

Weekly Market Summary



Highlights

- **Money Supply Rises to Highest Level in History**
- **Nigerian Stock Market Sheds -0.04% to Close the Week.**
- **System Liquidity Marginally Declines**
- **UK Labour Party ends 14-Year Rule of Conservative Party with Landslide Victory**

Economic Data	05-07-24	28-06-24	WoW	YTD
NGXASI	100,022.03	100,057.49	-0.04%	33.77%
NGXLII	6,252.22	6,287.43	-0.56%	35.34%
Market Cap (₦'tn)	56.581	56.602	-0.04%	38.20%
Official Exchange Rate (₦/\$)	1,509.67	1,505.30	-0.29%	-30.91%
Oil Prices (\$'pb)	86.54	86.41	0.15%	12.33%
External Reserves (\$'bn)	34.66	34.19	1.36%	5.30%
LC Managed Funds				
Halal Investment Fund (₦)	2.01	2.01	0.08%	10.25%
Halal Fixed Income Fund (₦)	1,205.48	1,235.04	0.28%	7.45%
Lotus Halal Equity ETF (₦)	30.64	30.45	0.62%	35.79%

NIGERIAN MARKET UPDATE

Money Supply Rises to Highest Level in History

Money supply in Nigeria reached an unprecedented level in May 2024, as measured by M3, a measure of money supply that includes cash, time deposits, and money-market securities, which reached an all-time high of ₦99.24 trillion. This represents a 2.33% increase in liquidity from ₦96.97 trillion at the end of April 2024. This surge in money supply is in stark contrast to the Central Bank of Nigeria's (CBN) contractionary monetary policy. Despite the CBN's efforts to tighten liquidity by jerking its benchmark policy rate by 750 basis points year-to-date, setting the Monetary Policy Rate (MPR) at 26.25%, and issuing ₦13.78 trillion in treasury bills and open market operations (OMO) bills to absorb excess liquidity, the money supply has continued to grow. In comparison, only ₦2.60 trillion was issued in money market securities during a similar period in the previous year.

This significant amount of money in circulation poses a substantial challenge to the CBN's core mandate of achieving price stability. This was why inflation surged to 33.95% in May 2024, reflecting the difficulties the CBN faces in controlling price levels. The persistent high liquidity in the system continues to undermine the CBN's efforts to stabilize prices. Hence, without effective measures to address this liquidity surplus, we expect price pressures to persist in the country, exacerbating the current inflationary environment.

Nigerian Stock Market Sheds -0.04% to Close the Week

In the local equities, investor sentiment tilted marginally negative with the local bourse down by -0.04%. This outing pegged the index's year-to-date return at 33.77%. Market capitalization of the NGX followed suit to inch lower and settle at ₦56.58 trillion at the end of the week.

Across Shari'ah compliant equities, the NGX Lotus Islamic index successfully completed its half-yearly rebalancing exercise. During this process, the index welcomed Dangote Sugar Refinery Plc and Nascon Allied Industries Plc as new constituents. Conversely, Airtel Africa Plc was removed from the index, bringing the total number of constituents to 11.

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System Liquidity Marginally Declines

During the week, there was marginal decline in system liquidity. This pushed both the overnight rate (ON) and the overnight policy rate higher in the week, with the ON rate spiking to 32.53% (previous week: 25.00%), while the OPR rose to 32.06% at the end of the week (previous week: 24.17%).

The Naira weakened by -0.29% at the official window to trade at ₦1,509.67/\$ (previous week: ₦1,505.30/\$). At the parallel market however, the US Dollar traded for c.₦1,507.00/\$ at the end of the week.

GLOBAL MARKETS

UK Labour Party ends 14-Year Rule of Conservative Party with Landslide Victory

In the United Kingdom, the Labour Party achieved a landslide victory in the general elections, securing 412 of the 650 seats in Parliament. This effectively ended the Conservative Party's 14-year tenure. With this decisive win, the Labour Party took over the reins of government, and Sir Keir Starmer, a seasoned lawyer and politician, assumed the role of Prime Minister. The new administration is set to implement a broad mandate, which includes a robust clean energy initiative and increased funding for the National Health Service. These ambitious plans reflect the party's commitment to progressive reforms and sustainable development for the United Kingdom.

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