

# Actionable Market Insights, Delivered Weekly.

**AIICO CAPITAL**

DATE: Friday | 26 July 2024

## MARKET COMMENTARY

### Money Market

This week, system liquidity improved due to inflows from FAAC and Bond Coupon. As a result, the Open Repo Rate (OPR) and the Overnight Rate (O/N) decreased by 526bps and 536bps to 26.13% and 26.66% respectively, compared to the previous week.

**Outlook:** In the absence of any significant inflows, interbank rates should increase slightly.

### Treasury Bills

The treasury bills market had a bearish close this week due to the benchmark interest rate hike and an uptick in stop rates at the NTB auction. Specifically, the DMO offered around ₦277.96 billion and allotted the same amount, with a total bid/cover ratio of 1.35x. The stop rates for the 91-Day, 182-Day, and 364-Day papers increased by 220bps, 206bps, and 86bps to 18.5000%, 19.5000%, and 22.1000%, respectively. As a result, the average mid-rate rose by 56 bps week-on-week to reach 22.26%.

**Outlook:** We expect a mixed sentiment next week.

### FGN Bonds

The FGN local bonds market also closed the week on a bearish note due to an increase in stop rates across the on-the-run bonds. The DMO offered ₦300.00 billion but allotted a total of c.₦225.72 billion across the three tenors. The stop rates for the 2029, 2031, and 2033 papers closed higher compared to the previous auction at 19.89% (+0.25%), 21.00% (+0.81%), and 21.98% (+0.48%), respectively. As a result, the average mid-yield rose by 26 bps to 19.56% week-on-week.

**Outlook:** We expect a mixed sentiment next week.

### Eurobonds Markets

The Eurobonds market concluded the week with a downward price trend, as the average mid-yield across the Nigerian curve rose by 8 bps to 9.99%. In the US, GDP growth in Q2'24 climbed to 2.80%, exceeding the market forecast of 2.10% and the 1.40% recorded in Q1'24. Furthermore, the US Core PCE Price Index remained at 2.60%, aligning with prior data and the consensus estimate.

**Outlook:** We expect the US Job Market report and Interest rate decision to impact the market next week.

Benchmark T-Bills Discount Rates			
	26-Jul-24	19-Jul-24	Change in Rates
90 days	20.00%	20.00%	→ 0.00%
181 days	22.04%	22.01%	↑ 0.03%
335 days	20.53%	20.53%	→ 0.00%

Source: FMDQ DQL for 26 Jul 2024 and 19 Jul 2024

Benchmark FGN Bond Yields			
	26-Jul-24	19-Jul-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	19.67%	19.64%	↑ 0.03%
10 yrs: 12.50% 27-Apr-2032	18.03%	18.02%	↑ 0.01%
20 yrs: 13.00% 21-Jan-2042	17.51%	17.51%	→ 0.00%
30 yrs: 12.98% 27-Mar-2050	18.63%	18.18%	↑ 0.45%

Source: FMDQ DQL for 26 Jul 2024 and 19 Jul 2024

Benchmark FGN Eurobond Yields			
	26-Jul-24	19-Jul-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.07%	9.01%	↑ 0.06%
10 yrs: NGERIA 7.875 02/16/32	10.19%	10.08%	↑ 0.11%
15 yrs: NGERIA 7.696 23/02/38	10.66%	10.53%	↑ 0.13%
30 yrs: NGERIA 9.248 01/21/49	10.63%	10.49%	↑ 0.14%
7.125% ECOTRAN 16/02/26*	8.53%	8.16%	↑ 0.37%

Source: ZENITHBK UK Runs for 26 Jul 2024 and 19 Jul 2024

AIICO Money Market Fund (AMMF)			
Net Yield (As at 25th July 2024)		19.7815%	
		NAFEM RATE (\$/N)	Diff.
26-Jul-24		1,609.29	
19-Jul-24		1,596.92	↑ 12.37

Source: FMDQ

		Sys. Liq. (₦'bn)	Diff.
26-Jul-24		490.81	
19-Jul-24		-379.55	↑ 870.36

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	*80.59 (-2.47% w/w)

Source: NBS, CBN, AIICO Capital

## Nigerian Equities

The Nigerian stock market had a bearish end this week, with the ALL-Share Index dropping by 2.33% week-on-week, closing at 98,201.49 points. The year-to-date return was at 31.33%, and the market capitalization ended the week at ₦55.61 trillion.

**Outlook:** We expect the bearish sentiment to ease next week.

## Foreign Exchange

Naira depreciated against the USD by 0.77% week-on-week, to \$/₦1,609.29.

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

## Commodities

This week, the price of U.S. crude dropped because of worries about demand in China, despite robust economic growth in the U.S. To specify, Brent oil saw a 2.47% decrease to \$80.59 per barrel, while WTI rose by 2.31% to \$78.28 per barrel. Additionally, the cost of gold went down by 0.63% to \$2,384.00 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
SOVRENINS	0.56	0.07	↑ 14.29%
WAPIC	0.86	0.10	↑ 13.16%
NEIMETH	1.96	0.22	↑ 12.64%
OANDO	20.35	2.10	↑ 11.51%
JBERGER	97.00	9.50	↑ 10.86%

Source: NGX, AIICO Capital

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

Name (Symbol)	Closing Price	Loss(N)	% Change
NSLTECH	0.42	-0.15	↓ -26.32%
OMATEK	0.63	-0.11	↓ -14.86%
CUTIX	5.15	-0.84	↓ -14.02%
UPL	2.20	-0.31	↓ -12.35%
ETERNA	16.20	-1.80	↓ -10.00%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGXASI	↓ -1.95%	↓ -2.33%	↓ -1.85%	↑ 31.33%
NSE Banking Index	↓ -0.33%	↓ -2.89%	↓ -1.32%	↓ -8.69%
NSE Insurance Index	↑ 0.32%	↓ -0.27%	↓ -3.32%	↑ 17.39%
NSE Industrial Goods Index	↓ -5.90%	↓ -5.89%	↓ -5.56%	↑ 63.52%
NSE Consumer Goods Index	↓ -0.14%	↓ -0.73%	↓ -1.69%	↑ 38.66%
NSE Oil & Gas Index	↓ -0.54%	↓ -0.54%	↑ 3.77%	↑ 43.33%

Source: NGX, Bloomberg, AIICO Capital

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