The NGX All-Share Index and Market Capitalization appreciated by 2.61% and 6.03% to close the week at 101,330.85 and N57.293 trillion respectively.

Similarly, all other indices finished higher with the exception of NGX Banking, NGX Insurance, NGX AFR Bank Value, NGX MERI Growth, NGX MERI Value, NGX Consumer Goods and NGX Sovereign Bond which depreciated by 1.40%, 5.22%, 3.39%, 1.80%, 1.86%, 1.21%, and 3.06% respectively.

Top Gainers as at -08-MAR-2024

Stock	Close ₦	% Chg.
JULI PLC	4.97	32.53
TRANSCORP POWER PLC	351.30	46.38
P Z CUSSONS NIGERIA PLC	40.00	18.52

Stock	Close ₦	% Chg.
MTN NIG COMMUNICATION PLC	221.40	10.31
TRANSNATIONAL CORPORATION PLC	17.00	19.05

A total turnover of 2.157 billion shares worth N108.824 billion in 51,556 deals was traded this week by investors on the floor of the Exchange, in contrast to a total of 1.882 billion shares valued at N34.149 billion that exchanged hands last week in 48,464 deals.

The Financial Services Industry (measured by volume) led the activity chart with 899.483 million shares valued at N15.778 billion traded in 20,278 deals; thus contributing 41.70% and 14.50% to the total equity turnover volume and value respectively.

The Conglomerates Industry followed with 736.973 million shares worth N12.902 billion in 4,996 deals. The third place was the Utilities Industry, with a turnover of 208.511 million shares worth N65.746 billion in 5,602 deals. Trading in the top three equities namely Transnational Corporation Plc, Transcorp Power Plc and United Bank for Africa Plc (measured by volume) accounted for 1.056 billion shares worth N78.770 billion in 12,167 deals, contributing 48.97% and 72.38% to the total equity turnover volume and value respectively.

Notable Highlights

- The equities market recorded a mixed performance – the listed equities market, NGXASI, recorded an increase of 2.61% W-o-W, and the NASD OTC declined by 5.10%

- The NAFEM rate depreciated while NAFEX rates appreciated at the end of the week.
- The BDC rates depreciated to 1,618.
- The price of Brent crude oil and WTI closed negatively at the end of the week.
- The FMDQ Debt Market Size was not available when reporting.
- The AFEX ACI and AEI were not available when reporting.

Top Losers as at 08-MAR-2024

Stock	Close ₦	% Chg.
JAPAUL GOLD PLC	1.95	-13.33
ECOBANK TRANSNATIONAL INC	20.00	-17.01
FTN COCOA PROCESSORS PLC	1.38	-16.36
CHAMS HOLDING COMPANY PLC	2.00	-15.97
OMATEK VENTURES PLC	0.65	-14.47

CAPITAL MARKET

Nigeria Policy Tightening is a Step Towards Addressing Economic Challenges

The recent 400bp increase, to 22.75%, in Nigeria's monetary policy rate (MPR) marks progress in the country's efforts to contain inflation and support a more market-determined exchange rate, though real rates remain negative and the exchange rate is still subject to downward pressure, says Fitch Ratings. We highlighted low net reserves and weaknesses in the exchange-rate framework as constraints on the sovereign's credit profile in November 2023, when we affirmed Nigeria's rating at 'B-' with a Stable Outlook.

We believe the large MPR increase on 26-27 February, and accompanying moves to raise the cash reserve ratio for commercial banks to 45% from 32.5%, are steps towards containing inflation. The Central Bank of Nigeria (CBN) also widened the asymmetric corridor around the MPR, which could limit interest rate pass-through. Fitch expects the CBN to continue tightening policy in the near term, which seems necessary to more fully control inflation as rapid credit and money-supply growth suggests a still-loose monetary context. Such a tightening will still face implementation challenges, partly due to the potential for countervailing political pressure. However, without further sizeable monetary tightening, it may be difficult to achieve macroeconomic stability – real interest rates remain negative, deterring inward portfolio investment.

Source: Fitch Ratings, Haver Analytics, CBN

FitchRatings

Fitch projects the rate of inflation to rise further in 1H24, before moderating in 2H24. This partly reflects base effects as well as our assumption that the naira's depreciation will slow in 2024, compared with 2H23, before a stabilisation of the currency by year-end. We believe the currency's sharp depreciation since mid-2023, including the large loss of value in January, and slow monetary policy response has raised inflation expectations, with security challenges in the north-east of the country and higher transport costs also adding to price pressures. We project inflation to average 26% in 2024.

Recent CBN policy tightening, coupled with exchange-rate adjustments, signal initial efforts to address FX liquidity scarcity and restore business confidence. The CBN governor has announced plans to clear a backlog of unsettled FX forwards "in the next few days", having settled only USD400 million of an outstanding USD2.2 billion, based on CBN estimates, as of late February. Nonetheless, the CBN's weak net reserve position will continue to hamper liberalisation of the FX market and we expect FX scarcity to persist through 2024. Even if the authorities resolve the backlog of FX forwards, it will take time for investor confidence in the FX market to return, especially if transparency over exchange rate and monetary policy remains poor.

Recent measures, if continued, may ultimately strengthen the sovereign's medium-term growth prospects and capacity to attract external financing. Fitch could look through short-term price volatility associated with the changes if we assess that their influence on Nigeria's fundamental credit profile is positive. When we affirmed Nigeria's rating in November, we stated that improved credibility and consistency in monetary policymaking and FX management, resulting in a sustained reduction of inflation and distortions in the FX market, could lead to positive rating action.

While the authorities are taking steps to address the challenges in the monetary and FX market, years of unorthodox policy approaches and financial repression under the previous government have weakened investor confidence in the economy. A lack of policy coordination remains a risk for the reform drive. Notably, Fitch expects fiscal consolidation to be limited in the near term, constrained by political pressure on the government to improve infrastructure and provide support to households amid high inflation. This could weaken the effectiveness of policies designed to curb inflation and improve FX liquidity.

HAVE AN AWESOME WEEKEND AHEAD!!!