

Actionable Market Insights, delivered daily.



MARKET COMMENTARY

DATE: Wednesday 05 June | 2024

Money Market

System liquidity fell into negative territory as it opened at -₦85.37 billion from ₦345.29 billion yesterday due to the OMO auction debit. As a result, the Open Repo Rate (OPR) increased by 174 basis points to 29.68%, while the Overnight Rate (O/N) rose by 176 basis points to 30.26%.

Outlook: We expect interbank rates to hover at similar levels.

Treasury Bills

The treasury bills market traded calmly today, with some bullish undertone amid today's NTB auction. There was noticeable interest in the December 2023, March, and May 2024 maturities. Additionally, there were activities on long-dated OMO bills. Overall, the market closed slightly bullish, with the average mid-rate declining by 2bps to settle at 20.41%.

At the NTB auction, the DMO offered ₦221.13 billion worth of NTB but sold ₦278.43 billion, despite receiving ₦713.89 billion in subscriptions. The stop rate for the 91-Day paper remained unchanged at 16.50%. The stop rate for the 182-Day paper increased by 5.10 bps to 17.50%, while the stop rate for the 364-Day paper declined by 2 bps to 20.67%.

Outlook: We expect a mixed to bullish posture tomorrow.

FGN Bonds

The local FGN bonds market showed a mixed sentiment, although with less intensity. Most of the activity was observed on the 2031 and 2033 papers. The overall market closed slightly bearish, with the average mid-yield rising marginally by 1 bps to 18.53%.

Outlook: We expect the mixed sentiment to persist.

Eurobonds

The African Eurobonds market showed a mixed-to-bearish bias following the release of the ADP Employment data. The US ADP Employment data for May was lower than expected, with 152k jobs added (versus the estimated 175k) compared to 188k in the previous month. The Nigerian curve settled relatively bearish, with the average mid-yield decreasing marginally by 1 basis point to close at 9.67%.

Outlook: We expect market to be partly influenced by the U.S Initial Jobless Claims data tomorrow.

Benchmark T-Bills Discount Rates			
	05-Jun-24	04-Jun-24	Change in Rates
78 days	17.17%	17.17%	→ 0.00%
169 days	19.26%	19.26%	→ 0.00%
323 days	20.55%	20.31%	↑ 0.24%

Source: FMDQ DQL for 05 June 2024

Benchmark FGN Bond Yields			
	05-Jun-24	04-Jun-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.49%	18.49%	→ 0.00%
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 05 June 2024

Benchmark FGN Eurobond Yields			
	05-Jun-24	04-Jun-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.53%	8.53%	→ 0.00%
10 yrs: NGERIA 7.875 02/16/32	10.03%	9.98%	↑ 0.05%
15 yrs: NGERIA 7.696 23/02/38	10.49%	10.49%	→ 0.00%
30 yrs: NGERIA 9.248 01/21/49	10.28%	10.28%	→ 0.00%
7.125% ECOTRAN 16/02/26*	7.68%	7.68%	→ 0.00%

Source: FBN UK Runs for 05 June 2024

Date	Sys. Liq. (₦bn)	Diff.
5-Jun-24	-85.37	
4-Jun-24	345.29	↓ (430.67)

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)	32.77 (-0.42% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*77.58 (-1.00 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market saw positive movement today, with increased interest in stocks such as FIDELITYBK (+8.00%), ZENITHBANK (+2.81%), and NESTLE (0.55%) balancing out profit-taking on OANDO (-9.86%). The market breadth showed a ratio of 0.75x (18 advancers to 24 decliners).

The All-Share Index increased by 0.24% to close at 99,284.38 points, and the year-to-date return was at 32.78%, with the market capitalization at ₦56.16 trillion. However, trading activity declined, with a 11.30% decrease in total volume traded and a 36.49% decrease in total value traded.

The Banking, Consumer Goods, and Oil & Gas Indices gained 2.46%, 0.66%, and 0.26%, respectively, while the Industrial Goods Index decreased by 0.01%. FIDELITYBK led both the volume and value charts with 84.05 million units and ₦883.43 million..

Outlook: *We expect the market to tussle sideways in the interim.*

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange Market (NAFEX) depreciated by ₦11.65 (or 0.79%) to \$/₦1,488.60 compared to \$/₦1,476.95 recorded yesterday.

Outlook: *We expect volatility to persist.*

Commodities

Crude oil prices hovered around four-month lows, with Brent crude increasing by 0.54% to \$77.94 per barrel and WTI rising by 0.55% to \$73.65 per barrel. In addition, gold prices rose as yields retreated after softer U.S. jobs data, with the price of gold increasing by 1.16% to \$2,374.60 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
ETERNA	13.45	1.20	↑ 9.80%
REDSTAREX	3.71	0.33	↑ 9.76%
STANBIC	57.00	5.00	↑ 9.62%
FIDELITYBK	10.80	0.80	↑ 8.00%
INTBREW	3.99	0.29	↑ 7.84%

Source: NGX, AIICO Capital

Top 5 Equity Decliners			
Name (Symbol)	Closing Price	Loss(N)	% Change
OANDO	12.80	-1.40	↓ -9.86%
LINKASSURE	0.77	-0.08	↓ -9.41%
VERITASKAP	0.63	-0.06	↓ -8.70%
SOVRENINS	0.42	-0.04	↓ -8.70%
WAPIC	0.64	-0.06	↓ -8.57%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.24%	↑ 0.92%	↓ -0.02%	↑ 32.78%
NSE Banking Index	↑ 2.46%	↑ 3.77%	↑ 0.12%	↓ -11.02%
NSE Insurance Index	↓ -1.49%	↑ 3.56%	↓ -0.29%	↑ 13.83%
NSE Industrial Goods Index	↓ -0.01%	↓ -0.02%	↓ -0.09%	↑ 72.92%
NSE Consumer Goods Index	↑ 0.66%	↑ 1.75%	↑ 0.97%	↑ 40.85%
NSE Oil & Gas Index	↑ 0.26%	↑ 5.44%	↓ -0.52%	↑ 23.43%

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