demand, persistent currency pressures, and higher energy prices. This was compounded by unfavorable base effects from the previous year. Food inflation climbed to 37.92% year-on-year, and core inflation reached 25.13% year-on-year, compared to January 2024 figures of 35.41% and 23.59% respectively. This pushed food inflation to a 19-year high and core inflation to its highest level since March 2004. On a month-on-month basis, consumer prices climbed by 48 basis points to 3.12%, marking the highest increase in six months compared to January's 2.64% month-on-month rise.
- Last Wednesday, Nigeria resumed electricity supply to Niger, following President Bola Tinubu's directive to reopen borders. Nigeria had halted power supply to Niger on August 3, 2023, as part of ECOWAS sanctions. ECOWAS, led by Tinubu, imposed sanctions on Niger after a coup in July 2023. Despite demands to restore order, Niger's junta refused. ECOWAS lifted sanctions on February 24, but maintained political measures.
- Nigeria has hired Citibank NA, JPMorgan Chase & Co., and Goldman Sachs to advise on its first Eurobond issue since 2022. The size of the offering is yet to be determined, but it could reach \$1 billion. President Bola Ahmed Tinubu signed a N28.7 trillion budget for 2024 on January 1, with a deficit of N9.8 trillion, to be financed by borrowing from local and international sources. Tinubu has also received Senate approval to borrow \$7.8 billion and €100 million as part of the 2022-2024 borrowing plan. Since taking office in May 2023, Tinubu has focused on attracting foreign investors through reforms.

## Foreign Exchange Update

- Last week, the Nigerian Naira strengthened by 1.5% to ₦1,602.75 per USD at the Nigerian Autonomous Foreign Exchange Market (NAFEM).
- Furthermore, Nigeria's foreign exchange reserves rose by USD209.89 million week-on-week, reaching a total of USD34.42 billion as of March 14th.

## Fixed Income Market

- Last week the Treasury Bills market began cautiously due to limited interest in longer-term options, stemming from tight interbank liquidity. Anticipation of a mid-week NTB auction added to this cautious tone. Consequently, average benchmark yield decreased marginally by 4 basis point, closing the week at 18.97%. At the auction, the DMO allotted N161.49 billion against N1.49 trillion in subscriptions. Stop rates decreased across offered papers compared to the previous auction, closing at 16.24%, 17.00%, and 21.123%. Following the auction, the market showed mild bullishness, particularly in Feb-2025 and Mar-2025 papers, absorbing unmet demand.
- Due to subdued liquidity in the interbank market, the FGN Bonds continued its bearish trend last week. As a result, the average benchmark yield ended the week at 18.48%, reflecting an 8-basis-point rise on a week-over-week basis.

## Equity Market

- The equities market was positive last week with the NGX All-Share Index and Market Capitalization appreciating by **3.71%** to close the week at 105,085.25 and ₦59.416 trillion respectively.
- This positive performance was fueled by the buy interest in MTNN, GTCO, ETI, ZENITHBANK and ACCESS. Consequently, the year-to-date return stood at **40.54%**.
- Overall sector performance was bullish with the Banking, Insurance, Consumer Goods and Industrial Goods sector closing positive by **12.84%**, **2.52%**, **1.41%**, and **0.20%**, respectively. While the Oil & Gas sector closed negative by **0.11%**.
- The total trading volume decreased by 39.35% week-on-week, reaching 217.21 million units. Similarly, the total traded value plummeted by 74.82% week-on-week, totaling ₦5.00 billion.
- FBNH, GTCO, and TRANSPOWER emerged as the volume leaders, with total closing values of 2.10 billion units, 1.42 billion units, and 1.41 billion units, respectively. On the values chart, TRANSPOWER, GTCO, and TRANSCORP took the top spots with total closing values of ₦10.55 billion, ₦6.85 billion, and ₦5.00 billion, respectively.
- Next week's trading session is likely to witness a blend of sentiments from investors, with an overall tone of caution. However, amidst this uncertain atmosphere, we foresee investors considering positions in specific stocks due to the attractive entry points offered by current prices, especially for those with a medium investment perspective. In addition to that, the anticipated earnings releases from the banks, along with accompanying dividend declarations, could also spark renewed optimism, potentially bolstering buying activities in the stock market.