

Actionable Market Insights, Delivered Weekly.

AIICO
CAPITAL

MARKET COMMENTARY

DATE: Friday | 09 August 2024

Money Market

System liquidity remained positive for most of the week but turned negative by the end of the week. As a result, the Open Repo Rate (OPR) and the Overnight Rate (O/N) increased by 778 bps and 791 bps to 33.39% and 33.97% respectively, compared to the previous week.

Outlook: We expect system liquidity to stay frail next week, in the absence of any major inflow.

Treasury Bills

The treasury bills market started the week with a bearish sentiment but turned bullish in the second half.

During the week, the DMO offered around ₦216.09 billion and received bids totalling 2.25 times the amount offered. The stop rates for the 91-Day and 182-Day papers stayed unchanged at 18.50% and 19.50% respectively, while the stop rate for the 364-Day paper decreased by 21.1 bps to 21.8890% compared to the previous stop rates.

Overall, the average mid-rate decreased by 72 bps week-on-week to settle at 21.54%.

Outlook: We expect a bearish bias next week.

FGN Bonds

The local FGN bond market started slightly bearish but closed the week on a bullish note, following a late rally on May 2033 papers. Consequently, the average mid-yield decreased by 6 bps to 19.57% on a week-on-week basis.

Outlook: We expect a mixed bias next week. The DMO rescheduled the FGN bond auction earlier scheduled for August 12 to August 19.

Eurobonds Markets

The Eurobonds market experienced significant selloffs across the curve at the beginning of the week due to global headwinds. However, the sentiment turned bullish following the release of the stronger-than-expected ISM Services PMI, which came in at 51.40 (Est. 51.1), up from 48.8. Overall, the market settled slightly bullish, with the average mid-yield closing marginally higher week-on-week by 1bp to reach 10.38%.

Outlook: We expect attention to be skewed towards the US CPI data next week.

Benchmark T-Bills Discount Rates

	09-Aug-24	02-Aug-24	Change in Rates
90 days	22.35%	21.00%	↑ 1.35%
181 days	23.55%	24.85%	↓ -1.30%
321 days	21.70%	20.53%	↑ 1.17%

Source: FMDQ DQL for 09 Aug 2024 and 02 Aug 2024

Benchmark FGN Bond Yields

	09-Aug-24	02-Aug-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	19.98%	19.69%	↑ 0.29%
10 yrs: 12.50% 27-Apr-2032	18.04%	18.04%	→ 0.00%
20 yrs: 13.00% 21-Jan-2042	17.50%	17.51%	↓ -0.01%
30 yrs: 12.98% 27-Mar-2050	18.70%	18.74%	↓ -0.04%

Source: FMDQ DQL for 09 Aug 2024 and 02 Aug 2024

Benchmark FGN Eurobond Yields

	09-Aug-24	02-Aug-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.56%	9.41%	↑ 0.15%
10 yrs: NGERIA 7.875 02/16/32	10.65%	10.62%	↑ 0.03%
15 yrs: NGERIA 7.696 23/02/38	11.02%	11.02%	→ 0.00%
30 yrs: NGERIA 9.248 01/21/49	10.91%	10.90%	↑ 0.01%
7.125% ECOTRAN 16/02/26*	8.73%	8.73%	→ 0.00%

Source: ZENITH UK Runs for 09 Aug 2024 and 02 Aug 2024

AIICO Money Market Fund (AMMF)

Net Yield (As at 8th August 2024) 21.0849%

	NAFEM RATE (\$/N)	Diff.
9-Aug-24	1,574.20	
2-Aug-24	1,617.08	↑ (42.88)

Source: FMDQ

Date	Sys. Liq. (₦'bn)	Diff.
9-Aug-24	-12.24	
2-Aug-24	660.49	↓ (672.73)

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	*79.56 (+3.58% w/w)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market closed the week on a bullish note, as the ALL-Share Index gained 0.87% week-on-week, reaching a closing figure of 98,592.712 points. The year-to-date return stood at 31.85%, and the market capitalization closed the week at ₦55.98 trillion.

Outlook: We expect the mixed sentiment to persist.

Foreign Exchange

The Naira appreciated against the USD by 2.65% week-on-week, reaching \$1,574.20/₦. Additionally, the CBN sold \$876.26 million at the retail Dutch Auction (rDAS) at an exchange rate of ₦1,495 per dollar to 26 dealer banks. Meanwhile, total bids were valued at \$1.18 billion across 32 authorized dealer banks.

Outlook: We expect volatility to persist next week.

Commodities

Crude oil ended the week on a moderately bullish note as recession fears eased and the risk of a wider war in the Middle East, which could disrupt production and transportation, loomed over the market. Brent oil increased by 3.58% to \$79.56 per barrel, while WTI gained 0.48% to \$76.68 per barrel. In contrast, the price of gold fell by 0.07% to \$2,468.00 per ounce.

Outlook: We expect a mixed trend next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
OANDO	40.60	15.30	↑ 60.47%
RTBRISCOE	1.27	0.43	↑ 51.19%
JAPAULGOLD	2.39	0.63	↑ 35.80%
ACADEMY	2.88	0.74	↑ 34.58%
UCAP	15.95	3.80	↑ 31.28%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
CHAMPION	2.77	-0.49	↓ -15.03%
BUACEMENT	128.90	-14.30	↓ -9.99%
UPL	2.18	-0.24	↓ -9.92%
UNIONDICON	7.30	-0.80	↓ -9.88%
DEAPCAP	0.47	-0.05	↓ -9.62%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGXASI	↑ 0.48%	↑ 0.87%	↑ 0.84%	↑ 31.85%
NSE Banking Index	↑ 1.93%	↑ 5.14%	↑ 6.96%	↓ -4.45%
NSE Insurance Index	↓ -0.66%	↑ 1.79%	↑ 2.60%	↑ 21.39%
NSE Industrial Goods Index	→ 0.00%	↓ -3.67%	↓ -3.65%	↑ 57.51%
NSE Consumer Goods Index	↑ 0.67%	↑ 2.35%	↑ 1.88%	↑ 37.19%
NSE Oil & Gas Index	↑ 0.71%	↑ 0.97%	↑ 3.50%	↑ 50.89%

Source: NGX, Bloomberg, AIICO Capital

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