

# Weekly Financial Market Update



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## MARKET COMMENTARY

### Money Market

System liquidity stayed elevated this week, even as additional inflows propped up liquidity. To quantify, system liquidity increased by 292.18% from ₦156.39 billion last week to ₦613.33 billion today. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) both declined by 870bps to 2.90% and 3.40%, respectively.

**We expect the interbank rates to remain depressed next week, as inflows from FAAC should maintain the positive liquidity status.**

### Treasury Bills

The treasury bills market was mildly bearish at the start of the week, with unaggressive offers seen at the tail end of the curve. Subsequently, the bias was skewed to the bulls, as demand improved across several papers, especially the mid and long-dated papers. Average yield lost c.150bps to close at 5.62%, week-on-week. **Market players are expected to tilt most activities to the treasury bills auction next week, as the DMO will be offering ₦187bn treasury bills.**

### FGN Bonds

At the primary market, the DMO sold ₦427.15 billion bonds, which exceeded the intended offer by c. 18.65%. The reissued 2029 paper was auctioned at 13.90%, while the newly issued 2033, 2038 and 2053 papers were sold at 14.70%, 15.45% and 15.70%, respectively.

Post-auction, market was slightly mixed with less intensity. However, buy-side activity stimulated the market towards the end of the week, with massive demand across several papers due to attractive yield levels. Overall, average yield declined by 38bps to 13.35%, week-on-week.

**We expect the cherry-picking to extend into next week's sessions, although less aggressively.**

### Eurobonds

The Eurobonds market was characterised with profit taking and slight cherry-picking activities. The bearish sentiment was further intensified after UK's core inflation printed higher-than-expected at 7.1% in May, from 6.8% in April. Consequently, average yield expanded by 20bps to 10.58%, week-on-week. **We expect to see occasional swings across regions next week, as global economic data continue to drive investor's sentiment.**

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)	34.45 (-7.10% 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			
	23-Jun-23	16-Jun-23	Change in Rates
76 days	6.03%	4.44%	(1.59%)
139 days	5.27%	5.27%	(0.00%)
293 days	7.31%	7.31%	(0.00%)

Source: FMDQ DQL for 23 June 2023 and 16 June 2023

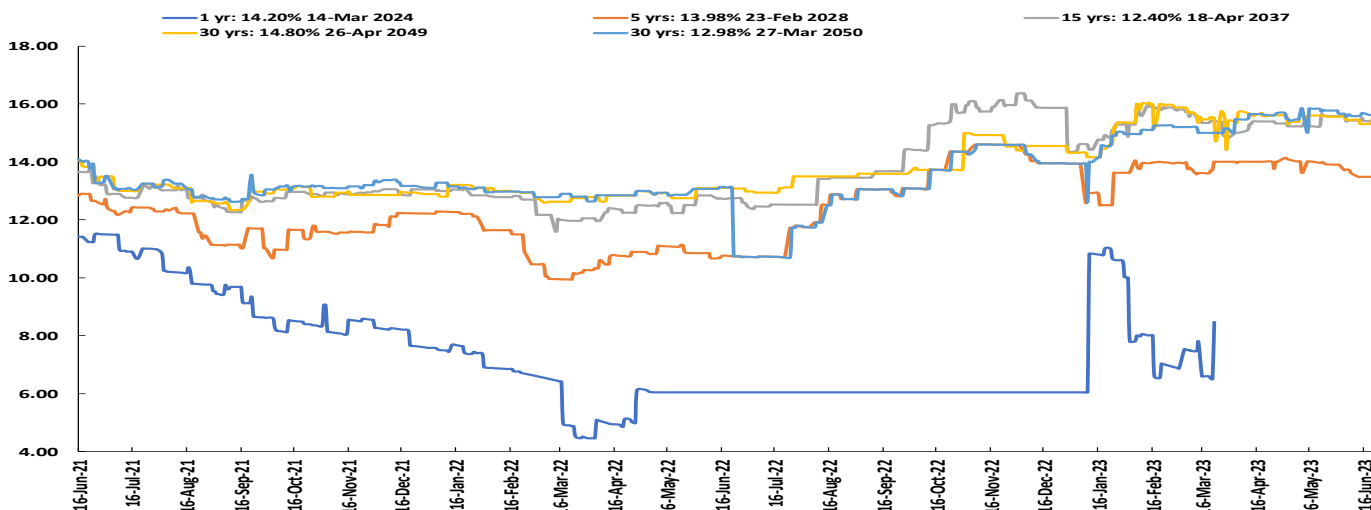
Benchmark FGN Bond Yields			
	23-Jun-23	16-Jun-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	11.39%	12.30%	+0.91%
10 yrs: 12.50% 27-Apr-2032	14.40%	14.70%	+0.30%
20 yrs: 13.00% 21-Jan-2042	15.25%	15.30%	+0.05%
30 yrs: 12.98% 27-Mar-2050	14.97%	15.64%	+0.67%

Source: FMDQ DQL for 23 June 2023 and 16 June 2023

Benchmark FGN Eurobond Yields			
	23-Jun-23	16-Jun-23	Change in Yield
1 yr: NGERIA 6 3/8 07/12/23	6.19%	6.20%	+0.01%
5 yrs: NGERIA 6 1/2 11/28/27	10.11%	9.79%	(0.32%)
10 yrs: NGERIA 7.875 02/16/32	10.86%	10.63%	(0.23%)
15 yrs: NGERIA 7.696 23/02/38	11.20%	11.01%	(0.19%)
30 yrs: NGERIA 9.248 01/21/49	11.31%	11.20%	(0.11%)
7.125% ECOTRAN 16/02/26	12.54%	12.08%	(0.46%)

Source: FBN UK Runs for 23 June 2023 and 16 June 2023

### Benchmark Bond Yields



**Nigerian Equities**

The Nigerian equity market closed on a bullish note, week on week, as the Nigerian Stock Exchange All Share Index (NGX ASI) appreciated by c.0.35% to close at 59,206.63 points, while year-to-date return settled at c 15.52%. Buying interest in ACCESSCORP (+4.91%), BUACEMENT (+4.65%) and SEPLAT (3.03%) drove the upward trend this week.

All indices closed in the green this week. Thus, the NGX Banking, and Industrial Indices gained 1.13% and 5.05%, respectively, while the NGX Consumer Goods and Oil & Gas Indices appreciated in value by 0.22%, and 2.97%, respectively, week-on-week. UNIVINSURE led the volume charts with c. 306.42 million units while GTCO led the value charts with c. ₦ 8.84 billion, this week. **We expect to see a mixed sentiment in market performance next week.**

**Foreign Exchange**

FMDQ's Investors and Exporters (I&E) rate depreciated by 16.16% to ₦770.17/US\$1.00 from ₦663.04/US\$1.00 recorded last week. **We expect more volatility at the I&E window next week, as the market continue to find equilibrium.**

**Commodities**

The concerns over China's economy impacted the decline in oil prices, despite OPEC+ cut. As of print time, Oil prices approached a bearish close to the week, as Brent oil prices has depreciated by c. 4.01% to \$73.54 per barrel, week-on-week, while WTI depreciated by c 4.04% day-on-day to settle at US\$68.88pb. Similarly, Spot Gold has depreciated by c. 1.96% to US\$1,932.60 per ounce as of report time. **We expect the market to post mixed sentiments next week, in response to economic data releases..**

**AIICO Money Market Fund (AMMF)**

Net Yield (As at 22nd June 2023)	11.8707%
Added Benefit	Personal accident insurance cover

**Top 5 Equity Advancers W-o-W**

Name (Symbol)	Closing Price	Gain(N)	% Change
SKYAVN	9.25	2.85 ↑	44.53%
FTNCOCOA	1.90	0.55 ↑	40.74%
CHAMS	0.57	0.15 ↑	35.71%
JAPAULGOLD	0.65	0.16 ↑	32.65%
GOLDBREW	1.39	0.33 ↑	31.13%

Source: NGX, AIICO Capital

**Top 5 Equity Decliners W-o-W**

Name (Symbol)	Closing Price	Loss(N)	% Change
JAIZBANK	1.41	-0.33 ↓	-18.97%
NSLTECH	0.38	-0.08 ↓	-17.39%
CILEASING	3.88	-0.62 ↓	-13.78%
STERLINGNG	2.57	-0.38 ↓	-12.88%
IKEJAHOTEL	3.00	-0.40 ↓	-11.76%

Source: NGX, AIICO Capital

	W-o-W	MTD	YTD
NGX ASI	↓ -0.26%	↑ 0.35%	↑ 6.16%
NSE Banking Index	↓ -0.54%	↑ 1.13%	↑ 14.40%
NSE Insurance Index	→ 0.00%	↑ 5.05%	↑ 32.38%
NSE Industrial Goods Index	↓ -0.02%	↑ 2.56%	↓ -0.49%
NSE Consumer Goods Index	↑ 0.06%	↑ 0.22%	↑ 4.34%
NSE Oil & Gas Index	↓ -0.73%	↑ 2.97%	↑ 24.50%
			↑ 60.44%

**NSE All Share Index**



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