

**Actionable
Market Insights,
delivered daily.**

**AIICO
CAPITAL**

DATE: Friday | 05 July 2024

MARKET COMMENTARY

Money Market

System liquidity stayed short throughout the week, impacted by FX Settlement, CRR debits and other outflows. Thus, the Open Repo Rate (OPR) and the Overnight Rate (O/N) increased significantly by 789 bps and 753 bps to 32.06% and 32.53% week-on-week.

Outlook: We expect the interbank rates to stay elevated next week.

Treasury Bills

The treasury bills market closed the week bearish, due to tight system liquidity. Consequently, the average mid-rate increased by 96bps week-on-week, to 21.43%.

Outlook: We expect market to be skewed towards the NTB auction next week, as the DMO would be offering ₦166.11 billion.

FGN Bonds

The FGN bonds market had a muted week but closed on a bearish note. Overall, the average mid-yield increased by 7bps to 18.91%, week-on-week.

Outlook: We expect the bearish sentiment to persist next week.

Eurobonds Markets

This week, the Eurobonds market saw mixed trading activity before closing on a bullish note. The bullish sentiment was driven by lower ADP Employment and Non-Farm Payroll data.

The US ADP Employment data indicated the addition of 150,000 jobs in June, slightly below the estimated 160,000 and the 157,000 added in May. The US Non-farm payroll was reported at 206k, higher than the 191k estimate but lower than the 218k jobs added in May. Meanwhile, the unemployment rate climbed to 4.10% from 4.00%.

As a result, the average mid-yield falling 8bps week-on-week to 9.95%.

Outlook: We expect market players to shift attention toward US CPI data next week.

Benchmark T-Bills Discount Rates			
	05-Jul-24	28-Jun-24	Change in Rates
111 days	19.02%	19.02%	→ 0.00%
202 days	20.15%	20.15%	→ 0.00%
321 days	21.90%	21.10%	↑ 0.80%

Source: FMDQ DQL for 05 Jul 2024 and 28 Jun 2024

Benchmark FGN Bond Yields			
	05-Jul-24	28-Jun-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	18.80%	18.67%	↑ 0.13%
10 yrs: 12.50% 27-Apr-2032	18.01%	18.00%	↑ 0.01%
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 05 Jul 2024 and 28 Jun 2024

Benchmark FGN Eurobond Yields			
	05-Jul-24	28-Jun-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.85%	9.02%	↓ -0.17%
10 yrs: NGERIA 7.875 02/16/32	10.12%	10.33%	↓ -0.21%
15 yrs: NGERIA 7.696 23/02/38	10.61%	10.75%	↓ -0.14%
30 yrs: NGERIA 9.248 01/21/49	10.46%	10.58%	↓ -0.12%
7.125% ECOTRAN 16/02/26*	8.13%	7.87%	↑ 0.26%

Source: ZENITHBK UK Runs for 05 Jul 2024 and 28 Jun 2024

AIICO Money Market Fund (AMMF)			
Net Yield (As at 4th July 2024)		19.0167%	
		NAFEM RATE (\$/N)	Diff.
5-Jul-24		1,509.67	
28-Jun-24		1,505.30	↑ 4.37

Source: FMDQ

		Sys. Liq. (₦'bn)	Diff.
5-Jul-24		-1,419.92	
28-Jun-24		514.17	↓ (1,934.09)

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)	34.66 (+5.30% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*87.81 (+1.62% w/w)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market closed bearish this week, as the ALL-Share Index lost 0.04% week-on-week, to settle at 100,022.03 points, while the year-to-date return and market capitalization closed the week at 33.77%, and ₦56.58 trillion, respectively.

Outlook: We expect market the mixed sentiment to persist.

Foreign Exchange

Naira depreciated against the USD by 0.29% week-on-week, to \$/₦1,509.67.

Outlook: We expect volatility to persist next week.

Commodities

The price of crude oil closed higher for the fourth consecutive week, with decreasing inventories indicating increased demand. Brent oil increased by 1.62% to reach \$87.81 per barrel, while WTI rose by 3.50% to \$84.37 per barrel. At the same time, the price of gold fell by 2.36% to \$2,394.00 per ounce.

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

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
VERITASKAP	1.15	0.23	↑ 25.00%
CONOIL	126.50	21.50	↑ 20.48%
JAIZBANK	2.33	0.38	↑ 19.49%
WAPIC	0.79	0.12	↑ 17.91%
AIICO	1.10	0.13	↑ 13.40%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
UPDCREIT	4.50	-0.95	↓ -17.43%
IKEJAHOTEL	6.95	-0.95	↓ -12.03%
LASACO	2.30	-0.25	↓ -9.80%
JBERGER	88.60	-9.40	↓ -9.59%
MBENEFIT	0.61	-0.06	↓ -8.96%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.04%	↓ -0.04%	↓ -0.04%	↑ 33.77%
NSE Banking Index	↓ -0.70%	↑ 3.87%	↑ 3.87%	↓ -3.89%
NSE Insurance Index	↓ -1.33%	↑ 2.26%	↑ 2.26%	↑ 24.17%
NSE Industrial Goods Index	↑ 0.12%	↑ 0.22%	↑ 0.22%	↑ 73.53%
NSE Consumer Goods Index	↓ -0.25%	↓ -0.69%	↓ -0.69%	↑ 40.08%
NSE Oil & Gas Index	↑ 1.59%	↑ 3.01%	↑ 3.01%	↑ 42.28%

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