

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

In the absence of any significant outflows, system liquidity remained positive this week. Liquidity declined by 28.85% to ₦818.00 billion from ₦1.15 trillion recorded at close of last week. However, the Open Repo Rate (OPR) and Overnight Rate (O/N) declined by 50bps and 89bps to 0.86% and 1.25%, respectively.

Outlook: We expect the interbank rates to hover around similar levels next week.

Treasury Bills

The treasury bills market maintained its calmness in the overall activity this week. Occasionally, slight buy-side and selling interests were noticed on selected papers. Nonetheless, average yield increased by 9bps to 4.18%, week-on-week.

Outlook: We expect the market performance to skew towards the NTB auction next week, as the DMO is set to offer ₦141.77 treasury bills.

FGN Bonds

Activity in the bond market was swayed around several papers, with almost an equal balance between bids and offers. Across the curve, activities were seen on the 2028, 2029, 2032, 2037, 2038, 2050 and 2053 papers. Nonetheless, average yield increased by 36bps to settle at 12.79%, week-on-week.

Outlook: We expect the cherry-picking to persist next week. Although, activity should cool down towards the end of the week ahead of the scheduled July 17 auction.

Eurobonds

The Eurobonds market exhibited a mixed trend ahead of the US labour market data. After the release of the stronger than expected ADP Employment data, showing 497k jobs in June, which outperformed expectations and preceding data by 125.90% and 86.14% respectively, market settled for a strong bearish trajectory. Despite the extended output cut by the heavyweight OPEC member and its allies, the SSA curve settled for a bearish performance with 160bps uptick in average yield to 12.13%, week-on-week.

Outlook: Next week, we expect attention to be drawn towards speeches by Fed officials and the inflation data, as this should further suggest likely Fed's decision in the next FOMC meeting. Also, the Nigerian Federal Government is expected to redeem the 12-July 2023 Eurobond maturity next week, with a total of \$515.94 billion in maturity and coupon payments.

AICO Money Market Fund (AMMF)		
Net Yield	(As at 6th July 2023)	11.4425%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
7-Jul-23	818.00	
30-Jun-23	1,149.62	↓(331.62)

Source: CBN

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)	34.07 (-8.13% YTD)
Monetary Policy Rate	18.50%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*77.22 (+3.58% w/w)

Source: NBS,CBN, AICO Capital

Benchmark T-Bills Discount Rates			
	07-Jul-23	30-Jun-23	Change in Rates
62 days	6.03%	6.03%	(0.00%)
125 days	5.27%	5.27%	(0.00%)
279 days	7.31%	7.31%	(0.00%)

Source: FMDQ DQL for 07 July 2023 and 30 June 2023

Benchmark FGN Bond Yields			
	07-Jul-23	30-Jun-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	12.06%	10.91%	(1.15%)
10 yrs: 12.50% 27-Apr-2032	13.77%	13.35%	(0.42%)
20 yrs: 13.00% 21-Jan-2042	14.58%	15.25%	+0.67%
30 yrs: 12.98% 27-Mar-2050	14.55%	14.69%	+0.14%

Source: FMDQ DQL for 07 July 2023 and 30 June 2023

Benchmark FGN Eurobond Yields			
	07-Jul-23	30-Jun-23	Change in Yield
1 yr: NGERIA 6 3/8 07/12/23	6.18%	6.19%	+0.01%
5 yrs: NGERIA 6 1/2 11/28/27	10.53%	10.01%	(0.52%)
10 yrs: NGERIA 7.875 02/16/32	11.16%	10.64%	(0.52%)
15 yrs: NGERIA 7.696 23/02/38	11.56%	11.10%	(0.46%)
30 yrs: NGERIA 9.248 01/21/49	11.65%	11.20%	(0.45%)
7.125% ECOTRAN 16/02/26	12.56%	12.34%	(0.22%)

Source: FBN UK Runs for 07 July 2023 and 30 June 2023

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.3.40% to close at 63,040.87 points, while year-to-date return settled at c 23.00%. Buying interest in FBNH (+19.06%), and ACCESSCORP (+12.95%) drove the upward trend this week.

Again, all indices closed in the green this week. Thus, the NGX Banking, and Industrial Indices gained 3.33% and 1.81%, respectively, while the NGX Consumer Goods and Oil & Gas Indices appreciated in value by 0.32%, and 1.06%, respectively, week-on-week. FBNH led both the volume charts with c. 4.94 billion units and value charts with c. ₦ 92.64 billion, this week.

Outlook: We expect the bullish momentum to resurface next week, barring any negative drivers.

Foreign Exchange

FMDQ's I & E rate closed at \$/₦776.90 as at July 7, 2023, while the NAFEX settled at \$/₦749.64 as of July 6, 2023.

Outlook: We expect the volatility to persist next week.

Commodities

Early into the week, Oil prices fell slightly due to the hawkish Fed's minutes. At mid-week, volatility heightened, as Saudi Arabia and Russia extended plans for output cut into August. A reduction in oil output by 1mbpd and 500kbpd by Saudi Arabia and Russia, respectively. However, the stronger-than-expected ADP Employment report temporarily drove prices downwards before a rebound, as market anticipated the US NFP data which resulted in less surprises for the market. Brent oil prices appreciated by c. 3.58% to \$77.32 per barrel, week-on-week, while WTI appreciated by c 2.86% day-on-day to settle at US\$72.66pb. Spot Gold appreciated by c. 0.06% to US\$1,930.5 per ounce as of report time.

Outlook: We expect the US inflation data to dictate market performance next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
JAPAULGOLD	1.11	0.41	↑ 58.57%
CHIPLC	1.29	0.47	↑ 57.32%
CHAMS	1.16	0.42	↑ 56.76%
OMATEK	0.55	0.19	↑ 52.78%
VERITASKAP	0.34	0.11	↑ 47.83%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
WAPIC	0.61	-0.22	↓ -26.51%
TRIPPLEG	2.76	-0.99	↓ -26.40%
IKEJAHOTEL	3.15	-0.84	↓ -21.05%
LASACO	2.16	-0.44	↓ -16.92%
CHAMPION	4.60	-0.78	↓ -14.50%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 1.65%	↑ 3.40%	↑ 3.40%	↑ 23.00%
NSE Banking Index	↑ 3.33%	↑ 9.82%	↑ 9.82%	↑ 69.77%
NSE Insurance Index	→ 0.00%	↓ -4.91%	↓ -4.91%	↑ 52.60%
NSE Industrial Goods Index	↑ 1.81%	↑ 2.22%	↑ 2.22%	↑ 5.97%
NSE Consumer Goods Index	↑ 0.32%	↓ -0.22%	↓ -0.22%	↑ 51.59%
NSE Oil & Gas Index	↑ 1.06%	↑ 7.18%	↑ 7.18%	↑ 79.81%

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