

Actionable Market Insights, Delivered Weekly.

**AIICO
CAPITAL**

MARKET COMMENTARY

DATE: Friday | 16 August 2024

Money Market

During the early part of the week, system liquidity was positive. As the week progressed, liquidity improved and resulted in a surplus balance from the middle of the week to the end. Consequently, the Open Repo Rate (OPR) and the Overnight Rate (O/N) decreased by 109 bps and 99 bps to 32.30% and 32.98% respectively, compared to the previous week.

Outlook: We anticipate that the system liquidity will improve next week, as the FGN offer size has been reduced, and there are Bond coupons worth approximately ₦365.01 billion and the possibility of early FAAC credits.

Treasury Bills

The treasury bills market saw a bullish trend this week, with significant buying interest across the curve. Overall, the average mid-rate decreased by 82 bps week-on-week, settling at 20.72%.

Outlook: We expect sentiment to be skewed towards the NTB auction next week, where the DMO would be offering ₦409.98 billion.

FGN Bonds

The local FGN bond market had a bullish settlement this week, with minimal bearish bias. As a result, the average mid-yield decreased by 18 bps to 19.39% on a week-on-week basis.

Outlook: We expect sentiment to be skewed towards the FGN Bond auction next week.

Eurobonds Markets

The Eurobonds market was mostly bullish this week, with the average mid-yield falling by 15bps, week-on-week to 10.23%. US inflation grew by 0.20% m/m, in line with market forecasts. However, year-on-year inflation grew by 2.90% y/y, lower than the estimated 3.0% y/y.

The US Producer Price Index (PPI) increased by 2.20% year-on-year, down from 2.70% year-on-year, and by 0.10% month-on-month, down from 0.20% month-on-month in June.

Outlook: Next week, the minutes of the last FOMC meeting and speeches by some members of the committee would impact the market.

Benchmark T-Bills Discount Rates			
	16-Aug-24	09-Aug-24	Change in Rates
97 days	22.60%	22.60%	→ 0.00%
202 days	22.68%	24.98%	↓ -2.30%
328 days	20.91%	21.41%	↓ -0.50%

Source: FMDQ DQL for 16 Aug 2024 and 09 Aug 2024

Benchmark FGN Bond Yields			
	16-Aug-24	09-Aug-24	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	20.01%	19.98%	↑ 0.03%
10 yrs: 12.50% 27-Apr-2032	18.51%	18.04%	↑ 0.47%
20 yrs: 13.00% 21-Jan-2042	17.50%	17.50%	→ 0.00%
30 yrs: 12.98% 27-Mar-2050	18.62%	18.70%	↓ -0.08%

Source: FMDQ DQL for 16 Aug 2024 and 09 Aug 2024

Benchmark FGN Eurobond Yields			
	16-Aug-24	09-Aug-24	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.44%	9.56%	↓ -0.12%
10 yrs: NGERIA 7.875 02/16/32	10.44%	10.65%	↓ -0.21%
15 yrs: NGERIA 7.696 23/02/38	10.88%	11.02%	↓ -0.14%
30 yrs: NGERIA 9.248 01/21/49	10.80%	10.91%	↓ -0.11%
7.125% ECOTRAN 16/02/26*	9.14%	8.73%	↑ 0.41%

Source: ZENITH UK Runs for 16 Aug 2024 and 09 Aug 2024

AIICO Money Market Fund (AMMF)			
Net Yield (As at 14th August 2024)		21.2687%	
		NAFEM RATE (\$/N)	Diff.
16-Aug-24		1,579.89	
9-Aug-24		1,574.20	↑ 5.69

Source: FMDQ

		Sys. Liq. (₦'bn)	Diff.
16-Aug-24		32.99	
9-Aug-24		-12.24	↑ 45.23

Source: CBN

Macro Indicators	
GDP (Q1 2024)	+2.98% (Q4: 2023 +3.46% y/y)
Inflation (Jul'2024)	33.40% (Jun'24: 34.19%)
External Reserve (US\$'billion)	36.53 (+10.99% YTD)
Monetary Policy Rate	26.25%
Cash Reserve Requirement (CRR)	45.00%
Brent Crude Price US\$/bbl	*79.70 (+0.99% w/w)

Source: NBS, CBN, AIICO Capital

Nigerian Equities

The Nigerian stock market ended the week on a bearish note as the ALL-Share Index experienced a 1.51% week-on-week decline, finishing at 97,100.31 points. The year-to-date return was 29.86%, and the market capitalization concluded the week at ₦55.13 trillion.

Outlook: We expect market to continue to trade sideways.

Foreign Exchange

The Naira depreciated against the USD by 0.36% week-on-week, reaching \$1,579.89/₦.

Outlook: We expect players to anticipate the outcome of the first domestic dollar bond issuance, where the DMO would be offering \$500.00 million in domestic dollar bond.

Commodities

Crude oil was volatile this week. The catalysts were geopolitical tensions between Iran and Israel, OPEC's downward revision of global oil demand, and strong US retail sales data. Overall, Brent oil increased by 0.99% to \$79.70 per barrel, while WTI declined by 0.31% to \$76.60 per barrel. The price of gold increased by 0.33% to \$2,532.00 per ounce.

Outlook: We expect a mixed trend next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
RTBRISCOE	1.70	0.43	↑ 33.86%
TOTAL	511.90	84.20	↑ 19.69%
JBERGER	130.00	20.00	↑ 18.18%
GUINEAINS	0.40	0.06	↑ 17.65%
UPL	2.45	0.27	↑ 12.39%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
CUTIX	4.95	-1.05	↓ -17.50%
BUACEMENT	109.80	-19.10	↓ -14.82%
OANDO	35.85	-4.75	↓ -11.70%
LEARNAFRCA	3.52	-0.43	↓ -10.89%
CHAMS	2.02	-0.23	↓ -10.22%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGXASI	↓ 0.00%	↓ -1.51%	↓ -0.69%	↑ 29.86%
NSE Banking Index	↑ 0.22%	↓ -2.28%	↑ 4.52%	↓ -6.64%
NSE Insurance Index	↑ 0.75%	↑ 0.79%	↑ 3.42%	↑ 22.35%
NSE Industrial Goods Index	↓ -0.01%	↓ -5.16%	↓ -8.62%	↑ 49.38%
NSE Consumer Goods Index	↓ -0.67%	↑ 0.37%	↑ 2.25%	↑ 37.70%
NSE Oil & Gas Index	↑ 0.13%	↑ 5.25%	↑ 8.94%	↑ 58.82%

Source: NGX, Bloomberg, AIICO Capital

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