



PARTHIAN
SECURITIES

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Equity Market Wrap

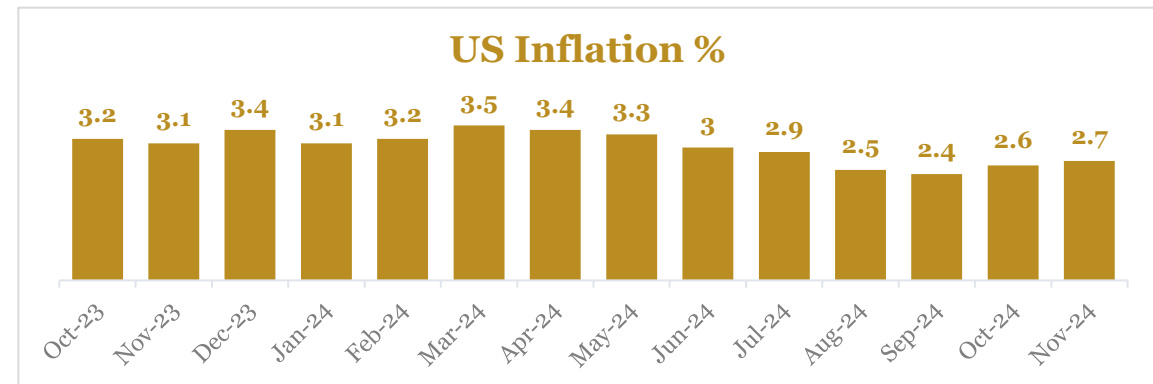
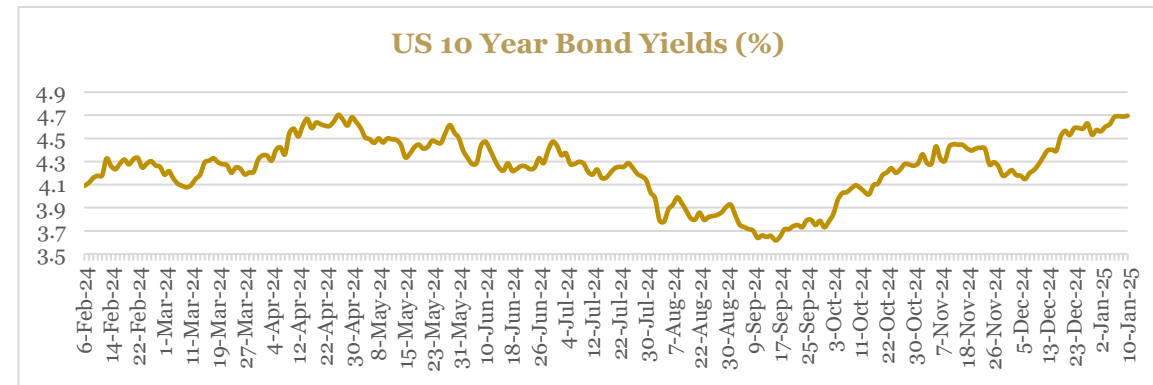
10 January 2025

Global Update

- Last Thursday, data from China's National Bureau of Statistics revealed that consumer price inflation in December slowed to just 0.1% year-on-year, fueling concerns over potential deflation. The core Consumer Price Index (CPI), which excludes food and energy, rose 0.4% from a year earlier, up from the 0.3% increase recorded in November. On a monthly basis, the CPI remained unchanged, showing a marked improvement compared to the 0.6% decline in November. Food prices dropped 0.6% month-on-month, largely due to favorable weather conditions. Notably, prices for fresh vegetables and fruits fell by 2.4% and 1%, respectively, while pork prices, which play a significant role in the CPI, decreased by 2.1%.
- China's producer price inflation (PPI) continued its decline for the 27th consecutive month in December, dropping by 2.3% year-on-year. This was slightly better than Reuters' forecast of a 2.4% decrease. On a monthly basis, the PPI fell by 0.1%, reversing the 0.1% increase seen in November. The National Bureau of Statistics attributed the decline to reduced demand for steel, driven by temporary suspensions of infrastructure and real estate projects during the off-season. The persistently low consumer inflation reflects China's ongoing struggle with weak domestic demand, raising concerns about the risk of deflation. Despite a series of stimulus measures introduced by Beijing since last September—including interest rate cuts, support for the stock and property markets, and increased lending—consumption is yet to show significant improvement.
- Eurostat's latest data shows that consumer prices in the Euro Area reached a five-month high in December, rising by 20 basis points to 2.4% year-on-year, up from 2.2% in November. This increase in inflation is largely attributed to higher energy and services costs. Specifically, energy prices saw a slight uptick, rising 0.1% year-on-year compared to a 2.0% decline in November, marking the first increase in energy prices after four months of decreases. Services inflation also edged up to 4.0% year-on-year from 3.9% in November, following a period of moderation. Meanwhile, food and core inflation remained steady, both recording a 2.7% year-on-year increase, unchanged from the previous month. On a monthly basis, consumer prices rose by 0.4%, reversing the 0.3% decline seen in November.

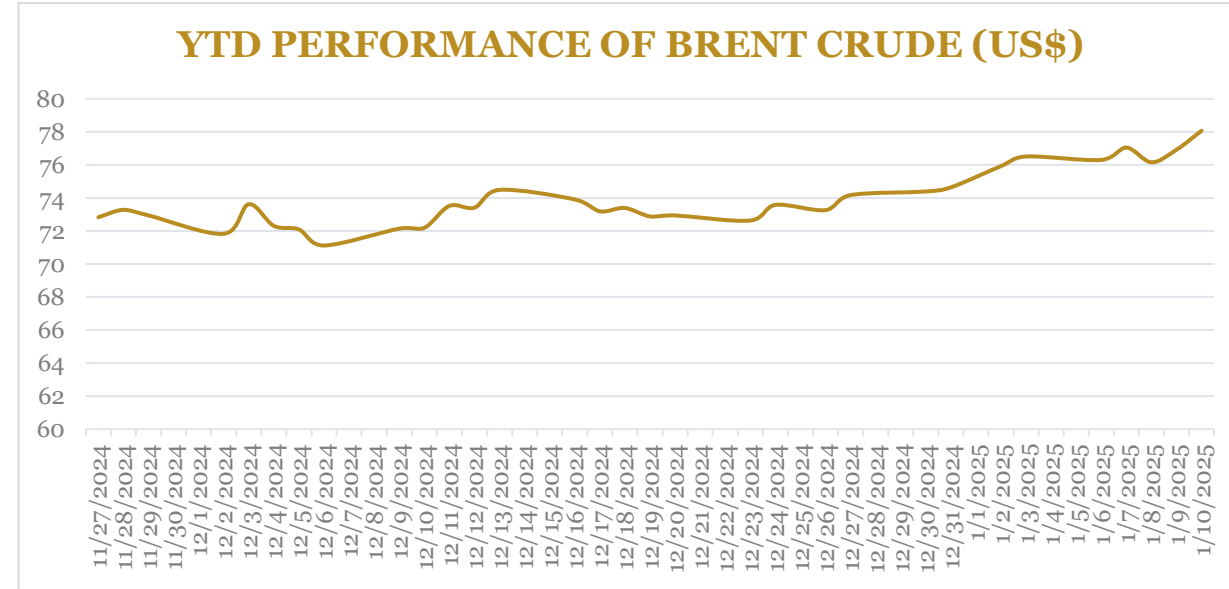
Global Economic Data

	Current	Previous	Change
US GDP	2.80% (Q3-2024)	3.00% (Q2-2024)	0.20%
US Interest Rate	4.25% - 4.50% (Dec. 2024)	4.50% - 4.75% (Nov. 2024)	0.50%
US Inflation	2.70% (Nov. 2024)	2.60% (Oct. 2024)	0.10%
China GDP	4.60% (Q3-2024)	4.70% (Q2-2024)	0.10%
China Inflation	0.20% (Nov. 2024)	0.30% (Oct. 2024)	0.10%



Crude Oil Price Update

- Oil prices saw a third consecutive week of gains, primarily driven by freezing temperatures in parts of the United States and Europe, which boosted fuel demand.
- This bullish trend was further supported by rising concerns over supply disruptions, fueled by escalating sanctions on Russia and Iran, coupled with already low oil stockpiles. The growing optimism surrounding China's stimulus measures also supported the upward trend.
- On a week-on-week basis, Brent Crude oil prices improved by **4.25%**, settling at US\$79.76 per barrel. Similarly, the U.S. Crude oil (WTI) rose by **3.53%**, closing at US\$76.57 per barrel.



Source: Investing.com, PSL Research

Crude Oil Prices

	Current	Previous	Change
Brent Crude Oil(\$)	79.76	76.51	4.25%
WTI Crude Price (\$)	76.57	73.96	3.53%

Domestic Update

- The Nigerian Bureau of Statistics (NBS) has proposed a significant update to both the GDP and CPI, aiming to improve the accuracy and relevance of these key economic indicators. The proposal suggests changing the base year for real GDP from 2010 to 2019 and broadening the GDP calculation to include new sectors such as the Digital Economy, Pension Fund Administrators, the National Health Insurance Scheme, the Nigerian Social Insurance Trust Fund, Modular Refineries, Domestic Households employing labor, and certain illicit or unreported activities. Additionally, the NBS plans to modernize its data collection methods by incorporating more digital tools.
- For the Consumer Price Index (CPI), the NBS has outlined several key changes. These include shifting the price reference period from 2009 to 2024, increasing the number of items in the CPI basket from 740 to 960, and revising the weights of items based on 2023 data. Other proposed adjustments involve incorporating key indexes for services, energy, agricultural products, and goods, as well as conducting a nationwide census of retail outlets, including online stores. The NBS also plans to transition to a short-term relative index instead of a long-term one. The rebased results are expected to be released by the end of January 2025, following validation.
- The Central Bank of Nigeria has immediately suspended the approval of extensions for the repatriation of export proceeds. This applies to both oil and non-oil exports. The decision, outlined in a circular on January 8, 2025, aims to ensure compliance with foreign exchange regulations. Exporters must now follow strict timelines: non-oil export proceeds must be repatriated within 180 days, while oil and gas proceeds must be repatriated within 90 days. The CBN emphasized that these timelines are non-negotiable and will no longer grant extensions for repatriation requests from authorized dealer banks.

Foreign Exchange Update

- The naira reversed its gains from the previous week, depreciating by 48 basis points week-on-week. It closed last Friday at ₦1,542.03 per US dollar in the Nigerian Autonomous Foreign Exchange Market (NAFEM), compared to ₦1,534.56 per US dollar the week before.
- Similarly, Nigeria's foreign exchange reserves fell for the first time in five weeks, decreasing by USD 31.56 million week-on-week to USD 40.85 billion as of January 8.

Fixed Income Market

- Last week, the Treasury bills secondary market displayed a bearish trend, with the average yield increasing by 8 basis points to 26.3%. However, there was a divergence in sentiment across market segments, influenced by various factors. In the NTB segment, the average yield fell by 24 basis points to 25.2%, supported by ample system liquidity and expectations of lower yields at the NTB auction. Conversely, in the OMO segment, the average yield rose by 65 basis points to 27.8%, as market participants sold off bills to take part in the OMO auction.
- At last week's NTB auction, the Debt Management Office (DMO) offered ₦515.00 billion in Treasury bills, comprising ₦50.00 billion for the 91-day, ₦80.00 billion for the 182-day, and ₦385.00 billion for the 364-day bills. The auction attracted strong demand, with total subscriptions reaching ₦1.52 trillion, a significant increase from the ₦663.18 billion seen at the previous auction. The DMO allocated the full amount offered, distributing ₦21.30 billion for the 91-day, ₦20.49 billion for the 182-day, and ₦473.21 billion for the 364-day bills, at stop rates of 18.00%, 18.50%, and 22.62%, respectively, with the latter down from 22.90% in the previous auction. In addition, the Central Bank of Nigeria (CBN) held its first OMO auction of the year on Monday, offering ₦500.00 billion in instruments, split equally between ₦250.00 billion for the 350-day and ₦250.00 billion for the 364-day bills. The subscription totaled ₦1.56 trillion, with the CBN allotting the full amount offered—₦150.00 billion for the 350-day and ₦350.00 billion for the 364-day bills—at a stop rate of 23.8%.
- For the third week in a row, activity in the FGN bond secondary market was mixed, though slightly skewed towards a bearish trend, as market participants remained cautious ahead of the Q1-25 FGN bond calendar. As a result, the average yield edged up by 8 basis points, reaching 19.9%.

Equity Market

- The Nigerian equities market was positive last week, with the bulls dominating in three out of the five trading sessions. As a result, the NGX All-Share Index and Market Capitalization appreciated by 1.80% to close the week at 105,451.06 and ₦64.303 trillion, respectively.
- Investors saw a total gain of ₦1.25 trillion, primarily driven by strong buying activity in MTNN (+21.00%), TRANSCORP (+18.39%), and TRANSCOHOT (+9.78%). These gains more than offset declines in SUNUASSUR (-36.52%), EUNISELL (-9.96%), and SKYWAY (-9.87%). The year-to-date return increased to 2.45%, up from 0.64% the previous week.
- Conversely, sectoral performance was mostly bearish, with only the Banking sector closing positive by 1.94%. On the other hand, the Insurance, Oil & Gas, Consumer Goods, and Industrial Goods sectors saw declines of 6.91%, 0.34%, 0.34% and 0.26%, respectively.
- Trading activity was vibrant, with both trading volume and value climbing by 80.8% and 22.4%, respectively, from the previous week. Over the course of the week, 51 stocks saw price increases, down from 82 the prior week. On the other hand, 39 stocks recorded price drops, up from 18 the week before, while 62 stocks remained unchanged, a rise from 52 in the previous week.
- Going into the new week, we anticipate that the market will maintain its positive momentum, supported by strategic positioning in anticipation of earnings reports, sector-specific developments, and potential policy shifts.