

MARKET COMMENTARY

Money Market

Despite the multiple auctions held throughout the week, system liquidity remained in surplus. This was primarily due to the minimal size allotted at the auctions, which kept liquidity substantially positive. As a result, the Open Repo Rate (OPR) and the Overnight Rate (O/N) declined by 108 bps and 104 bps to 24.17% and 25.00% week-on-week.

Outlook: We expect the interbank rates to hover at similar levels next week, in the absence of any significant flows.

Treasury Bills

At the early part of the week, the treasury bills market expressed a mixed-to-bullish bias ahead of the auction, supported by the positive system liquidity. However, the course switched to a bearish theme following the sharp uptick in the stop rates at the NTB auction. At the auction, the DMO allotted ₦284.26 billion, despite offering c.₦228.72 billion, with total bid/cover of 2.72x.

The stop rate for the 91-Day and 182-Day papers remained unchanged at 16.30% and 17.44%, respectively, while the stop rate for the 364-Day paper increased by 18bps to 20.68%, compared to the previous auction.

Thereafter, market maintained a bearish bias, till the end of the week. Overall, the market settled on a bearish note, as average mid-rate increased by 47bps week-on-week to 20.47%.

Today, the CBN offered ₦150.00 billion worth of OMO auction across the three tenors. However, there were no bids recorded for both the short- and medium-term papers. Meanwhile, a total of ₦295.92 billion subscribed for the long-term paper, however, the CBN allotted ₦264.33 billion at 22.480%.

Outlook: We expect a mixed bias next week.

FGN Bonds

The FGN bond auction was the focus of this week, as the stop rates for the 2029, 2031, and 2033 papers increased significantly compared to the previous auction. The stop rates for the 2029, 2031, and 2033 papers were issued at 19.64% (+0.35%), 20.19% (+0.45%), and 21.50% (+1.61%), respectively. Additionally, the DMO offered about ₦450.00 billion but allotted a total of approximately ₦297.00 billion across the 3 tenors. The total subscription was around ₦305.26 billion, and the total bid to cover ratio was approximately 1.02x.

Overall, the local bonds market closed bearish, with the average mid-yield rising by 23 bps to 18.84%.

Outlook: We expect market to trade sideways next week, as investors should cherry-pick some papers at profitable levels, amidst the recent spike in yields.

Benchmark T-Bills Discount Rates			
	28-Jun-24	21-Jun-24	Change in Rates
76 days	19.00%	19.00%	→ 0.00%
160 days	19.10%	19.14%	↓ -0.04%
300 days	21.06%	20.55%	↑ 0.51%

Source: FMDQ DQL for 28 Jun 2024 and 21 Jun 2024

Benchmark FGN Bond Yields			
	28-Jun-24	21-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	18.00%	19.55%	↓ -1.55%
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 28 Jun 2024 and 21 Jun 2024

Benchmark FGN Eurobond Yields			
	28-Jun-24	21-Jun-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.02%	9.00%	↑ 0.02%
10 yrs: NGERIA 7.875 02/16/32	10.33%	10.46%	↓ -0.13%
15 yrs: NGERIA 7.696 23/02/38	10.75%	11.00%	↓ -0.25%
30 yrs: NGERIA 9.248 01/21/49	10.58%	10.73%	↓ -0.15%
7.125% ECOTRAN 16/02/26*	7.87%	7.86%	↑ 0.01%

Source: ZENITHBK UK Runs for 28 Jun 2024 and 21 Jun 2024

AIICO Money Market Fund (AMMF)

Net Yield (As at 27th June 2024) 19.7787%

Date	Sys. Liq. (₦'bn)	Diff.
28-Jun-24	514.17	
21-Jun-24	712.07	↓ (197.90)

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)	34.07 (+3.35% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*86.49 (+1.47% w/w)

Source: NBS, CBN, AIICO Capital

Eurobonds Markets

This week, the Eurobonds market witnessed some volatility, particularly across Ghana papers following the latest agreement with bondholders on the outstanding \$13 billion Eurobonds. [Please visit this link for more details.](#)

In the US, the PCE Price Index fell to 2.60% in May from 2.70%, in line with market forecast. Similarly, Core PCE Price Index fell slipped to 2.60% from 2.80%

During the week, the US GDP growth rate for Q1'2024 came in at 1.40%, in line with market expectations.

Consequently, the Nigerian Eurobonds market closed the week on a bullish note, with the average mid-yield falling 14bps w/w to 10.03%.

Outlook: We expect sentiment to trend mixed, while players anticipate ADP employment data, US Non-Farm Payroll and minutes of the last FOMC meeting.

Nigerian Equities

The Nigerian stock market had a mixed to bullish week. Despite selloffs on AIRTELAFRI (-2.47%), GUINNESS (-4.29%) and WAPCO (-7.47%), the buying interests on OKOMUOIL (+10.00%) and SEPLAT (+10.00%) supported the bullish closure.

The All-Share Index appreciated by 0.32% week-on-week to close at 100,057.49 points. The year-to-date return and market capitalization settled at 33.81% and ₦56.60 trillion, respectively.

The Banking and Oil & Gas Indices appreciated by 1.14% and 5.71%, respectively while Industrial and Consumer Goods Indices lost 0.33% and 0.56%, respectively.

Outlook: We expect market to stay mixed next week.

Foreign Exchange

FMDQ's Nigeria's Autonomous Foreign Exchange (NAFEM) depreciated by ₦19.77 (or 1.33%) to \$/₦1,505.30 compared to \$/₦1,485.53 recorded at the close of last week.

Outlook: We expect volatility to persist next week.

Commodities

U.S. crude oil prices ended the week higher due to escalating concerns about potential conflict between Israel and the Iran-backed militia Hezbollah. Brent oil saw a 1.47% increase, reaching \$86.49 per barrel, while WTI rose by 1.19% to \$81.69 per barrel. Additionally, the price of gold went up by 0.45% to \$2,341.80 per ounce at the current time.

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

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
CWG	7.95	2.45	↑ 44.55%
FTNCOCOA	1.64	0.30	↑ 22.39%
UCAP	26.50	4.75	↑ 21.84%
JOHNHOLT	3.14	0.53	↑ 20.31%
MBENEFIT	0.67	0.11	↑ 19.64%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
JAIZBANK	1.95	-0.25	↓ -11.36%
DAARCOMM	0.51	-0.06	↓ -10.53%
CHAMPION	3.50	-0.41	↓ -10.49%
UPL	2.50	-0.25	↓ -9.09%
BETAGLAS	53.00	-5.00	↓ -8.62%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.67%	↑ 0.32%	↑ 0.76%	↑ 33.81%
NSE Banking Index	↑ 0.72%	↑ 1.14%	↑ 4.12%	↓ -7.47%
NSE Insurance Index	↑ 1.26%	↑ 3.33%	↑ 6.36%	↑ 21.42%
NSE Industrial Goods Index	→ 0.00%	↓ -0.33%	↑ 0.03%	↑ 73.14%
NSE Consumer Goods Index	↓ -0.17%	↓ -0.56%	↑ 1.11%	↑ 41.05%
NSE Oil & Gas Index	→ 0.00%	↑ 5.71%	↑ 11.32%	↑ 38.12%

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