



PARTHIAN
SECURITIES

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Equity Market Wrap

07 February 2025

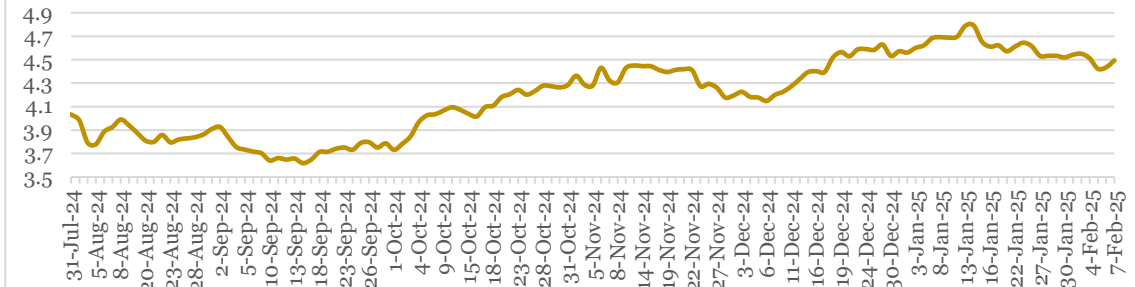
Global Update

- At the February meeting, the BoE's Monetary Policy Committee (MPC) unanimously voted to cut its benchmark interest rate by 25 basis points, bringing it down to 4.50%, the lowest level since June 2023. This reduction, which marks the third rate cut since the BoE's shift to a more dovish policy stance in August 2024, aims to support economic activity as the UK faces subdued growth amid disinflation trend. The UK economy showed no growth in Q3 2024, marking a sharp decline from the 0.40% growth in Q2 while inflation dipped slightly to 2.50% in December 2024 from 2.60% in November, although it remains above the BoE's 2.00% target. Looking ahead, the BoE is likely to lean more towards further interest rate cuts albeit threading cautiously, balancing the need to stimulate growth with inflationary risks from a potential trade war, as U.S. President Donald Trump plans to impose tariffs on key trading partners. Notably, the central bank also slashed its 2025 growth forecast for the UK, reducing it from 1.5% to 0.75%..
- According to a flash estimate from EuroStat, the Eurozone's annual consumer inflation rate rose to 2.50% in January 2025, marking its highest level in six months, up slightly from 2.40% in December 2024. This uptick was driven primarily by a 1.80% year-on-year increase in energy prices, marking the fastest growth in energy costs since April 2023. Croatia emerged as a significant contributor to the rise, with inflation surging to 5.00%. The main drivers behind the higher inflation were services, which contributed 3.90%, followed by food, alcohol, and tobacco 2.30%, energy 1.80%, and non-energy industrial goods 0.50%. The acceleration in inflation has raised questions about the European Central Bank's future monetary policy, especially as the central bank prepares for its upcoming policy meeting on March 5, 2025. Market participants are closely watching to see how the ECB will adjust its strategy in response to these persistent inflationary pressures.
- Ghana's inflation rate saw a slight ease in January 2025, dipping by 30 basis points to 23.5% year-on-year, down from 23.8% in December. This marks the first decrease since August 2024. The decline was mainly driven by a reduction in non-food inflation, which fell to 19.2% from 20.3%. However, food inflation continued to rise, reaching 28.3% year-on-year, up from 27.8% in December. This reflects ongoing price pressures, despite gradual recoveries in key sectors such as cocoa and gold. On a month-on-month basis, inflation moderated slightly to 1.7%, down from 1.8% in December. Despite this small decline, inflation remains elevated, and with the central bank maintaining its dovish stance, it is expected to stay high in the near term.

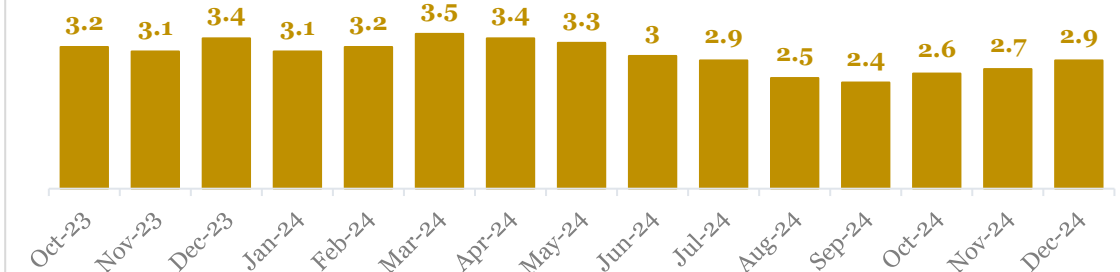
Global Economic Data

	Current	Previous	Change
US GDP	2.30% (Q4-2024)	3.10% (Q3-2024)	0.80%
US Interest Rate	4.25% - 4.50% (Jan. 2025)	4.25% - 4.50% (Dec. 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 (%)

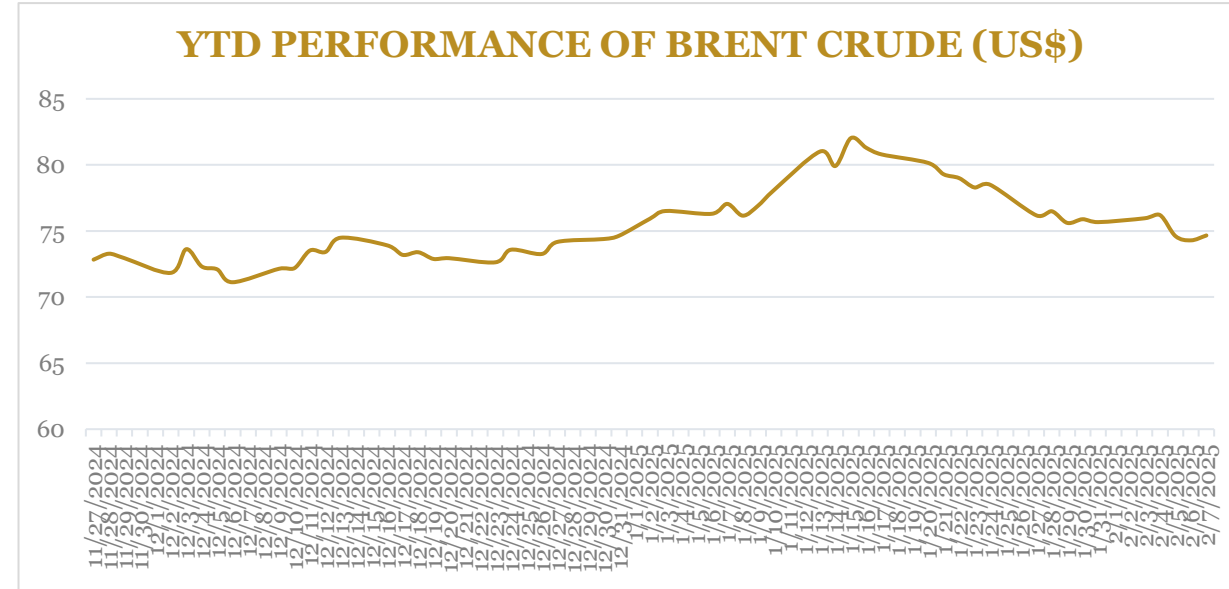


US Inflation %



Crude Oil Price Update

- Oil prices saw mixed performance last week, ultimately marking their third consecutive week of losses. Although concerns about new sanctions on Iran initially impacted the market, worries about the potential economic effects of tariffs, and their subsequent impact on global growth and demand, took precedence, overshadowing the influence of geopolitical tensions.
- Last Thursday, the U.S. Treasury announced new sanctions targeting individuals and tankers involved in transporting millions of barrels of Iranian crude oil to China each year. This move is part of a broader strategy to exert further pressure on Tehran, contributing to the uncertainty in global oil markets.
- In terms of weekly performance, Brent crude prices fell by **2.74%**, closing at \$74.66 per barrel, while WTI dropped by **2.11%**, settling at \$71.00 per barrel.



Source: Investing.com, PSL Research

Crude Oil Prices

	Current	Previous	Change
Brent Crude Oil(\$)	74.66	76.76	2.74%
WTI Crude Price (\$)	71.00	72.53	2.11%

Domestic Update

- The Federal Government has raised its 2025 budget by 9.05%, bringing it to ₦54.20 trillion. This upward revision is largely due to additional revenue streams, including ₦1.40 trillion from IFRS, ₦1.20 trillion from the Nigeria Customs Service, and ₦1.80 trillion from government-owned agencies. The increase is expected to stimulate fiscal activities and potentially boost economic growth. However, the country's debt service has escalated to ₦16.00 trillion, now exceeding the combined allocations for key sectors such as security, health, education, and infrastructure. This has raised concerns about the long-term sustainability of the fiscal policy. Moving forward, stakeholders will closely monitor the effectiveness of fund utilization to address the pressing macroeconomic challenges facing the country.
- last Monday, January 3, 2025, the Central Bank of Nigeria (CBN) announced that it had extended the temporary access granted to Bureau de Change (BDC) operators to purchase foreign exchange (FX) from Authorized Dealers in the official market. The access, which was initially set to expire on January 31, 2025, will now be available until May 30, 2025. Under this arrangement, BDCs will be able to purchase up to US\$25,000 from a single dealer each week. The CBN also set new guidelines for the sale of FX, requiring BDCs to sell purchased funds to end users at a rate no higher than 1% above the buying rate. Additionally, Authorized Dealer Banks (ADB) are required to submit weekly reports on FX sales to BDCs and maintain proper transaction records, ensuring compliance with Know-Your-Customer (KYC) and anti-money laundering regulations. As anticipated, these measures indicate that the CBN will continue to intervene in the FX market with further policy adjustments aimed at restoring stability, improving transparency, and boosting investor confidence in the market.
- Data from FMDQ shows that total inflows into the Nigerian Autonomous Foreign Exchange Market (NAFEM) rose by 53.3% month-on-month to USD 4.74 billion in January, up from USD 3.09 billion in December. This growth was driven by a 192.1% increase in foreign inflows, which hit USD 2.31 billion, the highest in nearly two years, due to improved market confidence and carry trade opportunities. Meanwhile, local inflows grew by 5.6% to USD 2.43 billion, supported by higher contributions from individuals, exporters/importers, and the Central Bank of Nigeria (CBN), though non-bank corporates saw a decline.

Foreign Exchange Update

- Last week, the naira weakened by 1.8%, closing at ₦1,501.61 per USD in the Nigerian Foreign Exchange Market (NFEM). This decline occurred despite positive inflows from Foreign Portfolio Investors (FPIs) and the Central Bank of Nigeria's (CBN) intervention, where it sold USD 60.30 million to authorized dealers.
- Nigeria's foreign exchange reserves fell by USD 269.78 million week-on-week, reaching USD 39.45 billion on February 6, marking the fifth consecutive week of decline.

Fixed Income Market

- Last week, the Treasury bills secondary market saw bullish sentiment as investors looked to fill unmet bids from the NTB Primary Market Auction (PMA). As a result, the average yield fell by 64 basis points, reaching 24.6%. In contrast, the OMO bills saw slight selective interest, resulting in a modest decrease in the average benchmark yield, which fell to 27.06% from 27.39% the previous week.
- Last week, the Central Bank of Nigeria (CBN) held a T-Bills Primary Market Auction (PMA), offering ₦670.00 billion across the 91-day, 182-day, and 364-day tenors, compared to ₦955.37 billion set to mature. Investor demand remained robust, with total subscriptions reaching ₦3.22 trillion, the highest in nine years, up from ₦2.54 trillion in the previous auction. This led to a full allotment of ₦670.00 billion. The stop rates for the 91-day and 182-day tenors remained unchanged at 18.00% and 18.50%, respectively, while the 364-day rate saw a decline to 20.3% from 21.8%. As a result, the bid-to-cover ratio improved to 4.80x, up from 3.35x in the prior auction.
- The FGN bond secondary market saw positive momentum last week, largely driven by increased demand for the JAN-2035 bond, which saw its yield fall by 92 basis points. Consequently, the average yield across the market dropped by 16 basis points to 20.5%. The shorter and mid portions of the benchmark curve also saw yield decreases, with drops of 15 and 28 basis points, respectively. This was mainly due to strong demand for the JAN-2026 bond (which fell by 113 basis points) and the JUN-2033 bond (down by 54 basis points). Meanwhile, the long end of the curve remained steady, with yields holding flat.

Equity Market

- The Nigerian equities market maintained its upward momentum, supported by continued buying interest as more companies released their earnings and investors awaited dividend announcements. As a result, the NGX All-Share Index rose by **1.38%**, while market capitalization increased by **1.37%**, closing the week at 105,933.03 and ₦65.592 trillion, respectively. This boosted the year-to-date return to **2.92%**, compared to **1.53%** the week before.
- The positive movement was driven by strong performances in key stocks such as ETERNA (**+32.79%**), BETAGLASS (**+20.98%**), NNFM (**+20.96%**), and PRESCO (**+19.69%**), which helped offset the losses in MULTIVERSE (**-9.95%**) and MECURE (**-9.71%**).
- Sectoral performance was positive, with the Banking, Insurance, Industrial Goods, and Oil & Gas sectors registering gains of **4.66%**, **1.61%**, **0.85%**, and **0.56%**, respectively. However, the Consumer Goods sector saw a decline of **0.60%**.
- Trading activity saw a significant increase, with both volume and value traded rising by 36.70% and 51.40%, respectively, to 2.94 billion and ₦94.11 billion, up from 2.15 billion and ₦62.16 billion the previous week. UPDC led the gainers with a 38.50% rise, while SUNUASSUR topped the losers' list with a 12.87% decline.
- We expect the positive market sentiment to continue into next week, fueled by the release of new corporate earnings and upcoming dividend announcements. Investor sentiment is likely to remain focused on stocks with solid financial results.