

Actionable Market Insights, delivered daily.

AIICO CAPITAL

DATE: Monday 03 June | 2024

MARKET COMMENTARY

Money Market

Opening system liquidity fell back to a deficit region at ₦79.51 billion from ₦80.71 billion reported last week Friday. Overall, the Open Repo Rate (OPR) increased by 9bps to 29.18%, while the Overnight Rate (O/N) declined by 12 bps to 29.82%.

Outlook: We expect interbank rates to expand in the interim.

Treasury Bills

The treasury bills market closed bearish today, with average mid-rate increasing by 10bps to 20.62%. Activity was mostly skewed towards the belly and long end of the curve, particularly the February 2025 and May 2025 papers.

Outlook: : We expect market to trade cautiously tomorrow.

FGN Bonds

The local FGN bonds market closed relatively flat today at 18.49%. Overall activity was minimal, with few tractions seen on select maturities, particularly the 2050 and 2053 papers.

Outlook: We expect similar session tomorrow.

Eurobonds

The African Eurobonds market extended its bullish bias today, with buy-side interests jolting across the curve. Meanwhile, the S&P flash PMI for US came in at 51.30 points, from 50.00 points in April, surpassing market forecast of 50.70 points. By the end of the session, the average mid-yield declined by 8bps to settle at 9.59%.

Outlook: We expect the bullish bias to linger in the interim, but at a less aggressive pace.

Benchmark T-Bills Discount Rates

	03-Jun-24	31-May-24	Change in Rates
80 days	17.17%	17.17%	→ 0.00%
171 days	19.26%	19.26%	→ 0.00%
325 days	20.31%	20.31%	→ 0.00%

Source: FMDQ DQL for 03 June 2024

Benchmark FGN Bond Yields

	03-Jun-24	31-May-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.49%	18.48%	↑ 0.01%
10 yrs: 12.50% 27-Apr-2032	19.70%	19.70%	→ 0.00%
20 yrs: 13.00% 21-Jan-2042	17.00%	17.00%	→ 0.00%
30 yrs: 12.98% 27-Mar-2050	17.50%	17.50%	→ 0.00%

Source: FMDQ DQL for 03 June 2024

Benchmark FGN Eurobond Yields

	03-Jun-24	31-May-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.44%	8.53%	↓ -0.09%
10 yrs: NGERIA 7.875 02/16/32	9.85%	9.95%	↓ -0.10%
15 yrs: NGERIA 7.696 23/02/38	10.39%	10.49%	↓ -0.10%
30 yrs: NGERIA 9.248 01/21/49	10.21%	10.22%	↓ -0.01%
7.125% ECOTRAN 16/02/26*	7.59%	7.67%	↓ -0.08%

Source: FBN UKRuns for 03 June 2024

Date	Sys. Liq. (₦bn)	Diff.
3-Jun-24	-79.51	
31-May-24	80.71	↓ (160.22)

Source: CBN

NAME OF FUND EFFECTIVE YIELD (%)

AIICO MONEY MARKET FUND	19.49
AIICO BALANCED FUND	5.80
AIICO EUROBOND FUND	6.24

As of 02 June 2024

Macro Indicators

GDP (Q1 2024)	+2.98% (Q4: 2023 +3.46% y/y)
Inflation (April'2024)	33.69% (Mar'24: 33.20%)
External Reserve (US\$'billion)	32.69 (-0.67% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*79.41 (-3.33 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market ended on a bearish note today as trading momentum remained weak. OANDO gained 9.75% to close at ₦12.95, while FBNH, TRANSCORP, and NB saw losses of 4.69%, 3.88%, and 1.89%, respectively. The market breadth showed a ratio of 1.35x (23 advancers to 17 decliners).

The All-Share Index dropped by 0.18% to close at 99,118.86 points, and the year-to-date return was at 32.56%, with the market capitalization at ₦56.07 trillion. Trading activity was lower than Fridays with a decrease of 19.45% in total volume and 38.92% in value traded.

The Banking, Consumer Goods, and Industrial Goods Indices declined by 0.84%, 0.06%, and 0.09% respectively, while the Oil & Gas Index remained unchanged. VERITASKAP led the volume charts with 57.95 million units traded, while GTCO topped the value charts with ₦1.88 billion in trades.

Outlook: *We expect similar trend tomorrow.*

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦9.87 (or 0.66%) to \$/₦1,476.12 compared to \$/₦1,485.99 recorded last week Friday.

Outlook: *We expect volatility to persist.*

Commodities

U.S. crude oil fell more than 3% today as OPEC+ announced plans to phase out voluntary production cuts totalling 2.2 million barrels per day. Brent crude decreased by 3.33% to \$78.41 per barrel, while WTI fell by 3.55% to \$74.26 per barrel. The price of gold increased by 0.75% to \$2,363.20 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
DEAPCAP	0.44	0.04	↑ 10.00%
CORNERST	2.09	0.19	↑ 10.00%
OANDO	12.95	1.15	↑ 9.75%
VERITASKAP	0.64	0.05	↑ 8.47%
RTBRISCOE	0.52	0.04	↑ 8.33%

Source: NGX, AIICO Capital

Top 5 Equity Decliners			
Name (Symbol)	Closing Price	Loss(N)	% Change
ETRANZACT	5.05	-0.55	↓ -9.82%
UNITYBNK	1.38	-0.15	↓ -9.80%
JAIZBANK	2.06	-0.22	↓ -9.65%
MCNICHOLS	1.00	-0.10	↓ -9.09%
JAPAULGOLD	1.99	-0.10	↓ -4.78%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.18%	↑ 1.16%	↑ 0.91%	↑ 32.56%
NSE Banking Index	↓ -0.84%	↑ 4.81%	↑ 2.10%	↓ -11.88%
NSE Insurance Index	↑ 2.79%	↑ 6.45%	↓ -0.56%	↑ 17.35%
NSE Industrial Goods Index	↓ -0.09%	↓ -0.21%	↑ 0.07%	↑ 72.93%
NSE Consumer Goods Index	↓ -0.06%	↑ 1.56%	↑ 1.13%	↑ 39.42%
NSE Oil & Gas Index	→ 0.00%	↑ 9.08%	↑ 2.06%	↑ 24.07%

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