

Actionable Market Insights, Delivered Weekly.

AIICO
CAPITAL

MARKET COMMENTARY

DATE: Friday | 02 August 2024

Money Market

System liquidity maintained a positive balance throughout the week, supported by some government-related disbursements. Hence, the Open Repo Rate (OPR) and the Overnight Rate (O/N) decreased by 52bps and 60bps to 25.61% and 26.06% respectively, compared to the previous week.

Outlook: Next week, OMO maturities worth ₦80.00 billion is expected to add to system liquidity. Although, we expect liquidity to remain positive pending any significant outflows.

Treasury Bills

The treasury bills market trended sideways this week, with mixed sentiments across the curve.

During the week, the CBN offered OMO bills worth ₦150.00 billion but had “no sale” given the low participation with only ₦86.50 billion in subscription.

Overall, the average mid-rate rose by 56 bps week-on-week to reach 22.26%.

Outlook: Next week, the DMO would be offering treasury bills worth ₦216.09 billion.

FGN Bonds

The FGN local bond market saw mixed to bearish sentiments this week, with most of the activity skewed to the New 2029, 2031, 2033, 2038, 2050, and 2053 papers. As a result, the average mid-yield increased by 7 bps to 19.63% week-on-week.

Outlook: We expect sentiment to remain mixed next week.

Eurobonds Markets

Despite the bearish posture in the Eurobonds market, we noticed some occasional cherry-picking activities on selected maturities. The takeaway this week was the FOMC meeting and US Non-farm payroll.

The Fed’s maintained interest rate at 5.50% and indicated a likely rate cut in September meeting, subject to unfolding economic data.

The US Non-farm payroll for July declined dramatically to 114k, down from the downwardly revised 179k jobs added in June and lower than 176k market estimate. Also, unemployment rate increased to 4.30% in July, surpassing 4.10% in both estimate and preceding data.

At the close of the week, the Nigerian Eurobond curve experienced a bearish trend due to the prevailing negative sentiments related to the ongoing protests in the country. In general, the average mid-yield rose by 35 bps to reach 10.34%.

Outlook: We expect a mixed-to-bullish bias next week.

Benchmark T-Bills Discount Rates			
	02-Aug-24	26-Jul-24	Change in Rates
83 days	20.00%	20.00%	→ 0.00%
174 days	22.50%	22.04%	↑ 0.46%
328 days	20.53%	20.53%	→ 0.00%

Source: FMDQ DQL for 02 Aug 2024 and 26 Jul 2024

Benchmark FGN Bond Yields			
	02-Aug-24	26-Jul-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	19.69%	19.67%	↑ 0.02%
10 yrs: 12.50% 27-Apr-2032	18.04%	18.03%	↑ 0.01%
20 yrs: 13.00% 21-Jan-2042	17.51%	17.51%	→ 0.00%
30 yrs: 12.98% 27-Mar-2050	18.74%	18.63%	↑ 0.11%

Source: FMDQ DQL for 02 Aug 2024 and 26 Jul 2024

Benchmark FGN Eurobond Yields			
	02-Aug-24	26-Jul-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.45%	9.07%	↑ 0.38%
10 yrs: NGERIA 7.875 02/16/32	10.62%	10.19%	↑ 0.43%
15 yrs: NGERIA 7.696 23/02/38	11.02%	10.66%	↑ 0.36%
30 yrs: NGERIA 9.248 01/21/49	10.90%	10.63%	↑ 0.27%
7.125% ECOTRAN 16/02/26*	8.73%	8.53%	↑ 0.20%

Source: FBNH UKRuns for 02 Aug 2024 and 26 Jul 2024

AIICO Money Market Fund (AMMF)			
Net Yield (As at 30th July 2024)		20.3225%	
NAFEM RATE (\$/N)		Diff.	
2-Aug-24	1,617.08		
26-Jul-24	1,609.29	↑	7.79

Source: FMDQ

Date	Sys. Liq. (₦'bn)	Diff.	
2-Aug-24	660.49		
26-Jul-24	276.47	↑	384.02

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)	36.79 (+11.80% 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 concluded the week on a bearish note, as the ALL-Share Index declined by 0.46% week-on-week, reaching a closing figure of 97,745.73 points. The year-to-date return stood at 30.72%, and the market capitalization closed the week at ₦55.47 trillion.

Outlook: The bearish sentiment could persist next week as market participants react to the disappointing Q2 2024 earnings results.

Foreign Exchange

Naira depreciated against the USD by 0.48% week-on-week, to \$/₦1,617.08.

Outlook: We expect volatility to persist next week.

Commodities

Despite the escalating tensions in the Middle East and efforts to maintain oil output, crude oil prices plummeted this week. The drop was largely influenced by a decrease in China's activity index, the Fed's decision, and cooling US job data.

At the OPEC+ meeting held August 1st, members agreed to continue with oil output cut, maintain a 2.2 million bpd voluntary cut until September.

Brent oil decreased by 5.30% to \$76.83 per barrel, while WTI dropped by 6.26% to \$77.23 per barrel. In contrast, the price of gold rose by 3.94% to \$2,474.90 per ounce.

Outlook: We expect a mixed trend next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
RTBRISCOE	0.84	0.17	↑ 25.37%
OANDO	25.30	4.95	↑ 24.32%
IMG	15.70	2.70	↑ 20.77%
CUSTODIAN	12.20	2.00	↑ 19.61%
MAYBAKER	7.04	1.14	↑ 19.32%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
UCAP	12.15	-26.80	↓ -68.81%
MECURE	7.35	-1.70	↓ -18.78%
THOMASWY	1.76	-0.40	↓ -18.52%
NASCON	29.50	-4.50	↓ -13.24%
NB	26.00	-3.80	↓ -12.75%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGXASI	↑ 0.40%	↓ -0.46%	↓ -0.03%	↑ 30.72%
NSE Banking Index	↑ 1.31%	↓ -0.48%	↑ 1.73%	↓ -9.13%
NSE Insurance Index	↑ 0.99%	↑ 1.59%	↑ 0.80%	↑ 19.26%
NSE Industrial Goods Index	↑ 0.01%	↓ -0.01%	↑ 0.02%	↑ 63.51%
NSE Consumer Goods Index	↑ 0.09%	↓ -3.33%	↓ -0.46%	↑ 34.04%
NSE Oil & Gas Index	↑ 2.56%	↑ 4.27%	↑ 2.51%	↑ 49.44%

Source: NGX, Bloomberg, AIICO Capital

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