

TrustBanc Daily Market Roundup

Money Market | Fx. Market | Fixed Income Market | Equity Market | 5th July 2023



Money Market

- On Wednesday, the robust liquidity in the financial market worth ₦896.34bn, drove Open Repo rate (OPR) down by 31bps to zero levels while Overnight rate (O/N) slipped by 42bps to settle at 1% levels.
- Given the buoyant liquidity in the system, we anticipate funding rates to hover at current levels in the immediate.

Fixed Income Market

- Today, local investors took profit moderately at the FGN secondary Bond market to send yields at the short spectrum south.
- For context, Mar-25, Jan-26 and Mar-27 maturities saw yields jump by 34bps, 55bps and 126bps, respectively. Although, bids for the Mar-50 (-22bps) paper reduced the impact of sell-side bias at the near end.
- Accordingly, average yield swelled by 15bps to close at 13.32%.
- Similarly, the bears relegated the bullish dominance at the Eurobond segment, albeit with sparse offers across the benchmark curve.
- Offers were more pronounced at the near end of the curve - Nov-25 (+8bps), Nov-27 (+8bps) and Mar-29 (+8bps) maturities.
- As a result, average benchmark yield climbed by 7bps to close at 10.64%.
- Elsewhere, 10-year US treasury yield advanced 3bps higher to close at 3.87%.
- On the contrary, liquidity driven bids sustained the bullish run at the NTB secondary market, with most of the trades consummated at the near end of the curve.
- Local banks looking to lock away idle funds positioned in near and mid-dated bills. Per the FMDQ data, Mar-24 (-102bps) maturities recorded the sharpest jump in yields.
- In the near term, we expect available liquidity in the system to continue to shape trading bias across the fixed income market.

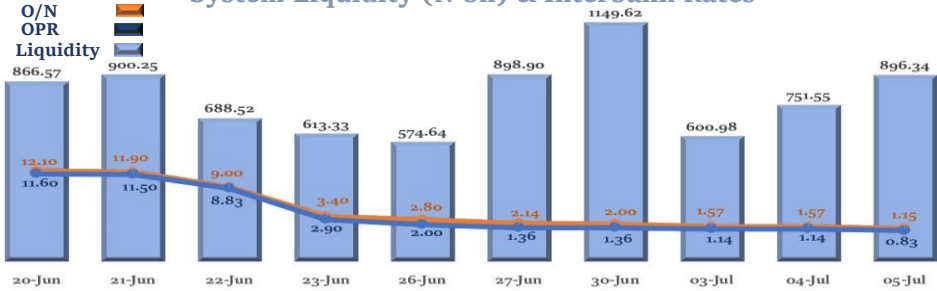
Forex Market

- Today, Banks and corporates priced rates lower at (₦742.31/\$) the I&E window even in the face of paltry supply. Although, parallel market players quoted rates near ₦800/\$.
- External reserve was last reported at \$34.09bn, while Oil prices (Brent and Bonny) remained 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.

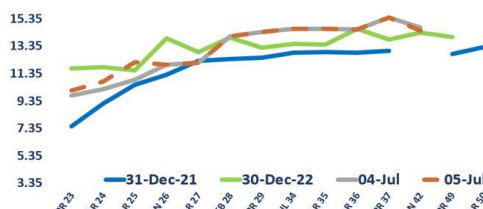
Equity Market

- The bulls regained control of the Lagos bourse, to cover for the bearish slam recorded the previous day. Accordingly, the All-share index rose sharply above the 61,000 points mark.
- The session started on a very active note, with bargain hunting activities spotted on BUACEMENT (9.44%). We observed moderate buy side bias on ACCESSCORP (2.04%), although UBA, GTCO and FBNH opened on offer.
- By noon, sentiments flipped on all Tier-1 Banking tickers - ACCESSCORP (6.41%), UBA (5.1%), GTCO (2.85%), ZENITH (1.18%) and FBNH (3.35%).
- At this time, the ASI had gained 120bps with strong signals to push higher.
- At the tail end of the session, market players established gains on PRESCO (7.73%), STANBIC (3.51%) and MTNN (0.37%) to drive the broad-based index even further to 1.33%.
- Meanwhile, market players reacted to news of possible acquisition and delisting of Coronation Insurance Plc. The insurance ticker traded on full offer throughout the session, whilst losing 9.88% of its value.
- By and large, investors recovered ₦441.89bn while the YTD return of the market printed at 20.04%.
- On the sectoral front, all sectors recorded sizeable gains save for Insurance sector (0.68%). Banking led with 1.89% and Consumer goods followed with 1.44%.
- Given the resilience of local investors at the bourse today, we expect the trend to persist in the immediate, albeit less aggressively.

System Liquidity (₦'bn) & Interbank Rates



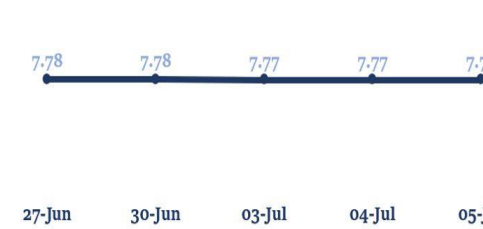
FGN Benchmark Bonds Yield Curve (%)



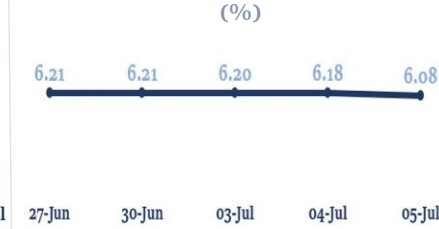
Average Yield on Benchmark Bonds (%)



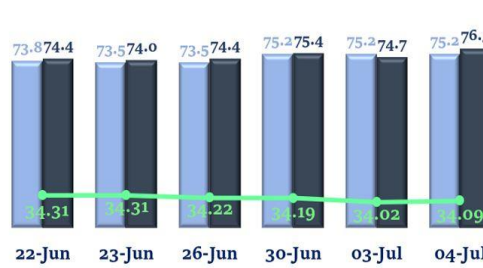
May-24 NTB Yield



Average Yield on Benchmark NTB (%)



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



Fx Rate - I&E Window (₦/\$1)



Movement in All Share Index (ASI)



Equity Market Indicators: Gainers (41), Losers (30), Volume (24%), Value (16%)

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TOP Gainers							TOP Losers					TOP 10 Most Capitalised Stocks on NGX							
S/n	Company	02-Jul	05-Jul	Day	MTD	YTD	S/n	Company	02-Jul	05-Jul	Day	MTD	YTD	Company	04-Jul	05-Jul	Day	MTD	YTD
1	LEARNAFRCA	2.91	3.20	9.97%	-0.31%	45.45%	1	LASACO	2.3	2.07	-10.00%	-20.38%	137.93%	AIRTELAFRI	1319.90	1319.90	0.00%	0.00%	-19.27%
2	CHELLARAM	1.33	1.46	9.77%	9.77%	-34.82%	2	LASACO	2.3	2.07	-10.00%	-20.38%	137.93%	MTNN	273.00	274.00	0.37%	0.22%	27.44%
3	JOHNHOLT	1.04	1.14	9.62%	9.62%	56.16%	3	MBENEFIT	0.6	0.54	-10.00%	1.89%	100.00%	DANGCEM	285.00	285.00	0.00%	0.00%	9.20%
4	JAPAUFGOLD	0.84	0.92	9.52%	31.43%	228.57%	4	MBENEFIT	0.6	0.54	-10.00%	1.89%	100.00%	BUACEMENT	83.15	91.00	9.44%	-1.36%	-6.91%
5	BUACEMENT	83.15	91.00	9.44%	-1.36%	-6.91%	5	WAPIC	0.81	0.73	-9.88%	-12.05%	82.50%	BUAFOODS	135.75	135.75	0.00%	0.00%	108.85%
6	CHIPLC	0.99	1.08	9.09%	31.71%	61.19%	6	CWG	1.95	1.76	-9.74%	-4.86%	74.26%	NESTLE	1200.00	1200.00	0.00%	-4.00%	9.09%
7	TANTALIZER	0.22	0.24	9.09%	0.00%	20.00%	7	LINKASSURE	0.73	0.66	-9.59%	-5.71%	65.00%	ZENITHBANK	33.90	34.10	0.59%	-0.44%	42.08%
8	CHAMS	0.89	0.97	8.99%	31.08%	340.91%	8	TRIPPLEG	3.05	2.76	-9.51%	-26.40%	249.37%	GEREGU	300.00	300.00	0.00%	0.00%	101.34%
9	COURTVILLE	0.67	0.73	8.96%	19.67%	58.70%	9	GUINEAINS	0.24	0.22	-8.33%	4.76%	10.00%	GTCO	35.10	36.00	2.56%	2.86%	56.52%
10	TRANSCOHOT	25.70	28.00	8.95%	19.66%	348.00%	10	ETERNA	25.4	23.50	-7.48%	11.90%	251.27%	SEPLAT	1399.80	1399.80	0.00%	0.00%	27.25%

Bond Watch (5th July 2023)

Last Auction (19th-June-23)

05-July-2023

Change (%)

Issue Date	Maturity Date	Allotted (₦'bn)	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		105.23	13.53	10.11	(3.42)	Premium	0.34	0.32	0.32	-1.72
12.50% JAN 26	22-Jan-16	22-Jan-26	127.00	10.15	103.79	12.50	(1.75)	Premium	0.55	0.54	0.54	-0.85
16.2884% MAR 27	17-Mar-17	17-Mar-27		111.97	16.29	12.16	(4.13)	Premium	1.26	1.25	1.25	-1.77
13.98% FEB 28	23-Feb-18	23-Feb-28	257.41	14.00	106.86	13.98	(1.98)	Premium	0.00	0.20	0.20	-0.92
14.55% APR 29	26-Apr-19	26-Apr-29	13.90	109.77	14.55	12.14	(2.41)	Premium	-0.01	-0.16	-0.16	-1.85
12.149% JUL 34	18-Jul-14	18-Jul-34		89.40	12.15	14.07	1.92	Discount	0.00	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	14.63	2.23	Discount	0.00	0.01	0.01	1.16
16.25% APR 37	18-Apr-17	18-Apr-37	169.37	109.61	16.25	14.60	(1.65)	Premium	0.00	0.35	0.35	-0.02
13.00% JAN 42	21-Jan-22	21-Jan-42	169.37	15.40	89.94	13.00	1.58	Discount	0.00	-0.67	-0.67	0.73
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		89.89	12.98	14.47	1.49	Discount	-0.22	-0.22	-0.22	0.41

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Key Event(s) In July: NTB Auction: 12th & 26th

| MPC meeting: 24th & 25th

| Bond Auction: 17th



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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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TrustBanc Equity Model Portfolio (TEMP)



Stock	Year Open	Closing Price (₦)	Return (%)	Shares Outstanding	Market Capitalisation	Weight	Weighted Return	Average Return	Trailing P/E
ACCESSCORP	8.5	17.9	110.6%	35,545	636,256	12%	13.3%	11.1%	4.0x
FIDELITYBK	4.35	7.9	81.6%	28,975	228,903	10%	8.2%	8.2%	4.9x
STANBIC	33.45	57	70.4%	12,957	738,549	8%	5.6%	7.0%	9.5x
UBA	7.6	13.1	72.4%	34,199	448,007	9%	6.5%	7.2%	2.7x
DANGSUGAR	16.05	25.35	57.9%	12,147	307,926	10%	5.8%	5.8%	5.6x
NESTLE	1100	1200	9.1%	793	951,600	9%	0.8%	0.9%	19.4x
OKOMUOIL	165	235	42.4%	954	224,190	8%	3.4%	4.2%	13.8x
WAPCO	24	29.75	24.0%	16,107	479,183	9%	2.2%	2.4%	8.9x
TOTAL	193	370	91.7%	340	125,615	12%	11.0%	9.2%	7.8x
MTNN	215	274	27.4%	20,355	5,577,270	13%	3.6%	2.7%	15.4x
YTD Return							60.31%	58.75%	

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

■ TEMP ■ ASI

