

Actionable Market Insights, delivered daily.



DATE: Wednesday 03 July | 2024

MARKET COMMENTARY

Money Market

Opening system liquidity plunged further to a negative balance today. Consequently, the Open Repo Rate (OPR) increased by 19 bps to 31.69%, while the Overnight Rate (O/N) increased by 36 bps to 32.28%.

Outlook: We expect interbank rates to remain elevated tomorrow.

Treasury Bills

The treasury bills market had a mixed-to-bearish posture, with selling interest in Jan, Feb, and Mar 2025 bills and mild buying interest observed in the 26 June paper. Overall, the executed volumes were low, and the average mid-rate remained relatively flat at 21.15%.

Outlook: We expect a bearish sentiment to linger.

FGN Bonds

Activity in the local FGN bonds market was quiet, but with a bearish undertone, as average mid-yield soared by 4bps to 18.93%.

Outlook: We expect the bearish theme to resurface tomorrow.

Eurobonds

The African Eurobonds market experienced a bullish trend today, with significant interest from buyers across the yield curves. This was supported by the US ADP Employment data, which revealed the addition of 150,000 jobs in June, slightly below the estimated 160,000 and the 157,000 added in May..

At the end of trading, the average mid-yield for the Nigerian curve fell by 5bps to 10.05%.

Outlook: Activity should ease tomorrow, as the United States celebrates Independence.

Benchmark T-Bills Discount Rates			
	03-Jul-24	02-Jul-24	Change in Rates
71 days	19.00%	19.00%	➡ 0.00%
155 days	19.10%	19.10%	➡ 0.00%
295 days	21.60%	21.06%	⬆ 0.54%

Source: FMDQ DQL for 03 July 2024

Benchmark FGN Bond Yields			
	03-Jul-24	02-Jul-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.68%	18.68%	➡ 0.00%
10 yrs: 12.50% 27-Apr-2032	18.00%	18.00%	➡ 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 03 July 2024

Benchmark FGN Eurobond Yields			
	03-Jul-24	02-Jul-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.12%	9.02%	⬆ 0.10%
10 yrs: NGERIA 7.875 02/16/32	10.28%	10.38%	⬇ -0.10%
15 yrs: NGERIA 7.696 23/02/38	10.73%	10.84%	⬇ -0.11%
30 yrs: NGERIA 9.248 01/21/49	10.57%	10.65%	⬇ -0.08%
7.125% ECOTRAN 16/02/26*	8.13%	8.13%	➡ 0.00%

Source: FBNH UK Runs for 03 July 2024

NAFEM RATE (\$/N)		Diff.
3-Jul-24	1,512.61	
2-Jul-24	1,509.45	⬆ 3.16

Source: FMDQ

Sys. Liq. (N'bn)		Diff.
3-Jul-24	-1,264.53	
2-Jul-24	-554.84	⬇ (709.69)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	19.56
AIICO BALANCED FUND	6.93
AIICO EUROBOND FUND	6.95

As of 28 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)	34.19 (+3.89% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*86.44 (+0.23 d/d)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian equity market closed bullish today, as the All-Share Index increased by 0.23% to 100,299.48 points. The year-to-date return and market capitalization settled at 34.14% and ₦56.73 trillion, respectively. Market breadth showed a ratio of 1.53x, with 29 advancers and 19 decliners. FIDELITYBK led both the volumes and values chart with 137.64 million and ₦1.42 billion, respectively.

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

Foreign Exchange

Naira depreciated against the USD by 0.21% to \$/₦1,512.61.

Outlook: *We expect volatility to persist.*

Commodities

Today, crude oil prices traded sideways as a significant drawdown in U.S. stockpiles indicated an increase in demand leading up to the Fourth of July. Brent prices rose by 0.23% to reach \$86.44, while WTI prices increased by 0.28% to \$83.04. Additionally, gold prices rose by 1.67% to \$2,372.20 per ounce at the time of this report.

Outlook: *We expect the volatility to persist.*

Top 5 Equity Advancers			
Name (Symbol)	Closing Price	Gain(N)	% Change
CORNERST	2.29	0.20	↑ 9.57%
RTBRISCOE	0.70	0.06	↑ 9.38%
IMG	13.00	1.10	↑ 9.24%
UPDCREIT	5.45	0.45	↑ 9.00%
CAVERTON	1.39	0.09	↑ 6.92%

Source: NGX, AIICO Capital

Top 5 Equity Decliners			
Name (Symbol)	Closing Price	Loss(N)	% Change
UPL	2.25	-0.25	↓ -10.00%
DAARCOMM	0.48	-0.03	↓ -5.88%
OMATEK	0.65	-0.04	↓ -5.80%
NEIMETH	1.51	-0.09	↓ -5.62%
UNITYBNK	1.55	-0.09	↓ -5.49%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.23%	↑ 0.92%	↑ 1.01%	↑ 34.14%
NSE Banking Index	↑ 1.71%	↑ 4.32%	↑ 6.65%	↓ -5.22%
NSE Insurance Index	↑ 2.67%	↑ 4.90%	↑ 10.06%	↑ 25.66%
NSE Industrial Goods Index	↑ 0.17%	↑ 0.17%	↑ 0.20%	↑ 73.42%
NSE Consumer Goods Index	↑ 0.03%	↓ -0.35%	↑ 0.68%	↑ 40.45%
NSE Oil & Gas Index	→ 0.00%	↑ 5.68%	↑ 11.28%	↑ 38.07%

Important Disclaimers

This document has been issued and approved by AIICO Capital and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction.

Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital clients who are then expected to make their own investment decisions. AIICO Capital conducts designated investment business with market counter parties and customers and this document is directed only to such persons. AIICO Capital accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of AIICO Capital. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance.

AIICO Capital is regulated by the Securities and Exchange Commission and is licensed to provide fund and portfolio management services in Nigeria.