

Actionable Market Insights, delivered daily.



MARKET COMMENTARY

DATE: Thursday 06 June | 2024

Money Market

System liquidity improved to ₦29.66 billion from -₦85.37 billion yesterday. Consequently, the Open Repo Rate (OPR) declined by 43 bps to 29.25%, while the Overnight Rate (O/N) fell by 32 bps to 29.94%.

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

Treasury Bills

Earlier in the day, the treasury bills market saw a notable increase in selling interest, with some investors opting to sell their auction winnings due to funding pressures. Most offers were concentrated on the newly issued 1-year paper at a range of 20.40% to 20.55%. As a result, the average market rate ended c.10 bps higher, settling at 20.51%.

Outlook: We expect a market to trade cautiously tomorrow.

FGN Bonds

The local FGN bonds market continued to remain calm, with interest focusing on select papers. At the close of trading, the market settled relatively bearish, with the average mid-yield rising by 2 bps to 18.55%.

Outlook: We expect a similar trend tomorrow.

Eurobonds

The African Eurobonds market exhibited a bullish bias today, with buyside interests observed in the Sub-Saharan Africa and North African regions. This was supported by the higher-than-expected US jobless claims data which printed at 229k (Est. 220k) from 221k in the preceding data. Consequently, the average mid-yield declined by 6bps to close at 9.68%.

Outlook: We expect the US Non-Farm Payroll data to take centerstage tomorrow.

Benchmark T-Bills Discount Rates			
	06-Jun-24	05-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%	20.55%	→ 0.00%

Source: FMDQ DQL for 06 June 2024

Benchmark FGN Bond Yields			
	06-Jun-24	05-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 06 June 2024

Benchmark FGN Eurobond Yields			
	06-Jun-24	05-Jun-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.53%	8.49%	↑ 0.04%
10 yrs: NGERIA 7.875 02/16/32	9.98%	9.93%	↑ 0.05%
15 yrs: NGERIA 7.696 23/02/38	10.51%	10.45%	↑ 0.06%
30 yrs: NGERIA 9.248 01/21/49	10.30%	10.24%	↑ 0.06%
7.125% ECOTRAN 16/02/26*	7.68%	7.68%	→ 0.00%

Source: ZENITHBK UK Runs for 06 June 2024

Date	Sys. Liq. (₦'bn)	Diff.
6-Jun-24	29.66	
5-Jun-24	-85.37	↑ 115.04

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 closed bearish today, as All-Share Index declined by 0.15% to settle at 99,134.85 points. Year-to-date return and market capitalization settled at 32.58% and ₦56.08 trillion. The market breadth showed a ratio of 0.94x (17 advancers to 18 decliners).

Trading activity improved today, with a 0.54% increase in total volume traded and 10.74% increase in total value traded. FIDELITYBK led the volume charts with 49.19 million units while GUINNESS led the value chart with ₦975.58 million.

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

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange Market (NAFEX) appreciated by ₦7.11 (or 0.48%) to \$/₦1,481.49 compared to \$/₦1,488.60 recorded yesterday.

Outlook: *We expect volatility to persist.*

Commodities

Crude oil prices rose today as the European Central Bank cut interest rates for the first time in five years. Traders also speculated that the Federal Reserve would follow suit in September. Brent crude increased by 1.84% to \$79.84 per barrel, while WTI rose by 1.97% to \$75.53 per barrel. Additionally, gold prices increased by 0.72% to \$2,392.80 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
OANDO	14.05	1.25	↑ 9.77%
ETERNA	14.75	1.30	↑ 9.67%
VERITASKAP	0.69	0.06	↑ 9.52%
NEM	8.70	0.70	↑ 8.75%
WAPIC	0.68	0.04	↑ 6.25%

Source: NGX, AIICO Capital

Top 5 Equity Decliners

Name (Symbol)	Closing Price	Loss(N)	% Change
MAYBAKER	6.03	-0.67	↓ -10.00%
FIDELITYBK	9.75	-1.05	↓ -9.72%
SOVRENINS	0.38	-0.04	↓ -9.52%
STANBIC	52.00	-5.00	↓ -8.77%
SUNUASSUR	1.20	-0.09	↓ -6.98%

Source: NGX, AIICO Capital

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