

# Weekly Financial Market Update



www.aiicocapital.com f t in @ /aiicocapitalng

## MARKET COMMENTARY

### Money Market

At the start of the week, system liquidity opened at c.₦69.83billion long but ended 0.98% lower at c.₦14.55billion long as of this morning, when compared with last week Friday’s opening balance. The bond auction mopped up significant liquidity during the week, despite the CRR refunds. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) increased by 275bps and 300bps to 14.88% and 15.63% respectively. **We expect the interbank rates to depress next week, as the inflows from FAAC should sufficiently augment system liquidity.**

### Treasury Bills

Activities in the treasury bills market was quiet-to-bearish at the first half of the week with most sell interests skewed towards the short and mid-dated papers. However, the week ended on a bullish note, as renewed buy-side interest was observed across August 2023, October 2023, and May 2024 papers. Overall, the average yield soared by 158bps to 6.43%, week-on-week. **We expect market activity to be mostly stirred by the outcome of the MPC meeting and NTB auction result next week.**

### FGN Bonds

For the most part of the week, the local bonds market traded sideways, with interests around 2028, 2032, 2037, 2042, 2049 and 2050 papers. To elucidate, the week started off quiet, and then extended into a mixed-to-quiet session, while occasional buy interests resurfaced at certain intervals and across selected papers. Overall, average yield fell by 2bps to 14.10%, week-on-week. **Next week, we expect the direction of the market to be mostly dictated by the interest rate decision at the MPC meeting.**

### Eurobonds

The Eurobonds market traded bullish this week, as positive sentiment clouded market participants across the curve. In addition, Ghana’s breakthrough on its \$3bn loan from IMF stimulated a relieving bullish sentiment, even as IMF’s approval was a \$350m tranche (semi-annually), after the first 2 tranches of \$600m disbursement between May and November 2023. Consequently, average yield fell by 41bps to 12.10%, week-on-week. **We expect the minutes of the U.S FOMC meeting and U.S Q1’23 GDP report to be at the spotlight of market watch.**

Macro Indicators	
GDP (Q4 2022)	+3.52% (Q3 2022: +2.25% y/y)
Inflation	22.22% (Mar'23: 22.04%)
External Reserve (US\$'billion)	35.19 (-5.09% YTD)
Monetary Policy Rate	18.00%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*77.15(4.02% w/w)

Source: NBS,CBN, AIICO Capital

Benchmark T-Bills Discount Rates			
	19-May-23	12-May-23	Change in Rates
20 days	5.50%	5.50%	(0.00%)
174 days	6.00%	4.50%	(1.50%)
328 days	7.90%	7.61%	(0.29%)

Source: FMDQ DQL for 19 May 2023

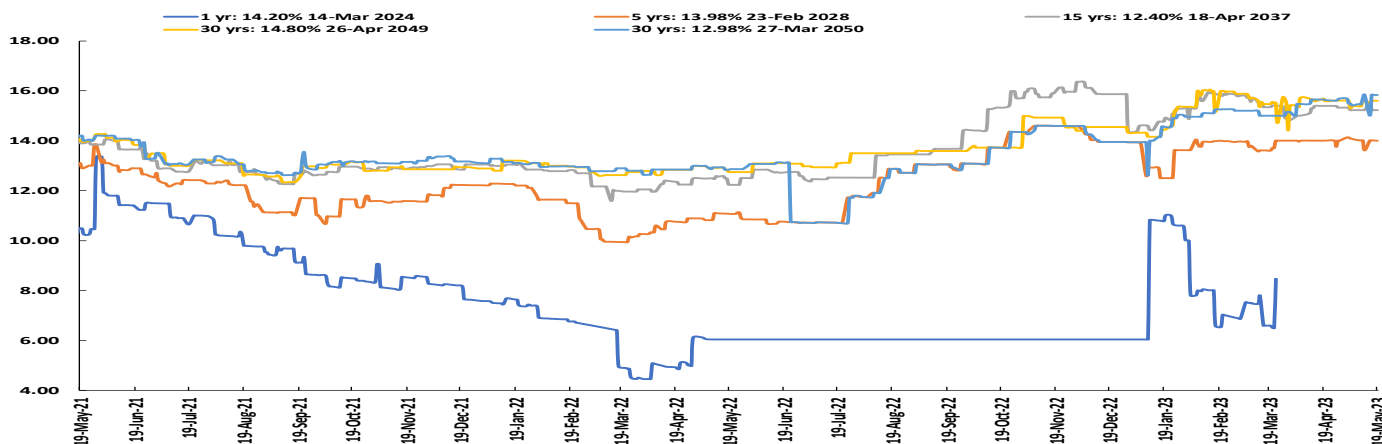
Benchmark FGN Bond Yields			
	19-May-23	12-May-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	12.65%	12.73%	+0.08%
10 yrs: 12.50% 27-Apr-2032	14.90%	14.90%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	15.55%	15.36%	(0.19%)
30 yrs: 12.98% 27-Mar-2050	15.77%	15.83%	+0.06%

Source: FMDQ DQL for 19 May 2023

Benchmark FGN Eurobond Yields			
	19-May-23	12-May-23	Change in Yield
1 yr: NGERIA 6 3/8 07/12/23	6.23%	6.24%	+0.01%
5 yrs: NGERIA 1 1/2 11/28/27	11.96%	12.25%	+0.29%
10 yrs: NGERIA 7.875 02/16/32	12.46%	13.06%	+0.60%
15 yrs: NGERIA 7.696 23/02/38	12.64%	13.19%	+0.55%
30 yrs: NGERIA 9.248 01/21/49	12.65%	13.11%	+0.46%
7.125% ECOTRAN 16/02/26	14.03%	14.87%	+0.84%

Source: FBN UK Runs for 19 May 2023

## Benchmark Bond Yields



**Nigerian Equities**

The Nigerian equity market closed on a bearish note this week, as the Nigerian Stock Exchange All Share Index (NGX ASI) lost c.0.05% to close at 52,187.93 points, while year-to-date return settled at c 1.83%. Observably, selling interest in AIRTELAFRI (6.00%), and WEMABANK (1.76%) drove the downward trend this week.

The NGX Industrial Goods and Oil & Gas Indices depreciated in value today by 0.03% and 1.67%, respectively this week. However, the NGX Banking and Consumer Goods Index appreciated in value by 2.88% and 1.86%, respectively, this week. FIDELITYBK led the volume charts with c. 534.91 million units while ZENITHBANK led the value charts with c. ₦ 4.83 billion, this week.

**We expect the market to extend its bearish posture next week.**

**Foreign Exchange**

FMDQ's Nigerian Autonomous Foreign Exchange Fixing (NAFEX) rate depreciated to ₦463.00/US\$1.00 from ₦462.33/US\$1.00 recorded last week.

**We expect the NAFEX rate to hover at similar levels next week.**

**Commodities**

Oil prices increased this week, despite discouraging economic indicators in China, OPEC+ cut and jitters around U.S Debt Ceiling. As of report time, Brent oil prices appreciated by c. 4.02% to \$77.15 per barrel, week-on-week, while WTI appreciated by c 4.54% day-on-day to settle at US\$73.22pb. However, Spot Gold depreciated by c. 2.83% day-on-day to close at US\$1,962.60 per ounce as of report time. **We expect the trend in Oil prices to be attuned to updates from the U.S Congress on the debt ceiling.**

AIICO Money Market Fund (AMMF)		
Net Yield	(As at 18th May 2023)	12.7559%
Added Benefit	Personal accident insurance cover	

Top 5 Equity Advancers W-o-W			
Name (Symbol)	Closing Price	Gain(N)	% Change
FTNCOCOA	0.44	0.12	↑ 37.50%
IKEJAHOTEL	2.03	0.47	↑ 30.13%
PZ	16.00	3.50	↑ 28.00%
LIVESTOCK	1.30	0.28	↑ 27.45%
CORNERST	0.80	0.15	↑ 23.08%

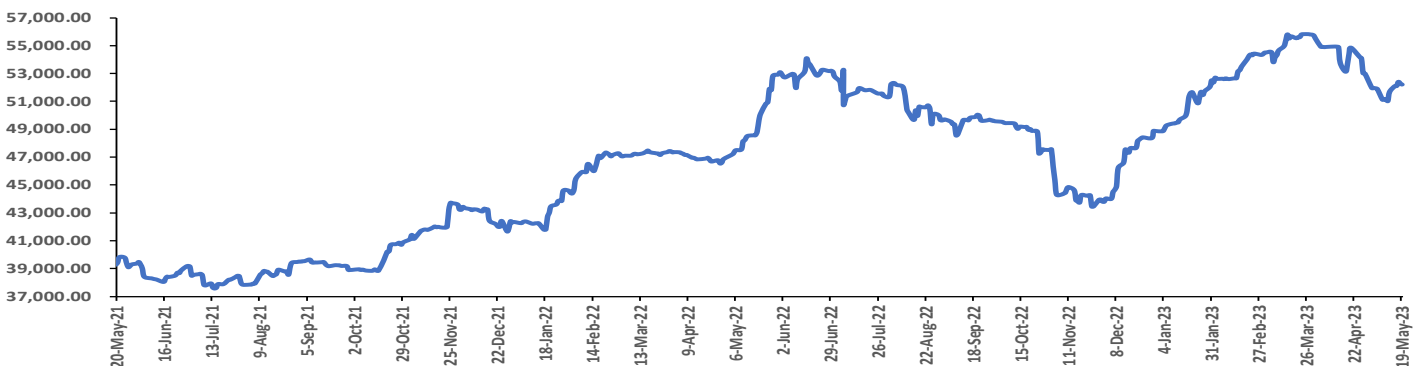
Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W			
Name (Symbol)	Closing Price	Loss(N)	% Change
CWG	1.54	-0.53	↓ -5.66%
ARDOVA	20.15	-6.25	↓ -3.77%
MAYBAKER	4.00	-0.45	↓ -3.53%
HONYFLOUR	2.71	-0.29	↓ -3.33%
MCNICHOLS	0.68	-0.07	↓ -3.33%

Source: NGX, AIICO Capital

	W-o-W	MTD	YTD
NGX ASI	↑ 0.15%	↓ -0.05%	↓ -0.41%
NSE Banking Index	↑ 1.26%	↑ 2.88%	↑ 7.19%
NSE Insurance Index	→ 0.00%	↓ -1.41%	↑ 2.85%
NSE Industrial Goods Index	↑ 0.01%	↓ -0.03%	↓ -3.30%
NSE Consumer Goods Index	↓ -0.09%	↑ 1.86%	↑ 2.80%
NSE Oil & Gas Index	↓ -0.97%	↓ -1.67%	↑ 8.70%

**NSE All Share Index**



**Important Disclaimers**

This document has been issued and approved by AIICO Capital and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction. Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of AIICO Capital clients who are then expected to make their own investment decisions. AIICO Capital conducts designated investment business with market counter parties and customers and this document is directed only to such persons. AIICO Capital accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of AIICO Capital. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance. AIICO Capital is regulated by the Securities and Exchange Commission, and is licensed to provide fund and portfolio management services in Nigeria.