

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity was drained by the FGN bond auction settlement this week. Opening system liquidity dipped by 116.96% to ₦74.69 billion short from ₦440.51 billion long recorded at close of last week. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) expanded by 1,932bps and 1,942bps to 20.43% and 21.00%, respectively.

Outlook: We expect the interbank rates to depress next week in anticipation of the huge FAAC inflows.

Treasury Bills

The treasury bills market opened the week on a quiet note. At mid-week, market trended bullish with demands for long-dated papers and concluded the week with selling interests across papers around the belly of the curve, including August 2023, September 2023, October 2023, November 2023, and December 2024 maturities.

Nonetheless, average yield settled on a bullish note as average yield fell by 33bps to 3.59%, week-on-week.

Outlook: Activities should be tailored to the PMA next week, as the DMO intends to sell ₦264.33 billion next week.

FGN Bonds

For the most part of the week, the local bonds market trended mixed-to-bullish, with most activities around the on-the-run papers. In spite of the selling interests that engulfed the market at post-settlement, market closed on a positive territory. For context, yield fell by 13bps to 12.65% week-on-week.

At the auction, the DMO sold a total of ₦656.74 billion across 4 tenors, surpassing the offered size by 82.43%. The marginal rates on the 2029, 2033, 2038 and 2053 papers declined by 140bps, 110bps, 135bps and 140bps to 12.50%, 13.60%, 14.10% and 14.30%, respectively. While the bid/cover ratio was c.2.63x

Outlook: We expect activities to be stirred by the improved liquidity status.

Eurobonds

The Nigerian Eurobonds market closed the week bearish, as average yield expanded by 12bps to 10.40%, week-on-week. Broadly speaking, SSA and North African papers were tossed sideways in the absence of any broad-based catalyst. Although, key events like China's lesser-than-expected GDP growth for Q2, IMF's approval of \$1 billion in EFF and ECF for Kenya, and the lesser-than-expected US jobless claim data were at the spotlight for most market players.

Outlook: We expect market to trade cautiously ahead of the US Federal Reserve meeting and the release of key US leading economic indicators next week.

AIICO Money Market Fund (AMMF)		
Net Yield	(As at 20th July 2023)	11.5738%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (N'bn)	Diff.
21-Jul-23	-74.69	↓ (\$15.21)
14-Jul-23	440.52	

Source: CBN

Macro Indicators	
GDP (Q1 2023)	+2.31% (Q4: 2022 +3.52% y/y)
Inflation (May'2023)	22.79% (May'23: 22.41%)
External Reserve (US\$'billion)	33.98 (-8.37% YTD)
Monetary Policy Rate	18.50%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*79.87 (+0.74% w/w)

Source: NBS, CBN, AIICO Capital

Benchmark T-Bills Discount Rates			
	21-Jul-23	14-Jul-23	Change in Rates
48 days	2.41%	6.03%	+3.62%
111 days	3.17%	5.27%	+2.10%
265 days	5.01%	7.31%	+2.30%

Source: FMDQ DQL for 21 July 2023 and 14 July 2023

Benchmark FGN Bond Yields			
	21-Jul-23	14-Jul-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	11.82%	11.84%	+0.02%
10 yrs: 12.50% 27-Apr-2032	13.48%	13.62%	+0.14%
20 yrs: 13.00% 21-Jan-2042	14.25%	14.25%	(0.00%)
30 yrs: 12.98% 27-Mar-2050	14.25%	14.30%	+0.05%

Source: FMDQ DQL for 21 July 2023 and 14 July 2023

Benchmark FGN Eurobond Yields			
	21-Jul-23	14-Jul-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.62%	9.49%	(0.13%)
10 yrs: NGERIA 7.875 02/16/32	10.48%	10.30%	(0.18%)
15 yrs: NGERIA 7.696 23/02/38	10.98%	10.77%	(0.21%)
30 yrs: NGERIA 9.248 01/21/49	11.07%	10.93%	(0.14%)
7.125% ECOTRAN 16/02/26	11.15%	11.48%	+0.33%

Source: FBN UK Runs for 21 July 2023 and 14 July 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 3.89% to close at 65,003.39 points, while year-to-date return settled at c 26.83%. Buying interest in the banking names led the positive trend, including FBNH (+25.63%), and ACCESSCORP (+22.74%).

Indices closed on a positive note. The NGX Banking, and Consumer Goods Indices appreciated by 15.81% and 1.67%, respectively, while the NGX Industrial Goods and Oil & Gas Indices appreciated in value by 2.80%, and 0.64%, respectively, week-on-week. UBA led the volume charts with c. 1.16 billion units while the DANGCEM led the value charts with c. ₦43.41 billion, this week.

Outlook: We expect the CBN's policy decision to impact market sentiment next week.

Foreign Exchange

FMDQ's I & E rate appreciated by ₦26.08 to \$/₦777.82, compared to \$/₦803.90 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

This week, Libya's resumption of crude oil production, lower weekly US crude oil stockpiles, China's economic performance, and tighter supplies had significant impact on oil prices. Brent oil prices appreciated by c. 0.74% to \$80.46 per barrel, week-on-week, while WTI appreciated by c 1.45% week-on-week to settle at US\$76.51pb. Spot Gold depreciated by c. 0.09% to US\$1,962.7 per ounce as of report time.

Outlook: We expect market to be impacted by US economic indicators next week.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
JOHNHOLT	2.86	1.05	↑ 58.01%
CHELLARAM	2.33	0.57	↑ 32.39%
STERLINGNG	3.96	0.85	↑ 27.33%
ETI	16.15	3.45	↑ 27.17%
CWG	2.97	0.62	↑ 26.38%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
FTNCOCOA	2.00	-0.82	↓ -29.08%
COURTVILLE	0.64	-0.25	↓ -28.09%
ABBEYBDS	1.12	-0.40	↓ -26.32%
LINKASSURE	0.64	-0.16	↓ -20.00%
JAPAUFGOLD	0.84	-0.15	↓ -15.15%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↑ 1.68%	↑ 3.89%	↑ 6.62%	↑ 26.83%
NSE Banking Index	↑ 9.46%	↑ 15.81%	↑ 8.97%	↑ 68.46%
NSE Insurance Index	↓ -0.74%	↑ 5.65%	↓ -6.77%	↑ 49.61%
NSE Industrial Goods Index	↓ -0.01%	↑ 2.80%	↑ 14.56%	↑ 18.76%
NSE Consumer Goods Index	↑ 0.89%	↑ 1.67%	↓ -0.87%	↑ 50.61%
NSE Oil & Gas Index	↓ -0.33%	↑ 0.64%	↑ 9.41%	↑ 83.55%

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