

MARKET COMMENTARY

Money Market

Opening system liquidity decreased to -₦945.95 billion from -₦863.04 billion yesterday, pushing the Open Repo Rate (OPR) up by 121 bps to 31.46% and causing the Overnight Rate (O/N) to increase by 99 bps to 32.07%.

Outlook: We expect interbank rates to stay elevated tomorrow.

Treasury Bills

The treasury bills market maintained a cautious trading bias today due to the MPC meeting. However, yields drifted upward as the closing bell approached, in response to the MPC's interest rate hike to 26.25% from 24.75%. As a result, the average mid-rate increased by 30 bps to 19.98%.

Outlook: Given the recent rate hike, we anticipate a bearish posture tomorrow, including a likely uptick in stop rates at the auction, where the DMO would be offering treasury bills worth about ₦508.98 billion.

FGN Bonds

The local FGN bonds had a quiet start to today's trading session. However, the market ended on a bearish note as rates moved higher in response to the MPC's policy decisions. Consequently, the average mid-yield increased by 23bps to 18.46%.

Outlook: We expect a bearish bias in tomorrow's session.

Eurobonds

The Eurobonds market showed a mixed theme, with some buying activity on select papers from Nigeria, Ghana, and Egypt. On the other hand, Angola remained fully offered, as investors continued to trade sentiments around the recent interest rate hike. Towards the close of market, sellers pared back gains in the Nigerian papers. Overall, the average mid-yield of Nigeria's curve increased slightly by 1 bp to close at 9.60%.

Outlook: We expect the mixed trend to persist, while players anticipate the minutes of last FOMC meeting.

Benchmark T-Bills Discount Rates			
	21-May-24	20-May-24	Change in Rates
93 days	18.50%	18.50%	→ 0.00%
184 days	19.26%	19.26%	→ 0.00%
338 days	20.30%	20.30%	→ 0.00%

Source: FMDQ DQL for 21 May 2024

Benchmark FGN Bond Yields			
	21-May-24	20-May-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.47%	18.47%	→ 0.00%
10 yrs: 12.50% 27-Apr-2032	19.69%	19.69%	→ 0.00%
20 yrs: 13.00% 21-Jan-2042	17.59%	17.59%	→ 0.00%
30 yrs: 12.98% 27-Mar-2050	17.50%	17.50%	→ 0.00%

Source: FMDQ DQL for 21 May 2024

Benchmark FGN Eurobond Yields			
	21-May-24	20-May-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.55%	8.55%	→ 0.00%
10 yrs: NGERIA 7.875 02/16/32	9.87%	9.84%	↑ 0.03%
15 yrs: NGERIA 7.696 23/02/38	10.33%	10.33%	→ 0.00%
30 yrs: NGERIA 9.248 01/21/49	10.19%	10.16%	↑ 0.03%
7.125% ECOTRAN 16/02/26*	7.74%	7.74%	→ 0.00%

Source: FBN UK UK Runs for 21 May 2024

Date	Sys. Liq. (₦bn)	Diff.
21-May-24	-945.95	
20-May-24	-863.04	↓ (82.91)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	16.51
AIICO BALANCED FUND	3.75
AIICO EUROBOND FUND	6.25

Macro Indicators	
GDP (Q4 2023)	+3.46% (Q3: 2023 +2.54% y/y)
Inflation (April' 2024)	33.69% (Mar'24: 33.20%)
External Reserve (US\$ billion)	32.66 (-0.76% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*83.10 (-0.73 d/d)

Source: NBS, CBN, AIICO Capital

DATE: Tuesday 21 May | 2024

Nigerian Equities

At the start of today's session, the Nigerian stock market showed a slight bearish bias with reduced aggression. However, the market turned bullish due to buy-side interest in NESTLE (+9.76%), ZENITHBANK (+2.20%), and GTCO (+0.13%). The All-Share Index appreciated by 0.11% to close at 98,285.33 points, with the year-to-date return and market capitalization settling at 31.44% and ₦55.59 trillion, respectively.

Total volume and value trades declined by 45.05% and 23.02%, respectively. The Banking and Consumer Indices increased by 0.16% and 0.79%, while the Industrial and Oil & Gas Goods Indices remained flat. GTCO led both the volume and value charts with 40.64 million units and N1.62 billion, respectively.

Outlook: *We expect a mixed sentiment tomorrow.*

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦3.31 (or 0.23%) to \$/₦1,465.68 compared to \$/₦1,468.99 recorded yesterday.

Outlook: *We expect volatility to persist.*

Commodities

Oil prices drifted lower but remained stuck in a narrow range as the market struggled to find catalysts. Brent oil dropped by 0.74% to \$83.09 per barrel, while WTI fell by 0.63% to \$79.30 per barrel. Additionally, the price of gold decreased by 0.21% to \$2,433.10 per ounce at the time of writing.

Outlook: *We expect the volatility to persist.*

Top 5 Equity Advancers			
Name (Symbol)	Closing Price	Gain(N)	% Change
BERGER	14.90	1.35	↑ 9.96%
NESTLE	900.00	80.00	↑ 9.76%
SOVRENINS	0.40	0.03	↑ 8.11%
ROYALEX	0.60	0.04	↑ 7.14%
TANTALIZER	0.50	0.03	↑ 6.38%

Source: NGX, AIICO Capital

Top 5 Equity Decliners			
Name (Symbol)	Closing Price	Loss(N)	% Change
INTENEGINS	1.49	-0.16	↓ -9.70%
DEAPCAP	0.44	-0.04	↓ -8.33%
UPDC	1.20	-0.10	↓ -7.69%
WAPIC	0.64	-0.05	↓ -7.25%
STERLINGNG	4.20	-0.28	↓ -6.25%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.11%	↑ 0.83%	↑ 0.06%	↑ 31.44%
NSE Banking Index	↑ 0.16%	↓ -4.92%	↑ 0.84%	↓ -12.97%
NSE Insurance Index	↓ -0.38%	↓ -2.76%	↓ -3.94%	↑ 13.36%
NSE Industrial Goods Index	↑ 0.00%	→ 0.00%	↑ 0.10%	↑ 72.98%
NSE Consumer Goods Index	↑ 0.79%	↑ 0.61%	↓ -0.39%	↑ 37.32%
NSE Oil & Gas Index	→ 0.00%	↓ -0.63%	↓ -7.10%	↑ 12.93%

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