

Actionable Market Insights, delivered daily.

AIICO CAPITAL

MARKET COMMENTARY

DATE: Tuesday 25 June | 2024

Money Market

Opening system liquidity moderated by 3.13% to ₦921.73 billion from ₦951.51 billion reported yesterday. Overall, the Open Repo Rate (OPR) declined by 5 bps to 23.45%, while the Overnight Rate (O/N) increased by 1 bp to 24.04%.

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

Treasury Bills

The treasury bills market had a mixed performance today. There was significant selling pressure on the mid-dated papers, while mild bidding activity was observed on the long end of the curve. By the end of the session, the average mid-rate had decreased by 2 bps to 20.16%.

Outlook: We expect market to be skewed towards tomorrow's auction.

FGN Bonds

The local FGN bonds market was mixed today. While yields increased in response to yesterday's auction, some investors cherry-picked a few maturities, particularly the on-the-run bonds. Nevertheless, market settled bearish, and the average mid-yield increased by 21bps to 18.82%.

Outlook: We expect a similar trend tomorrow.

Eurobonds

The SSA and South African curve showcased a bullish bias at mid-day. Although, buying interests subsided towards the end of the trading session. In North Africa, Egypt's curve trended bearish. Overall, the Nigerian curve closed relatively bullish, with the average mid yield falling by 2 bps to 10.14%.

Outlook: We look forward to the US final Q1 '24 GDP growth rate tomorrow. As of writing time, the market expects a 1.40% GDP growth rate, after 1.60% and 1.30% in the first and second estimates.

Benchmark T-Bills Discount Rates			
	25-Jun-24	24-Jun-24	Change in Rates
79 days	19.00%	19.00%	→ 0.00%
163 days	19.10%	19.10%	→ 0.00%
303 days	20.55%	20.55%	→ 0.00%

Source: FMDQ DQL for 25 June 2024

Benchmark FGN Bond Yields			
	25-Jun-24	24-Jun-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.67%	18.66%	↑ 0.01%
10 yrs: 12.50% 27-Apr-2032	19.55%	19.55%	→ 0.00%
20 yrs: 13.00% 21-Jan-2042	17.50%	17.50%	→ 0.00%
30 yrs: 12.98% 27-Mar-2050	17.50%	17.50%	→ 0.00%

Source: FMDQ DQL for 25 June 2024

Benchmark FGN Eurobond Yields			
	25-Jun-24	24-Jun-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.96%	8.96%	→ 0.00%
10 yrs: NGERIA 7.875 02/16/32	10.46%	10.51%	↓ -0.05%
15 yrs: NGERIA 7.696 23/02/38	10.98%	10.98%	→ 0.00%
30 yrs: NGERIA 9.248 01/21/49	10.71%	10.76%	↓ -0.05%
7.125% ECOTRAN 16/02/26*	7.78%	7.86%	↓ -0.08%

Source: FBNH UK Runs for 25 June 2024

Date	Sys. Liq. (₦'bn)	Diff.
25-Jun-24	921.73	
24-Jun-24	951.51	↓ (29.79)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	20.09
AIICO BALANCED FUND	7.03
AIICO EUROBOND FUND	4.22

As of 21 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)	33.70 (+2.40% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*86.03 (+0.93 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian equity market closed bearish today, with the All-Share Index falling by 0.09% to 99,217.60 points, while the year-to-date return and market capitalization settled at 32.69% and ₦56.13 trillion, respectively. The market breadth showed a ratio of 1.17x, with 27 advancers and 23 decliners. The market was mixed, but closed bearish, as sellers slightly overshadowed buyers.

Trading activity was negative, with a 62.86% increase in total volume and a 68.09% increase in value traded. The Banking, Industrial, and Consumer Goods Indices depreciated by 0.41%, 0.17%, and 0.47% respectively, while the Oil & Gas Index remained unchanged. TRANSCORP led both the volume charts with 47.51 million units, while GTCO led the values charts with ₦1.65 billion.

Outlook: *We expect the mixed trend to persist.*

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange Market (NAFEX) depreciated by ₦10.59 (or 0.71%) to \$/₦1,500.79 compared to \$/₦1,490.20 recorded yesterday.

Outlook: *We expect volatility to persist.*

Commodities

Crude oil prices witnessed slight volatility, in the absence of any significant driver. Although, players anticipate summer fuel demand and tensions on the Israel-Lebanon border. Brent crude oil prices dropped by 0.05% to \$85.96, while WTI increased by 0.05% to \$81.67. Gold prices fell by 0.48% to \$2,332.80 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
OKOMUOIL	291.50	26.50	↑ 10.00%
JOHNHOLT	3.14	0.28	↑ 9.79%
CONHALLPLC	1.74	0.15	↑ 9.43%
NSLTECH	0.60	0.05	↑ 9.09%
REGALINS	0.45	0.03	↑ 7.14%

Source: NGX, AIICO Capital

Top 5 Equity Decliners			
Name (Symbol)	Closing Price	Loss(N)	% Change
OANDO	12.50	-1.35	↓ -9.75%
UPL	2.50	-0.25	↓ -9.09%
ACADEMY	1.84	-0.16	↓ -8.00%
HONYFLOUR	3.13	-0.27	↓ -7.94%
UPDC	1.29	-0.11	↓ -7.86%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.09%	↓ -0.71%	↓ -0.08%	↑ 32.69%
NSE Banking Index	↓ -0.41%	↓ -1.48%	↑ 1.46%	↓ -9.83%
NSE Insurance Index	↑ 0.81%	↑ 0.53%	↑ 4.84%	↑ 19.70%
NSE Industrial Goods Index	↓ -0.17%	↓ -0.24%	↑ 0.02%	↑ 73.12%
NSE Consumer Goods Index	↓ -0.47%	↓ -0.62%	↑ 0.76%	↑ 40.56%
NSE Oil & Gas Index	→ 0.00%	↑ 0.21%	↑ 5.30%	↑ 30.65%

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