

**Actionable
Market Insights,
delivered daily.**

**AIICO
CAPITAL**

DATE: Friday | 14 June 2024

MARKET COMMENTARY

Money Market

Throughout the week, system liquidity remained negative, except for today, Friday. System liquidity opened at ₦132.75 billion, compared to -₦90.43 billion last week. The Open Repo Rate (OPR) decreased by 432 basis points to 25.63%, and the Overnight Rate (O/N) reduced by 440 basis points to 26.25% compared to the previous week.

Outlook: It is expected that system liquidity will remain low for the majority of next week. However, bond coupons from 2033, 2038, and 2053 maturities are expected to act as a buffer by the end of next week.

Treasury Bills

The treasury bills market had a mixed trend before the NTB auction. Monday's trading session closed with a 44bps increase in the average mid-rate, while Tuesday's market settled on a bullish note, with a 47bps decrease in the average mid-rate.

At the NTB auction, the DMO allotted ₦55.23 billion despite offering around ₦44.23 billion. The total subscription stood at approximately ₦407.76 billion, with a total bid/cover at 7.38%. Also, the stop rate for the 364-Day, 182-Day, and 91-Day papers fell by 17bps, 6bps, and 2bps to 20.50%, 17.44%, and 16.30%, respectively, compared to the previous auction.

Overall, the average mid-rate declined by 16 bps w/w to 19.76%.

Outlook: We anticipate a mixed trend next week.

FGN Bonds

The local FGN bond market was calm this week, with minimal interest and actual trades observed on select papers. This was partly due to investors positioning themselves for next week's auction. Overall, the market settled bearish, with the average mid-yield increasing by 3bps to 18.57%.

Outlook: We anticipate a similar trend next week. The FGN bond auction earlier planned for next week has been rescheduled to June 24th, due to Eid-Al-Adha celebration.

Benchmark T-Bills Discount Rates				
	14-Jun-24	07-Jun-24	Change in Rates	
90 days	19.00%	19.00%	→	0.00%
174 days	19.10%	19.10%	→	0.00%
314 days	20.55%	20.45%	↑	0.10%

Source: FMDQ DQL for 14 Jun 2024 and 07 Jun 2024

Benchmark FGN Bond Yields				
	14-Jun-24	07-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%	19.70%	↑	0.01%
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 14 Jun 2024 and 07 Jun 2024

Benchmark FGN Eurobond Yields				
	14-Jun-24	07-Jun-24	Change in Yield	
5 yrs: NGERIA 6 1/2 11/28/27	8.77%	8.54%	↑	0.23%
10 yrs: NGERIA 7.875 02/16/32	10.19%	9.93%	↑	0.26%
15 yrs: NGERIA 7.696 23/02/38	10.72%	10.45%	↑	0.27%
30 yrs: NGERIA 9.248 01/21/49	10.49%	10.24%	↑	0.25%
7.125% ECOTRAN 16/02/26*	7.77%	7.60%	↑	0.17%

Source: ZENITHBK UK Runs for 14 Jun 2024 and 07 Jun 2024

AIICO Money Market Fund (AMMF)

Net Yield (As at 13th June 2024) 19.6451%

Date	Sys. Liq. (₦'bn)	Diff.
14-Jun-24	132.75	
7-Jun-24	-90.43	↑ 223.18

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)	33.16 (+0.75% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*82.78 (+3.79% w/w)

Source: NBS, CBN, AIICO Capital

Eurobonds Markets

The Eurobond market started the week on a negative note as there was less optimism ahead of US inflation data release. However, the US Consumer Price Index (CPI) fell to 3.30% in May (Estimated 3.30%), down from 3.40% in April. Additionally, both monthly headline and core inflation were lower in May, at 0.00% and 0.20% respectively, down from 0.30% for both in the previous month. Consequently, the market reacted to this information with a bullish trend.

The Federal Reserve then decided to maintain the interest rate at 5.50%, and projected one rate cut, a decrease from the three rate cuts that were announced earlier this year. As a result, the market shifted to a bearish bias. Overall, the Nigerian Eurobonds market closed the week on a bearish note, with the average mid-yield increasing by 18 basis points week-on-week to 9.94%.

Outlook: Next week, several speaking engagements by some officials of the Federal Reserve and some economic indicators should impact market sentiment.

Nigerian Equities

The Nigerian stock market had a bullish week, as buyers dominated and drove up the prices of major stocks such as TOTAL (+20.96%), GUINNESS (+19.19%), PRESCO (+17.39%), NB (+15.72%), and FLOURMILL (+13.16%).

The All-Share Index increased by 0.71% week-on-week to close at 99,925.29 points. The year-to-date return and market capitalization settled at 33.64% and ₦56.53 trillion, respectively.

The Banking and Oil & Gas Indices gained 3.63% w/w and 5.28% w/w, respectively, while the Consumer Goods and Industrial Indices appreciated by 0.27% w/w and 0.27%.

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

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) appreciated by ₦1.27 (or 0.09%) to \$/₦1,482.72 compared to \$/₦1,483.99 recorded at the close of last week.

Outlook: We expect volatility to persist next week.

Commodities

Oil prices are on pace for the best week in more than two months, as forecasts indicate a tighter market. Brent oil rose by 3.97% to \$82.78 per barrel, while WTI increased by 4.05% to \$78.59 per barrel. Similarly, the price of gold appreciated by 0.89% to \$2,345.70 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
CUTIX	4.00	0.88	↑ 28.21%
REGALINS	0.47	0.09	↑ 23.68%
CHAMS	1.90	0.36	↑ 23.38%
TOTAL	388.90	67.40	↑ 20.96%
FTNCOCOA	1.37	0.23	↑ 20.18%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
DAARCOMM	0.52	-0.11	↓ -17.46%
CILEASING	2.55	-0.44	↓ -14.72%
CUSTODIAN	9.35	-1.15	↓ -10.95%
ETI	21.35	-2.50	↓ -10.48%
NASCON	36.80	-4.05	↓ -9.91%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.09%	↑ 0.71%	↑ 0.63%	↑ 33.64%
NSE Banking Index	↓ -0.80%	↑ 3.63%	↑ 2.99%	↓ -8.47%
NSE Insurance Index	↓ -0.18%	↑ 3.42%	↑ 4.29%	↑ 19.07%
NSE Industrial Goods Index	↑ 0.27%	↑ 0.27%	↑ 0.27%	↑ 73.55%
NSE Consumer Goods Index	↑ 0.34%	↑ 1.05%	↑ 1.39%	↑ 41.44%
NSE Oil & Gas Index	→ 0.00%	↑ 5.28%	↑ 5.09%	↑ 30.39%

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