

MARKET COMMENTARY

Money Market

System liquidity alternated between surplus and deficit balances throughout the week. Overall, by the end of the week, system liquidity opened in a deficit at -₦90.43 billion, compared to ₦80.71 billion the previous Friday. Thus, the Open Repo Rate (OPR) rose by 86 bps to 29.95%, while the Overnight Rate (O/N) increased by 71 bps to 30.65% compared to the previous week.

Outlook: We expect system liquidity to stay weak next week, in the absence of any major inflows.

Treasury Bills

In the first half of the week, the treasury bills market was bearish due to tight system liquidity and concerns related to the OMO auction. The CBN offered a total of ₦250.00 billion across different papers, with most subscription skewed towards the long-dated paper. The CBN allotted ₦513.95 billion worth of OMO bills, slightly below the total subscription value. The stop rates were 18.74%, 19.59%, and 22.33%, slightly lower than previous rates.

At the NTB auction, the DMO offered ₦221.13 billion but sold ₦278.43 billion despite receiving ₦713.89 billion in subscriptions. The stop rates for the 91-day paper stayed unchanged at 16.50%, while the 180-day increased by 5.1bps and the 364-day paper declined by 2bps to 20.67%.

The market showed a mixed bias but settled on a bullish note by the end of the week. Overall, the average mid-rate declined by 60 bps w/w to 19.92%.

Outlook: We expect the mixed trend to persist at a less aggressive pace, alongside jitters around the ₦44.23 billion offer at next week's NTB auction.

FGN Bonds

The local FGN bonds market saw reduced volatility this week, with a mixed-to-bearish sentiment prevailing across the market. Activity was focused on specific bond maturities such as 2031, 2033, and 2053. The overall market performance was bearish, leading to a 6 bps increase in the average mid-yield to 18.55%.

Outlook: We expect the mixed trajectory to linger next week, subject to any other significant driver.

Benchmark T-Bills Discount Rates			
	07-Jun-24	31-May-24	Change in Rates
97 days	19.00%	19.00%	→ 0.00%
181 days	19.10%	19.00%	↑ 0.10%
321 days	20.45%	20.31%	↑ 0.14%

Source: FMDQ DQL for 07 Jun 2024 and 31 May 2024

Benchmark FGN Bond Yields			
	07-Jun-24	31-May-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.50%	18.48%	↑ 0.02%
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 07 Jun 2024 and 31 May 2024

Benchmark FGN Eurobond Yields			
	07-Jun-24	31-May-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.71%	8.53%	↑ 0.18%
10 yrs: NGERIA 7.875 02/16/32	10.06%	9.95%	↑ 0.11%
15 yrs: NGERIA 7.696 23/02/38	10.54%	10.49%	↑ 0.05%
30 yrs: NGERIA 9.248 01/21/49	10.33%	10.22%	↑ 0.11%
7.125% ECOTRAN 16/02/26*	7.68%	7.67%	↑ 0.01%

Source: FBN UK Runs for 07 Jun 2024 and 31 May 2024

AIICO Money Market Fund (AMMF)	
Net Yield (As at 6th June 2024)	17.4255%

Date	Sys. Liq. (₦'bn)	Diff.
7-Jun-24	-90.43	
31-May-24	80.71	↓ (171.14)

Source: CBN

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)	32.79 (-0.36% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*79.90 (-2.11% w/w)

Source: NBS, CBN, AIICO Capital

Eurobonds Markets

The Eurobond market started the week on a bullish note, suggesting anticipation for positive economic data. However, Tuesday's trading activity shifted to a slight bearish bias, despite the decline in US Job Openings data. Later in the week, the market turned bullish due to lower-than-expected US ADP Employment data and higher-than-expected US Jobless claims figures. By the end of the week, the US Nonfarm Payroll printed higher-than-forecasted at 272k (Est. 182k) from 165k, while the unemployment rate increased to 4.00% from 3.90%.

As a result, the bullish sentiment eased off, and there was some selling interest, given the mixed job report. Overall, the market settled bearish, with the average mid-yield increasing by 10bps w/w to 9.77%.

Outlook: Next week, market sentiment would be largely determined by the US CPI data and outcome of US FOMC meeting.

Nigerian Equities

After a volatile week, the Nigerian stock market settled bearish for the week, as the All-Share Index depreciated by 0.08%, w/w to close at 99,221.14 points. The year-to-date return and market capitalization settled at 32.70% and ₦56.13 trillion, respectively.

While OANDO (+23.73%) and PRESCO (+9.99%), drove the bullish bias, TRANSCORP (11.21%), and FIDELITYBK (-9.80%) amongst other banking stocks drove market downwards.

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Consequently, the Banking and Oil & Gas Indices depreciated by 0.62% w/w and 0.18% w/w, respectively, while the Consumer Goods Index gained 0.33% w/w. The Industrial Goods Index closed relatively flat.

Outlook: We expect the mixed sentiment to resurface next week.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦2.00 (or 0.13%) to \$/₦1,483.99 compared to \$/₦1,485.99 recorded at the close of last week.

Outlook: We expect volatility to persist next week.

Commodities

Crude oil prices are on track for a third consecutive weekly decline due to concerns about a potential decrease in demand, despite OPEC+ intending to ramp up production. In general, Brent oil dropped by 2.11% to \$79.90 per barrel, and WTI declined by 1.97% to \$75.47 per barrel. Similarly, the price of gold fell by 0.82% to \$2,326.00 per ounce at the time of writing.

Outlook: We expect a similar trend of volatility next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
RTBRISCOE	0.60	0.12	↑ 25.00%
OANDO	14.60	2.80	↑ 23.73%
ETERNA	15.00	2.75	↑ 22.45%
DEAPCAP	0.48	0.08	↑ 20.00%
REDSTAREX	3.90	0.53	↑ 15.73%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
UNITYBANK	1.20	-0.33	↓ -21.57%
SOVRENINS	0.38	-0.06	↓ -13.64%
TRANSCORP	10.30	-1.30	↓ -11.21%
SUNUASSUR	1.15	-0.14	↓ -10.85%
PRESTIGE	0.50	-0.06	↓ -10.71%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.09%	↓ -0.08%	↓ -0.08%	↑ 32.70%
NSE Banking Index	↓ -0.73%	↓ -0.62%	↓ -0.62%	↓ -11.68%
NSE Insurance Index	↑ 1.14%	↑ 0.84%	↑ 0.84%	↑ 15.13%
NSE Industrial Goods Index	↑ 0.09%	↑ 0.00%	↑ 0.00%	↑ 73.08%
NSE Consumer Goods Index	↓ -0.63%	↑ 0.33%	↑ 0.33%	↑ 39.96%
NSE Oil & Gas Index	↑ 0.34%	↓ -0.18%	↓ -0.18%	↑ 23.85%

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