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AIICO
CAPITAL

MARKET COMMENTARY

DATE: Wednesday 13 June | 2024

Money Market

System liquidity remained negative at -₦187.63 billion, an improvement from the -₦261.96 billion reported on Tuesday. Overall, the Open Repo Rate (OPR) rose by 61 bps to 30.64%, while the Overnight Rate (O/N) increased by 53 bps to 31.16%.

Outlook: We expect interbank rates to stay elevated in the interim.

Treasury Bills

The activity in the treasury bills market began quietly due to the focus of players on the primary market auction. Near the end of the market session, bids were seen for some papers around the middle of the curve. Consequently, the market was bullish, leading to a 4-bps decline in the average mid-rate to 19.84%.

Outlook: We expect tomorrow's sentiment to trend slightly bullish, given the decrease in stop rates at today's auction.

FGN Bonds

The local FGN bonds market experienced less active trading across the yield curve, indicating investors' cautious approach ahead of next week's FGN bond auction. At the close of the market, the local bonds flattened, with the mid-yield settling at 18.57%.

Outlook: We expect a calm session tomorrow.

Eurobonds

The African Eurobond market had a strong session yesterday, responding positively to the slight moderation in US inflation. However, the market turned bearish after the US Fed decided to maintain the interest rate at 5.50% and reduced the expected rate cut in 2024 to 25bps from at least 75bps. Overall, the market closed slightly bearish with the average mid-yield settling at 9.76%.

Outlook: We expect the bearish sentiment to linger tomorrow, but at a less aggressive pace.

Benchmark T-Bills Discount Rates			
	13-Jun-24	11-Jun-24	Change in Rates
91 days	19.00%	19.00%	→ 0.00%
175 days	19.10%	19.10%	→ 0.00%
315 days	20.55%	20.55%	→ 0.00%

Source: FMDQ DQL for 13 June 2024

Benchmark FGN Bond Yields			
	13-Jun-24	11-Jun-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.51%	18.50%	↑ 0.01%
10 yrs: 12.50% 27-Apr-2032	19.71%	19.71%	→ 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 13 June 2024

Benchmark FGN Eurobond Yields			
	13-Jun-24	11-Jun-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.63%	8.76%	↓ -0.13%
10 yrs: NGERIA 7.875 02/16/32	10.01%	10.16%	↓ -0.15%
15 yrs: NGERIA 7.696 23/02/38	10.58%	10.68%	↓ -0.10%
30 yrs: NGERIA 9.248 01/21/49	10.33%	10.42%	↓ -0.09%
7.125% ECOTRAN 16/02/26*	7.92%	7.93%	↓ -0.01%

Source: FBNH UK Runs for 13 June 2024

Date	Sys. Liq. (₦'bn)	Diff.
13-Jun-24	-187.63	
11-Jun-24	-261.96	↑ 74.33

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	18.15
AIICO BALANCED FUND	5.96
AIICO EUROBOND FUND*	6.27

As of 09 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)	33.08 (+0.51% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*82.77 (+0.19 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market closed on a bullish note today, with the All-Share Index gaining 0.20% to settle at 99,832.25 points. The year-to-date return and market capitalization were at 33.51% and ₦56.47 trillion, respectively. Market breadth showed a ratio of 1.67x (30 advancers to 18 decliners). The bullish trend was fuelled by buy-side interests, including NB (+10.00%), UBA (+6.24%), OANDO (+3.09%), ZENITHBANK (+2.86%), and GTCO (+2.44%), among others.

Trading activity decreased by 40.80% and 47.72% in total volume and value traded, respectively. The Banking, Industrial, and Consumer Goods sectors saw increases of 0.98%, 0.08%, and 0.30%, while the Oil & Gas Index remained flat. ZENITHBANK led both the volume and value charts with 71.22 million units and ₦2.52 billion in value traded.

Outlook: *We expect the bullish sentiment to ease tomorrow.*

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange Market (NAFEX) depreciated by ₦2.58 (or 0.18%) to \$/₦1,476.24 compared to \$/₦1,473.66 recorded on Tuesday.

Outlook: *We expect volatility to persist.*

Commodities

Crude oil prices dropped slightly today due to an increase in the US stockpile. Brent crude fell by 0.17% to reach \$82.46 per barrel, while WTI declined by 0.31% to \$78.26 per barrel. Gold prices also decreased by 1.27% to \$2,325.20 per ounce at the time of writing, amid the Fed's projection of one rate cut in 2024.

Outlook: *We expect the volatility to persist.*

Top 5 Equity Advancers			
Name (Symbol)	Closing Price	Gain(N)	% Change
NB	31.90	2.90	↑ 10.00%
UNITYBNK	1.22	0.11	↑ 9.91%
NEM	9.55	0.85	↑ 9.77%
THOMASWY	1.74	0.15	↑ 9.43%
UACN	14.45	1.15	↑ 8.65%

Source: NGX, AIICO Capital

Top 5 Equity Decliners			
Name (Symbol)	Closing Price	Loss(N)	% Change
ETI	21.35	-2.35	↓ -9.92%
DAARCOMM	0.52	-0.05	↓ -8.77%
CILEASING	2.60	-0.20	↓ -7.14%
RTBRISCOE	0.56	-0.03	↓ -5.08%
CUSTODIAN	9.35	-0.50	↓ -5.08%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.20%	↑ 0.70%	↑ 0.54%	↑ 33.51%
NSE Banking Index	↑ 0.98%	↑ 3.69%	↑ 3.81%	↓ -7.74%
NSE Insurance Index	↑ 1.80%	↑ 4.78%	↑ 4.48%	↑ 19.28%
NSE Industrial Goods Index	↑ 0.08%	↑ 0.10%	↑ 0.00%	↑ 73.09%
NSE Consumer Goods Index	↑ 0.30%	↑ 0.08%	↑ 1.05%	↑ 40.96%
NSE Oil & Gas Index	→ 0.00%	↑ 5.63%	↑ 5.09%	↑ 30.39%

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