

# Actionable Market Insights, Delivery Weekly.

**AIICO CAPITAL**

DATE: Friday | 19 July 2024

## MARKET COMMENTARY

### Money Market

System liquidity remained negative throughout the week, as there were no significant inflows. Overall, the Open Repo Rate (OPR) and the Overnight Rate (O/N) fell by 22bps and 43bps to 31.39% and 32.02% respectively, compared to the previous week.

**Outlook:** We anticipate that FAAC Credits and c.₦215.00 billion in FGN bond coupons will hit the system next week to help boost system liquidity.

### Treasury Bills

The treasury bills market experienced bearish bias for most of the week due to limited system liquidity. Additionally, the CBN's mid-week OMO auction resulted in a "no sale" outcome, as investor participation was lacklustre, leading to notably low subscription. Consequently, the average mid-rate increased by 86 bps week-on-week to reach 22.70%.

**Outlook:** We expect attention to be shifted towards the MPC meeting and NTB auction, where the DMO would be offering ₦277.96 billion worth of treasury bills.

### FGN Bonds

The FGN local bonds market ended bearish this week as there were selling interests across the curve, particularly for March 2027s, May 2033s, and June 2038s. Thus, the average mid-yield rose by 13 bps to 19.30% week-on-week

**Outlook:** Next week's focus would be the FGN bond auction and MPC meeting.

### Eurobonds Markets

The Eurobonds market closed on a bearish note this week, supported by US Housing Stat data, which indicated a figure of 1.35 million, surpassing the estimated 1.30 million and the 1.31 million reported in the previous month. Overall, the average mid-yield on Nigerian curve increased by 24bps week-on-week to 9.91%.

**Outlook:** We expect market to be partly impacted by US Q2 GDP and PCE Price Index next week.

Benchmark T-Bills Discount Rates			
	19-Jul-24	12-Jul-24	Change in Rates
97 days	20.00%	20.00%	→ 0.00%
188 days	22.01%	22.01%	→ 0.00%
342 days	20.53%	20.43%	↑ 0.10%

Source: FMDQ DQL for 19 Jul 2024 and 12 Jul 2024

Benchmark FGN Bond Yields			
	19-Jul-24	12-Jul-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	19.64%	19.62%	↑ 0.02%
10 yrs: 12.50% 27-Apr-2032	18.02%	18.01%	↑ 0.01%
20 yrs: 13.00% 21-Jan-2042	17.51%	17.50%	↑ 0.01%
30 yrs: 12.98% 27-Mar-2050	18.18%	17.50%	↑ 0.68%

Source: FMDQ DQL for 19 Jul 2024 and 12 Jul 2024

Benchmark FGN Eurobond Yields			
	19-Jul-24	12-Jul-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.01%	8.68%	↑ 0.33%
10 yrs: NGERIA 7.875 02/16/32	10.08%	9.80%	↑ 0.28%
15 yrs: NGERIA 7.696 23/02/38	10.53%	10.30%	↑ 0.23%
30 yrs: NGERIA 9.248 01/21/49	10.49%	10.24%	↑ 0.25%
7.125% ECOTRAN 16/02/26*	8.16%	8.17%	↓ -0.01%

Source: ZENITHBK UK Runs for 19 Jul 2024 and 12 Jul 2024

AIICO Money Market Fund (AMMF)			
Net Yield (As at 18th July 2024)		19.8555%	
NAFEM RATE (\$/N)		Diff.	
19-Jul-24	1,596.92		
12-Jul-24	1,563.80	↑	33.12

Source: FMDQ

Date	Sys. Liq. (₦'bn)	Diff.	
19-Jul-24	-379.55		
12-Jul-24	-663.82	↑	284.27

Source: CBN

Macro Indicators	
GDP (Q1 2024)	+2.98% (Q4: 2023 +3.46% y/y)
Inflation (June'2024)	34.19% (May'24: 33.95%)
External Reserve (US\$'billion)	35.77 (+8.69% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*85.37 (-1.35% w/w)

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

The Nigerian stock market ended bullish this week, with the ALL-Share Index increasing 0.87% week-on-week to close at 100,539.40 points. The year-to-date return stood at 34.46%, and the market capitalization concluded the week at ₦56.93 trillion.

**Outlook:** We expect market to continue to trade sideways next week.

## Foreign Exchange

Naira depreciated against the USD by 2.12% week-on-week, to \$/₦1,596.92.

**Outlook:** We expect volatility to persist next week.

## Commodities

At the end of the week, oil prices showed a mixed performance due to a strong dollar and concerns about China's economy, despite a tightening supply outlook. Brent oil decreased by 0.58% to \$84.54 per barrel, while WTI increased by 0.06% to \$82.26 per barrel. In contrast, the price of gold fell by 0.45% to \$2,409.70 per ounce.

**Outlook:** We expect the mixed trend to persist next week.

### Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
UCAP	40.55	12.15	↑ 42.78%
AFRIPRUD	9.90	2.50	↑ 33.78%
CUTIX	5.99	1.37	↑ 29.65%
CHAMPION	3.43	0.37	↑ 12.09%
OANDO	18.25	1.85	↑ 11.28%

Source: NGX, AIICO Capital

### Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
LINKASSURE	0.86	-0.28	↓ -24.56%
VERITASKAP	1.06	-0.14	↓ -11.67%
VITAFOAM	19.00	-2.20	↓ -10.38%
CHELLARAM	3.70	-0.40	↓ -9.76%
MCNICHOLS	1.01	-0.10	↓ -9.01%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGXASI	↑ 0.04%	↑ 0.87%	↑ 0.48%	↑ 34.46%
NSE Banking Index	↓ -0.75%	↓ -0.05%	↑ 1.66%	↓ -5.93%
NSE Insurance Index	↓ -1.94%	↓ -4.86%	↓ -3.05%	↑ 17.71%
NSE Industrial Goods Index	↑ 0.01%	↑ 0.08%	↑ 0.35%	↑ 73.75%
NSE Consumer Goods Index	↓ -0.15%	↓ -0.20%	↓ -0.97%	↑ 39.68%
NSE Oil & Gas Index	↓ -0.04%	↓ -0.10%	↑ 4.33%	↑ 44.10%

Source: NGX, Bloomberg, AIICO Capital

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