

# Weekly Financial Market Update

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## MARKET COMMENTARY

### Money Market

System liquidity declined by 46.15% to ₦440.52 billion from ₦818.00 billion recorded at close of last week. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) increased by 25bps and 33bps to 1.11% and 1.58%, respectively.

**Outlook:** We expect the interbank rates push up slightly next week, as bond auction should absorb liquidity from the system.

### Treasury Bills

The bulk of activities this week were mostly concentrated around the tail region of the treasury yield curve, alluded to the bi-weekly primary market auction. After the buying interests at the long end of the curve at pre and post auction, few bids retreated for papers at the short end of the curve with trades executed at sub 2% levels.

At the auction, the DMO offered c.₦141.77 billion across 3 tenors and sold same. The total bid/cover ratio was 4.88x, while stop rates fell across the three papers compared with the previous auction. The stop rates for the 91, 182 and 364-day papers declined by 1bp, 87bps and 29bps to 2.86%, 3.50% and 5.94% respectively.

Consequently, average yield declined by 26bps to 3.92%, week-on-week.

**Outlook:** Activities should trade cautiously next week in the absence of any jitters.

### FGN Bonds

The FGN local bonds market sustained its mixed sentiments this week, with bids and offers across the curve, including 2028, 2032, 2037, 2038, 2042, 2045, and 2053 maturities. Although, activities were cushioned by selling interests towards the end of the week, with average yield marginally lower (-1bps) at 12.78%, week-on-week.

**Outlook:** We expect Monday's bond auction to impact market activities next week

### Eurobonds

The Nigerian Eurobonds market was buoyant this week, as the average mid-yield plummeted by 186bps to 10.28%, week-on-week. The strongest driver was the lower-than-expected US inflation print, as June CPI weakened by full percent point to 3.00%, inciting that the strong-headed inflation rate might soon be in the past and the US central bank are closer to a dovish posture. Also, NIGERIA 2023 paper was redeemed, and National Bureau of Statistics revealed Nigeria's total capital importation declined by 28% between Q1'23 and Q1'22 (from \$1.57bn to \$1.13bn). Other SSA and North African papers also settled on a positive note.

**Outlook:** We expect US economic indicators to partially impact the direction of the market next week.

AIICO Money Market Fund (AMMF)		
Net Yield	(As at 13th July 2023)	11.3093%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (N'bn)	Diff.
14-Jul-23	440.52	
7-Jul-23	818.00	↓ (377.48)

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)	34.06 (-8.15% YTD)
Monetary Policy Rate	18.50%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*80.35 (+2.40% w/w)

Source: NBS, CBN, AIICO Capital

Benchmark T-Bills Discount Rates			
	14-Jul-23	07-Jul-23	Change in Rates
55 days	6.03%	6.03%	(0.00%)
118 days	5.27%	5.27%	(0.00%)
272 days	7.31%	7.31%	(0.00%)

Source: FMDQ DQL for 14 July 2023 and 07 July 2023

Benchmark FGN Bond Yields			
	14-Jul-23	07-Jul-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	11.84%	12.06%	+0.22%
10 yrs: 12.50% 27-Apr-2032	13.62%	13.77%	+0.15%
20 yrs: 13.00% 21-Jan-2042	14.25%	14.58%	+0.33%
30 yrs: 12.98% 27-Mar-2050	14.30%	14.55%	+0.25%

Source: FMDQ DQL for 14 July 2023 and 07 July 2023

Benchmark FGN Eurobond Yields			
	14-Jul-23	07-Jul-23	Change in Yield
5 yrs: NIGERIA 6 1/2 11/28/27	9.49%	10.53%	+1.04%
10 yrs: NIGERIA 7.875 02/16/32	10.30%	11.16%	+0.86%
15 yrs: NIGERIA 7.696 23/02/38	10.77%	11.56%	+0.79%
30 yrs: NIGERIA 9.248 01/21/49	10.93%	11.65%	+0.72%
7.125% ECOTRAN 16/02/26	11.48%	12.56%	+1.08%

Source: FBN UK Runs for 14 July 2023 and 07 July 2023

## Nigerian Equities

The Nigerian equity market closed on a bearish note, week on week, as the Nigerian Stock Exchange All Share Index (NGX ASI) depreciated by c 0.75% to close at 62,569.73 points, while year-to-date return settled at c 22.08%. Selling interest in ACCESSCORP (+20.27%), and FCMB (+17.29%) contributed to the downtrend this week.

Indices were mixed this week. The NGX Banking, and Consumer Goods Indices depreciated by 14.32% and 2.29%, respectively, while the NGX Industrial Goods and Oil & Gas Indices appreciated in value by 9.01%, and 1.43%, respectively, week-on-week. UBA led the volume charts with c. 477.74 million units while the FBNH led the value charts with c. ₦7.17 billion, this week

**Outlook:** We expect the bearish sentiment to ease next week.

## Foreign Exchange

FMDQ's I & E rate depreciated by ₦27 to \$/₦803.90, compared to \$/₦776.90 recorded last week. NAFEX rate settled at \$/₦779.40.

**Outlook:** We expect the volatility to persist next week.

## Commodities

Oil prices increased this week, mostly due to improved inflation in the United States, signalling expectation for a rate cut. Brent oil prices appreciated by c. 2.40% to \$80.35 per barrel, week-on-week, while WTI appreciated by c 2.72% day-on-day to settle at US\$75.87pb. Spot Gold appreciated by c. 1.56% to US\$1,962.6 per ounce as of report time.

**Outlook:** We expect the mild bullish trend to ease next week.

### Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
DAARCOMM	0.30	0.10	↑ 50.00%
JOHNHOLT	1.81	0.56	↑ 44.80%
DEAPCAP	0.35	0.09	↑ 34.62%
COURTVILLE	0.89	0.22	↑ 32.84%
GOLDBREW	2.93	0.72	↑ 32.58%

Source: NGX, AIICO Capital

### Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
CHAMPION	3.15	-1.45	↓ -31.52%
ACADEMY	1.83	-0.67	↓ -26.80%
WEMABANK	4.05	-1.39	↓ -25.55%
STERLINGNG	3.11	-1.06	↓ -25.42%
FIDELITYBK	6.70	-2.23	↓ -24.97%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.29%	↓ -0.75%	↑ 2.63%	↑ 22.08%
NSE Banking Index	↓ -4.42%	↓ -14.32%	↓ -5.91%	↑ 45.46%
NSE Insurance Index	→ 0.00%	↑ 1.67%	↑ 1.41%	↑ 62.74%
NSE Industrial Goods Index	↑ 1.28%	↑ 9.01%	↑ 11.44%	↑ 15.52%
NSE Consumer Goods Index	↓ -0.83%	↓ -2.29%	↓ -2.50%	↑ 48.13%
NSE Oil & Gas Index	↓ -0.68%	↑ 1.43%	↑ 8.72%	↑ 82.38%

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