

Actionable Market Insights, delivered daily.



MARKET COMMENTARY

DATE: Wednesday 19 June | 2024

Money Market

System liquidity opened positive today at ₦768.39 billion, up from ₦132.75 billion reported last week Friday. Nevertheless, the Open Repo Rate (OPR) rose by 73 bps to 26.36%, while the Overnight Rate (O/N) increased by 89 bps to 27.14%, on the bank of OMO auction funding.

Outlook: We expect interbank rates to stay elevated in the interim, as OMO auction settlement should tighten system liquidity.

Treasury Bills

At the start of today's trading session, activity stayed quiet, with minimal interests on a few papers. Further into the day, the CBN announced an OMO auction, offering ₦500.00 billion across the short, medium, and long dated papers. However, the CBN sold OMO bills worth ₦1.00 billion and ₦985.88 billion for the medium and long dated papers, respectively, which were at par with the size of bids. Furthermore, the medium and long dated papers were issued at 19.480% and 22.299%, respectively, implying a decline of 11bps and 3.10bps correspondingly, when compared to the previous auction. To add, there were zero bids recorded for the short dated paper. Overall, the treasury bills market closed c.7bps higher at 19.83%.

Outlook: We expect a quietly mixed sentiment tomorrow.

FGN Bonds

The local FGN bonds market was also calm due to only a handful of interest in select papers. At the close of the trading session, the market settled around 4bps higher, printing at 18.61%.

Outlook: We expect a similar session tomorrow.

Eurobonds

The African Eurobond market experienced less volatility in today's session, leaning bullish as it continued to recover from the bearish sentiment triggered by the Fed's updated projection of a single rate cut, down from three rate cuts earlier. Overall, activity closed bullish, with average mid-yield falling by 4bps from 10.06% yesterday, to 10.02% at the close today's session.

Outlook: We expect the African Eurobonds market to be partly impacted by some US economic data like US Jobless Claims, Housing Starts amongst others.

Benchmark T-Bills Discount Rates			
	19-Jun-24	14-Jun-24	Change in Rates
85 days	19.00%	19.00%	→ 0.00%
169 days	19.10%	19.10%	→ 0.00%
309 days	20.55%	20.55%	→ 0.00%

Source: FMDQ DQL for 19 June 2024

Benchmark FGN Bond Yields			
	19-Jun-24	14-Jun-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.52%	18.51%	↑ 0.01%
10 yrs: 12.50% 27-Apr-2032	19.72%	19.71%	↑ 0.01%
20 yrs: 13.00% 21-Jan-2042	17.01%	17.00%	↑ 0.01%
30 yrs: 12.98% 27-Mar-2050	17.50%	17.50%	→ 0.00%

Source: FMDQ DQL for 19 June 2024

Benchmark FGN Eurobond Yields			
	19-Jun-24	14-Jun-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.77%	8.77%	→ 0.00%
10 yrs: NGERIA 7.875 02/16/32	10.19%	10.19%	→ 0.00%
15 yrs: NGERIA 7.696 23/02/38	10.72%	10.72%	→ 0.00%
30 yrs: NGERIA 9.248 01/21/49	10.49%	10.49%	→ 0.00%
7.125% ECOTRAN 16/02/26*	7.77%	7.77%	→ 0.00%

Source: FBNH UK Runs for 19 June 2024

Date	Sys. Liq. (₦'bn)	Diff.
19-Jun-24	768.40	
14-Jun-24	132.75	↑ 635.65

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	19.58
AIICO BALANCED FUND	6.75
AIICO EUROBOND FUND	6.39

As of 18 June 2024

Macro Indicators	
GDP (Q1 2024)	+2.98% (Q4: 2023 +3.46% y/y)
Inflation (May'2024)	33.95% (Apr'24: 33.69%)
External Reserve (US\$'billion)	33.30 (+1.19% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*85.51 (+0.21 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market closed bearish today, with the All-Share Index declining by 0.08% to settle at 99,840.95 points. The year-to-date return and market capitalization were at 33.52% and ₦56.48 trillion, respectively. Market breadth showed a ratio of 2.67x (40 advancers to 15 decliners), while NB (-8.37%), FBNH (-2.65%) and UBA (-1.34%) impacted the bearish bias today, despite some buy-side interests on GUINNESS (+9.96%) and FIDELITYBK (+8.50%).

Trading activity improved today by 334.92% and 233.02% in total volume and value traded, respectively. The Banking and Oil & Gas Indices appreciated by 0.51% and 0.08%, respectively. However, the Consumer Index declined by 0.09%, while the Consumer Index stayed remained unchanged. ZENITHBANK led both the volume and value charts with 71.22 million units and ₦2.52 billion in value traded.

Outlook: *We expect a similar trajectory tomorrow.*

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange Market (NAFEX) depreciated by ₦0.30 (or 0.02%) to \$/₦1,483.02 compared to \$/₦1,482.72 recorded last Friday.

Outlook: *We expect volatility to persist.*

Commodities

Oil prices remained stable today, staying close to their highest levels in seven weeks. The market is balancing concerns over escalating conflicts with worries about demand following an unexpected rise in U.S. crude inventories. Brent crude increased by 0.21% to reach \$85.51 per barrel, while WTI increased by 0.04% to \$81.60 per barrel. Gold prices also decreased by 0.22% to \$2,341.80 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
UPL	2.75	0.25	↑ 10.00%
GUINNESS	66.25	6.00	↑ 9.96%
CHAMPION	3.24	0.29	↑ 9.83%
HONYFLOUR	3.45	0.30	↑ 9.52%
VERITASKAP	0.81	0.07	↑ 9.46%

Source: NGX, AIICO Capital

Top 5 Equity Decliners			
Name (Symbol)	Closing Price	Loss(N)	% Change
CAVERTON	1.41	-0.15	↓ -9.62%
ABCTRANS	0.57	-0.06	↓ -9.52%
NB	29.00	-2.65	↓ -8.37%
WAPIC	0.66	-0.04	↓ -5.71%
MANSARD	5.25	-0.24	↓ -4.37%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.08%	↑ 0.21%	↑ 0.54%	↑ 33.52%
NSE Banking Index	↑ 0.51%	↑ 0.69%	↑ 3.51%	↓ -8.00%
NSE Insurance Index	↓ -0.14%	↑ 1.48%	↑ 4.14%	↑ 18.90%
NSE Industrial Goods Index	↓ 0.00%	↑ 0.34%	↑ 0.26%	↑ 73.54%
NSE Consumer Goods Index	↓ -0.09%	↑ 0.55%	↑ 1.30%	↑ 41.31%
NSE Oil & Gas Index	↑ 0.08%	↑ 0.08%	↑ 5.17%	↑ 30.49%

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