

TrustBanc Daily Market Roundup

Money Market | Fx. Market | Fixed Income Market | Equity Market | 26th June 2023

Money Market

- System liquidity opened the week with a surplus balance of ₦574.64bn, 6.3% lower than Friday's record of ₦613.3bn.
- Accordingly, inter-bank funding rates (OPR & O/N) stayed depressed at 2.00% and 2.80%, respectively.
- Given the existing liquidity balance, we expect liquidity levels to remain buoyant whilst funding rates maintain similar levels.

Fixed Income Market

- The bullish sentiment at the FGN bond market extended into the new week, as liquidity condition remain considerably healthy.
- Most trading efforts were concentrated at the near and mid ends of the curve. For context, Apr-29 maturity shed 13bps while Apr-37 paper saw yields decline by 67bps.
- We observed moderate buy-side bias at the far end as well, especially on the Mar-50 maturity.
- By and large, average benchmark yield dipped further by 6bps to 13.82%.
- The Eurobond market opened on a bearish note, albeit with moderate volumes passed across the benchmark curve.
- Most of the sell orders were skewed towards far-dated maturities. As a result, benchmark yield climbed higher by 74bps to close at 12.81%.
- In the near term, we expect trading to be calm in the Eurobond space barring policy driven trades.
- Elsewhere, 10-year US treasury yield closed 6bps lower at 3.74%.
- The NTB secondary market opened on a bullish note, as excess liquidity continue to drive trading bias across the benchmark curve.
- Average yield closed 1bp lower at 6.21%.

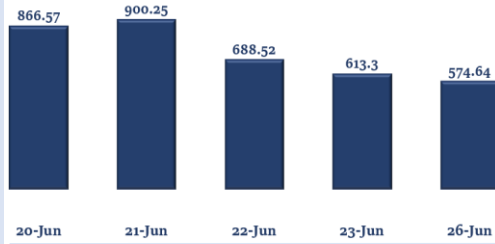
Forex Market

- I&E rates were quoted at ₦768.17/\$, down from ₦770/\$ levels recorded on Friday. On the flip side, parallel market players priced rates higher at ₦770/\$, although supply backlog remain a major constraint.
- Elsewhere, external reserve depleted to \$34.31bn, while Oil prices (Brent and Bonny) held firm at \$74/barrel level.

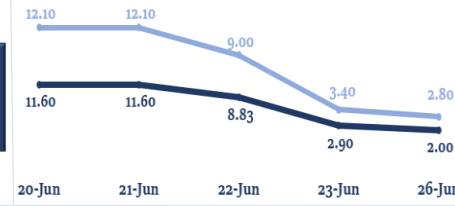
Equity Market

- The bulls regained control of the Lagos bourse, opening the week with a **22bps** gain.
- At the early hours of trading, market players packed shares of ETERNA (**9.78%**) as the downstream oil and gas ticker grabbed the top spot on the performance chart.
- At this time, we observed moderate buy-side bias for Banking tickers - GTCO (**1.43%**), ACCESSCORP (**1%**), UBA (**0.44%**) and UCAP (**1%**).
- As the session progressed, PZ (**9.26%**) garnered momentum while BUACEMENT (**2.5%**) supported the charge.
- However, sizeable offer for FBNH (**4.05%**), BERGER (**4.31%**) and MTNN (**0.23%**) posed a great threat to the bullish run.
- At the tail end of the session, sell-side bias waxed stronger on MTNN (**2.07%**), while AIRTELAFRI (**0.54%**) joined the loser's league.
- Although, improved bids on UBA (**2.18%**), ACCESSCORP (**2.01%**) and ZENITH (**1.56%**) kept the bulls atop.
- Consequently, investors' wealth improved by ₦72.21bn while the YTD return improved to **15.78%**.
- On the sectoral front, all sectors buzzed in green with Banking (**2.4%**) and Insurance (**1.68%**) taking the top spot.
- In the near term, we expect the market to remain calm albeit with moderate profit taking.

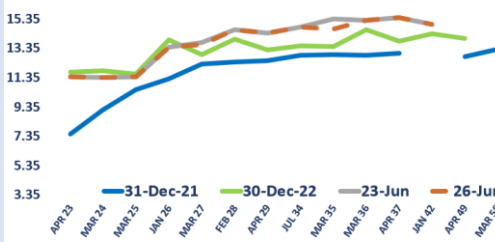
System Liquidity (₦'bn)



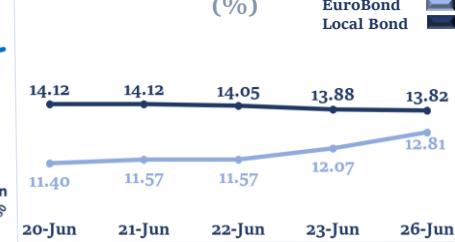
Inter-bank Rates (%) O/N OPR



FGN Benchmark Bonds Yield Curve (%)



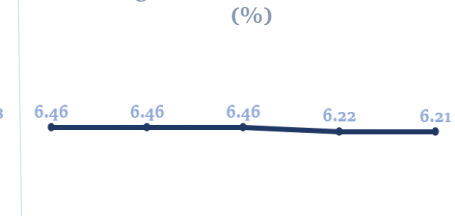
Average Yield on Benchmark Bonds (%) EuroBond Local Bond



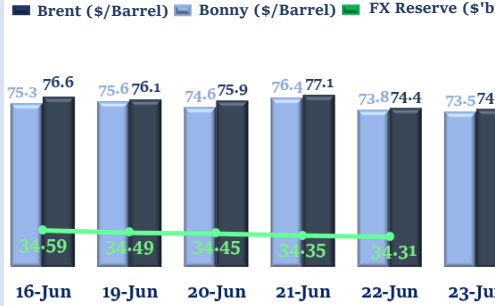
May-24 NTB Yield



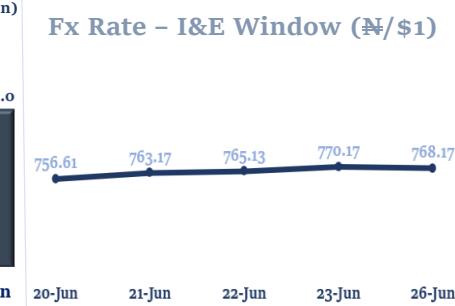
Average Yield on Benchmark NTB (%)



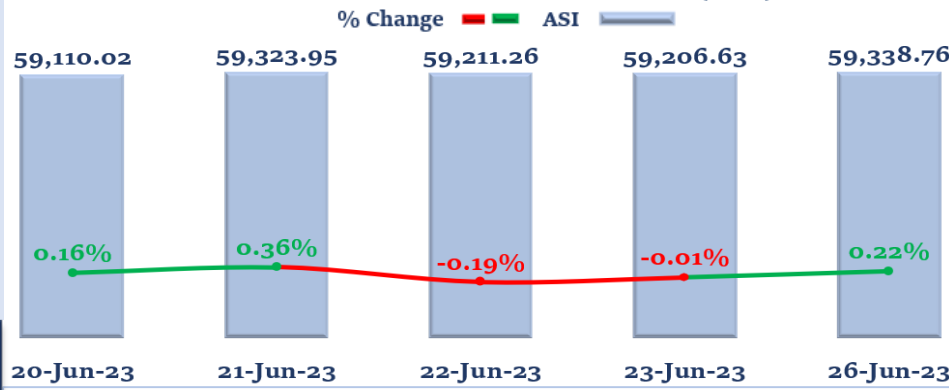
Brent (\$/Barrel) Bonny (\$/Barrel) FX Reserve (\$'bn)



Fx Rate - I&E Window (₦/\$)



Movement in All Share Index (ASI)



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Equity Market Indicators: Gainers (42), Losers (23), Volume (12%), Value (43%)

TOP Gainers						TOP Losers						TOP 10 Most Capitalised Stocks on NGX							
S/n	Company	23-Jun	26-Jun	Day	MTD	YTD	S/n	Company	23-Jun	26-Jun	Day	MTD	YTD	Company	23-Jun	26-Jun	Day	MTD	YTD
1	TANTALIZER	0.20	0.22	10.00%	5.00%	10.00%	1	UNITYBNK	1.1	0.99	-10.00%	1.92%	80.00%	AIRTELAFRI	1266.80	1260.00	▼ -0.54%	▼ -6.00%	▼ -22.94%
2	ABCTRANS	0.40	0.44	10.00%	22.86%	76.00%	2	JAPAUFGOLD	0.65	0.59	-9.23%	12.12%	110.71%	MTNN	265.50	260.00	▼ -2.07%	▲ 9.75%	▲ 20.93%
3	IKEJAHOTEL	3.00	3.30	10.00%	62.33%	214.29%	3	VERITASKAP	0.23	0.21	-8.70%	10.00%	5.00%	DANGCEM	287.50	287.50	▲ 0.00%	▲ 7.41%	▲ 10.15%
4	ACADEMY	2.00	2.20	10.00%	32.41%	70.54%	4	NSLTECH	0.38	0.35	-7.89%	8.33%	59.09%	BUACEMENT	90.00	92.25	▲ 2.50%	▼ -5.98%	▼ -5.63%
5	TRANSCOHOT	17.60	19.36	10.00%	24.90%	209.76%	5	CUTIX	2.75	2.60	-5.45%	11.11%	29.35%	BUAFOODS	135.75	135.75	▲ 0.00%	▲ 13.95%	▲ 108.85%
6	ETERNA	15.85	17.40	9.78%	31.62%	160.09%	6	BERGER	10.45	10.00	-4.31%	29.49%	66.67%	NESTLE	1250.00	1250.00	▲ 0.00%	▲ 19.75%	▲ 13.64%
7	SKYAVN	9.25	10.15	9.73%	0.00%	103.00%	7	UNIVINSURE	0.24	0.23	-4.17%	0.00%	15.00%	ZENITHBANK	32.00	32.50	▲ 1.56%	▲ 27.19%	▲ 35.42%
8	IMG	8.40	9.20	9.52%	15.07%	24.32%	8	GUINEAINS	0.24	0.23	-4.17%	0.00%	15.00%	GEREGU	300.00	300.00	▲ 0.00%	▼ -4.33%	▲ 101.34%
9	LEARNAFRCA	2.67	2.92	9.36%	10.00%	32.73%	9	NEM	6.3	6.05	-3.97%	6.74%	34.44%	GTCO	31.45	32.70	▲ 3.97%	▲ 15.49%	▲ 42.17%
10	CAVERTON	1.18	1.29	9.32%	21.90%	30.30%	10	FIDSON	12.87	12.50	-2.87%	8.00%	38.89%	SEPLAT	1360.00	1360.00	▲ 0.00%	▲ 7.59%	▲ 23.64%

Bond Watch (26th June 2023) Last Auction (19th-June-23) 26-June-2023 Change (%)

Issue Date	Maturity Date	Allotted (₦'b)	Stop Rates (%)	FMDQ Closing Price (₦)	Coupon (%)	FMDQ Closing Yields (%)	Diff. (%)	Status	DAY	WTD	MTD	YTD
13.53% MAR 25	23-Mar-18	23-Mar-25		103.25	13.53	11.39	(2.14)	Premium	▼ -0.01	▼ -0.01	▼ -0.08	▼ -0.44
12.50% JAN 26	22-Jan-16	22-Jan-26	127.00	102.45	12.50	11.37	(1.13)	Premium	▲ 0.00	▲ 0.00	▼ -0.93	▼ -0.23
16.2884% MAR 27	17-Mar-17	17-Mar-27		114.51	16.29	11.38	(4.91)	Premium	▼ -0.01	▼ -0.01	▼ -1.15	▼ -2.55
13.98% FEB 28	23-Feb-18	23-Feb-28	257.41	101.91	13.98	13.40	(0.58)	Premium	▲ 0.00	▲ 0.00	▼ -0.33	▲ 0.48
14.55% APR 29	26-Apr-19	26-Apr-29		103.69	14.55	13.60	(0.95)	Premium	▼ -0.13	▼ -0.13	▼ -0.70	▼ -0.39
12.149% JUL 34	18-Jul-14	18-Jul-34		86.66	12.15	14.61	2.46	Discount	▲ 0.00	▲ 0.00	▼ -0.13	▲ 1.36
12.50% MAR 35	27-Mar-20	27-Mar-35		89.33	12.50	14.40	1.90	Discount	▲ 0.00	▲ 0.00	▼ -0.41	▲ 0.90
12.40% MAR 36	18-Mar-16	18-Mar-36	220.56	86.46	12.40	14.78	2.38	Discount	▲ 0.00	▲ 0.00	▲ 0.00	▲ 1.31
16.25% APR 37	18-Apr-17	18-Apr-37	169.37	109.11	16.25	14.68	(1.57)	Premium	▼ -0.67	▼ -0.67	▼ -0.75	▲ 0.06
13.00% JAN 42	21-Jan-22	21-Jan-42	169.37	86.17	13.00	15.25	2.25	Discount	▲ 0.00	▲ 0.00	▼ -0.02	▲ 1.40
14.80% APR 49	26-Apr-19	26-Apr-49		95.82	14.80	15.45	0.65	Discount	▲ 0.00	▲ 0.00	▲ 0.00	▲ 1.13
12.98% MAR 50	27-Mar-20	27-Mar-50		86.91	12.98	14.97	1.99	Discount	▲ 0.00	▲ 0.00	▼ -0.66	▲ 0.90

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Key Event(s) In April: NTB Auction: 8th & 15th

Inflation: 15th

Bond Auction: 19th



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If you lived in Nigeria in the last 5 years, you probably know more than anyone the impact of inflation, foreign exchange, and liquidity (availability of cash) on the standard of living.

What you may not be aware of is how to follow market trends to effectively manage unfavourable economic or monetary tendencies and make them work in your favour. If you are reading this, you are halfway into knowing already.

Note this for a start, if your wealth isn't growing at least at the same rate with inflation, then it's diminishing. Do you wonder why millions of Nigerians fall into the poverty hole every year?

Therefore, beating inflation rate (e.g. 22%) should be one of your goals every year. That is, in your investment plans, you set a target to earn at least 22% per annum. To achieve this, you must pay attention to the markets that play significant roles in your wealth growth.

Money Market: This market will help you to keep up with the rate of interest. If interest rates are persistently high, this is where you want to be, in most of the fixed-income instruments here, your principal is relatively safe, and the returns can keep up with the pace of inflation.

Fixed Income Market: A lot of the funds you put into the money market find their way into fixed-income securities, this is the reason why you follow this market.

Equity/Stock Market: This market is more interesting when interest rates are low, and it remains the most prolific market for building wealth. However, to avoid losing your principal, always be in touch with your Brokers.

Foreign Exchange (Fx) Market: In 1981, ₦1m will get you \$1.5m. Ten years ago, the same amount will get you \$6.4k. Today, you will struggle to get \$1.4k with ₦1m. To stay ahead in the wealth game, you need to pay a close attention to this market.

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Definition of Key Terms:

- **All-Share Index** measures the performance of the stock market, relative to average value of share prices of most companies listed on the Nigerian Exchange Group. It is measured in index points and reported in percentage points.
- **Bull Market** is a term used to describe a market condition where prices are rising or expected to rise. It is a market condition characterized by optimism and investor confidence.
- **Bear Market** Is the direct opposite of the “Bull-market”. It is a market condition where prices are falling or expected to fall. Profit taking, skepticism or pessimism are the underpinning sentiment that drives a bear market.
- **Market Sentiment** is a financial market terminology that explains the mood of the market with regards to anticipated price development. In broad terms, rising prices indicate bullish market sentiment, while falling prices indicates bearish market sentiment.
- **I & E window** is an abbreviation of Investors and Exporters Window, established by the Central Bank of Nigeria for sale and purchase of FX at prevailing market rate. Major participants in this market are; Investors, exporters, manufacturers and end-users.

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Stock	Year	Closing	Return	Shares	Market	Weight	Weighted	Average	Trailing	
	Open	Price		Outstanding	Capitalisation					Return
	(₦)	(₦)	(%)	(million)	(₦million)					
ACCESSCORP	8.5	14.9	75.3%	35,545	529,621	12%	9.0%	7.5%	3.4x	
FIDELITYBK	4.4	7.0	60.7%	28,975	202,535	10%	6.1%	6.1%	4.3x	
STANBIC	33.5	54.0	61.4%	12,957	699,678	8%	4.9%	6.1%	9.0x	
UBA	7.6	11.3	48.7%	34,199	386,449	9%	4.4%	4.9%	2.3x	
DANGSUGAR	16.1	24.0	49.5%	12,147	291,528	10%	5.0%	5.0%	5.3x	
NESTLE	1100.0	1250.0	13.6%	793	991,250	9%	1.2%	1.4%	20.2x	
OKOMUOIL	165.0	225.0	36.4%	954	214,650	8%	2.9%	3.6%	13.2x	
WAPCO	24.0	29.0	20.8%	16,107	467,103	9%	1.9%	2.1%	8.7x	
TOTAL	193.0	336.7	74.5%	340	114,310	12%	8.9%	7.4%	7.1x	
MTNN	215.0	265.5	23.5%	20,355	5,404,253	13%	3.1%	2.3%	14.9x	
YTD Return							47.35%	46.44%		

ACCESSCORP

Q1'23 Unaudited result revealed a 46.4% growth in Interest Income, largely driven by improved Interest income on Net loans and yields on Investment securities. Although, interest expense surged by 84.1% (YoY) on the back of significant cost incurred on deposit from Financial Institutions (152%) and Customers (82.2%). Overall, PBT was up 24.5% YoY while Net Profits grew by 23.9% (YoY).

FIDELITY

Fidelity Bank reported a 72.6% (YoY) surge in Profit After Tax in its Q1'23 Unaudited result. The growth was driven by a 42.5% increase in Interest Income, traceable to expansion of net loans and investment securities. However, interest expense grew by 14.5% YoY due to rising cost of deposits from financial institutions and customers.

STANBIC

STANBIC's Q1'23 Unaudited result revealed a significant increase in bottom-line - 92% (y/y), driven by a 53% surge in Interest income and 37% growth in non-interest revenue. Although, Interest expense expanded by 47% (y/y) on the back of rising deposit cost fueled by persistent hike in MPR.

UBA

In Q1'23, UBA's unaudited report aligns with other Tier 1 banking reports as the net interest income rose by 41.1% (y/y), fees and commission income increased by 13.8% (y/y), while non-interest revenue grew by 36.6% (y/y). Despite higher interest expenses (80%) in Q1'23, UBA's profit after tax climbed by 29.3% to ₦53.59bn.

DANGSUGAR

Dangote Sugar Refinery delivered a topline growth of 8% (y/y) in its recently released Q1'23 unaudited result. Driven by a decline in selling and distribution expenses of 33% (y/y), the Sugar industry giant recorded a significant YoY growth of 36% and 44% in PBT and PAT, respectively.

NESTLE

In Q1'23, NESTLE recorded a 16.1% (y/y) growth in topline driven by elevated pricing environment. However, rising borrowing cost sent finance cost over the roof by 128% (YoY), while operating expenses also surged by 36.6% (YoY) to dampen the growth in revenue. Accordingly, PAT slid south by 9.84% (y/o/y) in Q1'23.

OKOMUOIL

The Q1'23 Audited FS of OKOMUOIL revealed a moderate YoY growth of 9.7% and 7.2% in PBT and PAT, despite the challenges around sourcing FX which led to a significant jump in finance cost - 88% (y/y). Although the topline bolstered by 18% (y/y), cost of sales growth of 52% (y/y) dampened the impact of this milestone.

WAPCO

The Q1'23 unaudited earnings result of LAFARGE AFRICA PLC revealed a marginal growth in revenue - 1% (y/y). The Industrial Goods giant trimmed Cost of sales by 6% (y/y) while recording a remarkable growth in finance income - 10x above the Q1'22 figures. However, higher tax expenses - 93% (y/y) - sank PAT by 15% (y/y).

TOTAL

TOTAL Energies' unaudited Q1'23 earnings revealed an impressive 38.6% YoY growth in topline, driven by improved demand and rising prices of diesel and Jet A1 fuel. Although, a drastic surge in finance costs - 110% (y/y) - wiped out the impact of the revenue growth. PBT and PAT declined by 2% and 5%, respectively.

MTNN

MTNN delivered a 21% (y/y) revenue growth in its recently released Q1'23 earnings result. The positive performance was largely driven by the Data business, which recorded a 40% (y/y) expansion. However, the growth was undermined by a 42% surge in finance costs - thanks to the rising rate environment. PBT and PAT grew marginally by 8.5% and 4.6%, respectively.

TrustBanc Equity Model Portfolio

