

Weekly Financial Market Update



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MARKET COMMENTARY

Money Market

System liquidity amplified by 134.17% week-on-week from ₦230.13 billion at close of last week to settle at ₦538.90 billion today. This was catalyzed by inflows from Swap maturities during the week. However, the Open Repo Rate (OPR) and Overnight Rate (O/N) increased by 20bps and 22bps to 11.70% and 12.10% respectively, due to the Retail FX SMIS. **We expect the interbank rates stay at similar levels next week.**

Treasury Bills

Activity in the Treasury bills market was quite dull this week. However, occasional mixed sentiments were concentrated at the tail end of the curve, where few trades were consummated at pre- and post-auction. On a subtle note, sell interests persisted across the curve with little to zero aggression.

At the auction this week, the DMO offered and sold c.₦182.85 treasury bills across the 91-Day, 182-Day, and 364-Day papers. The stop rates for the 91, 182 and 364-Day papers soared by 219bps, 101bps and 146bps to settle at 4.48%, 6.00% and 9.45%, respectively, with the total bid-to-cover ratio at 4.54x.

Overall, the average mid-rate increased by 98bps to close at 6.23%, week-on-week. **We expect market to tilt focus towards the treasury bills auction next week, as the DMO will be offering ₦34.54bn treasury bills.**

FGN Bonds

The local bonds market started the week with unaggressive buying interests on the short to mid end of the curve, representing the bullish spill over effect from the revised auction calendar. However, market slowly drifted to a mixed to quiet note to end the week. Nonetheless, average yield increased marginally by 2bps to 13.68%, week-on-week. **We expect activity to remain inactive next week, barring any significant driver.**

Eurobonds

It was a historic moment for the Eurobonds market this week, with impressive The Eurobonds market traded mixed at the first half of the week, although tilted to a mixed to bearish note, which was earlier impacted by decline in crude oil prices. At the end of the week, the market stayed relatively quiet across most part of the curve. However, activity amongst SSA peers sustained buoyancy across board, with a bit of mixed sentiments. Overall, average yield expanded by 26bps to 11.22%, week-on-week. **We expect the US inflation data and the policy decision by the US Fed to be a key driver of market direction next week.**

| Macro Indicators | |
|---------------------------------|------------------------------|
| GDP (Q1 2023) | +2.31% (Q4: 2022 +3.52% y/y) |
| Inflation | 22.22% (Mar'23: 22.04%) |
| External Reserve (US\$'billion) | 35.88 (-5.93% YTD) |
| Monetary Policy Rate | 18.50% |
| Cash Reserve Requirement (CRR) | 32.50% |
| Brent Crude Price US\$/bbl | *75.99 (+0.04% w/w) |

Source: NBS, CBN, AIICO Capital

| Benchmark T-Bills Discount Rates | | | |
|----------------------------------|-----------|-----------|-----------------|
| | 09-Jun-23 | 02-Jun-23 | Change in Rates |
| 90 days | 4.44% | 4.44% | (0.00%) |
| 153 days | 5.27% | 5.27% | (0.00%) |
| 307 days | 7.31% | 7.31% | (0.00%) |

Source: FMDQ DQL for 09 June 2023 and 02 June 2023

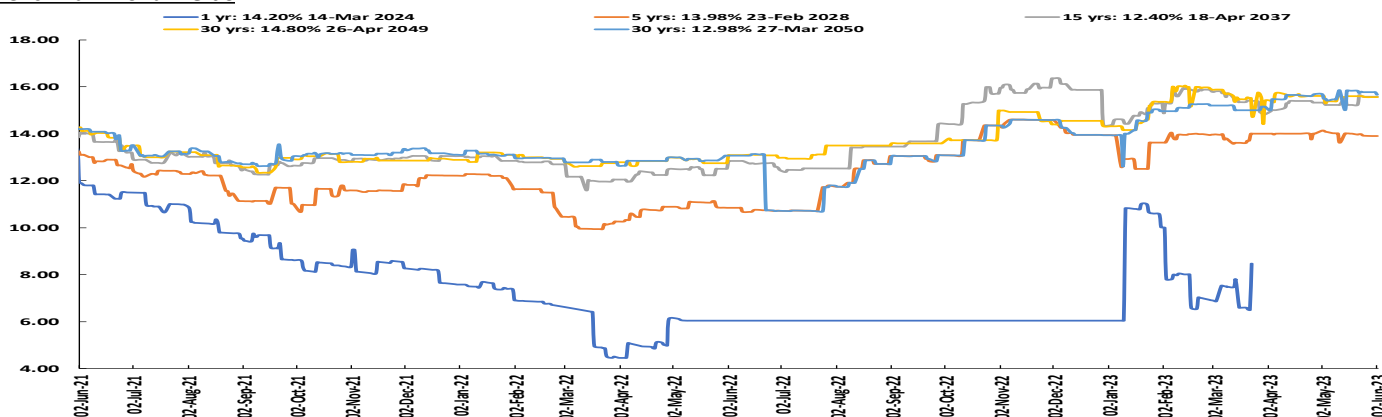
| Benchmark FGN Bond Yields | | | |
|-----------------------------|-----------|-----------|-----------------|
| | 09-Jun-23 | 02-Jun-23 | Change in Yield |
| 5 yrs: 16.2884% 17-Mar-2027 | 12.10% | 12.53% | +0.43% |
| 10 yrs: 12.50% 27-Apr-2032 | 14.74% | 14.90% | +0.16% |
| 20 yrs: 13.00% 21-Jan-2042 | 15.30% | 15.27% | (0.03%) |
| 30 yrs: 12.98% 27-Mar-2050 | 15.62% | 15.58% | (0.04%) |

Source: FMDQ DQL for 09 June 2023 and 02 June 2023

| Benchmark FGN Eurobond Yields | | | |
|-------------------------------|-----------|-----------|-----------------|
| | 09-Jun-23 | 02-Jun-23 | Change in Yield |
| 1 yr: NGERIA 6 3/8 07/12/23 | 6.21% | 6.22% | +0.01% |
| 5 yrs: NGERIA 6 1/2 11/28/27 | 10.87% | 10.42% | (0.45%) |
| 10 yrs: NGERIA 7.875 02/16/32 | 11.59% | 11.42% | (0.17%) |
| 15 yrs: NGERIA 7.696 23/02/38 | 11.90% | 11.73% | (0.17%) |
| 30 yrs: NGERIA 9.248 01/21/49 | 11.90% | 11.89% | (0.01%) |
| 7.125% ECOTRAN 16/02/26 | 13.02% | 12.62% | (0.40%) |

Source: FBN UK Runs for 09 June 2023 and 02 June 2023

Benchmark Bond Yields



Aim higher. Reach further ▶

AIICO CAPITAL

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) appreciated by c.0.20% to close at 55,930.97 points, while year-to-date return settled at c 9.13%. Buying interest in ACCESSCORP (4.84%), and PRESCO (3.79%) drove the upward trend this week.

The NGX Banking, Consumer Goods and, Oil & Gas Indices appreciated in value by 1.10%, 0.14% and 3.39%, respectively, week-on-week. However, the NGX Industrial Goods Index depreciated in value by 1.31%, week-on-week. UBA led the volume charts with c. 302.40 million units while GEREGU led the value charts with c. ₦ 16.49 billion, this week.

We expect the bullish bias to ease next week.

Foreign Exchange

FMDQ's Nigerian Autonomous Foreign Exchange Fixing (NAFEX) rate depreciated to ₦472.50/US\$1.00 from ₦464.67/US\$1.00 recorded last week.

We expect further depreciation of the naira at the NAFEX window.

Commodities

In the commodities market this week, Saudi Arabia's pledged production cut and worries about global economic growth toggled market direction. As of print time, Oil prices heads to a bearish close this week, as Brent oil prices has depreciated by c. 0.14% to \$79.02 per barrel, week-on-week, while WTI depreciated by c 0.71% day-on-day to settle at US\$71.23pb. Alternatively , Spot Gold has appreciated by c. 0.25% to US\$1,978.20 per ounce as of report time..

We expect the rate decision by the US Fed to be a major driver of oil prices next week, alongside the outcome of other economic data.

AIICO Money Market Fund (AMMF)

| | |
|---------------------------------|-----------------------------------|
| Net Yield (As at 7th June 2023) | 12.1006% |
| Added Benefit | Personal accident insurance cover |

Top 5 Equity Advancers W-o-W

| Name (Symbol) | Closing Price | Gain(N) | % Change |
|---------------|---------------|---------|----------|
| ETERNA | 13.45 | 4.20 ↑ | 45.41% |
| UNITYBNK | 0.72 | 0.22 ↑ | 44.00% |
| FTNCOCOA | 0.93 | 0.27 ↑ | 40.91% |
| NSLTECH | 0.36 | 0.10 ↑ | 38.46% |
| CORNERST | 1.14 | 0.31 ↑ | 37.35% |

Source: NGX, AIICO Capital

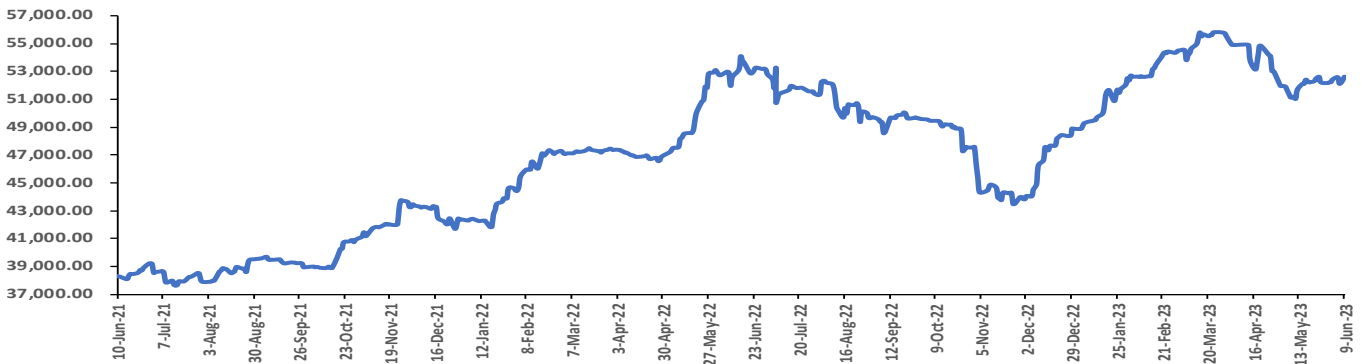
Top 5 Equity Decliners W-o-W

| Name (Symbol) | Closing Price | Loss(N) | % Change |
|---------------|---------------|---------|----------|
| JOHNHOLT | 1.40 | -0.51 ↓ | -26.70% |
| RTBRISCOE | 0.34 | -0.04 ↓ | -10.53% |
| SUNUASSUR | 0.43 | -0.05 ↓ | -10.42% |
| COURTVILLE | 0.46 | -0.05 ↓ | -9.80% |
| MULTIVERSE | 3.70 | -0.39 ↓ | -9.54% |

Source: NGX, AIICO Capital

| | W-o-W | MTD | YTD |
|----------------------------|----------|----------|----------|
| NGX ASI | ↓ -0.05% | ↑ 0.20% | ↑ 9.13% |
| NSE Banking Index | ↑ 0.13% | ↑ 1.10% | ↑ 25.97% |
| NSE Insurance Index | ↑ 3.78% | ↑ 15.61% | ↑ 38.59% |
| NSE Industrial Goods Index | ↓ -0.55% | ↓ -1.31% | ↑ 2.11% |
| NSE Consumer Goods Index | ↓ 0.00% | ↑ 0.14% | ↑ 43.96% |
| NSE Oil & Gas Index | ↓ -1.60% | ↑ 3.39% | ↑ 39.19% |

NSE All Share Index



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