

# TrustBanc Daily Market Roundup

Money Market | Fx. Market | Fixed Income Market | Equity Market | 3<sup>rd</sup> July 2023

## Money Market

- Following today's NTB auction settlement worth ₦187.11bn, system liquidity compressed by 47.7% to close at ₦600.98bn.
- Notwithstanding, inter-bank funding rates (OPR & O/N) slumped by 22bps and 43bps close at 1% levels.
- We expect liquidity levels to remain buoyant, while funding rates trade at current levels.

## Fixed Income Market

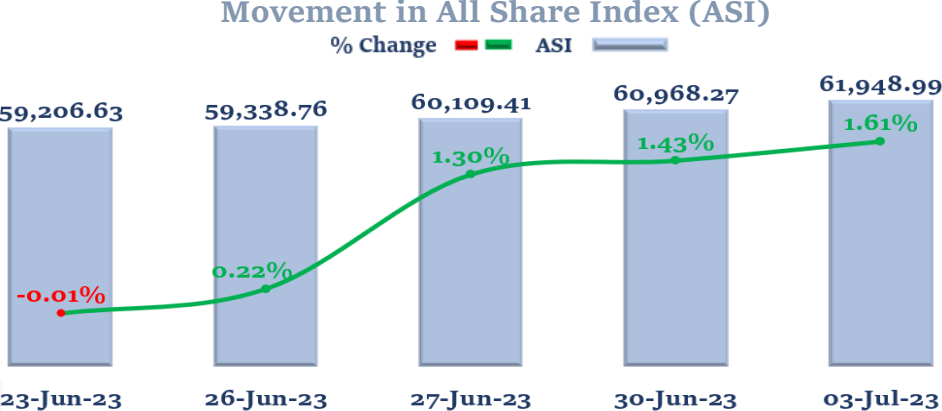
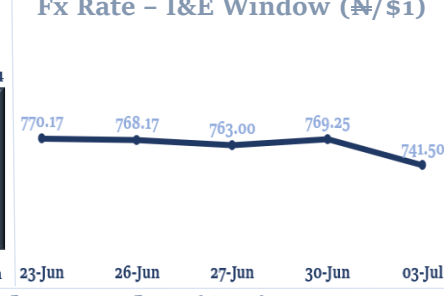
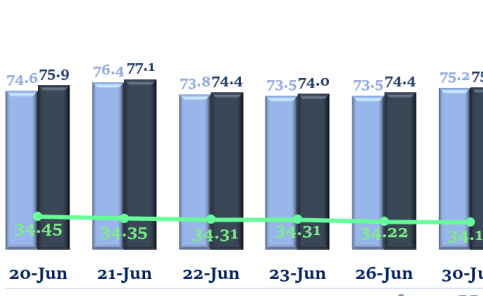
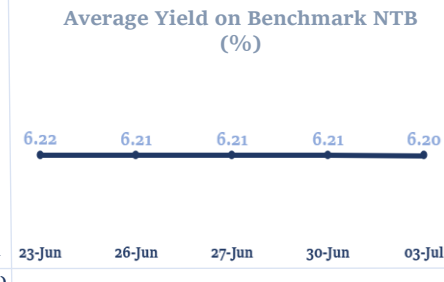
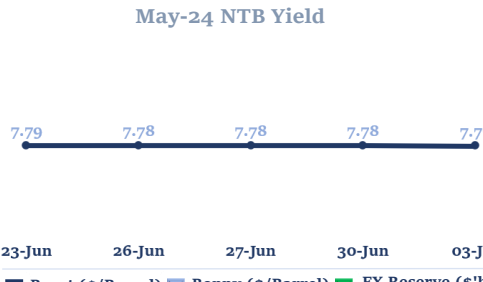
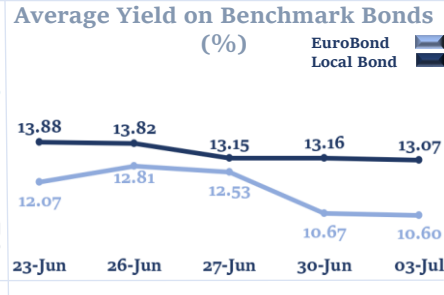
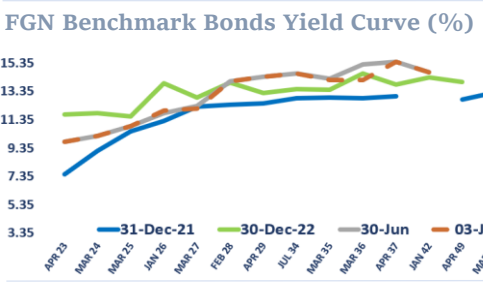
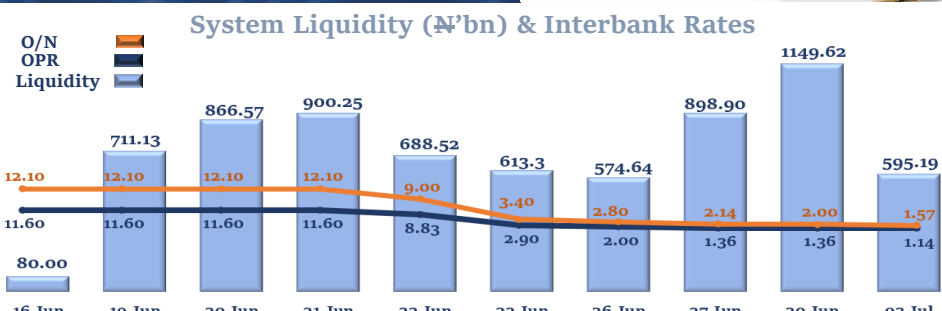
- Trading opened for the month on a fairly active note, with mixed sentiments playing out across the benchmark curve.
- Similar to the trading pattern seen last week, excess liquidity drove bids at the near and far corners of the curve. Particularly, Apr-29 and Jan-42 maturities saw the sharpest decline in yields - 15bps and 110bps.
- Although, moderate offer of Feb-28 (+20bps) diluted the impact of the bulls.
- Accordingly, average yield cleared 9bps lower to close at 13.07%.
- Also, the bullish sentiment in the Eurobond segment lingered into the new month and quarter, with most bids concentrated at the near end.
- We observed sizeable bids for Nov-25 (-15bps) and Nov-27 (-15bps) maturities, resulting in a 7bps decline in average yield to 10.60%.
- On fundamentals, Nigeria's PMI slid to 53.2 in June compared to 54 levels recorded in May.
- Elsewhere, 10-year US treasury yield advanced 4bps higher to close at 3.81%.
- At the NTB secondary market, local investors opened trading on a calm note, with only a handful of trades consummated at the far end. Accordingly, average yield slid marginally by 1bp to 6.2%.

## Forex Market

- At the I&E window, banks and corporates priced rates below ₦750/\$, even in the face of limited supply.
- Although, parallel market players are still quoting rates at ₦770-₦774/\$.
- External reserve was last reported at \$34.19bn, while Oil prices (Brent and Bonny) traded above \$75/barrel level.
- We expect a temporary adjustment in prices in the near term, on the back of planned cut in price of Oil by Saudi Arabia.

## Equity Market

- Today, the bulls delivered yet another outstanding performance to launch the month with a **161bps** gain.
- It was a very active start to the session, with Banking and Consumer goods tickers notching impressive gains.
- For context, share prices of ACCESSCORP and UBA had climbed by 7% and 6%, respectively. In the same vein, PZ (9.09%) and UNILEVER (4.91%) opened with strong bids.
- We observed growing momentum on other Tier-1 Banking tickers around the same time.
- As the session progressed, downstream Oil and Gas tickers joined the rally with MRS and ETERNA posting 5% and 10% gains, respectively.
- At this time, ZENITH (2.48%), FBNH (2.64%) and GTCO (3.14%) had made their way to the gainers' board.
- Notably, TRANSCORP (10%) attained a full bid position with no order on the offer panel.
- Towards the end of trading session, Consumer good tickers strengthened the bullish charge - DANGSUGAR (6%), UACN (10%) and UNILEVER (7.4%) - while MTNN (1.68%) represented the Telecom sector to push the ASI further to 61,948.99 points mark.
- As a result, the entire market gyrated in green with Banking (6.78%) and Consumer goods (4.13%) taking the top spot.
- Investors added ₦535.99bn to their wealth, while the YTD return of the market printed above 20% for the first time since year start.
- In the near term, we expect investor's euphoria to sustain the bullish bias especially for Banking and downstream oil and gas tickers.



Equity Market Indicators: Gainers (64), Losers (14), Volume (19%), Value (12%)

## Download Pricelist

TOP Gainers							TOP Losers							TOP 10 Most Capitalised Stocks on NGX					
S/n	Company	30-Jun	03-Jul	Day	MTD	YTD	S/n	Company	30-Jun	03-Jul	Day	MTD	YTD	Company	30-Jun	03-Jul	Day	MTD	YTD
1	FIDELITYBK	7.00	7.70	10.00%	-1.06%	77.01%	1	TRIPPLEG	3.75	3.38	-9.87%	44.44%	327.85%	AIRTELAFRI	1319.90	1319.90	0.00%	-6.00%	-19.27%
2	MEYER	2.40	2.64	10.00%	9.46%	16.30%	2	NSLTECH	0.33	0.30	-9.09%	8.33%	36.36%	MTNN	273.40	278.00	▲ 1.68%	9.75%	29.30%
3	LINKASSURE	0.70	0.77	10.00%	6.12%	92.50%	3	CORNERST	1.1	1.00	-9.08%	20.00%	66.68%	DANGCEM	285.00	285.00	▲ 0.00%	7.41%	9.20%
4	ETERNA	21.00	23.10	10.00%	31.62%	245.29%	4	ABCTRANS	0.44	0.41	-6.82%	22.86%	64.00%	BUACEMENT	92.25	92.25	▲ 0.00%	-5.98%	-5.63%
5	JAPPAULGOLD	0.70	0.77	10.00%	12.12%	175.00%	5	JBERGER	31	30.00	-3.23%	17.60%	22.45%	BUAFOODS	135.75	135.75	▲ 0.00%	13.95%	108.85%
6	UPL	2.50	2.75	10.00%	30.94%	44.74%	6	NEM	6.4	6.20	-3.13%	6.74%	37.78%	NESTLE	1250.00	1250.00	▲ 0.00%	19.75%	13.64%
7	TRANSCORP	3.51	3.86	9.97%	9.96%	241.59%	7	CUTIX	2.7	2.62	-2.96%	11.11%	30.35%	ZENITHBANK	34.25	35.25	▲ 2.92%	27.19%	46.88%
8	ACCESSCORP	16.60	18.25	9.94%	21.18%	114.71%	8	CAVERTON	1.4	1.37	-2.14%	21.90%	38.38%	GEREGU	300.00	300.00	▲ 0.00%	-4.33%	101.34%
9	ETRANZACT	6.45	7.09	9.92%	9.44%	102.57%	9	NGXGROUP	29.3	28.80	-1.71%	5.84%	14.97%	GTCO	35.00	36.50	▲ 4.29%	15.49%	58.70%
10	NCR	3.03	3.33	9.90%	42.92%	-7.50%	10	ROYALEX	0.61	0.60	-1.64%	-19.64%	-43.40%	SEPLAT	1399.80	1399.80	▲ 0.00%	7.59%	27.25%

### Bond Watch (3rd July 2023)

Yield	Maturity	Last Auction (19th-June-23)		03-July-2023					Change (%)				
		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		105.78	13.53	9.78	(3.75)	Premium	▼ -0.01	▼ -0.01	▼ -0.01	▼ -2.05	
12.50% JAN 26	22-Jan-16	22-Jan-26	127.00	10.15	105.04	12.50	10.20	(2.30)	Premium	▼ -0.01	▼ -0.01	▼ -0.01	-1.40
16.2884% MAR 27	17-Mar-17	17-Mar-27		116.03	16.29	10.90	(5.39)	Premium	▼ -0.01	▼ -0.01	▼ -0.01	-3.03	
13.98% FEB 28	23-Feb-18	23-Feb-28	257.41	14.00	106.86	13.98	12.00	(1.98)	Premium	▲ 0.20	▲ 0.20	▲ 0.20	-0.92
14.55% APR 29	26-Apr-19	26-Apr-29	13.90	10.97	109.77	14.55	12.15	(2.40)	Premium	▼ -0.15	▼ -0.15	▼ -0.15	-1.84
12.149% JUL 34	18-Jul-14	18-Jul-34		89.40	12.15	14.07	1.92	Discount	▲ 0.01	▲ 0.01	▲ 0.01	0.82	
12.50% MAR 35	27-Mar-20	27-Mar-35		89.33	12.50	14.40	1.90	Discount	▲ 0.00	▲ 0.00	▲ 0.00	0.90	
12.40% MAR 36	18-Mar-16	18-Mar-36	220.56	87.26	12.40	14.62	2.22	Discount	▲ 0.00	▲ 0.00	▲ 0.00	1.15	
16.25% APR 37	18-Apr-17	18-Apr-37	169.37	112.45	16.25	14.16	(2.09)	Premium	▼ -0.09	▼ -0.09	▼ -0.09	-0.46	
13.00% JAN 42	21-Jan-22	21-Jan-42	169.37	15.40	92.50	13.00	14.15	1.15	Discount	▼ -1.10	▼ -1.10	▼ -1.10	0.30
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		88.55	12.98	14.69	1.71	Discount	▲ 0.00	▲ 0.00	▲ 0.00	0.66	

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**Key Event(s) In July: NTB Auction: 12<sup>th</sup> & 26<sup>th</sup>**

**MPC meeting: 24<sup>th</sup> & 25<sup>th</sup>**

**Bond Auction: 17<sup>th</sup>**



## Stay ahead in the wealth game, read TrustBanc market reports

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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## TrustBanc Equity Model Portfolio (TEMP)



Stock	Year	Closing	Return	Shares	Market	Weight	Weighted	Average	Trailing	
	Open	Price		Outstanding	Capitalisation					Return
	(₦)	(₦)	(%)	(million)	(₦million)					
ACCESSCORP	8.5	18.3	114.7%	35,545	648,696	12%	13.8%	11.5%	4.1x	
FIDELITYBK	4.4	7.7	77.0%	28,975	223,108	10%	7.7%	7.7%	4.8x	
STANBIC	33.5	59.0	76.4%	12,957	764,463	8%	6.1%	7.6%	9.8x	
UBA	7.6	13.5	77.0%	34,199	459,977	9%	6.9%	7.7%	2.8x	
DANGSUGAR	16.1	25.8	60.4%	12,147	312,785	10%	6.0%	6.0%	5.7x	
NESTLE	1100.0	1250.0	13.6%	793	991,250	9%	1.2%	1.4%	20.2x	
OKOMUOIL	165.0	235.0	42.4%	954	224,190	8%	3.4%	4.2%	13.8x	
WAPCO	24.0	29.7	23.5%	16,107	477,573	9%	2.1%	2.4%	8.9x	
TOTAL	193.0	350.0	81.3%	340	118,825	12%	9.8%	8.1%	7.4x	
MTNN	215.0	278.0	29.3%	20,355	5,658,690	13%	3.8%	2.9%	15.6x	
<b>YTD Return</b>							<b>60.86%</b>	<b>59.58%</b>		

### 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

