

# TrustBanc Daily Market Roundup

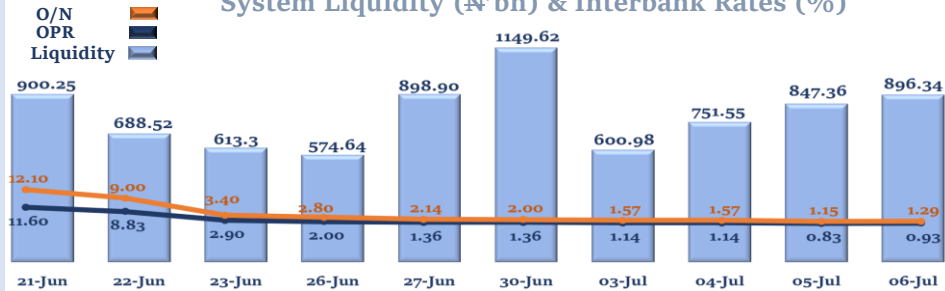
Money Market | Fx. Market | Fixed Income Market | Equity Market | 6<sup>th</sup> July 2023



## Money Market

- The financial system liquidity closed slightly lower at ₦847.36bn when compared to previous day's record of ₦896.34bn
- Accordingly, interbank funding rates (OPR & O/N) inched higher by 10bps and 40bps to print at 0.93% and 1.29%, respectively.
- With the absence of funding pressure in the financial market, we expect rates to close at current levels for the week.

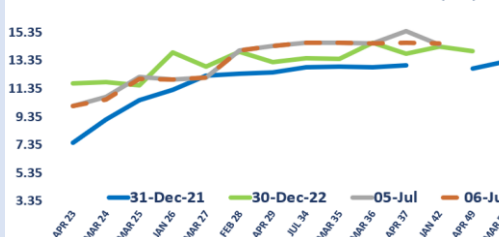
## System Liquidity (₦'bn) & Interbank Rates (%)



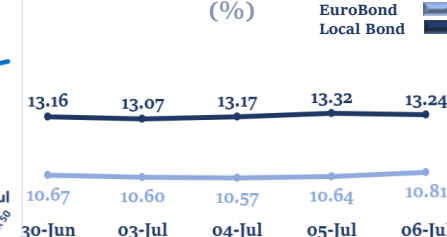
## Fixed Income Market

- The bulls regained control of the FGN secondary market, with bucket of bids for near and far dated papers.
- Particularly, Jan-26 and Mar-27 maturities shed 16bps and 10bps, while Apr-49 (-85bps) paper recorded the sharpest cut in yields.
- Accordingly, average yield slid south by 8bps to settle at 13.24%.
- In the near term, we expect buoyant liquidity condition to continue driving bids, especially at the short spectrum.
- The bears regained control of the Nigerian curve, with sizeable offers submitted across the benchmark curve.
- Notably, market players exited mostly at the mid and far ends of the curve - Jan-31 (+19bps), Feb-32 (+18bps) and Nov-47 (+18bps).
- As a result, benchmark yield climbed 17bps higher to close at 10.81%.
- Similarly, 10-year US treasury yield jumped by 10bps to close at 3.97%, amidst rate hike conundrum and a possible recession.
- The NTB secondary market traded on a calm note, albeit with paltry offers at the near end.
- Yields were mostly unmoved across the curve, as only a handful of trades were consummated.
- As a result, benchmark yield inched higher by 4bps to close at 6.12%.

## FGN Benchmark Bonds Yield Curve (%)



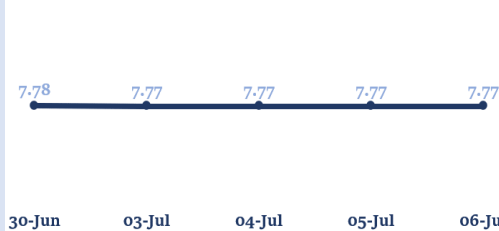
## Average Yield on Benchmark Bonds (%)



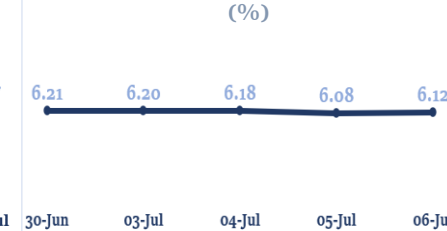
## Forex Market

- At the I&E window, rates closed higher at ₦762.63/\$, while parallel market players held rates steady at ₦780/\$.
- External reserve was last reported at \$34.07bn, while Oil prices (Brent and Bonny) remained above \$75/barrel level.
- Macro-economic misalignment is expected to cause surge in prices, especially in the near term.

## May-24 NTB Yield



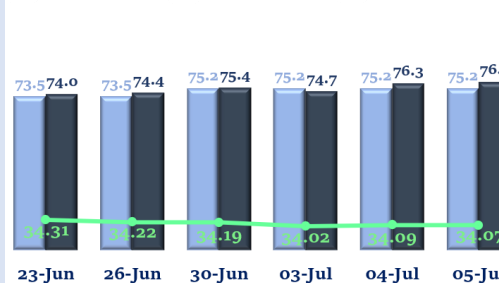
## Average Yield on Benchmark NTB (%)



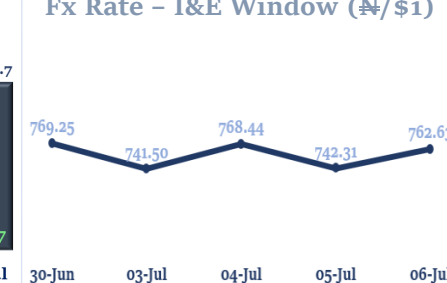
## Equity Market

- The bulls consolidated their hold on the Lagos bourse, to push the All-share index above the 62,000 points mark.
- It was a calm start to the trading session, with only a number of tickers featuring on the performance chart. We observed massive volumes traded on FBNH (2.7%) at the early hours of the session.
- Notably, OKOMUOIL (4.26%) and PRESKO (2.56%) represented the Agric sector, while ETERNA (6.38%) filled in for the Oil and Gas.
- By noon, Banking heavyweights joined the rally, albeit moderately. The Dangote family supported the bullish charge at this time - DANGSUGAR (2.56%) and DANGCEM (1.75%).
- The ASI had gained 61bps at this time of trading, with strong signals of notching higher.
- At the tail end of the session, all Tier-1 banking tickers flashed in green, save for GTCO - FBNH (2.7%), ACCESSCORP (2.51%), UBA (1.69%) and ZENITH (1.32%) - to drive the ASI just above the 62,000 points mark.
- Meanwhile, we sighted a significant surge in volume and value (c.5000%) traded in shares of FBNH.
- By and large, investors wealth bolstered by ₦271.30bn while the YTD return of the market printed at 21.01%.
- Elsewhere, all sectors buzzed in green, with NGXOILGAS (2.36%) and NGXBANK (1.6%) taking the top spot.
- On Friday, we expect the bulls to close trading activities for the week strongly.

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



## Fx Rate - I&E Window (₦/\$1)



## Movement in All Share Index (ASI)



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Equity Market Indicators: Gainers (52), Losers (18), Volume (540%), Value (821%)

TOP Gainers						TOP Losers						TOP 10 Most Capitalised Stocks on NGX							
S/n	Company	05-Jul	06-Jul	Day	MTD	YTD	S/n	Company	05-Jul	06-Jul	Day	MTD	YTD	Company	05-Jul	06-Jul	Day	MTD	YTD
1	LEARNAFRCA	3.20	3.52	10.00%	10.00%	60.00%	1	WAPIC	0.73	0.66	-9.59%	9.52%	65.00%	AIRTELAFRI	1319.90	1319.90	0.00%	▼ 6.00%	▼ -19.27%
2	CONOIL	93.00	102.30	10.00%	44.88%	286.04%	2	UPDC	1.19	1.08	-9.24%	6.00%	18.68%	MTNN	274.00	274.00	0.00%	▲ 9.75%	▲ 27.44%
3	ETERNA	23.50	25.85	10.00%	31.62%	286.40%	3	INTENEGINS	1.43	1.30	-9.09%	-3.23%	242.11%	DANGCEM	285.00	290.00	▲ 1.75%	▲ 7.41%	▲ 11.11%
4	UBN	7.50	8.25	10.00%	5.71%	28.91%	4	CHELLARAM	1.46	1.33	-8.90%	-18.78%	-40.63%	BUACEMENT	91.00	91.00	▲ 0.00%	▼ -5.98%	▼ -6.91%
5	MRS	83.00	91.30	10.00%	60.47%	547.52%	5	HONYFLOUR	3.62	3.35	-7.46%	-0.64%	43.16%	BUAFOODS	135.75	135.75	▲ 0.00%	▲ 13.95%	▲ 108.85%
6	NASCON	19.10	21.00	9.95%	6.29%	89.19%	6	MBENEFIT	0.54	0.50	-7.41%	12.50%	85.19%	NESTLE	1200.00	1200.00	▲ 0.00%	▲ 19.75%	▲ 9.09%
7	ETRANZACT	7.79	8.56	9.88%	9.44%	144.57%	7	CHAMPION	5	4.75	-5.00%	-4.81%	-13.64%	ZENITHBANK	34.10	34.55	▲ 1.32%	▲ 27.19%	▲ 43.96%
8	JAPPAULGOLD	0.92	1.01	9.78%	12.12%	260.71%	8	NB	45	44.00	-2.22%	30.63%	7.32%	GEREGU	300.00	300.00	▲ 0.00%	▼ -4.33%	▲ 101.34%
9	ABCTRANS	0.41	0.45	9.76%	22.86%	80.00%	9	JAIZBANK	1.8	1.76	-2.22%	27.37%	91.30%	GTCO	36.00	35.95	▼ -0.14%	▲ 15.49%	▲ 56.30%
10	CWG	1.76	1.93	9.66%	60.00%	91.09%	10	MAYBAKER	5.3	5.20	-1.89%	3.70%	20.93%	SEPLAT	1399.80	1399.80	▲ 0.00%	▲ 7.59%	▲ 27.25%

## Bond Watch (6th July 2023) | Last Auction (19th-June-23) | 06-July-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			105.23	13.53	10.11	(3.42)	Premium	▲ 0.00	▲ 0.32	▲ 0.32	▼ -1.72
12.50% JAN 26	22-Jan-16	22-Jan-26	127.00	10.15	104.14	12.50	10.59	(1.91)	Premium	▼ -0.16	▲ 0.38	▲ 0.38	▼ -1.01
16.2884% MAR 27	17-Mar-17	17-Mar-27			112.27	16.29	12.06	(4.23)	Premium	▼ -0.10	▲ 1.15	▲ 1.15	▼ -1.87
13.98% FEB 28	23-Feb-18	23-Feb-28	257.41	14.00	106.86	13.98	12.00	(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	▲ 0.00	▼ -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	14.58	1.58	Discount	▲ 0.00	▼ -0.67	▼ -0.67	▲ 0.73
14.80% APR 49	26-Apr-19	26-Apr-49			101.27	14.80	14.60	(0.20)	Premium	▼ -0.85	▼ -0.85	▼ -0.85	▲ 0.28
12.98% MAR 50	27-Mar-20	27-Mar-50		15.80	89.41	12.98	14.55	1.57	Discount	▲ 0.08	▼ -0.14	▼ -0.14	▲ 0.51

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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> & 26<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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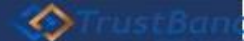


## Definition of Key Terms:

- **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 Open	Closing Price (₦)	Return (%)	Shares Outstanding	Market Capitalisation	Weight	Weighted Return	Average Return	Trailing P/E
ACCESSCORP	8.5	18.35	115.9%	35,545	652,251	12%	13.9%	11.6%	4.1x
FIDELITYBK	4.35	8.12	86.7%	28,975	235,277	10%	8.7%	8.7%	5.0x
STANBIC	33.45	57.95	73.2%	12,957	750,858	8%	5.9%	7.3%	9.6x
UBA	7.6	13.35	75.7%	34,199	456,557	9%	6.8%	7.6%	2.8x
DANGSUGAR	16.05	27	68.2%	12,147	327,969	10%	6.8%	6.8%	6.0x
NESTLE	1100	1200	9.1%	793	951,600	9%	0.8%	0.9%	19.4x
OKOMUOIL	165	245	48.5%	954	233,730	8%	3.9%	4.8%	14.4x
WAPCO	24	29.95	24.8%	16,107	482,405	9%	2.2%	2.5%	9.0x
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
<b>YTD Return</b>							<b>63.56%</b>	<b>62.12%</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

