

## MARKET COMMENTARY

### Money Market

System liquidity started the week with a surplus balance on Wednesday, mainly due to the early FAAC inflows. However, liquidity decreased to a negative balance on Thursday because of OMO auction funding amounting to approximately ₦986.88 billion. Nevertheless, system liquidity improved today, supported by coupon inflows from 2033, 2038, and 2053 papers. In total, system liquidity opened at ₦712.07 billion today, compared to the -₦132.75 billion reported last Friday. Thus, the Open Repo Rate (OPR) decreased by 38 bps w/w to 25.25%, and the Overnight Rate (O/N) declined by 21 bps w/w to 26.04% compared to the previous week.

**Outlook:** Interbank rates are expected to stay elevated next week, as FGN bond and NTB auctions should drain liquidity, in the absence of any significant inflows.

### Treasury Bills

There was minimal activity in the treasury bills market as participants shifted their focus to the 2 OMO auctions conducted by the CBN in the holiday-shortened week.

At the first auction on Wednesday, the CBN offered ₦500.00 billion but sold a total of ₦986.88 billion, which matched the total size of bids. There was no interest in the short-dated paper, but the medium and long-dated papers received allotments of ₦1.00 billion and ₦985.88 billion, respectively. Additionally, the medium and long-dated papers were issued at 19.480% and 22.299%, representing a decrease of 11 bps and 3.10 bps, respectively, compared to the previous auction.

At the second auction which held today, the CBN offered OMO bills worth ₦500.00 billion. Despite subscriptions of about ₦5.00 billion each for the short-term and medium-term papers, and ₦311.50 billion for the long-term paper, the CBN did not make any sale.

Overall, the market settled on a bearish note, as average mid-rate increased by 44bps w/w to 20.20%.

**Outlook:** We anticipate a mixed trend next week.

### FGN Bonds

The week started on a bearish note, although with less intensity. Towards the end of the week, the market showed some calmness as participants prepared for the bond auction scheduled for Monday, June 24th. Overall, the market closed bearish, with the average mid-yield rising by 4 bps to 18.61%.

**Outlook:** We expect the outcome of the FGN local bonds auction to dictate market activities next week.

Benchmark T-Bills Discount Rates			
	21-Jun-24	14-Jun-24	Change in Rates
83 days	19.00%	19.00%	→ 0.00%
174 days	19.14%	19.10%	↑ 0.04%
307 days	20.55%	20.55%	→ 0.00%

Source: FMDQ DQL for 21 Jun 2024 and 14 Jun 2024

Benchmark FGN Bond Yields			
	21-Jun-24	14-Jun-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.66%	18.51%	↑ 0.15%
10 yrs: 12.50% 27-Apr-2032	19.55%	19.71%	↓ -0.16%
20 yrs: 13.00% 21-Jan-2042	17.50%	17.00%	↑ 0.50%
30 yrs: 12.98% 27-Mar-2050	17.50%	17.50%	→ 0.00%

Source: FMDQ DQL for 21 Jun 2024 and 14 Jun 2024

Benchmark FGN Eurobond Yields			
	21-Jun-24	14-Jun-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.00%	8.77%	↑ 0.23%
10 yrs: NGERIA 7.875 02/16/32	10.46%	10.19%	↑ 0.27%
15 yrs: NGERIA 7.696 23/02/38	11.00%	10.72%	↑ 0.28%
30 yrs: NGERIA 9.248 01/21/49	10.73%	10.49%	↑ 0.24%
7.125% ECOTRAN 16/02/26*	7.86%	7.77%	↑ 0.09%

Source: ZENITHBK UK Runs for 21 Jun 2024 and 14 Jun 2024

### AIICO Money Market Fund (AMMF)

Net Yield (As at 20th June 2024) 19.6558%

Date	Sys. Liq. (₦'bn)	Diff.
21-Jun-24	712.07	
14-Jun-24	132.75	↑ 579.32

Source: CBN

### 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)	33.64 (+2.21% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*85.87 (+3.93% w/w)

Source: NBS, CBN, AIICO Capital

## Eurobonds Markets

This week, the market was strongly influenced by the recent news that the Federal Reserve is planning to make one interest rate cut this year. There was some buying interest in the middle of the week, but it was not very significant as selling pressure continued to affect overall market sentiment.

Notably, in the US, the Initial Jobless Claims were 238k, which is lower than the 243k from the previous period but higher than the market estimate of 235k. Additionally, US Housing Starts were at 1.28 million, lower than both the market forecast of 1.38 million and the previous data of 1.35 million.

Consequently, the Nigerian Eurobonds market closed the week on a bearish note, with the average mid-yield increasing by 23 bps w/w to 10.17%.

**Outlook:** We expect market sentiment to be driven by some market-moving data next week; Jobless Claims, US GDP, and PCE Price Index.

## Nigerian Equities

The Nigerian stock market had a mixed to bearish week. The selloffs on NB (-8.37%), FBNH (-6.42%) and MTNN (-2.67%) drove the market to a bearish close, despite some buy interests GUINNESS (+16.18%) and TRANSCORP (+9.59%).

The All-Share Index depreciated by 0.19% week-on-week to close at 99,737.38 points. The year-to-date return and market capitalization settled at 33.39% and ₦56.42 trillion, respectively.

The Banking Index lost 0.04%, while the Industrial, Consumer Goods and Oil & Gas gained 0.10% w/w, 0.21% w/w and 0.21% w/w, respectively.

**Outlook:** We expect market to stay mixed next week.

## Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦2.81 (or 0.19%) to \$/₦1,485.53 compared to \$/₦1,482.72 recorded at the close of last week.

**Outlook:** We expect volatility to persist next week.

## Commodities

U.S. crude oil was poised for a second consecutive weekly gain, driven by a surge in gasoline demand to levels not seen since the pandemic began. Brent oil rose by 3.93% week over week to reach \$85.87 per barrel, while WTI increased by 3.81% week over week to \$81.44 per barrel. Concurrently, the price of gold depreciated by 0.13% to \$2,346.00 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
CHAMPION	3.91	0.96	↑ 32.54%
VERITASKAP	0.97	0.23	↑ 31.08%
CHAMS	2.34	0.44	↑ 23.16%
THOMASWY	2.10	0.36	↑ 20.69%
JOHNHOLT	2.61	0.44	↑ 20.28%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
VFDGROUP	40.60	-162.30	↓ -79.99%
NEM	7.90	-1.65	↓ -17.28%
REGALINS	0.42	-0.05	↓ -10.64%
TRANSCOHOT	90.00	-9.98	↓ -9.98%
MULTIVERSE	11.20	-1.20	↓ -9.68%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.11%	↓ -0.19%	↑ 0.44%	↑ 33.39%
NSE Banking Index	↓ -1.26%	↓ -0.04%	↑ 2.95%	↓ -8.51%
NSE Insurance Index	↓ -1.46%	↓ -1.31%	↑ 2.92%	↑ 17.51%
NSE Industrial Goods Index	↑ 0.08%	↑ 0.10%	↑ 0.37%	↑ 73.72%
NSE Consumer Goods Index	↑ 0.16%	↑ 0.29%	↑ 1.68%	↑ 41.85%
NSE Oil & Gas Index	↑ 0.12%	↑ 0.21%	↑ 5.30%	↑ 30.65%

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