

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

Market liquidity sustained a positive balance over the week, amid the recent policy reforms by the new administration. To expatiate, the suspension of the CBN Governor, Mr Godwin Emefiele also signalled a momentary pause in the CRR debit. That said, opening system liquidity declined by c.70.98% week-on-week from ₦538.90 billion at close of last week to settle at ₦156.39 billion today. The Open Repo Rate (OPR) fell by 10bps to 11.60%, while Overnight Rate (O/N) remained unchanged at 12.10%. (Using data from FMDQ as of June 15th). **We expect the interbank rates to hover at similar levels next week.**

Treasury Bills

The treasury bills market started off slightly bullish this week, with buy interests largely concentrated around the tail region of the curve. At post-auction, market turned towards a bearish undertone amidst a mixed sentiment. Nevertheless, market traded on a quiet note at the close the week.

At the auction this week, the DMO offered and sold c.₦35.54 treasury bills across the 91-Day, 182-Day, and 364-Day papers. The stop rates for the 91-Day paper increased by 41bps to 4.89%, while the 182-day and 364-day papers declined by 88bps and 121bps to 5.12% and 8.24%, respectively, when compared to the previous auction. The total bid-to-cover ratio printed at 8.28x. Overall, the average mid-rate increased by 69bps to close at 6.92%, week-on-week.

We expect market activities to maintain a mixed trend next week.

FGN Bonds

Activity in local bonds market was mixed overall, with sideways interest observed across several papers, specifically the 2026, 2028, 2029, 2032, 2037, 2042, 2049 and 2050 maturities. Overall, average yield increased by 4bps to 13.73%, week-on-week. **We expect the outcome of the bond auction to determine the direction of market activities next week.**

Eurobonds

This week, the lower US CPI print at 4.00%, FOMC's decision to hold interest at 5.25%, the suspension of CBN Governor, and the abolishment of a fixed exchange rate policy to a floating system fuelled a strong bullish momentum across SSA curve, particularly the Nigerian papers. Although, the ECB's rate increase of another 25bps to 4.00% spilled some slight bearish sentiment. Consequently, average yield shed 83bps to close at 10.38%, week-on-week. **We expect the bullish bias to persist next week, while investors maintain a close-watch on economic data release and country-specific dynamics.**

Macro Indicators	
GDP (Q1 2023)	+2.31% (Q4: 2022 +3.52% y/y)
Inflation (May'2023)	22.41% (Apr'23: 22.22%)
External Reserve (US\$'billion)	34.66 (-6.54% 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, AICO Capital

Benchmark T-Bills Discount Rates			
	16-Jun-23	09-Jun-23	Change in Rates
83 days	4.44%	4.44%	(0.00%)
146 days	5.27%	5.27%	(0.00%)
300 days	7.31%	7.31%	(0.00%)

Source: FMDQ DQL for 16 June 2023 and 09 June 2023

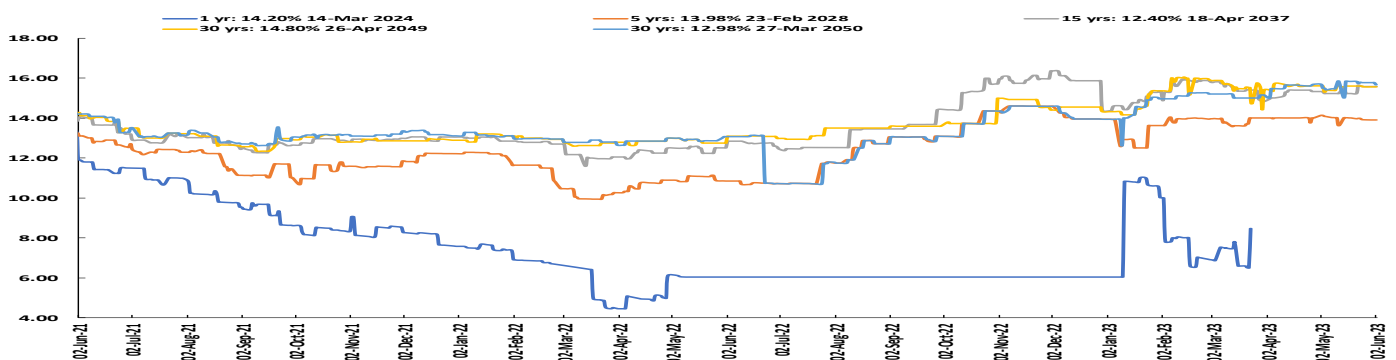
Benchmark FGN Bond Yields			
	16-Jun-23	09-Jun-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	12.30%	12.10%	(0.20%)
10 yrs: 12.50% 27-Apr-2032	14.70%	14.74%	+0.04%
20 yrs: 13.00% 21-Jan-2042	15.30%	15.30%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	15.50%	15.62%	+0.12%

Source: FMDQ DQL for 16 June 2023 and 09 June 2023

Benchmark FGN Eurobond Yields			
	16-Jun-23	09-Jun-23	Change in Yield
1 yr: NGERIA 6 3/8 07/12/23	6.20%	6.21%	+0.01%
5 yrs: NGERIA 6 1/2 11/28/27	9.79%	10.87%	+1.08%
10 yrs: NGERIA 7.875 02/16/32	10.63%	11.59%	+0.96%
15 yrs: NGERIA 7.696 23/02/38	11.01%	11.90%	+0.89%
30 yrs: NGERIA 9.248 01/21/49	11.20%	11.90%	+0.70%
7.125% ECOTRAN 16/02/26	12.08%	13.02%	+0.94%

Source: FBN UK Runs for 16 June 2023 and 09 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) appreciated by c.5.49% to close at 59,000.96 points, while year-to-date return settled at c 15.12%. Buying interest in TOTAL (+20.98%), ZENITHBANK (+10.71%) and SEPLAT (10.00%) drove the upward trend this week.

All indices closed in the green zone except the Industrial Index, which dipped by 1.63% week-on-week. Thus, the NGX Banking, Consumer Goods and, Oil & Gas Indices appreciated in value by 12.59%, 4.14% and 11.95%, respectively, week-on-week. UBA led the volume charts with c. 684.81 million units while GTCO led the value charts with c. ₦ 14.68 billion, this week.

We expect the bullish bias to ease next week, as profit taking momentum challenges the existing bullish catalysts.

Foreign Exchange

FMDQ's Investors and Exporters (I&E) rate depreciated by 48.61% to ₦702.19/US\$1.00 recorded last week. (Using data from FMDQ as of June 15th).

We expect more volatility at the I&E window next week, as the market continue to find equilibrium.

Commodities

The jump in refinery runs in China, US Fed's decision to hold interests rate at 5.25% amongst other catalyst led to the uptrend in oil prices this week. As of print time, Oil prices heads to a bullish close this week, as Brent oil prices has appreciated by c. 1.26% to \$75.73 per barrel, week-on-week, while WTI appreciated by c 0.90% day-on-day to settle at US\$70.80pb. Alternatively , Spot Gold has appreciated by c. 0.01% to US\$1,967.30 per ounce as of report time..

We expect the market to post a mixed sentiments next week, in response to economic data releases.

AIICO Money Market Fund (AMMF)		
Net Yield	(As at 15th June 2023)	11.5842%
Added Benefit	Personal accident insurance cover	

Top 5 Equity Advancers W-o-W			
Name (Symbol)	Closing Price	Gain(N)	% Change
FTNCOCOA	1.35	0.42	↑ 45.16%
UNITYBNK	1.02	0.30	↑ 41.67%
WAPIC	0.66	0.19	↑ 40.43%
TRANSCOHOT	14.60	3.97	↑ 37.35%
JAIZBANK	1.74	0.41	↑ 30.83%

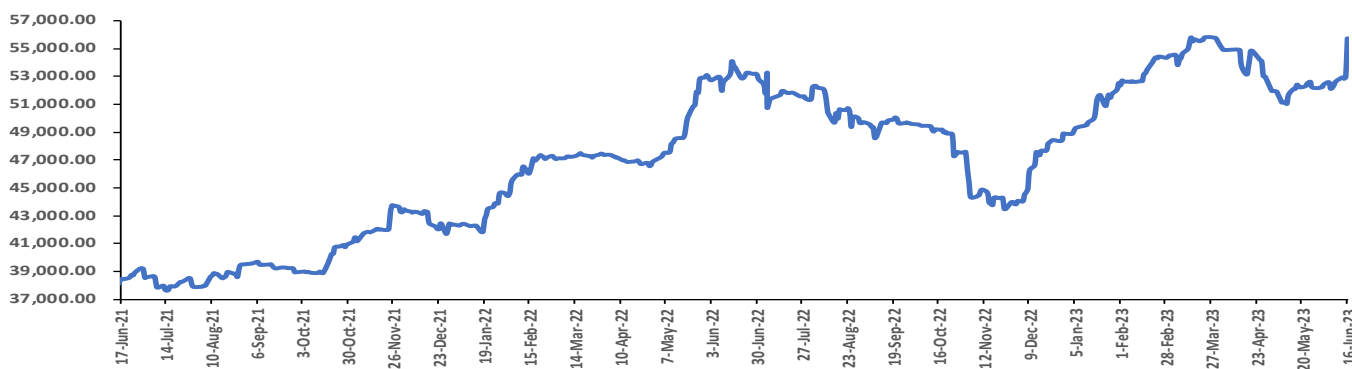
Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W			
Name (Symbol)	Closing Price	Loss(N)	% Change
TIP	0.39	-0.13	↓ -25.00%
JOHNHOLT	1.15	-0.25	↓ -17.86%
ABCTRANS	0.34	-0.05	↓ -12.82%
CWG	1.62	-0.18	↓ -10.00%
ELLAHLAKES	3.60	-0.40	↓ -10.00%

Source: NGX, AIICO Capital

	W-o-W	MTD	YTD
NGX ASI	↓ -0.33%	↑ 5.49%	↑ 15.12%
NSE Banking Index	↓ 14.63%	↑ 12.59%	↑ 41.83%
NSE Insurance Index	↑ 3.99%	↑ 9.00%	↑ 51.07%
NSE Industrial Goods Index	↓ -1.48%	↓ -1.63%	↑ 0.44%
NSE Consumer Goods Index	↓ -2.78%	↑ 4.14%	↑ 49.92%
NSE Oil & Gas Index	↓ 14.12%	↑ 11.95%	↑ 55.82%

NSE All Share Index



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