

Weekly Financial Market Update

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MARKET COMMENTARY

Money Market

System liquidity was boosted by FAAC credit this week. System liquidity increased by more than 10.15x, from ₦74.69 billion recorded at close of last week to ₦683.56 billion long. Consequently, the Open Repo Rate (OPR) and Overnight Rate (O/N) fell by 1,953bps and 1,960bps to 0.90% and 1.40%, respectively.

Outlook: *We expect the interbank rates to hover at single-digit levels next week, in the absence of any major flows.*

Treasury Bills

It was a bearish week for treasury bills market this week. For the most part of the week till Thursday, offers persisted around the tail end of the curve. Although, after the less-expected upsurge in stop rates at the auction, some buy-side interests were seen on the one-year paper, especially 25-July 2024, with few trades executed before the close of today's session.

At the auction, the DMO sold ₦264.33 billion treasury bills across the three papers, in line with the total offer size. The stop rates for the 91, 182 and 364-day papers skyrocketed by 314bps, 450bps and 621bps to 6.00%, 8.00% and 12.15% respectively, compared to the previous auction. To add, market bid to offer size at the auction was 1.51 times.

Average yield expanded by 343bps to 7.02%, week-on-week

Outlook: *Next week, we expect some cherry-picking activities next week, given good liquidity levels and higher treasury bills rate.*

FGN Bonds

The local bonds market started the week with light offers, partly suggesting market expectation for another upward adjustment in the monetary policy rate (MPR) and uncertainty around other policy alterations in the first chaired meeting by the Acting CBN Governor, Folashodun Shonubi.

However, after the 25bps hike in MPR, adjustment to the asymmetric corridor (now +100/-300bps around the MPR) and enforcement of the LDR policy, the average yield trended upwards by more than 100bps. At the close of the week, activity stayed quiet, with a bearish posture for the week. Average yield increased by 72bps to 13.37%. week-on-week.

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

Eurobonds

This week, positive US economic data (PMI, Q2'23 GDP, Jobless Claims, and Core PCE Price Index) enthused market participants, shrugging off the 25bps increase in interest rate by the US Federal Reserve. The Nigerian Eurobonds market closed the week mixed to bullish, as average yield shed 26bps to 10.14%, week-on-week, amid mild profit taking

Outlook: *While profit taking is expected to continue next week, we expect the US Job opening data and Job report to drive activity towards the end of the week.*

AIIICO Money Market Fund (AMMF)		
Net Yield	(As at 27th July 2023)	11.1643%
Added Benefit	Personal accident insurance cover	

Date	Sys. Liq. (₦'bn)	Diff.
28-Jul-23	683.56	↑ 758.25
21-Jul-23	-74.69	

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)	33.95 (-8.46% YTD)
Monetary Policy Rate	18.75%
Cash Reserve Requirement (CRR)	32.50%
Brent Crude Price US\$/bbl	*79.87 (+0.74% w/w)

Source: NBS, CBN, AIIICO Capital

Benchmark T-Bills Discount Rates			
	28-Jul-23	21-Jul-23	Change in Rates
41 days	4.13%	2.41%	(1.72%)
104 days	5.25%	3.17%	(2.08%)
258 days	8.00%	5.01%	(2.99%)

Source: FMDQ DQL for 28 July 2023 and 21 July 2023

Benchmark FGN Bond Yields			
	28-Jul-23	21-Jul-23	Change in Yield
5 yrs: 16.2884% 17-Mar-2027	12.55%	11.82%	(0.73%)
10 yrs: 12.50% 27-Apr-2032	13.48%	13.48%	(0.00%)
20 yrs: 13.00% 21-Jan-2042	14.57%	14.25%	(0.32%)
30 yrs: 12.98% 27-Mar-2050	14.89%	14.25%	(0.64%)

Source: FMDQ DQL for 28 July 2023 and 21 July 2023

Benchmark FGN Eurobond Yields			
	28-Jul-23	21-Jul-23	Change in Yield
5 yrs: NGERIA 6 1/2 11/28/27	9.40%	9.62%	+0.22%
10 yrs: NGERIA 7.875 02/16/32	10.12%	10.48%	+0.36%
15 yrs: NGERIA 7.696 23/02/38	10.63%	10.98%	+0.35%
30 yrs: NGERIA 9.248 01/21/49	10.78%	11.07%	+0.29%
7.125% ECOTRAN 16/02/26	10.68%	11.15%	+0.47%

Source: FBN UK Runs for 28 July 2023 and 21 July 2023

Nigerian Equities

The Nigerian equity market closed slightly positive, week on week, as the Nigerian Stock Exchange All Share Index (NGX ASI) appreciated by c 0.08% to close at 65,056.39 points, while year-to-date return settled at c 26.94%. Buying interest SEPLAT (+20.99%), and OKOMUOIL (+5.87%).

The NGX Banking, Industrial and Consumer Goods Indices depreciated by 2.21%, 0.31% and 2.36%, respectively, while the NGX Oil & Gas Index appreciated by 9.28%, week-on-week. FBNH led the volume charts and value charts with c. 412.17 million units and c. ₦ 8.68 billion, this week.

Outlook: We expect market to trend slightly bullish next week.

Foreign Exchange

FMDQ's I & E rate appreciated by ₦2.06 to \$/₦775.76, compared to \$/₦777.82 recorded last week.

Outlook: We expect the volatility to persist next week.

Commodities

Oil prices are on track for a 5th weekly gain, spurred by tighter supplies by key oil producing countries. Brent oil prices appreciated by c. 2.80% to \$83.95 per barrel, week-on-week, while WTI appreciated by c 3.71% week-on-week to settle at US\$79.93pb. Spot Gold depreciated by c. 0.49% to US\$1,957.00 per ounce as of report time.

Outlook: We expect oil prices to stay glued to its \$80pb levels next week, as OPEC+ meeting should result to an extended reduction in oil supply.

Top 5 Equity Advancers W-o-W

Name (Symbol)	Closing Price	Gain(N)	% Change
SKYAVN	23.30	7.10	↑ 43.83%
LASACO	2.03	0.43	↑ 26.88%
NASCON	36.00	7.00	↑ 24.14%
FTNCOCOA	2.47	0.47	↑ 23.50%
JAPAUFGOLD	1.02	0.18	↑ 21.43%

Source: NGX, AIICO Capital

Top 5 Equity Decliners W-o-W

Name (Symbol)	Closing Price	Loss(N)	% Change
CADBURY	12.45	-4.55	↓ -26.76%
JOHNHOLT	2.20	-0.66	↓ -23.08%
MULTIVERSE	2.98	-0.73	↓ -19.68%
THOMASWY	1.30	-0.27	↓ -17.20%
NB	36.50	-7.15	↓ -16.38%

Source: NGX, AIICO Capital

	D-o-D	W-o-W	MTD	YTD
NGX ASI	↓ -0.65%	↑ 0.08%	↑ 6.71%	↑ 26.94%
NSE Banking Index	↓ -1.26%	↓ -2.21%	↑ 6.56%	↑ 64.74%
NSE Insurance Index	→ 0.00%	↑ 1.19%	↓ -5.66%	↑ 51.39%
NSE Industrial Goods Index	↓ -0.19%	↓ -0.31%	↑ 14.21%	↑ 18.39%
NSE Consumer Goods Index	↓ -1.27%	↓ -2.36%	↓ -3.21%	↑ 47.06%
NSE Oil & Gas Index	→ 0.00%	↑ 9.28%	↑ 19.57%	↑ 100.59%

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