

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

Due to the absence of significant flows, opening system liquidity swung at close-range levels this week, as we recorded only 17bps decline to ₦230.13 billion, week-on-week. The Open Repo Rate (OPR) and Overnight Rate (O/N) fell by 125bps and 137bps to 11.50% and 11.88% respectively. **We expect the interbank rates stay at similar levels next week.**

Treasury Bills

The Treasury bills market opened the week bullish, with buying interests concentrated on the short-to-mid end papers (July 2023, and November 2023 papers), as players rebalanced portfolio ahead of month-end. Thereafter, market switched to a quiet posture, and later turned mixed-to-bearish, albeit, on a less aggressive note. Overall, average yield increased by 35bps to 5.25%, week-on-week. **We expect market to tilt focus towards the treasury bills auction next week, as the DMO will be offering ₦182.84bn treasury bills.**

FGN Bonds

Recently, the DMO revised the June 2023 FGN bond issuance calendar, where the following bonds: 2032s, 2042s and 2050s, were replaced with new issues of 2033 (10-year), 2038 (15-year) and 2053 (30-year) papers, respectively. Following the release, market responded with bullish bias across selected papers like 2028, 2037, 2042, and 2050, which subtly strengthened as the week drew to close. As a result, average yield fell by 16bps to 13.66%, week-on-week. **We expect the current trend to persist next week, in the absence of any major catalyst.**

Eurobonds

It was a historic moment for the Eurobonds market this week, with impressive bullish rally that ensued the first speech of Nigeria's freshly inaugurated President, Bola Ahmed Tinubu. In his speech at Eagles Square, President Tinubu announced the removal of fuel subsidy with promising insights regarding the focus of his administration on the economy. Although, profit taking was only observed at mid-week, amidst the sporadic bargain hunting across the week.

In addition, The World Bank approved a \$1 billion loan to Kenya to support the East African nation's economy while a partial removal of gasoline subsidy in Angola was announced this week.

Average yield shed 73bps to 10.96%, week-on-week. **We expect the bullish sentiment to sustain its trend next week, as the final approval to raise US debt ceiling should jitter positive trend.**

Macro Indicators	
GDP (Q1 2023)	+2.31% (Q4: 2022 +3.52% y/y)
Inflation	22.22% (Mar'23: 22.04%)
External Reserve (US\$'billion)	35.09 (-5.36% YTD)
Monetary Policy Rate	18.50%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*75.95 (-1.30% w/w)

Source: NBS,CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	02-Jun-23	26-May-23	Change in Rates
97 days	4.44%	5.50%	+1.06%
160 days	5.27%	6.00%	+0.73%
314 days	7.31%	7.90%	+0.59%

Source: FMDQ DQL for 02 June 2023

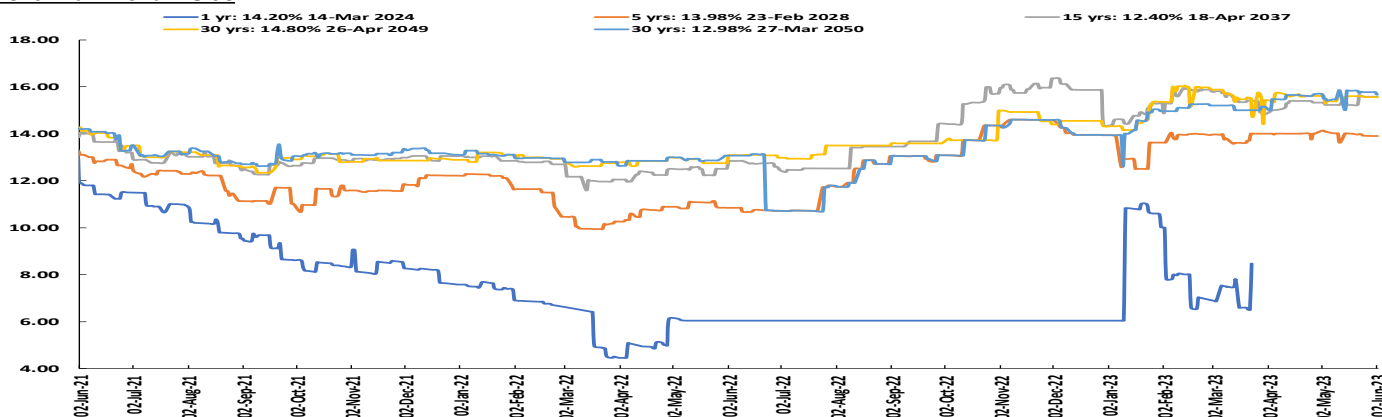
Benchmark FGN Bond Yields			
	02-Jun-23	26-May-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	12.53%	12.55%	+0.02%
10 yrs: 12.50% 27-Apr-2032	14.90%	14.90%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	15.27%	15.45%	+0.18%
30 yrs: 12.98% 27-Mar-2050	15.58%	15.66%	+0.08%

Source: FMDQ DQL for 02 June 2023

Benchmark FGN Eurobond Yields			
	02-Jun-23	26-May-23	Change in Yield
1 yr: NGERIA 6 3/8 07/12/23	6.22%	6.22%	(0.00%)
5 yrs: NGERIA 6 1/2 11/28/27	10.42%	11.20%	+0.78%
10 yrs: NGERIA 7.875 02/16/32	11.42%	12.15%	+0.73%
15 yrs: NGERIA 7.696 23/02/38	11.73%	12.42%	+0.69%
30 yrs: NGERIA 9.248 01/21/49	11.89%	12.54%	+0.65%
7.125% ECOTRAN 16/02/26	12.62%	14.07%	+1.45%

Source: FBN UK Runs for 02 June 2023

Benchmark Bond Yields



Nigerian Equities

The Nigerian equity market closed on a bullish note, relative to last week, as the Nigerian Stock Exchange All Share Index (NGX ASI) gained impressive c.5.37% to close at 55,820.50 points, while year-to-date return settled at c.8.92%. Observably, buying interest in TOTAL (11.77%), and NESTLE (8.89%) drove the upward trend this week. The remarkable performance in the equity market was also linked to the emergence of the President Tinubu, with optimism across major tickers in the Oil & Gas and Consumer Goods sectors.

The NGX Consumer Goods and, Oil & Gas Indices appreciated in value by 0.09%, and 2.15%, respectively this week. However, the NGX Banking and Industrial Goods Indices depreciated in value by 1.55% and 0.06%, respectively, this week. ACCESSCORP led the volume charts with c. 405.34 million units while GEREGU led the value charts with c. ₦ 10.17 billion, this week.

We expect the market to remain bullish next week.

Foreign Exchange

FMDQ's Nigerian Autonomous Foreign Exchange Fixing (NAFEX) rate depreciated to ₦464.67/US\$1.00 from ₦464.51/US\$1.00 recorded last week.

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

Commodities

As of print time, Oil prices heads to a bearish close this week, due to the worries on US debt ceiling alongside weak economic data from China. Although, market is poised to ease its losses as the US Senate passed the bill to raise the debt ceiling. Nevertheless, Brent oil prices depreciated by c. 1.30% to \$79.95 per barrel, week-on-week, while WTI depreciated by c. 1.55% day-on-day to settle at US\$71.54pb. Alternatively, Spot Gold appreciated by c. 2.00% to US\$1,983.20 per ounce as of report time. **We expect to see a positive trend next week, as concerns on US debt ceiling eases.**

AIICO Money Market Fund (AMMF)

Net Yield (As at 1st June 2023)	12.1311%
Added Benefit	Personal accident insurance cover

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
CONOIL	69.90	21.95 ↑	45.78%
ETERNA	9.25	2.25 ↑	32.14%
JAIZBANK	1.30	0.30 ↑	30.00%
MRS	49.30	8.50 ↑	20.83%
NEIMETH	1.67	0.28 ↑	20.14%

Source: NGX, AIICO Capital

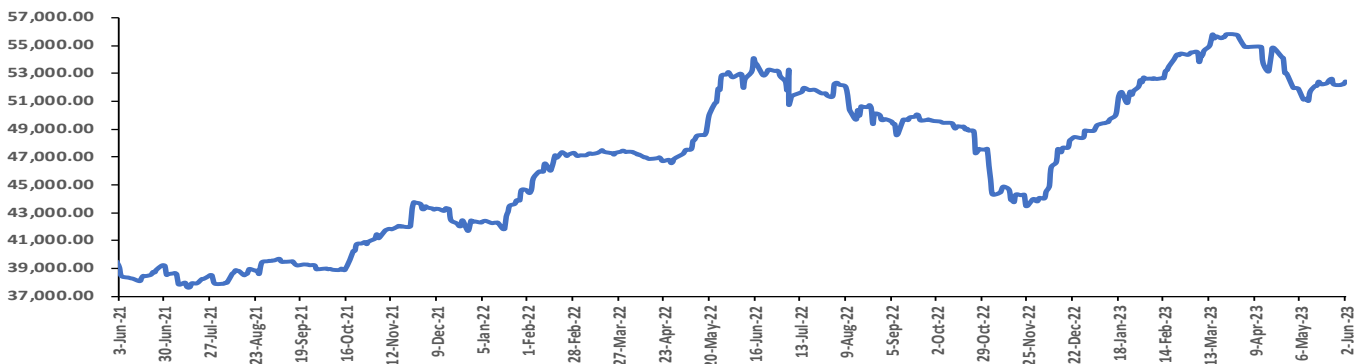
Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
SOVRENINS	0.36	-0.09 ↓	-20.00%
CHELLARAM	1.47	-0.34 ↓	-18.78%
ARDOVA	17.35	-2.80 ↓	-13.90%
ROYALEX	0.48	-0.04 ↓	-7.69%
NEIMETH	1.39	-0.11 ↓	-7.33%

Source: NGX, AIICO Capital

	W-o-W	MTD	YTD
NGX ASI	↑ 0.02%	↑ 5.37%	↑ 0.09%
NSE Banking Index	↓ -1.55%	↑ 4.89%	↓ -0.62%
NSE Insurance Index	→ 0.00%	↓ -0.28%	→ 0.00%
NSE Industrial Goods Index	↓ -0.06%	↑ 5.81%	↓ -0.07%
NSE Consumer Goods Index	↑ 0.09%	↑ 8.52%	↓ -0.16%
NSE Oil & Gas Index	↑ 2.15%	↑ 10.46%	↑ 4.47%
			↑ 34.62%

NSE All Share Index



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