

MARKET COMMENTARY

Money Market

System liquidity balance was in deficit throughout the week, despite a slight improvement from the previous week. Consequently, the Open Repo Rate (OPR) and the Overnight Rate (O/N) declined by 45bps and 8bps to 31.61% and 32.45% week-on-week.

Outlook: We expect the interbank rates to stay elevated next week, given that the bond coupon inflows on July 2034 paper is only ₦65.00 billion.

Treasury Bills

The treasury bills market experienced a bearish trend for most of the week, driven by the tight liquidity and increased stop rates. Specifically, the DMO offered c.₦166.10 billion but allotted ₦207.27 billion. The stop rate for the 91-Day and 182-Day papers remained unchanged at 16.3000% and 17.440%, respectively, while the rate on the 364-Day paper increased by 56bps to 21.2400% compared to the previous auction. As a result, the average mid-rate increased by 41 bps week-on-week to 21.84%.

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

FGN Bonds

Similarly, the FGN local bonds market maintained a bearish posture throughout the week. Overall, the average mid-yield increased by 26 bps to 19.17% week-on-week.

Outlook: We expect the bearish sentiment to linger. Meanwhile, the DMO rescheduled the FGN bond auction from July 15 to July 22 (please see the attached document).

Eurobonds Markets

The Eurobonds market had a mixed-to-bullish trend in the first half of the week, partly due to weakness reported in the labour market. Additionally, buying interest intensified after the US CPI printed at 3.00%, down from 3.30% in May and lower than the expected 3.10%. Overall, the market closed with a bullish tone as the average mid-yield fell by 33bps week-on-week to 9.62%.

Outlook: We expect some economic data like US retail sales, housing stat and Initial Jobless Claims to impact the market, in addition to Jerome Powell's speech.

Benchmark T-Bills Discount Rates			
	12-Jul-24	05-Jul-24	Change in Rates
104 days	20.00%	19.02%	↑ 0.98%
195 days	22.01%	20.15%	↑ 1.86%
314 days	21.70%	21.90%	↓ -0.20%

Source: FMDQ DQL for 12 Jul 2024 and 05 Jul 2024

Benchmark FGN Bond Yields			
	12-Jul-24	05-Jul-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	19.62%	18.80%	↑ 0.82%
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 12 Jul 2024 and 05 Jul 2024

Benchmark FGN Eurobond Yields			
	12-Jul-24	05-Jul-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	8.59%	8.85%	↓ -0.26%
10 yrs: NGERIA 7.875 02/16/32	9.77%	10.12%	↓ -0.35%
15 yrs: NGERIA 7.696 23/02/38	10.28%	10.61%	↓ -0.33%
30 yrs: NGERIA 9.248 01/21/49	10.26%	10.46%	↓ -0.20%
7.125% ECOTRAN 16/02/26*	8.23%	8.13%	↑ 0.10%

Source: ZENITHBK UK Runs for 12 Jul 2024 and 05 Jul 2024

AIICO Money Market Fund (AMMF)			
Net Yield (As at 10th July 2024)			19.1676%
		NAFEM RATE (\$/N)	Diff.
12-Jul-24		1,563.80	
5-Jul-24		1,509.67	↑ 54.13

Source: FMDQ

Date	Sys. Liq. (₦'bn)	Diff.
12-Jul-24	-663.82	
5-Jul-24	-1,419.92	↑ 756.10

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 ended bearish this week, with the ALL-Share Index dropping by 0.35% week-on-week to close at 99,671.28 points. The year-to-date return stood at 33.30%, and the market capitalization concluded the week at ₦56.44 trillion.

Outlook: We expect a similar trend next week.

Foreign Exchange

Naira depreciated against the USD by 3.59% week-on-week, to \$/₦1,563.80.

Outlook: We expect volatility to persist next week.

Commodities

The price of crude oil closed lower this week due to strong bearish sentiment at the beginning of the week. Brent oil fell by 1.35% to reach \$85.37 per barrel, while WTI declined by 0.57% to \$83.16 per barrel. Conversely, the price of gold increased by 0.78% to \$2,416.30 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
LIVESTOCK	2.35	0.50	↑ 27.03%
ABCTRANS	0.77	0.13	↑ 20.31%
ETERNA	18.00	2.80	↑ 18.42%
VITAFOAM	21.20	3.20	↑ 17.78%
CAVERTON	1.58	0.23	↑ 17.04%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
AFRIPRUD	7.40	-1.60	↓ -17.78%
PZ	19.80	-2.20	↓ -10.00%
THOMASWY	2.16	-0.24	↓ -10.00%
CWG	6.90	-0.75	↓ -9.80%
TANTALIZER	0.47	-0.05	↓ -9.62%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 0.20%	↓ -0.35%	↓ -0.39%	↑ 33.30%
NSE Banking Index	↓ -0.20%	↓ -2.08%	↑ 1.71%	↓ -5.88%
NSE Insurance Index	↓ -0.33%	↓ -0.36%	↑ 1.89%	↑ 23.72%
NSE Industrial Goods Index	↓ -0.06%	↑ 0.05%	↑ 0.27%	↑ 73.61%
NSE Consumer Goods Index	↓ -0.13%	↓ -0.09%	↓ -0.78%	↑ 39.95%
NSE Oil & Gas Index	↓ -0.83%	↑ 1.38%	↑ 4.43%	↑ 44.24%

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