

Actionable Market Insights, delivered daily.



MARKET COMMENTARY

DATE: Monday 08 July | 2024

Money Market

Opening system liquidity remained in the negative territory. Nevertheless, the Open Repo Rate (OPR) declined by 39 bps to 31.67%, while the Overnight Rate (O/N) fell by 25 bps to 32.28%.

Outlook: We expect interbank rates to remain elevated tomorrow.

Treasury Bills

The treasury bills market experienced a bearish trend, with most of the selling interest focused on the long end of the curve ahead of this week's NTB auction. As a result, the average mid-rate rose by 32bps to 21.75%.

Outlook: We expect a bearish sentiment to persist in the interim.

FGN Bonds

The local FGN bonds market ended today's session on a bearish note, as there was selling interest in selected papers like the May 2033s, 2038s, and 2053s. As a result, the average mid-yield increased by 2 bps to 18.93%.

Outlook: We expect a similar trend tomorrow.

Eurobonds

The African Eurobonds market experienced a bullish trend today, with buying interest seen across the curve. This was influenced by the latest jobs report, which indicated that 206,000 jobs were added in June 2024, aligning with consensus expectations. However, there were downward revisions of 111,000 for April and May, bringing the 3-month average of payroll gains down to 177,000, the slowest pace since January 2021. As a result, the average mid-yield for the Nigerian curve decreased by 26 basis points to 9.74%.

Outlook: expect the bullish sentiment to ease tomorrow, in light of the scheduled speaking events of Fed officials this week and Jerome Powell's testimony to the House of Representatives.

Benchmark T-Bills Discount Rates			
	08-Jul-24	05-Jul-24	Change in Rates
108 days	19.02%	19.02%	→ 0.00%
199 days	20.15%	20.15%	→ 0.00%
318 days	21.50%	21.90%	↓ -0.40%

Source: FMDQ DQL for 08 July 2024

Benchmark FGN Bond Yields			
	08-Jul-24	05-Jul-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.81%	18.80%	↑ 0.01%
10 yrs: 12.50% 27-Apr-2032	18.01%	18.01%	→ 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 08 July 2024

Benchmark FGN Eurobond Yields			
	08-Jul-24	05-Jul-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.80%	8.85%	↓ -0.05%
10 yrs: NGERIA 7.875 02/16/32	9.89%	10.12%	↓ -0.23%
15 yrs: NGERIA 7.696 23/02/38	10.40%	10.61%	↓ -0.21%
30 yrs: NGERIA 9.248 01/21/49	10.32%	10.46%	↓ -0.14%
7.125% ECOTRAN 16/02/26*	8.22%	8.13%	↑ 0.09%

Source: FBNH UK Runs for 08 July 2024

NAFEM RATE (\$/N)		Diff.
8-Jul-24	1,523.85	
5-Jul-24	1,509.67	↑ 14.18

Source: FMDQ

Sys. Liq. (N'bn)		Diff.
8-Jul-24	-1,440.76	
5-Jul-24	-1,419.92	↓ (20.84)

Source: CBN

NAME OF FUND	EFFECTIVE YIELD (%)
AIICO MONEY MARKET FUND	19.35
AIICO BALANCED FUND	7.36
AIICO EUROBOND FUND	6.69

As of 05 July 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)	34.66 (+5.30% 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

Today, the Nigerian equity market closed on a bearish note with the All-Share Index declining by 0.02% to 100,006.79 points. The year-to-date return and market capitalization settled at 33.75% and ₦56.75 trillion, respectively. Market breadth indicated a ratio of 0.92x, with 22 advancers and 24 decliners. ELLAHLAKES led the volumes chart with 271.49 million, while GTCO topped the values chart with ₦1.94 billion.

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

Foreign Exchange

Naira depreciated against the USD by 0.94% to \$/₦1,523.85.

Outlook: *We expect volatility to persist.*

Commodities

Today, U.S. crude oil futures experienced a decline as traders kept an eye on Tropical Storm Beryl's impact on Gulf Coast refining, production, and export infrastructure. Brent prices dropped by 0.89% to \$85.77, while WTI prices declined by 0.96% to \$82.36. Gold prices also decreased by 1.56% to \$2,360.30 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
VERITASKAP	1.26	0.11	↑ 9.57%
DAARCOMM	0.52	0.04	↑ 8.33%
CONOIL	136.95	10.45	↑ 8.26%
NEIMETH	1.73	0.12	↑ 7.45%
IKEJAHOTEL	7.40	0.50	↑ 7.25%

Source: NGX, AIICO Capital

Top 5 Equity Decliners			
Name (Symbol)	Closing Price	Loss(N)	% Change
PZ	19.80	-2.20	↓ -10.00%
CWG	6.90	-0.75	↓ -9.80%
CHAMS	2.15	-0.23	↓ -9.66%
INTENEGINS	1.42	-0.15	↓ -9.55%
CONHALLPLC	1.37	-0.14	↓ -9.27%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.02%	↓ -0.01%	↑ 0.71%	↑ 33.75%
NSE Banking Index	↑ 0.27%	↑ 4.24%	↑ 8.44%	↓ -3.63%
NSE Insurance Index	↑ 0.18%	↑ 3.66%	↑ 8.96%	↑ 24.39%
NSE Industrial Goods Index	↓ -0.12%	↑ 0.10%	↑ 0.14%	↑ 73.32%
NSE Consumer Goods Index	↑ 0.25%	↓ -0.33%	↑ 0.67%	↑ 40.43%
NSE Oil & Gas Index	↓ -1.57%	↑ 1.41%	↑ 12.88%	↑ 40.05%

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