



PARTHIAN
SECURITIES

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Equity Market Wrap

17 January 2025

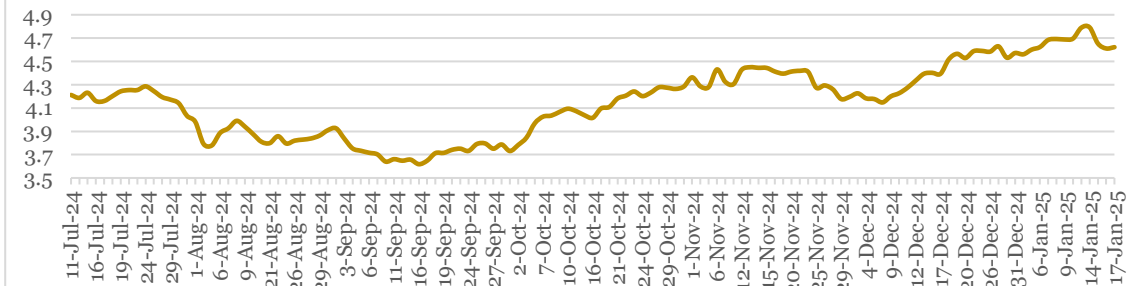
Global Update

- The latest data from the Bureau of Labor Statistics shows that the U.S. annual inflation rate increased to 2.90% in December 2024, up from 2.70% in November. On a monthly basis, inflation rose by 0.40%, marking the largest monthly increase since March 2024. This uptick was mainly driven by a sharp rise in energy prices, which surged by 2.60% compared to 0.40% in November, with gasoline prices being a key factor. Food prices also saw a modest increase of 0.30%, although this was slower than the 0.40% rise in the previous month. The increase in food prices was largely due to the ongoing avian flu outbreak, which disrupted poultry supplies and led to a significant spike in egg prices. Looking ahead, post-holiday demand is expected to continue exerting upward pressure on prices, particularly in the food, services, and transportation sectors.
- The UK's inflation rate slightly decreased to 2.50% year-on-year in December 2024, down from 2.60% in November, marking the first decline in three months. This drop was partly due to a slower increase in restaurant and hotel costs, which rose by 3.40% compared to 4.00% in November. Core inflation also moderated, rising by 3.20%, down from 3.50% the previous month. However, the transport sector faced upward pressure due to higher transport service costs. This unexpected dip in inflation may prompt the Bank of England to maintain its current monetary easing policy, although we expect the BOE to proceed cautiously and remain vigilant for any emerging inflationary pressures.
- The National Bureau of Statistics of China recently reported a 5.40% year-on-year growth in the country's economy for the fourth quarter of 2024, up from 4.60% in the same period last year. This strong performance helped drive an overall annual growth of 5.00%. Key government measures, including interest rate cuts and a significant cash infusion of USD 1.40 trillion, played a crucial role in fostering this expansion. Exports increased by 7.10%, as businesses expedited shipments in anticipation of possible tariff hikes under the new U.S. administration. Industrial output rose by 6.10%, and retail sales grew by 3.50%, indicating steady consumer demand. However, challenges remain for the Chinese economy, including weak consumer spending, ongoing deflationary pressures, and struggles in the property market, which could hinder long-term growth.

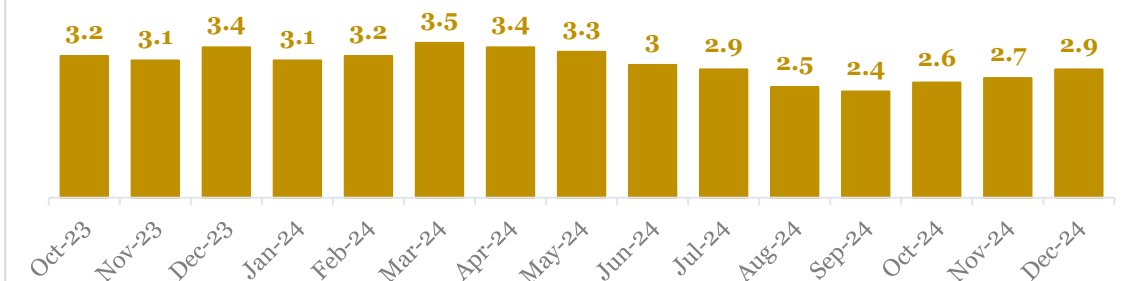
Global Economic Data

	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	2.90% (Dec. 2024)	2.70% (Nov. 2024)	0.20%
China GDP	5.40% (Q4-2024)	4.60% (Q3-2024)	0.80%
China Inflation	0.10% (Dec. 2024)	0.20% (Nov. 2024)	0.10%

US 10 Year Bond Yields (%)

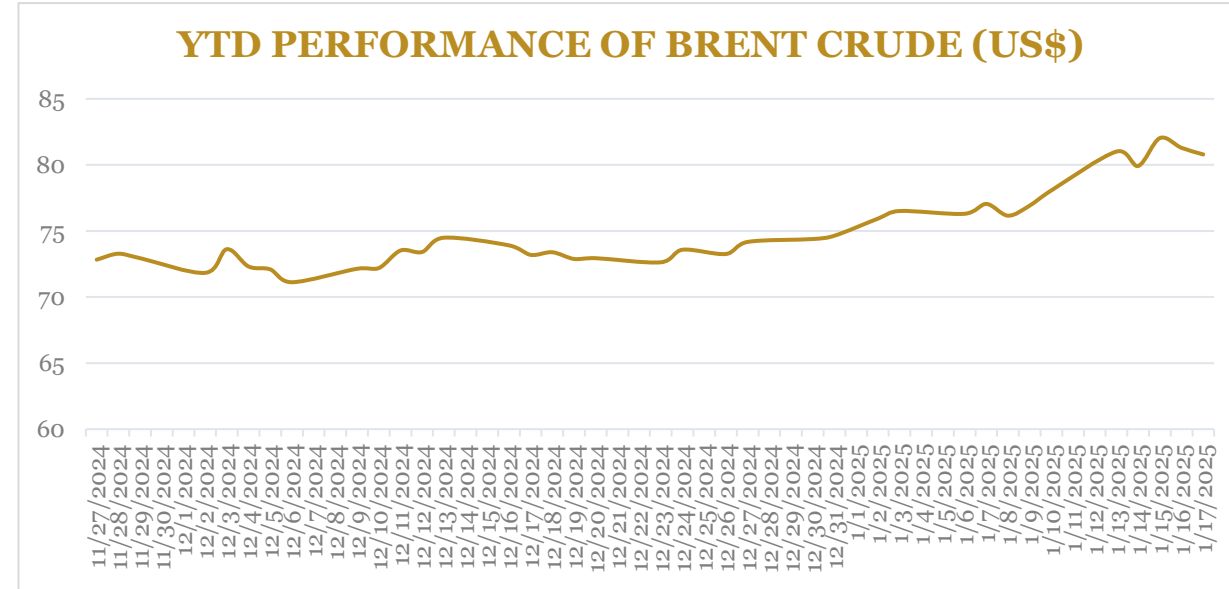


US Inflation %



Crude Oil Price Update

- Oil prices ended last week on a positive note, driven by concerns over potential disruptions in supply following the latest U.S. sanctions targeting Russia's energy sector. Investors are also weighing the potential impact of President-elect Donald Trump's return to the White House on Monday.
- The Israeli security cabinet approved a ceasefire agreement last Friday, paving the way for the potential release of the first hostages from Gaza as early as Sunday. This unexpected development indicates the possibility of near-term stability in the region with a possible deceleration in fuel prices.
- On a week-on-week basis, Brent Crude oil prices improved by **1.29%**, settling at US\$80.79 per barrel. Similarly, the U.S. Crude oil (WTI) rose by **2.17%**, closing at US\$77.39 per barrel.



Source: Investing.com, PSL Research

Crude Oil Prices

	Current	Previous	Change
Brent Crude Oil(\$)	80.79	79.76	1.29%
WTI Crude Price (\$)	77.39	75.75	2.17%

Domestic Update

- The National Bureau of Statistics (NBS) recently released the Consumer Price Index (CPI) and inflation data for December, which highlighted continued inflationary pressures within the Nigerian economy. As anticipated, headline inflation rose further to 34.80% in December, up from 34.60% in November. This marks the fourth consecutive monthly increase and the highest level in almost three decades. The primary driver behind this persistent inflation is core inflation, which increased by 0.53% to 29.28%. Core inflation, which excludes volatile items like food and energy, typically reflects more structural issues within the economy, indicating that these underlying pressures are still prevalent despite efforts to curb them. On the other hand, food inflation, which has been one of the most significant contributors to the overall inflation rate, experienced a slight decline of 0.09%, reaching 39.84% despite the festive period. This is the first time in four months that food inflation has shown any decline. The decrease can be attributed to consumer price resistance due to income constraints, with a particularly notable drop in the prices of perishable goods, such as tomatoes, which saw a sharp fall in prices.
- Last Friday, Dangote Petroleum Refinery announced an increase in the prices of Premium Motor Spirit (PMS), commonly known as petrol, for its bulk purchase customers. The adjustment was attributed to the rising global crude oil prices, which have now surpassed \$80 per barrel. The refinery revised its bulk prices for petrol, setting them at N950 and N955 per litre, depending on the volume purchased. Specifically, customers purchasing between 2 million and 4.99 million litres will pay N955 per litre, while those buying 5 million litres or more will be charged N950 per litre. In a subsequent clarification, the refinery emphasized that this price adjustment was directly linked to the significant increase in global crude oil prices, as crude remains the primary raw material in petrol production.
- The International Monetary Fund (IMF) has projected a 3.2 percent growth for Nigeria's economy in 2025, followed by a slight dip to 3.0 percent in 2026. These projections are outlined in the IMF's latest World Economic Outlook Update, titled Global Growth: Divergent and Uncertain. This forecast marks an improvement from the 2.9 percent growth projected for Nigeria in 2023, and a slight increase from the 3.1 percent expected for 2024.

Foreign Exchange Update

- Naira depreciated by 0.30% last week, closing at ₦1,547.58 per USD in the Nigerian Foreign Exchange Market (NFEM), despite efforts from the Central Bank of Nigeria (CBN), who sold approximately USD300.90 million to authorized dealers. This renewed pressures was partly due to increased FX demand by international students for tuition fee payment and manufacturers, who are rebuilding their inventory levels.
- Consequently, Nigeria's foreign exchange reserves decreased by USD330.12 million week-on-week, bringing the total to USD40.42 billion as of January 15.

Fixed Income Market

- The Treasury bills secondary market experienced a bearish trend last week, largely due to tight system liquidity, with the average yield rising by 35bps to 26.6%. Also, there was a shift in investor preference, as they rotated out of long-term instruments, where yields increased by 78bps to 27.2%, and into short- and mid-term instruments, which saw yields decrease by 46bps to 22.2% and 12bps to 24.9%, respectively.
- Similarly, the FGN bond secondary market saw a bearish trend last week, primarily due to a high CPI data for December, which rose by 20bps to 34.80%, and traders taking short positions on the 2031 bond in anticipation of a price decline. As a result, the average yield increased by 21bps to 20.1%. Additionally, the Debt Management Office (DMO) released its Q1-25 issuance calendar, which revealed plans to introduce a new 10-year benchmark bond, the FGN JAN 2035.

Equity Market

- Despite some buying activity toward the end of last week, the Nigerian equities market closed negatively, driven by broad-based sell-offs across most sectors, which reversed the previous week's gains. As a result, the NGX All-Share Index and Market Capitalization declined by **2.94%** and **2.26%**, respectively, ending the week at 102,353.68 and ₦62.851 trillion. The year-to-date return dropped to **-0.56%**, down from **2.45%** recorded in the previous week.
- The market's decline was primarily influenced by significant sell-offs in DANGCEM (**-16.46%**), TRANSPOWER (**-9.97%**), ARADEL (**-7.02%**), and MTNN (**-3.72%**). These losses outweighed the gains recorded in DANGSUGAR (**+16.7%**) and OANDO (**+14.88%**).
- Sectoral performance was predominantly bearish, with the Consumer Goods sector emerging as the sole gainer, recording an uptick of **1.33%**. In contrast, the Industrial Goods, Insurance, Oil & Gas, and Banking sectors posted declines of **8.20%**, **6.23%**, **0.78%**, and **0.46%**, respectively.
- Trading activity also declined during the week, with total volume and value traded dropping by 38.06% and 19.83% week-on-week, respectively. The total volume of trades fell to 2.23 billion units, while the total value declined to ₦56.92 billion, compared to 3.60 billion units and ₦71.00 billion in the previous week. The top performers for the week were NEIMETH (**+31.4%**), SCOA (**+20.4%**), and NNFM (**+19.5%**), while the biggest decliners were UNIVINSU (**-19.2%**), ROYALEX (**-18.3%**), and REGALINS (**-17.8%**).
- We expect the market to record modest gains in the new week, supported by bargain-hunting in stocks that have experienced significant price corrections in recent weeks. However, profit-taking activities may persist in certain segments of the market.